

A journey to Integrated Reporting

Companies publish so many reports nowadays that the result is often information overload. Annual reports are sometimes accused of being too technical and full of jargon, or blamed for focusing on marketing and only showing the “glossy” side of things. Is integrated reporting the solution? And are integrated reports just the visible part of a bigger change that needs to happen?

By Estelle Aymard

An ever-changing annual report

Trying to understand the evolution of annual reports at Zurich Insurance took me back through decades of history, beginning with a four-page report published in 1873, until the format we know today. It's the same story for most companies: from basic financial statements printed on a few pages, annual reports have become more sophisticated documents as more information was added – even resulting in new, separate reports – mainly according to regulatory or authority requests. But this growth has not always taken place in the most helpful way for the contributors and readers of the report.

Business case for integrated reporting

In this context, the need for clarity and simplification is obvious. While investors and shareholders remain the primary audience of an annual report, and the financial capital their priority, the influence of corporate responsibility and ESG practices has encouraged other stakeholders to read it, with an increased focus on non-financial information. The integrated reporting principles of the IIRC create the opportunity to build a consensus between producers and users around a comprehensive but reader-friendly integrated annual report. The aim is to enable all stakeholders to understand not only what the company does and how it is performing, but also how it conducts its business, and how its knowledge is used to create value and make the business sustainable in the long term. With integrated reporting, corporate communications gain in transparency and touch more stakeholders than a traditional annual report was originally intended to. And the advantages of this exercise are actually greater within the organization.

The hidden benefits

Together with integrated reporting comes the concept of integrated thinking. The production of an integrated report involves many stakeholders internally, from the business to the board via all corporate functions, and externally, with investors, customers, regulators and communities. Bringing these different perspectives together through the report creates the opportunity for a compelling stakeholder dialogue that can lead to business innovation.

Internally, it helps decision-makers get a holistic view of performance: balanced scorecards include non-financial data which enables them to act before their impact materializes in the financial results. From the employees' perspective, the creation of an integrated report is a valuable collaborative exercise that can help break down “silo thinking” which is particularly relevant in larger organizations. Simplifying, eliminating redundancy and connecting the different sections of the report sharpen its focus on the core of the business and the “big picture”, while at the same time helping users to understand the technicalities of business performance.

Reporting with purpose, beyond numbers

Reporting with purpose inspires broader thinking. It is potentially career-enhancing, especially for employees used to reports mainly focused on financial results. Using both financial and non-financial data to understand the business's impacts and the value it creates leads to a more meaningful, motivating job which nurtures engagement, as employees can better understand the role they play in the organization.

Financial reporting professionals can build on their experience and processes to feed the next generation of corporate reports with relevant and high-quality non-financial data. New reporting requirements often begin as voluntary disclosure and evolve towards more structured and unified regulations, so that information is based on common rules and principles, enabling consistency and comparability with a longer-term view. And in a world of fact checkers, credibility is critical. Increasing interest from investors and analysts also supports the development of new knowledge in analyzing non-financial data along with traditional financial results. The path to integrated thinking implies that all stakeholders play their role in reporting this way, and in using the new mix of data in their valuation and assessment processes. This takes time.

Chi va piano va sano e va lontano

“Slow and steady wins the race”, my grandfather used to say. Building on over a hundred years of experience of financial reporting, the traditional core of an annual report helps to utilize existing processes and expand them to encompass the new requirements. The principles-based discipline acquired over the years guarantees quality and consistency of the data through rigorous processes, controls and systems, providing a “true and fair view” of the company. Moving to integrated reporting doesn't imply the sudden creation of a “reporting factory”, but rather a focus on material information that is directly relevant to the business strategy.

Collaboration is a valuable project in itself. At Zurich Insurance, a cross-functional working group has been the prerequisite for the creation of an integrated report from the beginning, enabling us to move together from concept to results. Once a clear vision is articulated, execution is driven step by step through incremental changes. Allowing sufficient time for this process is a necessary condition for the organization to fully achieve the benefit of an integrated reporting journey.



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Fakten sprechen Klartext.

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