

Sustainability Accounting Standards Historical Development / Literature Review

Shahd Ali Sahib ^a, Dr. Yasir Sahib Malik ^b

^a Master, Student, Faculty of Administration and Economics, Department of Accounting, University of Kufa,
Najaf, Iraq. E-mail: shehedali1234@gmail.com

^b Assistant Professor, Faculty of Administration and Economics, Department of Accounting, University of Kufa,
Najaf, Iraq. E-mail: yasirs.abdali@uokufa.edu.iq

Abstract

Sustainability represents a good framework to motivate efforts aimed at reaching higher levels of human life through various aspects of economic, social and environmental sustainability, governance, and following the best means through the use of natural resources and not depleting them in a way that harms future generations. Sustainability is one of the considerations that must be taken into account when carrying out economic activities. The desired goal of the concepts of sustainability is to provide a balance in all interests and economic, social and environmental fields, due to the excessive and misuse of these non-renewable resources harming the old generations, and awareness of these risks does not absolve him from his responsibilities, but must work seriously to find solutions and correct the path towards the best in achieving an environment A sustainable economy and its continuous development to contribute to preserving our planet and achieving social well-being.

Keywords: Sustainability Accounting, SASB Sustainability Accounting Standards.

Introduction

Over the past decades, financial reports have evolved to meet the changing needs of users, as reports have evolved from simply reporting basic financial data, especially after the financial crisis that swept recently in 2008 and led to the collapse of many companies and affected the giant economies of the United States of America, especially the economies of United States of America, the question about the relevance and reliability of the current reports, especially the annual financial reports and those reports with a short-term financial dimension and the failure to provide investors with a comprehensive picture of the company's performance and its ability to create value, especially in light of the current economic challenges, led to the inclusion of more detailed information. Includes environmental, economic and social impacts for businesses and society. Sustainability reports may vary in quality due to their voluntary nature and the lack of a legal framework requiring companies to choose freely.

To regulate this new and important branch of accounting, many regulatory frameworks have emerged that regulate the measurement and reporting process on sustainability topics. Among these frameworks at the international level are the Global Reporting Initiative (GRI) and the Sustainability Accounting Standards Board (SASB) in addition to many others. One of the most important reasons behind the importance and development of sustainability accounting is the repercussions resulting from the reporting of sustainability issues, as it provides information on important topics that affect the decisions of all beneficiary parties, and therefore there will be sufficient conviction among these parties about the correct evaluation of the economic unit, especially in the long term, which is reflected in improving the performance of these units, the incentive will be for them to report more on sustainability issues, and this is what has already happened with many international companies that have improved their performance compared to companies that have not disclosed sustainability issues.

Historical Development of the Emergence of Conceptual Sustainability

The first idea for the emergence of concern for the environment and thus sustainability in the sixties of the twentieth century due to the changes that occurred in the business environment. These changes led to major crises such as loss of environmental diversity, soil erosion, increased waste of natural resources, water and air pollution, and others (Al-Ibrahimi, 2018).

By the late seventies, it was overshadowed by the discussion of more advanced development theories, and the theories involved a more in-depth and comprehensive view of growth and development, such as poverty and distribution within the social aspects, depletion of economic resources and pollution within the environmental aspects. The global environmental outlook showed that if current trends continue in Demographic and economic growth and consumption patterns, pressures will increase dramatically on the natural environment that exceeds its absorptive capabilities, and environmental gains and apparent improvements may be lost as a result of increased pollution and depletion of natural resources. The idea of sustainable development has gone through a set of historical stations, the most important of which is (Zahra, 2014).

In 1972, conferences were held to emphasize the need to establish sustainability rules at the global level through the conference held in Stockholm in 1972 on the human environment organized by the United Nations, which is the first step towards global concern for the environment, which discussed environmental issues and their relationship to reality. Poverty and lack of development in the world (Al-Jajawi, Al-Khafaji, 2020).

In 1987 the United Nations Development Program (UNDP), headquartered in New York City, provided support for the report of the World Commission on Environment and Development and the Brundtland-commissios report, this report is the most famous report on sustainability, which emphasizes and recognizes the importance of sustainable growth and development in the least developed countries. Brundtland-commissios (1987) reported that humans depend on the environment for their needs. - The existence of society depends on a balance between the environment, economic growth, conservation and social justice. The report was well received by industrialized and developing countries alike, as non-governmental organizations supported the report because of the company's balanced growth plans to achieve sustainable performance (Sisaye, 2021).

With the global adoption of the concept of sustainability in 1989, global interest in environmental issues reached its climax, and the United Nations General Assembly called for a global conference to develop a strategy to stop the effects of environmental pollution in this case, and to promote global efforts to develop, develop and sustain the environment in all countries of the world. (Al-Jazzar et al., 2019).

In 1992, the United Nations Conference on Environment and Development called the Earth Summit Conference or the Rio conference was held in Riode Janeiro in 1992. This conference witnessed the participation of many

governmental, non-governmental and local agencies from 178 countries. Environmental degradation through the concept of sustainability, taking into account that for twenty years the integration of environmental factors and economic decision-making has been ignored, and in 1997 we held a climate conference in Kyoto in Japan, in which the Kyoto Protocol was signed between countries to reduce carbon dioxide emissions and other Gases polluting the environment and reducing global warming with the start of work in 2005.. (Klarin, 2018).

In 2002, a South African conference was held under the name of the Sustainability Conference, which discussed the presentation of the Rio conference results report and reaffirmed previous commitments, setting guidelines for the future implementation of this concept. (Badawi and El-Beltagy, 2013).

In 2012, the United Nations Conference on Sustainable Development was held, which encouraged building a sustainable economic, social and environmental future for the benefit of current and future generations. (Al-Ibrahimi, 2018).

In 2015, the United Nations Agenda for Sustainable Development for the year 2030 was published, setting 17 development goals that should be achieved by 2030.

From the researcher's point of view, we notice through the historical sequence of the emergence of sustainability, the first emergence of sustainable development through concern for the environment, reducing pollution and global warming, then sustainability developed through conferences and agreements held with the participation of countries to include social and economic factors for the development of the global economy and the achievement of equality, justice and limitation Exploitation of natural resources and prosperity for mankind.

The Concept of Sustainability

Referring to the linguistic meaning, we find that sustainability is a translation of the term “Sustainable Development” (meaning continuity or perpetuity, which is taken in the Arabic language from the verb “to perpetuate, perpetuate), which came in several meanings in the Arabic tongue, including: slowness in something, requesting permanence and perseverance in it (Al-Jajawi and Al-Khafaji, 2020).

And that the term sustainability is a broad concept that integrates many aspects related to the exploitation and preservation of natural resources such as water, air, from the research point of view, we note through the historical sequence of the emergence and development of sustainability, and the emergence of sustainability through concern for the environment, and the reduction of pollution and global warming, Then developing sustainable development through conferences and agreements held with the participation of countries to include social and economic factors for the development of the global economy, achieving equality and justice, limiting the exploitation of natural resources and achieving prosperity. Minerals, oil...etc., meaning that the concept of sustainability is characterized by its great comprehensiveness, but that comprehensiveness usually makes the definitions different according to the angle of dealing with this concept (Jasim, 2020), as it was defined by WCED1987, "sustainability is the development that It meets the needs of the present without compromising the ability of future generations to meet their own needs." It was defined by Artiach et al. at, 2010. “Sustainability is a business strategy that seeks to reach best practices in a way that contributes to achieving a balance between the needs of current and prospective stakeholders.

In the light of the previous definitions, the researcher can reach the following definition of sustainable development, which is a planned and purposeful process that contributes to crystallizing goals, defining options, overcoming obstacles, formulating policies, and adopting strategies with a more balanced and comprehensive vision, which helps to rationalize the use of scarce and available resources, which leads to providing a decent life for everyone. From the current and future generations, in order to achieve the sustainability of the facility and society at the same time.

Explanatory Theories of Sustainability

1. Stakeholder Theory: The concept of stakeholders according to (Freeman, 1984) is that they are any group or individual that can affect or be affected by achieving the goals of the establishment. One of the reasons such as ensuring the sustainability of resources, and one of the essential things in it is that managers must preserve the interests of both shareholders and other stakeholders when implementing a new strategy and for this reason it is widely used in interpreting trends towards the sustainability strategies of the organization. (Hussain, 2017).

2. Unity Theory: It refers to the existence of a social form or fabric for the establishment within a specific organizational context and explains the reasons why the business unit takes similar organizational forms in a specific environment to obtain legitimacy. This theory is of great importance in explaining institutional processes, the emergence of sustainable industries, and the adoption of practices related to the sustainability of the establishment.

Institutional theory is more important than stakeholder theory in explaining the state of the multinational business unit when it embraces sustainability. (Montiel & Delgado-Ceballos, 2014).

3. The Theory of Legitimacy: The legal theory refers to the way in which organizations ensure their operational activities within the limits and standards that apply in society, from the perspective of the theory of legitimacy, the company will voluntarily report its activities if the management considers that this is expected by society, and the theory of legitimacy depends on the assumption of the existence of a contract Social between companies and the society in which they operate. The social contract is a means of explaining the large number of people's expectations about how an organization should carry out its operations. Social expectations change. Over time this requires companies to respond to the environment in which they operate. In legitimacy theory, organizations must It must constantly prove that it has worked in a behavior that is consistent with social values. This can be achieved by disclosing the company's reports to maintain the legitimacy, and the company must disclose environmental activities through disclosure in the annual reports on environmental and social activities. Environmental disclosures are useful for restoring legitimacy. (Arum, 2019).

In the researcher's opinion, the final outcome is that the best theory is the theory of unity, because the company carries out its activities on the basis of society and what serves the community, because in this way the company can increase the confidence of investors in the company and attract investors to it because it provides services to society and preserves natural resources and preserves the environment through the use of materials Do not harm the environment.

The Importance of Sustainability

In a rapidly changing business environment, where sustainability is one of the most important metrics for measuring performance, climate change and customer satisfaction have become real issues that managers have to face. It not only reflects the economic, environmental, and social impact of a company, but also conveys corporate responsibility and business practices to shareholders. (Nortje, 2014).

The importance of sustainability is as follows:

1. Activates and provides opportunities for participation in the exchange of experiences and skills, and is characterized by activating education, training and awareness to stimulate creativity. (Shanan, 2017).
2. The importance of sustainability is highlighted in the statement of the ability of the business unit to respond to the expectations of society from it. If the sustainable company is considered an additional advantage for its credibility and legitimacy, this helps to improve the reputation and reduce risks and exposure. Reliable products for new investors through appropriate behavior (Al-Awwad et al., 2021).
3. The importance of sustainability was also highlighted in raising awareness of environmental issues and linking modern technology to serving social goals and improving the quality of the population. (Al-Jabali, 2019).

Dimensions of Sustainability

In recent years, due to the growing public interest in sustainability, the business sector has focused on three basic dimensions of sustainability, the economic, social and environmental dimensions, and the governance dimension, where the economic dimension is linked to important economic aspects and corporate diversification, the social dimension includes equity, community independence and citizen well-being. Satisfying basic human needs, while the environmental dimension includes the protection of the natural environment, natural resources, energy and an economy based on production. Units are sustainable when achieving social justice, protecting the natural environment and its resources, maintaining economic vitality, quality of life, and managing the business unit. (Toil & Murtagh, 2020).

The Dimensions of Sustainability are as Follows

1. Economic Dimension

Economic sustainability means having a production system that meets current levels of consumption without compromising future needs. Traditionally, economists who assume that the supply of natural resources is unlimited, stress the ability of the market to allocate resources efficiently and also believed that economic growth would be accompanied by technological progress to replenish consumed natural resources. In the production process, however, it has been proven that not all natural resources are renewable. The growth in the size of the economic system has

exhausted the natural resource base, leading to a rethinking of traditional economic assumptions. This has led many academics to question the viability of uncontrolled growth and consumption. (Mensah, 2019).

2. The Social Dimension

The second dimension of corporate sustainability is social sustainability, which refers to long-term efforts to influence the well-being of society, including but not limited to charitable activities and reducing social inequalities; Human rights protection and attractive employee benefits in areas such as development, injury, occupational disease and workplace discrimination. These social activities reduce the harmful social impact of the company's operations on society and address issues related to social issues. (Buallay, 2020).

3. The Environmental Dimension

Environmental sustainability refers to the activities of business units related to efforts to conserve natural resources and protect the environment. These efforts include reducing environmental impact and reducing resource consumption by engaging in sustainable practices, addressing pollution issues, and reducing resource consumption. To this end, companies must submit environmental activity reports to inform stakeholders about the impact of their operations on the environment and how to address issues related to environmental issues through measures such as environmental protection, recyclable and alternative materials, biodegradable packaging, recycling, and environmental issues. And restore the product at the end of its life cycle. (Buallay, 2020).

4. After Governance Dimension

The fourth dimension of corporate sustainability is governance, which refers to the principles a company applies to help stakeholders monitor controls, resolve conflicts of interest, and promote transparency. Good corporate governance ensures compliance with rules, regulations and laws, especially those related to economic, environmental and social issues, and takes corrective actions to maintain company sustainability. (Long. Buallay, 2020).

The researcher believes that reporting on these dimensions and reporting on the performance of the business unit and its development in relation to the dimensions of sustainability requires the integration of the above-mentioned sustainability dimensions because, as mentioned earlier, they are not independent of each other, but rather complement each other. Because the goal is what guarantees the survival and continuity of the business unit in the long term, maximizing its value, increasing its competitiveness, and preserving the revolution of society, its resources, and its environment.

In short, it can be said that sustainability consists of four dimensions, one of which is considered the financial (economic) dimension, three dimensions are considered non-financial dimensions (social, environmental and governance), and interacts with three non-financial dimensions. The balance between dimensions and economic (financial) dimensions is necessary to achieve sustainability. However, studies often focus on only one dimension of sustainability and ignore its interdependence. The multiple dimensions of sustainability enable stakeholders to assess different perspectives on sustainability.

Sustainability Accounting - A Conceptual Introduction

1. Sustainability Calculator

The changing global business environment forces business units to look beyond financial performance, and business units have recognized the importance of integrating environmental and social issues into business strategies. Sustainability accounting and sustainability reporting are relatively new concepts. Sustainability accounting is a subcategory of financial accounting that focuses on reporting to outside parties (such as investors, creditors, governments, and other authorities) disclosure of non-financial information about a business unit's performance. It differs from financial accounting because it deals with economic, social and environmental performance. This is done with the help of sustainability and corporate social responsibility reports as well as non-financial reports (Palit, 2018).

Gray 1987 defined sustainability accounting as the process of transferring the social and environmental effects of economic activities carried out by business units to social interest groups, while Ringel et al, 2018 defined it as an accounting innovation resulting from the process of organizational change. As organizations face increasing demands from their sectors, they embrace innovation to develop new ways to disclose sustainability information, while Arum, 2019 defined it as the process of identifying, measuring, evaluating, and disclosing the costs of activities related to the environment.

The researcher believes that this is a new branch of accounting that requires business units to pay attention to environmental and social aspects in addition to economic aspects, and to disclose non-financial information in annual

reports. This helps the stakeholders to make the right decisions for the business unit. The most important reasons that prompted companies to establish sustainability accounting systems (Al-Jajawi and Al-Khafaji, 2020).

The most important reasons that prompted companies to establish sustainability accounting systems (Al-Jajawi and Al-Khafaji, 2020).

- A. **Regulatory pressure:** tends to focus on accountability for compliance (eg emissions, waste, etc.). Companies must provide evidence of whether they have complied with specific standards, but they must also indicate when compliance has occurred.
- B. **Self-regulation and control:** It explains the role of accounting in developing the reputation of companies and finding a way that enables them to maximize profit without negative consequences for society and the environment.
- C. **Managing the business sector to achieve sustainability:** It relates to improving the performance of the business unit and focusing on its competitiveness by providing information about business opportunities and risks faced by companies in light of sustainable development considerations, including the possibility of achieving cost savings, reputational issues and other possibilities that affect.

2. Sustainability Accounting Standards Board (SASB)

The American Accounting Standards Board officially initiated the creation of the Sustainability Accounting Standards Board, a non-profit organization based in the United States, which began work on drafting and issuing sustainable development accounting standards in 2012. Its purpose is to produce comprehensive reports relevant to sustainable development issues in the industry, but it is dedicated for widely recognized journals of international importance to organizations wishing to report on governance, social and environmental issues. (Zeinab, 2018).

The SASB approach is to first classify segments and then use the ramifications for each segment to determine materiality for specific sustainability accounting standards. This assessment of materiality is a key differentiator that other reporting frameworks do not offer. Practices for reporting various metrics related to governance, environmental factors, and social factors for most businesses that follow the reporting framework. <https://www.ibm.com/blogs/internet-of-things/what-is-sasb-sustainability-accounting-standards-board/>

The researcher believes that adherence to specific standards for preparing sustainability reports as a main means of presenting the company's contributions to sustainability issues will help in the consistency of those reports through the use of established rules and methods in preparation and disclosure by the company, which enhances the credibility of these reports.

3. Dimensions of Sustainability Accounting Related to the SASB Sustainability Standards Board

Sustainability accounting reflects the environmental and social effects of the company arising from the production of goods and services as well as its management of the environmental and social capital of the crisis to create long-term value. Broad dimensions of sustainability. (SASB Conceptual Framework: 2017).

- A. **Human Capital:** This dimension is concerned with managing the company's human resources and employees as key assets to provide long-term value. It also includes issues affecting employee productivity, managing labor relations, managing employee health and safety, and the ability to create an occupational safety culture. (Al-Jubouri et al., 2019).
- B. **The Environmental Dimension:** This dimension includes the impact of companies on the environment either through the use of non-renewable natural resources as inputs for production factors (such as water, minerals, ecosystems and biodiversity) or through harmful releases into the environment (such as air, land and water) that may negatively affect By nature, resources that lead to effects on the company's financial position or operational performance. (SASB Conceptual Framework: 2017).
- C. **Social Capital:** This dimension is concerned with managing the relationship with the external and internal entities of the unit such as customers and protecting natural groups and employees (Al-Tamimi et al., 2020).
- D. **Business Model Innovation:** This dimension deals with the integration of environmental, human, and social issues into the company's value creation process, including resource recovery and other innovations in the production process as well as products (Al-Jubouri et al., 2019).
- E. **Leadership and Governance:** This dimension is concerned with managing issues related to the business model and work that are conflicts with stakeholders, which ultimately creates potential responsibility, including risk management, safety, corruption, bribery, conflicts of interest, and the like (Al-Tamimi et al., 2020).

4. SASB Standards for Sustainability Reporting

The Sustainability Accounting Standards Board standards across most areas of business, representing eleven sectors with 77 industries including consumer goods, healthcare, services, extracts, minerals, infrastructure, technology, telecommunications, finance, renewable resources, alternative energy, transportation, and food. Beverage, resource and conversion, SASB criteria can be used by investors, analysts, auditors and companies, through which investors can compare important sustainability issues on business performance and according to company or industry level and capital sustainability. Sustainability risks and opportunities can also be assessed at the industry level. Companies use SASB standards to interpret key sustainability information, improve performance, and reduce risks. Companies can measure, manage and demonstrate the impact of sustainability, through industry-specific indicators, and compare your performance with your competitors in the same industry. <https://www.sasb.org/>

The SASB Sustainability Standards Board relies on the sustainable industry application system to issue sustainability standards if it publishes standards for (79) industries in (11) sectors that include disclosure issues and sustainability standards, and these standards are intended for various business companies. (Al-Awwad, 2021).

Table 1: Sustainability Accounting Standards

Industries		Subsectors		The main sectors	
Clothes, shoes and accessories	CG-AA	Clothing and textiles	CG1	Consumer Goods	CG
Hardware manufacturing	CG-AM	Consumable Optional products	CG2		
Products Building and furnishing	CG-BF				
Products Household and personal	CG-HP				
Children's goods Sports toys and	CG-TS				
Distributors Retailers and various and specialists	CG-MR	Retail consumer goods	CG3		
E-Commerce	CG-EC				
Coal operations	EM-CO	Coal	EM.1	Mineral processing extractive industries	EM
BUILDING materials	EM-CM	Building materials	EM.2		
Iron and steel producers	EM-ES	Materials and mining	EM.3		
Materials and mining	EM-MM				
Extraction of oil Exploration and and gas	EM-EP	Oil and gas	EM.4		
Processing Oil and gas under	EM-MD				
Refining and marketing of oil and gas	EM-RM				
Oil and gas services	EM-SV				
Asset management and Maintenance activities	FN-AC	Capital markets	FN.1	The financial sector	FN
Banking investments	FN-IB				
Commodity exchange security	FN-EX				
Consumer Commercial banks and finance	FN-CB	Banking services for individuals and companies	FN.2		
Mortgage financing	FN-MF				
Insurance	FN-IV	Insurance	FN.3		
Dairy products, Agricultural products and meat	FB-AG		FB.1	Food and beverages	FB

Processed foods	FB-PF				
Alcoholic beverages	FB-AB	Drinks	FB.2		
Non-alcoholic drinks	FB-NB				
Distributors Food retailers and	FB-FR	Retail food and Beverages	FB.3		
Restaurants	FB-RN	Restaurants	FB.4		
Tobacco	FB-FR	Tobacco	FB.5		
Pharmaceuticals Biotechnology and	HC-BP	Biotechnology and Pharmaceuticals	HC.1	Healthcare	HC
Retail drug dealers	HC-DR	Retail healthcare	HC.2		
Distributors of Providers and healthcare	HC-DI	Providing health care	HC.3		
Care management systems	HC-MC				
Equipment Medical supplies and	HC-MS	Medical technology	HC.4		
Energy Electrical utilities and materials	IF-EU	Services	IF.1	Infrastructure	IF
Gas services	IF-GU				
Services Water facilities and	IF-WU				
Construction Engineering and services	IF-EN	Infrastructure	IF.2		
Building houses	IF-HB				
Estate Real	IF-RE	Estate Real	IF.3		
Real estate services	IF-RS				
Waste management	IF-WM	Waste management	IF.4		
Biofuels	RR-BI	Alternative Energy	RR.1	Renewable resources and alternative energy	RR
Industrial batteries Fuel cells and	RR-FC				
Solar energy technology	RR-ST				
Wind technology	RR-WT				
Forest management	RR-FM	Forests and paper	RR.2		
Pulp and paper products	RR-PP				
Judiciary and defense	RT-AE	Manufacturer	RT.1	Resource conversion	RT
Packages and packaging	RT-CP				
Electronic equipment Electrical and	RT-EE				
Industrial machinery	RT-IG				
Chemicals	RT-CH	Chemicals	RT.2		
Marketing Advertising and	SV-AD	media	SV.1	Services	SV
Entertainment and media	SV-ME				
Casinos and games	SV-CA	Hospitality and entertainment	SV.2		
Hotels and accommodation	SV-HL				
Recreational facilities	SV-LF				
Education	SV-ED	Consumer services	SV.3		
Commercial Professional and services	SV-PS				

Services Electronic manufacturing	TC-ES	Technology	TC.1	Technology and communications	TC
Hardware	TC-HW				
Software and IT services	TC-SI				
Media and online services	TC-IM	Media and online services	TC.2		
Semiconductors	TC-SC	Semiconductors	TC.3		
Services Telecommunications	TC-TL	Telecommunications	TC.4		
Airlines	TR-AL	Air transport	TR.1	Transport	TR
Logistics Air freight and	TR-AF				
The cars	TR-AU	The cars	TR.2		
Spare parts of cars	TR-AP				
Car Rental	TR-CR				
Cruise lines	TR-CL	Shipping	TR.3		
Shipping	TR-MT				
Rail transport	TR-RA	Land transportation	TR.4		
Road transport	TR-RO				

Source:-www.sasb.com (SASB Sustainable Industry Classification System (SICS) R

The standards related to the dimensions of sustainability of the Council can be prepared through a series of steps aimed at identifying indicators that are likely to have a material impact on the performance of banks and insurance companies because each indicator has a different effect or result depending on the way it was created, so the activities of banks and insurance companies are sustainable. It will differ from one industry to another, which means that each industry has its own characteristics of sustainability because the reporting topics included in the standards for the industries sector are tailored to the specific context of the industry, and it has been shown that banks that disclose information related to their environmental, social and governance performance enjoy advantages in the financial market if they adhere to Disclosure in accordance with the standards issued (SASB), and the share prices of these banks reflect more specific information compared to banks that do not follow the standards issued by the Council (Al-Ibrahimi, 2018).

Among the most important characteristics that the Sustainability Accounting Standards issued by the Sustainability Accounting Standards Board (SASB) must possess are the following (Jasim, 2020).

1. A common language between financial institutions, investors and the public to determine the financial performance of institutions and prove their achievement of sustainability, as it includes all investors.
2. Improving the management of risks related to sustainability in a way that helps the users of the reports to make appropriate and relevant decisions in all sectors.
3. Focus on creating value.
4. Expected costs are expected to benefit.
5. Easily verifiable and impartial and supportive decision making.
6. The highest possible quality reflecting the views of all stakeholders.

Basic Principles of Sustainability Accounting Standards

SASB takes a systematic approach to its standard-setting activities to ensure that its standards identify industry-specific sustainability factors that are likely to have material impacts, while providing cost-effective and informative disclosure guidance for investor decisions.

- 1) **Informed Markets:** Although evidence-based research provides a basis for the SASB standard-setting process, outcomes are largely shaped by feedback from capital market participants. The SASB actively solicits input and carefully weighs all perspectives. Stakeholder consideration when considering which aspects of a sustainability issue require standardized disclosure and how to describe and measure those aspects for standardization purposes.
- 2) **Industry-specific presence:** SASB develops industry-wide sustainability accounting standards, focusing on issues that are closely related to resource use, business models and other factors in the industry, as a result of

which financial analysts who also provide performance assessments of companies within the industry context can integrate and evaluate Material sustainability factors along with financial fundamentals easily.

- 3) Reliance on the basis of reliable evidence. SASB takes an evidence-based approach to assessing whether sustainability issues are of interest to investors and whether they have material impacts on the financial condition or operating performance of the company. In doing so, this approach takes into account evidence of interest to investors and evidence of financial impact. (SASB Conceptual Framework: 2017) & (Jasim, 2020).
- 4) The SASB Sustainability Standards Board relies on the sustainable industry application system to issue sustainability standards if it publishes standards for (79) industries in (11) sectors that include disclosure issues and sustainability standards, and these standards are intended for various business companies. (Al-Awwad, 2021).

Conclusions

1. Reporting on sustainable development practices achieves many benefits that may reflect positively on the value of the company and the quality of its accounting profits through the comprehensive information it provides to decision-makers, reducing information asymmetry, reducing profit management practices, and giving. A good image for the company's traders and the same investors who favor investment sentiment and enhance its competitive position.
2. Reporting corporate sustainability reports has become a necessity, especially in light of the contemporary business environment and the risks involved, so that stakeholders can explain what the company is doing or intends to do, which enables them to provide the sustainability of the company's performance in the future.
3. Increasing the preparation of sustainability reports for the company, which will contribute to reducing information asymmetry among stakeholders, which is reflected in the capital cost of the company and its ability to attract new investment opportunities.

Recommendations

1. Commercial banks and insurance companies expand their reporting on sustainable development practices by establishing reporting on sustainability reports through their websites, social networking sites and newspapers to attract Arab and foreign investors and financial analysts to help them fully evaluate the economic, social and environmental performance of banks and insurance companies.
2. The need to reconsider and develop the current model for preparing annual reports to reflect the operations practiced by economic units and reflect environmental, economic and social issues (company sustainability) to support stakeholder confidence in these reports and achieve transparency. That will have an impact on decision makers.
3. The need to raise awareness of the importance of reporting corporate sustainability reports, as relying on historical information alone is not sufficient to make the appropriate investment decision because it does not provide a comprehensive vision of sustainability operations.
4. Motivating the economic units to focus on the environmental and social dimensions, and not be satisfied with the economic dimension only.

References

- Zainab, Z. (2018). *Sustainable Development Accounting, Reality and Prospects for its Application in the Algerian Business Environment - A Study of Some of the Economic Institutions in M'sila Province*. Master Thesis, Faculty of Economic, Commercial and Management Sciences, Mohamed Boudiaf University - M'sila, Department of Management Sciences Algeria.
- Al-Jajjawi, T.M.A., & Al-Khafaji, E.J.A. (2020). Measuring the extent of Iraqi companies' commitment to reporting on sustainability according to ESG/ISX/ S&P indicators and GRI standards: An applied research on a sample of Iraqi joint-stock companies listed on the Iraq Stock Exchange. *The Arab Journal of Management*, College of Administration and Economics, University of Karbala, 40(1).
- Al-Jubouri, A.K.K., Jaafar, N.J., & Ghali, Z.H. (2019). *The possibility of applying accounting sustainability standards in financial reports to enhance the quality of financial reporting for Iraqi private banks in Basra Governorate*. Julia Forum, Issue 29, Southern Technical University.
- Al-Khazraji, R.S.H., Al-Jubouri, M.H.H., & Al-Tamimi, H.K.N. (2020). *The impact of applying sustainability accounting standards on social auditing and its reflection on the foundations of social responsibility*

- accounting*. Baghdad University College of Economic Sciences Journal, Special Issue of the Scientific Conference Department of Accounting Sciences.
- Al-Awwad, A.M. Dr. Asaad Muhammad Ali Wahhab, Al-Ibrahimi, & Hassan Abdul Karim, M.M. (2021). Employing sustainability accounting standards "FNO101 standard in commercial banks" to enhance investor confidence. *Namaa Journal of Economics and Trade*, 5(1), 1-32.
- Zahra, R. (2014). *The role of the sustainable balanced scorecard in activating the sustainable development strategy, a case study of the poultry farming complex for the state of Mila*. Master's thesis, Faculty of Economic Sciences, Commercial Sciences and Management Sciences, University of Umm El-Bouaghi, Department of Institutional Business Administration.
- El-Gazzar, A.M., Zahran, A.A.H., & Hussein, M.A.M. (2019). An environmental and community action plan to assess work risks, safe disposal of hazardous waste, and pollution control to achieve sustainable development in an Egyptian oil sector company. *Journal of Environmental Studies and Researches*, 9(4), 566-575.
- Shannen, A.A. (2017). *A proposed framework for accounting measurement and disclosure on sustainable development in the Egyptian business environment*. Master's thesis, Higher Institute of Administrative Sciences, Egypt.
- Al-Jabali, W.S.A.A. (2019). The Role of Sustainable Development Accounting in Increasing the Reliability of Financial Reports – A Field Study. *Journal of Financial and Business Economics JFBE*, (8).
- Hussain, A.I. (2017). *Integration between the balanced scorecard and the life cycle of the establishment to achieve the sustainability of business establishments (an applied study)*. PhD thesis, College of Administration and Economics, University of Tikrit, Accounting Department.
- Martínez-Ferrero, J., Garcia-Sanchez, I.M., & Cuadrado-Ballesteros, B. (2015). Effect of financial reporting quality on sustainability information disclosure. *Corporate social responsibility and environmental management*, 22(1), 45-64.
- Palit, S. (2018). Emerging Significance of Sustainability Accounting and Reporting in India-A Conceptual Study. *International Journal of Accounting and Financial Management Research*, 8(4), 1-6.
- Arum, E.D.P. (2019). The Implementation of Green Accounting and its Implication on Financial Reporting Quality in Indonesia. *Journal of Business Studies and Management Review*, 3(1), 67-75.
- Willis, A. (2003). The role of the global reporting initiative's sustainability reporting guidelines in the social screening of investments. *Journal of Business Ethics*, 43(3), 233-237.
- Diouf, D., & Boiral, O. (2017). The quality of sustainability reports and impression management: A stakeholder perspective. *Accounting, Auditing & Accountability Journal*, 30(3), 648.
- Perez, F., & Sanchez, L.E. (2009). Assessing the evolution of sustainability reporting in the mining sector. *Environmental management*, 43(6), 949-961.
- Adams, C.A., & Frost, G.R. (2006). Accessibility and functionality of the corporate web site: implications for sustainability reporting. *Business Strategy and the Environment*, 15(4), 275-287.
- Bartels, W., Iansen-Rogers, J., & Kuszewski, J. (2010). *Count me in: the readers' take on sustainability reporting*, KPMG and Sustain Ability. Amstelveen, p. 3.
- Nortjé C. (2014). *Measuring the sustainability performance of the oil and gas industry: a balanced scorecard approach*. Mini-dissertation, North-West University.
- Buallay, A.M. (2020). *The Level of Sustainability Reporting and Its Impact on Firm Performance: The Moderating Role of a Country's Sustainability Reporting Law*. Thesis of Doctor of Philosophy in Accounting, Brunel Business School, Management Studies Research, Auditing of Accounts, Brunel University of London.
- Krstic, Avramović, Ivana Iliac & Danijela, (2018). The three dimensions of sustainable development: environment, economy and society. *Conference: The 18th Conference of the series Man and Working Environment at: Niš, Serbia*, University of Belgrade.
- Sisaye, S. (2021). The influence of non-governmental organizations (NGOs) on the development of voluntary sustainability accounting reporting rules. *Journal of Business and Socioeconomic Development*, 1(1), 5-2.
- Montiel, I., & Delgado-Ceballos, J. (2014). Defining and measuring corporate sustainability: Are we there yet?. *Organization & Environment*, 27(2), 113-139.

- Klarin, T. (2018). The Concept of Sustainable Development: From its Beginning to the Contemporary Issues. *Zagreb International Review of Economics & Business*, 21(1), 67-94.
- Toli, A.M., & Murtagh, N. (2020). The concept of sustainability in smart city definitions. *Frontiers in Built Environment*, 6, 77.

Others & Internet

<https://www.ibm.com/blogs/internet-of-things/what-is-sasb-sustainability-accounting-standards-board/>
SASB Conceptual Framework, 2017, Sustainability Accounting Standards Board (SASB).