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**Urgency of the research.** The importance of studying methodical approaches to evaluation of corporate reporting transparency is determined by restoring confidence in the reporting and low transparency of Ukrainian companies due to the low practice of corporate social responsibility (CSR).

**Target setting.** Evaluation of corporate reporting transparency is updated with the spread of non-financial (integrated) reporting on companies' CSR.

**Actual scientific researches and issues analysis.** R. Eccles, D. Phillips, R. Herz, M. Keegan, V. Yevtushenko, O. Berezina, O. Kostyuk have studied the issues of evaluation corporate reporting based on company CSR activity and its transparency.

**Uninvestigated parts of general matters defining.** Pluralistic approach to the evaluation of corporate transparency, accountability, diversity criteria of rating companies on their CSR activities are the main reasons to their study.

**The research objective.** The article aims to conduct comparative analysis of modern approaches to determine the transparency of corporate reporting with regard to sustainability disclosure and CSR.

**The statement of basic materials.** The article proves the expediency of using methods of corporate reporting evaluation as tools for companies' ranking based on their CSR efforts and the formation of benchmarks in business environment. The author summarizes best approaches in corporate reporting transparency evaluation in the international and national practice. The necessity of increasing transparency in corporate reporting of Ukrainian companies in conditions of CSR practices spreading are grounded.

**Conclusions.** Comparative analysis of foreign and national methodological approaches to evaluating corporate reporting transparency demonstrated the importance of universal, regular and sound companies' ratings to promote their CSR.

**Keywords:** transparency; corporate reporting; transparency index; corporate social responsibility; sustainability reporting.

**Актуальність теми дослідження.** Важливість вивчення методичних підходів до оцінювання прозорості корпоративної звітності визначається необхідністю відновлення довіри до звітності та низьким рівнем її прозорості з огляду на практики корпоративної соціальної відповідальності (КСВ) в Україні.

**Постановка проблеми.** Оцінювання прозорості корпоративної звітності актуалізується з поширенням нефінансової звітності щодо КСВ компаній.

**Аналіз останніх досліджень і публікацій.** Р. Екклз, Д. Філіпс, Р. Херц та М. Кіган, В. Євтушенко, О. Березіна, О. Костюк та ін. займалися вивченням проблематики оцінювання КСВ на основі звітності компаній та її прозорості.

**Виділення недосліджених частин загальної проблеми.** Плюралізм підходів до оцінювання прозорості корпоративної звітності, різноманітність критеріїв рейтингування компаній за їх КСВ діяльністю обумовлюють необхідність їх вивчення.

**Постановка завдання.** Стаття має на меті проведення компаративного та контент-аналізу сучасних підходів до визначення прозорості корпоративної звітності з огляду на розкриття інформації зі сталого розвитку та КСВ.

**Виклад основного матеріалу.** У статті обґрунтовується доцільність застосування методик вивчення прозорості корпоративної звітності як інструментів рейтингування компаній з урахуванням їх зусиль в сфері КСВ та формування бенчмарків бізнес-середовища. Автором узагальнено кращі методики дослідження прозорості корпоративної звітності у міжнародній та національній практиці. Доведено необхідність підвищення прозорості корпоративної звітності українських компаній в умовах становлення практик КСВ.

**Висновки.** Порівняльний аналіз зарубіжних та вітчизняних методичних підходів до оцінювання прозорості корпоративної звітності засвідчив важливість використання універсальних, регулярних та обґрунтованих рейтингів компаній для просування їх КСВ.

**Ключові слова:** прозорість; корпоративна звітність; індекс прозорості; корпоративна соціальна відповідальність; звітність зі сталого розвитку.

**Urgency of the research.** Corporate reporting transparency as a mechanism for reducing the information asymmetry between the company and its stakeholders [3] in the post-crisis period serves to restoring stakeholders trust in companies and in efficient financial markets. Corporate reporting trans-

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parency is also target for regulators, businesses, investors and the public in the context of non-financial information transparency on corporate responsibility (for the social, environmental and governance criteria). Wide spreading of non-financial information has a strict impact for distribution of sustainability accounting and reporting paradigm. At the company level it has led to various forms of non-financial reporting, reporting on sustainable development and eventually to an integrated reporting as sources of information about corporate social responsibility (CSR). According to experts of the Integrated Reporting Committee (IRC) «Although an increasing number of organizations are improving their transparency, for example, through voluntary sustainability reporting, in absolute terms that number is still low. By emphasizing transparency, for example, covering a broader range of issues and disclosing the positive with the negative, Integrated Reporting helps to build trust» [6, p. 9].

**Target setting.** Definition of quality (accuracy, relevance, timeliness, comparability) of financial reporting and its transparency in this regard is very common, while the use of sustainability reporting and integrated reporting as a tool for ensuring transparency of CSR and its evaluation has a poor background. It has particular importance for Ukraine, where the development of virtuous and transparent reporting practices has not paid enough attention, and methods of evaluation of transparency have not introduced to traditional business circles. This situation prevents the maintenance of confidence in corporate reporting in Ukraine and requires comparing existing methods for evaluating and ranking of corporate reporting transparency.

**Actual scientific researches and issues analysis.** Evaluation the quality of CSR initiatives in companies dedicated work by Lepykhyna T and E. Mokhova, [9], A. Berezina [7]. Review of existing approaches to evaluating companies CSR was made by V. Yevtushenko [8]. Research based on banks' CSR reporting was carried out by A. Kostyuk, H. Kostyuk, J. Mozgovyi and J. Kravchenko [4]. Defining transparency of corporate reporting has detailed coverage in the study by R. Eccles, D. Phillips, R. H. Herz, M. Keegan [2].

It is obvious that the study of companies' CSR based on the research of their sustainability reporting as a source of information about key indicators for all dimensions of sustainable development. However, these studies do not provide some evidence on methodical aspects of corporate reporting transparency evaluation.

The question of corporate reporting transparency evaluation in terms of spreading paradigm of sustainable development has a response among regulators (Dod-Frank Act (USA), the EU Transparency Directive), rating organizations at international and national level as a key direction of future reform of reporting to ensure trust.

**Uninvestigated parts of general matters defining.** The key issue in the study of corporate reporting transparency are the problems in its evaluation and description using the metrics and indicators. The variety of existing approaches to the determination of transparency in regulatory and academic sources generates a plurality in the formation of methodical approaches to its formalization and providing quantitative estimates. So, further study of the transparency impact on key corporate financial indicators should be done. However, corporate reporting transparency evaluation is poorly understood in the context of the direction of disclosure and CSR activities in the field of corporate sustainability.

**The research objective.** The article aims to conduct comparative analysis of modern approaches to determine the transparency of corporate reporting with regard to sustainability disclosure and CSR

**The statement of basic materials.** Systematization of existing methodical approaches to the corporate reporting transparency evaluation enabled to identify the key ones 1) Rating initiatives companies' corporate reporting from sustainability organizations; 2) corporate reporting transparency evaluation in foreign practice; 3) corporate reporting transparency evaluation in national practice.

Indicator for transparency recognition and quality of disclosure on CSR of a company by independent information and analytical agencies is its inclusion in the known indexes (families indexes) of Sustainability (Dow Jones Sustainability Indexes (DJSI - Dow Jones Indexes, STOXX Limited and the SAM group), S & P 500 Environmental & Socially Responsible Index, FTSE4Good Global Index, MSCI

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World ESG Index, NASDAQ OMX CRD Global Sustainability Index, The Ethibel Sustainability Index (ESI) Excellence Global (Forum ETHIBEL) and others.

For example, RobecoSAM methods of corporate sustainability assessment screens Global 3000 listed companies, of which 2500 are included by capitalization to the DJSI World. Methods of RobecoSAM sustainability evaluation (Corporate Sustainability Assessment) has two views: in-depth analysis of economic, environmental and social factors using 80-120 questionnaire, covering the state of corporate governance, transparency, reporting dimensions of sustainable development, human capital, risk and crisis management companies on the first level and analysis of media and stakeholders in a process of continuous monitoring of public information from consumers, non-profit or governmental organizations to influence ESG - criteria for companies' reputation on the second level.

Transparency in the RobecoSAM evaluation primarily concerns ensuring confidence and security for investors and other stakeholders about the supply chain (supply chain management) and the evaluation sustainability reports focused on the criteria of completeness, scope, timeliness of disclosure of environmental and social dimension of the company along with independent confirmation of its quality [5].

A separate benchmarks in CSR and transparency of companies are the rankings of different organizations and rating agencies, especially Corporate Knights, Transparency International, oekom's, Reputation Institute, Interbrand, MindWorld, MT, SSI, Synergie, VBDO etc. (Tab. 1).

Table 1

### Review of existing methodical approaches to ranking initiatives in CSR and corporate sustainability reporting, prepared by the author based on materials of organizations and [1]

Title	Organization	Scope	Period	Methodology	Results 2016
100 World's Most sustainable corporations	Corporate Knights	100 the largest companies in the world	2011-2016	Four levels of screening,	Lider -BMW 80,1%
Corporate Responsibility Review	oekom	3700 companies from different countries within 55 branches	2009-2015	More than 100 criteria for each dimension of sustainability	35.8% companies have practiced sustainable reporting
Global CSR RepTrak 100	<u>Reputation Institute</u>	100 global companies worldwide	2012-2016	Criterion measuring Workplace, Governance and Citizenship.	Lider - <u>Google</u> 75,4 score
Best Global Green Brands	<u>Interbrand</u>	50 the largest companies in the world	2011-2016	Evaluation efforts in environmental activities	Lider - <u>Ford</u>
Responsible Supply Chain Management Benchmark	Dutch Association of Investors for Sustainable Development (VBDO)	40 the largest listed companies in Denmark	2009-2014	Evaluation reports on sustainable development	Lider -Philips 91 бал
Change the World	Fortune	50 the largest companies in the world	2015-2016	Evaluation companies progress in addressing social problems	Lider -GSK
Green Rankings US	Newsweek	100 the largest USA corporations	2009-2016	Evaluation of environmental impact	Lider Hasbro – 88,1%

As we see, the rankings are both national (Responsible Supply Chain Management Benchmark, Green Rankings US), and the global nature (100 World's Most sustainable corporations, Change the World) and varying the length of publication. But in general, all rankings based on research initiatives on CSR evaluation for companies' sustainability reporting. Unfortunately, there is no one Ukrainian company in neither sustainability index nor in recognized rankings. This confirms the initial stage of

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CSR initiatives of Ukrainian business and insufficient corporate reporting transparency concerning disclosure of environmental, social and governance criteria.

In a separate direction of the study corporate reporting on CSR we should group the techniques that focus solely on the transparency of such reporting (Tab. 2) in foreign practice.

Table 2

### Review of existing methodical approaches to corporate transparency evaluation in foreign practice, based on materials of organizations

Title	Organization	Scope	Period	Methodology	Results 2016
Integrated Reporting Awards)	Chartered Secretarie	100 the largest companies on the Johannesburg stock exchange and 10 largest public companies in South Africa	2013-2016	Comparing and evaluating best practice in corporate governance and risk management	Lider - Vodacom Group Ltd
Transparency in Corporate Reporting	Transparency International	124 the largest companies in the world, 100 the largest companies from emerging countries	2012-2016	Evaluation the disclosure of anti-corruption initiatives, organizational transparency and reporting by country	Lider in general list - Eni Lider in BRIC - Bharti Airte

The first method is unique as it concerns transparency rating of integrated reporting. This revolution type of reporting for the first time was introduced as mandatory regulatory requirement for the preparation of reports of listed companies in South Africa. Evaluation of transparency encourages submission of Chartered Secretaries transparent and relevant information to stakeholders. We should also mention research initiatives for corporate reporting transparency evaluation among the largest companies in the world and the countries of BRICS, which periodically carried out by Transparency International. They underlined the lack of corporate reporting transparency in BRICS, especially China and Russia, which has significant corruption risks, especially for Ukraine, which cooperates with these companies.

Despite the establishment of the CSR network in Ukraine today we have separate study on corporate reporting transparency through the various economic agents - private and public companies, corporate sector, banks (Tab. 3).

Table 3

### Review of existing methodical approaches to corporate transparency evaluation in national practice, based on materials of organizations

Title	Organization	Scope	Period	Methodology	Latest results
1	2	3	4	5	6
Transparency Ranking of banks in Ukraine	Rating agency «Credit-Rating» International rating agency Standard&Poor's (S&P)	30 the largest banks in Ukraine	2008, 2010, 2011, 2012	Evaluation sites of banks in terms of ownership structure and corporate governance	Leader - Privatbank, the average level of transparency by all banks 56.6%
Transparency and Accountability Index of Ukrainian public companies	Center «Corporate Social Responsibility Development»	60 the largest public companies in Ukraine	2014-2015	Companies site evaluation on the parameters of content, navigation, reporting, accessibility	Almost half of companies (26 of 60) have a higher than average level of disclosure on CSR. Leader - SE «Energoatom»
Transparency and Accountability Index of Ukrainian companies	Center «Corporate Social Responsibility Development»	The first 100 companies	2011-2015		Leader - ArcelorMittal Kryviy Rih

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1	2	3	4	5	6
Rating openness and companies activity in CSR	National rating magazine «Gvardiya»	41 of Ukraine's leading companies from rating «Gvardiya - 500»	2011-2013	Research reports and social profiles of companies regarding disclosure of CSR	Leader - DTEK
Rating of «dirty» and «green» companies	IA «LIGA Business Inform»	103 Ukrainian companies	2001-2011	Evaluation of companies competitiveness with environmental initiatives	Leaders - HeidelbergCement Ukraine, Donetskstal, ArcelorMittal and others

Analytical studies by Credit rating and S & P show an insufficient level of information transparency of Ukrainian banks in comparison with international practice. Moreover, it is the least developed full data on indicators of operations and financial reporting.

The emphasis on CSR reporting was done in the methodology by Ukrainian rating magazine «Gvardiya», where a separate unit was dedicated to evaluation criteria «Social Report as a tool for dialogue with society.» These criterion focuses on the fundamental role of non-financial information of a recognized leadership in sustainable development of the Global Reporting Initiative (GRI), which makes the technique representative on corporate sustainability reporting transparency. However, its relevance and frequency of the publication is not satisfactory.

The only regular method that considers the corporate reporting transparency in general, including sustainability criterion and CSR evaluation is the method by Center «Corporate Social Responsibility Development».

The maximum number of points in the transparency and accountability index for the criterion «reporting» (share of 40%) company can get when drawing up their non-financial reports in an integrated format by methodology <IR> or GRI 4.0 It certifies relevance of the methodology and its compliance with the current trends of sustainability reporting standardization and CSR.

Moreover, the specified method is universal - in addition to the corporate sector, a separate transparency and accountability index was calculated to public companies and banks. Results of specified methods and calculation of indices demonstrate need for rating transparency and accountability corporate reporting.

Thus, the average level of disclosure on the public companies' websites on the parameter «Strategy and Reporting» is 16.7% to 30% possible. There is no information on CSR priorities, CSR - reporting and business goals. Compared to public companies, corporate sector reporting transparency, including reporting on CSR slowly growing. First, this trend was driven by leaders in CSR disclosure of information - companies Arcelor Mital, Obolon, DTEK et al. They generally provide 73.3% of the average level of disclosure among the Top 10 companies.

At the same time, the average level of transparency among companies is only 21.5%. Therefore, methods of Ukrainian companies' transparency evaluation play an important role in shaping the benchmarks in the business environment. These methods should meet the requirements of regularity and universality according to current tendencies in standardization of reporting on CSR.

**Conclusions.** The implementation of modern practices in CSR and sustainability activities require expanding horizons of corporate reporting from companies. Varied stakeholder's information requests meet contributes to enhance its transparency. However, formalization and evaluation corporate reporting transparency remains a challenge. The existence of numerous methods of information-analytical agencies, sustainability organizations demonstrates the relevance of issues, but also complicates the selection of approaches to determine the corporate reporting transparency. Method of CSR study, developed by Centre «Corporate Social Responsibility» is an appropriate for corporate reporting trans-

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parency evaluation, has universal, regular character and gives considerable attention is the study of CSR to reporting cycle and its quality.

In addition, the evaluation corporate reporting transparency as integral characteristics of financial and non-financial reporting requires further qualitative methodological developments. Relationship between transparency of corporate reporting and financial performance of companies should be investigated in more detail as well as interconnection between financial and non-financial reporting in context of achieving the criteria of their transparency.

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