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# **UNCTAD-ISAR Workshop on the Future Direction of the Corporate Reporting Model**

Monday, 13th October 2014  
Room XXVI, Palais des Nations, Geneva

Workshop material:

***Issues, good practices and main challenges of preparing  
reports on sustainable development issues***

Presented by

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World Business Council for Sustainable Development

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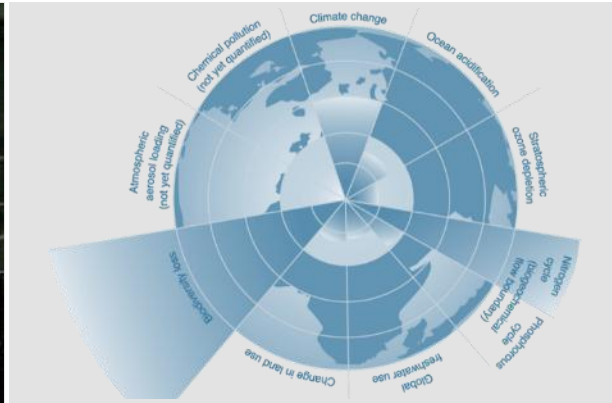
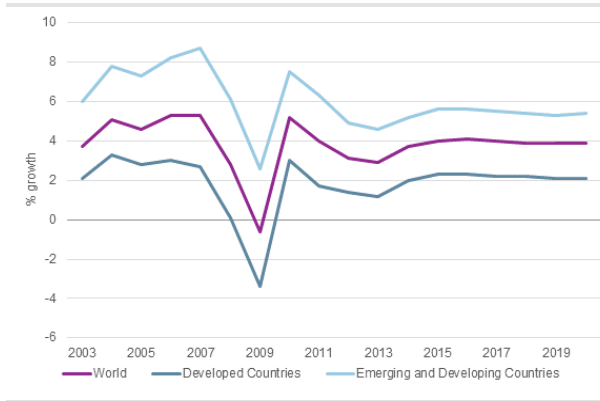
# The future direction of the corporate reporting model

**Peter Bakker**

UNCTAD-ISAR technical workshop, Geneva  
October 13, 2014



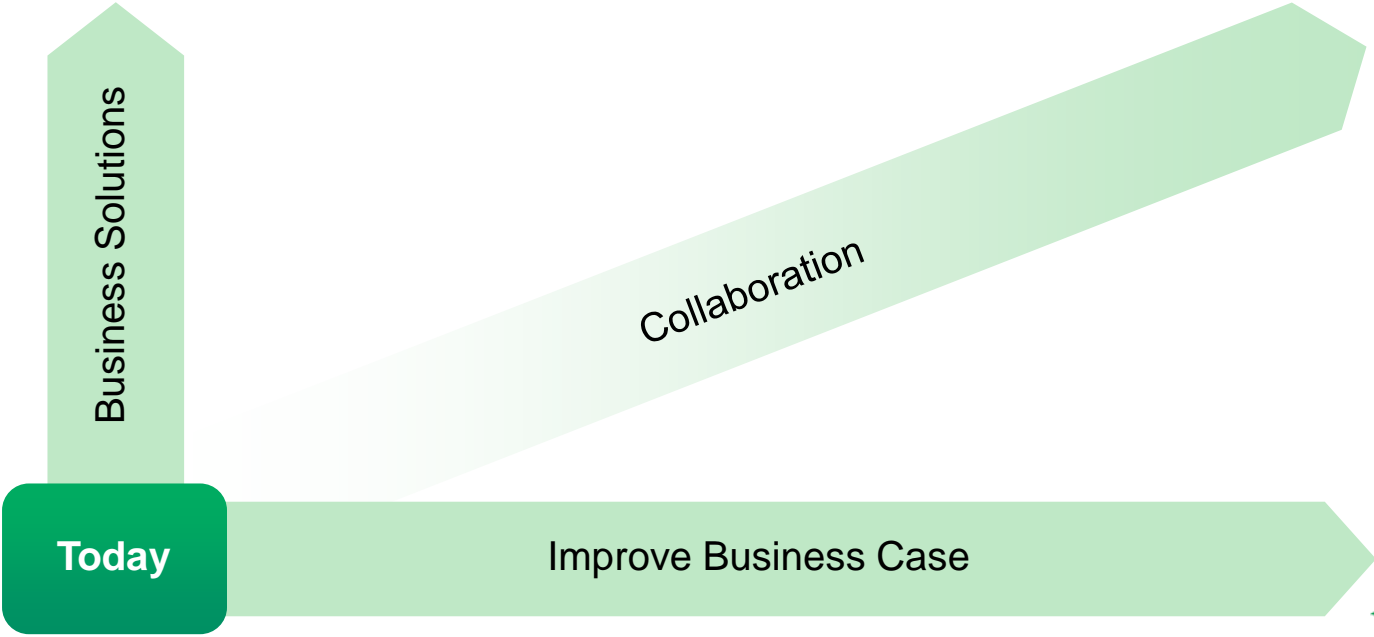
# Complicated World



Ecological Footprint = 1,5

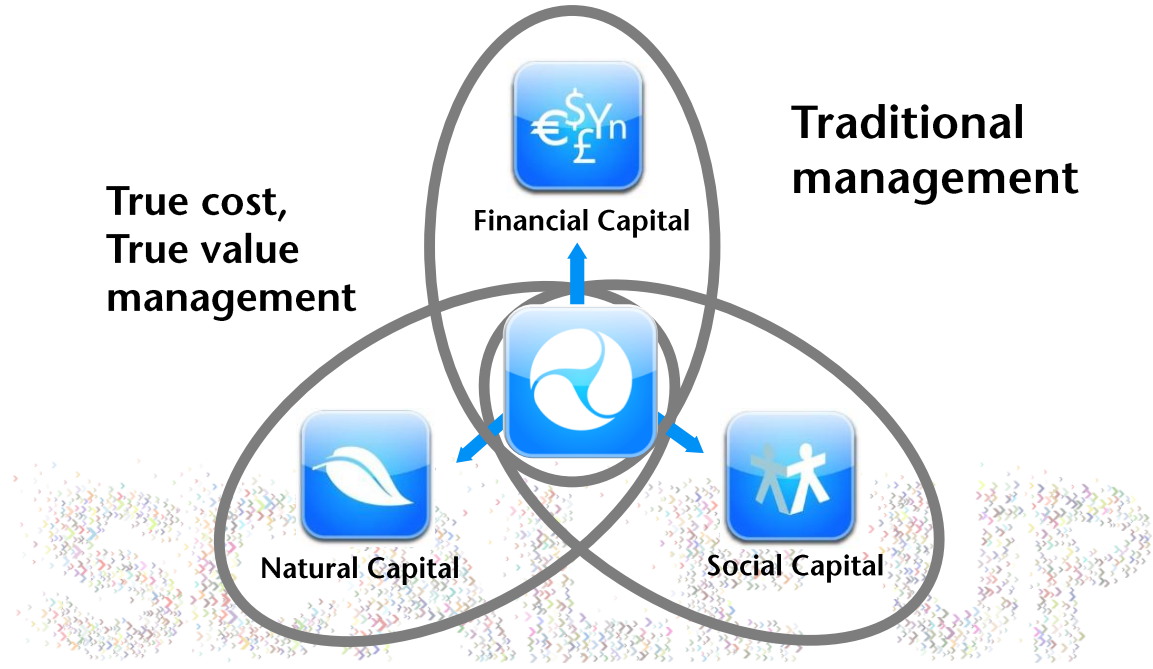


# Scaling up requires 3 key elements



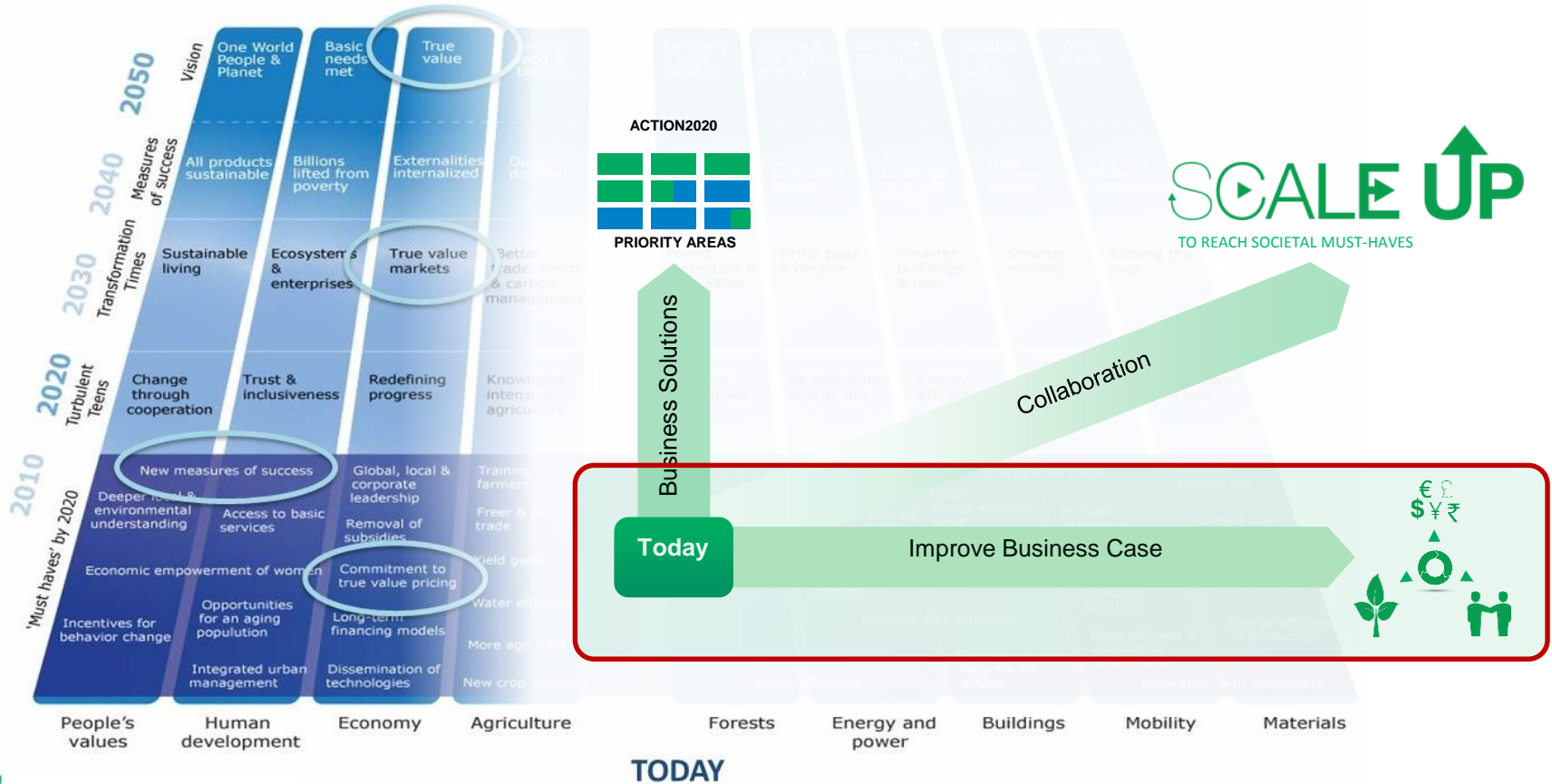
IMPROVE THE BUSINESS CASE

# Long-term vision



# Transformation Needed

## The pathway to Vision 2050







Cost of Risk



An underwater photograph showing a clear blue ocean. The top half of the image is dominated by the surface of the water, with bright, shimmering reflections of light creating a complex, wavy pattern. Below the surface, the water transitions into a deep, uniform blue. In the bottom left corner, there is a solid black rectangular box containing the text "Radical Transparency" in a white, sans-serif font.

Radical Transparency

Changing the rules  
of the game



**THE B TEAM**



value of a thing  
worth. — valuat  
**valuator** /'vælju

**value** /'vælju/,

thing because

the degree

importance:

**Capital Market Valuations**

# TRENDS in CORPORATE REPORTING



# Reporting is a **dynamic process**

Not a goal in itself, but an instrument to:

1. improve the effectiveness of corporate investments in sustainability
2. trigger internal changes towards integrated decision-making and performance management

Key role to play in accelerating transition towards true value

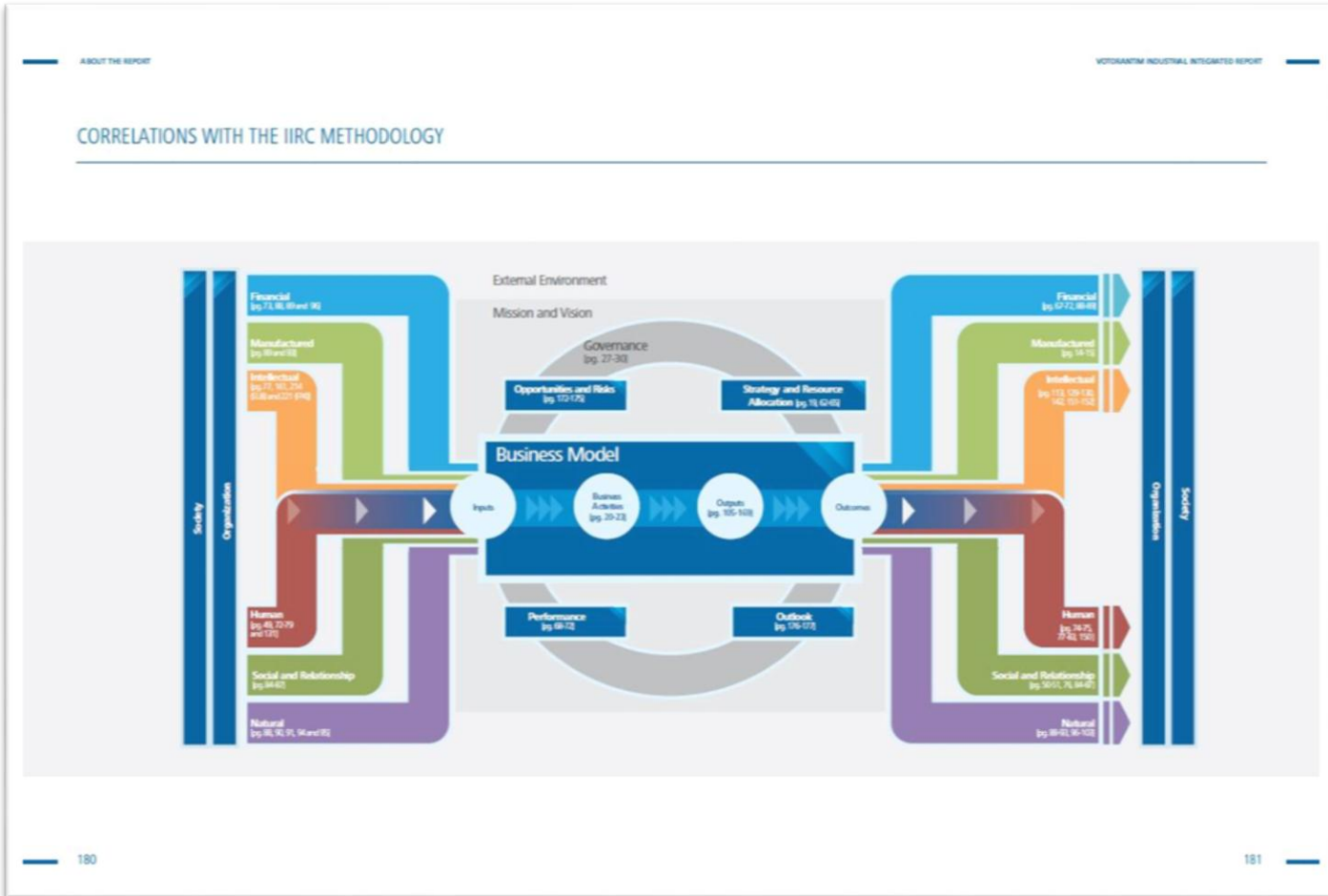


# State of corporate practice



- Less than 12% of reports reviewed reflect those sustainability issues considered to be material to the business.
- 80% of WBCSD members produce a stand-alone sustainability report with the rest developing self-declared integrated reports
- 75% use the GRI Guidelines with an upward trend to combine the use of several frameworks
- 60% of total reports reviewed have some form of assurance on their sustainability disclosures with limited level as the dominant form
- Average time period between year-end and the publication date is approximately six months reflecting a disconnect between sustainability and financial reporting cycles

# Evolution: dependencies on capitals beyond finance





# Key challenges



## 1. Metrics and measurements.

How to select the right KPIs, ensure consistent data quality and create an efficient process for data collection



## 2. Explicit connection to business value.

How to show returns from corporate sustainability investments on the bottom line (role of <IR>)



## 3. Comparability of disclosed performance information.

Low across companies, even within sectors and for one single entity over time



## 4. Capital markets need to empower sustainable companies.

Low demand beyond long term investors (compliance-driven)



## 5. Harmonized approaches.

Inconsistent use of key terms, fragmented regulatory landscape



# INTEGRATED VALUATION



## INTEGRATED REPORTING

Financial Accounts

**Meaningful  
transparency**

Non-Financial Reporting

Accounting  
Principles  
- GAAP -

**Comparability  
& Materiality**

Non-Financial  
Principles  
- GASP -



Management  
Accounts

**Better informed  
decisions**

EP&L and other  
methodologies

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SP&L and other  
methodologies

Natural Capital  
Protocol

Social Capital  
Protocol

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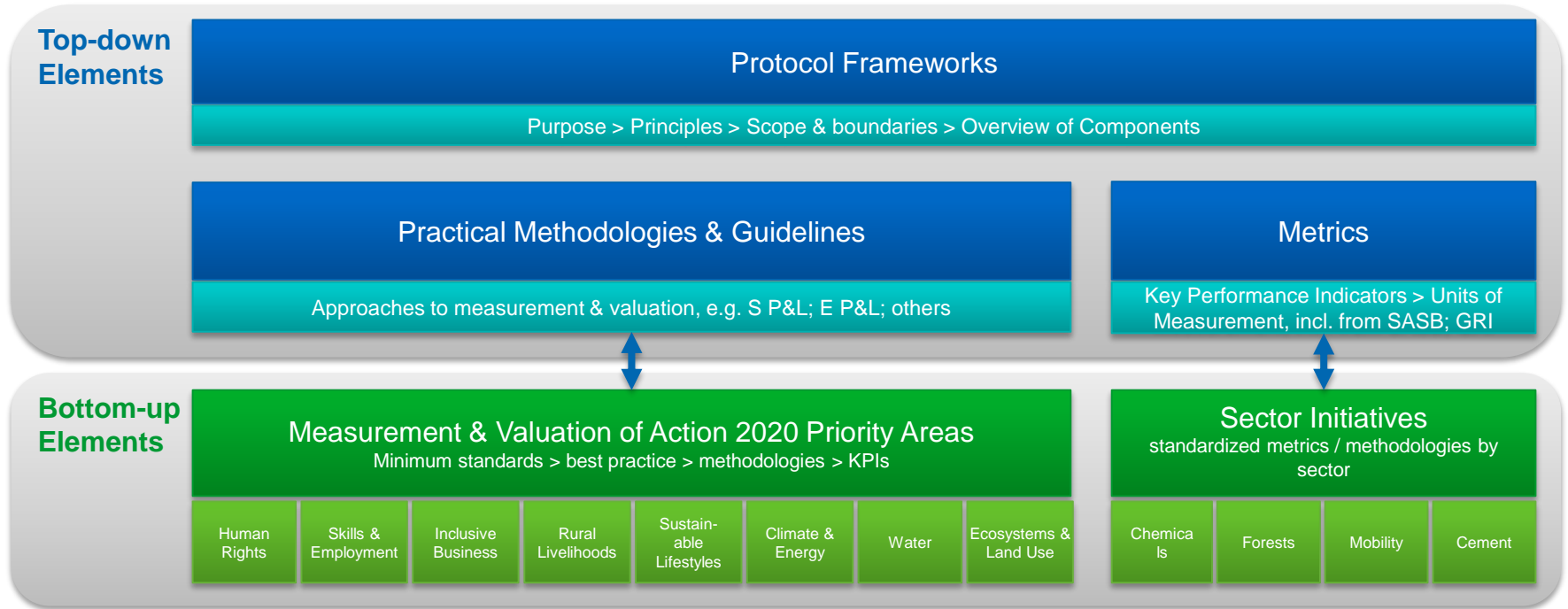


wbcSD redefining value



Internal decision-making → External disclosure  
Management tools → Reporting frameworks

# Natural and Social Capital Protocol Components





business solutions for a sustainable world