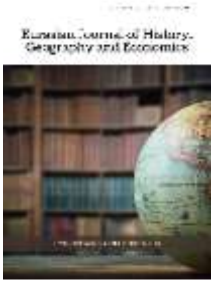

# The impact of sustainability accounting standards in a timely manner

**Shahd Ali Sahib (1),**
shehedali1234@gmail.com (1)
(1) Master. Student. Faculty of Administration and Economics, Department of Accounting / University of Kufa, Najaf, Iraq

**Assist. Prof. Dr Yasir Sahib Malik (2)**
2) Faculty of Administration and Economics, Department of Accounting / University of Kufa, Najaf, Iraq.
yasirs.abdali@uokufa.edu.iq (2)

ABSTRACT

The aim of the research is to study sustainability accounting standards in general, especially the financial standards for sustainability accounting, and then explore ways to apply these standards within the local environment, which contributes to enhancing the quality of financial reporting for business units in the local environment. The research was applied in a sample of Iraqi commercial banks and Iraqi insurance companies listed in the Iraq Stock Exchange, and the results showed that there is a direct effect between the dependent and independent variables, that is, an increase in the independent variable (the application of sustainability criteria) by one degree leads to an increase in the dependent variable. (Quality of financial reporting).

**Keywords:** sustainability accounting, SASB sustainability accounting standards, quality of financial reporting (appropriate).

## 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 (GRL) 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.

**Research Problem**

The research problem is represented in the existence of deficiencies in the annual financial reports of the companies, as they do not include clear information about the aspects of economic, social and environmental sustainability. In addition, there are no independent reports on the financial reports that explain or disclose sustainability.

The research problem is represented in the existence of deficiencies in the annual financial reports of the companies, as they do not include clear information about the aspects of economic, social and environmental sustainability. In addition, there are no independent reports on the financial reports that explain or disclose sustainability.

Therefore, the research problem can be formulated according to the following questions:

1- Can the local environment be adapted to meet the requirements of sustainability accounting?

2- Is it possible to adopt sustainability accounting standards in the local business environment, nominally financial standards for sustainability accounting?

3- Does the adoption of sustainability accounting standards affect the quality of financial reporting of business units in the local environment?

**research objectives**

The research aims to study sustainability accounting standards in general, especially financial standards for sustainability accounting, and then explore ways to apply these standards within the local environment, thus contributing to enhancing the quality of financial reporting for business units in the local environment. This requires a statement of deficiencies in the current financial reporting within the unified accounting system in the areas of measurement, presentation and disclosure of aspects of economic, environmental and social sustainability, leading to the development of a proposed framework for financial reporting in Iraqi business units.

3-1-1 Research hypotheses

The research is based on the basic hypothesis of the research is whether there is a significant effect of the application of sustainability standards in the appropriate timing of the reports.

**research objectives**

The research aims to study sustainability accounting standards in general, especially financial standards for sustainability accounting, and then explore ways to apply these standards within the local environment, thus contributing to enhancing the quality of financial reporting for business units in the local environment. This requires a statement of deficiencies in the current financial reporting within the unified accounting system in the areas of measurement, presentation and disclosure of aspects of economic, environmental and social sustainability, leading to the development of a proposed framework for financial reporting in Iraqi business units.

**Research importance**

The importance of the research is embodied by discussing the issue of the importance of adding sustainability standards in detail and the extent of their use in the process of adopting SASB standards by banks and insurance companies that have a role in enhancing confidence in financial reports. Especially after the wide economic and investment developments that the year witnessed in companies implementing investment projects, strengthening and improving the current situation of companies, by forming a comprehensive vision of the current and expected future conditions, improving the quality of profits, and enhancing investor confidence by issuing sustainability reports as a means of reporting financial and non-financial information Through the application of sustainability standards in the local environment, which may increase its impact on the quality of profits and this is reflected in the company, its continuity and sustainability, and that the process of applying sustainability is also important for all companies to know the degree of their responsibility in the economic, environmental, social and governance aspects, which is in the interest of the general economy of the country .

**Time and spatial limits for research**

1. The spatial limits of the research: banks and insurance companies listed in the Iraq Stock Exchange, and that the criteria used apply to them.
2. The temporal limits of the research: reports of banks and insurance companies for the period (2016-2020).

**Sustainability Accounting - Conceptual Introduction**

**Sustainability accounting**

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, 2018:1).

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 Ringelet 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-Jajjawi and Al-Khafaji, 150: 2020)

**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.

**Sustainability Accounting Dimensions of 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.(2: SASB Conceptual Framework: 2017)

1. . 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: 306)

2. 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. (2: SASB Conceptual Framework: 2017)

3. 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: 190).

4. 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: 306).

5. 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: 19)

**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, 11:2021)

**conceptual framework for the quality of financial reporting**

**The concept of financial reporting**

At the beginning of the sixties of the last century, the importance of financial reporting increased as a result of the historical transformation that occurred to the accounting function, when it shifted from the ownership entrance to the users entrance, that is, by shifting from its main function that it performed as a bookkeeping system to protect the interests of owners to its new role as an information system whose main purpose is to provide financial information and non-financial to help users of financial statements understand the financial statements, and that the traditional view of financial reporting is concentrated in providing financial reports with the aim of fulfilling the function of management as subject to accountability for its exploitation of the resources entrusted by the owners of the economic unit and financial reporting here relates to the traditional objectives of accounting, which

It leads to a focus on deals based on actual decisions taken and implemented by the administration. As for the modern approach, it revolves around financial reporting and appropriate decision-making. (on 2012: 67)

There are several definitions of financial reporting. (Ali, 2012: 56) defines the concept of financial reporting as the process of presenting important financial and non-financial information to beneficiaries, which shows the economic unit in a manner consistent with its real situation in light of the surrounding economic, social and political conditions and variables, and I know it (Wanas 2013: 187) is the process of measuring and reporting the financial information of the economic unit in the form of information to be communicated to management and stakeholders with the aim of assisting in making rational decisions, and it was defined by (Alawiye, et al, 2018: 8) an official registration of the financial activities and business center of the unit Economic, providing appropriate financial information in an organized manner and in an easy-to-understand manner, as defined by (Claudia-Elena & Lucia, 2020: 2) is the central element of accounting because it constitutes a method of communicating important accounting information to users, and reflects the image of the economic unit in physical terms.

**The researcher sees through the previous definitions**

Financial reporting is the process of preparing and measuring financial and non-financial information about the economic unit and disclosing it to internal and external users through reports, financial statements and other means such as graphics and charts for the purpose of making useful decisions for the benefit of the economic unit.

**Financial reporting objectives**

The conceptual framework for financial accounting defines the objective of general-purpose financial reporting as providing financial information about the reporting accounting entity that is useful to current investors, lenders, and other creditors in making decisions about providing resources to that accounting entity. Those decisions involve the purchase, sale, or holding of equity instruments. Ownership and debt, and the provision or repayment of loans and other forms of credit. (Al-Ghanimi, 20: 2018) As for the objectives of international financial reporting standards, they can be clarified through a set of points, which are as follows

1- Providing financial information that helps in making investment and credit decisions, as financial reports must include financial information that helps current and prospective investors and creditors in making special decisions that help them in the field of investment and credit.

2- The information provided by the financial reporting is not useful if it is characterized by two basic characteristics: relevance and reliability, and two characteristics that are linked by comparability and stability in applying the data (Majid, 2018: 7)

3-Providing useful information for investors to know the financial position of the economic unit and the extent of its ability to achieve profits in order to rationalize the investment decision and determine the share prices in the financial markets.

**The concept of quality of financial reporting**

The main objective of preparing financial reports is to provide high-quality information related to economic units in the first place to be useful for making economic decisions, as well as providing high-quality information is important because it positively affects beneficiaries' decisions in terms of investment and credit decisions and resource allocation, which contributes to enhancing market efficiency generally. (Kate, 2016: 80-81)

Reporting and the quality of financial reporting depends on the value of accounting information all over the world, and the world has begun to demand a clear and complete provision of the quality of financial reporting. Finance. The higher the quality of financial reporting, the more important the benefits that investors and users of financial reports will gain. Moreover, the quality of financial reporting is a broad concept that refers not only to financial information, but also to other non-financial information useful for decision-making (Herath, Albarqi, 2017:1). The FASB defines the quality of financial reporting as reflections of a set of specific characteristics of accounting information on The basis of credibility and its relationship to this subject as its chief as well as to another set of quality characteristics (Majid,: 2018 7-8).

According to the IASB, the main condition for the quality of financial reporting is adherence to the objective and qualitative characteristics of financial reporting information, and the quality of financial reporting is defined as the amount of transparency and disclosure of financial information that reflects the reality of the financial position and the amount of realized and expected profits for the economic unit in line with the objectives and needs of the beneficiaries for the purpose Help them make the right decisions. The quality of financial reporting was also defined as the financial reports that provide accuracy and fairness in the financial position and economic performance of the economic unit (Al-Fahd, 2021: 63).

The researcher believes that the quality of financial reporting is the process of preparing and communicating high-quality financial and non-financial information according to the financial statements, which helps investors and creditors to make their decisions, reduce risks, and show a clear picture of the financial position of the economic unit and the results of its work without bias, as the accounting information when it is clear and relevant High accuracy, as it will help the users of this information to make informed decisions, and the information is useful when it contains the qualitative characteristics of the information that confirm the fairness of the information and its suitability with its purpose.

**Qualitative characteristics of accounting information**

According to the International Accounting Standards Board (IASB), the basic principle for evaluating the quality of financial reports is related to the qualitative characteristics of the information reported in the financial reports of the economic unit, as in Figure (1), as these characteristics enhance the facilitation of the process of evaluating the usefulness of financial reports for something that will also lead To a high level of quality, and to achieve this level, financial reports must be faithfully represented, comparable, verified, timely, and understandable (Gajevszky (2015: 5812).

The International Accounting Standards Board (IASB) decided to classify the qualitative characteristics as follows:

1- Essential characteristics: suitability and faithful representation.

2- Strengthening (supportive) properties

Key characteristics issued by the International Accounting Board (IASB) include:

**First, Relevance:**

Closely related to the terms usefulness and materiality, relevance describes the ability to make decisions by users when information in financial reports influences users in their economic decisions. (Herath, Albarqi, 2017: 4)

In order to obtain relevant information, it must be characterized by the characteristics issued by the International Accounting Board (IASB):

1- Predictive value: (

Financial information includes predictive value if applicable, and can be used as data in the processes they use to predict future outcomes (Rasul, 2020: 15).

2- confirmatory value (feedback)

If the financial information provided notes on the confirmation or change of previous assessments, then they are of value and the information has an affirmative value if it reveals the validity of the predictions of previous users, and the financial information is characterized as having an affirmative value as it played an important role in confirming or correcting the previous information. 2021:33)

3-Materiality Relative importance is defined as the accounting determinants that play a major role in providing accounting information to beneficiaries, and that this role usually begins with accounting measurement and disclosure of important accounting data that are of great importance to users and that influence their decisions. (Rasoul, 16:2020)

**Second: Faithful representation.**

Faithful representation is the concept of reflecting and representing the true economic situation of reported financial information. This concept has value in explaining how economic obligations and resources, including transactions and events, are fully represented in financial reports. (Herath, Albarqi, 2017: 5)

1- Completeness: It should contain a complete description of the economic activity of the economic unit that users of financial reports may need to make decisions.

2- Neutrality (neutrality) means impartiality, financial reports must be free from bias in presenting financial information that increases the confidence of its users.

3- Freedom from error: It means freedom from error, financial reports must be free from error, and the absence of errors increases their quality (Al-Qaisi, 108-109, 2013).

**Second. Basic Characteristics:**

(IASB Conceptual Framework, 2018,17) indicated that the augmentative or secondary characteristics give more usefulness to accounting information if it is available in it, and that its lack of availability does not mean that this information is not useful, and that these characteristics help in knowing which of the two methods should be used to represent a situation or phenomenon Certain if both give equally relevant information, and that these reinforcing properties are (understandability, comparability, timeliness, verifiability).

1. Comparability

This means the ability of the information to make a comparison between similar activities during the year as well as the comparison from one year to another, so that users can judge through that comparison the importance of achieving it. (Herath, 2017, 95)

2. understandability

One of the basic features of information provided in financial reports is that it should be presented in a place that is easy for users to understand, and it is assumed that users have reasonable capabilities or knowledge of business and economic activities. Users' ability to understand financial reports depends on their own capabilities. (Bukenya, 2014:42)

Decision makers differ widely in the types of decisions they make, how they make decisions, the information they already have or can obtain from other sources, and their ability to process the information. The quality of information causes reasonably informed users to see its importance and understanding is enhanced when information is clearly and accurately categorized, labeled, and presented (kieso,el at,2020:133).

3. Timeliness

Financial reports are useful when they are available to the decision-maker at the required time before they lose their ability to influence his decision, then it means that the information in order to be available must be provided to the beneficiaries in a timely manner. The future value is then useless. (Al-Nouri, 2018: 55)

4. Verifiability

The check property has been defined before. (Tasios & Bekiaris, 2012: 60) as the type of information that helps reassure consumers that the information faithfully represents the economic phenomena it aims to report.

**Description of the research sample**

The research community represented by commercial banks and insurance companies listed in the Iraq Stock Exchange was determined. The banking sector was chosen because it is one of the most important sectors because of its important role in the success or failure of the economy, and that it represents a link to the country at the international level. community in terms of securing the life of the community and has a role in providing services,

The sample was selected on the basis of banks and insurance companies that have integrated financial reports for the period from 2016 to 2020, so that 13 banks are determined accordingly. Indicators or requirements of sustainability accounting standards were used to measure the extent to which banks and insurance companies apply sustainability indicators, and the qualitative characteristics approach was used to measure the quality of financial reporting for Iraqi commercial banks and insurance companies for the period (2016-2020).

Third: the practical test

The hypothesis: - "There is a significant effect of applying sustainability standards in the appropriate timing of financial reports

Appropriate scale ratios for commercial banks

**Table (1) Percentages for measuring the appropriate timing characteristic of commercial banks for the period (2016-2020)**

| ratios average | 2020 | 2019 | 2018 | 2017 | 2016 | Bank name | ت |
|---|---|---|---|---|---|---|---|
| **0.022** | 0.0174 | 0.0874 | 0.0015 | 0.0005 | 0.0020 | Ashur International Bank | 1 |
| **0.019** | 0.0682 | 0.0004 | 0.0003 | 0.0219 | 0.0018 | Iraqi Investment Bank | 2 |
| **0.042** | 0.0162 | 0.0699 | 0.0002 | 0.0300 | 0.0910 | Gulf Commercial Bank | 3 |
| **0.007** | 0.0053 | 0.0001 | 0.019 | 0.0027 | 0.0076 | Iraqi Union Bank | 4 |
| **0.011** | 0.0157 | 0.0160 | 0.0033 | 0.0174 | 0.0033 | National Bank of Iraq | 5 |
| **0.009** | 0.0001 | 0.0177 | 0.0075 | 0.0015 | 0.0168 | credit bank | 6 |
| **1.519** | 0.0001 | 0.0002 | 7.5626 | 0.0177 | 0.0173 | Iraqi Commercial Bank | 7 |
| **0.011** | 0.0178 | 0.0004 | 0.0321 | 0.0018 | 0.0017 | Middle East Bank | 8 |
| **0.077** | 0.0178 | 0.0764 | 0.2470 | 0.0355 | 0.0082 | United Bank | 9 |
| **0.056** | 0.0394 | 0.0349 | 0.1030 | 0.0546 | 0.0490 | Mansour Bank | 10 |
| **0.039** | 0.0355 | 0.0668 | 0.0279 | 0.0282 | 0.0399 | connector bank | 11 |
| **0.012** | 0.0176 | 0.0106 | 0.0186 | 0.0080 | 0.0068 | Baghdad Bank | 12 |
| **0.009** | 0.0027 | 0.0106 | 0.0138 | 0.0178 | 0.0010 | Sumer Bank | 13 |

We note from Table (1) that the highest percentage of the appropriate timing characteristic in the year 2016 is (0.0910) for Khaleej Commercial Bank, which means that there is a better suitable timing in this year belonging to Khaleeji Commercial Bank, and as it was the lowest percentage in 2016 amounting to (0.010) for Sumer Bank In the year 2017, the highest percentage for measuring the appropriate timing for Al-Mansour Bank was (0.0546), while the lowest percentage was (0.0005) for the Ashur International Bank, but in the year 2018 we notice the highest percentage of (7.5626) for the Commercial Bank of Iraq, while the lowest percentage was ( 0.0002) for Khaleeji Commercial Bank, while in the year 2019 the highest percentage for measuring the appropriate timing was (0.0874) for the Ashur International Bank, while the lowest value was for the Union Bank of Iraq, where the percentage was (0.0001), but in the year 2020 we note that the highest percentage for measuring the appropriate timing was For the Investment Bank of Iraq, where the ratios are (0.0682), while the lowest value was for the Credit and Commercial Bank of Iraq amounting to (0.0001), and we also note, in general, that the highest ratio of the appropriate timing average is (1.519) for the Commercial Bank of Iraq, while the lowest value of the average appropriate timing ratios is ( 0.007) for the Union Bank Ed Iraqi.

**Table (2) Percentages for measuring the appropriate timing characteristic of Iraqi insurance companies for the period (2016-2020)**

| ratios average | 2020 | 2019 | 2018 | 2017 | 2016 | The Company's name | ت |
|---|---|---|---|---|---|---|---|
| **0.059** | 0.022 | 0.067 | 0.019 | 0.101 | 0.089 | Al-Ameen Insurance Company | 1 |
| **0.119** | 0.009 | 0.328 | 0.211 | 0.041 | 0.006 | Al Ahlia Insurance Company | 2 |
| **0.047** | 0.051 | 0.051 | 0.083 | 0.023 | 0.027 | Dar Al Salam Insurance Company | 3 |
| **0.147** | 0.214 | 0.107 | 0.119 | 0.217 | 0.076 | Al Hamra Company | 4 |

We note from table (2) that the highest percentage of the appropriate timing characteristic in the year 2016 is (0.0910) for Al-Amin Insurance Company, which means that there is a better suitable timing, and as it was the lowest percentage in the year 2016 amounting to (0.006) for Al-Ahlia Company, while in 2017 it was higher Ratio for measuring the appropriate timing for Al-Hamra Company (0.217), while the lowest percentage was (0.041) for Al-Ahlia Insurance Company, but in 2018 we notice the highest percentage amounting to (0.211) for Al-Ahlia Insurance Company, while the lowest percentage was (0.019) for Al-Ameen Insurance Company, either In the year 2019, the highest percentage for measuring appropriate timing was (0.328) for Al Ahlia Insurance Company, while the lowest value was for Dar Al Salam Company, where the ratio was (0.051), but in 2020, we note that the highest percentage for measuring appropriate timing was for Al-Hamra Insurance Company, where it reached ratios (0.051). 0.214), while the lowest value was (0.009) for Al-Ahlia Insurance Company. We also note, in general, that the highest ratio of the appropriate timing ratio is (0.147) for Al-Hamra Insurance Company, while the lowest value for the average appropriate timing ratios is (0.047) for the Dar Al-Salam Insurance Company.

## 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.

4-Despite the low level of application of sustainability accounting requirements according to SASB standards, indicators and guidelines in Iraqi banks and insurance companies in the research sample, and the level of application did not reflect the required level was weak on improving the quality of financial reports, but this does not mean that the application of those standards has negative repercussions because The defect was in the application, so the application steps must be implemented in a scientific, deliberate and planned manner.

## 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 review and develop the current model for preparing annual reports to reflect the operations practiced by banks and insurance companies 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- Motivate banks and insurance companies to focus on the environmental and social dimensions, and not be satisfied with the economic dimension only. Banks and insurance companies are part of society.

**References:**


1. Shahi, A .& Issac, B . & Modapothala, J. ,(2011) : Analysis of Supervised Text Classification Algorithms on Corporate Sustainability Reports, All content following this page was uploaded by Biju Issac on 04 March 2021.
2. Willis, Alan ,(2003) : The Role of the Global Reporting Initiative's Sustainability Reporting Guidelines in the Social Screening of Investments: Journal of Business Ethics 43: 233–237, 2.
3. Vukić , N.& , Bacc , R . & Calace ,D . : NON-FINANCIAL REPORTING AS A NEW TREND IN SUSTAINABILITY ACCOUNTING : Journal of Accounting and Management 2017, vol.: 07; no.: 02; page 13 – 26.
4. Idan , M. & Khalaf ,S . , (2021) : Effect of sustainability reporting on enhancement the quality of.
5. Lyytimäki , J&Rosenstrom, U. (2006) :The role of indicators in improving timeliness of 14-international environmental reports, European Environment, Vol. 16 No. 1, p. 32-33.
6. Boiral, O. (2013): Sustainability reports as simulacra? A counter-account of A and A+ GRI reports, Accounting, Auditing & Accountability Journal, Vol. 26 No. 7, p. 1037- 1038.
7. Perez, F. and Sanchez, L.E. (2009): Assessing the evolution of sustainability reporting in the mining sector, Environmental Management, Vol. 43 No. 6, P,950.
8. Al-Awwad, Asaad Muhammad Ali Wahhab, Al-Ibrahimi, Hassan Abdul-Karim, 2021, "Employing Sustainability Accounting Standards FNO101 in Commercial Banks to Enhance Investor Confidence," Namaa Journal of Economics and Trade, Volume 05, Issue 01, College of Administration and Economics, University of Karbala.
9. Palit, Suprita,2018: Emerging Significance of Sustainability Accounting and Reporting In India - A Conceptual Study, Int J Account Res, an open access journal ISSN: 2472-114X Volume 6 • Issue 2.
10. Arum, Enggar Diah Puspa ,(2019) : THE IMPLEMENTATION OF GREEN ACCOUNTING AND ITS IMPLICATION ON FINANCIAL REPORTING QUALITY IN INDONESIA , Journal of Business Studies and Management Review (JBSMR) Vol.3 No.1 December 2019 P-ISSN: 2597-369X E-ISSN: 2597-6265.
11. Alawiye-Adams, Adewale Adegoke, and Ibukun-Falayi Owoola Rekiat, (2018), "The Impact of International Financial Reporting Standards (IFRS) Adoption on the Quality of Financial Statements of Banks in Nigeria." Available at SSRN 3099851 .
12. Bartels, W.& Iansen-Rogers, J. and Kuszewski, J. (2010):Count me in: the readers' take on sustainability reporting, KPMG and SustainAbility, Amstelveen.p3-

13. CLAUDIA-ELENA, G. I., & LUCIA, M. D. (2020). "SHORT INCURSION ON ANNUAL FINANCIAL REPORTS VERSUS INTERIM FINANCIAL REPORTS". Ecoforum Journal, 9(2).
14. GAJEVSZKY, A. (2015). Assessing Financial Reporting Quality: Evidence from Romania. Audit Financiar, 13(121) .
15. KIESO ,D .& WEYGANDT ,J .& WARFIELD, T. :" Intermediate Accounting: IFRS Edition", 14th edition, South- Western Educational. USA
16. Tasios, S., & Bekiaris, M. (2012). Auditor's perceptions of financial reporting quality: the case of Greece. International Journal of Accounting and Financial Reporting, 2(1), 57.
17. .Bukenya, M. (2014). Quality of accounting information and financial performance of Uganda's public sector. American Journal of Research Communication, 2(5), 183-203
18. Adams, C.A. and Frost, G.R. (2006), "Accessibility and functionality of the corporate web site: implications for sustainability reporting", Business Strategy and the Environment, Vol. 15 No. 4, pp. 275-287.
19. Al-Ghanmi, Alaa Reda Mahdi, 2018, "The Extent to which Financial Reporting Requirements for Exchange Rate Hedging Activities are Achieved, Master Thesis, College of Administration and Economics, University of Karbala, Department of Accounting.
20. Ali, Ahmed Maher Muhammad, 2012, "Creative accounting practices and their effects on the quality of financial reporting, an applied and exploratory study in a sample of private joint-stock companies listed in the Iraq Stock Exchange," master's thesis, College of Administration and Economics, University of Kufa, Accounting Department.
21. Al-Jajjawi, Talal Muhammad Ali, Al-Khafaji, Iman Jawad Ahmed, 2020, "Measuring the extent of Iraqi companies' commitment to reporting on sustainability according to ESG/ISX/ S&P indicators and GRI standards: applied research in a sample of Iraqi joint-stock companies listed in the Iraq Stock Exchange," The Arab Journal of Management, Volume 40, Number 1, College of Administration and Economics, University of Karbala.
22. Al-Jubouri, Ali Khalaf Katea, Jaafar, Najla Jabbar, Ghali, Zina Hamza, 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 .
23. Al-Khazraji, Reem Saadi Hassan, Al-Jubouri, Muhammad Hashem Hammoud, Al-Tamimi, Haider Kazem Nasrallah, 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
24. Al-Qaisi, Sami Taha Yassin, 2013, "A proposed framework for financial reporting on fluctuations in the fair value of stock portfolios in investment funds," master's thesis, College of Administration and Economics, University of Baghdad, Department of Accounting.
25. Dominique Diouf& Olivier Boiral (2017): The quality of sustainability reports and impression management: A stakeholder perspective, Accounting, Auditing & Accountability Journal, Volume 30, Numéro 3, p. 648.
26. Katea, Ali Khalaf, "The Impact of the Quality of Financial Reporting on Potential Liabilities in Enhancing the Value of the Economic Unit," Master Thesis, College of Administration and Economics, University of Karbala, Department of Accounting.
27. Khader, Jinan Muhammad Salih, Nehme, Nagham Hussein Nehme, 2022, "Strengthening the relationship between the quality of sustainability reports and financial reports within the framework of internal auditing, an analytical study of the opinions of employees in some Islamic banks in the governor of Baghdad," Al-Riyadah Journal for Finance and Business,

Volume Three, Issue 3, College of Business Economics, University of Baghdad.
28. Martínez-Ferrero, Jennifer, Isabel M. Garcia-Sanchez, and Beatriz Cuadrado-Ballesteros. (2015), "Effect of financial reporting quality on sustainability information disclosure." Corporate social responsibility and environmental management 22.1 p45-64.
29. Mohamed, Magdy Shukry Fawzy, (2020), "The role of sustainable accounting in improving the informational content of financial reports." kjeas.uowasit.edu.iq.
30. Raji, Safa Mahdi and Bashaer Khudair Abbas, (2019), "The role of sustainability accounting in enhancing the quality of accounting information in Iraqi companies (an applied study in a sample of Iraqi industrial companies)", Journal of the College of Administration and Economics for Economic, Administrative and Financial Studies, Volume 11, number. 3, p. 422-440.
31. Ramadan, Mohamed El-Sayed Ahmed, 2019, "The Implications of the Relationship between the Disclosure of Sustainability Reports and the Quality of Financial Reports on the Value of the Establishment: A Field Study," Journal of Environmental Studies and Researches, Volume Ten, Issue Three, Part Two.
32. Rasool, Ahmed Hatif, 2020, "Enhancing Financial Reporting Using (EBR) for Public Sector Companies in Iraq (An Applied Study in the Iraqi General Cement Company), Master Thesis, College of Administrative Technology - Kufa, Al-Furat Al-Awsat University, Department of Financial and Accounting Technologies.
33. Wannas, Kholoud Assem, 2013), "A proposed model for financial reporting about intellectual capital in the eyes of private banks in Iraq," Al-Qadisiyah Journal of Administrative and Economic Sciences, 15, no. 3: 181-199.
34. Zainab Zerrouki, (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 .

**Others & Internet**

1. https://www.ibm.com/blogs/internet-of-things/what-is-sasb-sustainability-accounting-standards-board/
2. SASB Conceptual Framework, 2017, SUSTAINABILITY ACCOUNTING STANDARDS BOARD (SASB)