Knowing Sustainability & Integrated Reporting

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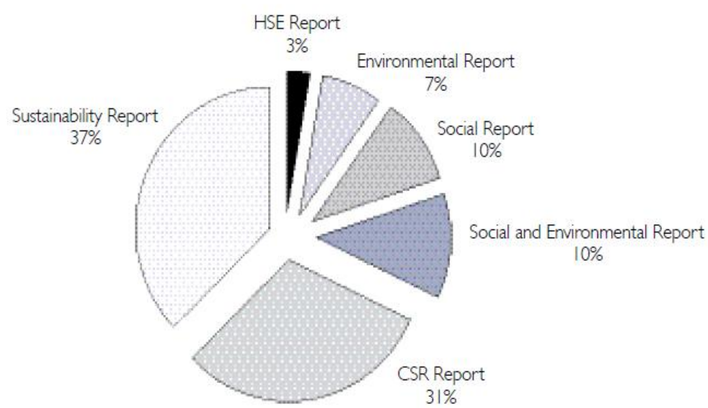
The focus on reporting formats these days have shifted from Financial Reporting to Non Financial Reporting. Sustainability Reporting and Integrated Reporting are synonymously used with Non Financial Reporting. What better information does it offer over financial statements? Financial Statements of a company enable us to assess the financial health of a company and its performance. How relevant are Sustainability and Integrated Reporting? Organizations do spend a lot of time and money on preparing these reports, are they really worth so much?

What is Non Financial Reporting?

Non-financial reporting represents the result of companies' thoughts about what Corporate Social Responsibility is, about its importance, and about how it can be shared with stakeholders. Additionally, in that financial information is predominantly retrospective and based on a company's past performance, non-financial reports can provide investors and other stakeholders with indications about the future potential of a company. In other words, non-financial information, such as that about the quality of risk management, corporate governance, strategic direction, quality of management, and social and environmental performance will help stakeholders better understand a company's overall performance, business strategy, and growth perspective.



Sample Composition

Source: The Practitioner's Perspective on Non - Financial Reporting by Francesco Perrini, California Management Review, Vol 48 No.2, Winter 2006

In general, reports entitled "CSR Reports" and "Sustainability Reports" are the most complete and wide-ranging of the types of non-financial reports that exist, expressly integrating the triple bottom line approach and the stakeholder- management model. On the contrary, "environmental reports" and those focused on only health, safety, and the environment tend to give a partial representation of the company's CSR operations. They tend to focus exclusively on the environmental impact of their business operations. "Social Reports" and "Social and Environmental Reports" are in the middle in terms of how exhaustive they are in explicating a company's CSR activities.

Why Non Financial Reporting (NFR) is important?

Non-financial reporting practices have become an integral part of the business operations of most corporations. The overall goal is to address important and shared social and environmental issues. In these reports, companies tend now to focus on specific CSR-relevant themes and subjects, but with a clear interest in enlarging their vision and their sphere of responsibility, within both local and global contexts. What matters most in non-financial reporting practices reflects six main priorities of stakeholders: promoting safety at all levels of their operation (from the safety of products and services to working conditions), product quality and innovation, environmental protection, dialogue with communities and stakeholders, attention to skill development, and responsible citizenship. These represent the most covered themes in non-financial reports.

According to estimates of some analysts, there are more than 1,900 institutions worldwide producing non-financial reports. In most parts of the world, NFR remains a voluntary practice. At the intergovernmental level, non-financial reporting and the guidelines issued by the GRI have been referenced in the Plan of Implementation agreed on by UN member states at the World Summit on Sustainable Development (WSSD).

The database CorporateRegister.com, for example, has tracked growth in the number of companies that produce non-financial reports since 1992. The number of non-financial reports produced globally has increased from less than 50 in 1992 to 1,906 in 2005. That means, on average, that the number non-financial reports published has grown in size by almost 39 percent each year for those 13 years. Growth has been strongest in the United Kingdom, the United States and Japan. The data show that there has also been some initiation of reporting in emerging and developing countries, most notably in South Africa and Brazil.

In 2005 more than 52 percent of the Fortune 250 produced non-financial reports (compared to 45 percent in 2002). Very few developing and emerging economies are included in regular surveys on Non Financial Reporting (NFR) trends. The comparatively low number of reporters, especially in the strategically important BRIC countries (Brazil, Russia, India, China), is particularly notable. Yet Trends in non-financial reporting in these countries, particularly India and China, make up an increasingly large component of the world economy. Both India and China have experienced higher growth rates than the industrialized West during the past decade and have emerged as major destinations for foreign direct investment (FDI), thereby securing their status as major players on the international economic stage.

According to some projections, the size of China's economy will outstrip that of the United States by 2015 (Maddison 2000). But strong economic growth in China and India is also accompanied by unprecedented social and environmental challenges, often with significant global ramifications.

What are the future trends in Non Financial Reporting (NFR)?

Predicting future trends in NFR is indeed a complex process than assessing past developments. While one argument is that the low relative number of non-financial reporters and the frequently poor quality of reporting indicates NFR is not a serious business but rather a public relations stunt performed by a select number of companies that have experienced significant public pressure from stakeholders, on the other hand, NFR will remain relevant, but only for a small subset of companies that either must respond to continuing stakeholder pressure (especially in industries with high and very visible environmental or social impacts, such as mining, oil and gas, etc.) or market their company as a sustainability leader to appeal to specific portions of the consumer base, in short NFR should be made mandatory for effective reporting.

What is Sustainability Reporting in simple words?

It is an organizational report that talks about the performance of four key areas namely economic, environmental, social and governance. The capacity to endure or sustainability of an organization is typically based on the performance of these vital factors.

What is the Purpose of a Sustainability Report?

According to *G3 Sustainability Reporting Guidelines, GRI*, Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organizational performance towards the goal of sustainable development.

‘Sustainability reporting’ is a broad term considered synonymous with others used to describe reporting on economic, environmental, and social impacts (e.g., triple bottom line, corporate responsibility reporting, etc.).

A sustainability report should provide a balanced and reasonable representation of the sustainability performance of a reporting organization – including both positive and negative contributions.

Sustainability reports based on the GRI Reporting Framework disclose outcomes and results that occurred within the reporting period in the context of the organization’s commitments, strategy, and management approach. Reports can be used for the following purposes, among others:

- **Benchmarking** and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives;
- **Demonstrating** how the organization influences and is influenced by expectations about sustainable development; and
- **Comparing** performance within an organization and between different organizations over time

What are the other terms that are synonymously used for Sustainability Reporting?
Sustainability Reporting is also considered synonymous to non financial reporting, corporate social responsibility and triple bottom line reporting.

Who should report on Sustainability?
Sustainability reports are released by companies and organizations of all types, sizes and sectors, from every corner of the world. Thousands of companies across all sectors have published reports that adopt some or all of the Global Reporting Initiative (GRI)’s Sustainability Reporting Framework and Guidelines. Public authorities and non-profits are also big reporters.

Why should they report on Sustainability?

The nature of relationship shared by the company with the internal and external shareholders determines the value of a company. When a company offers sustainability response to stakeholders, it capitalizes on the stakeholder value, foresees stake holder action, upkeeps the value chain and identifies operational inefficiencies.

Can you explain more on Internal and External Stakeholders and how they benefit from Sustainability reporting?

Given a Sustainability Report, the stakeholders in an organization

- Consider it a benchmark to assess the performance of an organization complying with laws, performance standards, codes and initiatives.
- Know how the company plans for its Sustainability and the initiatives aimed at it.
- Comparability of reports with the rest of the companies to gain a better understanding of its performance

Who offer guidance to Sustainability Reporting?

The following organizations offer sustainability reporting guidance

- The Global Reporting Initiative (The GRI Sustainability Reporting Framework and Guidelines)
- Organization for Economic Cooperation and Development (OECD Guidelines for Multinational Enterprises)
- The United Nations Global Compact (the Communication on Progress)
- International Organization for Standardization (ISO 26000, International Standard for social responsibility)

Can you suggest some publications that would help me to understand about Sustainability Reporting better?

“Carrot and Sticks” is a good publication jointly developed by GRI, KPMG, UNEP and the Unit for Corporate Governance in Africa. This publication investigates mandatory and voluntary approaches to Sustainability reporting around the world.

How many countries around the world produce Sustainability Reports?

Well, according to the “*Carrot and Sticks*” 2010 edition, around **142** countries across the globe comply with some form sustainability related reporting requirement or guidance. While 2/3rds of them follow mandatory reporting and 1/3rd of them offer voluntary reporting.

What roles do Institutions play in promoting Sustainability Reporting?

Institutions namely Government, Apex Bank, Accounting Bodies, Planning Commission have a bigger and prominent role to play in ensuring promotion and development.

What role does Government play in promoting Sustainability Reporting?

Governments do play a pivotal role in promoting Sustainability Reporting at a national level. In many countries, state owned corporations are required to report on their Non Financial Performance thereby promoting transparency in their functioning.

The role of Governments/regulators in pushing Non Financial Reporting (NFR) could be one of the most powerful levers but is also one of the most controversial aspects of international sustainability debates. While most of the private sector is opposed to active Government involvement, many in the NGO community and general public see mandatory reporting rules as the only way to turn NFR into mainstream practice.

France is the only country to enact specific legislation requiring publicly listed companies to produce nonfinancial reports covering economic, social as well as environmental dimensions. Various other countries mandate detailed reporting for specific industry sectors.

What has the Government of India done so far on this?

- The Government of India released the Corporate Social Responsibility Voluntary Guidelines in 2009 for businesses.
- The Ministry of Corporate Affairs, Government of India has formally released the 'National Voluntary Guidelines for the Social, Environmental and Economic Responsibilities of Business, 2011" on 8th July 2011.

Can you explain a little more on 'National Voluntary Guidelines for the Social, Environmental and Economic Responsibilities of Business, 2011"?

The guidelines is based on the following 9 basic principles namely

1. Ethics, Transparency and Accountability
2. Goods and services that are safe and contribute to sustainability
3. Well being of employees
4. Responsive towards stakeholders
5. Respect and promote human rights
6. Environment
7. Influence public and regulatory policy in a responsible manner
8. Inclusive growth and equitable development
9. Provide value to customers and consumers

What role Stock Exchanges play in promoting Sustainability Reporting?

Some of the stock exchanges around the world require listed companies to disclose non-financial, as well as financial, information on their performance. Some stock exchanges like the South African Stock Exchange now make Non Financial Reporting (NFR) a requirement for listed companies.

What are RBI's Initiatives in Promoting Sustainability Reporting?

RBI has highlighted banks about their role in Corporate Social Responsibility, Sustainable Development and Non-Financial Reporting in its circular dated December 20, 2007. Sustainability has been an integral part of inclusive growth. All the banks have been advised to prepare a board approved financial inclusion plan.

Apart from Governments and Stock Exchanges name some of the organizations that help promote Sustainability Reporting?

Several voluntary organizations and initiatives are helping to boost sustainability reporting and encourage transparency around the world. These include coalitions, NGOs, accountancy associations, academic and research institutes, and industry centers of excellence.

What are the benefits of Sustainability Reporting?

Sustainability reporting is generating considerable interest around the world and is becoming one of the basic criteria for judging the social responsibility of organizations. Business leaders are starting to realize that comprehensive reporting helps support company strategy and shows commitment to sustainable development. The corporate benefits of sustainable performance are also markedly reduced when key stakeholders do not know what you are doing. Thus companies are issuing Sustainability Reports to enlarge the scope of conventional corporate financial reporting.

Internal benefits for companies and organizations can include:

- Increased understanding of risks and opportunities
- Emphasizing the link between financial and non-financial performance
- Influencing long term management strategy and policy, and business plans
- Streamlining processes, reducing costs and improving efficiency
- Benchmarking and assessing sustainability performance with respect to laws, norms, codes, performance standards, and voluntary initiatives

- Avoiding being implicated in publicized environmental, social and governance failures
- Comparing performance internally, and between organizations and sectors

External benefits of sustainability reporting can include:

- Mitigating - or reversing - negative environmental, social and governance impacts
- Improving reputation and brand loyalty
- Enabling external stakeholders to understand company's true value, and tangible and intangible assets
- Demonstrating how the organization influences, and is influenced by, expectations about sustainable development

What kind of difficulties do companies face in establishing Sustainability Reporting?

Companies generally tend to face two types of difficulties in establishing a response to Sustainability Reporting

- Chalking out a relevant approach that enables gathering data and information that are most relevant to the stakeholders in focus
- Identifying most critical sustainability related issues and understanding their impact on the ongoing success and viability of the company

What is a "Triple Bottom Line"?

John Elkington coined the term "triple bottom line" to describe social, environmental and financial accounting, and his sustainable development think-tank, "SustainAbility", released its first survey benchmarking non-financial reporting.

TBL differs from traditional reporting as it includes

- ecological (or environmental) and
- social measures

that can be difficult to assign appropriate means of measurement.

The TBL dimensions are also commonly called the three Ps: people, planet and profits.

What is a 3P's Policy?

The 3 dimensions of Sustainability Reporting

- Planet - minimize the environmental impacts and work for the better utilization of natural resources
- People - social and community view on people's autonomy and quality of life
- Profit - longevity of the organization is ensured by the goal of profitability earned through operational efficiency, strict cost controls and ethical and transparent behavior

Planet + **People** + **Profit** = **Sustainable Development**

More on Triple Bottom Line Measurement

The application of the TBL by businesses, nonprofits and governments are motivated by the principles of economic, environmental and social sustainability, but differ with regard to the way they measure the three categories of outcomes.

Can you throw some light on planning and preparing Sustainability Report?

As regards planning a sustainability report, it is important to understand the overall business objective and strategy employed to achieve it. It also becomes important to understand the how these objectives meet the expectations of the ultimate beneficiaries.

Sustainability reporting is undoubtedly a complex process given that the company has to assign roles and responsibilities in order to meet the reporting objectives. And understand the various applicable standards, guidelines and regulations.

Can I know more on Sustainability Reporting Formats?

The content of a company's sustainability report may largely be determined by objective factors

What is GRI – Global Reporting Initiative?

The Global Reporting Initiative (GRI) is a non-profit organization that works towards a sustainable global economy by providing sustainability reporting guidance. GRI has pioneered and developed a comprehensive Sustainability Reporting Framework that is widely used around the world. The Framework enables all organizations to measure and report their economic, environmental, social and governance performance – the four key areas of sustainability.

The Sustainability Reporting Framework includes the Reporting Guidelines, Sector Guidelines and other resources that enables greater organizational transparency about economic, environmental, social and governance performance.

This transparency and accountability builds stakeholders' trust in organizations, and can lead to many other benefits. Thousands of organizations, of all sizes and sectors, use GRI's Framework in order to understand and communicate their sustainability performance.

One of the most widely used frameworks for reporting on sustainability is the Global Reporting Initiative's G3 Guidelines. This framework has been used in nearly 7500 reports to report on sustainability worldwide and more than 100 GRI reports have been published by Indian companies so far. These guidelines also include a sector supplement, which specially focuses on the financial services sector

As of early 2010, the GRI had initiated work on sector supplements for 15 industries such as airports, apparel and footwear and food processing, and completed work on supplements for the electric utilities, financial services, and mining and metals industry.

In March 2011, GRI published the G3.1 Guidelines – an update and completion of G3, with expanded guidance on reporting gender, community and human rights-related performance.

The GRI framework for reporting an organisation's performance on sustainability of non financial matters is reaching a level of maturity and penetration with the latest exposure draft (G4 Guidelines, 2012) released for comment in June 2012.

What is GRI Reporting Framework?

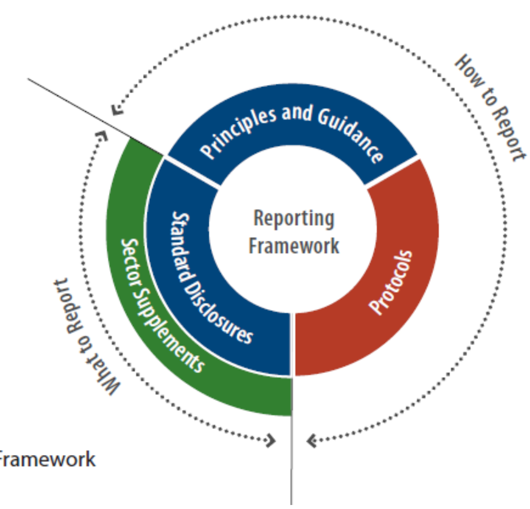


Figure 1: The GRI Reporting Framework

Source: G3 Sustainability Reporting Guidelines by GRI

The GRI Reporting Framework is intended to serve as a generally accepted framework for reporting on an organization's economic, environmental, and social performance. It is designed for use by organizations of any size, sector, or location. It takes into account the practical considerations faced by a diverse range of organizations – from small nterprises to those with extensive and geographically dispersed operations.

The GRI Reporting Framework contains general and sector-specific content that has been agreed by a wide range of stakeholders around the world to be generally applicable for reporting an organization's sustainability performance.

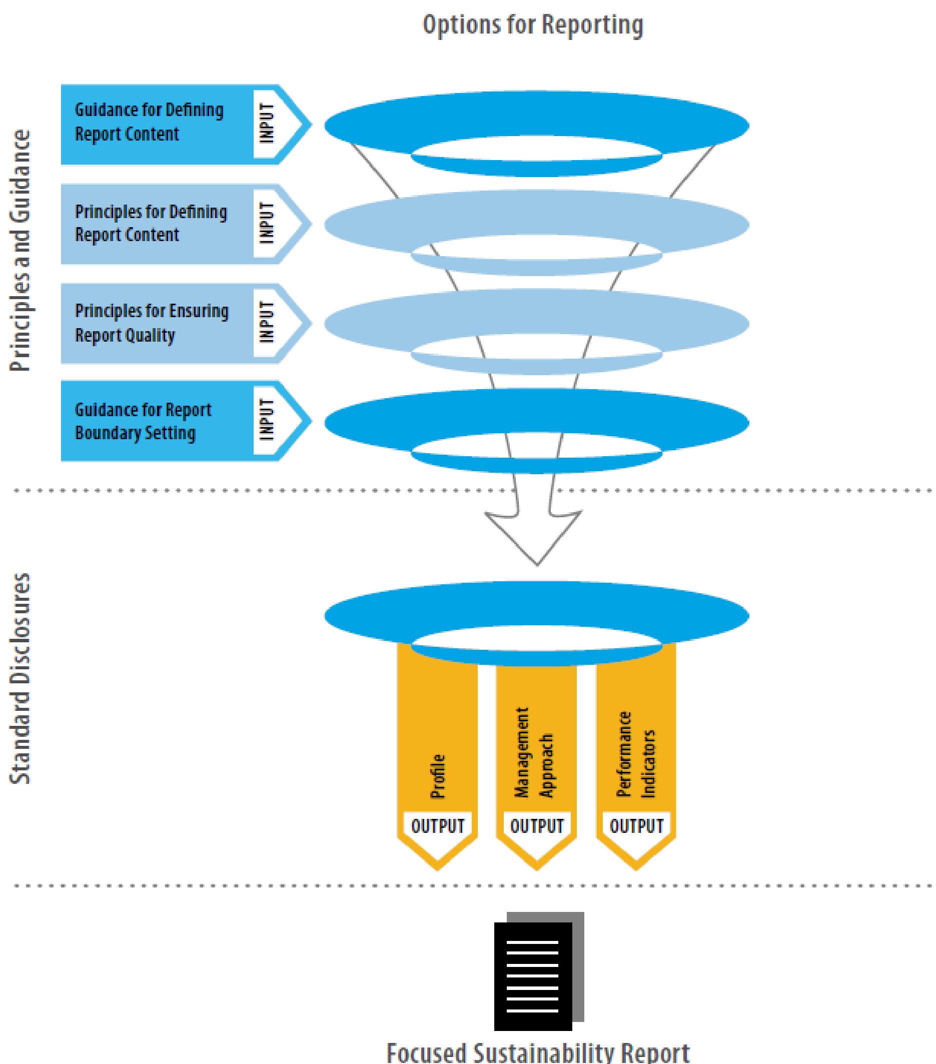
The Sustainability Reporting Guidelines (the Guidelines) consist of Principles for defining report content and ensuring the quality of reported information. It also includes Standard Disclosures made up of Performance Indicators and other disclosure items, as well as guidance on specific technical topics in reporting.

Indicator Protocols exist for each of the Performance Indicators contained in the Guidelines. These Protocols provide definitions, compilation guidance, and other information to assist report preparers and to ensure consistency in the interpretation of the Performance Indicators. Users of the Guidelines should also use the Indicator Protocols.

Sector Supplements complement the Guidelines with interpretations and guidance on how to apply the Guidelines in a given sector, and include sector-specific Performance Indicators. Applicable Sector Supplements should be used in addition to the Guidelines rather than in place of the Guidelines.

Technical Protocols are created to provide guidance on issues in reporting, such as setting the report boundary. They are designed to be used in conjunction with the Guidelines and Sector Supplements and cover issues that face most organizations during the reporting process.

Explain in detail about GRI Guidelines?



Overview of the GRI Guidelines

Source: G3 Sustainability Reporting Guidelines by GRI

The Sustainability Reporting Guidelines consist of

- Reporting Principles,
- Reporting Guidance, and
- Standard Disclosures (including Performance Indicators).

These elements are considered to be of equal in weight and importance.

Reporting Principles and Guidance

The Reporting Principles of materiality, stakeholder inclusiveness, sustainability context, and completeness, along with a brief set of tests for each Principle is explained. Application of these Principles with the Standard Disclosures determines the topics and Indicators to be reported. This is followed by Principles of balance, comparability, accuracy, timeliness, reliability, and clarity, along with tests that can be used to help achieve the appropriate quality of the reported information.

Reporting Guidance for Defining Content

The following approach governs the use of the GRI Reporting Framework in preparing sustainability reports.

• Identify the topics and related Indicators that are relevant, and therefore might be appropriate to report, by undergoing an iterative process using the Principles of materiality, stakeholder inclusiveness, sustainability context, and guidance on setting the Report Boundary.

• When identifying topics, consider the relevance of all Indicator Aspects identified in the GRI Guidelines and applicable Sector Supplements. Also consider other topics, if any, that are relevant to report.

• From the set of relevant topics and Indicators identified, use the tests listed for each Principle to assess which topics and Indicators are material, and therefore should be reported3.

• Use the Principles to prioritize selected topics and decide which will be emphasized.

• The specific methods or processes used for assessing materiality should:

• Differ for, and can be defined by, each organization;

• Always take into account the guidance and tests found in the GRI Reporting Principles; and

• Be disclosed.

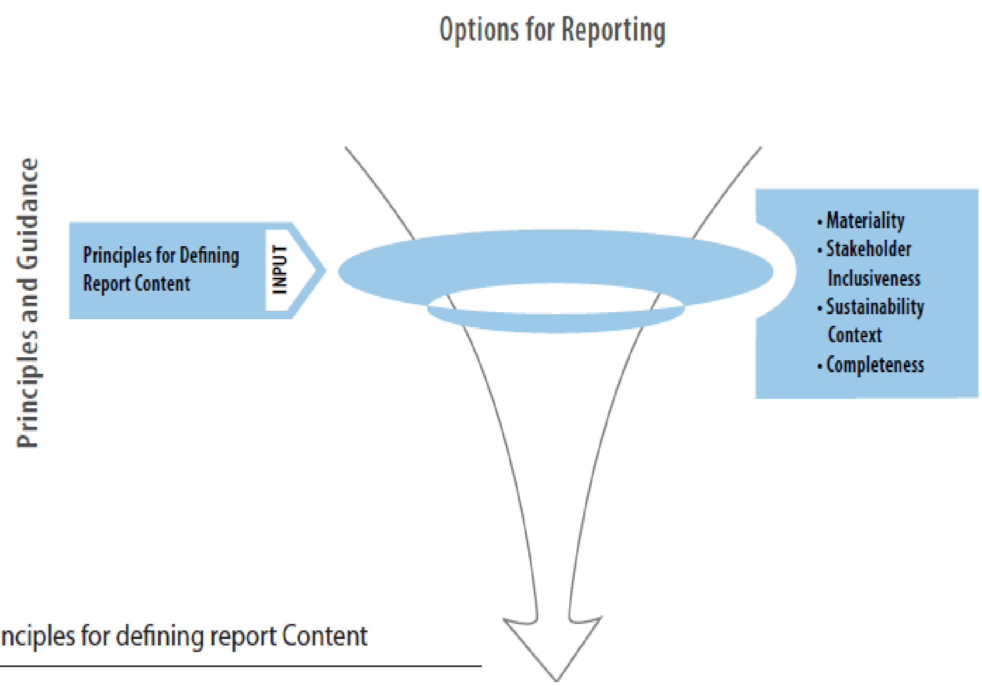


Figure 3: Principles for defining report Content

Source: G3 Sustainability Reporting Guidelines by GRI

Reporting Principles for Defining Quality

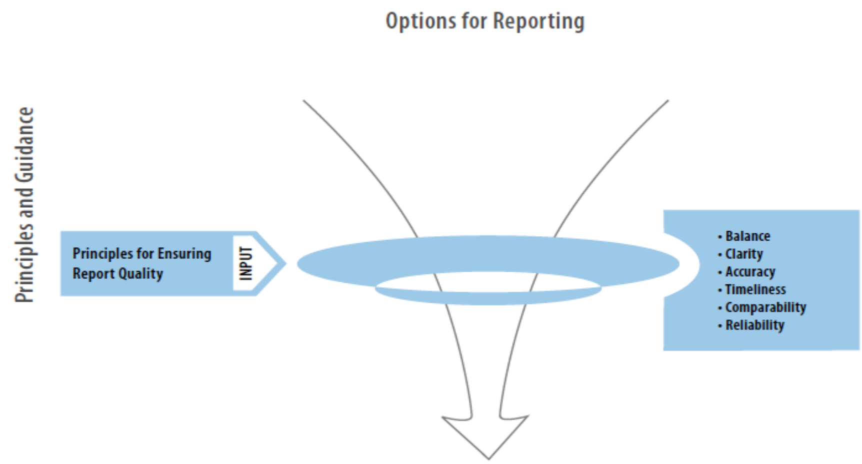


Figure 5: Principles for Ensuring Report Quality

Source: G3 Sustainability Reporting Guidelines by GRI

- **BALANCE -** The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance.
- **COMPARABILITY -** Issues and information should be selected, compiled, and reported consistently. Reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and could support analysis relative to other organizations.
- **ACCURACY -** The reported information should be sufficiently accurate and detailed for stakeholders to assess the reporting organization's performance.
- **TIMELINESS -** Reporting occurs on a regular schedule and information is available in time for stakeholders to make informed decisions.
- **CLARITY** - Information should be made available in a manner that is understandable and accessible to stakeholders using the report.
- **RELIABILITY** - Information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that could be subject to examination and that establishes the quality and materiality of the information.

Reporting Guidance for Boundary Setting

The Report Boundary guidance is based on the recognition that different relationships involve differing degrees of access to information and the ability to affect outcomes. For example, operational information such as emissions data can be reliably compiled from entities under the control of an organization, but may not be available for a joint venture or a supplier. The Report Boundary guidance below sets minimum expectations for the inclusion of entities upstream and downstream when reporting on Indicators and management disclosures.

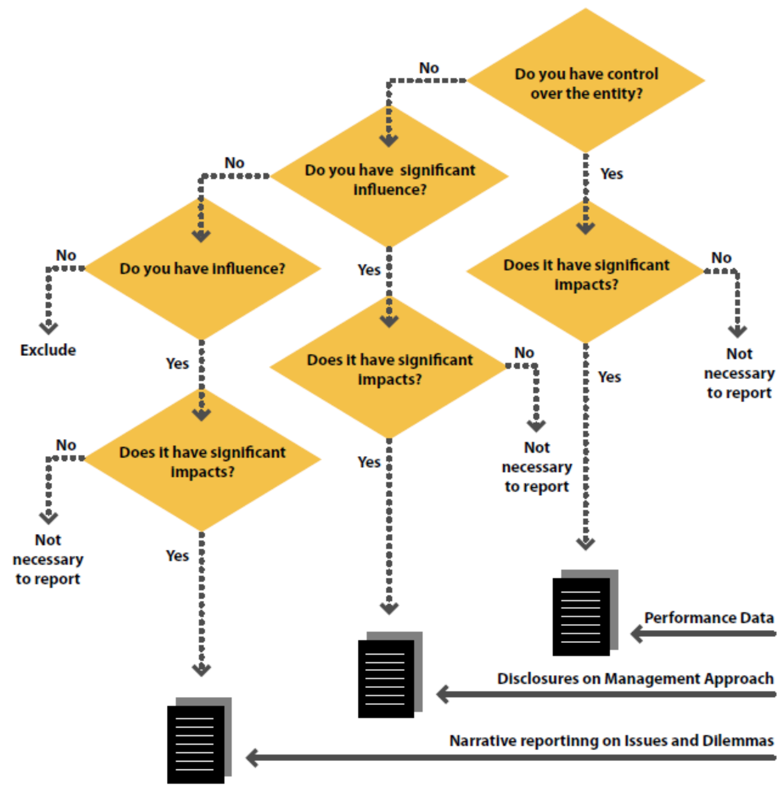


Figure 6: Decision Tree for Boundary Setting

Source: G3 Sustainability Reporting Guidelines by GRI

- A sustainability report should include in its boundary all entities that generate significant sustainability impacts (actual and potential) and/or all entities over which the reporting organization exercises control or significant influence with regard to financial and operating policies and practices.

- These entities can be included using either Indicators of operational performance, Indicators of management performance, or narrative descriptions.

- At a minimum, the reporting organization should include the following entities in its report using these approaches:

    - Entities over which the organization exercises control should be covered by Indicators of Operational Performance; and
    - Entities over which the organization exercises significant influence should be covered by Disclosures on Management Approach.

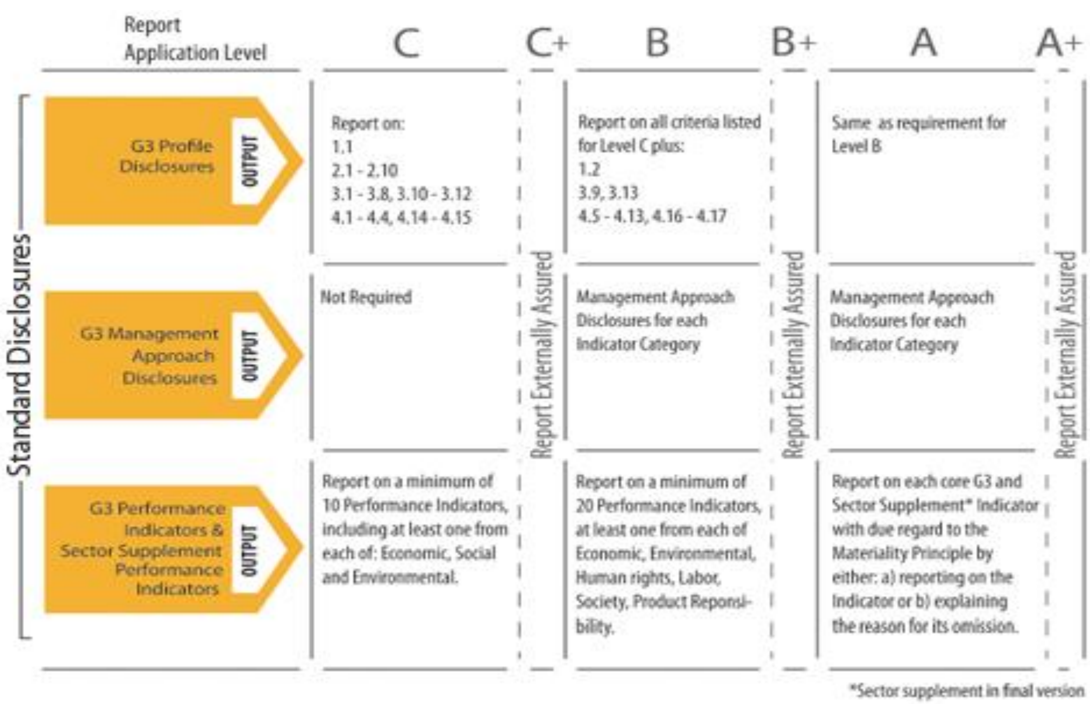
- The boundaries for narrative disclosures should include entities over which the organization does not exercise control/significant influence, but which are associated with key challenges for the organization because their impacts are significant

- The report should cover all entities within its Report Boundary. In the process of preparing its report, an organization may choose not to gather data on a particular entity or group of entities within the defined boundary on the basis of efficiency as long as such a decision does not substantively change the final result of a Disclosure or Indicator.

GRI Application Levels

Upon finalization of their report, preparers should declare the level to which they have applied the GRI Reporting Framework via the "GRI Application Levels" system. This system aims to provide:

- **Report readers** with clarity about the extent to which the GRI Guidelines and other Reporting Framework elements have been applied in the preparation of a report.
- **Report preparers** with a vision or path for incrementally expanding application of the GRI Reporting Framework over time.



Declaring an Application Level results in a clear communication about which elements of the GRI Reporting Framework have been applied in the preparation of a report. To meet the needs of new beginners, advanced reporters, and those somewhere in between, there are three levels in the system. They are titled C, B, and A, The reporting criteria found in each level reflects an increasing application or coverage of the GRI Reporting Framework. An organization can self-declare a “plus” (+) at each level (ex., C+, B+, A+) if they have utilized external assurance.

All G3 reports must declare their Application Level. An organization self-declares a reporting level based on its own assessment of its report content against the criteria in the GRI Application Levels.

Standard Disclosures

Standard Disclosures that should be included in sustainability reports. The Guidelines identify information that is relevant and material to most organizations and of interest to most stakeholders for reporting the three types of Standard Disclosures:

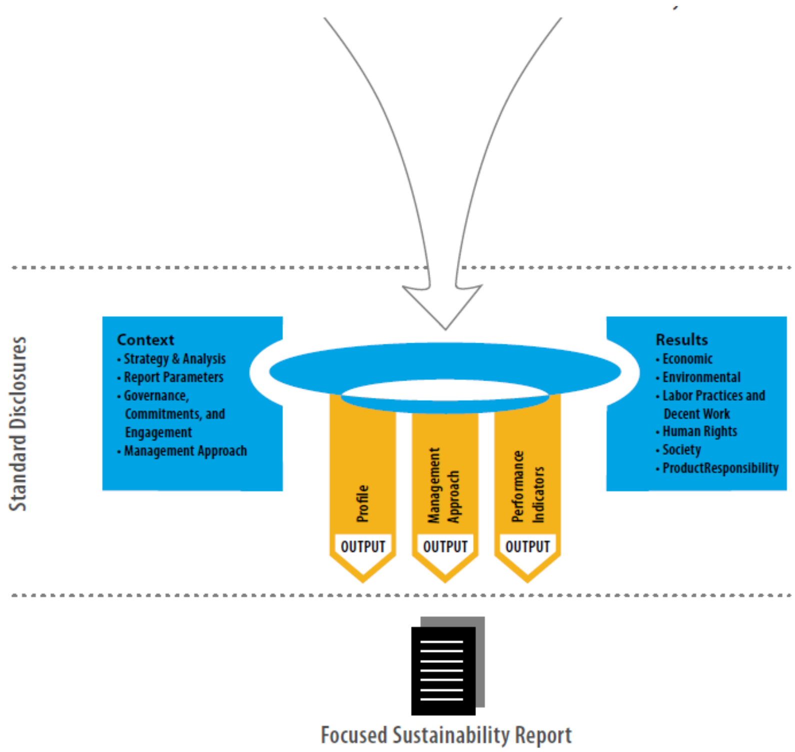


Figure 7: Overview of GRI Standard Disclosures

Source: G3 Sustainability Reporting Guidelines by GRI

There are three different types of disclosures contained in this section.

- **Strategy and Profile:** Disclosures that set the overall context for understanding organizational performance such as its strategy, profile, and governance.

- **Management Approach:** Disclosures that cover how an organization addresses a given set of topics in order to provide context for understanding performance in a specific area.
- **Performance Indicators:** Indicators that elicit comparable information on the economic, environmental, and social performance of the organization.

Reporting organizations are encouraged to follow this structure in compiling their reports, however, other formats may be chosen.

Report Form and Frequency

Definition of a Sustainability Report

A sustainability report refers to a single, consolidated disclosure that provides a reasonable and balanced presentation of performance over a fixed time period.
Stakeholders should be able to directly access all of the report information from a single location, such as a GRI content index. Other publications should not be referenced as the information source for a GRI Standard Disclosure Item (ex., a Performance Indicator) unless the means for a stakeholder to directly access the information is provided (e.g., a link to a specific web page or the page number of the corresponding publication). There is no minimum length for a report using the GRI Framework as long as the organization has properly applied the Guidelines and Framework documents it has chosen to use.

Medium of Reporting

Electronic (e.g., CD-ROM) or web-based reporting and paper reports are appropriate media for reporting. Organizations may choose to use a combination of web and paper-based reports or use only one medium.
For example, an organization may choose to provide a detailed report on their website and provide an executive summary including their strategy and analysis and performance information in paper form. The choice will likely depend on the organization's decisions

on its reporting period, its plans for updating content, the likely users of the report, and other practical factors such as its distribution strategy. At least one medium (web or paper) should provide users with access to the complete set of information for the reporting period.

Frequency of Reporting

Organizations should define a consistent and periodic cycle for issuing a report. For many organizations, this will be an annual cycle, although some organizations choose to report biannually. An organization may choose to update information on a regular basis between the issuing of consolidated accounts of performance. This has advantages in terms of providing stakeholders with more immediate access to information, but has disadvantages in terms of comparability of information. However, organizations should still maintain a predictable cycle in which all of the information that is reported covers a specific time period.

Reporting on economic, environmental, and social performance could coincide or be integrated with other organizational reporting, such as annual financial statements. Coordinated timing will reinforce the linkages between financial performance and economic, environmental, and social performance.

Updating Report Content

When preparing a new report, an organization may identify areas of information that have not changed since the prior report (e.g., a policy that has not been amended). The organization may choose to only update the topics and Indicators that have changed and to re-publish the Disclosures that have not changed. For example, an organization may choose to reproduce the information on policies that have not changed and only update its Performance Indicators. The flexibility to take such an approach will depend in large part on the organization’s choice of reporting medium. Topics such as strategy and analysis and Performance Indicators are likely to show changes each reporting period, while other topics such as organizational profile or governance may change at a slower pace. Regardless of the strategy used, the full set of applicable information for the reporting period should be accessible in a single location (either a paper or web-based document).

Assurance

Choices on assurance

Organizations use a variety of approaches to enhance the credibility of their reports. Organizations may have systems of internal controls in place, including internal audit functions, as part of their processes for managing and reporting information. These internal systems are important to the overall integrity and credibility of a report.
However, GRI recommends the use of external assurance for sustainability reports in addition to any internal resources. A variety of approaches are currently used by report preparers to implement external assurance, including the use of professional assurance providers, stakeholder panels, and other external groups or individuals.

However, regardless of the specific approach, it should be conducted by competent groups or individuals external to the organization. These engagements may employ groups or individuals that follow professional standards for assurance, or they may involve approaches that follow systematic, documented, and evidence-based processes but are not governed by a specific standard.

GRI uses the term ‘external assurance’ to refer to activities designed to result in published conclusions on the quality of the report and the information contained within it. This includes, but is not limited to, consideration of underlying processes for preparing this information. This is different from activities designed to assess or validate the quality or level of performance of an organization, such as issuing performance certifications or compliance assessments. Overall, the key qualities for external assurance of reports using the GRI Reporting Framework are that it:

- Is conducted by groups or individuals external to the organization who are demonstrably competent in both the subject matter and assurance practices;
- Is implemented in a manner that is systematic, documented, evidence-based, and characterized by defined procedures;
- Assesses whether the report provides a reasonable and balanced presentation of performance, taking into consideration the veracity of data in a report as well as the overall selection of content;
- Utilizes groups or individuals to conduct the assurance who are not unduly limited by their relationship with the organization or its stakeholders to reach and publish an independent and impartial conclusion on the report;
- Assesses the extent to which the report preparer has applied the GRI Reporting Framework (including the Reporting Principles) in the course of reaching its conclusions; and
- Results in an opinion or set of conclusions that is publicly available in written form, and a statement from the assurance provider on their relationship to the report preparer.

(Source: G3 Sustainability Reporting Guidelines, GRI)

Sector Guidance

Sector guidance is provided by GRI's Sector Supplements - versions of the Sustainability Reporting Guidelines tailored for sectors. Many sectors face unique sustainability issues that should be captured in sustainability reports. These issues may not be covered in the original Reporting Guidelines. Examples of the issues covered in sector guidance include noise measurement for airports, the resettlement of people for mining and metals companies, animal welfare for the food processing industry, and program effectiveness for non-governmental organizations.

Sector guidance is developed with the expertise of international multi-stakeholder working groups. The development follows **GRI's due process**, including public comment, and is based on a consensus-seeking approach. The decision to develop new sector guidance in the form of Sector Supplements is based on three main factors:

• The need for sector-specific content in reporting
• The potential to improve the sustainability performance of organizations in a sector
• The potential for increasing the number and quality of reports in a sector

To develop sector guidance GRI assembles a regionally diverse Working Group of some 20 sector experts. Different stakeholder groups are represented, including business, civil society, labor and investors. Working Group members volunteer their expertise and use GRI's signature consensus-seeking approach. It usually takes two years to develop Sector Supplements. This timing includes two periods when the public is invited to submit comments and suggestions on the draft documents.

Once the draft Sector Supplement has been finalized, the Working Group submits it to **GRI's Technical Advisory Committee (TAC).** The TAC reviews the content and the development process to make sure it complies with GRI's due process standards and quality expectations: high technical quality and accuracy, and a development based on inclusive multi-stakeholder processes.

Based on the results, the TAC presents its recommendations to **GRI´s Board of Directors**. The document may need further updates - or be ready for release and use.

GRI's Sector Supplements are used in the same way as the original **Reporting Guidelines**.

The following supplements where developed prior to 2006 before the release of G3 Guidelines.

- Automotive
- Financial Services
- Logistics and Transportation
- Mining and Metals
- Public Agencies
- Telecommunications
- Tour Operators

The following supplements where released in 2007 after the release of G3 Guidelines

- Apparel and Footwear
- Energy Utilities

Throw some light on Trends in Sustainability Reporting?

Ernst & Young, in cooperation with GreenBiz Group, conducted a survey in late 2011 consisting of executives and thought leaders in corporate environmental strategy and performance. The survey illuminates six key trends:

- **Trend 1:** Sustainability reporting is growing, but the tools are still developing
- **Trend 2:** The CFO's role in sustainability is on the rise
- **Trend 3:** Employees emerge as a key stakeholder group for sustainability programs and reporting
- **Trend 4:** Despite regulatory uncertainty, greenhouse gas reporting remains strong, with growing interest in water
- **Trend 5:** Awareness is on the rise regarding the scarcity of business resources
- **Trend 6:** Rankings and ratings matter to company executives

What is the Sustainability Reporting position in India?

Sustainability reporting in India is in its infancy. There are various drivers behind the publication of sustainability reports. NGO sectors participation in promoting sustainability is low in India when compared to other countries. Many companies issuing CSR corporate communications now actively report on the social dimension as well. Integrating social and environmental concerns keeping our overall inclusive growth agenda intact is our current day challenge. This will make Sustainability Reporting more acceptable in the Indian context.

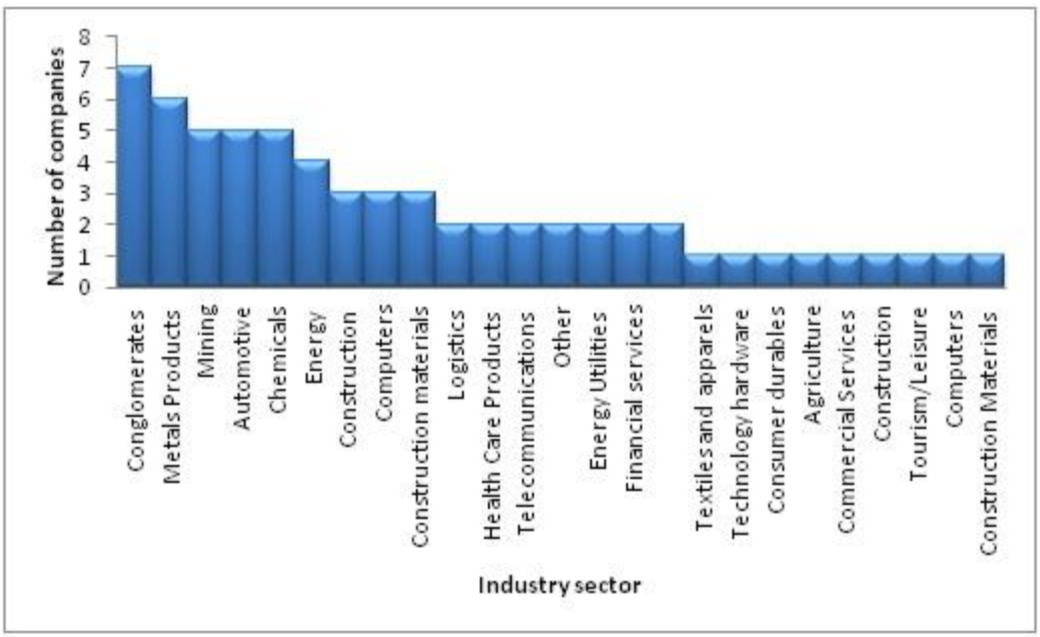
In specific reference to the financial sector, Yes Bank has become a member of United Nations Environment Programme – Finance Initiative (UNEP FI), which is an initiative to promote the integration of environmental considerations into all aspects of the financial sector's operations and services. SIDBI has released a report as per GRI Guidelines, a few Indian banks are beginning to consider reporting on their non-financial parameters.

For Institutions in India's financial and banking sector, one of the primary drivers of their involvement in activities in social and environmental spheres is their reputation and branding. These institutions have high visibility in every business sector and industry. In emerging markets like India, financing projects that focus on clean production, good corporate governance and sustainable energy are being increasingly identified as potential business opportunities for financial institutions.

What are the existing Trends in Sustainability Reporting in India?

- Just 40 companies in India disclose their Sustainability Performance
- Sectors like construction and building material, metals and mining, oil and gas and chemicals lead the reporting initiative in India
- Indian reporters use Global Reporting Initiative (GRI) guidelines to prepare the sustainability report

- Very few Sustainability Reporters in India have a Strategy with well defined objectives and a SMART Target
- The content of sustainability reports focus more on complying to the reporting guidelines requirements rather than elaborating on materiality, stakeholder engagement and future plans and targets.
- Climate change has emerged on the key sustainability risks across industries
- There is an increasing trend of companies engaging accountancy firms for assuring their sustainability reports in India.
- A recent trend observed is to include sustainability elements as part of internal audit so that the issues are discussed at the board level.



Sector wise participation in Sustainability Reporting through the years in India (Source: GRI database)

What is the progress of Sustainability Reporting in India?

The progress of sustainability reporting in India is slow, but a sound start has already begun. The Institute of Chartered Accountants of India – Accounting Research Foundation (ICAI ARF) Committee is working on a new set of rules on CSR and has undertaken a special project to suggest a suitable framework for sustainability reporting for Indian companies. The CII is developing a green rating system for Indian companies.

Adopting sustainability has further intensified with the launch of Sustainable Development Funds and Indices in India such as CRISIL, S&P ESG Index.

What is ESG?

Advocates from various stakeholder groups namely investors, employees, communities, environmentalists, consumers, and regulators alike have been willing to expand corporate reporting to include environmental, social and governance (ESG) data. Substantial progress has been made by such organizations as the Global Reporting Initiative (GRI) both in defining what constitutes enhanced corporate reporting in these areas and in convincing corporations to produce voluntary reports addressing sustainability and ESG issues.

According to EIRIS, good quality ESG disclosure is crucial for holistic investment decision-making, but it is currently lacking across the market. ESG information can help society address vital challenges namely:

• Climate change management and the efficient use of energy;
• Addressing the release of toxic chemicals into the environment;
• Sustainable management approaches in forests development, fisheries, and conserving other natural resources;
• Decent conditions in the workplace;
• Access to technologies and financial services for all members of society;
• Availability of water;
• Equal opportunities in employment;
• The need for sustainable products and services.

Some Facts on Sustainability Reporting

- The world's largest companies now issue sustainability reports as a matter of course

- Almost 80 percent of the Global Fortune 250 companies report publicly on social and environmental data.
- As of 2009, only 130 US companies had registered their sustainability reports with the Global Reporting Initiative
- Authors of a 2010 report from PricewaterhouseCoopers and Craib Design and Communications looked at CSR reports issued in 2009 by more than 1,000 companies worldwide. The report found that because companies take varying approaches to CSR reporting, it can be challenging to assess companies' actual performance, or to gauge their efforts in comparison to one another.
- As of 2009, Microsoft, Cisco and Oracle were removed from the NASDAQ Global Sustainability Index (QCRD) due to a failure to disclose 2 out of 5 quantitative environmental metrics that adhere to GRI

What will be the consequence of Compulsory Sustainable Reporting?

- The social responsibility of business leaders increases
- Sustainable development and Employee training become a high priority issues for Companies
- Corporate Governance improves
- Corporate boards supervise management more effectively
- Corporations implement more ethical practices
- Managerial Credibility Increases

Are there countries that have made Sustainability Reporting Mandatory?

A number of governments have already made broad based sustainability reporting essentially mandatory E.g., France and Sweden

What are challenges of Voluntary Sustainability Reporting?

Some of the greatest challenges of Voluntary Sustainability Reporting practice are as follows

- Organizations choose different time periods in which they report - annually, biannually, irregular intervals, and some just once
- Organizations report on a variety of different key indicators;
- Organizations report in different formats and using different metrics like they may report data covering different time periods, they may use different units of measurements, or choose different benchmarks against which the performance is measured.

What way Mandatory Sustainability Reporting helps in addressing these challenges?

- A common platform is created for corporations disclosing crucial information related to sustainability performance;
- Enable investors to make appropriate comparisons of the relative sustainability performance of entities within a specific sector;
- Enable stakeholders to discuss on the effects of corporate activity;
- Outsiders fairly judge companies' sustainability policies and practices;
- Enables them compare them to those of their peers and assess their progress or lack of progress over time in achieving sustainability goals;
- Understand how corporations in practice are or are not supporting governments' efforts to create just and sustainable societies.

Is there any useful framework for broad-based mandatory reporting?

The GRI model appears to provide a useful framework for broad-based mandatory reporting. E.g., Mandatory sustainability scheme recently adopted by Sweden for companies with state ownership, while strongly encouraging other corporations to follow the pursuit. They rely on the GRI's comprehensive set of indicators.

Is their any mid way approach being followed?

A mid way approach is being followed. Let's see a sample of them

- A number of governments have mandated that companies engage in corporate social responsibility reporting without defining the sustainability indicators that are to be reported or in what format. Under such approaches companies can choose not to report at all as long as they explain why they have chosen not to do so. Denmark, for example, had adopted a mandated disclosure system of this type in 2009 and so did Malaysia.
- Another mid way approach towards sustainability reporting, but which falls short of actual mandates for specific indicators, has been adopted up by several stock exchanges around the world. It is precisely about creation of socially responsible investment (SRI) indexes. For Example, The JSE (Johannesburg Stock Exchange) pioneered this mid way approach with the launch of its SRI Index in 2001. While others, who have followed its footsteps include the Brazilian Bovespa (Corporate Sustainability Index) and the OMX (GES Sustainability Nordic Index).

As of 2009, 15 of the 51 stock exchanges in the World Federation of Exchanges had launched sustainability or environmental indexes of one sort or another. Sustainability indexes encourage publicly traded companies to monitor and report on their initiatives, but typically do not specify key sustainability performance indicators.

What are the disadvantages of a Mid Way Approach to Mandatory Sustainability Reporting?

Mid Way approach toward mandatory reporting are unreliable to fully integrate the conduct of business with the creation of sustainable economies generally or to most effectively improve the actual sustainability performance of corporations.

Explain more on the Usefulness of Key Performance Indicators (KPIs)?

It is essential the reporting requirements bring together a means of identifying key sustainability performance indicators on a sector by sector basis. KPIs focus on the sustainability data that is most material to most stakeholders and enable corporate management, investors, and other stakeholders to encourage improvements in the most important aspects of a company's sustainability performance.

Reporting on sustainability and ESG performance is a crucial step toward a market that rewards the creation of long-term wealth in a just and sustainable society. Sustainability key performance indicators (KPIs) can play a crucial role in supporting markets that create such long term wealth. They can form the backbone of sustainability disclosure that tracks, and allows for improvement on, those issues most tied to a corporation's environmental and social impact and most material to a company's financial performance.

Comprehensive lists of potentially relevant data have been developed by the Global Reporting Initiative and other organizations. The GRI's G3 Guidelines for sustainability reporting identify and disseminate a broad list of sustainability indicators, some 80 in number across environmental, social, and economic dimensions. In addition, the GRI is developing detailed, specific reporting guidance for industry sectors that highlight numerous indicators most relevant to that sector

Request for relevant KPIs have been coming from other European financial professionals: the European Federation of Financial Analyst Societies (EFFAS) published a guideline for the Integration of ESG into Financial Analysis and corporate valuation, which recommends incorporation of KPIs into the MD&A disclosure, in order to achieve comparability and benchmarkability.

The German Federal Environment of Ministry has also released its SD-KPI Standard 2010-2014 which presents minimum reporting standards for relevant sustainability information in annual reports and management commentaries. These industry-specific KPIs were compiled by the Ministry from questionnaires completed by SRI investment analysts on particular ESG topics.

What are the benefits of KPIs?

- KPIs identify those sustainability aspects of sector-specific performance that impact society either negatively or positively;
- Define the most relevant information that can be reasonably collected and reported;
- Present in a usable, standardized format data that allows comparison of relative corporate sustainability performance.
- Limited number of KPIs can help contribute to a balanced reporting regime that serves the dual demands of comprehensiveness and practicability.

It helps build on the extensive work defining and measuring corporate sustainability in existence, and guide corporations and stakeholders as they focus on issues with the greatest sustainability implications at any given time.

What happens if KPIs are not used in Sustainability Reporting Practices?

• Organizations expend substantial time and expense gathering data irrelevant to their primary societal and environmental impacts;

• Sustainability reports that contain excessive amounts of extraneous information can make analysis and decision-making difficult for investors, regulators, NGOs, consumers, and others;

• Organizations will be at the mercy of ever-increasing requests for information from a number of stakeholders;

• Organizations with prominent brands may be subject to disproportionate pressures to increase their reporting**.**

Explain KPIs in relation to Disclosure Frameworks on Sustainability Reporting

KPI approach enhances broader sustainability disclosure frameworks in a number of ways.

- It works hand in hand with broad-based disclosure in the sense that many KPIs recur across industries.
- Identification of KPIs highlights universally applicable indicators that are of greatest significance throughout the corporate world.
- KPIs can enhance broad-based disclosure by identifying those KPIs that are material to only a few, or even just one or two, industry sectors.
- These unique sector specific issues are often the most material, because they stem from the core activities and business models of the companies in that sector.
- KPI reporting can bridge important gaps in broader approaches.
- KPI approach permits issues to be highlighted and addressed in detail that may be of substantial relevance to stakeholders other than the stockowners traditionally served by the financial materiality principle in reporting

Can you tell us more on the Social Reporting Laws existing in various countries?

- Sweden: By 2009, state-owned companies will be required to produce annual sustainability reports in accordance with Global Reporting Initiative (GRI) G3 guidelines.
- France: Since 1977, companies with more than 300 employees have been required to file a "bilan social", reporting on 134 labour-related indicators. The 2001 New Economic Regulations Act further requires listed companies to disclose data on 40 social and environmental criteria in their annual reports.
- UK: Under the 2006 Companies Act, companies listed on the London Stock Exchange have to report on non-financial issues relevant to their business within annual reports.

- Germany: Since 2004, companies have been required to report within annual reports on key non-financial indicators that materially affect their performance.
- US: There is little regulation on sustainability reporting, apart from rules regarding hazardous waste and toxic chemicals disclosure and governance disclosures required by the Sarbanes Oxley Act. The New York Stock Exchange requires listed companies to publish a code of business conduct and ethics.
- Japan: Under a 2004 law, certain companies and government agencies are required to produce annual reports on environmental impacts.
- China: The state-owned Assets Supervision and Administration Commission issued a directive in January 2008 encouraging state-owned companies to report on responsible business activities.
- Malaysia: From 2007, the government has required all listed companies to publish corporate social responsibility information in their annual reports

Explain about Clean Development Mechanism (CDM) in India?

- The total number of CDM projects registered at the Clean Development Mechanism Executive Board (CDM EB) as on September 2012 is 532
- The National Clean Development Mechanism Authority (NCDMA) has accorded Host Country Approval to 1226 projects, facilitating an investment of more than USD 3,405.
- The most of the projects are in sectors like energy efficiency, fuel switching, industrial processes, municipal solid waste and renewable energy.
- It is estimated, if all these projects get registered by the CDM Executive Board, they have the potential to generate a total 573 million Certified Emission Reductions (CERs) by the year 2012.

Green House Gas Emissions in India

- A recent study by the Government of India estimates future GHG emissions, using different models.

- The study concludes that the estimates of India's per capita GHG emissions in 2030-31 vary from 2.77 to 5 tCO eq, with four of the five studies estimating that India's per capita GHG 2 emission will stay below 4 tonnes per capita

Can you explain about ISO 20121 on Sustainability Event Management?

Our climate is changing with potentially substantial implications for governments and industries. The events industry is no exception. Anyone involved in organising and managing events needs to understand these trends, the implications on their businesses and then implement strategies to enable their business to respond in a more sustainable way.

ISO 20121 is the British Standard which has been developed specifically for the events industry with a purpose of helping the industry to operate in a more sustainable manner. The standard defines the requirements for a **sustainability event management** system to ensure an enduring and balanced approach to economic activity, environmental responsibility and social progress relating to events.

It requires organisations to identify and understand the effects that their activities have on the environment, on society and on the economy both within the organisation and the wider economy; and put measure in place to minimise the negative effects.

ISO 20121 shares many of the common management principles of other management system standards such as **ISO 9001** (Quality Management), **ISO 14001** (Environmental Management) and **BS OHSAS 18001** (Health and Safety Management) including the Plan-Do-Check-Act approach. The key requirements of **ISO 20121** include:

- Sustainability Policy
- Issue identification and evaluation
- Stakeholder identification and engagement
- Objectives, targets and plans
- Performance against principles of sustainable development

- Operational controls
- Competence and training
- Supply chain management
- Communication
- Monitoring and measurement
- Corrective and preventive action
- Management System audits
- Management Review

Is BS ISO 20121 applicable to my organisation?

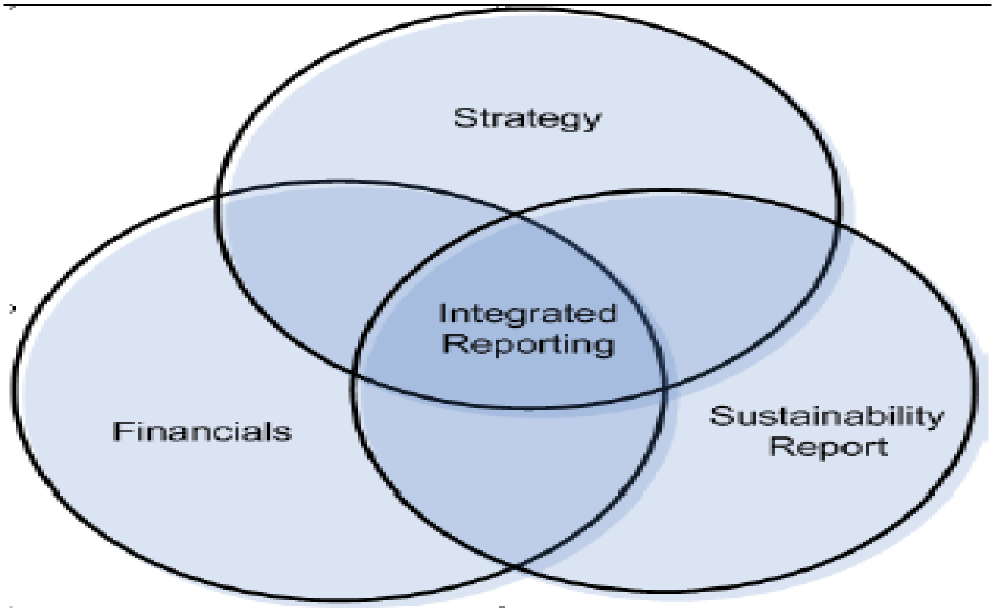
It is important that all aspects of an event are sustainable. Event organisers need to consider the social, economic and environmental impacts of organising their event. Every choice, from the venue and travel arrangements, through to the content of the delegate packs should be designed to be as ecologically responsible as possible. **ISO 20121** is therefore relevant to the following:

- Event organisers or individuals involved in overall co-ordination of the event
- Event venues including hotels, convention centres and sports venues
- Suppliers and contractors of key activities relating to the events industry
- Industry associations and councils

What is integrated Reporting (IR)?

The concept of “integrated reporting” IR, sometimes also called “one report”, is a new idea, but also an old idea. Finance industry users of company reports read them in order to understand companies better in the context of investment goals. The objective of stakeholders currently working on the IR initiative is to improve the quality of company reports from this very pragmatic perspective.

Figure 1: Integrated Reporting



Source: UBS

Is Integrated Reporting defined?

The International Integrated Reporting Council (IIRC) defines integrated reporting as follows:

Integrated reporting brings together material information about an organization's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates and sustains value. An Integrated Report should be an organization's primary reporting vehicle.

What is the essence of good quality integrated reports?

- Make it easy for the user to make insightful connections between key pieces of information in the context of the investment decision-making process.
- Give a clear view of the relevant elements of the firm's strategy and progress, not forgetting risks and challenges, and how the company is dealing with them.
- Allow long-term unquantifiable risks or opportunities to be taken into account.
- A good report makes clear how any environmental, social or governance (ESG) issues discussed link to the core strategy.
- Allow business-critical information to be found easily

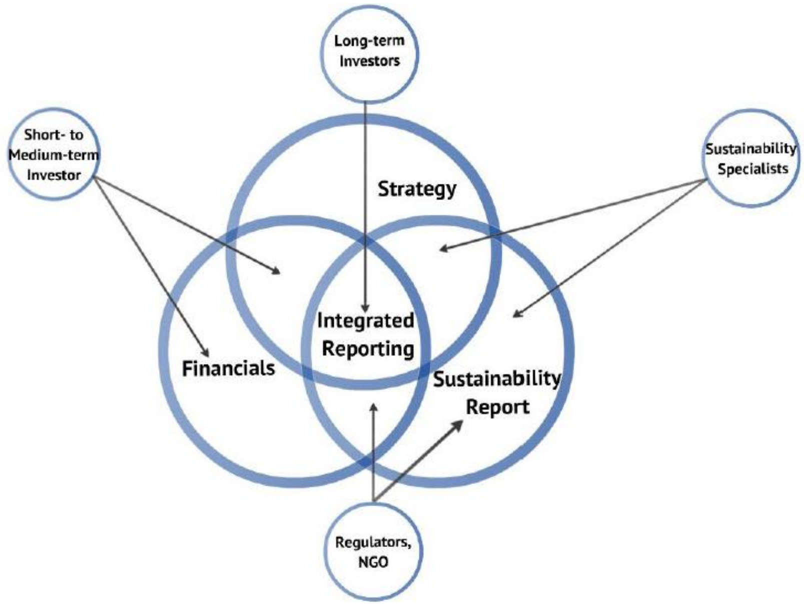
What Integrated Reporting is not?

- Doubling or tripling the amount of information in the annual report by adding a lot of new metrics.
- Splicing the sustainability report and the annual report.
- Putting sections of the sustainability report in the annual report.

In a nutshell, IR allows report users to 'join the dots' in the way that best works for them in the context of return requirements, risk appetite and constraints. IR may also deliver other benefits, such as greater market efficiency.

Is Integrated Reporting same as Sustainability Reporting or ESG reporting?

IR is not the same thing as sustainability or ESG (investment that specifically seeks to take environmental, social and governance issues into account). However, a good quality integrated report would bring together all the information that is core to the company strategy, including sustainability issues. The conjunction of strategy, financials and sustainability depicted below is what the long-term investor is likely to be looking for.



Are there factors blocking the progress of Integrated Reporting?

The most obvious block on progress in the field of integrated reporting is cultural: the perception that non-financial issues or, indeed, anything not on the beaten path of conventional reporting is marginal to the main job of investment decision making.

One of the dangers inherent in advancing to the more all-round perspective on a firm is the proliferation of data that can result from an increase in what is reported on. Large amounts of data serving a disparate set of agendas can generate more heat than light, and can be worse than insufficient disclosure. In short, finding the right balance, so that enough is disclosed to permit a full understanding of the company, without overwhelming the report readers with too much information, is not easy. In essence, this is a process of cultural change.

You mean to say Integrated Reporting is more than ESG reporting?

ESG integration is not the only thing “integrated reporting” is about, even though it happens to provide a useful test of the concept of IR. Integrated reporting is about communicating a true and fair, all-round view of any given company. The most successful integrated report will convey the identity of the firm quite quickly, and the user should also find it easy to get to critical pieces of information.

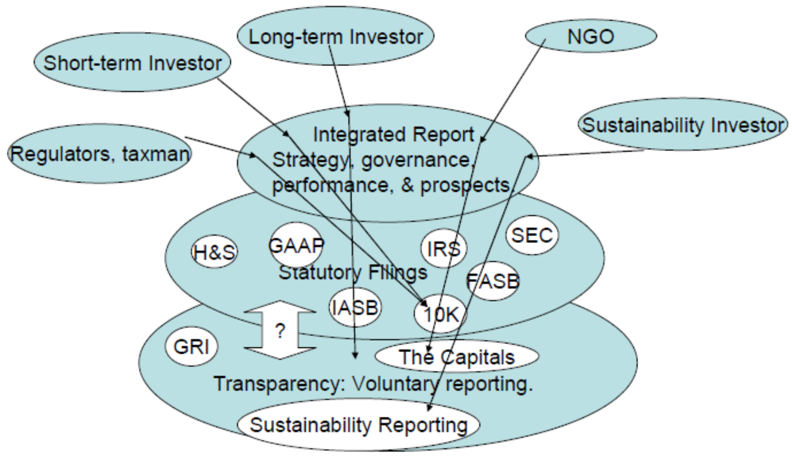
Does Corporate Governance shape the Integrated Reporting framework?

The culture of the accounting system in any given country is likely to have been shaped by local institutions, such as the political and legal systems, and the structure of finance systems. Thus, the accounting system is likely to have been most significantly influenced by whether the prevailing legal regime is based on a common law or civil code approach. Additionally, the nature of the prevailing capital market structure will inevitably shape the structure of reporting systems. This is considered important in the context of Integrated Reporting.

What are the primary differences from conventional reporting?

An integrated report deals with external factors. It considers social, economic, environmental and financial dimensions that the company is affected by and/or responsible for. It gives a true sense of the full value of the company once social and environmental dimensions are taken into account.

How does an optimally designed integrated report work?



The Integrated Report provides a lens through which investors and other users can find the relevant material information about the organization's strategy, governance, performance and prospects, in a way that connects to report-user goals.

Source: IIRC interview, UBS. Loosely based on a whiteboard diagram drawn by Paul Druckman.

List some of the regulatory developments country wise

Country	Regulation	Effective date	Source
Argentina	Buenos Aires city law 2594/07: All local and international companies in the city with more than 300 employees are required to provide annual social and environmental responsibility reports according to GRI guidelines	January 16, 2008	Autonomous City of Buenos Aires, http://www.buenosaires.gob.ar/
Australia	Financial Services Reform Act: Issuers of financial products (pension funds, mutual funds, life insurance providers) must provide Product Disclosure Statements on labour standard, environmental, social and ethical considerations	March 11, 2002	Australian Government, http://www.comlaw.gov.au/Details/C2005C00498
Denmark	Social Responsibility for Large Businesses law (amendment to Financial Statements Act): about 1,100 largest listed public and state-owned companies must disclose corporate responsibility policy within annual report	January 1, 2009	Danish Commerce and Companies Agency, http://www.csrgov.dk/
Denmark	Executive orders 1305, 1307, and 1310: Pension funds, mutual funds, and insurance providers are required to report on corporate social responsibility alongside the annual report	January 1, 2009	Danish Commerce and Companies Agency, http://www.csrgov.dk/
EU	Accounting Modernisation Directive 2003/51: European companies must report non-financial performance indicators material to their business, including environmental and employee issues, though countries can make exceptions (e.g. for SME's).Transposed directly into law by Germany, Greece, Hungary, Italy, Netherlands.	January 1, 2005	European Commission, http://ec.europa.eu/internal_market/accounting/officialdocs_en.htm
France	Labour Code: Companies with more than 300 employees must file a bilan social (social balance sheet) on nearly 150 labour and employment indicators	July 12, 1977	*Le Service Public de la Diffusion du Droit*, http://www.legifrance.gouv.fr/
France	Reform of Employee Savings Plans and Pension Reserve Funds: Pension funds must identify social, environmental and ethical considerations and how they have been addressed	February 2001	*Le Senat*, http://www.senat.fr/
France	Grenelle II Act modifying Article L225-102-1 of the Commercial Code: All listed companies will be required to report environmental and social impacts alongside the annual report (and companies larger than 500 employees will be required as of December 31, 2016)	December 31, 2011	*Le Service Public de la Diffusion du Droit*, http://www.legifrance.gouv.fr/
France	Grenelle II Act creating Article L229-25 of the Environmental Code: Companies with more than 500 employees must report greenhouse gas emissions and an emissions reduction plan at least every 3 years	December 31, 2012	*Le Senat*, http://www.senat.fr/
Germany	Insurance Supervision Act, Section 115: Private pension funds and life insurance providers must disclose environmental, social, and ethical investment considerations	January 2002	Federal Financial Supervisory Authority (BaFin), http://www.bafin.de/
India	Securities and Exchange Board of India (SEBI) resolution: Listed companies must report on ESG initiatives through a business responsibility report as part of annual filings (top 100 companies are immediate, while the remaining will be phased in)	November 24, 2011	SEBI, http://www.sebi.gov.in/cms/sebi_data/pdffiles/22104_t.pdf
Malaysia	Malaysian government and Bursa Malaysia stock exchange concurrently established requirements for all public listed companies to disclose CSR practices	December 31, 2007	Bursa Malaysia, http://www.bursamalaysia.com/website/bm/about_us/the_organisation/csr/approach.html Ministry of Finance Malaysia, http://www.treasury.gov.my/pdf/budget/bs07.pdf
Spain	Sustainable Economy Act: Government-sponsored and state-owned companies must file annual corporate governance and sustainability reports	March 6, 2011	Ministry of the Presidency, http://www.lamancloa.gob.es/
South Africa	Companies listed on the Johannesburg Stock Exchange must submit annual sustainability reports in compliance with King Code of Governance Principles for South Africa 2002 ("King II")	September 1, 2003	Johannesburg Stock Exchange, http://www.jse.co.za/
South Africa	Companies listed on the Johannesburg Stock Exchange must submit annual integrated reports in compliance with King Code of Governance Principles for South Africa 2009 ("King III")	March 1, 2010	Johannesburg Stock Exchange, http://www.jse.co.za/
Sweden	Public Pension Funds Act 2000 guidelines: Public pension funds must invest with environmental and ethical considerations without compromising high returns.	January 1, 2001	Fourth Swedish National Pension Fund (AP4), http://www.ap4.se/web/templates/Page.aspx?id=332

Sweden	All 55 state-owned companies must file an annual sustainability report according to GRI guidelines	January 1, 2008	Regeringskansliet, Government Offices of Sweden, http://www.sweden.gov.se/sb/d/574/a/94125
United Kingdom	Stakeholder Pension Schemes Regulations 2000: Fund managers must provide a statement of the extent of social, environmental, and ethical considerations in investing	October 1, 2000	The National Archives, http://www.legislation.gov.uk/uksi/2000/1403/made
United Kingdom	UK Companies Act 2006, Article 417: Annual Business Review of listed companies must include information on environmental impact, company's employees, and social/community issues as well as relevant policies	October 1, 2007	The National Archives, http://www.legislation.gov.uk/ukpga/2006/46/section/417
United Kingdom	Climate Change Act 2008: Government must require listed companies to publish carbon emissions annually in the Director's report.	April 6, 2012	The National Archives, http://www.legislation.gov.uk/ukpga/2008/27/contents
United States	EPA's Mandatory Reporting of Greenhouse Gases Rule: Certain large emitters are required to monitor and report GHG data (about 10,000 facilities covering approx. 85% of nation's GHG emissions)	January 1, 2010	Environmental Protection Agency, http://www.epa.gov/climatechange/emissions/ghgrulemaking.html
United States	SEC interpretive Guidance Regarding Disclosure Related to Climate Change: Companies are required to disclose climate-related material risks in their SEC filings	February 8, 2010	Securities and Exchange Commission, http://www.sec.gov/rules/interp.shtml
United States	SEC adoption of Dodd-Frank Bill: Investment managers must report voting record on executive pay ("say on pay") in addition to mutual funds who are already required to disclose	n/a	Securities and Exchange Commission, http://www.sec.gov/spotlight/dodd-frank/corporategovernance.shtml

Source: UBS, and as stated in the table.

Role of Chartered Accountants in promoting and supporting Sustainability Reporting Practices

An accountant interacts with clients and business leaders in the course of discharging his professional duties. This enables him to promote, diffuse or normalise sustainability accounting and reporting into business operations.

1. **Advising on Sustainability Accounting and Reporting -** The role of an accountant is more of a trusted advisor given the unique privileged access to

intimate details of clients business given by clients to their accountant and is highly likely to return to the client on a regular and continuous basis.

2. **Assists in the Sustainability Performance and Reporting -** Sustainability reporting and performance are becoming increasingly important. The skills of an accountant and their access to company details, places them in an ideal position to identify the key performance indices thereby establishing sustainability performance in the organization.
3. **Awareness of Sustainability Accounting and Reporting Practices** – Professional accountants stay highly motivated. They act as agents of change in promoting Sustainability Reporting practices
4. **Knowing the Public Interest Areas** - Accountants are not just advisors, they play a bigger role as one who advocates the need to have socially viable business practices taking care of public interest areas. This becomes critically important while establishing sustainability performance, indentifying key performance indices and reporting.
5. **Cross the barriers of Implementing Sustainability Reporting –** The greatest bottleneck in the implementation of Sustainability Reporting practices **(**non financial reporting practices) is the reluctance to accept change. Accountants become the prime motivators of the desired change and also help in designing implementation strategy. The reporting practice begins with exploring and proceeds to integrate business objectives with social and environmental upliftment.
6. **Multifaceted Knowledge Advantage –** An accountant with multifaceted knowledge manages to critically analyze the intricacies of issues in the day to day running of an organization. He develops a comprehensive approach in establishing sustainability practices, creating an accountability mechanism at every stage of reporting.
7. **Identifying Key Performance Indices (KPIs) -** Identifying key sustainability performance indicators on a sector by sector basis is basic to sustainability reporting. KPIs focus on the sustainability data that is most material to most stakeholders and enable corporate management, investors, and other stakeholders

to encourage improvements in the most important aspects of a company's sustainability performance.

8. **Sector/Domain Specialist -** Many business sectors face unique sustainability issues that should be captured in sustainability reports. These issues may not be covered under general guidelines. Accountants can play a critical role in developing guidance with help from international multi-stakeholder working groups.
9. **Sustainability Audit –** Audit of sustainability practices, framework and accountability is essential for effective performance measurement. This is absolutely essential for maintaining and expanding the scope and range of sustainability reporting practices. Chartered Accountants can be engaged in performing the Sustainability Audit in Organizations.

Some Important Websites

1. Carbon Disclosure Project (CDP) - http://www.cdproject.net
2. Climate Disclosures Standards Board (CDSB) - http://www.cdsb.net/
3. The European Public Real Estate Association (EPRA) EPRA – Sustainability Reporting Committee - http://www.epra.com/
4. Global Initiative for Sustainability Ratings (GISR) http://ratesustainability.org/
5. Global Reporting Initiative (GRI) - https://www.globalreporting.org/
6. International Integrated Reporting Council (IIRC) http://www.theiirc.org/
7. Prince's Accounting for Sustainability Project (A4S) http://www.accountingforsustainability.org/
8. Sustainability Accounting Standards Board (SASB) http://www.sasb.org/
9. UN Principles for Responsible Investment (PRI) http://www.unpri.org/

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