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Contents

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Review Paper

The Policy of Forming a Socially Responsible Business: Strategies and Opportunities for Implementation

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ABSTRACT

The article represents a study of the objective foundations and specific forms of implementation of the social responsibility of business, associated with the need to determine the fundamental reasons for its functioning and development trends in the world community. The country (world region)-based analysis concludes that there are significant conceptual differences in the models of state participation in the formation and implementation of business efforts in the framework of socially responsible behavior. At the same time, the "unifying" role of voluntary CSR standards set out in the documents of the Global Reporting Initiative (GRI) is shown, which are intended for use by organizations regardless of size, industry, and location reporting prepared in accordance with these standards determines a positive image of companies in the eyes of both government regulators and consumers and investors, and is a kind of tool for companies to compete, including on an international scale.

HIGHLIGHTS

- The article is devoted to the analysis of approaches and vision of socially responsible business through the concept of corporate social responsibility, and the role of state and stakeholders in shaping CSR by countries.
- The results of research demonstrated that GRI reporting standards enable smoothing of regional differences in organizing interaction between the state and business in the field of CSR, thus contributing to enhancement of the policy of forming a socially responsible business.
- The practical significance of the study is that the research enriches the possibilities of institutional and economic understanding of the socially responsible business as a phenomenon and experience necessary for building a civil society.

Keywords: CSR, social responsibility, reporting, GRI, ESG

The issue of corporate social responsibility has come to the fore in recent years, since the social activity of an enterprise significantly affects its reputation and development prospects: investing in social programs, providing social guarantees to its employees, guaranteeing the quality and safety of products and services sold; in the long term, the enterprise creates a favorable social environment and, accordingly, a stable financial and economic position. Social responsibility is increasingly seen as a "normal good" (Velte, 2021).

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The term "corporate social responsibility" (CSR) is 70 years old in 2023, but the idea itself is much older. Nobel laureate M. Friedman, in a well-known article published in 1970, called profit making a form of business responsibility. John McKay, founder of Whole Foods, took a different view, presenting his company's business model as a new form of capitalism: the company works for the common good instead of depending only on the "invisible hand"; the actions of the latter must be complemented by the actions of a "visible hand" that directs individuals, corporations, and governments to good deeds (Tsutsui and Lim, 2015).

Since the beginning of the 21st century, the global recognition of the need for corporate social responsibility and its theoretical provisions have advanced significantly in comparison with the understanding that existed before. Today, seemingly obvious things, such as the ability to pay salaries and taxes on time, are included in the concept of CSR only in relatively young emerging markets. In Western countries, a broader interpretation has been adopted, according to which social responsibility is the desire and ability of business, on its own initiative, not only to deal with issues related to making a profit, but to create a prosperous state of society in the region and the country as a whole where the company operates (Boadi *et al.* 2019).

For many companies, the attractiveness of CSR is often associated with obtaining real economic benefits (Miralles-Quirós *et al.* 2021). In particular, it is about both customers' loyalty and investors' preferences. Fig. 1 below demonstrates that great CSR builds significant customer support.

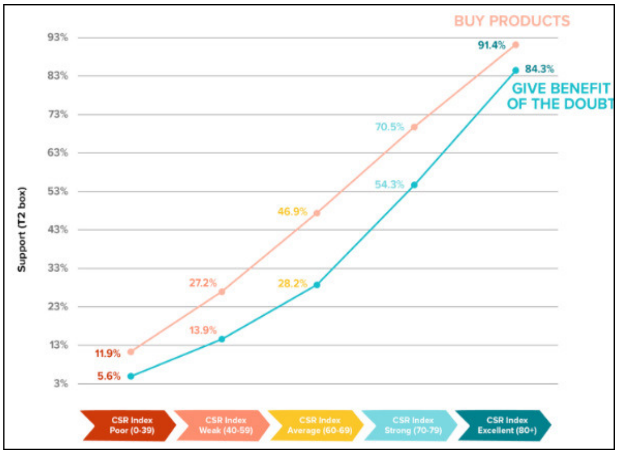

Fig. 1: A correlation between the level of CSR and customers' support of business (Perry, 2020)

Due to the fact that CSR increases the attractiveness of a business for potential investors, the company seeks to get into international ratings such as the Dow Jones Sustainability Indices (DJSI) and the pan-European DJSI STOXX and, accordingly, increase the value of its shares in the market. This indicator reflects the exchange rate change in the value of the company's shares, taking into account economic, environmental, and social indicators.

Major popular publications evaluate the corporate social responsibility of companies, rewarding the most active participants in this area (Arivazhagan *et al.* 2023). An example is Fortune magazine, which annually publishes a list of the most respected companies in the world. In addition to the overall rating, the magazine presents statistics on nine indicators that consider the criteria for social responsibility. At the same time, the legal and organizational framework for corporate social responsibility in some developed countries is regulated in detail. Moreover, a set of various measures has been developed aimed at creating a healthy and strong ethical basis for doing business: corporate codes and "ethics cards" are widely distributed; there are ethics committees; workshops and short-term training courses for employees and managers are held.

Thus, one can conclude that the social responsibility of business in different countries has its own characteristics in the field of state participation and the development of priority CSR tasks.

At present, the theory of "reasonable egoism" has become widespread. It insists that corporate social responsibility is simply "good business" because it reduces long-term profit losses (Byrkovych *et al.* 2023). By spending money on social and philanthropic programs, a corporation reduces its current profits, but in the long run creates a favorable social environment and, therefore, sustainable profits. Socially responsible behavior is an opportunity for a corporation to fulfill its basic needs for survival, security, and sustainability (Velte, 2021).

This is an important common paradigm feature, almost regardless of the regional and national affiliation of the company. The same feature underlies the regulatory lawmaking of the state in the field of CSR.

With the development of constructive and systemic mutually beneficial cooperation between interest groups and the state in the theory and practice of social, public-private partnership, new forms, management styles, models, concepts, and trends of such interaction arise (Deyneha *et al.* 2016; Gaman *et al.* 2022). The international practice of interaction between business and government in the field of social investment allows considering systematically the role of business as an actor in social policy. Therefore, research is being actively developed all over the world on the current perception of the components of CSR and corporate citizenship in the short and long term, in the context of countries and continents.

MATERIALS AND METHODS

The theoretical and methodological basis of the study was the concepts and hypotheses presented in the works of economists, as well as applied research on the role of the state and institutional investors in stimulating the socially responsible behavior of companies and the problems of social responsibility of business, considering the content and directions of CSR, models of social responsible behavior and the role of the state in the implementation of socially responsible behavior of companies.

To achieve the goal and solve the problems of the study, methods of formal logic, historical, statistical, causal and comparative analysis of the subject and object of research were used, as well as the principles of a systematic approach, methods of classification and grouping.

LITERATURE REVIEW

It should be noted that the CSR phenomenon is rooted in the system of relations between employees, business, and the state, called "social partnership". An analysis of world practice makes it possible to single out three types of social partnership, each of which influenced the formation of a country model of CSR.

The first one (Sweden, Finland, Belgium, the Netherlands) implies the active participation of the state in the regulation of social and labor relations, which takes place at the level of the country, industry, and individual enterprise. The second (USA, Canada, Japan, Latin American countries, English-speaking countries of Africa) is characterized by the regulation of social and labor relations at the enterprise level and to a much lesser extent at the industry or region level. The role of the state in this case is to adopt relevant laws and regulations, recommendations and requirements. In the countries of North America, business associations prefer not to interfere in the process of social and labor relations at the enterprise, but they take an active part in legislative and political activities. The third model (Austria, Germany, France, part of the UK) combines the features of the two previous varieties. Thus, according to the German concept of the social market economy, the founder of which was L. Erhard, the state intervenes in social and labor relations, but at the same time, entrepreneurs and trade unions retain autonomy (Visser and Tolhurst, 2017).

The development of social and labor relations and social partnerships in the industrialized countries has led to the creation of nationwide social security systems (Ali *et al.* 2017; Brejnholt *et al.* 2022). Currently, in the system of social partnership, the initiative is shifting towards the state, which is able to create favorable conditions and interest businesses in expanding CSR programs and practices.

In this regard, another approach to grouping CSR models has emerged, the spectrum of which is determined by a dilemma: either business independently determines the measure of its contribution to the development of society, or official and informal institutions harmonize public interests, which are then transformed into mandatory requirements for business (Gupta *et al.* 2021; Gavkalova *et al.* 2022). Within the framework of this approach, the CSR models existing today in various countries can be conditionally divided into two groups: open (USA, Canada) and hidden (continental Europe, Great Britain), which differ in the degree of regulation of this area by the state and the independence and initiative of business in this area.

An open form of corporate social responsibility denotes the line of conduct of a company that voluntarily assumes responsibility for solving those issues in which society is interested (Gupta *et al.* 2021; Humenchuk *et al.* 2023). This form of CSR usually involves the voluntary and self-determined programs and strategies of the corporation on issues that are perceived by the corporation itself or its stakeholders as part of their responsibility to society. An example of the effective application of an open form of CSR is the American model of corporate social responsibility, which has a history since the 19th century. Due to the unique nature of American entrepreneurship, based on the almost complete freedom of business entities and minimal government intervention in business regulation, many areas of public relations are still self-regulating (North, 2017).

At the same time, within the framework of the American CSR model, numerous mechanisms have been developed for the participation of businesses in the social support of society through corporate funds aimed at solving various social problems at the expense of corporations (pension funds for employees; funds for paying additional unemployment benefits; funds for paying benefits (pensions) in case of disability; disability benefit funds) (Fernando and Lawrence, 2014). At the same time, responsible social behavior and social investments of corporations are encouraged by the state with appropriate tax incentives, enshrined at the legislative level. Thus, the basis of the American model of CSR is the mechanism of state regulation with the use of indirect (economic) incentives.

Unlike the American model, in the EU countries, which also have a long tradition in the field of social responsibility of business, it is governments, and not corporations, that act as the initiator and main driving force of CSR. Most European countries implement a covert form of CSR, which provides for the existence of formal and informal institutions in the country through which the responsibility of corporations for the public interest is agreed with corporations or prescribed to them (Wirba, 2023). In many European countries, compulsory health insurance, pension regulation, and environmental protection activity of enterprises are legislated (Brejnholt *et al.* 2022). The high level of tax burden on enterprises relieves them of the responsibility for additional financing of social programs and shifts it to the state. Thus, the main difference between the European CSR model and the American one is more stringent state regulation.

As far as the CSR model in continental Europe is concerned, it is much more regulated by the state. A. Crane and D. Matten highlight the differences between these two models according to such criteria as economic, legal, ethical responsibility of companies and their charitable activities (Crane and Matten, 2004). In particular, economic responsibility in the United States is associated with the best principles of corporate governance, decent compensation and consumer protection, while in Europe it is based on legal frameworks such as the 35-hour work week, minimum wages, regulation of overtime work, etc. The situation in the field of legal liability is characterized by a low level of legally enshrined rules of conduct for corporations in the first case, and clearly and deeply developed rules for doing business in the second (Kalyayev *et al.* 2019; Karpa *et al.* 2021). The ethical responsibility of a company in the US is determined by the level of support of the local community by the corporation, while in Europe a high level of social security of communities population is ensured by "compulsory" means through high taxes. Finally, the concept of charity is understood by American companies very broadly and extends not only to the spheres of art, culture, but even university education, which cannot be said about European countries, where a rather heavy tax burden has become the reason that all responsibility for financing these areas is transferred to the state.

Many authors note the strengthening of the model of "sustainable development" and "corporate citizenship" (Giron *et al.* 2021). At the same time, social investment, as experts believe, has begun to play a large role in the innovative development of nation states (Christensen *et al.* 2021).

Research shows that "social investment" and "socially responsible investment" are tools for developing the concept of socially responsible business with common goals of obtaining a "beneficial effect" for society and ensuring mutual integration of business and society interests (Velte, 2021). Both of these tools are aimed at strengthening the social orientation of the economic system: achieving environmental security, stimulating economic growth, etc (Klymenko *et al.* 2016; Khomiuk *et al.* 2020). However, it was found that social and socially responsible investments are based on different mechanisms for embedding corporate social responsibility in the basic functions of a business. Social investments are a form of direct business activity of companies in the implementation of social programs, while socially responsible investments represent a more advanced indirect tool for stimulating the response of corporations to solving the most serious social problems in society, which appeared evolutionarily in the process of development and complication of the system of social reproduction.

At the same time, supporters of scientific directions in the field of both economic and political science, sociological knowledge pay attention to studies of social interaction between the private and public sectors: these are representatives of pluralism, neo-corporatism, new institutionalism, elitist and group approaches, supporters of theories of political and administrative networks and government decision-making, as well as the founders of political and integrative theories, theories of ethics, the concepts of CSR and corporate citizenship (Kryshtanovych *et al.* 2022; Kussainov *et al.*, 2023).

It should be noted that each continent and each country develops its own national specificity of CSR and corporate participation, determined by cultural values and traditions.

RESULTS

As noted above, each continent and each country has its own national specifics of CSR and corporate participation. States are determined by the level of socio-economic development, the features and specifics of interactions between business, the state (government) and society, civic activity, and other characteristics, among which one can single out national cultural traditions and norms of socially responsible behavior (Kulikov *et al.* 2022; Kyrychenko *et al.* 2022). The historical development of states and continents has formed quite diverse and relatively stable types of relations between the state, political, economic, and social agents under the influence of the following factors: typology, scale, features of the powers of state public authority in the interaction with civil society and the economy as a whole, historical and national features political and economic systems, different regimes and styles of corporate and public administration. At the same time, social investments began to play an important role in the innovative development of nation-states.

An interesting parallel to Carroll's CSR pyramid was drawn by the English researcher W. Visser in his article "*Revisiting Carroll's CSR pyramid*: *An African perspective*" (Visser, 2005). He suggested that the relative priorities of CSR in Africa or Europe would differ from the classic American order that Carroll introduced. For example, in Africa, economic responsibilities still receive the most emphasis. However, philanthropy is given the second highest priority, followed by legal and ethical responsibilities.

The experience of BRICS countries is also interesting. In Brazil, the institutionalization of CSR began in the 2000s, after the presentation in Europe of the White Paper on Corporate Governance in Latin America (Chaffee, 2017). A set of recommendations on how to institutionalize CSR in Brazil has been developed by the OECD in collaboration with Brazilian authorities, taking into account regional and institutional specificities. Of course, the fact that outside states recommended to Brazil how to organize the governance, what should be paid special attention to, testified to the complexity of the contradictions that existed at the political and managerial levels in the country.

However, the business management model in Brazil was gradually changing, there were more business structures that, understanding the imperfections of public administration, independently took responsibility and tried to change reality, solving such complex problems as social inequality, discrimination, and corruption (Visser and Tolhurst, 2017). In Brazil, about 1300 companies have created a network "Instituto Ethos", the main goal of which was to introduce CSR practices in the country and create a socially responsible market of producers and consumers. "Instituto Ethos" is engaged in research and educational activities, publishes manuals, conducts workshops and trainings on CSR. Instituto Ethos has its own CSR metrics for industry research (Visser and Tolhurst, 2017).

The role of the state in the field of CSR in Brazil has long been limited to stimulating business management practices in accordance with CSR guidelines. The state contributed to the formation of a legislative framework in the field of corporate governance, organized events to grant awards for the significant contribution of companies to the development of local communities. However, at present, there is a trend of strengthening state regulation in the field of CSR in Brazil: companies of completely different industries, before starting their activities, must obtain permission for its implementation and sign contracts that stipulates both social and environmental obligations (Litvinova *et al.* 2020; Levytska *et al.* 2022). For example, for projects or activities that may have a significant impact on the environment, managers are required to submit to the relevant authorities a corporate study on the potential risks of the negative impact of their activities on the environment and ways to prevent, minimize, and eliminate them (Maksymenko *et al.* 2020; Novak *et al.* 2022). At the state level, there is a list of activities that cannot be carried out without the provision of this kind of research.

Moreover, currently in Brazil, in order for a company to obtain a license, permit, or benefit, it must give a commitment to invest part of its profits in solving problems of social order. Of course, the amount of social investment depends on the size and industry of the company, but, nevertheless, assignation of the part of profit for society sustainability purpose becomes a prerequisite for doing business in Brazil (Novak-Kalyayeva *et al.* 2018; Panasiuk *et al.* 2020). Therefore, many Brazilian companies form corporate funds and regularly direct part of their money to solve problems in society.

In addition, Brazil uses a number of market-based mechanisms to promote CSR. For example, the São Paulo Stock Exchange (Bolsa de Valores, Mercadorias e Futuros de Sao Paulo) or Bovespa is one of the most effective CSR market mechanisms.

Bovespa uses sustainable development as a competitive advantage, thus attracting investors, large issuers and receiving preferences from the state. Bovespa was the first exchange to sign the UN Global Compact, a UN initiative to promote corporate social responsibility and corporate reporting on CSR. In 2010, Bovespa became the first exchange in developing countries to sign the Principles for Responsible Investment (PRI), and in the same year became the first exchange in the world to contribute to the Global Reporting Initiative (GRI) (Visser and Tolhurst, 2017).

All this is a good example of a very effective policy for the formation of socially responsible business.

In China, government policy on CSR is becoming increasingly complex. The Chinese government pays special attention to CSR and builds policies in such a way that companies perceive CSR as an integral practice of successful and competitive business, as a prerequisite for the sustainable development of the Chinese economy (Vahonova *et al.* 2014; Panasiuk *et al.* 2021). This is due, of course, to the aggravation of socio-economic and environmental problems (lack of drinking water, air pollution, poor working conditions, poor quality of products, widespread corruption, low quality of life), but the market was already ready for qualitatively new rules. According to a survey conducted back in 2010 by Fortune Magazine China, 89% of Chinese business leaders agreed that the social and environmental responsibility of business can make a significant contribution to the long-term development of not only businesses, but the country as a whole (Li *et al.* 2019). At the same time, 80% of consumers in China prefer brands of socially and environmentally responsible companies (Parsa *et al.* 2021).

While earlier CSR was perceived as alien, imposed from outside, today CSR is becoming an integral part of a successful Chinese business, which creates not only the image of the company, but also the image of the country. The Chinese government views CSR as a tool to help businesses address the social and environmental challenges associated with China's rapid and uneven transition to a real market economy. In an economy in which the state has historically played a decisive role, the official adoption of CSR standards, ratings, and indices is of great importance. This is what can become a factor in the competitive advantage of the Chinese national business and the country as a whole (Wu & Habek, 2021). Over the past decade, Chinese companies have made significant strides in integrating environmental, social, and governance (ESG) issues into their decision-making.

As China's new middle class prospers, the demand for CSR will only grow. Well aware of global regulations and developments, middle class Chinese expect safer products, better services, and a healthier environment (Vahonova *et al.* 2014; Troschinsky *et al.* 2020). They no longer want to put up with companies that put profit ahead of people and the environment.

But no matter how strong public pressure may be, it cannot replace regulations. In 2006, China's corporate law was revised to include the concept of CSR, and the Shanghai and Shenzhen Stock Exchanges issued guidance on the disclosure of

CSR performance. More recently, the Chinese government has introduced tougher penalties for companies that do not meet ESG policy standards, including higher fines and imprisonment for high-ranking officials (Parsa *et al.* 2021).

But the results of Chinese business' ESG policies remain mixed at best. For example, the quality of CSR reports varies widely, as does the frequency of their publication. And, in fact, with the increase in the number of CSR reports, the proportion that can be considered effective has decreased (Li *et al.* 2019).

This should not come as a surprise since CSR reporting is still optional and there are still no penalties for not disclosing ESG information, let alone producing low quality reports. Companies listed on the Hong Kong Stock Exchange typically offer much better sustainability reports than their counterparts listed in Shanghai and Shenzhen. The general trend is presented on Fig. 2.

Fig. 2: Number and disclosure rate of CSR reports published by Chinese listed companies (Wu & Habek, 2021)

Thus, the analysis of models, organization, and practices of CSR in different regions of the world gives grounds for the conclusion that the policy of forming a socially responsible business is the most effective when it is formed under the influence of two vectors simultaneously state regulation and preferences of the institutional environment (exchanges, investors, partners, especially international ones).

DISCUSSION

Today, CSR strategies are developed in the course of competition between companies. Competition "overflows" into the sphere of CSR and forces businesses to strive to achieve and exceed the standards that have developed in the economy. The quality and effectiveness of CSR increase in the course of competition in the same way as in traditional markets.

Competition strategies in the context of CSR imply:

- Monitoring of the national and global "CSR market", following the emerging standards and best world practices;
- Improving the efficiency of social investments through better planning, selection of goals and means, work with the most important stakeholder groups;
- The use of innovations;
- Implementation of the company's competitive advantages;
- Cooperation and outsourcing; cooperation with non-profit organizations;
- Publication and wide dissemination of social reporting.

At the same time, namely social (non-financial) reporting is the link in the policy of forming a socially responsible business in the plane of state regulation and market instruments. Also, it is non-financial reporting that is one of the main instruments of the above-mentioned competition of companies in the field of CSR, a method of attracting customers and investors. According to Statista (2022) data, the number of companies who report on sustainability worldwide showed significant growth since 1993 (see Fig. 3 below).

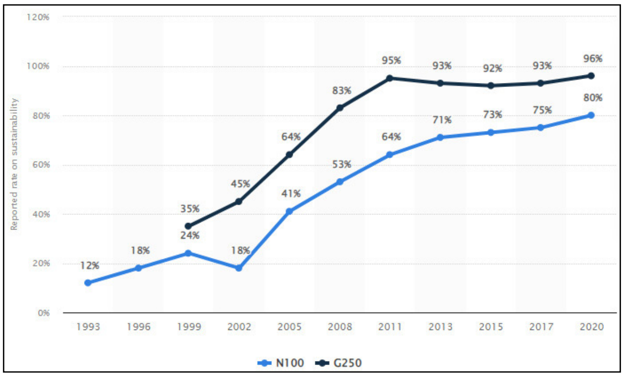

Fig. 3: Companies who report on sustainability worldwide from 1993 to 2020 (Statista, 2022)

Statista' report emphasizes: "nearly 80 percent of the N100 companies worldwide reported on sustainability as of 2020. In comparison, nearly 90 percent of the world's largest companies by revenue as defined in the Fortune 500 ranking of 2019, have reported on sustainability that year. An increase in the global sustainability reporting rate from N100 companies is expected in coming years" (Statista, 2022).

The KPMG survey analyzed "three key reporting standards are the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB), and country stock exchange guidelines. The GRI remains the most dominant standard used around the world, adopted by 68 percent of the N100 and 78 percent of the G250, with the Americas demonstrating the greatest uptake. Nearly one-quarter of both the N100 and G250 use their domestic stock exchange guidelines or standards. There are particularly high adoption rates across the Middle East and Africa and Asia Pacific regions, with China at a reporting rate of 64 percent" (KPMG, 2023).

Since its inception in the 70s of the 20th century, sustainability reporting has gone from single publications that did not have a clear structure and continuity of content to regular, comprehensive and standardized disclosure of information about the economic, environmental, social, and management parameters of companies' activities (Christensen and Leuz, 2021; North, 2015). However, to date, there is no single and generally accepted standard for reporting in the field of sustainable development. Discussions on improving the basic rules, procedures, and indicators that ensure the quality of disclosed non-financial information, its uniformity and comparability continue both at the international level and at the level of individual states. According to the Reporting Exchange (2021), today there are about 2000 standards, regulations and requirements for the preparation of reports in the field of sustainable development in 70 countries, and their number is constantly growing.

The most commonly used voluntary standards for disclosure of non-financial information are the documents of the Global Reporting Initiative (GRI), which are intended to be used by organizations regardless of size, industry, or location (Zilinska *et al.* 2022; Yermachenko *et al.* 2023). The popularity of the GRI Guidelines and Standards is partly due to the fact that the regulatory requirements for the disclosure of non-financial information by regulators and stock exchanges most often refer to GRI provisions: more than 100 documents in 50 countries around the world, including the countries of the European Union, Argentina, India, China, Japan, Cyprus, Brazil, Canada, and the UK (MaxWealth, 2023). In addition, many other well-known international standards are harmonized with GRI requirements. Among them, there are the UN Global Compact (UN GC), the Guidelines for the Key Indicators of Corporate Reporting in the Implementation of the UN Sustainable Development Goals (UNCTAD), the Carbon Disclosure Project's (CDP), the Task Force on Climate-related Financial Disclosures (TCFD), and others.

The main innovation of GRI Standards was the modular hierarchical structure, which made it possible to quickly adapt the standards to changing conditions without revising the entire set of indicators. For example, in 2018 the GRI 303 Water and GRI 403 Occupational Safety standards were updated, and in 2019 the new GRI 207 Tax standard was introduced.

GRI Standards retained in their 2021 version a modular hierarchical structure, including revised universal standards (now, instead of a three-digit one, they have a one-digit numbering GRI 1-3) and thematic standards, which have practically not undergone substantive changes (and retained the previous three-digit numbering - GRI 200, GRI 300 and GRI 400).

The updated universal (general) GRI standards are applicable to all organizations and include:

- GRI 1 Fundamentals: describes the principles of reporting (such as accuracy, balance, and verifiability that are fundamental to good reporting), explains the most important concepts of the GRI Standards and explains how to apply them in order to report in accordance with the requirements of the GRI Standards;
- GRI 2 "Disclosure of general information about the organization": includes general standard reporting elements that provide information about the structure of the organization, employees, strategy and policies, as well as practices for interacting with stakeholders. These reporting elements give an idea of the profile and scale of the organization and help to describe and comprehend its ecosystem for further identification of material topics (aspects);

- GRI 3 "Material topics": explains the steps by which an organization can determine the most relevant to its impact on society and the environment topics (aspects) to be disclosed in the reporting. The document contains recommendations for identifying and reflecting in the report a list of material topics, as well as approaches to managing each of these topics.

Thematic standards, as in the 2016 version, are structured according to the "triple bottom line" (3BL) principle: GRI 200 series Economics, GRI 300 series Environment, GRI 400 series Social sphere / Selection of thematic standards, as before, takes place within the framework of the material topics (aspects) identified by the organization.

GRI Standards 2021 describes the following sustainability reporting principles: accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, reliability. Materiality and stakeholder considerations are included in a new category, GRI Standards Key Concepts (MaxWealth, 2023).

Key concepts lay the foundation for sustainability reporting. According to the developers, understanding these concepts is essential for both developers and reporting users. Let us briefly review each of the concepts.

1. Accounting for interests and interaction with stakeholders. The organization shall determine the interested parties whose interests need to be taken into account. The activities of an organization can negatively or positively affect stakeholders. Engaging with them helps an organization identify, measure, and manage its impact.
2. Impact the affect that an organization has or may have on the economy, the environment and people (including their rights), which, in turn, may indicate its significant contribution (negative or positive) to sustainable development.
3. Materiality. The range of impacts provided by the company's activities cannot be measured in full, given the limited resources and the fundamental complexity of this task. Materiality is the threshold above which an issue or indicator becomes important enough to be included in a report. According to the GRI Standards, significant topics (aspects) are the aspects that reflect the significant economic, environmental, and social impact of the organization or that can significantly affect the assessments and decisions of stakeholders. GRI Standards 2021 introduces a broader definition of this category related to impact assessment: material topics are topics that reflect the most significant impact of the organization on the economy, the environment, and people (including the impact on human rights).

   In the new definition of materiality, there is no mention of the interests of stakeholders. The degree of impact of an organization is the only criterion for determining whether a topic is material. At the same time, stakeholders are involved in the process of identifying, prioritizing, and selecting material topics. The organization should validate its choice by engaging potential users and experts such as academics, consultants, investors, lawyers, government agencies, and non-governmental organizations. The report should contain not just a list of the most significant topics, but also a clear justification for them a detailed description of the identification and selection procedures. Interaction with stakeholders now needs to be clearly recorded and covered. Also, the GRI Standards 2021 stipulates that an organization must apply for an external guarantee of the quality and reliability of the process for determining significant topics.
4. Due diligence the processes by which an organization identifies, prevents, mitigate its actual and potential negative impact on the economy, the environment and human rights. The organization should determine how to address these negative impacts associated with its operations, products (services), and business relationships, depending on the severity of the consequences and the likelihood of their occurrence.

Thus, the report generation process acquires a risk-based nature, including an assessment of both the immediate and residual level of risk by assessing the organization's significant impact on stakeholders and taking into account the effectiveness of existing due diligence procedures (Boadi *et al.* 2019).

Currently, the GRI Standards are the methodological basis for the development of sustainability reporting, having actually become universal documents compatible with other reporting systems, as well as a large number of other initiatives and platforms in the field of corporate social responsibility, sustainable development and compliance.

CONCLUSION

The study of the evolution of the concept of socially responsible business, as well as theoretical approaches to determining the role of the state and stakeholders in the implementation of the social responsibility of business, has revealed a tendency to strengthen the arguments in favor of revitalizing the activities of the state and institutional actors of the business environment to create conditions for the implementation of social responsibility of companies. Despite the existence of significant differences in the organization of interaction between the state and business in the field of CSR, the role of the state in the social and environmental initiatives of companies, global standardized reporting in the field of corporate social responsibility is an effective tool that allows both companies and government regulators to outline the basics of policy of forming a socially responsible business.

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