# Testing the Information Content of Sustainability Reports for Telecommunications Companies in the Kingdom of Saudi Arabia*

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## Abstract

This study aims to test the information content of sustainability reports issued by the most significant telecommunications companies operating in the Kingdom of Saudi Arabia (Stc, Zain, and Mobily), and their compatibility with the national sustainability standards issued by the Ministry of Commerce in the Kingdom of Saudi Arabia in light of the Kingdom's vision 2030, and its impact on the stock exchange indices of these companies. The event study methodology was used to study the impact of publishing sustainability reports on stock prices and the trading volume of these companies' shares in the Saudi stock market during the period from (October 2020 to March 2021). The results indicate a significant impact of the information contained in the sustainability reports on stock prices and trading volume in the stock market, and the importance of directing the company's management towards more disclosure of information about sustainability in its environmental, social, and economic aspects instead of focusing only on information related to the financial performance and economic activity of the company. This encourages the listed companies to disclose the sustainability of the financial reports and standardize the form in which these disclosures are prepared.

**Keywords:** Sustainability Reports, Share Prices, Trading Volume, Telecommunications Companies, Event Study

**JEL Classification Code:** G10, G14, G29

## 1. Introduction

The sustainability report is a non-financial report issued by responsible institutions, to make public its

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impact in the environmental, economic, social, and ethical areas (Aifuwa, 2020). There has been a growing interest in disclosing corporate sustainability reporting in the wake of economic collapses, global financial crises, and environmental and climate changes over the past decades as financial reporting has evolved to meet the changing needs of users from mere disclosure of key financial statements to the inclusion of detailed information covering environmental, economic and social impacts. Sustainability reports may vary in quality due to their voluntary nature and the lack of a legal framework to require companies to prepare sustainability reports, which contributes to the difficulty of assessing their quality in the past few years (Difalla, 2021).

The concept of sustainable development or sustainability has gained prominence following the 1987 Brundtland Report on bridging the gap between environmental and human development concerns (Bebbington & Larrinaga, 2014), and has gained prominence after the United Nations Transition Plan, which should be achieved before 2030. The United Nations adopted the Millennium Development Goals (MDGs) developed by the Organization for Economic and Social Development (OECD), which were developed and

amended to 17 Sustainable Development Goals (SDGs) (Bebbington & Unerman, 2018). The key objective of the SDGs is to improve the social, environmental, and economic outcomes of governments and businesses around the world and thus companies can promote the UN sustainable development agenda or goals through sustainability reports (Muñoz et al., 2017).

The project of setting national standards for the preparation of corporate sustainability reports comes within the framework of the Kingdom's keenness on promoting the 17 Sustainable Development Goals through numerous strategies and plans and in implementing the vision of the sixth strategic objective in the 2030 Vision of the Kingdom, which is "enabling Social responsibility", and its sub-goals; enabling corporations to social contribution by enhancing corporate social responsibility and fostering corporate interest in the sustainability of the national economy (Saudi National Sustainability Standards, 2018).

The achievement of the Sustainable Development Goals (SDGs) adopted by the United Nations at the UN Summit to adopt the Plan for Development beyond 2015 in September 2015 is a key turning point in the concept of sustainability for governments, businesses, and parties. The UN Economic and Social Council have announced that these goals will be followed up by a set of global indicators that can be measured to assess the results. In this context, each country has developed its national indicators in accordance with the Sustainable Development Goals 2030, with each country defining its national goals and targets within the framework of the global goals, provided that the data provided should be standardized and measurable by means of specific and clear mechanisms that can be provided to the international statistical system (Saudi National Standards for Sustainability, 2018).

Due to the fact that the information content of sustainability reports and its effect on stock market trading indices in previous studies have not been tested (within the limits of the researchers' knowledge), this research aims at studying the stock exchange's reaction to the content of the sustainability report by the magnitude of trading operations and their share rates of the communications companies operating in Saudi Arabia. Therefore, the current research addresses the informational content of these reports by answering the following questions:

– What are sustainability reporting and the importance of its content?
– What are the relative importance of the corporate sustainability reporting informational content disclosure event and the responsiveness of stock trading prices and volume to sustainability reporting?

## 2. Literature Review and Hypotheses

### 2.1. Sustainability Report

The company's sustainability report is one of the main means through which sustainability performance is communicated to many stakeholders, and the number of companies issuing sustainability reports has increased despite its format varying greatly, ranging in length from tens to several hundreds of pages, comprehensive details on its non-financial performance with qualitative and quantitative information, This report is critical to sustainability disclosure because it provides much greater depth and breadth in communicating a company's overall sustainability performance and disclosure of social and environmental data to key stakeholders (KPMG, 2016)

The objectives of issuing a corporate sustainability report can be summarized as follows (SASB, 2013):

• Providing information on the sustainability of the facility to stakeholders to rationalize their decisions.
• Assessment of risks and opportunities for corporate sustainability.
• Assessment of the environmental, social, and economic performance of establishments and corporate governance.
• Achieving a balance between all users of corporate financial reports.

There are many organizations that issue sustainability report standards, including the following:

– Sustainability Accounting Standards Board (SASB): SASB provides sustainability accounting standards for use by publicly listed companies in the United States in disclosing sustainability issues for the benefit of investors and the public (SASB, 2013).
– Global Reporting Initiative (GRI) Framework: The GRI is the most well-known global framework for sustainability reporting (SR), founded in Boston in 1997 and established as an international not-for-profit organization in Amsterdam in 2002, the organization's mission was to improve organizational contributions towards sustainable development by establishing reliable sustainability reporting standards and practices and encouraging standardization for all businesses and organizations in disclosing economic, environmental and social issues regardless of size, sector, and region (GRI, 2014).
– National Sustainability Standards issued by the Ministry of Commerce in the Kingdom of Saudi Arabia: These standards come within the Kingdom's keenness to promote the seventeen sustainable

development goals through several strategies and plans and within the framework of implementing the vision of the sixth strategic goal in the Kingdom's Vision 2030, which is "Empowering Social Responsibility." Its sub-objectives are "Empowering companies to contribute to society by enhancing companies' implementation of their social responsibilities and enhancing companies' interest in the sustainability of the national economy (Saudi National Standards for Sustainability, 2018).

The National Sustainability Standards in the Kingdom of Saudi Arabia have been divided into the following groups:

- General national standards.
- National standards for the economic dimension and governance.
- National standards for the social dimension.
- National standards for the environmental dimension.

## 2.2. Advantages and Benefits of Disclosing Sustainability Reports:

Disclosure of the sustainability report achieves many advantages, including what was mentioned in the Global Reporting Initiative (GRI, 2014):

- Emphasis on the integration between the financial and non-financial performance of companies.
- Users of financial reports understand the opportunities and risks facing companies.
- Measuring and evaluating sustainability performance in terms of laws, rules, performance standards, and voluntary initiatives.
- Avoiding involvement in spreading environmental, social, and governance failures.
- Enabling external stakeholders to understand the true value of the company and its tangible and intangible assets.
- Improving reputation and brand loyalty.
- Mitigating or eliminating negative environmental, social, and governance impacts.

Given the importance of the sustainability report for investors and other parties, many previous studies have addressed the sustainability report as follows:

- Michel and Vanessa (2012) examined how much investors value sustainability reports, as the publication of sustainability reports has increased significantly in most Western countries in recent years. The fact that this type of report is done voluntarily in many countries raises questions about whether the capital markets take these reports into

account, The results indicate that investors value this type of report positively. These findings support the importance of initiatives such as the Global Report Initiative and the UN Global Compact, launched by the International Standards Organization (ISO).

- Shuiliet et al. (2017) examined a practical case of stock market reactions arising from sustainability reports. The study results indicate that sustainability reports enhance information transparency and allow investors to incorporate sustainability information into stock valuations. This study provides strong evidence of the business case for sustainability reporting.
- Johari and Komathy (2019) explored the relationship between sustainability reports and the performance of public companies listed in Malaysia, where sustainability reports had a positive relationship with the company's performance
- Aifuwa (2020) examined the impact of sustainability reports on corporate performance and the content analysis methodology of previous literature was adopted in this study. The results of reviewing the existing literature showed the following. There were inconclusive findings about the impact of sustainability reports on the company's performance. A large number of studies have provided a positive relationship between sustainability reports and corporate performance. The study also found that sustainability disclosure was low in developing countries compared to other developed ones.
- Nzekwe et al. (2021) examined the impact of sustainability reports on the financial performance of Nigeria's listed industrial goods companies from 2008–2019 and specifically examined the impact of environmental, social, and economic reports on monetary added value. The objective sampling technique has been used to select (11) industrial goods companies from a group of (15) industrial goods companies listed in Nigeria, where the quantitative study data obtained from the annual reports and calculations of sample companies for the 2008–2019 period have been used. The results showed that environmental and social and economic reports have a significant positive impact on monetary value added.
- Alharbi, et al, 2021 examined the effects of the sustainability report and the resulting investment decision on the share price of commercial banks in Saudi Arabia. This study uses a sample data set of registered Saudi banks from the first quarter of 2014 to the fourth quarter of 2018 where a balanced sample containing all listed banks has been used. The results of this study show that investors value

the complementary disclosure of the accounting information presented in the sustainability report, and this disclosure has a very positive and important impact, indicating that the market has an important positive correlation with more information about sustainability reports.

– Tawfik et al. (2021) examined the impact of various sustainability dimensions on the financial performance of commercial banks in three Arab countries (Oman, UAE, and Jordan) from 2007 to 2018 where sustainability was divided into three dimensions (social, economic, and environmental) and the relationship between the banks' three sustainability dimensions and the financial performance accounting indicators was analyzed. The sustainability dimensions have proved to have a significant and positive impact on the financial performance of commercial banks.

After reviewing some of the previous studies, this study focuses on the feasibility study for the disclosure of the sustainability reports by examining the short and long-term reactions of the pivotal group of stakeholder investors to sustainability reports through the methodology of the event. Corporate sustainability reports are likely to have a significant immediate impact on investors (i.e., abnormal equity returns). More importantly, the impact of these sustainability reports on stock prices occurs not only in the short term but also in the long term, resulting in the correlation of stock prices to the sustainability performance of companies that issue sustainability reports, after some information has been drawn from previous studies as follows:

– The effectiveness of sustainability reporting in reducing information asymmetry between the company and stakeholders.
– Sustainability is an important means of disclosing the performance of a company's non-financial sustainability.
– The ability of sustainability reports to meet the needs of policymakers.
– The Regulators and policymakers should use these findings to motivate businesses, especially those with high sustainability performance and operating in a weak information environment, not only to initiate the practice of publishing sustainability reports but also to engage in them on an ongoing basis (Leesa, 2018). These market-based incentives will complement mandatory reporting requirements to ensure higher company compliance with sustainability disclosure as well as high-quality disclosure (Hashmi et al., 2015; Husnaini & Basuki, 2020).

## 2.3. Hypotheses

The study tests the validity of the following two hypotheses

**H1:** *There is a significant effect of the disclosure of sustainability reports on share prices in the stock market for telecommunications companies operating in Saudi Arabia.*
**H2:** *There is a significant effect of the disclosure of sustainability reports on trading volume in the stock market for telecommunications companies operating in Saudi Arabia.*

## 3. Research Methods and Material

To test research hypotheses, this research follows the methodology of the event study and is widely used in companies' research, the methodology of the event study is designed to investigate the impact of a particular event on a particular dependent variable, the dependent variable commonly used in the event studies is the company's share price and trading volume. The definition of this event study will be "an examination of changes in stock price and trading volume above expectations (abnormal returns) over a period of time (event window), and abnormal returns are returned to the effects of the event. The methodology of the study of the event seeks to determine whether there is an abnormal effect on the stock price or volume of trading related to an event, from which the researcher can conclude the importance of the event. The main assumption of the event study methodology is that the market should be effective. Given the efficient market, the effects of the event will be immediately reflected in the company's stock prices and trading volume which will allow us to monitor the economic impact of the event in a relatively short period (Wong, 2005)

To test search hypotheses, the search variables include:
The independent variable:

• Sustainability report (SR) issued by Telecom companies operating in the Saudi Stock Exchange (Zain, Stc, and Mobily)

The dependent variables:

• Share price (SP) for Telecom companies.
• Trading volume (TV) for Telecom companies.

The movement of shares has been relied upon in terms of the volume of trading operations, stock prices and the percentage of changes in the shares prices of the selected companies in the Saudi Stock Exchange from 1/10/2020 to 31/3/2021 so that the impact of the disclosure of the

sustainability report on the stock exchange's trading indices is determined to see if there has been a change in the volume of trades and stock prices or not. Before studying the impact of publishing sustainability reports on the performance of the selected companies in the stock market, we present the most important of these reports as follows:

## 3.1. Sustainability Report of STC

STC stands out in seven areas: doing business with integrity, enriching communities and customer experiences, driving innovative digital opportunities, enhancing access to technology and communication, caring for the environment, empowering people, and enhancing economic impact as part of building sustainability management. These elements are essential to successful performance and the realization of stakeholder aspirations. In developing this framework, key stakeholders' interests, national and regional strategic visions, and UN SDGs have been taken into account, using this framework to guide corporate decision-making and improve processes and performance.

STC has implemented a deeper alignment of its business strategy with sustainable development goals by identifying high-priority global indicators and reliable ways to achieve them in line with the guidance of the Global Reporting Initiative. As a result, nine globally compatible, but locally relevant, sustainable development goals were identified (good health and well-being, good education, decent work, and economic growth, industry, innovation, infrastructure, reducing inequalities, sustainable cities, and communities, responsible consumption and production, climate action, partnerships to achieve goals).

## 3.2. Sustainability Report of Zain Communications

In preparing its sustainability report, Zain is guided by the focus on the social, economic, and environmental impacts of its operations, and its efforts to bring about systemic changes. To provide meaningful communication leading to equitable systemic change based on the United Nations SDGs for the eventual empowerment of Zain communities to the level of their markets. The report provides an in-depth overview of all its business activities to promote its goal of protecting the planet, fostering innovation, reducing inequality, and building prosperous societies.

Zain Communications has taken an in-depth look at the Five-Year Sustainability Strategy, This strategy is designed to address four pillars (climate change: Reducing $CO_2$ emissions and operating costs as well as mitigating risks, sustainable business: Creating social and financial value, inclusiveness: The inequality gap, a young generation: Protect generations) and explore performance-related

aspects of Group operations and companies for the financial year ended on 31 December 2020.

## 3.3. Sustainability Report of Mobily

In preparing the sustainability report, Mobily focused on building a sustainable future and its commitment to a high level of corporate governance, integrity, and transparency, and to involving stakeholders in building sustainability indicators. They seek to achieve these goals by highlighting the development of a sustainability framework based on the United Nations Sustainable Development Goals (SDGs), the Saudi Arabian Vision 2030, and the Global Reporting Initiative (GRI) to direct efforts and resources to increase the contribution of the communication technology sector to national and global sustainable development goals, these goals can be achieved by relying on five pillars: responsible institution, market and customers, responsible employer, positive impacts on society, and environmental conservation.

## 4. Empirical Results

### 4.1. Descriptive Analysis

The descriptive analysis of the dependent variables and their normality test is shown as follows:

It is suggested from Table 1 that there is a combination that the data dispersion share price variable is small, before or after the disclosure application, since the coefficient variation (Coef Var) has less than 100% where the standard deviation (Std.Dev) is less than average Mean in contrast to the variable volume of trading dispersion which has a large data dispersion both before and after the disclosure application as its Coefficient variation (Coef Var) is greater than 100% where standard deviation (Std. Dev) is greater than average Mean.

On the other hand, by comparing the row of the average to the row of the median values, we find that all the independent variables have greater average values than the median. This indicates that the distribution of those variables is twisted on the right side. This was confirmed in the row of the twist coefficient Skewness where all the values of the coefficient came positive. Given the small values and the large values of the variables, we find that all the values, whether small or large, are positive, and this corresponds to the variables that reflect the values that cannot be negative.

The table above shows that all statistical values of "Jarque-Bera" for the stock price variable are below the value of the chi Square Tabular Count of 5.99. This variable is either before or after the application of the disclosure follows the normal distribution, and this is the case in the morale row where all the values of that probability are greater than 5%. As for the variable volume

**Table 1:** Summary of the Descriptive Statistics Measurements

| Data | Before | | After | |
|------|--------|--------|--------|--------|
| | **SP** | **TV** | **SP** | **TV** |
| Mean | 49.28332 | 2566014 | 55.51863 | 6051236 |
| Median | 29.05 | 1432555 | 33.81 | 2515451 |
| Maximum | 106.8 | 14161118 | 126.8 | 61032008 |
| Minimum | 11.02 | 35523 | 13.48 | 168695 |
| Std. Dev | 40.08285 | 2900186 | 43.86988 | 8447516 |
| Coef. Var | 81.33147 | 113.023 | 79.0183 | 139.5998 |
| Skewness | 0.556888 | 1.877725 | 0.604981 | 2.948813 |
| Kurtosis | 1.426248 | 6.332084 | 1.494426 | 14.62679 |
| Jarque-Bera | 3.343729 | 199.549 | 2.56116 | 1345.55 |
| Probability | 0.219805 | 0 | 0.272731 | 0 |

**Table 2:** Normality Test for log (TV)

| Data | log (TV) Before | log (TV) After |
|------|------|------|
| Jarque-Bera | 1.661486 | 5.867191 |
| Probability | 0.435726 | 0.052271 |

of trading, it is clear that the values of the "Jarque-Bera" of the variable are greater than the value of the statistic chi Square Tabular. This variable whether before or after the application of disclosure does not follow the normal distribution, which is clear in the moral row, as all values of that probability are less than 5%. Therefore, the logarithmic transformation must be performed on this variable, and the values after the transformation are as follows (Table 2).

After the logarithm extermination procedure, the logarithm of the volume of trading either before or after the application of disclosure follows the normal distribution which is clear in the issue of morale as all the values of this probability are greater than 5%. Therefore, when applying the regression models below, we express the volume of the trading in terms of logarithmic exchange volume instead of value.

### 4.2. Analysis of Linear Regression Models

The independent variable is expressed as a dummy variable SR that takes the value 0 before the application of and takes the value 1 after the application of SR and the dependent variable is SP.

In view of these variables, the study analyzes the simple correlation and regression of the dependent variable (SP) with the independent variable (SR) to prove the first hypothesis stating that "There is a significant effect of sustainability report on share price".

Table 3 shows the results simple linear regression correlation between sustainability reports and share price.

The results of the Pearson correlation shown in table (3) ($r = 0.177$) indicate a positive relationship with statistical significance with confidence (99%) between sustainability report (SR) and share price (SP).

### The Coefficient of Determination ($R^2$)

It is found that the independent variable (SR) explains (3.1%) of the overall change of the dependent variable (SP). The rest of the percentage is due to the random error in the equation or may be due to the lack of insertion of other independent variables that should have been inserted into the model. The value of Durbin-Watson's test is 0.04, which means that the model has an autocorrelation problem.

### Significance Test of the Goodness of Fit of the Regression Model

To test the significance of the quality of fit of the model as a whole, an ($F$-test) was used, and since the value of the ($F$-test) is (10.955), which is significant at a level less than (0.01), this indicates the good quality of the effect of the independent variable (SR) on the dependent variable, the (SP).

### Significance Test of the Independent Variable

Using the ($T$.test) test, we find that the independent variable (SR) has a significant effect on the dependent variable (SP) at a significant level less than (0.01).

Based on the above, it is possible to prove that the estimation hypotheses are achieved using the least squares method of the simple regression model.

$$SP_i = 43.006 + 15.04\ SR_i \qquad (1)$$

So, any change in the independent variable (SR) from 0 to 1 will lead to an increase of 15.04 in the predicted value of (SP).

Based on the above, the first hypothesis is accepted, which is: There is a significant effect of sustainability reports on the share price.

### 4.3. Relationship between Sustainability Report and Trading Volume

The independent variable is expressed as a dummy variable SR takes the value 0 before the application of the SR and takes the value 1 after the application of the SR and the dependent variable, trading volume (log (TV)) is measured as a logarithm.

**Table 3:** The Results of the Linear Regression Model

| The Independent Variable | Estimates $\beta_i$ | *t*. test | | *F*. test | | Simple Correlation | |
|---|---|---|---|---|---|---|---|
| | | *t* | Sig | *F* | Sig | *R* | Sig |
| Constant | 43.006** | 13.384 | 0.000 | 10.955** | 0.001 | 0.177** | 0.000 |
| SR | 15.04** | 3.310 | 0.001 | | | | |
| Durbin-Watson DW | 0.045 | | | | | | |
| Determination Coefficient $R^2$ | 3.1% | | | | | | |

*Significant at a level of significance less than 5%; ** Significant at a level of significance less than 1%.

**Table 4:** Relationship Between the Dependent Variable (log (TV)) and the Independent Variable (SR)

| The Independent Variable | Estimates $\beta_i$ | *t*. test | | *F*. test | | Simple Correlation | |
|---|---|---|---|---|---|---|---|
| | | *t* | Sig | *F* | Sig | *R* | Sig |
| Constant | 14.28** | 146.03 | 0.000 | 13.456** | 0.001 | 0.196** | 0.000 |
| SR | 0.507** | 3.668 | 0.000 | | | | |
| Durbin-Watson DW | 0.681 | | | | | | |
| Determination Coefficient $R^2$ | 3.8% | | | | | | |

*Significant at a level of significance less than 5%; ** Significant at a level of significance less than 1%.

In view of these variables, the study analyzes the simple correlation and regression of the dependent variable (log (TV)) with the independent variable (SR) to prove the second hypothesis stating that **"There is a significant effect of sustainability report on trading volume".**

Table 4 shows the results of a simple linear regression correlation between sustainability reports and trading volume.

The results of the Pearson correlation are shown in Table (4). ($r = 0.196$) indicates a positive relationship with statistical significance with confidence (99%) between the sustainability report (SR) and the logarithm of trading volume (log (TV)).

**The Coefficient of Determination ($R^2$)**

It is found that the independent variable (SR) explains (3.8%) of the overall change of the dependent variable (log (TV)). The rest of the percentage is due to the random error in the equation or may be due to the lack of insertion of other independent variables that should have been inserted into the model. The value of Durbin-Watson's test is 0.681, which means that the model has an autocorrelation problem.

**Significance test of the goodness of fit of the regression model**

To test the significance of the quality of fit of the model as a whole, an (*F*-test) test is used, and since the value of the

(*F*-test) is (13.456), which is significant at a level less than (0.01), which indicates a good quality of the effect of the independent variable (SR) on the dependent variable which is the (log (TV)).

**Significance Test of the Independent Variable**

Using the (*T*.test), it is found that the independent variable (SR) has a significant effect on the dependent variable (log (TV)) at a significant level less than (0.01).

Based on the above, it is possible to prove that the estimation hypotheses are achieved using the least squares method of the simple regression model.

$$\log(\text{TV})_i = 14.28 + 0.507 \, \text{SR}_i \tag{2}$$

So, any change in the independent variable (SR) from 0 to 1 will lead to an increase of 15.04 in the predicted value of the log (TV).

Based on the above, the second hypothesis is accepted, which is: There is a significant effect of sustainability reports on trading volume.

## 5. Discussion

From the results of the applied study, companies listed on the Saudi Stock Exchange should be encouraged to disclose the sustainability report because of its positive

effects on the stock trading operations in the stock market, as well as focusing the attention of investors on sustainability information, rather than focusing only on information related to the financial performance and economic activity of the company.

Also, it is significant to encourage other companies registered in the Saudi stock market to follow the example of Saudi telecom companies in disclosing sustainability, improving the informational content of sustainability reports, and standardizing the form in which the disclosure of sustainability reports is undertaken for the listed companies. Additionally, it is recommended to apply the sustainability accounting standards issued by SASB, as well as the latest version of the Global Reporting Initiative (GRI)

Sustainability Accounting Standard-setting actors try to integrate the 17 sustainable development indicators into the sustainability accounting standards. Conducting more research in the field of disclosing the sustainability report, especially since the current study relies only on changes in stock price movements and the volume of trading operations.

## 6. Conclusion

The information content of sustainability reports has been tested using the methodology of studying the event by studying the impact of publishing sustainability reports on the prices and the volume of trading of shares of telecommunications companies listed on the Saudi Stock Exchange for 6 months including 3 months before the sustainability Report Disclosure and 3 months after the sustainability Report Disclosure and the event day when the Corporate Sustainability Report is published. The sample application study consists of (3) companies listed on the Saudi Stock Exchange by the end of 2020, Zain, STC, and Mobily. The results of the study point out that there is a significant effect on the information content of sustainability reports on the share prices and trading volume on the stock market.

The informational content of sustainability reports is described as a set of information that the company tries to send to the various stakeholders of the company, especially the stock investors, about the level of governance, environmental and social performance, and human rights. Thus, on this basis, the informational content of sustainability reports provides management expectations for the future performance of the company. In a rapid response to market share prices, a group of financial investment analysts is well aware of the signals reflected in the ability of current performance to predict future performance.

The announcement of sustainability reports for telecommunications companies is an event that can affect the movement of stock prices on the Saudi Stock Exchange in view of the level of disclosure of environmental and social

responsibility and corporate governance contained in this report. So this research uses the event study methodology in measuring the impact of disclosure of information content of sustainability reports in activating trading on the Saudi Stock Exchange, indicating changes in the trading movement of stocks as well as the share prices of telecommunications companies.

One of the most notable findings, based on some statistical methods, is the following: -

- There is a significant change in telecom companies' stock prices before and after sustainability reports are disclosed.
- There is a significant change in telecom companies' Trading volume before and after sustainability reports are disclosed.
- There is an impact of sustainability reporting disclosure on telecom companies' trading indicators.
- Accepting the hypotheses of the study where there is a statistically significant impact of disclosure of sustainability reports on stock prices and volume of exchange trades for telecommunications companies operating in Saudi Arabia.

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