

# The Future of Reporting Is Triangular | Blog | BSR

A large number of organizations are in the business of influencing the future of sustainability reporting. We recently ran a blog series based on interviews with three of them—the Global Reporting Initiative<sup>[1]</sup> (GRI), the International Integrated Reporting Council<sup>[2]</sup> (IIRC), and the Sustainability Accounting Standards Board<sup>[3]</sup> (SASB).

However, we needn't have stopped there. We could also have interviewed the Carbon Disclosure Project (CDP), the Conflict-Free Smelter Program (CFSP), the Human Rights Reporting and Assurance Frameworks Initiative (RAFI), the Open Technology Institute (OTI), and many other initiatives aimed at increasing transparency on important sustainability issues.

It is tempting to chuckle at all the acronyms and ponder how real life and parody are increasingly indistinguishable. That reaction is understandable.

It is also tempting to assume that the acronyms are battling against each other in a fight to the death. That reaction is wrong.

While multiple reporting frameworks can appear confusing and conflicting, I've come to believe that each has their own rationale, and that collectively they fit together in an easily understandable triangle: The top comprises succinct information relevant for multiple audiences, then information increases in detail and narrows in target audience as one moves down the triangle.



At the **top of the triangle** there is huge value in a clear, concise, and integrated story that explains how the company creates value for both shareholders and society at large. This is an entry point to more detailed information and is where the IIRC Integrated Reporting Framework can be used.

In the **middle of the triangle** is more detailed information for investors and other stakeholders.

For investors, the Form 10-K is a key channel for the disclosure of financial performance and the information necessary to make informed investment decisions. This should include sustainability issues of material importance for investors and is where the SASB sustainability accounting standards can be used (for companies not regulated by the U.S. Securities and Exchange Commission, other similar requirements likely apply).

For other stakeholders, the sustainability report is a key channel for the disclosure of sustainability performance and the

information necessary to make informed judgments and decisions about the company. This should include sustainability issues of material importance for stakeholders and is where the GRI Sustainability Reporting Guidelines can be used.

At the **bottom of the triangle** are issue-specific or geography-specific reports that go into the immense detail required by issue experts but would be impossible to fit in higher up the triangle.

For example, it is increasingly common for internet and telecommunications companies to publish very long reports detailing personal data requests received from governments all over the world and how they have responded. While only of interest to a small number of specialist readers, these reports have played a very significant role in the critical policy debate about the future of privacy online for billions of internet users. This is where the OTI Transparency Reporting Toolkit can be used.

Similarly, it is increasingly common for companies to publish reports about the risks and opportunities arising from climate change, and how they are being addressed. This is where the CDP climate change reporting framework can be used. The same point stands for human rights and the RAFI framework, or for annual reports on conflict minerals, political donations, supply chain impacts, or diversity. Each report may only be of interest to a small number of specialist readers, but paradoxically, it is precisely this targeted focus that increases their impact and relevance.

Of course, consistency between the various reporting frameworks is critically important—an indicator on water withdrawal or renewable energy use, for example, should have consistent definitions across all frameworks.

But equally important is that we maintain in our minds a clear picture for how individual reports serve different audiences, yet are obviously connected to each other as part of a greater triangular whole.

Perhaps this still seems a little complicated. In practice, what should companies do?

I have two pieces of advice.

The first is to use the triangular framework to create a three-to-five-year reporting strategy. This reporting strategy should set out where the company wants its reporting to go, how the different parts fit together, which audiences are served, and which reporting frameworks to apply.

The second is to not forget the top and bottom layers of the triangle. These layers are what make a triangle triangular—they contain all the points—and are also the layers that tend to grab the least attention about the future of reporting.

## Referencias

<sup>1</sup>.^ Global Reporting Initiative ([www.bsr.org](http://www.bsr.org))

<sup>2</sup>.^ International Integrated Reporting Council ([www.bsr.org](http://www.bsr.org))

<sup>3</sup>.^ Sustainability Accounting Standards Board ([www.bsr.org](http://www.bsr.org))