

# Is Integrated Reporting gaining interest in Switzerland?

Sustainability reporting is wide-spreading among Swiss companies with number of reporters increasing year after year. And now also Integrated Reporting is gaining traction.

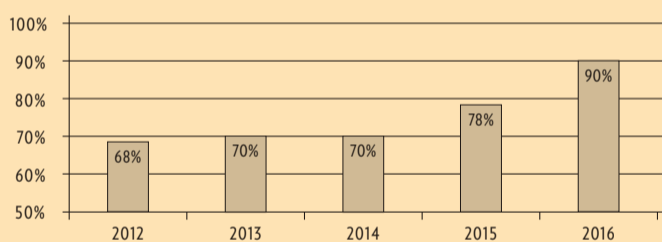
By Roger Müller, Mark Vesser and Chiara Rinaldi

At its sixth release, the annual review of the status of sustainability reporting in Switzerland (EY, Targeting transparency, 2017) shows that sustainability reporting in Switzerland continues to spread among companies of all industries.

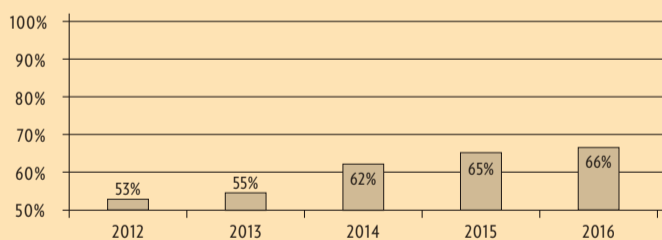
## Increase in sustainability reporting

Both the share of companies in the SMI Expanded and of the 100 largest companies, five largest banks and five largest insurers publishing a sustainability report has increased for the reporting year 2016 compared to 2015. For the companies in the SMI Expanded, the share of reporters increased from 78% to 90%, with only 5 of the 50 companies in the index not publishing a sustainability report. The share of reporters of the 110 largest Swiss companies only slightly increased from 65% to 66%.

SUSTAINABILITY REPORTERS (SMI EXPANDED)



SUSTAINABILITY REPORTERS (110 LARGEST SWISS COMPANIES)



## More reporters with a decrease in external assurance

The share of reporting companies seeking external assurance for their sustainability reports decreased for both the SMI Expanded companies and the 110 largest Swiss companies. This decrease is mainly due to the increase of new reporters most of which did not seek external assurance (yet). For the companies in the SMI Expanded, the share decreased from 49% to 40% from the reporting year 2015 to 2016. Regarding the 110 largest Swiss companies, the share of reporters seeking external assurance slightly decreased from 33% to 32% from the reporting year 2015 to 2016.

## Decline in the application of the GRI Reporting Framework

There is a decrease in the application of the GRI Reporting Framework both for the companies in the SMI Expanded and for the 110 largest Swiss companies. The share of companies in the SMI Expanded applying the GRI Reporting Framework decreased from 79% for the reporting year 2015 to 73% for 2016. For the 110 largest companies, the number decreased from 78% to 64% in the same period. In both cases, this is mainly due to new reporters not applying GRI. Some companies started to apply the GRI Standards, which will replace GRI G4. Among all the companies assessed, five already applied the GRI Standards for their sustainability reporting for 2016.

## Sustainability reporting increasingly included in the annual report

Swiss companies increasingly include their sustainability reporting into their annual reporting. 67% of the companies of the SMI Expanded included a basic or comprehensive sustainability reporting section in their annual reports while 33% published their sustainability information solely in a separate sustainability report. This is a considerable increase in the inclusion of sustainability information into annual reporting up from 51% in the prior year.

For Switzerland's 110 largest companies 70% of reporting companies reported on sustainability in their annual report, up from 61% in the previous year.

## Increasing interest in the Integrated Reporting Framework

In 2016, among the companies assessed, ten explicitly mentioned the Integrated Reporting Framework or the IIRC (International Integrated Reporting Council) in their annual or sustainability reporting. In our article "More leaders wanted" published in the Reporting Times in 2016 we identified three levels of maturity of a company's Integrated Reporting. The first category includes companies, which apply a broader definition of value creation but do not explicitly refer to the Integrated Reporting Framework. Examples of this category are Nestlé's "Creating Shared Value" approach and Syngenta's "The Good Growth Plan".

Companies in the second category do not explicitly commit to Integrated Reporting but apply selected IR elements. Besides Glencore and Swisscom, also LafargeHolcim includes some elements of IR. In particular, the company publishes an integrated profit-and-loss statement, where it discloses the value it creates and destroys through its business activities taking into consideration also socio-economic and environmental aspects and monetizing them.

Finally, the third category encompasses companies that publicly commit to the Integrated Reporting Framework. Besides Coca-Cola Hellenic Bottling, SGS and UBS which we already mentioned in our last article, both Clariant and Panalpina aligned their 2016 reporting to the IR Framework. Moreover, Adecco and Fenaco explicitly expressed their intention to move towards an Integrated Reporting strategy in their CSR report 2016 and "La-gebericht" 2016 respectively. Givaudan also stated its ambition to "moving towards an Integrated Reporting strategy" in its sustainability report 2016.

With these recent commitments and intentions to move toward Integrated Reporting, the importance of the IR Framework in the Swiss market is likely to increase in the reporting year ahead.



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