

The Impact of Sustainability Reporting on Financial Performance - Evidence from Listed Companies in Sri Lanka

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Abstract

With the United Nations emphasis on sustainable development goals, corporates around the world increasingly report on sustainability performances and commitments. At present most corporates in Sri Lanka tends to adopt this concept through their corporate reporting. Accordingly, the study focuses on the impact of sustainability reporting practices on the financial performance of 60 companies listed across 19 sectors in the Colombo Stock exchange. In this study, Environment disclosure (ENV), human rights & Economic disclosure (ECO) and Social disclosure (SOC) have been taken as independent variables. Financial performance as calculated by returns on shares (ROE) and returns on assets (ROA) have been used as research dependent variables. Organization size and Firm age were also used as control variables in the study. The study considered annual reports and stand-alone sustainability reports published on the company's website from 2018 to 2021. Panel data regression is used to analyze data using E-views software. This research will help to understand the impact of sustainability reporting practices on firm performance for Sri Lankan listed companies.

Key words: *Sustainability Reporting, Financial Performance, Control Variables*