LUISS

MSc Strategic Management – Digital

Chair of Sustainable Strategies for Business Leaders

Corporate Social Responsibility: analysis of current practices and future implications in the light of Directive 2022/2464/EU through the case study of Maglificio Gran Sasso SpA

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Alla mia Mamma e al mio Papà

(infinitamente GRAZIE)^2

A mio Fratello

la mia spalla

A Davide

il mio compagno di viaggio

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Abstract

With the aim not only of equating the relevance of Environmental, Social, and Governance (ESG) results with those disclosed in traditional financial statements, but also of recognizing their natural connection, Directive 2022/2464/EU, i.e. Corporate Sustainability Reporting Directive (CSRD), has established new principles for corporate sustainability reporting and has extended the obligation to disclose information on sustainability issues to a much wider range of firms. This article discusses the impacts of the abovementioned Directive on current activities related to sustainability and Corporate Social Responsibility (CSR). It addresses the research gap on this issue focusing on small and medium-sized enterprises (SMEs) belonging to the Italian textile industry; it develops a hypothesis and qualitatively tests it with the single case study approach, dealing with Maglificio Gran Sasso SpA. Through the NVivo software, it examines two semi-structured interviews and secondary data according to the coding methodology. The findings show that the CSRD positively affects current CSR practices, inasmuch it brings about several favourable changes within companies, enhances materiality and double materiality assessment procedures, and provides guiding principles in the development of sustainable and CSR behaviours, helping to concentrate on the most relevant facts. The main implications of this research are for policymakers and practitioners: the former can find these results helpful to understand the real-world consequences and challenges of their regulations, whereas the latter can utilise them for their materiality assessment and stakeholders' engagement. Since the main limitation of this article is the restricted generalizability of its outcomes, future analyses can build on this research, for example by extending the set of data and sources of information. In addition, further studies can reinvestigate the impacts of this Directive after its effective entry into force and compare them with the findings of this paper.

Introduction

"*If everything is important, then nothing is*"- Patrick Lencioni

This quote perfectly introduces the heart of the issue with today's corporate social responsibility reporting practices: several organizations struggle to focus their reports on the facts and impacts that matter most. This occurs because even the definition of CSR is wide. Indeed, it can be broadly considered as the positive or responsible attitude of a company toward all its stakeholders. This statement is itself inherently linked to the idea that firms can benefit from positively engaging with their various stakeholders, both internal and external, such as employees, board members, communities, workers' families and so on, as well as by caring for the broadly defined environments in which they operate (Blasi, Caporin, & Fontini, 2018). According to Sheldon (Sheldon, 1924), social responsibility is a voluntary participation in social and environmental programmes. It is also strongly related to the concept of sustainable development, namely the "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development (WCED), 1987). Over the years, CSR disclosure and reporting have acquired great relevance (Barrena Martínez, López Fernández, & Romero Fernández, 2016) and have represented and continue to represent a great challenge for companies. Therefore, a body of academic literature has been written about them and they have become prevalent topics not only among businesses and media but also among political leaders (Campbell, 2007). In Italy, on 5 January 2023, Directive (EU) 2022/2464, i.e. Corporate Sustainability Reporting Directive, CSRD, came into force and it technically intervened by amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC, and Directive 2013/34/EU, as regards corporate sustainability reporting (European Parliament, Official Journal of the European Union Directive (EU) 2022/2464 of the European Parliament and of the Council, 2022). It makes a valuable contribution to the path undertaken by the European Legislator in order to help organizations on their journey towards sustainability by providing guidelines to identify relevant issues and prioritize those identified issues in accordance with their stakeholders' views and necessities (Hsu, Lee, & Chao, 2013). Thus, the CSRD has the purpose of guaranteeing access to the information needed to evaluate the impact of firms' strategies and actions on people and the environment, as well as the risks and financial opportunities linked to climate change and all other sustainability issues (Bauer & Peta, 2024). Furthermore, from a lexical perspective, to reduce misunderstandings, this Directive states that when reporting CSR impacts, it is preferable to use the words "sustainability information" in place of "non-financial information" because many stakeholders consider the term "non-financial" to be inaccurate inasmuch it can wrongly imply that the information in question has no financial relevance (European Parliament, Official Journal of the European Union Directive (EU) 2022/2464 of the European Parliament and of the Council, 2022). In order to increase the comparability and coherence of sustainability disclosure, the CSRD includes a wider number of recipients compared to previous European directives. The extension of its scope concerns all large companies with more than 250 employees and firms listed on regulated markets including listed SMEs, but not micro-enterprises. Based on the principle of proportionality, listed SMEs can report according to simpler rules, while micro-enterprises and unlisted SMEs on a voluntary basis. In particular, public-interest entities[1], which at the balance sheet closing date, even on a consolidated basis, exceed the average number of 500 employees and overcome at least one of the following limits: balance sheet greater than € 25 million or net revenues higher than € 50 million, are the first type of firms that have to apply the new disclosure rules on sustainability issues in the financial year 2024, for reports published in 2025. With the financial year ending 31 December 2025, expiring in 2026, the reporting obligation extends to large unlisted companies[2] which at the balance sheet date, even on a consolidated basis, overtake at least two of the following size criteria: average number of employees equal to 250, balance sheet exceeding € 25 million, net revenues greater than € 50 million. Regarding the financial year 2026 and with deadline in 2027, the obligation also arises for listed small and medium-sized enterprises[3] (excluding micro-enterprises) which at the balance sheet date fall within at least two of the following size criteria: 10-250 average number of employees, € 700,000-50 million in net revenues, € 350,000-25 million in balance sheet. Expiring in 2029 and applying to the financial year 2028, sustainability disclosure becomes compulsory for non-EU companies that perform services exceeding € 150 million in the European Community, if they have at least one daughter firm or branch in the EU (Bauer & Peta, 2024). In addition, to enhance the transparency and readability of CSR information, Directive 2022/2464/EU not only requires organizations to provide information in digital format, but it also introduces the reporting obligation according to a unified set of European standards and has relegated the drafting and publication of these principles to the European Financial Reporting Advisory Group (EFRAG). The first set of standards was approved by the European Commission on 31 July 2023 and was adopted by the European Parliament with the aim of ensuring its first application from 1 January 2024. Furthermore, considering that sustainability information is forward-looking and has both a quantitative and qualitative nature, the CSRD defines the obligation to disclose internally generated

[1]For the definition of public-interest entities, see art. 2 of Directive 2013/34/EU available at https://eurlex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013L0034

[2]For the definition of large unlisted companies, see art. 1 of Directive 2023/2775/EU, which amends art. 3 of Directive 2013/34/EU and is available at https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32023L2775

[3]For the definition of small and medium-sized enterprises, see art. 1 of Directive 2023/2775/EU, which amends art. 3 of Directive 2013/34/EU

intangibles, i.e. the so-called invisible assets that do not appear in companies' balance sheet and are unknown to reporting users. Some possible examples of intangible assets are IP, know-how, and internally generated brands (Bauer & Peta, 2024). In addition, among the most relevant points of this new Directive that address the aforesaid challenge of determining the most important facts and impacts of CSR practices, there are the concepts of materiality and double materiality. They define the threshold at which an issue or indicator becomes sufficiently crucial that it should be reported (Unerman & Zappettini, 2014) and, specifically, double materiality requires organizations to take into account both financial materiality and impact materiality (environmental and social materiality) (Bauer & Peta, 2024). In other terms, materiality plays a significant role: the clarity and quality of reports can be decreased with the disclosure of irrelevant data as it might diminish the understandability of material information (Luque-Vílchez, Cordazzo, & Rimmel, 2023). Thus, materiality and double materiality are essential to both firms and investors, as they allow companies to focus their CSR strategies on the most relevant issues, and they permit investors to evaluate portfolio exposure to specific material and immaterial CSR risks and opportunities (Badia, Gomez-Bezares, & Ferruz, 2022). This is the reason why clarification of the materiality construct could reduce confusion and eventually allow for identification and differentiation of the financial and sustainability accounting fields at their interface (Perera-Aldama, 2023). This process has been speeded up by the new European directive; nevertheless, Garst et al. (Garst, Maas, & Suijs, 2022) show that methods of data collection and analysis for this perspective require further development, inasmuch these new principles raise new questions by firms, particularly concerning the complexity, uncertainty, and evaluative nature of sustainability issues. Over the years, following the evolution of sustainability legislations, the challenges that CSR practices pose for organizations have been studied by various authors through the analysis of several types of samples and without arriving at a common view. These samples are composed of both multiple companies and individual firms, for instance Latin American listed companies (Sepulveda-Alzate, Garcia-Benau, & Gomez-Villegas, 2022), Nigerian listed firms (Erin, Bamigboye, & Oyewo, 2022), Canadian companies listed on the S&P/TSX Composite Index (Schiehll & Kolahgar, 2021), Scandinavian outdoor industry (Heggelund, Berg Hersdal, & Hunnes, 2023), Spanish state-owned enterprises (Ruiz-Lozano, De Vicente-Lama, Tirado-Valencia, & Cordob es-Madueno, 2021), Generali Italia SpA (Mio, Fasan, & Costantini, 2020), a medium-sized Italian firm active in the water technology sector, ACMO Group SpA, (Calabrese, Costa, Levialdi, & Menichini, 2016), and an Italian SME working in the entertainment and culture sector, Costa Edutainment SpA (Del Baldo, 2017). In addition, very recent literature has provided ex-ante empirical evidence on how twenty listed Romanian companies perform materiality assessment and disclose impacts, risks, and opportunities following

Directive 2022/2464/EU (Dragomir, Dumitru, Chersan, Gorgan, & Paunescu, 2024). Although extensive academic analyses have been carried out on the issues that are linked with CSR, about Italian SMEs, especially with regards to the abovementioned Directive, these challenges have not been exhaustively studied. Therefore, the aim of the present article is to contribute to the literature investigating the effects of Directive 2022/2464/EU on current CSR practices with a focus on SMEs belonging to one of the most internationally renowned and fruitful Italian industry: textile and apparel (Truett & Truett, 2014). Indeed, it is the third largest manufacturing sector with almost 45,000 firms active in the area and 393.7 thousands employees (Italian Trade Agency, 2024), it also concurs approximately €25 billion to the Italian trade balance and accounts for 11.9% of world exports (Italian Government: Ministry of Foreign Affairs and International Cooperation, 2024). To achieve the above-described objective, this research applies the single case study method, dealing with Maglificio Gran Sasso SpA, an Italian SME operating in the textile and apparel industry. It qualitatively analyses two in-depth, semi-structured interviews and secondary data through the NVivo software. The main implications of this paper are for policymakers and practitioners: the former can find these results helpful to comprehend the real-world consequences and challenges of their regulations, whereas the latter can utilise them for their materiality assessment and stakeholders' engagement.

This article is organized as follows. It first describes the theoretical framework and the theories used to develop the hypothesis. Next, it defines the sample, data, and methodology utilised. Finally, it reports the findings and provides a discussion of the main results and concluding remarks.

Literature Review

Matten and Moon (Matten & Moon, 2008) define CSR as an umbrella term which overlaps with other concepts and becomes synonymous with others related to business-society themes. At its core there is the idea that CSR reflects the social imperatives and the social consequences of business success. In other terms, it is deeply involved in three extremely dynamic and complex systems: the economy, society, and nature (Sheehy, 2015). As regards the former, CSR is becoming more and more ingrained in corporate plans, consequently both academia and industry need to understand how it is implemented (Tahniyath & Elbanna, 2023). However, the results of research on it primarily concentrate on organizational outcomes paying particular attention to financial performance. Thus, they neglect the possibility of evaluating a CSR strategy's success by examining its nonfinancial performance indicators, such as the impacts on social and environmental activities, employee extra-role behaviour, and customer perceptions (Fatima & Elbanna, 2020). Hitherward, beginning with the famous definition of stakeholder according to Freeman (Freeman R. E., 1984):

“a stakeholder in an organization is (by definition) any group or individual who can affect or is affected by the achievement of the organization’s objectives”, several authors argue that stakeholder theory can be considered as a CSR theory because it offers a normative framework for corporate responsibility and disclosure towards society (Mele, 2008) (Rashidfarokhi, Toivonen, & Viitanen, 2018) (Lindman, Ranängen, & Kauppila, 2020). Furthermore, Hörisch, Freeman, and Schaltegger (Hörisch, Freeman, & Schaltegger, 2014) state that stakeholder theory and sustainability management share several ideas, consequently the former can be purposefully applied in the context of the latter. Indeed, stakeholder theory claims that one of the main responsibilities of management is to determine how important it is for the company to satisfy stakeholders’ expectations in order to achieve its strategic goals. Various sustainability initiatives, guidelines, and tools highlight the importance of stakeholders’ needs, resulting in a multitude of CSR factors to consider (Lindman, Ranängen, & Kauppila, 2020). Precisely, Starik (Starik, 1995) emphasises that the natural environment has to be recognised as a vital component of businesses, and the stakeholder concept has to be extended to non-human entities, utilizing a more holistic and value-oriented approach. This statement is also demonstrated by Carini et al. (Carini, Rocca, Veneziani, & Teodori, 2021) who affirm that in order to understand overall CSR practices, it is necessary to carry out a holistic and comprehensive study. In other terms, stakeholder theory helps position sustainability management in a bigger picture, allowing CSR to enter the debate on values-based capitalism in which capitalism is seen as a system of cooperation among stakeholders around crucial values (Freeman, Pierce, & Dodd, 2000). According to Hörisch, Freeman, and Schaltegger (Hörisch, Freeman, & Schaltegger, 2014), sustainability has to be one of these crucial values, even the most essential one. However, this scenario is linked to three main challenges: anchoring sustainability in the mindset of all stakeholders, creating mutual sustainability interests based on the particular sustainability interests of single stakeholders, and empowering civil society to act as intermediaries between firms and their sustainability commitments. In order to overcome these issues, existing research suggests that knowledge, communication, and education are vital to develop more sustainable practices (Hesselbarth & Schaltegger, 2014) (Larrinaga, Luque-Vilchez, & Fernandez, 2018); this will raise awareness of urgent CSR challenges and the possible advantages associated with them, as well as it will help empower stakeholders and corporate management with the needed information and practical skills. In addition, regulators and standard setters have to create a framework with strong incentives that encourage stakeholders to cooperate on advancing CSR, also connecting stakeholders’ engagement to sustainability reporting. Regulation, standards-setting, and incentives can assist stakeholders and companies in becoming more conscious of the necessity to foster shared interests and sustainability-oriented attitudes (Hörisch, Freeman, & Schaltegger, 2014). Furthermore, CSR disclosure can change firms' behaviours, influencing their operations or mitigating their externalities; this is more likely to occur from a reporting mandate than from voluntary disclosure. Indeed, companies generally react to mandatory sustainability reporting by adjusting and expanding their CSR activities to improve their CSR performance that is usually costly to them. Peer benchmarking and societal or stakeholders' pressures are also important drivers for these changes (Christensen, Hail, & Leuz, 2021). Fernandez-Feijoo et al. (Fernandez-Feijoo, Romero, & Ruiz, 2014) find out that the pressure of some stakeholders' groups, such as customers, investors, employees, and environment, enhances the quality of transparency in CSR reports. Similarly, firm size, media visibility, and ownership structure are crucial elements in sustainability disclosure, while corporate governance appears to have an influence on the presence of sustainability committees or audit (Dienes, Sassen, & Fischer, 2016). In other terms, stakeholders' pressures and, consequently, their engagement are key processes to align companies and stakeholders' interests, identifying material content for CSR reporting (Moratis & Brandt, 2017). As regards sustainability materiality, scholarly work on it has increased exponentially since the 2010s and it is expected to grow further due to regulatory developments, such as the Corporate Sustainability Reporting Directive and the European sustainability reporting standards (Fiandrino, Tonelli, & Devalle, 2022). Even if academics and practitioners agree on the lack of a univocal definition of materiality (Fiandrino, di Trana, Tonelli, & Lucchese, 2021), it is commonly acknowledged that materiality matters, meaning that organizations should identify, rank, and make public any information on CSR concerns that they deem material. The disclosure of firms' sustainability initiatives is subject to ongoing prioritizing, including decisions on which actions should be undertaken, which metrics and KPIs should be used as performance indicators, and which data should be divulged. In order to determine the relative significance of different CSR challenges, materiality assessment is an essential tool, because it can support in the definition of relevant activities along each of the E, S, and G dimensions (Jørgensen, Mjøs, & Pedersen, 2022). Precisely, in the materiality assessment process, the materiality matrix is a commonly used commensuration instrument that allows to plot sustainability issues on its axes, prioritising the most material topics through a technic-rational approach. Nevertheless, when organizations provide environmental, social, and governance data to investors following this method, they usually focus on factors that might impact on the company from a financial point of view, in other words, they work with the financial materiality (Delgado-Ceballos, Ortiz-De-Mandojana, Antolín-López, & Montiel, 2023). Indeed, from the research conducted by Cerbone and Maroun (Cerbone & Maroun, 2019) on fourteen large organizations listed on the Johannesburg Stock Exchange (JSE), it turns out that materiality is defined only with reference to financial performance and ESG indicators are decoupled from the firms' economic core. Puroila and Mäkelä (Puroila & Mäkelä, 2019) argue that this approach portrays the materiality assessment as a value-free measurement and the materiality matrix arising from it presents the various stakeholders as having unified understanding of what is considered relevant in corporate sustainability, whereas in reality there are disagreements between them. In other terms, materiality assessment is a social and political, rather than technical, phenomenon (Carpenter, Dirsmith, & Gupta, 1994) (Lai, Melloni, & Stacchezzini, 2017) that enables a wider social awareness of sustainable development thanks to corporate communication (Brown & Dillard, 2014), thus it needs a more direct stakeholders' engagement to obtain a thorough comprehension of what is material in complex corporate settings, avoiding to focus only on financial aspects. Stakeholders can also be concerned about the external impacts of organizations on society and the natural environment. When companies provide information about these external impacts, they address the need for stakeholder or impact materiality. Therefore, financial materiality and impact materiality have been termed by the European Legislator double materiality (European Parliament, Official Journal of the European Union Directive (EU) 2022/2464 of the European Parliament and of the Council, 2022), which points out a complete picture of the relationships between organizations and global CSR (Delgado-Ceballos, Ortiz-De-Mandojana, Antolín-López, & Montiel, 2023). It includes both sustainability matters that impact on people and the environment and the risks and the effects of sustainability issues on the firm's activity (Fiandrino, di Trana, Tonelli, & Lucchese, 2021). In addition, the double materiality concept, clarified by Directive 2022/2464/EU, tries to address the concerns raised by Guix et al. (Guix, Font, & Bonilla-Priego, 2019) who argue that the poor quality of sustainability reporting is partly owing to the limited knowledge that some organizations have about materiality and its assessment. This concept also seeks to work on the recommendations by Gerwanski et al. (Gerwanski, Kordsachia, & Velte, 2019) who, on the basis of a research conducted on a cross-national sample consisting of around four hundred companies, ask standard setters to draft regulatory frameworks or amendments to them with particular attention to the issuance of a best practices guide for materiality disclosure. Furthermore, Machado et al. (Machado, Dias, & Fonseca, 2020) analyse one hundred and forty sustainability reports and find out that the process of materiality assessment is ambiguous and lacking in clarity, hence they claim that "without thorough methods and protocols of materiality analysis, transparency will only expose how incipient the field of sustainability accounting is". The same weakness is highlighted by Rashidfarokhi et al. (Rashidfarokhi, Toivonen, & Viitanen, 2018) who investigate the content of CSR reports issued by Finnish listed real estate firms and recognise the absence of a systematic and clear approach to embrace materiality, external assurance, and stakeholders' engagement. Therefore, following the requirements of the European legislation, they advise real estate sustainability analysts to identify the shortcomings of their corporate sustainability reports and take action to overcome these challenges, using as a checklist and starting point the methodology and findings of their research. Similarly, studies conducted in the New Zealand wine industry advocate for an appropriate regulatory policy response that can be capable of compensating for the difference between highly salient environmental issues, which a company is more likely to deal with, and less salient environmental issues that are less likely to be addressed through voluntary actions (Whitehead, 2017). The scenario is analogous in the airport sector where sustainability disclosure and materiality assessment are still not a widespread practice and, when they are implemented, their reporting level is rather moderate; consequently, the authors ask academics, senior policymakers, managers, and planners operating in this industry to shed light on literature deficiencies and improve decision-making processes (Karagiannis, Vouros, Skouloudis, & Evangelinos, 2019). In the hospitality sector, current sustainability divulgation also lacks hierarchical cause-and-effect chains and hard evidence of impact at the system level; thus, the researchers state that organizations in this industry can enhance their management controls by working on the quality, transparency, and consistency of their sustainability response and disclosure, addressing issues related to responsible growth without compromising the viability of the business (Guix & Font, 2020). As regards the fashion sector, Dobos et al. (Dobos & Éltető, 2023) affirm that national and international rules and certificates exist, but their effectiveness is questionable; thus, they suggest to consider further regulatory policy, such as transparency and supply chain accountability, as well as the establishment of a supernational monitoring agency. In addition, Torelli et al. (Torelli, Balluchi, & Furlotti, 2020) analyse the situation of Italian public interest entities, which from the financial year 2017 have to comply with Legislative Decree No 254/2016 that transposes Directive 2014/95/EU, which in turn amends Directive 2013/34/EU as regards reporting of nonfinancial and diversity information by certain large undertakings and groups (European Parliament, Official Journal of the European Union Directive (EU) 2014/95 of the European Parliament and the Council, 2014). The aforesaid Legislative Decree requires Italian public interest entities to integrate statutory financial statements with a disclosure of ESG strategies, i.e. nonfinancial statement. The findings of Torelli et al. (Torelli, Balluchi, & Furlotti, 2020) show that, even though there is a legislation, firms belonging to different industries have different reporting practices. Hence, the authors claim that the Legislator should consider these differences and take appropriate action to close any gaps and promote virtuous behaviours. In particular, in the service sector, the empirical results indicate that companies generally use the principle of materiality and the underlying procedures less exhaustively in their nonfinancial reports. An example of positive feedback on all these requests made by academics to the Legislator regarding

CSR regulation can be found in China, and precisely in the regions of Shanghai and Shenzhen A-share. Indeed, Zhuo (Zhuo, 2023) investigates the effect of environmental regulation on CSR and shows that the former has a favourable impact on firms' financial and environmental performance. Whereas Wang et al. (Wang & Wang, 2023) work with Chinese companies listed on the SHSE and SZSE and discover that, after China's adoption of CSR mandatory divulgation, audit report lags have diminished by 6% on average, suggesting that audit efficiency improves due to CSR compulsory disclosure. Furthermore, Habek et al. (Habek & Wolniak, 2016) analyse the state of CSR reporting practices in Denmark, France, Poland, Sweden, United Kingdom, and the Netherlands and argue that, although the level of the studied reports is still generally low, the legal obligation of CSR data disclosure has a positive effect on the quality of CSR reports. As regards United Kingdom, Hamed et al. (Hamed, Khalil Al-Shattarat, Khalil Al-Shattarat, & Hussainey, 2022) affirm that the UK's mandatory CSR reporting regulation strongly enriches CSR reporting quality, as well as firms' corporate governance and size enhance compulsory sustainability disclosure quality. Even if mandatory sustainability reporting can constrain earnings management after the policy, Wang et al. (Wang, Cao, & Ye, 2018) also underline that CSR disclosure has a significant impact on companies' financial reporting quality, and regulations can improve the latter by requiring the disclosure of nonfinancial information. Considering Indian firms, Samarawickrama et al. (Samarawickrama, Biswas, & Roberts, 2023) reveal that CSR obligation positively impacts social reporting due to coercive pressures and CSR committees mediate this relation with strengthened social disclosure resulting from better CSR committees' quality. In addition, using the reported CSR information, stakeholders can infer companies' future prospects and assess their financial scenarios with more supporting data. CSR disclosure regulation can intensify the pressure on organizations to clean up their operations and manage their impacts, representing a meaningful step towards integrating financial and nonfinancial reports, functioning markets, corporate accountability, and a more long-term orientation (Kinderman, 2020). In addition, analysing a sample composed of firms from sixty-nine countries, Christensen et al. (Christensen, Serafeim, & Sikochi, 2022) confirm that reporting regulation enhances companies' ESG disclosure, as well as Haji et al. (Haji, Coram, & Troshani, 2023) review studies which examine economic and behavioural consequences of CSR reporting requirements and validate that the latter improve CSR performance of affected firms with also beneficial externalities on society (Chen, Hung, & Wang, 2018). As regards Directive 2014/95/EU, which is the last CSR directive before Directive 2022/2464/EU, if Torelli et al. (Torelli, Balluchi, & Furlotti, 2020) highlight its critical aspects and some research shows that it positively affects the quantity of nonfinancial disclosure (Papa, Carrassi, Muserra, & Wieczorek-Kosmala, 2022), but not the quality (Korca, Costa, & Farneti,

2021) (Agostini, Costa, & Korca, 2022), other academics claim that sustainability reports enhance once there is the obligation to disclose nonfinancial information. For instance, in Poland, Matuszak and Rozanska (Matuszak & Rozanska, 2021) state that even where there is already a high level of compliance with the European regulation, Directive 2014/95/EU leads to more homogeneity of nonfinancial reporting across different industries; furthermore, it has the largest effects on companies with previously low degrees of nonfinancial disclosure. With a sample of more than four thousand firms belonging to different EU countries and using as benchmark group US companies, Fiechter, Hitz, and Lehmann (Fiechter, Hitz, & Lehmann, 2022) argue that firms within the scope of this Directive respond by intensifying their CSR activities and that they begin doing so before the entry into force of the regulation. Through companies based in seventeen EU countries, Cuomo et al. (Cuomo, Gaia, Girardone, & Piserà, 2024) also examine the impacts of Directive 2014/95/EU on CSR practices and they result in an increase in CSR performance and transparency. In addition, the authors demonstrate that the association between this Directive and CSR transparency is stronger for smaller firms, companies highly followed by analysts, and firms whose headquarters are in nations with robust regulatory frameworks. Their study also finds out that, after Directive 2014/95/EU enactment, companies that adopt CSR reporting witness a decrease in systematic risk and equity cost. According to the research of Bigelli et al. (Bigelli, Mengoli, & Sandri, 2023), requiring large EU firms to disclose on several environmental, social, and governance issues, this Directive drives companies to attain higher ESG scores and significantly diminishes the ESG gap between firms with and without ESG committee. Using as case studies two large public companies in Italy, the findings of Lombardi et al. (Lombardi, Cosentino, Sura, & Galeotti, 2022) explain how Directive 2014/95/EU fosters changes in disclosure practices of large public firms, whereas external pressures help to influence shifts towards new internal structures, processes, and procedures. While the abovementioned regulation was under review by the European Parliament and Commission to be replaced with the Corporate Sustainability Reporting Directive, Aboud, Saleh, and Eliwa (Aboud, Saleh, & Eliwa, 2024) revealed that both the passage of Directive 2014/95/EU in 2014 and its implementation in 2017 had a mitigating effect on ESG decoupling, defined as the gap between a company's ESG actions and activities and a firm's ESG disclosure. Considering the aforesaid Directive 2022/2464/EU, Dragomir et al. (Dragomir, Dumitru, Chersan, Gorgan, & Paunescu, 2024) collect data from twenty listed Romanian companies and suggest that most firms provide information on their materiality assessment process: direct, inside out, and positive impacts, environmental risks and opportunities, and social impacts.

These arguments, which are analytically summarized in the section Literature Review Scheme of the appendix, lead to hypothesise that also the most recent CSR regulation, i.e. Directive 2022/2464/EU, has positive effects on current CSR practices.

H: Directive 2022/2464/EU positively affects current CSR practices.

Methods

To investigate the effects of Directive 2022/2464/EU on current CSR practices and test the abovementioned hypothesis, a qualitative approach and a single case study method are used. They enable to carry out an in-depth analysis of a phenomenon in its real-life context (Yin, 2009) (Mio, Fasan, & Costantini, 2020) and allow to place a strong focus on characterizing and comprehending the meanings people attribute to processes (Cooper & Morgan, 2008). Precisely, the case is relative to Maglificio Gran Sasso SpA, which is an Italian SME operating in the textile and apparel sector. In 1952, through the entrepreneurial spirit of four brothers, the firm was born as a small family business to manufacture wool and cashmere sweaters. Over the years, it has emerged as an international brand with truly Made in Italy authenticity at its heart. At the end of the financial year 2023, it registers a turnover of € 75 million and has around 400 employees (Maglificio Gran Sasso SpA, 1952 Gran Sasso Italy, 2024). According to Directive 2022/2464/EU, Maglificio Gran Sasso SpA is a large unlisted company that has to comply with the regulation starting from the financial year 2025. As aforesaid, the firm and the whole industry have been chosen not only because they represent an essential pillar of the Italian economy and of its presence worldwide, but also inasmuch, in the last decades, there has been a noteworthy rise in sustainability and CSR awareness in the fashion sector (Castagna, Duarte, & Pinto, 2022). This is occurring because consumers are becoming more conscious of environmental concerns (Blasi, Brigato, & Sedita, 2020); indeed, nowadays, they obtain a moral sense of satisfaction when they modify their purchasing behaviours in order to be more sustainable, for instance extending the clothing lifecycle and reducing waste (Lo, Tsarenko, & Tojib, 2019). This trend of change has been embraced by many luxury brands, which have revised their production systems toward more sustainable principles, also introducing materials that meet customers' expectations for product sustainability (De Angelis, Adıgüzel, & Amatulli, 2017). For example, following this perspective, since 2020, Maglificio Gran Sasso SpA has been marketing a swimsuit collection made of 100% recycled microfiber (Maglificio Gran Sasso SpA, Sustainability Our 2023 Journey, 2024). To figure out the effects of Directive 2022/2464/EU on current CSR practices carried out by Italian SMEs in the textile and apparel sector, between February and April 2024, two semi-structured interviews were conducted at the sustainability office of Maglificio Gran Sasso SpA in Sant'Egidio alla Vibrata (TE). Since they were semi-structured, even if there was a list of questions on topics to address, these interviews left the interviewee free to suggest concerns and themes that were not included in the abovementioned list (Mio, Fasan, & Costantini, 2020). Indeed, interviews carried out in a semi-structured manner provide for sufficient flexibility to thoroughly investigate the concepts and examine the participant's replies. Precisely, Dr. Luca Calcagnoli, Chief Financial Officer and Innovation Manager of the company, was interviewed. The purpose of the meetings was to gain an understanding of the way in which the firm deals with CSR and sustainability practices and how the new Directive 2022/2464/EU impacts on these practices. The first interview began with a general discussion on sustainability and CSR practices and then delved into the new European regulation and its implications, while the second was a follow-up interview to clarify some aspects of the first session. Both interview data were recorded electronically and transcribed in full[4]. The interviewee received all transcripts for comment; any further remarks or concerns were documented and incorporated into this study as a whole. Comprehensive notes made both during and after each interview, post-interview conversations and reflections, documents supplied by the interviewee, and material from the company's website and sustainability reports all influenced this research. The first stage of analysis was data reduction; hence, the identification of core themes from the transcripts. This was accomplished by carefully reading the first interview transcript and then openly coding it through the NVivo software. A graph was created by grouping a set of initial open codes under core themes which allowed to test the hypothesis. In order to validate this analysis through additional and more in-depth data, a second semi-structured interview was performed with Dr. Luca Calcagnoli. This second session was examined in exactly the same way as the previous one and its open codes were added to the aforesaid chart. The core themes identified were developed further as a result of reading the two transcripts again, rewriting, and evaluating the information in light of the literature, which framed the research, and secondary data including Maglificio Gran Sasso SpA's documents, such as sustainability reports, financial statements, and annual reports. This triangulation of sources improved trustworthiness and enabled to contextualise the information (Yin, 2009). The above-described process was iterative and led to a conclusion drawing, allowing the hypothesis to be tested qualitatively.

Results

The following graph, processed through the NVivo software, shows the findings of this research, enabling to support the hypothesis. In other terms, Directive 2022/2464/EU positively affects current CSR practices of Italian SMEs operating in the textile and apparel sector. This can be

[4]Full transcripts of the interviews are available in the section Interviews Transcripts of the appendix

demonstrated through the three core themes identified and highlighted in the chart: company's changes, materiality assessment, and guiding principle. Indeed, this Directive brings about numerous favourable changes, enhances materiality and double materiality assessment procedures, and provides guiding principles in the development of sustainable and CSR practices, helping to focus on the most relevant facts and impacts.

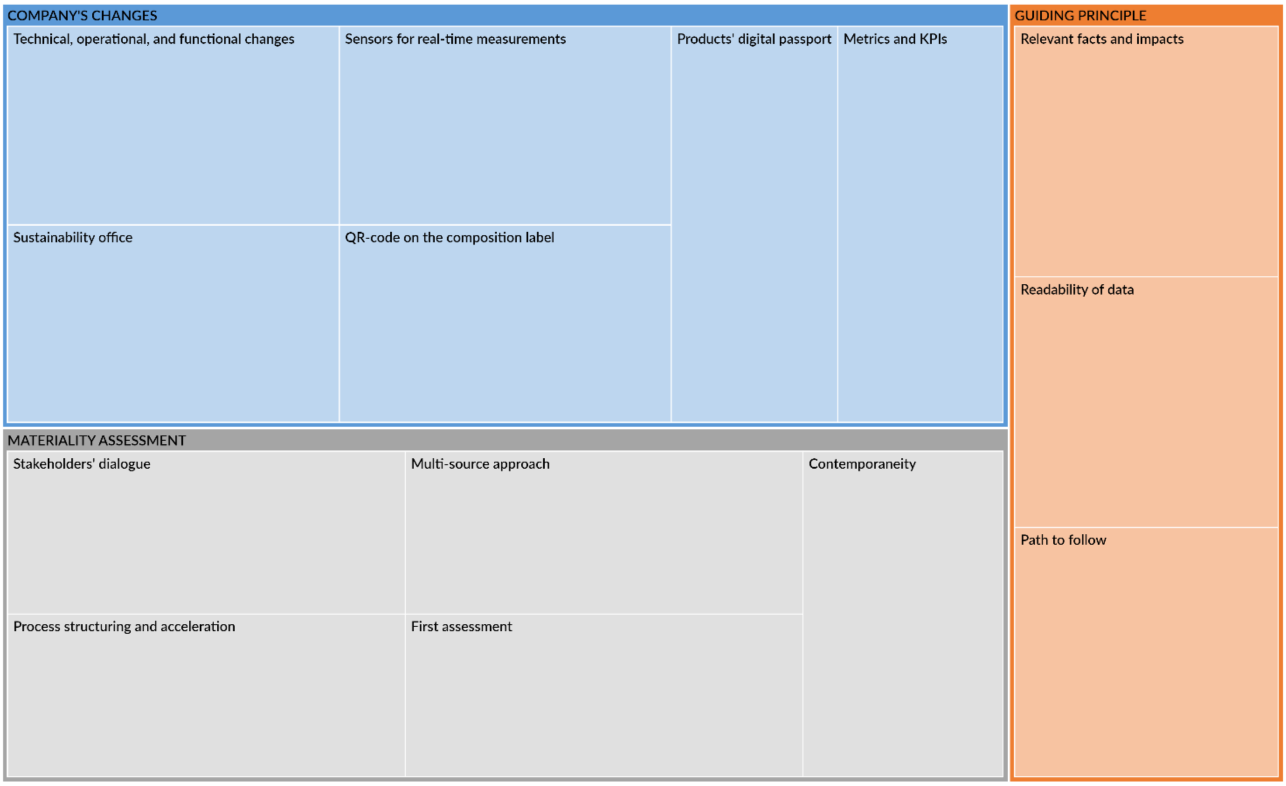

Figure 1 NVivo chart of core themes and open codes

The main positive impacts of Directive 2022/2464/EU are related to the core theme "company's changes", inasmuch constructive *technical, operational, and functional changes* need to be carried out in order to comply with it. For instance, the creation of a sustainability committee or a department dedicated to sustainability, and the definition of *metrics and KPIs*. As regards the latter, Maglificio Gran Sasso SpA's new *sustainability office* is introducing them step by step, starting with the Carbon Footprint calculation according to the logic of Scope 1, 2, and 3 (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024) (Maglificio Gran Sasso SpA, Sustainability Our 2023 Journey, 2024). Furthermore, considering *sensors for real-time measurements*, encouraged by the Directive, the firm is "*currently working to implement in our plant in Sant'Egidio alla Vibrata (TE) sensors to measure our electricity consumption, for instance, we would like to start from our production department, so from our textile machines which work at least 18 hours per day, and in some cases also 24 hours a day, then we would like to go ahead with our offices*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). With the aim of becoming more sustainable and in compliance with the European legislation, the company is also trying to introduce a *QR-code on the composition label* of its clothes in order to show its final consumers how to differentiate and/or recycle its items and the journey undertaken by each single raw material. To be able to perform this last task, the firm is exploring the RFID technology, which can also allow to build its *products' digital passport* (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024) (Maglificio Gran Sasso SpA, Sustainability Our 2023 Journey, 2024). As regards the core theme "materiality assessment", one of the most important positive consequences of Directive 2022/2464/EU is pointed out by the code *process structuring and acceleration* and can be summarized by the words of Dr. Luca Calcagnoli: "*the CSRD speeded up and structured the whole process*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024); precisely, there was *contemporaneity* inasmuch the company performed its materiality and double materiality assessment "*in concomitance with the CSRD*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024) (Maglificio Gran Sasso SpA, Sustainability Our 2023 Journey, 2024). The regulation has quickened the procedures, but it has also given firms time to adapt to changes, as underlined several times during the interviews. Maglificio Gran Sasso SpA has to comply with this Directive starting from the financial year 2025, with deadline in 2026; therefore, the company has decided to "*use these years before 2026, […] as years of testing and training to be ready […] and to be able to fully satisfy all the requests of the European Legislator, integrating them into our corporate strategy*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). In addition, this new regulation has refined the quality of stakeholders' engagement, materiality and double materiality assessment not only clarifying their procedures and the importance of the "*outside-in relevance for financial materiality and inside-out relevance for impact materiality*", but also fostering a *multi-source approach*, based on European legislation, sector and industry studies (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). Consequently, as highlighted by the code *stakeholders' dialogue*, the improvement of materiality analysis has enhanced the firm's CSR journey, emphasizing that "*the key to avoid being redundant, and so adding unnecessary and maybe misleading information in our sustainability disclosure – or on the contrary to avoid forgetting crucial topics – the key to do all this is the dialogue with our stakeholders*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). Nevertheless, as emerged during the interviews, especially for SMEs, this path is demanding and requires time to be digested. A good method can be carefully proceeding one step at a time, working on the core aspects, and then dealing with the less essential ones. This is showed through the code *first assessment*, and it is perfectly embraced by Maglificio Gran Sasso SpA, whose CFO has underlined many times that they performed their "*first attempt*" of materiality and double materiality assessment (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). This means that the company's approach to these procedures is evolving and currently it "*has several limits, we have to improve it, for instance, trying to deepen our stakeholders' engagement and enhancing the dimensions of assessment of our relevant topics*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). For example, in 2023 the firm developed its materiality evaluation "*studying the relevance of each topic for us and for our stakeholders, indicating it on the two axes of our matrix, and then the financial relevance, which is underlined by the size of the points on the matrix. For next year, we are planning to make these points into spheres, so using not only two dimensions of the matrix but three, in order to show the topic relevance for the future, for instance the coming three or five years. The larger the sphere the greater the relevance for the future*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). This points out what it means to proceed not by trial and error, but by "*analysing the context and its evolutions*", "*always with the head and respecting our values*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). These important values are perfectly showed by Dr. Luca Calcagnoli's definition of sustainability: "*my vision of sustainability, which is also the one of my company, does not properly follow the ESG acronym. It has little to do with the environment and a lot to do with people and processes. We believe that the environment is a consequence and people are at the centre. When you improve the quality of the work and even processes carried out by your employees and even external collaborators, you are automatically improving the quality of their life, thus you are sustainable*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). The core theme, entitled "guiding principle", is related to this last quote and explains the function of Directive 2022/2464/EU. Indeed, it defines a *path to follow*, a framework, which has to be personalised according to the firm's culture and vision, and, as indicated by the code *relevant facts and impacts*, it helps to "*pay attention to the most relevant facts and impacts [...] starting from the analysis of our sector and ending with continuously monitoring the material issues identified*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). In this perspective, this Directive can also aid to successfully affect the *readability of data* and the objectivity of benchmarking analyses, making "*sustainability reports 100% comparable*" over the next years (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). A tangible example of this regulation's support in focusing on the significant facts and impacts can be "*FaconV2*", which is an application internally developed by Maglificio Gran Sasso SpA to create digital shipping documents (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). It deals with two of the material topics that the company has underlined as relevant in its materiality matrix, i.e. "*sustainable relationships with suppliers*" and "*dignity of work and welfare*" (Maglificio Gran Sasso SpA, Sustainability Our 2023 Journey, 2024). Its main objective is the improvement of the work quality of the firm's employees and external collaborators since they no longer have to manually upload data for the abovementioned documents. In addition, perfectly reflecting Dr. Luca Calcagnoli's meaning of sustainability, this application has firstly "*reduced mistakes, and [...] increased our and our façonisti efficiency*". Secondly, it has diminished "*the use of paper, protecting the environment, because we no longer print shipping documents*" (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024) (Maglificio Gran Sasso SpA, Sustainability Our 2023 Journey, 2024).

Discussion and Conclusion

This research examines the effects of Directive 2022/2464/EU on current CSR practices with a focus on SMEs belonging to the Italian textile and apparel industry. Through the company Maglificio Gran Sasso SpA, it deals with the single case study method and qualitatively accepts the hypothesis, according to which Directive 2022/2464/EU positively affects current CSR practices. These results are consistent with previous academic literature which asserts that CSR regulation is expected to increase CSR disclosure (Dong & Xu, 2016) (Korca & Costa, 2021) (Christensen, Serafeim, & Sikochi, 2022) and CSR quality (Habek & Wolniak, 2016) (Venturelli, Caputo, Cosma, Leopizzi, & Pizzi, 2017) (Wang, Cao, & Ye, 2018) (Mion & Adaui, 2019) (Hamed, Khalil Al-Shattarat, Khalil Al-Shattarat, & Hussainey, 2022). Furthermore, before its entry into force, the analysed firm has begun to comply with the Directive, making the necessary technical, operational, and functional enhancements and changes; this scenario is not an isolated case, but it has been confirmed by other authors who state that the real impacts of CSR regulation materialize before the coming into effect of the reporting mandate. Precisely, they maintain that EU companies within the scope of this regulation have an adequate period of time to be ready for the European legislation's requirements. These firms probably start gathering data, process more information, improve their internal disclosure systems, reevaluate their CSR policies, or set up CSR governance or reporting committees in anticipation of the disclosure obligations (Fiechter, Hitz, & Lehmann, 2022) (Lombardi, Cosentino, Sura, & Galeotti, 2022). This is highly related to Maglificio Gran Sasso SpA's concept of proceeding step by step, analysing the context and its evolution. In other terms, under the influence of CSR regulation, corporates' CSR practices change, and these changes include better planning and designing of them (Bihari & Shajahan, 2023). In addition, the findings of this research about the positive effects that Directive 2022/2464/EU has on CSR activities, stakeholders' engagement and, consequently, on the clarification of best practices for materiality assessment are strongly coherent with stakeholder theory and the study of Cornell and Shapiro (Cornell & Shapiro, 1987). The latter affirm that the set of claimants on a company's resources goes beyond the stockholders and bondholders to include stakeholders who have explicit claims on the firm like wage contracts and others with whom the company has made implicit contracts, involving, for instance, quality service and environmental and social responsibility. Indeed, "*Profit is not the purpose of a business, but rather the test of its validity*"[5] and the main goal of enterprises should be sustainable development, responsible and virtuous growth (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). In accordance with other authors who provide evidence on the effectiveness of CSR regulation in achieving the general purpose of a more sustainable society (Cuomo, Gaia, Girardone, & Piserà, 2024), beginning with improving CSR performances of affected firms (Chen, Hung, & Wang, 2018) (Christensen, Hail, & Leuz, 2021) (Zhuo, 2023) (Cuomo, Gaia, Girardone, & Piserà, 2024), the present article confirms that this objective is reachable thanks to Directive 2022/2464/EU. Furthermore, the results for which this European legislation has the function of guiding companies towards their sustainable development, also making CSR disclosure more commensurable, are in line with previous literature which argues that the regulation before the CSRD, i.e. Directive 2014/95/EU, can guarantee consistent, comparable, and relevant information provision between firms (Lehner & Harrer, 2019). Other academics quantitatively show that the aforesaid Directive has led to an increase in companies' CSR transparency during the post-Directive period (Cuomo, Gaia, Girardone, & Piserà, 2024), and, more generally, a mandatory CSR reporting system can bring about optimal truthful divulgence, increasing the spread of best practices and benchmarking (Hess & Dunfee, 2007). In addition, in sustainable disclosure activities to avoid the scenario for which "*If everything is important, then nothing is"*[6] – as mentioned in the Introduction – this research discovers that the key is the constructive dialogue with stakeholders in order to prevent overlooking crucial themes or disclosing misleading information. Indeed, ESG reporting is an outcome of the stakeholder conversation process, but it is also its platform (Owen, Swift, & Hunt, 2001) and effective channel of communication (Hsu, Lee, & Chao, 2013). Precisely, the purpose of sustainability disclosure is to talk with stakeholders about issues they find essential, addressing their concerns, as well as the process of its drafting represents a possibility for the firm to invite its stakeholders to debate and provides a space for dialogue in itself (Owen, Swift, & Hunt, 2001) (Moratis & Brandt, 2017). In this perspective, it is important the concept of materiality assessment that leads the analysis of sustainability topics' relative significance and it can aid companies in handling trade-offs between different areas of CSR (Jørgensen, Mjøs, & Pedersen, 2022). Considering stakeholders' engagement not as the simple involvement of stakeholders to manage their needs, but to create a network of mutual responsibility (Manetti, 2011), both academics and regulators recognize the importance of this phase in materiality assessment in order

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[5]"*Profit is not the purpose of a business, but rather the test of its validity*"- Peter Drucker
[6]"*If everything is important, then nothing is*"- Patrick Lencioni

to delineate the relevant contents of ESG reports (Adams & McNicholas, 2007) (Herremans, Nazari, & Mahmoudian, 2016) (Moratis & Brandt, 2017) (Sepulveda-Alzate, Garcia-Benau, & Gomez-Villegas, 2022). Nevertheless, Perrini (Perrini, 2006) and Manetti (Manetti, 2011) demonstrate that, even if firms confer with them, sporadically companies effectively involve their stakeholders in decision-making processes to define the contents of their sustainability reports. The present research partially validates the results of previous literature, because also the firm under study has not included all its stakeholders in its materiality assessment, but only the most crucial ones, such as suppliers, sub-suppliers, and representatives of its local community and territory. However, following its thought of proceeding one step at a time, Maglificio Gran Sasso SpA has declared that this is a huge limit of its 2023 Sustainability Report and it is currently working to improve it, for instance involving its employees in the materiality assessment process through "*il Cassetto delle idee*", an electronic tool aimed at collecting opinions and suggestions from its workers (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). If Puroila and Mäkelä (Puroila & Mäkelä, 2019) sustain that the instrument used to summarise materiality assessment, hence the materiality matrix, portrays this assessment as a value-free measurement and presents the various stakeholders as having unified knowledge of what is considered significant in corporate sustainability, this study is not in agreement with the aforesaid findings. Indeed, it shows that the materiality matrix tool offers a comprehensive overview of ESG topics' materiality score (Garst, Maas, & Suijs, 2022) and illustrates how and why some themes have been judged relevant enough for reporting and/or becoming strategic objectives, synthetizing and making instantly observable the inherent complexity of assessing CSR material issues through stakeholders' engagement (De Cristofaro & Raucci, 2022) (Maglificio Gran Sasso SpA, Sustainability Our 2023 Journey, 2024). This instrument also provides a vast possibility of customization; in fact, a part from the traditional two axes of the abovementioned matrix, from the analysed case study, it turns out that it is possible to personalize the representation of materiality assessment's outcomes, for instance utilizing a third dimension which can depict the future relevance of the material topics in the coming three or five years (Calcagnoli, CSR practices and Directive 2022/2464/EU, 2024). This scenario is consistent with other authors who claim that the materiality matrix clarifies the dynamics of sustainability-oriented value creation and business models (Geldres-Weiss, Gambetta, Massa, & Geldres-Weiss, 2021), building a multi-stakeholder context that enhances virtuous path of co-creation and responsible development (De Cristofaro & Raucci, 2022).

Overall, this research contributes to the literature qualitatively showing the effects and future implications of the new Corporate Sustainability Reporting Directive on CSR practices of Italian SMEs working in the textile and apparel sector. Especially if they operate in this industry, policymakers and practitioners might consider these findings useful because they allow the former to understand the practical challenges of their activities, whereas the latter can apply them in their materiality assessment and stakeholders' engagement. The limitations of this paper are mainly linked with the restricted generalizability of its results, which is typical of the case study approach (Yin, 2009), the lack of a financial assessment in relation to CSR practices, and the scenario for which Directive 2022/2464/EU has not yet entered into force, hence its implementation is currently an ongoing process. Future analyses can build on this research, for example by extending the set of data and sources of information to all Italian companies in the textile sector or all European firms in this industry, as well as they can deepen the outcomes of the CSRD from an economic and financial perspective. Furthermore, since for the majority of Italian small and medium-sized companies, including Maglificio Gran Sasso SpA, Directive 2022/2464/EU will come into effect in the financial year 2025, after this period and following the evolutions of the European legislation, further studies can reinvestigate the impacts of this Directive on Italian SMEs belonging to the textile and apparel sector. This can allow to figure out the consequences of the effective entry into force of the regulation and to compare them with the findings of this article.

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Appendix

Literature Review Scheme

	ID	Article Title	Abstract	Author(s)	Journal	ABS 2021	Year	Volume	Issue	Pages	Main Keywords	Findings/Contributions to this Research	Web of Science Link
CSR and Sustainability	1	**"Implicit" and "Explicit" CSR: A Conceptual Framework for a Comparative Understanding of Corporate Social Responsibility**	We address the question of how and why corporate social responsibility (CSR) differs among countries and how and why it changes. Applying two schools of thought in institutional theory, we conceptualize, first, the differences between CSR in the United States and Europe and, second, the recent rise of CSR in Europe. We also delineate the potential of our framework for application to other parts of the global economy.	Matten, D.; Moon, J.	Academy of Manageme nt Review	4*	2008	33	2	404-424	CSR; Business ethics; Europe; Globalization; State; Governance; Institutions; Governments; Environment; Diffusion; Character	CSR is an umbrella term overlapping with some, and being synonymous with other, conceptions of business-society relations (Matten & Crane, 2005). Third, it has clearly been a dynamic phenomenon (Carroll, 1999). At the core of CSR is the idea that it reflects the social imperatives and the social consequences of business success.	https://www.webofscience.com/wos/woscc/full-record/WOS:000254212300009
	2	**Defining CSR: Problems and Solutions**	The ubiquity of the term CSR threatens its carrying any distinctive meaning. Despite its long history no consensus has been developed among the industry participants, academics, or other interested parties. After a careful review of the complications and complexities of the CSR debate and distinct disciplinary definitions, the article turns to approach the problem of definition using the philosophy of science. It applies a scientific definitional approach of genus, differentia, and species to arrive at a definition of CSR as international private business self-regulation. The article provides an overview of the implications of this definition on CSR as a field of study, a management practice, and an approach to improving the dialogue concerning the social contribution of business.	Sheehy, Benedict	Journal of Business Ethics	3	2015	131	3	625-648	CSR; Regulation; Self-regulation; Private law; Private politics; Definitions; Philosophy of knowledge	The definition of CSR is both complex and complicated. It is complex because of the nature and context of the problems. The ecology, society and the economic system are highly complex dynamic systems and CSR is intimately involved in each. Further CSR is complex because of the inherent ambiguity of the issues under consideration.	Defining CSR: Problems and Solutions-Web of Science Core Collection

	3	**Corporate Social Responsibility (CSR) Implementation: A Review and a Research Agenda Towards an Integrative Framework**	In spite of accruing concerted scholarly and managerial interest since the 1950s in corporate social responsibility (CSR), its implementation is still a growing topic as most of it remains academically unexplored. As CSR continues to establish a stronger foothold in organizational strategies, understanding its implementation is needed for both academia and industry. In an attempt to respond to this need, we carry out a systematic review of 122 empirical studies on CSR implementation to provide a status quo of the literature and inform future scholars. We develop a research agenda in the form of an integrated framework of CSR implementation that pronounces its multi-dimensional and multi-level nature and provides a snapshot of the current literature status of CSR implementation. Future research avenues relating to multi-level studies, theoretically supported research models, developing economy settings, and more are recommended. Practitioners can also benefit through utilizing the holistic framework to attain a bird’s eye view and proactively formulate and implement CSR strategies that can be facilitated by collaborations with CSR scholars and experts.	Tahniyath, Fatima; Elbanna, Said	Journal of Business Ethics	3	2023	183	1	105-121	Corporate social responsibility implementation; CSR strategy; CSR complexity; CSR formulation; CSR implementation framework	CSR is becoming more and more ingrained in business plans, consequently both academia and industry need to understand how it is implemented. We develop a research agenda in the form of an integrated framework of CSR implementation that pronounces its multi-dimensional and multi-level nature and provides a snapshot of the current literature status of CSR implementation. Upon analysing the empirical literature trends on CSR implementation in Sect. 4, several suggestions for future research were made pertaining to the nature of research, level of analysis, theoretical support, and geographical expansion. Further insights were gained through the depiction of an integrative multi-level CSR implementation framework developed in the previous section of thematic analysis.	Corporate Social Responsibility (CSR) Implementation: A Review and a Research Agenda Towards an Integrative Framework-Web of Science Core Collection
	4	**Balanced scorecard in the hospitality and tourism industry: Past, present and future**	After its introduction in 1992, the balanced scorecard (BSC) has attracted considerable interest from both scholars and practitioners. This is evidenced by the increasing number of publications addressing BSC and the large number of professional events devoted to it. However, there is little research on BSC in the hospitality and tourism industry. This study aims to contribute towards filling this significant gap through studying 106 top-ranked journal articles on BSC, of which 37 belong to the hospitality and tourism industry. In so doing, the study highlights the research focus that has been placed so far on BSC and examines its trends and the relationships amongst its perspectives. It also provides valuable input to identify gaps currently impeding BSC development in the hospitality and tourism industry, recommends future research opportunities intended to improve understanding and practice of BSC along with building up on emerging research topics like sustainable tourism and new tourism management.	Fatima, Tahniyath; Elbanna, Said	International Journal of Hospitality Management	3	2020	91	n°102656	1-18	Balanced scorecard; Literature review; Performance measurement; Strategic management; sustainability	The results of research on it have primarily concentrated on organizational outcomes, paying particular attention to financial performance. Thus, they have neglected the possibility of evaluating a CSR strategy's success by examining its nonfinancial performance indicators, such as the impact on social and environmental performance, employee extra-role behaviour, and customer perceptions.	https://www.webofscience.com/wos/woscc/full-record/WOS:000585744300025

Stakeholder Theory	5	**Sustainability reporting in the Nordic real estate companies: empirical evidence from Finland**	The purpose of our study was to investigate the content of sustainability reporting issued by real estate sector (eight Finnish listed real estate companies active in the commercial sector). Content analysis was employed to identify the strengths and weaknesses of sustainability information provided by sample companies. The content analysis structure considered both quantity and quality of information simultaneously. Our results show an inconsistency in the form, extent, and quality of sustainability reports. In addition, our findings recognise a lack of clear approach to embrace materiality, external assurance, and further engagement of stakeholders in the sample reports. It seems that most of the sample companies were engaged in issuing sustainability reports to fulfil the legislative requirement and avoiding financial or legal risks. Our study provides information on the current status of sustainability reporting to real estate professionals. In addition, it contributes in decreasing the financial and legal risks, and increasing the corporate reputational capital, by revealing the common weaknesses prevalent in the sustainability reports.	Rashidfarokhi, Anahita; Toivonen, Saija; Viitanen, Kauko	International Journal of Strategic Property Management	2	2018	22	1	51-63	Sustainability reporting; Listed real estate companies; Quantity and quality of sustainability information; Content analysis; Global Reporting Initiative	The sample used in our study includes Finnish listed real estate companies active in the commercial sector. Finland provides an interesting case as the Finnish listed companies ranked the highest for the quality of the measurement and reporting of the CSR among the world's stock exchanges in the year 2014 (Mitopro, 2014). The reason for sampling listed companies is that Nasdaq Hel sinki Stock Exchange recommends its listed companies to include basic CSR data in their annual reports (Corporate Knights, 2014). Majority of the non-listed real estate companies in Finland do not publish sustainability reports and only possibility to assess their sustainability performance is to conduct interviews, which is out of this study's scope. In order to explore the list of the listed companies, the Finnish Property Market Report 2016 (KTI, 2016) was used. In total, eight real estate companies were identified with the above-mentioned specifications. In order to explore the list of the listed companies, the Finnish Property Market Report 2016 (KTI, 2016) was used. In total, eight real estate companies were identified with the above-mentioned specifications. Our results indicate that the approach to, and extent of issuing sustainability information are diverse among the sample companies. The majority of the sample companies tended to provide narrative non-assured sustainability in formation, lacking performance indicators. Over 74% of the reported information were not in the form of detailed qualitative or quantitative performance data. Lacking performance indicators and external assurance can decrease the level of corporate credibility in the eyes of stakeholders and generate suspicion about the reliability of the information provided. In addition to the mentioned challenges, our findings recognise a lack of a systematic approach to engage stakeholders in defining material issues in corporate sustainability reporting processes. Our findings are in line with the majority of previous literature reviewed in section 2 (see P. Jones et al., 2016, 2015; Andelin et al., 2015, 2013; Glass, 2012; Willetts et al., 2011). None of the sample companies could address all the recommended codes in the GRI G4 CRESS index. The sample companies showed a higher propensity to report on the following codes: economic performance (660 times), energy (252 times), and labour practice and decent work (426 times). Economic related issues were mainly reported to address the Accounting Act (1336/1997)	https://www.webofscience.com/wos/woscc/full-record/WOS:000429141100005

												requirements. Environment – related information was issued to reduce the potential legal and financial risks caused by strict environmental regulatory requirements approved in Finland and the EU. Information on Labour practice and decent work was given to comply with the Employment Contract Act (55/2001), and Occupational Safety, and Health Act (738/2002). Our findings suggest that the strongest motive for companies to engage in sustainability reporting issuance is to fulfil the legislative requirement to avoid any financial or legal risks. Based on our findings, it can be concluded that the potential of increasing business benefits through improved stakeholder engagement and higher quality of reports, as described by Brown, D. L. et al. (2009), is not still recognised by the sample companies.	
	6	**Guiding corporate social responsibility practice for social license to operate: A Nordic mining perspective**	Mining activities can benefit the local economy, although they can also have a negative impact on society and the local environment. As the negative impacts have engendered an increased stakeholder pressure over the last decades the mining industry has given considerable attention to its social and environmental impacts by practicing corporate social responsibility (CSR). This article presents a case study on the Nordic mining industry and its stakeholders with the aim of investigating how a mining company and its stakeholders evaluate sustainability aspects, describing the similarities and differences in their evaluations and exploring whether the concept of materiality analysis can be used as a tool for a company's strategic CSR practice. The mining company X was selected as the case company based on its high CSR profile, sustainability reporting, local context and interesting field competencies. Data has been collected through workshops with management groups, stakeholder surveys and stakeholder interviews. A sustainability aspect matrix was developed which the management groups at Company X and their identified stakeholders evaluated. The materiality analysis visualized the similarities and differences in a good way and the management groups regarded it as a useful tool for their strategic CSR practice.	Lindman, Asa; Ranangen, Helena; Kauppila, Osmo	Extractive Industries and Society	-	2020	7	3	892-907	Sustainability aspects; Corporate Social Responsibility; Social license to operate (SLO); Materiality analysis; Mining	Stakeholder theory can be considered as a CSR theory because it offers a normative framework for corporate responsibility and disclosure towards society. Stakeholder management means forming interactions and relationships with stakeholders in order to create value (Freeman et al., 2007), which should best be achieved through two-way communication (Tuulentie et al., 2019). The stakeholders' needs and expectations are emphasized in various sustainability initiatives, guidelines and tools that together generate a large number of sustainability aspects for consideration.	https://www.webofscience.com/wos/woscc/full-record/WOS:000571911100018

	7	**Applying Stakeholder Theory in Sustainability Management: Links, Similarities, Dissimilarities, and a Conceptual Framework**	This essay examines links, similarities, and dissimilarities between stakeholder theory and sustainability management. Based on the analysis a conceptual framework is developed to increase the applicability and the application of stakeholder theory in sustainability management. Concluding from the analysis, we identify three challenges of managing stakeholder relationships for sustainability: strengthening the particular sustainability interests of stakeholders, creating mutual sustainability interests based on these particular interest, and empowering stakeholders to act as intermediaries for nature and sustainable development. To address these challenges three interrelated mechanisms are suggested: education, regulation, and sustainability-based value creation for stakeholders.	Horisch, Jacob; Freeman, R. Edward; Schaltegger, Stefan	Organization and Environment	3	2014	27	4	328-346	Sustainability management; Stakeholder theory; Theories in sustainability management; Mutual interests; Value creation; Business case for sustainability; Sustainability-based value creation for stakeholders; Conceptual framework; Empowering stakeholders	We argue that stakeholder theory and sustainability management share a lot of ideas and thus stakeholder theory can be purposefully applied in the context of sustainability management. In so doing, stakeholder theory helps position sustainability management in a bigger picture and sustainability enters the debate on "values-based capitalism" (Freeman et al., 2000, p. 23). In this debate, Freeman et al. (2000, p. 32) "understand capitalism as a system of cooperation among stakeholders around important values." We argue that sustainability has to be one of these "important values" to comprehensively include durability and environmental concerns in stakeholder theory. Freeman et al. (2000) emphasize that in capitalism stakeholders do not act in a moral vacuum but cooperate around values. Based on these values, stakeholders have to negotiate to create mutual interests. Applying this to the context of sustainability management requires sustainability to be one of these values (maybe even the most important value) around which stakeholders cooperate. This embodies three core challenges: 1. Anchoring sustainability in the mindset of all stakeholders 2. Creating mutual sustainability interests based on the particular sustainability interests of single stakeholders 3. As nature is often not considered adequately by the most powerful immediate stakeholders (Starik, 1995) sustainability management is challenged to create approaches that empower societal stakeholders or more broadly civil society to act as intermediaries between nature and the company and to consider expected long-term challenges.	Applying Stakeholder Theory in Sustainability Management: Links, Similarities, Dissimilarities, and a Conceptual Framework-Web of Science Core Collection

	8	**Should Trees Have Managerial Standing? Toward Stakeholder Status for Non-Human Nature**	Most definitions of the concept of "stakeholder" include only human entities. This paper advances the argument that the non-human natural environment can be integrated into the stakeholder management concept. This argument includes the observations that the natural environment is finally becoming recognized as a vital component of the business environment, that the stakeholder concept is more than a human political/economic one, and that non-human nature currently is not adequately represented by other stakeholder groups. In addition, this paper asserts that any of several stakeholder management processes can readily include the natural environment as one or more stakeholders of organizations. Finally, the point is made that this integration would provide a more holistic, value-oriented, focused and strategic approach to stakeholder management, potentially benefitting both nature and organizations.	Starik, M.	Journal of Business Ethics	3	1995	14	3	207-217	Stakeholders	The natural environment has to be recognised as a vital component of businesses, and the stakeholder concept has to be extended also to non-human entities, utilizing a more holistic and value-oriented approach.	https://www.webofscience.com/wos/woscc/full-record/WOS:A1995QK45800005
	9	**Sustainability regulation and global corporate citizenship: A lesson (already) learned?**	The European Directive 2014/95, in force in 2017, requires non-financial information to all public interest entities with more than 500 employees. However, multinational companies as 'global corporate citizen' have already started to communicate sustainability disclosure before the accounting regulation imperative. The paper studies the sustainability disclosure behaviour of a global multinational Company, Eni, an Italian Integrated Oil & Gas Listed Company. The aim is to examine the relationship between the 'self-regulation' disclosure before the law and the forces within the company that drove that decision and the ex-post disclosure after the regulation imperative. The analysis is conducted over the 2018-2011 period and considers all the annual reports (i.e., financial report and social, environmental or sustainability reports). The results state that 'self-regulation' is guided by strategic legitimacy based on factors as corporate strategy, corporate identity, and stakeholders' pressure while the accounting regulation represents a tool to summarize non-financial data.	Carini, Cristian; Rocca, Laura; Veneziani, Monica; Teodori, Claudio	Corporate Social Responsibility and Environmental Management	1	2021	28	1	116-126	Accounting regulation; Non-financial information; Strategic legitimacy; Sustainability disclosure	The aim is to examine the relationship between the 'self-regulation' disclosure before the law and the forces within the company that drove that decision and the ex-post disclosure after the regulation imperative. The results state that 'self-regulation' is guided by strategic legitimacy based on factors as corporate strategy, corporate identity, and stakeholders' pressure while the accounting regulation represents a tool to summarize non-financial data. To understand overall CSR practices, it is necessary to carry out a holistic and comprehensive study.	https://www.webofscience.com/wos/woscc/full-record/WOS:000571470000001

	10	**Educating change agents for sustainability - learnings from the first sustainability management master of business administration**	In recent years knowledge and capabilities to manage corporate sustainability have become a significant component of different career paths in companies, consultancies, and even in non-profit and public institutions. As an answer to this worldwide trend of a new profession ever more universities and business schools have taken the initiative to increase their teaching activities in corporate social responsibility and sustainability management. As most courses do not have a long track record and as only a limited number of management-oriented continuous education studies exists so far, we still know little about how managers could be educated most effectively to become change agents for corporate sustainability. This paper examines a case study and provides insight into ten years of MBA education for sustainability management at the Centre for Sustainability Management, Leuphana University Luneburg, Germany. Based on data from a recent alumni survey we analyse the corporate practice experiences of the first 85 successful MBA students and the medium-term effects of the first master program in sustainability management. Based on the analysis we propose a competence matrix to structure basic components of postgraduate education in sustainability management. The paper unveils that extant research is needed to consider the practical experiences MBA graduates make when applying acquired knowledge and to link these insights to curriculum development.	Hesselbart, C.; Schaltegger, S.	Journal of Cleaner Production	2	2014	62	-	24-36	Higher education for sustainability management; Competence profile of "change agents for Sustainability"; MBA program in sustainability management; Curriculum development; Alumni survey	Knowledge, communication, and education are vital to develop more sustainable practices. This paper shows that research needs to be expanded with regard to the practical experiences graduated MBA students make when applying the knowledge acquired in their studies and in comparing the curriculum with the gaps they identify for additional and changed course contents and the pedagogic approach. Illustrated with the case of the MBA Sustainability Management at Leuphana University in Lüneburg and the responses of the alumni survey acquired and needed competencies are discussed. The general trend mentioned in literature that sustainability management is a “flourishing profession” (Visser and Crane, 2010) can be confirmed by the alumni survey results of the first MBA program in sustainability management. A rising number of applications from traditional business sectors, a growing share of employers who pay part or all of the enrolment fees (rising from 5.2% in 2005 to 15.6% in 2012 and the recent inclusion of the CSM’s MBA Sustainability Management in the corporate academic program of a leading German car manufacturer provide evidence for this observation. The largest increase in interest stems from consultancies, financial service providers, NGOs, public institutions, and multinational companies, many of them not having established a strong sustainability agenda in the past. This may be seen as an indicator that sustainability management has entered mainstream businesses. A mainstreaming’ shift from sustainability management in leading, particularly sustainability-oriented companies to sustainability management in more conventional companies transforming their processes, products and strategies can be expected to require new and other competencies of sustainability managers.	Educating change agents for sustainability - learnings from the first sustainability management master of business administration- Web of Science Core Collection

	11	**Sustainability accounting regulation in Spanish public sector organizations**	In 2011, the Spanish government made sustainability accounting mandatory for public sector organizations. This paper documents why, despite the new legislation, the quantity and quality of sustainability accounting practices remains low.	Larrinaga, Carlos; Luque-Vilchez,; Mercedes; Fernandez, Rosa	Public Money and Management	2	2018	38	5	345-354	Non-financial regulation; Public sector organizations; Spain; Sustainability accounting; Sustainability reporting	In 2011, the Spanish government made sustainability reporting, sustainable procurement and lifecycle costing mandatory for state-owned corporations and public business entities controlled by central government. This paper has documented and explored the reasons for the lack of substantial changes following the regulation of sustainability accounting practices in PSOs in Spain. So, the legislation did not have much impact on the number of sustainability reports nor on their quality. The empirical analysis evidenced a lack of alignment between the new sustainability accounting demands and the sustainability programme. The policy-making implications of our findings are that any attempt to regulate sustainability accounting, without including a comprehensive sustainability programme, is unlikely to change any practices in PSOs. Sustainability accounting is a mediating instrument that can highlight some issues, but communication and education are vital to deliver any real changes.	https://www.webofscience.com/wos/woscc/full-record/WOS:000434195500006
	12	**Mandatory CSR and sustainability reporting: economic analysis and literature review**	This study collates potential economic effects of mandated disclosure and reporting standards for corporate social responsibility (CSR) and sustainability topics. We first outline key features of CSR reporting. Next, we draw on relevant academic literatures in accounting, finance, economics, and management to discuss and evaluate the potential economic consequences of a requirement for CSR and sustainability reporting for U.S. firms, including effects in capital markets, on stakeholders other than investors, and on firm behaviour. We also discuss issues related to the implementation and enforcement of CSR and sustainability reporting standards as well as two approaches to sustainability reporting that differ in their overarching goals and materiality standards. Our analysis yields a number of insights that are relevant for the current debate on mandatory CSR and sustainability reporting. It also points scholars to avenues for future research.	Christensen, Hans B.; Hail, Luzi; Leuz, Christian	Review of Accounting Studies	4	2021	26	3	1176-1248	Transparency; Regulation; SASB; GRI; Standard setting; Accounting standards; Mandatory disclosure; Environmental, social and governance issues (ESG)	To conclude the analysis, we synthesize the main insights and briefly outline what we perceive as important questions and unresolved issues for (mandatory) CSR reporting. [...] First, to the extent that firms' CSR disclosures provide information that is relevant to capital market participants, much of the existing literature on the effects of corporate disclosure and reporting applies. This literature suggests that more and better (CSR) information can benefit capital markets through greater liquidity, lower cost of capital, and better capital allocation. In addition, corporate disclosures can change firm behaviour. Such real effects seem relevant in a CSR context, especially if the goal of mandatory CSR reporting is to influence firms' CSR activities or to mitigate externalities of firm behaviour. Real effects are more likely to follow from a reporting mandate than from voluntary disclosures. [...] one has to be careful when applying it to CSR reporting. CSR reporting is characterized by a wide-ranging, multifaceted set of topics, which are often long-term, non-monetary, and intangible in nature, as well as by a large set of users, all of which makes it quite different from financial reporting. For these reasons, it is worthwhile to revisit important empirical relations in the context of CSR reporting. Second, our review of the CSR literature demonstrates that many of the determinants of voluntary CSR reporting are similar to those documented for financial reporting (even though	https://www.webofscience.com/wos/woscc/full-record/WOS:000679266300001

												there are a few specific determinants of CSR reporting practices). This result suggests that there exists substantial commonality in the economic forces that drive the two sets of disclosures. The commonality, in turn, makes it difficult for researchers to separately estimate the effects of CSR disclosures on capital markets and other outcomes. [...] Third, extant literature suggests that mandatory CSR reporting has the potential to improve information to investors and other stakeholders. However, the magnitude of the resulting information effects from a CSR reporting mandate depends crucially on the extent to which firms currently withhold material CSR information. If firms largely comply with existing securities laws and already provide all material CSR-related information, then CSR standards based on financial (single) materiality should not produce much new information for investors. [...] Fourth, we expect that a CSR reporting mandate induces firms to make changes to their business operations. The literature suggests that firms generally respond to mandatory CSR reporting by expanding and adjusting their CSR activities to improve CSR performance, which is typically costly to firms. Societal or stakeholder pressures as well as peer benchmarking appear to be the main explanations for these changes. [...] Fifth, we identify several important implementation issues: the CSR standard setting process, the relevant materiality concept for CSR disclosures, the use of boilerplate language as an avoidance tool, and the enforcement or assurance of CSR standards. The process of setting CSR standards is likely shaped by societal, political, and moral debates about the underlying CSR topics themselves (rather than issues related to decision usefulness, measurement, or presentation that normally dominate the debate over financial reporting standards). [...] Finally, enforcement plays a central role if a CSR reporting mandate is to have substantive economic effects, intended or unintended. Creating an effective enforcement regime presents several challenges and requires substantial investments in infrastructure and (technical) expertise. Based on the experience with financial reporting, it makes sense to consider a combination of private assurance with public enforcement and oversight.	

	13	**Effect of Stakeholders' Pressure on Transparency of Sustainability Reports within the GRI Framework**	Transparency is a quality of corporate social responsibility communication that enhances the relationship between the investors and the company. The objective of this paper is to analyse if the transparency of the sustainability reports is affected by the relationship of companies in different industries with their stakeholders. If this were the case, it would indicate that the pressure of significant stakeholders determines the required level of transparency of the reports. We find that the pressure of some groups of stakeholders (customers, clients, employees, and environment) improves the quality of transparency of the reports. We extend previous research by studying the effect of stakeholder group pressure on transparency when reporting sustainability. Our results show that transparency is affected by ownership, along with size and global region.	Fernandez-Feijoo, Belen; Romero, Silvia; Ruiz, Silvia	Journal of Business Ethics	3	2014	122	1	53-63	Corporate social responsibility; Global Reporting Initiative; Information system for sustainability; Stakeholders pressure; Sustainability report; Transparency	All four hypotheses are supported, indicating that there is a positive and significant effect of the main stakeholders in an industry on the levels of CSR transparency. The positive sign of the coefficients shows that the four groups of stakeholders (customers, employees, environment, and investors) affect positively the transparency of sustainability reporting, hence the higher the pressure, the higher the level of transparency. Industry is usually reported as affecting CSR disclosure, especially in industries with environmental impact. We confirm that effect in the environmental variable, but we contribute to previous knowledge by including other categories of stakeholders that are usually not considered. In fact, our results support that environmental sensitiveness has less influence on CSR transparency than investors and employees. This result extends to consumers as well. Our results suggest the importance of external pressures as a driver for transparency in CSR reporting.	Effect of Stakeholders' Pressure on Transparency of Sustainability Reports within the GRI Framework-Web of Science Core Collection

	14	**What are the drivers of sustainability reporting? A systematic review**	The purpose of this paper is to systematise the research field of sustainability reporting. The authors contribute to closing this research gap and, on the basis of this systematisation, address the research question of what are the drivers of sustainability reporting. The paper systematically reviews existing studies and analyses drivers of sustainability reporting using a qualitative approach. The authors intend to demonstrate and discuss the wide range of approaches used in literature. The review suggests that firm size, media visibility and ownership structure are the most important drivers of the disclosure of sustainability reports, while corporate governance only seems to have an influence on the existence of audit or sustainability committees. In contrast, other determinants such as profitability, capital structure, firm age, or board composition as an indicator of corporate governance do not show a clear tendency. The authors systemise the research field related to sustainability reporting to give an overview of the current research landscape that is not influenced by environmental or social reporting and discuss the identified determinants and the related variables. This results in a comprehensive report of what is known and unknown about the questions addressed in the systematic review.	Dienes, Dominik; Sassen, Remmer; Fischer, Jasmin	Sustainability Accounting, Management and Policy Journal	2	2016	7	2	154-189	CSR disclosure; Sustainability reporting; Corporate social responsibility reporting; Sustainability; Sustainable development	A comprehensive search was performed by using 32 keywords in four common databases. We have identified a sample of 516 studies related to sustainability reporting that were published in English journals and investigated 316 articles in detail that were published between 2000 and 2015.The review suggests that firm size, media visibility and ownership structure are the most important drivers of the disclosure of sustainability reports, while corporate governance only seems to have an influence on the existence of audit or sustainability committees. In contrast, other determinants such as profitability, capital structure, firm age, or board composition as an indicator of corporate governance do not show a clear tendency. In accordance with Hahn and Kühnen (2013), for instance, we noticed a positive effect of company size and media visibility as well as inconsistent and ambiguous findings regarding the effect of profitability and capital structure on sustainability reporting. In this regard, we share the opinion of Hahn and Kühnen (2013, p. 19) that “the frequency of research on economic and financial performance variables […] is distorted by personal interest of certain researchers”. While we found an association between ownership structure and sustainability reporting in general, Hahn and Kühnen (2013) could confirm such a relationship only for government and foreign ownership, whereas concentrated ownership impedes sustainability reporting in their study. We have gone beyond Hahn and Kühnen (2013) by additionally focusing on corporate governance and firm age. However, these results are ambiguous. While corporate governance seems to have an influence only on the existence of audit or sustainability committees, board composition does not show a clear tendency in this respect. It is impossible to make a reliable statement on the tendency of the relationship because of the sparse and inconsistent results in regard to firm age. It is apparent that companies only report on their sustainability activities if there is an economic benefit derived from improved reputation, reduced capital costs, or alleviated public pressure.	What are the drivers of sustainability reporting? A systematic review- Web of Science Core Collection
Materiality and Double Materiality	15	**Corporate stakeholder responsiveness? Exploring the state and quality of GRI-based stakeholder**	Stakeholder engagement (SE) is recognized as a key process to align firm and stakeholder interests and to identify material content for sustainability reporting (SR). Research on SE quality in an SR context has, however, been largely neglected. This paper investigates the current state and quality of SE within SR	Moratis, Lars; Brandt, Satu	Corporate Social Responsibility and Environmental Manageme	1	2017	24	4	312-325	Sustainability reporting; Stakeholder engagement; Corporate Social Responsibility	The sample comprises sustainability reports from European firms, use GRI G4, declare an ‘in accordance’ option (Core or Comprehensive), issue the report in English and publish it online. Using these criteria, the sample was limited to 55 sustainability reports from 15 countries, 18 industries (for 5 firms the sector has not been	Corporate stakeholder responsiveness? Explorin

		engagement disclosures of European firms	within a sample of 55 sustainability reports issued by European firms that used the new Global Reporting Initiative's G4 Guidelines. It will focus on why, how, and with whom firms are involved in SE based on an SE disclosures analysis framework and investigate the extent to which reporting maturity influences the state of SE disclosures and SE quality. While SE seems common practice, many firms are failing to provide full disclosure on how stakeholders have been engaged in defining report content. Less than half of the studied reports contained clear disclosures on how firms had responded to stakeholder concerns.		nt						; Global Reporting Initiative; Disclosures; Materiality	identified in the GRI Sustainability Disclosures Database) and of which four were issued by small and medium-sized enterprises. The sample represents 37% of the total population of reports by firms worldwide using the same sample criteria. While SE was mentioned in all sustainability reports analysed, dedicated SE sections were not always included. Forty-three reports (78%) included such a section, whereas 12 reports (22%) only mentioned SE briefly elsewhere in the report. In 23 reports (42%), the objective of SE was to set strategic objectives and to define report contents. Of the reports that lacked a dedicated SE section, five used SE to do so. This shows firms' commitment to strategically integrate stakeholder concerns as well as to openly communicate progress they make. In 21 reports (38%) the main aim of SE was to identify material topics to define the report content. While this adds to effective SR practice, it implies that stakeholders are not truly incorporated in firms' strategic decision-making. In 11 reports (20%), no reference was made to using SE for setting strategic objectives or defining report contents, raising concerns about these reports possibly not being relevant for stakeholders. None of the reports in the sample stated setting strategic objectives as the sole objective of the SE. The description of key topics and concerns raised by the stakeholders was included in 44 reports (80%), but only 22 reports (40%) mentioned firms' responses, risking SE processes to become one-sided. Our findings thus suggest that SE is widely adopted by European firms and some form of SE is conducted by all of them, which may be a reflection of SR in Europe being more commonplace than in other geographical regions (Van Wensen et al., 2011). Still, not all firms are integrating SE into their SR process as propagated by both academics and standard-setting organizations. The results may raise concerns on the relevance and usefulness of SR practice and motivations for SE. Sustainability reports that are not based on SE may not offer transparent and 'shared' accounts of a firm's operations. Further research into the reasons behind firms deciding not to engage their stakeholders in the SR process is needed.	g the state and quality of GRI-based stakeholder engagement disclosures of European firms-Web of Science Core Collection

	16	**Sustainability materiality research: a systematic literature review of methods, theories and academic themes**	This systematic literature review (SLR) aims to examine the extent of academic knowledge of sustainability materiality research. There is no academic review of this field; therefore, this study aims to close this research gap. The paper systematically reviews the existing literature on sustainability materiality research. Papers were qualitatively classified and analysed in accordance with the theoretical underpinning, research methods and academic themes of sustainability materiality research. The findings of the review show that scholarly work on sustainability materiality has increased exponentially since the 2010s. In terms of research methods, scholars have examined sustainability using content analysis techniques and qualitative approaches. A common theoretical foundation was missing, but an increasing number of articles have been anchored to stakeholder theory. The academic themes have progressively enriched empirical evidence on the evaluation of materiality in sustainability information. This review can be useful as an academic basis to open avenues for strengthening theoretical and empirical research on new emerging issues regarding double materiality and dynamic materiality. This paper conducts the first SLR of academic knowledge on sustainability materiality research. Eight academic themes are proposed to classify sustainability materiality. Thus, it is an aid to future research in this area.	Fiandrino, Simona; Tonelli, Alberto; Devalle, Alain	Qualitative Research in Accounting and Management	2	2022	19	5	665-695	Materiality; Social and environmental accounting and reporting (SEAR); Sustainable development; Accountability; Systematic literature review; Sustainability materiality assessment	The findings of the review show that scholarly work on sustainability materiality has increased exponentially since the 2010s. In terms of research methods, scholars have examined sustainability using content analysis techniques and qualitative approaches. A common theoretical foundation was missing, but an increasing number of articles have been anchored to stakeholder theory. The academic themes have progressively enriched empirical evidence on the evaluation of materiality in sustainability information.	https://www.webofscience.com/wos/woscc/full-record/WOS:000860148300001

	17	**The multi-faceted dimensions for the disclosure quality of non-financial information in revising directive 2014/95/EU**	The aim of this paper is to provide the state of the art in the academic and professional debate on the disclosure quality of NFI. This analysis is driven by the need to feature the dimensions of NFI quality that should be considered to improve the current regulatory framework towards a more transparent disclosure. The research is an integrative literature review that assesses and synthesizes the scientific knowledge and the annexed documents collected during the public consultation for the Review of Non-financial Reporting Directive (NFRD) on the disclosure quality of non-financial information (NFI). Findings show that there is a common consensus between scientific literature and the annexed documents of the consultation process on the Review of the NFRD on the need to enhance a double materiality perspective, to provide specific contents on sustainability issues, to clarify the relevance of NFI, and to embed NFI into the management report in an integrated manner. Furthermore, there is an alignment related to timeliness in favour of a risk management procedure and a forward-looking approach. The research engages the debate on the NFI disclosure quality, in light of the recent Review of NRFD and the new Proposal of Corporate Sustainability Reporting Directive that extends and enhances the non-binding reporting guidelines of NFI. – The research provides a dashboard of the dimensions of NFI disclosure quality that aggregates the academics and practitioners' knowledge systematically. It shows the interplay between the scholarly developments and the recent measures arisen in the consultation process to undertake NFI disclosure quality. The research provides a lens to analyse, classify and interpret the insights merged during the consultation process of the NFRD.	Fiandrino, Simona; di Trana, Gromis Melchior; Tonelli, Alberto; Lucchese, Antonella	Journal of Applied Accounting Research	2	2021	23	1	274-300	NFRD; Non-financial disclosure; Non-financial reporting directive; Disclosure quality; Accountability; Corporate reporting	Findings show that there is a common consensus between scientific literature and the annexed documents of the consultation process on the Review of the NFRD on the need to enhance a double-materiality perspective, to provide specific contents on sustainability issues, to clarify the relevance of NFI, and to embed NFI into the management report in an integrated manner. Furthermore, there is an alignment related to timeliness in favour of a risk management procedure and a forward-looking approach. The Directive has been criticized on the discretion left to State Members that have transposed the Directive into national laws differently. Consequently, an approach towards a mere compliance with the law has been developed in response to a mandatory regime and some scholarly research has labelled this concern as a reduction in NFI quality. Furthermore, empirical evidence demonstrates that, at the beginning of mandated requirements the quality of NFI was at a minimum level (Venturelli et al., 2017) and this trend did not change with the introduction of the mandatory requirements (La Torre et al., 2018). These above-mentioned considerations constitute the underlying reasons at the base of this study. Findings show that there is a unanimous consensus on the need to enhance comparability, to provide specific contents on sustainability issues, to clarify the relevance of NFI, and to embed NFI into the management report in an integrated manner. Overall, the proposed CSRD is a progressive step further towards the reduction of greenwashing behaviour and enhancement of sustainable development. However, for a concrete realisation of the proposed CSRD, and, more broadly, the achievement of Sustainable Development Goals (SDGS) of the Agenda 2030, the decoupling of "talk and walk" has to turn into an integrative approach of practicing and reporting sustainability issues.	The multi-faceted dimensions for the disclosure quality of non-financial information in revising directive 2014/95/EU-Web of Science Core Collection
	18	**Sustainability reporting and approaches to materiality: tensions and potential resolutions**	The concept of materiality is becoming increasingly important for sustainability performance measurement and reporting. It is widely agreed upon that materiality matters, in the sense that companies should identify, prioritize and disclose information on sustainability issues that are considered material. There is, however, a tension at the heart of this consensus, owing to parallel	Jørgensen, Sveinung; Mjøs, Aksel; Pedersen, Lars Jacob Tynes;	Sustainability Accounting, Management and Policy Journal	2	2022	13	2	341-361	ESG; Materiality; Sustainable business; Sustainability reporting	This study reveals tensions between different approaches to materiality in practice and how this may lead users of sustainability reports to draw unjustified conclusions on the basis of materiality assessments. Specifically, this paper demonstrates the perceived shortcomings in information availability and information quality from the perspectives of different stakeholders in financial markets with different information needs.	Sustainability reporting and approaches to materiality: tensions

			approaches to materiality being used in practice. This paper aims to shed light on how and why the parallel uses of the materiality concept may cause confusion and how this tension could be resolved. This paper takes as point of departure the tension between two approaches to materiality: based on the Global Reporting Initiative definition, which emphasizes sustainability issues that are important to stakeholders and that have significant impacts and based on the Sustainability Accounting Standards Board definition, which emphasizes sustainability issues that are financially material, i.e. likely to influence the financial performance of the company. This paper discusses the nature and consequences of the tensions between how the two definitions of materiality in sustainability reporting are used in practice, with a particular emphasis on users of information in financial markets. This paper provides empirical insight on these users' perspectives through a survey (n = 30) and qualitative interviews (n = 6) of financial market professionals. This study reveals tensions between different approaches to materiality in practice and how this may lead users of sustainability reports to draw unjustified conclusions on the basis of materiality assessments. Specifically, this paper demonstrates the perceived shortcomings in information availability and information quality from the perspectives of different stakeholders in financial markets with different information needs. The users of sustainability reporting information require clarity in the communication of materiality in non-financial reports. This paper addresses how such clarity can be pursued. Clarity about materiality in non-financial reporting is important both for investors that pursue financial return on green investments and for society at large, which relies on information about real sustainability impacts. This paper furthers the understanding of how different materiality concepts may be problematic and how recent and ongoing developments may mitigate the risks of conflating uses of the concept.										and potential resolutions-Web of Science Core Collection

	19	**Connecting the Sustainable Development Goals to firm-level sustainability and ESG factors: The need for double materiality**	In this essay, we connect the United Nations' Sustainable Development Goals (SDGs)—an extensive collection of society-level goals and targets aimed at addressing grand challenges and achieving global sustainability by 2030—to firm level sustainability and Environmental, Social, and Governance (ESG) factors. In doing so, we highlight the importance of connecting the SDGs with the concept of double materiality—stakeholder materiality and financial materiality. Our assessment helps businesses navigate the intricate sustainability space and understand the ways in which their sustainability interventions can help solve the ESG grand challenges encapsulated in the SDGs. We conclude the article by introducing the five research articles that are part of the special issue "Our house is on fire! The role of business in achieving the Sustainable Development Goals" and suggesting a path for the future that revolves around creating standardized "sustainability balance sheets" in business.	Delgado-Ceballos, Javier; Ortiz-De-Mandojana, Natalia; Antolín-López, Raquel; Montiel, Ivan	Business Research Quarterly	2	2023	26	1	2-10	Sustainability; ESG; double materiality; financial materiality; stakeholder materiality; grand challenges; Sustainable Development Goals	In sum, we envision the development of a "sustainability balance sheet" that captures businesses' double materiality and makes it easier to compare two competing companies. Such sustainability balance sheets would require the simplification and standardization of all existing ESG and sustainability indicators at the firm and societal levels. These balance sheets would also need to account for the short-term and long-term impacts of business activities on ESG factors, while also considering how ESG factors can affect a company's overall performance. Although ESG evolved from the concept of sustainability, the focus has shifted from the external impact of business activities on society and the natural environment toward the risk and return implications for financial investors of not effectively addressing ESG factors (MacNeil & Esser, 2022). In fact, the main goal of integrating ESG criteria into investment decisions is to align social and environmental benefits and impacts with financial returns by identifying risks and opportunities related to ESG that are likely to affect investors and shareholders' returns (Eccles et al., 2020). In other words, ESG may be characterized as the "financialization" of sustainability.	Connecting the Sustainable Development Goals to firm-level sustainability and ESG factors: The need for double materiality-Web of Science Core Collection
	20	**Materiality in an integrated reporting setting: Insights using an institutional logics framework**	Using institutional logics as a theoretical framework and interviews with 20 preparers from 14 large organisations listed on the Johannesburg Stock Exchange (JSE) (the study is carried out in South Africa. Listed companies have been preparing integrated reports under local codes of corporate governance (King-III) since 2009), this paper focuses on examining differences in integrated reporting practices. The results reveal how a finance-centric market and professional logic interact with a stakeholder logic, leading to differences in the materiality determination process. Market-dominated firms have an internally focused approach to setting materiality which emphasises value-relevance for financial capital providers. Where logics are contested, materiality becomes an amalgamation of the factors which are important for shareholders and other stakeholders and essential for demonstrating compliance with codes of best practice. Organisations with market, professional and stakeholder logics aligned have the most sophisticated materiality determination	Cerbone, Dannielle; Maroun, Warren	British Accounting Review	3	2019	52	3	n° 100876	Sustainability reporting; Materiality; Institutional logics; Integrated reporting; Stakeholder engagement	The study is carried out in South Africa. Listed companies have been preparing integrated reports under local codes of corporate governance (King-III) since 2009; the jurisdiction offers a well-established reporting environment for investigating how companies are determining whether information is material or not. To avoid the findings being limited to a single industry, companies from several sectors participated. They have different business models and varying social and environmental impact. As a result, the interpretation of integrated reporting and materiality presented in Section 4 is not just the result of a particular industry or business model characteristic. Finally, the researchers only engaged preparers. While different stakeholders can influence which information should be included in an integrated report, the materiality determination process is the responsibility of the preparer. Twenty semi-structured interviews were completed with preparers at 14 organisations included in the top 40 JSE-listed companies. The interviews were conducted from June 2015 to June 2016 and lasted between 45 and 90 min. All participants had at least 5 years' experience at their respective organisations and at	Materiality in an integrated reporting setting: Insights using an institutional logics framework-Web of Science Core Collection

			processes. The emphasis shifts from lengthy reporting and compliance to providing a comprehensive account of the value creation process and how the business ensures long-term sustainability. In this way, how logics are instantiated may explain the considerable variation being observed in integrated reports. There are also implications for the propensity of firms either to view integrated reporting as a hegemonic challenge or to internalise it as part of a process of positive organisational change.									least 10 years of cumulative experience within the grated and sustainability reporting. Only respondents who are directly involved in a managerial role with the preparation of their companies' integrated reports participated in the study. For firms with a dominant market logic, the institutional field is controlled by an economics and finance discourse with limited contribution from ESG specialists. Information is classified as either financial or non-financial. External consultants are tasked with preparing those parts of the integrated reports which deal with the latter because these are not central to the organisations' business model. Missions and strategies are driven by market imperatives and dependence on financial capital. In this context, centrality is low and compatibility is high. When it comes to reporting, individual preparers draw mainly on finance expertise. ESG considerations are marginalised. Coercive and normative pressures mean that integrated reports include, at least, some 'non-financial' disclosures but there is little indication of how business models, risk management, strategy and ESG metrics are interconnected (see Schneider, 2015; Van Zijl et al., 2017). Most disclosures address financial and manufactured capitals and ESG indicators are decoupled from the organisation's 'economic core'. This involves providing generic information and avoiding detailed reporting which would link economic, environmental, and social performance explicitly. To pre-empt scrutiny, positive accounts are emphasised while adverse ESG performance is obfuscated. This implies that integrated reporting is more ceremonial than an indication of sustainable development. With most of the emphasis on capital market participants, materiality is defined only with reference to financial performance. Internal sources inform materiality thresholds. The determination process, relevant factors and revisions to materiality levels are either generic or omitted from the reports.	

	21	**Matter of opinion: Exploring the socio-political nature of materiality disclosures in sustainability reporting**	The purpose of this paper is to contribute to the socio-political role of materiality assessment in sustainability reporting literature and discuss the potential of materiality assessment to advance more inclusive accounting and reporting practices, in particular critical dialogic accounting. Drawing on literature on the concept of materiality together with insights from stakeholder engagement, commensuration, and critical dialogic accounting the paper analyses disclosure on materiality in sustainability reports. Empirically, qualitative content analysis is used to analyse 44 sustainability reports from the leading companies. The authors argue that, first, the technic-rational approach to materiality portrays the assessment as a neutral and value-free measurement, and second, the materiality matrix presents the multiple stakeholders as having a unified understanding of what is considered important in corporate sustainability. Thus, the technic-rational approach to the materiality assessment, reinforced with the use of the matrix is a value-laden judgement of what matters in corporate sustainability and narrows down rather than opens up the complexity of the assessment of material sustainability issues, stakeholder engagement and the societal pursuit of sustainable development. The understandings and implications of the concept of materiality are ambiguous and wide-reaching, as, through constituting the legitimised set of claims and information on corporate sustainable performance, it impacts our understanding of sustainable development at large, and affects the corporate and policy-level transition towards sustainability. Exploring insights from critical dialogic accounting help us to elaborate on the conceptions and practical implications of materiality assessment that enhance stakeholder engagement in a democratic, rather than managerial, spirit.	Puroila, Jenni; Mäkelä, Hannele	Accounting, Auditing and Accountability Journal	3	2019	32	4	1043-1072	Sustainability reporting; Sustainable development; Stakeholder engagement; Materiality; Critical dialogic accounting	The authors argue that, first, the technic-rational approach to materiality portrays the assessment as a neutral and value-free measurement, and second, the materiality matrix presents the multiple stakeholders as having a unified understanding of what is considered important in corporate sustainability. Thus, the technic-rational approach to the materiality assessment, reinforced with the use of the matrix is a value-laden judgement of what matters in corporate sustainability and narrows down rather than opens up the complexity of the assessment of material sustainability issues, stakeholder engagement and the societal pursuit of sustainable development.	https://www.webofscience.com/wos/woscc/full-record/WOS:000479308900005

	22	**Materiality judgments and audit firm culture: social-behavioral and political perspectives**	Researchers have traditionally interpreted the formation of auditor judgments as either a technical or a cognitive phenomenon. Their research has, therefore, focused mainly on refining empirical techniques designed to reveal the mental processes used to form judgments interior to the individual. This theoretical and empirical analysis opens this conceptualization on three levels. On die first level, the authors interpret auditor judgment formation as a social-behavioural phenomenon in which the social context of the audit firm vis-a-vis its audit philosophy influences materiality judgments. On the second level, rather than interpreting the firm's philosophy as merely one form of "variable" administrative partners may manipulate to achieve desired ends, the authors treat it as determining of and being determined by the social structure of the audit firm and in turn its culture. Accordingly, they hypothesize that (1) a firm's audit culture, expressed in terms of mechanistic versus organic orientations, systematically influences its members' materiality judgments, which are characterized as "rational comprehensive" or "satisficing", respectively; and (2) the level of experience of audit firm members, expressed in terms of hierarchical ranks, amplifies the effect of firm culture. On the third level, the authors interpret the formation of materiality judgments vis-a-vis culture as forming an implicit tension with political interests in which die practitioner and administrative components of audit firms contend with one another over the "location" of decision-making discretion and autonomy. Results obtained from an experimental simulation involving the participation of 212 partners, managers and seniors from the former Big 8 firms strongly support both audit firm culture hypotheses. Finally, the authors explore implications using empirical results as well as insights gathered during interviews with firm members directed at probing the political forces influencing the location of decision-making discretion.	Carpenter, B.W.; Dirsmith, M.W; Gupta, P.P.	Accounting, Organizations and Society	4*	1994	19	4-5	355-380	-	Materiality assessment is a social and political, rather than technical, phenomenon. Our study compels the idea that the adoption of cultural and political perspectives, in addition to the cognitive or technical perspectives, can enhance the current conceptualizations of auditing. HI and H2 suggests the merits of viewing auditor judgments, particularly materiality judgment as social-behavioural in character, as opposed to merely technical or cognitive, in that the individual’s social context shapes them.	MATERIALITY JUDGMENTS AND AUDIT FIRM CULTURE - SOCIAL-BEHAVIORAL AND POLITICAL PERSPECTIVES-Web of Science Core Collection

	23	**What does materiality mean to integrated reporting preparers? An empirical exploration**	This paper aims to understand how the principle of materiality gets implemented in integrated reporting (IR) contexts. Drawing on an interpretation of materiality as a social construction, this research explores the meaning that practitioners attach to the principle during their implementation of it. Following an existing framework for exploring materiality in corporate reporting, this study investigates the meaning by focusing on who participates in determining IR materiality and to whom the IR is addressed. This analysis benefits from in-depth interviews with persons involved in the preparation of IR for a firm that pioneered this form of reporting. In IR preparers' view, the meaning of materiality corresponds with the company strategy: The IR describes strategic priorities and related actions and results. Capital providers are the primary intended addressees of the material information. Although several actors engage in IR preparation, the materiality determination process is governed by a specific "IR hub" in strict collaboration with and dependence on the chief financial officer. In an IR context, materiality is intimately connected to the function that preparers assign to the report. Originality/value - This novel research opens the "black box" of the process by which materiality gets defined and then practically implemented in an IR context.	Lai, Alessandro; Melloni, Gaia; Stacchezzini, Riccardo	Meditari Accountancy Research	1	2017	25	4	533-552	Management; Strategy; Integrated report; Reporting preparers; Reporting process; Narratives; Statement; Reality	In IR preparers' view, the meaning of materiality corresponds with the company strategy: The IR describes strategic priorities and related actions and results. Capital providers are the primary intended addressees of the material information. Although several actors engage in IR preparation, the materiality determination process is governed by a specific "IR hub" in strict collaboration with and dependence on the chief financial officer.	What does materiality mean to integrated reporting preparers? An empirical exploration-Web of Science Core Collection

	24	**Integrated reporting: On the need for broadening out and opening up**	The purpose of this paper is to critically assess integrated reporting so as to "broaden out" and "open up" dialogue and debate about how accounting and reporting standards might assist or obstruct efforts to foster sustainable business practices. The authors link current debates about integrated reporting to prior research on the contested politics of social and environmental reporting, and critiques of the dominance of business case framings. The authors introduce research from science and technology studies that seeks to broaden out and open up appraisal methods and engagement processes in ways that highlight divergent framings and politically contentious issues, in an effort to develop empowering designs for sustainability. The authors demonstrate the strong resonance between this work and calls for the development of dialogic/polylogic accountings that take pluralism seriously by addressing constituencies and perspectives currently marginalized in mainstream accounting. The authors draw and build on both literatures to critically reflect on the International Integrated Reporting Council's (IIRC, 2011, 2012a, b, 2013a, b) advocacy of a business case approach to integrated reporting as an innovation that can contribute to sustainability transitions. The authors argue that integrated reporting, as conceived by the IIRC, provides a very limited and one-sided approach to assessing and reporting on sustainability issues. While the business case framing on which it rests might assist in extending the range of phenomena accounted for in organizational reports, it remains an ideologically closed approach that is more likely to reinforce rather than encourage critical reflection on "business as usual" practices. Recognizing that the meaning and design of integrated reporting are still far from stabilized, the authors also illustrate more enabling possibilities aimed at identifying and engaging diverse socio-political perspectives. Science and technology studies research on the need to broaden out and open up appraisal methods, together with proposals for dialogic/polylogic accountings, facilitates a critical, nuanced discussion of the value of integrated reporting as a change initiative that	Brown, Judy; Dillard, Jesse	Accounting, Auditing and Accountability Journal	3	2014	27	7	1120-1156	Sustainability; Integrated reporting; Dialogic/polylogic accountings; Social and environmental accounting	The authors argue that integrated reporting, as conceived by the IIRC, provides a very limited and one-sided approach to assessing and reporting on sustainability issues. While the business case framing on which it rests might assist in extending the range of phenomena accounted for in organizational reports, it remains an ideologically closed approach that is more likely to reinforce rather than encourage critical reflection on "business as usual" practices. Recognizing that the meaning and design of integrated reporting are still far from stabilized, the authors also illustrate more enabling possibilities aimed at identifying and engaging diverse socio-political perspectives.	Integrated reporting: On the need for broadening out and opening up-Web of Science Core Collection

			might foster transitions to more sustainable business practices. The authors link ideas and findings from science and technology studies with literature on dialogic/polylogic accountings to engage current debates around the merits of integrated reporting as a change initiative that can contribute to sustainability. This paper advances understanding of the role of accounting in sustainability transitions in three main ways: first, it takes discussion of accounting change beyond the organizational level, where much professional and academic literature is currently focussed, and extends existing critiques of business case approaches to social and environmental reporting; second, it emphasizes the political and power-laden nature of appraisal processes, dimensions that are under-scrutinized in existing accounting literature; and third, it introduces a novel framework that enables evaluation of individual disclosure initiatives such as integrated reporting without losing sight of the big picture of sustainability challenges.										
	25	**Materiality: stakeholder accountability choices in hotels' sustainability reports**	This paper aims to examine the choices made by the hotel industry about what to include, and who to be accountable to, in their sustainability reports; a process defined as materiality assessment. The paper is based on the findings of semi-structured interviews with eight sustainability managers (from eight of the world's 50 largest hotel groups) to explore their understanding of, and use of, materiality and any barriers to its uptake and eight industry sustainability experts to assess the general industry-wide application of materiality. Sustainability managers from large hotel groups are evasive when disclosing their materiality criteria, their decision-making processes and how they aggregate stakeholder feedback; they limit their disclosure to the reporting process. Sustainability managers are disempowered, with limited resources, time, knowledge, and skills to apply to materiality assessment. Experts confirm that hotel groups are unsystematic and opaque about their decision-making and how they control their materiality assessments. Materiality assessment is concealed from the public and may be constructed around business imperatives with high managerial capture. The hospitality industry needs to improve its	Guix, Mireia; Font, Xavier; Jesus Bonilla-Priego, Maria	International Journal of Contemporary Hospitality Management	3	2019	31	6	2321-2338	Hospitality industry; Transparency; Accountability; Sustainability reporting; Materiality assessment	Sustainability managers from large hotel groups are evasive when disclosing their materiality criteria, their decision-making processes and how they aggregate stakeholder feedback; they limit their disclosure to the reporting process. Sustainability managers are disempowered, with limited resources, time, knowledge, and skills to apply to materiality assessment. Experts confirm that hotel groups are unsystematic and opaque about their decision-making and how they control their materiality assessments. The poor quality of sustainability disclosure is partly owing to the limited knowledge that some organizations have about materiality and its assessment.	Materiality: stakeholder accountability choices in hotels' sustainability reports-Web of Science Core Collection

			sustainability reporting by examining how it defines and applies materiality and by addressing the barriers identified if it is to demonstrate an enduring commitment to sustainability and organisational legitimacy. This study addresses the limited knowledge of how hotel groups undertake materiality assessments. It identifies gaps in the conception and application of materiality by pinpointing barriers to its uptake and recommending areas in need of further research.									
Requests to the Legislator from Academics regarding the improvement of CSR Regulation	26	**Determinants of materiality disclosure quality in integrated reporting: Empirical evidence from an international setting**	This study examines determinants of materiality disclosure quality (MDQ) in integrated reporting (IR) in an international setting. To this purpose, we constructed a novel, hand collected MDQ score in line with the <IR> guiding principles introduced by the International Integrated Reporting Council. On the basis of a cross-national sample consisting of 359 firm-year observations between 2013 and 2016 (European and South African firms), we find that MDQ is positively associated with learning effects, gender diversity, and the assurance of nonfinancial information in the integrated report. On the other hand, we find that IR readability, listing in the Dow Jones Sustainability Index, and earnings management do not affect MDQ. Our results are robust to different statistical models. We expand on earlier empirical findings on IR disclosure quality and provide valuable insights for research, practice, and standard setting.	Gerwanski, Jannik; Kordsachia, Othar; Velte, Patrick	Business Strategy and the Environment	3	2019	28	5	750-770	Corporate governance; Disclosure quality; Gender diversity; Integrated reporting; Materiality; Stakeholder engagement	We are jointly analysing European and South African firms for several reasons. By breaking down materiality disclosure to its individual components, we show that in practice, firms should put more emphasis on the disclosure of a materiality matrix, give more detailed information on time horizons, and not only include opportunities but also critically evaluate material risks. Utilizing a multiple regression research design with 359 firm-year observations between 2013 and 2016, we find that learning effects, gender diversity, and assurance positively impact MDQ, whereas readability, DJSI membership, and earnings quality play no significant role. The results regarding learning effects indicate that stakeholders should closely monitor the initial implementation of IR and pressure managers to provide high MDQ. Inadequate determination and disclosure of material risks during the initial preparation of IR poses the threat of substantial information asymmetries that can lead to adverse capital market reactions. Standard setters need to consider the learning effects and IR preparers' "different stages in their reporting journey" (Beck, Dumay, & Frost, 2017, p. 202) while drafting regulatory frameworks or amendments thereof. On the basis of our results, we recommend the issuance of a "best practice guide" for materiality disclosure, specifically for first-year appliers. For example, this could complement the existing background paper on materiality (IIRC, 2013b) with practical examples. A clear guidance might increase reporting homogeneity, convince contemplating managers to adopt IR, increase the diffusion of IR, and leverage the acceptance of the new reporting medium among investors and other stakeholders. Moreover, we reveal that the assurance of nonfinancial information in IR is positively associated with MDQ. This finding emphasizes the IIRC's recommendation of an	Determinants of materiality disclosure quality in integrated reporting: Empirical evidence from an international setting-Web of Science Core Collection

												external verification and is in line with the value-enhancing properties of an assurance in nonfinancial reporting (IIRC, 2015; Mercer, 2004; Moroney et al., 2012; Shen, Wu, & Chand, 2017; Velte & Stawinoga, 2017). Furthermore, we provide instance for a positive association between gender diversity and MDQ. This result is relevant for the ongoing debate about female representation on the board of directors as put forth by the European Commission (2012/0299/COD) and the JSE (Form B-BBEE 1). This study is the first to examine the association between earnings management and MDQ and provides preliminary evidence against such an association, despite contrary findings of some CSR studies. From a macroeconomic perspective, materiality disclosure, and IR more generally, should contribute to more efficient and productive capital allocation and thus should have a positive impact on an economy's financial stability and sustainability (de Villiers et al., 2014; IIRC, 2011). This study supports earlier findings (Fasan & Mio, 2017) that MDQ varies across industries rather than across countries.	

	27	**Transparency of materiality analysis in GRI-based sustainability reports**	While materiality analysis is often regarded as essential to sustainability reporting, there is a shortage of empirical studies about its transparency in published reports. This study had a three-fold objective: (a) identify stakeholders and respective techniques of engagement in the materiality analysis; (b) quantify disclosures of materiality-related indicators; and (c) explore the influence of assurance, standard, and headquarters' location in the transparency of materiality analysis. Based on a quantitative content analysis of 140 GRI-based sustainability reports, (of large and multinational organizations that were available in the English language representing 38 countries) this study found that, overall, organizations did not disclose comprehensive and detailed information about their approaches to identifying material topics. About 22% of the evaluated indicators were not fully disclosed in the sample. Non-parametric tests suggested that third-party assurance, type of GRI standard, and location of headquarters are unlikely to affect the rates of transparency. The study calls for further standardization and methodological development of materiality analysis in sustainability reporting.	Machado, Bianca Alves Almeida; Dias, Livia Cristina Pinto; Fonseca, Alberto	Corporate Social Responsibility and Environmental Management	1	2020	28	2	570-580	Global Reporting Initiative (GRI); Materiality analysis; Stakeholder engagement; Sustainability reporting	Based on the official spreadsheet of GRI reports, this study selected all 2017 and 2018 reports from large and multinational organizations that were available in the English language and that had the Alignment Service Organizational Mark for materiality disclosure. This procedure, carried out from April 04th to October 29th, 2019, led to the identification of a total of 140 reports. This sample of 140 reports included both GRI-G4 (103) and GRI-Standards (37) reports and representing 38 different countries. Reports were published in PDF, web-based formats, or a combination of PDF and web-based formats. This study has found that organizations, while complying with the GRI standards and obtaining GRI's Organizational Mark for materiality disclosures, did not disclose comprehensive, detailed information about their approaches to identifying material topics. About 22% of the evaluated indicators were not found to be fully disclosed in the sample of 140 GRI reports. The results also suggested that the presence of third-party verifications, the headquarters' location, and the GRI version (G4 or Standards) do not necessarily influence the different rates of transparency of materiality analysis. The groups of stakeholders and respective techniques of engagement identified here also revealed that, despite the adoption of the same standard, such disclosures can be extremely diverse and difficult to compare. Without thorough methods and protocols of materiality analysis, transparency will only expose how incipient the field of sustainability accounting is.	https://www.webofscience.com/wos/woscc/full-record/WOS:000583757500001

	28	**Prioritizing Sustainability Indicators: Using Materiality Analysis to Guide Sustainability Assessment and Strategy**	Despite the growing awareness of complexity in sustainable development, the practical implementation of sustainability assessment through the use of sustainability indicators requires prioritizing the myriad indicators available. This study identifies the highest priority sustainability indicators for the New Zealand wine industry using materiality analysis. Thirteen information sources representative of different stakeholder perspectives considered to drive the need for sustainability assessment are analysed to provide a measure of sustainability issue salience and risk. Based on a meta-analysis of relevant information, it is found that environmental issues make up the highest priority issues, followed by social issues relating primarily to worker wellbeing. Significantly, economic and governance issues were not found to be high priorities. These findings are discussed in the context of the common bias in agricultural sustainability assessment towards environmental issues, and the broader business implications for sustainability assessment, strategy, and policy.	Whitehead, Jay	Business Strategy and the Environment	3	2017	26	3	399-412	Materiality; Sustainable development; Sustainability assessment; Environmental strategy; Wine; Sustainability indicators	The research comprised a literature review and meta-analysis of sustainability indicators across 13 sources of information. The material selected to prioritize sustainability indicators for the NZ wine industry was based on identified external drivers of sustainability, [...]. There are two key lessons to be drawn from the research. First, agricultural sustainability assessment can be biased towards environmental issues because it is these issues that are seen to be the most important by multiple drivers of sustainability, and relatedly, these issues present the highest risk. This finding presents both an opportunity and a warning for business sustainability strategies. On one hand DFP allows businesses to better identify issues that their stakeholders expect to be addressed, while on the other hand it exposes a risk that other important, yet less salient issues will be ignored. Second, if a holistic and interconnected vision of sustainability is to be realized, a better understanding of why economic and governance indicators do not seem to be given as high status by different drivers of sustainability needs to be developed. This paper has argued, however, that an appropriate policy response may be capable of compensating for the gap between highly salient issues that a business is more likely to address, and less salient issues that it is more likely to ignore.	https://www.webofscience.com/wos/woscc/full-record/WOS:000395387900010
	29	**Sustainability reporting, materiality, and accountability assessment in the airport industry**	Air travel is, nowadays, recognized as being one of the most popular modes of transport. Air transport is among the most significant contributors to the world gross domestic product and is accountable for a great environmental and social impact. Driven by the well-established sustainability discourse and the vital role businesses can play in disseminating the sustainable development concept, this paper attempted to map airport industry's most material operational aspects and assess airport operators' accountability level on disclosing corporate information regarding airports' economic, environmental, and social performance. In this context, 33 reports and 903 material issues representing 193 international airports were reviewed and assessed, and a methodology for benchmarking the accountability level of best reporting airport operators was developed, showcasing materiality assessment as a useful man agreement tool for strengthening airport operators' business strategy and enhancing	Karagianni, Ioannis; Vouros, Panagiotis; Skouloudis, Antonis; Evangelinos, Konstantinos	Business Strategy and the Environment	3	2019	28	7	1370-1405	Accountability; Air transport; Airport Industry; CSR/Sustainability reporting; Environmental policy; GRI; Materiality; Sustainable development	All Sustainability reports were found either on GRI's database or on the Organizations' websites. The initial sample consisted of 55 CSR/Sustainability reports, 17 of which included information for more than one airport, as happens when airport operators issue one report representing all of their owned airports. The 55 reports represent 193 international airports worldwide the vast majority of which are major air traffic hubs. The evaluation methodology consisted of three phases. The first phase concerned the evolutionary path of CSR reporting during the time period 1999–2017 since the very first CSR report publication on GRI's database by any Organization operating in the air transport industry. The second phase of the evaluation process was about identifying the most material operational aspects of the airport industry. Finally, the third phase of the evaluation process concerned the disclosure level of corporate information regarding the top material aspects in terms of transparency and accountability. Although Sustainability reporting is a modern management and marketing tool that has the	https://www.webofscience.com/wos/woscc/full-record/WOS:000479449000001

			their corporate performance. The paper indicated that (a) customer focus (i.e., health, safety and satisfaction), economic viability, and business continuity and preparedness are operational aspects of high materiality and (b) the disclosure level, especially concerning specific performance indicators, is still moderate. In conclusion, this study has shown that materiality assessment gains ground as a management tool among airports' management teams and the completeness of Sustainability reports is positively correlated with the "level" of adherence as described by the Global Reporting Initiative.									potential to enhance corporate performance, it is still not a widespread practice among airport operators, and, when it is implemented, the disclosure level, especially with respect to specific disclosure information, is rather moderate. Regarding this research sample, which was built with the ambition to be as representative of the current status quo as it could be, findings indicated that operational aspects related with product and ser vice responsibility in terms of customer health and safety, service quality, and customer satisfaction are in the top of airports' hierarchical pyramid. Concerns related to environmental and financial performance—mostly in terms of energy efficiency/air emissions and direct/indirect economic impacts, respectively—reflecting Organizations' devotion to addressing climate change and business continuity and preparedness challenges are, also, highly rated due to airports' great environmental and economic impact. As is stated, no linear relationship between most material aspects and their coverage by GRI specific indicators is observed. There are many cases of material aspects whose coverage by GRI specific indicators is moderate or poor, very likely due to the fact that reporting on them entails time investment, expertized personnel, special software or reequipment, and, therefore, considerable capital expenditures and operating expenses. On the other hand, there are cases of material aspects whose corporate performance can be easily audited or measured, but their reporting coverage by GRI indicators is poor or moderate. Europe and Asia are leading in publishing CSR reports in terms of quantity and completeness, with corporate strategy and industrial or/and tourism activity to be the most likely prominent factors.	

	30	**The Materiality Balanced Scorecard: A framework for stakeholder-led integration of sustainable hospitality management and reporting**	The Materiality Balanced Scorecard is an integrated framework that links sustainable hospitality performance management and reporting, as an instrument to define, communicate and operationalise strategic sustainability objectives. We integrate the Balanced Scorecard as a well-established performance management system with the inclusiveness, materiality, and responsiveness principles of the AA1000 Stakeholder Engagement Standard, to aid an organisation to respond to its stakeholder expectations. The framework provides a systemic, structured, and integrated approach, and an opportunity for sustainable value creation. We test the framework with data reported by 20 of the world's largest hotel groups, to find that current sustainability reports lack hierarchical cause-and-effect chains and hard evidence of impact at the system level. We argue that hospitality organisations can improve their management controls by addressing the quality, transparency, and consistency of their sustainability response, thereby responding to sustainable development challenges without undermining their organisational viability.	Guix, Mireia; Font, Xavier	International Journal of Hospitality Management	3	2020	91	-	n° 102634	Sustainability performance; Stakeholder engagement; Materiality assessment; Sustainability reporting; Corporate social responsibility; Hospitality management	Our sample included 15 hotel groups that published specific sustainability reports in English, and five that included sustainability information in their annual report by January 2019, out of the 50 largest hotel groups in the world. The MBSC addresses a need to integrate sustainability performance management, measurement, and reporting (Maas et al., 2016; Morioka and de Carvalho, 2016). Integrated methodologies adopt either a transparency approach or a performance improvement approach. This article responds the call for further research on sustainability performance measurement in hospitality (Altin et al., 2018; Sainaghi et al., 2017). The MBSC contributes to the theoretical development of sustainability in BSC expanding the work of previous researchers (see Figge et al., 2002; Hubbard, 2009; Möller and Schaltegger, 2005) and provides specific guidelines to engage with stakeholders is recognised (e.g. Dias-Sardinha and Reijnders, 2005; Nikolaou and Tsalis, 2013). The MBSC is proposed as a conceptual framework to stimulate a much needed systemic, structured and integrated approach to sustainable hospitality value creation. We show how effective sustainability strategy definition, management, measurement, and reporting require a good interplay between different tools and actors within and outside the organisation for the collection, ana lysis and communication of relevant data. We merge the SBSC (as a tool for performance improvement) with the AA1000SES principles to increase accountability. We exemplify how the integration of sustain ability reporting practices in the organisation's performance management framework can occur and the likelihood of benefits derived.	https://www.webofscience.com/wos/woscc/full-record/WOS:000585744300010

	31	**Regulation of the fashion supply chains and the sustainability–growth balance**	The sustainability of global production chains is at the centre of discussion in the past few years. One of the most polluting sectors is the fashion industry. Fashion brands often decline responsibility and continue misleading or exaggerated communication. This study aims to provide a comprehensive evaluation of regulation in the fashion industry and show practices of fashion firms. Based on documentary analysis and literature review, the article describes current civil, supranational, and governmental policies aiming to enhance the three dimensions of sustainability. Connecting these to the high-growth firm theory, the authors present a case study of a rising Hungarian fashion star based on press, sustainability and balance-sheet report analysis and personal interviews. The article highlights some problematic areas of sustainability and greenwashing and describes the different levels and targeted areas of regulation. From the entrepreneurial perspective, the difficult balancing among growth and sustainability is analysed and illustrated by the detailed case study. The authors provide regulatory suggestions (including the creation of a supranational monitoring agency). Even if the authors doubt that global fashion chains can be sustainable, they offer both managerial and policy suggestions to reach the highest level of sustainability. The suggested measures can contribute to the more sustainable practices and fraud reduction in the fashion industry. To the best of the authors' knowledge, the economic-regulatory approach used in this study to sustainable fashion industry is new, such as the presentation of the practices of a high-growth firm with a sustainable image.	Dobos, E.; Éltető, A.	Sustainability Accounting, Management and Policy Journal	2	2023	14	1	101-129	Sustainability; Fashion industry; Greenwashing; High-growth firms	The article highlights some problematic areas of sustainability and greenwashing and describes the different levels and targeted areas of regulation. From the entrepreneurial perspective, the difficult balancing among growth and sustainability is analysed and illustrated by the detailed case study. The authors provide regulatory suggestions (including the creation of a supranational monitoring agency). National and international rules and certificates exit, but their effectiveness is questionable; thus, they suggest considering further regulatory policy, such as transparency and supply chain accountability, as well as the establishment of a supernational monitoring agency.	Regulation of the fashion supply chains and the sustainability-growth balance-Web of Science Core Collection
	32	**The materiality assessment and stakeholder engagement: A content analysis of sustainability reports**	Materiality is the driver through which companies can select issues to be included in nonfinancial reports favouring the expectations of all stakeholders. The aim of this research is to investigate, under the lens of Stakeholder Theory and Instrumental Stakeholder Theory, the possible relationship between the application of the materiality principle in nonfinancial reports and the stakeholders' engagement processes, with a preliminary focus on different industries that are characterized by different types of	Torelli, Riccardo; Balluchi, Federica; Furlotti, Katia	Corporate Social Responsibility and Environmental Management	1	2020	27	2	470-484	Content analysis; GRI; Integrated report; Materiality; Stakeholder engagement; Stakeholder theory; Sustainability report	From the first part of the analysis carried out on the collected data, it was found that in 99% of the 152 total observations, the materiality principle has been applied. The results of the analyses confirm first how industry plays a key role in decisions regarding the quantity and quality of nonfinancial disclosure of a company. According to previous studies on the subject (Cooke, 1992; Hassan & Ibrahim, 2012; Patten, 2002), industry significantly influences the board of the company on decisions about the type of disclosure to be published and about the application (or nonapplication) of the materiality principle (but	https://www.webofscience.com/wos/woscc/full-record/WOS:000479979300001

			stakeholder and on the application of Global Reporting Initiative and/or International Integrated Reporting Council guidelines promoting their direct involvement. A manual content analysis has been performed on the Italian “public interest entities” that published, for the 2017 year, a nonfinancial statement (Legislative Decree No 254/2016). The statistical analysis highlights the importance of industry, global Reporting Initiative Standards application, and stakeholder engagement in the reporting process, in particular in the materiality analysis, to achieve a high level of materiality application and good report quality for stakeholders.									also about its level of application and thoroughness). More specifically, the analysis has shown that in the case of Italian companies that publish sustainability and produce nonfinancial reports compliant with the new Legislative Decree No 254/2016, the membership in a specific industry influences strategic choices regarding nonfinancial disclosure, even in the presence of binding national legislation. This result is new and interesting: Despite the presence of a law in this regard, companies belonging to different industries have different behaviours in their reporting processes, and this should be taken into account by the legislator, who should act accordingly to fill some possible gaps and encourage virtuous behaviour. Specifically, in the services industry, the results of the empirical analysis have suggested that companies in this industry tend to apply less thoroughly the principle of materiality and the underlying process in their nonfinancial reports. Companies that, for example, belong to the world of energy production/dealing are constantly under pressure from governments, activists, associations, and customers for a greater commitment to environmental protection and for a greater transparency on the real impact of the activities carried out and the processes put in place to improve themselves. Regarding our second research hypothesis, the results of the statistical analysis show that the level of application and implementation of the GRI guidelines has a significant and positive relationship with the level of application of the materiality principle. . This work clearly confirms how the GRI guidelines can have a considerable and positive impact on processes related to the preparation and production of a social and environmental report. The GRI in its Standards favours and guides the increased application of the principle of materiality and a broad process of stakeholder participation in this process. It is interesting to see that even in the case of Italian companies recently required to produce a report containing nonfinancial information, the GRI guidelines still play a key role in determining particular strategic choices and processes related to reporting. It is important to note that the application of GRI Standards is not enough to achieve a good quality reporting and materiality process but that it accounts for the depth and level of detail at which these guidelines are applied. the results of our empirical analysis have found that stakeholder	

												engagement level is strongly related, in a positive relationship, to the level of implementation of the materiality principle. This result also highlights and confirms, even from a quantitative point of view, an important aspect and adds significantly to the literature about voluntary disclosure and materiality principle. The results of the analysis show that the more a company commits itself to actively directly and as widely as possible involving various stakeholders, the more the company will be able to implement a process of quality materiality analysis and thus produce a useful report that meets the needs of the different categories of stakeholders. Actively and diffusely involving stakeholders before and during materiality analysis allows the company to produce a report that addresses issues considered relevant by most stakeholders and that succeeds in filling (or at least reducing) the information gap that often exists between the company and those interested in the company itself. A strong push towards this process of engagement comes and can be achieved even further by the standard setter of nonfinancial reports. By combining the Stakeholder Theory and Instrumental Stakeholder Theory and by examining the latest international studies on these issues, this study confirms industry as an important aspect and adds the application level of GRI Standards as a decisive aspect. These first results then lead to a consideration of the stakeholder engagement process as essential in relation to the quality of the materiality analysis process. This research has highlighted that without a large and mostly direct stakeholder engagement, companies are not able, in most cases, to reach high levels of implementation of the materiality principle; therefore, these companies cannot enjoy proper and well-targeted communication. Without the widest possible stakeholder engagement, a company is unable to implement a process that takes into account all aspects relevant for the stakeholders themselves and therefore cannot speak with them in a mutually satisfactory manner. Moreover, this process is preceded in the perspective of materiality analysis (and therefore facilitated or in any case significantly influenced) by belonging to a specific industry and by the application of GRI principles.	

Examples of Positive Feedback on these Requests	33	**Environmental regulation and corporate sustainability: Evidence from green innovation**	Using a difference-in-differences (DID) design, this study investigates the effect of environmental regulation on corporate sustainability. The results show that China's low-carbon city pilot policy has had a positive impact on green innovation. Furthermore, this positive association was especially pronounced for privately owned firms and those in high-pollution industries. Additional analyses showed that the low-carbon city pilot policy improved both corporate and environmental performance. This paper thus contributes to the literature on environmental regulation and corporate sustainability and has implications of interest to regulators and managers as well as researchers.	Zhuo, Weijia	Corporate Social Responsibility and Environmental Management	1	2023	30	4	1723-1737	Corporate performance; Corporate sustainability; Environmental regulation; Green innovation; Low-carbon city pilot policy	Building, then, on previous work, this paper presents an examination of the impact of China's low-carbon city pilot policy on corporate sustainability and performance using Shanghai and Shenzhen A-share listed firms over the period from 2009 to 2016 as case studies. China's low carbon city pilot policy has had a significant positive impact on firm's next-year total green patents authorized. Additional analyses indicated that the policy has had a positive impact on firms' financial and environmental performance. The government plays an important role in the process of sustainable development because of its statutory and mandatory nature, which makes up for the environmental public attribute and the externalities, thus guiding the enterprise to carry on sustainable development. The findings presented here show that the low carbon city pilot policy, as a comprehensive environmental regulation, can promote corporate green innovation as well as financial and environmental performance. In China, the policy helped the country to meet its Double Carbon Target. Accordingly, the government has the great motivation to increase the number of cities involved in the program, to which regulators can look for guidance in the enactment of comprehensive environmental regulations for overcoming the severe environmental challenges that countries around the world are facing. Thus, policymakers should keep in mind that environmental regulations have generally improved corporate innovation and performance, and those in China should concentrate particularly on optimizing the environmental regulatory instruments used in state-owned enterprises.	Environmental regulation and corporate sustainability: Evidence from green innovation-Web of Science Core Collection

	34	**Does mandatory CSR disclosure affect audit efficiency? Evidence from China**	This study aims to examine the causal relationship between mandatory CSR disclosure and financial audit efficiency. The authors use the unique institutional setting of China, where a subset of listed firms is mandated to disclose their corporate social responsibility (CSR) reports. The authors use propensity score matching and difference-in-differences approaches to compare audit efficiency in the pre- and post-mandatory CSR disclosure periods between the treatment and control groups. The regression models are estimated with robust standard errors clustered at the firm level. This study finds that following China's adoption of the mandatory disclosure of CSR, audit report lags decreased by 6% on average, suggesting that audit efficiency improved greatly following mandatory CSR disclosure. Moreover, this association is stronger when firms have better CSR performance, higher CSR report preparation costs, more earnings management before disclosure regulations and better internal controls and when firms belong to high-profile industries and in Big 4 (Big 10) accounting firms. Moreover, neither audit quality nor audit fees decrease when shorter audit lags occur for firms with mandatory CSR disclosures. Overall, the evidence suggests that mandatory CSR disclosure has a positive effect on audit efficiency and that the improvement of audit efficiency does not come as a consequence of reducing audit fees or deteriorating audit quality. The results reported in this study have practical and policy implications for policymakers, accounting firms and auditors to pay more attention to CSR information. This study provides evidence of the causal relationship between mandatory CSR disclosure regulation and audit efficiency. It enriches the research on audit service production efficiency from the perspective of nonfinancial information disclosure.	Wang, Yonghai; Wang, Jiawei	Managerial Auditing Journal	2	2023	38	6	863-900	Mandatory CSR disclosure; Audit efficiency; Audit quality; Audit fees	This study finds that following China's adoption of the mandatory disclosure of CSR, audit report lags decreased by 6% on average, suggesting that audit efficiency improved greatly following mandatory CSR disclosure. Moreover, this association is stronger when firms have better CSR performance, higher CSR report preparation costs, more earnings management before disclosure regulations and better internal controls and when firms belong to high-profile industries and in Big 4 (Big 10) accounting firms. Moreover, neither audit quality nor audit fees decrease when shorter audit lags occur for firms with mandatory CSR disclosures. Overall, the evidence suggests that mandatory CSR disclosure has a positive effect on audit efficiency and that the improvement of audit efficiency does not come as a consequence of reducing audit fees or deteriorating audit quality.	Does mandatory CSR disclosure affect audit efficiency? Evidence from China-Web of Science Core Collection

	35	**Assessing the quality of corporate social responsibility reports: the case of reporting practices in selected European Union member states**	The organization may communicate its engagement in sustainability and may presents results achieved in this field by creating and publishing corporate social responsibility (CSR) reports. Today, we can observe a growing number of companies issuing such reports as a part of their annual reports or as stand-alone CSR reports. Despite the increase in the number of such reports their quality is different. CSR reports do not always provide complete data that readers desire, which in turn intensifies the problem with the evaluation and comparison of the organization's results achieved in this scope. Differences also occur between reporting models used in different EU countries caused by, inter alia, differently applied EU legislation on the disclosure of non-financial information in different Member States. This paper is one of the first attempts to perform a quantitative and qualitative analysis of corporate sustainability reporting practices in several European Union countries. The purpose of this article is to present the current state of CSR reporting practices in selected EU Member States and identify the differences in the quality and level of this kind of practices, taking into account the mandatory and voluntary model of disclosure. The study included separate CSR reports as well as annual reports with CSR sections and integrated reports published in 2012 in six selected EU Member States. The authors have used a specific evaluation tool in the examination of the individual reports. The assessment questionnaire consists of seventeen criteria grouped into two categories (relevance and credibility of information). In order to assess the quality of examined reports, the authors aggregated the indicators related with the reporting practices. The findings show that the quality level of the studied reports is generally low. Referring to its components, the relevance of the information provided in the assessed reports is at the higher level than its credibility. The study also indicates that the legal obligation of CSR data disclosure has a positive effect on the quality of CSR reports.	Habek, Patrycja; Wolniak, Radoslaw	Quality and Quantity	-	2016	50	1	399-420	Corporate social responsibility; CSR reporting; European Union; Sustainability report; Quality assessment; Evaluation tool	Today, we can observe a growing number of companies issuing such reports as a part of their annual reports or as stand-alone CSR reports. Despite the increase in the number of such reports their quality is different. CSR reports do not always provide complete data that readers desire, which in turn intensifies the problem with the evaluation and comparison of the organization's results achieved in this scope. Differences also occur between reporting models used in different EU countries caused by, inter alia, differently applied EU legislation on the disclosure of non-financial information in different Member States. Although the level of the studied reports is still generally low, the legal obligation of CSR data disclosure has a positive effect on the quality of CSR reports.	https://www.webofscience.com/wos/woscc/full-record/WOS:000370164400022

	36	**The impact of introducing new regulations on the quality of CSR reporting: Evidence from the UK**	This study examines the adoption of mandatory corporate social responsibility (CSR) regulation in the United Kingdom (UK). Specifically, we investigate whether adopting new CSR regulations impacts the quality of firms' CSR reporting and explore whether that quality depends on a firms' characteristics. Our empirical results suggest that the UK's mandatory CSR reporting regulation significantly enhances CSR reporting quality. We further find that firms' characteristics, particularly corporate governance, and firm size, improve mandatory CSR reporting quality. Our results are robust to the use of an alternative proxy of CSR quality assessment and testing for endogeneity. These findings suggest that committing to CSR can substantially benefit stakeholders, who will be better informed regarding the firms' CSR performance through improved reporting quality. This factor can influence investors' beliefs and market valuations, which may subsequently guide firms' investment decisions.	Hamed, Ruba Subhi; Al-Shattarat, Basiem Khalil; Al-Shattarat, Wasim Khalil; Hussainey, Khaled	Journal of International Accounting, Auditing and Taxation	3	2022	46	-	n° 100444	Mandatory CSR; Firm characteristics; Corporate governance; High and low CSR quality	Our empirical results suggest that the UK's mandatory CSR reporting regulation significantly enhances CSR reporting quality. We further find that firms' characteristics, particularly corporate governance and firm size, improve mandatory CSR reporting quality. Our results are robust to the use of an alternative proxy of CSR quality assessment and testing for endogeneity. These findings suggest that committing to CSR can substantially benefit stakeholders, who will be better informed regarding the firms' CSR performance through improved reporting quality.	https://www.webofscience.com/wos/woscc/full-record/WOS:000771199900006
	37	**Mandatory Corporate Social Responsibility (CSR) Reporting and Financial Reporting Quality: Evidence from a Quasi-Natural Experiment**	This study examines the impact of mandatory Corporate Social Responsibility (CSR) reporting on firms' financial reporting quality using a quasi-natural experiment in China that mandates a subset of firms to report their CSR activities starting in 2008. We find that mandatory CSR disclosure firms constrain earnings management after the policy. The result is robust to a battery of sensitivity tests and more prominent for firms with lower analyst coverage. Further analyses reveal that upward earnings management by mandatory disclosure firms is more likely to be caught after the policy. The findings suggest that mandatory CSR disclosure mitigates information asymmetry by improving financial reporting quality.	Wang, Xue; Cao, Feng; Ye, Kangtao	Journal of Business Ethics	3	2018	152	1	253-274	Corporate social responsibility; CSR; Earnings management: Information asymmetry	We find that mandatory CSR disclosure firms constrain earnings management after the policy. The result is robust to a battery of sensitivity tests and more prominent for firms with lower analyst coverage. Further analyses reveal that upward earnings management by mandatory disclosure firms is more likely to be caught after the policy. The findings suggest that mandatory CSR disclosure mitigates information asymmetry by improving financial reporting quality.	Mandatory Corporate Social Responsibility (CSR) Reporting and Financial Reporting Quality: Evidence from a Quasi-Natural Experiment-Web of Science Core Collection

	38	**Mandatory CSR regulations and social disclosure: the mediating role of the CSR committee**	This study aims to examine the association between mandatory corporate social responsibility (CSR) regulations (CSR mandate) and social disclosures (SOCDS) in India. It also investigates whether CSR committees mediate the relationship between CSR mandate and SOCDS. Furthermore, this paper explores how business group (BG) affiliation moderates CSR committee quality and SOCDS. This study uses a data set of 5,345 observations from the Bombay stock exchange (BSE)-listed firms over 10 years (2011-2020) to examine the research questions. Baron and Kenny's (1986) three-step model is estimated to examine the mediating role of CSR committees on the relationship between CSR mandate and SOCDS. The study reveals that the CSR mandate positively impacts SOCDS in India due to coercive pressures. CSR committees mediate this relationship, with higher CSR committee quality leading to increased SOCDS. Furthermore, the authors report that SOCDS in India is positively related to CSR committee quality, and this relationship is stronger for BG firms. Finally, the supplementary analysis reveals that promoting CSR committee quality enhances firms' likelihood of meeting CSR mandatory spending and actual CSR spending in India. This research contributes to the academic literature by shedding light on the intricate dynamics of CSR mandates, CSR committees and SOCDS in emerging economies. Notably, the authors identify the previously unexplored mediation role of CSR committees in the link between CSR mandates and SOCDS. The creation of a composite index that measures complementary CSR committee attributes allows us to undertake a novel assessment of CSR committee quality. An examination of the moderating influence of BG affiliation documents the importance of CSR committee quality, particularly in governance, for enhancing SOCDS transparency within BG firms.	Samarawickram, Dhanushika; Biswas, Pallab Kumar; Roberts, Helen	Meditari Accountancy Research	1	2024	-	-	-	CSR mandate; Social disclosures; CSR committee quality; Business group firms; India	The study reveals that the CSR mandate positively impacts SOCDS in India due to coercive pressures. CSR committees mediate this relationship, with higher CSR committee quality leading to increased SOCDS. Furthermore, the authors report that SOCDS in India is positively related to CSR committee quality, and this relationship is stronger for BG firms. Finally, the supplementary analysis reveals that promoting CSR committee quality enhances firms' likelihood of meeting CSR mandatory spending and actual CSR spending in India.	https://www.webofscience.com/wos/woscc/full-record/WOS:001140075300001

	39	**The challenges of upward regulatory harmonization: The case of sustainability reporting in the European Union**	What are the prospects for the upward harmonization of regulatory standards, and why do governments support or oppose more stringent supranational regulation? To answer these questions, this paper examines an important case of upward regulatory harmonization, the European Union's non-financial disclosure Directive 2014/95/EU, which requires large firms to report on their social, environmental, and human rights impacts. In spite of favourable circumstances, the Directive's opponents watered down the Commission's proposal during the course of the negotiations. Upward regulatory harmonization is difficult because of the adjustment costs it imposes on the private sector. The paper provides an in-depth analysis of countries' positions in the negotiations: Germany was the most hardline opponent, France the strongest supporter, and the United Kingdom was somewhere in-between. For most countries, private sector adjustment costs determine government support and opposition for upward harmonization at the supranational level, but the analysis shows that partisan politics and varieties of capitalism also matter.	Kinderman, Daniel	Regulation and Governance	3	2020	14	4	674-697	Adjustment cost; Corporate accountability; Corporate reporting; EU regulation; Transparency	By increasing the quantity and quality of NFD and by requiring companies to identify their due diligence procedures for identifying, preventing, and mitigating the risks their operations and supply chains pose for third parties, the Directive represents a "paradigm shift" in reporting (SpieBhofer & Eccles 2014, p. 27). While no silver bullet, the Directive will increase the pressure on businesses to clean up their operations and manage their impacts. It represents a meaningful step toward integrating financial and non-financial disclosure, functioning markets, corporate accountability, and a more long-term orientation.	https://www.webofscience.com/wos/woscc/full-record/WOS:000575344100004
	40	**Why is Corporate Virtue in the Eye of The Beholder? The Case of ESG Ratings**	Despite the rising use of environmental, social, and governance (ESG) ratings, there is substantial disagreement across rating agencies regarding what rating to give to individual firms. As what drives this disagreement is unclear, we examine whether a firm's ESG disclosure helps explain some of this disagreement. We predict and find that greater ESG disclosure actually leads to greater ESG rating disagreement. These findings hold using firm fixed effects and using a difference-in-differences design with mandatory ESG disclosure shocks. We also find that raters disagree more about ESG outcome metrics than input metrics (policies), and that disclosure appears to amplify disagreement more for outcomes. Last, we examine consequences of ESG disagreement and find that greater ESG disagreement is associated with higher return volatility, larger absolute price movements, and a lower likelihood of issuing external financing. Overall, our findings highlight that ESG disclosure generally exacerbates ESG rating	Christensen, Dane M.; Serafeim, George; Sikochi, Anywhere	Accounting Review	4*	2022	97	1	147-175	ESG ratings; Rating agency disagreement; ESG disclosure; Corporate social responsibility; Sustainability	As shown in Table 6, the estimated coefficient on Mandatory_Disclosure is positive and statistically significant, confirming that the disclosure requirements improved firms' ESG disclosures, as expected. We predict and find that greater ESG disclosure actually leads to greater ESG rating disagreement. These findings hold using firm fixed effects and using a difference-in-differences design with mandatory ESG disclosure shocks. We also find that raters disagree more about ESG outcome metrics than input metrics (policies), and that disclosure appears to amplify disagreement more for outcomes.	Why is Corporate Virtue in the Eye of The Beholder? The Case of ESG Ratings-Web of Science Core Collection

			disagreement rather than resolves it.										
	41	**Consequences of CSR reporting regulations worldwide: a review and research agenda**	This study reviews research that examines economic and behavioural consequences of CSR reporting regulations. Specifically, the authors evaluate the impact of CSR reporting regulations on (1) reporting quality, (2) capital-markets and (3) firm behaviour. The authors first describe the stated objectives and enforcement level of CSR reporting regulations around the world. Second, the authors review over 130 archival studies in accounting, finance, economics, law and management that examine consequences of the regulations. The stated objectives and enforcement of CSR reporting regulations vary considerably across countries. Empirical research finds no significant changes in reporting quality and generally concludes that CSR reporting continues to be ceremonial rather than substantive after the regulations - consistent with corporate legitimation and "greenwashing" views. In contrast, growing evidence shows both positive and negative capital-market and real effects of the regulations. Overall, the findings from this review indicate that, on balance, there remains a significant number of questions on the net effects of CSR reporting regulations. The authors offer a comprehensive review of the literature examining consequences of CSR reporting regulations. The authors identify apparent tensions in studies assessing different outcomes after the regulations: between symbolic reporting and positive capital-market outcomes; between profitability and CSR; and between CSR and the welfare of non-shareholder groups. Additionally, we highlight differences in the scope and stated objectives of CSR regulations across countries, with the regulations often reflecting socio-economic development and national interests of implementing countries. Collectively, our review indicates that institutional details are crucial when considering the design or consequences of CSR reporting regulations and/or standards.	Haji, Abdifatah Ahmed; Coram, Paul; Troshani, Indrit	Accounting, Auditing and Accountability Journal	3	2023	36	1	177-208	CSR; Sustainability; Reporting regulation; Reporting quality; Economic consequences; Real effects; Welfare implications	This review of academic studies, which examine economic and behavioural consequences of CSR reporting regulations, validates that the latter improve CSR performance of affected firms that has also beneficial externalities on society (Chen, Hung, & Wang, 2018). Overall, the findings from this review indicate that, on balance, there remains a significant number of questions on the net effects of CSR reporting regulations. The authors offer a comprehensive review of the literature examining consequences of CSR reporting regulations.	https://www.webofscience.com/wos/woscc/full-record/WOS:000778540400001

	42	**The effect of mandatory CSR disclosure on firm profitability and social externalities: Evidence from China**	We examine how mandatory disclosure of corporate social responsibility (CSR) impacts firm performance and social externalities. Our analysis exploits China's 2008 mandate requiring firms to disclose CSR activities, using a difference-in-differences design. Although the mandate does not require firms to spend on CSR, we find that mandatory CSR reporting firms experience a decrease in profitability subsequent to the mandate. In addition, the cities most impacted by the disclosure mandate experience a decrease in their industrial wastewater and SO2 emission levels. These findings suggest that mandatory CSR disclosure alters firm behaviour and generates positive externalities at the expense of shareholders.	Chen, Yi-Chun; Hung, Mingyi; Wang, Yongxiang	Journal of Accounting and Economics	4*	2018	65	1	169-190	Mandatory CSR disclosure; Firm performance; Social externalities; China	We find that mandatory CSR reporting firms experience a decrease in profitability subsequent to the mandate. In addition, the cities most impacted by the disclosure mandate experience a decrease in their industrial wastewater and SO2 emission levels. These findings suggest that mandatory CSR disclosure alters firm behaviour and generates positive externalities at the expense of shareholders.	https://www.webofscience.com/wos/woscc/full-record/WOS:000426229000009
Specific Examples on Directive 2014/95/EU (which is the last CSR directive before Directive 2022/2464/EU)	43	**The impact of the EU nonfinancial information directive on environmental disclosure: evidence from Italian environmentally sensitive industries**	To determine whether to entrust the European Union (EU) to create a new nonfinancial reporting framework or endorse the extant reporting framework developed by the Global Reporting Initiative (GRI), this study aims to explore whether the mandatory implementation of the EU Directive positively impacted the GRI-based environmental disclosure. The authors compared the pre- and post-EU Directive environmental disclosure of 16 Italian environmentally sensitive companies. The authors used an extended coding scheme and developed a unique scoring system to compare the quantitative and qualitative changes in environmental disclosure. The analysis showed that the quantity of environmental disclosure increased after the mandatory EU Directive adoption. The most significant change was observed regarding the disclosure topics explicitly required by the Italian legislature. Additionally, disclosure of soft information continued to prevail over that of hard information in the post-Directive period. While the Directive boosted the level of adherence to GRI standards, Italian companies disclosed information that could be easily mimicked (soft) instead of objective measures that could be verified (hard). In light of this evidence, the endorsement of extant GRI standards could be a valuable option for enhancing the comparability and transparency of environmental disclosure. This study used an original extended coding system and	Papa, Marco; Carrassi, Mario; Muserra, Anna Lucia; Wieczorek-Kosmala, Monika	Meditari Accountancy Research	1	2022	30	7	87-120	Environmental disclosure; Directive 2014 95 EU; Global Reporting Initiative; Disclosure quality; Italy	The analysis showed that the quantity of environmental disclosure increased after the mandatory EU Directive adoption. The most significant change was observed regarding the disclosure topics explicitly required by the Italian legislature. Additionally, disclosure of soft information continued to prevail over that of hard information in the post-Directive period. While the Directive boosted the level of adherence to GRI standards, Italian companies disclosed information that could be easily mimicked (soft) instead of objective measures that could be verified (hard). In light of this evidence, the endorsement of extant GRI standards could be a valuable option for enhancing the comparability and transparency of environmental disclosure.	The impact of the EU nonfinancial information directive on environmental disclosure: evidence from Italian environmentally sensitive industries-Web of Science Core Collection

			proposed related environmental disclosure indexes that allow monitoring changes in environmental disclosure over time. To the authors' best knowledge, this study is one of the few that justifies the significant impact of regulation (here the EU Directive) on the increase in environmental disclosure and that uses hard and soft information typology to examine the quality of environmental disclosure.										
	44	**From voluntary to mandatory non-financial disclosure following Directive 2014/95/EU: an Italian case study**	This study investigates the non-financial disclosure in an Italian banking group following Directive 2014/95/EU over a period of eight years, from its voluntary (2013-2017) to mandatory (2018-2020) implementation. The paper relies both on primary and secondary data sources. It first adopts a content analysis on non-financial reports while considering other relevant available material. Second, the study relies upon semi-structured interviews and seminars to gather primary data. The analysis has been interpreted in light of institutional theory in order to understand the institutional forces driving non-financial disclosure. Results show that non-financial disclosure significantly increased in quantity after the regulation; however, the improvement in quality is fairly low, with the exception of themes relevant to the company under investigation. Through the lens of institutional theory, it emerges that an interplay of institutional mechanisms co-existed within the bank, during two periods of reporting for different topics of disclosure.	Korca, Blerita; Costa, Ericka; Farneti, Federica	Accounting in Europe	2	2021	18	3	353-377	Directive 2014/95/EU; Regulation; non-financial disclosure; Institutional theory; Voluntary; Mandatory	Results show that non-financial disclosure significantly increased in quantity after the regulation; however, the improvement in quality is fairly low, with the exception of themes relevant to the company under investigation. Through the lens of institutional theory, it emerges that an interplay of institutional mechanisms co-existed within the bank, during two periods of reporting for different topics of disclosure.	From voluntary to mandatory non-financial disclosure following Directive 2014/95/EU: an Italian case study-Web of Science Core Collection

	45	**Non-Financial Disclosure and Corporate Financial Performance Under Directive 2014/95/EU: Evidence from Italian Listed Companies**	This paper investigates the impact of Directive 2014/95/EU on both the quantity and quality of non-financial disclosure (NFD) and its relationship with corporate financial performance (CFP) in 20 Italian listed companies. The current study considers both the annual reports (AR) and social and environmental reports (SER) released two years prior (2015-2016) and two years after (2017-2018) the Directive's application. A manual content analysis was conducted, and OLS regression analyses were carried out to evaluate the relationship between NFD and CFP, measured by ROA, ROE and Tobin's Q. The findings show that the Directive affected the quantity of NFD, but not the quality, and that a transfer of information occurred from the different reporting mediums considered. Overall, NFD quality is significant and positively associated with CFP when measured by ROA and ROE, however, the mandatory NFD quality following the Directive does not show a significant relationship with CFP.	Agostini, Marisa; Costa, Ericka; Korca, Blerita	Accounting in Europe	2	2022	19	1	78-109	Directive 2014/95/EU; Non-financial disclosure (NFD); Corporate financial performance (CFP); Listed companies; Content analysis	The findings show that the Directive affected the quantity of NFD, but not the quality, and that a transfer of information occurred from the different reporting mediums considered. Overall, NFD quality is significant and positively associated with CFP when measured by ROA and ROE, however, the mandatory NFD quality following the Directive does not show a significant relationship with CFP.	https://www.webofscience.com/wos/woscc/full-record/WOS:000709311100001
	46	**Towards 2014/95/EU directive compliance: the case of Poland**	This study aims to investigate the differences in the extent of non-financial disclosure (NFD) across companies listed on the Warsaw Stock Exchange over the period surrounding the implementation of the Directive 2014/95/EU. The sample comprising 134 selected companies. Content analysis and a disclosure index were used to measure the level of NFD. Non-financial reporting practices in the two years before (2015) and one year after (2017) the implementation of the Directive was compared. The results highlight that there is already a high level of compliance with the European Union's regulation. The extent of the NFD across different thematic aspects in reporting media increased significantly between 2015 and 2017 in particular in human rights and anti-corruption. The Directive had the largest impact on those firms with previously low levels of NFD and led to more homogeneity of NFD across different industries. The study contributes to the understanding of the impact of the Directive on the NFD practices by European Union companies. The research has important implications for policymakers because it revealed that mandatory regulations	Matuszak, Lukasz; Rozanska, Ewa	Sustainability Accounting, Management and Policy Journal	2	2021	12	5	1052-1076	CSR disclosure; Sustainability disclosure; ESG disclosure; Directive 2014/95/EU; Non-financial disclosure (NFD)	The results highlight that there is already a high level of compliance with the European Union's regulation. The extent of the NFD across different thematic aspects in reporting media increased significantly between 2015 and 2017 in particular in human rights and anti-corruption. The Directive had the largest impact on those firms with previously low levels of NFD and led to more homogeneity of NFD across different industries.	Towards 2014/95/EU directive compliance: the case of Poland-Web of Science Core Collection

			form a crucial instrument in improving the harmonization of NFD. The research suggests that, due to the Directive, stakeholders should be provided with more comprehensive information that they need in their decision-making process.									
	47	**Real Effects of a Widespread CSR Reporting Mandate: Evidence from the European Union's CSR Directive**	We investigate real effects of a widespread corporate social responsibility (CSR) reporting mandate. In 2014, the European Union (EU) passed Directive 2014/95 (hereafter, "CSR Directive"), mandating large listed EU firms to prepare annual nonfinancial reports beginning from fiscal year 2017 onward. We document that firms within the scope of the directive respond by increasing their CSR activities and that they start doing so before the entry-into-force of the directive. These real effects are concentrated in firms that are plausibly more strongly affected by the directive, that is, those with previously low levels of both CSR reporting and CSR activities. Using various alternative outcome variables (e.g., new CSR initiatives, improvements in CSR infrastructure, or firm performance), we show that these real effects reflect meaningful increases in CSR beyond firms' potential attempts to "greenwash" CSR performance. Finally, we conduct tests that increase our confidence that the documented real effects are attributable to the CSR Directive and not general EU trends in CSR.	Fiechter, P.; Hitz, J. M.; Lehmann, N.	Journal of Accountin g Research	4*	2022	60	4	1499-1549	Corporate social responsibility (CSR); Disclosure regulation; Real effects; Directive 2014/95/ EU; Non-financial reporting directive (NFRD)	We document that firms within the scope of the directive respond by increasing their CSR activities and that they start doing so before the entry-into-force of the directive. These real effects are concentrated in firms that are plausibly more strongly affected by the directive, that is, those with previously low levels of both CSR reporting and CSR activities.	https://www.webofscience.com/wos/woscc/full-record/WOS:000779270100001

	48	**The effects of the EU non-financial reporting directive on corporate social responsibility**	Using a large sample of EU non-financial firms over the period 2008-2018, this study examines the effect of the 2014 EU Non-Financial Reporting Directive on corporate social responsibility (CSR) and finds that the Directive has led to an increase in CSR transparency and performance. Further, it shows that the association between the Directive and CSR transparency is stronger for smaller firms, firms highly followed by analysts and firms headquartered in countries with strong legal systems. The adoption of CSR reporting after the Directive's enactment, small firm size and investments in research and development strengthen the positive effects of the Directive on CSR performance. However, the mandating of CSR reporting assurance by some EU member states seems not to have any significant impact. Lastly, our study shows that after the Directive's enactment, firms adopting CSR reporting experienced lower systematic risk and cost of equity. Our study contributes to the debate about whether and how non-financial disclosure should be regulated and shows the positive effects of the 'comply or explain' approach. It also provides insights for the EU in relation to the recently approved proposal to extend CSR reporting regulation to listed small and medium-sized enterprises and mandate CSR reporting assurance.	Cuomo, Francesca; Gaia, Silvia; Girardone, Claudia; Pisera, Stefano	European Journal of Finance	3	2024	30	7	726-752	EU firms; CSR disclosure; Non-financial reporting directive; Social and environmental performance; Comply or explain principle	This study examines the effect of the 2014 EU Non-Financial Reporting Directive on corporate social responsibility (CSR) and finds that the Directive has led to an increase in CSR transparency and performance. Further, it shows that the association between the Directive and CSR transparency is stronger for smaller firms, firms highly followed by analysts and firms headquartered in countries with strong legal systems. The adoption of CSR reporting after the Directive's enactment, small firm size and investments in research and development strengthen the positive effects of the Directive on CSR performance. Our study shows that after the Directive's enactment, firms adopting CSR reporting experienced lower systematic risk and cost of equity.	https://www.webofscience.com/wos/woscc/full-record/WOS:000860082700001
	49	**ESG score, board structure and the impact of the non-financial reporting directive on European firms**	The primary objective of this research is to examine the impact of the EU Non-Financial Reporting Directive on the significance of specific board characteristics in promoting higher ESG scores among 835 European companies listed from 2002 to 2020. Empirical results indicate that gender diversity, cultural diversity, a higher number of independent directors on the board, and the presence of a CSR committee all significantly contribute to achieving higher ESG scores. Furthermore, the Non-Financial Reporting Directive 95/2014, which requires large EU firms to report on various environmental, social, and governance issues, not only drives EU firms to attain higher ESG scores but also significantly reduces the ESG gap between companies with and without a CSR committee. Meanwhile, other board characteristics have maintained their relevance	Bigelli, M.; Mengoli, S.; Sandri, S.	Journal of Economics and Business	2	2023	-	-	n°106133	ESG score; Board characteristics; Gender diversity; Cultural diversity; EU 95/2014 directive	Empirical results indicate that gender diversity, cultural diversity, a higher number of independent directors on the board, and the presence of a CSR committee all significantly contribute to achieving higher ESG scores. Furthermore, the Non-Financial Reporting Directive 95/2014, which requires large EU firms to report on various environmental, social, and governance issues, not only drives EU firms to attain higher ESG scores but also significantly reduces the ESG gap between companies with and without a CSR committee. Meanwhile, other board characteristics have maintained their relevance to a substantial extent.	ESG score, board structure and the impact of the non-financial reporting directive on European firms-Web of Science Core Collection

			to a substantial extent.										
	50	**The impact of the EU Directive on non-financial information: Novel features on the Italian case**	This paper aims to examine the European Union (EU) 95/2014 Directive's impact on large public companies. It chose Italy as a pivotal country that made non-financial information assurance mandatory, going beyond the EU Directive's original requirements. Specifically, it investigates how the UE Directive fosters institutionalisation of the non-financial reporting (NFR) process in organisations. Two large public companies in Italy are used as case studies. Data are gathered from annual and integrated reports, institutional websites and semi-structured interviews with the managers and employees involved in different organisational positions. The authors adopted the neo-institutional theory as a theoretical lens to identify the organisations' response to the (external) institutional pressures influencing corporate reporting practices. The findings demonstrate how the EU Directive fostered changes to large public companies' reporting practices and external pressures contributed to influencing changes to internal organisational practices in terms of new internal processes, procedures and structures. These changes are motivated by the companies' need to guarantee reliable information to be produced in their non-financial reports. This paper helps academics and policymakers to advance NFR practices by understanding regulatory factors that can foster changes in the internal reporting process and responsibility within organisations. The findings provide some empirical insights to foster reflections on the EU Directive's effectiveness in changing reporting practices. This paper contributes to enriching the literature on institutional theory in shaping mandatory non-financial disclosure by identifying the institutional pressures influencing the effectiveness of regulations to change NFR practices.	Lombardi, R.; Cosentino, A.; Sura, A.; Galeotti, M.	Meditari Accountancy Research	1	2022	30	6	1419-1448	Non-financial information; NFD; Sustainability reporting; Mandatory disclosure; EU Directive 2014 95; Institutional pressures; Stakeholders; Italy	The findings demonstrate how the EU Directive fostered changes to large public companies' reporting practices and external pressures contributed to influencing changes to internal organisational practices in terms of new internal processes, procedures and structures. These changes are motivated by the companies' need to guarantee reliable information to be produced in their non-financial reports.	https://www.webofscience.com/wos/woscc/full-record/WOS:000674303100001

	51	**Does mandating ESG reporting reduce ESG decoupling? Evidence from the European Union's Directive 2014/95**	This paper investigates the impact of Directive 2014/95 (hereafter, 'the Directive') issued by the European Union (EU) that mandates the disclosure of ESG information on ESG decoupling behaviour by EU-listed firms and whether the strength of national enforcement systems of member states plays a moderating role in this relationship. Using a difference-in-differences design and employing a propensity score matched sample of 3020 firm-year observations from the EU and the United States, we find that both the passage of the Directive in 2014 and the implementation of the Directive in 2017 have a mitigating effect on ESG decoupling. We also find that the strength of national enforcement systems has no impact on the relationship between the Directive and ESG decoupling. Furthermore, our additional analysis indicates that the effect of the Directive is less pronounced for firms that have their ESG information independently audited. Additionally, we find that the impact of the Directive is more pronounced for firms operating in non-controversial industry sectors. While the Directive is under ongoing revision by the EU Parliament and Commission to be replaced by the new Corporate Sustainability Reporting Directive (CSRD), our study provides timely insights into the effectiveness of the Directive and its impact on ESG information.	Aboud, A.; Saleh, A.; Eliwa, Y.	Business Strategy and the Environment	3	2024	33	2	1305-1320	Enforcement; ESG audit; ESG decoupling; ESG strategy; European Union's Directive 2014/95	We find that both the passage of the Directive in 2014 and the implementation of the Directive in 2017 have a mitigating effect on ESG decoupling. We also find that the strength of national enforcement systems has no impact on the relationship between the Directive and ESG decoupling. Furthermore, our additional analysis indicates that the effect of the Directive is less pronounced for firms that have their ESG information independently audited. Additionally, we find that the impact of the Directive is more pronounced for firms operating in non-controversial industry sectors. While the Directive is under ongoing revision by the EU Parliament and Commission to be replaced by the new Corporate Sustainability Reporting Directive (CSRD), our study provides timely insights into the effectiveness of the Directive and its impact on ESG information.	https://www.webofscience.com/wos/woscc/full-record/WOS:001082683300001
	52	**Double Materiality Disclosure as an Emerging Practice: The Assessment Process, Impacts, Risks, and Opportunities**	The Corporate Sustainability Reporting Directive 2022/2464 (CSRD) introduces the concept of double materiality in the preparation of sustainability reports in the European Union (EU) starting in 2024. Our research aim is to provide ex-ante empirical evidence on how large Romanian enterprises perform materiality assessment and disclose impacts, risks, and opportunities. Data are collected from 20 listed Romanian companies, using an inductive approach. Most companies report information on their materiality assessment process; direct, inside out, and positive impacts (and less financial materiality), environmental risks and opportunities, and social impacts. Companies engage mainly with stakeholders in the social realm and less with financial capital providers. The stakeholder engagement process is not continuous, relying predominantly on isolated	Dragomir, Voicu D.; Dumitru, Madalina; Chersan, Ionela Corina; Gorgan, Catalina; Paunescu, Mirela	Accounting in Europe	2	2024	-	-	1-38	Double materiality; Corporate Sustainability Reporting Directive; Impact materiality; Financial materiality; Risks and opportunities	Most companies report information on their materiality assessment process; direct, inside out, and positive impacts (and less financial materiality), environmental risks and opportunities, and social impacts.	https://www.webofscience.com/wos/woscc/full-record/WOS:001204002200001

			events. Internal processes are implemented and overseen by dedicated governance structures. Further clarifications and stricter requirements on the implementation of the double materiality concept are needed for the effective application of the CSRD.										

Interviews Transcripts

<u>04/19/2024 Maglificio Gran Sasso SpA</u>

Speaker: Francesca Scatasta (FS)

Interviewee: Luca Calcagnoli (LC)

FS: Thank you for making the time for this interview. The goal of this time that we are spending together is to investigate the current and future CSR and sustainability practices in light of Directive 2022/2464/EU, the so-called CSRD. To later process the data for my thesis, if you agree with this, I will record this session.

LC: Thank you for this opportunity. For sure, you can record this session.

FS: Thank you! For starters, I would like to ask you some questions about your role in the firm. What industry does your company operate in?

LC: My company operates in the textile and clothing industry that is the flagship of our country's economy and we are proud to represent it with our products, completely made in Italy. Precisely, since 1952 we have been producing sweaters using fine wool, cashmere, cotton, silk and linen yarns. They are made combining ancient craft techniques with modern production processes.

FS: Can I ask you what role you hold at Maglificio Gran Sasso?

LC: I am the CFO and Innovation Manager and I've been working here for 25 years.

FS: Thank you. As I told you, this research is about CSR and sustainability practices. Before continuing, I would like to know your definition of sustainability. I do not expect from you an academic definition, but rather an informal one, based on your understanding and experience of such practice.

LC: Well, that’s a very good question. My vision of sustainability, which is also the one of my company, does not properly follow the ESG acronym. It has little to do with the environment and a lot to do with people and processes. We believe that the environment is a consequence and people are at the centre. When you improve the quality of the work and even processes carried out by your employees and even external collaborators, you are automatically improving the quality of their life, thus you are sustainable.

FS: Thank you for this precious insight. Can I ask an example of this? Let me be more precise, when is the last time that you improved the quality of work and life of your collaborators?

LC: I can answer with one word "*FaconV2*".

FS: Interesting!

LC: In September 2023, we registered this application in the Italian Special Public Register of Computer Programs – in Italian we say SIAE. My team and I developed this application to create digital shipping documents. And as I said before, with the aim of improving the work quality of Maglificio Gran Sasso's employees but also external collaborators such as sub-suppliers that in Italian we call façonisti.

FS: That's why "FaconV2".

LC: Yes! "*FaconV2*", entirely through a web interface and in almost real time, publishes online the orders of our façonisti. They can view the needful information through a digital and detailed document with an easy reading mode. To let you understand, the sheet with grey and white lines like the one for the double entry. Sub-suppliers can also put technical and operational notes in this sheet. This system does not make necessary anymore that internal collaborators and façonisti manually upload data for shipping document that then were printed and put together with our sweaters or semi-finished products. In this way, we have reduced mistakes, and have increased our and our façonisti efficiency. We have also reduced the use of paper, protecting the environment, because we no longer print shipping documents. Of course, to be in compliance with the Italian law, operators who transport our products, the couriers, have the possibility of accessing digital delivery notes with a link on their devices.

FS: Thank you so much for this valuable insight! From your words, I can understand that sustainability practices have been introduced in your company for a long time.

LC: For sure, our main goal is sustainable development, efficiently managing resources, any types of resources: natural, financial, human and relational. In this way not only we, as a company, can grow, but also our society and territory, building a virtuous circle that feeds itself.

FS: Can there be tangible examples of this?

LC: Probably, our photovoltaic system introduced since 2005 and the climate of serenity and cooperation among employees that has always been promoted within our firm.

FS: Has the CSRD impacted your current and/or future sustainability choices? If so, can I ask you for some examples?

LC: Well, we have to say that we are a large unlisted company thus the CSRD will become compulsory for us with the financial year ending 31 December 2025, expiring in 2026. So, fortunately we have some time to digest it and to put it in practice. To do this, last year (2023) we created an office dedicated to sustainability in order to be ready to comply with these new obligations. For instance, they deal with a unified set of European standards by the EFRAG to follow in order to draw up our reports, which up to now have been written according to GRI Standards. Therefore, I am sure that we will need to do several technical, operational, and functional changes to comply with it, but the key points of our sustainability definition, that you asked me before, will never be changed because they are our values.

FS: Dealing with the CSRD, two of the main changes introduced concern the concepts of materiality and double materiality. Can I ask you if you dealt with them before this Directive? If so, can I ask you to describe the last time you did this?

LC: Well, we have to say that the CSRD speeded up and structured the whole process, but starting from 2022 we were planning to perform and then periodically update materiality assessment because it is essential to develop our strategy and to understand our impacts and the real needs of our stakeholders. Of course, it is important to carry out initiatives for the environment, the community and so on and so forth, but what it is much more important is to do these not sporadically and in a disconnected way, but to have for them and then for the whole business a long-term strategy that reflects the values of Maglificio Gran Sasso and that can ensure a sustainable and responsible development which leads to a competitive advantage. Because the financial aspect must be always taken into account, and to use the words of Peter Drucker “Profit is not the purpose of a business, but rather the test of its validity”. To sum up, we performed our first materiality and double materiality assessment during 2023. I don't deny that it was hard work, which have to be certainly improved in the coming years also by following the future evolutions of the CSRD.

FS: What methods do you apply when performing materiality and double materiality assessment? Have they changed due to the CSRD?

LC: I’ll start with the second question. We performed our first attempt of materiality and double materiality assessment in concomitance with the CSRD, so we have to say no, they haven’t changed. I said attempt because I would like to underline that we have decided to use these years before 2026, when we have to comply with the CSRD, as years of testing and training to be ready for 2026 and be able to fully satisfy all the requests of the European Legislator, integrating them into our corporate strategy. Thus, we used the CSRD as guiding principle in order to be ready for the coming obligations. First of all, we tried to analyse the context in which we operate, so the textile and apparel sector, beginning from ourselves. In other words, we developed a framework, a map, of all our activities and of all the relationships linked with them in our value chain. This step has been carried out by the sustainability office in synergy with the other corporate offices, such as the buying office and the HR office. In this way we defined our main stakeholders, such as employees, suppliers, sub-suppliers, or in Italian façonisti, customers, our community and territory. The next step has been identifying a set of potential material issues, trying to be as exhaustive as possible. This has been one of the most delicate parts of this path. We used a multi-source approach, following of course the CSRD, but also the SDGs, the GRI Standards and industry studies published by authoritative sources, for instance Istat, as you know, the Italian National Institute of Statistics. Of course, materiality assessment is based on audit evidence, and above all when applying double materiality, it is essential to collect audit evidence demonstrating outside-in relevance for financial materiality and inside-out relevance for impact materiality. Therefore, we started with a benchmarking analysis of the non-financial reporting and sustainability reports produced by leading companies in our sector, and we deepen the topics with academic papers. Then we went ahead with the longest phase of this double materiality assessment: stakeholders' engagement. As I said before, we have decided to proceed step by step improving our sustainability path year by year, so, for the 2023 materiality assessment, we started with the engagement of only three types of our most relevant stakeholders: suppliers, façonisti, and representatives of the local community and territory. We involved the first two types with a survey drafted by an external company, which has also allowed us to certify their degree of compliance. As regards the local community and territory, we organized a workshop in November (2023) thanks to which we had the opportunity to talk with them and understand their perspective. I have to say that it was very insightful! And we are planning to replicate it this year (2024) engaging a wider audience and at least twice, so with at least two different meetings during the year. We gathered all data and, in our 2023 materiality matrix, we arrived at underling and ranking 13 material issues, such as for instance sustainable relationships with suppliers, sustainable growth and healthy profitability, dignity of work and welfare, made in Italy. This is for sure the starting point to define our business strategy and our sustainable development, reducing our negative impacts on the environment and the community. And of course, for this year our approach to materiality assessment has several limits, we have to improve it, for instance, trying to deepen our stakeholders' engagement and enhancing the dimensions of assessment of our relevant topics. I mean this year we developed our materiality analysis studying the relevance of each topic for us and for our stakeholders, indicating it on the two axes of our matrix, and then the financial relevance, which is underlined by the size of the points on the matrix. For next year, we are planning to make these points into spheres, so using not only two dimensions of the matrix but three, in order to show the topic relevance for the future, for instance the coming three or five years. The larger the sphere the greater the relevance for the future. Another dimension of which we- following the European Legislator- have to work is the readability of data, we are still far from being able to make sustainability reports 100% comparable. Anyway, I hope the CSRD and its evolutions will help in this; it would be a valuable contribution to the objectivity of benchmarking analyses.

FS: Thank you for these precious insights especially as regards the future relevance, I have never heard about it. From what you said, I can understand that you develop everything internally apart from the surveys delivered to suppliers and sub-suppliers, is it correct?

LC: Yes, for sure!

FS: To develop your stakeholders' engagement, you told that you are planning to replicate the workshop you did in November; can I ask you if you have already thought about other ways to improve the involvement of your stakeholders?

LC: Well actually, in these days, to actively involve our employees in our sustainable development, we are working to implement, in our employee portal, "il Cassetto delle idee"-in English drawer of ideas- a tool aimed at collecting opinions and suggestions from our employees with the objective of improving our workplace, both our production plants and offices, and in the meanwhile enhancing the feeling of belonging among our workers.

FS: Thank you. Do you feel that the CSRD helped your team and you in defining the material issues? I mean in understanding what was important and relevant to report because it can have an impact on stakeholders and what was pointless. Why?

LC: Well, the CSRD helped us pay attention to the most relevant facts and impacts because it gives us a path to follow starting from the analysis of our sector and ending with continuously monitoring the material issues identified. This path has accelerated our sustainability journey towards the so-called 2030, through its development of the materiality assessment. I mean that putting materiality assessment into practice, we have understood that, in our case, the key to avoid being redundant, and so adding unnecessary and maybe misleading information in our sustainability disclosure – or on the contrary to avoid forgetting crucial topics – the key to do all this is the dialogue with our stakeholders. Through constructive discussion, it is possible to figure out their perspective and also to deepen and improve ours. We have also understood that developing this kind of mindset is challenging and requires time especially when you have to deal with small local businesses. In any case, we are confident, and we are working to ensure that the resistance of some does not prevent change.

FS: Thank you for this insight. Going back, for a while, to your materiality assessment methods, would you appreciate a tool that automatically scans a given set of documents (e.g. peer sustainability reports) to analyse how frequently each topic in list is mentioned?

LC: Why not! I'm a fan of technology aimed at improving people's quality of life and work, so yes for sure if this tool can make this task easier and can reduce mistakes. Of course, it does not have to replace human critical judgment.

FS: You also said that during your materiality assessment you used external documents, such as regulations and peer companies' reports, can I ask if you also included social media?

LC: Actually, I have to say partially, because we use our social media channels as well as interviews with the press for dialogue and information purposes, in other words, to communicate our values, strategy, news, and facts to the widest possible audience, always in a responsible way.

FS: From a technical point of view, how do you report on the results of the materiality assessment? Do you use any tools? (e.g. software to manage data etc.)

LC: We used the simple Excel, and a lot of human reasoning, effort, and creativity.

FS: Thank you. Is there any other important issue related to materiality assessment or my research that you would like to discuss?

LC: I would like to say you thank you for developing your thesis with us and I would like to add that these topics are rapidly evolving, they are taking a direction but, in my opinion, there is still a lot to do, I am referring both to my company and in general, so in Europe and all over the world. This is why we have decided to go step by step, analysing the context and its evolutions, of course trying to be pioneers, and anticipating the future, but always in Italian we say “sempre con la testa” always with the head and respecting our values.

FS: Thanks. I agree with you. CSR is a challenge that needs to be addressed because I believe it will be the key for a new development. Can I contact you later to ask any additional questions that might arise or validate some of the findings?

LC: Yes, for sure! I am at your disposal.

FS: Thank you. Can I spend your name and the one of Maglificio Gran Sasso when I report the results of my research and can I send you them?

LC: Yes, definitively! I would be a pleasure! Thank you!

FS: Thank you!

<u>04/29/2024 Maglificio Gran Sasso SpA</u>

Speaker: Francesca Scatasta (FS)

Interviewee: Luca Calcagnoli (LC)

FS: Thank you for dedicating to me the time for this second interview. It will be very quickly compared to last time, because I have few questions. If you agree, I will record also this session.

LC: No worries! Thank you for your attention! Yes, I agree.

FS: Based on the analysis of last interview, I noticed that in our conversation we did not deal with KPIs, do you apply them?

LC: Well, actually currently no, our sustainability office is planning to implement them starting from January 2025 so that we can perfectly comply with Directive 2022/2464 whose deadline for us is in 2026. Of course, both in 2022 and in 2023, we calculated our Carbon Footprint applying the logic of Scope 1, 2 and 3 through the same external platform that allowed us to send surveys to our suppliers and sub-suppliers. As first attempts we calculated our consumption ex post, through electricity, gas and water purchase bills and fuel purchase invoices for our company vehicles. Anyway, starting from electricity because our sector is highly energy intensive, we are planning to apply sensors to measure our consumptions in real time so that we can have a map of our real demand. Based on it, we can consequently develop KPIs to monitor the situation, and make it more efficient. So, as I said, we are currently working to implement in our plant in Sant'Egidio alla Vibrata (TE) sensors to measure our electricity consumption, for instance, we would like to start from our production department, so from our textile machines which work at least 18 hours per day, and in some cases also 24 hours a day, then we would like to go ahead with our offices.

FS: That's really interesting, this would allow you to have a lot of important data that for sure can be used to build KPIs, making your production more efficient and improving your Carbon Footprint. I know that it is not a certification that makes you sustainable, but can I ask if you work on it?

LC: I agree with you, they are not certifications that makes you sustainable, but anyway it is also important to have formal recognitions. Hence, my company has obtained the ISO 9001 to assess our production quality and it is working to obtain ISO 14001.

FS: Thank you. Last time you said that you are a fan of technology aimed at improving people's quality of life and work, can I ask your opinion about Artificial Intelligence? Do you think it can help companies to be more sustainable?

LC: Thank you for this question. I will answer with the words of the stakeholders' letter of our report, artificial intelligence is a new and very exciting challenge, we are assessing it because it will be part of our work, as long as it allows us to improve our collaborators' quality of life and to respect the dignity of all of us. For example, we are implementing generative AI-based procedures to simplify some administrative tasks related to data analysis and management even to make decision-making processes and strategic choices easier. I also think that AI can help us to better detect our real time consumptions.

FS: Thank you. Can I ask if you are planning to use AI also on you company's products?

LC: At the moment, AI on our products not, but, as part of our strategy to become more sustainable and to comply with the European Legislator, we are trying to use more explored and known technologies such as RFID to build the Digital Passport of each of our items, monitoring the transformation journey undertaken by every single raw material that makes up our products. This will help us but also our suppliers and clients to improve our and their work because we can track products in real time. Also, we would like to put a QR-code on the composition label of our sweaters to show our final customers this journey and how to differentiate and/or recycle our items. Anyway, this is for us a great challenge because we are having trouble with RFID tags because our sweaters need to be washed and ironed during their production process and these tags do not resist these processes. We are doing several tests, and we are determined not to give up! Because they will improve a lot the quality and efficiency of our work!

FS: This is very interesting! I have ended with my questions. Thank you very much for your time. I am available for any clarification and information on my thesis.

LC: Thank to you! It has been a pleasure!