

To Evaluate the TEVA Company's 2020 Corporate Social Responsibility Report Base on GRI 101 “Sustainability Content and Balance”Criteria

Yingwei Wang

Shanghai University, Shanghai 201800, China.

Abstract: The purpose of this report is to explain the definition of corporate social responsibility and the main benefits associated with corporate social responsibility reporting. It will clarify a principle of the GRI 101 reporting problem and explain how these principles relate to the key interests of CSR and explain how these principles relate to the “sustainability context” for report content and the “balance” for report quality. Besides, this report will evaluate Teva's CSR report in the end. The conclusion of this report is based on some academic reports and academic journals. As an increasing number of people pay attention to corporate social responsibility, corporate social responsibility reporting plays a vital role in the development of enterprises. However, in order to gain a positive reputation, some companies present unobjective data and deliberately avoid negative information. This article not only introduces information about CSR, but also evaluates TEVA's CSR report based on the two principles of "sustainable content" and "Balance". "Sustainability content" and "Balance" two principles can enhance the reputation of company and impel corporate CSR reporting to become more objective. The Teva company CSR report meets most of the requirements of these two principles. There is no doubt that the CSR report of TEVA can be recommended to other companies as a role model.

Keywords: Corporate Social Responsibility; Sustainable Content; Balance

Introduction

As economy and technology are advancing by leaps and bounds, corporates are increasingly influencing society, as shown in such aspects as environment, economy and so on. In many countries, an increasing number of people place greater emphasis on the Corporate Social Responsibility. Under this circumstance, a lot of companies have begun to publish Corporate Social Responsibility reports for the public to show what contributions they have made in Corporate Social Responsibility. Nevertheless, in order to gain a better reputation, some companies deliberately avoid negative topics in their CSR report, which poses a threat to the credibility of the CSR report. The purpose of this report is to explain the definition of CSR and the key benefits associated with CSR reporting. It will elucidate one GRI 101 principle for report question and explain how these principles relate to the key interests of the CSR report and illustrate these principles for report content “sustainability context” and “Balance” for report quality. Meanwhile, this report also will present evaluation of the Teva company CSR report.

1. Corporate Social Responsibility

1.1 The definition of CSR Reporting

There is widespread belief that CSR plays a crucial role in the development of society. CSR report intuitively reflects what contribution enterprises have made in promoting the positive development of society. It is worth mention that sustainable development is universally recognized as a strategic goal of social development. CSR reporting is seen as a key factor for the sustainable development of society on the ground that it pays closer attention to environment protection^[1]. Besides, CSR reporting is defined by the enterprise as a method that helps it to reduce risk in that CSR report provides more specific standards for enterprises to undertake corporate social responsibility. Detailed corporate social responsibility reporting is probably a way to reduce the risk of social and environmental^[2]. For example, Karaman et al^[2]. point out that some accidents, such as oil leakage, mining accidents, are caused by the failure of enterprises to complete risk management.

1.2 Benefits of CSR reporting

CSR reporting will affect the interests of the company. There is no doubt that a positive reputation holds the key to develop economic of a company. Positive CSR reporting will bring a positive reputation for the company , which is significance of improvement corporate brand^[3]. It is commonly accepted that consumers are most concerned about a positive brand reputation, when they choose goods. Additionally, brand credibility also will affect the key interests of the company. Brand credibility is one of the most important factors for a company to develop for a long time. As pointed out by Hur et al. ^[4], CSR reporting will enhance the company's brand credibility, which will bring equity to the company in that it effectively promotes the value of brands in the market.

2. Principle for report content and quality in GRI 101

2.1 The definition of “sustainability content” and its relationship with key benefits of CSR

Sustainability content promote the benign development of society and hold the key to improve benefits of CSR. Benign social development means finding a sustainable way to develop the local economy. Sustainability content is to present local organizations how to make contributions to the economy, environment, and social conditions and is also relevant to the target of local society and economy ^[5], for instance, reducing environmental pollution 、 recycling. Besides, it is beneficial for a firm to promote economic development. When the company’s CSR report includes sustainability content, customers will improve the evaluations of company brand ^[3]. When consumers have a high evaluation of the company's brand, it directly affects the firm sales revenue.

2.2 The definition of “Balance” for report quality in GRI principles and its relationship with key benefits of CSR

“Balance” feature is indispensable to an eligible CSR report and this feature will make a company’s CSR report more objective. “Balance” is that reported information should include positive and negative aspects for the company’s CSR performance ^[5]. The negative information also is essential compared with positive information in that it will present what the company still needs to improve. In addition, whether it contains “Balance” feature will affect the credibility of the CSR report and reach an objective conclusion. A qualified CSR report should involve with the company and stakeholders subject and objective results and cannot avoid negative aspects or topics, which will improve the credibility of the company's CSR report. ^[6]. When a company has a high reliability CSR report, it will make consumers trust the company's brand more, which will increase the benefits of CSR reporting to the company. Finally, When the credibility of a CSR report is threatened, it will directly affect the benefits that it can bring to the company

3. Evaluation of TEVA 2020 Environmental, Social and Governance Progress Report

3.1 “Sustainability content”

The CSR reporting of TEVA meets most of tests in sustainability content. In sustainability content, there are several principles including that the company should show its long-term strategy about society and economy and it should demonstrate their contributions in environment protection^[5] . The CSR report of TEVA presents long-term goals to mitigate the effects of climate change on the environment and indicates that it plays an essential role in them business. Climate change is one of the environmental problems facing the earth and greenhouse gas emissions are one of the main culprits for climate change. TEVA has reduced GHG emissions by 25% since 2017 and plans to complete the goal that reduces 33% greenhouse gases emission in 2030, which is significant for them patients^[7] . For example, identify and realize low-cost and cost-free energy-saving opportunities, develop two pilot energy-saving projects to reduce greenhouse gas emissions in 2020^[7]. These measures have effectively reduced greenhouse gas emissions and mitigate the impact of climate change. Meanwhile, it is worth mention that water shortage is also in dealing with environmental problems cannot be ignored. The CSR report of TEVA indicates that 31 facilities have implemented the water balance in water shortage areas ^[7]. In 2020, TEVA reduces water consumption by more than 8% compared to 2019 and in the shortage of water resources, it deceases water consumption more than 13%^[7]. In the production process, reducing the water consumption of enterprises effectively protects the limited freshwater resources to achieve the goal of sustainable development.

Simultaneously, reducing environmental pollution is one of the significant ways to promote sustainable development. The environmental pollution caused by the production process of enterprises also cannot be ignored. To reduce the environmental pollution caused by production process, TEVA optimizes production steps to reduce the impact on the environment through technological innovation^[7]. Industrial pollution has been one of the main causes of environmental deterioration and effective reducing industrial pollution is to promote social sustainable development.

3.2 “Balance”

The CSR reporting of TEVA meets most of tests based on “Balance” principle. In balance principles, there are some specific principles including that the report should present positive and negative aspects about their performance and topics should be ranked based on their importance in CSR report^[6]. TEVA provides the positive and negative in the aspect of corporate social responsibility. Positive aspect refers to what positive contributions the enterprise has made to undertaking corporate social responsibility and negative aspect refers to what the enterprise needs to improve or deficiencies, which all need to be shown in the CSR report. CSR report includes the positive and negative two aspects, which will impel the report more objective to express. In CSR report of TEVA, TEVA states that it fails to pay attention to the 2020 information in a particular context and point out that they do not present fairly “Materiality Assessment and Stakeholder Engagement” in the report^[7]. It is a negative aspect in the CSR report. However, in positive aspect, TEVA donates medicines to economically backward countries including Botswana, Uganda, Lesotho^[7]. Meanwhile, TEVA initiates an exchange forum for students and PhD who are interested in the life sciences, which dedicates to educate a younger generation of innovators in the field of drug development^[7]. In TEVA CSR report, both positive and negative aspects are shown specifically. Companies should rank various topics based on their importance. The corporation puts the current topics that the society is more concerned about at the top of the CSR report, which is beneficial to better demonstrate corporate social responsibility. TEVA puts the Novel Coronavirus theme at the top of its report^[7]. For example, TEVA states that it has donated face masks, protective suits, medicines for Hungary, Germany, Croatia and so on to combat the virus^[7]. By ranking different topics according to their importance, corporate social responsibility can be more clearly demonstrated in the CSR report.

4. Conclusion

This report presents a detailed answer to the CSR report question, including the definition of CSR, the benefits of CSR and the evaluation of TEVA’s CSR report from the two standards of “Sustainable content” and “Balance” for its content. The CSR report of TEVA details what contributions they have made in sustainability content, including reducing greenhouse gas emissions, reducing freshwater using and reducing production processes, which undoubtedly contributes to environmental sustainability. Simultaneously, TEVA illustrates the positive and negative two aspects in its CSR report and the topics are well ranked based on their importance. For example, information about the novel coronavirus is placed at the top of the report. It is recommended that the TEVA’s CSR report comprehensively introduces their contributions to sustainable development and the information is provided relatively objective. There is no doubt that this report makes a splendid example for other companies.

References

- [1] Sarkar S, Searcy C, Zeitgeist or chameleon? A quantitative analysis of CSR definitions, *Journal of Cleaner Production*, Volume 135, 2016, pp 1423-1435.
- [2] Karaman A, Orazalin N, Uyar A, & Shahbaz M. 2020, CSR achievement, reporting, and assurance in the energy sector: Does economic development matter? *Energy Policy*, vol. 149, p.112007.
- [3] Cowan K. & Guzman F. 2018, How CSR reputation, sustainability signals, and country-of-origin sustainability reputation contribute to corporate brand performance: An exploratory study, *Journal of Business Research*, vol. 117, pp. 1-11.
- [4] Hur WM, Kim HN, & Woo J.2013, How CSR Leads to Corporate Brand Equity: Mediating Mechanisms of Corporate Brand Credibility and Reputation. *J Bus Ethics* 125, 75–86 (2014).
- [5] GSSB. 2016, GRI 101: FOUNDATION 2016, pp. 1-30.
- [6] Radoslaw, Wolniak,& Patrycja, Habek.2016, Quality assessment of CSR report-factor analysis, viewed 6October2021, Available from: <<https://www.sciencedirect.com/sdfe/reader/pii/S1877042816306310/pdf>>.
- [7] TEVA, 2020. ESG Progress Report 2020. Available from: <<https://www.tevapharm.com/globalassets/tevapharm-vision-files/tevaesgprogressreport2020.pdf>>.