

# Genesis standardization of integrated reporting in the context of sustainable development and climate change risks

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**Abstract.** The article reveals the genesis and possible directions of standardization of integrated reporting. The obligations of large corporations to reflect activities in various fields (investment, innovation, information, social and reputational, environmental) are focused on taking into account the attributes of sustainable development and the risks of climate change in the context of biodiversity conservation. In this approach to disclosure of information on the formation and movement of capital, the conceptual provisions of standardization are aimed at new types of indicators presented in integrated reporting. In this approach, it is recommended to develop and approve mandatory and recommended standards.

## 1 Introduction

The genesis and systematic approach to standardizing the process of integrating indicators of consolidated financial statements of large corporations that affect biodiversity are determined by the attributes of sustainable development.

The standardization of integrated reporting is aimed not only at the environmental safety of business processes of influencing corporations, but also at all types of capital. Currently, it is customary to allocate six types of capital that are formed and turned around in conditions of sustainable development and risks of climate change. The multilevel process of reflecting the entry of various types of capital into production, transformation, creation of product value, determination of its significant "long-term value" justifies the relevance of standardization, including a clear algorithm for specific aspects of integrating indicators.

Currently, integrated reporting does not have a sufficiently coherent system of standards defining sample templates of working documents focused on simplification and brevity. The analysis of integrated reports of multinational corporations indicates their rather significant volume and complex perception of integrated information. The applicable international and national standards for sustainable development (GRI) and integrated

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reporting (IR) define the principles of the stages of preparation and presentation of integrated information for decision-making in various areas and industries [1].

International standards of integrated reporting reveal the essence of the concept of "integrated thinking", which implies new forms of activity and directions of creating "value". The principles of the GRI standards define the representation of all elements of capital, from the perspective of social, environmental and economic responsibility for the corporation's business model. The expediency in adopting the fundamental ideas of the International Council for Integrated Reporting (IIRC) and the Global Reporting Initiative (GRI) is explained by a systematic approach to information support and complementarity [2-4].

The genesis of standardization is manifested in the postulates that define a new trend and direction of development of society. Of course, standardization always justifies the introduction of new principles that must be observed between subjects in the field of their dissemination. In such a situation, new systemic relations of subjects to objects, objects, and influencing industry tools are manifested.

## 2 Materials and methods

Based on the methods of synthesis, logic and analogy, a study of the prerequisites for the genesis of standardization of integrated reporting in the context of sustainable development and risks associated with climate change was organized in order to identify key areas for the formation of mandatory and recommended standards.

## 3 Results

A systematic approach to standardizing the process of integrating indicators forms a single area in which rules are enforced that also affect the external environment. Consequently, the holistic actions and individual facts of the corporation's business life are regulated by the relevant principles of sustainable development and the formation of integrated reporting. That is why the standardization of the integration process of consolidated financial statements regulates key additions [6, 7]:

1) it is advisable to implement the active facts of economic life, fulfilling the "principles of long-term development and fulfilling the mission of the corporation", in whose activities only positive externalities for biodiversity are formed;

2) reports on the facts of economic life must comply with the "principle of logical connections in information on biodiversity support", revealing the implementation of a sustainable development strategy in the long term;

3) in the process of interacting with stakeholders, it is important to comply with the "principle of ensuring confidence in meeting user requests for the safety of processes for biodiversity";

4) in the formation of an information resource, it is important to observe the "principle of the materiality of information on measures to combat climate change" in order to minimize distortions that may affect the mission of the corporation;

5) in the process of disclosing key routes and programs of the corporation, it is necessary to apply the "principle of brevity of information on measures to prevent impacts on biodiversity and sustainable development", substantiating development prospects, present and future results from the facts of economic life;

6) disclosure of consistent, authentic and non-biased information about the facts of economic life is carried out using the "principle of reliability and completeness of environmental safety indicators";

7) in presenting the static structure of information in conditions of comparability of similar indicators, it is advisable to apply the "principles of consistency and comparability of indicators on measures to combat climate change" for a certain branch of the corporation.

In confirmation of the presented principles, the following developments of the basic rules for the formation of integrated reporting by other authors can be cited :

1) the submitted indicators on sustainability of development should include the "principles of integrity and reliability of information";

2) the facts of economic life should be presented using the "principles of transparency and clarity";

3) the information resource on sustainable development and the risks of climate change is based on the "principles of systematization and standardization";

4) indicators of integrated sustainability reporting should be focused on the "principle of ensuring the interests of stakeholders";

5) the integrated reporting should include the "principles of risk accounting and minimization";

6) integrated reporting uses the "principle of analyzing the results of the strategy", focusing on the selection of promising areas of the corporation;

7) The integrated reporting information resource is based on the "principle of continuous improvement of integrated reporting".

Research shows that the key mandatory documents for the standardization of integrated reporting can be a set of mandatory and recommended standards to reflect the position of a corporation in a sustainable development environment.

The most frequently proposed by the authors among the possible Mandatory Integrated Reporting Standards (MIRS) are the following:

1) to classify the types of risks, the significance of their impact on the implementation of strategies in innovative sustainable development (MIRS "Risks and their impact in innovative sustainable development");

2) to determine the type and relationship between financial and non-financial indicators (MIRS "Financial and non-financial indicators: types and connections");

3) to disclose security factors to business processes of corporate governance in conditions of sustainable development (MIRS "Security factors of business processes in sustainable development");

4) to declare the rules for disclosure and justification of the results of value creation in financial and non-financial indicators (MIRS "Results of value creation in financial and non-financial indicators");

5) to confirm management actions and types of reactions to external and internal changes (MIRS "Management of external and internal changes");

6) to ensure the transition and interrelation between traditional and new thinking of sustainable development (MIRS "New thinking in sustainable development: from traditions to innovations");

7) to identify and clarify the relationship between the cost of a manufactured product and its long-term value (MIRS "The cost of a product in creating long-term value"); 8) to definitions of alternatives in value creation and structural shifts in profit growth (MIRS "Long-term value and profit growth").

The Recommended Integrated Reporting Standards (RIRS) may contain explanations and classifications, including conceptual framework, accounting and reflection:

1) types of capital formed in sustainable development to create long-term value (RIRS "Classification of capital in the system of creating long-term value in climate change");

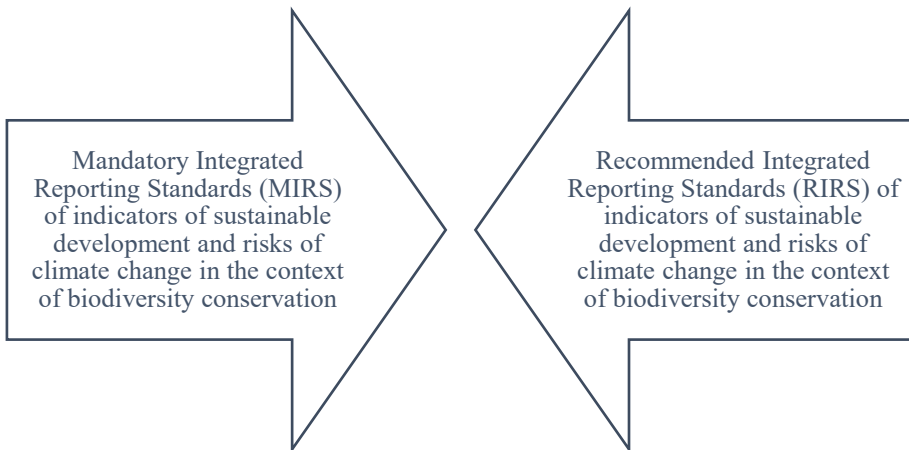
2) business processes of investment in the specifics of integrated reporting (RIRS "Investments of business processes in climate change");

3) innovation activities in ensuring sustainable development (RIRS "Innovations in the business process of sustainable development");

4) the algorithm of information support and promotion, systematization of regular indicators of development and risks of sustainable development (RIRS "Information field of indicators of development and risks in climate change").

Mandatory and recommended standards of integrated reporting will make it possible to form a sufficient information resource reflecting the processes and results of the facts of economic life from the perspective of safety and quality of life growth in new paradigms of a lean economy for the needs of corporations, the state and society.

In this approach to information disclosure, the conceptual provisions of standardization are aimed at new types of indicators in sustainable development and the risks of climate change. To form new types of indicators of sustainable development and climate change risks in the context of biodiversity conservation, the authors have developed mandatory and recommended standards of integrated reporting (Figure 1).



**Fig. 1.** Types of integrated reporting standards.

Map of Mandatory Integrated Reporting Standards (MIRS) of indicators of sustainable development and risks of climate change in the context of biodiversity conservation presented in Table 1.

Map of Recommended Integrated Reporting Standards (RIRS) of indicators of sustainable development and risks of climate change in the context of biodiversity conservation, presented in Table 2.

**Table 1.** Map of Mandatory Integrated Reporting Standards (MIRS) of indicators of sustainable development and risks of climate change in the context of biodiversity conservation.

№	The code of the mandatory standard	Name of the standard	Characteristics of the standard
1	MIRS1_CCSD	Classification of capital in sustainable development	A mandatory standard that reveals the indicators of ontology, accounting and reflection of the types of capital generated in sustainable development to create value
2	MIRS2_CRISD	Capital-related risks and their impact on	A mandatory standard that establishes the types of capital risks and the significance of their impact on the

		sustainable development	implementation of strategies in innovative sustainable development
3	MIRS3_IFNfC	Indicators of financial and non-financial capital	A mandatory standard that defines the types and relationships between financial and non-financial indicators in the reflection of capital
4	MIRS4_SFCE	Security factors of capital expenditures	A mandatory standard that discloses the factors of ensuring the security of corporate management of the cost of capital in financial and non-financial indicators
5	MIRS5_RFVC	The results of the formation of the value of capital	A mandatory standard declaring the rules for disclosure and justification of the results of capital value creation
6	MIRS6_MCCVC	Managing changes in the cost and value of capital	A mandatory standard confirming managerial actions and types of reactions to external and internal changes affecting the cost and value of capital
7	MIRS7_TISAC	Traditional and integrated thinking about capital	a mandatory standard ensuring the transition and interrelationships between traditional and integrated thinking of sustainable development in the reflection of capital
8	MIRS8_CPCPV	Capital in the production of cost and product value	A mandatory standard that identifies and clarifies the types of capital in the production of a product that has value and value

Source: author's development

**Table 2.** Map of Recommended Integrated Reporting Standards (RIRS) of indicators of sustainable development and risks of climate change in the context of biodiversity conservation.

№	The code of the recommended standard	Name of the standard	Characteristics of the standard
1	RIRS 1_VAVC	Value and added value of capital	A recommended standard that defines possible alternatives in value creation and structural shifts in profit growth-capital value added
2	RIRS 2_ICSDBP	Investment capital in sustainable development business processes	Recommended standard that reveals the ontology, classification, accounting and reflection of capital in investment business processes in the specifics of integrated reporting
3	RIRS 3_CIBPSD	Capital in innovative business processes of sustainable development	Recommended standard that reveals the ontology, classification, accounting and reflection of capital in innovative business processes of sustainable development
4	RIRS 4_ISCM	Information support of capital management	The recommended standard disclosing the algorithm of information support of management decisions in the conditions of formation, movement and reflection of types of capital from the point of view of identification and justification of natural risks and possible prospects for sustainable development

Source: author's development

Mandatory and recommended standards regulating the principles of reflecting organizational aspects, business processes, formation and movement of capital in integrated reporting will allow forming an information resource for the requests of corporations, the state and society, including indicators of sustainable development and risks of climate change in conditions of biodiversity conservation.

## 4 Conclusion

In conclusion, it is established that the mandatory and recommended standards that will allow creating a block of fundamental approaches to the formation of readiness for integrated management thinking, which designs business processes from a position of sustainability and minimizes risks in climate change. Mandatory standards may include: classification of capital in sustainable development; capital risks and their impact in

sustainable development; financial and non-financial capital indicators; capital cost security factors; results of capital value formation; managing changes in the value and value of capital; traditional and integrated thinking about capital; capital in the production of value and value of the product; capital in the production of value and value of the product. Recommended standards may include: value and value added of capital; investment capital in sustainable development business processes; capital in innovative sustainable development business processes; information support for capital management.

However, the development and approval of such standards is a long process. That is why it is advisable for large corporations to adopt such standards at the local level for the rapid and orderly construction of integrated reporting.

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