Preparing non-financial statements: role of stakeholders and significance of corporate strategy 2/48/22


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When it comes to drawing up non-financial statements or sustainability reports, there are a variety of guidelines and standards that prompt companies to identify and approach their various stakeholders in order to work with them in the course of preparing non-financial statements. It's even more important to build collaboration in order to accommodate your stakeholder views and visions when your company is setting its key directions of sustainable development and goals it wants to achieve.

Who are those stakeholders and how do we identify them?

Stakeholders are persons or groups whose interests are or could be affected by your company's business. Stakeholders are divided into external and internal ones. External stakeholders are, for example, customers, contractors, suppliers, finance providers, investors and government agencies, while internal stakeholders are employees, shareholders, the board and the council.

Stakeholder interests can affect your company's business both positively and negatively. Your company certainly has a number of stakeholders, and each of them can have different characteristics as well as mutually incompatible interests and expectations. Working with stakeholders helps your company identify and manage its positive and negative impacts. Not everything your company is doing will affect all its stakeholders. So your company should identify stakeholders whose interests need to be taken into account for a particular activity. Working with stakeholders helps your company identify and manage its positive and negative impacts on various ESG-related matters.

When it comes to identifying your stakeholders, you should bear in mind the extent and characteristics of their engagement, for example:

- Dependence – groups or persons that are directly or indirectly dependent on your company's activities or services it provides and related activities, or groups and persons your company relies on to stay in business
- Responsibility – groups or persons to whom your company has legal, commercial, operational or ethical/moral obligations or could have any of those in the future
- Influence – groups or persons that may have influence over how companies or stakeholders make their strategic or operating decisions
- Different perspectives – groups or persons whose different views may create a new understanding of the situation and an awareness of possible actions that could not arise otherwise

Stakeholder engagement and cooperation is a process in which your company communicates with and gets to know your stakeholders in order to build an understanding of stakeholder desires and expectations and how stakeholders influence your company's actions and achievement of its goals. Stakeholder engagement is a two-way process. There are various levels and engagement methods depending on the type, extent and length of a stakeholder engagement. It’s important for each company to identify the best approach to working with its stakeholders.

Why add sustainability aspects to your corporate strategy?

Our experience suggests that sustainable business draws more customers and investors (including banks) and secures efficient use of resources, cutting energy and water consumption as well as overall operating costs. Setting clear goals and strategies in the ESG space is an important precondition for you to successfully identify your sustainability reporting framework.

Green thinking is important in making key decisions – The growing regulatory burden affects companies’ ESG responsibility. Companies need to put in some work to navigate this maze of rules and regulations and to adapt and adjust their business strategies in good time, which is likely to affect their sustainability reporting framework.

Customer pressures – Consumers are paying more attention to how the goods and services they consume affect the environment. Companies also notify these aspects to their suppliers because it’s important to assess the environmental impact and other sustainability aspects throughout the supply chain.

Access to financing – More financial institutions and investors are paying increasing attention to sustainability matters. Lacking a clear strategy in this area and lacking such data or having poor indicators in these areas may impair your company’s prospects of obtaining finance on good terms.

The main benefits from adding sustainability to your company’s business strategy lie in certainty about your future business and direction, given the new circumstances and impacts, as well as your company’s willingness to be transparent and communicate with customers, contractors and finance providers, thereby minimising the adverse impact of external factors, which helps cut costs and boost efficiency. This also reduces the risk of penalty and other risks.