

ETHICAL DILEMMAS AND ACCOUNTABILITY

**THE CORPORATE SUSTAINABILITY REPORTING
DIRECTIVE AS LABOR AND SOCIAL RIGHTS
ACCOUNTABILITY TOOL**

Abstract

Beginning of 2023, the Corporate Sustainability Reporting Directive (CSRD) entered into force, with a purpose to strengthen the rules concerning the social and environmental accountability of large EU and non-EU (if they earn over EUR 150 million on the EU market) companies which will now be expected to report on sustainability. The EU law now requires all large companies and all listed companies (except micro-enterprises) to disclose information on what they see as the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment. The new Directive will aim to ensure that investors have access to the information they need to assess the impact of companies on people and the environment.

In terms of labor and social rights, this is the first European attempt to link social and labor rights standards to the business competitiveness and access to EU funding. As such, it is a very innovative approach, with large potential to rectify all existing discrepancies between formally acknowledged labor and social rights of workers and practical implementation of those rights in business companies.

In this paper, we will look into the main research question: whether the Corporate Sustainability Reporting Directive has potential to become the first-ever regional labor and social rights accountability tool. In research for this question, we will analyze provisions of the CSRD applicable to assess actual implementation of international fundamental labor and social rights of workers and contractors. Further, we will examine if the Directive has sufficiently elaborated mechanisms to

* Helga Špadina, PhD, Associate Professor of Law, Department of Labor Law, Social Policy and Social Work Faculty of Law Osijek, University J. J. Strossmayer Osijek, Croatia, e-mail: hspadina@pravos.hr

sanction companies which would not align their employment and labor policies to the required standards of the CSRD.

Keywords: CSRD, labor rights, social rights

I. Introduction

With the adoption of the *Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting*, (abbreviated Corporate Sustainability Reporting Directive, further: CSRD) in November 2022, the European Union started the new phase of mandatory disclosure practices for large companies through an enforcement of the environmental, labor and social rights. This brings into reality the commitment from the Action Plan of the European Pillar of Social Rights – to mainstream reporting on social issues. Corporate Sustainability Reporting Directive was adopted with a purpose to amend previously introduced term sustainability (as defined by the Directive 2013/34/EU) to cover environmental, social and human rights, and governance factors, and incorporate the definition of the term ‘sustainability factors’ laid down in Regulation (EU) 2019/2088. The new Directive replaces and builds on the Non-Financial Reporting Directive (NFRD) by introducing more detailed reporting requirements and expanding the number of companies that have to comply (<https://normative.io/insight/csr-d-explained/>).

The Corporate Sustainability Reporting Directive (CSRD) sets the standard by which nearly 50,000 EU companies (Kosi, Relard, 2024) will have to report not only on the climate, environmental and social risks they face, but also on the impact they may cause in those areas to help consumers and investors make sustainable choices. Companies meeting two of the following three conditions will have to comply with the CSRD:

- €50+ million in net turnover
- €25+ million in assets
- 250+ employees

Non-EU companies will have to comply if they that have:

- Turnover of above €150 million in the EU
- Large EU subsidiary (meeting the EU company criteria above)
- Branch in the EU with net turnover exceeding €40 million
- Securities listed on EU regulated markets

The CSRD will apply to small and medium-sized enterprises (SMEs) that are listed on European markets and meet at least two of the following three conditions:

- €8+ million in net turnover
- €4+ million assets
- 50+ employees (<https://www.csrdreadiness.com/>).

Other small and medium-sized undertakings not meeting above criteria can voluntarily report on sustainability standards.

Corporate Sustainability Reporting Directive has a goal to strengthen the rules concerning the social and environmental accountability of large EU and non-EU (if they earn over EUR 150 million on the EU market) companies which will now be expected to report on sustainability. The EU law requires all large companies and all listed companies to disclose information on the risks and opportunities arising from social and environmental issues, and on the impact of their activities on people and the environment. The new Directive will aim to ensure that investors have access to the information they need to assess the impact of companies on people and the environment.

Directive requires reporting to include information necessary for “...an understanding of the impact of the undertaking’s activities on environmental, social and employee matters, respect for human rights...” Therefore, the new Directive is a chance for the Union to streamline social and labor law standards and to link their implementation to the business competitiveness and the access to the EU funding. Sustainability reporting standards should specify the information on labor and social aspects, including employment, incomes, working conditions, social partner involvement, collective bargaining, equality, non-discrimination, diversity inclusion, human rights, forced labor and child labor in value chains (where relevant). This reporting has a significant potential to rectify all existing discrepancies between formally acknowledged labor and social rights of workers and practical implementation of those rights in business companies. Firms will have to apply it from the 2024 fiscal year and the first sustainability reports will be published in 2025. All Member States are expected to report on the implementation of the Directive by 2029.

The CSRD has the double materiality concept (Art. 1, par. 4 and 7; rec. 29) - financial materiality provides the outside-in perspective on the impact of sustainability issues on a company’s performance, position, and development, while impact materiality provides the inside-out perspective on the impact of the company on people and the environment. In this paper, we will focus exclusively on impact materiality and more closely analyze the impact of the company on people or more specifically, their workers.

We will explore if the CSRD has potential to become the first-ever regional labor and social rights accountability tool, analyzing provisions of the CSRD applicable to assess actual implementation of international fundamental labor and social rights of workers and contractors. Further, we will examine if the Directive

has sufficiently elaborated mechanisms to sanction companies which would not align their employment and labor policies to the required standards of the CSRD.

II. Theoretical Fundamentals of Corporate Disclosure Benefits

When analyzing corporate disclosure benefits, there are multiple benefits for multiple stakeholders. Firstly, benefits from the aspect of investors are better understanding of the risks and opportunities that sustainability issues pose for their investments and the impacts of those investments (Directive Preamble, p. 9). Secondly, workers, social partners, trade unions and workers' representatives would be adequately informed and able to better engage in social dialogue and hold corporations accountable for their impacts on people and the environment (Directive Preamble, p. 9). Thirdly, citizens and civil society actors can benefit from a stable, sustainable and inclusive economic system (Directive Preamble, p. 9).

We need to explore in more detail why business corporations would be interested in disclosing internal and very often confidential information. Here we agree with those authors who consider that business corporations voluntarily provide information as long as the benefits of disclosure exceed the costs (Verrecchia, 1983; Hummel, Jobst, 2024). Those benefits can be divided into four main categories as follows:

2.1. Improved risk management

Improved risk management leads to less chance of business disruptions, public campaigns and criticism, litigation, reputational harm, and harm to employee retention and recruitment (UNGPRF, 2015).

Corporate disclosure reduces information asymmetries both among investors and between managers and shareholders which decreases estimation risk and increases market liquidity and the company's investor base (Leuz & Wysocki, 2016 in Hummel, Jobst, 2024).

Finally, corporate disclosure information provides greater access to business opportunities with governments, financiers and business customers and buyers, who increasingly recognize the reduced risk to themselves when working with a company that effectively manages risks to human rights (UNGPRF, 2015).

2.2. Reputational benefits for companies

Acceptance to report on the corporate sustainability has numerous positive reputational benefits for the corporation. Clarity and transparency are perceived well from investors and shareholders because it contributes to their certainty and positively impacts corporate reputation. According to legitimacy theory, companies voluntarily provide sustainability information to gain, maintain, or repair their legitimacy (O'Donovan, 2002).

Corporate awareness and reporting obligation has a significant impact on the ability of the company to preserve corporate reputation when negative impacts occur, giving better public understanding of their overall efforts to avoid such incidents (UNGPRF, 2015). Guidelines acknowledge positive recognition of the business undertaking, including from socially responsible investors and civil society organizations, of the company's improving human rights performance and its efforts to address challenges as well as greater trust of their workers, communities and other stakeholders (UNGPRF, 2015).

2.3. Financial benefits for companies

Primary financial interest of business companies to report on corporate sustainability is to increase their access to certain funding or new investments. Thus, linking access to the EU funding with the implementation of the Corporate Sustainability Reporting Directive which is stipulated by the Art.

A comparative advantage with a growing number of stock exchanges and public and private financial institutions scrutinizing companies' non-financial performance, including with regard to human rights.

2.4. Improving competitiveness through improved working conditions

Linking reporting on conditions of work is of crucial importance for labor and social rights because conditions of work play a central role within the enterprise as proximal determinants of workers' safety, health and wellbeing (Sorensen et al, 2021). The same paper emphasizes how a supportive working environment contributes to workers' wellbeing. Further, it outlines the importance of policies, programs, and practices to improve conditions of work and protect and promote worker safety, health and wellbeing, while also contributing to positive outcomes for the enterprise (Sorensen et al, 2021).

Reporting obligations have a direct impact on staff retention, level of staff satisfaction and companies' performance in total. UN Guidelines outline that companies might have 'improved ability to recruit the next generation of young leaders' (UNGPRF, 2015).

Peters and Romi also emphasize the importance of specification of the legislative requirements, precision of reporting requirements, the magnitude of potential sanctions for non-compliance, and the likelihood of detection and enforcement (Peters & Romi, 2013).

Corporate reporting which through positive reporting hides negative actions (known as greenwashing) (Christensen et al., 2021) cannot achieve any of the intended results of the corporate reporting. Thus, corporate reporting has a purpose only if it becomes 'a tool of transparency and accountability' (Patten, 2014). In order to become such a tool, the new Directive recognizes 'the interdependence between corporate actions, the regulatory environment and sustainability goals' (Kosi, Relard, 2024). Researchers further argue that only 'clearly specified sustainability reporting mandates in combination with rigid sanctioning and enforcement can ensure the transparency and accountability of sustainability information' (Laine et al., 2022; Patten, 2014).

III. United Nations Guiding Principles Reporting Framework

The EU Corporate Sustainability Reporting Directive has roots in all internationally and regionally accepted human rights legal frameworks. In Article 29b, Directive specifies that sustainability reporting standards include, *inter alia*, respect for the human rights, fundamental freedoms, democratic principles and standards established in the International Bill of Human Rights and other core UN human rights conventions, including the UN Convention on the Rights of Persons with Disabilities, the UN Declaration on the Rights of Indigenous Peoples, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work and the fundamental conventions of the International Labor Organization, the European Convention for the protection of Human Rights and Fundamental Freedoms, the European Social Charter, and the Charter of Fundamental Rights of the European Union.

Apart from human rights foundations, CSRD is strongly linked and follows the basic principles of the Guiding Principles on Human Rights adopted by the UN Human Rights Council.

Out of seven UN Guiding Principles Reporting Framework, principles D and E are the most relevant for the respect for human rights. Principle D outlines focus on respect of human rights, while principle E deals with addressing the most severe impacts on human rights. In those two principles, the baseline expectation is that all companies ‘should avoid infringing on the human rights of others and should address adverse human rights impacts with which they are involved’ (UN Guiding Principle 11). The principles emphasize that ‘the starting point for disclosure is risk to human rights rather than risk to business, while recognizing that where impacts on human rights are most severe, they converge strongly with risk to the business as well, while companies should focus their human rights disclosure on the most severe actual and potential impacts on human rights associated with their activities and business relationships.’

The UN Guiding Principles provide examples of how business might impact internationally recognized human rights, among which the majority are linked to the labor rights of workers, contractors and suppliers. Among those, particularly important are non-involvement of companies in forced labor, debt bondage, trafficking of human beings for work and child labor. Further, companies have a duty to prohibit sexual abuse and foster a workplace free from all severe forms of harassment, including the one that causes serious mental distress (UNGPRF, 2015). Companies are also liable to protect the right to privacy through protection of the confidentiality of personal data held about employees or contract workers, customers or other individuals (UNGPRF, 2015). Employers are not allowed to require pregnancy testing as part of job applications and should not provide information about workers, contractors or suppliers to State authorities, without that individual’s permission, in response to requests that are illegal under national law and/or not in line with international human rights standards and are prohibited to withhold workers’ identification documents (UNGPRF, 2015). Large parts of the fundamental rights enlisted as the ones that companies need to comply with are linked to the prevention of discrimination. In that category, there are instances of positive and negative discrimination, such as prohibition of discrimination against women on the basis of their marital or reproductive status, or by failing to recognize the particular harm of operations or products to female workers’ reproductive health (UNGPRF, 2015).

Indirect discrimination is also prohibited, particularly in the recruitment, remuneration, promotion of workers, or by offering a training program that

enhances an individual's chance of promotion at a time that is reserved for religious observance by a particular group (UNGPRF, 2015).

Further, Guidelines recognize 'decent work' that includes the prohibition of arbitrary or unfairly dismissal and the rights to just and favorable conditions of work and to form and join trade unions, as well as hindering or failing to provide for the reasonable career advancement aspirations of workers (UNGPRF, 2015).

Guiding Principles outline that companies are obliged to address a pattern of accidents highlighting inadequate workplace health and safety, as well as pay attention that their purchasing practices do not repeatedly allow changes to the terms of product orders without any changes to price or delivery time, thus creating pressure on its suppliers, who then demand excessive overtime from their workers. Additionally, Guidelines provide that companies should not outsource its workers to employed by a third-party company to save on the work costs due to extremely low wages with no or very limited entitlements to sick pay or leave (UNGPRF, 2015).

IV. CSDR Reporting on the Labor and Social Rights

Sustainability reporting standards should specify the information that undertakings should disclose on social factors, including working conditions, social partner involvement, collective bargaining, equality, non-discrimination, diversity and inclusion, and human rights (Directive, p.49). The information that undertakings disclose about human rights should include information about forced labor and child labor in their value chains where relevant (Directive, p.49). Sustainability reporting requirements concerning forced labor should not free public authorities of their responsibility to address, through trade policy and diplomatic means, the import of goods produced as a result of human rights abuses, including forced labor (Directive, p.49). Undertakings should also be able to report on possible risks and trends regarding employment and incomes (Directive, p.49).

Sustainability reporting standards should particularly address 'equal treatment and opportunities for all, including gender equality and equal pay for work of equal value, training and skills development, the employment and inclusion of people with disabilities, measures against violence and harassment in the workplace, diversity, working conditions (including secure employment), working time, adequate wages, social dialogue, freedom of association, existence of works councils, collective bargaining, including the proportion of workers covered by collective agreements, the information, consultation and participation rights of workers, work- life balance, and health and safety' (Directive, art. 29b, 2b).

Sustainability reporting standards that address training and skills development should specify information to be reported about the proportion and breakdown of workers participating in training (Directive, Preamble, p. 49).

Sustainability reporting standards that address collective bargaining should specify information to be disclosed about the existence of works councils as well as the existence of collective agreements and the proportion of workers covered by such agreements (Directive, Preamble, p. 49).

Sustainability reporting standards that address participation of workers should specify information to be disclosed about the participation of workers in administrative and supervisory boards (Directive, Preamble, p. 49).

Sustainability reporting standards that address diversity should specify information to be reported on gender diversity at top management and the number of members of the under-represented sex on their boards (Directive, Preamble, p. 49).

The sustainability reporting shall, taking into account the subject matter of a particular sustainability reporting standard on business ethics and corporate culture, including anti-corruption and anti-bribery, the protection of whistleblowers and animal welfare (Directive, Article 29b).

V. CSRD as a Potential Labor and Social Rights Accountability Tool

In the world of labor relations, the quest for just and protected labor and social rights has been a long one and not always successful one. The International Labor Organization and its legislative work aimed at ensuring legal obligation in implementation of fundamental labor and social rights, provided a good foundation. Later on, through the work of trade unions and worker's councils, the awareness was raised that implementation of the labor and social rights needs to be inspected and Labor Inspectorates were established. Even further later in time, firstly the United Nations and most recently, the European Union, started to promote reporting on labor and social rights through links of such reporting to the access of funding or new investments.

At this moment, the Corporate Sustainability Reporting Directive has potential to become the regional labor and social rights accountability tool under several conditions.

Firstly, CSRD is not specifying responsibility holder for reporting on sustainability for undertakings in Member States. It only mentions independent assurance services provider and audit committee or a dedicated committee, with a task to review and monitor the independence of the independent assurance services provider (Art.29 d, p.c). We can assume that Member States shall hold employers' accountable for collecting and compiling CSRD reporting. For third countries' undertakings, CSRD is a bit clearer, stipulating that 'Member States shall provide that the members of the administrative, management and supervisory bodies of the subsidiary undertakings referred to in Article 40a have collective responsibility for ensuring, to the best of their knowledge and ability, that their sustainability report is drawn up in accordance with Article 40a, and that that report is published and made accessible in accordance with Article 40d.'

If labor and social rights reporting is purely the responsibility of employers and does not take into account workers, trade unions and workers' councils, we might end up with polished reporting of perfect labor and social rights. In this regard, it would be useful to employ a similar approach as it is used for the UN human rights reporting whereby firstly the country officially reports, which is then followed by so-called shadow reports drafted by the civil society, human right defenders and independent experts. Only through consideration of both reports, the Human Rights Council gets an objective picture of the level of human rights standards in a certain country. Similarly, CSRD reporting could entail legal obligation based on a sort of triangulation by which all the information received from the company would be shared with workers, workers' councils and trade unions and then compared. Final conclusions would be done by independent auditors who, according to CSRD, have to compile and analyze corporate due diligence reports.

Secondly, in order to provide meaningful report, we need to have a well-developed results matrix, containing a clear baseline (for example human rights standards, labor and social rights protected in ILO Conventions or similar baseline), labor rights indicators (international), data source (for labor rights applicable are all internal regulations, codes of conduct, decrees regulating labor rights, staff surveys, labor contracts, trade union reports, etc.) and target achievements (what should be achieved and in which period). Sustainability reports should not be only descriptive and randomly list certain rights employees enjoy without specifying all above mentioned because if we have only descriptive reports, it is clear that larger undertakings will have more to report, but it does not necessarily mean their workers enjoy larger scope of labor and social rights.

Closely linked to the previous one is so called *greenwashing* that large companies can easily employ i.e. through positive reporting hide negative actions related to real labor issues. Multinational corporations usually invest significant funding in large -scale activities related to workers and participate in many external initiatives that can easily mask real labor and social law issues. For example, if a company is requested to report on gender equality and they purely report on the number of male and female employees, without specifying proportion of female employees in managerial structures, real structural and power inequality can be masked by looking at the proportion of males and females. External auditors need to have specialized knowledge of labor and social law to be able to detect for example indirect labor discrimination or labor policies that are discriminatory towards one group of employees.

Fourthly, CSRD can become a tool of accountability for labor and social rights of workers under the presumption that corporate reporting is not only linked to the funds and investments, but it is shared with the labor inspectorates for further proceedings if certain violations of labor and social rights are reported and require sanctions against employers. CSRD does not stipulate sanctions against non-compliant employers in the area of labor and social rights and leaves to Member States sanctioning. Insufficiently elaborated mechanisms to sanction companies which are non-compliant to the full respect of labor and social rights and which do not align their employment and labor policies to the required standards of the CSRD, lead to deficient implementation mechanisms.

Finally, undertakings should report on whether the due diligence process for social rights impacts assessment, improvement and remedy of labor and social rights. Unless we get a clear direction and intended actions required to see a commitment of an undertaking to change and to improve labor and social rights (and subsequently, overall human rights') compliance, due diligence processes involving social components would remain only a formality to fulfil, with a little real impact.

Internal (in-house) access to remedies for minor labor and social rights violations is also of crucial importance. The undertaking should have a transparent and confidential system of internal resolution of breaches of labor and social rights and functional disciplinary procedure. This means that in large companies at least a two-instance appeal independent bodies are established to deal internally with all minor labor and social issues workers might have, prior to resorting to the labor tribunals for either matters that were not resolved internally or for more serious violations of labor and social rights.

VI. Conclusion

The paper was researching two research questions and the first was whether the Corporate Sustainability Reporting Directive has potential to become the first-ever regional labor and social rights accountability tool. The answer to the first question is yes under the condition that five areas which were listed in this paper are either clarified or better legislated through Member States' national implementation instruments. The first important area is specifying reporting responsibility holders and taking into the account feedback of other social partners and workers. Second important area where Directive still has legal gaps is the necessity to have a well-developed results matrix, with a clear baseline, labor rights indicators, data source and target achievements. Further, we explained why so-called greenwashing should be prevented or at least minimized and what is the added value of involving labor inspectorates. Finally, reporting should impact assessment, improvement and remedy of labor and social rights, preferably through usual in-house disciplinary procedures in place. Remedial actions should be accessible, transparent and confidential.

If all the above five areas are further clarified or introduced, we can expect the Corporate Sustainability Reporting Directive to become the first-ever regional labor and social rights accountability tool for large and medium size corporations. As so far it was difficult to really assess implementation of international fundamental labor and social rights of workers and contractors in business enterprises which would not have serious labor or social rights breach and subsequently, labor inspection, this is a good chance to link investments and EU funding to the full transparency on the labor and social rights standards.

Directive in present text does not contain sufficiently elaborated mechanisms to sanction companies which would not align their employment and labor policies to the required standards of the CSRD, but our assumption is that Member States should further legislate this area. Once the first CSRD reports are available and once Member States start to align their national laws and regulations to the CSRD, we can further assess whether sanction mechanisms are impactful and proportionate to the actual aim of the corporate social reporting.

Bibliography:

1. Agama, E. J., Zubairu, U. M. (2022). Sustainability reporting: A systematic review. *Economics, Management and Sustainability*, 7(2), 32-46. <https://jems.sciview.net/index.php/jems/article/view/167>
2. Billio, M. et al. (2021) Inside the ESG ratings: (Dis)agreement and performance, *Corp Soc Responsib Environ Manag.* 2021;28:1426–1445. <https://onlinelibrary.wiley.com/doi/full/10.1002/csr.2177>
3. Christensen, H. B., Hail, L., & Leuz, C. (2021). Mandatory CSR and sustainability reporting: Economic analysis and literature review. *Review of Accounting Studies*, 26(3), 1176–1248. <https://doi.org/10.1007/s11142-021-09609-5>
4. Feichter, P, Hitz, J. M., Lehmann, N. (2022) Real Effects of a Widespread CSR Reporting Mandate: Evidence from the European Union’s CSR Directive, *Journal of Accounting Research* Vol. 60 No. 4 September 2022, https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3725603
5. Halkos, G. Nomikos, S. (2021) Corporate social responsibility: Trends in global reporting initiative standards, *Economic Analysis and Policy* Volume 69, March 2021, pp. 106-117.
6. Hummel, K. Jobst, D. (2024) An Overview of Corporate Sustainability Reporting Legislation in the European Union, *Accounting in Europe*, 21:3, 320-355, DOI: 10.1080/17449480.2024.2312145
7. Kosi, U. Relard, P. (2024) Are firms (getting) ready for the Corporate Sustainability Reporting Directive? *Sustainability Nexus Forum* (2024) 32:5 <https://doi.org/10.1007/s00550-024-00541-1>
8. Laine, M., Tregidga, H., Unerman, J. (2022). *Sustainability accounting and accountability* (Third Edition). Taylor & Francis Group
9. Leuz, C., Wysocki, P. D. (2016). The economics of disclosure and financial reporting regulation: Evidence and suggestions for future research. *Journal of Accounting Research*, 54(2), 525–622. <https://doi.org/10.1111/1475-679X.12115>
10. Lu, J., Ren L. Lin W. He Y. Streimikis J. (2019) Policies to Promote Corporate Social Responsibility (CSR) and Assessment of CSR Impacts, https://www.researchgate.net/publication/331738046_Policies_to_promote_Corporate_social_responsibility_CSR_and_assessment_of_CSR_impacts
11. Kytte, B., Ruggie, J.G. (2005) *Corporate Social Responsibility as Risk Management: A Model for Multinationals*, Corporate Social Responsibility Initiative Working Paper No 10, Cambridge MA: John F. Kennedy School of Government, Harvard University,

https://www.hks.harvard.edu/sites/default/files/centers/mrcbg/programs/crri/files/workingpaper_10_kytle_ruggie.pdf

12. Montiel, I. et al. (2021) Implementing the United Nations' Sustainable Development Goals in international business, *Journal of International Business Studies* (2021) 52, 999–1030, <https://link.springer.com/article/10.1057/s41267-021-00445-y>
13. O'Donovan, G. (2002). Environmental disclosures in the annual report: Extending the applicability and predictive power of legitimacy theory. *Accounting, Auditing & Accountability Journal*, 15(3), 344–371. <https://doi.org/10.1108/09513570210435870>
14. Patten, D. M. (2014). Environmental disclosure as legitimation: Is It in the public interest? In S. Mintz (Ed.), *Accounting for the public interest. Advances in Business Ethics Research* (Vol. 4, pp. 201–215). Springer
15. Peters, G. F., Romi, A. M. (2013). Discretionary compliance with mandatory environmental disclosures: Evidence from SEC filings. *Journal of Accounting and Public Policy*, 32(4), 213–236. <https://doi.org/10.1016/j.jaccpubpol.2013.04.004>
16. Shayan, N.; Mohabbati-Kalejahi, N.; Alavi, S.; Zahed, M.A. (2022) Sustainable Development Goals (SDGs) as a Framework for Corporate Social Responsibility (CSR). *Sustainability* 2022, 14, 1222. <https://doi.org/10.3390/su14031222> <https://www.mdpi.com/2071-1050/14/3/1222>
17. Sorensen, G. Dennerlein, J. T. Peters, S. E. Sabbath E. L. Kelly, E. L., Wagner, G. R. (2021). The future of research on work, safety, health and wellbeing: A guiding conceptual framework, *Social Science & Medicine* 269 (2021) 113593
18. Verrecchia, R. E. (1983). Discretionary disclosure. *Journal of Accounting and Economics*, 5, 179–194. [https://doi.org/10.1016/0165-4101\(83\)90011-3](https://doi.org/10.1016/0165-4101(83)90011-3)
19. Vernyuy Wirba, A. (2024) Corporate Social Responsibility (CSR): The Role of Government in promoting CSR, *Journal of the Knowledge Economy* (2024) 15:7428–7454 <https://doi.org/10.1007/s13132-023-01185-0>, https://ideas.repec.org/a/spr/jknowl/v15y2024i2d10.1007_s13132-023-01185-0.html

Documents and EU legal acts

‘A Just and Sustainable Economy: Commission Lays Down Rules for Companies to Respect Human Rights and Environment in Global Value Chains’ https://ec.europa.eu/commission/presscorner/detail/en/IP_22_1145

The Explanatory Memorandum accompanying the Commission's proposal states that it is expected that 13,000 EU and 4,000 third country companies will be captured by the proposal. European Commission Proposal for a DIRECTIVE OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937

European Parliament (2021) Non-financial Reporting Directive, Briefing Implementation Appraisal, [https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/654213/EPRS_BRI\(2021\)654213_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2021/654213/EPRS_BRI(2021)654213_EN.pdf)

Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, <https://eur-lex.europa.eu/eli/dir/2022/2464/oj/eng>

European Financial Reporting Advisory Group (2022) European Sustainability Reporting Standard S1 Own Workforce General Standard, Working Paper, <https://www.efrag.org/en/sustainability-reporting/esrs/sector-agnostic/sustainability-reporting-standards-interim-draft>

UN Guiding Principles Reporting Framework with Implementation Guidance (2015), <https://www.ungpreporting.org/>