

## **Frequently Asked Questions**

### **Getting to know Sustainability Reporting**

#### **What is Sustainability Reporting?**

Sustainability Reports (SR) or Corporate Sustainability Reports (CSR) are reports published by companies explaining their triple-bottom-line performance. This report highlights company's commitment towards its stakeholders. Such reports focus on the non-financial performance focusing on social and environmental performance, elaborating issues and challenges facing company.

The term "sustainability reporting" is synonymous with citizenship reporting, social reporting, triple-bottom line reporting and other terms that encompass the economic, environmental, and social aspects of an organization's performance.

#### **Why do companies publish SR?**

Companies publish SR for many reasons. There is seldom a single reason for this. Further, the rationale for publishing the report can change over time.

Publishing SR is voluntary in most countries including India. As a best communication practice organizations publish SR as a tool to communicate information about their social, environmental and economic performance to stakeholders, namely, the shareholders, employees, suppliers, regulators, communities, customers etc.

Further, organisations benefit from stakeholder confidence by sharing environmental and social information by publishing SR. The real benefit of SR is not by merely sharing the information, but by measurement and analyses of the organization's performance through various performance indicators.

The process of reporting can help a company to:

- Measure and benchmark the social, environmental and economic performance which otherwise may not be directly covered in financial reporting.
- Inform stakeholders and society about the CSR initiatives
- Bring in competitive advantage
- Encourage investment
- Explore opportunities to improve on internal performance
- Increase employee satisfaction
- Differentiation in the marketplace

### **What framework or standards does a corporate need to adhere to report on triple bottom-line performance?**

There is no single global standard for reporting on triple bottom-line performance. The Global Reporting Initiative (GRI) is an international, multi stakeholder effort to develop a globally applicable framework for voluntary sustainability reporting.

GRI Guidelines, first published in the year 2000, subsequently updated in 2002 and then again in 2006 (GRI G3,) are one of the widely accepted guideline for developing sustainability reports across various dimensions of sustainability, namely, environmental, social and economic. To indicate that a report is GRI-based, report publishers declare the level to which they have applied the GRI Reporting Framework via the “Application Levels” system.

To meet the needs of beginners, those somewhere in between, and advanced reporters, there are three levels in the system: “C, B and A”. To avoid conflicting claims of “Application Level” checks, GRI offers to review potential in accordance and G3

checked reports prior to their publication. The “+” (plus) sign with the application level is accorded to externally assured reports.

“GRI Checked A +” is the highest application level check accorded by GRI.

### **What’s in it for investors?**

Sustainable development directly drives value creation. It is an integral part of good process control, product/process innovation, avoidance of liability, and enhancement of an organization’s intangible assets.

Put simply, the quality of sustainability management can help investors distinguish between companies that are efficient and well positioned to protect their market competitiveness and those that are headed for a bumpy ride. Certain specific factors can help drive a company’s value; therefore, their disclosure should be of interest to investors. These factors include a range of different competencies and actions.

For the investor, the numbers matter. Environmental performance indicators related to resource use and waste generation can support assessments of the cost savings and revenues that are available to, or already realized by, a company that is being scrutinized by potential investors. The trend in performance should also give some indication of the overall ability of the company to manage these issues and capitalize on the opportunities they present.

### **What’s in it for companies?**

Environmentally driven innovation can create shareholder value by lowering costs, improving production processes and service delivery, and helping to find new markets. Increased process efficiency is an example of a proven sustainability strategy for decreasing costs and adding revenue, thereby improving profitability.

Additional opportunities to cut costs and create revenues through increased yield and the sale of waste streams (e.g., scrap and by-products) exist throughout the business value chain, in areas such as product design, manufacturing processes, and use and disposal of materials. Environmentally driven innovation can offer significant benefits and enhance overall competitiveness. Over the longer term, process innovations can also lead to the creation of new products to meet emerging customer needs.

### **What is GRI?**

GRI is the official collaborating centre of the United Nations Environment Programme (UNEP) and an independent institution whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines.

GRI G-3 guidelines unveiled in October 2006 define the content of the report including the materiality, stakeholder inclusiveness, sustainability context and completeness. Prior to GRI G-3 guidelines, GRI Guidelines 2002 were the referral guidelines for sustainability reports.

### **What is IPIECA?**

**The International Petroleum Industry Environmental Conservation Association (IPIECA)** was established in 1974 following the establishment of the United Nations Environment Programme (UNEP). IPIECA provides one of the industry's principal channels of communication with the United Nations. IPIECA is the single global association representing both the upstream and downstream oil and gas industry on key global environmental and social issues. IPIECA's programme takes full account of international developments in these issues, serving as a forum for discussion and cooperation involving industry and international organisations.

## **What is API?**

The **American Petroleum Institute**, commonly referred to as **API**, is the main U.S trade association for the oil and natural gas industry, representing about 400 corporations involved in production, refinement, distribution, and many other aspects of the industry. This association is often referred to as AOI or The American Oil Industry. The association's chief functions on behalf of the industry include advocacy and negotiation with governmental, legal and regulatory agencies; research into economic, toxicological and environmental effects; establishment and certification of industry standards; and education outreach.

## **What is the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting?**

The International Petroleum Industry Environmental Conservation Association (IPIECA) and American Petroleum Institute (API) are working together to create a common framework for sustainability or non-financial reporting that will enable interested audiences and company stakeholders to better understand performance of oil and gas companies that operate anywhere in the world on a national, regional or international level. IPIECA and API have introduced the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting. It is a voluntary reference guide designed to assist oil and gas companies that are interested in reporting on their environmental, health and safety, social and economic performance.

## **What is United Nations Global Compact?**

The **United Nations Global Compact (UNGC)** brings business together with UN agencies, labour, civil society and governments to advance ten universal principles in the areas of human rights, labour, environment and anti-corruption. Through the power of collective action, the United Nations Global Compact seeks to mainstream

these ten principles in business activities around the world and to catalyze actions in support of broader UN goals. With 5,000 stakeholders from more than 120 countries, it is one of the world's largest voluntary corporate citizenship initiatives.

### **What is WBCSD?**

The **World Business Council for Sustainable Development (WBCSD)** is a CEO-led, global association of some 200 international companies dealing exclusively with business and sustainable development. The WBCSD sees itself as a catalyst, both in the sense that it can catalyze business to buy into the concept of sustainable development and to change the way they run their operations. The organization also sees itself as a catalyst in the process of global policy development, by representing and promoting the role of business in achieving sustainable development.