

INFORMATION ABOUT SUSTAINABLE MOBILITY IN ANNUAL REPORTS OF URBAN TRANSPORT COMPANIES

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Abstract

Sustainable transport belongs to the basic objectives of the European Union transport policy. An irreplaceable position in the sustainable transport concept has sustainable urban mobility. Its aim is to satisfy needs of people and organizations in cities and their surroundings in the sphere of mobility, and ensure better quality of life. Sustainable urban mobility is based on the balance of three basic sustainable development pillars – economic, environmental and social. The emphasis is put on the quality of life and the quality of public space as well as the support of public transport, walking and cycling at the same time. The target is primarily to improve road safety and safety of all road traffic participants, reduce car traffic, and develop public transport as well as other forms of transport that are more environment-friendly. Urban public transport providers contribute to sustainable urban mobility significantly. The paper is focused on information about sustainable mobility that urban transport companies in the Czech Republic make public in annual reports. The content of the released information is judged with respect to recommendations provided by Global Reporting Initiative (GRI) in the sphere of sustainability reporting.

Key words: public transport, sustainable urban mobility, sustainability reporting

JEL Code: M14, M40

Introduction

Sustainable urban mobility depends on a couple of aspects that must be met in such manner so that they mutually support each other (Whitelegg, 2012). Pricing policies play an important role. The pricing policies must reflect internalization of external costs and the polluter-pays principle. Land-use planning also plays an important role since land-use planning must stimulate first of all walking, cycling and effective public transportation (Tumlin, 2012). The layout of transportation routes is another important aspect and so are transportation environmental impacts and transportation impacts on public health. Sustainable urban mobility requires clear and structured approach to the utilization of various methods for CO₂

emissions reduction as well as for reduction of other types of pollution, congestions and community disruption (Nash & Whitelegg, 2016).

Urban public transportation provided for by urban transport companies contributes significantly to sustainable urban mobility. Various interested third parties are interested in information about those companies' activities in the area of environmental protection and in the area of social impacts of those companies' business activities. The companies thus have motivation to publish information about sustainability. The annual reports give one of the possibilities how to make such information public.

1 Materials and Methods

Sustainable urban mobility can provide for more pleasant life and work environment (Benedictis et al., 2009). Improving the sustainability and the safety of mobility in urban area is one of the objectives of the transportation policy of the Czech Republic (Ministry of Transport, 2013). Operators of urban public transportation should meet the sustainability principles – as defined e.g. by Banister (2005) – by utilizing alternative sources of energy, new technologies, modern management and information systems, transportation means and similar. They should inform the public and the interested third parties about activities leading to sustainable urban mobility. This may improve their public relations and also it may increase the number public transportation users. The annual reports are one of the possibilities how to make this information public since information about activities in the area of environmental protection and in the labour-law area is an obligatory part of an annual report (Czech Republic, 1991).

This article deals with urban public transport companies' annual reports and its special focus is on the type of information those companies provide on their approach to sustainable mobility, or on improvements that have been achieved in this area during the reported period respectively. The year 2014 annual reports of urban transport companies of statutory cities (capital cities of the individual administrative regions) that have the status of "joint stock companies" were the subject of our interest. These are the following urban transport companies ("UTC"): Praha UTC, Plzeň UTC, Karlovy Vary UTC, Ústí nad Labem UTC, Liberec and Jablonec nad Nisou UTC, Hradec Králové UTC, Pardubice UTC, Olomouc UTC, Ostrava UTC, Brno UTC, Jihlava UTC and České Budějovice UTC. We have executed the evaluation of the published information in relation with the recommendations provided by the GRI (2013) on sustainability reporting. In order to meet the defined objectives we executed

first the content analysis (in order to execute analysis of information provided in the annual reports), then comparative analysis was executed (comparison of reported information with the GRI recommendations) and then we executed the synthesis of the acquired pieces of knowledge.

2 Results and Discussion

The annual reports that are the subject of our evaluation have very similar structures. The reason for this phenomenon is that urban transport companies follow the rules on how the structure of an annual report must be organized; the structure is defined by relevant accounting legislation. Annual reports start usually by an introductory text by the chairman/chairperson of the board of directors or by the director. Annual reports include basic information about the company, describe the bodies of the company and its structure, and report on organization structures. Important events that happened during the reported year are also described in annual reports. Annual reports also include information about planned investments (investment actions) and information about any important activities that are planned for future years by the companies providing these annual reports. Annual reports include also the year end closing.

Annual reports of all (relevant) companies include also separate chapters that describe and report the results of the business activities for the reported period. This section of the annual report includes various scales of information about provided transport performance, transportation vehicles fleet structure, on costs incurred and on received revenues, on the number of employees and related personnel costs. Some companies provide information that is focused only on the one reported year. Other companies also provide information about the development of key indicators for a defined period (usually for the period 2012 – 2014). Data are presented in various ways – either data are part of the text or data are presented in the form of charts and graphs. Some companies include data also in commentaries section. Companies fulfil their information provision obligation by providing relevant information in these chapters on company's environmental protection activities and on labour-law relations.

The basic conclusions that have issued from the content analysis are stated below:

- In annual reports we can find information on the company strategy in the area of public transportation services provisions, this information includes information about the company approach to improvement of sustainable urban mobility. This information is not however usually provided at one place, this information must be searched for in various

chapters of the annual report, e.g. in the introductory text by the top management of the company or in the texts covering important events of the company life that took place in the given year or covering events that are planned for future years. In some annual reports events important for sustainable urban mobility are just simply mentioned, and these described events are not interlinked with the company strategy – it is a mere listing of isolated events and investments. In some annual reports company strategy is not mentioned at all.

- The information obligation to report on company activities in the area of environmental protection are usually met only by a brief recapitulation describing how the company manages produced waste. In the majority of cases this area is neither interconnected with vehicles fleet investments (that is with vehicles fleet structure) nor with the fuels and energies consumption information. When fuels and energies consumption is commented upon at all, then this commentary is provided only in connection with the information about important operational costs developments, but without any relation to environmental impacts. There are only a couple of companies that comment on the fuels and energies consumption development in connection with the executed transport performance and in connection with investments to new vehicle fleet. From the above text it is clear that some companies view environmental protection only in connection with and only as disposal of caused environmental impacts that means in connection with waste and wastewater management.
- The social aspects area information is covered on a rather limited scale in annual reports. Companies usually provide information about the total number of employees and about number of employees by a given category. Companies also publicize information about the personnel of the company top management and company boards and about any relevant changes that happened in the reported period. Information about labour costs, about social and health insurance (transfers) costs and about social costs can be also found in the notes to the financial statements. Companies inform also about collective bargaining, some companies even inform about the basic principles that had been reflected in the collective agreement. Little attention is given to the area of safety and health protection, to the gender structure and to employees' development in the annual reports. Only one company reports on traffic accidents and on traffic accidents development including proposed measures to improve the existing situation.
- Companies inform about already executed and about planned projects, that are closely linked to sustainable urban mobility improvements, in their annual reports and on their

web pages. Detailed information about projects that are or have been executed with the support of the EU is provided on web pages, including information on project objectives, incurred project costs and how the project was financed.

- Annual reports provide information in the form of absolute expression as well as (in some annual reports) there are information in the form of ratio indicators that are more suitable for the evaluation of any company development.

Table 1 summarizes the results of the comparative analysis. Information is divided into three areas according to the GRI recommendation – to the economic area, to the environmental area and to the social area. Under each of these areas partial aspects that the GRI recommends to report are included. In the tables those aspects to which the urban transport companies give attention in their annual reports are highlighted (although the level of detail and the level of complexity of the provided information vary).

All annual reports include information about the economic performance of the relevant company which corresponds with their main mission and function. Annual reports also include information about received subsidies and other state transfers, or EU funding respectively. The information that is under the GRI included in the economic aspects *Market presence* and *Procurement practices* is not made public by any of the evaluated companies.

Information about consumed fuels and about consumed energies and consumed water can be found in annual reports. This information is always stated in financial terms. In some annual reports information about consumptions is provided also in natural units. Not a single one of the analysed annual reports includes information recommended by the GRI under environmental aspects *Biodiversity*, *Products and services*, *Transport* and *Supplier environmental assessment*.

Annual reports include information about the number of employees, information about the management body composition, about personnel costs, in some cases also information about employee benefits, about collective bargaining and about the approach of the company to employee development. The information that the GRI recommends for publishing under the social aspects – *Labour/management relations*, *Equal remuneration for women and men*, *Non-discrimination*, *Human rights*, *Local communities*, *Public policy*, *Anti-competitive behaviour*, *Supplier assessment for labour practices*, and *Supplier assessment for impacts on society* – are not included in any of the evaluated annual reports.

Tab. 1: Information in annual reports

Aspect/Company	1	2	3	4	5	6	7	8	9	10	11	12
Economic area												
Economic performance	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Market presence												
Indirect economic impacts		✓		✓	✓	✓		✓	✓			✓
Procurement practices												
Environmental area												
Materials	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Energy	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Water	✓	✓					✓		✓			✓
Biodiversity												
Emissions						✓			✓		✓	✓
Effluents and waste		✓				✓	✓		✓		✓	✓
Products and services												
Compliance		✓		✓			✓					
Transport												
Environmental expenditures						✓						✓
Supplier assessment												
Social area												
Employment	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Labour/management relations												
Occupational health and safety	✓								✓			
Training and education	✓	✓		✓	✓	✓	✓	✓	✓	✓		
Diversity and equal opportunity	✓	✓	✓	✓	✓	✓	✓	✓		✓		✓
Equal remuneration for women and men												
Non-discrimination												
Collective bargaining			✓	✓	✓	✓	✓				✓	✓
Human right												
Local communities												
Anti-corruption	✓	✓							✓			
Public policy												
Anti-competitive behaviour												
Compliance				✓	✓		✓	✓	✓		✓	✓
Supplier assessment												
Grievance mechanisms	✓						✓					

Notes: 1 – Praha UTC, 2 – Plzeň UTC, 3 – Karlovy Vary UTC, 4 – Ústí nad Labem UTC, 5 – Liberec and Jablonec nad Nisou UTC, 6 – Hradec Králové UTC, 7 – Pardubice UTC, 8 – Olomouc UTC, 9 – Ostrava UTC, 10 – Brno UTC, 11 – Jihlava UTC, 12 – České Budějovice UTC

Source: authors

To improve the quality of the existing reporting it would be useful if urban transport companies viewed the annual report not as an obligation that must be fulfilled under accounting legislation, but viewed it as an integral part of communication about the topic of sustainability towards interested third parties. This relates further to the following facts. The

annual report is primarily provided as a source of information for external interested parties. It is one of the outputs that are linked to financial accounting that is primarily executed in order to provide information to external interested parties – see e.g. Kovanicová (2012). The objective of the annual report is to report on the development of the company performance, on its activities and on the existing financial situation of the company in a comprehensive, complex and balanced manner (Czech Republic, 1991). The annual report must also include information about planned company activities and about company activities in the area of environmental protection and in the area of labour-law relations. The annual report must thus include also other financial and non-financial information closely related to the environmental and social pillars of sustainable development. If the company provides appropriate information with relevant comments on its past and future developments then such information can be considered to be information on sustainability. The addressee of this information is able to get a reasonably good picture on the company' s approach to sustainability, and in case of urban transport companies also about the company contribution to sustainable urban mobility. Regarding the contents of the provided information it would be useful for the company (in order to meet the relevance of the annual report as defined by the Accounting Act) to use the GRI recommendation as a basis for reporting about the information on sustainability.

In order to make the annual report an essential part of any company communication on the topic of sustainability it is essential to develop a complex system of communication that would respect the rules defined for this type of communication. The communication on sustainability should meet primarily these basic principles: transparency, adequacy, credibility and ability to react (ISO, 2006). Transparent communication means that all external interested parties must have access to the processes, procedures, methods and data sources used in the framework of this communication. Adequacy means that it is essential to provide information that is relevant to its user. The format, the language and the form of the communication must meet the interests and the needs of the information users and it must provide the users with full participation in this communication process. Credibility is defined as follows: the communication must be done in a credible and correct way and the provided information must be correct, exact, and to provide real picture of the reality. In order to make this system of communication functional it must have the ability to react: that means to respond to queries and motions and to inform interested parties on how their queries and motions have been dealt with – this principle is very firmly anchored in the GRI recommendations for reporting the information on sustainability. The analysis of the annual reports showed that some urban

transport companies do apply this principle. Also the selection of the communication channel (the medium) is very important.

Regarding the area of information on sustainability the following adjustments can be recommended to urban transport companies:

- In the area of environmental information urban transport companies should more focus on the type of information that provides information on inputs' consumption (fuels, energies and water) and also on the form in which this information is reported. Next to the consumption information reported in natural units it would be useful to report on inputs consumption per performance unit, and possibly also by the individual types of transportation vehicles respectively. The relation with transportation performance and with vehicle fleet structure changes should be commented upon. Next to the information about the inputs, attention should be given also to environmental impacts in the form of emissions, wastewater and solid waste including the information on how they are managed. These aspects should be related to the executed transportation performance. Transport companies should also inform about their total expenditures for environmental protection (including investments). Transport companies should also inform about how they abide by environmental protection legislation, by laws and relevant by-laws. In case they report a fine or any other type of sanction for not abiding by laws or by-laws it should be useful to explain the causes of this and to explain what corrective measures the company plans to apply to improve this situation. The environmental information is of major importance for the evaluation of company's approach to sustainable urban mobility.
- In the area of social information provision urban transport companies focus only on the labour/employee area. In this area companies usually provide information only on the number of employees and information about personnel costs, in some case also the area of personnel development is mentioned (usually without any relation to the core company activities). It can be recommended to the companies that they pay more attention in their annual reports to occupational health and safety protection, to the structure of management and of other employees groups, with special attention to the following categories: age, minorities representation, other diversity indicators respectively, and also to the differences between remuneration for men and women. With regard to the character of the observed companies (they provide public services) it would be beneficial to include into the annual report also information on any measures taken by these companies in order to prevent corruption behaviour. Attention should be given also to how laws and by-laws are abided by in this area. In case any legislation breach is reported in the report then it

would be useful to explain the cause of this and to mention any corrective measures the company plans to implement to improve this situation. More and more attention is gradually given to the social area. Transport companies should thus monitor the development in this area and to react to the interested parties' interest in this area.

Conclusion

If urban transport companies viewed the annual reports as an integral part of their communication on sustainability there would be a shift in the communication with the external interested parties. A system would be created that would be more respectful of the existing system of reporting, since this reporting is not focused only on the economic performance of the company, but also on activities directly linked to efforts supporting the sustainable development of the society as a whole. A very important benefit of this would be that the annual report would provide information on sustainability that could be used by the interested third parties for their decision making processes.

In order to be successful in the effort to include all important information into the annual report and in order that the annual report fulfils its role in the system of communication it is essential to include into the annual report drafting process those important interested parties (that means information users) and to find out what their information needs are. The annual report should not be seen as a mere obligation (a must-have) required by the legislations. The annual report should be, on the contrary, seen as an opportunity to start a relation with those important interested parties and it should become an important tool for communication about sustainability. In case of the urban transport companies this means communication about their approach to sustainable urban mobility.

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