ACCA Think Ahead

PRINCIPLES OF GOOD CORPORATE REPORTING

About ACCA

We are ACCA (the Association of Chartered Certified Accountants), a globally recognised professional accountancy body providing qualifications and advancing standards in accountancy worldwide.

Founded in 1904 to widen access to the accountancy profession, we've long championed inclusion and today proudly support a diverse community of over **252,500** members and **526,000** future members in **180** countries.

Our forward-looking qualifications, continuous learning and insights are respected and valued by employers in every sector. They equip individuals with the business and finance expertise and ethical judgement to create, protect and report the sustainable value delivered by organisations and economies.

Guided by our purpose and values, our vision is to develop the accountancy profession the world needs. Partnering with policymakers, standard-setters, the donor community, educators and other accountancy bodies, we're strengthening and building a profession that drives a sustainable future for all.

Find out more at **accaglobal.com**

About this report

Corporate reporting is akin to a kaleidoscope. From one end of a tube, reflecting surfaces positioned at different angles show changing patterns as a base pattern is rotated. Similarly, within the limits of corporate reporting, information is viewed from the different angles of various stakeholder groups to form an understanding that facilitates each group's decision-making. With today's increasingly diverse audiences, corporate reporting is constantly evolving, resulting in a blend that is simultaneously familiar and foreign.

This research explores the characteristics and qualities of corporate reporting for general purposes that remain relevant throughout this constant change, while considering the impact of current developments on the reporting landscape.

Corporate reporting comprises officially promoted and documented communications from organisations, whether electronic or paper-based, intended to provide a comprehensive picture of their performance and position to interested stakeholders. Reports are typically prepared using standards or frameworks that may be mandatory, to meet the legal requirements of the jurisdictions in which the organisations operate.

Today, corporate reporting is not limited to financial and sustainability-related reporting, and can extend to corporate law, corporate governance, tax legislation, etc.

This report focuses on the narrative aspects of corporate reporting for general purposes, including but not restricted to an organisation's *general purpose financial statements* and sustainability-related financial disclosures.

Terms defined in the Glossary are in *italics* the first time they appear in this report.

Contents

Methodology

This report was developed using insights from multi-stakeholder groups and professionals with expertise and experience spanning corporate reporting, analysing and using corporate reporting disclosures in decision-making, and in providing assurance (including reviews).

We acknowledge and thank the individuals and ACCA Policy and Insights colleagues who participated in our global roundtables, workshops and interviews, sharing insights drawn from their individual areas of expertise.

(See Acknowledgements)

Author

Hsiao Mei Chow,
Head of Corporate Reporting Insights – Sustainability, ACCA

Introduction

Reflecting on the evolving corporate reporting landscape

> ***Corporate reporting is not just about disclosures, but about communicating how an organisation is operating and responding to changes in its external landscape. Organisations need to be able to explain risks and opportunities, and how they are going through transition, to be attractive to investors.***
>
> A sustainability expert

The corporate reporting landscape presents a continuously evolving multitude of frameworks, buzzwords, rules, etc, to keep pace with the dynamic business environment and rapid technological advancements, as well as changing ethical, societal and environmental considerations.

Our research highlighted the following key drivers of change in corporate reporting over the past decade.

Legislation

- There is much concern about how corporate reporting requirements are increasingly introduced through rule-based regulatory changes (eg through new or amended laws, directives, listing requirements), rather than principles-based standard-setting, contributing to greater fragmentation globally and an increased reporting burden.

Growing external stakeholder pressure, with:

- a shift in focus from financial profits to risk and sustainability, resulting in organisations' extra vigilance on what they choose to report
- increased calls for corporate reporting to extend beyond the investor focus, to meet the needs of wider stakeholders.

Technological advancements, whereby:

- access to more information has contributed to greater transparency but also confusion through information overload
- greater use of social media has led to timelier dissemination of information, but also rapid dissemination of misinformation
- ethical considerations are made more complex by evolving technologies such as artificial intelligence (AI)
- *those charged with governance* (eg boards) are paying more attention to organisations' cybersecurity risks, but those organisations' technology strategies may not be reflected in their corporate reporting disclosures.

Achieving good corporate reporting

Through various stakeholder engagements, we found that the characteristics and qualities relating to corporate reporting set out in existing reporting frameworks are indeed robust and remain relevant amid the constant change. In fact, how these characteristics and qualities are embedded within today's ways of working continues to influence quality of reporting. At the same time, organisations need to bring together different pieces of information to tell a connected and cohesive story.

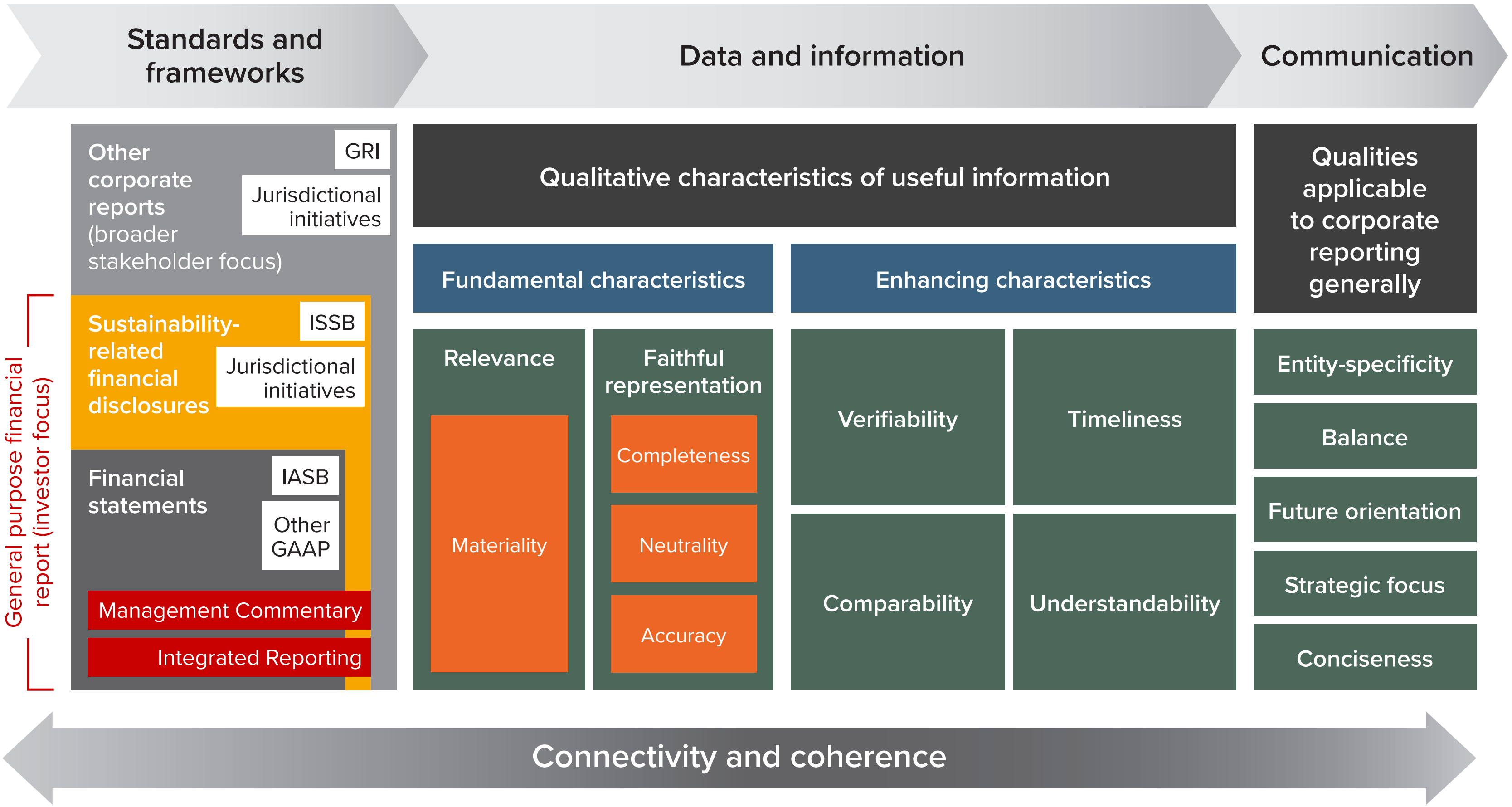
Figure I1 gathers the insights from our findings into four main themes, with connectivity and coherence being key in achieving decision-useful corporate reporting and cutting across the other three themes – standards and frameworks, data and information, and communication. Together, these form the foundation for ACCA's eight principles of good corporate reporting (see **Table I1**).

TABLE I1: Principles of good corporate reporting

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING
Connectivity and coherence – a people- and process-driven exercise	1. Embed connectivity and coherence
Standards and frameworks – selection, adoption and implementation	2. Apply a *'building blocks' approach*, building on a global baseline 3. Be principles-based and apply proportionality 4. Maximise comparability, with interoperability as a catalyst
Data and information – for whom, and to what extent	5. Understand and meet stakeholders' information needs 6. Take a holistic approach to corporate reporting 7. Enable and support good governance practices
Communication – telling the organisation's story	8. Ease access and avoid disclosure overload

> *It is not enough to just report for reporting's sake. These principles of good corporate reporting must be embedded into an organisation's reporting processes, people and technology to maximise and truly reap the benefits of reporting.* ***The corporate reporting journey matters just as much as the outcome, and this goes on to influence decision-making.***
>
> A synthesis of comments from roundtable participants

FIGURE I1: Foundational attributes of the principles of good corporate reporting



Note: The qualitative characteristics of useful information, and the qualities relating to corporate reporting generally, are closely related, and in practice, applying one or more will naturally lead to applying others. Nonetheless, there are instances when challenges or tensions may arise, and this is where maintaining a reasonable balance between the various characteristics and qualities is key to good corporate reporting. Summarised overviews of the characteristics and qualities are available in Appendix A and Appendix B respectively.

Source: Adapted from IFRS Foundation 2023, IASB *Conceptual Framework for Financial Reporting* (IASB 2018), Integrated Reporting Framework (IFRS 2021a) and IFRS S1 (ISSB 2023a).

What this report seeks to achieve and for whom

Over the next sections, we explore the various principles and areas for specific consideration by key participants in corporate reporting, while considering how these interact and support policymaking, standard-setting and decision-making, as well as the challenges and tensions that may arise during their application. Important recurring themes have also been embedded across the principles, such as balancing the costs and benefits of reporting, and considering the impact of technology and innovation.

This report thus aims to support:

- **policymakers (including standard-setters and regulators)**, in shaping, developing and maintaining policies, standards and regulations relating to corporate reporting that are fit for purpose, connected and coherent
- **organisations**, in communicating high-quality, decision-useful information to their stakeholders in a way that reflects the connections between their business models and strategies and the way they operate and create value over time (see **Box I1**)
- **senior management and professional accountants**, in gaining a better understanding of the continued relevance of the principles of corporate reporting and their adaptation for application in today's constantly evolving landscape.

To help you navigate this report, look out for these colours or icons as a way of easily identifying sections most relevant to your needs:

Specific considerations for policymakers, standard-setters and regulators

Specific considerations for *corporate reporters**

*Organisations, senior management, professional accountants, and other individuals involved in the corporate reporting process within an organisation (referred to collectively as 'corporate reporters').

Considerations relating to balancing the costs and benefits of reporting

Considerations relating to technology and innovation

Applying the foundational attributes to the principles of good corporate reporting (see Figure I1)

Box I1: Empowering better decision-making

As an essential communication tool, corporate reporting enables an organisation's stakeholders to make informed decisions, often playing key roles in:

- **identifying risks and opportunities**, with the dual benefit of guiding an organisation's direction while also feeding back into the organisation's operations and guiding continual improvement
- **accessing equity, debt and trade finance**, by providing insight into an organisation's credibility and how it operates and creates value over time; for larger organisations, particularly listed ones, such insight may even influence share price
- **contracting with customers and suppliers**, who may wish to assess the financial feasibility of doing business with an organisation, and whether the organisation's strategy and principles align with their own, and
- **attracting and retaining employees**, as an indication of an organisation's attitude, commitment, approach to and impact on society and the natural environment.

1. Embed connectivity and coherence

Main theme: Connectivity and coherence

Connected to: Comparability, entity-specificity, future orientation, strategic focus

Box 1.1: Connectivity and coherence is a people- and process-driven exercise

Connectivity and coherence mean more than just reporting outcomes or putting different pieces of information together. Rather, this is a people- and process-driven exercise of widespread impact which needs to have the characteristics shown below.

BEGIN at the global standard- and framework-setting stage

EXTEND THROUGH regional and jurisdictional policy and regulatory development

BE EMBEDDED INTO each individual organisation's strategy and operations

BE REFLECTED IN EACH ORGANISATION'S VARIOUS INTERNAL AND EXTERNAL COMMUNICATIONS to facilitate stakeholders' decision-making, whether through corporate reports or wider channels such as webpages, social media, marketing collaterals

Given current growing information needs, connectivity is top consideration in multiple standard-setting and reporting circles (EFRAG 2024: para 6), as part of efforts to address information overload. ACCA's research (Baboukardis et al. 2022) into climate-related disclosures indicates that information overload is partly due to scattering and duplication of disclosures with little to no cross-referencing, leading to reports that hinder transparency and comparability, as readers spend considerable time and effort looking for the information they need.

Various stakeholders broadly acknowledge that connectivity is crucial to achieving coherence in reporting, and is paramount for more resilient capital markets, better long-term decision-making and sustainable value creation. In particular, coherent and consistent information enables users of general purpose corporate reports to understand the connections between various types of information, and how these connect to different aspects of business activity – governance, strategy, risk management and assessing progress – supporting users' understanding of organisations' resilience and ability to thrive.

For this reason, and reflecting how these interconnect with other characteristics and qualities of corporate reporting, Figure I1 depicts connectivity and coherence as spanning across the other three themes of good corporate reporting. ACCA's 'Making Information Connections for Sustainable Value Creation' (Machado 2024) further explores various aspects of connectivity and its importance, and gives examples of its application in practice.

1.1 Specific considerations for policymakers, standard-setters and regulators

Global policymakers and standard-setters have an essential role in **setting the tone from the beginning for an overarching emphasis on connectivity and coherence in the process**. Embedding and reflecting these considerations in their policymaking and standard-setting processes can help maximise compatibility while minimising gaps and overlaps in concepts and policies, so easing implementation. For example, the IFRS Foundation embeds connectivity in its processes and products, with the aim of contributing towards holistic, comprehensive and coherent *general purpose financial reports* (IFRS Foundation 2023).

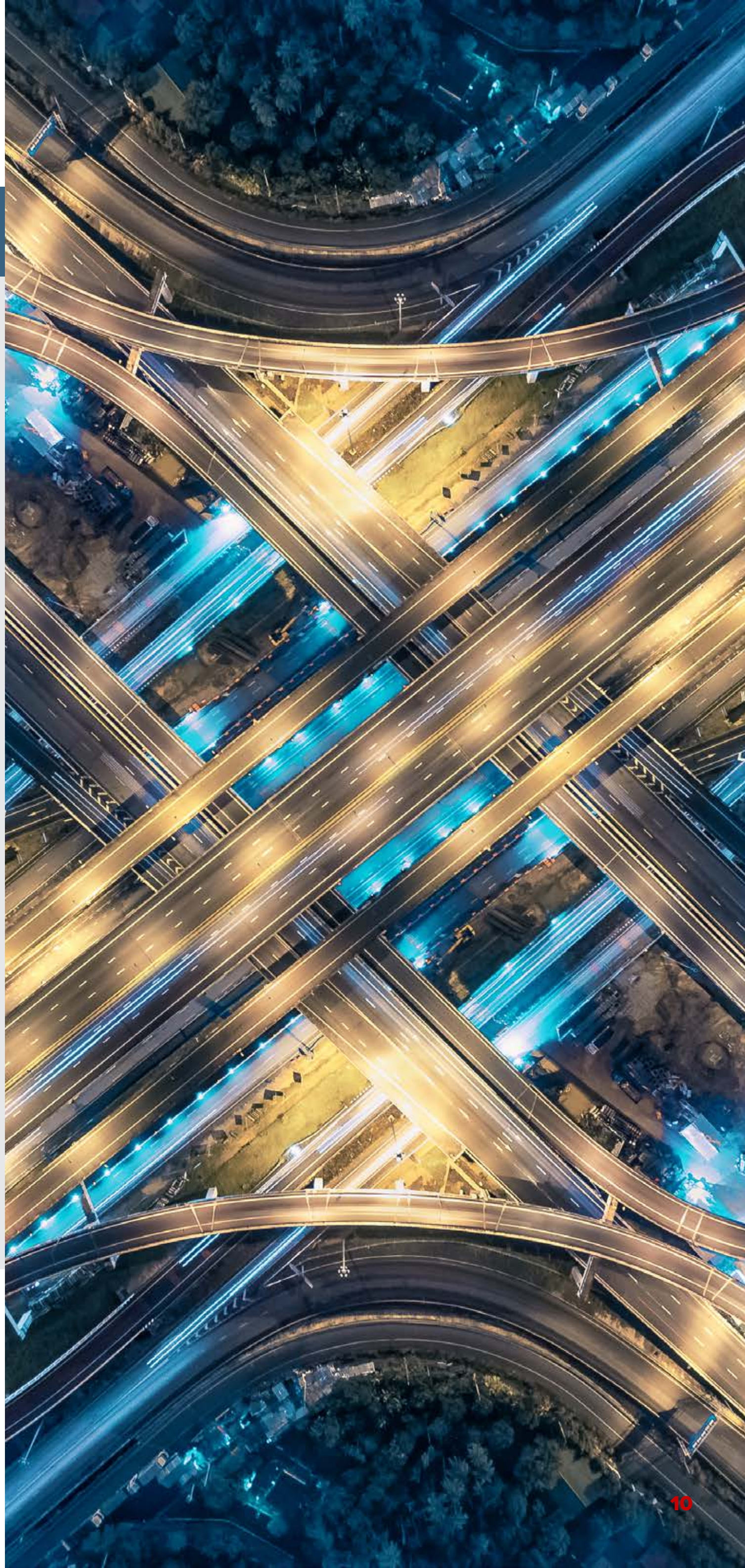
Care is needed to ensure that policymaking and standard-setting **drive connectivity and coherence in reporting** not only between different sustainability-related topics but also between sustainability-related information and information provided within and across an organisation's different means of communication. These can include general purpose financial statements, management reports, annual reports, integrated reports, or websites.

To support these, ACCA believes that it is important to **develop an overarching conceptual framework for corporate reporting** that incorporates and builds on the principles of the Integrated Reporting Framework. This will be essential in guiding future work on connectivity and coherence: it will provide more consistent guidance in addressing interconnected topics, clarify the scope and boundaries across different areas in reporting, and improve collaborative work in standard-setting by the International Accounting Standards Board (IASB), International Sustainability Standards Board (ISSB), and other similar bodies at regional and jurisdictional levels.

Click here to watch a series of short videos on how the ISSB supports better connectivity.

At regional and jurisdictional levels, corporate reporting requirements adopted for local use should **align as far as possible with respective public policy objectives and strategic needs**. For example, in developing a phased implementation roadmap for sustainability reporting, the jurisdiction may wish to consider whether certain industries selected for earlier implementation align with its commitments to reducing *greenhouse gas (GHG) emissions*, against the backdrop of other strategic plans, the market's state of readiness, and the overall resource availability.

Also, as far as possible, policymakers, standard-setters and regulators at all levels need to **collaborate and connect the different elements that contribute to high-quality corporate reporting**. Connectivity needs to extend beyond reporting to consider the interconnected implications with other key areas such as ethics, audit and assurance, and tax, to facilitate coherence across the different machineries of policymaking, adoption and implementation.



1.2 Specific considerations for corporate reporters

Every organisation, regardless of size and complexity, needs to comply with a combination of jurisdiction- and industry-specific disclosure requirements, which can differ in complexity depending on where and how the organisation operates. These can include non-mandatory reporting frameworks. An organisation's **selection and application of relevant reporting frameworks should align with and complement its strategic vision and direction**. Stage 2 of ACCA's *Sustainability Reporting – The Guide to Preparation* (Machado, Saw and Chow 2023) explores how this applies in practice.

As corporate reporting is a direct reflection of an organisation's business activities, **connectivity and coherence need to be embedded within and across organisations' business activities**, abandoning siloed practices of isolated information preparation and decision-making and an overly compliance-centric mindset. To reap the full benefits of corporate reporting, collaboration across the organisation is key, with widespread application of *integrated thinking* (Chen and Hawksley 2021) across the organisation complemented by *integrative thinking* (Machado, Chen et al. 2023) by individuals. In separate research, we further explore how organisations apply connectivity in practice to catalyse quality decision-making and sustainable value creation (Machado 2024).

For information to be coherent, **it must explain the organisation's risks and opportunities in a way that connects its financial and non-financial information to its wider strategy and governance**, while addressing how it plans to become more equitable and sustainable, to be attractive to investors. This involves, but is not limited to, providing the necessary context, explanations and cross-references, and using consistent data, assumptions and units of measurement[1] (see Box 1.2).

Where possible, **information reported internally for decision-making should be consistent with information reported externally** for stakeholders. Organisations should align data collection to meet both reporting needs at the same time, so as to maximise the usefulness of the data collected, optimise operational efficiency through economies of scale, and so minimise their reporting burden. Close alignment between organisations' strategies and reporting will help solidify overall appreciation of the former, leading to better connectivity and coherence (Machado, Saw and Chow 2023: s.5.2).

Organisations should also clearly **demonstrate how the interaction of various resources and *capitals* has led to sustainable value creation** and how the organisation intends to create more value in the future in its disclosures on past performance, current position and future prospects. For example, applying the Integrated Reporting Framework, disclosures should show the linkages and relationships between the six capitals: financial, manufactured, intellectual, human, social and relationship, and natural (IFRS Foundation 2021a).

> ***Currently, different departments look after different parts of corporate reporting. But there isn't really a person or department that monitors and thinks about connectivity. For example, in a listed organisation, ESG [environmental, social and governance] information might be managed by the investor relations, corporate communications or legal department, and their focus is different – building a positive image or reputation, compliance, etc. The front part of the annual report says a lot of great things about the organisation's ESG practices, but this is not reflected in the financial statements. What do the actions on climate-related matters or transition plan mean for the business? How much would the organisation like to invest? Does this mean that the organisation will retire any property, plant and equipment?***
>
> **An ESG reporting and assurance expert**

> ***There needs to be a level of mastery before you can start thinking of connectivity. The challenge will be with moving on to holistic, integrated thinking of financial and non-financial information, and trying to make sense of it. Think about IFRS Accounting Standards over the years – upskilling, coming up to speed, then spreading that expertise across organisations. A lot of handholding will be needed across the years to get to the point where we can really think about the big picture.***
>
> **A sustainability consultant**

Achieving connectivity and coherence needs a certain level of mastery, in-depth understanding and appreciation of how different parts of the organisation interconnect and influence each other's performance. Hence, organisations should **carefully consider the resources and skills needed** for continual improvement. Stage 7.3 of ACCA's *Sustainability Reporting – The Guide to Preparation* (Machado, Saw and Chow 2023) highlights that, for many organisations, this will require investment in people, whether for developing new capabilities, improving team operations or changing the organisational structure.

1 IFRS S1, paragraph B42 (ISSB 2023a).

Box 1.2: An example of connected information based on the IFRS Sustainability Disclosure Standards

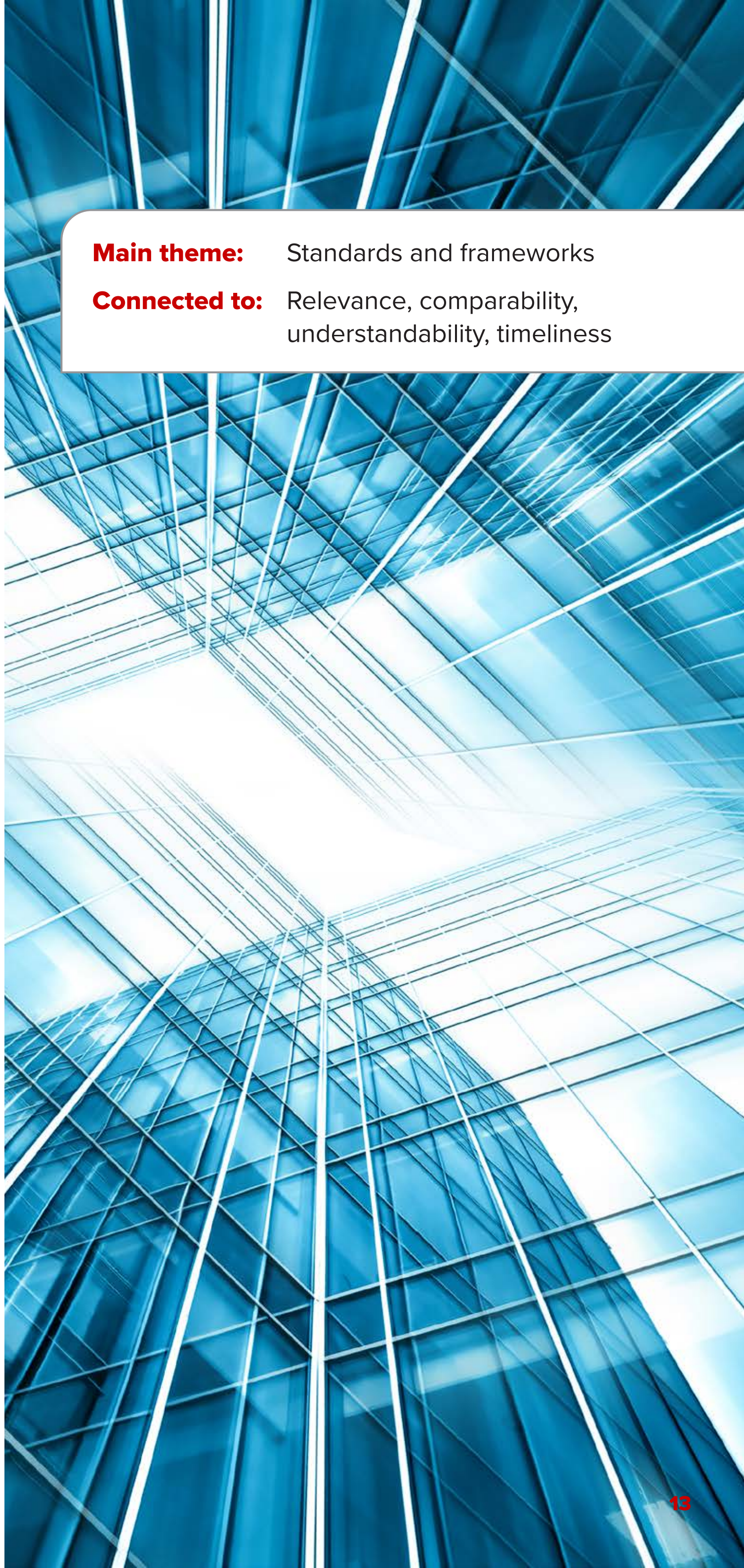
In providing connected information about the use of evolving technologies (such as AI) in operations, an organisation might explain:

- how its business model, strategy and operations may change in the short, medium and long term, and how this will affect key assumptions and sensitivities that will feed into forecasts, budgeting and future cashflows
- how its policies might change to take new and evolving risks and opportunities into consideration (eg data governance, cybersecurity, data privacy)
- how the organisation's use of natural resources will change (eg relating to electricity, water), and how this will amplify or reduce its sustainability-related risks and opportunities (SRROs)
- how this might affect its human capital management (eg hiring, upskilling, termination), and how this links to information in the financial statements
- whether it might need to impair or retire certain existing assets and/or invest in new assets, and how this will impact its financial position and financial performance over time
- what new and revised targets have been set and metrics needed to assess progress against them, and how these link to information in the financial statements.

In addition, where oversight of SRROs is managed on an integrated basis, the organisation should avoid duplication by providing integrated risk management disclosures instead of separate disclosures for each SRRO.[2]

2 IFRS S2, paragraph 26 (ISSB 2023b).

2. Apply a ‘building blocks’ approach, building on a global baseline



Main theme: Standards and frameworks

Connected to: Relevance, comparability, understandability, timeliness

Box 2.1: Why use global standards?

Global standards **provide a high-quality comprehensive baseline for corporate reporting**. Using a single set of standards is more efficient than accommodating a variety of different and potentially conflicting requirements. Consistency in treatments and disclosures can give users information that:

is **relevant and reliable** for decision-making	**enables greater comparability** of performance within and among reporting organisations	**reduces uncertainty** and **improves their understanding** of the organisation’s business model, strategies and performance

ACCA has long advocated **a global approach** to the development and application of principles-based reporting standards, **supported by a robust due process and an inclusive approach** that considers regional and economic differences. We strongly support the IFRS Foundation’s ongoing efforts to develop and maintain global standards, ie the IFRS Accounting Standards through the IASB, and more recently, the *IFRS Sustainability Disclosure Standards*[3] through the ISSB. Their collective strength, experience and expertise are key enablers in connecting financial, sustainability-related and other information, with the eventual goal of achieving integration in reporting.

3 The IFRS Sustainability Disclosure Standards build on the Climate Disclosure Standards Board (CDSB) framework, the Task Force on Climate-related Finance Disclosures (TCFD) recommendations, the Integrated Reporting <IR> Framework and the industry-based Sustainability Accounting Standards Board (SASB) Standards.

2.1 Specific considerations for policymakers, standard-setters and regulators

Jurisdictions should **adopt and build on a global baseline**, ie the IFRS Accounting Standards and IFRS Sustainability Disclosure Standards, layering sustainability-related and other disclosures with financial disclosures. Jurisdiction-specific reporting frameworks need to **be pragmatic** to meet region-specific needs of regulators, investors and other key stakeholders, **supporting interoperability and equivalence** to maximise global consistency and comparability.

The **timeliness of information needs to be balanced with resources available** to corporate reporters in providing it. For new reporting requirements, an implementation roadmap will clarify regulatory expectations. A **phased implementation** that reflects the size and/or complexity of organisations and resource availability, **along with implementation guidance**, can support consistent implementation.

FIGURE 2.1: The 'building blocks' approach

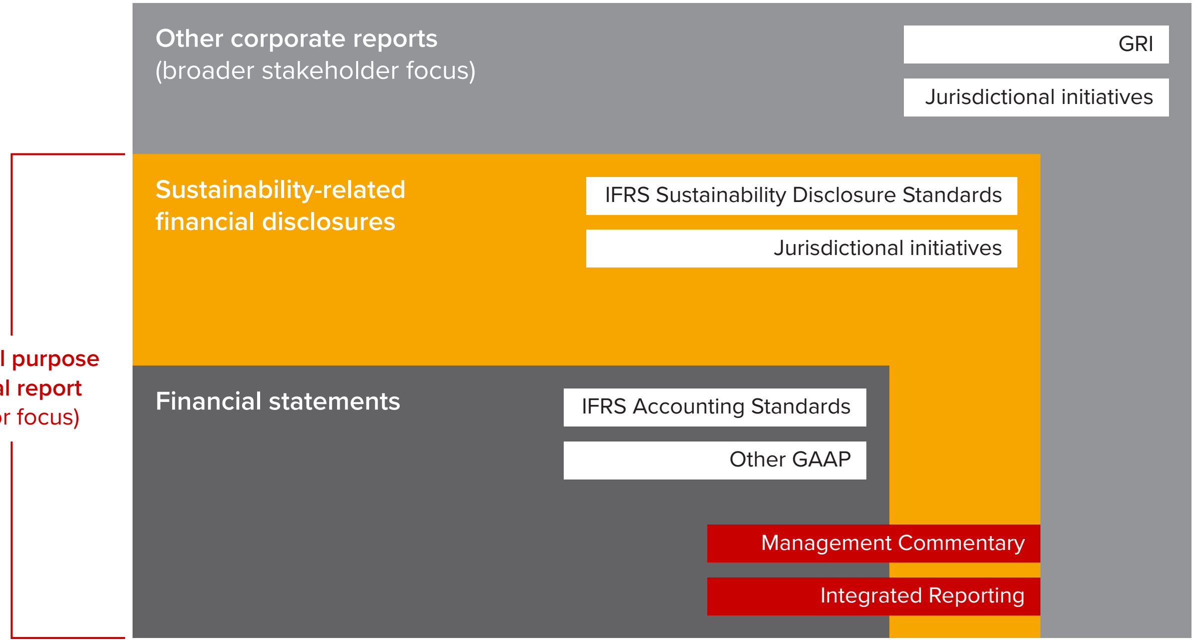


Figure 2.1 applies the 'building blocks' approach from a global corporate reporting frameworks perspective, and reflects how corporate reporting has evolved beyond the financial statements, with sustainability reporting becoming a prominent feature.

This approach can be similarly applied by other key participants in corporate reporting.

- **Policymakers, standard-setters, and regulators** can layer multiple applicable frameworks and requirements across industries and sectors to help identify, analyse, understand and monitor potential adoption and implementation challenges that their constituents might face in different jurisdictions and regions. This will help develop and enhance policies and regulations that are fit for purpose, as well as in structuring pragmatic implementation roadmaps appropriate to their regulatory and corporate reporting landscape, their market readiness and the information needs of wider stakeholders.
- **Organisations**, particularly those operating across more than one jurisdiction or region, may find this approach useful in identifying and implementing relevant mandatory reporting requirements, and in understanding how and to what extent these will interact with or complement any additional non-mandatory reporting frameworks that they wish to adopt. This can also be a basis for developing an implementation timeline, including planning ahead for capacity building. ACCA's *Sustainability Reporting – The Guide to Preparation* (Machado, Saw and Chow 2023) demonstrates how the 'building blocks' approach is applied in Stage 2, and provides helpful guidance on preparing an organisation's process, people and technology to implement sustainability reporting.

Source: Adapted from IFRS Foundation 2023

3. Be principles-based and apply proportionality

Main theme: Standards and frameworks

Connected to: Comparability

Global standards and frameworks need to:

- **be principles-based and developed with proportionality in mind** to allow for some flexibility in their requirements, to meet the unique needs and circumstances of various organisations and their stakeholders in various jurisdictions
- **consider the impact of scientific and technological innovations**, which may lead to new business models (ACCA–CA ANZ 2024), for example those being proposed for road infrastructure repairs (Cao 2024)
- **incorporate a multi-capital approach**, focusing on factors that influence organisations' ability to create value over time, to encourage better appreciation of how organisations' strategies are reflected in corporate reporting
- **be sufficiently comprehensive and complete** to minimise divergent region- or jurisdiction-specific reporting requirements
- **be supplemented with helpful guidance and illustrative examples** to clarify how the principles apply to the particular facts and circumstances.

A pragmatic approach will encourage wider adoption among jurisdictions, enabling these standards and frameworks to be used not only by listed organisations, but also by *SMEs* (small and medium-sized or lesser-resourced entities) and not-for-profits. However, care is needed to **ensure standards or frameworks complement rather than dictate or contradict policies, at all levels**. Jurisdictional targets and requirements for transition plans are likely to evolve or differ considerably between jurisdictions, and an organisation may alter its targets, for example to accommodate climate change strategy alongside other sustainability-related risks and opportunities for a just transition.

Given the likely increase in sustainability-related information requests for value chain purposes, **developing a voluntary, simplified and reduced reporting standard** alongside existing reporting requirements may help. While all organisations (including SMEs) stand to benefit from embracing wider connected corporate reporting (eg seizing new opportunities, pre-empting risks), the burden of preparation may be particularly onerous for micro and small organisations, and benefits may not justify the cost if this is an obligatory requirement.

Ultimately, reporting is only one policy lever for promoting more responsible business decision-making and driving positive change for people and planet. Other policies encouraging sustainable business models include provision of sustainable finance, good corporate governance, appropriate taxation and regulation. A proportionate approach to mandatory reporting requirements can ensure that business resources are directed towards actively pursuing a green and just transition.

3.1 Specific considerations for policymakers, standard-setters and regulators

Regional and jurisdictional standard-setters may mandate specific disclosure requirements and metrics. We call on jurisdictions around the world to **cooperate multilaterally**, **with oversight** by global organisations such as the International Organization of Securities Commissions (IOSCO) and Organisation for Economic Co-operation and Development (OECD), to ensure that regions and jurisdictions **adopt a common set of mandatory metrics** relating to each given topic. Such metrics should allow for different maturity levels, be scoped and defined in precise terms to ensure comparability, and targeted and limited in number, to ensure ease of use by investors and other stakeholders.

In addition, **separating the mandatory (must-have) from voluntary (good-to-have) disclosures** within the standards will ease and encourage adoption by jurisdictional regulators and/or standard-setters (ACCA–CA ANZ 2024). This will minimise the need for ***jurisdictional modifications*** to the standards and aid proportionality and scalability of the standards. Applicability to a wider range of organisations will increase voluntary adoption of the standards. Organisations should be allowed to determine which information will be ***material*** for their stakeholders, with guidance provided to help make this determination.

Further, it is important to **weigh the decision-usefulness of information to the** intended audience **against the effort required to report it**. Smaller, lesser-resourced organisations are particularly likely either to have to produce their own full report to meet reporting requirements, or to provide information to customers or suppliers within the value chain. This can inadvertently impair their ability to trade with larger organisations requesting such information (ACCA–CA ANZ 2024).

3.2 Specific considerations for corporate reporters

Organisations should **apply the principles and requirements** of the standards and frameworks **according to their own needs and circumstances**. Where appropriate, consider the cost and effort involved in gathering and reporting the information versus the benefits of the resulting information for users. Also, **a multi-capital approach** would help focus on factors that influence the organisation's ability to create value over the short, medium and long term.

4. Maximise comparability, with interoperability as a catalyst

Main theme: Standards and frameworks

Connected to: Comparability, understandability

ACCA commends and welcomes the IFRS Foundation's efforts to **collaborate with policymakers, standard-setters and regulators across global, regional and individual jurisdiction levels** to develop interoperable standards and frameworks. These drive more comparable reporting while minimising duplication of effort by those corporate reporters who need to report under multiple reporting regimes.

Nonetheless, interoperability is just a means of pursuing and maintaining convergence over time, where requirements are fully or largely identical (IFRS Foundation 2021b). Further collaboration is needed to **align common disclosures and use the same wording and terminology** across global, regional and jurisdictional reporting requirements, such that reporting organisations will eventually need to prepare only one set of disclosures. This will ensure consistent and common understanding of key terms and requirements and consistent application of the latter. Examples of terms include 'sustainability', 'materiality', 'connectivity' and 'interoperability'.

Box 4.1: Applying interoperable standards and frameworks

Much attention has been given to achieving interoperability among different frameworks, but our engagement with stakeholders revealed that this can, sometimes, be confusing, for 'interoperability' does not mean 'equivalence'. Organisations will still need to identify and understand the impact of gaps and/or overlaps, however minimal, between different standards, frameworks and regulations on their activities to reflect this in reporting. Hence, while duplication of effort might be reduced, this may not mean a reduced reporting burden.

For example, the IFRS Sustainability Disclosure Standards and European Sustainability Reporting Standards (ESRS) have a high degree of alignment on climate-related reporting, with almost all of the climate-related disclosures in the IFRS Sustainability Disclosure Standards being included in the ESRS. As a result, an aligned outcome is expected (ESRS and ISSB n.d.) whereby an organisation:

- applying the IFRS Sustainability Disclosure Standards will be able to identify climate-related disclosures considered to be financially material in accordance with ESRS, and
- applying the ESRS may use the outcome of its assessment of financial materiality to identify disclosures considered material in accordance with the IFRS Sustainability Disclosure Standards.

Despite this, the organisation would need to prepare additional disclosures beyond those required by the IFRS Sustainability Disclosure Standards, to meet the requirements of the ESRS, and vice versa. **The necessary incremental work means that affected organisations will still need to allocate resources and time to build familiarity through awareness, education and experience in application.**

4.1 Specific considerations for policymakers, standard-setters and regulators

Region- and jurisdiction-specific standards and frameworks should **be substantially consistent with global standards**, subject to the constraints of the needs of different users and the cost and benefits of preparation by organisations other than listed organisations. Given cultural diversity and different levels of maturity between markets, jurisdictional modifications are sometimes necessary, eg as a stepping stone towards achieving full adoption of a global reporting framework.

Care is needed to **minimise jurisdictional modifications** to ensure that these do not become a compliance-centric exercise requiring multiple reconciliations to restore global comparability. Jurisdictional modifications can result in further fragmentation, risking inter-jurisdictional diversity in practice, reducing global comparability and resulting in increased reporting burdens. This can also distract focus and resources from an organisation's core role of value creation. The cost of providing such information may well exceed its benefits. (See also 5. Understand and meet stakeholders' information needs.)

Ultimately, the effects of adhering to global standards will be most evident when combined with other factors and incentives encouraging good reporting, such as measures for ensuring investor protection, good corporate governance and independent audit and assurance. The IFRS Foundation's *The Jurisdictional Journey towards Globally Comparable Information for Capital Markets: Inaugural Jurisdictional Guide for the Adoption or other Use of ISSB Standards* provides helpful insights for designing and planning journeys to adoption or other use of the IFRS Sustainability Disclosure Standards (IFRS Foundation 2024a).

4.2 Specific considerations for corporate reporters

Organisations should report information in a way that **enables comparisons to be made at various levels**: within the organisation, against other organisations within and across industries and sectors, and **between different reporting periods**. Where possible, **collaborate with other organisations and industry associations** to identify and align industry- or sector-specific metrics, policies, approaches and methodologies. Such comparability facilitates understanding of trends, and can influence decisions both internally and externally. This will in turn allow for more efficient and effective allocation of capital and improved business operations.

Comparability of information is closely linked with many of the principles of good corporate reporting and can be improved by ensuring that **information reported internally for decision-making is consistent with information reported externally** for stakeholders. Care is needed, however, to **avoid the use of 'boilerplate' disclosures**. (See 1. Embed connectivity and coherence and 8. Ease access and avoid disclosure overload)

5. Understand and meet stakeholders' information needs

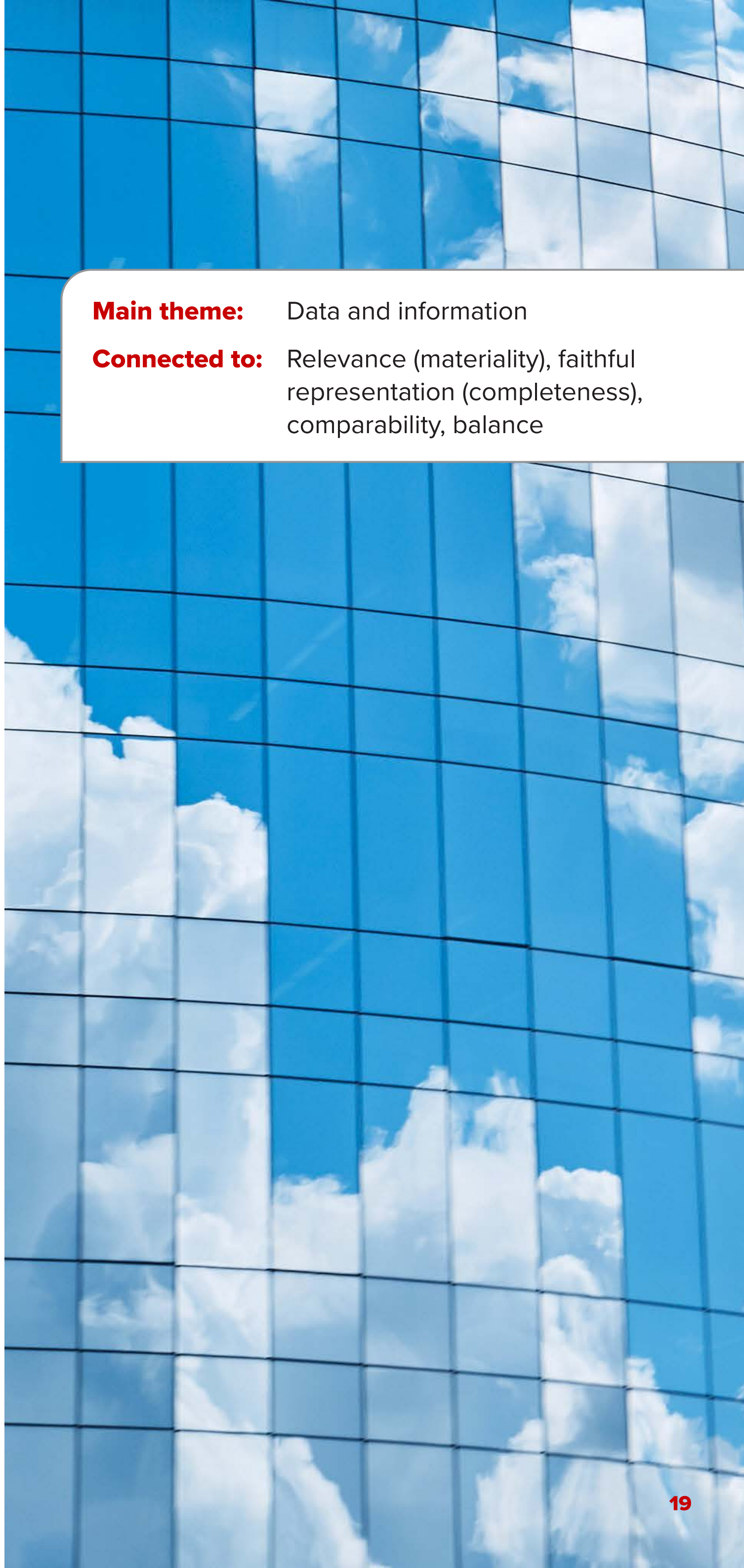
> ***Bring your stakeholders along your thinking journey, help them to see why you are a good organisation.***
>
> **A corporate reporting expert**

Corporate reporting requirements need to **balance and prioritise reporting information that is relevant and decision-useful**. In practice, this means useful, firstly, to *primary users* making decisions about providing resources to the organisation, and then to satisfy other stakeholders' needs.

Investors, lenders and other creditors have long been identified as the primary users of financial reporting (IASB 2018), so frameworks, standards and regulations have concentrated on fulfilling their needs. While financial information remains central for many primary users, interest is widening to include non-financial information such as the impact of ESG factors on value creation and risk mitigation (ACCA and CFA 2019). For example:

- a United Nations (UN)-supported investor-led initiative developed six Principles of Responsible Investment to reflect the increasing relevance of ESG issues to investment practices; implementing these principles contributes to developing a more sustainable global financial system (UN PRI n.d.)
- suppliers and creditors are increasingly requesting information along their value chains to assess whether the policies and values of the organisations with which they are working or intend to work are aligned with their own. Some of these requests are enshrined in the organisations' procurement policies, with some also being incorporated within service-level agreements and contracts.

Recent developments and growing awareness of organisations' symbiotic relationship with society and environment have also spurred discussions globally on whether corporate reporting should continue to cater substantially to investors, and to what extent such reporting will be able to cater to the respective needs of increasingly diverse stakeholders (ie '*other users*'). A further important distinction is that certain users may be able to request (eg institutional investors, journalists, non-governmental organisations) or require (eg regulators, tax authorities) an organisation to provide information directly to them, beyond what is readily and publicly available.



Main theme: Data and information

Connected to: Relevance (materiality), faithful representation (completeness), comparability, balance

Box 5.1: Understanding stakeholders' evolving information needs

Recognising that stakeholders' information needs are evolving, corporate reporting must also evolve in tandem to ensure its continued relevance and decision-usefulness. It is thus important that all those involved in corporate reporting, from policymakers, standard-setters and regulators to corporate reporters **develop an in-depth understanding** of those needs by working through the questions below.

- **WHO** is the target audience for the information to be conveyed?
- **WHAT** information are they interested in?
- **WHY** do they need this information, and how will they use it?
- **WHAT** specific data is needed to produce this information?

Box 5.2: Possible challenges in application

Tensions may arise among: relevance (materiality), faithful representation (completeness, accuracy), comparability, understandability, and conciseness

Lack of prioritisation in reporting can result in costs exceeding the benefits of providing granular information, as already-limited resources might be exhausted to focus on reporting as if it were the organisation's main activity, rather than on the core activities actually being reported on. This also increases the risk of information overload both internally and externally, leading to poor-quality decision-making (Hinks 2022).

5.1 Specific considerations for policymakers, standard-setters and regulators

Before introducing additional corporate reporting requirements, policymakers, standards-setters and regulators should **engage with various stakeholder groups** to understand the information they seek and how they intend to use it. It is particularly important to distinguish information that is truly relevant and essential for decision-making from information that is nice-to-have but lacks clear useful purposes.

Care is needed to **determine the appropriate level of granularity for information used in reporting**. Certain granular information may serve only niche groups of users, while being potentially beyond the needs of the majority of primary users of general purpose financial reports. In such situations, the level of granularity might more appropriately be determined based on the respective organisations' materiality assessments.

For smaller, lesser-resourced organisations, balance and proportionality are needed to **ensure that corporate reporting requirements do not become onerous**.

5.2 Specific considerations for corporate reporters

Corporate reporting necessitates finding common ground to **meet the maximum possible common information needs of stakeholders without inundating** the user with so much information that what is truly important is obscured. Corporate reporting should **focus on relevant and material information that enables appropriate decision-making**.

Just as each organisation is unique, so too are the information needs of its stakeholders. Different corporate reports may be intended for different user groups. As a result, what constitutes relevant, material and complete information may vary between organisations and their reports.

Organisations should engage with identified stakeholders and work through the questions listed in **Box 5.1** to **understand their respective information needs**. This can then guide each organisation's actions towards meeting those needs. Stage 4 of ACCA's *Sustainability Reporting – The Guide to Preparation* walks through this process in detail (Machado, Saw and Chow 2023).

6. Take a holistic approach to corporate reporting

Main theme: Data and information

Connected to: Connectivity and coherence, entity-specificity, future orientation, strategic focus

As depicted in Figure 2.1, corporate reporting extends beyond financial information to include non-financial information, with sustainability-related information being prominent. Sustainability is a value-creation proposition and, accordingly, corporate reporting requirements need to **cover a broad scope of topics that highlight the interactions** between the value that organisations create for themselves, and the impact that they have on society and planet.

Box 6.1: Possible challenges in application

Tensions may arise among: faithful representation (neutrality), future orientation, balance

An organisation might choose to focus on its future plans to draw attention away from a past, less favourable event. While the organisation is providing insight into its intentions and outlook for the future, such disclosures should discuss its significant aspects fairly, ie without bias or manipulation to increase the chances that the information will be received favourably by users.[4]

4 *Conceptual Framework for Financial Reporting*, paragraph 2.15 (IASB 2018).

6.1 Specific considerations for corporate reporters

Organisations should ensure that, beyond the financial statements, their corporate reporting:

- **covers a wide range of value drivers for the organisation**, to present a holistic story of its sustainability-related and financial performance, position and future prospects; this includes intangibles not recognised on the balance sheet, such as innovative processes, know-how and corporate culture
- **adopts a holistic view of the organisation's value chain** in identifying and sourcing decision-relevant data. This needs to involve leveraging a consistent approach across the entire value chain, eg to gather GHG emissions data, and where possible, to quantify the financial impact of sustainability-related risks and opportunities to support decision-making. Information on concentration of financial effects in the value chain (eg location or facility) might also be useful.

As far as possible, organisations should **strive to derive information from the same source for both internal decision-making and reporting externally for stakeholders' decision-making**, to enhance the overall connectivity and coherence of corporate reporting.

The quality of source data collected influences the quality of the resulting information output. Hence, organisations should **embed the qualitative characteristics of useful information** throughout the corporate reporting process. A summarised overview of these characteristics is set out in Appendix A.

The corporate reporting journey is an iterative process of continual improvement, and so it is important to **ensure that the reporting catalyses the necessary systemic change**: that operational changes take place in the organisation; better-quality information becomes available to investors, who will then use these disclosures to allocate capital more efficiently and responsibly. For this to happen, widespread application of integrated thinking by organisations as well as integrative thinking by finance professionals is necessary (Machado and Chen et al. 2023). Establishing and working through a sustainability reporting cycle will also facilitate this journey.

7. Enable and support good governance practices

Main theme: Data and information

Connected to: Faithful representation (neutrality), verifiability, entity-specificity, balance, strategic focus

In an era of misinformation and widespread distrust (ACCA n.d.: point 3), it is crucial that corporate reporting is reliable and trustworthy to support decision-making. The application of the ethical principles of the accountancy profession and effective assurance over corporate reporting also have significant roles in enhancing users' confidence that the organisation is providing credible and reliable information.

While the limits of corporate reporting are increasingly blurred, it is still important to **define its core boundaries** as this clarifies what those charged with governance (eg boards) are accountable for and have oversight on, as well as what has been audited and assured. We believe that professional accountants are well placed to lead the reporting and assurance of sustainability-related information, working in collaboration with others to ensure confidence and trust in the creation, protection and communication of value to organisations and society (ACCA 2020).

To that end, ACCA welcomes the work by global standard-setters such as the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board for Accountants (IESBA) in developing a harmonised set of sustainability-related assurance and ethical requirements which complement existing assurance and ethical requirements applicable to financial reporting. Close collaboration with reporting standard-setters aims to **ensure that corporate reporting standards are developed after considering the verifiability of the information to be reported**.

7.1 Specific considerations for policymakers, standard-setters and regulators

Recognising the importance placed on both financial and sustainability-related information in corporate reporting, **independent assurance of both should be mandatory, and as far as possible, at the same level of assurance**. The higher the level of assurance provided, the more confidence intended users can place on the underlying subject matter being assured (Diolas and Rogdaki 2023).

Nonetheless, policymakers, standard-setters and regulators need to **be mindful of their respective jurisdictions' maturity levels** in determining a timeline towards requiring reasonable assurance on sustainability-related information, as this may incur substantial extra costs for organisations which might not yet enjoy the benefits of doing so. They should **take a longer-term aim for reasonable assurance over sustainability-related information to become common practice**. This will allow assurance practices to mature in tandem with standard-setting and corporate reporting practices.

Effective oversight of independent assurance is also critical to the reliability and integrity of corporate reporting, to protect the interests of users. Therefore, regulators at the regional and jurisdictional levels should **ensure that a robust system of oversight is established** over time to assess and approve those seeking to conduct assurance work, and for overseeing the quality of assurance work performed to ensure adherence to relevant assurance, ethical (including independence requirements) and quality-management standards.

7.2 Specific considerations for corporate reporters

There is no one 'way' to direct and control diverse and evolving organisations towards achieving their various purposes in the long term (ACCA 2018). Reporting on an organisation's governance can **help users to understand the policies, processes, controls and procedures used to monitor, manage and oversee its strategies, risks and opportunities**.[5]

Our engagements with stakeholders noted that reporting on governance might be improved by **sharing information about challenges faced and how these were managed or resolved**. For example, alongside reporting on its governance committee's structures and the skill sets of the members, an organisation could also identify areas where skills development is needed to enhance how the committee engages with stakeholders. Through such reporting, users can also gain insight into the organisation's commitment to creating value in the short, medium and long term. Improved transparency in these areas might have the side benefit of talent attraction and retention.

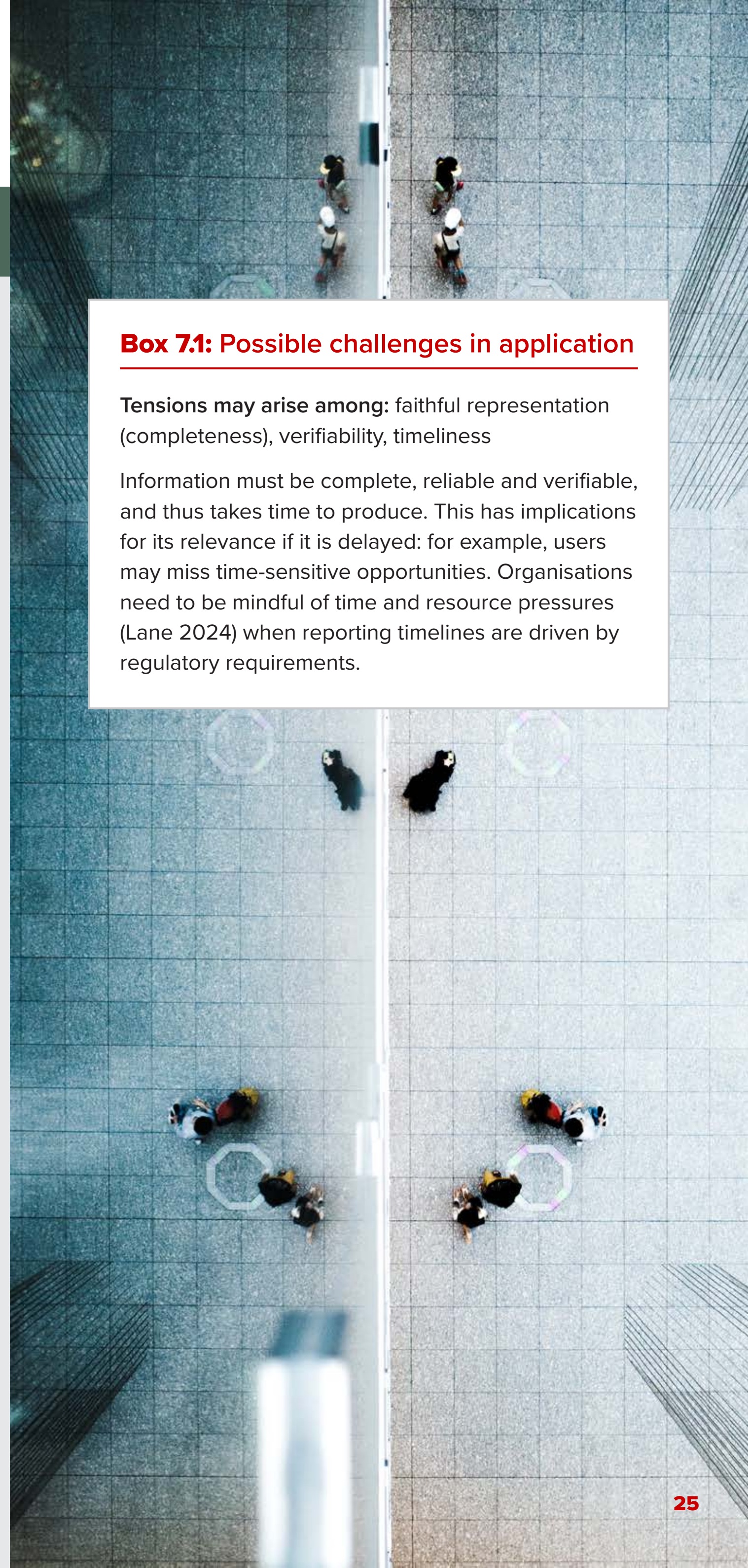
> ***A lot of leaders say that they know they need a credible approach to sustainability and to communicate that. Because when you're doing a job search, what do you do? You look on the web and see this organisation take this seriously and increasingly talent wants to work for organisations where their values align. And they see some organisations aren't perfect but they're on the journey, and they know what the journey is.***
>
> A chief executive officer

Internal and external assurance have their respective roles in enhancing the integrity of, and confidence in, reported information. Care is needed to ensure that they don't duplicate each other's work. The internal audit function should **ensure that internal controls for the reporting process are effective**, and that the information provided by different parts of the organisation is reliable and consistent.

Organisations should also **ensure that the same rigour is applied to the controls over both financial and non-financial information**, to produce disclosures that are verifiable and assurable (Machado, Saw and Chow 2023: 8.1). Where information is included as part of the financial statements or another general purpose corporate report by cross-reference, the respective responsibilities of the organisation and its assurance providers must be clear.

Last but not the least, organisations need to **embed ethics in their culture and leadership and be alert for possible ethical dilemmas** in corporate reporting, among other business activities. ACCA's *Ethical Dilemmas in an Era of Sustainability Reporting* (Machado, Weaver and Sparkes 2023) and *The New Era of Ethical Challenges for Professional Accountants* (Lane 2024) provide practical suggestions on applying the IESBA International Code of Ethics for Professional Accountants (including International Independence Standards) to navigate evolving challenges and avoid consequences such as poor-quality reporting, 'greenwashing', or a loss of trust.

5 IFRS S1, paragraph 26 (ISSB 2023a).



Box 7.1: Possible challenges in application

Tensions may arise among: faithful representation (completeness), verifiability, timeliness

Information must be complete, reliable and verifiable, and thus takes time to produce. This has implications for its relevance if it is delayed: for example, users may miss time-sensitive opportunities. Organisations need to be mindful of time and resource pressures (Lane 2024) when reporting timelines are driven by regulatory requirements.

8. Ease access and avoid disclosure overload

Main theme: Communication

Connected to: Connectivity and coherence, faithful representation (completeness, neutrality, accuracy), timeliness, understandability, entity-specificity, balance, conciseness

It is not enough to have good-quality information; how that information is delivered is just as important. Corporate reporting has taken on many forms (see Box 8.1), and there is growing concern that the ever-increasing number of corporate reporting requirements is spurring disclosure overload, with increased ‘boilerplate’ and duplicated disclosures across multiple reports, driven by an overly compliance-centric mindset.

Box 8.1: Disseminating corporate reporting information

Examples of corporate reports include annual reports, financial statements, management discussion and analysis, management reports, sustainability, corporate social responsibility and interim reports, which may be electronic or paper-based. Organisations often complement these with communication methods such as corporate websites, social media feeds, newsletters, earnings calls, employee meetings and supplier briefings, to offer more timely and tailored information to meet their various stakeholders' needs, resulting in increasingly blurred boundaries for corporate reporting.

8.1 Specific considerations for policymakers, standard-setters and regulators

Corporate reporting requirements at the regional and jurisdictional levels often specify the location of information to be reported. Care and close collaboration among policymakers, standard-setters and regulators are needed to minimise the risk of disclosure overload from duplication of information across multiple reports. Where separate reports are mandated, reporting requirements should **clearly identify the objective and intended audience for each report**, to ensure that content is clear, concise and meets users' information needs.

Where mandated, **harmonise digital collection and reporting of data as much as possible** to minimise compliance costs and the reporting burden, as well as to maximise the use and value of the data collected. Given increasingly globalised business, we call upon policymakers implementing such initiatives to **work closely with and seek feedback from stakeholders beyond their regional and jurisdictional borders** to identify and understand any potential wider implications for constituents' trade and operations. Also, **consider exploring opportunities for a common platform for reporting and sharing of data** to increase efficiency and minimise duplication of effort and resources.

8.2 Specific considerations for corporate reporters

Organisations need to **determine the most suitable mode of communication** that would fit the [needs of their intended audience](). This includes considering whether information should be published in a combined or integrated report, or as multiple separate reports to cater to specific stakeholder groups.

Our roundtable participants had mixed views – some had a clear preference for integrated reports as a way of improving connectivity and coherence, while others found such reports confusing as it could be difficult to locate specific information. While a single report is unlikely to meet the needs of every user (CPA Australia 2020), users still need to be able to gain an overall view of the performance and position of the organisation without excessive effort. **With clear indexing and cross-referencing, an integrated report can provide a useful map of relevant and material information**, and serve as a starting point for wider stakeholders to seek more in-depth information to meet their own information needs. Also, **conciseness is key** to ensuring that information reported is understandable and decision-useful to its intended audience.

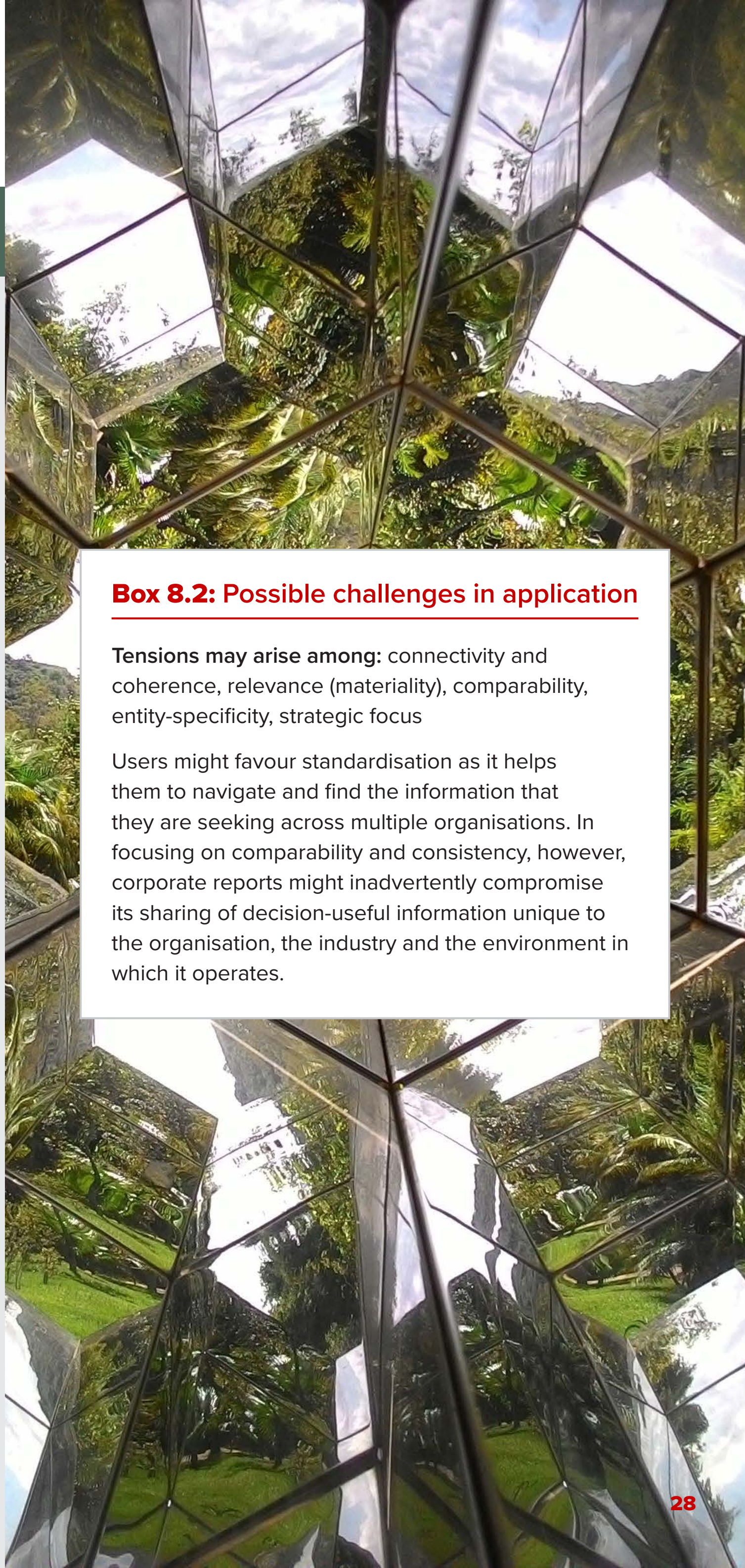
Organisations applying integrated thinking (Chen and Hawksley 2021) combined with finance professionals applying integrative thinking (Machado, Chen et al. 2023) would be well-placed to:

- **maximise the benefits of cross-referencing** to improve information connectivity and coherence
- **move away from an overly compliance-centric mindset** and avoid 'boilerplate' disclosures, and
- **remove excessive, repetitive or redundant disclosures** to avoid information overload.

Where possible, organisations should **consider which technology, or information system, will most facilitate** timely access to decision-useful information and reduce the risk of information overload. Innovations include: allowing users to customise their own reports by selecting the relevant sections of the corporate report for download; and providing open spreadsheets that can be used for analysis, or interactive charts with which users may engage, for their respective needs. Here, care is needed to assess technology and data needs clearly and objectively, ahead of any investment, so as to ensure the best use of available resources to further the organisation's objectives.

Where disclosures are unlikely to change significantly year on year, they might be presented as publicly available standing information in, say, the organisation's website. Other, more specific or precise information that needs to be updated from time to time, eg revenue, staff cost, research expense, cash and bank balances, carrying amounts of assets and liabilities, GHG emissions, and employee diversity, might be presented somewhere that can be accessed by investors and other relevant stakeholders. Besides quantitative information, access to and analysis of narrative information may also be important in capturing aspects of organisations' value creation, preservation and erosion that may not be currently quantifiable.

> *It is important that consistent messaging extends beyond the corporate report. Although an organisation's marketing communications might be distinctly separate from its corporate reporting information, one would still expect that the messaging is consistent. For example, a statement on a particular product claiming that it has been sustainably manufactured is, in a way, a measure of the organisation's confidence and must have been backed by proper processes and governance within the organisation.*
>
> A synthesis of comments from experts interviewed



Box 8.2: Possible challenges in application

Tensions may arise among: connectivity and coherence, relevance (materiality), comparability, entity-specificity, strategic focus

Users might favour standardisation as it helps them to navigate and find the information that they are seeking across multiple organisations. In focusing on comparability and consistency, however, corporate reports might inadvertently compromise its sharing of decision-useful information unique to the organisation, the industry and the environment in which it operates.

Glossary

Terms defined in the Glossary are in *italics* the first time they appear in this report.

TERM	DESCRIPTION	SOURCE
AI	Artificial intelligence	
Building blocks approach	The 'building blocks' approach enables organisations to use a global baseline of requirements to provide sustainability-related information that is material to investors, with the flexibility to meet the information needs of other stakeholders.	Adapted from IFAC 2021
Capitals	Capitals are stocks of value on which all organisations depend for their success as inputs to their business model, and which are increased, decreased or transformed through the organisation's business activities and outputs. The capitals are categorised in the Integrated Reporting Framework as financial, manufactured, intellectual, human, social and relationship, and natural.	Adapted from Integrated Reporting Framework (IFRS Foundation 2021a)
Corporate reporters	For the purpose of this report, 'corporate reporters' refer to organisations, senior management, professional accountants, and other individuals involved in the corporate reporting process within an organisation.	
General purpose financial reports	Reports that provide financial information about a reporting entity that is useful to primary users in making decisions relating to providing resources to the entity. General purpose financial reports include – but are not restricted to – an entity's general purpose financial statements and sustainability-related financial disclosures.	Adapted from IASB *Conceptual Framework for Financial Reporting*, Appendix (IASB 2018) and IFRS S1, Appendix A (ISSB 2023a)
General purpose financial statements	A particular form of general purpose financial reports that provide information about the reporting entity's assets, liabilities, equity, income and expenses.	IASB *Conceptual Framework for Financial Reporting*, Appendix (IASB 2018)
Greenhouse gas (GHG) emissions	These comprise the seven greenhouse gases (GHG) listed in the Kyoto Protocol: carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), nitrogen trifluoride (NF3), perfluorocarbons (PFCs) and sulphur hexafluoride (SF6). They are categorised according to the source of emissions. • **Scope 1 greenhouse gas emissions.** Direct GHG emissions that occur from sources that are owned or controlled by an organisation. • **Scope 2 greenhouse gas emissions.** Indirect GHG emissions from the generation of purchased or acquired electricity, steam, heating or cooling consumed by the organisation. Purchased and acquired electricity is electricity that is purchased or otherwise brought into an organisation's boundary. Scope 2 GHG emissions physically occur at the facility where electricity is generated. • **Scope 3 greenhouse gas emissions.** Indirect GHG emissions (not included in Scope 2 GHG emissions) that occur in the value chain of an organisation, including both upstream and downstream emissions. Scope 3 GHG emissions include the Scope 3 categories in the *Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. Indirect GHG emissions refer to emissions that are a consequence of the activities of an organisation, but occur at sources owned or controlled by another organisation.	Adapted from IFRS S2, Appendix A (ISSB 2023b)

TERM	DESCRIPTION	SOURCE
IASB	International Accounting Standards Board	
IESBA	International Ethics Standards Board for Accountants	
IFRS S1	IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (ISSB 2023a)	
IFRS S2	IFRS S2 *Climate-related Disclosures* (ISSB 2023b)	
IFRS Sustainability Disclosure Standards or ISSB Standards	Collectively refers to IFRS S1 and IFRS S2. (ISSB 2023a; 2023b)	
Integrative thinking	The thinking and action by individuals that will lead to integrated thinking at the organisational level. Such thinking requires personal and interpersonal capabilities, a set of skills, behaviours and mindsets relating to continually becoming, exploring, co-creating, empathising, and empowering.	*Integrative Thinking: The Guide to Becoming a Value-adding CFO* (Machado, Chen et al. 2023)
Integrated thinking	The thinking and action by collections of people, therefore including teams and organisations.	*Integrative Thinking: The Guide to Becoming a Value-adding CFO* (Machado, Chen et al. 2023)
ISSB	International Sustainability Standards Board	
Jurisdictional modifications	Changes to or exemptions from requirements in IFRS Sustainability Disclosure Standards other than transition adoption reliefs.	IFRS Foundation *The Jurisdictional Journey towards Globally Comparable Information for Capital Markets: Inaugural Jurisdictional Guide for the Adoption or other Use of ISSB Standards* (IFRS Foundation 2024a)
Materiality	Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports, which provide financial information about a specific reporting entity. **Notes** (a) IFRS 18 has an effective date of 1 January 2027 (IFRS Foundation 2024b). (b) This definition is aligned with that used in the IFRS Sustainability Disclosure Standards (IFRS Foundation 2024c).	IAS 1, paragraph 7; IFRS 18, Appendix A
Other users of general purpose corporate reports (other users)	They are users of corporate reports other than primary users of general purpose financial reports. For example: • individuals from within the organisation (internal stakeholders), such as those in risk management, finance, human resources, technology, and operational functions, including the supply chain management functions • individuals external to the organisation (external stakeholders), such as key suppliers and customers in the value chain, and regulators.	Adapted from *Sustainability Reporting – The Guide to Preparation* (Machado, Saw and Chow 2023)

TERM	DESCRIPTION	SOURCE
Primary users of general purpose financial reports (primary users)	They are existing and potential investors, lenders and other creditors of an organisation.	Adapted from IFRS S1, Appendix A (ISSB 2023a)
SMEs	Small and medium-sized or lesser-resourced entities (SMEs) tend not to have public accountability and may publish general purpose financial reports for external stakeholders. These organisations tend to have simpler organisation structures and have lesser resources. Therefore, they are less able to meet the full requirements of reporting standards than larger organisations. An organisation may identify as being an SME by using the size criteria of the jurisdiction in which they are based.	Adapted from IFRS for SMEs Accounting Standard, Section 1 (IASB 2015)
Those charged with governance	The person(s) or body with responsibility for overseeing the strategic direction of the organisation and obligations related to its accountability. This includes oversight of its financial and sustainability reporting process. Those charged with governance may include management personnel, or an owner-manager.	Adapted from ISA 200, paragraph 13(o)

Acknowledgements

We acknowledge and thank all these individuals and ACCA Policy and Insights colleagues who participated in our global roundtables, workshops and interviews for their invaluable insights.

Joseph Owolabi, Australia

Azeeza Aziz Khan, Bangladesh

Raqibul Faiaze Mohammad Ikramah, Bangladesh

Anton Stankov, Brazil

Kwame S Barnieh, Ghana

Vicky Giannopoulou, Greece

Anne Copeland, Hong Kong SAR

Eddie Ng, Hong Kong SAR

Giovanna Michelon, Italy

Fazidah Zakaria, Malaysia

Fen Nee Lim, Malaysia

Joshua Rayan, Malaysia

Tse Mei Ng, Malaysia

Taiwo Samuel Fowowe, Nigeria

Ekta Sitani, Pakistan

Thomas Egan, Singapore

Natalie Makoni, South Africa

Oxana Losevskaya, UAE

Alan McGill, UK

Alison Fordyce, UK

Dani Saghafi, UK

Jonathan D Shaw, UK

Stuart Cooper, UK

Victoria Gillespie, UK

Yen-pei Chen, UK

Rodney Ndamba, Zimbabwe

Appendices

Appendix A: Qualitative characteristics of useful information in corporate reporting – overview

(Adapted from IASB Conceptual Framework for Financial Reporting (IASB 2018) and IFRS S1, Appendix D (ISSB 2023a).)

<table>
<tr><th>FUNDAMENTAL QUALITATIVE CHARACTERISTICS</th><th>ENHANCING QUALITATIVE CHARACTERISTICS</th></tr>
<tr><td>
Relevance
■ Capable of making a difference in decisions by primary users.
■ Materiality
• Information is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that primary users of general purpose financial reports make on the basis of those reports.

Faithful representation, achieved through three characteristics.
■ Completeness
• Contains all relevant information for understanding of the position, performance and, where appropriate, the prospects of the reporting entity.
■ Neutrality
• Without bias in selection, presentation or disclosure.
■ Accuracy
• Is free from material error.
• Has precise descriptions.
• Clearly identifies estimates, approximations and forecasts that are:
– developed using reasonable assertions and inputs, and
– based on information of sufficient quality and quantity.
(Note: Some estimates may turn out to be inaccurate, but to be free from error, those estimates should be based on the best evidence available at the time.)
</td><td>
Verifiability
■ Is objective and open to testing.
■ Enables knowledgeable and independent observers to reach consensus, although not necessarily complete agreement, that the information is a faithful representation.

Comparability
■ Enables understanding of similarities and differences between items and/or organisations, particularly within the same industry or sector.
■ Is sufficiently consistent to allow comparison across reports of the same organisation or between different reporting periods.
■ Facilitates understanding of trends, eg through comparison of year-on-year results or between organisations.

Timeliness
■ Is in time to be capable of influencing decisions.
■ The more up to date information is, the more useful it is.

Understandability
■ Is clear and concise.
■ Communicates complex matters clearly.
■ Considers, with reasonable assumptions, the users' level of understanding.
</td></tr>
</table>

Appendix B: Qualities relating to corporate reporting generally – overview

(Adapted from Integrated Reporting Framework (IFRS Foundation 2021a).)

ENTITY-SPECIFICITY	BALANCE	FUTURE ORIENTATION	STRATEGIC FOCUS	CONCISENESS
■ Tells the unique story of the organisation, and the industry and landscape in which it operates.	■ Discusses fairly all significant aspects, presented in a neutral way. ■ Balances conflicting characteristics and qualities in corporate reporting.	■ Provides insight into the organisation's intentions and outlook, and how these will create value in the short, medium and long term.	■ Provides insight into the organisation's strategy and business model and how these will enable it to achieve its intended future outcomes.	■ Focuses on including relevant matters and excluding less significant matters. ■ Maximises use of cross-referencing that links to greater detail, reducing duplication and clutter.

References

ACCA (2018), *Tenets of Good Corporate Governance*. Downloadable from <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2018/may/tenets-good-corporate-governance.html>, accessed 8 October 2024.

ACCA (2020), *Accountants, Purpose and Sustainable Organisations.* Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/pro-accountants-the-future/Accountants_Purpose_Sustainable-Organisations.html>, accessed 8 October 2024.

ACCA (2023), ACCA's response to ISSB/RFI/2023/1 Consultation on Agenda Priorities. Downloadable from <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2023/september/acca-response-issb-agenda-priorities-2023.html>, accessed 8 October 2024.

ACCA (n.d.), 'Accounting for a Better World: Your Five-point Agenda for Action' [website article] <https://acca.shorthandstories.com/accounting-for-a-better-world/index.html>, accessed 8 October 2024.

ACCA and CFA (Chartered Financial Analyst Institute) (2019), *Social and Environmental Value Creation.* Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/Social_and_environmental_value_creation.html>, accessed 8 October 2024.

ACCA–CA ANZ (Chartered Accountants Australia and New Zealand) (2024), *Joint Submission by Chartered Accountants Australia and New Zealand and the Association of Chartered Certified Accountants* [response to GRI exposure drafts for the Climate Change Standard and the Energy Standard]. Downloadable from <https://www.accaglobal.com/gb/en/technical-activities/technical-resources-search/2024/February/GRI-amendments-climate-change-energy-standards.html>, accessed 4 October 2024.

Baboukardis, D., Seretis, E., Slack, R., Tsalavoutas, I. and Tsoligkas, F. (2022), *Companies' Readiness to Adopt IFRS S2 Climate-related Disclosures*. Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/readiness-for-IFRS-S2.html>, accessed 7 October 2024.

Cao, B. (2024), 'How Bacteria and Self-healing Roads Could Soon Fix the UK's 750,000 Potholes' [website article], 30 January <https://www.sciencefocus.com/future-technology/uk-roads-potholes>, accessed 7 October 2024.

Chen, Y-P and Hawksley, F. (2021) *Invisible Threads: Communicating Integrated Thinking,* Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/Invisible-threads-communicating-integrated-think.html>, accessed 7 October 2024.

CPA Australia (2020), *Better Corporate Reporting,* <https://www.cpaaustralia.com.au/-/media/project/cpa/corporate/documents/tools-and-resources/environmental-social-governance/better-corporate-reporting.pdf?rev=9de09922e0fc4ce2b77dea73888aa150>, accessed 8 October 2024.

Diolas, A. and Rogdaki, M. (2023), *Sustainability Assurance – Rising to the Challenge.* Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/sustainability-assurance-rising-to-challenge.html>, accessed 8 October 2024.

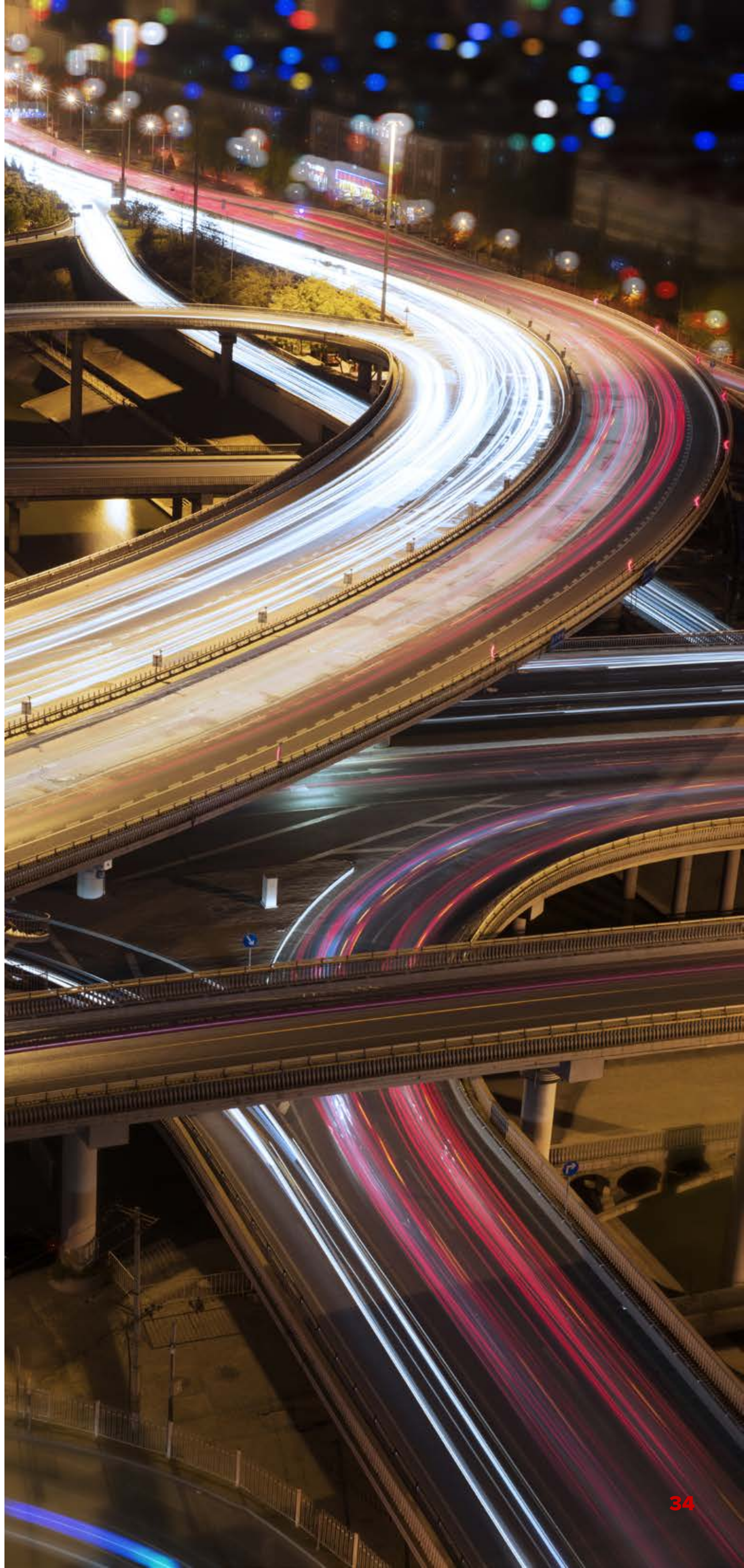
EFRAG (2024), *EFRAG Connectivity Project 2024: Connectivity Considerations and Boundaries of Different Annual Report Sections,* <https://efrag.sharefile.com/share/view/sa809d85e758e44aea39de8cdb9aa48fd/fo857b8b-942d-4a1a-820f-e7f7f14c57b1>, accessed 7 October 2024.

ESRS and ISSB (n.d.), *ESRS–ISSB Standards: Interoperability Guidance,* <https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/esrs-issb-standards-interoperability-guidance.pdf>, accessed 8 October 2024.

Hinks, G. (2022), 'Double Materiality Dilemma' [online article], *AB Accounting and Business*, November <https://abmagazine.accaglobal.com/global/articles/2022/nov/technical/double-materiality-dilemma.html> , accessed 8 October 2024.

IASB (International Accounting Standards Board) (2015), IFRS for SMEs Accounting Standard. Downloadable from <https://www.ifrs.org/issued-standards/ifrs-for-smes/view-ifrs-smes.html/content/dam/ifrs/publications/html-standards/english/2021/required/sme/>, accessed 10 October 2024.

IASB (2018), *Conceptual Framework for Financial Reporting,* <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards/english/2021/issued/part-a/conceptual-framework-for-financial-reporting.pdf>, accessed 7 October 2024.



IFAC (International Federation of Accountants) (2021), 'IFAC Encourages a Building Blocks Approach for Reporting Sustainability-Related Information' [website article], 6 May <https://www.ifac.org/news-events/2021-05/ifac-encourages-building-blocks-approach-reporting-sustainability-related-information>, accessed 9 October 2024.

IFRS Foundation (2021a), *International <IR> Framework.* Downloadable from <https://www.ifrs.org/issued-standards/integrated-reporting/#integrated-reporting-framework>, accessed 7 October 2024.

IFRS Foundation (2021b), 'Connectivity, Core Work and Convergence – What Next for IFRS Accounting Standards?' [website article], 7 December <https://www.ifrs.org/news-and-events/news/2021/12/connectivity-core-work-and-convergence/#:~:text=Now%2C%20it%20is%20one%20thing%20getting%20to%20converged%20Standards.%20It%20is%20yet%20another%20is%20to%20keep%20converged%20Standards%20converged>, accessed 8 October 2024.

IFRS Foundation (2023), 'Connectivity – What is it and What Does it Deliver?' [website article], 23 March <https://www.ifrs.org/news-and-events/news/2023/03/connectivity-what-is-it-and-what-does-it-deliver/>, accessed 7 October 2024.

IFRS Foundation (2024a), *The Jurisdictional Journey towards Globally Comparable Information for Capital Markets: Inaugural Jurisdictional Guide for the Adoption or other Use of ISSB Standards,* <https://www.ifrs.org/content/dam/ifrs/supporting-implementation/adoption-guide/inaugural-jurisdictional-guide.pdf>, accessed 8 October 2024.

IFRS Foundation (2024b), 'Primary Financial Statements: Final Stage' [website page with links to guidance and (paywall) to IFRS 18] <https://www.ifrs.org/projects/completed-projects/2024/primary-financial-statements/>, accessed 9 October 2024.

IFRS Foundation (2024c), 'ISSB: Frequently Asked Questions' [website guidance] <https://www.ifrs.org/groups/international-sustainability-standards-board/issb-frequently-asked-questions/#:~:text=The%20definition%20of%20material%20information%20is%20aligned%20with%20that%20used%20in%20IFRS%20Accounting%20Standards>, accessed 9 October 2024.

ISSB (International Sustainability Standards Board) (2023a), IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. Downloadable from <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s1-general-requirements/>, accessed 8 October 2024.

ISSB (2023b), IFRS S2 Climate-related Disclosures. Downloadable from <https://www.ifrs.org/issued-standards/ifrs-sustainability-standards-navigator/ifrs-s2-climate-related-disclosures/>, accessed 8 October 2024.

Lane, S. (2024), 'The New Era of Ethical Challenges for the Professional Accountants' [website report] <https://stories.accaglobal.com/the-new-era-of-ethical-challenges/index.html>, accessed 8 October 2024.

Machado, S. and Chen, Y-P, with McGuigan, N. and Merendino, S. (2023) *Integrative Thinking: The Guide to Becoming a Value-adding CFO.* Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/integrative-thinking.html>, accessed 7 October 2024.

Machado, S., Saw, A. and Chow, H.M. (2023) *Sustainability Reporting – The Guide to Preparation.* Downloadable from <https://www.accaglobal.com/sustainability-reporting-guide>, accessed 7 October 2024.

Machado, S., Weaver, L. and Sparkes, D. (2023), *Ethical Dilemmas in an Era of Sustainability Reporting.* Downloadable from <https://www.accaglobal.com/gb/en/professional-insights/global-profession/ethical-dilemmas.html>, accessed 8 October 2024.

Machado, S. (2024) 'Making information connections for sustainable value creation' [website article] <https://www.accaglobal.com/gb/en/professional-insights/global-profession/sustainability-reporting/making-connections-for-decision-making-and-sustainable-value-creation.html>, accessed 20 November 2024.

UN PRI (United Nations Principles of Responsible Investing) (n.d.), 'What are the Principles for Responsible Investment?' [website article] <https://www.unpri.org/about-us/what-are-the-principles-for-responsible-investment>, accessed 8 October 2024.

PI-PRINCIPLES-GOOD-CR

ACCA The Adelphi 1/11 John Adam Street London WC2N 6AU United Kingdom / +44 (0)20 7059 5000 / **www.accaglobal.com**