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Helping companies make sense of reporting

Covid-19 | Reporting toolkit

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Preface

Introduction

The world faces perhaps its most significant public health crisis for over a century. Covid-19 has already caused thousands of deaths, and infected over two million people across the globe. The virus has massive social and economic implications; it has already put incredible strain on national health systems. In a bid to halt the spread of the virus, governments have shut shops, schools and restaurants; they have also intervened in the economy in ways not seen since 1945. Companies are also facing immense challenges – in the short term, to protect their employees and safeguard their businesses; in the longer term, to adjust to the 'new normal' that will emerge in the wake of the Covid-19 pandemic.

This toolkit is intended to help companies navigate through the challenges of reporting on Covid-19 – its impact on their business, strategy and performance, and the measures they are putting in place to combat the virus' effect on their customers, employees, investors and other stakeholders.

About this toolkit: this toolkit is not intended to be exhaustive. It is a guide for reporters, and should act as a reference point only. Content is based on information available on the date of publication (20th April, 2020). All content is based on Kōan research and analysis. Several sources have been used to compile this toolkit, including the World Health Organisation, national governments and external economic analysis.

Contents will be updated again in August to reflect developments with the pandemic and ahead of companies' 2020 reporting.



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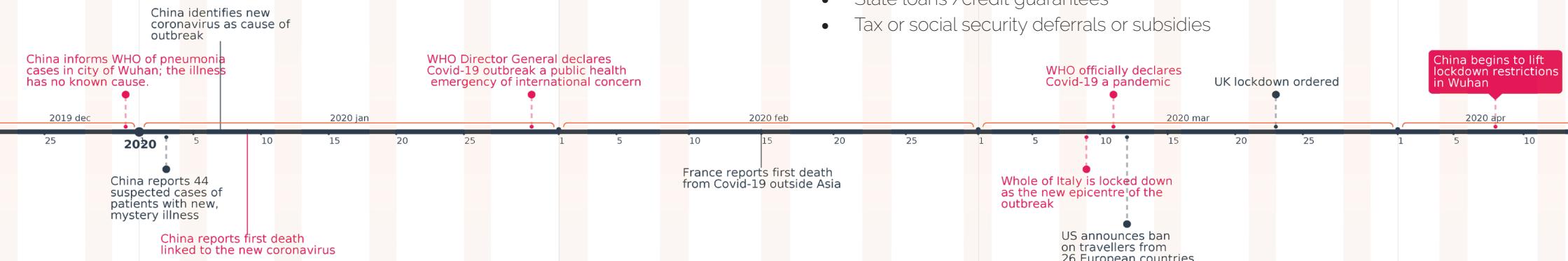
Background to the virus

The current outbreak began at the end of 2019. The first area to be seriously affected was Hubei province in central China. Since then, the virus has spread around the world. To date, over 2.2 million cases have been recorded; over 150,000 people have died as a result of the virus. Currently among the countries hardest hit are the US, Italy and Spain. Coronavirus was officially confirmed by the World Health Organisation (WHO) as a pandemic in March this year.

This coronavirus disease is known as Covid-19; it is an infectious disease spread from person to person (usually through droplets from the nose or mouth when an infected person coughs, sneezes or exhales). Often, the illness from Covid-19 is mild, particularly for children and younger adults. It can, however, cause serious illness and hospitalisation. Older people and those with pre-existing conditions (such as cardiovascular disease, diabetes, chronic respiratory disease or cancer) are especially at risk. There is currently no recognised vaccine.

Public health response

Governments' response to the current pandemic has varied, in terms not only of the measures they have taken and the timing of these measures, but also their overall approach to restricting or delaying national infection rates. In many countries, prevention measures have focused on social distancing, frequent hand-washing and self-isolation as the most effective ways to stop the spread of Covid-19:



Measures taken include:

- Severe restrictions on personal movement and travel (including lockdowns or 'stay-at-home' orders in many countries)
- Suspension or restriction of public transport
- Closure of international borders
- Closure of schools, universities and other public institutions
- Closure of shops, pubs, clubs, cinemas, theatres and restaurants
- Cancellation /postponement of public gatherings (including concerts, sporting events etc.)
- Public awareness and personal health campaigns

Economic response

Covid-19 has serious implications for the global economy. Since the beginning of the year, international share markets have lost around 20%, companies have had to suspend operations, lay off workers or delay dividend payments to shareholders. In response, governments have introduced very significant stimulus packages; the aim of these has been to support economic activity, forestall possible bankruptcies and preserve jobs during the emergency. Again, measures vary by country, but generally have included:

For companies:

- State loans /credit guarantees
- Tax or social security deferrals or subsidies

Background to the virus (continued)

- Debt repayment holidays
- Grants to small businesses /self-employed workers
- Expanded access to export credits

For individuals:

- Income subsidies for workers losing their jobs because of Covid-19
- Government support to meet rent /mortgage payments
- 'Sick pay' for those caring for infected relatives
- Additional payments for vulnerable people or those depending on social services
- Increased public spending, particularly on healthcare provision

Central banks have also acted to support the economy, largely through further reductions in interest rates and accelerated quantitative easing (basically, buying large amounts of government debt securities).

Impact on business

All businesses will be affected by Covid-19, given the expected slowdown in the global economy. In the short term, some sectors will see a dramatic fall-off in business – the hotel and tourism industry, for example, has already seen mass cancellations because of new travel restrictions. In many countries, the retail sector has effectively been closed. The virus may also impact international supply chains – and reduce availability of labour, at least while emergency restrictions remain in place. Food retailers have come under pressure to keep shelves stocked; demand for home deliveries has increased significantly. At the same time, businesses stand to benefit from government support measures, including tax deferrals and help meeting payroll costs.

Longer-term, the picture is much less clear. It's possible the virus will lead to more structural changes in economic policy, tax or regulation. Governments may become more interventionist in their approach. Customers may also change their behaviour or preferences. Workers may adopt flexible working more quickly than would otherwise have been the case. New business models could also emerge. Some companies may not survive the current crisis; others may become stronger.



Figures from 19th April, 2020
Source: Situation Report, World Health Organisation

Purpose, structure and scope of this document

Purpose

Clearly, response to the Covid-19 outbreak will feature prominently in companies' reporting for 2020. The nature of this reporting will vary by sector, company and location. This toolkit is intended to support companies through this reporting process; it offers practical guidance for companies reporting on the impact of Covid-19 on their business, strategy and performance. The toolkit is aimed at reporting companies across all sectors (more specifically to those corporate departments directly involved in reporting, including Communications, Strategy, Finance, Legal & Compliance, Risk Management, Sustainability /CSR etc.).

Structure

This toolkit is based on an integrated approach, combining both financial and non-financial reporting. We have used the International Integrated Reporting Council's (IIRC) IR Framework as a reference point. Recommendations may be applied, however, to traditional Sustainability /CSR and Annual Reports, as well as to integrated reports. We have also drawn extensively on current best practice and our own experience with corporate reporting.

This toolkit comprises two main sections: first, we look at identifying impacts (and potential impacts) by stakeholder group; second, we suggest ways companies could report on these impacts in terms of both structure and content. Where relevant, we also cover possible changes in the reporting process, and the use of data / KPIs.

Scope

For our analysis, we have included Covid-19's (potential) impact on companies' busi-

ness operations, workforce, supply chain, distribution and wider role in society:

- Business operations – this includes impact on physical operations (such as factories, plants, warehouses, offices and other sites), as well as companies' strategy, performance, profitability and business model.
- Workforce – this includes impacts on employee health and safety, workforce income, prospects for continued employment and changes to working practices.
- Supply chain – this includes provision of inputs and other raw materials, as well as maintaining relationships with key suppliers.
- Distribution – this includes possible changes in customer behaviour, as well as impact on products, services and distribution networks.
- Wider role in society – this includes possible changes in laws, regulations and tax, continued restrictions on free circulation, financial or material support from governments, management of both social and environmental risk.

Our analysis covers both short and (where possible) long-term impacts. For the purposes of this document, short term relates to the current period (while the pandemic is still in progress). Long term, meanwhile, refers to consequences in future years, once the pandemic is under control and current exceptional restrictions have been lifted in most countries (here, there is significantly less visibility; impacts may of course change, emerge or become more or less important, as the pandemic evolves and the policy response is adapted to different scenarios).

Principles for reporting against Covid-19

In putting together this toolkit, we've kept in mind a number of basic principles:

- That companies have an important role to play (alongside government and other stakeholders) in combating Covid-19
- That reporting should address all material impacts on both companies and their stakeholders
- That reporting should provide a clear assessment of companies' response to the virus (and, where available, the outcome of this response)
- That reporting should also address long-term implications for companies' business and future viability (as well as short-term financial, social and environmental effects).

We would also recommend that Covid-19 is fully integrated into companies' broader reporting (and not dealt with as a separate section). This will help companies a) reflect the extent of Covid-19 impacts on various aspects of their business, and b) put the pandemic in a broader context, given that other issues will not simply disappear as a result of Covid-19 and may indeed be affected by the virus and measures taken to tackle it (companies may, for example, be unable to pursue initiatives or meet current targets with regard to financial, social or environmental performance). Wherever possible, companies should apply a 'materiality principle' – in other words, include in their reports only information that is material to their business, strategy and /or performance.

Companies' approach to reporting

Naturally, reporting will vary by company and sector; there is no 'one size fits all' approach. Reporting should fit with companies' current external communications on Covid-19. In Europe, most 2020 reports will not be published until March 2021. By that stage, we will know more about the impact of the current pandemic. Companies will also have communicated extensively with stakeholders (particularly customers and employees). Rightly, most of this communication will be focused on short-term implications (closure of shops, sanitation measures, suspension of services etc.). With annual reporting, there is an opportunity to 'take a step back' – to provide a broader assessment and, in particular, to build a basis for future engagement with stakeholders to address longer-term issues emerging from the crisis (how to manage future pandemics, for example – or how to respond to structural changes in markets, competition, working practices or supply chains that have come about as a result of Covid-19).



Identifying impact by stakeholder group and sector

Defining stakeholders

Companies may define their stakeholders differently. For this toolkit, we have used a common denominator definition: "any individual, group or organisation that has an effect on, or may be affected by, a company's strategy, business or performance". Based on this definition, we have identified six main stakeholder groups: employees, customers, investors, governments & regulators, business partners and civil society.. Generally, these groups may be applied to any company, though the emphasis will differ by sector.

Impacts by stakeholder group and sector

Pages 8-10 set out impacts (and potential impacts) from Covid-19 by stakeholder group. Page 11 shows the main risks and challenges by sector. Impacts will, of course, vary by sector and company. Some impacts will apply to all companies; others only to companies operating in certain sectors or that have specific business models.

Identifying impact

For reporting, we would recommend companies assess each impact against two criteria to determine materiality:

1. Its significance – i.e. its effect, or potential effect, on the company's business, operations, reputation, profitability etc.
2. The company's scope for action – i.e. the extent to which the company can manage the impact, both over the short and long term (in many countries, government restrictions are likely to limit companies' ability in the short term to manage certain impacts).

Note: In assessing impact on stakeholder groups, don't forget that:

- Impacts on a specific stakeholder group may be both negative and positive (e.g. employees, as a group, may suffer from increased job insecurity, but benefit from measures to support their income while furloughed)
- Similarly, impacts may have both a negative and positive effect (e.g. customers are forced to cancel travel plans because of the virus, but may benefit from refunds from the airline).



Stakeholder

"Any individual, group or organisation that has an effect on, or may be affected by, a company's strategy, business or performance"

Employees

Life has changed significantly for employees: they may face immediate health or financial problems. Longer term, Covid-19 may bring significant structural changes to working practices.

Employees include:

- Full-time and part-time staff
- Trade unions and other employee representative groups
- Former and retired employees
- Contractors and casual staff

Short-term	Long-term
<ul style="list-style-type: none"> • Loss of personal physical or mental health (due to contamination or consequences of confinement) • Loss of family members or friends due to the virus • Loss of income, increased job insecurity and inability to maintain rent, mortgage or utility payments • Difficulty accessing basic necessities (food, medicine, healthcare, financial assistance etc.) • Reduced access to training and development • Significant delays in recruitment • Increased need to work remotely /at home 	<ul style="list-style-type: none"> • Increased awareness of health issues within the workplace • Structural changes to working practices (more remote / flexible working) • Increased job insecurity (as a result of economic downturn / structural changes in certain sectors etc.) • Downward pressure on wages in certain areas, given increase in unemployment • Worsening shortages in key skill areas (data analytics, IT)

Customers

During the crisis, there has been major disruption, with shops, factories, restaurants and bars all closed. In most cases, travel has also been put on hold. Over the longer term, there may be changes to customer behaviour and an increased emphasis on data security.

Customers include:

- Individual and corporate clients
- Customer representative or lobby groups

Short-term	Long-term
<ul style="list-style-type: none"> • Shortages in certain products or suspension of services (due to disruptions in supply chains and /or labour markets) • Lack of access to shops, restaurants, places of entertainment etc. /restrictions on travel • Reduction in quality of customer service (as a result of increased demand and saturated communications) • Forced cancellation of orders, bookings and deliveries • Increased use of technologies to communicate with companies /place orders etc. 	<ul style="list-style-type: none"> • Structural changes in customer behaviour and preferences (e.g. acceleration in use of online shopping /other services) • Increased emphasis on data security, privacy and management • Slowdown in company investment in innovation /new products, services and systems (which may affect product quality and /or availability) • Emergence of new products, services, suppliers or distribution methods. • Greater emphasis on services rather than physical products, which may be hard to deliver given current restrictions

Investors

For investors, these are unprecedented times: financial markets first plummeted - then recovered; companies have lost revenue and, in some cases, suspended dividend payments.

Investors include:

- Shareholders, bondholders and private equity investors
- Portfolio managers
- Financial analysts and commentators
- Financial rating agencies

Short-term	Long-term
<ul style="list-style-type: none"> • Immediate impact on company's financial performance (resulting from loss in revenues, market disruption etc.) • Sharp decline in share price • Increased volatility in financial markets • Temporary suspension of dividend payments to shareholders • Postponed publication of financial results or shareholder meetings • Difficulty communicating with company management /IR teams 	<ul style="list-style-type: none"> • Lower investment returns as a result of economic downturn or underperformance • Market effects of changes to monetary policy (cuts in interest rates), tax, or sector-specific regulation • Effect of increased government intervention in certain sectors (which may have consequences for competition / market structure) • Need to price in 'pandemic risk' for certain more vulnerable sectors (e.g., those in retail or reliant on travel)

Governments & regulators

Faced with the spread of Covid-19, governments have taken action - to protect both public health and the economy; the challenge now is deciding on how to lift restrictions and restore 'life as normal'.

Governments & regulators include:

- Local and national governments
- Politicians and law enforcement
- Industry or sector regulators
- Other standard setters (for product or safety specifications etc.)

Short-term	Long-term
<ul style="list-style-type: none"> • Need for significant increase in spending on public health and support for vulnerable populations • Financial assistance for at-risk companies, individuals and self-employed • Intervention to support economy /financial markets (in part through monetary policies /quantitative easing) 	<ul style="list-style-type: none"> • Possibility of 'big government' remaining post-pandemic • Increased spending on health, research, and pandemic planning • Longer-term changes to tax rules and industry regulations • Need to manage consequences of withdrawing current support measures on economy, individuals and sectors • Re-balancing of tax system to pay for increased debt or respond to public pressure for reform

Business partners

Supply chains have been disrupted by the pandemic. In some cases, orders have been cancelled - or deliveries delayed. The result may be longer-term changes, particularly to international supply chains - and a greater reliance on the internet economy.

Business partners include

- Suppliers of products and services
- Distributors and other intermediaries
- Joint venture partners
- Peers and other competitors
- Business organisations

Short-term

- Disruption in deliveries of raw materials and other inputs (resulting from operational difficulties at suppliers)
- Delays in distribution of final products (resulting from operational difficulties at distributors, brokers, intermediaries etc.)
- Lack of investment in joint ventures or joint projects /initiatives postponed or cancelled

Long-term

- Structural changes to supply chains /distribution (competition, sourcing, product quality and reliability etc.)
- Faster growth in internet economy (particularly where there is dependence of free circulation of people)
- Increased pressure in some sectors to reduce reliance on global supply chains, distribution and markets

Civil society

Almost every aspect of society has been affected by Covid-19. The virus has exacted a terrible toll: over 150,000 people have died. Public health has become a major concern. At the same time, millions of jobs have been lost. Politicians around the world are promising significant reform, once the pandemic is over.

Civil society includes:

- NGOs and charities
- International development groups
- Researchers and other academia
- Community and other special interest groups
- Media
- General public
- CSR rating agencies

Short-term

- Deterioration in public health (including fatalities and infections)
- Increased strain on public healthcare provision (availability of drugs /ventilators /hospital beds, protective equipment) and need for increase in social security spending
- Restrictions to free movement (cancellation of public gatherings, stay-at-home orders etc.)
- Increased risk for vulnerable populations (including older people, those suffering from pre-existing conditions, homeless, refugees etc.)
- Shutdown of public transport and other services
- Increased social tensions as a result of confinement, unemployment, loss of income etc.
- Short-term reduction in pollution /carbon emissions as a result of restrictions on travel /lower manufacturing and industrial output

Long-term

- Economic recession or downturn, leading to wide-scale job losses, business closures and possible social unrest
- Risk to public health from new Covid-19 outbreaks
- Increased awareness of health risks /new pandemics
- Need to restructure /strengthen national healthcare provision in some countries
- Need to support families losing loved ones and income (particularly in countries with poorly developed or non-existent social safety nets)

Principal risks and challenges by sector

Sector	Examples of risks and challenges from Covid-19	Sector	Examples of risks and challenges from Covid-19
Agriculture & farming	<ul style="list-style-type: none"> Availability of sufficient labour at key moments (e.g. harvesting) Ensuring effective distribution of products to areas of high demand Disruption to deliveries of key chemicals, fertilisers and other inputs 	Healthcare & pharmaceuticals	<ul style="list-style-type: none"> Heightened awareness of pandemic risk and increased public expectations Possible shift in government priorities and spending Strain on healthcare capacity and resources Increased focus on research & development relating to vaccines and infectious diseases Need to support vulnerable groups (especially older people /those suffering with other chronic illnesses) Increased demand for online health services
Aviation, transport & logistics	<ul style="list-style-type: none"> Widespread cancellations of holidays, business trips and family visits Severe restrictions on travel in most countries New health measures at airports and border crossing-points etc. Increased demand for home deliveries of food, drink and other essentials (logistics) 	Hotels, food & beverage and tourism	<ul style="list-style-type: none"> Widespread closure of restaurants, pubs, clubs, hotels etc. Travel restrictions and cancellations of holidays, business trips Re-using hotel capacity to accommodate health workers /support hospitals
Consumer goods	<ul style="list-style-type: none"> Closure of shops and other retail outlets Restrictions on personal movement (as a result of stay-at-home orders) Possible disruptions to international supply chains and distribution Increased spending on sanitising and healthcare products 	Manufacturing	<ul style="list-style-type: none"> Production stoppages (for manufacturers of non-essential products) Possible disruptions to supply of raw materials or distribution of finished items (risk of higher than usual stocks) Need to prioritise capex /project spending Reliance on business partners as part of complex international supply chains Conversion of capacity to manufacturing other, essential products (ventilators, surgical masks etc.)
Construction	<ul style="list-style-type: none"> Suspension or cancellation of current and planned building projects Protecting /preserving existing sites Sourcing skilled /available labour once production restarts Possible prolonged downturn in housing & commercial property markets 	Media & advertising	<ul style="list-style-type: none"> Closure of many public spaces (cinemas, theatres etc.) Cancellation of public gatherings (including concerts and sporting events) and restrictions to public transport Postponement of publications, advertising campaigns etc. Increased demand for news /information and for home streaming, videoconferencing etc. Workforce vulnerability to illness /infection
Energy	<ul style="list-style-type: none"> Maintaining supply of energy to homes and vital institutions (particularly hospitals, clinics, nursing homes etc.) Health and continued availability of workforce 	Telecoms and technology	<ul style="list-style-type: none"> Increased demand for wifi capacity /internet connections (as a result of home working /need to communicate during lock-downs and isolation) Support for customers unable to meet bills because of a loss of revenue /income
Financial	<ul style="list-style-type: none"> Impact of lower interest rates and increased financial market volatility Lower investment returns (as a result of recent declines in equity markets) Need to support corporate customers with difficulties meeting wage bills, debt repayments etc. as well as individual customers unable to meet rent, mortgage, utility payments Increased insurance claims, credit defaults, loss of business from economic downturn 	Utilities	<ul style="list-style-type: none"> Ensuring continued supply of key services, particularly to vital institutions such as hospitals Helping customers facing difficulties paying bills Availability and health of workforce Possible postponement of planned maintenance and upgrades
Food retail	<ul style="list-style-type: none"> Ensuring adequate supply of food, drink and other essentials (avoiding shortages given significant increase in demand) Protecting workforce and ensuring sufficient availability of shop assistants Increased demand for online shopping and home consumption of food & drink (with closure of restaurants and bars) 		

Reporting the impact

In the following pages, we have set out suggestions for report content. These are based on the principle of 'what will readers expect to see in 2020 reports?', as well as best practice across sectors and our own expertise as reporting specialists. Exactly how individual companies address Covid-19 will vary not only by sector and location, but also by 'communications culture'. B2C and B2B companies may naturally take different approaches.

General principles

In terms of general principles, we would recommend the following:

- That Covid-19 should be fully integrated into reporting (as mentioned above); the virus affects so many aspects of a company's business, operations, strategy and performance.
- That, where possible, reporting should address long-term implications, as well as the immediate crisis; this may be difficult given the lack of visibility, but readers will expect companies to provide 'vision' – above all, they will want to know what kind of company will emerge from the pandemic?
- That there should be a new emphasis on 'engagement' – Covid-19 has underlined companies' reliance on other stakeholders (it's clear that the current crisis cannot be resolved by government or the private sector alone).

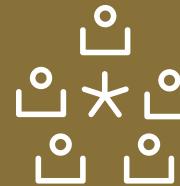
In 2020 reports, we would suggest companies give greater prominence to stakeholder engagement strategies, objectives and outcomes. Stakeholders have an important role to play in shaping the new normal that will emerge after the pandemic.



Reporting content: what readers will expect to see

<p>Strategy</p> 	<p>Operating environment</p> <ul style="list-style-type: none"> Whether this has changed significantly as a result of the virus. The nature of these changes – are they temporary? Or more structural? To what extent they affect (or may affect) the company's business, operations and performance – is this a short-term loss of revenue, for example, or will it require a more fundamental repositioning? What new risks (or even opportunities) have opened up? Are there particular operations at risk, and why? What impact there may be on the company's business model (is this model still viable, given the effects of Covid-19, for example?), its markets, products or way of operating. <p>Effect on current strategy</p> <ul style="list-style-type: none"> What measures were taken during the outbreak to protect employees, for example, or provide access /support customers – how long will these measures remain in effect? How do they fit with the company's existing strategy? Whether changes to the operating environment also mean a change of strategy – is the current strategy fit for purpose, for example? Is a rethink needed? How should strategy /business model be adapted to 'new normal'? What effect the virus has had on strategy implementation – what projects and initiatives have been suspended, for example, or cancelled? Have financial or other goals been delayed or dropped altogether? What impact there has been on your company's planned contribution to the UN Sustainable Development Goals or compliance with the Paris Climate Agreement objectives? <p>New or adjusted strategy</p> <ul style="list-style-type: none"> If applicable, what the new or adjusted strategy looks like (in comparison with the previous strategy) – its objectives, performance targets, how it responds to changes in the operating environment (the 'new normal'). <p>Outlook</p>	<p>Value creation</p>  <p>Performance and KPIs</p> 	<p>Effect on current value creation</p> <ul style="list-style-type: none"> Where value was depleted or created for stakeholders during the reporting year. This should cover all stakeholders and /or capitals. Included should be value created /depleted as a consequence of: Measures introduced by the company during the crisis (for example, income or job protection) Economic or market reaction (for example: lost value through lower share prices, fall in real estate values or a downturn in the wider economy) Impact of the virus on 'conventional' value creation (what was the impact on customer loyalty, for example? Or on the company's environmental performance?) <p>Effect on existing performance metrics</p> <ul style="list-style-type: none"> What effect Covid-19 had on current performance metrics (including profit /loss, debt ratios, return on equity, Net Promoter Score, employee engagement, etc.). Bear in mind that, in some sectors or business lines, the effect may also be 'positive' (increased demand, introduction of new products, costs saved, reduction in carbon emissions etc.) What need there may be for new metrics (especially in areas significantly affected by the virus or in support of a new /adjusted strategy; this should also cover new metrics still in development) Impact of projects, initiatives, expansions put on hold or cancelled because of the virus In describing performance, make a distinction where possible between: Impacts caused directly by the virus (as a consequence, for example, of plant closures or travel restrictions) Those impacts resulting from any economic downturn or market decline <p>Materiality exercise</p> <ul style="list-style-type: none"> Comparison of Covid-19 with other material issues, in terms of impact on the company's business, strategy and performance. How does the pandemic compare with other major issues, such as climate change, industry restructuring, adoption of new technologies etc.? Timescale – is the material impact short-term (i.e. while the pandemic lasts?) or longer-term (over the coming years, possibly as a result of knock-on effects and a downturn in the economy?) What changes, if any, were necessary to the process or methodology (it's possible, for example, that your materiality exercise was delayed, or its scope was extended to take account of the new situation)
	<p>Additional note: for some companies, it may make sense to conduct a second materiality exercise, covering Covid-19 only; this would allow companies to compare impacts, and provide better context for their response to the pandemic.</p>		<p>wearekoan.com 13</p>

Reporting content: what readers will expect to see (continued)

<p>Governance</p> 	<p>Decision making</p> <ul style="list-style-type: none"> How decisions were taken relating to the virus (how often was the issue discussed at Board level? On what basis were decisions made? How did checks and balances perform during this period? What external or expert advice was taken? How were trade-offs determined?) How were these decisions implemented – where possible, make the link between management /Board decisions and internal processes (including legal, risk management, communications etc.) How the Board /company operated through the crisis (Board meetings by video-conference, for example) 	<p>Stakeholder engagement</p> 	<p>Stakeholder engagement</p> <ul style="list-style-type: none"> Details of engagement during the crisis – this includes communications (to employees, customers and other stakeholders) and engagement on specific issues (for example, on seeking scientific /medical advice or government support to implement new economic measures) Practicalities of this engagement – i.e. how was the engagement conducted? Was it part of a broader approach? What decisions were taken? Has engagement on other topics continued – or has it been suspended because of the virus, if so, what has the impact been? Multilateral initiatives – what information on Covid-19 have you shared with peers /other stakeholders directly or through international platforms (WEF, WBCSD etc.)? How has this helped you tackle the virus? Whether new engagement has been planned to address issues arising from the pandemic (for example, with trade unions to discuss support for workers losing income – this may also include stakeholders not engaged before) How this new engagement (if applicable) will feed into the company's overall strategy, business or performance.
<p>Risk management</p> 	<p>Risk management</p> <ul style="list-style-type: none"> To what extent this risk (of a significant pandemic) was included in previous models /scenarios /catastrophe or business continuity planning Whether the reality of the virus exceeded these models or scenarios (including how and why) How Covid-19 compares (in terms of likelihood and potential impact) with other pre-existing financial, social and environmental risks What the knock-on effect is on other risks (in other words, does Covid-19 mean higher risks in other areas – through shifts in economic demand, for example, consumption patterns or labour shortages?) How risk decisions were taken during the outbreak (including the involvement of senior management) Whether changes are planned to risk management processes, scenarios /modelling, continuity planning etc. as a result of Covid-19 What measures were taken (or are planned) to mitigate or eliminate risks from Covid-19 (this should include details of measures taken, current progress, goals and objectives). <p>Leadership</p> <ul style="list-style-type: none"> What the company's vision is as it emerges from Covid-19 (its direction, priorities – what will it look like in two-three years' time?). This should be linked closely to the company's strategy, purpose and value creation. <p>Recommended approach</p> <ul style="list-style-type: none"> Use clear, precise language Set out vision and priorities, be forward-looking as far as possible Relate what's happening at your company to the wider crisis – and to your role in society Be honest about the risks and challenges 	<p>Scope and process</p> 	<p>Scope and process</p> <ul style="list-style-type: none"> Go beyond your own business to: <ul style="list-style-type: none"> a) take into account impacts on your wider supply or value chain (suppliers, intermediaries, distribution networks etc.) b) to reflect the global nature of the Covid-19 outbreak, covering: <ul style="list-style-type: none"> How these partners /stakeholders were affected by the virus – and what effect that had on your company's business and performance What measures have been taken to mitigate these impacts (both during the pandemic and to address longer-term structural changes) Explain clearly limitations in reporting across the value chain (from a lack of data, for example, or access to information) What changes were made (or are planned) to your reporting process as a result of Covid-19 – this may include increasing those involved internally, changes to audit or assurance, as well as extending scope)



Aviation industry | page 16



Retail banking | page 18



Food retail | page 20

Covid-19 toolkit for reporters | Practical examples

Practical example: Airline industry

Stakeholder	Principal impacts
 Customers Passengers, holidaymakers, business travellers etc.	<ul style="list-style-type: none"> • Cancellation or rescheduling of flights /bookings • Refunds for customers unable to travel • Need for emergency repatriation flights • Closure (or partial closure) of airports and /or public transport links • Additional need for online updates and information • Slow restart of travel market because of new reluctance to travel
 Employees Pilots, air and ground crews, sales & administration staff, trade unions and other employee representative groups	<ul style="list-style-type: none"> • Key personnel falling sick (possibly creating intermittent labour /skills shortages) • Increased job insecurity (including redundancies, furloughs) • Demand for remote working (for sales /administration staff able to work from home) • Employees unable to return to work after pandemic because of ongoing health concerns
 Investors Shareholders, bondholders and other creditors	<ul style="list-style-type: none"> • Impact on company's financial performance • Cost of measures introduced to tackle Covid-19 • Perceived increased sector risk (relating to possible future pandemics) • Sharp decline in share price • Suspension of dividend payments to shareholders • Publication of financial results postponed
 Governments & regulators Civil aviation authorities, national and regional governments	<ul style="list-style-type: none"> • Travel restrictions imposed at airports and border-crossing points • Financial assistance from government (for both company and its employees) • Benefits from tax deferrals and reductions • New guidelines issued by civil aviation authorities related to managing Covid-19 crisis
 Business partners Suppliers (aviation fuel, spare parts etc.), online booking sites, travel agents, airport authorities, peers, contractors	<ul style="list-style-type: none"> • Delays or cancellations in maintenance /aircraft purchases (because of lack of staff or for economic reasons) • Temporary shutdown of suppliers or other contractors • Spot shortages of key inputs (fuel, spare parts)
 Civil society Local communities (near airports and other operation sites), media, general public	<ul style="list-style-type: none"> • Temporary reduction in carbon emissions /pollution due to flight cancellations • Need for equipment /expertise that airlines may have (e.g. staff with medical training /emergency flights and evacuations) • Impact on reputation (particularly, if there is perceived mishandling of the crisis) • Knock-on effect of job losses or closures on local communities and businesses



The global aviation industry has been hard hit by Covid-19. Travel restrictions have forced mass cancellation of flights. That has lead to airport closures and significant loss of revenue for airlines. Many are now seeking assistance from governments.



\$314 billion*

Worldwide, the aviation sector has lost more than a quarter of a trillion US dollars in revenue as a result of Covid-19

Practical example: Airline industry (continued)

Reporting approach



Operating environment

Changes to markets, products or services, competition, or patterns of supply and demand.

- Include Covid-19 in description of company's operating environment (high-level overview focusing on most material impacts: in this case, travel restrictions, closure of airports, mass cancellation of flights, need for airlines to protect crew and other staff; longer-term impacts: changes to competition because of airline closures / downsizing, changes in customer behaviour, including prolonged reluctance to travel)
- Consider stand-alone materiality exercise to identify most material impacts from Covid-19 alone (ideally, in addition to more conventional exercise showing Covid-19 alongside other impacts such as pollution, climate change, regulation, use of new digital technologies etc.)

Strategy

Company's approach to tackling the consequences of Covid-19 - and how this fits with its broader business strategy.

- Description of measures taken in response to pandemic and its effects (e.g. grounding of aircraft, refunds for customers, request for financial assistance)
- Impact on current strategy (projects and initiatives put on hold or cancelled, targets missed or abandoned)
- Introduction of new or adjusted strategy, if applicable (new objectives, projects, targets etc.)

Performance

Company's performance in addressing Covid-19, the impact of the virus on stakeholders and its effect on the company's financial, social and environmental results.

- Description of value lost (either by capital or stakeholder group) – e.g. loss of value through cancelled flights, poorer financial performance, redundancies, cancelled orders for spare parts, new aircraft etc.)
- Description of value 'created' (often where measures taken helped minimise negative impacts) – e.g. jobs saved, refunds paid to customers, emergency flights made or staff made available to support healthcare)
- Performance indicators – introduce new KPIs where useful (these may be temporary, but should give an idea of value lost or created) – e.g. number of flights cancelled, amounts refunded to customers, increased use of online booking platforms.

Risk management

Impact of Covid-19 on company's risk profile, and measures taken to mitigate this risk.

- Include assessment of current risk management approach (i.e. was pandemic risk identified in current modelling /scenario planning? how successful was the airline in mitigating /eliminating identified risks during outbreak?)
- Summary of any (planned) changes to management approach (e.g. strengthened modelling, awareness campaigns, communications etc. /expected impact of these changes /changes to ticketing or booking)

Outlook

Outlook for company's markets, products, performance, strategy and impact on customers and other stakeholders.

Latest outlook for:

- Air travel market in wake of Covid-19 (demand, passenger numbers, changes in customer behaviour, difficulties in restarting certain services, changes in competition)
- Company performance (financial results, future debt repayments, longer-term impacts on company operations, ability to serve markets and destinations or source necessary skills)
- Possible future changes in regulation governing airline industry, transport or movement of people (which may have an effect on the company's business or performance)

Include sources (e.g. internal modelling /external research) and limitations (where there is a lack of visibility on, for example, economic or market conditions).



Figures from 15th April, 2020
Source: cirium.com

Practical example: Retail banking

Stakeholders	Principal impacts
 Customers Bank account holders, savers and small businesses	<ul style="list-style-type: none"> Temporary closure of branches Personal projects postponed or cancelled (including home purchases) Loss of job or source of income and Increased risk of credit default or bankruptcy Reduced access to financing in certain areas Need for increased access to online or mobile banking
 Employees Full-time and part-time employees, trade unions and other employee representative groups, sub-contractors	<ul style="list-style-type: none"> Personal risk of contamination /illness Increased job insecurity or possible job losses Need to work remotely /from home Need for new organisational structure and established routines to maintain productivity (while staff are working from home) Reduced access to training and development for staff
 Investors Shareholders, bondholders and other creditors	<ul style="list-style-type: none"> Impact from decline in bank's financial performance (from economic downturn, market decline, loss of revenue, increased impairments etc.) Decrease in bank's share price Increased financial market volatility Suspension of dividend payments Delay to publication of financial results
 Governments & regulators Financial market and industry regulators	<ul style="list-style-type: none"> Financial assistance provided to both bank and clients Increased official intervention in financial markets (particularly through lower interest rates and quantitative easing) Possible future changes to regulation (including capital requirements)
 Business partners Brokers and other intermediaries, external consultants, auditors, joint venture partners and suppliers of goods and other services	<ul style="list-style-type: none"> Financial losses /fall-off in demand from downturn in economic activity Projects or initiatives put on hold or cancelled Decrease in bank's investment in joint ventures Increased communications difficulties with brokers and other distributors
 Civil society Local communities, NGOs and charities, public institutions, public opinion and the media	<ul style="list-style-type: none"> Loss of access to banking services and credit Diversion of bank's resources away from social and /or environmental initiatives



Even before Covid-19, European banks were under pressure. The pandemic has brought a dramatic slowdown in business, financial market volatility - and further cuts to already historically-low interest rates.

Practical example: Retail banking (continued)



Reporting approach

Operating environment

Changes to markets, products or services, competition, or patterns of supply and demand.

- Include Covid-19 in description of bank's operating environment (high-level overview focusing on most material impacts: effect of economic shutdown, increased credit risk, lower interest rates, financial market volatility, increased demand for online /mobile banking etc.; longer-term impact: possible new regulations, changes to certain financial products because of underperformance in current market environment, increased emphasis on data privacy and access to services online)

Strategy

Company's approach to tackling the consequences of Covid-19 - and how this fits with its broader business strategy.

- Description of measures taken in response to pandemic and its effects (e.g. closure of branches, provision of financial assistance to individuals and SMEs to help support economy and protect jobs; strengthening of customer service)
- Impact on current strategy (including targets missed, projects put on hold) and introduction of new or adjusted strategy, if applicable (including new objectives, targets etc.)

Performance

Company's performance in addressing Covid-19, the impact of the virus on stakeholders and its effect on the company's financial, social and environmental results.

- Description of value lost (either by capital or stakeholder

group) – e.g. loss of value through share price decrease, unpaid dividends, delays to customer projects – expanding business operations or buying new homes etc.)

- Description of value 'created' (often where measures taken have helped minimise negative impact) – e.g. jobs saved, increase in access to online /mobile banking, credit and cash flow support made available to individuals and small businesses.
- Performance indicators – introduce new KPIs where relevant (these may be temporary, but should give an idea of value lost or created) – e.g. number of clients receiving emergency support during pandemic, jobs retained, increased use of internet banking services)

Risk management

Impact of Covid-19 on company's risk profile, and measures taken to mitigate this risk.

- Include assessment of current risk management approach (i.e. was pandemic risk identified by current modelling /scenario planning? how successful was bank in mitigating /eliminating identified risks during outbreak?)
- Summary of any (planned) changes to risk management approach (e.g. increased modelling, further mitigation measures, new investment)

Note: Risk management section should apply to both the bank itself and to various economic sectors (those where the bank has most exposure and /or that are most vulnerable to similar pandemics)

Outlook

Outlook for company's markets, products, performance, strategy and impact on customers and other stakeholders.

Latest outlook for:

- Financial markets in wake of Covid-19 (both equity / fixed income markets, prospect for increased volatility, property & real estate markets, credit demand, attitude of regulators)
- Bank's own performance (profitability, revenue, prospect for resumption of dividend payments, capital position)

Include both sources (e.g. internal modelling /external research) and limitations (where there is a lack of visibility on, for example, economic or market conditions).

Practical example: Food retail

Stakeholder	Principal impacts
 Customers Shoppers (also bars, restaurants, hotels, public institutions)	<ul style="list-style-type: none"> Significant increase in grocery sales during coronavirus period Temporary shortages of certain goods and produce (effects of panic buying) Increase in online orders Closure of bars, hotels, and restaurants Restrictions on personal movement /lack of available transport to get to shops Danger of 'price gouging' with products in high demand
 Employees Full-time and part-time employees, casual staff, trade unions or other employee representative groups	<ul style="list-style-type: none"> Risk of contamination and illness (among those working in shops, on site) Periodic shortages of labour disrupting deliveries, shop openings Possible job losses Reduced access to training and development Payments in overtime Increased need for remote working (for sales and administration)
 Investors Shareholders, bondholders and other creditors	<ul style="list-style-type: none"> Impact on company's financial performance (particularly from temporary increase in sales, restrictions on personal movement etc.) Delay in publication of financial results Short-term volatility in share price (longer term implications from economic slowdown or recession) Need to ensure business' continued access to cash
 Governments & regulators Local and national government, competition & market authorities, other standard-setters (food and product safety standards etc.)	<ul style="list-style-type: none"> Financial assistance available from government to support economy and jobs Restrictions on personal movement, potentially limiting access to shops Possible changes in regulations, tax and financial reporting rules New understanding of what constitutes 'essential workers'
 Business partners Suppliers of food and other goods, delivery companies and hauliers, warehousing and storage companies, external consultants, other actors in broader supply chain (farmers, agricultural, manufacturers)	<ul style="list-style-type: none"> Delays to payments and /or deliveries of goods or products Financial difficulties as a result of pandemic Production stoppages /interruptions Shortage of cash within supply chain
 Civil society Local communities, public institutions, NGOs and charities, pressure groups (particularly those associated with supermarket supply chains)	<ul style="list-style-type: none"> Loss of income for farmers and growers as part of supply chain (including impact on local communities) Need to give priority to vulnerable groups (over-70s, those with pre-existing conditions) Shortages of vital resources that could be provided by supermarkets



Supermarkets have remained open during the pandemic; to do so, they've faced challenges managing supply chains and keeping their staff and customers safe. Demand patterns have also changed, with more sold online and some products in short supply.

Practical example: Food retail (continued)

Reporting approach

Operating environment

Changes to markets, products or services, competition, or patterns of supply and demand.

- Include Covid-19 in description of operating environment (high-level overview focusing on most material impacts: increase in online orders, shortages of certain product lines, effect of panic buying in some locations, restrictions on personal movement and access to shops).

Strategy

Company's approach to tackling the consequences of Covid-19 - and how this fits with its broader business strategy.

- Description of measures taken in response to pandemic and its effects – e.g. changes to logistics to minimise shortages, protecting staff from infection, activating direct communication channels with customers, ensuring vulnerable groups have access to basic necessities)
- Impact on current strategy (including projects put on hold or cancelled, goals /objectives missed or recalibrated)
- Introduction of new or adjusted strategy, if applicable (including new goals /objectives, financial /non-financial targets)

Performance

Company's performance in addressing Covid-19, the impact of the virus on stakeholders and its effect on the company's financial, social and environmental results.

- Description of value lost (either by capital or stakeholder group) – e.g. loss of value through decrease in share

price /suspension of dividend payments, delays in projects or initiatives, effect of restrictions on movement and shop access)

- Description of value created (often where measures successfully minimised negative impact) – e.g. shops kept open, jobs saved, support for vulnerable groups
- Performance indicators – introduce new KPIs where relevant (these may be temporary, but should give an idea of value lost or created) – e.g. % availability of basic necessities during crisis, delays to deliveries, staff days free of infection

Risk management

Impact of Covid-19 on company's risk profile, and measures taken to mitigate this risk.

- Include assessment of current risk management approach (i.e. was pandemic risk identified by current modelling /scenario planning? how successful was company in mitigating /eliminating identified risks during outbreak?)
- Summary of planned changes to risk management approach /business continuity as a result of pandemic (e.g. stronger modelling, increased staff testing, strengthening of supply chain)

Risk management section should apply to both the supermarket and, where possible, to the broader supply chain (farmers, growers, distributors etc), focusing on those areas with most exposure to future pandemics.

Outlook

Outlook for company's markets, products, performance, strategy and impact on customers and other stakeholders.

Latest outlook for:

- Food retail market (impact of economic downturn, impact on retail spending, changing consumer behaviour following pandemic)
- Company performance (financial results, dividends, revenues, online demand, labour costs)

Include both sources (e.g. internal modelling /external research) and limitations (where there is a lack of visibility on, for example, economic or market conditions).



\$ 13 billion

Amount spent on groceries in the UK in the 4-weeks up to 22nd March 2020

Source: qz.com

About Kōan

About

Kōan Group specialises in corporate reporting. We have written award-winning reports and have customers across Europe – in everything from financial services to engineering and retail. We work with companies on:

- Integrated and sustainability reporting
- Climate reporting
- Reporting against the UN Sustainable Development Goals
- Materiality and stakeholder engagement

For more information, see our website (www.wearekoan.com) or get in touch with us directly at: +44 (0) 203 289 5800 or info@wearekoan.com.

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Covid-19 toolkit for reporters | Appendix

Suggested performance indicators by stakeholder group

Stakeholder	Suggested indicators	Stakeholder	Suggested indicators
Employees	<ul style="list-style-type: none"> Number of employees: <ul style="list-style-type: none"> Returning to work as normal following pandemic Benefiting from financial assistance (from both government /employer) Receiving additional help with healthcare or access to basic necessities Made redundant or furloughed during the crisis Working remotely (or able to work remotely because of company assistance) Continuing to work on site during pandemic Amount <ul style="list-style-type: none"> Invested in additional health measures /awareness campaigns etc. Spent on health training because of pandemic (increase in H&S budget) Paid to staff in salaries and benefits during crisis (including comparison with 'normal' period) Loss of productivity attributable to the pandemic Labour market metrics (average cost /length of time for recruitment, number of applicants for each position) Impact on employee engagement (as reflection of company's internal handling of crisis) 	Governments and regulators	<ul style="list-style-type: none"> Total financial assistance received from government (including breakdown by purpose and terms of repayment, where applicable) Expected impact on tax payments (including effective tax rate and by country of operation) Number of company's employees supported by government measures (both financial and health-related) Production capacity switched to other uses related to the pandemic (e.g. manufacture of ventilators, masks etc. or accommodation for health workers)
Customers	<ul style="list-style-type: none"> Company's loss of production during shutdown Availability of goods and services (% compared with 'normal' period) Number of: <ul style="list-style-type: none"> Shops, outlets, factories, offices, plants closed (and period of closure) Orders, bookings, flights postponed or cancelled Customers affected by suspensions of products /services during crisis, or granted 'holidays' on (re) payments (including mortgages, rent, utility bills etc.) Projects or initiatives cancelled or postponed (with likely impact on customers) Increase in online sales /bookings during pandemic Online /mobile service availability (% of time online services available during crisis) Number /significance of data breaches, cyberattacks Customer complaints during pandemic (including breakdown by cause of complaint) Impact on customer loyalty /satisfaction (as reflection of company's external handling of crisis) 	Business partners	<ul style="list-style-type: none"> Delays in deliveries to customers and /or in deliveries of raw materials and other inputs Costs relating to: <ul style="list-style-type: none"> Possible disruptions in supply chains and distribution networks Measures taken to support suppliers, intermediaries and other business partners (both financial and health-related) Payments made to suppliers during crisis (including comparison with 'normal' period) Number /value of contracts cancelled or put on hold as a result of the pandemic (including their value)
Investors	<ul style="list-style-type: none"> Impact of Covid-19 on financial results (including loss of or increase in revenue, debt, return-on-equity, impairments, as well as effect on costs, including tax, salaries & benefits, payments to suppliers, intermediaries and other business partners etc.) Financial impact of government measures (tax deferred or otherwise unpaid, financial support received etc.) Deferred payments to investors because of the pandemic (including dividends and interest payments to creditors and other bondholders) Changes in credit ratings (where applicable) Share price performance Total cost of company's Covid-19 support measures (additional healthcare, outreach to employees, increased use of technologies etc.) 	Civil society	<ul style="list-style-type: none"> Amounts donated to community groups, NGOs or charities to support fight against Covid-19 (in-kind, financial) Number of employees volunteering to provide time, resources or expertise (hours, value of time) Number of significant public events postponed or cancelled (where there is an impact on company's business, strategy or performance) Amount spent on additional research & development (related to the pandemic) Impact on pre-existing social programmes (number postponed or cancelled, additional donations where relevant) Impact of shutdowns on environmental performance (levels of pollution, carbon emissions etc.)

Abbreviations used in this toolkit

Abbreviation	Meaning
B2B /B2C	Business to business /business to customer
CSR	Corporate Social Responsibility
H&S	Health & Safety
IR	Integrated Reporting /Investor Relations
IIRC	International Integrated Reporting Council
KPI	Key Performance Indicator
NGO	Non-Governmental Organisation
WBCSD	World Business Council for Sustainable Development
WEF	World Economic Forum
WHO	World Health Organisation