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Exploring sustainable development goals reporting practices: From symbolic to substantive approaches—Evidence from the energy sector

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Abstract

Based on the legitimacy theory, the study enhances the understanding of disclosure practices of European companies operating in the energy sector regarding the adherence to Sustainable Development Goals (SDGs). Toward this end, the study analyses how SDGs reporting is evolving and what are the most addressed SDGs in the context of European energy sector companies. The paper's ultimate contribution is to dive deep into how such companies disclose their contributions to the SDGs to determine whether they adopt a substantive or merely symbolic approach to corporate legitimacy. To address the research objectives, a content analysis has been performed on non-financial reports published by a sample of 15 European energy sector companies included in the Global Reporting Initiative database as SDGs reporters for the period 2017–2019. Our findings suggest that while SDGs are becoming an integral part of corporate disclosure, symbolic rather than substantial changes appear to prevail, calling for actions from legislators and policy-makers.

KEYWORDS

energy sector, legitimacy theory, non-financial reporting, sustainability reporting, sustainable development goals

1 | INTRODUCTION

Since the adoption of the Sustainable Development Goals (SDGs) promoted by the United Nations (UN), companies have been struggling to reconcile profitability with social, environmental and ethical concerns (Pizzi et al., 2020; Scheyvens et al., 2016; Silva, 2021).

Sustainability disclosure is paramount nowadays. Scholars have discussed at length how sustainability issues can be promoted by top management (Prado-Lorenzo & Garcia-Sanchez, 2010), affect corporate strategies (Shabana & Ravlin, 2016; van der Waal & Thijssens, 2020), or integrated into the business model (Boiral, 2013; Silva, 2021). Different theoretical approaches have been adopted to interpret the extent and depth of disclosure (Parker, 2005). They span from stakeholder theory (Hill & Jones, 1992; Prado-Lorenzo & Garcia-Sanchez, 2010; Vitolla et al., 2019) to legitimacy theory (Deegan, 2002; Deegan et al., 2002; Gray et al., 1995) to the political economy of accounting (Guthrie & Parker, 1990). All these theories have contributed insights into this complex field of research.

The call made by the UN has attracted the attention of scholars (García-Sánchez et al., 2020; Pizzi et al., 2020; Tsalis et al., 2020), international organisations (GRI, 2015; GRI & United Nations Global Compact, 2018; OXFAM, et al., 2018) and large consulting companies (KPMG international, 2018; Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018). The latters have provided first

reports and guidelines to support companies in preparing their disclosure of SDG-related strategies and actions and including indicators in their reports in line with UN recommendations (United Nations, 2015).

The disclosure provided by companies to their stakeholders on strategies and actions taken to advance SDGs is fundamental to coping with this challenge. In particular, companies operating in environmentally sensitive sectors must incorporate sustainability issues in traditional financial disclosure to reassure their stakeholders that their values are aligned with those of the community in which they operate and gain legitimacy (Pizzi et al., 2021; Reverte, 2016; Silva, 2021).

Framed in the legitimacy theory perspective (Deegan et al., 2002; Suchman, 1995) as expanded upon by recent studies (Deegan, 2019; van Bommel, 2014), this paper aims to enhance understanding of SDGs disclosure practices in European energy sector companies. Toward this end, the study analyses how SDGs reporting is evolving and what are the most addressed SDGs in the context of European energy sector companies. The paper's ultimate goal is to dive deep into how such companies disclose their contributions to the SDGs. Accordingly, the paper aims to examine if the progress toward the achievement of SDGs and the connections with business strategies communicated through different types of reports unveil symbolic or substantive changes adopted by the selected European companies. In doing so, we aimed to answer the call by Bebbington and Unerman (2018) for more research to generate and analyse in-depth empirical evidence on how SDG reporting has "gained traction among large businesses" (p. 10).

To address the research objectives, reports (i.e., Sustainability Reports (SR), Integrated Reports (IR), non-financial disclosure reports, and extended annual reports) prepared by all the 15 European energy sector companies evidenced in the Global Reporting Initiative (GRI) database as SDGs reporters were examined via content analysis along the 2017–2019 period.

The results show increased attention to including SDGs disclosure within corporate reports. However, symbolic rather than substantial changes seem to prevail, considering that SDGs are just mentioned in most cases, sometimes supported by infographics to create the impression that the company is doing 'the right thing' and gain legitimacy. In particular, energy sector companies seem to find it more comfortable and convenient to engage in "SDG-washing" practices rather than undertake in-depth business transformation to concretely contribute to the 2030 Agenda's ambitions.

The research offers manifold contributions. First, we build on prior studies extending knowledge about SDGs disclosure practices in an environmentally sensitive sector—namely the energy industry—where firms are exposed to higher social pressures and public concern. Legitimacy theory postulates that the extent of a company's non-financial disclosure is also the result of its exposure to public scrutiny and social pressures (e.g. Deegan et al., 2002; Reverte, 2016). Accordingly, corporations from environmentally sensitive sectors are expected to be more prone to disclosing SDGs practices to preserve their licence to operate. Second, unlike previous studies mainly focused on specific countries, this study offers evidence from a cross-country and longitudinal perspective in the European domain. Europe represents a unique context to investigate, considering that in the last decades; the European Union (EU) has been involved in an in-depth regulatory process to institutionalise Corporate Social Responsibility (CSR) within corporate reporting practices (Baumüller & Sopp, 2022). Under this trend, SDGs are considered an overarching priority, thus, the urgency for companies to report their contributions to the SDGs emerged (European Reporting Lab, 2021).

Third, despite a progressive request in the European context for a holistic non-financial disclosure, SDGs reporting is still not mandatory. Organisations have broad discretion in calibrating the extent and quality of disclosure to provide to the external audience about their progress toward achieving goals (Bebbington & Unerman, 2018). Accordingly, both practitioners and scholars (e.g. OXFAM, et al., 2018; Silva, 2021) have highlighted the risk that companies will commit to SDGs in rhetoric, business-as-usual way, engaging with symbolic rather than substantive reporting practices. Therefore, this study enhances our understanding also of how energy-sector companies are integrating SDGs in their reporting practices. In doing so, we provide insight under a legitimacy theory perspective, shedding light on patterns through which companies move slowly but steadily from enacting symbolic to substantive changes in their disclosure behaviours. In addition, this study's results may represent a helpful baseline to understand what could be the effect of the forthcoming Corporate Sustainability Reporting Directive (EU Commission, 2021) and sustainability reporting which will require more attention to SDGs disclosure on European companies' reporting practices.

The remainder of the paper is organised as follows. The following section introduces legitimacy theory as applied explicitly to sustainability disclosure, after which a summary of the process through which SDGs were developed is provided. In section three, the extant literature on how corporate disclosure may yield a better understanding of the strategies embraced by companies to contribute more effectively to sustainable development is discussed. Section 4 explains the research methodology and the context, while section five presents the research results and discusses the disclosure practices of the sampled companies. The final section provides conclusions and theoretical and practical implications drawn from the research results as well as research limitations.

2 | THEORETICAL FRAMEWORK

Organisations nowadays are required to provide their stakeholders with a broader disclosure, encompassing both financial and non-financial information (Scheyvens et al., 2016; Shabana & Ravlin, 2016; Vitolla et al., 2019). In recent decades, there has been a progressive expansion of information provided about the environmental and social impact of corporate activities (Pizzi et al., 2021; Prado-Lorenzo & Garcia-Sanchez, 2010). This phenomenon has led to enlarge the extent of voluntary disclosure, especially on sustainability issues (Adams & Larrinaga-González, 2007; Boiral, 2013). Scholars have investigated disclosure policies and the motivations behind such

disclosures (Boiral, 2013; Michelon & Parbonetti, 2012; Silva, 2021). In particular, the legitimacy theory lens has been adopted extensively as a framework to enhance understanding of external reporting behaviours and investigate how and why non-financial disclosure is provided (Deegan, 2002; Deegan et al., 2002). Proponents of this theory consider legitimacy a pivotal resource for any organisation to survive and obtain a licence to operate in its ecosystem (Boiral, 2013; Deegan, 2002; Michelon & Parbonetti, 2012; Raimo et al., 2021). In this perspective, corporate non-financial disclosure policies respond to society's demands or perceived demands for more information (Deegan, 2002; Romero et al., 2019). By means of voluntary non-financial disclosure, an organisation attempts to demonstrate that it is behaving in a socially responsible way, in line with the constructed system of norms, beliefs and values underpinning the so-called "social contract" (Romero et al., 2019; Suchman, 1995). Thus, the extent to which organisational behaviours and practices are aligned with social values and expectations measures the degree of legitimacy conferred to an organisation. It follows that a legitimacy gap or threat occurs when the organisation's conducts diverge from the social contract tenets (Deegan, 2002; Michelon & Parbonetti, 2012).

Looking critically at this perspective, it should be noted that the organisation's conduct per se is not so important to gain legitimacy but rather how stakeholders—and, more broadly, society—perceive the organisation's conduct (Boiral, 2013). This circumstance underlines the strategic role of voluntary disclosure. Without proper disclosure, organisations might incur legitimacy threats also when it complies with societal expectations (Deegan, 2002; Gray et al., 1995; Romero et al., 2019). As Newson and Deegan (2002, p. 185) contend, "legitimacy is assumed to be influenced by disclosures of information and not simply by (undisclosed) changes in corporate actions". This entails that when organisations manage their legitimacy, they may adopt different disclosure behaviours that the literature has associated with two main approaches to corporate legitimacy: substantive and symbolic (Ashforth & Gibbs, 1990; Boiral, 2013; Michelon et al., 2015).

Substantive legitimacy actions are part of an organisational effort to respond to the external public who wants to "know much more about whether those changes in strategy also changed in action" (Hopwood, 2009, p. 437). Reporting corporate non-financial performance through appropriate disclosure is deemed essential to demonstrate substantive changes in corporate strategies to align with societal expectations and norms (Ashforth & Gibbs, 1990; Michelon et al., 2015). Therefore, organisations engaging with a substantive approach tend to rely on higher quality and verifiable disclosures that demonstrate how they have concretely revised their internal processes and mind-set to address current social and environmental issues (Romero et al., 2019; Tashman et al., 2019).

However, disclosure practices might also remain decoupled from real corporate social and environmental behaviour, merely focusing on symbolically improving reputation and image (Shabana & Ravlin, 2016; Silva, 2021; Tashman et al., 2019). The symbolic approach is based on a more "marketing and impression management rationale" (Boiral, 2013, p. 1040). It aims at manipulating the perceptions of stakeholders by engaging in disclosure practices that portray an image of a socially responsible firm, independently of whether it is real or not, and demonstrate apparent compliance with social expectations and norms (Ashforth & Gibbs, 1990; Boiral, 2013; Michelon et al., 2015). Non-financial reports offer companies the chance to paint "a rosy picture" (García-Sánchez et al., 2021, p. 6) of their sustainability and CSR performance. This is based on selectively disclosing only positive actions while concealing negative ones or exaggerating disclosure about commitment toward emerging issues such as SDGs (Silva, 2021; Tashman et al., 2019). Such an approach is consistent with greenwashing strategies that is artificial disclosures aimed at creating the impression of a firm committed to environmental issues, although no concrete actions have been undertaken in such direction (García-Sánchez et al., 2021; Walker & Wan, 2012). Many firms may find it convenient to engage in symbolic communication strategies. These allow them to camouflage the lack of commitment to implementing substantial changes to their processes, which would have required additional economic efforts (García-Sánchez et al., 2021; Walker & Wan, 2012). So, in many cases, companies tend to invest in increasing the extent of disclosures at the expense of their quality to distinguish themselves and create a misleading image of good "sustainability performers" (García-Sánchez et al., 2021; Romero et al., 2019; Walker & Wan, 2012).

In both cases, organisations can implement disclosure strategies attuned to gain, maintain, or repair legitimacy. In general, scholars contend that legitimacy is gained when an organisation starts to operate in a new "area" (Deegan, 2002; Suchman, 1995). This might be when a corporation begins to incorporate SDGs in its strategies and related disclosure. Maintaining legitimacy might seem easier than gaining or repairing legitimacy, as it appears to require the intention to protect past accomplishments merely. However, Suchman (1995) warned managers against turning a blind eye to changes in society that call into question accepted values, advising instead "monitoring the cultural environment and assimilating elements of that environment into organisational decision processes" (p. 595). Repairing legitimacy requires the adoption of techniques that, in many respects, can be acquired while gaining legitimacy. These may include reacting to unforeseen crises and adapting the organisation's output, goals, and methods of operation to conform to the prevailing values and behaviours adopted by other institutions with stronger legitimacy.

A critical adoption of the legitimacy theory can help interpret how the disclosure of SDGs-related strategies and actions can be undertaken, especially in environmentally sensitive industries.

Within such sectors, the interconnection between business, society and the environment is stronger than in other industries as well as the public scrutiny exerted on the impact of firms' activities (Raimo et al., 2021; Walker & Wan, 2012). It follows that due to the high profile of their activities; firms operating within environmentally sensitive industries are invested in greater responsibility to integrate SDG in their strategies, business models and reporting practices as well (Curtó-Pagès et al., 2021; Garcia-Meca & Martinez-Ferrero, 2021; Raimo et al., 2021). Following van Bommel (2014), we assume that providing information on strategies adopted by the organisation for the achievement of SDGs should supersede passive compliance—as

no specific indication, guidelines, or norms exist—as well as a simple alignment with audience expectations. Rather, the disclosure of SDGs-related strategies and actions requires a "legitimating dialogue" (van Bommel, 2014, p. 1159) with stakeholders that is, an effort to identify which information should be disclosed to gain, maintain, or repair corporate legitimacy. However, the increasing pressures from social parties to internalise SDGs in their business strategies and operations may induce environmentally sensitive companies to engage in a symbolic approach to corporate legitimacy. Such companies may find it more convenient to invest in presenting their reports more favourable to their stakeholders through sound declarations of commitment and impressive pictograms with SDGs rather than costly internal business' revisions.

In this perspective, the following section introduces how SDGs spread worldwide and research dealing with SDG disclosure to define—in the end—our research questions.

3 | LITERATURE REVIEW

3.1 | SDG goal adoption

With the UN resolution of September 2015, "Transforming our world: the 2030 Agenda for Sustainable Development," 17 SDGs and 169 related targets were established as a roadmap to support organisations in addressing global economic, environmental and social challenges (Mio et al., 2020; Price Waterhouse Coopers et al., 2018; United Nations, 2015). Unlike their predecessors—the Millennium Development Goals (MDGs)—the SDGs target both developed and developing countries, including industrialised countries (Pizzi et al., 2020; 2021). In addition, they address the three dimensions of SDs—economic, environmental and social—in a balanced and integrated manner (Bebbington & Unerman, 2018; Gunawan et al., 2020). A joint effort by governments, civil society, and public and private organisations is required to drive the world's transition toward the goals' achivements (Scheyvens et al., 2016). Following the 2030 Agenda, corporations are expected to apply their innovations, creativity, and financial resources to implement meaningful solutions to create a more sustainable, ethical and resilient society (GRI, 2015; OXFAM, et al., 2018; Scheyvens et al., 2016). However, the concrete risk at a corporate level is that —in the absence of solid integration in the corporate business models, culture and operations—the SDGs may represent another "fashionable" and "rhetoric" concept to "camouflage business-as-usual" (Bebbington & Unerman, 2018, p. 10) and increase their acceptance (and success) in the society. To have a substantive change, organisations should identify the most relevant SDGs for their business and stakeholders and translate them into concrete strategies and measurable performance goals. After that, they should communicate to stakeholders their actions to contribute to the 2030 Agenda and assess their operations' positive or negative impacts on the same goals (KPMG international, 2018; OXFAM, et al., 2018; Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018).

3.2 | SDG reporting: The state of the art

Early surveys by consulting firms noted that businesses were still lagging in integrating SDGs in their current corporate reporting systems (e.g., Price Waterhouse Coopers et al., 2018, Price Waterhouse Coopers, 2019: KPMG international, 2018; OXFAM, et al., 2018). While 40% of the world's 250 largest companies currently discuss the SDGs in their corporate reporting, 39% reference the SDGs in the CEO/Chair's message. Only 8% communicate the positive and negative impacts their activities may have on the SDGs (KPMG international, 2018). Also, it was observed that while companies mentioning the SDGs (particularly SDG 8, 12 and 13) within their reports are increasing, many are struggling to link SDGs disclosure to business models and strategies as well as to identify specific SDGs-targets (Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018). Companies seem to be more attentive to mentioning their ambition to achieve one or more SDGs when introducing their reports than explaining if and how they are concretely moulding their strategies, business models and operations to address the SDGs (OXFAM, et al., 2018).

The interest in the business case for SDGs reporting has recently matured also among academics. Empirical studies investigating SDGs disclosure patterns have been conducted in different countries: Italy (Izzo et al., 2020; Pizzi et al., 2021), Spain (Curtó-Pagès et al., 2021; Diaz-Sarachaga, 2021), Portugal (Fonseca & Carvalho, 2019), Australia (Subramaniam et al., 2019), Indonesia (Gunawan et al., 2020), the United Kingdom (Silva, 2021), India (Yu et al., 2020), Greece (Tsalis et al., 2020), Africa (Erin & Bamigboye, 2021) and worldwide (Heras-Saizarbitoria et al., 2022; van der Waal & Thijssens, 2020). Some studies focused on specific industries, such as real estate (Ionaşcu et al., 2020) or chemicals (Nechita et al., 2020).

Most of these studies describe state of the art, calling for more actions by standard setters and legislators.

As the 2030 Agenda was signed in 2015, an increasing number of companies have started to mention the SDGs in their non-financial reports, declaring their commitment to sustainable development (Curtó-Pagès et al., 2021; Fonseca & Carvalho, 2019; Izzo et al., 2020; Nechita et al., 2020; Silva, 2021). Scholars highlight a tension toward those SDGs that can be easily connected to corporate practices (i.e. Goal 8—Decent Work and Economic Growth, Goals 12—Responsible Consumption and Production, and 13—Climate Action) (Diaz-Sarachaga, 2021; Fonseca & Carvalho, 2019; Heras-Saizarbitoria et al., 2022; Subramaniam et al., 2019). In contrast, goals with a more macroeconomic connotation (i.e. Goal 1—No poverty, Goals 2—Zero hunger and 16—Peace and Justice) are less addressed (Curtó-Pagès et al., 2021; Fonseca & Carvalho, 2019; Izzo et al., 2020; Nechita et al., 2020; Silva, 2021; Tsalis et al., 2020; Yu et al., 2020). According to van der Waal and Thijssens (2020), some companies do not see win-win opportunities in contributing to SDGs (i.e. Goals 1, 2 and 16) that are only weakly related to their core business. They experience massive difficulties in reconciling concerns related to some SDGs with the primary purpose of creating value for shareholders (Garcia-Meca & Martinez-Ferrero, 2021; van der Waal & Thijssens, 2020).

Therefore a growing scepticism emerges toward the SDGs reporting due to the vagueness, inconsistency and measurement difficulties that characterise most of them (Garcia-Meca & Martinez-Ferrero, 2021; Heras-Saizarbitoria et al., 2022; Subramaniam et al., 2019). A critical issue pertains to the ability and willingness of companies to demonstrate their business case for the SDGs effectively. Companies show increasing attention to highlighting the opportunities generated by implementing the 2030 Agenda and declaring their commitment to one or more SDGs in broader terms, particularly in separated sections (Izzo et al., 2020; Yu et al.,2020; Tsalis et al., 2020) and CEO message (Heras-Saizarbitoria et al., 2022; van der Waal & Thijssens, 2020). However, the quality of the SDGs disclosure remains low, and reports are evasive (Erin & Bamigboye, 2021; Heras-Saizarbitoria et al., 2022; Silva, 2021; van der Waal & Thijssens, 2020).

Achieving the SDGs' ambitions by 2030 implies substantive changes from business as usual and a necessity to implement an in-depth revision of business models (Schaltegger et al., 2016; Silva, 2021). Nevertheless, previous studies revealed a general trend to follow a symbolic approach toward SDGs disclosure. These are based on impression management rationales aimed at demonstrating compliance with emerging stakeholders' pressures to gain their legitimacy rather than evidencing real changes to corporate actions (Heras-Saizarbitoria et al., 2022; Silva, 2021; van der Waal & Thijssens, 2020). In most cases, the general declaration of commitment to one or more SDGs is not followed by a concrete explanation of how SDGs have entailed changes in corporate strategies, business models, and core operations (Heras-Saizarbitoria et al., 2022; Silva, 2021; van der Waal & Thijssens, 2020). Also, companies' reports remain silent about substantive actions taken to operationalise SDGs or measures - such as Key Performance Indicators (KPIs) - employed to assess the positive or negative impacts on SDGs (Diaz-Sarachaga, 2021; Erin & Bamigboye, 2021; Heras-Saizarbitoria et al., 2022; van der Waal & Thijssens, 2020). Heras-Saizarbitoria et al. (2022, p. 3) highlighted a trend of "SDG-washing", consisting of "cherry-picking" only the SDGs with which companies feel comfortable, thus following a symbolic legitimacy approach. Overall, images and infographics on SDGs served to "add color and fancy icons" to the report and create favourable impressions among stakeholders, in the absence of concrete changes to existing corporate business (Heras-Saizarbitoria et al., 2022).

Sectoral differences in how the SDGs are prioritised have also been unveiled. Companies operating in environmentally sensitive sectors, such as energy, industrials, or chemicals—due to the social pressures to which they are exposed and the nature of their operations—are particularly prone to signalling their awareness and interest in the achievement of SDGs (Curtó-Pagès et al., 2021; Izzo et al., 2020; Nechita et al., 2020; Subramaniam et al., 2019). Firms of such sectors tend to mimic their approach to the SDGs' prioritisation, emphasising their commitment toward the goals related to environmental preservation and ecological issues—such as SDG 7, 12, and 13—to gain legitimacy for their operations (Izzo et al., 2020; Nechita et al., 2020; Silva, 2021; Subramaniam et al., 2019). As Garcia-Meca and Martinez-Ferrero (2021) observed, despite the higher incentives to engage in symbolic disclosures, SDGs reporting plays a substantive role among European companies operating in controversial and environmentally sensitive industries. Specifically, they provided evidence that - in such sectors - companies that address SDGs in their sustainability reports experience higher market performance.

TABLE 1 Sampling process.

Sampling process steps	Number of firms
Companies operating in the "energy" and "energy utilities" sectors as of GRI database	107
Companies not operating in Europe	(66)
Companies for which a non-financial report was not available for the 2017–2019 on the GRI database	(0)
Companies that do not make explicit reference to the SDGs in their reports as of GRI database	(26)
Final sample	15

Therefore, the literature review evidenced that while there is an increasing appetite for demonstrating a corporate commitment to SDGs, there is still much to learn about how companies effectively integrate SDGs in their reporting practices. The debate on the dichotomy symbolic/substantive approach to SDG disclosure is still fervent, calling for more in-depth empirical evidence in specific sectors (Diaz-Sarachaga, 2021; Heras-Saizarbitoria et al., 2022; van der Waal & Thijssens, 2020). In particular, as claimed by Silva (2021, p. 7), the energy sector deserves special attention as it is "under stronger pressure and risk of losing its legitimacy than others"; this makes it "an interesting angle for future research."

Therefore, following the call for more research on SDG disclosure practices (Silva, 2021), the paper adopts a legitimacy perspective to dive deep into reports published by European energy sector companies through a longitudinal and cross-country approach. In doing so, the paper intends to answer the following research questions:

1. RQ1: How is SDGs reporting evolving, and what are the most addressed SDGs by European energy sector companies?
2. RQ2: How do European energy sector companies adopt a symbolic/substantive approach in communicating their progress toward the achievement of SDGs?

4 | RESEARCH METHODOLOGY

4.1 | Sampling process

In line with previous studies, the GRI database was used to identify the organisations and reports to be examined (Ionaşcu et al., 2020; Slacik & Greiling, 2020; Talbot & Boiral, 2018). The database provides users with access to all types of non-financial reports, whether GRI-based or otherwise, as well as relevant information related to worldwide reporting organisations, such as industry, country, GRI

adherence level, assurance provider, and standards used. Among other functions, it provides information on whether a company mentions the SDGs in its report. Therefore, companies that provide information on their commitment to SDGs may be differentiated from those that do not (Heras-Saizarbitoria et al., 2022). This information allowed us to refine our research sample through four steps (see Table 1).

First, all companies operating in the "energy" and "energy utilities" sectors were selected. The GRI database includes 107 worldwide companies within such sectors. Such companies are perceived as sizeable polluters and major contributors to climate change due to their core operations' broad environmental, social and ecological impacts (O'Dwyer & Unerman, 2020; Slacik & Greiling, 2020). Accordingly, they are widely recognised as environmentally sensitive organisations (Nicolò et al., 2021; Slacik & Greiling, 2020; Talbot & Boiral, 2018). This implies a greater exposure to political pressures, ethical concerns and stakeholder scrutiny, resulting in increased threats to their legitimacy and licence to operate (Nicolò et al., 2021; Slacik & Greiling, 2020; Talbot & Boiral, 2018). As a result, energy sector companies should have primary incentives to adopt comprehensive and reliable reporting practices that enable them to account for their SDG-related performance and demonstrate compliance with societal expectations and shared norms (O'Dwyer & Unerman, 2020; Slacik & Greiling, 2020; Talbot & Boiral, 2018).

Second, the European region was chosen (Garcia-Meca & Martinez-Ferrero, 2021). This choice was motivated by the in-depth regulatory process embarked by the EU to institutionalise CSR within corporate reporting practices (Baumüller & Sopp, 2022). As part of the CSR strategy for the years 2011–2014, on 22 October 2014, the EU released the Directive 95/2014, which, by imposing specific non-financial disclosure requirements on all public interest entities with more than 500 employees, has created a "reporting cut-off point" between the European region and the other geographical contexts (EU, 2014). More recently, a proposal for a Corporate Sustainability Reporting Directive (EU Commission, 2021) was launched to expand the scope and reporting requirements of Directive 95/2014. At the same time, specific sustainability reporting standards have been under development by the EFRAG to increase the comparability and reliability of non-financial reports (Agostini et al., 2022). Both the CSRD and the European Sustainability Reporting Standards consider the SDGs an overarching priority and underline the need for companies to report their contributions to the SDGs (Agostini et al., 2022; European Reporting Lab, 2021). These circumstances make Europe an appropriate context to conduct the research. Therefore, in this second step, the initial sample of 107 worldwide "energy" and "energy utilities" companies was reduced to the 41 companies operating within the European region.

Third, we decided to focus on the period from 2017 to 2019, which followed the UN 2030 Agenda's release. As the SDGs take a long time to be internalised by enterprises and affect their reporting practices, 2016 was excluded as the first year of adoption of the SDGs. Also, at the time of research, only a limited number of reports were available for 2020. Accordingly, we decided to concentrate our investigation on the 2017–2019 period. All 41 "energy" and "energy utilities" companies operating within the European region provided a non-financial report during this period. Accordingly, at this step, no company was discarded by the sample.

Last, in line with the main research objective and prior literature (Heras-Saizarbitoria et al., 2022; Ionaşcu et al., 2020), the sample was restricted to companies with explicit reference to SDGs within their reports as reported by the official GRI database. This choice was motivated by the need to avoid the risk of analysing reports without any connection with SDGs (Heras-Saizarbitoria et al., 2022; Ionaşcu et al., 2020). For this reason, other 26 companies were eliminated, leading to a final sample of 15 "energy" and "energy utilities" companies, coming from eight European regions.

For the sake of consistency, for each of the 15 companies, the main report indicated by the GRI database was downloaded from the website and analysed. The Sustainability Report (SR) was the most used report (10 out of 15 sample companies published an SR for each of the 3 years of analysis), followed by the Annual Report (AR), the Integrated Report (IR), and alternative non-financial (NF) statements.

Table 2 provides a complete overview of the types of organisations included in our sample and the kinds of reports examined for each year under inquiry.

4.2 | Content analysis and coding process

A content analysis was applied to the selected reports to address the identified research questions. Content analysis is "a research technique for making replicable and valid inferences from data according to their context" (Krippendorff, 1980, p. 21). It is one of the most popular and reliable methods used in the social and environmental accounting literature to examine non-financial reports and derives useful patterns and insights from the classification of quantitative and qualitative information according to pre-defined criteria or recurring themes (Aribi et al., 2018; Michelon & Parbonetti, 2012; Talbot & Boiral, 2018; Yongvanich & Guthrie, 2007). It is a particularly suitable method for extracting meaningful trend insights from a longitudinal analysis of reports (Aribi et al., 2018; Yongvanich & Guthrie, 2007).

The content analysis of selected reports was conducted following a systematic multi-step process (Heras-Saizarbitoria et al., 2022; Silva, 2021) as follows:

1. Extraction and overview of reports;
2. Development of the categorisation framework;
3. Analysis and interpretation of information;
4. Selection of illustrative quotations and infographics

In the first step, all selected reports have been downloaded from the GRI database and screened in their entirety to check if the SDGs were referenced in general. This analysis made it possible to form an overview of the reports by identifying the main sections containing information on the SDGs and generating the first insight into how companies describe their engagement with the SDGs.

TABLE 2 Sample composition.

Company	Country	Sector	Organization type	Listed/non-listed	Type of report 2017	2018	2019
A	Italy	Energy utilities	Private company	Listed	IR	IR	IR
B	United Kingdom of Great Britain and Northern Ireland	Energy	Private company	Listed	SR	SR	SR
C	Germany	Energy utilities	Private company	Listed	SR	SR	SR
D	Italy	Energy utilities	Private company	Listed	SR	SR	SR
E	Italy	Energy	Private company	Listed	IR	AR	AR
F	Russian Federation	Energy	Subsidiary	Listed	SR	SR	SR
G	Italy	Energy utilities	Private company	Listed	SR	SR	SR
H	Croatia	Energy	Private company	Listed	AR	AR	AR
I	Sweden	Energy	Private company	Listed	SR	SR	SR
L	Sweden	Energy	SOE	Non-listed	SR	SR	SR
M	Hungary	Energy	SOE	Listed	AR	IR	IR
N	Italy	Energy	Private company	Listed	SR	SR	SR
O	Italy	Energy utilities	Private company	Listed	SR	SR	SR
P	France	Energy	Private company	Listed	NF	NF	NF
Q	Sweden	Energy utilities	SOE	Non-listed	AR/SR	AR/SR	AR/SR

Abbreviations: AR, annual report; IR, Integrated reporting; NF, non-financial statement; SOE, state-owned company; SR, sustainability reporting.

Following a deductive approach, in the second step, the coding framework was defined. This approach is fundamental to performing a systematic, rigorous and less biased content analysis of reports according to clear pre-defined categories developed by well-established literature (Joffe, 2012; Silva, 2021). Therefore, first, a disclosure checklist including all 17 SDGs was developed (Gunawan et al., 2020; Nechita et al., 2020). This checklist was used to quantify the extent to which the sampled firms addressed one or more SDGs in their reporting and track SDG disclosure trends. Second, a list of quality criteria (quality checklist) was developed to examine how sampled firms disclosed their contributions toward one or more SDGs and derive patterns linked to substantive/symbolic approach to corporate legitimacy. Following mainstream accounting literature (e.g.Barako et al., 2006; Michelon et al., 2015), the quality checklist was developed starting from prior studies, also including the grey literature. So, the KPMG's (KPMG international, 2018) "How to report on the SDGs" and GRI's documents "SDG Compass" (GRI, 2015) were reviewed and used as a starting point. Both documents represent a well-established roadmap to help companies integrate the SDGs into their reporting practices and clearly demonstrate to stakeholders their business case for achieving the SDGs. Attuned, an extensive review of prior studies investigating SDG disclosure practices was undertaken (Erin & Bamigboye, 2021; Heras-Saizarbitoria et al., 2022; Izzo et al., 2020; Silva, 2021; van der Waal & Thijssens, 2020; Yu

TABLE 3 Quality Sustainable Development Goals (SDGs) reporting criteria

(1) Does the CEO and/or Chair's message talk about the SDGs?
(2) Does the materiality matrix include SDGs priorities?
(3) Does the reporting link corporate strategy or strategic objectives to priority SDGs?
(4) Does the reporting integrate priority SDGs into corporate business model?
(5) Does the reporting identify potential risks and opportunities related to the SDGs?
(6) Does the reporting identify specific SDG targets that are relevant to the business?
(7) Does the reporting associate specific Key performance Indicators (KPI) to priority SDGs?

et al., 2020). The main aim of this phase was to check for commonalities across prior research and isolate only those criteria that have been consistently considered relevant for high-quality SDG reporting (Barako et al., 2006; Michelon et al., 2015). An initial list of 10 quality criteria was obtained. However, after a pre-test on a sample of five reports, two criteria were removed as considered overlapping with others. Another criterion was erased as considered unsuitable with the context and tools analysed. Therefore, a final checklist of seven quality criteria was obtained after completing this phase, as shown in Table 3.

The third step consisted of analysing and interpreting information identified based on the disclosure checklists developed in the previous step. Firstly, reports were reviewed using the disclosure checklist of all 17 SDGs to check if companies refer to one or more of them. Consistent with van der Waal and Thijssens (2020), during this step, it was assessed whether any keywords referable to the SDGs, such as "SDG/s" or "Sustainable Development Goal/s" appeared within the reports. Only sentences, paragraphs or explicative infographics explicitly mentioning one or more SDGs were taken into account and considered SDG disclosures (Curtó-Pagès et al., 2021; Silva, 2021). Accordingly, any specific reference to one or more SDGs was tagged on the report and recorded on a separate excel file. We also reported the number of pages mentioning the SDGs and the presence of specific sections devoted to the SDG disclosure. After becoming familiar with the reports, a more in-depth analysis was conducted to assess how companies disclosed SDG information, adopting the seven criteria qualitative checklist. The findings were then critically interpreted based on symbolic/substantive legitimacy theory. This implied more efforts from researchers who had to devote much time to the critical analysis of SDG disclosures retrieved from reports. For example, a substantive legitimacy approach was associated with a company that clearly demonstrated how it had revised its strategy and objectives to incorporate priority SDGs or implemented a novel business model to meet priority SDGs' ambitions. Such behaviours witness how SDGs have enabled concrete changes to the internal corporate mindset (Ashforth & Gibbs, 1990; Romero et al., 2019; van der Waal & Thijssens, 2020). On the other hand, companies who claimed their commitment to the SDGs but failed to identify specific SDG targets relevant to their business or potential risks and opportunities related to the SDGs were associated with a symbolic legitimacy approach. In the same way, companies that mentioned SDGs as part of their strategy but failed to demonstrate it concretely, have been associated with symbolic legitimation strategies. In such cases, generic and vague disclosures are used as a façade by companies to persuade and convince stakeholders that they are engaged with the 2030 Agenda (Garcia-Meca & Martinez-Ferrero, 2021; Romero et al., 2019).

The final step was complementary to the previous one and consisted of selecting illustrative quotations and infographics that corroborated the insight generated through the content analysis. According to Nowell et al. (2017, p. 11), when conducting a content analysis, "Short quotes may be included to aid in the understanding of specific points of interpretation and demonstrate the prevalence of the themes". So, in keeping with prior research (Guthrie et al., 2020; Heras-Saizarbitoria et al., 2022), when reviewing reports to examine how companies convey disclosure on SDGs, we have extracted meaningful visual and textual representations that would represent valid examples of symbolic/substantive approach to corporate legitimacy.

To ensure the reliability of the coding process, the content analysis was manually performed by the two paper's authors at each stage. The coders' objectivity and reliability were checked by regular meetings to solve discrepancies and ambiguities and clarify grey areas. Further, two intercoder reliability tests were conducted during the third stage. The first was on a sample of 10 reports when researchers examined the presence of references to one or more SDGs using the disclosure checklist of 17 SDGs. The second was performed on another sample of 10 reports using the qualitative disclosure checklist of seven criteria. Krippendorff's α was calculated using an SPSS macro, providing a degree of agreement above the minimum threshold of 0.8 in both cases (Krippendorff, 1980). Authors held a final meeting to achieve a final agreement on the classification of symbolic/substantive legitimacy approaches adopted by sampled companies.

5 | RESULTS AND DISCUSSION

5.1 | Evolution of SDGs reporting: General findings

The first-level findings shown in Table 4 evidence that almost all sampled companies are keen on demonstrating their willingness to embrace the SDGs. The reports' mentions level ranges from 87% (2017) to 93% (2019). This confirms the results of previous studies and surveys (e.g. Fonseca & Carvalho, 2019; OXFAM, et al., 2018; Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018; Silva, 2021), highlighting that, after completing the first period of endorsement following their introduction in 2015, the SDGs have now become part of the business mainstream. This evidence is corroborated by the increasing number of pages devoted to demonstrating the commitment toward the 2030 Agenda ambitions. Also, a growing presence on sample reports of SDGs thematic maps (in 2019, 10 out of 15 analysed companies inserted in their reports an infographic including all of the SDGs) was detected.

According to Preston et al. (1996, p. 134), "Images do not represent, they create reality." So, the wide use of colourful images depicting the SDGs roadmap—often in the report's introductory section—coupled with the declaration of the intention to contribute toward their achievement can be ascribed to a legitimation strategy. In particular, they configure an organisational strategic attempt to search for an alignment with contemporary society's values and, in turn, endure the corporate's licence to operate (Boiral, 2013; Curtó-Pagès et al., 2021; van Bommel, 2014). The environmentally sensitive status of sample organisations may induce them to proclaim their adherence to the 2030 Agenda at the beginning of the report or to insert the classic, colourful SDGs thematic map. However, consistent with scholars (Heras-Saizarbitoria et al., 2022; Silva, 2021; Suchman, 1995; van Bommel, 2014), the use of images or a general declaration of

TABLE 4 Evolution of Sustainable Development Goals (SDGs) reporting: general findings

	2017		2018		2019	
	N	%	*N*	%	*N*	%
SDGs mention	13	87	15	100	14	93
Specific dedicated section within the document	7	47	8	53	9	60
SDGs Thematic map	6	40	12	80	10	67
No. pages mentioning SDGs	173	11,53	197	13,13	234	15,60

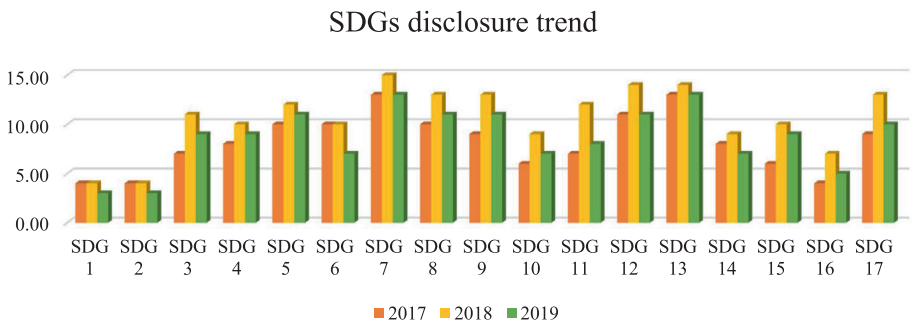

FIGURE 1 Sustainable Development Goals (SDGs) disclosure trend (2017–2019). [Colour figure can be viewed at wileyonlinelibrary.com]

commitment—when not followed by substantive disclosures - may be associated with a symbolic gesture to legitimise corporate operations. In such a way, organisations project to the outside the rhetorical image of socially responsible firms, attentive in "doing the right thing" (van Bommel, 2014, p. 1158). Company I offers an example of this approach. In the introduction to the SR prepared for 2019, it declared the following:

> *Company I recognizes the urgent call for action to achieve a better and more sustainable future for all, through the 17 UN SDGs, which are at the heart of the 2030 Agenda for Sustainable Development. Throughout the report, readers will find the SDG symbols for areas we have had an impact on* (Company I, Sustainability Report, 2019, p. 4).

Last, Table 4 shows that an increasing number of energy firms—from 7 in 2017 to 9 in 2019—include a dedicated SDGs section within their reports. This analysis allowed us to observe different disclosure patterns. In some minor cases (e.g., Company C, 2019), the dedicated section reflected how the company intended to contribute to prioritised SDGs in terms of quantitative objectives and concrete strategies. However, in a larger number of cases (e.g., Company B, 2019; Company F, 2019; Company H, 2019; Company N, 2019), the section assumed the form of a symbolic and rather general declaration of intent toward one or more prioritised SDGs, enriched by a colourful infographic. In such cases, it emerges how SDGs have not inspired any substantial change to existing corporate strategies and operations. Rather, companies tend to maintain their legitimacy symbolically by declaring that their current CSR and sustainability policies are already aligned with some SDGs. Therefore, it is frequent to link existing activities to SDGs-icons as a "design-complement" (Heras-Saizarbitoria et al., 2022, p. 9).

5.2 | Evolution of SDGs reporting: The most addressed SDGs

Figure 1 evidences the SDGs disclosure trends by each goal for the 3 years considered, creating the basis for answering the first research question. Not all 17 SDGs were equally meaningful to each company, nor could they work on all of them. Rather than striving to provide information or philanthropically aligning corporate objectives with all SDGs, companies would do better to focus their efforts on identifying a smaller number of SDGs to address. This should be done in coherence with their business and their chance of exerting a significant impact on it or them (GRI & United Nations Global Compact, 2018; KPMG international, 2018).

Figure 1 provides evidence supporting this issue and previous research (Curtó-Pagès et al., 2021; Fonseca & Carvalho, 2019; Izzo et al., 2020; Nechita et al., 2020; Silva, 2021; Tsalis et al., 2020; Yu et al., 2020), highlighting that some SDGs received more attention than others.

Specifically, the most disclosed SDGs mostly pertained to environment (SDG 7 Affordable and clean energy; SDG 9 Industry, innovation, and infrastructure; SDG 12 Responsible consumption and production; SDG 13 Climate action) and society (SDG 8 Decent work and economic growth; SDG 5 Gender equality). These results are not surprising, as SDGs 7, 9, and 13 are all strictly intertwined with the energy companies' core operations. In recent years, investors have started to appreciate the materiality of environmental-related financial risks across their investment portfolios, putting more pressure on companies to convey this type of information to support them and evaluate these risks (O'Dwyer & Unerman, 2020; Slacik & Greiling, 2020). As a result, considering the heavy environmental impact of their activities and the image of polluters with whom they have traditionally associated, energy companies' legitimacy status quo has been widely challenged. The prevalence of disclosures addressing

SDGs 7, 9, and 12 may be justified by the need for sample energy sector companies to influence societal appraisal and maintain legitimacy (Suchman, 1995; Walker & Wan, 2012). Accordingly, they make many efforts to demonstrate their business models' soundness and commitment to driving the energy transition process based on adopting renewable energy solutions and cleaner technologies to reduce waste and gas emissions. For example, Company D has adopted a three-year sustainability plan whose primary purpose is to enable the energy transition through four pillars: decarbonisation, digitalisation, electrification, and urbanisation, in line with SDGs and COP21 objectives. Accordingly, Company D declares:

> *In line with commitments made in 2015, to achieve Sustainable Development Goals (SDG 13), the Plan has set an additional goal of reducing specific CO2 emissions by 2030 (0.23 kg/kWheq), in addition to the previous target for 2020 (<0.35 kg/kWheq). This is in keeping with Company's strategy and its pledge to develop a business model aligned with the goals of the Paris Agreement (COP21), to keep the rise in the average global temperature to below 2°C compared to pre-industrial levels and continue efforts to limit this temperature increase to 1.5°C* (Company D, Sustainability Report, 2018, p. 34)

Regarding the attention toward social SDGs issues, the dramatic cases of work accidents coupled with the growing media spotlight on child and forced labour in underdeveloped countries, have made goal 8 the "low-hanging fruit of the SDGs" (Price Waterhouse Coopers, 2019, p. 21). Due to the relevant health and safety risks connected with their activities, energy companies are particularly attentive to showcasing that their business protects labour rights and preserves safe workplaces for all employees. Consistently, several energy companies use KPIs, such as injury frequency rates, to maintain investors' confidence and preserve their corporate licence to operate.

Also, gender diversity has become a hot topic since, in 2011, the European Commission (EC) launched a legislative proposal to enhance the presence of the under-represented sex among non-executive directors by 40% in listed companies. The goal 5 includes a broad spectrum of issues under its umbrella. However, as already noted (Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018; Silva, 2021), it seems that sample companies are more comfortable disclosing information about gender diversity in governance and management, using KPIs mainly related to the percentage of female managers or female board members.

Last, in line with previous studies and surveys (Fonseca & Carvalho, 2019; Izzo et al., 2020; OXFAM, et al., 2018; Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018), Figure 2 highlights that the less addressed SDGs are: goal 1 No poverty; goal 2 Zero hunger; goal 14 Life below water; and, goal 16 Peace and justice. This result could be justified by the fact that although these goals address important social and environmental issues, they have a more macroeconomic dimension on which firms may exert only a limited impact (Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018; van der Waal & Thijssens, 2020). For these goals, it is particularly challenging for companies to see win-win opportunities and reconcile them with the primary purpose of creating value for shareholders (Garcia-Meca & Martinez-Ferrero, 2021; van der Waal & Thijssens, 2020). Therefore, we contend that companies should concentrate their efforts on applying their innovation, creativity, and financial resources to contribute toward those more goals that are more actionable through corporate sustainability policies at a micro-level (Garcia-Meca & Martinez-Ferrero, 2021; van der Waal & Thijssens, 2020).

5.3 | SDG disclosure quality criteria analysis: Substantive vs symbolic approaches to corporate legitimacy

Mentions or isolated disclosures alone do not mean that an organisation actively addresses or impacts more SDGs. For SDGs engagement to be more than a symbolic exercise to comply with an emerging "business as usual" trend, priority SDGs should be integrated into corporate core business models, objectives and strategies. Table 5 illustrate how sampled energy companies integrate their SDGs uptake.

To better appreciate the quality of current SDGs reporting practices in the energy sector, the integration of SDGs in the CEO's or Chair's message was firstly analysed. It is important that the process of SDGs integration starts with the company's leaders, such as the CEOs and Chairs (Erin & Bamigboye, 2021). They have the power to set norms and values on sustainability and set a clear company's direction toward rethinking strategies and operations to align with SDGs (Subramaniam et al., 2019). Therefore, discussing SDGs within the CEO's or Chair's letters would enhance corporate's legitimacy. It pinpoints that the company's contribution toward one or more SDGs is driven from the top by its powerful actors (Erin & Bamigboye, 2021; Subramaniam et al., 2019).

In line with previous studies (Erin & Bamigboye, 2021; Izzo et al., 2020; Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018; Subramaniam et al., 2019), only a limited percentage of sample firms, ranging from 33% in 2017% to 47% in 2019, included references to the SDGs in the CEO's letter to stakeholders. This highlights that more work is needed to ensure that executive boards and top management recognise the urgency to promote real change throughout the company to address SDGs. The lack of integration of SDGs in CEO or Chair's statements is a first evidence that they have not been put at the core of firms' operations and strategies or that they still consider SDGs as an aspirational or forward-looking agenda rather than an urgent objective (Price Waterhouse Coopers et al., 2018).

However, it is also worth noticing that, in most cases, only a general, symbolic declaration of SDG commitment was detected among firms mentioning SDGs in their CEO's or Chair's statements. This strategy works as a "mirror for the larks" to comply with societal expectations and gain legitimacy among stakeholders in a symbolic way.

TABLE 5 Sustainable Development Goals (SDGs) disclosure quality criteria analysis.

	2017		2018		2019	
	N	%	*N*	%	*N*	%
(1) Does the CEO and/or Chair's message talk about the SDGs?	5	33	10	67	7	47
(2) Does the materiality matrix include SDGs priorities?	4	27	5	33	4	27
(3) Does the reporting link corporate strategy or strategic objectives to priority SDGs?	6	40	10	67	10	67
(4) Does the reporting integrate priority SDGs into corporate business model?	2	13	3	20	6	40
(5) Does the reporting identify potential risks and opportunities related to the SDGs?	5	33	4	27	4	27
(6) Does the reporting identify specific SDG targets that are relevant to the business?	5	33	6	40	6	40
(7) Does the reporting associate specific Key performance Indicators (KPI) to priority SDGs?	6	40	8	53	8	53

> *In recognizing the value of maintaining high ethical standards of performance within our Company and across our value chain, we continue to support the UN Sustainable Development Goals (SDGs) and the UN Global Compact's 10 Principles on human rights, labor standards, environment and anti-corruption* (Company I, Sustainability Report, 2019, p. 3).

However, in minor cases, such declaration was followed by a substantive alignment of SDGs with corporate strategy and/or business models (e.g. Companies A, D, E). This represents the first step that sets out the organisations' direction toward thorough substantive SDGs integration.

The materiality matrix is another relevant aspect to consider. Using a materiality matrix confers more reliability to the entire reporting in the eyes of investors and other stakeholders. International standard-setters such as the GRI invite reporters to conduct a materiality assessment to identify material issues to the reporting entity and its stakeholders (Farooq et al., 2021; Global Reporting Initiative, 2021). It is also recommended to disclose how the materiality assessment has been conducted. Using a materiality matrix helps report users better understand how reporters have identified material issues and why some material issues have been disclosed in the reports while others have not (Farooq et al., 2021). From this perspective, the materiality matrix represents an advanced instrument that can support companies in integrating SDGs into their business as material issues. Also, it helps companies in operationalising the SDGs that reflect the organisation's significant economic, environmental or social impacts with those that affect stakeholders' decisions. When associated with the concrete incorporation of SDGs into the business model, strategies and operations, the use of a materiality matrix represents a pivotal step in a substantive legitimation process (Boiral, 2013; Silva, 2021; Suchman, 1995). However, results from Table 5 highlight that, on a three-year average, less than five companies out of 15 included SDGs in their materiality matrices. A best practice is represented by the IR of Company C. For each of the 3 years under analysis, Company C included a materiality matrix in its IR. In such a matrix, the stakeholders' relevant topics were matched with the organisation's relevant ones, also reflecting the degree to which each topic was linked to one or more SDGs (red circle size) (see Figure 2). Accordingly, the materiality matrix is likely to reduce the chance that Company's C managers manipulate information for greenwashing purposes and improve the quality of its IRs (Farooq et al., 2021; Global Reporting Initiative, 2021). In doing so, company C increases its chance to gain legitimacy substantively as stakeholders are made aware of the SDGs that companies effectively deem more important and actionable for their business and that – at the same time – are likely to influence their decisions.

Table 5 shows that an increasing number of sample energy companies have made some progress in aligning their strategies with the SDGs (from 40% in 2017% to 67% in 2019). In the same way, an increasing—albeit limited—number of firms (from 13% in 2017 to 40% in 2019) have started to integrate priority SDGs into corporate business models. These are two aspects that deserve primary attention. A critical analysis of reports allowed us to detect no uniform patterns companies have in integrating SDGs in strategies and business models. Such patterns have been associated with substantive and symbolic approaches to corporate legitimacy.

Specifically, when 2019 is considered, we observed that—although 10 companies have, to some extent, mentioned SDGs as part of their business strategy, only in a few cases they have concretely demonstrated how this has been done (Companies A, D, E). Such companies have provided in-depth efforts to demonstrate SDGs' transformative power on their business. In contrast, others have adopted a superficial approach to disclosure without going beyond "business as usual". This is consistent with prior studies' findings (Erin & Bamigboye, 2021;Heras-Saizarbitoria et al., 2022; Silva, 2021). Focusing on Companies A, D, and E, we noted how they evidenced how they have undertaken a real rethinking of their long-term objectives and strategies to embrace the most business-relevant SDGs. As well, we observed a search by these companies for a proactive alignment with current societal concerns on SDGs based on an internal

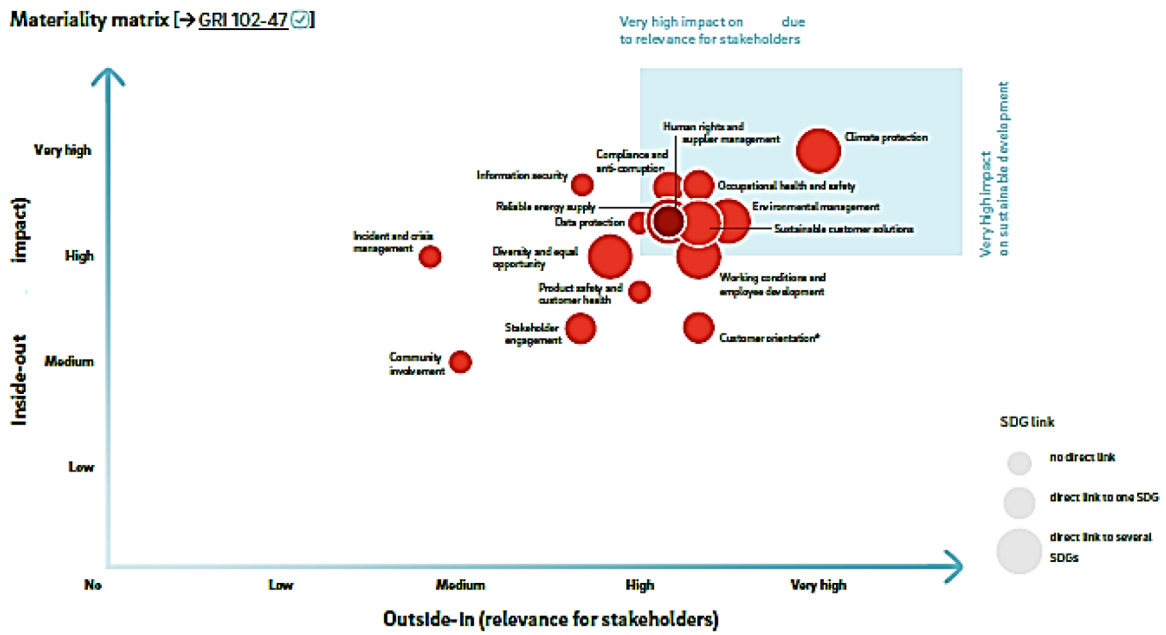

FIGURE 2 Example of materiality matrix including Sustainable Development Goals (SDGs). Source: Company C Sustainability Report (2019, p. 17). [Colour figure can be viewed at wileyonlinelibrary.com]

processes' revision. Specifically, they highlighted that they are navigating the transformation driven by SDGs, introducing changes to their business throughout the entire value chain and adapting their business model as well. In doing so, Companies A, D and E used higher quality and verifiable disclosures that increase confidence among stakeholders' concerns, pinpointing how they are playing a meaningful role in achieving SDGs. Such behaviours can be associated with a substantive approach to corporate legitimacy (Michelon et al., 2015; Romero et al., 2019; Tashman et al., 2019).

Company D offers a valid example where the substantive incorporation of SDGs into corporate strategies and business models can be clearly identified throughout the entire report. We reported an extract of the disclosure retrieved from the section of its SR devoted to corporate strategy's explanation:

> *The 2020–2022 strategy focuses on the achievement of the UN Sustainable Development Goals (SDGs) throughout the entire value chain, placing SDG 13 (Action to combat climate change) at the center. Decarbonization of the energy mix, by accelerating the growth of renewable capacity (SDG 7—Affordable and clean energy), and the gradual closure of coal plants, combined with electrification of consumption, will be the pillars for the next three-year period* (Company D, Sustainability Report, 2019, p. 20)

A stronger contribution to the SDGs can be reached by revising the core business model as part of a comprehensive corporate substantive strategy of transformation driven by legitimacy purposes (Schaltegger et al., 2016; Silva, 2021). So, in its SR prepared for 2019, Company D explained in detail how it has recently adopted a new integrated business model based on three sustainability-pillars (Energy transition, People centricity, and Innovation and digitalization). Such pillars were also put at the core of its three-year (2020–2022) Sustainability Plan and associated with the SDGs to which Company D contributes. Consistently, the full SDGs' integration strategy is visible throughout the SR prepared by company D for 2019. The report includes specific sections in which Company D identified clear targets, related activities, and results achieved in the previous years for each goal linked to the sustainable business model's pillars. Consistently, meaningful KPIs (e.g., direct and indirect CO_2 emissions arising from electricity production) were linked with each SDG. The use of KPIs is essential within a substantive legitimacy approach. They make the disclosure more objective and verifiable and provide stakeholders with a basis for monitoring and assessing the company's progress toward SDGs' achievement (GRI, 2015; Heras-Saizarbitoria et al., 2022).

Company A echoed the Company's D approach. Specifically, it has identified the priority SDGs for its business in its IR. Coherently, for each of them, it has disclosed the actions planned, the parameters monitored, the related results achieved in the previous 2 years (expressed in KPIs) and future objectives.

It is also worth noting that Companies A and D were the only ones that included SDGs in the disclosure of risks and opportunities for each of the 3 years under analysis. On average, about 4 out of 15 companies identified potential risks and opportunities related to the SDGs during 2017–2019. However, only Company A and D did so annually for each of the 3 years. This provides further evidence to support the substantive approach to corporate legitimacy followed by these organisations. Specifically, systematic identification and review of SDGs-related material risks and opportunities is a fundamental part

FIGURE 3 Example of symbolic legitimation approach. Source: Company N Sustainability Report (2019, p. 34). [Colour figure can be viewed at wileyonlinelibrary.com]

of the broader SDGs integration process into the corporate business. This effort helps companies tackle the negative or positive impacts of SDGs achievement on the value chain, accelerating their ability to create value in line with community expectations.

On the contrary, most sampled companies (e.g. Companies C, F, G, H, N, P and Q) mainly follow a symbolic legitimation strategy for SDGs integration. In these cases, a proactive attitude leaves room for a more adaptive approach. SDGs did not inspire structural changes in strategy or business model but represent socially accepted targets to which companies have aligned pre-existent corporate strategies. In this way, although such companies declared that their strategy drives their contribution to one or more relevant SDGs, they remained silent on how they have undertaken changes in business model, strategy, or activities to operationalise them. Nor is there any trace of structural or organisational changes inspired by the same goals.

Empirics collected allow us to answer our second research question. SDGs are used as rhetorical instruments to "camouflage business-as-usual" (Bebbington & Unerman, 2018) and categorise pre-existent sustainability activities in a way that they appear compliant with emerging social expectations (Boiral, 2013; Suchman, 1995; van der Waal & Thijssens, 2020) (see Figure 3). This symbolic strategy of "ceremonial conformity" (Boiral, 2013) is supported by the frequent use of impactful images and infographics. This confirms previous studies' evidence (Heras-Saizarbitoria et al., 2022; Silva, 2021; van der Waal & Thijssens, 2020). Specifically, the diffusion of SDGs fancy icons serves to reinforce the sustainability message and create an idealised representation of the organisation, making, in turn, the report more attractive to investors and confident to other stakeholders (Heras-Saizarbitoria et al., 2022). Thus, we can state that rather than being used as enablers of concrete SDGs-based investments, strategies and actions (Rosati & Faria, 2019), these companies use non-financial reports for 'SDG-washing' purposes (Heras-Saizarbitoria et al., 2022; Silva, 2021). This does not necessarily imply disinformation but a provision of information "not backed by substantive actions" (Walker & Wan, 2012, p. 231). The behaviours of environmentally firms - such as those pertaining to the energy sector - are highly scrutinised by markets, media, and society. So, the introduction of the 2030 Agenda has increased the likelihood of threats to their legitimacy. Accordingly, rather than engage in costly in-depth transformations of their business, such companies seem to find it more comfortable and convenient to manipulate stakeholders' perceptions through symbolic disclosures (Garcia-Meca & Martinez-Ferrero, 2021; Walker & Wan, 2012).

It follows that there remains a gap between these companies' declared good intentions to achieve the SDGs and their concrete willingness to translate them into actual business strategies and operations.

The last two quality aspects to be considered to answer more in depth to our second research question concern identifying specific SDGs targets and the use of KPIs. While meaningful and effective, the definition of priority SDGs targets represents the product of a thorough and detailed understanding of the company's impacts. By relying upon specific SDGs performance targets, companies can build coherent SDGs strategies and define more practical actions for their achievement (GRI, 2015; GRI & United Nations Global Compact, 2018). However, our analysis shows that only a limited number of energy companies (from 33% in 2017 to 40% in 2019) have identified relevant SDGs targets in their reports. Consistent with previous studies (KPMG international, 2018; Price Waterhouse Coopers, 2019; Price Waterhouse Coopers et al., 2018), this reluctance may be motivated by the fact that the 2030 Agenda proposes a wide number of targets (169 with 230 indicators) that can seem overwhelming and can thus discourage companies from their use.

Some differences can be noted in the use of SDGs targets. In particular, some companies (e.g. A, D, E) dived deep into the targets by using both qualitative and quantitative data that explained the rationale underpinning their choice and the links with corporate strategies and activities. This confirmed the substantive nature of their corporate approach to legitimacy and their concrete intention to meet SDGs' spirit across their business operations fully. Other companies (e.g. G, L and Q) mainly followed a symbolic approach, merely associating some targets with pre-existing core sustainability strategies and activities or using fancy link icons or generic sentences of commitment.

On the other hand, we detected an increasing use of KPIs. Measuring internal progress against KPIs is essential for sound management and continuous improvement. However, it is worth noticing that energy companies are familiar with KPIs for measuring their environmental performance. So, in most cases, KPIs have been associated with direct and indirect GHG emissions (Scope 1, 2, and 3) to measure the performance of core business activities. In other cases, companies linked KPIs to SDG-related performance such as energy production from renewable sources (Goal 7), water reduction, waste recycled or reused (Goal 12), technology and digitalisation rate (Goal 9). In this case, KPI use is part of a broader corporate legitimacy request to make the community's audience more confident with both positive and negative impacts of organisational activities on SDGs.

6 | CONCLUSIONS

The appeal made by the UN through the Agenda 2030 requires companies to enlarge the disclosure they provide to their stakeholders to incorporate strategies, actions, and related KPIs to demonstrate their commitment toward the achievement of the SDGs. The present research investigated to what extent European companies operating in an environmentally sensitive sector—namely the energy industry—have incorporated SDGs in their report and whether some of the goals have attracted more attention. The analysis of energy companies' disclosure behaviours led us to discuss the substantive or symbolic strategies they adopted to address their legitimacy concerning their contributions to the SDGs.

In response to our first research question (how is SDGs reporting evolving, and what are the most addressed SDGs by European energy sector companies), our findings witnessed growing attention to SDGs emerging as the goals progressively become part of corporate disclosure. Unsurprisingly, primary attention has been devoted to those SDGs that are more pertinent to the core business of energy companies, such as SDGs 7, 9, 12 and 13. In contrast, the vagueness and the macroeconomic character of other goals (e.g. SDGs 1, 2, 12 and 14) made it difficult for such companies to identify win-win opportunities and reconcile the global purpose of creating value for society with the primary corporate aim of creating value for shareholders. This leaves open the question of whether energy companies strategically cherry-picked only SDGs within their comfort zone while simply neglecting those that are less relevant, or they had the intention of concretely achieving them.

Starting from this standpoint, a more critical investigation of non-financial reports allowed us to obtain further insight and derive theoretical implications from a legitimacy perspective. This allowed us to answer our second research question (How do European energy sector companies adopt a symbolic/substantive approach in communicating their progress toward the achievement of SDGs?). Specifically, a symbolic rather than substantial approach to legitimacy prevails among energy sector companies. Only a few sampled companies demonstrated a substantive rethinking of their long-term objectives and strategies to embrace the most business-relevant SDGs. The non-financial reports of such companies clearly demonstrated a business case for integrating SDGs. Their substantive approach starts with a top-down strategy in which the willingness to contribute to SDGs' achievement early emerged from CEO's/Chair's statements and materiality matrices. Notably, different sections of the report explain how priority SDGs have been connected with strategies and operations and put at the core of the business models.

Nevertheless, in most cases, non-financial reports are used for "SDG-washing practices", as rhetorical instruments to "camouflage business-as-usual" and symbolically respond to emerging stakeholders' pressures. Colourful pictograms and fancy icons are juxtaposed to give the impression of compliance with emerging social expectations and convey the image of good sustainability performers. However, little or nothing is disclosed on how SDGs are operationalised, nor their strategies are moulded to embrace SDGs concretely. Accordingly, we can state that the higher social and political pressures on energy companies to contribute to the 2030 Agenda advancement led them to adopt immediate solutions to avoid serious threats to their legitimacy. So, they found it more convenient to address their legitimacy concerns symbolically by investing in preparing more "ceremonial" reports rather than undertaking burdensome investments to revise their business. However, we contend that although symbolic gestures could lead to a higher appeal to markets and society in the short term, they could be harmful to environmentally sensitive industries in the medium-long term. The performance of such companies as those pertaining to the energy sector is more likely to be scrutinised by stakeholders. Also, data about their outcomes are more likely to be verified by analysts and the media. Therefore, in the long term period, external stakeholders might unveil a lack of substance in these companies' disclosure and jeopardise their legitimacy seriously.

Several practical implications stem from the research.

First, our results can be a stimulus for managers and directors to consider how better legitimate their strategies and actions, thereby contributing to more sustainable development, in line with an increasingly widespread social expectation. Incorporating SDGs commitment in the CEO/ Chair's letter may assume a pivotal relevance to inform the stakeholder's audience that - starting from the very top organisations' leaders—the company is fully committed to achieving the 2030 Agenda ambitions. In the same line, our findings encourage companies to shape a materiality matrix to prioritise SDGs and related targets better, develop ad hoc strategies for their achievement, and define specific metrics to measure the underlying progress in line with stakeholders' expectations.

Second, our findings might help many stakeholders concerned about SDGs' issues, including many civil society and Non-Governmental (NGO) associations, to recognise 'SDG washing' practices and superficial companies' attempts to manipulate their impressions.

Third, we are in the era of the shift from voluntary to mandatory non-financial disclosure. The European legislator is already redesigning the non-financial reporting directive (EU 95/2014) in line with the Action Plan on financing sustainable growth. So, our results can elucidate in which areas companies have already undertaken a path toward achieving SDGs and other areas deserving more attention. This dynamic scenario will (and should) attract further investigation in the future. In particular, considering the pivotal importance of the SDGs' issues and their public interest, regulators are expected to continue to promote attention to SDGs disclosure, especially considering the specificities of industry sectors such as energy. In particular, amid the International Sustainability Standard Board (ISSB) and EFRAG's ongoing projects to develop stand-alone sustainability standards, a primary focus on the SDGs is necessary, as we contend that SDGs disclosure will be mandatory, at least for environmentally sensitive companies.

Last, our findings can also be of interest to external assurance providers, considering that assurance services on sustainability disclosure are increasing. Our study shed light on the risk of symbolic

disclosures that lack concrete meaningfulness for users of non-financial reports. This risk is higher for SDGs disclosure due to the vagueness and the abstract character of some of them. The involvement of external stakeholders, including NGOs and government experts, in the assurance of SDGs disclosure, would probably enhance the significance and credibility of non-financial reports.

The paper has some limitations that can be overcome with future research. First, we have considered one environmentally sensitive industry, and collecting data from companies located in other sectors may help better understand the readiness for SDGs by European companies. Second, our analysis considered disclosure provided through different companies' annual reports. However, a more in-depth analysis, complemented by interviews with managers, could reveal that some more efforts are taking place inside companies that are still not evident through annual disclosure, but that can be related to more substantial changes. In particular, *vis a vis* conversations with company's managers might provide insight to understand better why they have focused on some SDGs and neglected others. Also, they can help to triangulate results retrieved from the content analysis and obtain further evidence to categorise symbolic/substantive approaches to corporate legitimacy. Last, a larger observation period can also offer more insights into SDGs' progressive adoption (or not). These limitations can be an opportunity for academics to delve into how SDGs affect (or not) corporations in defining their strategies.

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