



How CFOs can build confidence and control

Sustainability Reporting Controls and Governance

Asia Pacific Mandatory Sustainability
Reporting Series: Paper 6

Across Asia Pacific, most organisations are becoming familiar with emerging sustainability reporting requirements – but fewer are focused on building the necessary controls or risk management systems.

This is no easy feat. It involves meeting complex disclosure obligations using standards applied to new subject matter and unfamiliar data. With heightened expectations from regulators and stakeholders, getting this right is critical.

With the push for assurance-ready sustainability disclosures, finance leaders are stepping into a central role – responsible not just for sustainability reporting, but for ensuring trust.

About the series

This is the last of six papers in the Asia Pacific CFO sustainability reporting series. This paper explores effective sustainability governance and controls. The previous paper explores setting up data for successful reporting.

1. What CFOs need to know today
2. The CFO's building blocks for success
3. How CFOs drive impact and realise value
4. The CFO's operating blueprint
5. The CFO's guide to sustainability data
6. How CFOs can build confidence and control

[Access the full series here](#)

Sustainability disclosure requires stronger governance and controls

Fewer than 50% of respondents to ESG reporting benchmarking, undertaken by Deloitte, in 2024 had confidence in their sustainability reporting controls! For many organisations, mandatory disclosures demand a level of maturity that has not yet been established for sustainability data and reporting processes. The scope and complexity of sustainability reporting requirements also challenge existing control approaches (see Figure 1).

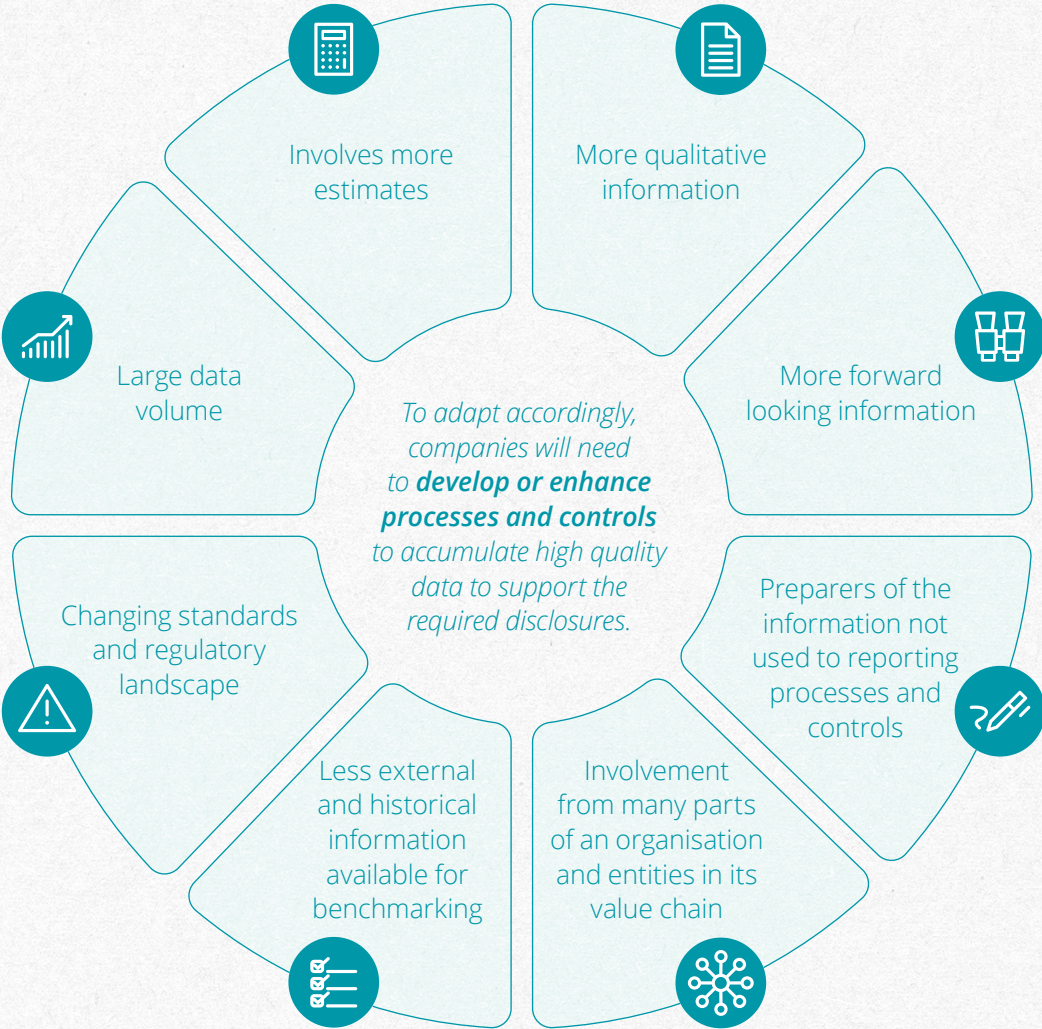
Reporting teams must work with new data with varying levels of quality and new models of analysis, ranging from carbon emissions to physical risk modelling. Much of the required data is sourced from different business units or external sources, often without robust standards or established controls. In many cases, those responsible lack experience with sustainability or reporting governance.

Disclosure standards are expected to mature to match the rigor of financial reporting. Initial standards focus on limited assurance, where auditors confirm there is no evidence of material misstatement. However, locations including Australia, New Zealand, Singapore and Taiwan are moving towards reasonable assurance – requiring auditors to positively affirm accuracy through testing and evidence. While these higher standards may be several years away, strengthening internal controls is a multi-year effort that must begin now.

As a result, boards and leadership are increasingly looking for their CFOs to lead. With their expertise in financial reporting, assurance and controls, as well as their experience working with external auditors, CFOs are increasingly accountable for meeting the sustainability disclosure requirements (see Paper 2 in this series: *The CFO's building blocks for success*).



Figure 1. Challenges in sustainability reporting



What should CFOs consider?

Tight deadlines, rising expectations and complex execution often push organisations towards a compliance-first mindset. This can result in reactive controls, siloed governance processes and sustainability reporting that is disconnected from strategy and financial reporting.

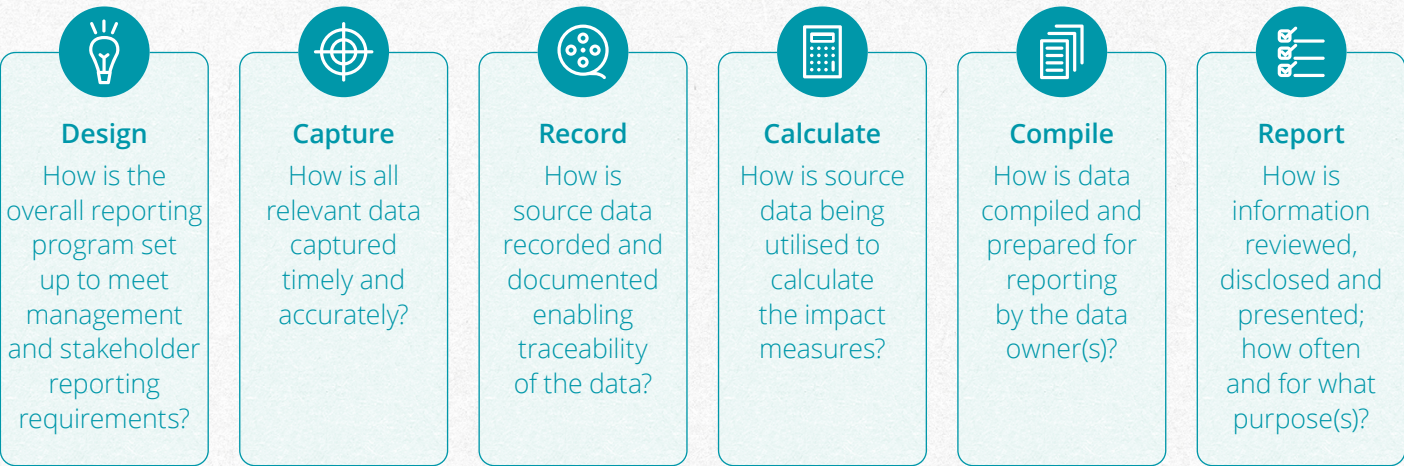
Leading firms are aiming higher. Strong reporting controls and governance offer more than efficient compliance practices – they enable better risk oversight and more informed strategic decision-making. As CFOs develop their sustainability reporting plans, they should focus on the critical decisions that will shape their approach to controls and risk management.

Understand assurance readiness

Finance leaders understand controls, and many of the practices developed for financial and regulatory reporting can be extended to sustainability disclosures. The complexity lies in extending these practices to new data sources, unfamiliar subject areas and a broad set of reporting partners, while integrating new insights into broader business processes. This starts with a clear understanding of the current state:

- ✓ Assess existing controls against sustainability reporting requirements, with an end-to-end view from data collection to final disclosure, to determine if controls are fit for purpose (see Figure 2).
- ✓ Adapt or extend current risk and control frameworks, aligning with existing, proven financial reporting methods (see Figure 3).
- ✓ Prioritise updating process-based controls, risk registers and reporting oversight, while planning to embed sustainability considerations into core management and governance systems over time.

Figure 2. Understanding assurance readiness

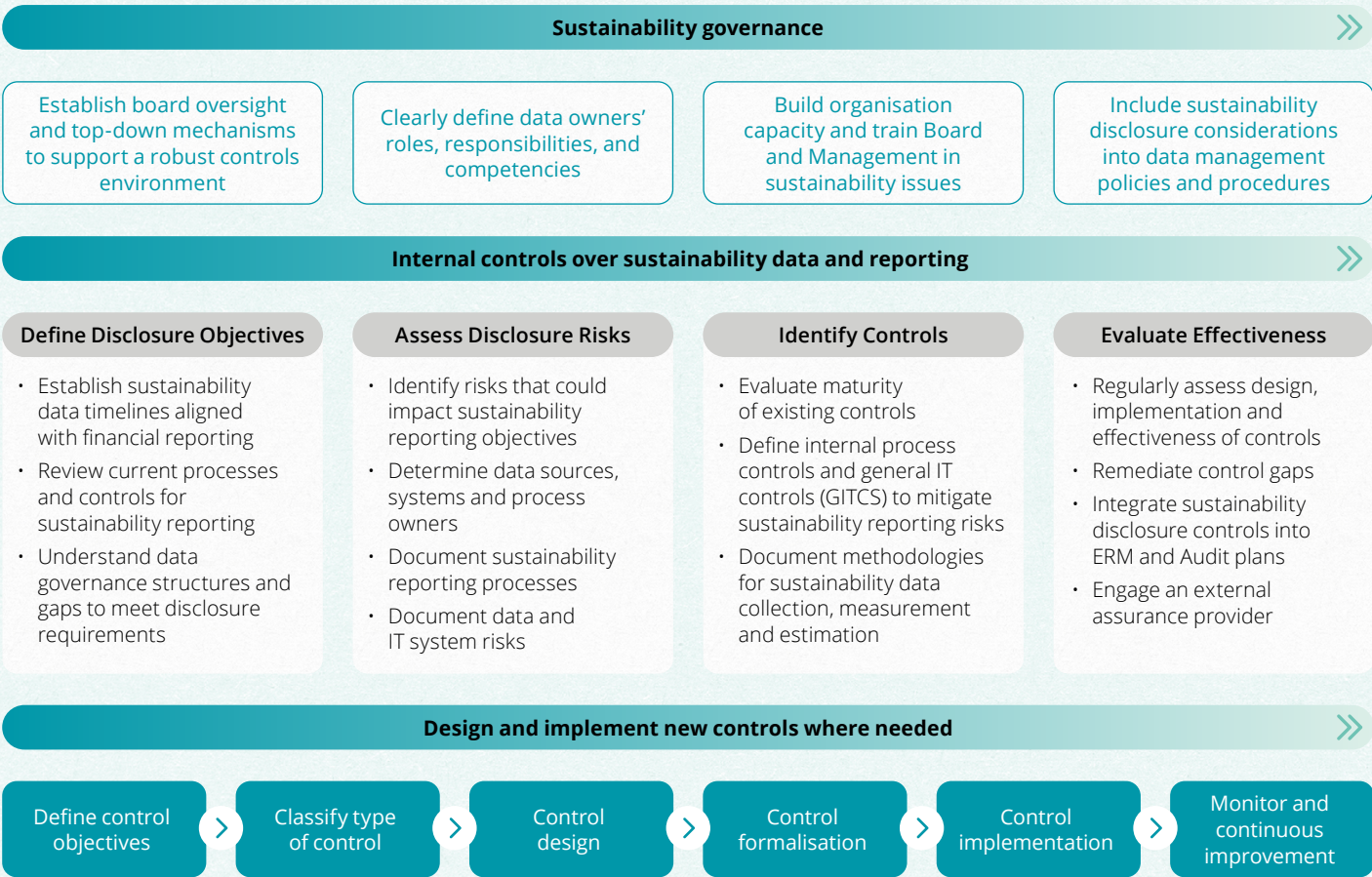


You cannot control everything: focus on what is important

Sustainability reporting expands the scope of data organisations must collect and manage and introduces new risks to reporting and assurance. Where data management and reporting capabilities are still developing, the effort to meet requirements and uplift controls can be substantial. Organisations should prioritise by clearly defining reporting requirements, stakeholder expectations and material issues. These factors determine the scope of data and analysis – and help focus control efforts where they are most needed. Not everything can be controlled at once, so start with a clear risk assessment and focus resources on what matters most:

- ✓ Identify the main risks of misstatement and their sources, and establish clear control objectives and targeted, risk-based controls.
- ✓ Map the end-to-end reporting process – from data sourcing to analysis and report generation – to identify quality and control gaps, particularly for new models or underlying systems.
- ✓ Acknowledge variability in data quality and completeness and focus on the most material gaps. Use proxy data or third-party standards where appropriate but plan to systematically improve data quality and processes (see Paper 5 in this series: *The CFO's guide to sustainability data*).

Figure 3. Establishing sustainability reporting risk assessment and internal control processes



Work with what you have

Sustainability reporting does not typically require an overhaul of controls and risk management. In many cases, existing practices and resources can be adapted to meet the new requirements. With CFOs facing competing priorities and constrained investment, this is often the most practical choice:

- ✓ Adapt existing practices from risk, strategy and finance, such as Enterprise Risk Management (ERM), risk registers, control frameworks and documentation to support sustainability reporting.
- ✓ Identify where sustainability reporting introduces new demands, such as forward-looking disclosures, scenario analysis, or the use of new models, and update controls and governance accordingly.
- ✓ Integrate sustainability into the existing three lines of defence models (operational management, risk and compliance functions, and internal audit), embedding checks and balances across the reporting process.
- ✓ Accelerate progress using external standards and emerging tools, including established reporting methodologies, emerging reporting platforms, or generative AI to support data validation, quality controls and audit trails.

Spotlight

Deloitte Sustainability Measurement Controls Methodology

Establishing effective reporting controls over new and wide-ranging sustainability data requires a planned approach. Deloitte applies a Sustainability Measurement Controls Methodology grounded in trusted frameworks like the Committee of Sponsoring Organisations (COSO) Internal Control Integrated Framework, adapted to address the non-financial metrics at the heart of sustainability reporting. The approach customises controls based on an organisation's reporting practices and existing control frameworks.

For organisations seeking more support, Deloitte has market-leading tools and systems to streamline reporting and control management, consolidate data from multiple source systems into a single source of truth for sustainability reporting. By managing reporting workflows, assigning tasks, tracking progress and linking to underlying sources these tools and solutions can automatically capture an audit trail. This accelerates control implementation and helps organisations reach audit-ready reporting.



Integrate sustainability into enterprise risk management

As sustainability reporting matures, new control requirements will emerge. In Deloitte's 2024 ESG reporting benchmark, 58% of respondents identified sustainability as a cross-cutting risk with wide-ranging business impactsⁱⁱ. For example, physical climate risks affect overall business resilience, while transition risks can impact revenues, asset values or market positioning. As CFOs work towards integrating these factors into ERM processes, fully quantifying emerging risks and financial impacts will take time:

- ✓ Where necessary, begin with separate processes to identify and assess sustainability risks and opportunities but apply existing ERM and governance best-practices to support future integration.
- ✓ Adapt existing ERM frameworks to account for distinct sustainability considerations – recognising that traditional ERM often focuses on downside risk, while sustainability requires attention to both risk and opportunity.
- ✓ Align sustainability reporting with financial disclosures, ensuring consistency across risks and opportunities, financial impacts, and forward-looking statements.

Spotlight

Time for a controls office?

For many organisations, it is not just sustainability that is driving a rethink of their approach to controls. Expanding regulatory oversight and increased expectations are driving the evolution of existing controls and creating new demands (including ESG and AI governance). This creates complex challenges.

Core skills and frameworks need to be adapted to these new challenges – but many organisations are struggling with multiple steering committees and working groups with similar objectives. With ongoing change and demands on the same systems of record, the time has come to consider whether a fragmented approach is fit for purpose. Some organisations are creating a controls office – a centre of expertise to ensure the right technical skills, frameworks, processes and automation are applied in a consistent and efficient way across the enterprise.



ii. Deloitte ESG Reporting Benchmark, 2024

Where to begin?

Organisations are at different stages of readiness for sustainability reporting, and control maturity varies even more widely. Some are refining existing processes, others are transitioning from voluntary reporting, and many have yet to begin. Regardless of the starting point, a clear plan is essential:

- ✓ **Start with the right team** – establish the reporting team with experience in controls and governance. Set clear, consistent guidelines upfront and ensure that these are understood and supported by reporting partners across the organisation.
- ✓ **Build controls in stages** – few organisations will be able to achieve full reporting maturity in the first cycle. Develop a control roadmap that defines the end-state and a staged path to get there.
- ✓ **Govern the change** – practical execution means managing trade-offs between completeness and reasonable effort. Be transparent – disclose limitations, assumptions and data gaps to build confidence.



Controlling the outcome

This [CFO Sustainability Reporting series](#) has highlighted the growing importance of these disclosures to boards and external stakeholders.

As sustainability reporting moves towards an equal footing with financial reporting, processes and standards need to mature quickly.

Sustainability reporting does not just meet compliance obligations – it can create value. When done well, it deepens operational insight, strengthens resilience and helps drive long-term performance. But this potential can only be realised if the underlying data and insights are trusted and transparent. (To learn more about the value creation opportunities, see Paper 3: [How CFOs drive impact and realise value](#)).

Contacts



Will Symons
Asia Pacific Sustainability Leader
wsymons@deloitte.com.au



Darren Gerber
Asia Pacific Audit & Assurance Sustainability Leader
dgerber@deloitte.com.au



Paul Dobson
Partner, Australia
padobson@deloitte.com.au



Martin Hu
Partner, China
mhu@deloitte.com.cn



Frank Qilong Ma
Partner, China
frankma@deloitte.com.cn



Shin Takenaka
Partner, Japan
shinichi1.takenaka@tohatsu.co.jp



Masakazu Kitagata
Partner, Japan
masakazu.kitagata@tohatsu.co.jp



Kyu Mann Huh
Partner, Korea
kyhuh@deloitte.com



Rikki Stancich
Partner, New Zealand
rstancich@deloitte.co.nz



Pratiq Shah
Partner, South Asia



Josette Soh
Partner, Southeast Asia
josoh@deloitte.com



Jiunhung Shih
Partner, Taiwan
jiunhungshih@deloitte.com.tw

Key contributors



Katherine Wannan
Operating Model Partner, Australia
kawannan@deloitte.com.au



Yusuke Miura
Data Partner, Japan
yusuke.miura@tohatsu.co.jp



Benoy Shankar
Controls Partner, Australia
bshankar@deloitte.com.au

Authors

Will Symons, Asia Pacific Sustainability Leader
Darren Gerber, Asia Pacific Audit & Assurance Sustainability Leader
Anna Shelton-Agar, Asia Pacific Sustainability Director
Anton Pichler, Asia Pacific Editorial Director

Other contacts

Satoshi Iizuka, Partner, Japan
Kathy Yan Yang, Partner, China
Tae Ho Park, Partner, South Korea
Wenda Gumulya, Asia Pacific Sustainability Director



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited (“DTTL”), its global network of member firms, and their related entities (collectively, the “Deloitte organization”). DTTL (also referred to as “Deloitte Global”) and each of its member firms and related entities are legally separate and independent entities, which cannot obligate or bind each other in respect of third parties. DTTL and each DTTL member firm and related entity is liable only for its own acts and omissions, and not those of each other. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte Asia Pacific Limited is a company limited by guarantee and a member firm of DTTL. Members of Deloitte Asia Pacific Limited and their related entities, each of which is a separate and independent legal entity, provide services from more than 100 cities across the region, including Auckland, Bangkok, Beijing, Bengaluru, Hanoi, Hong Kong, Jakarta, Kuala Lumpur, Manila, Melbourne, Mumbai, New Delhi, Osaka, Seoul, Shanghai, Singapore, Sydney, Taipei and Tokyo.

This communication contains general information only, and none of DTTL, its global network of member firms or their related entities is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No representations, warranties or undertakings (express or implied) are given as to the accuracy or completeness of the information in this communication, and none of DTTL, its member firms, related entities, employees or agents shall be liable or responsible for any loss or damage whatsoever arising directly or indirectly in connection with any person relying on this communication.

© 2025 Deloitte Asia Pacific Services Limited

Methodology

Deloitte ESG Benchmark

Deloitte ESG Benchmark is based on surveys of 19 clients around the world. The survey focused on experiences, efforts and challenges around ESG reporting to key market trends. This was complemented by interviews with 14 Deloitte project teams to qualitatively understand challenges firms are facing around ESG reporting.

The benchmark is focused on six ESG reporting themes and four priority areas that firms are facing challenges in.

Deloitte 2024 CxO Sustainability Report

The report is based on a survey of 2,103 C-level executives, conducted by KS&R Inc. on behalf of Deloitte, and was administered in a double-blind manner during May and June 2024, ensuring impartiality and confidentiality for both respondents and researchers. The survey polled respondents from 27 countries: 46% from Europe/Middle East/South Africa, 17% from North America, 9% from Latin America, and 28% from Asia-Pacific. All major industry sectors were represented in our sample. Additionally, KS&R and Deloitte conducted select, one-on-one interviews with global industry leaders.

Limitations

While every effort was made to ensure the reliability and validity of the data, it is important to acknowledge some limitations. The selection of clients and executives, while rigorous, may not fully capture the diversity of perspectives within every industry or region. Additionally, while the double-blind process was meticulously followed, there may still be inherent biases that could influence the findings. These limitations are considered in our analysis and interpretation of the data.