**United International University**

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Project on

 “Corporate Sustainable Reporting- Evidence from textile and pharmaceutical companies”

**Submitted to**

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 **Date of Submission: 30th march, 2019**.

**Letter of Transmittal**

30th March, 2019

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**Subject:** Submission of report on **“Corporate Sustainable Reporting - evidence from Textile and Pharmaceutical Companies”**

Dear Sir,

It is my immense pleasures to present you my report on**" Corporate Sustainable Reporting – evidence from Textile and Pharmaceutical Companies”** which was assigned to me by you.

I have tried my level best to accomplish the report with necessary information and suggested proposals. I have tried all the possible steps to complete the report. I hope that this report will fulfill the expectations and I am always being ready to reply all inquiries that you may have regarding this report.

However, I would love to express gratitude for your supportive thoughts and kind consideration outside of the class.

Sincerely yours,

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Md. Nor-a- Alam Nayan

**Acknowledgement**

First of all, I would like to show my gratefulness to my Almighty Allah for making me successful to complete this challenging task, making this report titled “Sustainable Reporting in Textile and Pharmaceuticals”.

Then I would like to give thank and express sincerest gratitude to my honorable project teacher Mofijul Hoq Masum, assistant professor, School of Business and Economics, United International University for his outstanding guidance, friendly support, advice and help in preparing this report. He offered necessary advices and information for making the task very easy and comfortable. He helped me throughout the project time. His engaging arguments and strong feedback have contributed greatly to this dissertation. He has been an invaluable mentor who was always available for giving suggestions and wise comments to help building up this report. I would sincerely thank him for his all the valuable time and efforts that he devoted. And Finally, I am expressing my gratitude to the authors of different articles related to my report and I have taken their articles as the review of my report because without this it would not have been possible to make a perfect complete report.

**Abstract:**

The topic in hand is corporate sustainable reporting. The reporting helps an organization to measure the organization’s impact on economy, environment, society, and governance performance. A sustainable report indicates the company’s core values and model which links between the strategic changes to show the impact on global economy. The broad objective of the study is found out the extent to which textile companies and pharmaceutical companies follow sustainable reporting. The specific objectives are to determine the ranking of the listed textile and pharmaceutical companies, to derive the textile and pharmaceutical companies considering the rate of Score (1- 33%, 34- 67%, 68- 100%), to find out most disclosed item of textile and pharmaceutical companies, and to find out less disclosed item of textile and pharmaceutical companies. The findings of the report indicate that Beximco textile and Viyellatax are top ranked textile companies. AFC agro Biotech, and Silva Pharmaceutical are top ranked pharmaceutical companies. Viyellatex group is the only company that lies in the region of 34 to 67% of the proportion of sustainable score. Without this company all the other companies lie in the region of 1 to 33% of the proportion of sustainable score. Most disclosed items of the companies are Viyellatex group, Beximco Textile, AFC Agro Biotech and Keya Costemics limited. Less disclosed items of the sustainable score are Envoy textile, Nurani Dyeing Limited, and Far Chemical limited.

**Keywords:** Corporate Sustainable Reporting, Global Reporting Initiative (GRI), Economy, Environment, Society, Governance, Textile, Pharmaceutical.

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**Chapter one: Introduction**

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| 1.1 Introduction to the topic in hand |
| 1.2 Brief introduction of the concerned field |
| 1.3 Rationale of the study |
| 1.4 Background of the study |
| 1.5 Limitations of the study |

**Chapter one: Introduction**

* 1. **Introduction to the topic in hand**

The topic of the study is “sustainable reporting”. The research interest for the topic has been increased to the researchers. This topic focuses on the impact of the company on the climate. A sustainable report indicates the company’s core values and model which links between the strategic changes to show the impact on global economy. The change of the climate raises the concern regarding environmental issues, social issues, and economic issues. The reporting helps an organization to measure the organization’s impact on economy, environment, society, and governance performance. Sustainable reporting is essential to the stakeholders because it indicates the social and environmental influences of business functions. Sustainable reporting is related with the company’s voluntary involvement regarding community, human right, environment, employee and economy.

* 1. **Brief introduction of the concerned field**

In this study textile and pharmaceutical companies in Bangladesh are considered in terms of assessing the Sustainable reporting. Sustainable reporting in Bangladesh is analyzed thorugh GRI G4 guidelines. The textile and pharmaceutical industry also follow the guidelines of global reporting initiative. The listed companies in Bangladesh address few sustainability issues. The area of disclose of the companies is also poor. Sustainable reporting is an important tool which is used to set objectives, manage sustainability within the company. Textile industry is considered the most important source of foreign remittance earning. The development of the RMG sector contributes highly on the gross domestic production. Bangladesh is considered the 2nd largest after China in terms of textile industry. The pharmaceutical industry has been developed over time. Now it fulfills approximately 96.5% of the local demand with the aim to export medicines in the global market. DGDA and PCB are the two organizations that regulate pharmaceutical companies in Bangladesh. It is said that the entire packaging system of the medicines are relatable to the standard set internationally.

* 1. **Rationale of the study**

The purpose of the Sustainable reporting is to consider the outcome of the company’s functions and actions. To find out the positive aspects in the activities related to community, environment, stakeholder, and consumers. The study would help the user of the information to know whether the textile and pharmaceutical companies are fulfilling the sustainable reporting standards, how much the standards are fulfilled by the companies, and the influence of the ownership structure on the Sustainable reporting. At present the companies require to focus on the society and environment while performing the operational activities. Without the sustainable reporting these duties cannot be assessed by the stakeholders and other parties.

* 1. **Background of the study**

Sustainable reporting is considered a sub section of accounting which emphasizes on the disclosure of information which is not related with financial transactions of a company. Sustainable reporting is mainly conducted to indicate a company’s overall performance to concerned parties such as holders of capital, creditors of the company, and other parties. It shows the direct influence of a company on environment, employee, society, and economic performance. The importance of Sustainable reporting has increased in the recent days. New methods and steps are adopted by the companies to show the impact on the society in various aspects. Global reporting initiative was developed to provide the companies regulations and guidelines regarding the Sustainable of reporting.

* 1. **Limitations of the study**

**These are the limitations of the study:**

* Short duration for completing project
* Not all the data were available
* Primary sources were not used

**Chapter Two: Objectives of the Study**

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| 2.1 Broad Objectives |
| 2.2 Specific objectives |

**Chapter Two: Objectives of the Study**

**2.1 Broad Objectives:**

* To determine the extent to which Textile companies follow the Sustainable reporting
* To determine the extent to which Pharmaceutical companies follow the Sustainable reporting

**2.2 Specific objectives:**

* To measure corporate sustainable reporting of the listed textile and pharmaceutical companies
* To analyze the relative corporate sustainable reporting of the textile and pharmaceutical companies
* To find out most disclosed items on corporate sustainable reporting of the textile and pharmaceutical companies
* To find out less disclosed items on corporate sustainable reporting of the textile and pharmaceutical companies

**Chapter Three: Methodology of the Study**

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| 3.1 Data design |
| 3.2 Sample design  |
| 3.3 Analytical tools |

**Chapter Three: Methodology of the Study**

The methodology of the study consists of the followings:

**3.1 Data design**: It contains the methods in which data of the study is collected.

**Data Collection process: Secondary Sources**

To complete the project data from different sources has been gathered. The sources are closely related to sustainable reporting of the textile industries and pharmaceutical industries.

**Types of Data**: The websites of different textile and pharmaceutical companies, annual reports, Sustainable report and shareholding reports have been important sources of data.

**3.2 Sample design:**

**Sample technique**: Convenient sampling is used to conduct the project. Use of sampling takes less time than census technique.

**Sample Size:** To conduct the research 40 listed textile and pharmaceutical companies are taken. The elements which are used to consider the situation of Sustainable reporting of the companies are also 40. The 40 indicators are used to measure the level of Sustainable of the company which follows the guidelines developed by GRI G4. These indicators are discussed in three broad criteria such as economic, social and environmental factors.

**3.3 Analytical tools**

* MS excel is used to analyze the data
* Tabular format is used to indicate the data
* Graphs, charts are also used to reflect the scenario of the data
* Scatter diagram and pie charts are also used to reflect the data

**Chapter Four: Literature Review**

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| Background of sustainable reporting |
| Findings of sustainable reporting |

**Chapter Four: Literature Review**

Literature review helps the researcher to get knowledge about any particular study. The researcher can gather information regarding any particular topic. The background of the topic will help the researcher to conduct the study in a more informative way. Sustainable reporting is considered an important factor which helps a company in terms of setting goals, analyzing the progress and evaluated the impact on the sustainable economy. The reporting of sustainability helps the parties of the organization including internal and external stakeholder to get a wide idea of the impact of the performance. To prepare this project following reports have been studied:

Hossain et al. (2012) published a study that indicates companies in Bangladesh disclose more on public and pay limited consideration to office/HR disclosure and environment. The banking companies and financial companies reveal more on community and ecological matters with compare to other segment companies because of official pressure from central bank.

MD. Habib-Uz-Zaman Khan, Dr, Mohammad Azizul Islam, and Khadem Ahmed (2011) published a paper regarding corporate Sustainable reporting of major commercial banks following GRI guidelines. The paper analyzed the banks in five parameters of Sustainable including labor, environment, product responsiveness, society and human rights. The findings of the paper indicate that only 7 from 16 parameters are disclosed by all the sample banks used in the study. Among all the parameters of Sustainable most banks disclose information related to society. The banks have donated for naturally affected people including donation for the government. Besides, the banks are reluctant to provide scholarship for the needy students.

Imam (2000) analyzed the reporting practices of listed companies of 40 from the stock exchange of Dhaka considering social and environmental prospects. The findings of the study reveal that around 24% of companies disclosed on community activities and 21.5% on disclosure of environment whereas only 9% companies disclose customer related information. The organizations in Bangladesh disclose different information but the information is not adequate. Another finding is only 8.12% of the organizations disclose issues regarding environment in the annual report. The reporting on the websites of the companies about social and environmental information is still very low. Besides, the multinational companies disclose information on their websites than local companies in Bangladesh.

**Chapter Five: Findings and Analysis of the Study**

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| 5.1 Rank of the listed company (Sustainable Items) |
| 5.2 Rate of Score ( 1- 33%, 34- 67%, 68- 100%) |
| 5.3 Most disclosed item |
| 5.4 Less disclosed item |

**Chapter Five: Findings and Analysis of the Study**

* 1. **Rank of the listed company:**

**Chart-1 Textile industry**

Among the textile companies Viyellatex group is ranked first with 45% disclosure of the sustainable reporting. Beximco textile discloses 33% of the sustainable reporting. After that Al-Haj textile limited and paramount textile limited discloses 25% of the reporting following the guidelines of global reporting initiative. A number of textile companies disclose 18% of the reporting. Envoy textile and Nurani Dyeing discloses the lowest which is 8% of the sustainable reporting standard.

**Chart-2 Pharmaceutical industry:**

The Pharmaceutical companies that are taken in this study are based on listing on Dhaka stock exchange. Among the pharmaceutical industry AFC agro biotech Ltd disclosed most of the sustainable guidelines which is 23%. After that Keya cosmetics Ltd, Silva Pharmaceutical LTD, and GlaxoSmithkline LTD disclose 20% of the reporting standard. Considering the reporting guidelines Far chemical LTD discloses lowest information among all other companies. ACI limited one of popular pharmaceutical companies discloses only 13% of the sustainable reporting.

**Chart-3 Total Textile and Pharmaceutical companies:**

The graph shows the overall scenario of textile and pharmaceutical companies. Textile companies disclose more of the information regarding sustainability. Textile companies follow more guidelines of sustainable reporting than pharmaceutical companies. Among all the companies in the graph Viyellatex, beximco and paramount textile follows most of the sustainable reporting. The guidelines followed by these companies are closely 45%, 33% and 25%.

* 1. **Rate of Score (1- 33%, 34- 67%, 68- 100%)**

Chart-4 Number of Textile Companies

Pie chart shows textile companies proportion of score in terms of 3 dimensions. From the pie chart it can be seen that 25% of the proportion lies in the 34-67% of region. Around 24 companies lie within the range of disclosure 1-33%. And no textile company discloses information of sustainability of 68-100%.

Chart-5 Number of Pharmaceutical companies

The pie chart shows the proportion of disclosure of pharmaceutical companies. All pharmaceutical companies disclose around 1-33% of the sustainable reporting. No company discloses 34% to 100% range. The disclosure of the companies indicates extent to which the companies follow the guidelines.

Chart-6 Number of companies

This pie chart shows the number of companies including the textile and pharmaceutical companies. Among 40 companies only one company lies within the range of 34 to 67% of disclosure of sustainable reporting. Total 39 companies lie within 1-44% of the region of disclosure. And no company discloses in the region of 68 to 100%.

* 1. **Most disclosed item:**

**Chart-7 Textile companies most disclosed iterms**

The graph shows the most disclosed item from the textile companies. Viyellatex group discloses most of the items of the sustainable reporting. Viyellatex group discloses 18 reporting guidelines from the reporting standard. After that Beximco textile discloses most of the reporting standard which is 13. Most of the companies disclose around 15% to 20% of the items. The number of items within the percentage is 6 to 8.

Chart-8 Pharmaceutical companies most disclosed items

The scatter graph shows the list of most disclosed pharmaceutical companies. Here it can be seen that AFC Agro Biotech contains most disclosure which is 23%. After that most of the pharmaceutical companies disclose within the range of 15 to 20% of the sustainability score. The items disclose by the companies is 7 to 8.

Chart-9 List of all companies most disclosed items

This scatter graph shows the total number of companies among which discloses most of the items in the textile companies and pharmaceutical companies. Here it can be seen that Textile companies disclose more than the pharmaceutical companies in terms of sustainable reporting. Among the companies Beximco textile, Viyellatex, square textile, AFC Agro Ltd and GlaxoSmithKline Ltd disclose most of the sustainable reporting items than other companies listed. Most of the companies disclose 6 to 8 items of the sustainable reporting in the pharmaceutical companies.

* 1. **Less disclosed items:**

Chart-10 Textile Companies less disclosed items

The scatter graph shows the less disclose item among the Textile listed companies. The companies contain less disclosed items are Envoy textiles and Nurani Dyeing Limited. The proportion of reporting of disclosed items are 8% for both the companies. After that Tallu Spinning contain discloses less items which is closely 13%.

Chart-11 Less disclosed Pharmaceutical Companies

The scatter graph shows the less disclosed items among the pharmaceutical companies. Far chemical industries limited and Central Pharmaceuticals Limited have disclosed less items compared to other companies. The proportion of disclosure by the companies is 10% and 13%. There are some other companies that disclose around 13% of the sustainable reporting.

Chart-12 List of Companies less disclosed

The scatter graph shows the less disclosed items among the textile companies and pharmaceutical companies. Among all the companies Envoy textile, Nurani Dyeing, Far Chemical and Aci limited have less disclosed items. The proportion of disclosure of the companies is within the range of 8% to 13%.

**Chapter Six: Recommendations and Conclusion**

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| 6.1 Recommendations |
| 6.2 Conclusion |

**Chapter Six: Recommendations and Conclusion**

**6.1 Recommendation**

The sustainable reporting has not been obligatory yet in Bangladesh. The companies do not follow the sustainable reporting as part of operational activity or guidance made from any authority. The sustainable reporting requires to be obligatory for the organization. There is not specific format developed to assess the sustainable reporting for the companies. A specific format should be developed as well as followed by the companies. The outcome of the report must be reviewed in a timely manner. The companies are ignorant about conducting the sustainable reporting. An order or awareness must be created among the companies to fulfill the standard requirement of sustainable reporting. To meet the increasing expectation of the stakeholders and other parties sustainable reporting must be conducted with a specific format and guidance.

**6.2 Conclusion**

Corporate segment is thought to be an essential portion of the economy in Bangladesh. The requirement for contribution of corporate segment in sustainable growth in Bangladesh is crucial.

In the study, the sustainable reporting performance of the top 40 listed corporations in Bangladesh over expending GRI G4 standard. The findings of the study indicate that reporting practices in Bangladesh is not sufficient enough for the organizations. As it is a voluntary activity most of the organizations do not follow it. Mostly the organizations provide importance on disclosing information about social issues more precisely their involvement with the development of society and community. Most of the organizations ignore matters related to Human privileges, product accountability and environmental concerns. The organizations also ignore matters concerning with the labor performs, employee paybacks, training and teaching issues. Currently no regulatory rules are followed in terms of sustainable reporting practices in the context of companies in Bangladesh. The information which is gathered from the study is not qualified by independent guarantee providers which might weaken the trustworthiness of the disclosures. As the findings are constructed on the amount of disclosures, it needs to be measured in the light of excellence as well as amount.

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