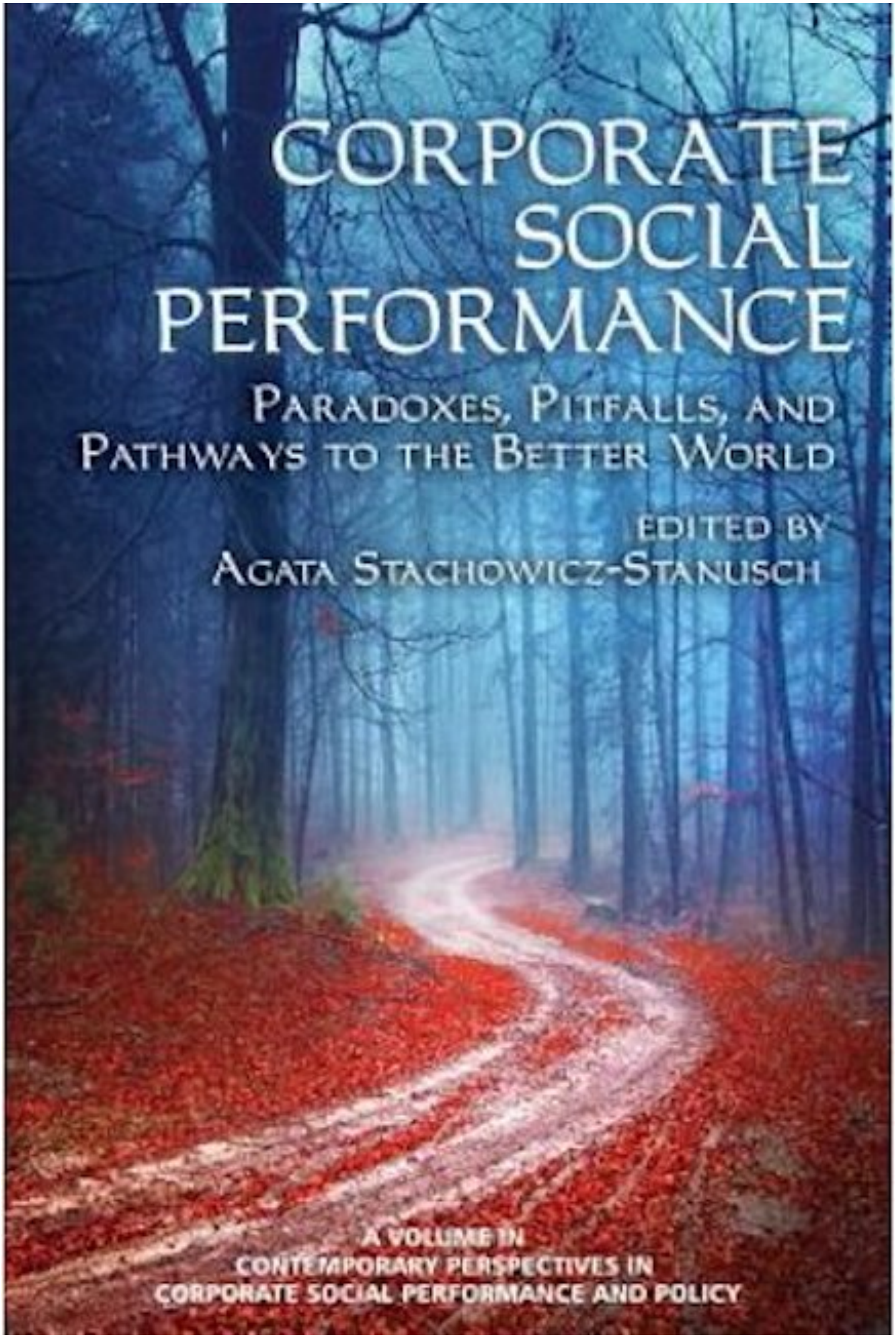
CORPORATE SOCIAL PERFORMANCE
Paradoxes, Pitfalls, and Pathways to the Better World
EDITED BY
Agata Stachowicz-Stanusch
A VOLUME IN
CONTEMPORARY PERSPECTIVES IN
CORPORATE SOCIAL PERFORMANCE AND POLICY

GLOBAL SUSTAINABILITY REPORTING INITIATIVES

Integrated Pathways for Economic, Environmental, Social, and Governance Organizational Performance[1]

Marco Tavanti[2]

INTRODUCTION

Most global corporations and international organizations welcome the principles and values associated with sustainability and social responsibility. This trend appears to be reinforced by a growing field of research in 'corporate social responsibility' and 'sustainable capitalism' suggesting how 'doing well by doing good' is a profitable possibility and a growing global trend (Freemantle, 2008; Haynes, Murray, & Dillard, 2013; Tavanti, 2014). As always, the devil is in the details and the real challenges emerge in the measurement of their actual sustainability performances in relation to those values and principles. Fortunately, sustainability reporting has become a common 21st century business practice. Most corporations and organizations operating internationally now produce an annual public reporting of their impact in non-financial, economic, environmental, social, and governance performance. Where once only a few 'green' and 'community-oriented' organizations would disclose their social responsibility performance, today sustainability reporting is an expected practice for companies worldwide. Sustainability reporting is a

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generic term usually including other correlated types of organizational disclosures also known as “Corporate Social Responsibility Reports”, “Global Citizenship Reports”, “Corporate Citizenship”, and “Environmental, Social and Governance (ESG) Reporting”.

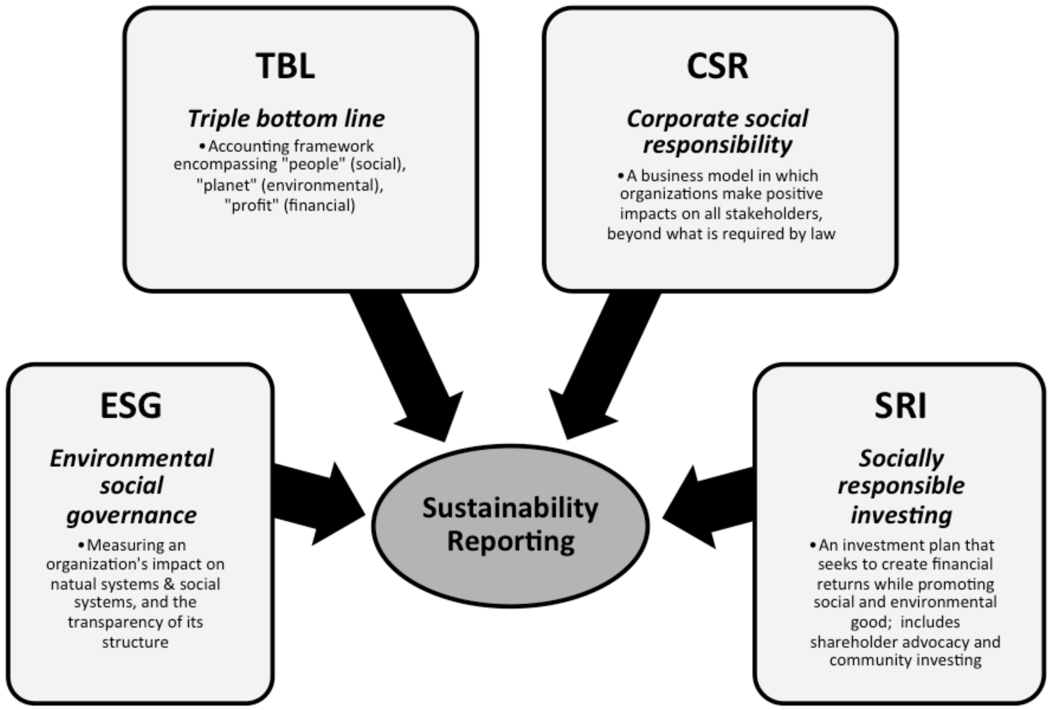
Sustainability reporting deserves closer attention and critical studies should be done on the actual impact measurement of ESG organizational performance. The benefits of sustainability reporting go beyond financial risk, license to operate, or investment opportunities. Sustainability reporting benefit organizations by improving their reputation with investors, their relations with regulatory authorities, the loyalty of employee and consumers, along with their strategies, vision and values (EY & Boston College Center for Corporate Citizenship, 2013).

This paper reviews the economic, environmental, social, and governance values of sustainability reporting. In the examination of the value integration and measurement standardization exemplified by the Global Reporting Initiative (GRI), correlated reporting and guidance frameworks, we discuss the opportunities and limits of complementary reporting. GRI is recognized as an authoritative sustainability-reporting framework helping organizations to increase transparency and accountability in non-financial reporting. Since its foundation in 1997 by a cooperative effort through the United Nations Environment Program (UNEP) and CERES, a non-profit organization advocating for sustainability leadership, GRI has grown exponentially by continuously refining their reporting guidelines and providing a shared platform for disclosure standards across time, sectors, and nations.

THE GROWTH IN SUSTAINABILITY REPORTING

Corporate social responsibility, business ethics, stakeholder engagement, and sustainable value creation are becoming international norms in organizational leadership and management education (Avlonas & Nassos, 2014; Horrigan, 2010; Segerlund, 2010). Such trends explain the increased popularity of sustainability reporting, especially for organizations operating globally and constantly facing the urgency and complexity of social and environmental impact, value leadership, good governance, and multi-sector partnerships. Sustainability reporting is becoming a necessary tool for sharing performance and integrating management and leadership (governance) practices with economic, environmental and social performance, especially regarding human rights, labor rights, and human development (Lawrence & Beamish, 2013; Ruggie, 2013).

FIGURE 1
The Socially Responsible Context of Sustainability Reporting



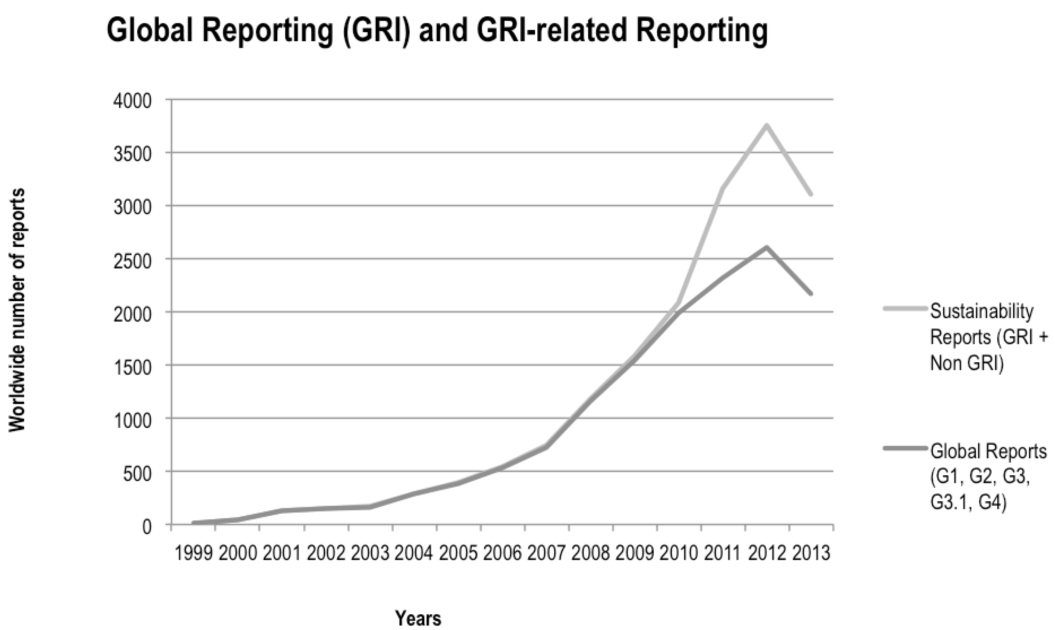
Elaborated by Marco Tavanti

Sustainability reporting provides valuable mechanisms for the promotion of a 'triple bottom line' corporate culture (Savitz & Weber, 2014). The reporting also implies prioritization processes that help organizations set goals, measure performance and manage change while also addressing the financial, economic, environmental, social, and governance values. In this process, sustainability reporting makes the 'abstract' values 'concrete' measurable and comparable outputs and outcomes that would make organizations and their operations more sustainable. Such integrated performances should generate organizational sustainability development aligned, centered and integrated with the organization's leadership, planning and strategies.

Effective standards integration in sustainability reporting, along with stakeholder transparency, grievance mechanisms and global accountability are necessary elements that are carefully measured in the Global Reporting Imitative (GRI) and its most recent G4 guidelines. Through carefully crafted guidelines, the GRI standards have been designed to harmonize with other prominent sustainability standards, including the OECD Guidelines for Multinational Organizations, ISO 26000 and the UN Global Compact among others. This is mindful that although one of the most prominent sustainability reporting standards, the GRI aims to be inclusive and complementary to other types of reporting. While acknowledging that voluntary disclosures and engagement in sustainable value creation are more important than imposed standards, GRI recognizes and promotes standardized sustainability reporting for improving ESG accountability, stakeholder transparency, and sector specific concerns.

The growth in sustainability reporting is documented in the GRI database since 1999 (Figure 2). In 2013, more than 3,100 organizations submitted sustainability reporting through the Global Reporting Initiative (GRI). More than 2,100 followed the specific GRI reporting guidelines provided in the so-called G1, G2, G3, G3.1 or the recently released G4. Many more have referenced the GRI or closely associated their sustainability reporting to these standards.

FIGURE 2
Growth of Sustainability Reporting



Source: Elaborated by Marco Tavanti with retrieved data from the GRI Database available at http://database.globalreporting.org/

Reporting on sustainability may not necessarily be an expression of value-based leadership or the mission of the organization. It may be simply motivated by industry standards, government requirements, or financial interests in socially responsible investing (SRI). The European Parliament recently passed a law requiring large EU corporations (those publicly traded and with more than 500 employees) to file a sustainability report along with their annual financial report. Companies will be encouraged to use standardized and recognized frameworks, such as the GRI Sustainability Reporting Guidelines and the U.N. Guiding Principles on Business and Human Rights - Protect, Respect and Remedy (Ruggie, 2013).

According to recent surveys, about 95 percent of the world's largest 250 corporations produce annual sustainability reports, including 86 percent of the largest U.S.

companies (KPMG, 2011). With these growing trends and increasing regulations, the number of voluntary sustainability reports estimated around 2,500 companies will rise to nearly 7,000 by 2017 (sustainablebusiness.com). Currently, there are more than 142 regulations in more than 30 countries that expect some level of organizational sustainability reporting either as a government or stock exchange requirement (GRI & KPMG, 2009). In addition, the approximately US$3.74 trillion in assets managed various SRI portfolios makes a compelling reason to file sustainability reports (James, Lisa & Kenneth, 2014; Landier & Nair, 2009).

These are perhaps alternative interpretations or 'motivations' behind sustainability reporting and corporate social responsibility. However, they are also part of a transformational trend to mainstream sustainability and to create internationally recognized standards in the governance and regulation of sustainability practices (Subhabrata, 2014). They are also a reflection of an evolution of the understanding and practices of CSR going from 'defensive' and 'charitable' perspectives to more engaged, transformative and systemic CSR practices (Visser, 2014).

The Purpose and Principles in Sustainability Reporting

Sustainability reporting is more than compiling categorized data on non-financial practices. The GRI and other ESG reporting are methods to internalize, streamline, and improve an organization's commitment to sustainability, social responsibility, human rights and multi-stakeholder engagement. In general, all types of sustainability reporting have the purpose of engaging organizations in 'thinking beyond the bottom line' and for a more integrated approach to socially responsible management and sustainability leadership (Jones & Ratnatunga, 2012; Makower, 1994).

There are many reporting frameworks distinguishing themselves by the different core subjects and relevance for specific industries. Table 1 summarizes some of the main sustainability reporting starting from the most popular one, Global Reporting Initiative (GRI). Obviously the multiplicity of reporting should seek more harmonization avoiding fragmentation, industry isolation and mono-sectorial approaches.

Table 1: Main Sustainability Reporting Frameworks

Sustainability Reporting Framework	**Targeted Industries** ***(Core subjects)***
Global Reporting Initiative (GRI) Sustainability Reporting Guidelines ***www.globalreporting.org***	All public and private organizations *(Organizational governance, Human rights, Labor practices, The environment, Fair operating practices, Consumer issues, Community involvement and development)*
United Nations Global Compact (UNGC) Ten Principles ***www.unglobalcompact.org***	Any company, business association, labor or civil society, government organization, NGO or academic institution. *(Labor practices, The environment, Consumer issues, Community involvement and development)*
OECD: Risk Awareness Tool for Multinational Enterprises in Weak Governance Zones	Multinational enterprises, professional associations, trade unions, civil society organizations and international financial institutions. *(Organizational governance, Human*

www.oecd.org	*rights, Labor practices, Fair operating practices, Community involvement and development)*
International Organization for Standardization ISO 26000 ***www.iso.org/iso***	All types of organizations. *(Organizational governance, Human rights, Labor practices, The environment, Fair operating practices, Consumer issues, Community involvement and development)*
AccountAbility: The AA1000 Series of Standards ***www.accountability.org***	Financial services, pharmaceuticals, energy and extractives, telecommunications, consumer goods, and food & beverages. *(Organizational governance, Human rights, Labor practices, The environment, Fair operating practices, Consumer issues, Community involvement and development)*
Carbon Disclosure Project (CDP) tool and framework ***www.cdproject.net***	Firms from all types of industries report to CDP. *(The environment)*
International Integrated Reporting Council (IIRC) International Framework **http://www.theiirc.org**	All types of organizations. *(Organizational governance, Human rights, Labor practices, The environment, Fair operating practices, Consumer issues, Community involvement and development)*
Sustainability Accounting Standards Board (SASB) ***www.sasb.org***	89 industries in ten sectors: health care, financials, technology and communications, non-renewables, transportation, services, resource transformation, consumption, renewables and alternative energy, and infrastructure. *(Organizational governance, Human rights, Labor practices, The environment, Fair operating practices, Consumer issues, Community involvement and development)*
WBCSD and World Resources Institute (WRI) The Greenhouse Gas (GHG) Protocol ***www.ghgprotocol.org***	All types of organizations across industries. *(The environment)*

Source: Various websites and EY & Boston College Center for Corporate Citizenship, 2013

The complementarity of sustainability reporting frameworks is important for promoting sustainability practices and advancing our understanding of sustainable values. For example, the ISO 26000, although not precise in the prescription of the sustainable reporting as in the case of GRI-G4, it provides a precise structure for companies to organize their activities. In this regard, the ISO framework is instrumental for promoting internal quality development for not only responding to stakeholder concerns but to other relevant and significant issues to the organization.

Another important, but less well-known framework, is provided by the Earth Charter Initiative (earthcharterinaction.org). An inspiring and visionary set of widely endorsed values and principles, the Earth Charter is a "declaration of fundamental ethical principles for building a just, sustainable and peaceful global society in the 21st century" (Bosselmann & Engel, 2010; Corcoran, 2005). The Earth Charter, the United Nations Global Compact and the GRI share a common root in the 1987 Brundtland Commission report Our Common Future (WCED, 1987) and the document emerged from the 1992 United Nations

Conference on Environment and Development (UNCED, 1993). Not surprisingly, all these three frameworks share five characteristics: sustainability-oriented, norms-based, globally relevant, partnership-based, and voluntary.

THE LIMITS OF SUSTAINABILITY REPORTING

Sustainability reporting is not without its critics. The term itself has been subjected to critique as some say "sustainability reporting" is not truly representative of the 'true' development-oriented conception of sustainability" (O'Dwyer & Owen, 2005, p. 207). The reasoning behind this goes back to the dispute about what sustainability really means and how it is defined. O'Dwyer & Owen (2005) argue that sustainability reports are too centered on the organization and its operations without giving proper concern to its economic activity relative to resource use.

Others argue that sustainability reporting is too "managerial," in that an organization's management personnel can have too much control over the production of its report and what information is disseminated; only providing information that can positively enhance the organization's image. This sacrifices the accountability of the organization and the transparency that is supposed to be present for its stakeholders. This type of managerial dominance can contribute to the further degradation of resources or sidelining of stakeholder groups who the report is supposed to serve. Related to this is the critique that reports can be incomplete, inaccurate or conducted improperly (O'Dwyer and Owen 2005).

In order to mitigate these concerns, 'assurance statements' are often included with 'sustainability reports'. The purpose of assurance statements is to provide verification from a third party to guarantee the accuracy, credibility, and completeness of the report to its stakeholders. They are often conducted by engineering, accountancy, or sustainability services firms (GRI, 2013). Assurance is a good step towards increased transparency. However, as Adams and Evans (2004) have argued, it too can sideline stakeholders as it often lacks stakeholder involvement and it can be restricted to managerial scope. Additionally, assurors themselves can be indolent in verifying whether the report is complete which leads to the question of assurors' competence (as cited in O'Dwyer & Owen, 2005). All of these critiques are motivated by the concern that assurance practices are not doing what they are meant to do; to "enlighten, inform, and enable criticism and substantive change" (Power, 1997, p. 124 as cited in O'Dwyer & Owen, 2005). Rather, it further covers up the transparency which the sustainability reports are supposed to show; inhibiting further inquiry and serving as just a label to be uncontested (O'Dwyer & Owen, 2005).

THE ETHICAL EVOLUTION OF SUSTAINABILITY REPORTING

Sustainability reports represent a concrete step in the promotion, measurement and evolution in ethical performance. In spite of the diversity of frameworks, the limited harmonization, and the lack of universally accepted definitions, sustainability reporting shares the theme of 'wholeness'. For example, the World Business Council for Sustainable Development defines sustainability reporting as "public reports by companies to provide internal and external stakeholders with the picture of the corporate position and activities on economic, environmental, and social dimensions" (as cited in Roca & Searcy, 2012, p.105). Daub (2007) states "a report can be considered a sustainability report in the strictest sense of the term if it is public… [and contains] qualitative and quantitative information on the extent to which the company as managed to improve its economic, environmental, and social effectiveness and efficiency in the reporting period and integrate these aspects in a sustainability management system" (p. 76). Sustainability reporting, in the sense of the aforementioned definitions, can be seen as a successor of previous types of reports: annual reports, environmental, and social reports.

Environmental reports became popular among multinational companies toward the end of the 1980s. By 1998, of 250 Fortune Global 500 companies, 35% were publishing environmental reports and 32% percent were including the topic in their annual reports (Daub, 2007). Social reports, in which companies disclose the social components of their operations, are far less frequent and can be seen as being incorporated into company's environmental reports during the 1970s when there was a call for greater "social accounting". Social reports often come in the form of health and safety reports and signify a move towards sustainability reporting (Daub, 2007).

The purpose of sustainability reporting is so that an organization is aware of its performance from a sustainable development perspective. 'Sustainable development' started to earn its status as a buzzword in the international development field with the 1987 publication of *Our Common Future* (also known as the Brundtland Report) which defined it as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987). The emphasis on 'sustainable development' integrates economic with social and environmental concerns. It should also dissipate narrow interpretations of environmental and social concerns. WCED member, Sonny Ramphal, reflects this view, stating that "environmentalists are 'more concerned about panda bears than human beings, and more concerned about increasing the number of bicycles in the Third World rather than that we should acquire trucks'" (as cited in Langhelle, 1999, p. 131). This perception greatly contributed to the WCED's development and human-centered values.

Centindamar and Husoy (2007) have studied the motives that push organizations toward providing a voluntary sustainability reporting. They found that the 'ethical' and 'economic' motives often overlap. In their study researching why organizations participate in the UNGC they recognized this overlapping of economic and ethical values in the respondent's top four reasons. First: To be part of sustainable development efforts (Ethical); Second: To improve corporate image (Economic); Third: To distinguish your firm (Economic); and Fourth: To be a good citizen (Ethical).

Hartman and Painter-Morland (2007) notice an ethical progress in GRI's changing of the terms it uses in its guidelines. An example is the incorporation of "Ethics and Integrity" that provides guidelines in what the best practices in ethics and compliance (GRI, 2013). This section was previously absent, and reference to codes was only included in the "Governance, Commitments, and Engagement" section of the previous editions. Identifying basic ethics management is important to include in a sustainability report because it informs stakeholders of the organization's culture, and how their ESG initiatives are aligned with their internal ethics and principles. Overall, GRI and, sustainability reporting in general, is contributory to corporate and organizational culture, specifically its purpose and how it determines its success. These sustainability initiatives are making ESG principles and meaningful stakeholder engagement the norm in organizational operations.

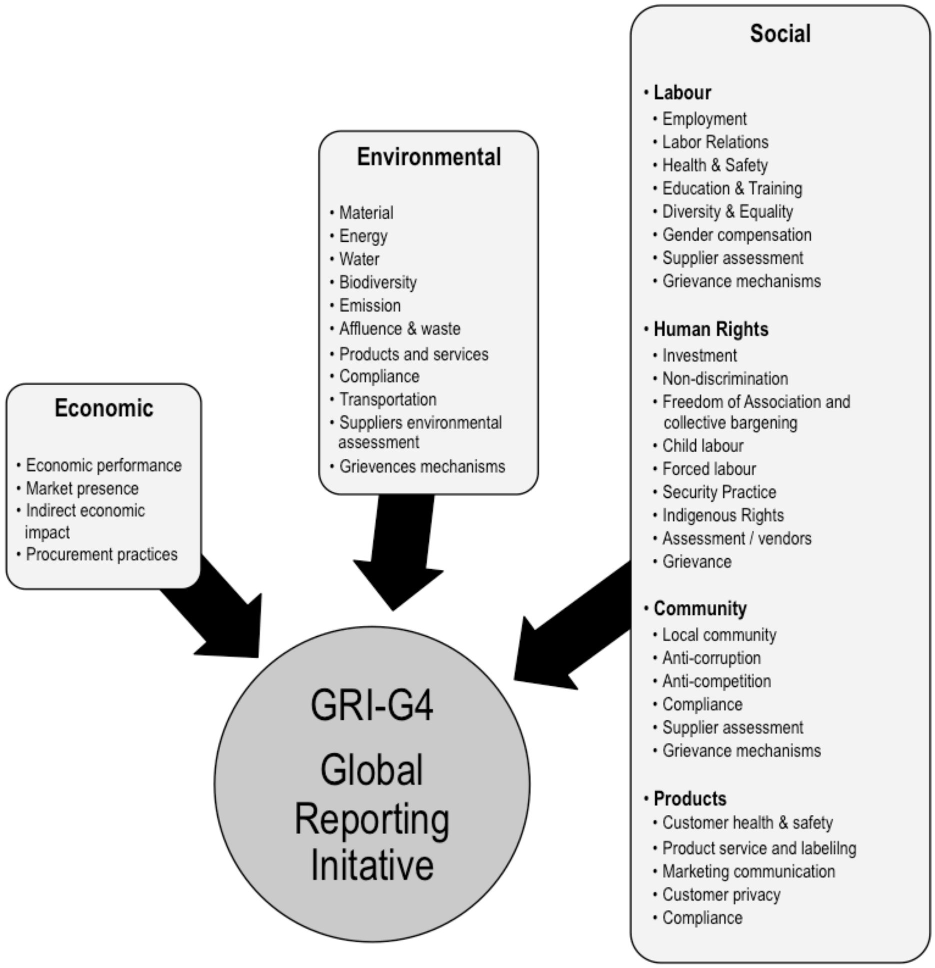
THE GLOBAL REPORTING INITIATIVE (GRI)

Among the various frameworks for voluntary sustainability reporting, the guidelines provided by the Global Reporting Initiative (GRI) are favorably recognized standards. GRI's guidelines were created to enhance and complement pre-existing standards and codes such as the Global Sullivan Principles, Social Accountability 8000, United Nations Global Compact, OECD Guidelines for Multinational Enterprises, International Labor Organizations Conventions, AA1000 Assurance Standard, and the International Organization for Standardization 14000 Series.

In 2002, the GRI became an independent non-governmental organization (NGO) with a global secretariat based in Amsterdam. GRI has the primary mission to promote a coherent and complex multi-stakeholder process for non-financial reporting. The multi-stakeholder GRI Network represents businesses, civil society organizations, labor and sector associations, and academics along with governmental and intergovernmental organizations. GRI produces a comprehensive Sustainability Reporting Framework (Framework) that includes the Sustainability Reporting Guidelines (Guidelines) regularly updated and enhanced. The Guidelines, currently in their G4 version, spell out a set of principles and standards for the organizational disclosures. These are widely used by numerous organizations around the world, voluntarily submitting their economic, environmental, and social performance and impacts. In addition to the general Guidelines and the sector specific guidance, GRI provides a platform for international and multi-stakeholder accountability. This is based on the 'due process' value with expert consultations and public comments period to guarantee that the Framework is "consensus-based and reflects the broadest possible stakeholder input." (http://www.globalreporting.org). Beside the specific indicators included in the Guidelines, the GRI provides a firm commitment for sustainability reporting based on transparency, inclusiveness, auditability, clarity, completeness, comparability, relevance, context, accuracy, and neutrality.

In general, the economic factors usually accounted in the sustainability report may vary but in general relate to accountability / transparency, corporate governance, stakeholder value, economic performance, and financial performance. The environmental factors may include energy, water, greenhouse gases, emissions, hazardous and non hazardous waste, recycling, and packaging. The social factors may include the organizational performance in community investment, working conditions, human rights and fair trade, public policy, diversity, safety, and anticorruption. Figure 3 illustrates the GRI-G4 measured components for economic, environmental, social and its subcomponents for labor, human rights, community and products.

FIGURE 3
Main Components in the Global Reporting Initiative – Guidelines 4 (GRI-G4)



Source: Elaborated by Marco Tavanti based on the GRI-G4 Guidelines

The GRI's G4 is a successor of the G3 guidelines and 2002 Guidelines. There have been instrumental changes between each that reflect the international community's commitment to sustainable development and stakeholder engagement. With each edition of the GRI Guidelines comes improvement on how organizations are to report their triple bottom line. These changes in the guidelines allow organizations to be more reflective in what it needs to do to become more sustainable, and it provides a clearer picture for its stakeholders; allowing them to make better judgments regarding the quality of the information the organizations disseminate and their overall operations (Hartman and Painter-Morland, 2007).

The mainstreaming of sustainability reporting requires improvement and standardization of reporting frameworks. Most importantly, it requires general consensus on the principles guiding the reports and communication process for guaranteeing community transparency through multi-stakeholder accountability. The sustainability reporting is and should be seen as an organizational disclosure following the general standards associated ethics, integrity, corporate social responsibility, integrated reporting, stakeholder engagement, and good governance. Therefore, the sustainability reporting, in its historical and ongoing evolution, should be considered inclusive of other non-financial reporting including the environmental reporting, triple bottom line reporting, global citizenship reporting, and corporate social responsibility (CSR) reporting among others.

In line with the principles of 'transparency', 'traceability' and 'compliance' the sustainability reporting system provided under the GRI-G4 guidelines attempts toavoid 'green-washing,' and promote 'accountability' (Baldarelli & Del, 2013). The upgraded guidelines for the compilation of the reports exemplified in the GRI-G4 clearly reflect these principles. Specifically, the GRI-G4 is based on important values and principles to evaluate the content and quality of the report. These include stakeholder inclusiveness, sustainability context, materiality and completeness. The 'stakeholder inclusiveness' principle implies that "the organization should identify its stakeholders, and explain how it has responded to their reasonable expectations and interests" (Cohen, 2013). The sustainability context principle implies that "the report should present the organization's performance in the wider context of sustainability." The 'materiality' principle implies that "the report should cover aspects that reflect the organization's significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders." The 'completeness' principle implies that "the report should include coverage of material aspects and their boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period (GRI-G4, 2013).

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) INTEGRATION

Sustainability reporting is primarily a non-financial set of measures at the environmental and social level. However, the integration of factors in relation to governance and financial performance remain key factors for the mainstreaming process of sustainability reporting. These dynamics are recognizable in the expansion of environmental, social and governance (ESG) performances in relation to socially responsible investing (SRI) (Hebb, 2012; Krosinsky & Robins, 2008). They are also visible in the trends toward integrated reporting for multiple bottom lines of economic, governance, social, ethical, and environmental (EGSEE) performance (Brockett & Rezaee, 2012).

Sustainability reporting is an essential part of integrating reporting combining financial and non-financial performance. Sustainability itself is an integrated concept aiming to assist organizations in setting goals and priorities, which combine long-term profitability with social and environmental responsibility. In an extended understanding of 'sustainability' elements, the sustainability reporting provides a communication platform on the organization's economic, environmental, social, and governance performance – clearly reflecting positive and negative impacts. Integrated reporting also represents an important trend incorporating financial with non-financial impacts and the establishment of truly integrated bottom line reporting (Lazlo, 2010, 2003).

ESG, in spite of its generic meaning, has become popular among market investors to evaluate corporate overall performance and financial future. Similar to other sustainability reporting, ESG reporting includes non-financial performance indicators relative to sustainability, ethics, and corporate governance identifiable in specific issues such as the company's accountability systems and the management of its carbon footprint. The European Federation of Financial Analysts Societies (EFFAS) has defined a set of Key Performance Indicators (KPIs) for reporting of ESG factors across sectors. These include energy efficiency, greenhouse gas (GHG) emissions, staff turnover, training & qualification, maturity of workforce, absenteeism rate, litigation risks, corruption, and revenues from new products (effas.net). The UN-backed Principles for Responsible Investment (UNPRI) provides a voluntary ESG framework for reporting. The six principles of PRI require the incorporation, promotion, and disclosure of ESG performance (unpri.org).

A definitive list of ESG principles does not exist, however a report by the United Nations Environmental Program (UNEP) Finance Initiative determined that ESG issues consistently exhibit these characteristics: nonfinancial, non-material; long-term horizon; qualitative objects that are readily quantifiable in monetary terms; externalities not adequately captured by market mechanisms; a changing regulatory or policy framework; patterns arising throughout a company's supply chain which allows them to be more susceptible to unknown risks; of concern to the public (WBCSD & UNEP FI, 2010).

ESG is often used interchangeably with the term Socially Responsible Investing (SRI). Company investors recognize the value of predicting the financial future performance of an organization based on its financial and non-financial parameters. ESG, SRI, and their outcomes Ethical Investing, Sustainable Investing, and Green Investing, are all labels given to the practice of organizations creating sustainable value and the shareholders' acknowledgement of impact investing. This framework is not entirely new, the year 2007 saw major advance in ESG/SRI practices. In that year Belgium became the first country to pass a law prohibiting the investment in manufacturers of cluster munitions, a type of explosive weapon that releases smaller weapons called 'submunitions' which are used in war but pose a great harm to civilians who become the unintended victims. In the same year the United States passed The Sudan Accountability and Divestment Act which permits state and local governments to cut ties with any companies doing business in Sudan. The purpose of this law was to put financial pressure on the Sudanese Government to stop the genocide in Darfur. These types of proactive regulations were established at the macro level, by federal governments. Additional focus on ESG principles came about after the 2008 financial crisis. This global crisis resulted in higher demand for organizational transparency, particularly at the corporate level. Greater investment monitoring is now the trend in the business world, and investors are placing importance on inspecting investments for socially responsible issues (Stewart, Berard, & Fruscella, 2013).

Table 2 illustrates the complementarity and continuity of ESG principles laid out by the United Nations Global Compact (UNGC), the Organization for Economic Cooperation and Development (OECD), and the Global Reporting Initiative (GRI). These three frameworks provide guidelines and/or benchmarks for organizations wishing to act responsibly and provide transparency in order to promote the standards and principles for responsible organizational behavior, including social and human rights and economic and environmental issues. The Environmental component of ESG is intended in reference to an organization's impacts on living and non-living natural systems, including ecosystems, land, air, and water. The Social component is ESG is in relation to an organization's impact on the social systems in which it operates. The Governance component of ESG is in reference to an organization's transparency of its structure and composition to ensure the accountability of the relevant bodies and individuals.

TABLE 2: ENVIRONMENTAL, SOCIAL AND GOVERNANCE FRAMEWORKS

	ENVIRONMENTAL	SOCIAL	GOVERNANCE
UNGC	*Businesses should* Support a precautionary approach to environment challenges. Undertake initiatives to promote greater environmental responsibility. Encourage the development and diffusion of environmentally friendly technologies.	*Businesses should* Support and respect the protection of internationally proclaimed human rights. Make sure they are not complicit in human rights abuses.	*Businesses should* Work against corruption in all its forms, including extortion and bribery.
OECD	*Enterprises should* take Due account of the need to protect the environment, public health and safety, generally to conduct their activities in a manner contributing to the wider goal of sustainable development.	*Enterprises should* Avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved. Have a policy commitment to respect human rights. Promote consultation and cooperation between employers and workers on matter of mutual concern. Observe favorable standards of employment.	*Enterprises should* Protect and facilitate the rights of stakeholders. Ensure the equitable treatment of all stakeholders. Ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, ownership, and governance of the company.
G4	*Concerns the organization's* Inputs (i.e. energy, water) Outputs (i.e. emissions, effluents, waste) Biodiversity Transport Product/service related impacts Environmental compliance Expenditures	*Concerns the organization's* Labor/Management Relations | Occupational Health and Safety | Training and Education | Diversity and Equal Opportunity | Freedom of association | Collective bargaining | Child labor | Forced or compulsory labor | Security Practices | Supplier Assessment for Labor | Practices and Human Rights | Human Rights Grievance Mechanisms	*Concerns the organization's* Highest governance body (HGB) and how it is established and structured in support of the organization's purpose, and economic, environmental and social (EES) dimensions. HGB's willingness and capability to understand, discuss, and effectively respond to EES impacts; and show if a process is in place, conducted internally or externally, to ensure continuing effectiveness HGB's involvement in developing

	and approving the organization's sustainability disclosures, and the degree by which it may be aligned with processes around financial reporting.

Source: Selected components by Marco Tavanti from the UNGC, OECD and GRI frameworks

The ESG framework is helpful in the conversation of sustainability reporting values as it emphasizes the importance of governance. This is relevant for better integrating sustainability non-financial reports with leadership priorities and administration of the organization. It is also helpful for understanding the shared responsibility that corporations have in global governance, especially in post conflict, anti-corruption, international development, and human rights (Davis, 2013; Ruggie, 2013; Wettstein, 2009; Wolf, et. al. 2010).

In addition to the governance aspect, ESG is also a valuable framework because its more recognized financial values in SRI. This 'pre-existing' value integration across financial and non-financial measures represents an opportunity for future integration on organizational reporting and business ethics performance (Carter, 2007).

SUSTAINABILITY REPORTING FOR PARTNERSHIPS AND LEADERSHIP

Our analysis of sustainability reporting and the values connected to ESG cannot be sufficiently discussed without properly acknowledging the importance of leadership in the implementation of those practices. Good ESG practices begin with a good leader who takes on the accountability of the organization, and his or her role as a global citizen whose actions have a ripple effect on society. Difficulties may arise when a leader attempts to incorporate the assortment of interests from stakeholders into the organization's long-term goals, especially while operating in an atmosphere that is ambiguous and evolving. D'Amato, Henderson, & Florence (2009) argue that leaders concerned with ESG principles are those that consider the needs, values, interests, and demands of all stakeholders including, but not limited to, employees, customers, suppliers, communities, shareholders, NGOs, the environment, and society at large. Sometimes it can be difficult for leaders to comprehend their role in the relationship between their organization and their range of stakeholders. Multiple perspectives can be used to manage how an organization can interact with its stakeholder as a means for organizational change long-term sustainable development. ESG reporting is a mechanism to further this goal as it is a means of communication and provides stakeholders with information that is currently being developed or has already been incorporated into the organization's operations. Often times, organizations will include stakeholders in all decision making processes, rendering them as not just stakeholders, but also as actors in sustainable development. Leaders who view their organization with the long-term horizon recognize the necessity of communicating with their stakeholders in the development of their ESG principles and actions. ESG performance relies on the leadership to fulfill these essential actions (D'Amato, Henderson, & Florence, 2009).

An organization that truly embodies sustainability values and practices requires 'positive deviant' sustainability leaders (Parkin, 2010). Incorporation of ESG principle in an organization requires a leader who possesses a genuine sense of purpose, core values, and integrity that guides their actions toward sustainable development. Often, culture and political ideals can be the source of conflict when organizations implement an ESG framework. Leaders should be able to foster a culture that is educated, environmentally sound, socially inclusive, and economically sustainable; these are the traits of an effective organization and leader in the current global society. Transparency and accountability is the manifestation of an organization that wishes to have a prolonged and effective association with its stakeholders. With sustainability quickly becoming the central focus of many organizations and companies across sectors, ESG performance expectations are subjected to more scrutiny and held to higher standards (D'Amato et al., 2009).

Organizations should be able to identify their role in the global society and as an actor of sustainable development. This is necessary as the roles and responsibilities of the public sector, private sector, and third/non-profit sector have been merging and blurring the lines of what used to be clear boundaries. ESG practices require leaders, regardless of the sector, to assess the needs of their immediate stakeholders as well as national and international regulators, watchdogs, and activist groups (D'Amato et al., 2009).

As stated previously, sustainability and ESG reporting enhances an organization's ethics not just in principles but also in practices. This has been instrumental in the promotion of public-private partnerships (PPPs) and multi-stakeholder partnerships (MSPs) formed in the name of sustainable development. ESG reporting itself developed from environmental reporting. Companies responded to environmental groups about how their organizations impacted the ecological environment. This later developed into a standard practice promoted by international agencies and supported by governments and acts as a linkage between sectors engaging in sustainable activities. ESG initiatives bring together public and private actors to connect in forming a progressively positive and constructive *partnership*. The emphasis on partnership is important; it is the antithesis of the regulatory command-and-control that was once a feature of public-private engagement. PPPs encourage more involvement and contribution to sustainable development. The UNGC, OECD, and GRI exemplify partnerships, as they are voluntary initiatives that bring together multiple stakeholders across sectors to collectively construct solutions to ESG issues (Cetindamar & Husoy, 2007).

Collaborations between the public and private sectors brings together government with companies which have a role in the greater environment and social spheres and can possess the financial and technical capital needed to address sustainability issues. Partnerships between the government and third sector can materialize into joint training and educational initiatives and in a joint effort in the provision of services. Collaborations involving the private and third sector bring financial capital to environmental and social campaigns. These partnerships also make private entities, such as corporations, aware of the concerns of the greater public while creating a change in their operations to have less or no negative environmental or social impacts. However, it is imperative to remember that partnerships require time to yield the desired results. When using a multi-stakeholder approach there is a diversity of expectations coming from various actors. Consequently, substantial time is needed to solve problems arising throughout the relationship, particularly at the beginning (Cetindamar & Husoy, 2007).

Conclusion

This paper has shown the growing importance and values of sustainability reporting for ESG practices, sustainable development and value leadership. In general, the analysis of GRI reaffirms the importance of integration across economic, environmental, social and governance elements and across financial and non-financial reporting. We also suggested that the integrated values of sustainability reporting go beyond the various frameworks and guidelines for reporting. The integration is really at the core of sustainability in general and sustainable development in particular.

As the number of companies and other organizations continue to increase their voluntary sustainability and ESG reporting, the need for integration, harmonization, accountability and transparency will become urgent and necessary. The multi-stakeholder network formula adopted by the GRI in its mandate for progressing the reporting systems will become the only solution for promoting true integrated sustainability practices across sectors and throughout the globe.

Within these trends in sustainability reporting and integrated ESG performances, it has become apparent that sustainable value creation and corporate sustainability performance are the basis of the world's sustainable future. The engagement and solutions offered by those organizations committed to contributing to our sustainable future come with important global sustainable responsibilities. Studies of integrated measurement models and standards for integrated economic, social, environmental, and governance performance are becoming a dominant feature in the literature and these measurement standards are becoming normative in organizational reporting. Indeed, standardized and integrated reporting has become an important factor for cultural change and organizational progression to sustainability values. Despite this, we continue to lack an understanding and sharing of effective practices that can be shared across sectors, fields, and comparable institutions.

Sustainability reporting has become a tool for increasing sustainable value performance beyond superficial solutions associated with "green-washing" or "blue-washing" (in reference to corporate associations with the United Nation's mission). Treating sustainability activities as a simple checklist of performances may not be sufficient to move market-purposed actions into a value-centered, globally engaged, and socially responsible strategic plan.

The United Nations Global Compact (UNGC), the Organization for Economic Cooperation and Development (OECD), the Global Reporting Initiative (GRI), and other major frameworks for sustainability reporting, have become the world's most prevalent organizations for sustainable practice accountability. Their principles and platforms for reporting aim to promote and provide standards for the sustainable value performance of corporate businesses, public agencies, smaller enterprises, nongovernmental organizations, industry groups, and other organizations. Reporting these standards has become a routine activity in organizations, in addition to their financial and programming reporting. These trends are not reversible and the next few years will be crucial for developing both empirical studies and systemic studies for the promotion of integrated, competent and adequate model for sustainability reporting.

Engaged academia and civil society organizations have the responsibility to collaborative work with private organizations and public institutions for the developing due processes and appropriate mechanism for sustainable value across sectors and in an ever more complex global environment. Internationally agreed disclosures and metrics in sustainability reports need to be communicated clearly and with concrete examples in order to inform an organization's stakeholders. They also need to be developed and monitored through a publicly disclosed process where multiple stakeholders have voice and authority for a shared global social responsibility. The GRI, in its current G4 guidelines, is already a very good framework. However, as the complexity of regulations, diversity of sector-specific reporting, formulas for multi-sector partnerships (MSPs) will surely increase, the monitoring and reformulation or guidelines in sustainability reporting will also need to evolve. These trends represent a challenge but also an opportunity for multi-stakeholder governance, global citizenship engagement, global social responsibility.

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