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Sustainable development reporting of selected socially responsible listed companies

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Abstract

The RESPECT Index (RI) is the first index of socially responsible companies in Central and Eastern Europe and has been operating in Poland since 2009. In accordance with its philosophy, the RI includes listed companies showing the highest standards of quality in corporate governance and information governance regarding their impacts on the natural environment, society, and employees. Do the non-financial reports of these companies confirm that they meet these standards? This article attempts to answer that question, which aim can also be described as the qualitative assessment of the non-financial reports of the largest listed Polish companies in the RESPECT Index, with particular emphasis on analyzing the structure and content of the companies' non-financial information disclosures. In order to achieve this goal, the paper first defines non-financial information and its usefulness to stakeholders in modern enterprises. Secondly, the paper discusses problematic aspects of non-financial reporting. And the third part of the paper is a qualitative analysis of the non-financial reports of 12 out of the 31 Polish companies in the RESPECT Index. Finally conclusions are that the research conducted confirmed a wide variety of these companies' disclosures, and on the other hand, exposed some deficiencies in published reports, including their narrative character, limited comparability across time and space, and lack of external verification. All this shows that it is not enough to be a socially responsible company; you must also report this activity skillfully. This study used the following research methods: literature review, analysis of legal regulations, desk research, and inductive and synthetic reasoning strategies, in order to formulate conclusions.

Introduction

In the society of the age of information and in light of the idea of sustainable development, accounting, understood as an information system of enterprise, has faced the need to revise its current method of communication with its environment – that is to say, financial reporting. The response of corporate accounting to growing demands for economic, social, and environmental information, posed by various groups of stakeholders, has become 'non-financial reporting,' also called 'sustainable development,' 'social,' or 'business' reporting. In Poland, the disclosure of extended non-financial information became mandatory in 2017. Long before that, the good practices of listed companies and their care for lasting relations with stakeholders resulted in the Warsaw Stock Exchange announcing the first index of responsible companies in Central and Eastern Europe, the so-called RESPECT Index (RI), in 2009. The condition for inclusion in this elite group is a detailed three-stage verification process conducted by the WSE and the Association of Listed Companies Issuers. As of January first, 2019, the RESPECT Index included 31 companies.

The purpose of this article is the qualitative assessment of the non-financial reports of the largest listed companies on the RESPECT Index, with particular emphasis on analysis of the structure and content of non-financial information disclosures by the surveyed entities. In order to achieve this goal, the following research hypothesis was adopted: The growing value placed on sustainable development requires increasing the utility of non-financial reports to stakeholders.

The analysis here presents itself as a contributing voice in the discussion of non-financial reporting in Poland. The presentation consists of three parts. The first part defines non-financial information and its usefulness for stakeholders of modern enterprises. The second part discusses problematic aspects of non-financial reporting. The third presents a qualitative analysis of the non-financial reports of the largest listed companies in the RESPECT Index, leading to a synthetic assessment of the companies included in the study.

The following research methods were used in this study: study of the literature, analysis of legal regulations, desk research of non-financial reports, and inductive and synthetic strategies in order to formulate conclusions.

The essence of non-financial information and its usefulness to users

'Non-financial information' is a commonly used term in both business theory and practice. The disclosure of non-financial information has in recent years become a global phenomenon (and recently regulated by law in Poland), which is a response to the constantly evolving information needs of stakeholders. Nevertheless, there are still significant difficulties in defining non-financial information. In the *strict* sense, financial information is expressed in monetary units and generates financial consequences if disclosed in non-financial statements. Therefore, non-financial information should be presented in non-monetary units, and not directly cause financial consequences when presented in non-financial statements. According to J. Krasodomska, the concept of non-financial information should include all information (descriptive and numerical) disclosed (obligatorily or optionally) as part of annual reporting (in addition to financial statements and auditors' opinions and reports). One can find more on non-financial information in: (Krasodomska, 2010; Walińska, 2013; Kamela-Sowińska, 2016; Zyznarska-Dworczak, 2016; Waniak-Michalak, 2017). This paper underlines the following features that distinguish non-financial information from financial (Krasodomska, 2014, pp. 26, 28):

- its youth (it has been disclosed for slightly less than 25 years, as compared to financial information, which has been disclosed for 500 years),
- the possibility of including prospective data for a wider group of users,
- high levels of subjectivism (with no obligation to be verified by certified auditors).

This definition is based on the criterion of place of disclosure. As indicated by the authors of this paper, the criterion of satisfying the information needs of users is equally important, according to which financial information satisfies information needs regarding financial and property situations and performance, while non-financial information is that which satisfies users' information needs regarding activities impacting employees, society, the natural environment, respect for human rights, and counteracting corruption.

Regardless of its financial or non-financial nature, information should be of adequate quality (usability). The European Commission on Communication Guidelines for non-financial reporting (methodology for reporting non-financial information) (European Commission, 2017) presents optional qualitative attributes for non-financial disclosures. They are presented in Table 1.

It can be assumed that all qualities of non-financial information presented in Table 1 ultimately affect its usefulness. The greater the usefulness of information in the *strict* sense, the higher the ability to satisfy the information needs of users on the one hand and to more effectively implement information-decision processes on the other hand. In the *broad* sense, the greater the usability of the non-financial information, the potentially higher the quality of the non-financial reporting.

Selected aspects of non-financial reporting in Poland

Non-financial reporting is not a new phenomenon resulting from current trends. Although the obligation to implement it by public unit trusts was legally sanctioned in Poland in 2017 and stems from EU regulations (Directive, 2014), by the end of 2016, more than 300 reports had been published voluntarily. Although managers' awareness in this area is constantly growing, the lack of appropriate standardization and harmonization results in great variation among submitted non-financial reports in terms of content and form, thus limiting the possibility of comparison across time and space. Furthermore, it should be noted that the disclosure of non-financial

Table 1. Desirable quality and characteristics of disclosed non-financial information (derived by authors from: European Commission, 2017, pp. 5-9)

No.	Quality	Description
1.	Materiality	Non-financial information should allow (to the extent necessary) understanding the development, performance, and situation of the company and the impact of its activities. Material information is information that, when omitted or improper, may affect decisions made by users. It is therefore crucial to disclose sufficient information on issues likely to result in major risks associated with severe outcomes, as well as information regarding outcomes that have already occurred. The company should assess which information is material based on analysis of the relevance of the information to understanding the company's development, results and situation, and the impact of its activities. Such assessment should take into account endogenous and exogenous factors, including the company's business model, strategies and their main risks, main sectoral issues, interests and expectations of relevant parties, and the impacts of activities with factors related to public policy and legal regulations.
2.	Fairness, balance, and understandability	A non-financial statement should give fair consideration to favorable and unfavorable aspects, and information should be assessed and presented in an unbiased way, clearly distinguishing facts from views or interpretations. The statement should consider all available and reliable data, taking into account the information needs of different users. Users of information should not be misled by material misstatements, omission of material information, or the disclosure of immaterial information. The fairness, balance, and understandability of information can be increased by, among other factors--appropriate corporate governance arrangements, reliable evidence, internal control and reporting systems, effective party engagement, independent external assurance, and the use of plain language and consistent terminology, avoiding boilerplate terms and providing definitions for technical terms.
3.	Comprehensiveness and conciseness	A report on non-financial information should include information relating to, at a minimum, environmental, social, and employee matters, respect for human rights, anti-corruption and bribery matters, and any other relevant information. Its disclosure is expected to provide a comprehensive picture of a company during the reporting year. At the same time, the breadth and depth of information provided should depend on its significance. A company should focus on providing the breadth and depth of information that will help users understand its development, performance, position, and impact. The non-financial statement is also expected to be concise and avoid immaterial information. Generic or boilerplate information that is not material should be avoided, and internal cross references or signposting should be used in order to be as concise as possible and limit repetition.
4.	Strategy and forward-looking	The statement is expected to provide insights into a company's business model, strategy, and implementation, and explain multi-scale implications of the information reported, as well as the company's strategic approach to relevant non-financial issues regarding its business profile, goals, and activities. This approach ensures monitoring of commitments and progress in achieving objectives and increases transparency to interested parties. Goals and benchmarks can be presented quantitatively or qualitatively, including scientific research. Forward-looking information enables users to better assess the resilience and sustainability of a company's development, position, performance, and impact over time. It also helps users measure the company's progress towards achieving long-term objectives.
5.	Interested party orientation	It is important that the statement provide information that takes into account the needs of all relevant parties. This means focusing on the information needs of groups rather than individuals or only typical parties, or those with unreasonable information demands. These groups might include, among others, investors, workers, consumers, suppliers, customers, local communities, public authorities, vulnerable groups, social partners, and civil society. Companies should provide relevant, useful information on their engagement with relevant parties, and how the information needs of those parties are taken into account. The desired action is for the company to disclose information about its engagement with interested parties and explain how it influences company decisions, performance, and impact.
6.	Consistency and coherency	A non-financial statement is expected to be consistent with other elements of the management report. That way the information is more useful, relevant, and consistent. The management report should be viewed as a single, balanced, and coherent set of information. Explaining key linkages makes it easier for interested parties to understand material information and inter-dependencies. The content of the non-financial report should be consistent over time. This enables users of information to understand and compare past and present changes in a company's development, position, performance, and impact, and relate reliably to forward-looking information. Consistency in the choice and methodology of key performance indicators is important to ensure that the non-financial statement is understandable and reliable. However, constant monitoring and updates may be necessary.

information is often carried out for a different purpose than originally expected. This is related to the problematic aspects of non-financial reporting discussed here below.

The first of the problematic aspects is the phenomenon of *greenwashing*, identified and described in 1986 by environmentalist Jay Westervelt (who discovered that the hotel industry falsely promotes the reuse of towels as an environmental protection strategy, whereas in fact, it is simply a form of savings). One can often get the impression that non-financial reporting is used primarily as a marketing tool. Its content, in spite of compliance with applicable laws and norms, in some sense misrepresents the activities conducted and/or their impact on the natural environment, society, employees, respect for human rights, and opposition to corruption.

In practice, the following forms (sins) of *greenwashing* can be distinguished as part of non-financial reporting (Baack, Harris & Baack, 2013, p. 181):

- hidden trade-off – highlighting the seemingly pro-ecological characteristics of products while marginalizing (hiding) attributes that are not environmentally friendly or even non-ecological;
- no proof – presenting claims and assumptions that cannot be substantiated by publicly available evidence or certificates provided by independent entities;
- vagueness – using vague and imprecise expressions that are irrelevant and often deliberately misleading, e.g. about the green character of the product;
- false labels – using artificially created ecological labels that could lead consumers to believe incorrectly that the product has been certified by an independent entity;
- irrelevance – underlying and highlighting the environmental issues taken into account by the product, as if they are company's unique accommplishments, when they are legally imposed;
- the lesser of two evils – giving consumers a sense of environmental friendliness with products that do not benefit the environment, and often harm it;
- fibbing – presenting ecological claims that are partly or completely untrue.

The indicated sins of *greenwashing,* in the area of environmental protection, are also committed by dishonest companies regarding issues impacting society, employees, respect for human rights, and corruption. In such cases, the narrative nature of non-financial reporting is exploited in a form of aggression against the ideal of sustainable development. *Greenwashing* also contributes to the creation or deepening of another problem, i.e. information gaps in financial statements. It is an aspect of broadly understood reporting (including non-financial reporting) consisting of information asymmetry, i.e. differences between information possessed and information that can be obtained, which does not fully satisfy the information needs of stakeholders. In the *strict* sense, the asymmetry of information can be understood as the state of having information of an inadequate usability level, i.e. information that, in the non-financial dimension, lacks the characteristics of quality presented in Table 1. Inadequate satisfaction of information needs causes distortion of information and decision-making processes, resulting in low effectiveness of decisions, and thus inefficient management. The information gap in, on the one hand financial statements, means lack of full information about the economic position, financial situation, and company performance and, in non-financial statements on the other hand, inadequately useful, standardized information on activities regarding the natural environment, society, employees, respect for human rights, and counteracting corruption.

These information gaps, and the simultaneous desire to harmonize frameworks for financial and non-financial reporting, result in a dilemma regarding the scope of disclosed information. The principle of relevant and faithful representation in the IFRS (International Financial Reporting Standards) conceptual framework (Conceptual Framework, 2018) stands, in part, in opposition to the features of significance and brevity emphasized in the Communication of the European Commission. Moreover, although the obligation of financial and non-financial reporting results from the same legal act, i.e. the Accounting Act, the provisions regarding non-financial disclosures are relatively liberal, which is selectively illustrated in Table 2.

To summarize, Table 2 represents selected clauses in Article 49b of the Accounting Act, which according to the authors of this paper, can be synthesized as follows:

- clause 1 – obligation to submit non-financial reporting by all entities to which the Act applies;
- clause 2 – more detailed specification of the scope of information that must be disclosed by the entities distinguished in clause 1;
- clause 5 – indication of the minimum policies necessary to be applied by the distinguished entities;
- clause 8 – specification of an exhaustive list of regulations as the basis for disclosing non-financial information;
- clause 9 – unification and parameterization of forms for non-financial reports for specific groups of entities, e.g. in the form of subsequent annexes to the Act;
- moreover, introducing an obligation to certify, for example, by an expert auditor, financial and non-financial reports (More about this assurance in: The External Assurance of Sustainability Reporting, 2013).

The presented suggestions synthesize both the literature analysis and legal acts, as well as the selected non-financial reports discussed in the next section.

Table 2. Characteristics of selected provisions of the Accounting Act regarding non-financial reporting (derived by authors from: (Journal of Laws, 2019, Article 49b))

Article 49b, clause:	Description
1.	The obligation to disclose extended non-financial information concerns public unit trusts, i.e. entities in which, for two consecutive years, the average annual employment is over 500 people and one of two criteria has been exceeded – total balance sheet assets exceed 85 million PLN or net revenue from sales of goods and products exceeds PLN 170 million.
2.	The statement must include at least: a) a concise description of the entity's business model; b) key non-financial performance indicators related to the company's operations; c) a description of the policies used by the entity with respect to social, employment, and environmental issues, and issues related to respecting human rights and opposing corruption and bribery, and a description of the results of applying those practices; d) a description of due diligence procedures; e) a description of major risks that may have an adverse impact on the company's operations, including a description of the management of such risks.
5.	If an entity does not apply the policy to one or more social, employment, or environmental issues, or issues related to respecting human rights, or opposing corruption and bribery, or does not include a description of the results of applying those practices in the non-financial reporting, the entity shall give reasons for doing so.
8.	When reporting non-financial information, an entity may apply any rules, including their own rules, and national, EU, or international standards, norms, or guidelines. The entity shall include information about the principles, standards, norms, and guidelines applied in the statement.
9.	An entity may choose not to report non-financial information if they produce a report on non-financial information together with the management report and publish it on their website within six months of the balance sheet date.

This approach potentially limits the phenomenon of *greenwashing* by ensuring proper standardization, harmonization, and assurance. According to the authors of this paper, financial and non-financial information are closely related and their simultaneous presentation gives a multi-dimensional picture to stakeholders.

Qualitative analysis of non-financial reports of the largest listed companies in the RI

The RESPECT Index (RI) is the first index of responsible companies in Central and Eastern Europe, which has been operating in Poland since 2009. As a result of verification of the fulfilment of the adopted criteria, the RESPECT Index only includes listed companies operating in accordance with the best management standards in the field of corporate and information governance and in relationships with investors, as well as in the areas of ecological, social, and employee impacts (Respect Index, 2010). In order to be included in this prestigious group, the candidates undergo a three-step verification. First of all, only companies with the highest liquidity, i.e. those included in the indices, WIG20, mWIG40, or sWIG80, can apply to RI. Secondly, the company's practices in the field of corporate and information governance as well as relationships with investors are subject to verification. The current and periodic reports are reviewed in detail. The third stage of verification is the completion of a questionnaire aimed at assessing the company's level of maturity in sustainable development. This questionnaire consists of 49 questions divided into three areas: Environmental (environmental factors), Social (social factors), and Governance (economic factors).

In the newest, 12th edition of the competition, 31 entities entered the RESPECT Index. The largest companies, i.e. those included in the WIG-20 index, were selected from this group for further research. An enumerative list of the 12 companies whose reports were accepted for further examination is presented in Table 3.

The research covered non-financial reports for 2017. It is worth mentioning that the analysis of reports for 2018 was not possible due to the open reporting period at the time of writing the article. Assuming that the financial year coincides with the calendar year for the preparation of financial statements, including non-financial information for 2018, companies have until the end of March 2019, while annual reports should be approved by June 30, 2019 at the latest (Accounting Act, Article 52 (1) and 53 (1)). The basic characteristics of the non-financial reports adopted for the audit – the names, places of publication, legal bases, lengths, and external verifications of the reports – are presented in Table 4.

Table 3. List of quoted companies listed simultaneously on WIG-RI and WIG-20 (based on (GPW, 2019))

No.	Company's name	Sector	Stock Market Sector Index
1.	Bank Pekao S.A.	Commercial banks	WIG-BANKI
2.	CCC S.A.	Clothing and shoes	WIG-ODZIEŻ
3.	Grupa LOTOS S.A.	Extraction and production	WIG-PALIWA
4.	Jastrzębska Spółka Węglowa S.A.	Coal mining	WIG-GÓRNICTWO
5.	KGHM Polska Miedź S.A.	Metal mining	WIG-GÓRNICTWO
6.	mBank S.A.	Commercial banks	WIG-BANKI
7.	Orange Polska S.A.	Telecommunications	WIG-TELEKOMUNIKACJA
8.	PGE Polska Grupa Energetyczna S.A.	Energy	WIG-ENERGIA
9.	PGNIG S.A.	Extraction and production	WIG-PALIWA
10.	PZU S.A.	Insurance companies	WIG-MS-FIN
11.	Santander Polska S.A.	Commercial banks	WIG-BANKI
12.	Tauron PE S.A.	Energy	WIG-ENERGIA

Table 4. Characteristics of non-financial reports for 2017 of the largest listed companies in the RI (based on (GRI, 2019) and (CSRinfo, 2019))

No.	Company's name	Name of non-financial report	Publication place of the report			Legal basis	Report page count	External verification of the report
			Web-site	CSR-info	GRI Data-base			
1.	Bank Pekao S.A.	Statement on non-financial information	yes	no	no	GRI-G4	47	no
2.	CCC S.A.	Towards sustainable development. The first non-financial report	yes	yes	no	GRI Standards-Core	68	no
3.	Grupa LOTOS S.A.	Integrated annual report	yes	no	no	GRI-G4	193	no
4.	Jastrzębska Spółka Węglowa S.A.	Report on sustainable development	yes	yes	no	GRI Standards-Core	116	no
5.	KGHM Polska Miedź S.A.	Report on non-financial information	yes	yes	yes	GRI-G4 – Core	114	no
6.	mBank S.A.	Integrated report	yes	yes	yes	GRI-G4 - Core	232	no
7.	Orange Polska S.A.	Integrated report	yes	yes	yes	GRI Standards-Core	160	yes
8.	PGE Polska Grupa Energetyczna S.A.	Report on non-financial information	yes	yes	yes	GRI-G4	65	no
9.	PGNIG S.A.	Annual report	yes	no	yes	Non GRI	97	no
10.	PZU S.A.	Report on non-financial information	yes	no	yes	Selected guidelines of GRI	79	no
11.	Santander Polska S.A.	Report on sustainable development	yes	no	no	GRI-G4 - Core	The html format with hyperlinks	yes
12.	Tauron PE S.A.	Integrated report	yes	yes	yes	GRI-G4 - Core	The html format with hyperlinks	yes

A preliminary analysis of the reports showed a certain arbitrariness in their naming. The three prevailing terms are: 'statement / report on non-financial information,' 'report on sustainability development,' and 'integrated report.' The last one occurs in the cases of four surveyed companies and, as already mentioned, is an advanced form of reporting, being a compilation (integration) of financial and non-financial information, which justifies the above-average volume of these reports. As of June 1, 2019, all companies included in the study placed their non-financial reports on websites. Access to them was not difficult. Some of them additionally posted reports in the largest Polish Register of Reports run by CSRinfo (7 companies) and in the international GRI Sustainability Disclosure Database run by the Global Reporting Initiative (seven companies). It is also worth emphasizing that almost all of the surveyed entities eleven out of twelve companies) prepared reports based on GRI regulations (GRI-G4 or GRI

Table 5. Qualitative analysis of non-financial reports for 2017 of the largest listed companies in the RI

No.	Company's name	The scope of disclosures in the report			The form of disclosures in the report			Comparability	
		Economic issues	Environ-mental issues	Social issues	Narrative information (verbal description)	Information in graphic elements	Information expressed numerically or as percentage	Comparability of information across time	Comparability of information across space
1.	Bank Pekao S.A.	a	a	a	a	c	c	c	c
2.	CCC S.A.	a	a	a	a	b	b	c	c
3.	Grupa LOTOS S.A.	a	a	a	a	a	a	a	b
4.	Jastrzębska Spółka Węglowa S.A.	a	a	a	a	b	a	a	b
5.	KGHM Polska Miedź S.A.	a	a	a	a	a	b	b	b
6.	mBank S.A.	a	a	a	a	b	b	a	b
7.	Orange Polska S.A.	a	a	a	a	a	a	a	b
8.	PGE Polska Grupa Ener-getyczna S.A.	a	a	a	a	a	a	b	b
9.	PGNIG S.A.	a	a	a	a	a	a	a	b
10.	PZU S.A.	a	a	a	a	a	b	a	b
11.	Santander Polska S.A.	a	a	a	a	a	b	a	b
12.	Tauron PE S.A.	a	a	a	a	a	a	a	b

a = high grade, b = mean grade, c = low grade

Standards), which are considered the most flexible (Leoński & Beyer, 2016, p. 70), transparent (Boiral, 2013, p. 1041), and useful (Wilburn & Wilburn, 2013, p. 64) model of non-financial reporting in the world. Noteworthy is the fact that only three companies, i.e. Orange Poland, Santander Poland and Tauron PE, decided to perform independent assurance for published reports. External verification of the report, although giving only limited certainty, legitimizes the information contained therein and testifies to the reliability of the audited company.

In order to assess whether the companies included in the RESPECT Index indeed meet the highest standards of quality for non-financial reporting and verify the research hypothesis set out in the introduction, a detailed analysis was conducted, the results of which are summarized in Table 5. The subjects of assessment were the scope of disclosures, their form, and comparability of the presented information.

An initial qualitative analysis of all adopted reports confirmed a wide range of disclosures for sustainable development, i.e. economic, environmental, and social information. All companies obtained very high marks, which justifies their presence in the RESPECT Index. However, it should be emphasized that these companies represent various sectors of the economy and only sectoral analysis would allow detailed inferences in this matter.

The second stage of the research was analysis of the types of disclosures in terms of their form. Forms of information distinguished were subjective narrative (verbal description), user-friendly graphical elements (charts, infographics), and the most objective information expressed numerically or as percentages (e.g. the number of employed women). According to the authors of this paper, five of the surveyed companies – Grupa Lotos, Orange Polska, PGE Polska Grupa Energetyczna, PGNIG and Tauron PE – maintained a good balance between forms of submitted information. Thanks to that, their reports were clear, distinct, and understandable. The reports of other companies were dominated by verbal description, and the number of disclosures in graphical, numeric or percentage form was assessed as insufficient.

The last stage of analysis concerned the possibility of comparing non-financial information across time (e.g. the presentation of the same numerical data for two consecutive years) and space (the possibility of comparing the same indicator for two or more companies). The results of the analysis in terms of comparability of information across time were mediocre; only 8 out of 12 companies presented data for 2016. Moreover, comparability of reports across space was difficult and sometimes even impossible. The freedom in the presentation of non-financial information allowed by Polish law results in a non-uniform structure of disclosures, which significantly limits their comparability.

In summary, the analysis on one hand, confirmed the high scope of the disclosures by these companies, and on the other hand, exposed some deficiencies of published non-financial reports. This means that the research hypothesis stated in the introduction – that the growing importance placed on the idea of sustainable development requires increasing the utility of non-financial reports for their stakeholders – has been positively verified. The narrative nature, limited comparability, and lack of external verification are just some of the dysfunctions / deficiencies of the analyzed reports. Similar conclusions have been reached by, among others, (Sikacz & Wołczek, 2017, p. 178; Kutera & Zyznarska-Dworczak, 2018, p. 108; Rubik, 2018, p. 219). It is not enough to be a socially responsible company, you must also skillfully report this activity.

Conclusions

The growing value placed on the idea of sustainable development is so strong now that it constitutes a strategically important element of the company's communication with its environment. The fundamental tool in this area is non-financial reporting. The research conducted for this paper clearly shows that reliable presentation of non-financial data requires giving non-financial information attributes of financial information. Therefore, the following conclusions / recommendations are made:

1. The freedom allowed by Polish law in the presentation of non-financial information results in a heterogeneous structure of disclosures, which significantly limits their comparability in both time and space. Recommendation: Increasing the comparability of non-financial reports requires legislative actions to clarify guidelines and parameterize the structure of reports.
2. The narrative, subjective nature of non-financial reports should be treated as aggressive reporting which, through *greenwashing* opposes sustainable development. Recommendation: True and reliable images of companies in non-financial reports require report approval by external and independent audit companies.

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