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Disclosure of overlapping risks between financial disclosure and non-financial reporting: analysis of overlapping risks in audited reports

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ABSTRACT

The demand for information by stakeholders has led to rise in the financial and non-financial disclosures. This study focused on the niche of overlapping risks between financial disclosure and non-financial reporting. The study sought to find out the extent to which these risks appear in financial statements and non-financial reporting. The study focused on Emirates NBD and used a mixed method approach, focusing mostly on case study, content analysis in qualitative aspect as well as Python to quantify the results. The study revealed an interesting mix of results. Five overlapping risks were found which are regulatory, reputation, cybersecurity, human capital and climate risk. Results showed that for the most part risks were disclosed more in the non-financial reporting compared to the financial disclosures with a glaring disparity on consistency levels. Regulatory risks showed excellent consistency of 4.7 out of 5 reflected in the ratio of 124:117 for the ESG and financial statement respectively. The financial recognition revealed that all the risks were disclosed through impairments. The financial recognition gap analysis showed major gaps on climate risk and human capital which reflected low integration and potential for greenwashing tendencies in terms of the connectivity analysis climate risk and regulatory risk were found to be the most connected which revealed integrated risk understanding. Siloed thinking was reflected in the lack of connection between cybersecurity and reputation. Overall, the company showed a forward looking and balanced future focus. The study was limited in terms of generalization as it particularly focused on one company. Future studies are recommended to widen their sample size as well as evaluate overlapping disclosures in a longitudinal way.

Keywords: Overlapping, risks, financial disclosure, non-financial reporting, audited reports

1 INTRODUCTION

One of the most important aspects at the core of accounting is disclosure of information. Stakeholders need thorough information to make informed decisions. This information is contained in the financial statements of companies where disclosures are made on financial information as well as non-financial information. [1] pointed out that there is no universal definition of non-financial information as different stakeholders view it from different perspectives; but they acknowledged that put simply it refers to that information outside what is required to be reported according to accounting standards. Financial disclosure refers to the information in financial statements that is required by the accounting standards to be reported to the stakeholders regarding the company's financial performance within a certain time period. Financial reports have failed to meet the demand for information from stakeholders, hence the growth in non-financial reporting [2].

However, in accounting there is a notable gap between the information required and that which is actually there as a result of such factors like failure to report risks and uncertainties. The dynamic global and business landscape has necessitated the need for increased transparency in accounting. [3] also pointed out that disclosure requirements had increased in the past few years. The rise in scandals and financial crisis has seen the need to inform stakeholders comprehensively about not only financial reporting but also non-financial information that can impact their interests in the companies. These activities particularly financial crises, have been linked to lack of adequate information on risk. These days, sustainability issues are being taken seriously which underscores the importance of non-financial disclosures.

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According to [4], stakeholders now look closely into companies' non-financial activities like environmental behaviour and performance as well as social behaviour. On the other hand, there have been growing regulations that also focus on environmental performance, social responsibility, and human rights and so on. This has led to certain directives and legal frameworks like the European Union Directive 2014/95/EU that was initiated to enhance transparency among member nations in a bid to enhance transparency and consistency in disclosure of non-financial information [5]. The regulation governs disclosures of such things like Corporate Social Responsibility (CSR), Sustainability practices, Environmental and Social disclosures among others [6]

Sustainability issues and the reporting of it has become essential [7]. The accounting standards have also embraced the need for sustainability disclosures which saw the emergence of the SASB standards which are specifically aimed at sustainability reporting. A major development enhance transparency … to enhance transparency from the SASB was the release of IFRS S1 and IFRS S2, which are standards for sustainability and climate disclosures respectively. As of August 2022, the International Sustainability Standards Board (ISSB) is now responsible for the SASB standards. This growing pressure has increased the need for non-financial disclosures and need for transparency on that front. [8] explained that the increase in voluntary accounts by companies is aimed at increasing stakeholder trust as well as identification of any sustainability risks.

1.1 STATEMENT OF THE PROBLEM

In the process of increasing disclosures, there ends up being overlapping of risks. This is because there are factors that affect the company from multiple perspectives, such as financial and non-financial aspects. Disclosure ends up being necessary from both these perspectives leading to the double materiality concept where the risk appears in financial and non-financial disclosures. This development also led to the conception of new standards like the Corporate Sustainability Reporting Directive (CSRD) and the Global Reporting Initiative (Dragomir et al, 2024). Even though there are increased disclosures, the overlapping risks also end up being problematic. Most studies on disclosures focused on each disclosure in isolation rather than exploring the overlapping risks in detail. This study seeks to fill that gap in the literature and provide a comprehensive analysis of the reporting of overlapping risks in the audited financial statements of Emirates NBD.

1.2 SIGNIFICANCE OF THE STUDY

It is against this background that this research delves into the overlapping risks between financial disclosures and non-financial reporting. The researcher will thus analyse these risks in the context of implications of these overlaps on transparency and decision making. The study has importance for the companies, auditors as well as general stakeholders. For companies, the results of the study can highlight complications that may arise in reporting and the implications on their preparedness if a risk is not adequately prepared addressed or managed. The results are also important to investors as they need a good picture of a company's risk profile for their decision making. The study is important to the contribution of literature regarding double materiality which has been a subject of interest lately. It will also be a foundation for further studies of the same nature. In addition, the study seeks to bridge the gap in literature by providing this information in the emerging markets.

1.3 OBJECTIVES

The main objective of the study is to analyse the overlapping risks between financial versus non-financial reporting. In support of this objective the following objectives are identified:

1. To determine the nature of overlapping risks in financial disclosures and in non-financial reporting.
2. To determine the level and quality of reporting of overlapping risks at Emirates NBD.
3. To determine connectivity if any, between the overlapping risks.

2 LITERATURE REVIEW

2.1 EVOLUTION

Disclosures in accounting are concerned with providing information. Financial statements have been used for the purpose of disclosure of financial information to enable stakeholders to make informed decisions. Disclosures can be in two forms those which are mandated to be disclosed by regulations and voluntary disclosures which a company chooses to disclose outside of the regulations. As a primary source of information, traditionally, financial statements used to only reveal the financial disclosures of financial risk that affected the firm and its shareholders whilst non-financial risk pertaining to social and environmental risk was overlooked [9]. However, growth in demand for information, rise in sustainability issues led to stakeholders also holding companies accountable regarding their responsibility in these areas. According to [10], risk disclosures are mainly qualitative and inadequate as most companies focus on financial risk.

When issues of sustainability began to gain ground, most companies disclosed them on a voluntary basis. However, this is limiting as companies disclose that which benefits them rather than paint them in bad light. [11] highlighted that the focus has shifted from disclosing as an option to how it should be done which has also created competition amongst reporting authorities. Initially, there were no specific regulations that were actually binding in terms of non-financial reporting. Recent developments have seen the Global Reporting Initiative (GRI) developing guidelines to help companies disclose non-financial information. In addition, the legal and binding EU Directive of 2014 was also developed to ensure companies in the Union disclosed non-financial information. The Directive requires that any large, publicly listed company with at least 500 employees disclose non-financial information relating to board diversity, social, environmental, human rights and anti-corruption issues. However, the directive has been criticized for lacking more details in terms of rules and standards to follow [11]. According to [12], this regulation has issues in that there is no provision of a guiding framework to go about the disclosure.

2.2 THEORETICAL FRAMEWORK

2.2.1 STAKEHOLDER THEORY

The stakeholder theory posits that stakeholder engagement is vital to the growth and being a going concern of a company. Stakeholders are interested in vital information about the company which also covers non-financial information. They are interested in knowing the effect of the company's activities that could impact their investment. Risk disclosures are valued by investors [12] for decision making. The stakeholder theory also highlights the power that some stakeholders have explaining that some can be more influential than others and those that have higher influence are more likely to have their needs met and satisfied. Stakeholders that are interested in environmental and social issued would be much interested in disclosures of that nature and how it can also impact their investments. A multi-stakeholder approach can help drive organizational performance [12]. The non-financial disclosures are thus a way of the company aligning with stakeholder needs and expectations. This also necessitates dialogue between the company and the stakeholders and according to the GRI, stakeholder engagement should be reported on to highlight the frequency, approach and diversity of the stakeholder engagement [12]. These issues are not only important to the stakeholders, but to the company as well as this can foster positive brand image and attitude.

2.2.2 THE LEGITIMACY THEORY

The legitimacy theory highlights that the company's actions are perceived within a specific social construct within the values and beliefs of the society [13]. A gap between the company's actions and the social values constitutes a threat to the company's legitimacy. Disclosures are therefore a way of actually enhancing the company's legitimacy. [14] pointed out that the theory highlights that it is actually companies that have poor sustainability performance that disclose their non-financial reporting more, as they seek to be perceived in a much positive light. Thus, when they are regarded positively by society, they can exist longer. Companies therefore use sustainability and environmental actions to legitimize themselves to their stakeholders [15]. A study by [16] found the legitimacy theory to be valid with results that indicated a positive relationship between the company's reputation and its non-financial reporting.

2.2.3 ECONOMICS BASED THEORY

The Economics based theory explained that companies will voluntarily disclose information for as long as the benefits of the disclosure outweigh the costs. Some of the benefits of voluntary disclosures include reduced cost of capital [16], lower information asymmetry and estimation risk [17]. However, [18] also pointed out that these disclosures can also be costly if sensitive company information is revealed like those related to competitive advantage and litigation risk. This was also echoed by [19] who pointed out that some companies do not sufficiently report CSR, they can do so partially if it is negative.

2.2.4 THE SIGNALING THEORY

The Signaling theory highlights that the one party discloses information to another and by so doing shows a positive side. In that vein, a company's disclosure is a way of signaling to stakeholders about how good the company is. The Signaling Theory explained that non-financial disclosures like ESG can improve the reputation of the company which in turn enhances stakeholder relationships. As a result, transaction costs and conflicts are greatly reduced [20]. According to [21] disclosures can also help firms better predict about risks and opportunities as they would have been able to assess the effect the social and environmental issues have.

2.3 EMPIRICAL LITERATURE

[22] conducted a study assessing the risk information that is found in non-disclosure based on companies on the Warsaw Stock Exchange in Poland. Content and Comparative analyses were conducted. The results revealed that companies that disclosed risks in non-financial disclosures were only focusing on social risk. Those that focused on environmental issues and social risk were giving a balanced approach on the risk implications. The scholars concluded that the type and standards of non-financial disclosures affect the information about risk.

[23] conducted a study that focused on risk disclosures in non-financial reporting in Poland. Annual reports were used to glean the information and the results showed that only 63% of the analyzed companies in the energy sector disclosed

their risk information. The regulations regarding non-financial reporting were also optional such that they provided soft solutions and freedom in risk disclosures. The scholars recommended a more integrated and enforceable approach to enhance disclosures of non-financial information.

[24] explored disclosure dynamics and non-financial reporting in Romania listed companies. The study employed content analysis, examining the listed companies for a three-year period from 2017 to 2019. The paper highlighted the impact of the EU Directive and examined whether the directive was being implemented and its impact. The results revealed a slow progress in Romanian companies non-financial reporting after the issue of the directive.

[25] studied a different angle of evaluating the disclosure of climate risks in voluntary and mandatory capacity, investigating any quality changes in Spanish companies. The study employed Natural Language Processing and artificial intelligence in analyzing the data. The results of the study revealed increased commitment towards disclosures in terms of specificity and risk related texts.

[26] focused their study on risk disclosures on South African reports for five banks. The study was a qualitative one and employed content analysis exploring different disclosures of key risks and opportunities. The results indicated different levels of disclosures with three banks fully disclosing whilst two only partially disclosed their risks and opportunities.

3 METHODOLOGY

3.1 RESEARCH DESIGN AND APPROACH

The study employed qualitative data and therefore adopted the case study design and mixed approach to the study. The study was based on content analysis which is qualitative in nature and allowed for analysis of the data presented in the various reports under study. A quantitative approach was also employed to analyze the data in Python. Therefore, a mixed approach was used even though it was largely on the qualitative side. Triangulation enables cross validation of findings to provide a more robust study. At the same time, the methods used ensure that replication can be done.

3.2 POPULATION AND SAMPLE

The study was more focused on the emerging markets. However, since it is a qualitative study that would require much analysis, the researcher chose a sample of one company Emirates NBD. Purposive sampling was used to select the company for the study which aligned more with the requirements of the study. This company was selected based on the fact that it is one of the largest banks in the Middle Eastern and MENA region and is a government bank. Therefore, it is already in the limelight and such companies are always under scrutiny regarding their reporting. In addition, it also the caliber of company that can influence reporting practices in the region. Another reason the company was chosen was its transparency in reporting, where the required data was presented in the separate financial statements, therefore the data was easily accessible as well as in English. As one of the leading banks in the region, they would also likely have better non-financial reporting compared to other companies. Emirates NBD was also chosen as it is one of the pioneers of sustainability reporting in the region, providing a balance between traditional or Islamic banking and sustainability issues.

3.3 DATA COLLECTION

The study employed secondary data in the form of annual reports, ESG statement and financial statements of Emirates NBD. The data was publicly available on the Emirates NBD website and available for free download without need for prior permission. Secondary data has the advantage of being readily available and convenient and for this study where the researcher needed already audited reports, it was suitable for the study.

3.4 ANALYSIS

The researcher employed qualitative method of data analysis with the use of data mining using Python. Key words regarding the disclosure risks were sought in all of the documents as well as coding the results (Table 1). Such a method provides a rigorous search that ensures more accurate results. In terms of data mining, Natural Language Processing (NLP) techniques were used in the form of basic text processing and basic NLP analytics. In terms of basic text processing, text extraction was used for conversion of pdf documents to readable form; tokenization for keyword matching; case normalization and pattern matching for flagging case-insensitive searches and finding keywords respectively and frequency counting was for frequency analysis. Simple sentiment was employed for classification of keywords in terms of historical and future. In addition, concordance analysis was used for the extraction of context around keywords. Python dictionaries were used in terms of risk keywords through risk category mapping, where the risks were divided into climatic risk and cybersecurity and their respective keywords. They were also used for financial mapping coming up with the financial keywords and company configurations where the company keywords were employed. Results were then presented in tabular form for easy reading. Different analysis like gap analysis, connectivity analysis, and orientation analysis were used to provide an in-depth understanding of the overlapping disclosures.

Table 1 Keywords and dictionaries

Terms	Keywords
Financial recognition	Provision, liability, formal obligation, future liability recognition, impairment
Historical outlook	Implemented, achieved, historical, previous years, last year, completed, were, achieved, realized, in 2023, delivered, accomplished
Future Outlook	Goal, next year, coming years, future, aim, by 2030, target, will, ambition, strategy, commit to, plan to, roadmap
Climate risk	Net zero, climate, emissions, climate, environmental, carbon
Human Capital	Human capital, diversity, inclusion, employee, workforce, turnover
Cybersecurity	Security, breach, data privacy, breach, cyber, data security, digital risk, information security
Regulatory	Regulatory, legal, governance, compliance
Supply chain	Logistics, vendor, supply chain, procurement
Reputation	Trust, public perception, brand, reputation, stakeholder,

3.4.1 CODING RULES

The study employed two forms of coding rules which are the keyword-based and the framework-based coding. In terms of keyword-based coding, keywords were defined for each risk category (see Table 1 above). Exact word matching was used to ensure that the words were exactly what they were supposed to be and not partially correct. The presence of a risk keyword in the document, meant the risk was present. In terms of the framework-based coding, the coding was done based on connectivity, consistency and comprehensiveness. In terms of consistency, risk was measured to determine level of severity, comparing how often the risk was mentioned in both documents. Low consistency score ranged from 0 to 1, moderate scores from 2-3 and high scores from 4-5. Low consistency scores revealed that the risk was mentioned in one report but not the other or mentioned in a totally different context. The moderate consistency highlighted the risk being mentioned in both documents but in different context or notable frequency differences. High consistency scores showed risk being mention in both reports in a similar way in terms of context and frequency.

Connectivity highlighted the extent to which reports referenced each other. Connectivity scores were measured ranging from 0-1, 2-3 and 4-5 for low, moderate and high connectivity respectively. The higher the score, the more explicit the referencing and usage of same data points. Lastly, the comprehensiveness showed the audit gap, that is whether risks in the ESG reports were formally recognized in the financial statements. The scores likewise, ranged from 0-1, 2-3 and 4-5 with high scores showing high comprehensiveness. Low comprehensiveness showed risk not being mentioned in the financial statements whilst moderate highlighted mentions in the financial statements but without formal recognition.

As it is important to determine reliability and validity of coding strategies, the researcher employed certain measures. The use of predefined dictionaries and clear classification reduced ambiguity and provided a method for objective interpretation. Consistency was also assured as a result of using automated matching patterns whilst the use of rules-based scoring also minimized bias and poor judgement. The use of triangulation helped ensure validity as multiple dimensions were analyzed thus validating findings.

4 ANALYSIS

Table 2. Overlapping risks

	Risk Found	Overlap
1.	Regulatory	Yes
2.	Climate risk	Yes
3.	Human Capital	Yes
4.	Reputation	Yes
5.	Cybersecurity	Yes
6.	Supply Chain	No

Table 2 above highlights the risks found in the audited reports. The results revealed that six risks were found which are regulatory, climate, human capital, reputation, cybersecurity and supply chain. However, of these six only the first five were overlapping risks.

Table 3. **Automated Risk Analysis Results**

	Risk Category	Annual Report	ESG Summary	Financial Statements	Total Mentions
4	Regulatory	0	124	117	241
0	Climate Risk	0	82	21	103
2	Human Capital	0	86	14	100
5	Reputation	0	53	32	85
1	Cybersecurity	0	9	7	16
3	Supply Chain	0	8	0	8

Table 3 above highlights the frequency of appearance of the risks in the audited reports. The results reveal that regulatory risks were the most overlapping with appearance in both the ESG and financial statements. They were highlighted 124 times in the ESG summary report and 117 times in the financial statements giving a total of 241 mentions. This was followed by climate risk which appeared 82 and 21 times in the ESG and financial statements respectively. Human capital was also highly mentioned in the ESG summary (86 times) but only 14 times in the financial statements. Reputation was also a fairly mentioned overlapping risk with 53 times in the ESG statements and 32 times in the financial statements. Cybersecurity was almost mentioned in the reports almost the same with 9 times being in the ESG statements and 7 times in the financial statements. Only supply chain was mentioned only in the ESG summary and nowhere else.

Table 4. **Risk Distribution by Percentage**

Risk Category	Annual %	ESG %	Financial Statements %	Dominant Report
Regulatory	0	51.5	48.5	ESG
Climate Risk	0	79.6	20.4	ESG
Human Capital	0	86	14	ESG
Reputation	0	62.4	37.6	ESG
Cybersecurity	0	56.2	43.8	ESG
Supply Chain	0	100	0	ESG

Table 4 above shows the risk distribution by percentage. The most dominant report was the ESG summary as reflected above. Regulatory risk was almost equally distributed with 51.5% in the ESG report and 48.5% in the financial statements. Climate risk was heavily reported in the ESG statements with 79.6% and only 20.4% in the financial statements. Likewise, human capital had 86% mention in the ESG report and 14% in the financial statements. Reputation was distributed more in the ESG report with 62.4% and 37.6% in the financial statement. Cybersecurity had 56.2% in the ESG report and 43.8% in the financial statements.

Table 5. Consistency Analysis

Risk Category	ESG-Financial Consistency	Consistency Score /5	Consistency Level	Evidence Strength
Climate risk	82:21	1.3	Poor	Very strong
Cybersecurity	9:7	3.9	Good	Weak
Human Capital	86:14	0.8	Very poor	Very strong
Supply chain	8:0	0	No overlap	No evidence
Regulatory	124:117	4.7	Excellent	Very strong
Reputation	53:32	3.0	Good	Strong

Table 5 above highlights the consistency analysis showcasing the consistency level, score and evidence strength. Climate risk is highly mentioned in the ESG report compared to the financial report which shows poor consistency level and score of 1.3/5 with high evidence strength. The same can be observed for human capital whose ratio is 86:14, giving strong evidence but a consistency score of 0.8 which is very poor. The poor consistency levels show a different narrative in the reports as well as completely different stories on the risks presented. On the contrary, cybersecurity consistency score level was 3.9/5 as a result of the 9:7 ratio, which shows a good consistency level and ultimately weak evidence of disclosure gap. Regulatory risk was, likewise highly distributed in the ESG and financial reports with 124:117 ratio, giving a consistency level of 4.7. As a result, the consistency level and the evidence of disclosure is very strong. Supply chain was only disclosed in one report thus no overlap.

Table 6. Financial Recognition analysis

Risk Category	ESG: Financial Mentions	Recognition	Key Evidence
Climate risk	82:21	Fully recognized	Impairment
Cybersecurity	9:7	Fully recognized	Impairment
Human Capital	86:14	Fully recognized	Impairment
Supply chain	8:0	Not recognized	Impairment
Regulatory	124:117	Fully recognized	Impairment
Reputation	53:32	Fully recognized	Impairment

The table 6 above shows the financial recognition analysis whose purpose is to assess whether risks in the ESG report are formally recognized in the financial statements through such things like impairments and other provisions. All the risks that were formally recognized were recognized through impairments. The results reflect the extent to which the risks in the non-financial reports are also absorbed financially. Only cybersecurity has a weak

Table 7. Financial recognition gap analysis

Risk Category	ESG emphasis	Financial recognition	Gap	Status
Climate risk	Very high	21	3.9x	Major gap
Cybersecurity	Balanced	7	1.3x	Minimal gap
Human Capital	Very high	14	6.1x	Major gap
Supply chain	Extreme	0	-	No recognition
Regulatory	Balanced	117	1.1x	Minimal gap
Reputation	Moderate	32	1.7x	Moderate gap

The table 7 above shows the financial recognition gap analysis. This highlights which risks have good integration and which ones do not, highlighting whether the risks are really taken seriously. Major gaps generally show that reporting is more of a PR stunt, low integration or greenwashing tendencies. On the other hand, minimal gaps show good integration as well as consistency in reporting and that acknowledgement as well as good corporate governance. The results show that generally ESG emphasis was high. On climate risk there is a 3.9 times gap between the reporting in the ESG reports and the financial statements which actually shows a major gap. Likewise, the human capital showed a huge gap of 6.1x and quite high emphasis on ESG compared to the financials. Supply chain had no financial recognition and thus had extremely high emphasis of ESG. On the other hand, Cybersecurity and Regulatory risk showed minimal gaps of 1.3times and 1.1 times respectively. Reputation had a moderate gap of 1.7 times.

Table 8. Risk Connectivity Analysis

Risk pair	Connections found	Connectivity level	What this reveal
Climate risk and regulatory risk	9	Highly connected	Integrated risk understanding
Climate risk and supply chain	1	Weakly connected	Limited risk connections
Cybersecurity and reputation	0	Not connected	Siloed risk understanding
Human capital and reputation risk	6	Highly connected	Integrated risk understanding
Regulatory and reputation risk	24	Highly connected	Integrated risk understanding
Supply chain and reputation	1	Weakly connected	Limited risk connections

Table 8 shows the interconnectivity of risks. Risk connectivity analysis shows the interconnectedness between risks and if the company recognizes the impact that this can have on the company or they see the risks as separate. The highest and most connections were found between regulatory and reputation risk, which were 24. High connections were also found between climate risk and regulatory risk where 9 connections were found. Human capital and reputation risk were also found to be connected with 6 connections. These results reflect that the company has integrated risk understanding. Weak connections were found between climate risk and supply chain as well as supply chain and reputation risk where 1 connection was found for each pair respectively. These reveal limited risk connections. On the contrary, no connection was found between cybersecurity and reputation risk which shows siloed risk thinking. A total of 41 connections were found and overall, the company shows that it has excellent integrated risk understanding.

Table 9. Forward risk analysis

Risk Category outlook	Future focus	Past focus	Orientation	Strategic outlook
Climate risk	125	75	Forward looking	Balanced with future focus
Cybersecurity	125	75	Forward looking	Balanced with future focus
Human Capital	125	75	Forward looking	Balanced with future focus
Supply chain	125	75	Forward looking	Balanced with future focus
Regulatory	125	75	Forward looking	Balanced with future focus
Reputation	125	75	Forward looking	Balanced with future focus

Table 9 above shows the analysis of future versus historic orientation regarding the overlapping risks. The results reveal that overall, the company has a forward-looking orientation as well as a balanced strategic outlook with a future focus. This is revealed in the way the company has increased their focus on the future rather than the past.

5 DISCUSSION

The study focused on overlapping risks in financial disclosures and non-financial reporting. The study found many interesting things regarding the topic in question. The study revealed six risks with five overlapping which were regulatory, climate, human capital, reputation and cybersecurity. Supply chain was found to be a risk but not overlapping. However, in as much as it was not overlapping according to [27], supply chain decisions are vital and necessitate the managers to possess enough aptitude for effective decision making. These risks found are consistent with most of the literature regarding overlapping risks.

The results on the climate risk showed a major gap between the financial disclosure and non-financial reporting. This result can be an indication of the company not putting much consideration on the financial impact the risk has. According to [28], climate change risks are a bit problematic in decision making as the risks can be mispriced most of the time due to the markets underestimating their potential. The scholars also highlighted that these risks are not yet fully reflected in asset prices. They called for better indicators and collaborations between stakeholders to ensure better decision making. A balanced strategy can provide better reporting in the audited reports as the business strategy can have a profound impact on organizational performance [29].

A high connection was found between climate risk and regulatory risk. This result is consistent with the literature. A study by [30], highlighted the development of international committees such as UN Climate, Paris Agreement and the European Central Bank among others regarding climate risk regulations. The study showed that Emirates NBD has an integrated risk understanding regarding this connection which is important especially given how investors are now conscious of these risks.

The study also revealed that the company had a much higher reporting of climate risk in ESG reports compared to the financial statements and the consistency score was a low 1.3/5. This finding shows that in terms of climate risk, the company may not be reporting enough on the financial disclosures. It is important that the company have consistency and more reporting in the financial statements too. [31] emphasis companies take climate risk disclosures seriously as they can affect financial statement disclosures and low reporting can result in material information. [32] pointed out that investors change their investments aided by the knowledge climate risks have and have an interest in company adherence to climate related regulations.

The study showed no connection between cybersecurity and reputation risks and this showed that the company has a siloed understanding of the risk connections between these two. This is in contrast to findings by [33] that cybersecurity disclosures have an impact on the company's reputation and can result in legal penalties if not handled well. This finding can also be in contrast to the signaling theory which connects disclosures and reputation. [34] highlighted those digital transformations can significantly boost growth and development of a company therefore, cybersecurity issues need to be viewed in conjunction with other risks. [35] reckons cybersecurity issues can be used to signal commitment to cyber safety issues and improve the company reputation. Perhaps given that the company is already large, they may not need to look at these two risks in connection with each other.

The researcher also sought to determine the company's orientation regarding overlapping risks. The study showed that the company actually had a future forward looking orientation. This actually bodes well for the company because it shows that they place importance on the overlapping disclosures.

5.1 IMPLICATIONS OF THE STUDY

The study provides different implications for different stakeholders particularly where policy is concerned. The results revealed that the company was a forward thinking and strategically driven company and these results have implications for investors. Investors that are more concerned about having an overall picture of the company can best benefit from such insights revealed in the study. In addition, the study has implications on the company policy particularly where interconnectivity of risks is concerned. The study showed some connections where the company had siloed thinking for example that of cybersecurity and reputation risk. This is an area that may well be worth looking into considering the seriousness of cybersecurity issues and the impact they can have on the reputation of a firm.

5.2 LIMITATIONS AND RECOMMENDATIONS

The study employed a single company for the study which may be a limitation in terms of generalization of findings. The researcher recommends multiple companies in future on a wider timeline to better do comparisons between different companies in different sectors on a longitudinal study basis. Future studies can also focus on comparisons between different regions to provide a robust outlook on overlapping disclosures.

CONCLUSION

The study was based on overlapping risks in financial disclosures and non-financial reporting for Emirates NBD. Studies on overlapping risks are on the increase but there is still much unknown given the increase in regulations and standard and increased emphasis on non-financial reporting. The study highlighted the gaps in some of the overlapping risks in financial disclosures and non-financial reporting. The study revealed a large emphasis on ESG reporting and a huge gap on that compared with financial disclosures for some risks. It is important for Emirates NBD to improve reporting in the financial statements as well, given the consistency gap between some of the risks. A siloed thinking regarding connection between cybersecurity and reputation risks may need rethinking considering the implications of cybersecurity risks. The company might need to rethink these issues in line with their reputation especially with this growing technology and transparency demands. In general, Emirates NBD shows that it has a forward-thinking outlook and it is important not to just focus on ESG disclosures without emphasis being made on the financial effect for overlapping risks. This harmony is important to improve the relevance and strength of audited reports for the stakeholders.

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