GreymatterFinch

INSIGHTS INTO WHAT MAKES A REPORT GREAT

1 DEAR READER,

I am pleased to share our latest newsletter with insights from the world of corporate reporting. In this letter, we share the four characteristics of an impactful and award-winning report.

1. **A fit-for-purpose reporting suite aligned to global frameworks and standards**

   The top reporters take time to define their reporting strategy, including their selection of globally recognised frameworks and standards, with extensive input from management and the board. They execute against a formalised reporting strategy that maps out each report's objective, target audience and content improvement roadmap. This ensures that there is interconnectivity, alignment and consistency between each reporting element.

   The top reporters also adopt reporting frameworks and standards and follow them in full, without cherry-picking. Importantly, defining a reporting strategy is not done in isolation and involves consulting stakeholders to better understand their information needs.

2. **The right level of information is included**

   To be impactful, reports should be concise with the right level of information. A materiality filter is applied to all content to avoid unnecessary detail. Top reporters take materiality seriously, with a robust materiality process undertaken for each report every one to three years. This process may consider impact materiality or financial materiality, or follow a double materiality approach.

3. **Consistent, transparent and balanced reporting**

   The best reporters understand that annual reports are essential to keeping stakeholders informed of the organisation's prospects. They are so much more than glossy marketing documents. This means that disclosures should be transparent and give equal prominence to positive and negative developments. Information is consistent across the suite and within each report, and year-on-year, with exceptions and changes to disclosures explained.

4. **Strong and interconnected strategy disclosure**

   Award-winning organisations provide extensive strategy disclosure, without giving away the secret sauce. They share their strategic goals and priorities and how they plan to achieve them. They avoid generic statements and include clear KPIs for each strategic goal, with progress shared each year. If the operating context or strategy changes, they explain these changes and how they are responding to them. There are clear links between the strategy section and other parts of the report including the operating context, remuneration and risk management.

2 NEWS IN FOCUS

Momentum builds for corporate ESG reporting and assurance, yet disclosure inconsistencies linger, study finds

A new report from several accounting bodies reveals that global momentum is building for corporate reporting and assurance involving environmental, social and governance (ESG) issues. However, the inconsistencies in disclosure remain a significant challenge. In 2021, 95% of large companies reported on ESG matters, up from 91% in 2019. The study underscores the need for globally consistent, high-quality sustainability assurance and the role of professional accountants in providing that assurance.

World Economic Forum: How to make non-financial reporting your company's north star

In an increasingly fragmented and volatile world, it is important for companies to have a clear compass. Having a "true north" is a prerequisite for sustainable management and creating value for all stakeholders. Here, having clearly and clearly communicated ESG gails can be this north star.

Five steps to strong sustainability reporting for the biggest business impact

While sustainability reporting is likely to become a regulatory requirement in many countries, it has also grown in popularity. In 2011, only 20% of S&P 500 companies published sustainability reports compared to 90% in 2019. When done well, sustainability reporting drives two compelling outcomes for companies: informed decision-making by stakeholders and improved sustainability performance by companies.

WARREN BUFFET ON READING ANNUAL REPORTS

Warren Buffet is considered by some to be the world's most successful investor. He is also an advocate for reading annual reports. Here are his most famous quotes about annual reports. It's hard to overstate the emphasis Buffet places on honest, transparent and shareholder-focused reporting.

"I'd like to have a report that describes what had happened if I owned a company but went away for a year. When I came back, my business partner would tell me what had taken place during the past year and what he foresaw coming up. If we read a bunch of public relations gobbledlygook, and we see lots of pictures and no facts, it has some effect on our attitude toward the business. We want to understand the business better when we get through the annual report than when we picked it up."

"Almost every business has problems… A lot of companies, for example, have investor relations people, and they're dying to pump out what they think is good news all the time… we try to stay away from businesses like that."

"If we owned stock in a company, in an industry, and there are eight other companies in the same industry… I want to be on the mailing list for the reports of the other eight because I can't understand how my company is doing unless I understand what the other eight are doing."

3 OUR MOST-READ ARTICLES ON LINKEDIN

Consultation to enhance the international applicability of the SASB standards now open

The state of play in sustainability assurance

Less than 1% of companies have presented credible climate transition plans: CDP

CSRD video series: Deloitte provides insights into Europe's Corporate Sustainability Reporting Directive

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