

## HODNOTENIE UDRŽATEĽNOSTI DLHODOBEJ REALIZÁCIE V ÚČTOVNÝH VÝKAZOCH PODNIKOV

### Sustainability performance assessment in business reporting

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A definition of sustainability that has become the most widely used by all major institutions is “development which meets the needs of the present without compromising the ability of future generations to meet their own needs“. The concept of Sustainability performance includes three aspects: economic, social and environmental, which can assist in the actual assessment, management and monitoring of impacts on sustainable development goals, as well as the reporting of performance. In our article we will briefly review one tool (framework) available for the reporting on sustainability development - Sustainability Reporting Framework (Global Reporting Initiative).

#### Sustainability Reporting Framework (Global Reporting Initiative)

The Global Reporting Initiative (GRI) is a continuous, long-term, multi-stakeholder process with a mission to develop globally applicable Sustainability Reporting Guidelines.

GRI started its performance in 1997 initiated by CERES (the Coalition for Environmentally Responsible Economies) and UNEP (United Nations Environment Programme) with the goal of increasing the utility, quality and rigour of sustainability reporting. In spring 2002 the GRI became independent institution based in Amsterdam, the Netherlands. The GRI is now an official collaborating centre of UNEP. As an institution GRI is an international non-profit organization. One of its targets is to create reporting guidelines for organizations’ environmental, economic and social dimensions of their activities, products and services, which would be accepted worldwide. This organization has got a lot of support from various entities. As GRI is governed and works as a multi-stakeholder network, improvements of the structure and content of the Guidelines are made according to suggestions and public comments from stakeholders. The Guidelines are designed to assist reporting organizations and their stakeholders in understanding contributions of the reporting organizations to sustainable development. *Achieving sustainability requires balancing the complex relationships between current economic, environmental, and social needs in a manner that does not compromise future needs.* These Guidelines are not obligatory for the organizations to use, but they could be used by organizations of all types (not just business organizations), sizes and different geographical locations. GRI is the most successful (because it is based on multi-stakeholder standpoint) and widespread framework for sustainability reporting. There are three versions of Sustainability Reporting Guidelines (2000 (G1), 2002 (G2), 2006 (G3)). The framework is based on continuous learning (“learning by doing”) and improvements. Now most of the companies provide their reports according to the framework G2 (2002) and just few of them already use G3 (2006).

According to this fact, here we will try to underline the main points of the 2002 GRI Guidelines in comparison with the 2006 GRI Guidelines.

- The 2002 GRI Guidelines include such documents:
- The Guidelines – the main document, which can not be replaced by any other document when preparing a report. It is like a basis for organization’s report which must be supported by other GRI documents.
- Sector Supplements – documents, which include specific aspects of sustainability issues that occur in the different sectors.

- Issue Guidance documents – documents, which include extra information on specific issues. Those documents can also include support for specific user-groups that want to apply the GRI reporting guidelines to their organizations. Such documents are a source of additional ideas, expertise, and knowledge to inspire both individual users and future GRI working groups.
- Technical protocols – documents, which help users in applying the Guidelines.

The third version of the Guidelines (G3) has changed the GRI structure of the documents a little bit. Instead of Issue Guidance documents now there are Indicator protocols, in which you can find definitions and other necessary information about each performance indicator.

The 2002 Guidelines have two categories of performance indicators: core and additional. Core indicators can be widely useable by all organizations and most stakeholders are interested in them, while additional indicators are not so widely used and are more specific.

According to the experience in preparing sustainability reports, organizations can prepare a report “In Accordance” or use Informal Application of the Guidelines. Reporting in accordance is usually used by organizations which have more practice and experience in this sphere. The goal of such reporting is to ensure the comparability between reports and flexibility as well. Not so experienced organizations can just base their reports on the GRI Guidelines. Actually, organizations are expected to find their own way how to report and present performances in a specific nature or context. It is also important to include positive and negative contributions into a report, too.

Organization can choose itself how frequently it is going to prepare reports, as well as the way of distribution of the reports.

According the 2006 Guidelines organization can choose one of three application levels: C (beginners), B and A (advanced reporters). In case the report of organization has an external assurance, the levels are: C+, B+ and A+.

As it was mentioned in the 2002 Guidelines, a few organizations have already joined the publishing of sustainability and financial reports together and issue a single annual report on both these subjects.

It is really necessary for the organization to ensure credibility of reports. A consultation with stakeholders is the way to build their trust, as well as continuous improvements of the reporting processes.

There are some reporting principles in the G2, with the idea to reach common understanding of reporting organization and user of the report. These principles are:

- Transparency – users must be informed about all the procedures, processes and assumptions in report preparation.
- Inclusiveness – stakeholder views should be also included into a report. It is important to ensure that the reports reflect the needs of diverse users.
- Auditability – it should be possible to examine information’s reliability, accuracy, etc.
- The first three principles form the framework for the report.
- Completeness – all the information should be given in time, complete in relation to operational boundaries and scope.
- Relevance – the importance of particular information.

- Sustainability context – this principle emphasizes the sustainability of the broader natural and human environment within which organizations operate.
- The second group of principles helps to inform decisions about what to report.
- Accuracy – reporting exact, clear information.
- Neutrality – factual presentation of the organization's performance.
- Comparability – it should be possible to compare organization's performance over time as well as with other organizations.
- These principles (7-9) ensure reliability and quality.
- Clarity – possible to understand and use for everybody.
- Timeliness – reports should be provided regularly and on time.
- The last two principles inform decisions about access to the report.

According to the same 2002 Guidelines, the content of report consists of five parts: Vision and Strategy, Profile, Governance Structure and Management Systems, GRI Content Index, Performance Indicators. But we will not analyze those parts in details and will pay more attention to report content proposed by the 2006 Guidelines.

The 2006 GRI Guidelines consist of two parts: Reporting Principles and Guidance, and Standard Disclosures. When making a report, first you need to define report content (what you are going to report about), quality of the report and set boundaries. In the 2006 GRI Guidelines principles are grouped according these topics (reporting principles for defining content: *materiality, stakeholder inclusiveness, sustainability context, completeness, quality: balance, comparability, accuracy, timeliness, clarity, reliability*, setting boundaries: *control, significant influence*). The next step when making a sustainability report is to include standard disclosures into a report. There are three types of disclosures: Strategy and Profile, Management Approach, Performance Indicators. These disclosures must include general information about organization's profile, strategy, reporting details, governance structure of the organization, commitments to external initiatives and engagement of stakeholders. There also should be information about management approach and performance indicators (economic, environmental and social). Social indicators have four categories: labour practices, human rights, society, and product responsibility.

The criticism on the GRI Guidelines was expressed in the 2006 Accounting Forum. There was reached an opinion that these Guidelines mostly are used in a biased way. Some organizations that label themselves as GRI reporters do not behave in responsible way with respect to social equity or human rights. But leaving all the criticism aside, such reporting has many advantages, too.

#### Benefits of reporting

It does not matter if organization is using the GRI Guidelines or the other framework for sustainability reporting, such reports provide very useful information. Actually, the real benefit of sustainability reporting is not merely to disclose information, but to help your company analyze and measure its own performance in a critical way. It can also help company to become more competitive in a globalizing world. The process of reporting can help a company to improve stakeholder relations and to improve management of sustainable development issues. The benefits to companies of reporting on their social and environmental performance outweigh the costs.

As more companies release sustainability reports based on the Guidelines, people who know that financial results tell only a portion of the story will have access to better information to make better investment, purchasing, advocacy, and employment decisions. And companies will reap a host of internal and external benefits.

## **Abstrakt**

Dobrovoľné koncepčné rámce používané pri vykazovaní ako GRI smernice, AA 1000 Assurance Standard (štandard spoľahlivosti) a indikátory eko-efektivity slúžia obchodným spoločnostiam pri prezentovaní ich ekonomického, environmentalneho a sociálneho výkonu. V priebehu nasledujúcich rokov, vykazovanie udržateľnosti výkonu sa stane jednou z dôležitých metód merania a zverejňovania a posilnenia podnikateľských prínosov k trvalo udržateľnému vývoju a k jednotnému prístupu pri hodnotení podnikateľskej zodpovednosti.

**Kľúčová slova:** Udržateľnosť dlhodobej realizácie, GRI smernice, princípy a prínosy vykazovania

## **Summary**

Voluntary reporting frameworks like the GRI guidelines and also the AA 1000 Assurance Standard and Eco-efficiency indicators assist organisations in presenting a balanced and reasonable picture of their economic, environmental and social performance. Over the next few years, sustainability reporting will become a fundamental method for measuring, disclosing, and strengthening the contributions of business to sustainable development and as well as an essential component of any integrated approach to corporate responsibility.

**Key words:** Sustainability performance, GRI Guidelines, reporting principles and benefits

**JEL klasifikácia:** M41

## **Použitá literatúra**

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