Plenary Session 4

Sustainability and Social Responsibility Reports
— Generating Valuable Information, or Not?

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ABSTRACT

Sustainability Report or Social Responsibility Report (SR) is a summary term, covering various reports on the economic, environmental and social influence. Examples include the environment report, sustainable development report, social responsibility report, corporate citizenship report and the triple-bottom-line reports. Enterprises and non-profit organizations usually edit and publish such reports, which have become an international phenomenon in recent years.

Since the beginning of the 21st century, Corporate Social Responsibility (CSR) has gradually become a hot topic in China socially, and the business community has actively responded to this. In the last five years, the number of CSR reports had rapidly grown from several dozen to several hundred to nearly a thousand. This coincided with the announcement of "Guidance for Corporate Social Responsibilities" by the State-Owned Assets Supervision and Administration Commission, the Shanghai Stock Exchange and the Shenzhen Stock Exchange separately, which encourage companies to take on social responsibilities and provide sustainability reports.

The basic intention for publicizing such reports is to release and communicate information. The fundamental questions, however, are what type of information, and what the quality of the information? And also what is the value of the information, and of the social reaction ?

The quality of information in these reports is determined by two critical indicators: effectiveness and credibility. Effectiveness is about the usability of these reports for decision making based on the information, which credibility is related to the amount of information

provided. Effectiveness defines the relevance of the information, as reflected by the substance and the standardization of the information published. Up to today, even in developed countries, there is still an absence of relatively serious standardization for producing sustainable development reports and CSR reports. It can be concluded that, due to the insufficiency of substance and standardization in the information conveyed, these reports are still to a great extent incomparable and therefore only suited for "window dressing".

Credibility refers to the reliability of the information, which warrants verification through third parties. The purpose of such verification is to minimize to some extent the Credibility Gap between the producers and users of the reports, thus to strengthen the credibility of the information in sustainability development and CSR reports. Where there is an absence of third party opinions, CSR reports will be questioned due to their reliability and credibility. Of course the next question is what kinds of third parties are qualified to make such verifications.

In the word today, the development of corporate sustainability and CSR reports is far from maturity; rather, their development is still in progress. In general, the value of the information provided is limited and their standardization has yet to be established, leaving much room for improvement.

For the standardization of the content in such reports, there is already the Guidance for Sustainable Development Report (G3-G4) produced by the Global Reporting Initiative (GRI). There is also the framework of the ISO26000 for standardization of corporate social responsibilities. In terms of verification by third parties, professional standards have been established internationally. It can be concluded that concern from the general public about the quality of information in these reports has promoted their standardization and verification by third parties in their production.

In this area, China is not too far behind Europe and the US. Enterprises included among "China's Top Green Companies" all have the ability to match the efforts of well-known multinationals, or even to surpass them.