

Standards regarding integrated reporting in the context of modelling the performance concept

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Abstract: The evaluation of companies' progress towards sustainability and the integrated reporting associated with it was supported by multiple proposals, which took the form of methods, conceptual frameworks, standards, ratings, indexes, awards, accreditations, awards, alliances, studies, and research. The present study highlights the perspective of aligning the integrated reporting standards in the context of the transition to the new business models of the future. In order to shape the concept of performance, it is important to implement the process of reducing the gap regarding the integrated reporting of companies and the adoption of standards regarding the reporting of non-financial information in an integrated way, unanimously accepted and assumed.

Keywords: global reporting initiative; disclosure quality; Global Reporting Initiative (GRI); sustainability reporting; economic indicators.

1. Introduction

A company's commitment to the well-being of society and the environment has become a central criterion in measuring its overall performance and value in the Economy 5.0 ecosystem [1]. This, in part, reflects the recognition that we need to ensure healthy ecosystems, social equity, and good corporate governance because, ultimately, a company's performance depends on the health of these ecosystems.

The Global Reporting Initiative (GRI) standards, together with other reporting frameworks, can be used so that information relevant to the SDGs can be collected and prepared [2]. Through regional hubs, the structure of reporting, and new ways for as many companies as possible to adopt the standards, GRI has helped make global reporting more transparent and more in line with the 17 Sustainable Development Goals (SDG) of the UN [1,3].

GRI has continuously adapted, developing, in more than 20 years of activity, for all interested parties, four versions of its standards: G1 in 2000, G2 in 2002, G3 in 2006, and G4 in 2013. When GRI 2016 came out, it changed both what the GRI standards required of companies in the process of reporting on sustainability [1].

The sustainability report published by the company represents a key moment in its evolution because the information it contains is relevant to stakeholders [4]. Precisely for this reason, the sustainability report must provide additional arguments regarding the justification of choosing the areas considered relevant for the company, the impact produced by its publication, its intensity, and location, at the company level, or in its value chain, as well as the company's involvement regarding the respective impact.

The present study seeks to argue the importance of the systematic involvement of stakeholders that generates a process of continuous learning within the company, along with the increase of their responsibility. Accountability strengthens trust between companies and their stakeholders. Trust strengthens the validity of the report. The involvement of stakeholders is essential. GRI supports the involvement of stakeholders by companies and the way in which they provide information about the aspects they are interested in when evaluating a company's performance. In this way, the company manages to answer the right questions, transmitting detailed non-financial information and providing a more balanced, deep, and complete perspective on its impact.

2. International integrated reporting standards and reporting modeling

The goal of the GRI standards is to contribute to the convergence and global harmonization of sustainability reporting standards [5]. The EU fully supports this aspiration. EU businesses and investors operating globally will benefit from such convergence and harmonization. The Commission supports initiatives by the G20, the G7, the Financial Stability Board, and others to generate an international commitment to develop a global sustainability reporting standards framework, building on the work of the Financial Reporting Task Force [6,7]. For a company to put together a consistent sustainability report that will add value to the company and meet the expectations of interested investors, the GRI's reporting principles must be taken into account.

The principle of materiality represents the most valuable principle because it recommends the identification of the most relevant areas (material topics) related to sustainability, taking into

account the industry and the market in which the reporting company operates [1,8]. By figuring out which areas are important, the reporters will be able to choose the specific GRI standards from the 200, 300, and 400 series that are needed to make the sustainability report.

The identification of the relevant topics is done after collecting inputs from all the interested parties and by referring to the three principles of content [9]. On the one hand, there is collecting through the lens of the principle of stakeholder involvement and the principle of the context of sustainable development, with the goal of finding all the sensitive areas related to sustainability that can have both positive and negative effects on the company. On the other hand, there is collecting through the principle of exhaustiveness, which helps a company make sure it covers all relevant topics as seen by stakeholders.

In order to comply with the guidelines, a report must contain information about the company's vision, strategy, and profile [10]. Other essential elements concern the governance structure and management systems, as also economic, social, and environmental performance criteria. The preparation of a report in accordance with the GRI standards provides a comprehensive picture of the company, of the non-financial information considered to be important in the disclosure and reporting process, of the impact they produce both in the company's internal environment and in the external environment, and on how they are managed [11].

The GRI report represents the reporting and communication tool of the company's main objective, the representation of the choices made by the company's management, and the effects of the activity carried out on the environment and involves all categories of stakeholders [1,6].

The GRI report on sustainability has a specific objective to achieve. It involves the transmission of independent information about the quality of the company to expand the ethical and social opportunities for evaluation and underlines the company's values. The purpose of the report is to describe how and to what extent the company has pursued both profit and the environmental conditions in which it operates and to provide a clear perspective on how resources are used. Also, drawing up a report in accordance with the GRI standards, it allows stakeholders to compare the companies' sustainability efforts.

Depending on the universal/specific standards against which they are developed, the indicators are classified into fundamental and additional indicators [4]. The first is more general,

and the others are more analytical. Depending on the specifics of the standards, the indicators are classified into economic, environmental, and social indicators.

The response of the standardization bodies did not take long to appear, perhaps as a consequence of the major impact of the COVID-19 crisis. Thus, in November 2020, the International Integrated Reporting Council (IIRC) and the Sustainability Accounting Standards Board (SASB) announced their intention to merge into the Value Reporting Foundation, which was officially formed in June 2021 [1,11]. The integration of these two entities focused on creating company value is the first step in the process of aligning the integrated reporting standards. This merger is based on a strong synergy between the integrated reporting framework, which creates connectivity, thinking, and reporting of financial, manufactured, human, social-relational, intellectual, and natural capital; and the SASB standards, which add comparability to sustainability data between companies in the same industry.

The Value Reporting Foundation [1] is supported and guided in its efforts to align integrated reporting standards by stakeholders, globally, as part of a network of advisory groups:

- International Integrated Reporting Council is the primary institutional forum for communicating the Value Reporting Foundation's position on issues related to integrated reporting and integrative thinking, as well as providing an environment for interaction and providing advice, guidance, and input on issues relevant to the organization;
- SASB Investor Advisory Group comprises leading global asset owners, asset managers, and investment intermediaries who recognize the need for consistent, comparable, and reliable disclosure of financially decision-useful environmental, social, and governance (ESG) information to investors;
- SASB Standards Advisory Group is a standing committee of volunteer experts from industry or from companies, financial institutions, and third parties that provides ongoing feedback on the implementation and use of SASB standards, as well as emerging sustainability issues to be considered as part of the standard;
- IR Academic Network is a platform that facilitates collaboration through the exchange of information between academia and third parties, including reporting organizations, providers of financial capital, policymakers, and standardization bodies. The network also ensures that the value reporting foundation is kept up to date with relevant academic research, with up-to-date value judgments, and with theses under validation on integrated reporting, all the more so as the COVID-19 crisis has demonstrated that there are still

many unexploited scientific territories and that the solutions for an economic return of companies have their roots in the academic environment;

- Corporate Reporting Dialogue is a platform, convened by the Value Reporting Foundation, to promote greater coherence, consistency, and comparability among corporate reporting frameworks, standards, and related requirements. Climate Disclosure Standards Board (CDSB), Financial Accounting Standards Board (FASB) (observer), Global Reporting Initiative (GRI), International Accounting Standards Board (IASB), International Organization for Standardization (ISO), and Value Reporting Foundation are among those who have access to this platform. The corporate reporting platform proved to be the binder regarding the corporate reporting dialogue that fundamentally contributed to the merger and facilitated the process of aligning the integrated reporting standards.

Reporting proves to be the fundamental tool in achieving this goal. The corporate reporting landscape is adapting to meet these evolving needs, and many companies and global investors have demanded simplification and clarity in this complex landscape. The Global Reporting Initiative (GRI) recommends full disclosure and transparency of non-financial information supported by a set of indicators organized into three categories: economic, social, and environmental indicators. Although an entity that decides to publish non-financial information in reports with various names has the opportunity to choose the form of presentation and the content of the published information, the GRI standards can represent an important benchmark for both companies and investors.

3. Conclusions

The GRI standards are the best practices for companies around the world when it comes to reporting on their economic, environmental, and social impacts. They also show how a company helps or hurts sustainable development.

The construction of the GRI standards is a modular one, linked together, designed to be used by a company that prepares a sustainability report oriented on guidelines. A company can use the entire GRI package or only a selected part of it to report specific information.

The new element of the consolidated version is not only aimed at increasing the relevance and credibility of stand-alone sustainability reports, which are designed to be compatible with other

reporting formats, but also the quality of reporting by providing companies with viable support regarding the information that should be included in integrated reports. The new standards have been developed through multiple contributions from stakeholders and present a more flexible and future-proof structure, more up-to-date and appropriate, so that their references harmonize with political initiatives for better integration into government policy and market legislation. global capital.

The advantage of the GRI model is that it is initially based on the stakeholder approach. The second advantage is that it represents a model that is strictly related to practice and has ultimately generated a long debate about the integration of non-financial information in companies' reports. According to the GRI, sustainability reporting must be done right from the start to share information about how the company is set up, governed, and run.

The latest version of the GRI standards, which is spreading around the world, is a consolidated version that tries to bring together economic, social, and environmental issues through a set of indicators and a process for managing and auditing relationships with stakeholders and the environment. This helps find a statement of sustainability standards.

Integrated Reporting brings together all bodies that could have regulatory power. This was the start of a global collaboration that had never happened before. It brought together experts in the field to make it easier for companies to adopt integrated reporting on their own, in the spirit of better corporate governance and, most of all, in the spirit of trust, which they pass on to those who are interested.

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