

A STUDY OF SUSTAINABILITY REPORTING TREND IN SELECTED BRICS COUNTRIES

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ABSTRACT

*Sustainability Reporting is becoming more prevalent, driven by a growing recognition that sustainability-related issues can affect a company's performance. Companies need to respond appropriately to sustainable development issues. The purpose of this paper is to study the recent trend of Sustainability Reporting Practices in selected BRICS Countries. The study concluded that Sustainability Reporting trend has increased in all countries in a significant manner. In 2020, National rate of Sustainability Reporting in all 4 Countries is more than the **Global Average rate** of Sustainability Reporting.*

Keywords: Sustainability Reporting, Global Average Rate, Sustainable Development, BRICS.

Introduction

Sustainability Reporting is becoming more prevalent, driven by a growing recognition that sustainability-related issues can affect a company's performance. Companies need to respond appropriately to sustainable development issues. Sustainability Reporting is the need of future without compromising present needs. It is based on triple bottom line (i.e. economic, social and environmental performance). At the present scenario, Sustainability Reporting is very important for every industry to show their responsibility and accountability for economy, society and environment. There are various stakeholders (i.e. employees, investors, customers, government entities etc.) which are related to industries, directly and indirectly. In the present Era most of the companies are preparing integrated annual reports (i.e. combining of financial data and non-financial data).

According to "Global Reporting Initiative (GRI)"

"A Sustainability Report is a report published by a company or organization about the environmental, economic and social impacts caused by its everyday activities."

"A Sustainability Report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy."

Sustainability Reporting practices is based on various type of guidelines which is giving by different Agencies. But GRI (Global Reporting Initiative) guidelines are most popular globally. GRI provides various guidelines (G3, G3.1 & G4). GRI developed common GRI standard. Researcher study about Sustainability reporting based on Global Reporting Initiative.

Sustainability Reporting Guidelines Provided by following Agencies in Global Context

- The Global Reporting Initiative (The GRI Sustainability Reporting Framework, G3, G3.1, G4 Guidelines and GRI standards)
- The Organization for Economic Co-operation and Development (OECD Guidelines for Multinational Enterprises)
- The United Nations Global Compact (the Communication on Progress)
- The International Organization for Standardization (ISO 26000, International Standard for social responsibility)

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Sustainability Reporting Practices in BRICS Countries

On 14 April 2011, 'BRIC' was transformed into 'BRICS', with South Africa's official membership into the dominant coalition of emerging economies. These are developing countries and cover the world's large market and require sustainable development. For this purpose it is necessary for companies in these countries to consider accountability regarding Sustainability reporting practices. Through which sustainable development can be ensured not only for the present but also for the future generation. In this regard, BRICS countries should come on a platform and make the criteria. Indian Focal Point also has a strategic collaboration with the South Asian Federation of Accountants (SAFA).

Review of Literature

Tauringana Venancio. (2020). Sustainability reporting challenges in developing countries: towards management perceptions research evidence-based practices: the purpose of this paper to identify the Managerial perception based research determinants of Sustainability reporting. The evaluation of the impact of GRI efforts shows they had limited impact on increasing Sustainability Reporting in developing countries

Swain Kumar Rabindra, Sahoo Giridhari. (2018). Sustainability Reporting Practices in India: Key Issues and Challenges: this paper aims to examine key issue and challenges regarding sustainability Reporting Practices in India. Finding says that Sustainability reporting practices is done on the basis of Global Reporting Initiatives mostly. And facing various type of challenges in India.

Ali Alshehhi, Haitham Nobanee and Nilesh Khare. (2018). The Impact of Sustainability Practices on Corporate Financial Performance: Literature Trends and Future Research Potential: This paper focus on an analysis of the literature concerning the impact of Sustainability on corporate financial performance. The results reveal that literature is slowly replacing total Sustainability with narrower corporate social responsibility (CSR), which is dominated by the social, economic and environmental dimensions.

Daizy, Das, N. (2015). Sustainability reporting of mining companies: This research paper aims to examine and compare the level of Sustainability reporting practices of private mining companies and public mining companies. The finding of this paper is public sector companies are more concern about Sustainability Reporting practices.

Rai Anand. (2015). Sustainability Reporting- A Recent Trend and Future Prospects India: this paper aims to know the trend and future prospect about Sustainability reporting. Finding unveils about strategies on Sustainability Reporting of Indian Companies and Organizations.

Godha, JainError! Hyperlink reference not valid. Sustainability Reporting Trend in Indian Companies as per GRI Framework: A Comparative Study: the objective of this paper is to know the Sustainability Reporting Trend in Indian companies. Findings reveal that the development of Sustainability Reporting based on GRI is maturing in India.

Rajput Namita, Chopra Kamna and Aggarwal Vipin. (2014): A Study on Sustainability Disclosures and Reporting Trends in India: An Analytical Validation: this paper focus on Changes in the environment across the globe which face challenges to businesses and it is indicating them to look beyond financial performance. Finding reveals that companies are focusing on reporting initiative in oil and gas, construction, retail, finance, communication and media.

Gupta and Saha. (2012). Sustainability Reporting Practices - A Study of Recent Trends in Indian Context: Suggested that Government, regulators, The Institute of Chartered Accountants of India, all other professional bodies (such as Institute of Cost Accountants of India and Institute of Company Secretaries of India), academic institutions and universities (such as IIMs, IITs), etc. should function together to formulate a comprehensive standard for Sustainability reporting and promote it among both corporate and non-corporate entities operating in Indian territory.

Mitra. (2012). Sustainability Reporting Practices in India: It's Problem & Prospects: The objective of the study to focus on the state of Reporting Practices in India, analyze in brief the factors responsible for reporting & understand how to increase the depth & commitment of Indian Companies towards Sustainability Reporting in the years to come.

Sharma. (2008). Sustainability Reporting Trends in India: Findings reveal that reporting information should be

- Regulatory environment and fact-based information.
- Information of interest to investors such as materiality of issues in financial terms, vision and strategy statements, goals and targets, etc.
- Explanation on identification and prioritization of material issues and reader friendly report design.

Objective of this Research Paper

The objective of this research paper is to study the recent trend of Sustainability Reporting Practices in selected BRICS Countries.

Research Methodology

- **Data Type & Data Sources:** The study is based on the secondary data. The data is collected from KPMG survey report 2020, relevant research papers and Sustainability reports.
- **Sample Design and selection criteria** –N100 Companies of 4 Countries on the basis of KPMG survey report has been considered. On the basis of availability of data, 4 countries have been selected from BRICS countries as the sample size for attaining the objective of the study.

Selected Countries are

- Brazil
- India
- China
- South Africa

Data Analysis Tools

- **Presentation Tools:** Graph and Table have been used to present the information.
- **Analytical Tools:** Average and Percentage have been used for analysis the data.

Duration of the Study: The period of the study is four years (i.e. 2017 to 2020).

Analysis and Interpretation

Table1: Source: KPMG Survey of Sustainability Reporting 2020

Countries	Brazil		India		China		South africa	
	2017	2020	2017	2020	2017	2020	2017	2020
Year								
National rates of Sustainability reporting	85%	85%	99%	98%	73%	78%	92%	96%

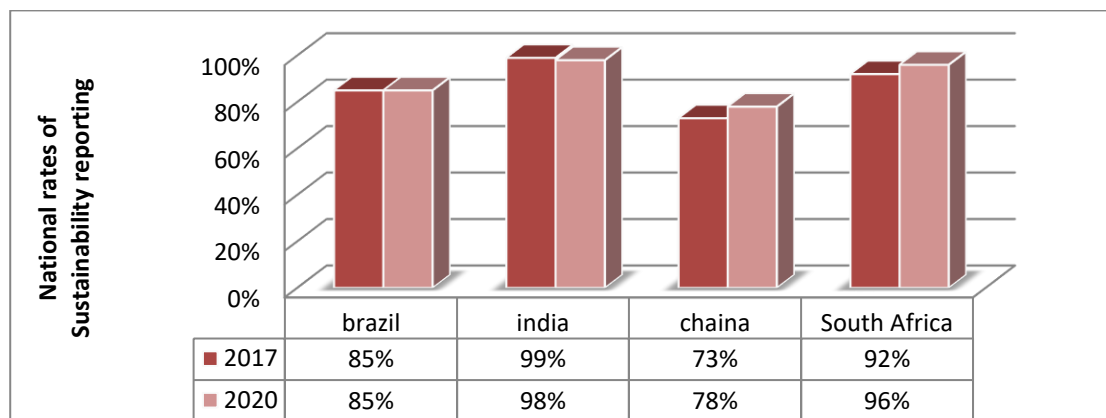


Figure 1

Table 1 & figure 1, reveals the percentages which are calculated on the basis of N100 companies from selected countries as per KPMG survey report 2020. The selected N100 companies are the top 100 listed companies according to the market capitalization from different sectors from all selected countries. These percentages show the NATIONAL RATE OF SUSTAINABILITY REPORTING.

As per the KPMG Survey of Sustainability Reporting 2020, The *Global Average rate* of Sustainability Reporting is 77 percent.

After considering the data of national rates of sustainability reporting between(2017 to 2020), it is found that Countries and jurisdictions with Sustainability Reporting rates higher than 90% are INDIA AND SOUTH AFRICA. The Countries and jurisdictions with Sustainability Reporting rates between (77%-90%) are BRAZIL AND CHINA.

Country wise Trend

- **Brazil:** No change in National Rate of Sustainability Reporting (i.e. 85%) during 2017- 2020.
- **India:** National rate of Sustainability Reporting has reduced from 99% to 98% during 2017-2020.
- **China:** National rate of Sustainability Reporting has improved from 73% to 78% during 2017-2020.
- **South Africa:** National rate of Sustainability Reporting has improved from 92% to 96% during 2017- 2020.

Note: In case of india, national rate of sustainability reorting has reduced even then india has highest national rate of sustainability reporting among all selected countries.

Conclusion

Sustainability Reporting is driven by Regulation, especially through Government or Stock exchange requirements or both. But there are mandatory and voluntary disclosures. Now, Countries are focusing on the mandatory disclosures of certain type of information, such as climate-related risks and resilience strategies. The Trend of Sustainability Reporting has increased over the year in all countries. In the present scenario Sustainability Reporting is very important aspect for every company to show their responsibility and accountability for society, economy and environment. After analyzing above figures, Sustainability reporting trend has declined in India by 1% from 2017 to 2020 because sustainability Reporting is not mandatory for all companies and most of the Guidelines are voluntary e.g. GRI Guidelines. Even India shows highest national rate of Sustainability Reporting among all 4 countries. The study concluded that on an Average, Sustainability Reporting trend has increased in all countries in a significant manner. In 2020, National rate of Sustainability Reporting in all 4 Countries is more than the Global Average rate of Sustainability Reporting.

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