

Guidance on Sustainability Reporting for Listed Companies in Bangladesh



Dhaka Stock Exchange Limited

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DSE would like to thank GRI
for their technical support in preparing
this Guidance Document.



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FOREWORD



Dhaka Stock Exchange Limited (“DSE”), being the third largest exchange in South Asia, has been contributing to the country’s industrialization, development of infrastructure and overall economic growth. To keep this development progress, formulation of sustainability into listed companies’ operations and developing a sustainability reporting standard is very important. While there are a variety of ESG factors at play at any given time, it is unquestionable that many of these factors impact on the ability of companies and their investors to achieve sustainable growth and prosperity.

A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks. This Guide is designed to complement the reporting requirements of prevailing rules and regulations. For the purpose of corporate sustainability reporting, all the stakeholders related to Bangladesh capital market need to be included in preparation of the report.

A uniform reporting practice for all companies to ensure transparency, better regulation and progress towards sustainability organization needs first a long-time strategy and success. From regulatory point of view, DSE will play a vital role in monitoring the sustainability report through which listed companies’ economic, environmental and social impacts and decisions will be reflected. We look forward to continuing improvements in sustainability disclosure in corporate reporting in Bangladesh.

K.A.M. Majedur Rahman

Managing Director, Dhaka Stock Exchange Limited



Companies are crucial to building a sustainable future, and sustainability reporting is an important tool in their arsenal. Transparency can help them better anticipate risks, and inform the decision makers of companies and investors alike. The GRI Sustainability Reporting Standards helps companies use transparency to create social, environmental and economic benefits for everyone.

Transparency regarding business impacts, whether positive or negative, is not only a business opportunity, more and more it has become a business necessity. Sustainability reporting helps companies better understand and communicate their impacts on critical issues like climate change, human rights and labor relations. Companies can become more aware of the risks, and take steps to manage them. And transparency can also help them gain access to new opportunities in global markets.

It is encouraging to see new legislation and regulation being promoted around the world, to encourage companies to reap the benefits of greater transparency. We commend the Dhaka Stock Exchange for providing guidance for companies to make strides towards a more sustainable world.

Tim Mohin

Chief Executive, GRI



About the document

There is growing demand for companies to be transparent and accountable to their stakeholders, including investors, suppliers, clients, employees and governments. This ESG Guidance document, along with the GRI Sustainability Reporting Standards (GRI Standards) can help companies meet this demand in a clear and consistent manner.

This publication can help companies, both listed and unlisted, that want to start the sustainability reporting process and are looking for guidance. This document provides insight for companies already reporting using the GRI Standards or preparing annual, integrated or combined reports. It is also meant for stakeholders who use information contained in sustainability reports, such as regulatory bodies, advisory organizations, professional bodies, civil society organizations, mediating institutions and academia.

Background on sustainability reporting

All organizations make positive and negative contributions towards sustainable development through their activities and relationships. So, organizations have a key role to play in achieving a more sustainable economy, environment and society. One of the tools they have available is sustainability reporting, or an organization's practice of reporting publicly on its economic, environmental, and social impacts.

Sustainability reporting is now a mainstream business practice. By 2017, 93% of the world's largest 250 corporations reported on their sustainability performance, according to a KPMG survey¹. Globally-accepted standards, such as the GRI Sustainability Reporting Standards, provide a common language and credible set of disclosures for organizations to communicate about their impacts on the economy, the environment, and society. Organizations can combine their use of such instruments to improve the quality and comparability of the information they report publicly. This information enables better decision making by organizations and their stakeholders, helping to build the long-term trust that is essential for the functioning of markets.

Sustainability reporting provides a broader view of a company's performance than financial disclosure alone. When used alongside financial reporting, it can reveal value creation across six capitals: financial, manufactured, intellectual, human, natural, social and relationship. Only by capturing the full picture of its value creation can a company thrive, and sustainability reporting is a vital tool in this process. Sustainability reporting can be used to break down silos and build a holistic view of performance. While various reporting frameworks and approaches for disclosing sustainability information are available, for this guidance we refer to the GRI Standards. Reporting on both financial and non-financial information can give companies a broader perspective on risk, and the GRI Standards are a good tool for companies to measure, manage and address the risks.

The GRI Standards include references to other widely recognized frameworks, and are designed as a consolidated framework for reporting performance against different codes and norms for sustainability. These global frameworks include the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact Principles, and the UN Guiding Principles on Business and Human Rights. The GRI Standards also include references to major international conventions which

¹ KPMG Survey of Corporate Responsibility Reporting 2017

often inform national legislation, such as the International Labour Organization (ILO) Conventions for labor regulations. The GRI Standards are a free public good, and are regularly updated to reflect latest best practices for reporting on economic, environmental and social issues. They are designed to be used as a set by any organization that wants to report about its impacts and how it contributes towards sustainable development.

Why report on ESG

Integrating environmental, social and corporate governance (ESG) policies and practices into a company's strategy and daily operations is increasingly being recognized by investors as relevant to the company's ability to capture long-term value. Therefore, transparency around how a company manages its ESG risks and opportunities is part of its value proposition, and the financial community increasingly recognizes that to thoroughly assess an investment, it must also analyze relevant ESG factors.

The United Nations Sustainable Stock Exchanges (SSE) initiative encourages stock exchanges to provide guidance to their issuers on Environmental, Social and Governance (ESG) reporting. As conduits between issuers, investors, regulators and other capital market stakeholders, stock exchanges are ideally placed to support the transition to greater ESG disclosure and to attract new investment flows with a sustainability-focus. The SSE also tracks the sustainability related activities of stock exchanges in the SSE Database;² for example, how many stock exchanges require ESG reporting as a listing rule, provide ESG-related training or have written guidance on ESG reporting. Examples of these guides are the [LSEG's Your Guide to ESG Reporting](#) and more locally the ESG guidance of the Bombay Stock Exchange [Guidance Document on ESG Disclosures](#). There is also the [Sustainability Reporting Guidelines by the Philippine Securities and Exchange Commission](#). Many more can be found in the [SSE Database](#). The present guidance document is one of the latest.

The [Model Guidance on Reporting ESG Information to Investors](#) was also prepared by the SSE. The report serves as a voluntary technical tool for stock exchanges. As stated in the guidance: "Once a company has established which ESG themes to report on, it can begin to disclose specific performance indicators to demonstrate progress. These indicators may be generic, industry-specific or company-specific. It is recommended that companies use widely accepted indicators developed via a credible national or international process. The GRI, for example, produces the most widely used set of indicators for corporate sustainability reporting with detailed guidance on their application."³

There is a growing trend for governments, stock exchanges and other regulators to translate global goals into laws, regulations and requirements for sustainability and reporting on non-financial data. For example, the World Federation of Exchanges (WFE) has published revised sustainability guidance for their member exchanges. The [WFE ESG Guidance and Metrics](#) represents the best sustainability practices, and covers indicators such as emissions, climate risk mitigation, gender, human rights, ethics and anti-corruption, in full alignment with the [GRI Sustainability Reporting Standards](#). Businesses that are at the start of their reporting journey can adopt the GRI Standards to elaborate their sustainability reporting, and use this [linkage document](#) to map their disclosure against WFE guidance.

² <http://www.sseinitiative.org/data/>

³ <http://www.sseinitiative.org/wp-content/uploads/2015/09/SSE-Model-Guidance-on-Reporting-ESG.pdf>



The United Nations Sustainable Development Goals have drawn further attention to sustainability and sustainability reporting, promoting sustainability reporting on the contribution of companies to these global goals, whether new or existing report preparers. Publications such as [In focus: Addressing Investor Needs in Business Reporting on the SDGs](#) can help companies make their disclosures most relevant for investors.

Sustainability context in Bangladesh

In the following section, we look at some of the most important and pressing ESG issues that listed companies can address, and place them in the context of Bangladesh law and regulation.

When it comes to the protection and improvement of the environment and biodiversity, the Constitution of the People's Republic of Bangladesh states that, "The state shall endeavor to protect and improve the environment and to preserve and safe-guard the natural resources, biodiversity, wetlands, forest and wildlife for the present and future citizens." The pursuit of sustainable development is, therefore, the central focus of all sustainable development activities in Bangladesh. All development plans and programs conform to it. Emphasis has been put on increasing productive labor, creating more labor-intensive industries and promoting small enterprises to increase jobs. Raising productivity in all areas including agriculture, manufacturing and service will be given special focus. To ensure the best possible opportunities for a productive and healthy life for the people while maintaining the balance in nature and ensuring sustainability for future generations, the country must have "human centered" sustainable development. Bangladesh will continue to meet the challenges of creating favorable social, economic and environmental conditions that will support the overall sustainability of the nation. Sustainability has been deeply embedded within our society and is integrated in the lifestyles, livelihood and culture of the people of Bangladesh.

The Ministry of Environment and Forest (MoEF) of Bangladesh has already taken initiative to ensure a green environment and a pollution free society, environmental sustainability, ecological balance, forestry, conservation of natural resources and maintenance of quality of soil, air and water. For smooth implementation of this initiative, companies operating in Bangladesh should adopt a uniform reporting practice for ensuring transparency, flexibility, and progress towards sustainability, building awareness among stakeholders, in line with global standards. The government can be a catalyst for ensuring speedy adoption of sustainability through policy initiatives which immediately pave the way for a sustainable society committed to sustainable development. A successful community can create demand for products and can also provide a supportive environment to business.

Bangladesh Bank (BB), the central bank and prime regulator of banks and non-bank financial institutions (NBFIs), has set an example by pioneering green banking initiatives, and proactively guiding banks and NBFIs towards diverse sustainable banking endeavors since 2011. These green banking initiatives can be broadly categorized into: policy initiatives, monitoring the green banking activities of banks and NBFIs, refinancing facilities from BB in diverse green products/sectors (renewable energy, energy efficiency, solid waste management, liquid waste management, alternative energy, etc.) and BB's own initiatives for environmental management. Green Reporting following GRI Standards has been made compulsory for banks under a guideline issued on February 2011. ⁴

⁴ <http://www.icmab.org.bd/images/stories/journal/2018/July-Aug/1.Achieving.pdf>

The publishing of sustainability reports in Bangladesh has gradually grown, as listed companies of stock exchanges started publicly declaring a commitment to sustainability by publishing their sustainability reports, and regulatory bodies have tried to promote this development. To elevate corporate governance in the country, the Bangladesh Securities and Exchange Commission (BSEC) introduced the Corporate Governance Guidelines in 2006. Later, in 2012, BSEC made further progress and launched the Corporate Governance Guideline which established a 'comply' basis for listed companies. Issues of sustainability in general and environmental impacts caused by the listed companies were not dealt with extensively. In June 2018, BSEC issued the [Corporate Governance Code \(CGC\)](#), and these issues are now directly incorporated. The transparency and accountability of a listed company can be increased when it complies with all the conditions contained in the new Code. All listed companies must comply with the new CGC as of December 2018.

Business benefits for action on sustainability and reporting

Sustainability reporting is about disclosing the company's most significant impacts. A sustainability report should encompass the company's values and governance model and should link its performance, progress, strategy and commitment to a sustainable economy.

The benefits of integrating sustainability into operations has been well documented over the last two decades. In the ["Better Business, Better World"](#) report, the Business & Sustainable Development Commission states that, "The growing body of evidence showing that higher sustainability performance means better financial performance is steadily gaining traction with investors. In a review of 200 studies on sustainability and corporate performance, Oxford University and Arabesque Partners, an investment management firm, concluded that 90 percent of studies in this area found that high environmental, social and governance (ESG) standards reduced companies' cost of capital, and that 80 percent show a positive correlation between stock price performance and good sustainability practices." ⁵

However, only transparent reporting and communicating about company's sustainability work, performance and progress towards its goals can help a company capture the value of sustainability. "Research shows that companies managed with a long-term ESG-friendly approach and a clear focus on sustainability, perform better financially than those that aren't. A study by Harvard and London Business Schools found that a dollar invested in 1993 in a value-weighted portfolio of high sustainability firms would have grown to US\$22.60 by 2010, compared with US\$15.40 for low sustainability firms." ^{6,7}

Tackling sustainability issues as well as achieving the Sustainable Development Goals (SDGs) will require new regulations and some businesses are already taking the SDGs as signals of future policy and market direction. "These are likely to include measures to address greenhouse gas emissions and encourage resource efficiency, like mandated carbon and water pricing; regulations to protect labour rights and address discrimination in employment; and policies that strengthen governance, for instance, by tackling corruption and clarifying land rights." ⁸

⁵ Arabesque Partners, 2015. *From the Stockholder to the Stakeholder: How sustainability can drive financial outperformance*. Available at: http://www.arabesque.com/index.php?ft_down=51e2de00a30f88872897824d3e211b11.

⁶ Eccles, R. G., Ioannou, I., and Serafeim, G., 2011. *The Impact of Corporate Sustainability on Organizational Processes and Performance*. SSRN, 23 November. <https://ssrn.com/abstract=1964011>.

⁷ http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf

⁸ http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf



Companies that pursue sustainability have a competitive advantage over those that choose business as usual; sustainability helps companies spot and open up new market opportunities. As stated by the Business & Sustainable Development Commission: “The 60 fastest growing market opportunities opened up by achieving the Global Goals across the world in just four key economic systems could be worth up to US\$12 trillion a year for the private sector by 2030.⁹ This amount represents about 10 percent of forecast global GDP in 2030.”¹⁰

Internal Benefits

Vision and Strategy: Companies can set direction by placing their purpose, vision and strategy into the context of global sustainability. The sustainability reporting process helps to make this explicit to stakeholders.

Management Systems: Sustainability management and reporting require management systems; this improves the quality of information on environmental, social, economic and governance topics. Tracking data on these areas offers opportunities for improvement, efficiency and cost savings. One report shows that many companies have achieved an average internal rate of 27 percent on their low-carbon investments.¹¹

Strength and Weakness: Early warnings of emerging issues can help management seize opportunities or evaluate potentially damaging developments before they emerge as unwelcome surprises.

Employee Motivation: Engaging the workforce in sustainability efforts reduces absenteeism, attracts and retains talent and increases productivity through a motivated workforce. “A 2015 survey of 7,800 future business leaders from 29 countries found that 75 percent think businesses are focused on their own agendas rather than improving society, and over 50 percent would take a pay cut to find work that matches their values.¹² (...) Similarly, a study by the Society for Human Resource Management found that morale was 55 percent better in firms with strong sustainability programmes, employee loyalty 38 percent better, and workforce productivity increased by 21 percent.”^{13, 14}

External Benefits

Reputation and Trust: Proactive and transparent communication about sustainability efforts builds goodwill and reduces reputational risks in long term. It also improves product image and brand

9 AlphaBeta, 2017. *Valuing the SDG prize: Unlocking business opportunities to accelerate sustainable and inclusive growth.* Business and Sustainable Development Commission contributing paper.

10 Dobbs, R., Madgavkar, A., Barton, D., Labaye, E., Manyika, J., Roxburgh, C., Lund, S., Madhav, S., 2012. *The world at work: Jobs, pay and skills for 3.5 billion people.* McKinsey Global Institute. Available at: <https://www.mckinsey.com/featured-insights/employment-and-growth/the-world-at-work>

11 We Mean Business, 2014. *The Climate has Changed: Why bold, low carbon action makes good business sense.* Available at: <https://www.corporateleadersgroup.com/reports-evidence-and-insights/publications/publications-pdfs/we-mean-business-the-climate-has-changed.pdf>

12 Smiley, A. (2015) 'What Millennial Employees Really Want'. *Fast Company Leadership*, 4 June

13 Society for Human Resource Management, 2011. *Advancing Sustainability: HR's Role.* Available at: <https://www.shrm.org/foundation/ourwork/initiatives/building-an-inclusive-culture/Documents/HR's%20Role%20in%20Corporate%20Social%20Responsibility.pdf>

14 http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf

name. More sustainable companies tend to be more trusted by consumers and B2B customers, and trust makes customers more likely to buy.¹⁵

Attracting Capital: Reducing risk through actions on sustainability and reporting indicates sound management, providing potential for new sources of capital at lower costs. “There has been a huge rise in interest in responsible and sustainable investment among asset managers and owners and rapid growth among companies providing ESG analysis “(...) Now 92 percent of the world’s 250 largest companies report on sustainability.¹⁶ Most fund managers now claim to include assessing ESG performance in their investment process.”¹⁷

Stakeholder Engagement: Sustainability reporting is a powerful tool to build or restore trust among stakeholders—shareholders, lenders, regulators, clients, customers, employees, and others—through continual learning, feedback and recommendation. It also allows to anticipate growing pressure for sustainable practices as well as ensures the license to operate.

Competitive Advantage: Reporting increases transparency towards stakeholders and demonstrates good risk management while driving business development and the optimization of business processes. “A 2014 McKinsey study found that 44 percent of sustainable business leaders cite growth and new business opportunities as reasons for tackling sustainability challenges.¹⁸ Innovation is the key to finding them.”¹⁹

Starting the Sustainability Reporting Journey

Companies are encouraged to start reporting to show what their business is about, how they do business and how they manage their sustainability impacts.

The GRI Sustainability Reporting Standards (GRI Standards) are a set of modular reporting standards that can be used by any organization to report about its impacts on the economy, the environment, and society. The set includes three universal Standards applicable to all organizations: GRI 101: Foundation, GRI 102: General Disclosures, and GRI 103: Management Approach. In addition, there are 33 topic-specific Standards, organized into Economic, Environmental, and Social categories, which organizations can select from, to report on their material topics. See GRI 101: Foundation 2016 for more information on how to use and reference the GRI Standards.

Preparing a sustainability report in accordance with the GRI Standards provides a full and balanced picture of an organization’s material topics, the related impacts, and how these impacts are managed. The GRI Standards are developed through a transparent, multi-stakeholder process and are issued by the Global Sustainability Standards Board (GSSB), an independent standard-setting body created by GRI.

¹⁵ Nielsen, 2015. *Consumer-goods' brands that demonstrate commitment to sustainability outperform those that don't*. Press Release, 12 October. Available at: <https://www.nielsen.com/eu/en/press-room/2015/consumer-goods-brands-that-demonstrate-commitment-to-sustainability-outperform.html>

¹⁶ KPMG, 2015. *Survey of Corporate Responsibility Reporting, Currents of Change*. Available at: <https://assets.kpmg/content/dam/kpmg/pdf/2016/02/kpmg-international-survey-of-corporate-responsibility-reporting-2015.pdf>

¹⁷ http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf

¹⁸ Bonini, S., and Swartz, S., 2014. *Profits with purpose: How organizing for sustainability can benefit the bottom line*. McKinsey & Company. Available at: <https://www.mckinsey.com/business-functions/sustainability/our-insights/profits-with-purpose-how-organizing-for-sustainability-can-benefit-the-bottom-line>

¹⁹ http://report.businesscommission.org/uploads/BetterBiz-BetterWorld_170215_012417.pdf



As per the GRI Sustainability Disclosure Database, thousands of organizations in more than 90 countries currently use the GRI Standards to report sustainability information. The GRI Standards are also referenced in policy or regulation in more than 40 countries and regions, and by more than 20 stock exchanges worldwide. Stock exchanges have a key role in driving sustainability reporting, which is a crucial element for corporate transparency and responsible business practices.

To work credibly towards integrating sustainability into business operations and developing a sustainability report, it is important to adhere to principles that help identify, prioritize and define sustainability issues. The GRI Standards are principle-based, so one can use them to define the content of the report as well as the quality of the information it communicates. The principles are:

Reporting Principles for defining report content	Reporting Principles for defining report quality
<ul style="list-style-type: none"> • Sustainability Context • Stakeholder Inclusiveness • Materiality • Completeness 	<ul style="list-style-type: none"> • Accuracy • Balance • Clarity • Comparability • Reliability • Timeliness

For this document we will refer to the reporting principles for defining report content, namely,

- Sustainability Context
- Stakeholder Inclusiveness
- Materiality
- Completeness

Sustainability Context

The report shall present the reporting company's performance in the wider context of sustainability.

Information on performance should be placed in context. The underlying question of sustainability reporting is how a company contributes, or aims to contribute in the future, to the improvement or deterioration of economic, environmental and social conditions, developments, and trends at the local, regional or global level. Reporting only on trends in individual performance (or the efficiency of the organization) fails to respond to this underlying question. Reports should therefore seek to present performance in relation to broader concepts of sustainability. This involves discussing the performance of the organization in the context of the limits and demands placed on environmental or social resources at the sector, local, regional, or global level.

Good practice checklist:

- ✓ Present the company's understanding of sustainable development and draw on objective and available information and measures of sustainable development for the topics covered in the report.

- ✓ Present the company's performance with reference to broader sustainable development conditions and goals, and attempt to communicate the magnitude of the contribution to (un)sustainability.
- ✓ Describe how sustainability topics relate to long-term organizational strategy, risks and opportunities, including supply chain topics.

Stakeholder Inclusiveness

The reporting company shall identify stakeholders and explain how it has responded to their reasonable expectations and interests.

Stakeholders can include those who have invested in the company as well as those who have other relationships to the organization. The reasonable expectations and interests of stakeholders are a key reference point for many decisions in the preparation of the report.

Good practice checklist:

- ✓ Describe and map the stakeholders to whom the company considers being accountable.
- ✓ The content of the sustainability report should ideally draw upon the outcomes of the company's stakeholder engagement processes.
- ✓ The report should show that the company has responded to stakeholder concerns, policies and relevant standards.

Materiality

The report shall cover the topics that reflect the reporting organization's significant economic, environmental and social impacts or substantively influence the assessments and decisions of stakeholders.

Companies are faced with a wide range of topics on which they could report. Relevant topics are those that may reasonably be considered important for reflecting the organization's economic, environmental and social impacts, or influencing the decisions of stakeholders, and, therefore, potentially merit inclusion in the report. Materiality is the threshold at which topics become sufficiently important that they should be reported.

Good practice checklist:

- ✓ Take into account current topics and issues that represent significant risks for organization and area of operation.
- ✓ Take into account the main sustainability interests, topics and indicators raised by stakeholders.
- ✓ Take into account the main topics and future challenges for the sector or the region that are reported by peers, competitors or expert bodies with recognized credentials in the field.
- ✓ Consider relevant laws, regulations, international agreements or voluntary agreements with strategic significance to the organization and its stakeholders.



Completeness

The report shall include coverage of boundaries, sufficient to reflect significant economic, environmental and social impacts and to enable stakeholders to assess the reporting organization's performance in the reporting period.

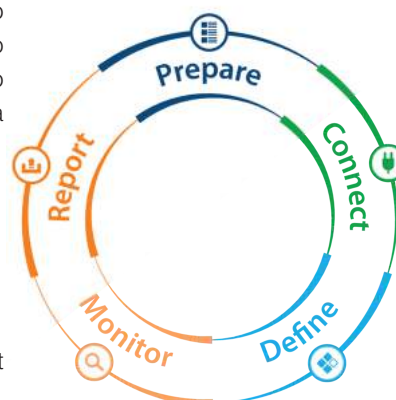
Completeness primarily encompasses the dimensions of scope, boundary, and time. The concept of completeness may also be used to refer to practices in information collection and whether the presentation of information is reasonable and appropriate.

Good practice checklist:

- ✓ Take into account impacts within and outside the organization, and cover and prioritize all material information on the basis of the principle of materiality.
- ✓ Avoid omitting relevant information that influences or informs stakeholder assessments or decisions, or that reflects significant economic, environmental or social impacts.

The GRI Sustainability Reporting Process

The process mentioned below can help any company to initiate proposals for actions that can be undertaken to address its sustainability impacts and the plans needed to support those actions including steps for creating a Sustainability Report.



There are 5 steps:

(I) **Prepare:** Plan the reporting process

The main objective during this phase is to get ready to start the reporting process.

- o Identify and select the sustainability reporting team that will coordinate the reporting process.
 - It is recommended that the company has a team of staff members, preferably representing each of the departments in the company.
- o Choose the format of sustainability report (online/pdf/etc.).
- o Identify an initial list of sustainability topics that are potentially relevant and that the senior decision-makers in the company want to act and report on.
 - Think about the company's business goals and the sustainability context in which it operates and list the economic, environmental and social impacts which might be most important, as a starting point.
- o Create internal awareness and get commitment.
 - Ensure top management is committed to the process.
 - Reach agreement on the action plan for the reporting process. This involves the activities

and decisions that are to be taken at each stage of the reporting process. The plan should also include budget estimations and staff resources where necessary.

- ❑ Hold meetings with the company's staff members to explain what is going to be done, why this is important for the company and what will be expected from different departments at different stages of the reporting process. This should be the beginning of ongoing communication with staff to ensure that there is understanding and commitment across the company throughout the reporting process.
- o Choose the option to prepare the sustainability report, based on the criteria to claim that the report has been prepared "in accordance" with the GRI Standards (Ref. Page 23: GRI 101 Foundation 2016).
 - ❑ The members of the sustainability reporting team need to familiarize themselves with the GRI Standards. This does not mean that they need to know every detail of the Standards. However, they need to know how the Standards are structured and where to find relevant information when needed.
- o Develop the timeline for completing the five steps of reporting.
 - ❑ Decide if the company will compile a standalone sustainability report or whether the sustainability related information will be included within other reports (e.g. Annual Report).
 - ❑ Decide if the company's report will also address other national or international standards, frameworks and regulations, such as regulatory reporting requirements on labor or the environment that the company has to follow.

(II) **Connect:** Collect input from key stakeholders

The main objective during this phase is to identify who the company's key stakeholders are and how to engage with them. In the GRI Standards, stakeholders are defined as "entities or individuals that can reasonably be expected to be significantly affected by the organization's activities, products, and services; and whose actions can reasonably be expected to affect the ability of the organization to successfully implement its strategies and achieve its objectives". This process of engaging with stakeholders also called 'stakeholder engagement' is important because when deciding what to include in the report, the company will have to take into consideration the points relating to its activities, which these groups and individuals consider most important.

- o Identify key stakeholders to be contacted to help the company identify what topics are material and where.
- o From the list of the stakeholders, prioritize stakeholders to be contacted based on the sustainability commitments of the organization.
- o Define a list of what to ask from key stakeholders.
 - ❑ Consider how the company will communicate with its key stakeholders. When preparing stakeholder engagement, there are two important factors to consider: the objective of the consultation (what to ask) and the format of the consultation (how to ask). The initial list of potentially relevant topics that the company identified in the Prepare phase can be used to inform its decisions on what to ask the key stakeholders.



- o Consider the most appropriate and effective way to contact different groups of stakeholders.
 - The consultations can take place in groups or individually. It can be face to face or at a distance. How to engage with stakeholders depends on the objective of the consultation, the type of stakeholder(s), the nature of the company and also available resources.

Read: GRI 101 Foundation- Principle for defining report content, Stakeholder Inclusiveness 1.1, & Disclosures 102-40 to 102-44

(III) **Define:** Decide on the report content

The main objective during this phase is to define the material topics (what matters) and boundaries (where it matters) for the company's report. This means defining the issues that are really important to achieve the company's sustainability goals, responding to the information needs of the stakeholders and managing its impacts on the economy, environment and society. These issues are directly related to the company's core business strategy.

- o Analyze stakeholder feedback.
 - The outcome of the company's stakeholder engagement is a list of the sustainability topics that the stakeholders consider important. The sustainability reporting team will then need to review the list to present recommendations to the senior decision-makers of topics to be reported on.
- o Define criteria for determining final list of material topics.
- o Select material topics.
- o Relate them to the GRI Standards.
- o Define Boundary for each identified material topic by describing where the impacts occur for a material topic, and the organization's involvement with those impacts.
 - For each topic which has been identified as relevant, the company's sustainability reporting team will need to assess the related impacts, and where those impacts occur. The impacts may occur within the company but can also occur in organizations outside the company (e.g. suppliers, distributors). It may also be that impacts for the same topic occur within and outside the company (e.g. emissions).
 - Make recommendation to the management and/or the senior decisionmakers of the company, and include the following:
 - List of recommended material topics and the Boundaries for each of the topics
 - Criteria used to draw up the above list.
 - Proposals for how much information should be disclosed for each material topic. This includes the Management Approach and Disclosures that the company would be reporting on for each material topic.
- o Decide on the report content with management.



Read: GRI 101 Foundation- Reporting Principles & Using the GRI Standards for Sustainability Reporting, Disclosures 102-46 to 102-47 & 103-1

(IV) **Monitor:** Build the report

The main objective during this phase is to collect and analyze the information the company needs in order to build the content of the sustainability report, as well as to manage its sustainability performance. The sustainability report is not only a means of communication but also a tool for change.

- o Check if there are internal systems in place to gather information for the material topics or can be created in time to properly monitor and report.
 - ❑ If it has been identified that there are significant impacts for material topics in entities outside the company, it will also need to be considered for disclosure.
- o Monitor activities and collect information.
 - ❑ Compile the necessary information for each of the data points that are needed to address the Standards Disclosures.
- o Discuss and set targets for the material topics in the short, medium and long term.
- o Seek approval from management for financial and technical resources to achieve targets.
- o Ensure quality of information – Refer to GRI Reporting Principles for defining report quality (Accuracy, Balance, Clarity, Comparability, Reliability, and Timeliness).
- o Ensure regular follow up to check progress.
 - ❑ Establish procedures to make sure that the company is systematically checking progress on both the sustainability performance of the material topics and how effective the monitoring systems are.

(V) **Report:** Check and communicate

The main objective in this phase is to complete the sustainability report, which is then publicly launched.

- o Decide how the report will be presented and communicated (online/pdf/print).
 - ❑ This includes how to present the full report and also specific information from the report that is needed by particular stakeholder groups. This involves having a clear idea of who the report readers are, what information each will be most interested in, and whether the report (or parts of it) will need to be translated for specific stakeholder groups.
- o Write a concise report focused on data collected for the material topics.
- o Finalize and launch the report.
- o Prepare for the next cycle.
- o Evaluate the report by reflecting on stakeholder's feedback.



A sustainability report and the five steps will generate reliable, relevant and standardized information on the sustainability impacts and performance arising from the company's business activities. This information can be used to assess opportunities and risk and enable informed decision making both within the business and amongst the stakeholders. By setting a process of continual measurement of its performance and impacts, companies can bring in positive change, improvement and innovation for business growth and sustainable development.

The United Nations' Sustainable Development Goals (SDGs)

Our planet faces massive economic, environmental and social challenges. The UN's Sustainable Development Goals (SDGs) were designed to help society and business focus on solving global sustainability challenges. As a key stakeholder, the business sector was closely involved in the development process. The SDGs provide a vision of a sustainable future and propose actionable targets for today's major sustainability challenges, including:

- climate change
- water scarcity
- food insecurity
- waste and pollution
- inequality
- human rights
- urbanization

As such, the SDGs attempt to address the root causes of poverty and the universal need for sustainable development that works for all people. Unlike their predecessors, the Millennium Development Goals (MDGs), the SDGs explicitly call on all businesses to apply their creativity and innovation to solve sustainable development challenges. Mr. Ban Ki Moon, Former Secretary General of the United Nations stated that "Business is a vital partner in achieving the Sustainable Development Goals. Companies can contribute through their core activities, and we ask companies

SUSTAINABLE DEVELOPMENT GOALS



everywhere to assess their impact, set ambitious goals and communicate transparently about the results.” Ending poverty is ambitious – and expensive. It will take strong partnership between governments, communities, the private sector and NGOs, to fulfill the goal of no poverty by 2030. According to UN Conference on Trade and Development (UNCTAD), at current levels of investment in SDG-relevant sectors, developing countries alone face an annual gap of \$2.5 trillion. It is clear that the SDGs will not be achievable without engaging businesses.

The regulations and requirements in many parts of the world have clear implications for the business sector, especially large multinationals that depend on globalized supply chains. The ripple effect ensures these regulations also impact companies all over the world that supply to multinationals, as they may be required to report on environmental and social information to the multinational buyer. Overall, these developments drive transparency and responsible business practices.

Having an integrated approach to supporting progress across the multiple interconnected SDGs is crucial to moving towards better outcomes. However, there is no single uniform methodology for measuring and reporting business progress and impacts on the SDGs. GRI & UNGC published [Business Reporting on the SDGs: An Analysis of the Goals and Targets](#) & [Integrating the SDGs into Corporate Reporting: A Practical Guide](#) for companies to assess their current operations by identifying, assessing and measuring how they contribute to, or undermine, each goal. The SDGs, can help companies measure and report their impacts related to the SDGs and implement new ideas that improve business, reducing their footprint and minimizing overall impacts. Organizations can also use the SDGs as inspiration and design criteria for new product development and business process innovation, developing products and services that contribute to solving real global challenges while meeting human needs.

Bangladesh completed the MDGs journey with immense success by the end of 2015. Concerning the SDGs, the government has already identified the lead and associate ministries involved in achieving them.

Way Forward

Dhaka Stock Exchange and GRI have collaborated to support and guide companies through workshops and tools like the “Guidance on Sustainability Reporting for Listed Companies in Bangladesh”. This guidance provides an introduction to the GRI Standards and the sustainability reporting process so that your company can take the first step in its sustainability reporting journey.



Appendix

About GRI

GRI is an independent international organization that has pioneered sustainability reporting since 1997. GRI helps businesses and governments worldwide understand and communicate their impact on critical sustainability issues such as climate change, human rights, governance and social well-being. With thousands of reporters in 110 countries, GRI provides the world's most trusted and widely used standards on sustainability reporting, enabling organizations and their stakeholders to make better decisions based on information that matters. Currently, 60 countries and regions reference GRI in their policies.

GRI's mission is to empower decision-makers everywhere, through its standards and multi-stakeholder network, to take action towards a more sustainable economy and world.

GRI Standards

The GRI Standards are the first global standards for sustainability reporting. The GRI Sustainability Reporting Standards (GRI Standards) are a set of modular reporting standards that can be used by any organization to report about its impacts on the economy, the environment, and society. They represent the global best practice for reporting on a range of economic, environmental and social impacts. The GRI Standards are developed with true multi-stakeholder contributions and rooted in the public interest.

Disclosure Database

This Database is 100% free for the general public. The search area provides users access to all types of sustainability reports, whether GRI-based or otherwise, and relevant information related to the reporting organizations.

www.globalreporting.org

About Dhaka Stock Exchange

Dhaka Stock Exchange Limited ("DSE"), founded in 1954, is the leading exchange of Bangladesh with around 95% of total market turnover. Since its inception, DSE has been contributing to country's industrialization, development of infrastructure and overall economic growth. DSE introduced automated trading system in 1998. In line with the global trend and with a vision to be a leading exchange in the region, DSE transformed into a demutualized exchange in 2013. In 2018, DSE got two leading exchanges of the world- Shenzhen Stock Exchange and Shanghai Stock Exchange as its strategic shareholders.

At the end of December 2018, the DSE recorded USD 49 billion market capitalization of listed companies. Listed securities were 578 comprised of 311 companies, 221 Government Treasury Bonds, 37 mutual funds, 8 debentures and 1 corporate bond as on December 31, 2018. During the fiscal year 2017-18, total turnover value of listed securities was USD 20 billion. The number of registered investor accounts has reached 2.5 million, while the number of DSE TREC Holders (brokerage firms) are 250.

DSE maintains a strong association with different forums of exchanges and market regulators around the world. DSE is a full member of the World Federation of Exchanges and an active member of South Asian Federation of Exchanges. DSE is a partner exchange of United Nations Sustainable Stock Exchanges Initiative. DSE and GRI has a non-exclusive collaboration agreement to build further commitment and awareness to provide guidance to listed companies on Environmental, Social and Governance disclosure in Bangladesh.

www.dsebd.org/

www.dsebd.org/index.php

About WFE

The WFE is the global industry group for exchanges and clearing houses (CCPs) around the world. It represents over 250 market-infrastructures ranging from those that operate the largest financial centers to those that run frontier markets.

The WFE seeks to ensure regulatory outcomes that foster well-functioning capital markets and reinforce systemic stability in addition to developing markets.

www.world-exchanges.org

About UN Sustainable Stock Exchanges (SSE) initiative

The SSE, launched in 2009 by the UN Secretary General, is a UN Partnership Programme of the UN Conference on Trade and Development (UNCTAD), the UN Global Compact, the UN Environment Program Finance Initiative (UNEP FI), and the Principles for Responsible Investment (PRI). The SSE convenes Partner Exchanges from around the world who join the SSE by signing a voluntary public commitment.

www.sseinitiative.org

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