

New Aspects of Sustainability: Analysis of the European Practice of Non-Financial Reports

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SUMMARY

Companies must report compliance with environmental (E), social (S) and governmental (G) criteria in accordance with the disclosure rules (framework) for non-financial information. In our study, we examine the characteristics of ESG reports, whether they reflect the sustainability performance of individual market players, as well as what the most relevant problems are regarding this issue, not underestimating the fact that the most serious problem of corporate sustainability in 2022 was energy supply difficulties and price problems. In the course of our research, we have come to the conclusion that there are a number of parallel mandatory and optional disclosure requirements that require the publication of different data, so they are only partially suitable for comparing the sustainability activities of companies. Some of the corporate reports deal with ESG issues only in principle and only a small proportion reports on actions and results. We have also made suggestions that support the comparability of companies based on ESG indicators.

KEYWORDS: non-financial report, sustainability reports, NFRD, ESG, ESG approach

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THE NOVELTY, OBJECTIVE AND METHOD OF THE RESEARCH

The latest regulatory background of our research is that on 21 April 2021 the European Commission approved the sustainable finance package, part of which is the CSRD proposal¹. This will reform and largely extend the scope of disclosure obligations compared to the previous NFRD². As a result of this, over 50 000³ European enterprises will be obliged to publish a report concerning ESG related issues from 2023. As far as Hungary is concerned, both Budapesti Értéktőzsde Zrt. (Budapest Stock Exchange Ltd.) and the Magyar Nemzeti Bank (National Bank of Hungary) published their recommendations, which specified certain trade-specific issues concerning ESG compliance, for which reason our study may serve the preparation for this challenge well. Green financial changeover is a complex task as it must equally cover the environmental, social and corporate governance aspects of the everyday activities of the companies. Climate change, changeover from linear economy to circular economy, the present – temporary – growth aspects require the investors, regulators, company managers and employees more and more to react to the mentioned sustainability aspects, too. Sustainable corporate operation must be a good carer of not only the financial, but also the natural and social capital, for which the corporate conditions must be provided. The objective of our research is to review the antecedents, present regulation of this field, which may be deemed a new segment and to specify analyses and recommendations based on the available data.

The ESG information related disclosure frameworks create a rather complex picture as it will be presented later in our article. The fragmentation and complexity of the disclosure regulators is a challenge for both the investors and the enterprises. The ESG reports

themselves often show a rather heterogeneous picture, too. Compliance with the framework is often voluntary, data items communicated by the enterprises are different, and the present disclosure framework does not facilitate the actual comparison of the ESG performance of the enterprises. In the interest of presenting thereof in our article we will analyse the effect of the disclosure regulators, primarily the already mentioned NFRD. In connection with this we will examine in detail the implementation solutions used by the different Member States in terms of the different key issues and their results, which may be shown at EU market level. Taking the experiences of the analyses as a starting point, we will specify the factors hindering the actual measuring and comparability of ESG performances and will make a recommendation to solve them.

In order to substantiate our research, we examined 16 Hungarian (2018–2020) and further 27 international (also 2018–2020) sustainability reports. After the review of the regulations, having regard to the not strictly fixed format of the sustainability reports (both at Hungarian and international levels), we decided to synthesise these reports. Within the framework of this, we attempted to collect and compare information of different formats with uniform data contents to be able to specify the conclusions and recommendations presented in our article from them.

ACADEMIC LITERATURE ASPECTS OF THE NON-FINANCIAL REPORTS

Operation in accordance with corporate sustainability and sustainability principles is increasingly becoming a business interest and value, as the tightness of resources calls the economic operators to be cautious. This is obvious both in their internal operation and the results of their activities, which, at the same

time, also means that their corporate target system must be subjected to the sustainability criteria.

The management of corporate sustainability varies from country to country, it is largely influenced by the economic development, the legal and political system, the type of the regulation, social and cultural development and last but not least the financial and operating performance of the given enterprise itself (Cai et al., 2016; Liang & Renneboog, 2017). In 2017 *Bové et al.* also pointed out the fact that social expectations against enterprises are continuously increasing in the field of sustainability actions. This increased even further with the sustainable development target approved by the UN in 2015 (Bansal, 2005; Bové et al., 2017). After this, the academic literature sources keep reporting about the fact that the requirement to integrate environmental, social and economic sustainability issues in the corporate business policy is specified as a basic requirement for the enterprises (Sarkis, 2001; Savitz & Weber, 2006; Ageron et al., 2012; Azadegan et al., 2018; Chabowski et al., 2011; Hoejmose et al., 2012).

Several authors have worked on corporate sustainability from a good number of aspects. In the course of a research performed in 2019, *Roberto Farias et al.* (Toledo et al., 2019) examined over seven thousand articles uploaded to the EndNote® software and specified the most important keywords, researcher clusters and also the list of scientific journals quoted most. Their research concluded that sustainability issues formed one of the important focal points of current academic literature researches. The authors writing about corporate practices, however, often believe that several business associations only make references to sustainable development targets, and the number of business associations taking action in effect is rather low. In 2018

the Governance & Accountability Institute reported that 86% of S&P 500 companies published a sustainability or corporate responsibility report, while this percentage was barely 20% in 2011.⁴ Both from theoretical and empirical aspects, one of the key issues in the academic literature is how the measures of enterprises and certain industries taken in the interest of achieving sustainable development targets may be defined with some quantitative index number (Aryssi & Jizi, 2019). Quite a number of methodologies in connection with this are available, for example the ecological footprint approaches (Harangozó et al., 2016).⁵ To measure sustainable performance, the academic literature mainly supports the use of environmental, social and governance scores called ESG, which primarily assess non-financial type performance (Halbritter & Dorfleitner, 2015; Eccles et al., 2014). The followers of the academic literature work with the different aspects of ESG: certain authors analyse one of the three components (Aggarwal & Dow, 2011; Del Bosco & Misani, 2016; Primecz et al., 2019; Berlinger et al. 2019), and only a few of them – e. g. *Siew et al.* – work with all of the three ESG factors and their impacts on each other (Siew et al., 2016). There are also only a few academic literature sources examining the ESG disclosure issue with international outlook. The so-called non-financial type disclosures that focus on sustainability and ESG aspects are assessed by several rating organisations (e.g. Bloomberg, Morningstar Sustainalytics, MSCI, S&P, Carbon Disclosure Project, SAM Corporate Sustainability Assessment) and they rate the enterprises and countries based on different aspects.

During the Covid pandemic several researchers also examined the issue of whether these ESG ratings helped the enterprises get through the crisis situation as a quasi 'share vaccine'. According to the representatives of

the theory based on social responsibility this may help to reduce corporate trust deficit (Demers, 2021), while the representatives of the so-called agent theory tend to assume the opposite (Lys et al., 2015), and according to certain researchers, these indicators may function as a preliminary indicator system of corporate crisis resistance (Dudás & Naffa, 2021).

THE EUROPEAN REGULATORY FRAMEWORK OF ESG REPORTS

The integration of the ESG approach is a very important and complex process in the life of an enterprise. The reflection of certain elements of it in information and data may significantly define the social perception and reputation of the given enterprise in particular, the consumers' challenges, the corporate and investor culture and even the competitiveness in the market. In the interest of winning the consumers and investors, the enterprises follow several strategies (Domokos, 2019/a) from the traditional marketing tools to publishing voluntary reports. The EU regulations had to be adjusted to these international frameworks, too, therefore in the past few years the system of ESG disclosure rules was also elaborated at the level of the EU. We are briefly summarising the regulatory instruments already approved and the ones expected in the future as follows:

a The directive on publishing non-financial information (Non-Financial Reporting Directive, hereinafter referred to as: NFRD) specifies general rules for listed large companies, banks and insurance companies, meaning that it does not prescribe special rules for banks. Pursuant to the directive, the enterprises – the banks, too – must publish information concerning environment protection, social and employment issues, information concerning respect of human rights, bribery and corruption in the

extent necessary for understanding the development of the enterprise, its performance, situation and the impacts of its activities, however, in the interest of achieving the EU climate policy targets stronger sustainability measures have become necessary.

b In the spring of 2018 the European Commission published its action plan titled 'Financing Sustainable Growth', in which the Commission specified ten reforms assigned to three key areas: reorient capital flows towards sustainable investment in order to achieve sustainable and inclusive growth; manage financing risks stemming from climate change, the exhaustion of resources, environmental degradation and social issues; and foster transparency and long-termism in financial and economic activity.

c In the summer of 2019 the Commission published non-binding guidelines on the principles of drawing up the climate related parts of the non-financial reports. Emphasising the principle of importance the guidelines of the Commission specified detailed recommendations for the disclosure of climate related information concerning every one of the five reporting areas listed in the directive on the disclosure of non-financial information.

d In November 2020 the competent directorate-general of the Commission published a study on the effects of the non-financial reporting principle, in which it found that approximately two thousand enterprises were under the effect of NFRD and there were minimum ten thousand more enterprises, which were obliged to prepare non-financial statements pursuant to the accounting directive and the wider transposition of NFRD in the national legal regulations. Additionally, the related research found a further nine thousand enterprises in the EU, which made voluntary reports without legal obligation.⁶

e In addition to this, an EU directive was also published in November 2019 for the

financial service sector about sustainability related disclosures. This is EU Directive 2019/2088 (Sustainable Finance Disclosure Regulation, hereinafter referred to as SFDR), the regulatory scope of which we will explain in more detail later.

f With its taxonomy directive, in 2020 the EU regulated the economic activities deemed sustainable environmentally at EU level. By this a uniform term and criteria system was established in the internal market, the main purpose of which was to make financial resources flow into projects that are sustainable from environmental point of view.

g On 21 April 2021 the Commission approved the proposal concerning the corporate sustainability reporting directive (Corporate Sustainability Reporting Directive, hereinafter referred to as: CSRD), which would amend the present reporting requirements of NFRD. The proposal implements a more detailed reporting obligation and targets a mandatory standardised reporting obligation. EU sustainability reporting standards will be elaborated for it until autumn 2022 according to the expectations. Related to this, the first report specifying fifty four points to be audited concerning the elaboration of sustainable reporting standards was already published.⁷

PRACTICE OF THE DISCLOSURE OF NON-FINANCIAL REPORTS

In 2014 NFRD stipulated – see article 19 a) – that large undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year shall include in the management report or consolidated report the following information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating

to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters:

- a brief description of the undertaking's business model;
- a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented;
- the outcome of those policies;
- the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and the management of those risks by the the undertaking;
- non-financial key performance indicators relevant to the particular business.

Concerning the preparation of the reports, the Member States had the opportunity to apply the national, EU or international frameworks and standards, too. In the interest of complying with the disclosure obligation, the directive required the enterprises to prescribe collective responsibility for the members of their administrative, management, and supervisory bodies (Section 1 of Article 33).

Pursuant to the report published by GRI, the report of CSREurope⁸ and the 2017 report of Accountancy Europe⁹, the Member States implemented the NFRD rather heterogeneously:

Based on the above, it may be established that the rules of the Member States mainly differ concerning the enterprises obliged to make the report, the form of disclosure and the sanctioning of non-compliance.

Annex A6 of EFRAG dealing with the present non-financial reporting obligation (hereinafter referred to as Evaluation Report in this chapter) made a similar finding.

In the following chapter we will examine the Member State practices concerning the key criteria indicated in *Table 1*.

a INTERPRETATION FRAMEWORKS OF THE NOTION OF BUSINESS ORGANISATIONS UNDER THE EFFECT OF THE DIRECTIVE

The Member States transposed the mentioned directive to the national law in a completely new legal regulation (act, with the exception of the Netherlands, Ireland and Sweden). On the one hand, the majority of the Member States – among them Hungary, too – integrated the provisions concerning non-financial reporting in their accounting or other financial reporting related acts, and on the other hand, the minority of the Member States incorporated it into their corporate codes (Belgium, Cyprus, Malta, Slovenia)¹⁰.

According to the Evaluation report, in the law of the EU Member States, every Member State specified the threshold value of five hundred employees for large companies regarding the obligation to prepare non-financial reports, however, there were differences in terms of the balance sheet total and the annual net sales revenues.

According to Article 95/C of the Hungarian act on accounting, enterprises deemed businesses of public interest, where on the balance sheet date in the previous two consecutive financial years either two of the following three indices exceed the limit indicated below shall publish non-financial statements:

- the balance sheet total exceeds HUF 6 000 million,
- the annual net sales revenue exceeds HUF 12 000 million,

1. táblázat

SUMMARY DATA OF THE IMPLEMENTATION (EU-27, %)

	The notion of large company	The notion of business organisations of public interest	Scopes and contents of the reports	The rules of the reporting framework	The form of disclosure	Rules of involving the auditor	Sanction for non-compliance
Implementation was performed the same way as specified in the directive	67	22	70	78	26	67	0
Transposition was performed with amendments of the text of the directive	33	78	30	22	74	33	89
Implementation was not performed	0	0	0	0	0	0	11

Source: Own edition based on the referenced reports

- the average number of employees in the financial year exceeds 250 persons, and
- the average number of employees in the given financial year exceeds 500 persons.

b SCOPES AND CONTENTS OF THE REPORTS

According to the 2019 analysis of The Alliance for Corporate Transparency¹¹ examining one thousand enterprises, the reports also largely differ in the subtopics selected for processing by the reporting enterprises concerning the key scopes defined in the directive and in the level of detail, and this can be seen in *Figure 1*.

The analysis of The Alliance for Corporate Transparency also emphasises that 36.2% of all enterprises report on their climate related objectives and only 36.4% of them specify actual targets, too. The mentioned analysis focused on the enterprises of the financial sector as the sector least indicating climate related targets in 2019, as a mere 20.5% of the examined financial enterprises defined targets particularly related to climate change.

The research also found that the majority of the enterprises had not had a concrete risk mitigation strategy (68%) and only 23% of them were dealing with concrete climate risks. Concerning the emission of greenhouse gases (hereinafter referred to as GG) over two thirds of the enterprises provide specific performance indicators of key importance, however, according to the research, this value is halved if emissions from energy consumption are in the focus, and the value drops to slightly over one third of its original value if GG emission is examined in the context of the value chain of the enterprise.

c THE RULES OF THE REPORTING FRAMEWORK

According to the Evaluation Report, the enterprises of the Member States use more than three reporting frameworks, standards or guidelines when they prepare their

reports. Among them the most typical is the application of GRI standards (53%), national rules and standards (54%), SDGs (39%) and TCFD (38%).

The research report of GRI and the Stellenbosch University published in July 2020¹² examined the provisions existing worldwide concerning the non-financial reports (*see Figure 2*). This review found that with its EU framework rules the EU is among the first ten entities specifying the most provisions already – meaning that here we are not examining the different EU Member State regulators, only the rules governing the entire European Union – however, there are countries that exceed the EU data at the level of provisions.

Concerning the regulators specifying voluntary and mandatory reporting obligations, the research emphasises that the number of rules specifying mandatory reporting obligation has increased in Europe recently.

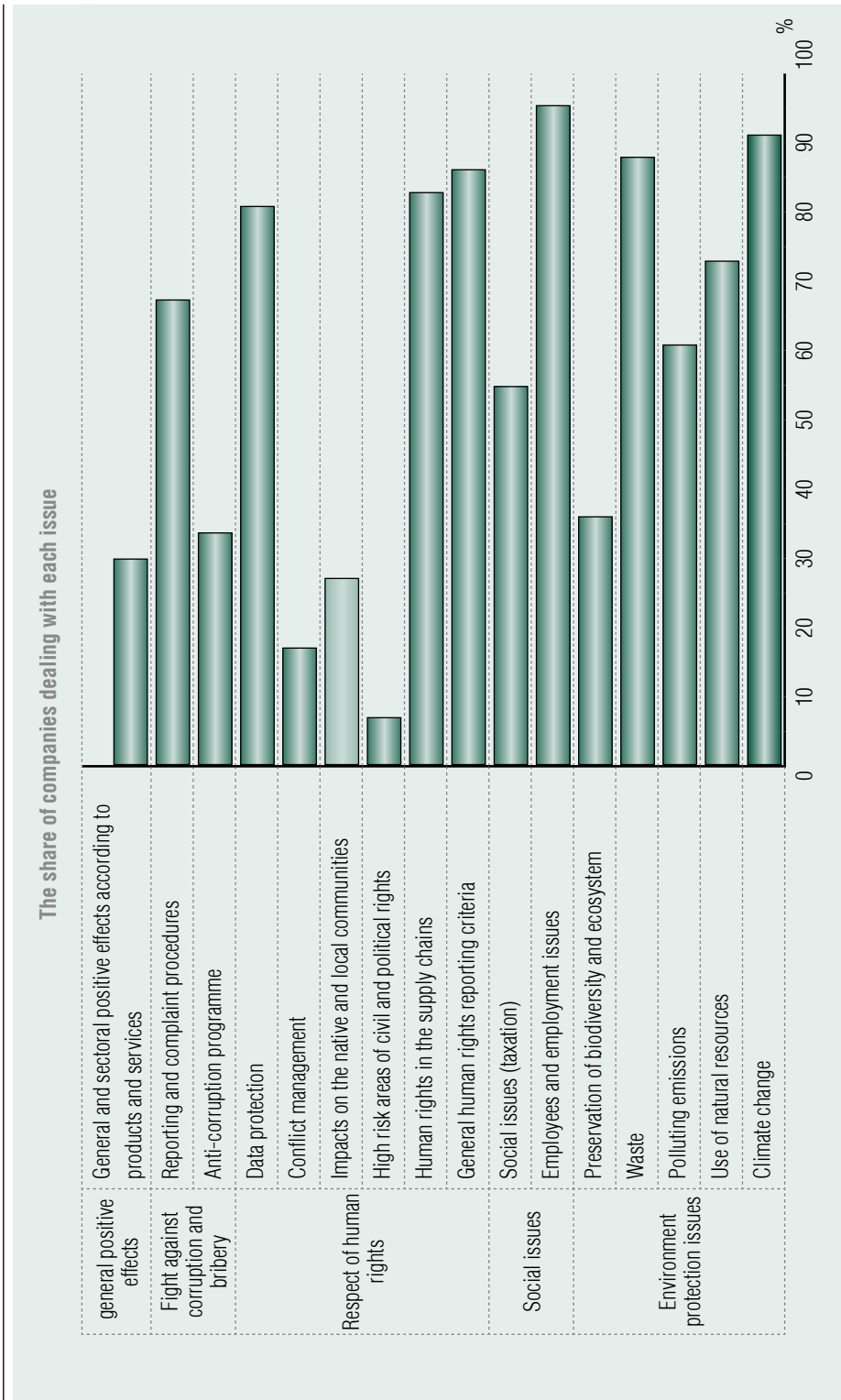
d THE FORM OF DISCLOSURE

The directive has provided regulatory autonomy to the Members States both for the place and method of non-financial reports, as it was shown. Rather different solutions were established in Europe resulting from this. Several studies, surveys and analyses have been prepared of them in the recent years, the results of which are presented in *Table 2*.

According to Article 95 (5) of the Hungarian accounting act, the role of environment protection in defining and influencing the financial status of the entrepreneur, the environment protection-related responsibility of the entrepreneur, developments performed and expected to be performed in the field of environment protection and the related support, the policy applied by the entrepreneur concerning the tools of environment protection and the environment protection measures as well as the evolution of their implementation

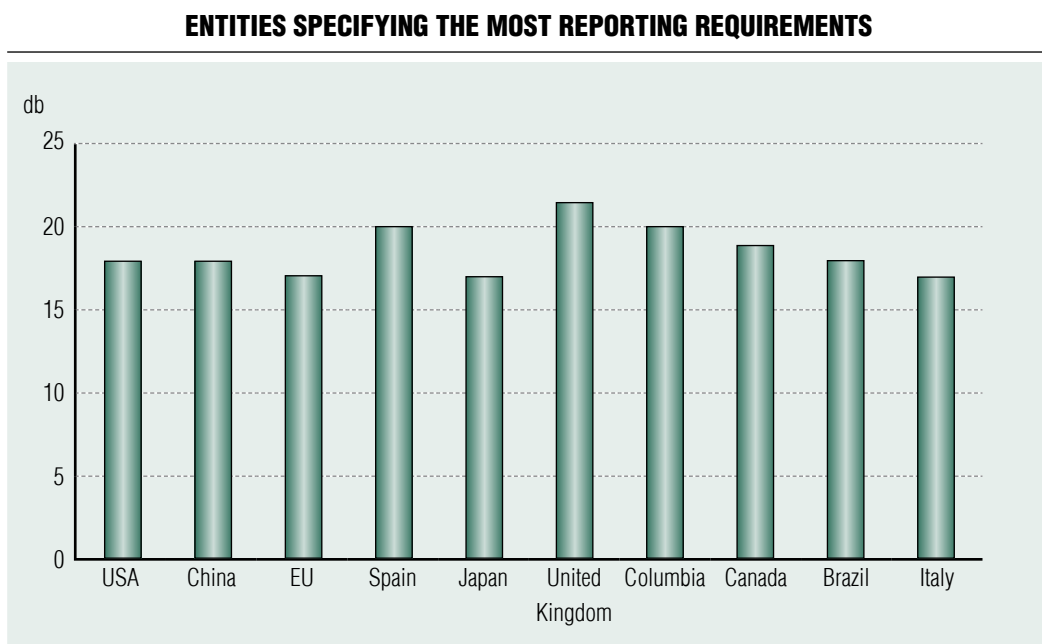
Figure 1

KEY TOPICS PRESENTED IN THE REPORTS



Source: own edition based on the The Alliance for Corporate Transparency and the Evaluation Report

Figure 2



Source: own edition based on Carrots & Sticks*

* <https://www.carrotsandsticks.net/media/zirzbav/carrots-and-sticks-2020-june2020.pdf> (Downloaded on: 15 March 2022).

must be presented separately in the business reports.

e RULES OF INVOLVING THE AUDITOR

The national rules concerning the provisions of involving auditors significantly differ. According to ‘Towards reliable non-financial information across Europe’¹³ of Accountancy Europe published in February 2020, 46% of the concerned countries stipulated the minimum rules of the directive in their national law for auditing the disclosure of non-financial information, while 42% of them also ordered the audit of their coherence with the financial report. The audit of the non-financial statements by auditors was required by 54% of the Member States on voluntary basis and only 11% made it mandatory.

Article 156 (5) *n*) of the Hungarian accounting act stipulates that the report of the independent auditor must include the

declaration of the auditor specifying whether the business report includes the non-financial statement.

f SANCTIONS FOR NON-COMPLIANCE

Based on the Evaluation Report, the majority of the Member States (90%) prescribe special sanctions for failing to perform the reporting obligation.

The Hungarian accounting act does not specify special sanctions for the failure of disclosing non-financial information, however it determines the rules of responsibility for violating the accounting rules specified by the act under the title of legal consequence.

g APPEARANCE OF KPIs IN THE REPORTS

According to the 2019 analysis of The Alliance for Corporate Transparency examining one thousand enterprises¹⁴, certain enterprises deal with the mentioned topics only seemingly and

Table 2

REPORT RELATED FINDINGS OF THE KEY STUDIES

Place of publishing non-financial information	ESMA report ⁽¹⁾ (2019)	The analysis of The Alliance for Corporate Transparency ⁽²⁾ (2019)	CDSB report ⁽³⁾ (2020)	WBCSD report ⁽⁴⁾ (2020)	Carrots&Sticks study ⁽⁵⁾ (2020)
Number of examined reporting entities	145 European issuers	1000 European enterprises	50 companies listed on European stock exchange	Member companies worldwide	Audit of 600 reports
Directly in the management report	67%	In the presentation of the parent company: 0.7%	Mainstream report 84%	41% of the reviewed reports join financial and non-financial information	
In annual report	14%	60%	–	–	27%
In independent sustainability (ESG) report or statement	18%	37.8%	10% (ESG report) 4% (non-financial statement)	18%	13% (ESG report) 6,8% (non-financial statement)

Megjegyzés:

⁽¹⁾ https://www.esma.europa.eu/sites/default/files/library/esma32-63-846_2019_activity_report.pdf (Downloaded on: 20 March 2022).

⁽²⁾ <https://www.ecia.eu/2020/05/alliance-for-corporate-transparency-2019-research-report/> (Downloaded on: 12 March 2022).

⁽³⁾ <https://www.cdsb.net/falling-short> (Downloaded on: 20 March 2022).

⁽⁴⁾ https://docs.wbcsd.org/2020/10/WBCSD_Reporting_Matters_2020.pdf (Downloaded on: 20 March 2022).

⁽⁵⁾ <https://www.carrotsandsticks.net/media/zirzbav/carrots-and-sticks-2020-june2020.pdf> (Downloaded on: 15 March 2022).

Forrás: saját szerkesztés az Értékelő jelentés és a táblázatban jelzett jelentések alapján

the percentage of those enterprises publishing relevant information in the ESG topics is very low (3–5%).

Although according to the research many countries support the Paris Agreement or the sustainable development goals, they do not provide specifics in connection with them. The majority of the companies nevertheless concentrate on the direct operation only instead of the supply and subcontractor chains.

Another very important lesson of the study is that only 22% of the enterprises specify KPIs, 68% of them make scattered and difficult to interpret references to these performance indicators in their reports.

The issue of the so-called integrated report was processed by the International

Integrated Reporting Council (hereinafter referred to as: IIRC) and the Association of Chartered Certified Accountants (hereinafter referred to as: ACCA). They made a similar finding in their 2019 report: in parallel with the increase of the number of standards and other voluntary and mandatory regulators, the number of principles to be complied with by the enterprises also increased, as opposed to the quality of effective implementation and compliance.¹⁵ In the course of analysing the business planning activities of banks in Hungary, the Magyar Nemzeti Bank (hereinafter referred to as: MNB) achieved similar results and found in 2019 that only 13% of the responding banks indicated some kind of climate risk (Gyura, 2020).

SUMMARY OF THE RESEARCH: MOST SIGNIFICANT PROBLEMS OF THE PRESENT REPORTING AND OUR PROPOSALS FOR SOLUTION

During our research we found that:

▶ The regulatory frameworks at international level – including the EU – specify the relevant structure and data content of the corporate ESG disclosures according to different aspects. The conclusion from this is that the enterprises applying the different disclosure rules and standards publish reports of totally different structures.

▶ The different structures require the enterprises to elaborate different ESG indicators in detail.

▶ The concurrent application of several soft and mandatory regulations in parallel reduces transparency.

▶ Different data contents at the same time also results in the data groups of the different reports indicated as relevant being incomparable.

▶ The elaboration of the reports requires serious professional and financial resources from certain enterprises. In addition to this, compliance with the strict and detailed regulation on the EU market also requires resource regrouping. According to the estimate of the International Federation of Accountants (hereinafter referred to as: IFAC) and OECD Business at the Business (hereinafter referred to as: BIAC) (hereinafter: IFAC-Study), the fragmentation caused by the present reporting regulations and standards costs USD 780 billion annually only in the financial service sector.¹⁶ This may even cause competitive disadvantage against the organisations outside the market of the European Union.

▶ Data used for the preparation of the reports also shows significant differences: in addition to the quality information essential for the reporting standards to be specified

for the financial institutions, quantitative comparative data is also necessary. Presently, however, there is no detailed guidance available for the generation and processing of statistical and real data and the KPIs. This is the reason why the data collection and processing methods of the different organisations are different, resulting in data collection often being difficult, costly and less efficient, too.

▶ Fragmentation is also increased by the fact that the regulators often do not cover the sustainability assessment of the entire value chain.

▶ Finally, we must not forget about the difficulties of EU implementation either, as according to the opinion of the State Audit Office of Hungary, nearly half of the infringement procedures initiated by the Court of EU were procedures initiated because of the legal regulation implementation by the Member States.¹⁷

Among the factors hindering the effective measuring and comparability of ESG performance we may emphasise the following ones:

▶ The ESD aspects are mostly specified by the enterprises, however, they take these factors into account in their business decisions in a very low percentage.

▶ The corporate sustainability challenges of the different sectors show differences in several points.

▶ The enterprises, investors and consumers of the different sectors apply different terminologies.

▶ The enterprises have many data sources at their disposal (e.g. corporate databases, social media, general media), the comparability and processing of which and the related KPIs also show differences and the data are rarely audited by outside auditors.

▶ The business models ordered to be presented by NFRD are also rather heterogeneous and so are the sector specific

clientele of the different enterprises and the spectre of the activities performed by them, together with the channels of accessing the customers. As a result, one of the most difficult tasks is to have the corporate activities of the different sectors be covered by a uniform specification system.

▶ The EU regulators put the emphasis on the climate issues as opposed to the social and governance problems. Many enterprises – including for example some of the financial institutions – view the ESG regulators as an opportunity, as it also includes the opportunity of acquiring new markets and new customers, (Matolcsy, 2020, 7.). At the same time, many see it as a very risky segment, as for example the risks of climate change are difficult to measure, they evolve in uncertain periods and are subject to several political and economic scenarios and many uncertainty factors.

▶ The definition of risks and KPIs is the cardinal issue of the entire process: the mapping, the identification and the management of the risks are presently performed by the application of different methods (Fekete, 2022). Identical interpretation and assessment of the KPIs would require the detailed presentation of the calculation methodology of the different KPIs. Among the risks, the regulators mainly focus on the climate risks, therefore the list of social and governance risk indicators is not sophisticatedly elaborated yet.

▶ Our research also showed that the analyses presented in our study also primarily focused on the reporting obligations, just like Member State provisions. This is the reason why the tools of monitoring are rather restricted for the time being (Domokos, 2019b).

▶ Presently financial and non-financial reporting do not differ much in time, therefore the indirect impact of the different sustainability interventions can only be estimated with low accuracy.

▶ Data quality also shows a varying picture, as the regulation of the depth of for example the auditor mechanisms may be different in the different Member States.

Based on above we believe that:

▶ The elaboration of a mandatory and uniform rule system at EU level to ensure transparency and comparability is essential.

▶ It is also necessary to specify the objective framework and the KPIs facilitating the measuring and assessment of the ESG impact of the different corporate activities per sector.

▶ Several ESG applications and services turned up in the past few months in the market, which, by exploiting the advantages of blockchain or artificial intelligence, facilitate data synthesis, re-processing and transformation pursuant to the different reporting obligations as an automated system. The establishment of a uniform EU level electronic system that is easy to populate and makes assessments based on identical principles (indicators) would certainly help the enterprises of the Member States a lot.

No doubt that an important progress in this uniformisation work will be the Corporate Sustainability Reporting Directive (CSRD) published last April, and its effect regarding the disclosure of data mandatory to be audited will cover every large company and enterprise listed on every regulated market. CSRD implements a more detailed reporting obligation and stipulates reporting obligation pursuant to the mandatory EU sustainability reporting standards. Additionally, it requires the enterprises to digitally tag the reported information, then this information will get into the uniform European access point appropriated in the action plan of the capital market union.

As, however, CSRD is only a directive, it will be practical to monitor the evolution of its implementation by the Member States. ■

NOTES

- ¹ <https://eur-lex.europa.eu/legal-content/HU/TXT/?uri=CELEX:52021PC0189>
(downloaded on: 22. 04. 2022)
- ² <https://eur-lex.europa.eu/legal-content/HU/TXT/?uri=CELEX:32014L0095>
(downloaded on: 22. 04. 2022)
- ³ <https://www2.deloitte.com/lu/en/pages/investment-management/articles/csr-d-cornerstone-eu-sustainable-finance-quality-investor-esg-data.html>
(downloaded on: 22. 04. 2022)
- ⁴ <https://www.ga-institute.com/press-releases/article/flash-report-86-of-sp-500-indexR-companies-publish-sustainability-responsibility-reports-in-20.html>
(downloaded on: 02 April 2022)
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- ⁷ https://ec.europa.eu/info/files/210305-report-efrag-sustainability-reporting-standard-setting_en
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- ⁸ <https://www.csreurope.org/corporate-members>
(Downloaded on: 03 March 2022).
- ⁹ <https://www.accountancyeurope.eu/>
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- ¹⁵ <https://www.accaglobal.com/ie/en/professional-insights/global-profession/Integrated-reporting-4.html>
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- ¹⁶ www.ifac.org/knowledge-gateway/contributing-global-economy/discussion/fragmented-financial-regulation-780-billion
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- ¹⁷ <https://www.penzugyiszemle.hu/hu/fokuszban/asz-elemzes-az-unios-hataskorokrol-es-azok-kozpenzugyi-kockazatairol>
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