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Insights

1 Aug 2017

As New Reporting Frameworks Emerge, A Focus on Transparency Prevails

By Sarah McElroy

According to the Governance & Accountability Institute, 81% of companies listed on the S&P 500 published sustainability reports in 2016.

The universe of relevant reporting developments continues to evolve, influenced by the establishment of the UN Sustainable Development Goals (SDGs) and the emergence of integrated reporting and Sustainability Accounting Standards Board (SASB) standards. Consequently, companies are not only advancing their reporting strategies to align with new frameworks and sources of inspiration, but they are increasingly encouraged and able to be transparent about the wider impacts of their business.

New trends and reporting frameworks are also seeing adoption, most notably in alignment with the UN Sustainable Development Goals (SDGs).

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popularity of these standards bodies (GRI is still the most widely used globally), new trends and reporting frameworks are also seeing adoption, most notably in alignment with the UN Sustainable Development Goals (SDGs) and the practice of integrated reporting.

The **SDGs** came into force in 2016 and, according to SustainAbility's recently released report, *Evaluating Progress Toward the Sustainable Development Goals*, many companies have been inspired by and are using the SDGs in a variety of ways such as developing products or services that support the SDGs and using the SDGs as a lens for setting internal goals and strategies. GRI is also partnering with the UN Global Compact through Reporting on the SDGs to align on this important topic and advise on expected corporate disclosures on the SDGs. Examples of companies using the SDGs in reports include Ford, Cisco, and Nestlé.

The transition to integrated reporting can be complex and is often a continual process.

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Having emerged over the past decade, **integrated reporting** aims for corporate reporting to tell a comprehensive story of value creation, combining two traditionally separate reports - annual financial reports and sustainability/corporate social responsibility reports. The International Integrated Reporting Council (IIRC)'s Integrated Reporting <IR> Framework has experienced much greater uptake in countries like Japan, the UK, South Africa and Brazil than in the US, partly thanks to stock exchanges recommending or mandating integrated reporting. The World Business Council for Sustainable Development's *Reporting Matters* 2016 found that 13% of the 163 reports it reviewed were self-declared integrated reports. The new IIRC CEO, MEP Richard Howitt, will push for greater adoption in 2017.

Insights from SustainAbility's 2015 report, *Sustainability Incorporated*, show that the transition to integrated reporting can be complex and is often a continual process. Companies that have created integrated reports claim that the process has internal

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there remains one constant: the emphasis on ever-increasing transparency. This is mostly driven by the need to remain accountable to stakeholders. For example, investors are increasingly requesting transparency around sustainability issues, and NGOs request transparency to draw attention to harmful business practices. Due to these factors and growing media awareness, businesses want to prove that they are socially and environmentally responsible. As such, the intention to increase disclosure of company strategy and operations and how they impact the world, both positively and negatively, remains monumentally important.

TOPICS

Accountability & Governance, Reporting & Transparency, Strategy & Integration

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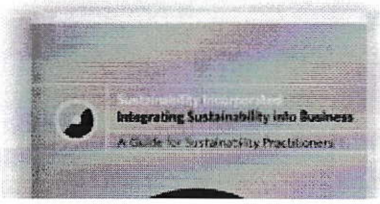

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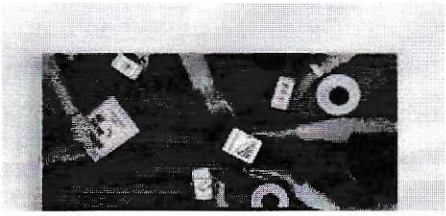

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Suresh Chandnani, PE, LEED AP • 9 months ago

Transparency in Sustainability Reporting is a major challenge in USA, Companies tend to report only positive results,but most times these results have no relationship with value creating for the companies that are reporting. Integration with other business operations is not possible until the teams in these companies are well integrated. Most companies in USA today are operating their departments in silos, and for sustainability annual reporting, Sustainability Managers in those companies are usually scrambling to collect data from these departments to somehow constitute a decent sustainability report that could be published and uploaded to their websites. Before worrying about transparency we need to worry about the Sustainability Data. Is it based on facts and value creation projects across the corporation, or is it based on flimsy symbolic data that does not add any value to company's processes, operations and products. Lot of improvements are still needed in this field, but to implement these improvements, companies need technically SMART sustainability leaders that can help transform these companies.

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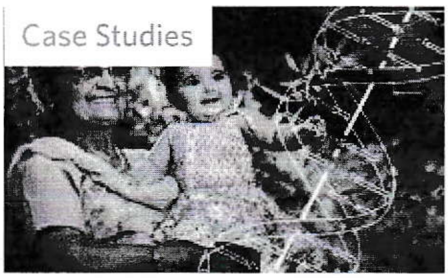

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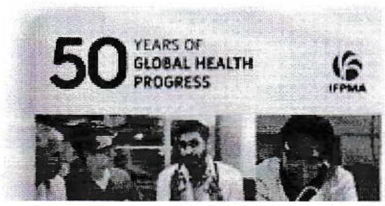

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