

Constituent participation in the public consultation on EU CSRD: Who was the most active stakeholder?

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Abstract

Purpose – Based on the rational choice model of lobbying, this paper examines the level of involvement of all major stakeholder groups in the development of the EU Corporate Sustainability Reporting Directive (CSRD) and their level of support (or opposition) through comment letters submitted on the public consultation of the Non-Financial Reporting Directive (NFRD).

Design/methodology/approach – The analysis is based on the publicly available document containing stakeholders' comments letters. Respondents to the consultation were grouped according to the variables reflecting their characteristics. A content analysis of the feedback provided by the respondents to the public consultation has been developed. The analysis focuses on the issues the respondents discussed and the level of agreement or disagreement with the questions posed by the consultation related to potential changes to the NFRD.

Findings – The findings show significant differences between different respondents' groups based on country, size, entity and type, regarding both how much they discussed the issues included in the consultation's thematic sections and the support for changes to the NFRD.

Practical implications – The study highlights how different stakeholder groups engage with regulatory formal consultations based on their proximity to regulation and organisational characteristics. These findings suggest that policymakers should design consultation processes and regulatory requirements with proportionality in mind, ensuring inclusive engagement across a diverse range of stakeholders.

Social implications – The active involvement of stakeholders, such as users and non-business entities, in the sustainability reporting consultation underscores the societal relevance of sustainability disclosures. Broadening stakeholder engagement in formal public consultation processes can enhance the legitimacy and public accountability of EU sustainability policy.

Originality/value – While lobbying behaviour through comment letters has long been investigated in financial accounting literature, relatively little research, to the best of the authors' knowledge, addresses public consultation processes in the context of sustainability accounting and reporting.

Keywords Sustainability reporting, Lobbying, Comment letters, Assurance, Standard setting, Stakeholders

Paper type Research paper

1. Introduction

The Corporate Sustainability Reporting Directive No. 2464 of 14 December 2022 (CSRD, 2022) finalised the previous proposal that had been published by the European Commission

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JEL classification – M41



on 21 April 2021 to revise and strengthen rules introduced by the Non-Financial Reporting Directive (2014/95/EU, hereafter [NFRD, 2014](#)). This outcome is part of the European strategy to strengthen the foundations for sustainable investment. It is the culmination of a process that incorporated three public consultations. Notably, the third consultation, held between February 20 and June 11, 2020, was specifically designed to ascertain stakeholder views regarding the revision of the [NFRD \(2014\)](#) and to shape the comprehensive regulatory strategy for the progressive development of sustainability reporting.

Public consultation constitutes an essential procedural stage, conducted by the responsible authorities throughout the development (or amendment) of normative frameworks, from initial draft to final regulations. Because of this practice, the public consultation process has been examined in financial accounting literature for a long time ([Armstrong, 1977](#)), mainly focusing on the influence exerted by the results of the consultation (i.e. comment letters) on the content of the standards eventually issued by the standard-setter, according to lobbying theory. However, there have been few attempts so far ([Adams and Mueller, 2022](#); [Kulik and Dobler, 2023](#); [Millar and Slack, 2024](#); [Pirveli et al., 2024](#); [Reuter and Messner, 2015](#)) to examine similar public consultation processes and evaluate the impact of the comment letters on the overall regulatory approach to sustainability reporting. The growing interest towards sustainability reporting provides an opportunity for such an inquiry. Therefore, the findings from studies concerning financial accounting represent the foundation of this paper that focuses on the normative process in sustainability reporting, considering both the involved stakeholders and the commented contents in the light of lobbying theory ([Stenka and Taylor, 2010](#); [Sutton, 1984](#)). According to [Christensen et al. \(2021, p. 1232\)](#), “we have relatively little research on CSR standard setting itself - who participates in the process, how participation differs, and which groups or arguments succeed”. Thus, our paper tries to fill this gap. It analyses the origin, content and impact of the comment letters issued for the revision of the [NFRD \(2014\)](#) and which led first to the proposal (in 2021), then to the final directive ([CSRD, 2022](#)). While acknowledging the inherent complexity of the EU’s regulatory process compared to conventional standard-setting procedures, this study specifically focuses on the public consultation conducted in 2020. This particular focus is justified by several key considerations, further elaborated in the subsequent sections of this paper. First, established literature (starting from [Sutton, 1984](#)) posits the greater significance of analysing the early stages of a regulatory process over later developments. Second, the 2020 consultation proved instrumental in soliciting initial feedback from a broad spectrum of stakeholders. This was explicitly recognised by the European Commission and evidenced by the receipt of 588 comment letters. Third, the stakeholder perspectives gathered during this consultation were pivotal in shaping both the initial CSRD proposal in 2021 (as explicitly highlighted in the accompanying impact assessment document) and the final CSRD in 2022, with few exceptions to be discussed in later sections of this paper.

By examining stakeholders’ responses to the public consultation, the paper aims to identify the main participants and highlight the main issues of agreement (and disagreement) concerning the [CSRD \(2022\)](#). In particular, two main research questions are posed:

- RQ1. Who were the most active stakeholders in the public consultation leading up to the CSRD?
- RQ2. Which sustainability issues have been most discussed and supported (or contrasted) by the key stakeholders?

Based on the publicly available online database containing comment letters, the analysis focuses on the variables characterising the different features of the respondents (e.g. EU or

non-EU, SMEs or non-SMEs, users or preparers, business or non-business). The variables were drawn from the database, which also included the responses to a standardised set of organisational characteristics questions, which were part of the consultation. Moreover, the paper analyses who, what and how much key stakeholders wrote in their comment letters. Our findings also concern the level of support (or opposition) of the different categories of respondents: they would tend to lobby for regulatory approaches that promote their self-interest, by reducing the costs or increasing the benefits of regulations. In this way, we identify both the key respondents and the issues adopted to lobby either for the maintenance of the status quo or to support changes in the reporting regulation aimed at increasing the transparency of sustainability disclosure.

The remainder of the paper is organised as follows. Section 2 examines the evolutionary path leading to the [CSRD \(2022\)](#), which, for the first time, deals specifically with and regulates sustainability reporting. Sections 3 and 4 provide the background of this research, presenting the theoretical framework, reviewing extant literature on the topic and outlining the development of hypotheses. Section 5 describes the sample and methodology. In Section 6, the analysis and findings are presented. Section 7 discusses the results, while the final part of the paper summarises the conclusions, limitations and directions for future research from this study.

2. Normative background

2.1 *The evolutionary path leading to the Corporate Sustainability Reporting Directive*

The CSRD came into force on 5 January 2023, with its incremental application set to begin in the financial year 2024, as reflected in reports published in 2025. On its official website, the European Commission outlines the different time steps and describes the policy-making timeline that led to the CSRD. The European Commission explicitly mentions the dates and briefly describes the guidelines and proposals that it officially recognises as separate steps in this process ([Table 1](#)). Specifically, it highlights only two ‘relevant legislation’ (i.e. the NFRD and the CSRD) and three public consultations. Therefore, there were only three public consultations explicitly recognised by the European Commission as relating to the regulatory development process that led to the CSRD.

The first was a public consultation on non-financial reporting guidelines and lasted from 28 January 2015 to 15 April 2016. The purpose of this public consultation was to gather, through a few (11) questions, the views of interested parties on the non-binding guidelines on the methodology for reporting non-financial information by certain large undertakings and groups in accordance with Article 2 of the NFRD. It received 346 responses.

The second was a targeted consultation on the guidelines on reporting climate-related information and lasted from 20 February 2019 to 20 March 2019. It was particularly targeted to preparers and users of non-financial information and received 114 responses.

The third was a public consultation on the revision of the NFRD and lasted from 20 February 2020 to 11 June 2020. This public consultation aimed to gather stakeholders’ views on possible revisions of the provisions of the NFRD to understand whether and how to design the evolution of this first relevant Directive. It is the one examined here because among the three consultations officially recognised by the European Commission, it has the highest number of respondents (588). Moreover, unlike the other two consultations mentioned, it is not specifically focused on issuing implementation guidelines, but rather explicitly addresses the regulatory review.

In addition to these three consultations explicitly recognised by the European Commission as relevant to the regulatory process towards CSRD, there have been other public consultations on more specific topics related, albeit indirectly, to this regulatory path towards

Table 1. Timing of EU policy on CSRD (a chronological list and description of key events, from the most recent to the oldest, as outlined on the European Commission website)

Date	Event
7 August 2024	<i>Frequently asked questions</i> (publication of the frequently asked questions on the implementation of the EU corporate sustainability reporting rules)
2 May 2024	<i>Guidance</i> (Commission welcomes guidance on interoperability of European and global sustainability reporting standards)
8 February 2024	<i>Legislation</i> – European sustainability reporting standards (political agreement between the European parliament and the council on postponing adoption deadlines for certain European sustainability reporting standards ERS)
22 December 2023	<i>Legislation</i> – European sustainability reporting standards (publication of the European sustainability reporting standards (ESRS) in the official journal)
17 October 2023	<i>Legislative proposal</i> – European sustainability reporting standards (2024 Commission work programme: Proposal for a Decision as regards the time limits for the adoption of sustainability reporting standards for certain sectors and for certain third-country undertakings)
31 July 2023	<i>Legislation</i> – European sustainability reporting standards (adoption of the European sustainability reporting standards (ESRS), accompanied by questions and answers on the ESRS)
9 June 2023	<i>Legislation</i> – European sustainability reporting standards (opening of feedback process of a first set of draft sustainability reporting standards for companies, opening a four-week public feedback period)
14 December 2022	<i>Legislation</i> – Corporate sustainability reporting (publication of the corporate sustainability reporting directive (CSRD) in the official journal)
23 November 2022	<i>Standards</i> – Corporate sustainability reporting (first set of draft EU sustainability reporting standards published by EFRAG)
22 June 2022	<i>Legislation</i> – Corporate sustainability reporting (political agreement by the European parliament and the council on the corporate sustainability reporting directive CSRD)
21 April 2021	<i>Legislative proposal</i> – Corporate sustainability reporting (proposal for a corporate sustainability reporting directive (CSRD) to amend the reporting requirements of the NFRD)
8 March 2021	<i>Reports</i> – EU sustainability reporting standards (EFRAG reports on development of EU sustainability reporting standards)
20 February 2020	<i>Consultation</i> – Non-financial reporting (public consultation on the review of the non-financial reporting directive - End date: 11 June 2020)
20 February 2019	<i>Consultation</i> – Non-financial reporting (targeted consultation on the guidelines on reporting climate-related information - End date: 20 March 2019)
18 June 2019	<i>Guidelines</i> – Non-financial reporting (guidelines on reporting climate-related information, which in practice consist of a new supplement to the existing guidelines on non-financial reporting, which remain applicable)
26 June 2017	<i>Guidelines</i> – Non-financial reporting (guidelines to help companies disclose environmental and social information. These guidelines are not mandatory, and companies may decide to use international, European or national guidelines according to their own characteristics or business environment)
28 January 2015	<i>Consultation</i> – Non-financial reporting (public consultation on non-financial reporting guidelines - End date: 15 April 2016)
22 October 2014	<i>Legislation</i> – Non-financial reporting (adoption of the Non-Financial directive)
15 April 2014	<i>Frequently asked questions</i> – Non-financial reporting (disclosure of non-financial and diversity information by large companies and groups)

Source(s): Authors' own work

CSRD. In 2020, the European Commission launched a separate consultation on sustainable corporate governance, seeking feedback on how companies should integrate environmental, social and governance (ESG) factors into their decision-making. The consultation focused on how corporate governance rules could be revised to encourage companies to prioritise long-term sustainability, aiming to enhance corporate responsibility for environmental and social impacts. While not directly related to the CSRD, it addressed similar topics. This 2020 consultation garnered approximately 300 responses. Moreover, the European Financial Reporting Advisory Group (EFRAG) conducted several rounds of consultations (both in 2020 and 2021) with stakeholders to develop the European Sustainability Reporting Standards (ESRS), whose mandatory application is envisaged by the CSRD. Finally, there was a feedback period from 26 April 2021 to 14 July 2021, immediately after the issuance of the CSRD proposal, which was almost entirely incorporated into the final version of the CSRD despite the 143 comment letters received that were also analysed in the literature (Pirveli *et al.*, 2024). These other consultations differ from the initial three (Table 1), which are explicitly recognised by the European Commission as directly part of the regulatory pathway leading to the final CSRD text.

2.2 *The key issues in the final Corporate Sustainability Reporting Directive*

Some relevant changes clearly emerge from the CSRD (2022) compared to the NFRD (2014). They concern, first and foremost, the addressees of the directive, the content of sustainability reporting, simplifications for SMEs, assurance and the role of standards to detail the information to be explicitly reported.

Firstly, the CSRD envisages the enlargement of the subjective scope of application of sustainability reporting, obliging the observation of the measures contained therein to all large companies, i.e. those companies in which, for at least two consecutive financial years, two of the following thresholds are exceeded: average number of employees greater than 250, balance sheet total of €25,000,000 and revenues of €50,000,000 (Art. 3, Directive 2013/34/EU). Thus, both large companies with securities admitted to trading on EU-regulated markets and large companies without such securities are included in the scope of applicability. This normative choice is justified by the impacts and responsibilities these companies have with regard to sustainability. In addition to large companies, SMEs listed in EU-regulated markets, including foreign companies listed in European markets, are also obliged to prepare sustainability reports. Regarding this issue, the most significant divergence between the 2022 final text of the CSRD and its initial 2021 proposal becomes evident. While the 2021 proposal advocated for an earlier application of the new requirements on the same date for all the companies under its scope, the definitive 2022 CSRD adopted a more staggered implementation approach. This strategy effectively delineates compliance into three distinct “waves.” Specifically, the 2022 CSRD differentiates between entities already subject to the NFRD, which form the inaugural wave of companies mandated to publish sustainability reports, and large enterprises not currently under the NFRD’s purview (constituting the second wave) and listed SMEs (forming the third wave). In contrast, all (listed and unlisted) micro-enterprises are exempt from such reporting obligations. In addition, the CSRD also concerns companies located in an EU member state that are subsidiaries of a company subject to the law in a third country, as well as branch companies of firms subject to the law in a third country, establishing *ad hoc* size thresholds, but still guaranteeing a widespread extension of the obligation to provide information concerning sustainability. Further subjects obliged to carry out sustainability reporting are public interest entities (PIEs; Art. 2, pt. 1, letter a), credit institutions and insurance companies, again excluding micro-enterprises.

Secondly, the CSRD provides more guidance on information considered crucial in the area of sustainability to achieve comprehensible, relevant, verifiable and comparable communication of such information and a true representation of the company's position in this regard. The CSRD highlights the importance of disclosing the information referred to in Articles 19a, 29a and 29b of Directive 2013/34/EU. It aims to strengthen and update the information rules specifically regarding ESG matters to overcome the problems related to the proliferation of models and reference grids that generate gaps in the comparability, reliability, completeness and exhaustiveness of disclosed sustainability information.

Thirdly, an important innovation introduced by the CSRD is the involvement of SMEs in sustainability reporting while contemplating and considering the limitations to which these companies are objectively subject. For this reason, an appropriate adjustment of the reporting standards according to the available resources and the characteristics exhibited by the SMEs is considered.

Fourthly, sustainability reporting is subject to 'limited assurance' to ensure the reported information is reliable, accurate and compliant with EU principles and regulatory framework. Few EU member states had already anticipated this when transposing the [NFRD \(2014\)](#), providing assurance on the non-financial statement. The CSRD introduces compulsory assurance and provides for its uniform application that will no longer depend on single choices. The assurance of sustainability reports mandates certification by an accredited independent auditor or certifier. Notably, the CSRD introduces provisions for a dedicated certification pathway, aimed at ensuring the requisite expertise for this form of assurance. However, it is up to the EU member states to decide whether or not the auditor of the sustainability report should be different from the auditor who audits the company's annual financial statements.

Finally, the CSRD, to project itself into future developments, envisages the issuance of further standards aimed at specifying in greater detail the sustainability information to be reported. In this regard, the ESRS have been issued by EFRAG. They set out the rules and requirements for companies to report on sustainability impacts, opportunities and risks. These standards complement the [CSRD \(2022\)](#), jointly generating guidelines for sustainability reporting. Specifically, ESRS datapoints function as the granular building blocks of a company's sustainability statement, meticulously designed to provide comprehensive, comparable and reliable information to stakeholders under the CSRD. It appears that the sheer volume and granularity of these ESRS datapoints were the primary catalysts for the recent re-evaluation of the CSRD framework itself. This reconsideration culminated in the European Commission's issuance, on 26 February 2025, of the so-called "Simplification Omnibus" (often referred to as the "Omnibus Simplification Package"). This initiative aims to streamline and simplify various key EU sustainability regulations, with a principal focus on the [CSRD \(2022\)](#), which nevertheless currently remains the normative framework. As of now, the only formally approved component of this package is the "Stop the Clock" Directive, formally Directive (EU) 2025/794. This directive grants companies a temporary reprieve by postponing reporting requirements by two years for companies belonging to waves subsequent to the first (i.e. those beyond the "Wave 1" companies, which encompass large public-interest entities already publishing sustainability reports in 2025).

3. Theoretical framework

The development and adoption of accounting standards and regulations is, on the one hand, a highly technical activity that involves an important amount of expert knowledge, but it is also a political process insofar as it implies finding a synthesis between conflicting interests and opposing views of different parties ([Fogarty et al., 1994](#); [Sutton, 1984](#);

Watts and Zimmerman, 1978). Specifically, to influence the setting of accounting standards or regulations, interested parties may take action and use resources against which economic benefits are expected (Giner and Arce, 2012). Following Sutton (1984, p. 81), “all the actions which the interested parties take to influence the rule-making body” are referred to as the lobbying activity.

Stakeholder groups can try to influence the rule-making body using different forms of lobbying. One can distinguish between direct (for example, submitting comment letters) and indirect (through intermediaries such as the media or accountancy bodies) forms of lobbying and between formal and informal (e.g. private conversations or meetings with members of the standard-setter) methods of lobbying. According to Zeff (2010), more informal lobbying is sometimes critically regarded because it may compromise the regulatory body’s reputation and independence. In contrast, formal and publicly observable methods are generally seen more neutrally, as they help ensure the legitimacy of accounting rule-making bodies, favouring an open-minded debate on compliance costs and the technical merits of the proposed normative acts. Owing to easy accessibility and high transparency, lobbying based on comment letters has been the main focus of empirical research in this area. Most of this research relies on Sutton’s (1984) rational choice model of lobbying, which seeks to explain when or whether parties participate in a lobbying process. According to this model, a rational individual will vote if the perceived utility of voting exceeds the cost, considering the probability of influencing the result.

A significant stream of accounting literature addresses the subject of lobbying and constituent participation in the accounting regulation process. Durocher *et al.* (2007) make a summary of the reasons behind the constituent’s decision to participate in this process, such as the proposal’s influence on the manager’s expected utility (economic consequences), the benefits expected from participation, the perceived costs and the perceived capacity to influence the outcome. Other studies focus on the type of lobbying pressure to which regulatory provisions are subjected and the intensity of the lobbyists’ arguments. Most of these studies analyse comment letters submitted to the standard setters (Gäumann and Dobler, 2019; Larson *et al.*, 2022). Indeed, there is a long tradition of investigating lobbying behaviour concerning financial accounting standards based on comment letters (e.g. Georgiou, 2002; Giner and Arce, 2012; Jorissen *et al.*, 2012; Larson, 1997; Orens *et al.*, 2011; Puro, 1984; Tandy and Wilburn, 1996; Tutticci *et al.*, 1994; Weetman *et al.*, 1996). Such research has provided valuable insights into the political dimension of standard-setting.

However, there have been only a few attempts so far to study lobbying behaviour in comment letters towards other reporting standards, where similar public consultation processes occur (Adams and Mueller, 2022; Kulik and Dobler, 2023; Millar and Slack, 2024; Pirveli *et al.*, 2024; Reuter and Messner, 2015). Therefore, we use the findings from existing lobbying studies as a guide for formulating our hypotheses while at the same time considering the differences that exist between accounting regulation for financial reporting and sustainability reporting in terms of content and stakeholders involved.

4. Hypotheses development

According to Stenka and Taylor (2010), it is possible to identify two streams of research within the lobbying literature in the accounting field. Some studies examine the motivations and characteristics of the groups participating in the accounting regulation process, whereas other studies focus on the rule-making bodies’ responses to the lobbyists’ suggestions. In our paper, we investigate the characteristics of lobbying parties and their level of agreement or opposition to the proposed regulatory changes.

4.1 *The characteristics of lobbying parties*

Relying on the rational choice model by Sutton (1984), we formulate a first set of hypotheses related to lobbying parties' characteristics. It is worth remembering that the model of lobbying developed by Sutton asserts that parties will take action in the lobbying process if their benefits, adjusted by the probability that lobbying will change the outcome of the standard-setting process, exceed the cost of lobbying. The cost of participating in the public consultation includes the time and expertise needed to write a comment letter. At the same time, the benefits of engaging in lobbying are related to the potential impact that a comment letter could have on the final decision of the regulatory body.

Specifically, participation might not be expected from those not affected by a proposed accounting rule (Tandy and Wilburn, 1992). On the contrary, notable participation is expected from those affected by a specific proposal (Larson and Herz, 2013), such as the EU respondents, who the CSRD may directly influence and therefore are more interested than non-EU respondents to voice their opinions in the revision of the NFRD. As the risk of non-compliance is higher for the EU respondents, they have more incentives to engage in lobbying to secure their favoured proposal. It is also essential to consider that the participation of constituents is a crucial element of the legitimacy of a rule-making body. Therefore, the participation of all constituents is often seen as a critical component to obtaining legitimacy and success (Suchman, 1995), and its legitimacy depends on the participation of those affected by its rules. EU regulators' legitimacy depends mainly on EU organisations' participation (Larson, 2007; Jorissen *et al.*, 2012). Therefore, we expect that the EU respondents have more benefits to participate and are more legitimate to be heard by the EU and, in light of all the above-mentioned reasons, we formulate the following hypothesis:

H1a. Stakeholders from EU countries are the most active respondents in the public consultation leading up to the CSRD.

Moreover, we find it interesting to analyse in more detail the EU area, comparing respondents from Germany and France for two main reasons. First, Germany and France are the largest EU countries in terms of population and gross domestic product. Second, relying on the previous research (Kinderman, 2020; Pirveli *et al.*, 2024), France is the strongest supporter of the path towards mandatory sustainability reporting in the EU, while Germany is the strongest opponent to this process. On this point, it is important to remember that France had a domestic mandate to disclose ESG information even before the NFRD, whereas Germany did not. Therefore, stakeholders from Germany are more likely to participate in the public consultation because the cost of implementing the new regulation is assumed to be higher due to the difference from the previous practice. However, respondents from France might have more experience in sustainability reporting and thus encounter less costs of participating in the public consultation (Kulik and Dobler, 2023). Accordingly, we cannot formulate *a priori* a unidirectional hypothesis.

Furthermore, Sutton (1984) argued that larger companies have more economic incentives to participate because they are wealthier than smaller companies. Therefore, their expected total benefits from participation are generally significant enough to outweigh the expected participation costs. Many financial accounting lobbying studies find that larger firms are more heavily involved in lobbying than smaller firms (among others, Ang *et al.*, 2000; Georgiou, 2005; Giner and Arce, 2012; Jorissen *et al.*, 2012; Jupe, 2000; Larson, 1997). Thus, we assume that larger entities have both more economic incentives and resources to participate in the development process of the CSRD. On the contrary, the SMEs, lacking the necessary resources in terms of time and expertise to write comment letters, do not perceive sufficient benefits in participating in the development of corporate sustainability reporting

and do not believe they have a high probability of affecting the outcome. Therefore, we formulate the following hypothesis:

H1b. Non-SMEs participate more actively than SMEs in the public consultation leading up to the CSRD.

Even though accounting standard-setters claim that financial accounting standards are mainly issued to meet users' needs, most empirical studies find that preparers lobby more actively than users of financial statements. Indeed, this is consistent with Sutton's model, according to which, in absolute terms, preparers of financial statements receive greater potential economic benefits from securing their favoured proposal than users. However, the participation of interested parties also depends on the issue of the normative act under consultation. Sutton (1984) suggests that standards that affect the measurement of earnings or the valuation of assets and liabilities typically arise in a much greater interest among preparers than users of reports. On the contrary, users are likely to pay more attention to standards that influence the corporate disclosure level, favouring those that provide additional information. Positive accounting research also provides evidence for the relationship between the participation of preparers in the standard-setting process and the economic impact of the standard on the accounting numbers (Ang *et al.*, 2000; Dechow *et al.*, 1996; Hill *et al.*, 2002; Jorissen *et al.*, 2012). Other studies focus on the role and position of users in the standard-setting process and find that users participate more in the due process of standard setting when disclosure-related issues are at stake (Durocher *et al.*, 2007; Mian and Smith, 1990; Seamann, 1999; Van Lent, 1997; Weetman *et al.*, 1996). Indeed, regarding integrated reporting, Reuter and Messner (2015) find that preparers lobby more frequently than users only when considered as investors but not in a broader sense, including also non-profit organisations. Likewise, sustainability reporting may motivate users with a particular interest in social or environmental matters to participate in the public consultation process of the NFRD. Therefore, in the light of these considerations, we formulate the following hypothesis:

H1c. Users participate more actively than preparers in the public consultation leading up to the CSRD.

Finally, we analyse the respondents by grouping them into business and non-business entities. The former comprises companies and business associations, while the latter comprises non-governmental organisations (NGOs), consumer and environmental organisations, academics and public authorities, as specified in Section 5.1. Notwithstanding business entities generally having more economic resources for lobbying, non-business entities may be more interested in the development of the CSRD and perceive themselves more legitimate to be heard by the EU on this theme. Indeed, while business organisations lobby more when new rules affect cash flows and accounting numbers, they are not very prone to expend resources trying to influence the determination of rules with an impact on the information disclosure (Larson, 2007). Instead, the development of the CSRD is a topic that attracts more attention from non-profit and NGOs because they act for the public interest and not merely for economic motivations. Promoting ESG matters is often part of NGOs' mission, which plays a central role in shaping the future of sustainability reporting. Accordingly, these organisations may be considered to have a high probability of influencing EU decisions (Monciardini, 2016). Likewise, regulators and academics are more likely to participate in the development of the CSRD than business entities because they have an interest in sound regulation *per se*. Relying on the theory of professional and legal responsibility, those respondents have incentives to produce detailed submissions to create

an image of objectivity and maintain their credibility in the public view (Stenka and Taylor, 2010). Thus, they cannot refrain from participating in the public consultation of a proposal to enhance the accountability and transparency of reports on ESG matters. Furthermore, they may have high expectations of affecting EU decisions because of their objectivity and credibility. Finally, they have the necessary expertise to analyse the proposal under consultation and perform research upon which to base a response. In light of the aforementioned considerations, we posit the following hypothesis:

H1d. Non-business entities participate more actively than business entities in the public consultation leading up to the CSRD.

In addition, it can be useful to divide the business category into individual companies and business associations. Indeed, small- and medium-sized companies seek to exploit economies of scale and increase their lobbying influence through collective actions via business associations (Pirveli *et al.*, 2024). Therefore, business associations are very important actors when it comes to lobbying the EU. According to Sutton's model, business associations should have greater resources and better access to expertise on one side, and higher likelihood to influence the regulator on the other side. Furthermore, the participation in public consultations is within the scope of their mission because business organisations act in the interests of their members. Thus, we hypothesise that business associations participate more actively than companies in the public consultation.

4.2 *The positions of lobbying parties*

To explore the positions of the different categories of respondents, we refer to positive accounting theory, which argues that all parties, participating in the accounting regulation process, act to maximise their own utility (Watts and Zimmerman, 1986). Thus, respondents would tend to lobby for accounting methods that promote their self-interest by reducing the costs or increasing the benefits of regulations.

As emphasised in Section 2, CSRD requires companies to disclose more sustainability information of higher quality in terms of comparability, reliability and relevance. Accordingly, EU preparers have to bear more direct and indirect costs. The direct costs include preparing and ensuring sustainability reporting, while the indirect costs can manifest as proprietary costs (Christensen *et al.*, 2021). Therefore, we expect EU respondents (mostly preparers) to lobby for the maintenance of the status quo to avoid an increase in reporting burden, and we thus propose the following hypothesis:

H2a. Non-EU respondents are more likely to express a higher level of agreement with the changes leading to the CSRD compared to EU respondents.

Consistent with the first set of hypotheses, we analyse more deeply the positions expressed by EU stakeholders, comparing respondents from Germany and France. The literature underscores that Germany traditionally has a critical approach towards more stringent sustainability reporting requirements and a broader scope of EU regulations, while France shows a high level of support for the EU mandatory sustainability reporting, playing a leading role in strengthening these requirements (Kinderman, 2020; Pirveli *et al.*, 2024). Accordingly, we assume that French respondents are more likely to express a favourable opinion in the public consultation than German respondents.

Organisation size may be another factor affecting respondents' voting behaviour because of the significantly positive association between organisation size and the quantity or quality of sustainability reporting (among others, Hahn and Kühnen, 2013). Indeed, sustainability

disclosure is relatively less costly for larger entities because they have more resources in terms of money and staff skills (Wickert *et al.*, 2016). Therefore, large organisations are more likely to take a favourable position towards a new regulation that aims to provide more and better ESG information. Moreover, it is worth noting that large organisations operate under greater public scrutiny, which incentivises them to engage in more sustainability reporting (e.g. Cormier and Magnan, 2003; Thorne *et al.*, 2014). For this reason, the costs of a potential negative image in the public that could result from a particular position expressed in the comment letter are higher for large entities than for SMEs. For instance, some interest groups, such as human rights supporters or environmental activists, can make it more difficult for large firms not to support changes in the reporting regulation aimed at increasing the transparency of sustainability disclosure. In light of the above, we assume the following hypothesis:

H2b. Non-SMEs are more likely to express a higher level of agreement with the changes leading to the CSRD compared to SMEs.

One of the main benefits of sustainability reporting is the mitigation of information asymmetries between the firm and its stakeholders, which has several positive consequences. Indeed, more and better sustainability information should lead to tangible capital-market benefits in the form of improved liquidity, lower cost of capital, higher firm value and potentially better corporate decisions (Christensen *et al.*, 2021). More specifically, a higher level of comparable, reliable and relevant sustainability disclosure could reduce the adverse selection problem, raise the firm value (Barth *et al.*, 2017; Ioannou and Serafeim, 2017), increase the liquidity of secondary securities markets (Cormier and Magnan, 1999; Grewal *et al.*, 2021), make it easier for investors to estimate future cash flows or assess firms' risks (Dhaliwal *et al.*, 2012), lower the cost of capital (Dhaliwal *et al.*, 2011; El Ghouli *et al.*, 2011; Plumlee *et al.*, 2015) and lead to more efficient corporate investments (Pástor *et al.*, 2021). Not only do capital-market participants have a strong demand for sustainability information, but other stakeholders also care about this information because they are interested in companies' broader impact on ESG issues. For instance, higher transparency in sustainability reporting could make it easier for consumers to make CSR-based consumption decisions. Therefore, users and preparers may find more and better sustainability reporting beneficial. However, this additional information of higher quality is costly for preparers, while users do not have a further burden. Indeed, preparers have to bear higher direct and indirect costs. The former consists of operative costs for preparing, certifying and publishing sustainability reports. At the same time, the latter is mainly related to proprietary costs, which could be particularly relevant in sustainability reporting because ESG disclosure is often directly related to a company's core operations. In other words, a stronger mandate, such as in the case of the CSRD, which requires companies to disclose proprietary information to competitors, customers and suppliers, could reduce incentives to engage in firms' innovative activities (Breuer *et al.*, 2020). Conversely, users do not bear these costs and could even benefit from cost savings because more and better sustainability disclosure should make it easier for all stakeholders to find, process and compare information (Becchetti *et al.*, 2013; Hope *et al.*, 2016). In summary, the net effects for preparers are not *a priori* obvious, while users may be interested in more extensive disclosure of sustainability information. Accordingly, we posit the following hypothesis:

H2c. Users are more likely to express a higher level of agreement with the changes leading to the CSRD compared to preparers.

Studies aimed at investigating the driving forces that have been shaping the EU regulatory process of non-financial reporting (De Schutter, 2008; Fairbrass, 2011; Kinderman, 2013; Monciardini, 2016; Ungericht and Hirt, 2010) highlight that non-business organisations demand more reliable and transparent sustainability information. According to Christensen *et al.* (2021), in the context of sustainability reporting, mandates are often designed not with investors but with other stakeholders in mind. Moreover, regulators and academics are more favourable to changes in reporting regulations that enhance transparency and accountability because they have incentives to create an objective image and maintain their credibility in the public view (Stenka and Taylor, 2010). Therefore, our hypothesis is the following:

H2d. Non-business entities are more likely to express a higher level of agreement with the changes leading to the CSRD compared to business entities.

Consistent with the first set of hypotheses, we are interested in understanding whether some differences exist between the positions expressed by business associations and companies. Considering that business associations often represent SMEs and other vulnerable actors that have been included within the broader CSRD’s scope, we assume that business associations tend to appear less supportive of the CSRD compared to companies (Pirveli *et al.*, 2024).

5. Research design

5.1 Sample and variables

The public consultation committed to the review of the NFRD (2014) took place from 20 February 2020 to 11 June 2020. A total of 588 organisations and persons responded to the consultation [1]. According to the “language” variable (Column C of the public database), we selected the English answers, which are 424 (Table 2).

The types of respondents are specified in the examined data set according to four variables obtained directly from the public database¹.

Table 2. Sample composition

Variables	Categories	No.	%
Country	EU	260	61.3
	Non-EU	78	18.4
	n.a.	86	20.3
	<i>Total</i>	<i>424</i>	<i>100</i>
Size	SME	97	22.9
	Non-SME	251	59.2
	n.a.	76	17.9
	<i>Total</i>	<i>424</i>	<i>100</i>
Type	Preparers	84	19.8
	Users	96	22.6
	Both a preparer and a user	130	30.7
	Neither a preparer nor a user	60	14.2
	n.a.	54	12.7
	<i>Total</i>	<i>424</i>	<i>100</i>
	Entity	Business	182
Non-business		156	36.8
n.a.		86	20.3
<i>Total</i>		<i>424</i>	<i>100</i>

Source(s): Authors’ own work

First, the variable *country* is derived from the answers in column K of the public database and allows the identification of each respondent's geographical provenance. We have grouped the answers into two categories: *EU* (if the respondent is from a European Union country) and *non-EU* (if the respondent is not from a European Union country), while *n.a.* identifies the cases where an answer is missing.

Second, the variable *size* is formed by the answers to a precise question (i.e. "Are you or do you represent companies that are SMEs?", in column M of the public database) with three response possibilities (i.e. yes, no, don't know/no opinion/not relevant). We have grouped the answers into two categories, which are *SME* (if the respondent claims to be or represent a small- or medium-sized entity) and *non-SME* (if the respondent states that it is not or does not represent a small or medium-sized entity), while *n.a.* identifies the cases where an answer is missing or the answer is "Don't know/No opinion/Not relevant".

Third, respondents could report (in column P of the public database) whether they are *preparers*, *users*, *both preparers and users* or *neither preparers nor users* of non-financial information. The residual category *n.a.* indicates cases where a specific answer is missing, or the answer is "Don't know/No opinion/Not relevant". The analyses only included those respondents who self-identified exclusively as users or as preparers (under the variable named as *type*) to avoid overlapping categories and ensure analytical clarity. The users category employed in the analyses displays internal diversity, encompassing not only NGOs but also business associations, companies, public authorities, trade unions, academic/research institutions and others. This ensures that the perspectives of various types of users, not limited to civil society actors, are represented in the analyses.

Finally, according to the variable *entity* (considered in Column D of the public database), the research distinguishes two categories of respondents, namely, *business* (i.e. companies, business organisations and business associations) and *non-business* (i.e. academic/research institutions, consumer organisations, citizens, environmental organisations, NGO, public authorities), while *n.a.* identifies the cases where a specific answer is missing.

5.2 Methodology: content analysis and method of coding for assessing the level of agreement or disagreement

The sample of this study was defined through four variables (i.e. country, size, type, entity) derived from the retrieved public data set, as described in the previous paragraph. In this way, four categories of respondents were analysed. First, the dummy variable entitled *country* is 0 for EU respondents and 1 for non-EU respondents. Second, the dummy variable entitled *size* is 0 for non-SME organisations and 1 for SMEs. Third, the dummy variable entitled *type* is 0 for preparers and 1 for users. Finally, the dummy variable entitled *entity* is 0 for non-business entities and 1 for business entities. These represent the four independent variables of the present study.

After defining the sample and the variables of this study, the analysis focuses on the 45 questions, which are divided into eight thematic sections in both the public dataset¹ and the Summary Report [2] made available online after the consultation closed. Additionally, the analysis examines the open-ended comments that respondents could add at the end of each thematic section. Therefore, unlike the previous reference literature, the present study is not only based on the types of respondents answering the consultation because it also aims at investigating the content of the provided answers and open-ended comments. This required the completion of three consecutive steps of analysis.

First, the analysis began by identifying and examining the issues most discussed by respondents in each thematic area. A comprehensive list of all the possible discussed issues was formed, considering the keywords characterising all the 45 questions (Appendix Table A1). For

each thematic section, the keywords selected to identify the discussion topics correspond to the number and type of questions included in the section. A quantitative content analysis was then implemented in all the open-ended comments to gather the volume of the disclosure in each of the eight thematic sections. This thorough analysis covered *quality, standardisation, materiality, assurance, digitalisation, location, scope and burden*. We also considered *sustainability* as an additional thematic area and *disclosure* that represents the total volume of responses (i.e. the sum of the volumes in the previous nine categories).

For each thematic section, keywords were searched in the responses provided to the consultation questions. The frequency of each keyword for each respondent was determined. To ensure the accuracy of the analysis, frequencies were adjusted for keyword repetitions. This adjustment was made to avoid counting more than once a single keyword in the same sentence or period.

The content analysis has been conducted by two researchers and it involved a series of informal intercoder comparisons and discussions. Each round of independent coding was followed by a meeting where differences were discussed, before starting another round of independent coding (O'Connor and Joffe, 2020).

The Mann–Whitney U-test statistically indicates significant differences in the response volume to the investigated discussion topics between different groups or types of respondents (Yazdifar and Tsamenyi, 2005) to test the first set of hypotheses outlined in Section 4.

Second, the position of the respondents was examined according to two criteria. Indeed, the most discussed thematic areas were identified and selected. According to the previous analysis step, we considered thematic areas with at least two (out of four) significant variables. In this way, the areas most discussed by the respondents are those concerning quality, assurance, scope and burden. Then, for such thematic areas, we selected the questions whose answers reveal the respondents' degree of agreement or disagreement (Table 3). This made it possible to dichotomise the answers as follows:

Table 3. Analysis of the respondents' position

The four most discussed thematic sections	Topics and keywords	Numbers of questions	Types of dichotomized answers
Quality	Comparability reliability relevance	1	<i>Agree vs disagree</i>
	Intangibles	4	<i>Yes vs no</i>
	Financial sector	5	<i>Low extent vs high extent</i>
	Taxonomy	7	<i>Yes vs no</i>
Assurance	Difference	25	<i>Low extent vs high extent</i>
	Mandatory assurance	26	<i>Yes vs no</i>
	Type of assurance	27	<i>Limited vs reasonable</i>
	Assurance materiality	28	<i>Yes vs no</i>
	Key risks	29	<i>Yes vs no</i>
	Assurance standard	30	<i>Yes vs no</i>
	Reporting standard	31	<i>Yes vs no</i>
Scope	Assured	32	<i>Yes vs no</i>
	Listed large PIE all PIE	40	<i>Agree vs disagree</i>
	Large non-listed exemption listed EU listed outside EU LLC	41	<i>Agree vs disagree</i>
	Authority	42	<i>Yes vs no</i>
	Banks insurers	43	<i>Agree vs disagree</i>
Burden	Complexity pressure difficulty	45	<i>Agree vs disagree</i>

Source(s): Authors' own work

- *agree vs disagree* in questions nn. 1, 40, 41, 43 and 45, where the option agree (disagree) includes ‘totally agree’ (disagree) and ‘mostly agree’ (disagree);
- *low extent vs high extent* in questions nn. 5 and 25 where the option low extent includes “not at all” and “to some extent but not much”, while the option high extent includes “to a reasonable extent” and “to a very great extent”;
- *yes vs no* in questions nn. 4, 7, 26, 28, 29, 30, 31 and 32, 42;
- *limited vs reasonable* in question n. 27.

Pearson’s chi-square statistically evaluates the distribution of these categorical variables to test the second set of hypotheses outlined in Section 4.

Finally, the results of the two previous analysis steps were compared with the content of [CSRD \(2022\)](#) and discussed.

6. Analysis and results

6.1 Issues discussed by respondents

[Tables 4–9](#) report, for each variable reflecting the respondent characteristics (country, size, type and entity), how much the respondent groups wrote in their comment letters for each thematic section of the consultation. A *mean volume* score and its standard deviation were calculated. Tables also include the results of the Mann–Whitney tests (the standardised test statistic and *p*-value) conducted to investigate whether there are differences in the responses between groups and test the research hypotheses from *H1a* to *H1d*.

First, [Table 4](#) refers to the respondent country and compares the mean response of EU and non-EU respondents for each thematic section. The results, which refer to *H1a*, show that EU respondents have written more than non-EU respondents for nine thematic sections, with materiality being the exception. However, *p*-values suggest that EU and non-EU respondents differ significantly in the response volume for six of ten thematic sections.

These results were not unexpected, as EU respondents were understandably more interested than non-EU organisations in participating in the consultation.

Furthermore, potential differences between French and German respondents among EU participants have been analysed, as detailed in Section 4.1. The Mann–Whitney test indicates significant differences in response volume for four thematic sections and overall disclosure

Table 4. Mean volume and Mann–Whitney test by respondent country

Thematic section	Mean volume (std. dev.)		Std. test statistic	<i>p</i> -value
	Non-EU	EU		
Sustainability	2.77 (2.90)	3.26 (3.09)	1.428	0.153
Quality	5.78 (5.11)	7.69 (6.31)	2.445	0.014*
Standardisation	4.67 (4.65)	5.52 (4.50)	1.813	0.070
Materiality	2.78 (2.49)	2.60 (2.57)	−0.707	0.480
Assurance	1.74 (1.94)	2.55 (2.50)	2.541	0.011*
Digitalisation	1.14 (1.28)	1.71 (1.67)	2.606	0.009**
Location	1.37 (1.51)	1.61 (1.73)	0.952	0.341
Scope	1.04 (1.66)	1.59 (2.08)	2.665	0.008**
Burden	0.77 (1.19)	1.42 (1.59)	3.573	0.000***
Disclosure	22.06 (17.09)	27.94 (19.75)	2.309	0.021*

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level

Source(s): Authors’ own work

Table 5. Mean volume and Mann–Whitney test: a comparison between French and German respondents

Thematic section	Mean volume (std. dev.)		Std. test statistic	<i>p</i> -value
	German respondents	French respondents		
Sustainability	3.30 (3.00)	4.03 (3.94)	0.514	0.607
Quality	7.65 (6.64)	11.39 (8.16)	2.294	0.022*
Standardisation	4.84 (4.26)	7.32 (4.50)	2.332	0.020*
Materiality	2.40 (2.42)	3.61 (3.18)	1.645	0.100
Assurance	2.42 (2.75)	3.55 (3.17)	1.849	0.064
Digitalisation	1.37 (1.59)	2.06 (1.75)	2.004	0.045*
Location	1.70 (1.81)	2.29 (2.31)	1.035	0.301
Scope	1.19 (1.74)	2.42 (2.03)	3.038	0.002*
Burden	1.65 (1.85)	1.39 (1.58)	-0.403	0.687
Disclosure	26.51 (20.52)	38.06 (21.49)	2.378	0.017*

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level

Source(s): Authors' own work

Table 6. Mean volume and Mann–Whitney test by respondent size

Thematic section	Mean volume (std. dev.)		Std. test statistic	<i>p</i> -value
	Non-SME	SME		
Sustainability	3.18 (3.04)	2.01 (2.29)	-3.450	0.001***
Quality	6.96 (5.72)	4.64 (4.26)	-3.497	0.000***
Standardisation	5.35 (4.45)	4.14 (4.03)	-2.404	0.016*
Materiality	2.64 (2.48)	2.18 (2.39)	-1.778	0.075
Assurance	2.35 (2.43)	1.75 (1.81)	-1.726	0.084
Digitalisation	1.59 (1.63)	1.29 (1.33)	-1.258	0.208
Location	1.55 (1.68)	1.10 (1.40)	-2.433	0.015*
Scope	1.43 (2.14)	1.09 (1.61)	-0.910	0.363
Burden	1.22 (1.55)	1.27 (1.40)	0.741	0.458
Disclosure	26.25 (18.93)	19.47 (15.34)	-2.984	0.003**

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level

Source(s): Authors' own work

(Table 5). For each of these sections, French respondents, on average, wrote more than German respondents.

Regarding respondent size, Table 6 shows that large-sized respondents have, on average, written more than small- and medium-sized respondents in all thematic sections except for comments on simplification and reduction of administrative burden (burden thematic section). Significant differences are found regarding the thematic sections of sustainability, quality, standardisation, location and overall disclosure as well. Several authors have emphasised the role of organisation size in lobbying activity, with large organisations more prone to engage in writing comment letters (Reuter and Messner, 2015).

Xiao and Shailer (2022) have recently pointed out that users and preparers significantly differ in the perceived importance of variables affecting the credibility of sustainability reports. Specifically, they noted that users place higher importance than preparers on variables pertaining to aspects related to quality, such as balanced tone, comparability and accountability and aspects related to sustainability. These factors may explain the results

Table 7. Mean volume and Mann–Whitney test by respondent type

Thematic section	Mean volume (std. dev.)		Std. test statistic	p-value
	Users	Preparers		
Sustainability	3.41 (3.21)	1.95 (2.18)	−3.242	0.001***
Quality	7.26 (5.73)	4.12 (3.64)	−3.951	0.000***
Standardisation	4.88 (3.92)	4.88 (4.37)	−0.272	0.785
Materiality	2.91 (2.66)	2.23 (2.40)	−1.894	0.058
Assurance	1.51 (1.82)	2.42 (2.29)	2.789	0.005**
Digitalisation	1.67 (1.62)	1.43 (1.57)	−1.160	0.246
Location	1.34 (1.53)	1.36 (1.43)	0.215	0.830
Scope	1.33 (1.95)	0.93 (2.00)	−2.084	0.037*
Burden	0.98 (1.29)	1.49 (1.75)	1.865	0.062
Disclosure	25.28 (18.70)	20.80 (16.23)	−1.608	0.108

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level

Source(s): Authors' own work

presented in [Table 7](#), which shows that users wrote more than preparers in the comment letters in relation to the sustainability issues, quality of non-financial information to be disclosed and the scope of the Directive. Users participating in the consultation are particularly concerned with the comparability, reliability and relevance of the non-financial information currently reported. However, although in Xiao and Shailer's work users ranked assurance scope and level higher than preparers did, here preparers wrote on average more than users about assurance issues included in the consultation.

These findings, except for assurance, diverge from the findings of the comment letters analysis of [Reuter and Messner \(2015\)](#), carried out in the context of integrated reporting, where preparers of reports have engaged more heavily in lobbying than users.

Finally, responses by respondent entities (business and non-business respondents), displayed in [Table 8](#), differ significantly on the topics of sustainability, quality and burden. Interestingly, non-business respondents have written more than businesses on sustainability and the quality of non-financial information to be disclosed. This result is consistent with previous research studies highlighting non-business organisations' role in influencing the EU

Table 8. Mean volume and Mann–Whitney test by respondent entity

Thematic section	Mean volume (std. dev.)		Std. test statistic	p-value
	Business	Non-business		
Sustainability	2.77 (2.82)	3.58 (3.25)	−2.416	0.016*
Quality	6.57 (5.55)	8.05 (6.63)	−2.013	0.044*
Standardisation	5.47 (4.55)	5.14 (4.54)	0.737	0.461
Materiality	2.41 (2.22)	2.92 (2.87)	−1.053	0.292
Assurance	2.18 (2.24)	2.57 (2.58)	−1.110	0.267
Digitalisation	1.51 (1.58)	1.65 (1.63)	−0.751	0.452
Location	1.45 (1.52)	1.68 (1.86)	−0.832	0.406
Scope	1.51 (2.08)	1.42 (1.91)	0.044	0.965
Burden	1.44 (1.59)	1.07 (1.44)	2.388	0.017*
Disclosure	25.30 (18.41)	28.08 (20.24)	−1.155	0.248

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level

Source(s): Authors' own work

regulatory process of non-financial reporting, which noted that non-business organisations demand more reliable and transparent corporate information (Monciardini, 2016). In contrast, business respondents pointed more than non-business to simplifying and reducing administrative burden. Businesses are concerned with the administrative burden, as complying with mandatory reporting requirements generally involves allocating resources to the reporting process and incrementing costs (Loza Adauí, 2020). However, regulators know the need to impose a minimal administrative burden upon companies regarding social and environmental reporting (Johansen, 2016).

Additionally, we conducted an analysis on response volume among business respondents, distinguishing between companies and business associations (Table 9). The findings reveal significant differences between business associations and companies in terms of location, scope and burden issues. Notably, business associations responded more extensively to these thematic sections, suggesting a higher level of sensitivity to these issues compared to companies. Conversely, no significant differences in response volume were observed across the other thematic sections.

6.2 The level of agreement or disagreement displayed by respondents

Findings reported in Section 6.1 suggest that there are four thematic sections of the consultations with greater differences between the respondent groups' mean volume. They are summarised in Table 10. P-values of the Mann–Whitney tests, taken from Tables 4, 6, 7 and 8 are reported in cells.

Our investigation into the four thematic sections focuses on how the respondent groups, a key element of our study, responded to the single questions of the consultation. Specifically, we address whether they agreed, and to what extent, with the topics covered by the questions. As explained in the methodology section, the responses to each question, which were expressed on different scales depending on the question, were dichotomised.

The chi-square tests provide information about whether the responses are independent of the respondent group, according to the four variables.

Table 11 summarises the responses (in terms of agreement/disagreement) to questions regarding the quality of non-financial information to be disclosed. According to respondent type, preparers and users show a different level of agreement on all the questions.

Table 9. Mean volume and Mann–Whitney test: a comparison between business associations and companies

Thematic section	Mean volume (std. dev.)		Std. test statistic	p-value
	Business associations	Companies		
Sustainability	2.85 (2.68)	2.70 (2.94)	0.547	0.584
Quality	6.55 (5.33)	6.58 (5.75)	0.190	0.850
Standardisation	5.47 (4.58)	5.47 (4.54)	-0.024	0.981
Materiality	2.53 (2.36)	2.30 (2.10)	0.389	0.697
Assurance	2.24 (2.16)	2.13 (2.32)	0.507	0.612
Digitalisation	1.66 (1.71)	1.38 (1.45)	0.815	0.415
Location	1.73 (1.64)	1.20 (1.36)	2.200	0.028*
Scope	1.80 (2.29)	1.25 (1.85)	2.023	0.043*
Burden	1.89 (1.79)	1.04 (1.27)	3.416	0.001**
Disclosure	26.72 (1.84)	24.05 (18.04)	1.006	0.315

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level

Source(s): Authors' own work

Table 10. Thematic sections with greater differences in mean volume

Thematic section	Country	Size	Type	Entity
Quality	0.014*	0.000***	0.000***	0.044*
Assurance	0.011*	0.084	0.005**	0.267
Scope	0.008**	0.363	0.037*	0.965
Burden	0.000***	0.458	0.062	0.017*

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level

Source(s): Authors' own work

Specifically, users agreed significantly more than preparers with statements on possible problems of comparability, reliability and relevance of non-financial reporting. Users also require more information on intangible assets or related factors to be disclosed and agreed more than preparers that the legal provisions related to non-financial reporting should define environmental matters based on the six objectives of the Taxonomy Regulation. In contrast, preparers are more oriented than users to believe that the current NFRD requirements ensure, to a great extent, that investee companies report sufficient information for financial sector companies to meet their disclosure regulations. The same differences between preparers and users are broadly found for business and non-business respondents, where the latter agreed more than the former on the consultation statements regarding quality problems of non-financial reporting. UE and non-UE respondents have the same response profile regarding comparability and alignment with taxonomy regulation issues. In contrast, SMEs and non-SMEs have a similar level of agreement on the reliability issue of non-financial reporting.

Within the EU respondents, we also compared the responses to questions about the quality of non-financial information between France and Germany. French respondents agreed more than German respondents that the limited reliability of non-financial information reported by companies under the NFRD is a significant problem, and that the legal provisions on non-financial reporting should define environmental matters based on the objectives of the Taxonomy Regulation. In contrast, no statistically significant differences were observed for questions related to comparability, relevance, intangibles and the financial sector.

Regarding assurance of non-financial information (Table 12), the main differences are found between business and non-business respondents and between preparers and users. Basically, non-business respondents and users require more assurance on non-financial information than business respondents and preparers, respectively. There are no significant differences in responses between EU and non-EU respondents, except for the question on the type of mandatory assurance, where non-EU respondents prefer reasonable assurance. In contrast, EU respondents are more oriented towards limited assurance. Considering the size, the proportion of non-SME respondents who agree that the assurance provider should be required to identify and publish the key engagement risks is significantly greater than that of SME respondents.

Focusing on scope (Table 13), non-business respondents agree more than business, and users more than preparers, that the scope of the NFRD should be broadened to other categories of PIEs. There is a general disagreement that the scope should be expanded to all limited liability companies regardless of size. The proportion of disagreement is higher among business respondents and preparers than among non-business and users. Among business respondents, companies agree more than business associations that the scope of

Table 11. Level of agreement between respondents on questions regarding the quality of non-financial information

Quality		German vs. French respondents						Type		Entity	
		Country		Size		Preparer	User	Non-business	Business		
		Non-EU	EU	German	French	Non-SME	SME				
Comparability	Disagree	8.2	11.2	22.2	4.3	8.7	24.3	42.4	1.1	2.9	18.0
	Agree	91.8	88.8	77.8	95.7	91.3	75.7	57.6	98.9	97.1	82.0
	Chi-square (p-value)	0.458 (0.498)		3.468 (0.063)		11.805 (0.001**)		41.687 (0.000****)		16.493 (0.000****)	
Reliability	Disagree	8.8	22.0	39.5	11.5	20.0	31.0	63.3	3.5	3.8	34.1
	Agree	91.2	78.0	60.5	88.5	80.0	69.0	36.7	96.5	96.2	65.9
	Chi-square (p-value)	5.051 (0.025*)		5.960 (0.015*)		3.584 (0.058)		62.674 (0.000****)		40.096 (0.000****)	
Relevance	Disagree	8.3	22.5	39.5	20.0	16.8	32.9	59.0	1.2	5.6	32.3
	Agree	91.7	77.5	60.5	80.0	83.2	67.1	41.0	98.8	94.4	67.7
	Chi-square (p-value)	5.936 (0.015*)		2.256 (0.133)		7.987 (0.005**)		62.172 (0.000****)		28.786 (0.000****)	
Intangibles	No	15.3	37.7	50.0	30.4	32.1	46.2	65.3	10.8	13.0	46.7
	Yes	84.7	62.3	50.0	69.6	67.9	53.8	34.7	89.2	87.0	53.3
	Chi-square (p-value)	10.431 (0.001****)		2.105 (0.147)		4.715 (0.030*)		42.503 (0.000****)		32.483 (0.000****)	
Financial sector	Low extent	85.1	70.7	60.5	79.3	73.9	59.8	35.8	91.8	90.1	60.9
	Great extent	14.9	29.3	39.5	20.7	26.1	40.2	64.2	8.2	9.9	39.1
	Chi-square (p-value)	5.566 (0.018*)		2.697 (0.101)		5.648 (0.017*)		53.122 (0.000****)		32.002 (0.000****)	
Taxonomy	No	25.0	16.8	28.2	3.4	17.1	32.9	44.3	3.6	10.3	25.0
	Yes	75.0	83.2	71.8	96.6	82.9	67.1	55.7	96.4	89.7	75.0
	Chi-square (p-value)	2.104 (0.147)		7.014 (0.008**)		8.683 (0.003**)		36.343 (0.000****)		10.065 (0.002**)	

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level
Source(s): Authors' own work

Table 12. Level of agreement between respondents on questions regarding assurance of non-financial information

Assurance		Country		Size		Type			Entity	
		Non-EU	EU	Non-SME	SME	Preparer	User	Non-business	Business	
Difference	Low extent	73.9	61.7	65.4	55.3	33.3	85.6	82.5	48.8	
	Great extent	26.1	38.3	34.6	44.7	66.7	14.4	17.5	51.2	
	Chi-square (p-value)	3.506 (0.061)		2.695 (0.101)		47.267 (0.000***)		38.106 (0.000***)		
Mandatory assurance	No	12.1	21.4	20.5	32.5	55.3	4.6	5.0	31.9	
	Yes	87.9	78.6	79.5	67.5	44.7	95.4	95.0	68.1	
	Chi-square (p-value)	2.822 (0.093)		4.807 (0.028*)		51.404 (0.000***)		34.580 (0.000***)		
Assurance type	Limited	36.1	57.1	51.5	58.0	76.6	24.3	33.6	66.2	
	Reasonable	63.9	42.9	48.5	42.0	23.4	75.7	66.4	33.8	
	Chi-square (p-value)	8.383 (0.004**)		0.986 (0.321)		40.222 (0.000***)		28.461 (0.000***)		
Assurance materiality	No	12.5	22.0	19.2	32.5	40.0	16.7	11.0	26.8	
	Yes	87.5	78.0	80.8	67.5	60.0	83.3	89.0	73.2	
	Chi-square (p-value)	2.839 (0.092)		6.057 (0.014*)		10.302 (0.001**)		11.204 (0.001**)		
Key risks	No	24.6	24.9	21.9	41.0	48.5	1.3	8.7	38.9	
	Yes	75.4	75.1	78.1	59.0	51.5	98.7	91.3	61.1	
	Chi-square (p-value)	0.002 (0.963)		10.224 (0.001**)		44.058 (0.000***)		32.761 (0.000***)		
Assurance standard	No	7.0	8.2	7.5	17.7	22.5	2.7	1.6	13.4	
	Yes	93.0	91.8	92.5	82.3	77.5	97.3	98.4	86.6	
	Chi-square (p-value)	0.089 (0.765)		6.428 (0.011*)		13.108 (0.000***)		13.120 (0.000***)		
Reporting standard	No	42.2	48.5	44.6	47.3	55.7	27.8	40.0	52.8	
	Yes	57.8	51.5	55.4	52.7	44.3	72.2	60.0	47.2	
	Chi-square (p-value)	0.770 (0.380)		0.162 (0.688)		11.406 (0.001**)		4.290 (0.038*)		

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level
Source(s): Authors' own work

Table 13. Level of agreement between respondents on questions regarding the scope of non-financial information

Scope		Country			German vs. French respondents			Size		Type		Entity		Business associations vs. companies	
		Non-EU	EU	German	French	Non-SME	SME	Preparer	User	Non-business	Business	Business associations	Companies		
Listed	Disagree	11.5	20.1	22.9	12.0	10.2	39.3	6.1	8.4	27.6	42.9	14.1			
	Agree	88.5	79.9	77.1	88.0	89.8	60.7	93.9	91.6	72.4	57.1	85.9			
	Chi-square (p-value)	2.354 (0.125)	1.148 (0.284)	32.285 (0.000***)	23.290 (0.000***)	16.489 (0.000***)	13.826 (0.000***)								
Large PIE	Disagree	15.0	16.9	23.5	8.7	10.6	32.7	4.8	7.7	25.6	38.2	15.7			
	Agree	85.0	83.1	76.5	91.3	89.4	67.3	95.2	92.3	74.4	61.8	84.3			
	Chi-square (p-value)	0.123 (0.725)	2.087 (0.149)	28.199 (0.000***)	19.226 (0.000***)	14.854 (0.000***)	8.163 (0.004**)								
All PIE	Disagree	25.0	37.7	50.0	43.5	27.3	51.8	17.3	21.5	49.1	67.9	32.8			
	Agree	75.0	62.3	50.0	56.5	72.7	44.4	82.7	78.5	50.9	32.1	67.2			
	Chi-square (p-value)	2.877 (0.090)	0.216 (0.642)	17.630 (0.000***)	17.471 (0.000***)	19.732 (0.000***)	14.010 (0.000***)								
Large non-listed	Disagree	8.9	12.0	17.9	0.0	8.6	29.1	2.4	4.4	18.4	32.2	7.8			
	Agree	91.1	88.0	82.1	100.0	91.4	70.9	97.6	95.6	81.6	67.8	92.2			
	Chi-square (p-value)	0.426 (0.514)	5.993 (0.014*)	19.260 (0.000***)	20.851 (0.000***)	13.143 (0.000***)	13.268 (0.000***)								
Exemption	Disagree	42.9	62.7	61.8	69.2	55.5	72.8	27.5	30.9	80.4	88.6	72.6			
	Agree	57.1	37.3	38.2	30.8	44.5	27.2	72.5	69.1	19.6	11.4	27.4			
	Chi-square (p-value)	6.455 (0.011*)	0.361 (0.548)	7.078 (0.008**)	41.539 (0.000***)	62.954 (0.000***)	5.787 (0.016*)								
Listed EU	Disagree	5.2	9.3	17.6	0.0	7.0	19.5	2.3	2.3	14.4	25.0	6.3			
	Agree	94.8	90.7	82.4	100.0	93.0	80.5	70.2	97.7	85.6	75.0	93.7			
	Chi-square (p-value)	1.027 (0.311)	5.656 (0.017*)	9.333 (0.002**)	22.781 (0.000***)	12.925 (0.000***)	9.650 (0.002**)								

(continued)

Table 13. Continued

Scope	Country			German vs. French respondents			Size			Type		Entity		Business associations vs. companies	
	Non-EU		EU	German	French	Non-French	Non-SME	SME	Preparer	User	Non-business	Business	Business associations	Companies	
Listed outside EU	Disagree	8.6	9.3	14.3	0.0	6.1	18.2	22.4	2.3	4.6	13.5	21.7	7.4		
	Agree	91.4	90.7	85.7	100.0	93.9	81.8	77.6	97.7	95.4	86.5	78.3	92.6		
	Chi-square (p-value)	0.029 (0.865)		4.643 (0.031*)		9.330 (0.002***)		14.979 (0.000****)		6.437 (0.011*)		6.011 (0.014*)			
LLC	Disagree	66.7	76.8	86.7	94.1	69.2	82.7	81.0	60.9	61.1	86.4	95.2	77.4		
	Agree	33.3	23.2	13.3	5.9	30.8	17.3	19.0	39.1	38.9	13.6	4.8	22.6		
	Chi-square (p-value)	2.052 (0.152)		0.634 (0.426)		4.758 (0.029*)		5.908 (0.015*)		19.595 (0.000****)		8.444 (0.004**)			
Authority	Disagree	13.7	36.9	54.3	50.0	27.7	35.1	44.1	9.3	22.8	41.3	53.2	29.7		
	Agree	86.3	63.1	45.7	50.0	72.3	64.9	55.9	90.7	77.2	58.7	46.8	70.3		
	Chi-square (p-value)	9.961 (0.002**)		0.094 (0.759)		1.359 (0.244)		21.464 (0.000****)		9.775 (0.002**)		7.199 (0.007**)			
Banks	Disagree	56.1	41.1	39.1	31.6	47.3	50.9	55.6	43.6	40.8	48.3	53.1	45.6		
	Agree	43.9	58.9	60.9	68.4	52.7	49.1	44.4	56.4	59.2	51.7	46.9	54.4		
	Chi-square (p-value)	2.918 (0.088)		0.258 (0.611)		0.197 (0.657)		1.032 (0.310)		1.062 (0.303)		0.463 (0.496)			
Insurers	Disagree	15.0	16.9	23.5	8.7	10.6	39.0	32.7	4.8	7.7	25.6	38.2	15.7		
	Agree	85.0	83.1	76.5	91.3	89.4	61.0	67.3	95.2	92.3	74.4	61.8	84.3		
	Chi-square (p-value)	0.123 (0.725)		2.087 (0.149)		28.199 (0.000****)		19.226 (0.000****)		14.854 (0.000****)		8.163 (0.004**)			

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level

Source(s): Authors' own work

non-financial reporting should be expanded regarding all aspects considered in the consultation, except for the question regarding banks.

It is noteworthy that both EU and non-EU respondents share a common perspective on the broadening of the non-financial information scope. However, there are distinct areas where their opinions diverge. For instance, non-EU respondents are more in favour of a specific competent authority overseeing non-listed companies that are mandated to disclose non-financial information. On the other hand, a larger proportion of EU respondents support the removal of the exemption for subsidiaries of a parent company, provided the NFRD is extended to non-PIEs.

Table 13 also presents a comparison between French and German respondents, showing that French respondents are more likely than German respondents to support expanding the Directive scope to include large non-listed companies, large companies established in the EU but listed outside the EU and large companies not established in the EU but listed in EU-regulated markets. Moreover, Table 13 shows that a larger proportion of non-SME respondents than SMEs agree that the NFRD scope should be expanded to all EU companies listed in regulated markets independently of their size, all PIEs, all large non-listed companies, large companies not established in the EU but listed in EU regulated markets and large companies established in the EU but listed outside the EU. Also, non-SMEs consider that threshold criteria for determining which insurance undertakings must comply with the NFRD provisions should differ from those used by non-financial companies.

Finally, with reference to burden (Table 14), non-business respondents and users agree more than business and preparers, respectively, that companies under the NFRD face uncertainty and complexity when deciding what non-financial information to report and how and where to report such information. No differences are detected between respondent categories under country and size variables.

7. Discussion

Results confirm *H1a* (supported by 6 out of 6 significant variables in Table 4): EU respondents participate more actively than non-EU respondents in the public consultation leading up to the CSRD. Respondents from European countries are three times more numerous than the other respondents but also communicate much more on the topics investigated here. Indeed, they are directly influenced by the CSRD (2022) and are consequently very interested in voicing their opinions in the revision of the NFRD (2014). Our results confirm previous literature about the increased participation of those affected by a specific normative proposal (Larson and Herz, 2013). Furthermore, EU respondents perceived greater benefits in participating in consultation because the risk of non-compliance increases the perceived benefits of lobbying and provides an incentive to strive for approval of the preferred proposal as a result of lobbying (Sutton, 1984). They are also more legitimised to be heard due to lobbying, as their participation is seen as a critical component for the legitimacy of EU regulatory bodies (Suchman, 1995). In the comparison between French and German respondents, we find that stakeholders from France participate more actively than those from Germany (Table 5). This result is consistent with Kulik and Dobler (2023) and may be explained with greater familiarity and interest in sustainability reporting because of the French mandate to disclose ESG information even before the NFRD.

Results confirm *H1b* (supported by 5 out of 5 significant variables in Table 6): non-SMEs participate more intensively than SMEs in the public consultation leading up to the CSRD. Non-SMEs are more numerous than the other respondents (in terms of formal participation as examined by previous studies) but also communicate much more on the topics investigated here. In particular, the variable *disclosure*, which represents the total volume

Table 14. Level of agreement between respondents on questions regarding the administrative burden for companies

Burden	Country		Size		Type		Entity		Business associations vs. companies		
	Non-EU	EU	Non-SME	SME	Preparer	User	Non-business	Business	Business associations	Companies	
Complexity	Disagree	14.0	25.8	25.5	23.5	44.7	10.0	13.9	32.7	38.1	28.8
	Agree	86.0	74.2	74.5	76.5	55.3	90.0	86.1	67.3	61.9	71.2
	Chi-square (<i>p</i> -value)	2.654 (0.103)		0.078 (0.780)		16.802 (0.000***)		10.010 (0.002**)			0.961 (0.327)
Pressure	Disagree	7.7	8.4	8.2	6.2	7.5	9.1	13.0	4.5	5.3	3.9
	Agree	92.3	91.6	91.8	93.8	92.5	90.9	87.0	95.5	94.7	86.8
	Chi-square (<i>p</i> -value)	0.029 (0.866)		0.272 (0.602)		0.116 (0.733)		5.679 (0.017*)			0.143 (0.705)
Difficulty	Disagree	14.7	12.5	15.0	11.8	16.7	17.1	15.4	11.0	14.6	8.5
	Agree	85.3	87.5	85.0	88.2	83.3	82.9	84.6	89.0	85.4	91.5
	Chi-square (<i>p</i> -value)	0.119 (0.730)		0.325 (0.568)		0.003 (0.959)		0.749 (0.387)			0.937 (0.333)

Note(s): *Significant at the 0.05 level; **Significant at the 0.01 level; ***Significant at the 0.001 level
Source(s): Authors' own work

(i.e. the sum of the volumes in the other nine categories), is significant. Our results confirm that larger firms are more heavily involved in lobbying than smaller firms for several reasons. First, large entities are more likely to have the resources (in terms of time and expertise) to contribute to the public consultation on the revision of the NFRD. Second, they are more interested in shaping the future of corporate sustainability reporting because most are already involved in this kind of reporting, either directly or indirectly. At the same time, SMEs do not yet consider this issue a priority. Third, according to political cost theory (Watts and Zimmerman, 1978), larger organisations may be more incentivised to take lobbying action, as they attract more public attention than smaller ones. In other words, large organisations have a great demand for legitimacy, and they cannot afford to stay out of the development process of CSRD. This applies to large business respondents (like a big corporation) and large non-business organisations (like the United Nations). Finally, large entities may expect to have more power in influencing the outcome of the standard-setting process, while the SMEs may feel they do not have enough strength (at least individually) to be heard by the EU and thus have less incentive to lobby (Ang *et al.*, 2000; Georgiou, 2005; Giner and Arce, 2012; Jorissen *et al.*, 2012; Jupe, 2000; Larson, 1997).

Results partially confirm *H1c* (supported by 3 out of 4 significant variables in Table 7): users participate more actively than preparers in the public consultation leading up to the CSRD. With regard to assurance, preparers are concerned that the costs (particularly of reasonable assurance) are greater than the benefits that could be derived from it. In other topics, such as standardisation, they have no different opinion because it is a relevant topic for both categories of respondents considered here. However, the influence of different stakeholder groups on the CSRD, reflecting their interests and motivations, is a point of engagement. Users lobby more strongly than preparers in the development of the CSRD with regard to *sustainability, quality and scope*. This appears to be in opposition to previous financial accounting literature suggesting that, generally, preparers participate more than users (Sutton, 1984). However, our results are in line with studies stating that users are likely to pay more attention to standards which influence the level of corporate disclosure and participate more in the due process of standard setting when disclosure-related issues are at stake (Durocher *et al.*, 2007; Mian and Smith, 1990; Seamann, 1999; Van Lent, 1997; Weetman *et al.*, 1996). Moreover, it is likely that the topic of sustainability reporting may solicit responses from a broader set of potential users than in the context of traditional financial reporting. Indeed, in our sample, the category of users is not only made up of investors, because it also includes, for example, non-profits organisations. This breadth of the user category is a distinctive element of sustainability reporting.

Results partially confirm the *H1d* (supported by 2 out of 3 significant variables in Table 8): non-business entities participate more actively than business entities in the public consultation leading up to the CSRD. Non-business entities, which also include regulators and academics, play a significant role in the development of the CSRD, lobbying more strongly than business entities, particularly on the quality of non-financial information. This result is consistent with previous research studies highlighting non-business organisations' role in influencing the EU regulatory process of non-financial reporting, which noted that non-business organisations demand more reliable and transparent corporate information (Monciardini, 2016). Indeed, the development of the CSRD is a topic that attracts more attention from non-profit and NGOs because they act for the public interest and not merely for economic motivations. Likewise, regulators and academics are more likely to participate in the development of the CSRD than business entities because they have an interest in sound regulation *per se*. Furthermore, they may have high expectations of affecting EU decisions because of their objectivity and credibility. Finally, they have the necessary expertise to analyse the proposal under

consultation and perform research upon which to base a response (Stenka and Taylor, 2010). Further, within business entities, business associations responded more extensively than companies to different thematic sections issues, namely location, scope and burden (Table 9). This aligns with previous research suggesting that business associations participate more actively than companies in public consultations in general and play a key role in EU lobbying in particular (Sutton, 1984; Pirveli et al., 2024).

Considering the level of agreement expressed by respondents, findings confirm *H2a* only for the quality of non-financial information, where non-EU respondents agree more with the need to revise the NFRD than EU respondents. For the other thematic sections investigated here, EU and non-EU respondents do not have substantially different views and both categories of respondents express a general agreement with the changes proposed during the public consultation. However, as expected, French respondents are more likely to express a favourable opinion towards changes to the NFRD than German respondents regarding some questions on non-financial information quality and the scope of the Directive.

Our findings confirm the *H2b*, except for questions regarding the administrative burden for companies. Indeed, we find that non-SMEs have a higher level of agreement with the changes leading to the CSRD than SMEs, supporting the academic literature that highlights a significantly positive association between organisation size and the quantity or quality of sustainability reporting (among others Hahn and Kühnen, 2013). More specifically, our results show that large organisations are more likely to take a favourable position towards a new regulation that aims to provide more and better sustainability information, impose stronger assurance requirements and broaden the personal scope of the CSRD. There are two possible explanations for these findings. First, sustainability reporting is relatively less costly for larger entities because they have more resources (Wickert et al., 2016). Second, large organisations operate under greater public scrutiny which induces them to engage in more sustainability reporting (e.g. Cormier and Magnan, 2003; Thorne et al., 2014).

Results fully confirm the *H2c* in all thematic sections, showing that users have a higher level of agreement with the CSRD than preparers. Indeed, users and preparers have significantly different views on all questions analysed except only 3 out of 27. Notably, users consider the lack of comparability, reliability and relevance of non-financial information that companies currently report under the NFRD as critical issues, while preparers do not consider these three issues as significant problems. Users also agree strongly with the requirement to disclose additional non-financial information regarding intangible assets or related factors, such as intellectual property, software, customer retention and human capital. At the same time, preparers are not favourable to this additional disclosure (89.2% vs 34.7% of agreement).

Moreover, users agree strongly with the proposal to impose mandatory assurance for sustainability reporting (95.4% of users vs 44.7% of preparers) and reasonable assurance, while preparers prefer limited assurance. These findings provide evidence that preparers perceive a negative trade-off between costs and benefits because they have to bear higher direct and indirect costs in the form of proprietary costs (Breuer et al., 2020), while the benefits are only potential such as lower cost of capital (Dhaliwal et al., 2011; El Ghouli et al., 2011; Plumlee et al., 2015) and more efficient corporate investments (Pástor et al., 2021). By contrast, users are the primary group that benefits from more and better sustainability reporting, as it mitigates information asymmetries between the firm and its stakeholders with several positive consequences. Furthermore, users could benefit from cost savings because additional and more detailed sustainability disclosures should make it easier for all stakeholders to find, process and compare information (Becchetti et al., 2013; Hope et al., 2016).

Our results also confirm *H2d*, according to which non-business entities are more likely to have a higher level of agreement than business entities. Non-business entities have a more favourable position towards the changes proposed in the consultation than business entities in all thematic sections, with significantly different views on all questions analysed, except only 2 out of 27. These findings are consistent with the previous literature according to which non-business entities are important actors in shaping the EU regulatory process of non-financial reporting (De Schutter, 2008; Fairbrass, 2011; Kinderman, 2013; Monciardini, 2016; Ungericht and Hirt, 2010). This is also consistent with the double materiality principle, which is one of the milestones of the CSRD. According to this principle, companies have to disclose how sustainability issues affect them and how their activities affect society and the environment. This broader approach to sustainability reporting expands the scope and target audience of reporting. It provides information that is material to a multiple set of stakeholders, including those that do not have direct financial claims in the company, such as NGOs, consumers, labour unions or local communities. By contrast, the single financial materiality principle is a narrower approach that aims to give investors what they want and focuses on investors' information needs. As in financial reporting, the information is material if ESG issues could have financial consequences for the firm (Baumuller and Sopp, 2022; Christensen *et al.*, 2021). Further, within business entities, companies, compared to business associations, are more in favour of expanding the scope of the Directive, which is in line with the assumption made in section 4.2 based on prior results (Pirveli *et al.*, 2024), while they show similar views on questions related to the administrative burden.

Finally, it is worth noting that our main findings are consistent with the impact assessment of the CSRD proposal (2021), which is a significant source for assessing the effect of the public consultation examined in this paper. In particular, the impact assessment focused mainly on three issues (standardization, assurance and scope), considering different policy options. The preferred policy option consists of:

- requiring all companies within the scope of the Directive to report in accordance with EU standards, that is effective in meeting users' needs by improving the quality of sustainability information;
- requiring all such companies to seek limited assurance for sustainability information, with the possibility to move to reasonable assurance in the medium term, that is less expensive for preparers;
- expanding the scope of the NFRD to all large non-listed companies and most listed companies that permit to meet users' needs and, at the same time, business associations needs to exclude SMEs from mandatory non-financial reporting.

Furthermore, the stakeholder views from the public consultation have influenced the impact assessment in terms of trade-offs between costs and benefits in the COVID-19 context. The pandemic heightened the need for better sustainability reporting while also underscoring the importance of minimising administrative burdens. This influenced the assessment of trade-offs, including the costs of inaction, assurance requirements and scope considerations, to ensure that reporting focuses on companies providing the most valuable sustainability information.

In addition, it is worth underlining that since the public consultation in 2020, as highlighted in the normative background, concerns have been growing among companies and business associations regarding disclosure overload and administrative burden. Indeed, the European Commission has recently organised some outreach events to gather the views of stakeholders regarding the application of the sustainability reporting requirements in the

CSRD and the ESRS (see Accompanying the documents – COM(2025) 80 – COM(2025) 81 – Commission Staff Working Document – Proposal for a Directive of the European Parliament and of the Council amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760). In particular, many businesses and industry associations have suggested that the Commission revise the CSRD to reduce the scope to only very large undertakings, also limiting trickle-down effects on SMEs in the value chain. Many business representatives stated that some of the sustainability disclosure requirements in the ESRS are overly complex or redundant and called for a revision of the ESRS to reduce the number and complexity of the disclosure requirements. They also noted that the external assurance of sustainability data is costly and complex due to underdeveloped market skills compared to financial audits. Finally, many companies and business associations suggested pausing the application of the reporting requirements under the CSRD to focus on simplification.

In response to these concerns, the European Commission published the abovementioned “Simplification Omnibus” that has the objective to bring several changes to the CSRD, making it more proportionate and easier to implement by companies. As detailed within the “normative background” section, the sole formally approved component of the “Simplification Omnibus” thus far pertains to the postponement of reporting requirements by two years, as stipulated by the “Stop-the-clock” directive. However, other substantial modifications proposed for the current CSRD, which are still under discussion, pertain to three primary issues correlated with the findings of the present paper. First, a key proposed change is the revision of the ESRS, explicitly aimed at substantially reducing the number of data points. It is noteworthy that at the time of the 2020 public consultation, respondents lacked awareness of the detailed analytical content of the ESRS. Had such knowledge been available, their positions might have potentially shifted, leading to the expression of less supportive opinions. Second, regarding the scope of reporting companies (as summarised in [Table 13](#)), our analysis indicates a greater consensus among non-business respondents and users than among business respondents and preparers for a broadened scope of the NFRD. Conversely, the proportion of disagreement is notably higher among the business respondents and preparers. This particular finding of our study may offer an explanation for the proposed reduction in the CSRD’s reporting scope by the “Simplification Omnibus”, limiting its applicability to large undertakings with over 1,000 employees, a change that would reduce the number of in-scope companies by approximately 80%. Third, the “Simplification Omnibus” seeks to abrogate the normative option for a future advancement from limited to reasonable assurance requirements. This proposition aligns with the results of our study, which reveal that preparers, on average, provided more input than users on assurance issues within the examined consultation ([Table 7](#)). Specifically, while users generally require a higher level of assurance on non-financial information than preparers ([Table 12](#)), the latter demonstrated a greater inclination towards limited assurance.

Therefore, the outcomes of the stakeholder public consultation examined in this study clearly prefigure the most significant issues currently under discussion within the “Simplification Omnibus” proposals. These outcomes further suggest that they may be interpreted as a reaction from stakeholders (particularly business respondents and preparers) to the perceived extent and detail of the ESRS’s disclosure requirements.

8. Concluding remarks, limitations and future research avenues

This study focused on the public consultation the EU Commission launched in the first half of 2020 to collect stakeholders’ views regarding possible revisions to the Non-Financial Reporting Directive (NFRD, 2014) provisions. The revisions that were implemented led to the CSRD (2022). The contributions to the consultation, expressed through comment letters

sent by organisations and citizens, have been analysed in the light of the rational choice model of lobbying (Sutton, 1984) and formulated different research hypotheses involving the characteristics and the positions of the lobbying parties.

The quantitative results from our content analysis conducted on the comment letters suggest that stakeholders from EU countries participated more actively in the public consultation than non-EU respondents but without voicing conflicting opinions. They all expressed a general consensus. Thus, lobbying by EU respondents did not represent a hurdle but rather a legitimisation for the development of the CSRD. However, within the EU area, there were differences in the level of participation and agreement. Notably, French stakeholders were more engaged and supportive than German ones, consistent with the different positions of these two countries found in the literature (Kinderman, 2020). In this regard, it is worth noting that, at the moment we are writing, France has already transposed the CSRD, while Germany has not yet done so.

Additionally, large organisations were more active in lobbying than SMEs, supporting the key proposals in the public consultation. In particular, large organisations expressed agreement with broadening the scope of sustainability reporting to all large companies and to listed SMEs, which is an important innovation introduced by the CSRD (2022).

Users wrote more pertinent information in the comment letters than preparers in the thematic sections “quality” and “scope”, providing support for improving the comparability, reliability and relevance of sustainability information on one side and broadening the scope of sustainability reporting on the other side. In contrast, preparers demonstrated more interest than users in the thematic section “assurance”, voicing opinions that were reluctant to change. Indeed, preparers have expressed opposition to the introduction of mandatory assurance for sustainability information and, in the case of mandatory assurance, preparers supported the limited assurance that is less costly, while users preferred reasonable assurance that should make information more reliable. On this point, it is worth reminding that the CSRD envisages limited assurance, at least in the first years of application, demonstrating that the EU also listened to the needs of preparers.

Finally, non-business entities were more active in the thematic section “quality”, supporting the public consultation on the regulatory changes towards a higher quality of sustainability information. On the contrary, business entities demonstrated more interest in the thematic section “burden”, voicing opinions mainly for the maintenance of the status quo to avoid an increase in reporting and administrative costs. Overall, our analysis shows that non-business entities have a more favourable position towards the changes proposed in the public consultation than business entities, but we do not find clear evidence of a real imbalance between these two categories in terms of active participation. Moreover, our comparison between business associations and companies points out different behaviours both regarding the issues they discussed and the level of agreement or disagreement. In particular, business associations participated more actively than companies in some topics, showing less supportive positions towards the regulatory changes proposed, especially in the case of broadening the scope of sustainability reporting to SMEs.

This study’s findings have various implications for policymakers, standard setters and stakeholders engaged in developing sustainability reporting regulations.

First, the high participation of EU stakeholders directly impacted by the Directive highlights how regulatory exposure drives engagement in consultations. Policymakers should recognise the importance of inclusive, representative processes for regulatory legitimacy and the need to ensure that less influential voices are not overlooked.

The results also reveal an asymmetry in the consultation participation between large companies and SMEs. Larger firms, endowed with more resources and often subject to

greater public scrutiny, tend to participate more intensively in consultations. Their higher agreement with the CSRD's objectives may suggest that sustainability reporting is already integrated into their corporate practices or perceived as beneficial in reputational or financial terms. Conversely, SMEs are less active and more sceptical, likely because of the perceived cost burden. This raises important considerations for the principle of proportionality in regulation (European Commission, 2021), implying that any extension of reporting requirements should be accompanied by targeted support or differentiated obligations to avoid exacerbating compliance disparities. The European legislature seemingly acknowledges this concern, as evidenced by the enactment of Directive (EU) 2025/794 on April 14, 2025, referred to as the "Stop-the-clock" Directive. This directive has deferred the commencement of the regulatory framework mandated by the CSRD (2022) for entities not previously required to issue non-financial statements under the NFRD (2014). The rationale behind this postponement is to afford businesses a more extensive period for preparing and implementing the demanding requirements, consequently mitigating administrative overheads. Furthermore, this measure facilitates ongoing negotiations within the EU to introduce more significant amendments and simplifications to the foundational directives.

A further implication arises from the finding that sustainability information users support the CSRD more than preparers. Contrary to what has been observed in financial reporting, where preparers have historically been more active in lobbying (e.g. Jorissen *et al.*, 2012; Reuter and Messner, 2015), this study finds that users played a relevant role in shaping the discourse around sustainability disclosures. This shift reflects the broader scope and public-interest dimension of sustainability reporting, which engages a more diverse range of actors. It also points to standard setters' necessity to consider a wider set of user needs, especially about the quality, comparability and scope of information, as user groups consistently emphasised these dimensions. As Alasuutari and Rantala (2025, p. 2) note, "involving a broad range of interests is expected to increase the quality of regulations and improve the acceptability and legitimacy of legislative policies".

Finally, the convergence between this study's findings and the policy preferences outlined in the European Commission's impact assessment suggests that formal public consultations can play a meaningful role in informing regulatory choices. Formal public consultations can offer valuable guidance for balancing competing policy objectives and enhancing regulation's overall effectiveness when properly designed and conducted.

Even though we acknowledge that the EU regulatory process is more complex than a traditional standard-setting procedure, our paper focused on the public consultation that took place in 2020 for several reasons. First, as affirmed by the relevant literature, it is more valuable to focus on the early stages of the process rather than on subsequent regulatory events. Indeed, Sutton (1984) suggests that lobbying in the early stages of the standard-setting process increases the probability that the outcome will be influenced. Second, the consultation examined in our paper played a key role in gathering initial feedback from a wide range of stakeholders (588 comment letters received during the public consultation in 2020, compared to 143 letters following the CSRD proposal in 2021). Third, the stakeholder views from this consultation contributed to shaping first the CSRD proposal in 2021, as highlighted in the impact assessment accompanying this proposal, and then the final requirements of the CSRD in 2022. While the NFRD was modified during the regulatory process making the initial requirements less stringent (Kinderman, 2020), in comparing the 2021 CSRD proposal with its final version, we observe that there are no substantial changes, with the exception of the phase-in approach for its implementation.

While the main body of knowledge derived from lobbying studies relates to financial reporting issues, this is one of the first studies concentrating on non-financial reporting.

Further, the study does not focus only on formal participation in the consultation, looking at the characteristics of entities sending the comment letters, but also investigates the letters' content and the open-ended comments to assess the extent to which the entities lobbied. Indeed, differently from the study of [Kulik and Dobler \(2023\)](#) that focuses only on the stakeholder participation in the International Sustainability Standards Board's (ISSB's) standard-setting and the study of [Pirveli et al. \(2024\)](#) that examines how the characteristics of lobbyists affect the nature of the feedback submitted to the European Commission regarding the CSRD, our paper investigates both the level of involvement of all major stakeholder groups and their level of support (or opposition) through the submission of comment letters in the public consultation leading up to the CSRD. In addition, unlike most lobbying studies regarding corporate reporting, we categorised participants in the consultation based on their responses to a standardised set of organisational characteristics questions included in the consultation. This approach ensures that the categorisation is based on self-reported data rather than external interpretation.

This study is not free of limitations. First, our paper focuses on comment letters as a visible and transparent form of lobbying, but it would certainly be worth examining more informal lobbying methods as well. We acknowledge that our analysis of the regulatory process does not encompass the entire spectrum of activities involved. While public comment letters are a visible aspect, a significant portion of lobbying likely occurs through less transparent channels. For instance, informal discussions between lobbyists and policymakers are common, but our study does not directly address these interactions. Considering the complexity and duration of the lobbying process, where public consultations represent only one facet, the influence of these less transparent lobbying methods on our hypotheses might require further examination. Second, the analysis of the comment letters did not consider non-English responses, which represent 28% of the total responses. Third, our analysis excluded comment letters where specific answers were missing or marked as "Don't know/No opinion/Not relevant", and it used a binary classification approach for categorical variables. While this approach enhances analytical clarity, it may not fully capture respondents with overlapping or ambiguous characteristics (e.g. those identifying as both users and preparers). Moreover, we did not investigate the argumentative strategies used in the comment letters to persuade the EU regulator.

Our findings can be used as a starting point for future research in the lobbying process on sustainability reporting. One possible idea is examining the comment letters sent for public consultation related to the setting of ESRS issued by EFRAG, and the stakeholders' views collected by the European Commission regarding the application of the sustainability reporting requirements in the CSRD and the ESRS. Such a study may provide the opportunity to assess whether the key stakeholders supporting the CSRD confirmed or changed their position, enhancing our understanding of the actors that led to the recent regulatory changes such as the "Simplification Omnibus". Another avenue of further research could be comparing the lobbying behaviour in the standard setting of ESRS and IFRS Sustainability Disclosure Standards developed by the ISSB. Considering the different underpinning concepts of ESRS and IFRS Sustainability Disclosure Standards (double materiality vs financial materiality), it could be interesting to investigate the role of preparers and users, with the latter divided into investors and non-profit organisations.

Notes

- [1.] The public database, including the comment letters, is available online (https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting/corporate-sustainability-reporting_en) and was downloaded on 4 June 2021.

- [2.] The Summary Report of the Public Consultation on the Review of the Non-Financial Reporting Directive (20 February 2020–11 June 2020) is available online at https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12129-Revision-of-Non-Financial-Reporting-Directive/public-consultation_it and was downloaded on 4 June 2021.

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Table A1. 45 keywords identified in the analysis of the 45 questions (divided into eight thematic sections in both the public data set and the summary report made available online after the consultation closed) and adopted to examine the open-ended comments that respondents could add at the end of each thematic section

Thematic sections	Questions (Q) and keywords (marked in italics)	Number of keywords
Corporate Sustainability Reporting	<p><i>sustainab</i></p> <ul style="list-style-type: none"> Reliability, comparability and relevance of non-financial information currently reported (Q1): <i>comparab</i>, <i>reliab</i>; relevance Additional non-financial matters to report on (Q2): <i>taxonomy regulation</i>; <i>governance</i>; <i>supply chain</i>. Additional categories of non-financial information (Q3): <i>target_progress</i>; <i>scenario analysis</i>; <i>forward-looking</i>. Intangibles (Q4): <i>intangib</i> Information required by financial market participants (Q5) Interaction between different reporting requirements (Q6) Alignment with Taxonomy Regulation (Q7): see Q2 	<p><i>1 key word: sustainab</i></p> <p>Total 10 keywords:</p> <ol style="list-style-type: none"> comparab reliab relevance taxonomy regulation governance supply chain target progress scenario analysis forward-looking (and forward looking) intangib
2 Standardisation (questions 8–20):	<p><i>standardi</i></p> <ul style="list-style-type: none"> Application of common reporting standard (Q8): <i>common standard</i> Sector-specific elements in non-financial standard (Q9): <i>sector-specific</i> Sole use of existing frameworks to report non-financial information (Q10): <i>existing standard</i>; <i>GRI</i>; <i>SASB</i>; <i>IIRC</i>; <i>TCFD</i> Incorporation of existing frameworks in non-financial reporting standards (Q11): see Q10 Costs of application of frameworks or standards (Q12) Simplified standard for SMEs (Q13): <i>simplified standard</i>; <i>SMEs</i> Simplified standard as means to limit burden for SMEs (Q14): see Q13 Use of simplified standards for SMEs (Q15): see Q13 	<p>Total 13 keywords:</p> <ol style="list-style-type: none"> standardi common standard sector-specific existing standard GRI SASB IIRC TCFD simplified standard

(continued)

Table A1. Continued

Thematic sections	Questions (Q) and keywords (marked in italics)	Number of keywords
	<ul style="list-style-type: none"> • Expertise of European non-financial standard setter (Q16): <i>European standard</i> • Stakeholders involved in the developing of European non-financial standard (Q17-Q18); see Q16 • European public bodies involved in the developing of European non-financial standard (Q19): <i>ESMA, EFRAG</i> • National authorities involved in the developing of European non-financial standard (Q20); see Q16 	(10) SMEs (11) European standard (12) ESMA (13) EFRAG
3 Materiality (questions 21 – 24):	<ul style="list-style-type: none"> • <i>material</i> • Relevance of materiality definition on outside-in risks (Q21): <i>double materiality</i> • Relevance of materiality definition on inside-out risks (Q22); (see Q21) • Disclosure of materiality assessment (Q23-Q24): <i>materiality assessment</i> 	Total 3 key words (1) material (2) materiality assessment (3) double materiality
4 Assurance (questions 25 – 32):	<ul style="list-style-type: none"> • <i>audit</i> • Difference in assurance requirements for financial and non-financial information (Q25): <i>assurance requirement</i> • Legal requirements for assurance of non-financial information (Q26); see Q25 • Type of mandatory assurance (reasonable or limited) (Q27): <i>reasonable assurance; limited assurance</i> • Assurance of materiality assessment process (Q28) • Identification and publication of key risks in assurance process (Q29): <i>assurance process</i> • Common assurance standard (Q30): <i>assurance standard</i> • Assurance requirement on common non-financial reporting standard (Q31) 	Total 6 key words (1) audit (2) assurance requirement (3) reasonable assurance (4) limited assurance (5) assurance process (6) assurance standard

(continued)

Table A1. Continued

Thematic sections	Questions (Q) and keywords (marked in italics)	Number of keywords
5 Digitalisation (questions 33 – 35)	<ul style="list-style-type: none"> Costs and scope of assurance (Q32) Digitalisation of non-financial information (Q33); <i>digital; tag; single access point</i> Cost-benefit for tagging of non-financial information (Q34-Q35); see Q33 	<p><u>Total 3 key words</u></p> <p>(1) digital</p> <p>(2) tag</p> <p>(3) single access point</p>
6 Location of reported information (questions 36 – 39)	<p><i>location</i></p> <ul style="list-style-type: none"> Separate statements for non-financial reporting (Q36); see Q38 Non-financial information in management report (Q37); <i>management report</i> Non-financial information in separate reports (Q38); <i>separate report</i> Current segregation of reports (Q39) 	<p><u>Total 3 key words</u></p> <p>(1) location</p> <p>(2) management report</p> <p>(3) separate report</p>
7 Personal scope (questions 40 – 43)	<p><i>scope of the NFRD</i></p> <ul style="list-style-type: none"> Broadened scope of the NFRD to other PIEs (Q40); <i>PIE; listed compan</i> Broadened scope of the NFRD to other non-PIEs (Q41); <i>non-listed</i> Non-financial information disclosure by non-listed companies (Q42) see Q41 Personal scope of NFRD on banks and insurance undertakings (Q43); 	<p><u>Total 4 key words</u></p> <p>(1) scope of the NFRD</p> <p>(2) PIE</p> <p>(3) listed compan</p> <p>(4) non-listed</p>
8 Simplification and reduction of administrative burden for companies (questions 44 – 45)	<p><i>simplif</i></p> <ul style="list-style-type: none"> Administrative costs for companies reporting under NFRD (Q44); Burden of companies reporting non-financial information (Q45); <i>burden</i> 	<p><u>Total 2 key words</u></p> <p>(1) simplif</p> <p>(2) burden</p>

Source(s): Authors' own work