

Corporate sustainable impact: reporting and assurance

Recent years have seen a growing interest in sustainability. Sustainable development aims to ensure economic development that combines economic interests with environmental protection, meeting social needs. As a result, the following areas will be subjected to dynamic changes when it comes to companies' operations: (1) **reporting on the companies' sustainable impact**; (2) **ensuring the credibility of the related information through assurance**. By sustainable impact, we understand the integration of business and sustainability priorities in a mutually reinforcing cycle that leads to business results and sustained positive social and environmental impact.

The European Union (EU) has also become a frontrunner when it comes to sustainability reporting regulation. The new Corporate Sustainability Reporting Directive (CSRD), published in the Official Journal of the EU in December 2022, is said to mark an important step forward in reporting the sustainable impact of companies. Crucial regulation linked with CSRD and aimed at measuring and reporting sustainable impact of companies is the so-called EU Taxonomy. It is a classification system for organisations to identify which of their economic activities, or the economic activities they invest in, can be deemed 'environmentally sustainable'. The EU Taxonomy defines environmentally sustainable activities as economic activities that make a substantial contribution to at least one of the EU's environmental objectives, while, at the same time, not significantly harming any of these objectives and meeting minimum social safeguards. Moreover, due to new regulations, sustainability reporting will be assured by an accredited independent auditor or certifier in order to increase its credibility.

The goal of the proposed research is to identify the sustainable impact of European companies in the context of ongoing changes in the sustainability reporting landscape. More specifically, the project will examine the aspects related to the reporting of the companies' sustainable impact resulting from the implementation of EU Taxonomy and assurance of the information provided.

We address the goal through content analysis, text mining and multiple, qualitative, and comparative case studies focusing on monitoring systems and subsequent reporting mechanisms implemented by EU companies. The data collected for the research will come from various sources including archival information, semi-structured interviews, and content analysis of corporate sustainability reports.

The study will contribute to the understanding of the changes in companies' practices resulting from the implementation of CSRD and EU Taxonomy and their impact on stakeholders' perceptions of the sustainability of the organisations. It will enable the identification of factors that determine the level of companies' reporting in accordance with EU Taxonomy and assurance of sustainable reports as well as explore obstacles that hinder the effective monitoring of sustainable impact. The project will provide insights into an extensive range of country- and firm-level factors that determine the choice of assurance provider, level, scope and standard of assurance. The non-academic results of this project will facilitate addressing the problems of sustainable issues faced by companies due to the implementation of the CSRD and the EU Taxonomy and the identification of some practical solutions to improve this reporting, on the one hand, and better communicate sustainable impact to stakeholders, on the other hand.