Corporate social reporting traces its early roots to the 1970s, when sporadic initiatives such as the social reports produced in Germany, tried to examine a company’s long-term value-creating potential beyond its financial performance. However, the current reporting movement emerged in the United States in the late 1980s, as the SARA (Superfund Amendments and Reauthorization Act) legislation led to availability of more emissions data in the public domain.

Sustainability as a concept received worldwide recognition following a report by the World Commission on Environment and Development, known as the Brundtland Commission, in 1987. The United Nations-appointed commission coined the term “sustainable development”, which over the next few years spurred corporate non-financial reports that integrated diverse sustainability issues. In the early 1990s, companies started voluntarily disclosing non-financial information, such as their environmental footprint, to supplement their CSR initiatives.

The 1992 UN Conference on Environment and Development in Rio de Janeiro, called the Earth Summit, further served to focus the world’s attention on sustainability. Non-financial reports started to include wider issues, such as community, and transform themselves into sustainability reports.

This trend was accentuated when John Elkington created the triple bottom line (TBL) framework to measure corporate performance during the mid-1990s. The TBL framework went beyond the traditional measures of profits, return on investment, and shareholder value to include environmental and social dimensions.

Non-financial reporting grew significantly from the end of the 1990s, concomitant with an increase in interest in CSR and sustainability. In 2011, nearly 95 percent of Fortune 250 companies published a sustainability report—more than double the number a decade ago (45 percent). More than two-thirds of the Fortune Global 500 companies now publish some form of sustainability or corporate social responsibility report.

Why Sustainability Reporting

Sustainability and reporting on it are two sides of the same coin—while sustainability is about recognizing and addressing the needs of multiple stakeholders, not just the shareholder, reporting is a medium and channel for engaging with these stakeholders in a transparent, objective manner. Good sustainability disclosures require a robust foundation of rigorous measurement and objective assessment against goals accompanied by balanced reporting. The very process of doing this creates value for the organization by helping establish baselines and by clarifying the vision, strategy, and goals that the company should adopt and pursue.

While reporting has by and large been a voluntary initiative by companies, a distinct trend of the recent past has been that of investors and investment analysts seeking extensive disclosures from companies on what is commonly known as the ESG triad, i.e., Environmental, Social and Governance parameters. By incorporating ESG information into their investment decision models and rating frameworks, financial institutional investors...
A sustainability report can be dry and clinical is difficult to read. The report should communicate a sense of purpose and what is possible by going beyond the boundaries of the organization to highlight narratives and stories from around the world that illustrate inspiring work.

The very act of sustainability reporting can be a catalyst for changes in managerial practices on ESG dimensions that are integral to business.

Reporting Vs. Ratings
It is important at this point to distinguish between sustainability reporting and ratings—both require a significant quantum of disclosures from the organization, but differ in their end objectives. While reporting is largely a voluntary, self-driven exercise, disclosures against ratings are in the nature of responses to questions on ESG performance by rating agencies. The origin of sustainability ratings goes back more than a decade to the recognition by firms that Environmental, Social and Governmental risks posed to companies may impact business performance, and even business continuity. Therefore, it was a logical step for firms to include a company’s outlook, strategy and performance on ESG goals into their investment decision framework. Development of frameworks like the Equator Principles for the banking sector accelerated this trend. Another visible illustration of this trend is the growth in the number of specialized stock exchange indices that are based on ESG parameters.

Elements of a Good Sustainability Report
A good sustainability report must be balanced, transparent and inspiring as elaborated below.

1. It must provide a balanced picture of the positives and negatives of the company’s performance on its sustainability goals.
2. It must provide information in a transparent, comprehensive manner without appearing to obfuscate the critical issues being discussed.

Wipro and Sustainability Disclosures
Wipro’s approach to sustainability disclosures can be summarized in the following operating principles:

- **Extensive breadth and selective depth:** Disclose extensively—more than what is asked for—on a wide range of issues, with these, a few critical, strategic issues for in-depth analysis and articulation e.g. energy, climate change, water, people diversity, etc.
- **Beyond frameworks:** A sustainability report can be dry and boring, and unless it is designed to inspire interest, readers tend to skim and skip over most sections. At Wipro, we have tried to make our reports interesting by moving beyond what frameworks like GRI ask for and by including narratives, stories and essays that are drawn from all around the world. (See box item above)

Materiality
The concept of materiality in sustainability reporting is concerned with a wider range of impacts and stakeholders, and not limited only to those topics that have a financial impact on the organization.

Completeness
Coverage of the material topics and indicators and definition of the reporting boundary should be sufficient to enable stakeholders to assess the reporting organization’s performance in the reporting period.

Sustainability Context
The report should present the organization’s performance in the wider context of sustainability, or how it impacts economic, environmental, and social conditions, developments, and trends at the local, regional, or global level.

Quality Principles Outlined by GRI

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<tr>
<th>Quality Principle</th>
<th>Description</th>
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<tr>
<td><strong>Balance</strong></td>
<td>The report should reflect positive and negative aspects of the organization’s performance to enable a reasoned assessment of overall performance.</td>
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<tr>
<td><strong>Comparability</strong></td>
<td>Issues and information should be selected, compiled, and reported consistently in order to enable stakeholders to analyze changes in the organization’s performance over time, and compare to that of other organizations.</td>
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<tr>
<td><strong>Timeliness</strong></td>
<td>Reporting should occur on a regular schedule and information is available in time for stakeholders to make informed decisions.</td>
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<tr>
<td><strong>Clarity</strong></td>
<td>Information should be made available in a manner that is understandable and accessible to stakeholders using the report.</td>
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<tr>
<td><strong>Accuracy</strong></td>
<td>The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization’s performance.</td>
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<tr>
<td><strong>Reliability</strong></td>
<td>Information and processes used in the preparation of a report should be gathered, recorded, compiled, analyzed, and disclosed in a way that is subject to examination and that establishes the quality and materiality of the information.</td>
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 Bomberg Renewable Energy Index, the ISS and the Global Sustainability 100. The recently launched Carbonex — an index committed to promote improved environmental, social and corporate governance disclosures and performance for the 4,600 companies listed on them.

It is on the last point that we are likely to see a change; many governments and stock exchanges have already outlined the non-financial data that companies must report. For instance, companies listed on the Johannesburg Stock Exchange in South Africa must comply with the King Report on Corporate Governance for South Africa (King II), which recommends that companies should produce an integrated report rather than a separate annual financial report and sustainability report. Recently, a group of five stock exchanges—Nasdaq, BSE, BVR, the JSE, and the Egyptian Exchange (EGX)—voluntarily committed to promote improved environmental, social and corporate governance disclosures and performance for the 4,600 companies listed on them.

The very act of sustainability reporting can be a catalyst for changes in managerial practices on ESG dimensions that are integral to business. For example, it can uncover hitherto hidden business risks and opportunities e.g. the opportunity costs of not investing in resource or energy efficiency or a potential business continuity risk on account of looming water stress. Further, when a company reports sustainability goals and data it’s much more likely to progress toward meeting those goals.

Not one but many: By design, we participate in several disclosure programs—the GRI based Sustainability Report, the DJSI Index, CDP, Deloitte Corporate Rating, Greenpeace ratings, the Ethisphere rating, etc. This calls for the commitment of significant time and management resources. We do all this because of the value that we see in disclosures as a catalyst, as a mirror, microscope and springboard.

The Act-Disclose-Act feedback cycle: Many of the disclosure frameworks have evolved through a rigorous, multi-stakeholder process of incorporating good practices.
Since our first sustainability report for 2007-08, Wipro has attempted to bring in a creative approach to the design and content of each report as illustrated below.

FIRST REPORT (2007-08)
The theme of symbiosis in nature and how we can draw from it in the context of corporate sustainability. Vivid images and photographs of marine biodiversity were used to illustrate this.

SECOND REPORT (2008-09)
Tapping the passion of Wipro employees, we featured narratives of 50 outstanding examples from around the world of sustainability in action – ranging from the case study of the rapid bus transit system in the Brazilian city of Curitiba to the efforts of Mohammad Dilawar in India to save the sparrows, or the long tradition of the Bishnoi community in Rajasthan, India, of revering all life forms and conserving trees.

THIRD REPORT (2009-10)
This report’s distinguishing feature was the creative use of cartoon and graphic motifs to communicate the contents in a compelling and interesting manner.

FOURTH REPORT (2010-11)
This report featured invited articles by experts on a multitude of topics. E.g. Solar energy in India, urban biodiversity, CSR value positioning, etc.

Why is sustainability reporting so difficult?

The three primary challenges around sustainability disclosures are:

I. DEPTH OF EFFORT: Major frameworks like the GRI and DISI call for significant efforts and time. A good, comprehensively written GRI report will take the better part of six months; DISI and CDP disclosures require between 2 and 3 months of focused attention.

II. BREADTH OF COLLABORATION: Sustainability is inherently multi-disciplinary and multi-functional; therefore, its associated disclosures call for the coming together and collaboration of multiple internal functions. E.g. human resources, operations, finance, legal, corporate sustainability. The table alongside shows the collaborative breadth needed for any GRI disclosure or sustainability report.

III. STRONG ANCHORING LEADERSHIP: A corporate-level sustainability group is essential that will provide strong leadership and anchor the whole disclosures program. This involves and requires adequate advance planning, constant engagement with the framework owners, the development of sufficient domain knowledge in sustainability and the ability to influence internal stakeholders to be committed participants in the whole process.

Having said this, it is important to emphasize that starting off is the most difficult stage. Once a start has been made, it is relatively easy to build upon each cycle of effort and to create a strong institutional foundation where the entire cycle from planning to disclosures becomes smoother.

Sustainability Reporting in India

Sustainability disclosures require, above all, a spirit of courage and transparency on the part of companies. From this perspective, India Inc. has a long way to go – the number of assured sustainability reports from India’s top 100 listed firms is a low 21 and only 57 out of the top 200 companies responded to the CDP’s annual questionnaire in 2011. Brazil, on the other hand, has quickly established itself as a leader in sustainability reporting. The situation among small and medium enterprises is even more abysmal.

Is the poor level of sustainability reporting reflective of the weak passion for and attention to sustainability disclosures: among the public on the major issues that face humanity. For educating and for stimulating fresh thinking and debate as more than the organization’s mirror—we see it as a medium for influencing internal stakeholders to be committed participants in the process.

Finally…

If nothing else, the 21st century will be viewed in history as one where, aided by the Internet and its various manifestations, transparency became the norm and an essential expectation of those who wielded power over others—government and business in particular. It is also likely to be seen as an era where sustainability concerns became mainstream and a matter of survival for humanity. Organizations and institutions that do not recognize this are likely to run into the eye of the storm sooner rather than later.

We therefore see multiple forces in play that will result in a rising groundswell of thinking and actions around sustainability and its associated disclosures—reputational and competitive pressures, legislative compulsions, and critical issues around business continuity. But what will mark out a few companies from the rest is the ability to see beyond the short term and the narrow, and to inform their actions on sustainability with a vision that is rooted in the conviction that this is the right thing to do and that there are really no choices.