

# Chapter 18

## Progression in Corporate Sustainability Reporting: XBRL Taxonomy for Sustainability Reports

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### **ABSTRACT**

*In corporate reporting, greater internet use, reports available on the world wide web (WWW) and movements towards a more balanced reporting approach have become the most noticeable trends since the inception of sustainability reporting in the late 1980's and early 1990's. While early sustainability reports merely have been available on print media, today most are accessible on the WWW as HTML (Hypertext Markup Language) files. Such a layout oriented data format, however, does not seem to be sufficient any longer, especially in terms of content-syndication, harmonization, efficiencies, future ICT requirements, stakeholders' reporting expectations, and data exchange, be it inside and outside the companies. Hence, reference architecture for sustainability reports built on XBRL (eXtensible Business Reporting Language) is proposed. This development is based on a research initiative embedded in the German Environmental Informatics community. The proposed document structure within the reference architecture particularly meets the requirements of the Global Reporting Initiative's (GRI) sustainability reporting guidelines (G3). While developing the document structure, an existing XBRL FRTA (Financial Reporting Taxonomies Architecture) - common for business financial reporting- was used. Such a unifying document structure is a key for advanced reporting systems, particularly for current ICT applications like (web) content management systems. Using the reference architecture offers an impressive array of benefits, e.g. it helps: to facilitate data exchange between reporters and report users, to improve a company's information management, to support its reporting workflow, and to refine communication with its target groups in a meaningful way.*

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## **INTRODUCTION**

Corporate sustainability reporting has its roots both in environmental and in non-financial reporting (IISD, Deloitte & Touche & BCSD, 1992; DTTI, IISD, & SustainAbility, 1993; UNEP & SustainAbility, 1994). It follows a development path towards a concept of balanced reporting, usually communicating the three pillars of environmental, social, and economic performance and its mutual interrelations. This concept is in business terms often called the triple bottom line approach (Elkington, 1997). Sometimes, this approach is put in popular terms like “making values count” (ACCA, 1998), or “linking values with value” (KPMG, 2000), or described as “creating value and optimizing prosperity according to the Triple P bottom line” (SER, 2001: This concept highlights three dimensions of a company’s value creation: profit, people, and planet; DCCA, 2006). The latter is understood as combining shareholder value, eco-efficiency, and corporate citizenship, or being part of corporate social responsibility (CSR Europe, 2000).

In the 10 years since sustainability reporting first became a topic of broader interest in academia, business, and government, it has rapidly grown to a field of research with increasing relevance for companies (Kolk, 2004) and capital markets (Flatz, 2003; Hesse, 2007), even in the eyes of investors (Australian Government, 2003; BSR, 2008). At present, sustainability reporting seems to become part of companies’ daily affairs, even entering (to a certain extent) the business mainstream. Hence, for a growing number, not just for some pioneering companies, the question is now how to report on sustainability issues, and no longer whether to report at all (Marshall & Brown, 2003).

Regardless of nationality or other differences in country results, this is not only true for leading edge companies in corporate sustainability and few sector leaders, but also for global players and multinationals (KPMG, 2005), stock-quoted and publicly traded companies (Raar, 2002), as well

as for a number of medium-sized (Clausen, Loew, Klaffke, Raupach & Schoenheit, 2001) or small companies (EC, 2002). This trend is evidently a worldwide phenomenon (Kolk, 2004; KPMG, 2008), with North America and Europe coming first, followed by the Asia-Pacific region, and even spreading to Africa (Visser, 2002).

Within several industrial sectors, there is further empirical evidence that environmental and sustainability reporting today has become of competitive relevance (Fichter, 1998) and strategic importance (Larsen 2000), with an impact on brand value (Interbrand, 2008). Today, “greenwashing” (Futerra, 2008), i.e. provision of “green glossy brochures” (UNEP & SustainAbility, 1994), does not seem to be sufficient any longer; a substantial amount of information is required. Further, sustainability reporting is only successful if the underlying management systems are appropriate and the associated processes are effective and operational. For example, goals have to be set, responsibilities have to be assigned to reach the goals, and outcomes must be assessed and used as the basis for forthcoming efforts.

Following Mesterharm (2001), comprehensive environmental or sustainability reports are regarded as the primary and leading vehicles and thus the pivotal instruments of such communication (Brophy & Starkey, 1996) because of its unique claim to credibility and reliability external stakeholders ascribe to it, containing quantitative and qualitative data. These reports are usually addressing a wide range of target groups, are often produced as single documents and issued for a certain period of time. Companies use such reports for disclosing environmental activities and integrated performance, often including the following topics: top management statement, management policy and system as well as input-output-inventory of impacts of production processes and products in terms of sustainability.

While the field is still evolving, as sustainability reporting matures and practice develops into a more sophisticated stage, companies have to

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