

# Corporate Reporting Dialogue: Better Alignment Project

## What is the Corporate Reporting Dialogue?

The Corporate Reporting Dialogue is an initiative, convened in June 2014 by the International Integrated Reporting Council, designed to respond to market calls for greater coherence, consistency and comparability between corporate reporting frameworks, standards and related requirements. The Dialogue aims:

- to communicate about the direction, content and ongoing developments of reporting frameworks, standards and related requirements
- identify practical ways and means by which respective frameworks, standards and related requirements can be aligned and rationalized
- share information, and express a common voice on areas of mutual interest, where possible, to engage key regulators.

## Who are the participants of the Corporate Reporting Dialogue?

- CDP
- Climate Disclosure Standards Board
- Financial Accounting Standards Board (observer)
- Global Reporting Initiative
- International Accounting Standards Board
- International Integrated Reporting Council
- International Organization for Standardization
- Sustainability Accounting Standards Board.

## Why is the work of the Corporate Reporting Dialogue important?

The participants of the Corporate Reporting Dialogue are committed to ensuring the corporate reporting landscape is easily navigable, responds to the needs of report preparers and users and conducive of efficient and effective corporate reporting.

By bringing together the major international players in the corporate reporting field, the Corporate Reporting Dialogue serves to develop better understanding between the participants of each other's work and their latest developments so that they can align their work, share their thoughts and express a common voice on areas of mutual interest.

## **What do we mean by ‘better alignment’?**

Corporate Reporting Dialogue participants will conduct the necessary work to better align the frameworks in the ESG reporting space (SASB, GRI, CDP) and frameworks that promote further integration between non-financial and financial reporting (IIRC, CDSB).

Participants will work together to refine overlapping metrics with the same intent. Where their objectives do not require differences, we will look to achieve and maintain the highest possible alignment. Such alignment is subject to the due process considerations of each organization’s governance procedures.

SASB, GRI, CDP and CDSB will map their frameworks against the Task Force for Climate-related Financial Disclosures (TCFD) recommendations and align their metrics where possible across all their reporting frameworks taking into account the different focuses and audiences. This work will be conducted in the context of supporting further integration of financial with non-financial reporting, through identifying how the non-financial metrics relate to financial outcomes and how these can be integrated in mainstream reports.

## **What will the outputs and outcomes of this project be?**

The initial output, expected in Q3 2019, will be a publication available on [www.corporatereportingdialogue.com](http://www.corporatereportingdialogue.com) – the document will show the linkages of the TCFD Recommendations with the respective reporting frameworks and the linkages between the frameworks. This work will include identifying how non-financial metrics relate to financial outcomes, explain how the TCFD recommendations should be integrated in mainstream reports and outline preparations for a next phase during which the framework providers will align their metrics where possible across all their reporting frameworks.

Dialogue participants believe it is crucial to share up-to-date information on the status of alignment over the course of the project in order to meet the needs of both users and preparers of disclosures and to ensure efficiency in reporting. Therefore, to ensure the market has access to the latest mapping between the frameworks, the project partners will create a unified taxonomy online, including a single source of data.

## **When can we expect the first output?**

This is a two-year project, with the initial findings due in Q3 2019. We will keep the market regularly informed of our progress, making sure this is an open project, through regular stakeholder engagement, events, roundtables and progress updates.

## **How will this project help drive integration in reporting?**

Markets nowadays understand that so-called ‘non-financial’ information often becomes financial in the long-term. Investors are looking for context behind non-financial information to understand its links to both the risks and opportunities of the organization. As the TCFD recommendations have demonstrated, investors increasingly expect to find this information in mainstream financial filings and integrated reports.

In driving better alignment, this project will ensure organizations are better placed to provide clear, coherent and comparable data, as well as a multi-capital perspective on how they create value in the short, medium and long term.

Through this project, the Corporate Reporting Dialogue participants are committing to continuous progression towards the integration of non-financial and financial information going forwards.

### **What are the long-term plans of the Corporate Reporting Dialogue?**

Since 2014, participants of the Corporate Reporting Dialogue have collaborated on projects to drive the alignment of corporate reporting. This started with a corporate reporting landscape map, providing a snapshot of corporate reporting initiatives through the lens of integrated reporting. In 2016, participants published a [Statement of Common Principles of Materiality](#), presenting common foundational principles believed to be broadly consistent with all forms of standards' development and business reporting to stakeholders. Participants of the Dialogue are currently preparing to publish 'SDGs and the future of corporate reporting' – with several of our frameworks at the heart of the transparency needed to assess progress against the SDGs in a meaningful way. Participants will also publish 'Understanding the value of transparency and accountability' demonstrating that the participants' frameworks are built on the same fundamentals and therefore can be used in conjunction with each other.

The two-year better alignment project will play a significant role in accelerating progress towards our goals and will run in conjunction with other projects, including our [work with investor organizations](#) and regular engagement with businesses and regulators. This is the key forum in the world for bringing together the major players in the corporate reporting field, with all participants committed to driving alignment.

### **How does it fit into the other initiatives taking place in the world?**

Projects such as the WBCSD's work on indicators, the IASB Management Commentary Practice Statement Review, as well as those focused on achieving the SDGs and accounting for climate change all play a crucial role in ensuring corporate reporting is fit for purpose. Participants of the Corporate Reporting Dialogue are already playing an active role both collectively and individually in these initiatives.

Throughout this project, participants will be actively engaging with key stakeholders and ensuring that we learn from and draw inspiration from the work of our partners.

### **Is it going to lead to fewer standard setter organizations?**

This aim of this project is to drive better alignment, but not one framework. It will ensure that the frameworks are brought closer together, countering false perceptions about competition between standard setters and framework developers. All of the standards and frameworks within the Dialogue are individually important with distinct aims, fulfilling information needs of various audiences and therefore serve different, important purposes. This project will give more confidence to businesses to 'start the journey' towards better, more effective reporting, irrespective of which framework they choose initially.

## **How is the Corporate Reporting Dialogue going to make sure this project is grounded in the needs of the market?**

Communications and stakeholder engagement will play an integral role in the development of this project to ensure that our work remains grounded in the needs of the market and is continually learning from expertise already in the market. We will be organizing roundtables, events and meetings to ensure that our work responds to the needs of businesses, investors and other key stakeholders. If you would like to be involved, or to be kept regularly up to date with this work, please contact Juliet Markham, Head of Communications, IIRC on [juliet.markham@theiirc.org](mailto:juliet.markham@theiirc.org)

## **Should organizations delay adopting reporting standards and frameworks until the outcome of this process?**

Organizations should not delay using existing reporting standards/frameworks. Each of the reporting frameworks/standards has a unique purpose and focus that will not be changed through this project, and so organizations should not wait to adopt those that are right for them. This project will not lead to one framework or standard, but will enable report preparers and users to coordinate their approach better, whichever reporting mechanism they use, as well as paving the way towards integrating financial and non-financial reporting.