

Sustainability Reporting

A dream to create the future

The government should adopt a uniform reporting practice to prepare sustainability reporting by all organisations for ensuring a level playing field, transparency, innovation, flexibility, better regulation and progress towards sustainability, writes **Md. Touhidul Alam Khan**

SUSTAINABILITY reporting' is a key tool to help an organisation in setting goals, measuring progress and managing sustainability. Reporting on the organisation's sustainability performance will give internal and external stakeholders a clear idea of its impact and can increase efficiency and improve performance. And reporting enables the organisation to move forward to successful sustainable future. Sustainability reporting may be called in different names such as, a non-financial reporting or triple bottom line reporting (i.e. People, Planet and Profit), corporate social responsibility (CSR) reporting, etc.

As per definition of Global Reporting Initiative (GRI), "A sustainability report enables companies and organisations to report sustainability information in a way that is similar to financial reporting. Systematic sustainability reporting gives comparable data, with agreed disclosure and metrics." The GRI is a leading organisation in the sustainability field having its headquarters in Amsterdam, the Netherlands. The GRI promotes the use of sustainability reporting as a way for organisations to become more sustainable and contribute to sustainable development. A sustainable global economy should combine long-term profitability with ethical behaviour, social justice, and environmental care. This means when companies and organisations consider sustainability - and integrate it into how they operate - they must consider four key areas of their performance and impacts: economic, environmental, social and governance.

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Companies and organisations of all types, sizes and sectors, from every corner of the world, may prepare sustainability reports. The GRI's guidance is designed to be used by all companies and organisations, and can play a major role in the future of organisational reporting. Thousands of companies across all sectors have published reports that address some or all of the disclosures in the GRI's Sustainability Reporting Framework and Guidelines. Organisations around the world can take one of the many different approaches, based on local cultures and regulatory differences, and on availability of the different mandatory and voluntary initia-

tives. The most commonly accepted framework has been created by the GRI. The vision of the GRI is that disclosure on economic, environmental and social performance is as commonplace and comparable as financial reporting.

The Sustainability Reporting guidelines are developed through a global multi-stakeholder process involving representatives from business, labour, civil society, and financial markets as well as auditors and experts in various fields and in close dialogue with regulators and governmental agencies in several countries. The guidelines are developed in alignment with internationally recognised reporting-related documents, which are referenced throughout the Guidelines.

The GRI recommends that first time reporting organisations use the G4 Guidelines even if they do not fulfill the requirements of the 'in accordance' options in the first reporting cycles. Reporting organisations using the G3 or G3.1 guidelines need to decide for themselves when to transition to the G4 Guidelines. For this reason, the GRI will continue to recognise reports based on G3 and G3.1 guidelines up to 2015.

However, reports published after December 31, 2015 should be prepared in accordance with the G4 Guidelines.

Sustainability Reporting complements financial reports with forward-looking information and understanding of key value drivers, such as human capital formation, corporate governance, management of environmental risks and liabilities. Sustainability Reporting shows an understanding of external environments (products, labour, and capital markets and regulatory structures) in which the company conducts its business. Besides, it assesses the elements that emphasise the company's competitive advantage (through cost leadership and product/service differentiation and formation of intellectual capital). It also discloses known future uncertainties (risks) and trends that may materially affect financial performance.

The GRI G4 framework includes reporting on corrupt practices such as bribery, fraud, extortion, collusion, conflict of interest, and money laundering. These activities are liable to result in an improper and illegal advantage to a business and adversely affect all pillars of the society and stakeholders.

The Financial Services Sector

Disclosures document is based on the 'GRI Financial Services Sector Supplement (FSS)'. This Sector Supplement was issued in 2008 and developed based on the G3 Guidelines (2006). After launching G4 Guidelines in May 2013, the complete Sector Supplement content has been modified and reorganised in a new format to facilitate its use in combination and to fit with the G4 Guidelines' content, structure and requirements. The financial sector was segmented into four categories for purposes of developing these Sector Disclosures, i.e. retail banking, commercial and corporate banking, asset management, and insurance.

The banking sector in Bangladesh is considered to be in a relatively environment-friendly industry (in terms of emissions and pollution). However, environmental impact of banks is not physically related to their banking activities but with the activities of the customers. Banking sector is one of the major sources of financing investment for commercial projects, which is one of the most important economic activities for economic growth and encouraging environmentally responsible investments and prudent lending.

The Bangladesh Bank (BB) issued a circular on February 27, 2011 (BRPD Circular No.2) on Policy Guideline for Green Banking advising banks "to adopt a comprehensive Green Banking Policy in a formal and structured manner in line with the global norms so as to protect environment degradation and ensure sustainable banking practices." According to the BB circular "Green Banking" generally refers to banking practices that foster environmentally responsible financing practices and environmentally sustainable internal processes minimising GHG emissions. Green banking involves two-pronged approaches: firstly, green banking focuses on green transformation of internal operations of all banks/FIs. It means all the banks/FIs should adopt appropriate ways of utilising renewable energy, automation and other measures to minimise carbon footprint from banking activities. Secondly, all banks should adopt environmentally responsible financing; weighing up environmental risks of projects before making financing decisions and in particular supporting and fostering growth of upcoming 'green' initiatives and projects.

As per the BB's circular, there are three phases of green banking activities as under

and the banks have to prepare sustainability report in standard format with external verification under GRI method.

In Bangladesh, Prime Bank Limited that has shown leadership and foresight in publicly declaring a commitment to sustainability by publishing the first G4 Sustainability Report in banking sector in Bangladesh in March 2015 by publishing this report. Prime Bank has also completed the 'Materiality Disclosure Service' and has got permission to use 'Materiality Disclosure Service Icon' from GRI, the Netherlands, for the first time in Bangladesh. Some other banks are also working on this issue.

Carrots and Sticks (a publication of UNEP and GRI on sustainability reporting practices in the world) in its third edition in 2013 covered 45 countries and regions regarding practices of sustainability reporting. As per study, it has been observed that in the seven years of the series, the volume of policy and regulation has remarkably been increased. This includes a notable increase in the number of mandatory reporting measures. In 2006, 58 per cent of policies were mandatory; now, more than two thirds (72 per cent) of the 180 policies in the 45 reviewed countries are mandatory.

Governments around the world have already taken remarkable steps to make sustainability reporting a standard practice to reach sustainable development. Thousands of organisations in the world are now reporting on their economic, social and environmental performance, showing that sustainability reporting adds value.

The government of Bangladesh has to encourage all that if the businesses and all other organisations monitor and report data on their sustainability performance, they will have the vital information needed by executives to manage risk and identify sustainable opportunities. The government should adopt a uniform reporting practice to prepare sustainability reporting by all organisations for ensuring a level playing field, transparency, innovation, flexibility, better regulation and progress towards sustainability.

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