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How should the new European Union Corporate Sustainability Reporting Directive (CSRD) influence corporate governance structures and decision-making in EU-listed companies?

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1 Introduction

The problem statement and the objectives of this master thesis, which is concerned with the European Union's Corporate Sustainability Reporting Directive (CSRD), are addressed in the following subchapters, followed by information regarding the organization and structure of this thesis.

1.1 Motivation and Relevance of the topic

With its goal of achieving CO2 neutrality by 2050, the European Union has been pioneering regulatory frameworks to enforce sustainability across various sectors, including corporate governance in EU-listed companies. This regulatory evolution reflects the EU's commitment to embedding sustainability within corporate strategies as a non-negotiable factor for future growth and global leadership in sustainability. Corporate Governance has emerged as one of the keystones of modern strategic management of companies, as it is evidenced by the fact that almost all advancing or advanced economies have introduced corporate governance codes or enacted new laws and regulations focusing on the way power is projected over corporate entities. This covers not only the relationship between the company and externals, like shareholders, auditors or regulators but also internal relationships. The Executive management is entrusted with running the enterprise, while it is the governing body that ensures that the company is steered in the right direction, formulating strategy and policymaking (Tricker, 2019).

The main motivation for releasing and enforcing new regulations is that externalities should be internalized by companies. In an idealized economic environment markets operate under conditions of perfect information, allowing for efficient resource allocation and optimal decision-making among economic agents. However, our world is inherently imperfect thus deviating from this theoretical framework. Informational asymmetries, where different market participants possess varying levels and quality of information, influence market outcomes and behaviours, often leading to suboptimal allocation of resources and market inefficiencies (Akerlof, 1970, Hellmann et al., 2000)

This is also the reason why enlargements of the scope of corporate governance are of high importance. In recent decades, policy makers have ensured that corporate governance is not exclusively locked in on financial performance and shareholder value, rather broader issues were introduced and put on the agenda of directors: Transparency, ethics and corporate social responsibility (CSR) (Gillan, 2006). One of the reasons for such shifts can be policymaker's recognition that companies operate within a complex ecosystem of endogenous stakeholder such as employees, but also exogenous ones, like communities and the environment. The target is to find a balance between economic objectives and societal expectations (Clarke, 2020).

Historically corporate social responsibility has been treated solely as a voluntary part of annual reporting. However, the regulatory landscape has evolved to advance more systematic and transparent sustainability practices among companies. Several directives have been implemented to make corporate social responsibility more comparable between companies and to introduce standards that all companies that need to report should adhere to. A significant first step marked the introduction of the Non-Financial Reporting Directive (NFRD), which has been in effect since 2014 in the European Union. It made significant steps to make corporate social responsibility reporting mandatory for companies with large public-interest. The set-out target was clear: to provide investors and the public with a clearer understanding of how companies manage social and environmental risks, in that way enhancing accountability (Poulle et al., 2024).

The latest directive, Corporate Sustainability Reporting Directive (CSRD), is strongly building on the foundations laid down by the Non-Financial Reporting Directive (NFRD). It was first introduced in 2022 and came into effect in 2024. This directive aims to create a more comprehensive and standardised framework for sustainability reporting. Achieved is this by expanding the scope of companies required to disclose reporting and establishing European Sustainability Reporting Standards (ESRS). Hence, putting new responsibilities on boards, which should increase accuracy and completeness of sustainability disclosures. This results in a bigger role of corporate governance to achieve transparency and accountability in non-financial reporting (Baumüller & Grbenic, 2021).

The intention of this thesis is to analyse how the recent changes in legislation and reporting standards impact corporate governance, focusing on the research question:

"How should the new European Union Corporate Sustainability Reporting Directive (CSRD) influence corporate governance structures and decision-making in EU-listed companies?"

The motivation stems from the growing emphasis on Environmental, Social, and Governance (ESG) factors in corporate strategies. Understanding how these regulations reshape corporate governance is essential for both academic inquiry and practical business implications. Changes prompted by the new regulations are potentially far reaching, with shifts for board responsibilities, stakeholder engagement, and corporate transparency. Investigating its potential impact offers insights into the effectiveness of governance mechanisms in promoting sustainability. Through an integrative literature review, the thesis foresees how corporate governance might be shaped by the new directive. There may also be some challenges, costs and burdens that arise during the practical application and preparation of reports that will be further investigated.

This thesis contributes in three different ways to the fast-growing body of work on sustainability-oriented corporate governance literature. First and foremost, by applying three core theories, namely stakeholder, legitimacy and institutional theory, to the legal context of the CSRD. This approach has so far been missing from the literature, thus offering an integrated analytical lens. In the past these theories have been deployed in isolation (Freeman 1984; Suchman 1995; DiMaggio & Powell 1983). This work demonstrates the complementary explanatory power the mentioned theories provide when they are jointly applied to the same regulatory shock. The resulting framework should assist in tracing how coercive, normative and cognitive pressures translate into concrete board-level adaptations.

Next, the paper focuses on an ex-ante assessment of governance change while most empirical studies on sustainability directives are necessarily ex-post and descriptive (Cuomo et al. 2022; Baumüller & Grbenic 2021). In contrast, the integrative literature-review methodology used in this work extrapolates prospective governance trajectories and as a result generates testable propositions for future longitudinal research. Therefore, the gap between conceptual theorising and the still nascent empirical record surrounding the CSRD's implementation can be bridged.

Lastly, the analysis advances current debates on materiality by linking the CSRD's double-materiality mandate to board decision-making processes and incentive schemes. Existing scholarship has thoroughly discussed double materiality from a disclosure perspective (Eccles 2020) but has scarcely considered its repercussions for internal governance mechanisms such as committee structures, ESG-linked remuneration or digital reporting infrastructures. The thesis therefore redirects attention from what must be reported to how organisations will operationalise the underlying information flows.

In summation, these contributions not only extend the conceptual map of sustainability governance but also provide regulators and practitioners with empirically grounded, theory-informed expectations about the organisational consequences of the CSRD. The study thus aspires to function as a reference point for subsequent empirical inquiries that will monitor whether, and to what extent, the forecast adaptations materialise over the directive's phased adoption period.

1.2 Organization of the Paper

In the first part of the thesis the research methodology will be discussed. Then key theories for this paper will be reviewed. This part is mainly concerned with the Stakeholder Theory and a thorough look will be given into the theoretical foundations. Also, Legitimacy Theory and Institutional Theory will be profoundly looked at in order to get a solid foundation, followed by a part that introduces the new legislation to understand why it has been introduced and to see what goals have been set. Next an overview over the current literature is given and key results will be synthesized. Lastly, the found results will be discussed and theories of how the CSRD impact corporate governance will be formulated. As a last part future research possibilities will be discussed.

2 Research Methodology

The applied research methodology is an integrative literature review, as this kind of review allows for a comprehensive synthesis of diverse studies, theoretical frameworks, and empirical findings, making it well-suited to explore the evolving intersection between corporate governance and the CSRD, as well as identifying gaps within this interdisciplinary field. This approach provides flexibility to combine quantitative, qualitative, and conceptual work, offering a holistic understanding that is necessary given the complexity and recent regulatory shifts surrounding the topic (Snyder 2019).

The scope of this thesis is focused on literature from corporate governance, sustainability reporting, and regulatory impact studies that address the role and implications of the CSRD. Accordingly, a structured search strategy was devised that sourced relevant work from academic databases such as Scopus, Web of Science, Business Source Complete, and SSRN. Keyword strings revolved around “Corporate Sustainability Reporting Directive”, “double materiality”, and “corporate governance”, complemented by synonyms and Boolean operators to capture adjacent terminology. Recency and relevance to EU governance and reporting were treated as key inclusion thresholds.

To synthesise the retrieved material, a thematic coding procedure was employed to identify recurring patterns and theoretical linkages, followed by conceptual mapping to visualise relationships and gaps. The resulting clusters were then distilled into analytical narratives that outline the current state of knowledge, highlight significant trends, and underscore areas requiring further research. Collectively, these steps consolidate extant insights while generating a nuanced platform for the thesis' propositions on future governance adaptations.

To ensure methodological transparency, the literature underpinning this thesis was gathered through a structured, multi-stage protocol. A systematic query of Web of Science, Scopus, Business Source Complete, and SSRN was started in November 2024 to February 2025 using Boolean combinations of "Corporate Sustainability Reporting Directive" OR "CSRD" with "corporate governance", "board", "double materiality", "EU-listed companies" and related synonyms. Only English- or German-language sources that (i) addressed EU-level sustainability disclosure or governance, (ii) were peer-reviewed journal articles, official EU documents, or high-quality practitioner reports, and (iii) provided empirical or conceptual insight relevant to board-level decision-making were retained.

The search window spanned January 2014 to February 2025, thereby capturing the CSRD's gestation, formal adoption in December 2022, and the first wave of implementation guidance. The initial pool of 604 records was double-screened for relevance and duplicates; 102 sources—comprising 78 scholarly articles, 16 policy or technical papers, and 8 practitioner white papers—ultimately informed the integrative analysis and theory building.

3 Theoretical Foundations

The following section of the thesis is dedicated to the theoretical background that allows for the reconciliation of why new regulations are agreed upon, what drives companies to comply with the new set of rules and how corporations derive their competencies. First, the origins of the theories are described, next each concept is explained in detail and different layers of the theory are presented. Lastly the connection and application in the context of the CSRD are explained. The three theories that will be explored are Stakeholder, Legitimacy and Institutional Theory. All three provide a different angle and complement each other.

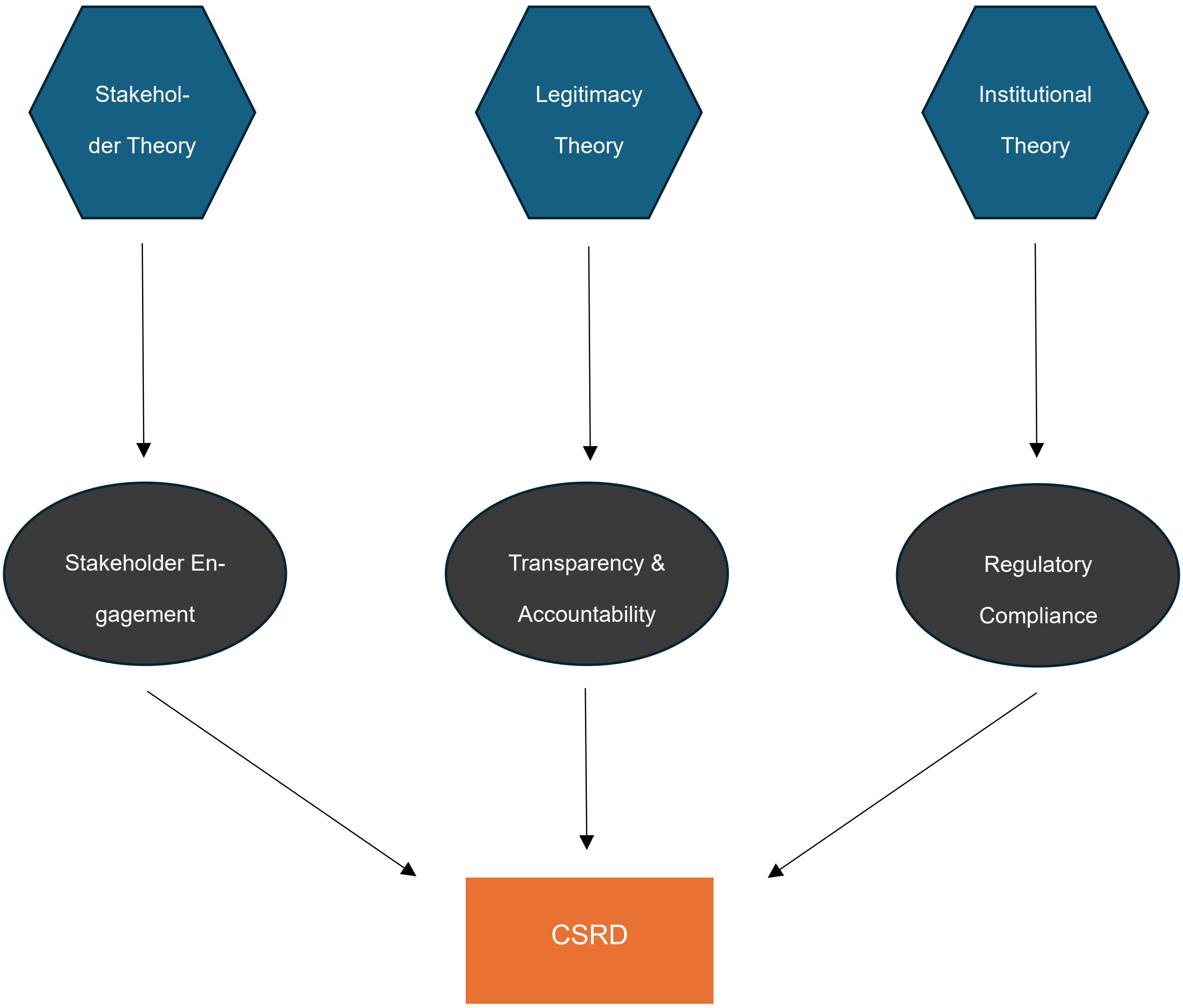

Figure 1: Summary of Theories. Author's creation

3.1 Stakeholder Theory

This theory first emerged in the mid 1980's. A milestone marked Freeman's (1984) Strategic Management: A Stakeholder Approach, where the idea was to design a framework that was reactive to the concerns of managers, who are faced by unprecedented levels of environmental instability and change. Traditional strategic frameworks fail to provide managers with help when it comes to developing new strategic directions or creating new opportunities in a rapidly changing environment. As a response to the identified lack in theoretical background the stakeholder approach was created. The concept recommends expanding the scope of strategic management beyond its traditional economic focal point, by taking stakeholders into account. A stakeholder is described as any group, private or public person, who is affected by or can influence the realisation of an organisation's goals. Stakeholder Theory crystallizes concepts from four distinct building blocks, each of which saw its own development in the past years, into one coherent strategic management framework: corporate planning, systems theory, corporate social responsibility and organizational theory (Freeman & McVea, 2001).

3.1.1 The Corporate Planning Literature

In terms of developing a corporate strategy the stakeholder was initially incorporated with a limited role in the literature. Following the classic view that critical stakeholders must be identified but also viewing those groups as constraints to the main goal of an organisation and that they might place limits on the actions of companies. This creates the need for the management to comprehend the goals of stakeholders to set the bound of operation. It is then within these bounds for the management to devise strategies that maximise the benefits to a single stakeholder group, the shareholders (Ansoff, 1970).

Later this simple approach was revolutionised, and the support of all stakeholders was seen as key to the success of the firm. Thus, devising a successful strategy means integrating the interests of all stakeholders, as opposed to maximising the position of one group within limitations provided by the others. This change in approach had a knock-on effect on the process of strategy development. Corporate planning consists of two pillars: prediction and adaptation. As a first step the management scans their surroundings to forecast the future business environment. Then a strategy is devised that is the best response to the new environment such that the business's position is maximised. As part of the first step stakeholders are identified and summarised by their roles. This abstraction allows for analysis at a generic level without having to acquire a detailed knowledge of the actual stakeholders. Following this approach many analytical breakthroughs in strategy formulation were made possible, for instance the Strategic Assumptions Analysis by Newton et al. (1982). On the contrary, the generic analysis only allowed for generic strategies that allow for application regardless of industry or circumstances. On top of this, the analysis only allowed for measurable results leaving out aspects of strategy design that are problematic to quantify (Freeman & McVea, 2001).

3.1.2 Systems Theory and Organisation Theory

Systems theory in a stakeholder theory context was adapted to better understand a company's environment. As such the theory puts a strong focus on the external links that are part of every organization. Hence, interpreting them as 'open systems' that are part of a larger system, instead of seeing them as unrelated self-standing entities. A critical step in this approach is to identify both stakeholders and the interconnections between them. By doing so difficulties can be resolved with the support of all stakeholders in the network, thus, emphasizing collective strategies that optimise the network. Individual optimization strategies would lead to suboptimal network solutions and are therefore not being focused on (Ackoff & Warfield, 1977, R. Ackoff, 1970).

Historically organisational and systems theory share the same roots. In the 1960's research started to develop organizational frameworks that specified the organization relative to its environment (McCalister, 1967). As one of the first stakeholders the group of clienteles was introduced (Udy & Thompson, 1968). Soon after this the external environment was often referenced as a significant explanatory factor of the organisation of a company (Benson et al., 1978). The goal of these theories was to describe and explain the characteristics of the organisation while choices and decisions that mangers face were not dealt with, nor was there any prescriptive attempts to set new directions for the organisation. However, the stakeholder concept has made it clear that it is challenging to define the company without fully recognising the firm's environment and the relationships the firm has with it (Freeman & McVea, 2001).

There are clear limitations to this theory when it comes to applications in the world of business. First, it is difficult to incorporate the autonomy of the company taking the collectivist characteristics of the approach into account. This makes it hard to justify a corporate strategy or the function of management. Additional, after a problem has been identified there is no obvious starting or ending point for the analysis. As a result, the applicability of these approaches to business strategies appears to be largely confined to monopolistic markets, like utilities, where the goals of the organisation align closely with those of the broader network. Nevertheless, despite the inherent challenges in their application, these approaches have proven valuable in highlighting the necessity of broadening the analysis of strategic issues to encompass all stakeholders (Freeman & McVea, 2001).

3.1.3 Corporate Social Responsibility Literature

Rather than a coherent theoretical grouping this kind of academic research represents a collection of approaches. Many business and social agendas fall under this category, with the common characteristics of legitimising and including stakeholder groups that have been omitted from analysis. In most cases those groups' interests have been viewed as adversary to the firm's interests. While it was corporate social responsibility literature's contribution to extend the scope of stakeholder analysis, the social activist movement has shown what drawbacks firm might have to face when devising strategies that ignore the influence of antagonistic groups. In many cases, corporate social responsibility initiatives have resulted in the creation of constraints to the company's main objectives, much like the corporate planning literature. In the end two groups of stakeholder relationships were defined: one that is focused on the societal and environmental relationship and the other that is focused on the business aspect. Corporate social responsibility has been viewed as an add-on luxury, which can only be afforded by the most successful organisations. Alternatively, it has also developed the image of damage limitation insurance. Both alternatives were not considered as a core input when formulating a corporate strategy. On top of this, there has been discussions about the precedence of stakeholders in the literature. One perspective, however, is that all stakeholders should be considered equally important, due to the fact that all have a moral standing. This idea has its own implications and has been an obstacle to further development of this theory (Freeman & McVea, 2001).

Central to a stakeholder approach is the active management of the businesses' environment, relationships and the endorsement of shared interests. A schematic depiction of such an environment can be found in Figure 2. For better or worse, there are countless groups that take interest in the success of a company. Traditionally when it comes to strategies some groups have been ignored, marginalized or consistently traded off interests of one group for the other. In a stable environment such an approach can be valid, however as soon as instabilities are introduced the limits of such a conventional approach to strategic management become apparent. Thus, the stakeholder approach suggests that concerns of key stakeholders must be incorporated into the very purpose of any company. Accordingly, relationships between groups must be managed in a strategic and coherent manner (Freeman, 1984).

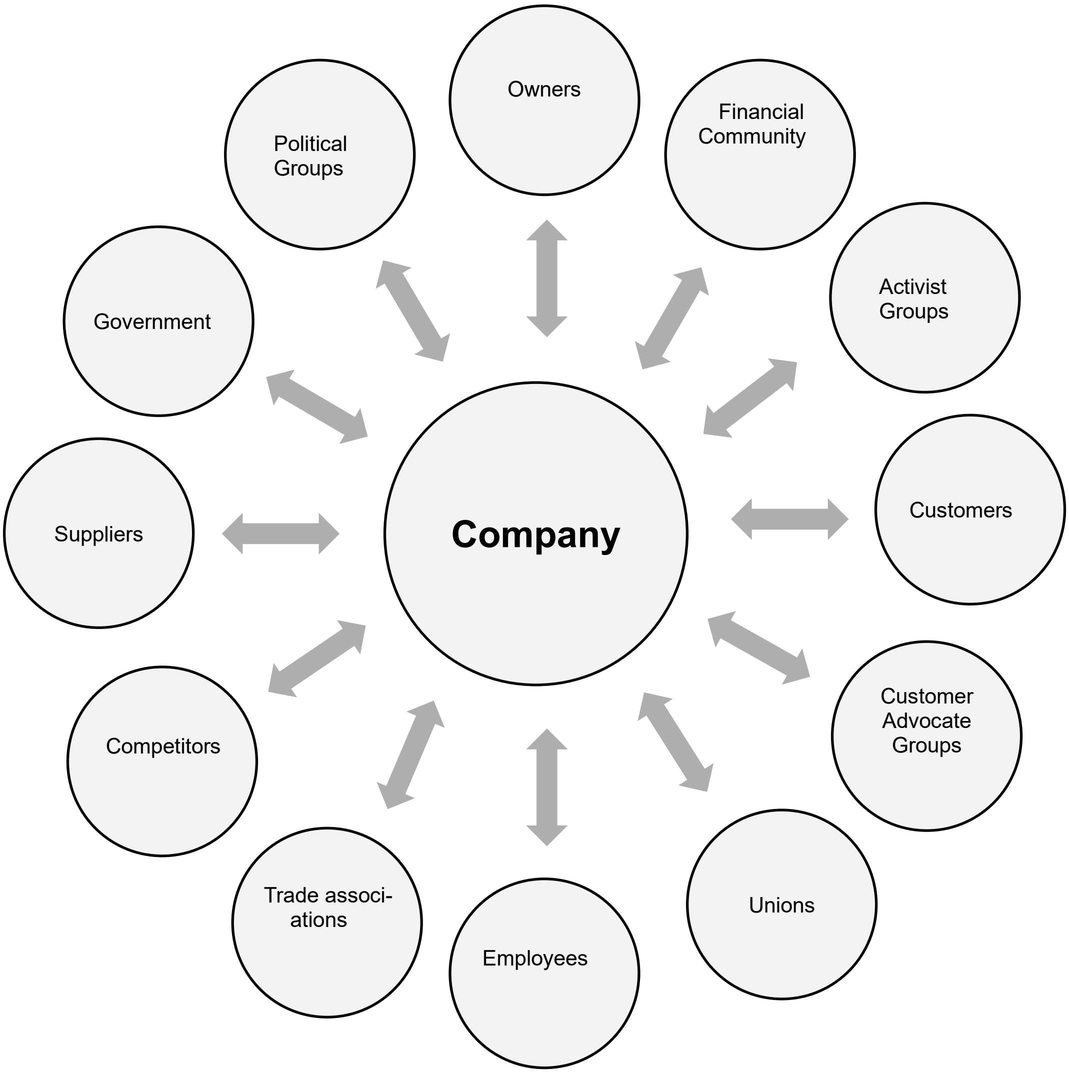

Figure 2: Stakeholder Environment. Author's creation

The stakeholder approach, as conceptualized by Freeman (1984), serves as a strategic management framework that provides flexibility in adapting to environmental shifts without necessitating continuous paradigm shifts. Unlike traditional strategic planning, which attempts to predict future conditions and independently develop plans, strategic management actively shapes both the firm's direction and its influence on the external environment. The goal of this approach prioritizes long-term survival and success by balancing multiple stakeholder relationships rather than focusing solely on maximizing shareholder wealth (Harrison & University of Richmond, 2011). A central tenet of stakeholder theory is its emphasis on integrating and managing diverse interests within a company's ecosystem. It acknowledges that organizations exist in complex networks of relationships, requiring management to invest in these connections to ensure long-term viability. Unlike traditional models that focus on singular objectives, stakeholder theory dismisses the notion of a single overriding management goal. Instead, it requires continuous balancing of competing interests, fostering collaboration among stakeholders who despite individual trade-offs, remain supportive of the firm (Bridoux & Stoelhorst, 2022).

Values and ethics are integral to stakeholder management, reinforcing the need for shared core principles among stakeholders. The concept has been widely embraced in business ethics and corporate social responsibility, further emphasizing that stakeholder theory is not merely a theoretical framework but a practical guide to sustainable business strategy. It highlights the importance of aligning corporate objectives with stakeholder expectations, ensuring both ethical conduct and economic success. Additionally, the stakeholder approach is both prescriptive and descriptive. It extends beyond empirical observation to provide strategic recommendations based on an understanding of stakeholder relationships. Rather than passively adapting to external conditions, firms are encouraged to proactively shape their future through stakeholder engagement, acknowledging that relationships can be influenced and created, not merely reacted to. This perspective transforms strategic management into a dynamic process where firms co-create their environment rather than merely responding to it (Bridoux & Stoelhorst, 2022).

A key feature of this approach is its focus on concrete, identifiable stakeholders rather than abstract roles. Effective management requires a deep understanding of specific stakeholders' needs, priorities, and past interactions with the firm. This specificity enables the development of strategies that garner stakeholder support and contribute to the firm's longevity. For example, rather than considering generic consumer reactions, a firm should analyse its actual customers' behaviours based on past engagements and industry-specific contexts. Finally, stakeholder management promotes an integrated decision-making approach, requiring firms to consider the interests of multiple stakeholders simultaneously rather than addressing them in isolation. While win-win solutions are not always possible, firms must strategically distribute both benefits and harms in a way that maintains stakeholder support over time. This perspective acknowledges the necessity of trade-offs but insists on their careful management to ensure continued cooperation. In today's increasingly interconnected and volatile business environment, stakeholder theory remains a highly relevant and essential framework for effective strategic management (Freeman, 1984).

3.1.4 Stakeholder Theory in the Context of Corporate Social Responsibility Reporting

Both Stakeholder theory and corporate social responsibility are intrinsically linked to one another. They focus on the interdependencies between business and their wider socio-economic environment. When it comes to corporate social responsibility reporting stakeholder theory provides a perfect lens and an analytical framework for understanding how companies engage in CSR activities and how they report on them. CSR practices are often dependent on the company's environment, and the expectations and demands that come from these groups (Dmytriyev et al., 2021).

As such research by Gray et al. (1995) suggests that firms that operate in environmentally or socially sensitive industries exhibit higher levels of corporate social responsibility disclosures, relative to companies that operate in other environments. As such CSR activities align with stakeholder concerns regarding corporate externalities. This also reflects the need to legitimize activities that may be perceived as harmful. Similarly, the stakeholder theory can be brought in line with other findings. As such, a correlation was identified between ownership dispersion and enhanced CSR transparency, positing that firms with greater shareholder heterogeneity face amplified pressure to disclose comprehensive reports in order to foster investor confidence and mitigate informational asymmetries. This is even more true when non-governmental organizations or external regulatory bodies are part of the company's environment (García-Sánchez et al., 2019). Another aspect is the quality of CSR disclosures. Corporations that engage in substantive dialogues with their stakeholders tend to produce more comprehensive and nuanced sustainability reports (Clarkson et al., 2007). As a testament to this the CSRD incorporates the double materiality principle which is further explained in a later chapter. This is a direct learning drawn from other studies and institutionalizes a profound stakeholder view in corporate reporting. Analogously when companies operate in high-exposure sectors, such as extractives or financial services, they tend to publish more detailed information in order to reinforce legitimacy and address stakeholder scrutiny (Adams et al., 1998). As even emerging industries are now in the epicentre of public interest for how data is used it becomes more evident that the CSRD is trying to mandate reporting in order to legitimize operations.

When it comes to ESG-linked compensation for executives it has been shown that it has positive effects on the quality and accountability of disclosures (Flammer et al., 2019). This is also in line with earlier findings from Graves und Waddock (1994), which postulate that institutional ownership intensifies the emphasis on transparency, which directly translates into higher demands for ESG-related information. Due to the fact that CSR disclosures are externally audited the information should be credible and greenwashing hindered. However, greenwashing will still remain a challenge as more emphasize can be given to favourable sustainability metrics while unflattering positions can be obscured in order to weaken their perceived impact (Hahn & Kühnen, 2013).

Looking into the future, it is safe to say that the advances in digital technologies that range from blockchain to big data analytics carry the promise to enhance CSR reporting in ways that bolster stakeholder engagement. They have the potential to automate data collection, reduce errors, enable near real-time reporting, and verify the authenticity of published information. Leveraging those advancements in technology may resolve credibility gaps and further align corporate conduct with the demands of an interconnected global economy. In the end the Stakeholder Theory provides an essential lens for understanding CSR reporting as a strategic, legitimacy seeking exercise. By putting stakeholder relationships in the forefront, firms are prompted to adopt transparent, comprehensive disclosure practices that reinforce corporate accountability and facilitate long-term value creation.

3.1.5 Stakeholder Approach in the Context of Social and Financial Performance

When it comes to social responsibility it is a crucial point to define the stakeholders clearly and derive legitimation for them. Thus, identifying groups that are stakeholders and distinguishing them from groups that are not is of utmost importance (Phillips & Reichart, 2000). Following this shortcoming a framework to identify stakeholders was developed by Mitchell et al. (1997). The framework uses the qualitative criteria of power, legitimacy and urgency to derive who and what really counts. This insight was gained by conducting a survey to detect which stakeholders are recognised as legitimate by managers.

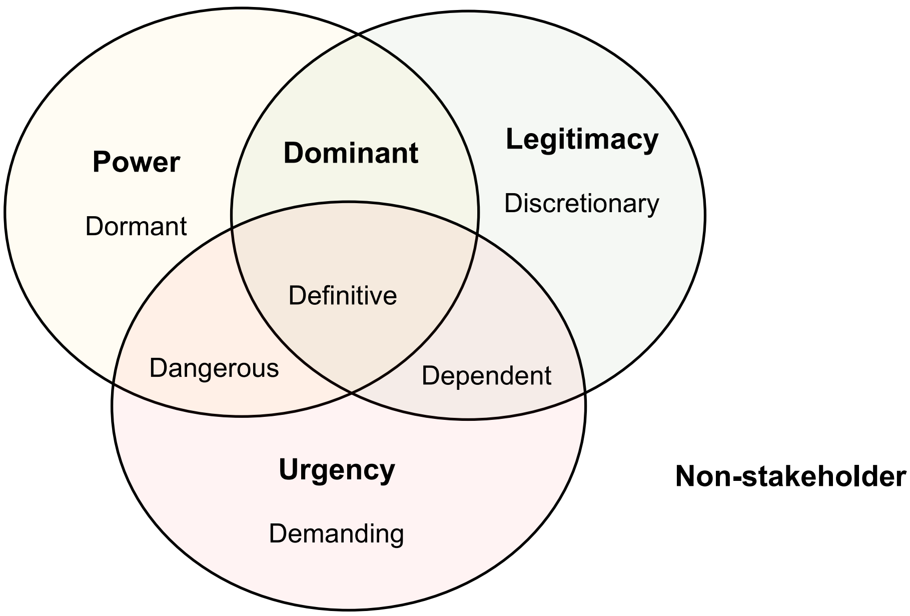

Figure 3: Stakeholder Legitimacy. Author's creation according to Mitchell, Agle, Wood

On a similar note, a large proportion of research went into testing whether companies practicing shareholder management outperform other companies or if this is simply theoretical good management practice. Although it was pointed out that causality is complex, the relationship between corporate social performance and financial performance is uncertain. This is in part due to the reason that corporate social performance is not comprehensively measured. At most it can be demonstrated that bad social performance hurts a company also financially (Wood & Jones, 1995).

Also there has been a hypothesis that firms with investors who are only focused on financial returns will penalize a company that invests in stakeholder management and improve their social performance; a concept known as the myopic institution’s theory. It is true that the importance of institutional stakeholders has grown significantly (Graves & Waddock, 1990). On top of this further investigation suggests that companies demonstrating high levels of corporate social performance also tend to have a higher number of institutions that invest in their stock (Graves & Waddock, 1994). A different study challenged the belief that corporate social responsibility activities are merely costs and suggest they can create competitive advantages. The idea of a virtuous cycle, where good social performance leads to improved financial outcomes, which in turn enables further social responsibility investments, was created (Waddock & Graves, 1997). This was followed by meta studies coming to a similar conclusion (Margolis & Walsh, 2003). As suggested by Orlitzky et al. (2003) social corporate responsibility provides companies with intangible assets like reputation and brand equity, which drive financial success. A different study suggests a U-shaped relationship between corporate social responsibility and financial performance, introducing the notion that a company must either fully commit or fully ignore corporate social responsibility to boost their financial performance. Companies that only somewhat commit to sustainability are, according to the findings, punished (Barnett & Salomon, 2012).

3.2 Legitimacy Theory

The focus of this theory is to explain how organizations strive to align their operations and values with the norms and expectations of the environment they are embedded in, a critical alignment to maintaining a social license to operate. Following the notion that a firm must continuously reiterate on their actions in relation to evolving stakeholder demands. The following chapter provides a comprehensive overview of Legitimacy Theory. Starting with a look into the theory's origins in sociological and organizational thought, followed by an in-depth exploration of its conceptual layers and ending the chapter by illustrating how the theory applies to the current context of the CSRD, emphasizing its relevance to contemporary regulatory and stakeholder demands.

3.2.1 Origins of Legitimacy Theory

From a sociological, political or even organizational studies point of view the concept of legitimacy has deep roots. It is the assumption that the behaviour of an organisation are proper, desirable, or suitable within a system of standards, ideals, principles and definitions that were socially constructed and accepted over time (Suchman, 1995). The theoretical lead back to the works of Stark et al. (1970), who discussed the notion of legitimate authority in the context of social order. They made the point that legitimacy undergirds social structures by granting authority to certain actors, that are in turn enabled to enforce norms and rules without continuous resistance. The first milestone for this theory came in the 1950s, when the notion was introduced that institutions derive their stability from collective values and norms, thus necessitating that organizational behaviour align with broader societal expectations thus, emphasizing the alignment between institutions and moral order. (Parsons, 1956).

Later on academic work asserted the importance of organizations demonstrating congruence between their social values and the prevailing norms of the larger social system to avoid legitimacy gaps that jeopardize the organization's survival. Other studies in the areas of accounting, management, and sociology have since refined Legitimacy Theory to address the nuances of external communication and disclosure practices (Deegan, 2002; O'Donovan, 2002). As well as, the introduction of different dimension so legitimacy should prove to be influential. As such it was actively researched how organizations actively manage legitimacy through strategic communication. By identifying multiple facets, it was underscored that organizations must simultaneously address multiple layers of societal expectations, ranging from pragmatic to moral and cognitive dimensions (Suchman, 1995). With this theoretical groundwork Legitimacy Theory gained recognition in the areas of sustainability and CSR research. It became obvious that organizations have a constant need to justify their practices to their environment and thus different stakeholders. The reasoning is that by enhancing corporate legitimacy, firms can secure their standing in the marketplace, retain customers and investors, and reduce their vulnerability to regulatory sanctions. For all those reasons it has become one of the pillars for explaining the motives behind CSR disclosure, environmental reporting, and compliance with sustainability reporting directives.

3.2.2 Conceptual Layers of Legitimacy Theory

The theory is made up of three dimensions, a realization that has had great influence in the literature of this topic. The first layer is Pragmatic Legitimacy. It arises when stakeholders perceive that an organization's activities directly benefit them. This form is contingent upon the firm's capacity to address stakeholder self-interest. A company may release sustainability reports to demonstrate that it is effectively mitigating environmental risks that could jeopardize shareholder value. Analogously, customers might evaluate a firm's environmental disclosures to ensure that products meet ethical standards. Thus, this dimension is highly transactional. If a stakeholder does not perceive the tangible benefits, the firm is in risk of losing its pragmatic legitimacy (Suchman, 1995).

Next a moral legitimacy can be identified. It revolves around normative approval and the ethical valuation of an organization's actions. As such it reflects broader judgements about whether an entity's actions are the right thing (Suchman, 1995). For example, disclosures about how a company engages in community initiatives might not be released because it benefits the stakeholder economically, but because doing so aligns with widespread societal values about fairness, equity and responsible conduct (Deegan, 2002). This layer has the potential to shape corporate reputation. Failing to meet set expectations may lead to a significant backlash, openly discussed criticism and even social movements for boycotting the company's doings or calling for stricter regulations (Suchman, 1995).

Lastly, there is a cognitive layer to Legitimacy Theory. It centres on the perception that a company's conduct is comprehensible, necessary or taken for granted. It occurs when stakeholders categorize the organization's functions as consistent with widely accepted systems, routines or standards. It is the hardest to layer to attain but also the most resilient once it has been achieved and it exists when an organization's core operations blend seamlessly into institutional environments, becoming almost unquestioned or taken for granted. In the context of sustainability, companies may attain this status by having a long history of credible CSR reporting where their commitment to sustainability is assumed rather than continuously scrutinized (Suchman, 1995).

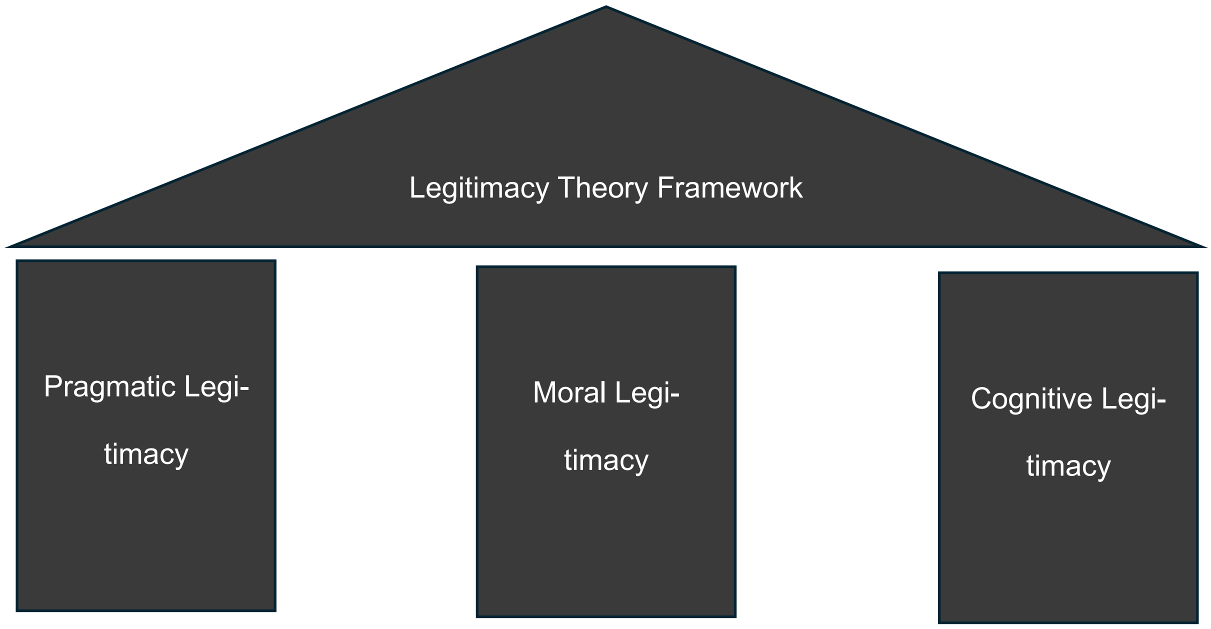

Figure 4: Pillars of Legitimacy Theory. Author's creation

3.2.3 Legitimacy Theory in the Context of CSRD

The CSRD promotes companies to double down on pragmatic legitimacy through transparent communication by mandating more stringent disclosure obligations, including detailed accounts of greenhouse gas emissions, social policies, diversity metrics and supply chain due diligence. This could serve for many companies as a pragmatic function, which aims to satisfy the informational needs of various stakeholders that demand reliable ESG data to make informed decisions. By disclosing such information companies are given the opportunity to demonstrate that they are managing the risks and opportunities associated with climate change, labour relations and resource scarcity head on. This on the other hand can bolster pragmatic legitimacy by appeasing stakeholders who hold a direct economic stake in the firm's activities. Investors in particular demand rigorous ESG data to price securities effectively and to hedge against reputational or regulatory risks, while customers are often concerned with the products they buy and whether they are ethically and sustainably produced (Baumüller & Grbenic, 2021). Moreover, companies might try to leverage their position when it comes to ethical conduct, thus enhancing their moral legitimacy. Best shown by the CSRD's focus on the double materiality approach. A requirement that resonates with moral legitimacy because it places ethical and responsibility-based considerations at the forefront of corporate disclosures (Bebbington et al., 2021). By facing the impact of the company's actions on the environment, such as carbon emission, water usage or labour disputes organizations can demonstrate accountability and responsiveness to societal concerns. Such behaviour exhibits that a firm acknowledges ethical obligations beyond mere profit maximization, thus reinforcing the impression that it is acting in accordance with shared moral values. On top of this, external auditors assure credibility of disclosures and by extension the moral standing of the firm.

Through the CSRD rigorous and standardized reporting formats are incorporated, going hand in hand with a pronounced shift toward the institutionalization of sustainability reporting practices (Baumüller & Grbenic, 2021). This has the effect of transforming how such reporting is perceived from being merely recommended best practices to a taken-for-granted norm. In the context of cognitive legitimacy, companies that smoothly embed the new reporting standards into their operational routines are likely to be perceived as legitimate simply, because they are doing things the way they should be done. On the one hand, stakeholders may come to assume that well-governed companies must produce comprehensive and reliable sustainability reports. On the other hand, not following the norm may lead to questions about the organization's overall management capabilities, thereby eroding cognitive legitimacy.

Lastly, Legitimacy Theory highlights management strategies that firms might adopt to align with new regulatory expectations. They could expand their disclosures beyond what is legally mandated to demonstrate alignment with stakeholder expectations. Another strategy could be to only symbolically comply with new regulatory requirements, thus providing the minimal amount of data required and greenwashing the organization's reputation (Hahn & Kühnen, 2013). Companies may also opt to make substantive changes to their operations, such as reducing carbon footprints, improving labour standards or overhauling supply chain processes to maintain or enhance legitimacy (O'Donovan, 2002). The degree to which these strategies are successful strongly depends on how well they resonate with diverse stakeholder groups.

All in all, Legitimacy Theory elucidates the motivations behind and potential outcomes of corporate responses to sustainability directives. It shows that companies are not merely passive recipients of regulatory mandates but are active agents when it comes to shaping their legitimacy through strategic disclosures, stakeholder engagement and operational transformation. It continues to be an indispensable tool for understanding corporate behaviour and the broader sociopolitical dynamic of corporate sustainability in an evolving sustainability landscape.

3.3 Institutional Theory

At its core Institutional Theory provides a framework for understanding the broader social and cultural pressure that shape organizational structures, strategies and practices. It posits that organizations do not exist in a vacuum but are instead surrounded in institutional environments composed of norms, regulations and widely shared cognitive frameworks. The chapter starts with exploring the historical origins of the theory highlighting seminal contributions to the field. Next the theory is truncated into different conceptual layers with an emphasis on isomorphism and legitimacy in driving organizational convergence. Lastly, the chapter comes to a close by examining the theory's applicability to the CSRD illustrating the ways in which institutional forces influence how firms adapt to the evolving landscape of sustainability disclosures.

3.3.1 Origins of Institutional Theory

While it is true that Institutional Theory stretches back before the first theory was formulated it was in the mid-20th century that important groundwork was laid by examining how formal organizations become infused with value beyond their technical requirements. It was found that organizations evolve under the influence of social and cultural norms, which postulated a departure from purely rational theories. Thus, it was found that firms develop distinctive identities and value commitments over time that depart from maximizing efficiency (Waldo & Selznick, 1950).

The work of Meyer und Rowan (1977) emphasized the concept of institutional myths, saying that formal structures often reflect societal expectations rather than purely technical or functional imperatives. By adopting these rationalized myths companies may bolster their legitimacy even if operational efficiency stays constant. An extension of this idea is institutional isomorphism through which companies tend to converge on similar structures or practices in a given field. This was pinned down to three forces that drive the convergence. First coercive isomorphism, which stems from formal and informal pressure coming from regulators, parent organisations and other dominant actors. Mimetic isomorphism, which emerges from uncertainty and the resulting practice to imitate successful or high-status exemplars. And lastly normative isomorphism that is created by professionalization where networks of experts promulgate shared norms and standards. The main argument made was that due to these isomorphic forces, organizational fields become increasingly homogeneous over time, because companies seek to maintain or gain legitimacy by adhering to widely accepted models and practices (DiMaggio & Powell, 1983).

Later developments include refinements to illustrate how companies can exhibit strategic responses to institutional demands. Rather than staying passive, companies may actively choose to comply, avoid, defy or manipulate pressures depending on their internal capabilities (Oliver, 1991). Subsequent extensions focused on the dynamic processes of institutionalization, emphasizing interplays between regulative, normative and cultural-cognitive pillars that shape organizational behaviour (Scott, 2007). The field branched out into various subfields, such as environmental and sustainability studies, in which the theory is used to analyse why organizations increasingly adopt standardized reporting frameworks. A special role is given to social, regulatory and cultural context that help to explain why sustainability disclosures are increasingly adopted even though economic benefits are uncertain (Ball & Craig, 2010).

3.3.2 Conceptual Layers of Institutional Theory

There are many layers to Institutional Theory that shed light on how and why organizations align or fail to align with prevailing norms and practices. Three central pillars can be identified and help showing that organizations are not only influenced by overt regulatory pressure but also by subtler norms and ingrained cultural frames: First, the regulative pillar that includes explicit rules, laws and sanctions. Regulatory bodies impose norms and standards and they overlook compliance through formal mechanisms. Next, the normative pillar, which reflects values, norms and role expectations. Norms are propagated and are expected to be internalized and practiced. Lastly, the cultural-cognitive pillar pertains to widely shared cultural beliefs and taken-for-granted assumptions about how the world operates. It is this pillar that impacts organizational behaviour at the deepest level, depicting certain structures or practices as natural or inevitable (Scott, 2007).

Another important layer is composed of the aforementioned institutional isomorphisms, which explain why organizations within the same field tend to converge on similar policies and practices over time. To reiterate on them: coercive isomorphism results from political influence or the force of law. Mimetic isomorphism that results from uncertainty and the urge to get a hold of the uncertainty by copying other company's practices. Lastly, normative isomorphism that is promoted by professionalization and knowledge-sharing networks. This pillar bridges the gap between Institutional Theory and Legitimacy Theory. While isomorphism does not necessarily lead to optimizations from a performance standpoint, it can yield homogenization (DiMaggio & Powell, 1983).

The last layer examines the phenomenon of decoupling an organization's formal structure or policies from its actual day-to-day operations. By superficially concurring with institutional expectations or simply signalling concurrence companies may try to secure legitimacy even though the displayed practices are disconnected from operational realities. This practice is especially salient in the context of sustainability disclosures, where extensive reporting may cover limited substantive change in corporate processes or environmental outcomes. Decoupling is a prominent example of tensions between external expectations for conformance and internal imperatives for efficiency or profit maximization. It also illustrates that meaningful organizational transformations might not be efficiently triggered by institutional imperatives (Meyer & Rowan, 1977).

3.3.3 Institutional Theory in the Context of the CSRD

The Institutional Theory illustrates and enhances our understanding of why and how organizations respond to the CSRD. The CSRD demonstrates a clear instance of coercive isomorphism. Companies within the EU must comply with the newly imposed requirements or face sanctions, thus aligning their reporting activities with formal standards. From this viewpoint, the directive acts as a powerful regulative pillar. Additionally, external audits are mandatory for disclosed information, which increases the pressure on companies to ensure robust data is used. This reinforces the notion that reporting practices are homogenized across industries. On the other hand, the CSRD also promotes mimetic pressure, as companies try to emulate peers or industry leaders when it comes to disclosure quality and it is still uncertain what good sustainability reporting looks like. High-profile multinational corporations might set precedents by publishing extensive, data-rich ESG reports often with the help of external consulting companies. To remain socially legitimate or remain competitive smaller companies might observe and copy the actions taken by the industry leaders. External consulting companies might play a pivotal role in diffusing best practices, as they advise multiple companies and CSRD compliance strategies acting as conduits of mimetic isomorphism, by providing templates and frameworks that further solidify standardized reporting models.

On a similar note, also, normative isomorphism is likely to manifest, because sustainability reporting becomes increasingly institutionalized within professional communities. In the EU, the ESRS plays a crucial role by normalizing specific reporting practices and by developing guidelines that reflect an emerging consensus on what constitutes credible ESG disclosures (Baumüller & Grbenic, 2021). This effect is further amplified by educational programs, as sustainability management becomes recognized professional speciality, managers and auditors are trained in standardized approaches to data gathering as well as in stakeholder management. Thus industry-wide norms are reinforced, bridging differences between firms in diverse sectors. Even though Institutional Theory tries to give reasons why organizations might converge on similar reporting approaches, it also mentions decoupling as a possibility, by only superficially complying with regulations, leaving underlying business practices unchanged (Meyer & Rowan, 1977). This problem should be mitigated by mandating external audits and placing the concept of double materiality in the heart of the directive. However, due to resource constraints, complexity and strategic choices could lead to varying depths of compliance across companies. That is why future research may explore whether the directive successfully curtails superficial reporting or if new forms of greenwashing and decoupling emerge under enhanced regulatory scrutiny.

Finally, according to Institutional Theory the newly introduced requirements may become an institutionalized feature of corporate governance over time, transforming into a taken-for-granted component (Scott, 2007). By doing so internalizing ESG considerations into daily managerial decisions. This would also signify a shift from mere compliance to robust integration, making sustainability performance inseparable from standard definitions of corporate success.

4 The European Union’s Corporate Social Responsibility Directive

The CSRD that was first published on the 16th of December 2022 and came into force on the 5th of January 2023. It represents a new piece of legislation that the EU published and the member states must transpose into national law. The first companies will need to apply the newly established rules by 2024, for their in 2025 published reports. Its emphasis lies on the modernisation and strengthening of the guidelines regarding social and environmental information that companies must report on. It guarantees that investors and other stakeholders can access the information they need to judge the effect of corporations on people and the environment. Companies that fall under its scope must report according to the European Sustainability Reporting Standards (ESRS) (European Commission, n.d.) This chapter analyses the CSRD in detail, explain its origins, goals, scope and purpose.

4.1 Origins of the CSRD

The CSRD is one of the latest results of various efforts from the European Union to develop a model of sustainable development in all aspects of the economy and society. Such efforts include the Paris Climate Agreement and the 2030 UN Agenda for sustainable development both agreed upon in 2015, the European Grean Deal 2019, the EU Biodiversity Strategy 2030 from 2020 and the EU Climate Law from 2021. The Union’s goal until 2050 is to create a resource-efficient and competitive economy without net greenhouse gas emissions. On top of that, the program protects, preserves and increases natural capital. Ultimately, it should allow for inclusive and socially just economic and social developments, which will not only protect and increase the health and well-being of current generations, but also aiming to do the same for future generations. So, to balance the economic, environmental and social dimensions the European Union introduced the CSRD such that a comprehensive framework is established and a mandatory framework for non-financial reporting by companies and information is standardised on all three dimensions of sustainability (Odobaša & Marošević, 2023).

The European Union made a significant step into this direction when it introduced the Non-Financial Reporting Directive (NFRD) in 2014. This directive encouraged businesses to strengthen sustainability reporting. However, progress on such reporting was not on par with the Unions expectation. This is despite some progress in transparency of sustainability reporting. Ultimately experts analysed that the NFRD is inadequate as a tool for enabling the transition of the Union to a sustainable economy and society. The analysis showed significant shortcoming in all key areas linked to sustainability, including information on greenhouse gas emissions and negative impacts on biodiversity. The same is also true for intangible assets within society. Although a significant part of investments has been made by the private sector in developed economies in such assets like human capital, brand and intellectual property. On top of this, some companies did not release sustainability reports at all. If they did so the published information was often restricted in terms of relevance, reliability and comparability. To mitigate this, non-binding reporting guidelines for non-financial information were published by the Commission in 2017. In 2018 the European Union adapted the Action Plan for Financial Sustainable Growth. It established measures to redirect capital toward sustainable investments, manage financial risks related to climate change, resource depletion, and environmental and social degradation, and promote transparency and long-term thinking in financial and economic activities. Followed by more guidelines on the topic of climate-related information in 2019 (Odobaša & Marošević, 2023).

In 2021 the Sustainable Finance Disclosure Regulation (SFDR) was introduced. A directive aimed at the financial service sector to publish transparent information on their activities and forward their investments to companies with a higher ESG score. The European Union identified that the financial sector is a crucial factor when it comes to achieving ESG objectives of sustainable development, as they redirect capital flows to sustainable investments.

However, the quality of sustainability reporting did not increase, forcing the Union to refine their initial directive and enhance it in all its aspects (Opferkuch et al., 2021). This led to the Corporate Social Responsibility Directive. A first draft was presented in April 2021 and it was unanimously agreed during the first half of 2022. Then the council approved the position of the European Parliament on November 16th, 2022. The application of the CSRD started in January 2023. All companies that fall under its scope are mandated to report for the first time in 2025 on their last financial year (Odobaša & Marošević, 2023).

The CSRD's emphasis on double materiality, standardized reporting and external assurance reflects the evolving regulatory landscape, signalling a deeper institutionalization of stakeholder principles within corporate governance.

4.2 Scope and European Sustainability Reporting Standards

The scope of the CSRD has been enhanced compared to its predecessor, the NFRD: All large European trading companies with over 500 employees, and small and medium-sized trading companies (SMEs). An exception is made for micro-enterprises, if they trade securities as a listed company on a regulated market in the Union. If they are not listed for trading in the Union, they can apply proportional standards voluntarily. Non-European companies are also required to comply with the directive if they generate more than EUR 150 million in net annual income within the EU and have at least one subsidiary that either exceeds an income threshold of EUR 40 million or meets the criteria for being classified as a large or medium-sized company—or as a small company with securities listed for trading on an EU-regulated market. The extension of the scope means a drastic increase in reporting companies. Previously only 11.700 companies were mandated to write reports, now over 49.000 companies and groups fall under the scope of the CSRD. There is also the option to opt-out during the transition period for incorporated SMEs. They will be granted an exemption from the application of the CSRD until 2028. The CSRD will be complemented by separate acts down the line (Odobaša & Marošević, 2023).

The desired outcome of the CSRD is that companies compile annual reports in digital format. They should be posted on their own websites as well as other websites of certain central registers. Responsible for compilation and publication of reports are members of the administrative, management and supervisory bodies of companies. The reports should align with the Taxonomy Regulation, which establishes a framework of environmental objectives, classifications for environmentally sustainable economic activities, and a common definition of sustainability. The European Sustainability Reporting Standards (ESRS) guide the structure of the reports. Those standards are based on a draft from the European Financial Reporting Advisory Group. A private group established in 2001 with the support of the European Commission to provide technical advice on European Sustainability Reporting Standards. It is seen as a world-renowned group of expertise (Odobaša & Marošević, 2023).

The ESRS mandates to include relevant, reliable, comparable and verifiable Environmental, Social and Governance (ESG) information on sustainability risks and opportunities to guide sustainable development. While the report is largely shaped by the sector in which the company operates, it must always include standardized information on key environmental factors—such as the company's impact on, and dependence upon, climate, air, water, land, and biodiversity. Additionally, data on carbon footprints, water pollution from production, electronic waste, packaging and other waste types, as well as toxic emissions, will offer deeper insights into the company's sustainability impact and the primary risks it faces related to environmental and sustainability issues. (Odobaša & Marošević, 2023).

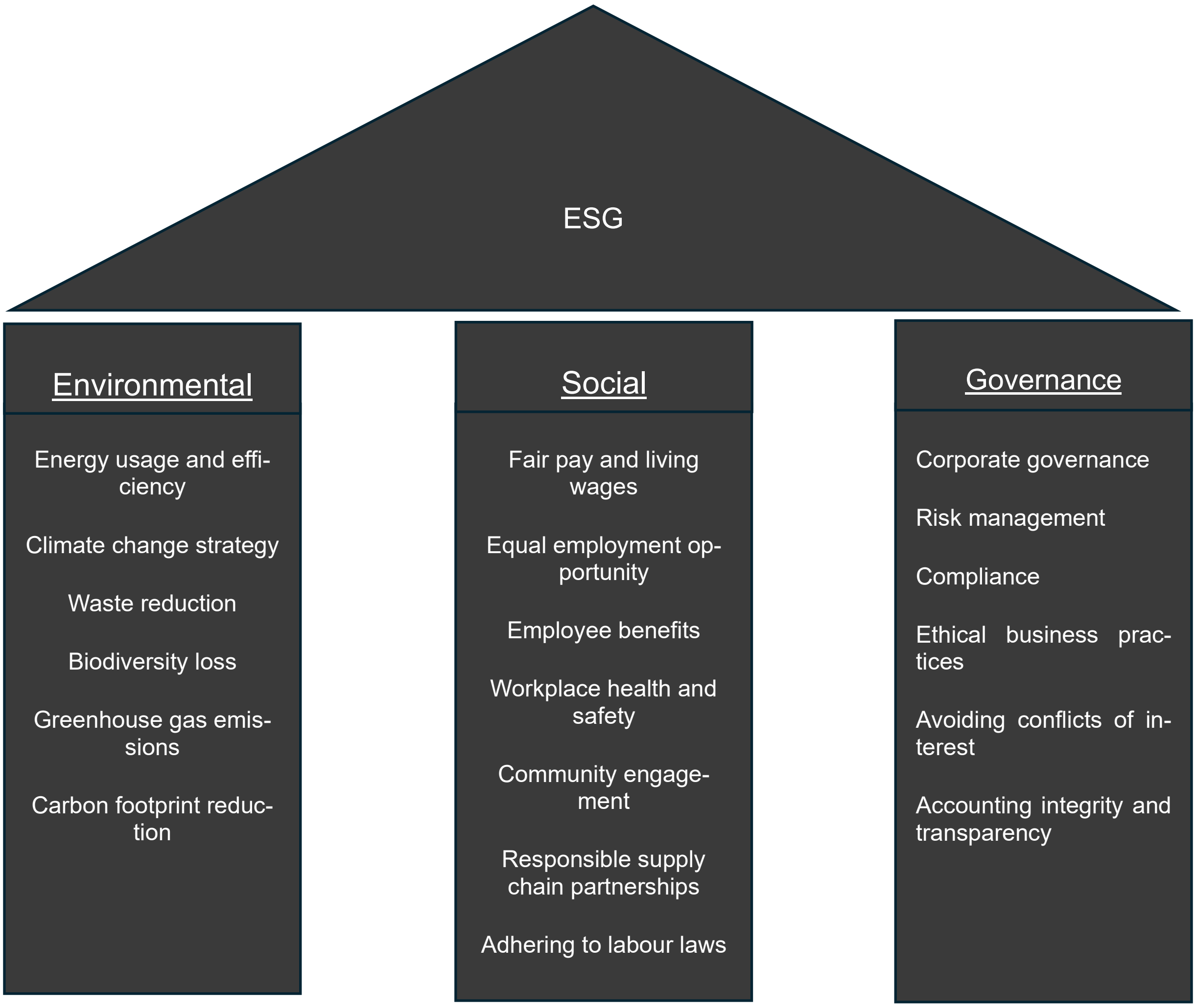

Figure 5: ESG Pillars. Author's creation

A so-called double materiality assessment, a pioneering concept in sustainability reporting is of specific importance. It obligates corporations to evaluate and reveal information from two perspectives: financial materiality and impact materiality. The first asks companies to estimate how sustainability concerns, like climate change, environmental risks and social matters influence the company's financial performance and outlook. It can be seen as more traditional, because classic investor concerns are addressed with an emphasis on risks and opportunities that if they were to materialise influence the company's value. The latter perspective forces companies to assess how their operations, supply chains and business activities impact the environment, society and wider economy. It recognizes that the company does not live in an abstract place without any dependencies or interrelationships, rather it sees that actions provoke responses adding or detracting from broader sustainability goals. The approach is intended to provide enhanced transparency and accountability, ensuring that stakeholders have access to internal risks and the external impact of the company's actions. Thus, companies are forced to expand their scope and complexity of reporting as the report should include goals and assessments of progress towards the European Union's holistic approach to sustainable development (Odobaša & Marošević, 2023).

The enclosed information on environmental issues should refer to physical and other risks linked with climate change. However, it should also mention society's resilience to different climate scenarios. A dedicated section of the report should focus on investments in clean technologies and renewable energy, as well as initiatives related to green construction and biodiversity protection. The directive also requires a section detailing the company's carbon and other greenhouse gas emissions, the extent of their removal, and the degree to which these emissions are offset—along with the sources of those offsets. Standardised information must also be included on the energy consumption with an emphasis on how the current level of energy consumption can be reduced and be made more efficient as well as if a substitution of renewable energy sources is possible (Odobaša & Marošević, 2023).

The social part of the report should talk about working conditions, participation of social partners in business, work councils and collective bargaining, which includes the exchange of relevant information as well as ways of obtaining and verifying information on sustainability. It should also talk about the participation of gender and other forms of equality and non-discrimination when it comes to wages, gender diversity at management levels inclusivity, which means the involvement of workers in management and supervisory boards, as well as on human rights. Furthermore, the report should talk about the impact of the companies' activities on employees, the community and human health. This section of the report should be closely aligned with the principles outlined in the European Pillar of Social Rights Action Plan, as well as with relevant international frameworks, including the fundamental conventions of the International Labour Organization applicable to commercial enterprises (Odobaša & Marošević, 2023).

The last pillar of the report should cover information on the company's corporate culture and business ethics, which also includes information on how the company combats corruption and bribery, as well as the company's political influence, particularly the company's activities when it comes to lobbying. This part is also dedicated to the role and contribution of the company's supervisory, administrative and management bodies in the context of sustainability issues. What is more, the report should mention why the bodies are well equipped for their roles when it comes to sustainability; talking about professional knowledge and skills or how expertise is accessible to the company through third parties. This section should also include company policies that encourage members of governing bodies to prioritize sustainability, as well as information on the company's internal control and risk management systems related to the sustainability reporting process. The Commission has also laid out a plan to review the progress in the development of reporting standards by April 2029 latest and every three years thereafter. In tandem with annual consultations, the Commission wants to guarantee continuous consideration of relevant changes in standards, including shifts in international standards in the process of creation of which the Union participates (Odobaša & Marošević, 2023).

4.3 Sustainable Development Goals (SDGs)

These are a set of goals that were first established in 2015 by the United Nations. They outline 17 global objectives with 169 associated targets aimed at addressing critical social, environmental and economic challenges by 2030. The mentioned targets are integrated and indivisible. Amongst other aims the goals include ending poverty, promoting good health and education, achieving gender equality and taking urgent action against climate change. They represent the broadest and most universal policy agenda that was ever pledged to by leaders around the world (United Nations, 2015). While the rules emphasize national sovereignty, they also highlight the interconnected nature of developments in this regard. So, they urge the public and even more so the private sector to contribute to sustainable solutions that balance economic growth with social inclusion and environmental preservation. Seeing them as crucial pillars in realizing these objectives, particularly in areas like clean energy, responsible production and climate action (Sachs et al., 2021).

The SDGs and the CSRD are strongly aligned and by signing the CSRD into law the SDGs were transformed from aspirational targets into actionable and measurable standards within the corporate sector. This allows stakeholders to assess corporate performance against globally recognized benchmarks. Thus, doubling-down on corporate accountability and facilitating stakeholder engagement by clearly aligning corporate actions with universally accepted sustainability standards (Eccles, 2020; Baumüller & Grbenic, 2021). Additionally, the direct integration of the SDGs can drive innovation and provide long-term competitive advantages by encouraging firms to address sustainability proactively. Firms aligning with specific SDGs, may unlock new market opportunities and ensure long-term resilience (Sachs et al., 2021).

Figure 6: Sustainable Development Goals. Source: https://www.bmeia.gv.at/ministerium/aktuelles/sustainable-development-goals-sdg

5 Literature Review

This section of the thesis covers the review itself. As previously mentioned, an integrative review approach is applied to combine previous findings, theories and deductions. To create an in-depth understanding of the matter, first the current state of research on corporate governance and sustainability reporting are summarized with a focus on the European Union. Initially general trends are identified. The first subchapter covers key developments, examines relevant studies and eventually concludes with the main theories that frame corporate governance practices particularly as they relate to sustainability and the CSRD.

The second part of the chapter talks about the rapid evolvement in the landscape of corporate governance and sustainability reporting that were facilitated by regulatory advancements in the past decade. This entails also increasing investor expectations and societal demands for greater accountability in business practices. Key trends that have emerged are scrutinized, focusing on how they reshape corporate governance structures and sustainability strategies. The recent history in this field saw significant changes as previous reports were based on voluntary initiatives, the recent past has been characterised by a proliferation of mandatory reporting standards, integration of ESG factors into corporate decision-making and a broader emphasis on value creation beyond financial performance.

5.1 Examination of the Status Quo in Corporate Governance and Sustainability Reporting

While corporate governance and sustainability reporting have become an essential cornerstone for researchers, policymakers and practitioners alike in the last 25 years, literature has very much focused on accountability, transparency, and shareholder interests. Also, corporate governance has historically focused on procedures, structures, and practices guiding corporate decision-making to protect shareholders' interests and promote accountability (Tricker, 2019). The agency theory became the main tenant, it gave a governance framework that emphasised aligning mangers' actions with shareholders' goals to minimise conflicts of interest

(Jensen & Meckling, 1976). As a result, profit maximization for shareholders was the primary goal and for a long time the only social responsibility to companies. This shareholder-centric model dominated literature for decades (Friedman, 2007; Lazonick & O'Sullivan, 2000). However, as awareness of social and environmental responsibilities grew, corporate governance theory began to incorporate a broader stakeholder perspective.

A significant shift away from the shareholder perspective and toward stakeholder theory began to set in as a response to increased scrutiny on corporations' roles in society (Freeman, 1984; Donaldson & Preston, 1995). This new approach recognizes companies as integral parts of society, accountable not only to shareholders but also to employees, customers, communities and the environment (Harrison et al., 2015). This change in literature aligns with recent EU regulations including the CSRD, which reflects an evolving view that companies must balance financial objectives with broader societal responsibilities embodying the concept of double materiality (Cuomo et al., 2022; Eccles, 2020).

It is due to the parallel rise of sustainability reporting that corporations needed to transform the way they disclose their impact on society and the environment. Non-financial reporting initially developed as a voluntary practice, often motivated by stakeholder pressure rather than regulatory mandate (Gray et al., 1995). However, it took until 2014 when the EU introduced their NFRD that marked a critical shift in legislation, making sustainability disclosures mandatory for large public-interest companies with more than 500 employees. The NFRD's scope ensured that such companies were obliged to reveal information on environmental, social and employee matters, respect for human rights, anti-corruption measures and diversity policies (*Richtlinie - 2014/95 - EN - EUR-LEX*, o. D.)

As research by López-Arceiz et al. (2022) suggests, the NFRD has improved sustainability disclosures with positive effects on transparency, accountability, and public awareness of ESG practices. The directive applies a comply-or-explain-approach that was explored by Cuomo et al. (2022), which incentivized companies to adopt non-financial reporting practices, revealing that the NFRD led to an increase in the number of companies publishing CSR reports and an improvement in their social and environmental performance. However, there are also opinions that argue the NFRD's effectiveness has been limited by a lack of standardised metrics leading to inconsistencies across industries making the reports hard to compare to each other and opening up the opportunity for greenwashing – where companies selectively disclose favourable information to appear more sustainable than they are in practice leaving out information that would tarnish their reputation (Hahn & Kühnen, 2013; Dahl, 2010). Another critique for the NFRD has been its restricted scope, only mandating large public-interest companies to comply with the regulation. Thus, excluding smaller firms from mandatory reporting requirements. This has led to a fragmented picture of corporate sustainability performance across the EU, because smaller companies are not held to the same standards reducing overall comparability and limiting the NFRD's impact on the broader landscape (Baumüller & Grbenic, 2021; Michelon et al., 2014).

The CSRD that has entered into effect in 2024 remedies the mentioned shortcoming of its predecessor. It creates a more comprehensive and standardized framework for sustainability reporting across the EU, as well as broadening the scope of mandatory firms to report (Odobaša & Marošević, 2023). A change that is intended to improve transparency and accountability, as more companies will now be required to disclose ESG-related information in line with the European Sustainability Reporting Standards.

One of the key developments introduced by the CSRD is its adoption of the double materiality principle, which obliges companies to disclose both how sustainability issues influence their financial performance (financial materiality) and how their activities impact the environment and society (environmental and social materiality) (Eccles, 2020). By incorporating double materiality the CSRD reflects a stakeholder-oriented approach that acknowledges the multifaceted role of companies within society. Scholars argue that this shift toward mandatory, standardized disclosures could reduce greenwashing and enhance the comparability of sustainability data, allowing investors and stakeholders to make more informed decisions based on credible information (KPMG, 2022; Haller & van Staden, 2014).

Additionally, the CSRD introduces audit requirements for sustainability reports, aiming to ensure that disclosed information is accurate and reliable (European Commission, 2022). This move addresses a critical gap in the NFRD by holding companies accountable for their sustainability claims potentially reducing the prevalence of selective disclosures. Researchers suggest that these rigorous requirements under the CSRD could foster a deeper integration of sustainability into corporate governance structures, as boards and executives will be increasingly responsible for overseeing non-financial performance and aligning it with regulatory expectations (Baumüller & Grbenic, 2021; Flammer et al., 2019).

Due to the introduction of the NFRD and the following CSRD scholar’s interests have increasingly shifted and it has become a focal point. A firm’s commitment to sustainability is significantly influenced by governance structures, including board composition and oversight mechanisms. Research suggests that boards with divers expertise and independent directors are more likely to prioritise ESG issues in decision-making, contributing to stronger sustainability outcomes (Adams et al., 2014; García-Sánchez et al., 2019).

A repetitive pattern in the literature is the influence of sustainability-linked governance mechanisms, such as the establishment of sustainability committees and ESG-linked executive compensation. The structures put in place are meant to incentivise executives to align corporate strategies with sustainability objectives, as they directly tie non-financial performance to executive rewards (Eccles et al., 2014; Flammer et al., 2019). Companies that put such incentive mechanisms into place are more responsive to regulatory changes like the CSRD, because they already have the right infrastructure that supports the integration of for example ESG considerations into their strategic planning and reporting processes (Liao et al., 2014).

Even though the NFRD and the CSRD have paved the way for significant advances many challenges remain and demand answers. Such a challenge is the implementation of a standardised framework across diverse industries, as companies differ greatly in their level of ESG maturity and resources (Kölbel et al., 2017). Thus, smaller firms that barely fall under the CSRD regulation may struggle to meet the directive's demand, facing both financial and administrative burdens associated with comprehensive sustainability reporting (López-Arceiz et al., 2022). On top of this, the CSRD emphasizes on forward-looking disclosures that introduce additional complexities. Firms have to balance transparency with competitive concerns, this is especially true when it comes to sensitive information about future strategies (De Villiers et al., 2014). Scholars pointed out that the effectiveness of the CSRD will depend on the EU's ability to adapt to emerging sustainability issues, such as biodiversity and circular economy principles, as well as on its alignment with international standards like the Task Force on Climate-related Financial Disclosures (Haller & Van Staden, 2014; KPMG International, Home, 2024).

5.2 Key Trends in Corporate Governance and Sustainability Reporting in Recent Years

A trend that has emerged in the past is about the importance of integrated reporting, which has become a cornerstone of modern corporate disclosure practices, reflecting a growing demand for holistic reporting that combines financial and non-financial performance. This kind of reporting was first established by the International Integrated Reporting Council (IIRC) in 2013. The aim is to create a cohesive narrative o how a company creates value over time, while both tangible and intangible factors are taken into account (De Villiers et al., 2014). As studies suggest integrated reporting enhances transparency and provides stakeholders with a more comprehensive knowledge of a company's long-term strategy (Stubbs & Higgins, 2014). A study by Flammer et al. (2019) shows that firms that embrace integrated reporting exhibit improved financial performance, driven by their ability to align sustainability efforts with strategic goals.

The recognition of ESG factors as a critical driver for long-term value creation has emerged as a defining trend in the past. The influence of those factors reaches from boardroom decisions to operational practices. As such board oversight of ESG issues has become a primary focus for many companies, many of which have established a dedicated sustainability committee.

Alternatively, these companies have integrated ESG responsibilities into existing governance structures (García-Sánchez et al., 2019). Thus, it has been proven that boards with diverse expertise, including directors with environmental or social experience, are better equipped to oversee ESG strategies (Birindelli et al., 2018). On top of this, new legislation places explicit accountability on boards for the accuracy and completeness of ESG disclosures, elevating the role of governance in sustainability efforts (Odobaša & Marošević, 2023).

Another trend that has emerged and gained substantial traction is about linking executive compensation to ESG performance as companies seek to align management incentives with sustainability goals. Therefore, literature suggests that firms adopting ESG-linked compensation schemes tend to perform better on sustainability metrics, because bonuses are directly linked to achieving these targets (Flammer et al., 2019). On the other hand, it remains a challenge to design effective ESG-linked compensation structures, due to the fact that such metrics must be both measurable and aligned with long-term objectives (The Harvard Law School Forum on Corporate Governance, 2022).

The emerging role of technology should also not be overlooked in the context of corporate governance and reporting standards. The advancements in areas like data analytics, artificial intelligence and blockchain technology have revolutionized how companies collect, analyse and disclose sustainability data. Especially when it comes to analytics, companies increasingly rely on artificial intelligence to improve the accuracy and efficiency of sustainability reporting. One key advantage of emerging digital technologies is their ability to monitor the effects of sustainability measures in near real-time, providing boards and stakeholders with actionable and data-driven insights (PricewaterhouseCoopers, n.d.). By leveraging artificial intelligence (AI)-based tools companies can identify risks within supply chains, track carbon emissions and assess compliance with regulatory standards efficiently and transparently. Especially consulting firms highlighted the potential of these tools to improve the reliability of sustainability disclosures and reduce the administrative burden on firms (Cloetens, 2024). It has also become obvious that many consulting firms have found a new source of income in sustainability reporting. They offer their services to companies that lack the capacity or knowledge on how to create a report that is up to standard.

On top of this, the blockchain has emerged as a promising solution for enhancing transparency and accountability. The biggest advantage is that immutable records of ESG data is provided, allowing for information to be accurate and verifiable. In recent case studies the blockchain was used to track the provenance of raw materials, verify compliance with labour standards and monitor carbon offsets, fostering greater trust among stakeholders (Saberi et al., 2018). So far this practice has been implemented to trace commodities such as minerals, diamonds and agricultural products from its origin to end-users (Kshetri, 2017). By leveraging this information companies can proactively approach increasing regulatory pressure to disclose sourcing practices transparently. Similarly, transparent and tamper-proof records of labour practices can be created, allowing companies to demonstrate their compliance with international labour laws. All of this helps firms in mitigating reputational risks associated with unethical practices, such as child or forced labour or environmental damage (Queiroz et al., 2019).

The rise of investor activism and stakeholder influence in corporate governance can be seen as another defining trend of the past. Institutional investors, such as BlackRock and Vanguard have increasingly emphasized ESG considerations in their investment decisions, as such they have levered their influence to drive corporate sustainability efforts (Hoepner et al., 2023). Similarly, ESG-focused investment funds have been growing substantially directing capital toward companies that demonstrate strong sustainability performances. Thus, research suggests that firms with a high ESG rating tend to attract more investment, due to the fact that they are perceived as lower-risk and better aligned with long-term value creation. A trend that has led to increased demands on companies to improve their ESG disclosures and adopt sustainable practices (S. L. Gillan & Starks, 2000). But not only can a trend to push sustainability factors be identified among investors, also stakeholders such as customer, employees, and NGOs have played a crucial role in shaping corporate sustainability strategies. As a result, more and more companies engage stakeholders through surveys, dialogues, and collaborative initiatives to identify material ESG issues and align their strategies with societal expectations (Parmar et al., 2010). The literature emphasizes that effective stakeholder engagement can have beneficial effects for all parties involved, enhancing corporate legitimacy and fostering stronger relationships with key constituencies (Hond et al., 2013).

Advancements in sustainability-related regulations have also left their mark on recent literature. One of them is the harmonization of regional regulations with global reporting frameworks. Historically, the landscape of sustainability reporting has been highly fragmented, due to diverse guidelines such as the Global Reporting Initiative, Sustainability Accounting Standards Board and the Taks Force on Climate-related financial Disclosures (Haller & Van Staden, 2014). As a countermeasure the creation of the International Sustainability Board in 2021 marked a major milestone. Led by the International Financial Reporting Standards Foundation with the goal to develop a single set of high-quality, globally accepted standards for sustainability disclosures (*IFRS - International Sustainability Standards Board*, n.d.). Using the Task Force on Climate-related Financial Disclosures and the International Sustainability Accounting Standards Board, it aims to streamline reporting practices, which in turn should allow companies to produce comparable and reliable ESG data. The European Union has expressed its interest to align aspects of the European Sustainability Reporting Standards with the International Sustainability Accounting Standards Board (Böckem, 2024). In the past it was highlighted that harmonized standards are critical for multinational corporations that operate across jurisdictions with varying reporting requirements. While U.S.-based companies have adhered to the SABS standards, European companies used to adhere to GRI or TCFD guidelines. Harmonisations reduce compliance costs and enhances the global comparability of ESG performance (De Villiers et al., 2014).

6 Adaptations in Corporate Governance

As was discussed previously the introduction of the CSRD signals a watershed moment in the corporate governance landscape in the European Union. By demanding standardised and comprehensive sustainability reporting the CSRD compels companies to integrate ESG considerations into their governance and long-term planning framework. The far-reaching implications of the directive represent more than a compliance exercise. The intent is to transform how boards operate, engage with stakeholders and ensure transparency in corporate decision-making. As such this chapter outlines the anticipated adaptations in corporate governance.

6.1 Shifts in Board Responsibilities

ESG matters are elevated to board-level accountability with the introduction of the CSRD. Expanding the boards competencies to not only overlook traditional financial performance, but also the company's social and environmental impacts, which strongly hinges on the principle of double materiality. Thus, it is anticipated that with such a shift in responsibilities the board is demanded to perform a strategic reorientation, as boards must integrate sustainability considerations into decision-making processes, corporate strategy and risk management frameworks (Eccles, 2020). An example for such a shift would be that boards are expected to ensure that the company's sustainability goals are aligned with its financial objectives and long-term vision. The ESG could, in those situations, also be used to guide board decisions, pointing out opportunities and risks associated with sustainability transition like a shift to renewable energy or compliance with climate regulations in the supply chain. Board members would therefore benefit from trainings and expertise in this sector to take full advantage of their competencies.

6.2 Establishment of Dedicated Sustainability Committees

With ESG performance being a board level issue it is likely that that dedicated sustainability committees are established. Such committees will monitor ESG performance, review sustainability disclosures and ensure compliance with CSRD requirements, thus, playing a pivotal role. Structures like these have already been established among leading companies as a response to the higher importance of ESG matters (García-Sánchez et al., 2019). Therefore, it is expected that this practice will become widespread especially when considering that the CSRD has broadened the scope and more companies than ever before need to comply with the new set of rules. It will be the competence of the committee to provide specialised oversight, allowing boards to focus on critical ESG issues without diluting attention across broader corporate matters. Research by Birindelli et al. (2018) suggest that companies with dedicated sustainability bodies tend to exhibit higher ESG performance and greater alignment with stakeholder expectations. On a similar note, it is expected that boards will need to collaborate closely with sustainability and audit committees to establish robust internal controls and reporting systems that comply with the directive standards. Ultimately, the board is responsible for ensuring the accuracy and reliability of the disclosures, which will be audited by independent auditors.

6.3 Moving beyond Shareholder-Centric Governance

The CSRD is continuing the trend that a shareholder-centric approach is no longer adequate. Instead, a shift towards a stakeholder-centric governance model will be seen in the future. A wide array of stakeholders, such as employees, customers, communities and environmental groups will enter the discussion and weigh in when it comes to corporate governance. This is facilitated by new formal channels for stakeholder input that must be established by companies. Those channels can be used to identify material ESG issues and address stakeholder concerns. In turn this should also foster trust and transparency, strengthening companies' social license to operate. A pathway that will lead to a bigger impact of stakeholder perspectives in strategic decision making of companies, especially when it comes to topics like climate change, labour rights and community impact. Circling back to the CSRD and its tenant of double materiality, which will reinforce this trend even further. For instance, companies in high-impact sectors like energy or agriculture might need to seek counsel from local communities first to mitigate social and environmental backlash of their operations. A factor that might justify the higher costs that relate to entering into negotiations with communities, research suggest that companies that actively incorporate stakeholder perspective into governance processes are more resilient to reputational risks and better prepared to adapt to regulatory and market changes (Harrison et al., 2015).

6.4 Enhanced Internal Controls and Compliance Systems

Due to the mandated reporting requirements stipulated by the CSRD, firms need to develop or significantly enhance their internal control systems. This is especially important as continuous tracking of advancements in ESG matters should be monitored at any given time and not just once per year when the report is due. This would reinforce stakeholder trust by ensuring data integrity. Investments in advanced analytics and reporting software solutions can further streamline compliance efforts and ultimately improve governance effectiveness.

6.5 ESG-linked Executive Compensation and Training

To better align ESG targets and company targets with one another it is expected that the introduction of the CSRD is likely to accelerate the adoption of ESG-linked compensation structures for executives. Thus, ensuring that executives prioritize sustainability and manage ESG issues proactively, contributing to long-term corporate resilience and societal impact. Similarly, it is likely that companies may heavily invest in sustainability training and capacity building for board members, executives and employees. This step seems necessary due to the increased regulatory complexities as well as enhancing corporate capabilities to effectively implement and manage sustainability initiatives.

7 Future research

The CSRD represents a regulatory shift that will only begin to unfold its full effect as companies implement the required reporting structures in the coming years. While this thesis has outlined the theoretical and practical implications for corporate governance it is important to recognize that the regulatory landscape is still evolving. Therefore, several avenues for future academic inquiry remain open. One of the most urgent questions concerns how firms will interpret and apply the CSRD's key principles, particularly the concept of double materiality. While this principle is central to the directive's objective of creating a holistic sustainability framework, its practical application may vary significantly across firms. Future research could therefore examine how different companies operationalize double materiality and whether they tend to emphasize financial over impact materiality. Relatedly, the quality and depth of sustainability disclosures under the CSRD warrant close scrutiny. Researchers may want to investigate whether firms engage in symbolic compliance or greenwashing, presenting an image of sustainability without enacting meaningful changes. This concern links closely with the concept of decoupling from Institutional Theory, whereby formal compliance masks a lack of substantive transformation. Longitudinal and comparative studies could help determine whether the CSRD mitigates or exacerbates these tendencies across different sectors and firm sizes.

Moreover, as the CSRD broadens the scope of mandatory sustainability reporting to include a much larger set of companies, including many small and medium-sized enterprises further studies could explore the unique challenges faced by such firms. Research could investigate whether small and medium-sized enterprises often constrained by limited resources and reporting expertise, struggle to meet the directive's requirements. Evaluating how these firms navigate CSRD obligations—including their reliance on consulting firms or digital reporting tools—would contribute to a more nuanced understanding of the directive's inclusivity and effectiveness. Similarly, sector-specific differences in CSRD implementation present fertile ground for further research. Firms in high-impact industries such as extractives, manufacturing or financial services may experience distinct pressures and expectations regarding sustainability disclosure. Comparative studies across industries could uncover whether the CSRD leads to convergence in governance practices or whether sectoral divergence persists.

The role of corporate boards under the CSRD is another promising area for future investigation. Research could assess whether the introduction of the directive leads to a measurable shift in board composition, particularly the inclusion of directors with sustainability or ESG expertise. This would help evaluate whether companies are making genuine structural adjustments in governance or merely fulfilling formal compliance. Furthermore, studies may examine the rise of dedicated sustainability committees and their actual influence on strategic decision-making. Closely related is the topic of executive incentives: future research could investigate whether ESG-linked compensation structures become more widespread post-CSRD and whether they are effective in promoting long-term sustainability performance.

Technological innovation in sustainability reporting is another field poised for scholarly attention. As companies increasingly turn to artificial intelligence, blockchain, and automated ESG platforms to gather and verify data, there is a growing need to assess the reliability, transparency and ethical implications of these technologies. Studies might examine whether digital tools reduce administrative burden and enhance reporting quality or whether they introduce new challenges related to data privacy and standardization. Finally, as the EU continues to position itself as a leader in global sustainability governance it will be important to monitor how the CSRD interacts with other international disclosure frameworks such as the ISSB, TCFD or GRI. Research that compares cross-jurisdictional reporting practices could help determine whether the CSRD fosters global harmonization or leads to regulatory fragmentation. As such, the long-term success of the directive may well depend on how it aligns with international efforts to create a unified sustainability reporting ecosystem. Taken together, these future research directions highlight the complexity and transformative potential of the CSRD, underscoring the need for continued scholarly engagement with its implementation and impact.

8 Conclusio

In conclusion, due to the introduction of the CSRD the EU is in the midst of a transformative period, in terms of corporate regulations. It marks a significant milestone in the evolution of corporate accountability, transparency and sustainable business practices. All in all the CSRD sets out comprehensive requirements for corporate sustainability disclosures, prompting profound shifts in the governance structures of companies listed within the European Union with its ultimate goal to embed sustainability deeply into corporate operations, governance frameworks and corporate culture. The regulation does so by substantially redefining the responsibility on board level and its associated oversight functions. Forcing the board to actively govern environmental, social and governance matters, integrating sustainability considerations systematically into strategic planning, risk assessment processes and operational decisions. This represents a paradigm shift from predominantly financial oversight toward holistic ESG governance, emphasizing long-term value creation over short-term financial performance. It necessitates robust governance frameworks and intensified collaboration between boards, executives and dedicated ESG or sustainability-focused committees, fostering informed decision-making that aligns corporate actions closely with societal values and sustainability objectives.

The CSRD's emphasis on stakeholder-centric governance further highlights the evolving role of companies within broader societal and ecological contexts. The directive compels organizations to move beyond traditional shareholder-centric models towards inclusive stakeholder engagement mechanisms. This transition necessitates robust frameworks for systematically identifying, analysing and addressing stakeholder concerns, thereby increasing companies' accountability and legitimacy. Enhanced transparency resulting from such stakeholder interactions fosters trust, strengthens the social license to operate and supports long-term corporate resilience and sustainability. To comply effectively with the CSRD substantial investments in advanced internal controls and comprehensive compliance systems are indispensable. Companies must ensure accurate and verifiable sustainability reporting supported by sophisticated data management solutions and rigorous auditing procedures. Investments in digital technologies such as blockchain, artificial intelligence and big data analytics represent strategic opportunities to improve transparency, efficiency and accuracy in sustainability disclosures. These innovations not only streamline compliance but also enhance corporate credibility and accountability, thereby addressing growing stakeholder expectations for transparent and authentic corporate sustainability communication.

The alignment of CSRD requirements with international sustainability frameworks, particularly the Sustainable Development Goals (SDGs), enhances the global relevance and comparability of corporate sustainability efforts. By referencing global standards explicitly the CSRD ensures that corporate sustainability initiatives contribute effectively to broader, globally recognized goals, facilitating international benchmarking and improved cross-border sustainability cooperation. Such alignment positions European companies advantageously in a global market, increasingly influenced by sustainability considerations. While the implementation of the CSRD undoubtedly introduces regulatory and operational challenges, especially concerning resource constraints faced by SMEs and potential issues such as superficial compliance or greenwashing it simultaneously creates strategic opportunities for innovation, competitive differentiation and sustained corporate growth. Organizations successfully navigating these challenges will likely benefit significantly from enhanced reputation, stakeholder trust and competitive advantage.

As a final reflection, the study's integrated theoretical perspective, ex-ante orientation and focus on double materiality collectively advance the scholarly conversation in corporate sustainability governance. By showing how Stakeholder, Legitimacy and Institutional logics intersect around the CSRD the thesis enriches conceptual typologies and suggests a composite lens that subsequent empirical work can adopt. The forecast governance trajectories transform the traditional lag between regulation and academic observation into a forward-looking research agenda, furnishing hypotheses that can be tested as implementation data mature. Moreover, by unpacking the internal decision-making artefacts triggered by double materiality—

committee remits, incentive design and digital reporting infrastructures—the analysis redirects empirical attention from disclosure outcomes to organisational processes. Taken together, these contributions position the thesis as a springboard for comparative, multi-year studies and as a practical reference for boards and policy-makers seeking to calibrate governance mechanisms under the evolving European sustainability disclosure regime.

Future academic and practitioner-oriented research remains critical in several domains. Empirical investigations into the effectiveness and impact of governance adaptations, technological innovations in sustainability reporting, sector-specific implementation challenges and mechanisms to support SMEs warrant detailed exploration. Additionally, focused attention on ensuring the authenticity and credibility of sustainability disclosures can further strengthen the directive's practical effectiveness and long-term success.

9 Annex

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10 Abstract

Diese Masterarbeit untersucht die transformativen Auswirkungen der Corporate Sustainability Reporting Directive (CSRD) der Europäischen Union auf die Strukturen der Corporate Governance sowie die Entscheidungsfindung in börsennotierten Unternehmen der EU. Als zentrale Gesetzesinitiative im Bereich Nachhaltigkeit verpflichtet die CSRD Unternehmen zu umfassenden und standardisierten ESG-Offenlegungen auf Basis des Konzepts der doppelten Materialität. Mithilfe einer integrativen Literaturrecherche werden theoretische Grundlagen aus der Stakeholder-Theorie, der Legitimitätstheorie und der Institutionellen Theorie herangezogen, um zu analysieren, wie Unternehmen ihre Governance-Strukturen unter regulatorischem Druck anpassen. Die Ergebnisse zeigen, dass die CSRD die Verantwortung der Unternehmensführung neu definiert, zur Einrichtung von Nachhaltigkeitsausschüssen beiträgt und die Governance von einem shareholder- zu einem stakeholder-zentrierten Modell weiterentwickelt. Darüber hinaus werden Veränderungen bei der leistungsbezogenen Vergütung von Führungskräften, bei internen Kontrollsystemen sowie im Bereich digitaler Berichtsstrukturen erwartet. Mit einer vorausschauenden Perspektive schließt diese Arbeit die Lücke zwischen theoretischer Konzeptualisierung und entstehender empirischer Realität. Sie formuliert überprüfbare Hypothesen für zukünftige Forschung und dient als praxisorientierte Referenz für politische Entscheidungsträger und Unternehmensverantwortliche im Kontext des sich entwickelnden europäischen Nachhaltigkeitsregimes.