ACCA | Think Ahead

PRINCIPLES OF GOOD CORPORATE REPORTING – IN BRIEF

The characteristics and qualities relating to corporate reporting set out in existing reporting frameworks are robust, and remain relevant in the evolving corporate reporting landscape.
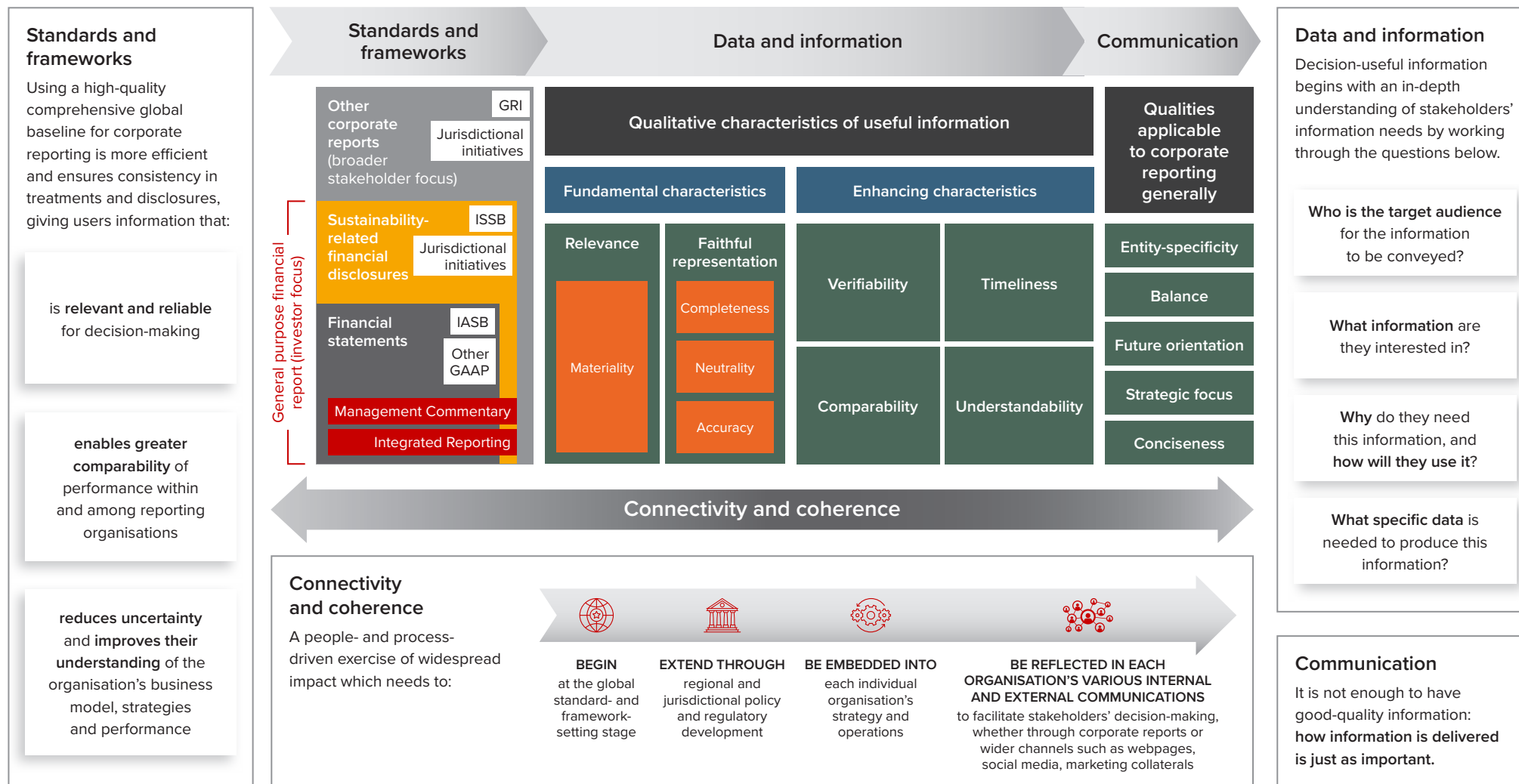
How these characteristics and qualities are embedded within today's ways of working continues to influence quality of reporting. At the same time, organisations need to bring together different pieces of information to tell a connected and cohesive story.

ACCA's eight principles of good corporate reporting are grouped 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.

EXPLORE THE FULL REPORT →

for more detailed explanations, examples and links to sources of guidance.

Foundational attributes of the principles of good corporate reporting

Standards and frameworks

Using a high-quality comprehensive global baseline for corporate reporting is more efficient and ensures consistency in treatments and disclosures, giving 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

Standards and frameworks

Other corporate reports (broader stakeholder focus) — GRI, Jurisdictional initiatives

Sustainability-related financial disclosures — ISSB, Jurisdictional initiatives

Financial statements — IASB, Other GAAP

Management Commentary

Integrated Reporting

General purpose financial report (investor focus)

Data and information

Qualitative characteristics of useful information

Fundamental characteristics

Relevance	Faithful representation
Materiality	Completeness
	Neutrality
	Accuracy

Enhancing characteristics

Verifiability	Timeliness
Comparability	Understandability

Communication

Qualities applicable to corporate reporting generally

- Entity-specificity
- Balance
- Future orientation
- Strategic focus
- Conciseness

Connectivity and coherence

Connectivity and coherence

A people- and process-driven exercise of widespread impact which needs to:

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

Data and information

Decision-useful information begins with an in-depth understanding of stakeholders' information 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?

Communication

It is not enough to have good-quality information: **how information is delivered is just as important.**

Note: The qualitative characteristics of useful information, and the qualities relating to corporate reporting generally, are closely related. In practice, applying one or more will naturally lead to applying others. Nonetheless, in instances when challenges or tensions arise, maintaining a reasonable balance between the various characteristics and qualities is key to good corporate reporting.

Principles of good corporate reporting

	Considerations relating to balancing the costs and benefits of reporting		Considerations relating to technology and innovation

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[1]	CONNECTED TO
Connectivity and coherence – a people- and process-driven exercise	**1. Embed connectivity and coherence** **TIP:** Explore connectivity, its importance, and how to apply this in practice in ACCA's Making Information Connections for Sustainable Value Creation.	■ Set the tone from the beginning for an overarching emphasis on connectivity and coherence in the process. ■ Drive connectivity and coherence in reporting. ■ Develop an overarching conceptual framework for corporate reporting. ■ Align as far as possible with public policy objectives and strategic needs. ■ Collaborate and connect the different elements that contribute to high-quality corporate reporting.	■ Select and apply relevant reporting frameworks that align with and complement the organisation's strategic vision and direction. ■ Embed connectivity and coherence within and across the organisation's business activities. ■ Explain the organisation's risks and opportunities in a way that connects its financial and non-financial information to its wider strategy and governance. ■ Where possible, ensure that information reported internally for decision-making is consistent with information reported externally for stakeholders. ■ Demonstrate how the interaction of various resources and capitals has led to sustainable value creation. ■ Carefully consider the resources and skills needed. **TIP:** Work through Stage 7.3 of ACCA's _Sustainability Reporting – The Guide to Preparation_ and workshop video 5 to build the business case for investing in people in the organisation.	■ Comparability ■ Entity-specificity ■ Future orientation ■ Strategic focus

1   'Corporate reporters' is used here to refer to organisations, senior management, professional accountants, and other individuals involved in the corporate reporting process within an organisation.

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[1]	CONNECTED TO

Standards and frameworks
 	
– selection, adoption and implementation
	2. Apply a 'building blocks' approach, building on a global baseline	■ Adopt and build on a global baseline, supported by a robust due process and an inclusive approach.
		■ Be pragmatic in a way that supports interoperability and equivalence to maximise global consistency and comparability.
		■ Balance timeliness of information to users with resources available to corporate reporters in providing such information.
		■ Take a phased implementation approach and provide implementation guidance to support consistent implementation.
		■ Use the 'building blocks' approach to:
		  • layer multiple applicable frameworks and requirements across industries and sectors
		  • identify, analyse, understand and monitor potential adoption and implementation challenges
		  • develop and enhance fit-for-purpose policies and regulations
		  • structure pragmatic implementation roadmaps.
			Use the 'building blocks' approach to:
			■ identify and implement mandatory reporting requirements applicable to the organisation's operations
			■ understand how and to what extent mandatory reporting requirements will interact with or complement any additional non-mandatory reporting frameworks that the organisation wishes to adopt
			■ develop an implementation timeline, including planning ahead for capacity building.
				■ Relevance
				■ Comparability
				■ Understandability
				■ Timeliness

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[1]	CONNECTED TO

Standards and frameworks
 	
– selection, adoption and implementation
	3. Be principles-based and apply proportionality
	
	Global standards and frameworks need to:
	
	■ be principles-based and developed with proportionality in mind*
	
	■ consider the impact of scientific and technological innovations
	
	■ incorporate a multi-capital approach
	
	■ be sufficiently comprehensive and complete
	
	■ complement rather than dictate or contradict policies, at all levels
	
	■ be supplemented with helpful guidance and illustrative examples.
	
	* Develop a voluntary, simplified and reduced reporting standard to facilitate reporting by smaller, lesser-resourced organisations and for value chain purposes.
		■ Cooperate multilaterally, with oversight by global organisations, such as IOSCO[2] and OECD[3].
		
		■ Adopt a common set of mandatory metrics relating to each given topic, that:
		  • take into account different maturity levels
		  • are scoped and defined in precise terms, and
		  • are targeted and limited in number.
		
		■ Separate mandatory (must-have) from voluntary (good-to-have) disclosures.
		
		■ Weigh the decision-usefulness of information to the intended audience against the effort required to report.
			■ Apply principles and requirements according to the unique needs and circumstances of the organisation.
			
			■ Consider the organisation's cost and effort for gathering and reporting the information against the benefits of the information for the users.
			
			■ Take a multi-capital approach, focusing on factors that influence the organisation's ability to create value over time.
				■ Comparability

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[1]	CONNECTED TO

Standards and frameworks
– selection, adoption and implementation
	4. Maximise comparability, with interoperability as a catalyst	At the global level:
		■ collaborate with policymakers, standard-setters and regulators across global, regional and individual jurisdiction levels
		■ align common disclosures and use the same wording and terminology across global, regional and jurisdictional reporting requirements.
		
		At the regional and jurisdictional levels:
		■ region- and jurisdiction-specific standards and frameworks should be substantially consistent with global standards
		■ minimise jurisdictional modifications.
			■ Report information in a way that enables comparison:
			  • at various levels
			  • within and across organisations
			  • within and across industries and sectors, and
			  • between different reporting periods.
			■ Collaborate with other organisations and industry associations to identify and align industry- or sector-specific metrics, policies, approaches, and methodologies.
			■ Ensure that information reported internally for decision-making is consistent with information reported externally. (See also 1. Embed connectivity and coherence)
			■ Avoid the use of 'boilerplate' disclosures. (See also 8. Ease access and avoid disclosure overload)
				■ Comparability
				■ Understandability

Data and information – for whom, and to what extent	**5. Understand and meet stakeholders' information needs** **TIP:** Work through the questions listed under Data and Information to understand stakeholders' evolving information needs.	■ Engage with various stakeholder groups to understand the information they seek and how they intend to use it. ■ Balance and prioritise relevant and decision-useful information for reporting. ■ Determine the appropriate level of granularity for information used in reporting. ■ Ensure that corporate reporting requirements do not become onerous.	■ Engage with identified stakeholders to understand their respective information needs. ■ Focus on including relevant and material information that enables decision-making. ■ Meet the maximum possible common information needs of stakeholders without inundating the user.	■ Relevance (materiality) ■ Faithful representation (Completeness) ■ Comparability ■ Balance

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[1]	CONNECTED TO
Data and information – for whom, and to what extent	6. Take a holistic approach to corporate reporting	■ Corporate reporting requirements should 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.	■ Cover a wide range of value drivers for the organisation to present a holistic story of its performance, position and future prospects. ■ Adopt a holistic view of the organisation's value chain in identifying and sourcing decision-relevant data. ■ Derive information from the same source for both internal decision-making and reporting externally for stakeholders' decision-making. ■ Embed the qualitative characteristics of useful information throughout the corporate reporting process. ■ Ensure that the reporting catalyses the necessary systemic change, eg operational changes, better-quality information, more efficient and responsible capital allocation. **TIP:** To facilitate this journey • Apply integrated thinking by organisations and integrative thinking by finance professionals. • Establish and work through a sustainability reporting cycle.	■ Connectivity and coherence ■ Entity-specificity ■ Future orientation ■ Strategic focus

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[1]	CONNECTED TO

Data and information
 	
– for whom, and to what extent
	7. Enable and support good governance practices	■ Define the core boundaries of corporate reporting to clarify what those charged with governance (eg boards) are accountable for and have oversight on, as well as what has been audited and assured.
		
		■ Ensure corporate reporting standards are developed after considering the verifiability of the information to be reported.
		
		■ Require mandatory independent assurance of both financial and sustainability-related information, and as far as possible, at the same level of assurance.
		
		■ Be mindful of respective jurisdictions' maturity levels in determining a timeline for reporting.
		
		■ Ensure that a robust system of oversight is established over time:
		
		  • to assess and approve those seeking to conduct assurance work, and
		
		  • to oversee the quality of assurance work performed.
		
		■ Take a longer-term aim for reasonable assurance over sustainability-related information to become common practice.
			■ Help users to understand the policies, processes, controls and procedures used to monitor, manage and oversee the organisation's strategies, risks and opportunities.
			
			■ Share information about challenges faced and how these were managed or resolved.
			
			■ Ensure that internal controls for the reporting process are effective.
			
			■ Ensure that the same rigour is applied to the controls over both financial and non-financial information.
			
			■ Embed ethics in the organisation's culture and leadership and be alert for possible ethical dilemmas.
			
			TIP: Explore ACCA's *Ethical Dilemmas in an Era of Sustainability Reporting* and *The New Era of Ethical Challenges for Professional Accountants* for actionable insights on navigating the evolving challenges and avoid consequences such as poor-quality reporting, 'greenwashing', or a loss of trust.
				■ Faithful representation (neutrality)
				
				■ Verifiability
				
				■ Entity-specificity
				
				■ Balance
				
				■ Strategic focus

THEMES	PRINCIPLES OF GOOD CORPORATE REPORTING	SPECIFIC CONSIDERATIONS FOR POLICYMAKERS, STANDARD-SETTERS AND REGULATORS	SPECIFIC CONSIDERATIONS FOR CORPORATE REPORTERS[1]	CONNECTED TO
Communication – telling the organisation's story	8. Ease access and avoid disclosure overload	■ Clearly identify the objective of and intended audience for each report. ■ Harmonise digital collection and reporting of data as much as possible to: 　· minimise compliance costs and reporting burden 　· maximise use and value of data collected. ■ Work closely with, and seek feedback from, stakeholders beyond regional and jurisdictional borders to understand potential wider implications for trade and operations. ■ Consider exploring opportunities for a common platform for reporting and sharing of data.	■ Determine the most suitable mode of communication. ■ Be concise. ■ Cross-reference, where possible, to improve information connectivity and coherence. ■ Move away from an overly compliance-centric mindset and avoid 'boilerplate' disclosures. ■ Remove excessive, repetitive or redundant disclosures to avoid information overload. ■ Consider which technology or information system will most facilitate timely access. **TIP:** With clear indexing and cross-referencing, an integrated report can provide a useful map of relevant and material information.	■ Connectivity and coherence ■ Faithful representation (completeness, neutrality, accuracy) ■ Timeliness ■ Understandability ■ Entity-specificity ■ Balance ■ Conciseness

EXPLORE THE FULL REPORT ⊕

for more detailed explanations, examples and links to sources of guidance.