

THE SUSTAINABILITY  
REPORT IS  
DEAD

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THE SUSTAINABILITY REPORT IS  
**DEAD!**

We think that the sustainability report as we know it could be dead...

...but we are excited about how it will play a more vital role than ever in the future of reporting

**LONG LIVE**  
**THE SUSTAINABILITY REPORT!**

With new regulations emerging for sustainability reporting, several questions arise:

- Will traditional standalone reports become obsolete?
- Can they evolve to support data driven content in annual reports?
- Could digital innovation, free from regulatory constraints, offer a more dynamic experience?
- As sustainability becomes standardised, will storytelling become even more crucial to effective communication?

At Design Portfolio and Ever Sustainable, we are constantly exploring the trajectory of sustainability reporting in light of these developments, seeking to understand how companies will navigate the transition and what the future holds for sustainability communications.





FORCES BEHIND STANDALONE SUSTAINABILITY REPORTS:

# A LOOMING SHIFT?

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In the evolving landscape of sustainability, many companies have looked to produce a “standalone” sustainability report, separate from their annual report. These reports have long served as a pivotal document, articulating a company’s environmental, social, and governance (ESG) endeavours to its stakeholders, whilst not being limited to specific regulatory guidelines faced by the annual report. They are also not limited to a constrained page count, can be fully digital and tend to focus just as much on storytelling, case studies and bringing sustainability to life in a way that a broader set of stakeholders, beyond just investors, can engage with.

As businesses worldwide recognise the urgent need to address environmental challenges, these sustainability reports have become instrumental in demonstrating commitment and action towards a more sustainable future. However, the regulatory environment surrounding sustainability reporting is on the cusp of significant change. New regulatory frameworks with a focus on standardisation of reporting could mean that the relevance of the sustainability report comes into question.

# WHAT CHANGES ARE ON THE HORIZON?

There have long been calls for the harmonisation of sustainability reporting, and this is now becoming a reality. New regulation and frameworks which have come into force over the past year will transform the role of the sustainability report, both by widening the range of information that has to be reported in an annual report, and by increasing the uniformity and comparability of sustainability information.

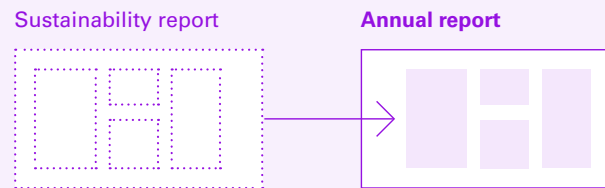
There are three key changes that businesses now need to think about when planning out their reporting suite:

## CSRD

The introduction of the Corporate Sustainability Reporting Directive (CSRD) in the European Union (EU) aims to standardise and enhance the transparency of sustainability information, transforming the very fabric of how companies report their sustainability practices. The CSRD seeks to integrate sustainability reporting more closely with financial reporting, thus ensuring that sustainability data is both reliable and comparable across different jurisdictions and sectors and, most importantly, is located in the annual report.

The CSRD is transformative due to its scope, taking the number of EU companies reporting on sustainability from some 12,000 to around 50,000.

**IMPACT:** Traditional sustainability report content moves across to the annual report

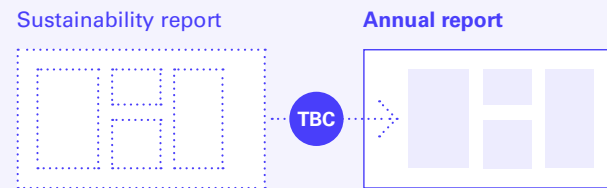


Read more in our made simple blog: [eversustainable.co.uk/insights](https://eversustainable.co.uk/insights)

## ISSB

Another critical aspect of this evolving reporting landscape is the role of the International Financial Reporting Standards (IFRS) Foundation. Through the development of International Sustainability Standards Board (ISSB), the IFRS has established guidelines that further standardise sustainability reporting on a global scale, bridging gaps that currently exist due to the lack of uniform standards

**IMPACT:** No mandated location yet but a focus on increased content and greater comparison across sustainability reporting.

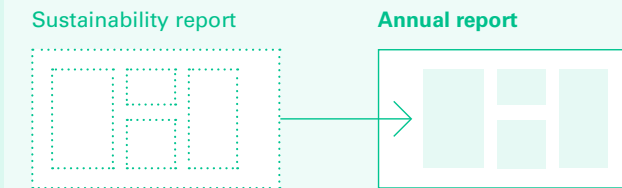


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## CFD

Recent updates to Climate-related Financial Disclosure (CFD) regulations now mandate that all material climate risks be included within a company's strategic report. This integration of climate-related financial information into core corporate reporting documents signifies a strategic move towards more comprehensive and accessible disclosures, directly impacting how companies communicate their sustainability impacts and strategies.

**IMPACT:** Traditional sustainability report content moves across to the annual report



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# THE NEXT CHAPTER IN SUSTAINABILITY REPORTING

The sustainability report plays a new role in a compliance-driven sustainability landscape. We look at what the drivers will be for sustainability reports and what role the sustainability report will play in the future.

## Driven by annual reporting

A key driver for sustainability report evolution will be what's required in the annual report. Let's start with what the regulation requires, and the biggest first: CSRD. This directive requires disclosure of sustainability information in a clearly identifiable, dedicated section of the management report within the annual report. Given the highly prescriptive nature of disclosing sustainability information to meet CSRD compliance, dedicated sections in the management report (see example on page 3) will likely become formulaic yet expansive.

## The need for decision-useful storytelling

Whilst the data that you have to share may feel drier and more prescriptive, the narrative around why the business has chosen to focus in on the key material issues it has will be fascinating to your readers.

The key term in both the IFRS standards and for the CSRD is "decision usefulness", and the wider sustainability report will become the place for your stakeholders to find out about the strategic stories that sit behind the data. The sustainability report can be your place to lay out, with more comfortable space and time, the rationale for what is decision-useful, which areas you have made most progress on and where you are going to focus your efforts in the coming years.

## Bringing the statistics to life

The issues you report on, whether they fall under European Sustainability Reporting Standards (ESRS), ISSB or other frameworks, will be your top sustainability priorities as a business. With over 1,100 data points required for some CSRD reporting, it's easy for the data detail to cloud the hard and interesting work you are doing as part of your sustainability strategy. Space to share case studies about your work on key topics like climate, human rights or water allows you to demonstrate how the business is taking action on the ground and making changes beyond the numbers.

## Materiality assessments generate stories

The project of undertaking a materiality assessment in line with ISSB or CSRD (or both!) and then reporting your findings and disclosures offers a wealth of stories to tell. Your team will have spent time and energy on this process and hopefully will have found out some interesting and novel things about your business – all of these are elements you can use to craft sustainability stories that give readers a real insight into the strategic side of your business.

This could be anticipating questions like: which stakeholders did you engage with? Over what geographical spread? What did they think about your key issues? How did you take them with you on your sustainability journey? And how did you work together with them to think through what would be decision useful? Linking this back through to your section 172 statement could help demonstrate a new level of engagement with stakeholders.

## Tailoring to new audiences

Annual reports aren't traditionally a recruitment tool and can be a hard read for interested future employees. Instead, as people increasingly look at sustainability performance and culture as a way to help them choose new roles – particularly the younger generation – a standalone sustainability report can help them understand the importance a business places on the key topics they are interested in. Similarly, customers and suppliers are increasingly asking - and being asked! - questions about the sustainability credentials of their partners, and being able to showcase your stories in an accessible way can help those audiences too.

# AN OPPORTUNITY FOR INNOVATION!

As the annual report becomes more regulation driven, there's an opportunity for the sustainability report to embrace digital integration and experiment with innovation.

By transforming the standalone report into a dynamic hybrid document, interactive links and immersive video content can seamlessly complement the navigation and narrative of the report. These elements will also help to capture the attention of audiences, encouraging engagement with sustainability-related content and highlighting performance.

Moreover, as sustainability disclosures in the annual report become increasingly standardised and geared towards regulatory compliance, the sustainability report serves as a valuable platform to showcase case studies that illustrate strategic initiatives and performance which may not align with regulatory mandates but are specific to the material issues of the reporting company. By incorporating these vivid and accessible narratives as videos and live case study links, the sustainability report injects character into its pages, fostering deeper engagement with its sustainability-related content.

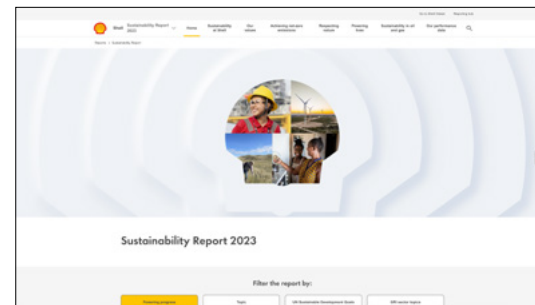
On the right are some examples of innovative sustainability reports that support this.



## TELFORD HOMES

Telford Homes is a great example of a company that has truly embraced the digital platform. From start to finish, the report incorporates video Q&As from management, interactive links and interactive infographics. Not only does this enhance the accessibility and visual appeal of the report, but it also encourages readers to take the time to look through all the content rather than skim through the spreads.

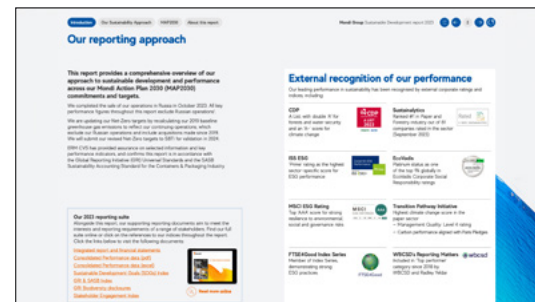
[telfordhomes-ir.london/sustainabilityreport2023](https://telfordhomes-ir.london/sustainabilityreport2023)



## SHELL

Shell's embrace of digital-first sustainability reporting facilitates the integration of an innovative navigation system within its digital sustainability report. This user-friendly tool enables readers with diverse filtering options, ensuring effortless access to content tailored to their specific interests.

[reports.shell.com/sustainability-report/2023](https://reports.shell.com/sustainability-report/2023)



## MONDI

Mondi opens its sustainability report with an overview of its reporting suite, including interactive links connecting readers to these additional documents.

[mondigroup.com/sustainability](https://mondigroup.com/sustainability)



# HOW WE CAN HELP

Here at Design Portfolio and Ever Sustainable, we have been running our CSRD Lab, a cross-discipline project researching and experimenting with the new world of sustainability reporting.



## INTRODUCING THE CSRD LAB

Our designers, content strategists and sustainability experts are working together to explore new ways of sharing your sustainability story, how to capitalise on the new role of the standalone sustainability report, and how to make CSRD-aligned data compelling and exciting to read.

We are also supporting our clients with all the wider work that is going on behind CSRD reporting, from undertaking double materiality assessments, to gap analysis and data collection.

For a conversation and to see a fuller suite of first mover reporting examples, please reach out to the authors of this paper.



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