

Future of Reporting: An Imperative Step In Globalise Era

*Madhulika Bhargava

**Prof. A.K. Gupta

Abstract

With globalisation, our world has opened up, there is an open market creating large space as well as stiff competition. With competition, the need of time is to be a step ahead of all, hence every entity tries to keep up with the time and inculcate best practices to stand apart and comparative in the globalised scenario. One such aspect of development is reporting, earlier as far as reporting is concerned, stress was on the financial part was given. But today the scenario has changed very much, many entities are realising the importance of all round reporting i.e. finance, social & environmental impact assessment and reporting of their organisation's performance to give a clearer/larger view to its customers and hence be ahead of their competitors. Hence comes the role of Triple Bottom Line (TBL) reporting. This article explores the trend in such type of reporting, its versions.

Keywords: Globalise Reporting Initiative (GRI), sustainability, financial, social, environmental reporting.

Need of Globalise Era

An ever-increasing number of companies and other organizations want to make their operations sustainable. Moreover, expectations that long-term profitability should go hand-in-hand with social justice and protecting the environment are gaining ground. These expectations are only set to increase and intensify as the need to move to a truly sustainable economy is understood by companies' and organizations' financiers, customers and other stakeholders. Sustainability reporting helps organizations to set goals, measure performance, and manage change in order to make their operations more sustainable. A sustainability report conveys disclosures on an organization's impacts – be they positive or negative – on the environment, society and the economy. In doing so, sustainability reporting makes abstract issues tangible and concrete, thereby assisting in understanding and managing the effects of sustainability developments on the organization's activities and strategy. Internationally agreed disclosures and metrics enable information contained within sustainability reports to be made accessible and comparable, providing stakeholders with enhanced information to inform their decisions.

Increasingly, governments and societies are pushing corporations to comply with sustainable business rules and regulations. A growing expectation is that a business must make itself sustainable — financially, socially and environmentally. Companies are realizing that investing in sustainability results in higher revenue and productivity, in addition to the obvious benefits to the world in which we live. Infosys has been a leader in designing innovative solutions that bring considerable environmental benefits to clients while ensuring a rapid rise in their productivity and profit margins. (ref Fig 1, depicting how ITC showcases its responsible reporting way).

The importance of businesses in improving the quality of life is well recognized. However, there is growing awareness that in an increasingly complex world, businesses also have significant and long-lasting impacts on people, our planet and our ability to sustain the levels of holistic development that we all aspire to. This realization has also brought an increasing concern amongst all stakeholders, who are demanding

that businesses of all types and sizes need to function with fairness and responsibility. Specifically, this calls for businesses being thoroughly aware and conscious of their social, environmental and economic responsibilities, and balance these different considerations in an ethical manner. When businesses are supported by appropriate Government policy regime that encourages systematic movement towards responsible thinking, decision-making, and a progressive movement towards sustainability, the trajectory of overall growth and development takes a positive turn. Such a responsible approach on part of the business duly supported by the Government alone would secure our future and ensure that wholesome benefits accrue to people, and our planet; even as businesses continue to make surpluses that can be re-invested for the growth of the economy.

ITC: An Exemplar In Triple Bottom Line Performance

ENVIRONMENT

WATER POSITIVE: 11 YEARS IN A ROW
CARBON POSITIVE: 8 CONSECUTIVE YEARS
SOLID WASTE RECYCLING POSITIVE FOR THE LAST 6 YEARS
SOIL & MOISTURE CONSERVATION TO 1.5,000 HECTARES
ITC's Watershed Development initiative brings precious water to more than 1.5,000 hectares of otherwise stressed areas
40% RENEWABLE ENERGY
More than 40% of ITC's total energy consumption is from renewable sources
GREENEST LUXURY HOTEL CHAIN
All ITC's premium luxury hotels are LEED Platinum certified
1,42,000 HECTARES GREENED
ITC's Social and Rural Industry Initiative has greened over 1,42,000 hectares



SOCIAL

CREATING 5 MILLION SUSTAINABLE LIVELIHOODS
CREATING COMMUNITY ASSETS
Strengthening the agri-producer base of nearly 4 lakh farmers
EDUCATING 2,00,000 CHILDREN
ITC's Primary Education initiative has educated over 2,00,000 children
EMPOWERING 4 MILLION FARMERS
ITC's globally acknowledged e-Choupal initiative is the world's largest rural digital infrastructure benefiting over 4 million farmers
40,000 SUSTAINABLE LIVELIHOODS FOR RURAL WOMEN
ITC's Rural & Employment initiative has created nearly 40,000 sustainable livelihoods
ANIMAL HUSBANDRY SERVICES TO 8,00,000 MILCH ANIMALS
ITC's Livestock Development initiative has provided animal husbandry services for over 8,00,000 milch animals



ECONOMIC

MARKET CAPITALISATION: OVER \$ 45 BILLION
TURNOVER: OVER \$ 7 BILLION
26% COMPOUND ANNUAL GROWTH IN TOTAL SHAREHOLDER RETURNS OVER THE LAST 17 YEARS
30,000 EMPLOYEES
ITC Group provides direct employment to more than 30,000 people
POWERING GROWTH WITH MULTIPLE BUSINESS DRIVERS
Diversified multi-business conglomerate spanning FMCG, Hotels, Retail, Packaging, Agri Business and Information Technology
POWERED BY THE VITALITY OF WORLD-CLASS BRANDS



Future of Reporting: An Imperative Step In Globalise Era
Madhulika Bhargava and Prof. A.K. Gupta,

GRI Reporting

The GRI: Global Reporting Initiative is the primary mover in developing drafts standards for sustainability reporting. It was a globally acclaimed and highly valued agency for complying and certifying the sustainable reporting measures. It drafts and release the guidelines periodically and checks the organisations compatibility wrt the clauses before certifying the same. Although such reporting is not mandatory, specially in India, but with changing times organisation to be more competitive are voluntary adopting these principle of reporting, like other financial instruments and guidelines such as IFRS ,we may expect this reporting also to be compulsory soon in India in near future.

The GRI Sustainability Reporting Guidelines (the Guidelines) offer Reporting Principles, Standard Disclosures and an Implementation Manual for the preparation of sustainability reports by organizations, regardless of their size, sector or location. The Guidelines also offer an international reference for all those interested in the disclosure of governance approach and of the environmental, social and economic I performance and impacts II of organizations. The Guidelines are useful in the preparation of any type of document which requires such disclosure. The Guidelines are developed through a global multi-stakeholder process involving representatives from business, labor, civil society, and financial markets, as well as auditors and experts in various fields; and in close dialogue with regulators and governmental agencies in several countries. The Guidelines are developed in alignment with internationally recognized reporting related documents, which are referenced throughout the Guidelines.



Future of Reporting: An Imperative Step In Globalise Era
Madhulika Bhargava and Prof. A.K. Gupta,

The G4 Standard

G4 is designed to be universally applicable to all organizations, large and small, across the world. The features of G4 – to make the Guidelines easier to use, both for experienced reporters and for those new to sustainability reporting from any sector – are supported by other GRI materials and services. As with all GRI Guidelines, G4 includes references to widely accepted and used issue-specific reporting documents, and is designed as a consolidated framework for reporting performance against different codes and norms for sustainability. G4 also provides guidance on how to present sustainability disclosures in different report formats: be they standalone sustainability reports, integrated reports, annual reports, reports that address particular international norms, or online reporting. The emerging idea of integrating strategic sustainability-related information with other material financial information is a significant and positive development. Sustainability is, and will increasingly be, central to the change that companies, markets and society will be navigating. Sustainability information that is relevant or material to a company's value prospects should therefore be at the core of integrated reports.

In this context G4 was planned and developed. The GRI Sustainability Reporting Guidelines are periodically reviewed to provide the best and most up-to-date guidance for effective sustainability reporting. The aim of G4, the fourth such update, is simple: to help reporters prepare sustainability reports that matter, contain valuable information about the organization's most critical sustainability-related issues, and make such sustainability reporting standard practice. It is crucial for society and markets that sustainability reporting evolves in terms of content, and from an exceptional activity undertaken by a minority of leading companies to a standard practice. Together with being more user-friendly than previous versions of the Guidelines, G4 has an increased emphasis on the need for organizations to focus the reporting process and final report on those topics that are material to their business and their key stakeholders. This 'materiality' focus will make reports more relevant, more credible and more user-friendly. This will, in turn, enable organizations to better inform markets and society on sustainability matters. While organizations may monitor and manage a far wider array of sustainability-related topics due to their everyday management activities, this new focus on materiality means that sustainability reports will be centered on matters that are really critical in order to achieve the organization's goals and manage its impact on society. The Guidelines have been developed through an extensive process involving hundreds of reporters, report users and professional intermediaries from around the world. G4 therefore offers a globally relevant framework to support a standardized approach to reporting, encouraging the degree of transparency and consistency that is required to make information useful and credible to markets and society.

The National Voluntary Guidelines

If we talk about Indian scenario, The Ministry of Corporate Affairs had released Voluntary Guidelines on CSR in 2009 as the first step towards mainstreaming the concept of Business Responsibilities. Keeping in view the feedback from stakeholders, it was decided to revise the same with a more comprehensive set of guidelines that encompasses social, environmental and economical responsibilities of business.

The Guidelines emphasize that businesses have to endeavour to become responsible actors in society, so that their every action leads to sustainable growth and economic development. Accordingly, the Guidelines use the terms 'Responsible Business' instead of Corporate Social Responsibility (CSR) as the term 'Responsible Business' encompasses the limited scope and understanding of the term CSR. The Guidelines take into account the learning from various international and national good practices, norms

and frameworks, and provide a distinctively 'Indian' approach, which will enable businesses to balance and work through the many unique requirements of our land. By virtue of these Guidelines being derived out of the unique challenges of the Indian economy and the Indian nation, they take cognizance of the fact that all agencies need to collaborate together, to ensure that businesses flourish, even as they contribute to the wholesome and inclusive development of the country. The Guidelines emphasize that responsible businesses alone will be able to help India meet its ambitious goal of inclusive and sustainable all round development, while becoming a powerful global economy by 2020.

The Guidelines presented herein are a refinement over the Corporate Social Responsibility Voluntary Guidelines 2009, released by the Ministry of Corporate Affairs in December 2009. Significant inputs, received from diverse stakeholder groups across the country have been duly considered, and based on these inputs; appropriate changes have been made in the original draft Guidelines produced by the Guidelines Drafting Committee. This document therefore represents the consolidated perspective of vital stakeholders in India, and accordingly lays down the basic requirements for businesses to function responsibly, thereby ensuring a wholesome and inclusive process of economic growth.

Mandate and Process: These Guidelines have been developed through an extensive consultative process by a Guidelines Drafting Committee (GDC) comprising competent and experienced professionals representing different stakeholder groups. The GDC was appointed by the Indian Institute of Corporate Affairs (IICA) with a clear brief that the Guidelines must provide a distinctively 'Indian' approach, which will enable businesses to balance and work through the many unique requirements of our land. The process that was followed in developing these Guidelines relied heavily upon developing a consensus on various ideas that emerged from various stakeholder groups. Leading trade and industry chambers, who were represented in the GDC as well as actively engaged in the consultative process, have been key partners in the development of this consensus.

Applicability: The Guidelines are designed to be used by all businesses irrespective of size, sector or location and therefore touch on the fundamental aspects – the 'spirit' - of an enterprise. It is expected that all businesses in India, including multi-national companies that operate in the country, would consciously work towards following the Guidelines. The Guidelines also provide a framework for responsible business action for Indian MNCs planning to invest or already operating in other parts of the world. Businesses are encouraged to move beyond the recommended minimum provisions articulated in the document. For business leaders and managers entrusted with the task of deploying the

principles of Responsible Business, it is worthwhile to understand that business boundaries today extend well beyond the traditional walls of a factory or an operating plant and all the way across the value chain. Businesses are therefore encouraged to ensure that not only do they follow the Guidelines for areas directly within their immediate control or within their sphere of influence, but that they encourage and support their vendors, distributors, partners and other collaborators across their value chains to follow the Guidelines as well. The Guidelines are applicable to all such entities, and are intended to be adopted by them comprehensively, as they raise the bar in a manner that makes their value creating operations sustainable. It needs to be emphasized that all Principles are equally important and non-divisible – this implies that if a business endeavours to function responsibly, it would have to adopt each of the nine principles in their entirety rather than picking and choosing what might suit them.

Content and Structure:

The Guidelines are not prescriptive in nature, but are based on practices and precepts that take into account the realities of Indian business and society as well as global trends and best practices adapted to the Indian context. It urges businesses to embrace the “triple bottom-line” approach whereby its financial performance can be harmonized with the expectations of society, the environment and the many stakeholders it interfaces with in a sustainable manner. The adoption of these National Voluntary Guidelines will improve the ability of businesses to enhance their competitive strengths, improve their reputations, increase their ability to attract and retain talent and manage their relations with investors and society at large. These Guidelines have been drafted in a way that makes them easy to comprehend and implement. The Guidelines have been articulated in the form of nine (9) Principles with the Core Elements to actualize each of the principles. A reading of each Principle, with its attendant Core Elements, should provide a very clear basis for putting that Principle into practice. To assist implementation, a section has also been included on developing Management Systems and Processes for responsible business, and Indicators that businesses can adopt to self-steer and regulate their journey towards becoming sustainable and responsible businesses. The Processes focus on changes in leadership and the leadership structure in the organization, the integration of the Principle and Core Elements into the very business purpose of the organization and ensuring that engagement with stakeholders happens on a consistent, continuous basis.

While a broad list of Indicators has been provided to enable businesses to monitor their own implementation process, these are not exhaustive, but sufficiently representative to give a clear idea of the direction that businesses have to take in the implementation of these Guidelines. Since these Guidelines are applicable to large and small businesses alike, a special section has also been included on how micro, small and medium enterprises (MSMEs) can be encouraged to adopt the Guidelines. Typically, the argument that MSMEs do not have the capacity or resources to implement the changes, has been juxtaposed with the idea that without a conscious effort to adopt the Guidelines, MSMEs would lose out on future business opportunities and their ability to remain viable and socially relevant. Finally, a separate chapter on reporting has been included so that the business entities are not only able to adopt the Guidelines but also to demonstrate the adoption to their stakeholders through credible reporting and disclosures. The reporting framework is designed on the 'Apply-or-Explain' principle which is also the fundamental basis of these Guidelines. The suggested framework takes into account the requirements of the business entities that are already reporting in other recognized frameworks as well as those that yet do not have the capacity to undertake full reporting.

Conclusion

This all dimensional reporting is certainly more reflection of any organisations core principles and values. As discussed, This reporting isn't mandatory in India for now, even then because of its popularity and just to have an edge in globalised era, many organisations from various sectors such as banking, FMCG, Oil, IT etc are reporting under the GRI framework from many years. Although there is a huge scope of improvement in compliance with the guidelines and the actuality, but this certainly varies form organisation to organisation and with coming year we can expect huge improvisation in this aspect.

Research Scholar**Ex. Faculty****Department of ABST, University of Rajasthan, Jaipur**

References

Elkington John, "Towards the Sustainable Corporation: Win-Win-Win Business Strategies for Sustainable Development," *California Management Review*, 46(2), 2004.

Hacking Theo and Peter Guthrie, A Framework for Clarifying the Meaning of Triple Bottom-Line, Integrated, and Sustainability Assessment, *Environmental Impact Assessment Review*, 28, 2008.

John Talberth, Clifford Cobb and Noah Slattery, The Genuine Progress Indicator 2006: A Tool for Sustainable Development, www.environmental-expert.com/Files/24200/articles/12128/GPI202006.pdf.

Savitz Andrew W., *The Triple Bottom Line*, San Francisco: Jossey-Bass, 2014.

Satterfield Terre, Paul Slovic and Robin Gregory, "Narrative Valuation in a Policy Judgment Context," *Ecological Economics*, 34, 2000.

Stephen R.J. Sheppard and Michael Meitner, Using Multi-Criteria Analysis and Visualization for Sustainable Forest Management Planning with Stakeholder Groups, *Forest Ecology and Management*, 20(7), 2005.