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STANDARD SYSTEMS FOR DISCLOSURE OF COMPANIES INFORMATION THROUGHS SUSTANABILBLTY DIMENSIONS TO STAKEHOLDERS

СИСТЕМИ СТАНДАРТІВ РОЗКРИТТЯ ІНФОРМАЦІЇ ЗА ВИМІРАМИ СТАЛОГО РОЗВИТКУ В ІНТЕРЕСАХ СТЕЙКХОЛДЕРІВ

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Макаренко І.О., Чортюк Ю.В., Макаренко С.М. Системи стандартів розкриття інформації за вимірами сталого розвитку в інтересах стейкхолдерів. Науково-методична стаття.

У статті досліджено основні системи стандартизації розкриття інформації за соціальним, екологічним та економічними вимірами сталого розвитку з метою задоволення інформаційних потреб стейкхолдерів. Запропонований підхід до дослідження та порівняння систем стандартів розкриття інформації компаніями за вимірами сталого розвитку дозволяє упорядкувати та унормувати процес обрання компаніями концептуальної основи з огляду на превалюючі групи їх стейкхолдерів, найбільш релевантні виміри сталого розвитку та види капіталів, що ними використовуються. Обґрунтовано, що система стандартів Глобальної ініціативи зі звітності з урахуванням запропонованого підходу є найбільш придатною для унормування процесу розкриття інформації за вимірами сталого розвитку в інтересах стейкхолдерів.

Ключові слова: стандарти, стейкхолдери, сталий розвиток, розкриття інформації

Makarenko I.O., Chortok Yu.V., Makarenko S.M. Standard systems for disclosure of companies information through sustainability dimensions to stakeholders. Scientific and methodical article.

The article deals with the main systems of standard for disclosure of information on social, ecological and economic dimensions of sustainability in order to meet the information needs of stakeholders. The proposed approach to the study and comparison of the systems of information disclosure standards by companies through the sustainability dimensions allows us to streamline and resolve the process of selecting companies for a conceptual framework, taking into account the prevailing groups of their stakeholders, the most relevant dimensions of sustainable development and the types of capital used by them. It is substantiated that the Global Reporting Initiative standard system, taking into account the proposed approach, is most suitable for normalizing the disclosure process of sustainability indicators for stakeholders.

Keywords: standards, stakeholders, sustainable development, disclosure of information

The importance of standardizing the reporting process for sustainable development is recognized at the highest international level.

In 1992, at the UN Conference on Environment and Development in Rio de Janeiro, environmental reporting as a basis for promoting sustainable consumption and production has been identified as a key priority for companies. Decades later, in 2002, the Johannesburg Plan of Implementation called on the business community to implement the sustainability reporting on the basis of the conceptual framework of Global Reporting Initiative. In 2012, support for the mechanisms of integration of the companies information through sustainability dimensions to stakeholders into the regular reporting of companies, especially listing and large, in accordance with best practices of the United Nations at the level of the industrial sector, governments, companies and stakeholders, is recognized in §47 of the UN General Assembly Resolution [10]. Over the past three decades, in the context of leading global initiatives, more than 100 standards have been developed by international, national organizations of different directions in the field of substantiation, procedure of compilation and disclosure of indicators of sustainable development.

The set of standards and norms in the field of sustainable development, CSR and corporate accountability forms the methodological basis of the company information through sustainability dimensions, the normative landscape of its implementation and the framework for communication of companies with stakeholders. The pluralism of approaches to the consideration and

disclosure of measurements and sustainability dimensions in these standards and their systems determines the need for their research and comparison.

Analysis of recent researches and publications

Different standard systems for disclosure companies information through sustainability dimensions to stakeholders were investigated in studies by Ukrainian scientists T. Bochulya [2], O. Gritsenko [3], A. Kolot [4], S. Korol [5], M. Prodanchuk [6].

A distinctive difference between foreign academic works from the mentioned domestic works is the unequivocal interpretation of the sustainability information disclosure by the majority of scholars in the following wording: "Sustainability Report (ing)" is (the process) reflection of company's CSR in the context of it economic, social and environmental activities in the context of communications with stakeholders [7].

I. Ioannou and G. Serafeim refer "Sustainability Reporting" to a non-financial multipurpose report prepared by the company for the benefit of stakeholders and society as a whole for its activities in the environmental and social spheres and in the field of corporate governance as a separate document or part of an integrated report [8]. C. Herzig and M. Pianowski, define the sustainability information disclosure as (the process) of information disclosure in the concern of both internal and external stakeholders in terms of sustainable development dimensions and their interaction [9].

On the background of other works, we should separately highlight S. Vejera's work [10], which sets

out an approach to streamlining standards in the sphere of CSR and sustainability information disclosure. The author suggests that they are classified by the level of regulation (macro-, meso- and micro-level) that correspond to the international, national and corporate CSR standards; by CSR tools (principles and codes, ratings and indexes, management and certification systems, reporting and verification systems); by coverage of activities (general, individual); by coverage of regulatory objects (environmental reporting, labor relations, human rights, sustainable development as a whole). At the same time, these works are limited to consideration of regulatory and reporting systems for sustainable development without their classification and comparison in accordance to stakeholder's information interests.

The aim of the article is research and comparison standards systems for disclosure of company information through sustainability dimensions to different stakeholders.

The main part

The regulation of the process of compiling and reporting on sustainability is achieved through the unification of the efforts of multi-level organizations (governmental – the Council of the EU, intergovernmental (OECD, Group of friends of paragraph 47), supranational – United Nations Conference on Trade and Development, non-governmental organizations – GRI and many others). Separate results of these efforts in chronological order are given in tab. 1.

Table 1. Separate normative documents that regulate the content, context, procedure for the formation and presentation of company's sustainability information disclosure to stakeholders

Organization 1	Normative document 2	Year 3
United Nations Conference on Trade and Development (UNCTAD)	A Manual for the Prepare Users of Eco-efficiency Indicators in Annual Reports	2004
	Guidance on Good Practices in Corporate Governance Disclosure	2006
	Guidance on Corporate Responsibility Indicators in Annual Reports	2008
	Investment and Enterprise Responsibility Review	2010
Organization for Economic Cooperation and Development (OECD)	Guidelines for Multinational Enterprises	2000
International Organization "Accountability" (AccountAbility)	AA1000 AccountAbility Principles Standard	2008
	AA1000 Assurance Standard	2008
	AA1000 Stakeholder Engagement Standard	2015
International Organization for Standardization (ISO)	ISO 26000 Guidance on social responsibility	2010
Global Reporting Initiative (GRI)	G4 Sustainability Reporting Guidelines	2013
	GRI Sustainability Reporting Standards	2016
Council of the EU	Directive 2014/95 / EU on the disclosure of non-financial and diversified information by individual large companies and groups	2014
A group of friends of paragraph 47	Group's Charter	2012
Stock Exchanges Initiative (SSEI), World Futures Exchange (WFE)	WFE, SSEI Guidance & Recommendations	2016
UN Global Compact (UNGC)	10 Principles and Communication on Progress	2000

Continuation of the table 1

1	2	3
Carbon Gases Protocol (GHG Protocol)	GHG Protocol Corporate Accounting and Reporting Standard	2001
UN Human Rights Council	UN Guiding Principles on Business and Human Rights	2011
International Labor Organization (ILO)	Core Labor Standards	2006

Source: own elaboration

An overview of the standards listed in tab. 1 has shown that the process of presenting and disclosure financial and non-financial indicators of a company within the framework of reporting on sustainability are determined by a diversified system of standards and norms in the field of sustainable development and CSR. Taken together, these standards and norms form an environment for communication of the companies with stakeholders on incorporation into the company's strategy of sustainable development goals and progress towards achieving them. However, their significant number, along with the need for integrated consideration of sustainability dimensions, confirms the importance of comparison of such standards and norms in the context of selecting the most appropriate conceptual framework for reporting on sustainability.

The list of standards is not exhaustive and requires clarification be the most appropriate basis for reporting on sustainability by companies. The simplest approach to solving this problem is to apply a commonly used approach to the classification of standards for reporting on sustainability through dimensions of sustainability. In particular, among the standards addressed to more than one dimension of sustainability can be called the OECD Manual for

Multinational Companies; Conceptual Framework and Standards for Account Ability; UN Global Compact, Standards of the International Organization for Certification (ISO); Standards and Guides GRI.

According to the criteria of companies' information disclosure to stakeholder's specific systems of standards was selected as special group of organization and standards, that are aimed at information disclosure and reporting on sustainability. It includes International Integrated Reporting Committee (IIRC), Climate Disclosure Project (CDP), Climate Disclosure Standards Board (CDSB), Financial Accounting Standards Board (FASB), GRI, International Accounting Standards Board (IASB), International Organization for Standardization (ISO), SASB Guides and GRI (Table). The common feature of these standards is the focus on the disclosure of comprehensive information about the company's activities. In addition, they are all integrated into the international project of the Corporate Reporting Dialogue [11] as initiatives developed in response to market demands for consistency and comparability between corporate reporting systems, standards and relevant requirements.

Table 2. Comparative Characteristics of Disclosure Standards and Sustainability Reporting

Feature	Standard							
Name	International Conceptual Framework for Integrated Reporting	CDP Information Requests	Conceptual basis of CDSB	SASB standards	Guides GRI (G4)	ISO 26 000	Standards of financial accounting	IAS and IFRS
Developer	International Integrated Reporting Council	Climate Disclosure Project	Climat Disclosure Standard Board	Sustainability Accounting Standards Board	Global Reporting Initiative	International Standards Organization	Financial Accounting Standard Board	International Accounting Standard Board

Source: own elaboration

At the same time, the tricks of the FASB and IASB standards are shifted relative to other standards in the direction of disclosure in the financial statements of companies on the economic dimension of sustainability and its corresponding industrial and financial capital.

The rest of the standards at different levels are aimed at highlighting all dimensions of sustainability or social or environmental and related capital of the company, which makes it important to deepen the comparison of these standards system through such proposed criterions:

1. coverage scale of the capital operated by the company;

2. considering of the priority areas of information disclosure;

3. the prevailing type of stakeholders, to meet the information requests.

Such approach to comparison of standard systems allows us to streamline the process of selecting a company's conceptual framework for the formation of the sustainability information disclosure, considering the institutional and regulatory environment of its functioning, prevailing type of stakeholders, the most important dimensions of sustainability and their respective capital and scope of information about its activities.

Thus, the CDP and CDSB standards provide a basis for companies to report on indicators of natural capital and its environmentally sustainable dimension, and illustrate the disclosure requirements for the company's efforts to combat climate change. The ISO and SASB standards, which cover not only the environmental, but also the social dimension of sustainability and their respective capital, are wider. In this case, SASB has a clear sectoral delineation, and ISO in general regulates the socially responsible behavior of companies.

Only the International Conceptual Framework for Integrated Reporting and the GRI Guide, among the focus groups of the standards group the second level criteria, are aimed at regulating the order of reflection of all capital and dimensions of sustainability.

In addition to the scale of the coverage of the capital that the company operates, was made a comparison of the focus group of standards by considering the priority areas of disclosure of the company (in terms of the International Conceptual Framework for Integrated Reporting) has shown that, against the background of other standards, only the GRI Guidelines, as well as Information Requests CDP is streamlining the process of disclosing information about the key areas of company activity in the managerial aspect. In particular, the sustainability information disclosure, prepared by companies in accordance with these standards, should also include an overview of such activities, management features and the environment for its operation, and analysis of potential risks and opportunities for the company, and a description of the strategy for the accumulation, use and efficiency of the reproduction of resources (capital) within the framework of the adopted business, model, and forecast for its further development.

All of these priority for the stakeholders of the company's disclosure of information, in addition to the forecast of its development, are only partially accounted for in the methodology of the FASB and IASB standards. The CDSB, SASB and ISO standards do not include a description of the company's strategies and business models.

Therefore, from the standpoint of considering the feature of the scale of capital coverage, which the company operates, the most comprehensive and exhaustive methodology for the normalization for the preparation process of sustainability information disclosure is the GRI Guides, and integrated reporting is the International Conceptual Framework for Integrated Reporting; from the point of view of the priority areas for disclosure of information about the company – GRI Guides and CDP Information Requests.

At the same time, both the International Conceptual Framework for Integrated Reporting and the CDP Information Requests, as well as the rest of the standards, are, unlike GRI, narrow targeting and are oriented towards meeting the information requests of individual groups of stakeholders, primarily financial capital providers and, to a certain extent,

social capital (CDP Information Requests and SASB Standards).

The GRI Guideline's methodology is based on a unique multi-stakeholder approach that provides participation and expertise in developing standards for diversified stakeholder's groups [12] and provides opportunities for decision-making on the basis of these standards for broad stakeholder groups from different sectors of the economy. This approach fully corresponds to the methodological foundations of the convergent stakeholder model, considering both the horizontal approach to its construction and its target orientation.

In addition, only the GRI Guidelines, in contrast to other considered standards, include well-recognized international standards for CSR and sustainability, such as

- United Nations Guidelines on Business and Human Rights,
- Conventions of the International Labor Organization,
- Principles of the United Nations Global Compact,
- OECD guidance for multinational companies.

In addition to individual initiatives to bring GRI and SASB closer together [13], this illustrates the convergence processes in the normative landscape of the sustainability information disclosure and can be regarded as the impact of a convergent stakeholder model of accounting, reporting and auditing under sustainable development.

Analyzed in conducting typologies Guidance GRI G4 is the fourth, effective from 2013 generations of normative documents on the compilation of the RFR of this organization. He was preceded by the Guides G1 (2000), G2 (2002), G3 (2006), and sector-specific Guides G3.1 (2011). The next step in the development of methodology GRI is the publication in 2016 by the Global Board of Standards Sustainable Development (Global Sustainability Standards Board (GSSB)), as a fully independent body set standards GRI. Despite the fact that the new GRI standard is based on previous guidance G4 the use of which was terminated on 01.07.2018., in contrast, they have improved format and modular structure. This allows you to make changes to certain standards without changing their overall set. New standards are 36 GRI standard, 3 of which are universal and 33 – specific [14].

New standards GRI methodology confirms the breadth of reporting on sustainable development organization, covering all dimensions of sustainable development and covering the most important issues in the interest of disclosure a significant number of stakeholders in accordance with the criteria and goals of sustainable development.

Conclusions

Thus, the emerging understanding of reporting on sustainability dimensions to different stakeholders necessitates the typology of standards for its comparison. As a result of application of the comparison criteria (coverage scale of the capital operated by the company; considering of the priority areas of information disclosure; the prevailing type of

stakeholders, to meet the information requests), a focus group of standards was selected; the second level – their comparative characteristics are carried out. Among the IIRC, CDP, CDSB, FASB, GRI, IASB ISO, SASB standards, GRI Guides and Standards are recognized as the most suitable for standardizing the process of compilation and presentation of the content and format of the sustainability information disclosure. The application of the best practice in the regulation of the company's sustainability information disclosure will improve its

comparability, quality and reliability, and will form the basis for verifying its performance in the interests of stakeholders in the globalized commodity and financial markets and in various sectors of the economy. As a result of applying system of criteria the GRI system itself and its own system can be considered as a key system in the normative landscape of regulation of the procedure for reporting for sustainable development of companies and the most appropriate conceptual framework for regulating this process among existing ones.

Abstract

The importance of standardizing the reporting process for sustainable development is recognized at the highest international level.

The set of standards and norms in the field of sustainable development, CSR and corporate accountability forms the methodological basis of the company information through sustainability dimensions, the normative landscape of its implementation and the framework for communication of companies with stakeholders.

The regulation of the process of compiling and reporting on sustainability is achieved through the unification of the efforts of multi-level organizations (governmental – the Council of the EU, intergovernmental (OECD, Group of friends of paragraph 47), supranational – United Nations Conference on Trade and Development, non-governmental organizations – GRI and many others).

Only the International Conceptual Framework for Integrated Reporting and the GRI Guide, among the focus groups of the standards group the second level criteria, are aimed at regulating the order of reflection of all capital and dimensions of sustainability. The GRI Guideline's methodology is based on a unique multi-stakeholder approach that provides participation and expertise in developing standards for diversified stakeholder's groups and provides opportunities for decision-making on the basis of these standards for broad stakeholder groups from different sectors of the economy. This approach fully corresponds to the methodological foundations of the convergent stakeholder model, considering both the horizontal approach to its construction and its target orientation.

We propose a set of criteria for comparison of standards systems for companies information disclosure: coverage scale of the capital operated by the company; considering of the priority areas of information disclosure; the prevailing type of stakeholders, to meet the information requests. Such approach to comparison of standard systems allows us to streamline the process of selecting a company's conceptual framework for the formation of the sustainability information disclosure, considering the institutional and regulatory environment of its functioning, prevailing type of stakeholders, the most important dimensions of sustainability and their respective capital and scope of information about its activities.

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