How to strengthen corporate accountability:

The case for unlocking sustainable corporate performance through mandatory corporate reporting

Joint report by GRI and the World Benchmarking Alliance

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Introduction

The United Nations will hold a Summit of the Future on 22–23 September 2024. This event is being billed as an opportunity to enhance cooperation on critical challenges and address gaps in global governance. It should also reaffirm existing commitments, including to the Sustainable Development Goals (SDGs) and the United Nations Charter, and move towards a reinvigorated multilateral system that is better positioned to positively impact people's lives. At this summit, Member States will consider how to deal with today's challenges, as well as future threats. The imperative to engage companies towards sustainable development efforts lies at the heart of the discussions around the UN Summit for the Future.

This report explores the pivotal role of corporate sustainability reporting, particularly the leveraging of GRI Sustainability Reporting Standard (GRI Standards), in advancing sustainable development agendas and fostering corporate accountability. It was jointly prepared by the GRI and World Benchmarking Alliance (WBA) in the build-up for the Summit for the Future to present the UN Member States with recommendations for improving corporate transparency and, subsequently, corporate performance on the Sustainable Development Goals (SDGs).

The world is now at the halfway point on the path to achieving the SDGs, and yet we are collectively still far off track with most of the goals and targets. Similarly, we are not on course to achieve the Paris Agreement of keeping the world below the crucial 1.5 °C temperature increase.

Governments remain responsible for driving action to accelerate the transformation, but they need the full cooperation of business to succeed. Herein lies the problem: the world is currently lacking enforcement mechanisms that are effective in holding the most influential companies accountable for their contribution to the collective sustainability goals. As a result, the sustainability performance of a company and its contribution to sustainable development today are not sufficiently consequential.

Key findings and recommendations

To examine the pivotal role of corporate sustainability reporting, this report analyses the relationship between sustainability performance, as measured by WBA's core social indicators (CSIs), and GRI reporting. Specifically, it examines whether corporate disclosure, guided by the GRI Standards, enhances corporate social performance as measured by WBA's Social Benchmark.

Through this analysis, several key findings emerge:

- There is compelling evidence of a positive correlation between companies publishing a GRI content index and their scores in WBA's Social Benchmark.
- Companies that publish a GRI content index typically achieve CSI scores that are at least 47% higher than their counterparts.
- Moreover, companies demonstrating strict adherence to the GRI Standards tend to score higher than those who only partially comply with the requirements.
- The positive correlation is reinforced by the fact that the vast majority of companies scoring zero on WBA's core social indicators do not publish a GRI content index.
- The majority of companies with high CSI scores use GRI Standards, while others adhere to different reporting frameworks. This association indicates that compliance with established reporting standards generally correlates with enhanced social sustainability performance.
- Simply using or referencing a reporting standard alone does not guarantee high CSI scores, as reporting may be incomplete. This underscores the importance of mandatory reporting and ensuring accurate and comprehensive disclosure.

The key findings above result in the following set of recommendations:

- UN Member States must build on this positive correlation between corporate sustainability reporting and company sustainability performance, and mainstream mandatory reporting.
- Investors must ensure they encourage companies to disclose comprehensively and to take relevant actions to improve their sustainability performance.
- Publishing information in a structured form, indicating where it can be located, helps users navigating the report easier and making the reporting more credible.

The role of corporate sustainability reporting

Why we need to close the corporate accountability gap

A key challenge hindering sustainable development progress is the lack of robust mechanisms to hold companies accountable for their environmental, social and governance (ESG) impacts. While many companies express commitments to sustainability, transparency gaps persist, which impede stakeholders' ability to assess their performance and contributions towards global objectives.

The pivotal role of corporate impact reporting

Companies are under growing pressure to extend their obligations beyond profit seeking and make broader commitments to society and the environment. Sustainability reporting comes in as a tool to increase transparency and accountability in the areas that traditional financial reporting is not dealing with.

Sustainability reporting helps companies identify and manage their outward impacts on the economy, environment and people, allowing them to meet their responsibilities towards stakeholders and to improve internal processes. Widely used reporting standards and frameworks, such as the GRI Standards, are essential for companies to report credibly and in line with scientific and societal expectations. Over the past 25 years, there has been a significant voluntary uptake of reporting standards and frameworks by the business community. This has led to greater transparency and more relevant disclosures that benefited investors and society at large.

Making the case for mandatory corporate sustainability reporting

Sustainable Development Goal 12.6 states that *'governments should encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle'*.

Mandating corporate sustainability reporting is necessary to enhance clarity and standardize disclosure by all companies. It helps scale the availability of ESG data, which supports investor decision-making and serves as a building block for sustainable finance. By making reporting mandatory, all companies are held to the same standards, also when it comes to the verifiability of information. Finally, once most companies in a market disclose sustainability information, governments can use it to further inform policy development and ensure a more equitable future.

To summarize, reporting plays a crucial role in measuring sustainable corporate performance for several reasons:

- **Ensuring accountability:** mandatory sustainability reporting requirements compel companies to disclose their environmental, social and governance (ESG) performance, fostering accountability to stakeholders, including investors, consumers, employees and regulators. Without mandatory reporting, companies may choose not to disclose critical information, hindering stakeholders' ability to accurately assess their sustainability practices.
- **Standardization and comparability:** mandatory reporting frameworks establish standardized guidelines and metrics for disclosing sustainability information, promoting consistency and comparability across companies and industries. This standardization facilitates benchmarking and performance comparison, enabling stakeholders to evaluate companies' sustainability performance and identify leaders and laggards.
- **Identifying risks and opportunities:** mandatory reporting enables companies to identify and disclose material ESG risks and opportunities that may impact their long-term financial performance. By mandating the disclosure of such information, regulators and investors can gain insights into companies' exposure to environmental, social and governance hazards, enabling proactive risk management and strategic decision-making.
- **Supporting policy development and regulation:** mandatory reporting frameworks provide policymakers with valuable data and insights into companies' sustainability performance, informing the development of evidence-based policies and regulations. By mandating the disclosure of sustainability information, regulators can identify areas where intervention may be necessary to address systemic sustainability challenges and promote responsible business practices.
- **Facilitating investor decision-making:** investors increasingly consider ESG factors when making investment decisions, recognizing their potential to impact companies' financial performance and long-term value creation. Mandatory reporting provides investors with access to standardized and reliable sustainability data, enabling them to integrate sustainability considerations into their investment analysis and decision-making processes.

The role of benchmarking in assessing corporate sustainability performance

Benchmarks serve as an essential tool for measuring and comparing companies' corporate sustainability performance. They equip governments, civil society, individuals, financial institutions, and businesses themselves with the information they need to exert their full influence. They also clarify where and how companies can contribute to sustainability and highlight gaps, which can allow governments to develop better public policy and inform the efforts of civil society.

Benchmarks can help companies prioritize action, which maximizes their contribution to sustainable development in a way that is efficient and effective. Ranking and measuring companies gives them the strategic guidance needed to drive change and create accountability for those private sector actors that are not meeting the standards set out in our global agendas.

Benchmarking harnesses the forces of competition to improve corporate performance: leaders strive to excel further, while laggards are motivated to catch up. The cyclical nature of benchmarks provides companies with a strong incentive to continually improve and show progress over time.

WBA's Core Social Indicators and GRI Standards

A number of organizations, including WBA, make use of ESG information disclosed in company reports to assess corporate sustainability performance. Both WBA and GRI are non-for-profit entities which provide their knowledge products as a free public good in the interest of sustainable development.

WBA's Social Benchmark

WBA has identified 2,000 globally influential companies, collectively known as the SGD2000. WBA has devised a comprehensive set of benchmarks across seven transformations: decarbonization and energy, food and agriculture, digital, urban, nature, financial and social. These transformations are deemed crucial for advancing society, preserving the planet and fortifying the economy, all in alignment with the 2030 Agenda. The benchmarking process involves evaluating, ranking and quantifying the contributions of these 2,000 companies towards the achievement of the Sustainable Development Goals (SDGs).

As part of their evaluation within their respective benchmark, all companies are also assessed across the Core Social Indicators (CSIs). These CSIs act as markers for societal expectations that companies must meet to ensure inclusivity, support the achievement of the SDGs and contribute to a better future that benefits everyone. The CSIs evaluate companies in three crucial areas: respect for human rights, the provision and promotion of decent work and ethical conduct. Companies can score a maximum of 20 points in the CSIs.

The GRI Standards

GRI develops the GRI Standards, which define global best practices for public reporting on a broad range of economic, environmental and social issues. The GRI Standards are the most widely used framework for disclosing ESG information, according to KPMG. The firm's 2022 Survey of Sustainability Reporting indicates nearly 80% GRI adoption rate among world's largest 250 companies. At country level, this figure is nearly 70% among the national largest 100 companies in 58 jurisdictions covered by the Survey.

The GRI Standards build on the expectations for responsible business conduct outlined in authoritative intergovernmental instruments. They are structured as a modular and interconnected framework, comprising three distinct sets:

- the GRI Universal Standards, which are applicable to all companies;
- Sector Standards, tailored to specific sectors;
- Topic Standards, which provide specific disclosures for reporting on particular sustainable topics.

It is important to note that the GRI Standards do not establish specific thresholds for good or bad performance, nor do they confer certificates or labels to reporting companies. Furthermore, reporting 'in accordance' with the GRI Standards does not, by itself, indicate that a company is sustainable. The push for improved corporate disclosure and adoption of the GRI Standards has gained momentum in recent years. With businesses are under heightened scrutiny for their ESG practices, stakeholders are increasingly calling for greater transparency and accountability. The Carrots and Sticks database

jointly run by GRI together with King's College London, University of Edinburgh and Stellenbosch Business School, offers insights into 2,463 ESG and sustainability policies across 133 countries, 44 of which are international and 17 regional data. In regard to transparency and disclosure policies, trends reveal a steady increase in their number since the early 2000s, with the majority being implemented on a voluntary basis. In connection to this, the database shows that the GRI Standards are the most widely referenced framework.

Overview of corporate sustainability reporting frameworks and initiatives

For this analysis, the GRI Standards were selected for their leading global and regional adoption. However, there are other established sustainability reporting frameworks:

- **Sustainability Accounting Standards Board (SASB)**: SASB Standards help companies disclose sustainability information relevant to their investors. Available for 77 sectors, the SASB Standards identify the sustainability-related risks and opportunities that are most likely to affect an entity's cash flows, access to finance and cost of capital over the short, medium or long term. As of August 2022, the International Sustainability Standards Board (ISSB) of the International Financial Reporting Standards (IFRS) Foundation assumed responsibility for the SASB Standards. The ISSB has committed to maintain, enhance and evolve the SASB Standards and encourages preparers and investors to continue using them.
- **International Sustainability Standards Board (ISSB):** The Trustees of the IFRS Foundation Formed the ISSB on 3 November 2021 at COP26, in Glasgow. The ISSB is developing standards, in the public interest, that will result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets. The ISSB has garnered international support to develop sustainability disclosure standards with a financial materiality focus backed by the G7, the G20, the International Organization of Securities Commissions (IOSCO), the Financial Stability Board, African Finance Ministers and Central Bank Governors from more than 40 jurisdictions.
  Because the ISSB was established in 2021–2022, it does not yet feature in company reports.

In addition, a new European directive requiring companies to disclose information on impacts, risks and opportunities arising from social and environmental issues resulted in the production of a sustainability reporting framework, which is expected to have an effect globally:

- **Corporate Sustainability Reporting Directive (CSRD) and the European Sustainable Reporting Standards (ESRS):** In April 2021, the European Commission adopted a legislative proposal for the CSRD that requires companies within its scope to report using a double materiality perspective in compliance with ESRS. Under the CSRD, the European Financial Reporting Advisory Group (EFRAG) was appointed as technical adviser to the European Commission to develop the ESRS. The reporting requirements will be phased in over time for different categories of companies. The first companies falling under the requirements must apply the standards in financial year 2024, for reports published in 2025. Listed SMEs are obliged to report as of 2026, with a further possibility of voluntary opt-out until 2028, and will be able to report according to separate, proportionate standards that EFRAG is expected to develop.

The interplay between corporate sustainability reporting and corporate sustainability performance

Companies committed to disclosing sustainability information often have a higher incentive to better perform as they aim to align their actions with their public declarations. However, when reporting, companies may highlight their positive results while, downplaying the negative aspects, creating an impression of good performance through more disclosure. Some companies may be even found engaging in "greenwashing," selectively sharing information to shape stakeholder perceptions. This shows that disclosure itself is not enough to ensure sustainability of corporate practices. Therefore, there should be mechanisms that focus on making disclosure accurate, comprehensive and consequential.

Company interaction with stakeholders impact how they manage their sustainability risks

The reciprocal relationship between corporate sustainability performance and disclosure plays a pivotal role in shaping how companies interact with stakeholders and manage their societal responsibilities. When companies demonstrate strong sustainability performance and effectively address ESG issues, they show they care about the stakeholder expectations. Stakeholders then build more trust and expect increased transparency, prompting companies to take on more ESG initiatives aimed at improving performance.

The relation between WBA's CSI scores and GRI Standards

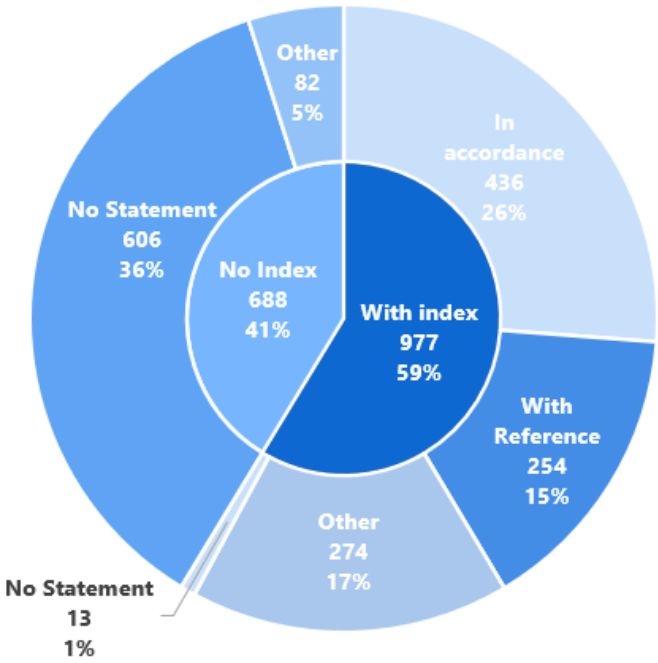
This chapter examines the relation between the corporate sustainability reporting using the GRI Standards and corporate sustainability performance, measured by WBA CSI scores. The main hypothesis checked empirically is that companies reporting in accordance with the GRI Standards achieve better results in the WBA Social Benchmark. The analysis was based on publicly available company data sourced from company sustainability, ESG and annual reports, websites or other official company documents for the fiscal year 2022.

Across its different benchmarks, WBA managed to collect CSI data for 1,665 out of the 2,000 keystone companies, representing 83% of the SDG2000 companies. CSI performance was then compared against GRI reporting practices. GRI distinguishes two types of uses:

- reporting 'in accordance' with the GRI Standards, thereby meeting the full set of requirements;
- reporting 'with reference' to the GRI Standards.

Notably, while there are two reporting options recognized in the GRI Standards, a number of companies have used alternative terminology to indicate their use of the Standards. Information has also been collected related to this third option, categorized as "Other." A handful of companies published a GRI index but did not include a statement of use such as 'in accordance' or 'with reference'. Finally, not all companies among the WBA's SDG2000 used GRI Standards. As a result, six different scenarios were identified with respect to how companies have used a GRI content index (*Figure 1*).

FIGURE 1: COMPANY USE OF GRI CONTENT INDEX



Analysis and key findings

Descriptive analysis of data suggests a correlation between CSI scores & presence of a GRI index

Figure 2 illustrates a scatter plot on the relationship between CSI scores and the GRI content index. Among the companies analysed, 59% have published a GRI content index, while the remaining 41% have not.

These findings are comparable with the higher adoption rates of GRI Standards as highlighted in the KPMG Survey, where 78% among the G250 and 68% of the N100 companies have adopted these standards. Slightly lower adoption rate of 59% may stem from WBA examining companies irrespective of ownership type, while the KPMG Survey's focused solely on large public companies. Therefore, company ownership is a factor influencing the CSI scores.

FIGURE 2: CSI SCORES AND GRI CONTENT INDEX

Companies publishing a GRI index have higher average CSI scores

Companies that publish a GRI content index boast an average CSI score of 6.1, double the average score of those who do not, as illustrated by *Figure 2*.

Figure 3 features instead a density plot showing the distribution of CSI scores among companies with and without a GRI content index. The plot reveals that companies using the GRI Standards generally cluster around the average CSI scores. Notably, as the CSI score exceeds 2.3, companies with a GRI content index become more common. In contrast, below a CSI score of 2.3, the concentration of companies without a GRI index increases. This suggests that companies with lower CSI scores are more likely not to have a GRI content index. Additionally, 84% of companies with a zero CSI score are those who do not publish a GRI content index.

Reporting in accordance with the GRI Standards correlates with higher CSI scores

The study shows that companies reporting 'in accordance' with the GRI Standards tend to have an average CSI score of 6.6, surpassing the average score of companies reporting 'with reference' to the

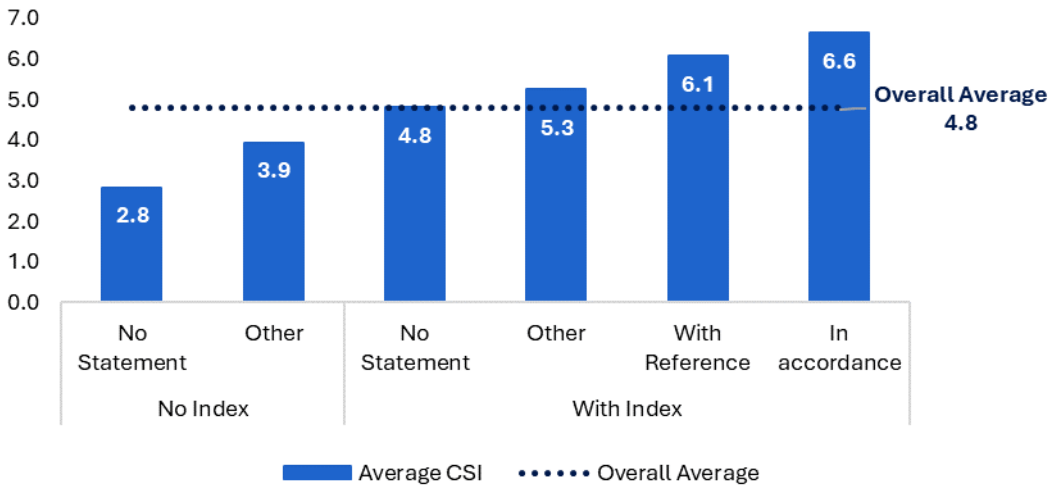
GRI Standards by 11.9%, and significantly exceeding (+26.9%) the scores of those employing alternative terminology. Additionally, companies reporting 'with reference' to the GRI Standards demonstrate relatively superior performance in the CSIs, boasting an average score of 5.9, which is 13.5% higher than that of their counterparts using alternative terminology.

Figure 3 shows a clear trend: companies that report in accordance with the GRI Standards and publish a content index tend to have higher CSI scores than companies that reference GRI or use alternative terms. The plot also reveals that companies with lower CSI scores are more common among those with less stringent GRI reporting.

FIGURE 3: CSI SCORES AND GRI LEVEL OF DISCLOSURE

These findings point to an association between complying with all the requirements under the GRI Standards and stronger performance in the CSIs. Average CSI scores are also higher for companies that mention GRI in their reporting but do not have an index, compared to those without an index or GRI mention at all. (*Figure 4*)

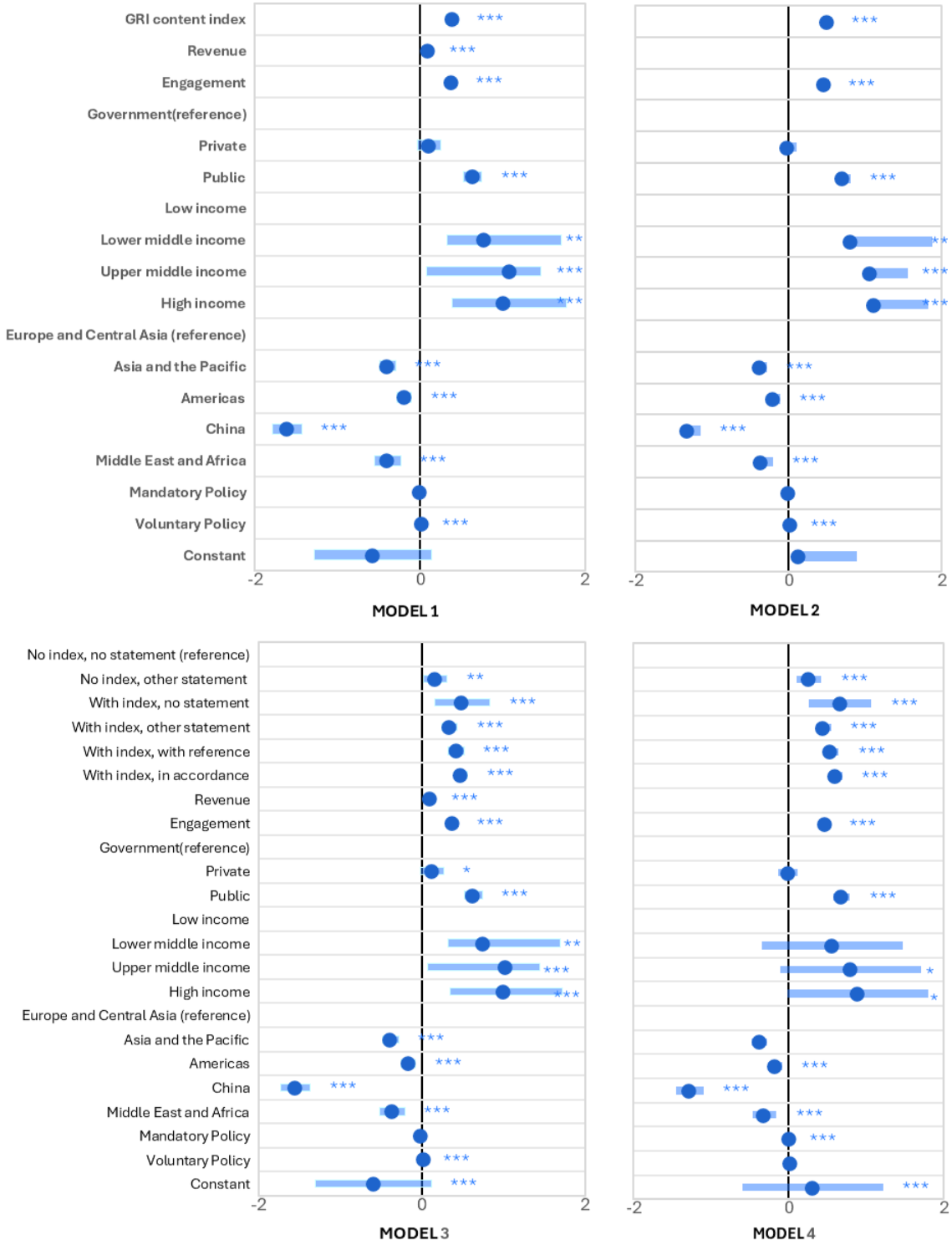
FIGURE 4: AVERAGE CSI SCORE BY INDEX AND STATEMENT TYPE



In order to statistically test the relationship between GRI reporting and corporate performance against the CSIs, four cross-sectional regression models were built (*Annex 3*). The models suggest that between 55% and 59% of the systematic cross-sectional variations in CSI scores can be explained by GRI disclosure and other company attributes.

Figure 5 summarizes the results of the regression.

FIGURE 5: REGRESSION RESULTS



Positive correlation between corporate disclosure and social performance is statistically significant

Companies that publish a GRI content index tend to demonstrate statistically significant higher CSI scores. On average, companies with a GRI content index score 47.3%* higher than similar companies without such an index. *(Computed using $100(\exp(\beta_1)-1)$.

Furthermore, when examining the extent of GRI disclosure, companies referencing the GRI Standards in their reports tend to exhibit higher CSI scores compared to those that do not. This holds true even for companies that mention GRI without publishing a content index, but the difference is particularly notable for companies using it.

How companies articulate their use of GRI Standards significantly impacts CSI scores. Specifically, companies that report 'in accordance' with the GRI Standards demonstrate statistically higher scores compared to their counterparts reporting 'with reference' or using alternative terminology. Interestingly, companies publishing a GRI content index without an explicit statement of use exhibit higher scores relative to the reference group, surpassing even those reporting in accordance with GRI. This suggests that the quality of reporting and adherence to the GRI Standards is high even without an explicit statement of use.

While most companies that performed well in the CSIs use GRI Standards, others use different reporting frameworks

Among the top 100 companies with the highest CSI scores, over 84% use the GRI Standards. Of those lacking a GRI content index, 65% adhere to the SASB Standards, with the remaining companies referencing other reporting frameworks. This suggests that adherence to an established sustainability reporting framework in general is associated with higher social sustainability performance.

Companies must transcend mere compliance and strive to improve the quality of their reporting

For instance, considering *GRI 207: Tax 2019,* of the 977 companies that disclose a GRI content index, only 114, representing less than 12%, meet the requirements fully.

The disclosure *GRI 207-4* within *GRI 207: Tax 2019* mandates reporting financial, economic and tax-related information for each operational jurisdiction. In the CSI assessment, this aligns with CSI 16c under responsible tax fundamentals. The low compliance figure may be attributed to the stringent nature of this requirement, which asks for information on taxes paid across all jurisdictions. Among the 863 companies that did not respond to this requirement, about 7% reported tax payments to several specific jurisdictions, aggregating payments from others. A notable majority, roughly 93%, failed to provide a breakdown of tax payments by country. This shows how completeness of disclosure under the GRI 207 would have improved the scores in the CSI assessment in this case.

Company attributes and location as determinants of CSI scores & sustainability performance

They also influence their social performance

Larger companies are often expected to demonstrate a stronger commitment to sustainability and acting responsibly due to heightened societal expectations. While regression results support this notion, the effect size is relatively modest. Specifically, a 10% increase in revenue raises CSI scores by only about 1%.

Ownership structure significantly impacts sustainability performance. Findings reveal that public companies typically exhibit about double the CSI scores of government-owned counterparts, holding other variables constant. (*Figure 5*)

The ownership structure of companies dictates their primary accountability. Publicly listed firms, primarily accountable to investors, face increased pressure to consider global ESG expectations. They are also more likely to adopt established reporting standards, unlike state-owned or private enterprises.

Companies based in upper-middle and high-income countries generally attain superior CSI scores compared to those in low-income countries. Likewise, companies headquartered in lower-middle-income countries also exhibit higher scores, albeit to a lesser degree. This trend may be attributed to institutional shifts across various aspects of the business landscape, and slower development of sustainability regulations in low-income countries. Additionally, companies headquartered in countries that have implemented voluntary policies citing GRI Standards tend to have higher scores. This highlights the importance of implementing mandatory reporting policies to enhance corporate performance.

Significant disparities exist among countries in terms of ESG performance and reporting practices

Figure 6 offers a visual representation of the average CSI scores for each country, alongside the percentage of companies headquartered there that publish a GRI content index. A discernible trend emerges, consistent with our earlier findings: countries with a higher proportion of companies adhering to the GRI Standards tend to achieve higher CSI scores.

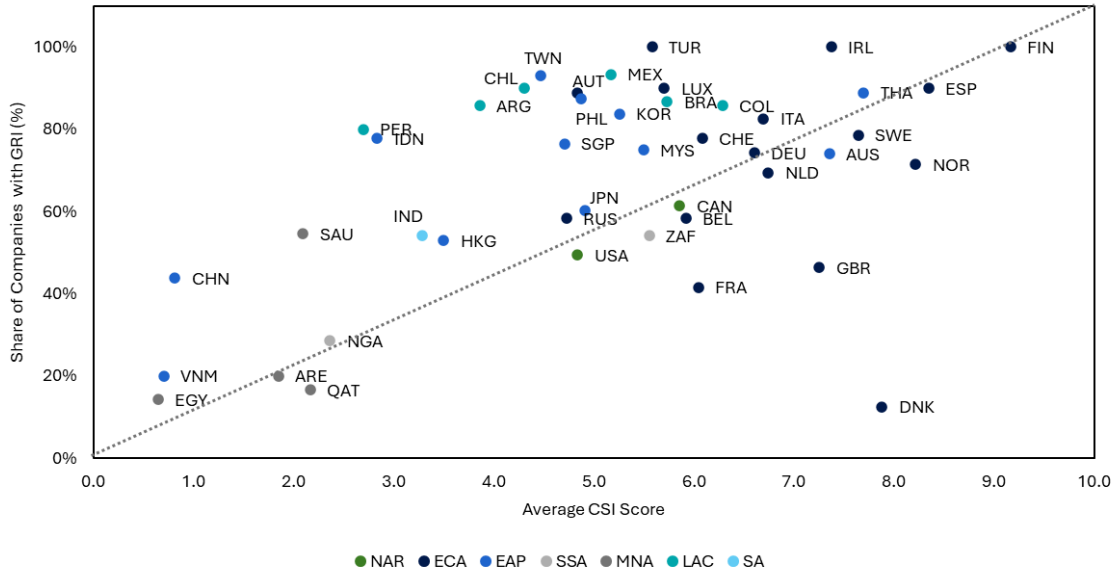
Of particular interest is the prevalence of elevated CSI scores and GRI disclosure in certain regions

Companies headquartered in Europe and Central Asia tend to achieve higher scores than those with similar characteristics headquartered in other regions (*Figure 6*)

The disparity is most pronounced when compared to similar companies in China, and least pronounced when compared to those in the Americas. This trend may be attributed to the growing number of regulatory initiatives in the European Union (EU), particularly the CSRD, which requires both EU and certain non-EU companies operating in the EU to submit annual sustainability reports.

Among countries in the European region, Denmark, France and the United Kingdom companies have lower incidence of publishing a GRI content index, and yet achieve high CSI scores. This may be explained by the adoption of other reporting frameworks, or by adhering to national reporting regimes. For example, in Denmark, entities covered under specific sections of the Danish Financial Statement Act are obliged to include reports on social responsibility issues as part of their financial statements.

FIGURE 6: AVERAGE CSI SCORES AND SHARE OF COMPANIES WITH GRI CONTENT INDEX, BY COUNTRY



Non-European countries like Australia, Thailand, Colombia and Brazil reveal a similar pattern

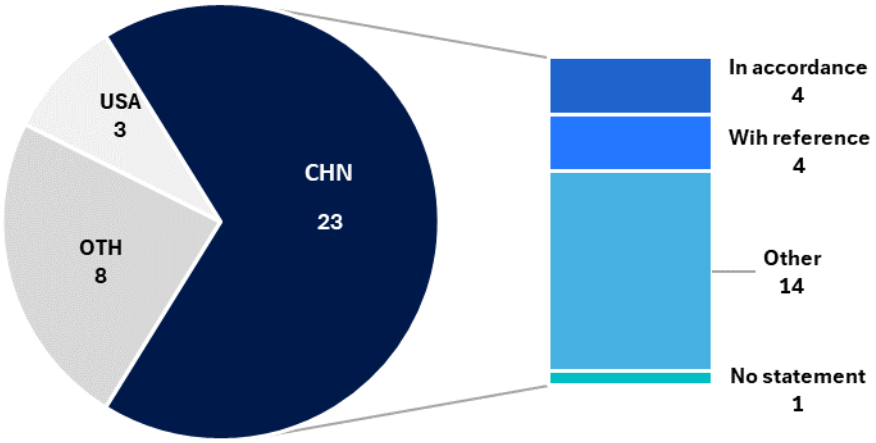
Companies from these countries have mean CSI scores above average, while also more than 50% of them use the GRI Standards. This trend may be attributed to country-specific sustainability reporting initiatives and regulations. For instance, the Stock Exchange of Thailand (SET) published the Sustainability Reporting Guide for Listed Companies, which references the GRI Standards. The Guide provides a mapping of the national requirements to GRI disclosures and encourages listed companies to disclose information in accordance with the GRI Standards.

Companies headquartered in China typically demonstrate lower CSI scores.

The analysis reveals that companies from China tend to exhibit notably lower scores compared to those headquartered in Europe and Central Asia. However, it is important to indicate that CSI assessments are limited to disclosures published in English, potentially underrepresenting the performance of Chinese companies. As a result, the disparity in scores between Chinese companies and their European counterparts is more pronounced than the differences observed between other regions and Europe. (*Figure 7*)

Among the 221 companies who scored 0 in the CSIs, 37% (82 companies) are headquartered in China. Moreover, out of the companies scoring zero in CSI, but publishing a GRI content index, 68% (23 companies) are headquartered in China. (*Figure 7*)

FIGURE 7: COMPANIES WITH ZERO CSI SCORES BUT WITH GRI CONTENT INDEX, BY COUNTRY

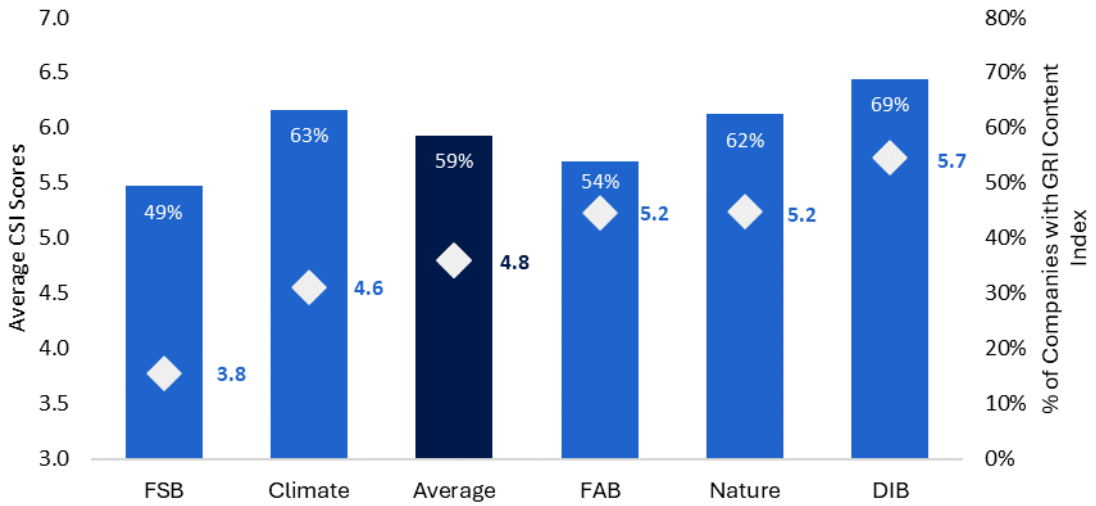


All Chinese companies with 0 CSI score who publish a GRI content index report in English. About a third report either in accordance with, or with reference to the GRI Standards, while approximately 61% use alternative terminology. Scoring zero in the CSIs despite having a GRI content index may indicate a potential issue with the quality of reporting.

The analysis also revealed a correlation between CSI scores and the presence of GRI content index across the different WBA benchmarks

The industry of the company may influence it publishing a GRI content index. For instance, the Digital Inclusion Benchmark (DIB), predominantly comprising companies in the information and communication sectors, exhibited the highest GRI content index prevalence (69%) along with the highest average CSI score (5.7). Conversely, companies in the Financial System Benchmark (FSB) had the lowest GRI index prevalence (49%) as well as the lowest average CSI score (3.8). (*Figure 8*)

FIGURE 8: CSI AVERAGE SCORE AND GRI CONTENT INDEX AVAILABILITY BY WBA BENCHMARK



Recommendations for UN Member States

1. **Promote the adoption of mandatory sustainability reporting standards:** UN Member States should endorse and incentivize the adoption of reporting standards among companies, fostering a culture of transparency and accountability.
2. **Strengthen monitoring:** UN Member States must develop mechanisms to monitor and enforce the adherence to the reporting standards, ensuring penalties for non-compliance.
3. **Enhance stakeholder engagement:** emphasize the importance of meaningful stakeholder engagement in corporate sustainability reporting, ensuring that all perspectives are considered, and relevant topics are prioritized.
4. **Facilitate capacity building:** provide support and resources to help companies, especially small and medium-sized enterprises (SMEs), effectively implement sustainability reporting standards and navigate reporting complexities.
5. **Encourage investor engagement:** mandate that institutional investors and asset managers prioritize sustainability considerations in investment decisions, leveraging their influence to drive corporate accountability.
6. **Make companies aware of the importance of reporting standard indices for comparability and assessment:** companies should publish an index helping to locate the reported information, enabling an easier access to the data in the reports. Furthermore, companies can better compare their results with those of their peers if all use a common reporting index.

Conclusion

The United Nations Summit of the Future 2024 presents a unique opportunity to catalyse collective action towards sustainable development and enhanced corporate accountability. By advocating for corporate sustainability reporting and leveraging the GRI Standards, Member States can empower businesses to align with global sustainability objectives, driving positive impact and ensuring a more resilient and equitable future for all.

Annex 1. WBA's core social indicators

Respect human rights	Max. pts	Provide and promote decent work	Max. points	Act ethically	Max. points
1. Commitment to respect human rights	1	9. Health and safety fundamentals	1	15. Personal data protection	1
2. Commitment to respect the human rights of workers	1	10. Living wage fundamentals	1	16. Responsible tax fundamentals	1
3. Identifying human rights risks and	1	11. Working hours fundamentals	1	17. Anti-bribery and anti-corruption	1
4. Assessing human rights risks and	2	12. Collective bargaining fundamentals	1	18. Responsible lobbying and political	1
5. Integrating and acting on human rights risks and	2	13. Workforce diversity disclosure fundamentals	1		
6. Engaging with affected and potentially affected	1	14. Gender equality and women's empowerment fundamentals	1		
7. Grievance mechanisms for	1				
8. Grievance mechanisms for external individuals and communities	1				
Max. points	**10**	**Max. points**	**6**	**Max. points**	**4**
Total points available = 20					

Annex 2. Mapping of CSI to GRI

CSI	GRI	Description
1, 2, 9, 14	GRI 2-23	Policy Commitments
7, 17	GRI 2-25	Processes to remediate negative impacts
7, 17	GRI 2-26	Mechanisms for seeking advice and raising concerns
6	GRI 2-29	Approach to Stakeholder engagement
12	GRI 2-30	Collective bargaining agreements
17	GRI 205-1	Operations assessed for risks related to corruption
17	GRI 205-2	Communication and training about anti-corruption policies and procedures
16	GRI 207-1	Approach to tax
16	GRI 207-2	Tax governance, control, and risk management
16, 18	GRI 207-3	Stakeholder engagement and management of concerns related to tax
16	GRI 207-4	Country-by-country reporting
3, 4	GRI 3-1	Process to determine material topics
4	GRI 3-2	List of material topics
1, 2, 4, 5, 9, 14, 17, 18	GRI 3-3	Management of material topics
9	GRI 403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
9	GRI 403-9	Work-related injuries
13, 14	GRI 405-1	Diversity of governance bodies and employees
14	GRI 405-2	Ratio of basic salary and remuneration of women to men
4	GRI 414-2	Negative social impacts in the supply chain and actions taken
18	GRI 415-1	Political contributions

Annex 3. Regression Specification

In order to test the relationship between CSI performance and GRI disclosure, and identify the factors influencing CSI performance, the following econometric models were employed:

$$CSI\ Score = \beta_1 GRI_{dummy} + \beta_2 Revenue + \beta_3 Engagement_{dummy} + \beta_4 Ownership_{dummy} + \beta_5 Region_{dummy} + \beta_6 IncomeClass_{dummy} + \beta_7 GRI\ Policy_{voluntary} + \beta_8 GRI\ Policy_{mandatory} + c$$

$$CSI\ Score = \beta_1 GRI_{dummy} + \beta_3 Engagement_{dummy} + \beta_4 Ownership_{dummy} + \beta_5 Region_{dummy} + \beta_6 IncomeClass_{dummy} + \beta_7 GRI\ Policy_{voluntary} + \beta_8 GRI\ Policy_{mandatory} + c$$

Where $CSI\ Score$ is the total CSI score of the company, while GRI_{dummy} is a dummy variable of whether a company has a GRI content and index or not. Other determinants of corporate performance were included as follows:

$Engagement_d$	= dummy variable of engagement with WBA
$Ownership_d$	= dummy variable for company ownership
$Region_d$	= dummy variable for region where headquarters is located
$IncomeClass_d$	= dummy variable for income class of the country of headquarters
$Voluntary\ Policy$	= number of voluntary national policies mentioning GRI
$Mandatory\ Policy$	= number of mandatory national policies mentioning GRI

Moreover, the inclusion of $Revenue$ as a proxy for company size was considered. A prevalent argument in the literature suggests that larger firms tend to demonstrate greater commitment to corporate social perfromance. This perspectic posits that larger firms face heightened societal expectations to engage in socially responsible activities. Given that not all companies disclose revenue figures, two models were estimated: one incorporating the revenue variable and another excluding it. Both CSI scores and revenues underwent an inverse hyperbolic sine (IHS) transformation. This transformation operates similarly to a logarithm but retains observations with zero values.

Additionally, the model is extended to look into level of GRI disclosure, as follows:

$$CSI\ Score = \beta_1 GRI\ level + \beta_2 Revenue + \beta_3 Engagement_{dummy} + \beta_4 Ownership_{dummy} + \beta_5 Region_{dummy} + \beta_6 IncomeClass_{dummy} + \beta_7 GRI\ Policy_{voluntary} + \beta_8 GRI\ Policy_{mandatory} + c$$

$$CSI\ Score = \beta_1 GRI\ level + \beta_3 Engagement_{dummy} + \beta_4 Ownership_{dummy} + \beta_5 Region_{dummy} + \beta_6 IncomeClass_{dummy} + \beta_7 GRI\ Policy_{voluntary} + \beta_8 GRI\ Policy_{mandatory} + c$$

Where $GRI\ level$ is a dummy variable for GRI level of disclosure, where 0= no index, no statement; 1= no index, other statementl 2= with index, no statement; 3= with index, other statement; 4= with index, with reference; 5= with index, in accordance.

To ensure the reliability of the regression findings, a thorough regression diagnostics process was conducted. The results are presented in Annex 3, *Table 1*. The findings from the Studentized Breusch-Pagan Test indicate rejection of the null hypothesis of heteroskedasticity at the 1% significance level, necessitating consideration of heteroskedasticity in the regression analysis. Therefore, robust standard errors were employed for all four models. Furthermore, tests were conducted to assess the independence of residuals and the presence of multicollinearity. The results indicate no correlation among residuals and no multicollinearity across all models.

TABLE 1. REGRESSION DIAGNOSTICS

Test	Test Type	Stat	Probability	Remark
Model 1				
Heteroskedasticity	Studentized Breusch-Pagan Test	136.05	2.2e-16***	Heteroskedastic
Independence of Residuals	Durbin-Watson Test	1.99	0.396	No correlation
Multicollinearity	Squareroot of GVIF			No multicollinearity
GRI Dummy		1.07		
Revenue		1.07		
Engagement		1.06		
Ownership		1.05		
Income class		1.20		
Region		1.20		
GRI (mandatory)		1.28		
GRI(voluntary)		1.18		
Model 2				
Heteroskedasticity	Studentized Breusch-Pagan Test	142.89	2.2e-16***	Heteroskedastic
Independence of Residuals	Durbin-Watson Test	2.05	0.36	No correlation
Multicollinearity	Squareroot of GVIF			No multicollinearity
GRI Dummy		1.11		
Engagement		1.07		
Ownership		1.07		
Income class		1.19		
Region		1.20		
GRI (mandatory)		1.29		
GRI(voluntary)		1.18		
Model 3				
Heteroskedasticity	Studentized Breusch-Pagan Test	143.86	2.2e-16***	Heteroskedastic
Independence of Residuals	Durbin-Watson Test	1.98	0.686	No correlation
Multicollinearity	Squareroot of GVIF			No multicollinearity
GRI disclosure level		1.03		
Revenue		1.07		
Engagement		1.06		
Ownership		1.05		
Income class		1.20		
Region		1.21		
GRI (mandatory)		1.28		
GRI(voluntary)		1.19		
Model 4				
Heteroskedasticity	Studentized Breusch-Pagan Test	161.79	2.2e-16***	Heteroskedastic
Independence of Residuals	Durbin Watson Test	2.04	0.396	No correlation
Multicollinearity	Squareroot of GVIF			No multicollinearity
GRI disclosure level		1.04		
Engagement		1.07		
Ownership		1.08		
Income class		1.20		
Region		1.21		
GRI (mandatory)		1.19		
GRI(voluntary)		1.29		

Table 2 presents the results of the regression analysis. The adjusted multiple coefficients of determination values range from 0.5580 to 0.5894, suggesting that between 55% to 59% of the systematic cross-sectional variation in CSI scores can be explained by GRI disclosure and other company attributes. The significant F-statistic across all models indicate a linear relationship between the dependent and the explanatory variables.

TABLE 2. REGRESSION RESULTS

	Model 1	Model 2	Model 3	Model 4
GRI content Index	0.3875***	0.4958***		
GRI level				
No index, no statement (reference)				
No index, other statement			0.1636**	0.2656***
With index, no statement			0.4952***	0.6630***
With index, other statement			0.3399***	0.4480***
With index, with reference			0.4209***	0.5427***
With index, in accordance			0.4780***	0.6055***
Revenue	0.0987***		0.0982***	
Engagement	0.3745***	0.4582***	0.3766***	0.4639***
Ownership				
Government (reference)				
Private	0.1043	-0.0245	0.1256*	-0.0073
Public	0.6373***	0.6982***	0.6325***	0.6834***
Income class				
Low income (reference)				
Lower middle income	0.7752**	0.8024**	0.7548**	0.5668
Upper middle income	1.0811***	1.0625***	1.0306***	0.8030*
High income	1.0169***	1.1174***	1.0061***	0.8933*
Region				
Europe and Central Asia (reference)				
Asia and the Pacific	-0.3941***	-0.3839***	-0.3841***	-0.3746***
Americas	-0.1929***	-0.2063***	-0.1678***	-0.1794***
China	-1.6135***	-1.3320***	-1.5534***	-1.2747***
Middle East and Africa	-0.3989***	-0.3612***	-0.3677***	-0.3140***
Mandatory Policy	-0.0044	-0.0100	-0.0081	0.0151
Voluntary GRI Policy	0.0196***	0.0239***	0.0195***	0.0236***
C	-0.5729	0.1285	-0.5941***	0.3140
Adjusted R^2	0.558	0.5808	0.5622	0.5894
F-stat	131	176.5	103.8	139.6
	(2.2e-16***)	(2.2e-16***)	(2.2e-16***)	(2.2e-16***)

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