GRI’s Reporting 2025 project looks ahead at what thought leaders expect to be the main issues on companies’ agendas – and in their reports – ten years from now. Through a series of in-depth interviews with thought leaders in various fields, GRI is building an open dialogue that will form the basis for meaningful future corporate disclosures.

Edited highlights of these interviews will be posted every month on the Reporting 2025 webpage, along with related references that enrich the discussion. GRI will update and publish an analysis of the main trends identified in these interviews every quarter. In January 2016 the final publication will present a roadmap for the future of reporting.

Time to go beyond ‘do more with less’ and prepare for comparability

Katherine Smith is Executive Director of the Center for Corporate Citizenship at Boston College, which helps companies know more, do more and achieve more with their environmental, social and governance investments. Ten thousand individuals from 420 companies – mostly Fortune 1000 companies – engage with the Center each year through education and convening programs, and research products.

According to Smith, companies will have an important role to play in tackling society’s big challenges. Companies are already tackling natural resource use in their operations – it’s a no-brainer, as this is clearly related to the bottom line. The next generation of executives must be prepared to implement environmental sustainability programs but also to address additionally a variety of complex issues that have not been as easy to address in order to promote prosperity. Smith believes that reporting can help to maintain focus on the execution of strategies designed to yield business and social value, and hopes that reporting in the future will be more comparable, helping stakeholders make informed decisions.

Society: time to go beyond ‘do more with less’ and address core issues

When it comes to tackling society’s biggest issues, such as natural resources management, Smith says measurement will be key. “The use of natural resources will certainly be more rigorously measured going forward. We’ve already seen that in companies it’s the easiest, and the most low-hanging fruit. It’s obvious for any CFO who sees the savings that can be acquired through reducing water usage, or reducing a carbon footprint through energy reduction, or reducing waste and cartage; those are easy decisions for companies.

“The more complicated dimensions are going to be how do we generate power, and how are we going to pay for that power generation? How are we going to price carbon? And how will we use water, the precious resource required for all life on earth.”

Smith believes companies will also need to take a look at their workers to address one of society’s biggest issues: wage inequality. “We see very clearly that the disparity between the very wealthy and even the middle income, which right now is a much lower income than it has ever been historically in developed economies, to be a significant economic issue. Those lower wage workers have to participate in the economy in order for companies to have a customer base. You can pay your CEO 400 times the average worker, but realistically, how many pairs of pants, cars, or houses can that individual buy?”
Companies: the c-suite of the future will confront inequality and focus on the value chain

Smith predicts that companies will change at almost every level, spurred on by stakeholders. “The C-suite will be thinking differently about issues as they confront regulations in different operating contexts. Consumers, customers and employees in every market are going to come with different social orientations and expectations about the company and the role they expect the company to play in their society.”

One of the places that will receive increasing attention is the value chain, says Smith. “There’s lots of pressure for companies to look at their value chain. I think companies are looking very closely not only at where their raw materials are coming from, but also at the life cycle of their products and what their impacts are upstream, midstream and downstream.”

According to Smith, educating the next generation of CEOs on their role in society, and their impact on issues like inequality, is critical in order to reduce the enormous social gaps and promote prosperity in the next decade. “The thing that I say to my MBA students all the time is you have to think not only about creating the world in which you want to do business, but also the world in which you want to live. You can’t separate those two things.

“It’s fine for all of my young finance MBAs who are very ambitious and very bright, to aspire to be part of the 1%; I hope they’re all part of the 1%. But I also want them to think about whether the 1% needs to control 90% of the financial assets and all of the natural resources. You can only build walls so high, and if we have great income and wealth disparity in our societies, we have instability, and that’s not good for anyone.”

Get ready: comparative performance data will be linked to strategy in the future

With even more attention on companies’ operational value chains, Smith believes the importance of reporting will increase, particularly as a measurement of management performance. “The importance of the report is going to grow and the application of the report as a measurement of management performance will intensify. Up until now the discussion has been based around disclosure and the idea that companies should disclose. Going forward I think companies are going to be called upon to help their stakeholders understand their performance.”

Furthermore, Smith believes the link between reporting and strategy will be emphasized. “Strategy is always the central element of assessment for the informed reader. Any stakeholder who is looking at a company through a strategic lens is going to want to understand their direction going forward so that they can decide whether it is a company they want to invest in either with their time and their social capital, their labor, or with their money as investors.”

Making data comparative can further strengthen reporting on management performance and strategy, says Smith. “My hopes for the reporting of the future are that we have comparable data across global markets that helps all stakeholders understand the performance of the company and that helps the company manage its own performance to the goals that it set for itself.”