

Chapter 8

Ensuring the Openness of Environmentally Relevant Information as an Environmental Component of Inclusive Growth of Russia's Regions



Elena A. Ivantsova , Elena A. Zaliznyak , Anna A. Matveeva ,
and Anna V. Kholodenko 

Abstract The system of environmental indicators of inclusive development of any region should be aimed not only at economic stimulation but also at the development and promotion of human well-being, including improving the environmental aspects of the quality of life of the population. The right to access information about real indicators of the quality of the environmental components is one of the priorities in the social responsibility development of business. As part of the research, the evaluation of the official websites of companies was carried out, which revealed that the open-access information does not meet the requirements for the preparation of “optimal” non-financial reports. The enterprises of the region were offered the opportunity to show their interest in disclosing information by filling out the developed checklists reflecting the indicators of non-financial reports in the field of sustainable development and the Global Reporting Initiative (GRI). The contributors gave recommendations on the main areas of interaction between business representatives and stakeholders that will enhance the effectiveness of state environmental supervision and public control in the field of environmental protection, as well as act as one of the ways to achieve the environmental component indicators of inclusive growth of Russia's regions.

E. A. Ivantsova (✉) · E. A. Zaliznyak · A. A. Matveeva · A. V. Kholodenko
Volgograd State University, Volgograd, Russia
e-mail: ivantsova@volsu.ru

E. A. Zaliznyak
e-mail: zaliznyak@volsu.ru

A. A. Matveeva
e-mail: matveeva@volsu.ru

A. V. Kholodenko
e-mail: kholodenko@volsu.ru

8.1 Introduction

The emphasis on the inclusive growth concept in the search for adequate models of socio-economic development is justified from the perspective of the key challenges facing modern society. One of the five leading global risks reflected in the report “Global Risks—2015” of the World Economic Forum is environmental. Even at the initial formation stage of the green inclusive growth concept, it was emphasized that in this context, focusing only on standard indicators is impractical. Thus, GDP per capita does not reflect the real well-being of citizens and does not take into account income inequality and the damage caused to the environment, including the depletion of natural resources.

Existing approaches to measuring inclusive growth are usually associated with quality of life and living conditions elements. They are often equated with issues such as healthcare, the environment, education, access to basic services, security, infrastructure, and financial affordability. In order to measure and understand inclusive growth, it is necessary to take into account its impact on inequality [15, 22].

Inclusion issues are related to the accumulation of net income per capita, providing incentives for environmental protection and guaranteeing access to environmentally relevant information. At first glance, these issues may seem unrelated, but the placement of data on the impact of economic entities on environmental components contributes to the transition to business openness, and the openness of any information allows identifying risks and improving the risk management system. In turn, this activates environmental protection activities, the effective implementation of environmental innovations, which contributes to the creation of corporate and environmentally responsible brands and increases the competitiveness of business, both in the domestic market and in external economic affairs. These directions affect the total income of the population. Improvements may be followed by an increase in GDP per capita if these directions are implemented in practice.

Measures taken in each area (economic, social, and environmental), in terms of stimulating inclusive growth, should be quantified according to a certain set of indicators, given that the basis of inclusive growth is, among other things, ensuring equal opportunities for all groups of the population in various spheres, including equal access to information.

Information openness of business in the field of environmental safety of the region is one of the components of the public administration quality assessment system formed by experts of the Analytical Center under the Government of the Russian Federation and the World Bank as part of the program for monitoring the quality of public authorities and mechanisms for improving public administration in the regions [10, 13].

The main problem for the development of voluntary mechanisms of environmental responsibility is the closeness of information on the impact of companies on the environment.

Table 8.1 Limitations and problems of non-financial reporting formation of Russian companies

<i>The “Trilemma” of restrictions</i>		
Difficulty in compiling the CSR scalability	An integral part of non-financial reporting	Company expectations
<i>Types of report categories</i>		
Optimal	Non-core	Technical
<i>Problems</i>		
Legal	Economic	
The lack of commitment by companies to the “objective” assessment of their economic activities consequences	Methodological inaccuracy of indicators for environmental reporting of NEI entities, legally established and corresponding to the Sustainable Development Goals (SDGs)	
The lack of clear regulation of the procedure for disclosure of corporate non-financial reporting for the SDGs	The absence of an acceptable methodology for the cost assessment of environmental damage and the impact of risk occurrences, both for the company and for the region	
	The lack of incentive to non-financial reporting publicity	

Source [2, 3, 5, 9, 11, 19, 20]

According to the research of Russian scholars, such as [4, 11, 12, 14, 19], the system of non-financial reporting implementation faces many limitations and problems (Table 8.1).

However, despite some difficulties, summarizing observations of the non-financial reporting process development among Russian companies, it should be noted [14] that the non-financial reporting of large companies acquires maturity features and creates a good basis for further development of data collection and analysis systems that will be crucial for the quality of reporting in the future.

The scientific research outlined objectives for solving the problem of environmental information openness by regional business communities and developing practical recommendations to ensure the information openness to interested parties (stakeholders). This is of particular importance in the changed conditions of the world economy transformation and the exponential development of the “green” economy. Enterprises that use natural resources should be competitive not only in the domestic market but also in the foreign market, taking into account the goals of sustainable and inclusive development.

8.2 Methodology

The environmental responsibility mechanisms are based on international environmental standards, which allow stakeholders to receive publicly available information about the state and degree of impact on environmental components. These include

environmental certification and non-financial reporting containing environmentally relevant information, certified by a “third” independent party. According to a number of foreign researchers, such as [2, 3, 5, 6, 18], the implementation of such approaches to business social responsibility based on the access of stakeholders and, first of all, the population to environmental information in rapidly developing economies has shown their effectiveness and efficiency.

Environmental responsibility, first of all, is related to the existing standards of environmental safety and resource conservation adopted in a particular state, and its high-quality implementation is associated with the introduction of stricter environmental requirements by the state. M. Porter was one of the first to raise the issue of coordinating the achievement of competitive advantages by businesses based on achieving high environmental results and noted that the management effectiveness significantly depends on the institutional environment quality of entrepreneurial activity [16].

Global Reporting Initiative Standards (GRI Standards) provide a comprehensive, flexible, and adaptable structure that companies under any form of ownership, regardless of their production volume, can use to compile reports on their economic, environmental, and social impact. For example, in Switzerland, a report in the field of sustainable development is provided by both a large contractor All real-Gruppe and a representative of a small business—a real estate manager [8].

Companies use the GRI Standards when preparing reports, as well as other guidelines and standards, including the United Nations Global Compact, the Social Charter of Russian Business, the basic performance indicators of the RSPP (Russian Union of Industrialists and Entrepreneurs), and indicators of the RSPP indices for sustainable development (“Responsibility and Openness” and “Vector of Sustainable Development”) [1, 4, 10, 12, 13].

The system-forming enterprises of the Volgograd region were selected as the object of the study, most of which belong to the service sector (77.2%) and only 22.8% to the production sector, i.e., the real sector of the economy. In addition, the main part of the GRP of the Volgograd region (76% of the total volume) is created by branches of the real sector of the economy, more than 40% of this GRP volume falls on industrial production and 17% on agriculture; urban districts account for 90% of the industrial production of the region [7, 21].

One of the key areas of successful development of the region industrial complex at present is, among other things, its compliance with modern environmental safety requirements. The transition to the so-called “green economy”, the implementation of the rational nature management principles, minimizing the negative impact on the environment, and stimulating environmental protection activities are one of the priorities of the Volgograd region.

In the course of the study, an analysis of the official websites of enterprises was carried out to identify environmentally relevant information in public access. The analysis reflected that out of 27 objects rated in the high-risk category (21 enterprises and 6 structural units), 16 objects (9 enterprises and 7 structural units) do not have their own official websites. Such enterprises include, in most cases, either branches of large companies, for example, industrial sites of LLC “Nizhnevolzhskaya Oil

Company” and JSC “Uryupinskaya” Poultry Farm, or small companies, for example, LLC “Spetsavtotrans”.

Of all the enterprises belonging to the I category of NEI entities, only JSC “Volzhsky Pipe Plant” and LLC “LUKOIL-Volgogradneftepererabotka” partially place information on the impact of the enterprise on environmental components and environmental measures carried out in the public domain.

The National Register of Non-Financial Reports contains 176 companies, and the list does not include any enterprises operating in the Volgograd Region. Transparency of environmental and energy reporting (50.1% of disclosed indicators) for the companies under study is better than the average in Russia (48.6%). This reflects the willingness of companies to discuss their achievements and problems with society and investors [1, 7, 13].

When establishing an accurate picture of the information openness of regional companies, it is necessary to take into account not only the desire of the enterprises to provide information but also the availability of requested information from relevant ministries and departments. Special attention is paid to the consumers of this information—stakeholders (the population, public environmental organizations, and the scientific community), that is, interested parties. Regional enterprises were offered the opportunity to show their interest in disclosing environmentally relevant information also by filling out authorial checklists structured by blocks.

Official requests were sent to companies for providing information on emissions, discharges, disposal of industrial and consumer waste, as well as on energy consumption and energy conservation. The “Manage” and “Responsibility and Openness” blocks included issues on environmental policy, environmental protection costs, and the degree of readiness for business openness. The “Manage” block included two blocks: the main one (the availability of an environmental management system and an industrial environmental control program) and an additional one (current and capital costs for environmental protection; the amount of payments for negative environmental impact). The additional block focused on the results of state supervision of the company, violations of environmental legislation, and existing complaints from citizens regarding the impact of facilities on the environment. The “Responsibility and Openness” block is aimed at identifying the manager’s awareness of non-financial reports’ existence in the field of sustainable development and the Global Reporting Initiative (GRI). A special place in the checklist was given to assessing the potential readiness of companies to provide environmental information at the request of interested parties, placing quantitative data on the amount of pollution and the real costs of environmental protection in the public domain.

According to the results of processing the checklists, it should be noted that about 30% of companies responded to official requests. More than 70% ignored the request to participate in the study, and 21.5% of respondents refused to provide information by citing trade secrecy or the availability of the requested information on the official websites of authorities in the field of environmental protection and territorial statistical bodies.

Only six enterprises provided fully completed checklists: the oil company LLC “LLK-International”, JSC “Volzhsky Pipe Plant”, the KF LLC research and production enterprise, Municipal Unitary Enterprise “Plumbing and Sewer Facilities” (the city of Volzhsky), JSC “Volzhsky Orgsintez”, and OJSC “EKTOS-Volga”. It should be noted that JSC “Volzhsky Pipe Plant” and LLC “LLK-International” are aware of non-financial reporting and are ready to support the initiative of business openness by generating reports in the field of sustainable development. However, most companies referred to the lack of accounting for such information, for example, LLC “Ecosphere” and LLC “Volga-Business” (the city of Volzhsky).

Based on the results of the study, it can be concluded that business structures have not yet expressed their willingness to disclose detailed environmental reporting, referring to corporate policy and the provision of environmental reporting to supervisory authorities.

Under the act of Federal Law “On Providing Access to Information on the Activities of Government Bodies and Bodies of Local Self-Government”, No. 8-FZ, February 9, 2009, citizens have the right to receive the requested information in accordance with the procedure established by law. Within the framework of the study, official requests were formed to the relevant local government structures to obtain information about regional companies in accordance with the developed checklist. The Finance Committee of the Volgograd Region and the Economic Policy and Development Committee of the Volgograd Region forwarded the requested information “volumes of products produced by enterprises in monetary units” to other committees and departments, with reference to the lack of authority. The Committee of Housing and Utility Services and Fuel and Energy Complex of the Volgograd region provided information on the block “Energy Saving” according to the general data of the energy passport of thermal power plants of the city and the region. Volgogradstat responded that the requested information relates to primary statistical data and is not subject to disclosure and (or) dissemination. The Committee of Natural Resources, Forestry, and Ecology of the Volgograd Region in its response referred to the annual reports on the state of the environment posted on the website of the agency and also indicated that it does not carry out supervisory and other measures at the NEI entities, since this is not stipulated by current legislation. The Interregional Department of Rosprirodnadzor for the Astrakhan and Volgograd regions provided information on the indicators of state supervision for all impact blocks in a generalized form, except for the waste management system of production and consumption.

Thus, it can be noted that at present, the lack of interest in providing environmental information to stakeholders by both enterprises and authorities forms limitations of inclusive growth.

8.3 Results

The industry of the Volgograd region is a driver of sustainable economic growth and ensures the stability of the budget system, the financial base for social and infrastructural transformations, including within the framework of the implementation of priority and national projects.

Based on the analysis of official statistics and websites of regional companies, it was concluded that there is a lack of business social responsibility, in terms of the environmental component. Therefore, the problem of environmental information disclosure cannot be solved only by third stakeholders, and it is necessary to involve municipal authorities as a “carrier” of environmental information from affiliates in the social responsibility system of regional business.

According to the state register of objects, that result in negative environmental impact (NEI), 1,589 federal agencies for environmental supervision were registered in the Volgograd Region as of 01.01.2020, of which 109 (6.9%) belong to category I—objects having a significant negative impact on the environment and related to the areas of BAT application, and 3257 objects of NEI entities of the regional supervision agencies (Table 8.2).

Table 8.2 shows that most of the federal (67.5%) and regional (96.3%) NEI entities of the supervision level belong to the III and IV categories—insignificant and minimal environmental impact, respectively.

The authors proposed an innovative model for the information system formation in the structure of environmental safety of the region (openness and transparency of the impact of economic entities on society and the environment).

In our opinion, an effective model of trilateral interaction should function as follows:

- regional authorities form an open information platform (based on a set of systematized data on the state of the environment, as well as factors affecting its quality indicators and environmental safety of the region as a whole, updated by the authorities in accordance with their competence). Interaction of the Federal Service for Supervision of Natural Resources, the Committee of Natural Resources, Forestry, and Ecology of the Volgograd Region, Rospotrebnadzor, and the Economic Policy and Development Committee of the Volgograd Region is recommended.
- the electronic database is compiled on the basis of environmental monitoring data, environmental reporting of enterprises, integrated/environmental reports of

Table 8.2 The number of NEI entities on the territory of the Volgograd region as of 01.01.2020

The level of state environmental supervision	I	II	III	IV
Federal	109	407	957	116
Regional	–	121	2.171	965

Source [17, 21]

enterprises, reports in the field of sustainable development, the results of control and supervisory activities of Rosprirodnadzor, and the Committee of Natural Resources, Forestry, and Ecology of the Volgograd Region;

- informational and methodological support of business structures on the preparation of reports in the field of sustainable development is provided by the authorities (in the pilot project, representatives of public environmental organizations and scientists of regional universities can assist in the preparation of the report);
- regional authorities receive an information request from interested parties to provide data on the impact of enterprises on the environment; bring to the attention of the stakeholder possible sources containing information of interest in the public domain (e.g., a regional open information platform, the UONVOS portal); provide data based on environmental reporting of business entities; and with the help of existing institutional levers of influence and, based on the information model created in the region, request information directly from the enterprise.

An important element is the boundaries of environmental reporting, i.e., the company must take into account the impact on environmental components not only within its activities but also go beyond the boundaries of its territorial location (suppliers and consumers of services and goods).

The achieved results provide a solution for a number of key issues:

- Identification of successful practices for improving public reporting and activities in the field of environmental responsibility and sustainable development of the region;
- Methodological assistance to interested companies in the preparation of non-financial reports and further development of the reporting process;
- Identification of potential opportunities for solving problems in the field of environmental protection by the efforts of three sectors (state, private, and public), optimizing the resources of each of them, through information interaction.

8.4 Conclusion

The experience gained will allow identifying key elements of interaction between business representatives and stakeholders (public authorities, public organizations, and the population) to increase the effectiveness of state environmental supervision and public environmental control in the field of environmental protection.

Business communities should increase the degree of environmentally relevant information openness and introduce the best available technologies at their enterprises as a tool to increase competitiveness in the global and domestic market.

Companies should be guided by the principles of completeness and reliability of the information, which contain a complete list of legally established information, including up-to-date data not only for providing environmental reporting to regulatory authorities but also the interested parties.

Undoubtedly, when introducing mandatory public non-financial reporting for companies, a necessary condition is the development and actual functioning of an innovative model for the information system formation in the structure of environmental safety of the region (openness and transparency of the impact of economic entities on the population and the environment).

Information flows should be distributed in such a way that interested parties (population, public environmental organizations, and scientific community) have access to the requested information by obtaining it only from official sources (reliability guarantee), thereby fulfilling one of the conditions for achieving sustainable and inclusive development of the region.

References

1. On approval of the Concept for the development of public non-financial reporting and an action plan for its implementation: Order of the Government of the Russian Federation dated 05.05.2017 No. 876-r. Consultant Plus. <http://www.consultant.ru/cons/cgi/online.cgi?req=doc&base=LAW&n=216631&fld=134&dst=1000000001,0&rnd=0.9296204677257955#029497191440890225>. Accessed 29 April 2019
2. Adhariani, D., de Villiers, Ch.: Integrated reporting: perspectives of corporate report preparers and other stakeholders. *Sustain. Accou., Manage. Policy J.* **10**(1), 126–156 (2019). <https://doi.org/10.1108/SAMPJ-02-2018-0043>
3. Baret, P., Helfrich, V.: The “trilemma” of non-financial reporting and its pitfalls. *J. Manag. Gov* **23**, 485–511 (2019). <https://doi.org/10.1007/s10997-018-9430-z>
4. Belomestnov, V.G., Ognev, D.V., Saktoev, V.E.: Environmental responsibility of business. *ESSUTM. Bulletin* **68**(1), 98–102 (2018)
5. Camilleri, M.A.: Case Study 2: Environmental, social and governance reporting in Europe. In: Camilleri, M.A. (ed.) *Corporate Sustainability, Social Responsibility and Environmental Management*, pp. 119–138 Springer, Cham (2017). https://doi.org/10.1007/978-3-319-46849-5_7
6. Crotty, J.: Corporate social responsibility in the Russian federation: a contextualized. *Bus. Soc.* **55**(6), 825–853 (2016). <https://doi.org/10.1177/0007650314561965>
7. Enterprises of the Volgograd region. Interfax. <https://interfax-era.ru/predpriyatiya/?region=12>. Accessed 24 March 2020
8. GRI Services (2019). Making Sustainability Reporting Accessible to All! <https://www.globalreporting.org/information/news-and-press-center/Pages/kick-off-service-gri.aspx>. Accessed: 21 May 2019
9. GRI Standards Global Reporting Initiative (2019). Global Reporting. Available <https://www.globalreporting.org/standards/gri-standards-download-center/>. Accessed 27 May 2019
10. Information partnership with GRI (2019). Russian Union of Industrialists and Entrepreneurs. <https://rspp.ru/simplepage/informatsionnoe-partnerstvo-s-gri/>. Accessed: 24 March 2020
11. Matova, N.I., Mishulina, S.I.: Social-ecological responsibility of business: essence, factors of formation, manifestation characteristics. *J. Volgograd State Univ. Econ.* **22**(3), 123–137 (2020). <https://doi.org/10.15688/ek.jvolsu.2020.3.11>
12. Medvedeva, O.E., Mikerin, G.I., Medvedev, P.V.: Integrated non-financial reporting and the problems of inclusion in it environmental component in Russia. *Property Relat. Russian Federation* **194**(11), 6–14 (2017)
13. National Register and Library of Corporate Non-Financial Reports. Russian Union of Industrialists and Entrepreneurs. <http://rspp.ru/simplepage/157>. Accessed 26 April 2019

14. Nikiforova, O.A., Mitrofanova, D.O.: Concepts of social responsibility of business: initial concepts and classifications. *Bull. Saint-Petersburg Univ. Sociol.* **2**, 214–228 (2017)
15. Pahomova, N.V., Rihter, K.K., Malyshkov, G.B.: Inclusive sustainable development: priorities, indices, international experience, potential of coordination with reindustrialization model. *Problems Modern Econ.* **51**(3), 15–24 (2014)
16. Porter, M., van der Linder, C.: Green and the Competitive: ending the Stalemate. In: Welford, R., Starkey, R. (eds.) *Business and the Environment*, pp. 61–78. Earthscan Publications Ltd., London (1996)
17. Public register of objects of negative impact on the environment. Software and technical support for the accounting of objects of negative impact on the environment <https://onv.fsr.pn.ru/>. Accessed 03 January 2020
18. Sankara, J., Patten, D.M., Lindberg, D.L.: Mandated social disclosure: Evidence that investors perceive poor quality reporting as increasing social and political cost exposures. *Sustain. Account. Manag. Policy J.* **10**(1), 208–228 (2019). <https://doi.org/10.1108/SAMPJ-05-2017-0046>
19. Trent'ev, A.A., Korobova, N.L.: Non-financial reporting as a means of greening activities of companies. *Russia: Trends Prosp. Dev.: Yearbook* **10**(1), 350–355 (2015)
20. Zalizniak, E., Matveeva, A., Polovinkina, Yu., Kirillov, S.: Environmental component of nonfinancial reporting: development trends and world practice. In: *Anthropogenic transformation of geospace: nature, economy, society, IV International Research to Practice Conference, Volgograd, October 2019 in AER: Advances in Engineering Research Vol. 191*. Atlantis Press, Paris (2020). <https://doi.org/10.2991/aer.k.200202.064>
21. Zaliznjak, E.A., Matveeva, A.A., Polovinkina, Ju.S., Kirillov, S.N.: Environmental responsibility of business in ensuring technosphere safety of the region. *VolSU Publishing Office, Volgograd* (2020)
22. Zavodskih, A.A.: Building an index of inclusive development of regions. *Pskov J. Regional Stud.* **42**(2), 19–41 (2020)