One of the economic indicators of the Reporting Framework of the Global Reporting Initiative (GRI) is the “Economic Value Generated and Distributed” (EVGD). This indicator represents a particular specification of the measure of Value Added (VA) that has a long history in economics and corporate reporting. Our paper investigates and discusses the conceptual background of this indicator, the reasoning for its use in the context of sustainability reporting, and its role and application in current corporate reporting practice. For this purpose we carry out an extensive review of the literature on the concept of Value Added in its (historical) use in order to collect arguments for its adequacy to express the societal role of a business entity and to explain the different models that have been developed over the last century in different countries for various purposes. Against this background of conceptual reasoning we present the findings of an empirical study, in which we surveyed and analyzed the incidence, the form, and the content of VA disclosures in sustainability reports, which are included in the GRI data-base of companies from four different countries (Germany, Italy, UK, and South Africa) that all have a considerable history of corporate VA reporting. Our findings are two-fold. On the one hand the conceptual analysis reveals clearly the adequacy of VA as useful information in the context of sustainability reporting. Our empirical study, however, shows a large extent of non-compliance with the GRI Guidelines, a high variety in the form and content of the VA disclosures within and between countries, and thus, a considerable lack of comparability and reliability of the information provided. Our conclusions drawn give multiple reasons for further research in order to improve the quality of sustainability reports in general and the use of the VA measure in such reports in particular.

Keywords: value added, sustainability reporting, GRI, corporate responsibility reporting, social accounting