Chapter 7
Corporate Integrated Reporting:
An Overview of GRI Standards

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ABSTRACT

The goal of every company should not be profit exclusively but also public welfare and social responsibility. Traditional financial reporting of companies was not sufficient to monitor the sustainable development of companies and their impact on the wider community. The Global Reporting Initiative (GRI) was introduced to provide global guidelines to report social and environmental information. The emphasis is on reporting and measuring the level of corporate social responsibility (CSR). Reporting on CSR is necessary because companies need to be responsible for the implementation of its principles, aimed at protecting the interests of stakeholders. Mandatory GRI reporting increases social responsibility due to reduced business risk and enhanced business performance.

INTRODUCTION

There is a growing awareness of the need to protect the environment, care for the community and the protection of human rights and in general about the social responsibility of companies in conducting business activities. Over time, users are showing increasing interest in information about this segment of the company's business, social and environmental responsibility. By understanding the way, a company operates in the present and knowing the company's strategy, stakeholders can generate conclusions about the potential sustainability or unsustainability of the company's business in the long term and the company's ability to generate earnings and cash flows in the future (Albuquerque & Neves, 2021).

In order to meet the information needs of different users, at the national, regional and global level, an increasing number of companies compile and prepare integrated reports, or publish non-financial information in a separate, independent report. Disclosure of additional non-financial information increases the quality of corporate reporting and transparency of companies, and users gain a higher level of confidence in the business and business prospects of such companies. The data of the empirical research, on a sample of 852 respondents who are stakeholders in Croatian companies, on the importance of integrated

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financial reporting using GRI standards for long-term profitability of companies by creating added value of companies, which also means implementing a socially responsible business strategy. The effects of the corporate social responsibility strategy were examined using GRI standards.

SIGNIFICANCE AND TRENDS OF CORPORATE REPORTING

Integrated reporting is a process that involves financial and non-financial reporting in one report – an integrated report. Therefore, an integrated report is a report that should be made public and should be available to interested users, and it should include integrated financial and non-financial information about the company. Publishing a wider range of information about the company enables users of this information to make better business decisions, primarily about investments and financing.

Stakeholders want to have information based on which they can understand the business model, strategy, risks (including sustainability risks) and the enterprise management system. Understanding these categories helps stakeholders assess the company's capacity to create sustainable value in the short, medium and long term. In modern business conditions, responsible investment is based on investments that will result in positive social, environmental and economic outcomes as well as earnings, which is a significant departure from the "traditional" investment that was primarily aimed at earning investors or economic return (Couldridge, 2014). Research and analysis of the issue of integrated reporting, which is still insufficiently represented in the literature with special reference to international frameworks and GRI standards used as a basis for the preparation and publication of non-financial information, should not be neglected. Special attention should be paid to the disclosure of non-financial information, i.e., whether non-financial information is published in the form of a stand-alone report or in the framework of integrated corporate reports.

INTERNATIONAL REGULATORY FRAMEWORK FOR INTEGRATED REPORTING

Integrated reporting is a process of preparing and compiling financial and non-financial reports and publishing them in an integrated report. Financial reporting is mandatory, regulated and regulated by national legislation, and the International Financial Reporting Standards GRI and/or various national accounting standards are applied for the preparation of financial statements.

As there is no framework at national and international level that is prescribed as mandatory for the preparation of non-financial information and the preparation of non-financial reports, it is important to point out that in practice there are different approaches and frameworks for preparing non-financial reports. Relevant international frameworks for compiling non-financial reports are:

- GRI standards (GRI)
- International framework for the preparation of integrated reports (IR)
- Guidelines for multinational companies of the Organization for Economic Cooperation and development (OECD)
- ISO 26000 standard of the International Organization for Standardization
- Tripartite Declaration of Principles Relating to Multinational Societies and Social Policy of the International Labor Organization