

# **REPORTING ON SUSTAINABLE DEVELOPMENT GOALS IN THE EUROPEAN UNION: WHAT DRIVES COMPANIES' DECISIONS?**

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# Motivation and research questions

- European countries lead globally when it comes to the SDGs achievement. However, none of them had achieved the SDGs before the start of the COVID 19 pandemic. Moreover, none was on track to achieving all SDGs by 2030.
- SDG disclosures fall under the scope of nonfinancial (or sustainability) reporting and the Directive 2014/95/EU was the most important legislative initiative in this regard.
- Therefore, we formulate the following research questions:
  - RQ1: Did the share of large public interest entities providing SDG reporting change after the implementation of Directive 2014/95/EU?*
  - RQ2: Which factors influence large public interest entities' decisions to provide SDG reporting?*

# Research aim and hypotheses

- Our study aims to identify the change in the share of large public interest entities (PIEs) in European Union (EU) Member States providing SDG reporting from 2017 to the implementation of Directive 2014/95/EU in 2019 and the factors that influence their decisions to provide SDG reporting in 2019.
- We develop the following research hypotheses:
  - H1: Company engagement in the UNGC positively influences the decision to report on SDGs.*
  - H2: Future orientation of the government positively influences companies' decision to report on SDGs.*
  - H3: Company industry sensitivity positively influences the decision to report on SDGs.*

# Research method

- We use the multilevel theory of social change in organizations (Aquilera et al., 2007) as our theoretical background.
- Our sample consists of 341 PIEs based in all 27 EU Member States, for which reports for 2017 and 2019 are available in the Global Reporting Initiative (GRI) database.
- We analyzed the data using the statistical significance test of equal proportions and the logistic regression model.

# Research findings

- The study findings allow us to identify a significant positive change in the share of companies providing a reference to SDGs in 2019 compared with 2017.
- The research confirms that companies' engagement in UNGC and previous experience in sustainability reporting positively influences the decision to report on SDGs in 2019.
- Contrary to our expectations, industry, size, SDG implementation score, future orientation of government and corporate governance score do not seem to be relevant factors influencing PIE disclosures.