

SUSTAINABILITY AND INNOVATION FOR ECONOMIC PERFORMANCE

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Abstract: *The European Union is committed to implementing the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs). Sustainability reporting is the practice of measuring and communicating organisational performance towards achieving the Sustainable Development Goal, and it also covers accountability for this performance to internal and external stakeholders. Sustainability reporting is both a management and accountability tool. It entails reporting on how an organisation takes into account sustainability issues in its operations, its environmental impact and its social and economic impact. The Court identifies four challenges in relation to sustainability reporting within the EU institutions and agencies: o Developing an EU post-2020 strategy covering the SDGs and sustainability o Integrating sustainability and the SDGs into the EU budget and performance framework o Developing sustainability reporting within the EU institutions and agencies o Increasing the credibility of sustainability reporting through auditing.*

Keywords: *sustainable, performance, durable, sustainability reporting, sustainability strategy.*

JEL Classification: *Q01, Q28, Q56, R5, O22, P5.*

1. Introduction

The present article aims to identify the problems and solutions proposed by the EU to address sustainability mainstreaming.

The European Union is committed to implementing the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) (Report of the UN General Assembly Open Working Group on Sustainable Development Goals A68/970).

Sustainability reporting is the practice of measuring and communicating organisational performance towards the goal of sustainable development, and it also covers accountability for this performance to internal and external stakeholders. Sustainability reporting is both a management and a reporting tool (EU Sustainability Reporting and the United Nations Sustainable Development Goals). It involves reporting on how an organisation takes account of sustainability issues in its operations, its environmental impact and its social and economic impact.

There is no specific legal obligation for the Commission or other EU institutions to report on sustainability. As the EU is committed to achieving the SDGs and to sustainable development in general, it is expected that reporting on sustainability will be an integral part of reporting both on performance and results.

The European Commission does not report on the contribution of the EU budget or EU policy to achieving the SDGs. An exception is in the area of external actions, where the Commission has started to adapt its reporting system on performance against the SDGs and sustainability. The Commission has recently published a reflection paper describing some of the Commission's policies related to the SDGs. The EU Statistical Office (Eurostat) publishes an overview of "progress towards the SDGs in the EU context" (European Court of Auditors study). However, this does not aim to measure the contribution of EU policies and the EU budget to the 2030 Agenda.

For the most part, the underlying preconditions for useful sustainability reporting are not yet in place. The European Commission has published a reflection paper outlining scenarios for a sustainable Europe, but does not currently possess an EU strategy covering the SDGs until 2030 (European Commission Monitoring)

2. Challenges

The Court found that an EU institution, the European Investment Bank, and an EU agency, the European Union Intellectual Property Office, publish sustainability reports (United Nations Charter). Other EU institutions and agencies collect some sustainability data and sometimes publish it, but it is often fragmented and incomplete and does not cover all aspects of sustainability. This information mainly concerns the impact that the running of organisations has on sustainability, rather than how they have taken sustainability into account in their overall strategy and operations.

The Court identifies four challenges in relation to sustainability reporting within the EU institutions and agencies:

- Developing an EU strategy for the post-2020 period covering the SDGs and sustainability;
- Integrating sustainability and the SDGs into the EU budget and performance framework;
- Develop sustainability reporting within EU institutions and agencies.

Sustainability reporting is the practice of measuring and communicating organisational performance towards the goal of sustainable development, and it also covers accountability for this performance to internal and external stakeholders. It involves reporting on how an organisation takes account of sustainability issues in its operations, its environmental impact and its social and economic impact. The Global Reporting Initiative, a major player in supporting this development and the organisation that published the standard most commonly used in this area, defines sustainability reporting as "a published report by a company or organisation on the economic, social and environmental impacts caused by its day-to-day activities. A sustainability report also outlines the organisation's values and governance model and demonstrates the link between its strategy and its commitment to a sustainable global economy." It is becoming increasingly common for companies' sustainability reports to consider the SDGs. Sustainability reporting has developed in the private sector and is slowly expanding into the public sector, where reporting can be carried out by state-owned enterprises or government entities. By identifying examples from the private sector, this study aims to show the possibilities for the development of sustainability reporting. In the private sector, different terms are used when referring to sustainability reporting: "reporting on non-financial information"; "reporting on corporate social responsibility (CSR)"; "reporting on environmental, social and governance issues". This is also part of the "extended external reporting" or the "integrated reporting". The term used throughout this study is "sustainability reporting". Despite the all-encompassing definition mentioned above, sustainability reporting in the private sector varies widely, from reporting only on a particular environmental impact of a company, e.g. its water consumption, to reporting on the broader integration of sustainability into its overall operational processes, e.g. how climate change is reducing water availability and is posing a threat to its business model. There are two perspectives: the impact an organisation can have on climate change through its operations and the impact climate change can have on the organisation's operations.

3. Differences between various reports (EU sustainability reporting and UN Sustainable Development Goals)

The business and public sectors are motivated by different driving forces - companies ultimately need to make a profit and the public sector is concerned with the UN High Level Political Forum Parliament and other interested stakeholders, decision-makers, policy-makers, etc. Reporting at national level Reporting from governments of Member States Reporting at EU level Reporting from the European Commission Reporting at

organisational level Reporting from: - private companies - non-profit organisations - public organisations (universities, hospitals, etc.) - various EU institutions and agencies providing public goods. However, as stakeholder satisfaction is critical for both sectors, the motivations and benefits of reporting in both the private and public sectors can be similar.

The different motivations for the two purposes behind the reporting can be identifiable:

- (1) a management tool and
- (2) a reporting tool at management or organisational level.

Overall, "sustainability reporting in the public sector provides a framework for linking financial performance to the organisation's use of the significant resources and relationships on which it depends, and to the organisation's impact on those resources and relationships". By requiring public organisations to report on their core performance, transparency and accountability for management can be increased and guidance on governance and ethical behaviour can be provided.

4. Conditions for effective reporting

A sustainability report is the product of a process. This section describes the prerequisites that need to be in place to produce useful sustainability reports, based on existing guidelines and frameworks. In particular, the Court focuses on three key prerequisites: Stakeholder involvement, Development of a strategy and Integration of sustainability into the budgetary process, based on targets measured by indicators Stakeholder involvement. Stakeholder involvement is essential throughout the sustainability reporting process.

A. Developing a strategy

In order to be useful, reporting must be integrated into an organisation's strategic objectives and its entire policy/factual cycle. In this way, sustainability becomes an integral part of its performance management framework.

B. Integration

Integrating sustainability issues into key budgetary processes, business objectives or policies is another prerequisite for sustainability reporting.

C. EIB and EUIPO sustainability reports

EIB Report The European Investment Bank (EIB) is an EU institution with headquarters in Luxembourg. It is "financially autonomous" with a capital of EUR 243 billion and a total staff of over 3 800. As the 'EU bank', the EIB finances and advises on investments worldwide. The institution published its first sustainability report in 2007 and has aligned it with the Global Reporting Initiative reporting guidelines since 2008. Its latest report (2018) consists of two documents: the Sustainability Report and a document containing information on sustainability reporting in 2018 (Sustainability Reporting Disclosures)

5. Conclusions

In order to implement the European and UN provisions on sustainable development in Romania, the Department for Sustainable Development was established by Government Decision no. 313/2017. The Department operates within the Government's working apparatus, subordinated to the Prime Minister, financed from the state budget through the budget of the General Secretariat of the Government. The Department has the following roles:

- coordinating the implementation activities resulting from the set of 17 Sustainable Development Goals - SDGs of the 2030 Agenda;

- planning and integration of data and information communicated by the institutions with attributions in the field, in order to formulate proposals for measures to improve the efficiency of the processes/documents developed by the public administration authorities, reporting to the Government on the elaboration or implementation of the set of measures through sustainable development at national level and coordinating the activities of localisation and prioritisation of specific targets and objectives elaborated by the specialised public administration authorities;

- monitoring sustainable development indicators established at European Union and United Nations level, as well as specific indicators, adapted to Romania's conditions, on possible gaps and on measures to remedy them;

- to formulate proposals for adjusting the national targets and deadlines

- and the identification of new indicators needed in the light of both the actual situation and the de facto situation as established by the relevant EU directives, adapted during the process;

- representation of the Department in relations with ministries, public administration authorities, as well as in relations with Romanian and foreign individuals and legal entities.

The Government Session of June 8, 2022 adopted the Government Decision Draft for the completion of the National Strategy for Sustainable Development of Romania 2030 (SNDDR 2030). This legislative act approves the National Action Plan, a key document guiding the implementation of the SNDDR 2030 in accordance with the objectives of the 2030 Agenda for Sustainable Development and EU strategic documents, in all sectoral policies, for sustainable development at national level between 2022 and 2030.

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