

Lead.
Transform.
Succeed.

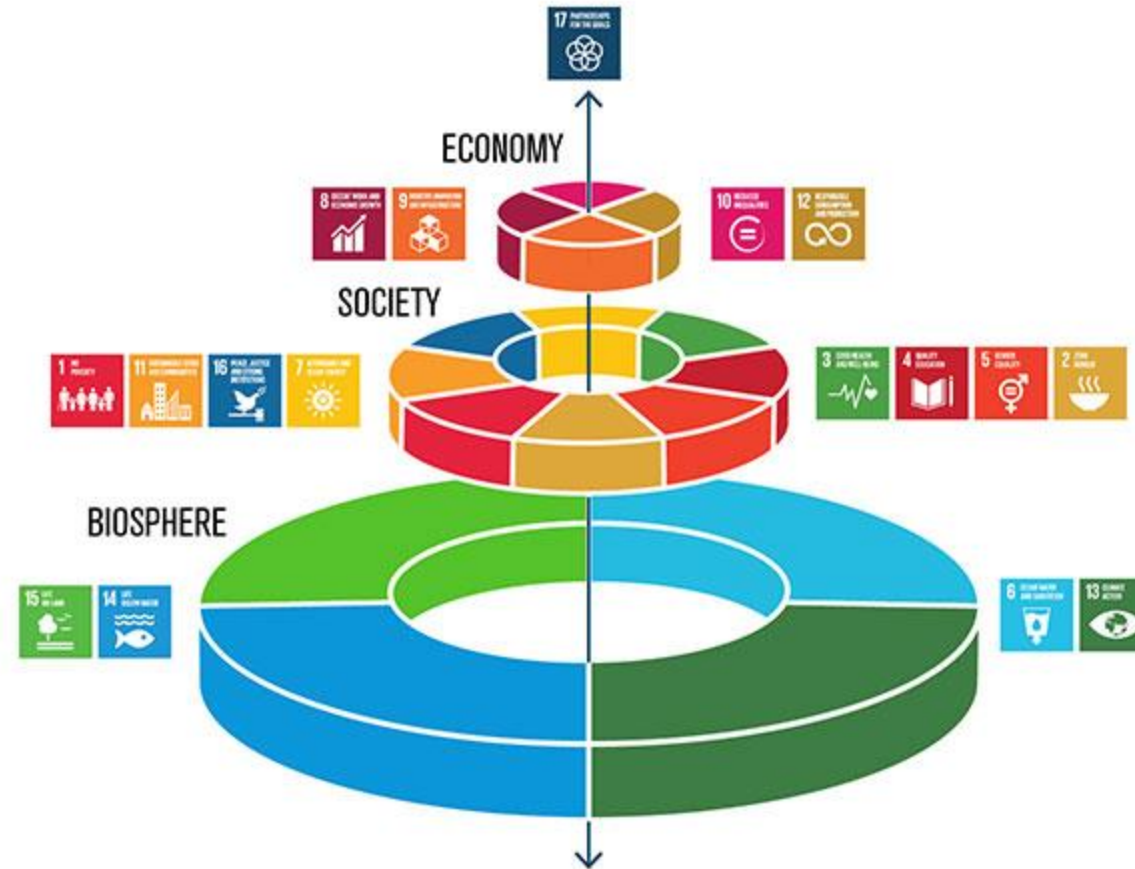
Where next for reporting?

9 October 2019
OIBR Launch



What matters?

The Sustainable Development Goals



Claim #1 - Mandatory Reporting is a blunt and ineffective policy tool

Inconsistency in our language ...

- Integrated reporting
 - Non- financial reporting
 - Extra-financial reporting
 - ESG reporting
 - Sustainability reporting
 - Value reporting
 - Voluntary and mandatory reporting
-
- The field is complicated, and we need to stop conflating as though it is one homogenous thing

Reporting Regulation – A Booming Industry

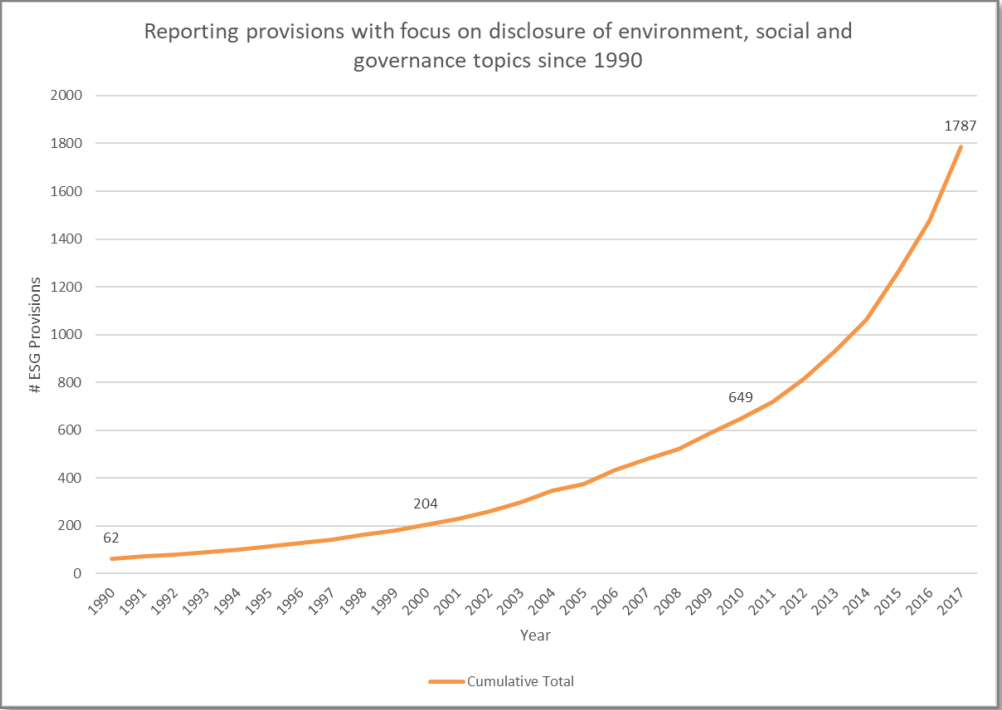
Corporate ESG reporting provisions (reporting requirements and resources) have developed rapidly from 1990 to the present.

1787+

ESG reporting requirements, resources and management resources in 60 countries covering 93% of global GDP

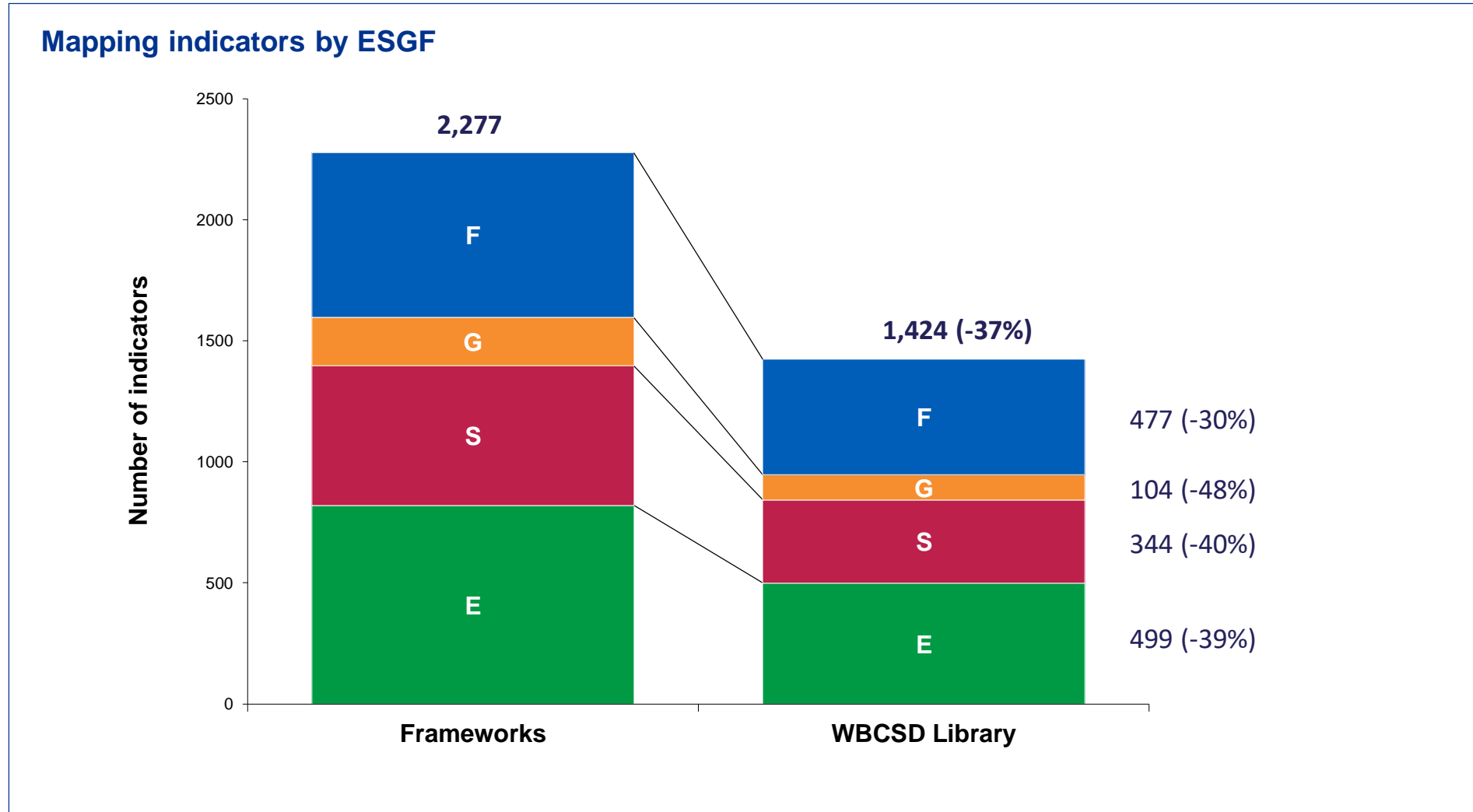
182+

voluntary frameworks for ESG reporting in this sample



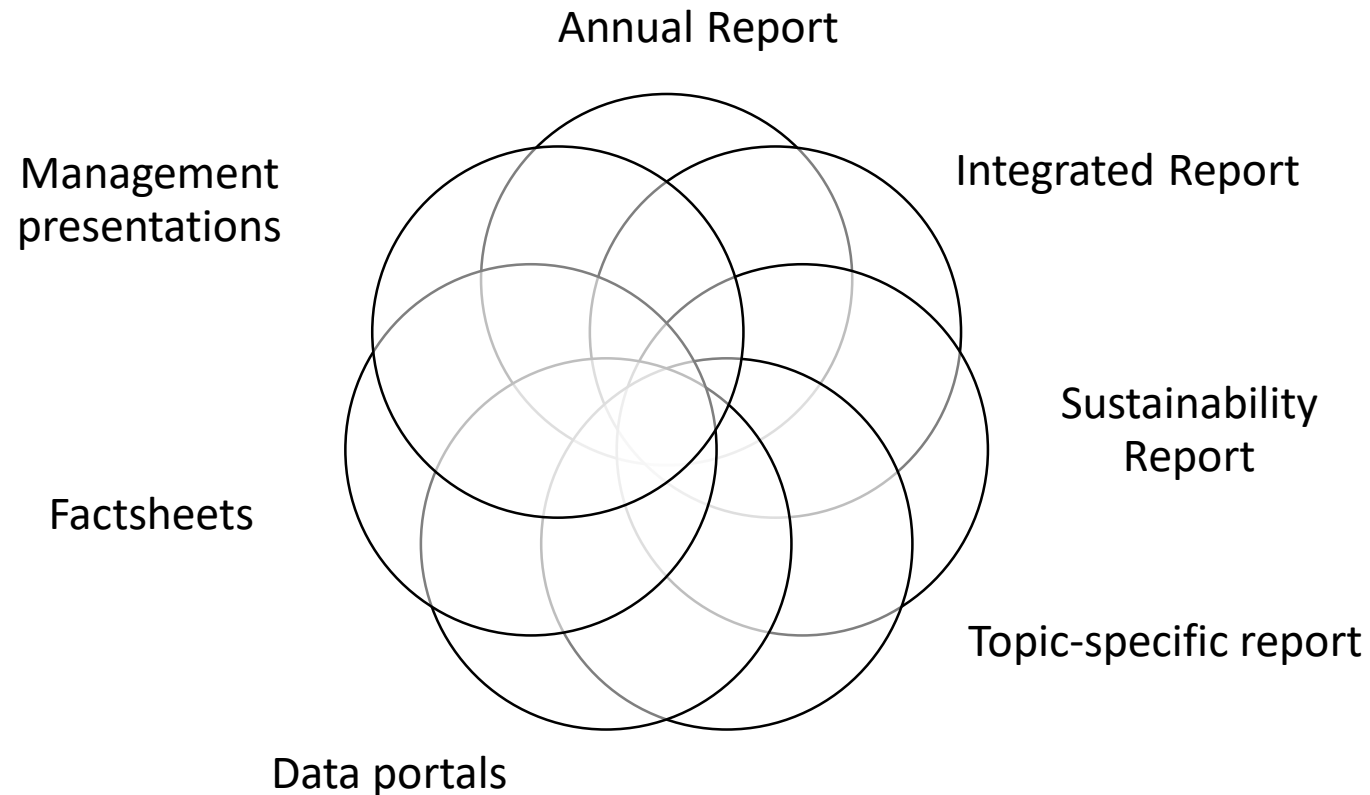
Source: The Reporting Exchange. www.reportingexchange.com, 31 Dec 2017

No shortage of metrics – indicators by ESGF

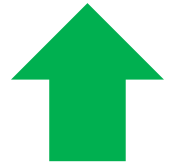


Where should ESG information be reported?

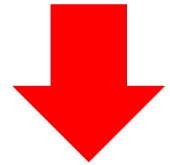
Where ESG information is reported should align with the objectives the information seeks to achieve and the information needs of the intended user(s).



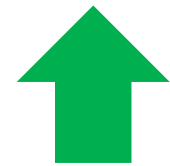
Future trends – less quantity more quality



Internal reporting for decision-making



Mandatory reporting



Voluntary purpose-driven disclosure



Involuntary reporting

Perché?

- Reporting was intended to deal with market failure
- It now happens in real-time not at the end of the accounting period
- Accountability has been substituted for transparency
- Company law around the world has forgotten the concept of fiduciary duty
- Externalities are not priced
- Regulation and enforcement is difficult
- **Normative discussion disconnected from reporting**

**Claim #2 –
Companies shouldn't
report what they don't
manage**

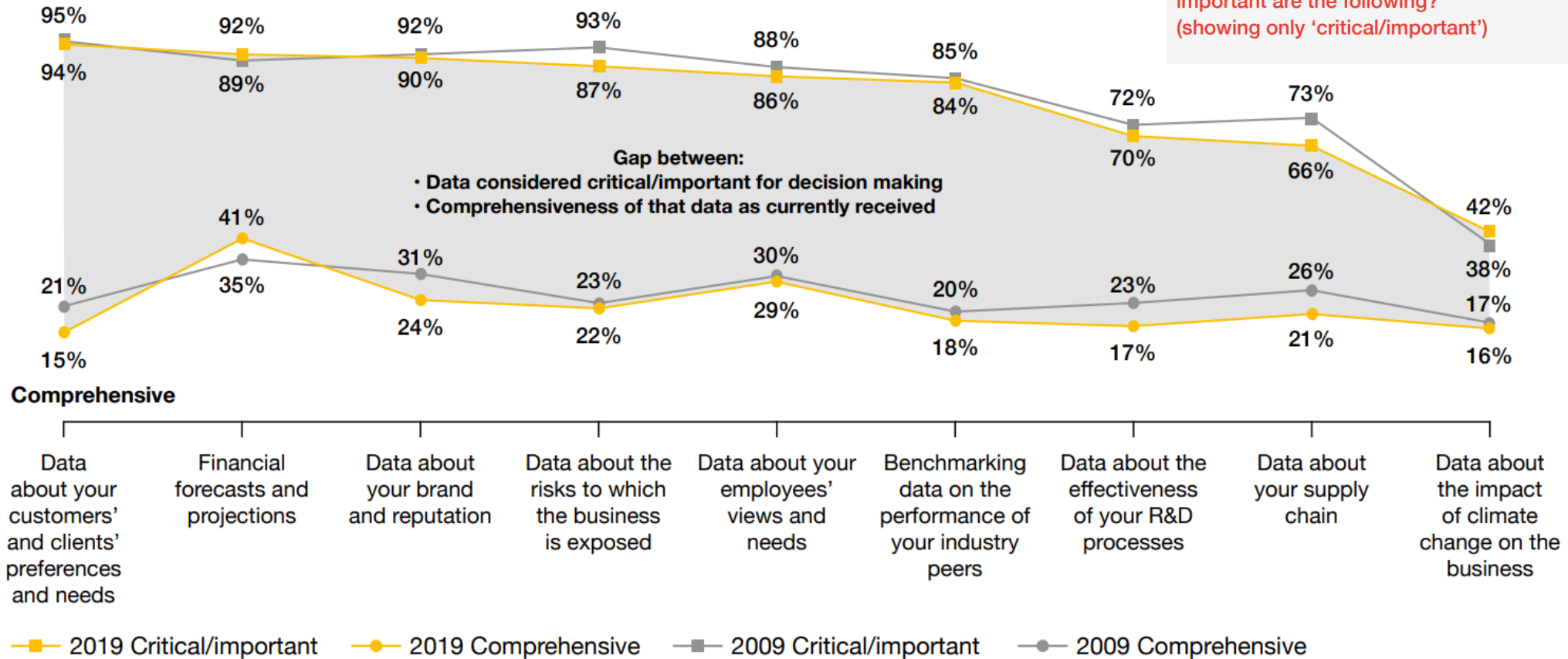
CEO insight - data for decisions

QUESTION

Thinking about the data that you personally use to make decisions about the long-term success and durability of your business, how important are the following? (showing only 'critical/important')

How adequate is the data that you receive? (showing only 'comprehensive')

Critical/important



Source: PwC, 22nd Annual Global CEO Survey
 Base: All respondents (2019=1,378; 2009=1,124)

8% of companies were found to have “full alignment”



Where to look for Change?

- More genuinely sustainable companies are attracting cheaper capital tied to performance
- Litigation is increasing and companies are funding it very expensive to exceed reasonable thresholds
- Companies are finding it difficult to attract talent where they don't align with values
- Consumers are demanding changes to products and services
- Increasing risk of business model failure



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