

The future of corporate reporting

Sustainability, new regulations and digitalisation are changing the way in which companies address reporting. The methods chosen and subsequent communication must be targeted, transparent and speak to all stakeholders if they are to be effective and generate trust.

*In conversation with Barbara Zäch
Co-CEO of the Center for Corporate Reporting (CCR)*

The ambition at the Center for Corporate Reporting (CCR) is “Stakeholder Excellence and Value Creation.” Working in sync with an international network of experts, the CCR empower its members to enhance the quality of their reporting while reinforcing trust in the company and creating sustainable value for stakeholders.

Corporate members benefit from ongoing knowledge transfer through trend classification, analyses, tailored advisory services, workshops and peer-to-peer learning.

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Q The CCR’s symposium 2021 on corporate reporting had a strong focus on sustainability and ESG. What are the main questions that companies are addressing as they look forward to the next reporting season? And how is their sense of transparency evolving?

BZ Our symposium was about navigating the stakeholder jungle with a focus on two mega trends: digitalisation and ESG.

When speaking about the latter, we really see two main drivers of development, the capital market on one hand and the regulator on the other. It’s no longer

appropriate to view sustainability reporting as pure compliance or as a box-ticking exercise, we need to look at it on a strategic level, and that’s what we addressed at the symposium and is what we see companies try to address for the next reporting season.

The lack of internal experts and resources and the challenges in setting up proper data collection processes are not always so easy to manage and many smaller companies are still struggling with the process of distilling the non-financial elements that are crucial for the long term success of a company.

BZ We do see that all companies have one question in their mind, and that is which standards and frameworks are the right ones to use and communicate. Everybody hopes to see a single standard or framework rolled out, but companies will have to accept that this isn't realistic in the near future, and they will have to accept and manage diversity.

📌 What about integrated reporting? Is this model being seen as the way forward for companies, or are you still seeing a variety of different approaches?

BZ Integrated reporting would be the answer to many of our thoughts. Yet, what we know from our (*2021 Corporate Reporting Monitor*) - the first recurring scientific study that examines strategic goals of annual reports and trends in reporting in Germany, Austria, and Switzerland - is that not nearly as many companies are using integrated reporting as we may have thought. Lots of companies are thinking about it, but just a few seem to have a clear mandate to do it.

What many companies don't realise is that integrated reporting is a process, a journey that can take several years. It's not something that can be done without planning. So, to answer your question, we are still seeing a variety of different approaches.



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BZ At the CCR, we believe that integrated reporting is above all integrated thinking, because independent of the reporting approach, integrated thinking is decisive to provide a trustful, holistic picture of all company activities and its impact on society. Reporting will become increasingly target oriented which is also what we saw in this year's Corporate Reporting Monitor. Pure financial reporting is no longer enough and tailored information will be required to deepen the understanding for multiple stakeholders with diverse needs.

Furthermore, it's important to note that reporting should address uncertainties and build trust. So communicating the strategy, the business model and ESG information together enables a comprehensive view of a company and reduces many of the uncertainties. With regard to sustainability reporting, it's important to help stakeholders to understand the material non-financial factors for the long term success of a company.

And once the report is published, companies must think about the communication. Key messages should be brought up throughout the year. With the help of digitalisation, companies have a great opportunity to communicate with their stakeholders over numerous channels and in real time. This builds up understanding and in turn increases trust.



Advanced companies have already integrated ESG aspects into their strategic thinking by defining material topics, adequate objectives and specific KPIs.



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Barbara Zäch is co-managing director of the Center for Corporate Reporting (CCR). Barbara has worked for over 20 years at publicly listed companies, most recently as Head of Investor Relations at Schindler Group.

She brings with her a wealth of experience in the fields of investor relations, corporate reporting and sustainability.