

Analysis and Audit of Reporting on Sustainable Development for Trade Networks and Directions for Their Improvement

Analiza i audyt sprawozdawczości zrównoważonego rozwoju dla sieci handlowych i kierunków ich doskonalenia

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Abstract

In the modern world, the issue of achieving a sustainable economic development model is becoming more and more urgent. One of its components is compliance with the Goal of sustainable development by companies and verification by state authorities and independent auditors of companies in matters of environmental sustainability. Thus, consideration of modern methods of submission and audit of sustainable development reports (SDR), analysis of opportunities for their improvement becomes relevant. In this work, attention is paid to companies engaged in retail trade, taking into account the peculiarities that they face when submitting the SDR. The purpose of the research was to conduct an analysis of the most common methods of reporting on sustainable development and to develop an effective model (and recommendations for it) for auditing and analyzing sustainable development reporting. Modeling became the main method when writing the paper, taking into account the developed model of analysis and verification of the SDR. The article proposed a new model of verification of non-financial information in sustainability reporting and its graphical display in the audit report. On its basis, it becomes possible to build a new methodology for the audit of the SDR. In addition, the most common international methods of SDR were analyzed, namely the Global Reporting Initiative (GRI), the Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC). The authors concluded that the GRI is the most universal of the three, while the SASB is focused only on investors. IIRC, being similar to both described above, is an intermediate option. Nevertheless, submission according to the SASB system is the most effective for trade networks, taking into account the peculiarities of the functioning of this type of companies and the level of their influence on the external environment. The results of the conducted research and the data presented in the article make it possible to evaluate the modern methods of submitting financial statements in a new way and provide a basis for building new standards for the audit of these reports.

Key words: accounting, sustainability, retail trade companies, international audit, modeling

JEL Classification: M41, M42, L26

Streszczenie

We współczesnym świecie kwestia osiągnięcia modelu zrównoważonego rozwoju gospodarczego staje się coraz bardziej paląca. Jednym z jego elementów jest przestrzeganie przez przedsiębiorstwa Celów zrównoważonego

rozwoju oraz weryfikacja przez organy państwowe i niezależnych audytorów przedsiębiorstw w zakresie zrównoważonego rozwoju środowiskowego. Tym samym istotne staje się rozważenie nowoczesnych metod składania i audytu raportów zrównoważonego rozwoju (SDR) oraz analiza możliwości ich doskonalenia. W niniejszej pracy zwrócono uwagę na przedsiębiorstwa zajmujące się handlem detalicznym, biorąc pod uwagę specyfikę, z jaką spotykają się przy składaniu SDR. Celem badania była analiza najpowszechniejszych metod raportowania zrównoważonego rozwoju oraz wypracowanie efektywnego modelu (i rekomendacji do niego) audytu i analizy raportowania zrównoważonego rozwoju. Modelowanie stało się główną metodą podczas pisania artykułu, uwzględniając opracowany model analizy i weryfikacji SDR. W artykule zaproponowano nowy model weryfikacji informacji niefinansowych w raportowaniu zrównoważonego rozwoju oraz ich graficzne przedstawienie w raporcie z audytu. Na jego podstawie możliwe staje się zbudowanie nowej metodyki badania SDR. Ponadto przeanalizowano najpopularniejsze międzynarodowe metody SDR, a mianowicie Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB) oraz International Integrated Reporting Council (IIRC). Autorzy doszli do wniosku, że GRI jest najbardziej uniwersalną z całej trójki, podczas gdy SASB koncentruje się wyłącznie na inwestorach. IIRC, będąc podobny do obu opisanych powyżej, jest opcją pośrednią. Niemniej jednak złożenie według systemu SASB jest najbardziej efektywne dla sieci handlowych, biorąc pod uwagę specyfikę funkcjonowania tego typu firm i stopień ich wpływu na otoczenie zewnętrzne. Wyniki przeprowadzonych badań oraz dane zaprezentowane w artykule pozwalają w nowy sposób ocenić nowoczesne metody składania sprawozdań finansowych i dają podstawę do budowy nowych standardów badania tych sprawozdań.

Słowa kluczowe: księgowość, zrównoważony rozwój, firmy handlu detalicznego, audyt międzynarodowy, modelowanie

Introduction

World trends and globalization processes necessitate the introduction of new approaches to the submission and verification of company reporting. The acceleration of development processes and introducing national economies into the world economy is accompanied by an increase in interest in reporting, which enables interested parties to obtain information about the company's financial activities and its impact on ecology and society (Makarenko et al., 2020). Sustainable development reporting (SDR) is becoming a necessity today. The reliability of such reporting is ensured by the introduction of new approaches to the verification of non-financial information, therefore, the standardization of approaches to providing assurance of an audit opinion is the main factor in obtaining a reliable audit opinion. Independent audit confirmation of sustainability reporting is mainstream among the world's largest companies (Mazuryk, 2015; Baryshnikova, 2016). The need of owners and senior management to receive accurate, complete, objective and unbiased information about the financial condition and activities of the enterprise in the direction of the implementation of sustainable development ideas is growing every year, as evidenced by the increase in the number of companies submitting sustainable development reports.

In 2020, the number of such reports, according to the official data of the Corporate Register (2021), which includes companies that file corporate income tax regardless of their size, amounted to 152073 submitted reports for the period from 2016 to 2020, and this indicator is increasing every year. European countries participate in these processes in different ways (Vasilieva et al., 2017). The countries that are most actively implementing new forms of reporting are Great Britain (1762 organizations that submit the SDR), Germany (1507 organizations), Spain (967 organizations), Italy (960 organizations) and France (887 organizations). The countries occupying the last places in terms of the number of organizations involved in submitting SDR are Armenia, Bosnia and Herzegovina, Macedonia, Belarus and Moldova. These data indicate that countries with a developed economy are quite actively implementing new approaches to conducting financial and economic activities and reporting, adapting to the European integration vector, which is designed to comprehensively ensure the maximum awareness of internal users of this reporting regarding opportunities and socio-economic threats for the adoption of operational management decisions and avoidance of reputational risks, as well as to provide external users with the necessary information that will allow effective investment in one activities or another (Waddock & Smith, 2000; Martinkovic, 2021).

Theoretical and methodological aspects of the audit of sustainable development reporting are highlighted in the paper of scientists, namely I. Makarenko et al. (2020), O.M. Baryshnikova (2016), O.V. Mazuryk (2015), T. Vasilieva et al. (2017), S. Waddock and N. Smith (2000), R. Gray (2020), I. Ioannou and G. Serafeim (2011), R.G. Eccles et al. (2010), P. Kok et al. (2001), R. Morimoto et al. (2005), O. Boiral et al. (2019), C. Herzig and M. Pianowski (2009), H. Al-Shaer and M. Zaman (2019), G. Michelon et al. (2019), I. Kaya (2017) and others. However, above-mentioned papers do not contain single definition of methodologies for verification of such reporting with obtaining a complete and reliable audit opinion.

The purpose of the research carried out by the authors is to develop effective methodological recommendations for the audit and analysis of reporting on the sustainable development of trade and financial networks, as well as the reflection of the received information in the audit opinion. The object of the research was the audit standards of sustainable development reporting and the methods of compiling these reports. The novelty of the paper lies in

the developed methodology, which makes it possible to assess the adequacy of the data presented in the auditor's report, as well as to draw conclusions about the company's compliance with the principles of sustainable development.

Materials and methods

The main information base for writing this paper was the Corporate Register (2021) and The KPMG Survey of Corporate Responsibility Reporting (2021) studies, which released periodic data on the state and development of sustainable development reporting in the countries of the world. In addition, data was widely used from the papers of scholars engaged in the evaluation and characterization of the main auditing standards, such as the International Standard on Assurance Engagements (ISAE) 3000 (2013) and the Assurance Standard developed by AccountAbility (AA1000AS) (Assurance Standard, 2019), and sustainable development reporting methods, including Global Reporting Initiative (GRI) (2022), Sustainability Accounting Standards Board (SASB) (2022) and International Integrated Reporting Council (IIRC) (2022).

The main method for writing the paper was the modeling method. The reason for this is that the article describes and builds a basic model that allows assessing the level of reflection of information in sustainable development reporting. In addition to modeling, other statistical methods played an important role in the article, for example, graphic method, which was used to visualize some data in the paper, in particular, information on the number of submitted SDRs by industry and a graphical representation of the data of the model described above. The method of statistical observation also became important, enabling to evaluate and describe the received digital data, as well as to draw conclusions based on them. Also, the synthesis method was used during the work on the model, in particular, when dividing the sustainable development goals by areas of activities and levels of reflection of information in the SDR. Another scientific method was the analysis, taking into account the significant information base that was used when writing the paper. The method of induction made it possible to form conclusions based on the assessed methods of submitting SDR, taking into account their positive and negative sides; for this purpose, the method of abstraction was used, which made it possible to evaluate the selected methods in a theoretical (abstract) dimension, avoiding the influence of some variable external factors.

The work can be divided into several main stages. First, a detailed analysis of the current state of popularity of sustainable development reporting among European countries is carried out, conclusions are drawn, and prospects for the development of this direction in the audit are assessed. In addition, an analysis of the popularity of submitting the SDR by individual spheres of economic activities was carried out, which is important when analyzing the features of their presentation in the field of trade. The second stage comprises the analysis of the main approaches to conducting audits (ISAE 3000 and AA1000AS) (International Standard on Assurance Engagements (ISAE) 3000, 2013; Assurance Standard, 2019) and submission of SDR to companies (GRI, SASB and IIRC methods) (Global Reporting Initiative, 2022; Sustainability Accounting Standards Board, 2022; International Integrated Reporting Council, 2022). At the third stage, the authors' model was built, which shows one of the possible approaches to the verification of information from the SDR for auditors. The authors are sure that it can serve as a successful prototype for the subsequent construction of the methodology of auditing and reporting in the field of SDR on its basis. At the end of the paper, relevant recommendations were formed regarding the use and presentation of the main, most well-known methods of SDR, taking into account the peculiarities of the functioning of the company, its industry and the country of operation. Also, the peculiarities of the functioning of companies in the retail trade sector are described and the authors' recommendations for reporting for such companies are given.

Results

Based on the data of The KPMG Survey of Corporate Responsibility Reporting (2021) and Corporate Register (2021), it can be estimated the share of SDRs verified according to audit standards. These data are shown below in Table 1.

As it can be seen from Table 1, the share of SDRs verified in accordance with audit standards is about a fifth of the total volume of audits of all companies in the world, and this number tends to increase every year. SDR verifications signal about the seriousness of the company's perception of corporate social responsibility, transparency and openness of the company. According to other data from The KPMG Survey of Corporate Responsibility Reporting (2021), which includes data on the largest companies of individual countries (N100) and on the largest companies in the world (G250), the SDR submission rate is much higher, the most developed companies have a fairly developed practice of corporate social responsibility, and M&A processes (Mergers and Acquisitions) are quite common among such companies, therefore the publication of SDRs and audit confirmation of such reporting is a developed practice. Among these companies, the SDR submission in different areas of the economy looks different (Figure 1), but there is a tendency of increasing involvement of companies. However, such business sectors as trade and health care have lower indicators, while the leaders are companies engaged in technology, media and telecommunications.

Table 1. Submission of sustainable development reports by European countries for 2016-2020, source: compiled by the authors based on data from the Corporate Register (2021) and The KPMG Survey of Corporate Responsibility Reporting (2021).

| Ser. No. | Country | Number of organizations that submit SDR | Number of submitted reports | Ser. No. | Country | Number of organizations that submit SDR | Number of submitted reports |
|----------|------------------------|---|-----------------------------|----------|-------------|---|-----------------------------|
| 1 | Austria | 370 | 2124 | 21 | Malta | 11 | 53 |
| 2 | Albania | 5 | 32 | 22 | Moldova | 3 | 18 |
| 3 | Belgium | 349 | 2091 | 23 | Netherlands | 619 | 4366 |
| 4 | Belarus | 2 | 14 | 24 | Germany | 1507 | 9507 |
| 5 | Bulgaria | 13 | 84 | 25 | Norway | 228 | 1533 |
| 6 | Bosnia and Herzegovina | 1 | 7 | 26 | Poland | 111 | 665 |
| 7 | Great Britain | 1762 | 12745 | 27 | Portugal | 194 | 1521 |
| 8 | Armenia | 0 | 0 | 28 | Romania | 34 | 178 |
| 9 | Greece | 102 | 698 | 29 | Serbia | 12 | 101 |
| 10 | Georgia | 4 | 25 | 30 | Slovakia | 9 | 113 |
| 11 | Denmark | 304 | 2404 | 31 | Slovenia | 16 | 175 |
| 12 | Estonia | 14 | 141 | 32 | Turkey | 119 | 779 |
| 13 | Ireland | 96 | 542 | 33 | Hungary | 72 | 408 |
| 14 | Iceland | 14 | 116 | 34 | Ukraine | 24 | 126 |
| 15 | Spain | 967 | 7029 | 35 | Finland | 228 | 1960 |
| 16 | Italy | 960 | 6274 | 36 | France | 887 | 6961 |
| 17 | Cyprus | 18 | 78 | 37 | Croatia | 29 | 272 |
| 18 | Latvia | 12 | 57 | 38 | Czechia | 38 | 265 |
| 19 | Lithuania | 17 | 102 | 39 | Switzerland | 411 | 3251 |
| 20 | Macedonia | 1 | 9 | 40 | Sweden | 607 | 4767 |

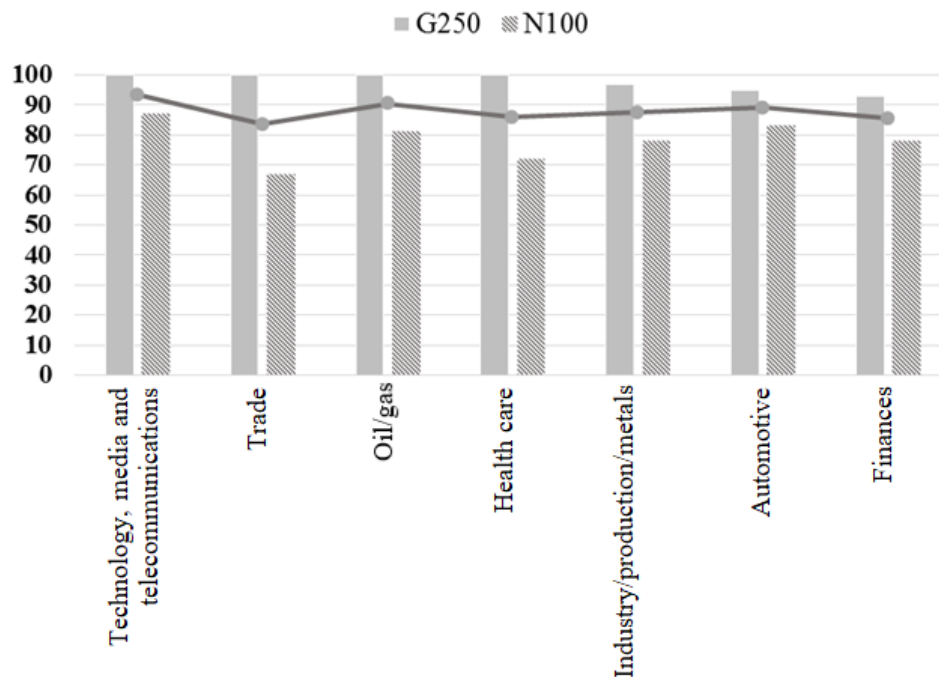


Figure 1. The structure of the SDR submission by business areas of the world's largest companies in 2020, source: compiled by the authors based on The KPMG Survey of Corporate Responsibility Reporting (2021)

According to the data in Figure 1, it can be seen that the lowest percentage of submission and audit of sustainability development reporting is observed in the field of trade: reporting in the field of trade constitutes only 8.5% of all submitted reports. Trade is one of the main indicators of the socio-economic life of the country's population and an indicator of the rate of growth of the country's economy, so increasing the reporting rate among companies engaged in trade is of key importance. The events of recent years show that the activities of trading companies in the conditions of restrictive measures related to the spread of the SARS-CoV-2 coronavirus pandemic and the directions of their further development require special attention, especially considering that among European countries, Ukraine ranks 25th by the number of submitted sustainable development reports. Over the past decades, the

Ukrainian economy, as well as in the economy of other countries, has seen trends of growth in the number of trade network entities. In addition, trade networks, which account for a significant part of all trade and which make up the largest share of household expenses, should also provide information to their consumers and public organizations interested in the high level of operation of such companies (Ketners, 2020). The problematic issues of the audit of the SDRs of retail chains in Ukraine include:

- lack of a standardized regulatory framework;
- lack of methodical recommendations regarding the audit of non-financial information;
- lack of sufficient experience in auditing activities in the direction of disclosure and verification of non-financial information.

In other words, the initial stage of the implementation of the SDR audit is regulatory consolidation. The countries that have passed this stage are successfully and actively implementing the SDR verification processes (Makarenko et al., 2020). Specific documents on the regulation of the SDR audit procedure were published in France (Decree 2012-557..., 2012), Sweden (Guidelines for external reporting by state-owned companies, 2007), South Africa (Corporate Governance Code King III, 2010), Taiwan (Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, 2007). Currently, there are a number of standards that are used for the SDR audit: ISAE 3000 (International Standard on Assurance Engagements (ISAE) 3000, 2013), AA1000AS (Assurance Standard, 2019), ISO-26000:2010 Guidance on social responsibility (2010), ISO 14000 Environmental management (2022), SA8000 Standard (2007) and others. The most popular of them are ISAE 3000 and AA1000AS (International Standard on Assurance Engagements (ISAE) 3000, 2013; Assurance Standard, 2019).

ISAE 3000 (International Standard on Assurance Engagements (ISAE) 3000, 2013) establishes framework conditions for verification of data on non-financial aspects of activities, including information systems, internal control systems and corporate governance processes, etc. AA1000AS (Assurance Standard, 2019) defines the rules of report verification regarding the criteria of materiality, completeness and compliance, as well as the integration of these criteria into the management system of the company's reporting process. This standard also defines how to check whether a non-financial report takes into account the expectations of influence groups regarding its content (Vorobey & Zhurovska, 2021). Separately, it is worth talking about the financial reporting standards: GRI, SASB and IIRC (Global Reporting Initiative, 2022; Sustainability Accounting Standards Board, 2022; International Integrated Reporting Council, 2022). Thus, the most common standards are considered to be the GRI standards (Global Reporting Initiative, 2022). Their feature is that they help to compare information from different companies about the economic, environmental and social nature of the results of their activities. This report is mainly addressed to all stakeholders of the company (to the widest possible range of people) and is voluntary for submission. This makes it the most universal of all SDR methods.

The SASB standard (Sustainability Accounting Standards Board, 2022) was formed by scientists from the USA and is being developed by the Sustainability Accounting Standards Board. This standard is based around twenty-six categories for evaluation, consisting of five sustainable development aspects: environmental impact, business model and innovation, leadership and management, social capital and human resource management (Gamkalo, 2017). However, it is quite specialized and considers primarily the financial component of the company, albeit with an eye on environmental aspects. Therefore, it is worth using this SDR standard only in certain specific conditions of the functioning of the submitting company. The IIRC standard (International Integrated Reporting Council, 2022) is an integrated report: it includes information on how the company is managed, its prospects, development strategy (long-term and short-term), performance, values, etc. (Zemlyak & Serpeninova, 2020) But it is important that, in addition to all these components, the standard also considers the company's activities in the context of environmental protection, discloses the company's activities in this field. This type of report is also primarily aimed at project investors, as it provides complete information about the project's development prospects. Most often, IIRC (International Integrated Reporting Council, 2022) reporting is used among public companies trading on international financial exchanges.

Therefore, the adaptation of the existing national features of preparation and submission of financial reports to global trends requires the definition and implementation of new standards for the submission of financial and non-financial statements, the introduction at the legislative level of the submission of such statements, the adaptation of existing regulatory, methodical and other documents to new processes. The main problem is that the content of the information that is subject to audit in terms of sustainable development has changed as a result of the inclusion in the reporting forms of data related to the impact on the activities of economic entities of environmental, social and other socially significant circumstances, as well as the presence of a request from users regarding information not only of a historical, but also of a prospective nature (Melnyk, 2019). Therefore the legal framework needs to be revised taking into account the national characteristics of the economy and, if we are talking about trade networks, taking into account the needs of users for the creation of sustainable development reporting.

The next stage for the analysis and assessment by users of the conformity of information in the SDRs that corresponds to the 17 Sustainable Development Goals (SDGs), adopted on September 25, 2015 by the United Nations General Assembly (Transforming our world, 2020), is the need to create a model of the auditor's opinion regarding

the compliance of the company’s activities with the sustainable development goals in terms of each indicator separately (Table 2) (Zemlyak & Serpeninova, 2020). The entire scope of the covered information and its reliability is determined by five levels: 5 – full/reliable, 4 – full/reliability is doubtful, 3 – partial/reliable, 2 – partial/reliability is doubtful, 1 – partial/unreliable. This division allows the auditor to provide a complete and reliable conclusion regarding the data published in the SDRs by the companies.

Table 2. Model of verification of non-financial information in the SDRs, source: compiled by the authors.

| Direction of activities | Compliance with the Sustainable Development Goals | Level of information reflection in sustainability development reporting | | | | |
|---|---|---|----------------------------------|----------------------|-------------------------------------|------------------------|
| | | full/reliable (5) | full/reliability is doubtful (4) | partial/reliable (3) | partial/reliability is doubtful (2) | partial/unreliable (1) |
| Environmental activities: | | | | | | |
| Clean water and independent sanitary conditions | 6 | * | | | | |
| Renewable energy | 7 | | | | | * |
| Combating climate change | 13 | * | | | | |
| Preservation of marine ecosystems | 14 | | | | | * |
| Preservation of land ecosystem | 15 | | | | | * |
| Social activities: | | | | | | |
| Overcoming poverty | 1 | * | | | | |
| Overcoming hunger | 2 | | | * | | |
| Strong health | 3 | | | | * | |
| Quality of education | 4 | | * | | | |
| Gender equality | 5 | | * | | | |
| Sustainable development of cities and communities | 11 | | * | | | |
| Peace and justice | 16 | * | | | | |
| Economic activity: | | | | | | |
| Decent work and economic growth | 8 | * | | | | |
| Innovation and infrastructure | 9 | | | * | | |
| Reducing inequality | 10 | | | | | * |
| Responsible consumption | 12 | | | * | | |
| Partnership for the Sustainable Development Goals | 17 | * | | | | |

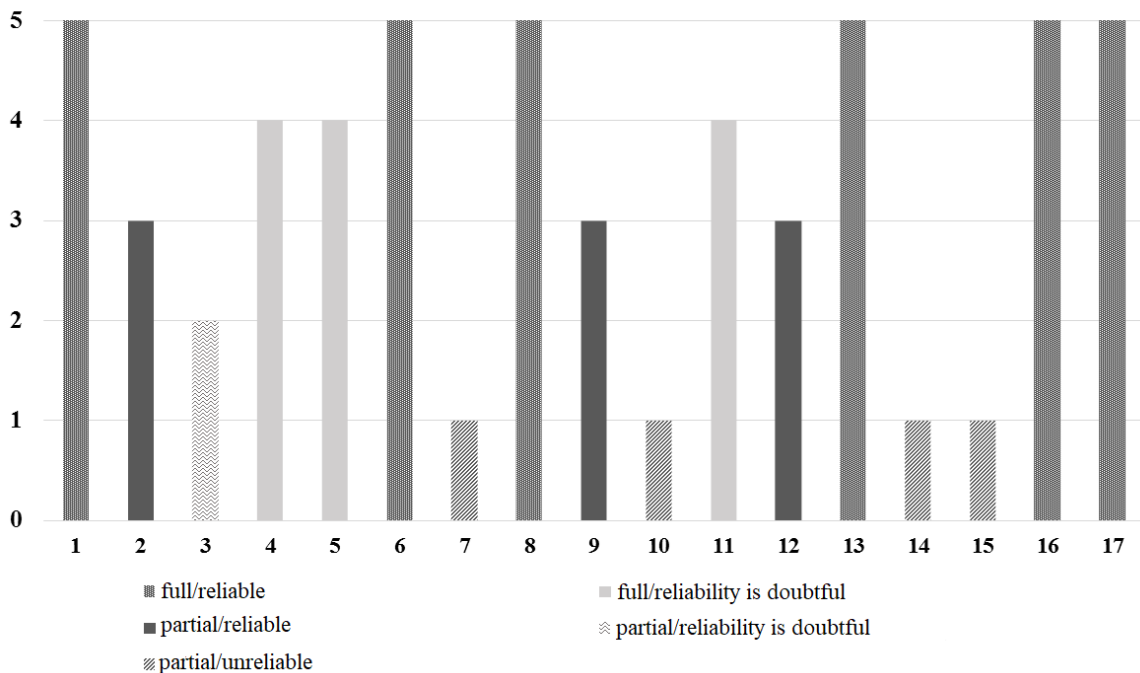


Figure 2. The level of information reflection in sustainability development reporting, source: compiled by the authors

The model shown in Table 2 makes it possible for the users to obtain complete information regarding the reflection of all SDGs in reporting, their level, and in the future, a possible comparison of data for the previous period to assess the level of users' responsibility regarding the disclosure of reporting and changes in the situation regarding those items, in which deficiencies or inaccuracies were discovered. The next stage, based on the received data, is an opportunity to create a graphic display of the received information, which will allow getting a holistic picture of the compliance of the company's activities with SDGs (Figure 2).

The graphical representation method presented in Figure 2 makes it possible to more clearly assess the level of information reflection in sustainable development reporting. In general, the presented method of determining the level of reflection, completeness and reliability of information in the SDRs, which corresponds to the SDGs, makes it possible to standardize the provision of the auditor's opinion, which meets the requirements of Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups (Directive 2014/95/EU..., 2014). The proposed method is suitable not only for trade networks, but can also be applied for the SDR audit of companies that are related to other business sectors.

Discussion

One of the main problems that reporting in general is trying to solve is the asymmetry of information between the company and its stakeholders (investors, government), and SDRs help to solve it in the field of ecology and sustainable development, which is their huge role. Moreover, this type of reporting is important for companies. There are several reasons for this: firstly, in this way the company better understands its weaknesses not only in the financial aspect, but also in the social, environmental, management and other aspects; secondly, as noted by J. Gerwanski (2020) in his paper on the study of SDR within Europe, such companies, which are engaged in compiling SDRs, simultaneously reflecting more aspects of their activities, are more popular among investors. This is due to the fact that investors are more likely to invest in companies that are as open as possible. The moral component also plays a big role, because investors are more willing to invest in *greener* projects. Note, however, that the latter characteristic is highly individual: while it's likely to be true for most investors, that doesn't mean it's true for all. Thus, the company is likely to get more benefit from maintaining such reports, regardless of the financial losses for its compilation.

The field of trade is quite specific for sustainability development reporting. Therefore, it is not surprising that, as shown in Figure 2, this area has the lowest percentage of submission of this type of reports: only 8.5% of the total number. According to researchers P. Jones and D. Comfort (2021), no country in 2020 has achieved sustainable development goals in the field of retail trade established by the UN, although the companies of the sector themselves show their commitment to the principles of sustainable development in every way. Most likely, the reason for this is that retail as such does not cause significant damage to the environment: plants or factories, not stores, cause much more damage to it (Ismayilov et al., 2021). It is likely that the stakeholders of such companies do not require the managers to submit such reports. But in any case, the submission of such reports, even for such companies, is an important component of the future transition of countries to the sustainable development principles. There is still considerable scholarly debate as to which sustainability reporting methods are most effective. Yes, Y. Yang et al. (2019), who analyzed the GRI recommendations (Global Reporting Initiative, 2022) and their level of effectiveness, say that the adoption of such recommendations gave companies advantages in financial results during the time period from t-1 to t+2 (since the research was conducted only within three-year period). It is interesting to note that companies that had some kind of connection with local authorities received more advantages when submitting such reports. Thus, it is likely that a similar type of reporting should be submitted to public sector companies or those cooperating with them (receiving state investments, orders, etc.). A significant issue in the SDR standards is that a company can provide only selective information about its activities, thus giving a misleading positive public impression. However, GRI (Global Reporting Initiative, 2022), requiring the company to show its activities from many angles, partly or completely solves this issue. Therefore, GRI can be considered a universal standard for sustainable development reporting.

The SASB (Sustainability Accounting Standards Board, 2022) methods were established by a non-profit organization, the goal of which is to spread sustainable development accounting standards. Note that, although these standards were actually developed by an American company, they are used by many companies in several dozen countries around the world (Sherry, 2021). The main advantage of these standards when studying the methods of standardization of environmental performance indicators is that they are formed for the same time period as financial reporting, but the materials and components required for reporting may vary depending on the sector, in which accounting is maintained (Chen & Cheng, 2021). This makes it possible to make more accurate comparisons between companies within the scope of achieving Sustainable Development Goals within sectors. However, a significant disadvantage of these standards is that they cover only one part of environmental, social and corporate governance issues, which shows the financial position of the reporting company. Thus, the SASB standards (Sustainability Accounting Standards Board, 2022) can be seen as more advanced financial reporting of the company,

which is interesting only for shareholders. At the same time, the GRI standards (Global Reporting Initiative, 2022) cover a wider range of issues, are more comprehensive and are intended for a larger number of interested parties. For example, SASBs (Sustainability Accounting Standards Board, 2022) will not be able to show the greenhouse gas emissions of a reporting company, while GRI (Global Reporting Initiative, 2022) covers this part (Chen & Cheng, 2021).

In fact, it does not mean that SASB (Sustainability Accounting Standards Board, 2022) assessment methods are worse than that of GRI (Global Reporting Initiative, 2022). The reason for the specialization of SASB (Sustainability Accounting Standards Board, 2022) is that it is developed specifically for investors, while GRI (Global Reporting Initiative, 2022) is aimed at a wider range of interested parties. Moreover, according to C. Busco (2020), both reporting methods can be combined and complement each other. Therefore, it makes sense for companies to submit both types of reporting. P. Velte (2021), while studying the peculiarities of presenting various types of reports, wrote that the main goal of the IIRC (International Integrated Reporting Council, 2022) is the establishment of a clear connection between financial, production, intellectual, human, social and natural capitals. As the scientist notes, this type of reporting should provide essential economic, environmental, social and intellectual information about the company and its activities. Thus, the IIRC (International Integrated Reporting Council, 2022) reporting system can be characterized as something between GRI and SASB (Global Reporting Initiative, 2022 Sustainability Accounting Standards Board, 2022): it is primarily aimed at providing information for investors, but, at the same time, the information is quite extensive and is not limited to economic or financial company indicators.

When studying the peculiarities of the presentation of integrated reporting and, in particular, its social component, K. Lueg and R. Lueg (2021) noted that the choice of the type of SDR presentation is a difficult issue for the company, since it must make this choice taking into account the peculiarities of conducting its own business, wishes of stakeholders, features of various reports and many other factors. According to the author, a universal option for all companies is to report according to the GRI methodology (Global Reporting Initiative, 2022), as it is the most accessible for all types of users. The SASB assessment method is also interesting, because when submitting it, some changes can be made depending on the type of company's activities. In addition, the options may vary depending on the country, in which the business is conducted, because it is obvious that reporting according to the GRI methodology (Global Reporting Initiative, 2022) does not make much sense given little interest of society in achieving the Sustainable Development Goals.

Taking into account the peculiarities of retail trade as a type of business, which, as described above, is not too *dirty*, the author of the paper recommends referring to SASB reporting method (Sustainability Accounting Standards Board, 2022). Although it pays less attention to the sustainable development issues, it can be adapted to the needs of the retail sector, which can be an additional benefit. If the company itself wants to pay more attention to its achievements in sustainable development, it is possible to use two other types of reporting: GRI and IIRC (Global Reporting Initiative, 2022; International Integrated Reporting Council, 2022). It can be drawn a conclusion, with which most of the abovementioned scientists agree (Gerwanski, 2020; Yang et al., 2019; Sherry, 2021; Busco et al., 2020), that there is still no perfect SDR submission method: as it was shown, each of them has its advantages and disadvantages. This is quite normal, since each company can choose its own method depending on the goal. However, in order to simplify the work with SDR and its classification, scientists should still come up with a single standard. According to the author, it should combine a mixture of GRI and SASB methods (Global Reporting Initiative, 2022; Sustainability Accounting Standards Board, 2022): a significant amount of information about the company's methods of achieving Sustainable Development Goals with an emphasis on its financial condition and the ability to change some reporting elements depending on the sector.

Conclusions

Processes of transformation of a socio-economic nature, observed throughout the world, are associated with the spread of ideas of sustainable development. They were reflected in the economic life in the form of the SDR, which provides an opportunity to disclose information about the company's activities in the direction of achieving the Sustainable Development Goals. The paper considered several main SDR types: GI, SASB and IIRC, as well as described their features and recommendations for use by companies. Taking into account the specific characteristics of doing business by retail sales companies, the authors of the paper recommends them to use the SASB methodology, but notes that it is not perfect and requires additional refinement among scientists, or the formation of a new reporting standard based on it.

In developed countries, a transition to a new form of reporting has been made and a number of regulatory and legal documents have been approved that regulate the issue of the SDR audit. The reporting audit is carried out in accordance with ISAE 3000, AA1000AS, ISO-26000:2010 Guidance on social responsibility, ISO 14000 Environmental management, SA8000 Standard and other standards. The most common of them are ISAE 3000 and AA1000AS, each of which has its own characteristics of conducting an audit. Specific documents on the regulation

of the SDR audit procedure were published in France (Decree 2012-557), Sweden (Guidelines for external reporting by state-owned companies), South Africa (Corporate Governance Code King III), Taiwan (Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies). As part of the work, the authors developed a method of verification of non-financial information in the SDR. In the authors' opinion, it is simple, but clear and effective to use in order to understand whether a company meets the Sustainable Development Goals. It can be used in the future to develop new standards for the SDR assessment, including for companies in the retail trade sector. The adaptation to global trends requires a transition to new forms of reporting information and its verification, especially for trading companies. Therefore, the most promising direction of continuing research on this topic is to find opportunities to improve the audit standards and SDR methods described above, as well as the development of new methods. Accelerating their implementation will allow companies around the world to increase their competitiveness and investment attractiveness in the global market.

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