



**The influence of global sustainability reporting standards on
the discourse within the EU**

Journal:	<i>Sustainability Accounting, Management and Policy Journal</i>
Manuscript ID	SAMPJ-12-2024-1378.R3
Manuscript Type:	Research Paper
Keywords:	EFRAG, ISSB, Materiality, Sustainability reporting, power framework, discourse analysis

SCHOLARONE™
Manuscripts

The influence of global sustainability reporting standards on the discourse within the EU

Abstract

Purpose - This study examines the influence of the International Sustainability Standards Board (ISSB) on the discourse surrounding sustainability reporting in Europe, specifically focusing on its impact on the discourse of the European Financial Reporting Advisory Group (EFRAG).

Design/methodology/approach – This research relies on the analysis of 586 documents and 257 hours of recordings from ISSB and EFRAG meetings. The data are categorised into two periods: before and after the ISSB launched its global sustainability reporting standards, IFRS S1 and IFRS S2. A thematic analysis is conducted to identify discourse shifts, with Hardy's (1994) power framework used to interpret the ISSB's growing influence.

Findings – This research reveals significant changes in the discourse on materiality following the launch of IFRS S1 and S2. While EFRAG previously emphasised a double-materiality approach, the focus shifts post-launch toward interoperability with ISSB standards. The ISSB's investor-focused, single materiality approach appears to be gaining dominance, potentially narrowing the scope of EFRAG's reporting agenda.

Practical implications - The findings highlight the need for practitioners and policymakers to carefully consider the implications of aligning sustainability reporting standards. Collaboration efforts may disproportionately favour large, investor-focused frameworks, risking the neglect of broader environmental and social impacts. Our findings are particularly timely and pressing given the recent reduction in sustainability reporting requirements outlined in the EC's 2025 Omnibus legislation.

Social implications - By showcasing the ISSB's influence, this study underscores the importance of maintaining a balanced approach to sustainability reporting that addresses both financial and societal dimensions. A dominant single materiality focus may limit the effectiveness of reporting in addressing global sustainability challenges.

Originality/value - This study contributes to the emerging literature on socio-political dynamics in sustainability standard-setting. It applies Hardy's (1994) power framework to demonstrate how instrumental, symbolic, and systemic powers enable the ISSB to shape sustainability discourse.

Key words: *EFRAG, ISSB, materiality, Sustainability reporting, power framework.*

1. Introduction

While the EU has long been regarded as a global leader in sustainability reporting there is now a new, highly influential player on the global stage – the International Sustainability Standards Board (ISSB). Whereas the EU has developed and promoted sustainability reporting standards that consider a broad interpretation of sustainability, incorporating both economic risks and opportunities and social and environmental impacts, the ISSB has a narrower, investor-led conceptualisation of sustainability (Adams and Mueller, 2022; Ali et al., 2023; Deegan, 2020; Flower, 2020). Whether the ISSB is influencing EFRAG in a similar direction is the focus of this study.

The research problem arises from the growing tension between the ISSB's single materiality approach, heavily influenced by the SASB standards (Busco et al., 2020) and EFRAG's double materiality focus, which relates more closely to the GRI's concept of impact materiality (Nobes, 2024; Pizzi et al., 2024a). The EU's longstanding commitment to a broader sustainability perspective faces potential erosion as the ISSB's standards gain global traction. This study addresses an urgent and pressing issue by investigating whether the ISSB's dominance risks narrowing the scope of sustainability reporting in Europe. Recent changes in the global political landscape have led to some sustainability reporting requirements being postponed or simplified, notably through the European Commission's (EC) 2025 Omnibus sustainability rules simplification package (Deloitte, 2025; EC, 2025). This legislation postpones the Corporate Sustainability Reporting Directive requirements by two years, reduces the number of entities subject to sustainability reporting (by up to 80% - see ECB, 2025) and proposes to simplify the European Sustainability Reporting Standards (ESRS). The legislation is billed as a way of improving competitiveness within the EU by reduce regulatory and administrative burdens on reporting entities (Deloitte, 2025). This situation makes our research problem both timely and more pressing, as the current political climate seems more likely to favour the ISSB's perspective of sustainability reporting prioritising investor information needs (a view shared by the European Central Bank – see ECB, 2025).

We engage with key literature that highlights the socio-political nature of sustainability standard-setting (Adams and Mueller, 2022; Ali et al., 2023; Giner and Luque-Vílchez, 2022). These studies underscore the role of power dynamics in influencing reporting frameworks and standards. To analyse this influence, we adopt Hardy's (1994) power framework, which conceptualises power as operating through instrumental, symbolic, and systemic dimensions. We apply the Hardy's framework, which allows us to uncover the mechanisms through which the ISSB's discourse gains dominance, influencing EFRAG's reporting agenda. Instrumental power relates to direct actions

1
2
3 taken to influence outcomes, symbolic power focuses on shaping perceptions and narratives, and
4 systemic power addresses deeper structures that sustain dominance.
5
6

7 We consider our research question by analysing 586 documents and 257 hours of recordings
8 of ISSB and EFRAG meetings, identifying changes before and after the introduction of the ISSB's
9 sustainability reporting standards IFRS S1 and S2. We choose this methodology as documentary
10 analysis highlights changes in discourse, which are known to reveal managerial priorities and
11 intentions, even when these intentions are unknown or not explicitly recognized by those conveying
12 them (Krippendorff, 2018). We reflect on our findings using Hardy's (1994) framework on the
13 instrumental, symbolic and systemic dimensions of power. This framework has been used in prior
14 studies on the setting of financial reporting standards (see Durocher et al., 2007), and considers power
15 to influence outcomes through instrumental, symbolic and systemic means.
16
17
18
19
20
21
22

23 We find evidence of changes in discourse around materiality following the launch of key
24 sustainability reporting standards IFRS S1 and IFRS S2 by the ISSB. Specifically, it highlights how
25 the discourse around materiality within EFRAG has shifted following the ISSB's release of IFRS S1
26 and S2, which prioritise investor-focused financial materiality. This shift raises questions about the
27 ability of sustainability reporting standards to balance financial and societal considerations, a critical
28 issue in light of global environmental and social challenges. The central difference between the two
29 bodies is their conceptualisation of materiality: the ISSB adopts a single materiality ('outside-in')
30 financial approach whereas EFRAG considers both financial materiality and impact materiality
31 ('inside-out'). However, whereas comments around materiality were a major theme for the EFRAG
32 before the launch of IFRS S1 and S2, after the launch of the standards materiality becomes less of a
33 consideration, and interoperability (followed by connectivity) becomes a key theme. Interoperability
34 concerns the way that standards work alongside other reporting frameworks. Therefore, while the
35 ISSB's definition of materiality works for one aspect of the EFRAG's double materiality approach,
36 it leaves the other aspect of impact materiality unaddressed.
37
38
39
40
41
42
43
44
45
46
47

48 This paper contributes to an emerging body of literature that considers socio-political
49 dynamics in international standard-setting for sustainability reporting (Adams and Mueller, 2022;
50 Afolabi et al., 2023; Ali et al., 2023; Giner and Luque-Vílchez, 2022; Leeson and Kuszewski, 2023;
51 Puroila & Mäkelä (2019), Rowbottom, 2023; Stolowy and Paugam, 2023). In particular, our study
52 considers different dimensions of power and how these might influence power in a reporting context.
53 We provide evidence to show how Hardy's (1994) three dimensions of power can operate in tandem
54 to influence outcomes. We respond directly to a call from De Villiers et al. (2024) for research into
55 the influence of the ISSB and its interpretation of materiality on sustainability standards, providing
56
57
58
59
60

evidence to show that the ISSB is starting to have an impact on the discourse around sustainability reporting. We provide evidence of the ISSB's growing influence over the discourse of more established sustainability reporting bodies, such as the EFRAG in the EU. After the launch of IFRS S1 and S2, comments around materiality decline for the EFRAG, and while both bodies express the desire to collaborate, the current level of collaboration appears to suit the ISSB's agenda more than it suits EFRAGs. We highlight the importance of academics continuing to cast a critical lens on sustainability reporting and its future direction, particularly in turbulent political times.

The remainder of this article is structured as follows. Section 2 starts with background on sustainability reporting in Europe and globally, highlighting differences in focus and ideology between different reporting bodies. Section 3 introduces Hardy's (1994) power framework as a theory and outlines the documentary analysis process. Section 4 presents the results of a thematic analysis of documents related to sustainability reporting standards in Europe before and after the launch of IFRS S1 and S2. Section 5 discusses our findings and their implications for the future of sustainability reporting. Section 6 concludes and provides avenues for future research. Sections 7 and 8 contain references and appendices respectively.

2. Background

2.1 Recent developments in sustainability reporting

The last few years have witnessed rapid developments in sustainability reporting, responding to growing demands for more transparency and accountability (De Villiers et al., 2014; Dumay et al., 2019; Rinaldi et al., 2018). It is now widely recognised that traditional annual reports are inadequate for understanding how organisations create value and what impact they have on the environment and society (De Villiers et al., 2024; Larrinaga & Bebbington, 2021), despite accounting scholars highlighting this problem for decades (Bebbington & Gray, 2001; Deegan & Blomquist, 2006; Elkington, 1998). Several different reporting bodies and frameworks have emerged, all with the overarching aim of enhancing organisational accountability, even though their interpretations of the purpose of sustainability reporting vary (Giner and Luque-Vílchez, 2022; De Villiers et al., 2022). Consolidation of these bodies and frameworks over the past couple of years has seen several large bodies develop, all with slightly different agendas. **The Global Reporting Initiative (GRI) remains the largest voluntary reporting framework in the world. Although it is usually described and perceived as a voluntary framework, in certain jurisdictions reporting under GRI is now mandatory or partially mandatory. In Taiwan, for example, listed companies in specific sectors are required to publish**

1
2
3 sustainability reports in accordance with GRI Standards (TWSE, 2025), and the Securities and
4 Exchange Board of India (SEBI) requires listed companies to produce a Business Responsibility and
5 Sustainability Report which incorporates GRI, effectively embedding GRI principles into mandatory
6 reporting (SEBI, 2025). GRI reporting focuses on the societal and environmental impact of
7
8 organisations. In terms of mandatory reporting, the European Financial Reporting Advisory Group
9
10 (EFRAG) is the key standard-setter in Europe. The recently formed International Sustainability
11
12 Standards Board (ISSB) is emerging as a critical player, leveraging its influence under the IFRS
13
14 Foundation to develop and release sustainability reporting standards focused on investor needs that
15
16 have begun to be mandated in several jurisdictions.
17
18

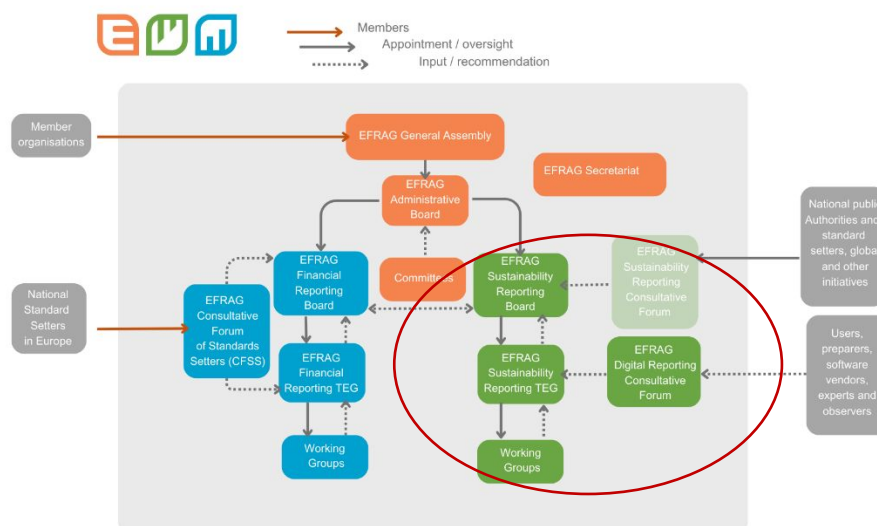
19
20 These developments mean that sustainability issues have now entered the mainstream accounting
21
22 domain (Dechow, 2023). Nonetheless, the scope of the field is constantly changing, and this is an
23
24 important factor in understanding how environmental accounting is understood and practiced
25
26 (Bebbington et al., 2023). In this context, there is a need for clarity on how to apply the differing
27
28 approaches to materiality when reporting (Jørgensen, Mjøs and Pedersen, 2022). The three key
29
30 players in sustainability reporting all have different approaches to materiality. The GRI considers
31
32 impact materiality, focusing on the impact that organisations have on the environment and society.
33
34 In contrast, the ISSB considers financial materiality, focusing on the information needs of investors
35
36 and the ‘outside-in’ impact of sustainability issues such as climate change on their operations. The
37
38 EFRAG requires double materiality – i.e. both of these approaches (Abhayawansa, 2022; La Torre et
39
40 al., 2020). The emerging tensions between the different missions and interests of these influential
41
42 bodies has already been highlighted by academics (De Villiers et al. 2024; Oll et al., 2025).

41
42 We focus in particular in this study on differing interpretations of materiality between the
43
44 investor-focused ISSB, which takes a single-materiality ‘outside in’ approach, and the more
45
46 established EFRAG, which considers double materiality (Mio et al., 2024; Dragomir et al., 2024). As
47
48 investors have traditionally been the primary users of annual reports, our aim is to consider whether
49
50 an investor-focused body such as the ISSB exerts influence over other bodies working on
51
52 sustainability reporting, narrowing their focus towards single materiality. Nicolls (2020) highlights
53
54 that the perception that investors are entirely focused on financial returns may not necessarily be true
55
56 in practice, but this perception is reinforced by current accounting practices, particularly the concept
57
58 of financial materiality. As materiality is essentially a social construct, rather than a reporting one, it
59
60 can be influenced by social and political agendas (Puroila & Mäkelä, 2019). Our research therefore
61
62 responds to a call by De Villiers et al. (2024) for research into the ISSB’s role in redefining
63
64 materiality, showing how this manifests through discourse.

2.2 Sustainability reporting in Europe

In 2020, the European Commission (EC) announced a proposal to develop sustainability reporting standards for the EU (European Commission, 2020) and tasked the EFRAG with creating these standards (Hummel and Jobst, 2024). In 2022, a Sustainability Reporting Board (SRB) was established within EFRAG (EFRAG, 2022a), comprising representatives from European stakeholder organisations, national bodies, and civil society (EFRAG, 2022b). It is important to note that the EFRAG was historically influenced by the GRI standards (Moya, 2024; Pizzi et al., 2024a), which are the most widely used voluntary reporting standards in the world and promote an impact-led view of materiality (Bohn et al., 2024; De Villiers et al., 2022; Dragomir et al., 2024; Nobes, 2024). In July 2021, GRI and EFRAG signed a “Statement of Cooperation”, followed by a formal agreement in July 2022, which aimed to ensure a high degree of alignment between the ESRS and the GRI Standards (EFRAG, 2021; EFRAG and GRI, 2023). This cooperation is enhanced in the Joint Statement of Interoperability published on 5 September 2023, in which EFRAG and GRI confirmed a high level of interoperability between their respective standards, especially in relation to impact reporting (EFRAG and GRI, 2023). This commitment reflects the intention to incorporate impact materiality as a fundamental component of the ESRS, in line with GRI’s emphasis on inside-out sustainability impacts. As explicitly stated in ESRS 1, the standards adopt a double materiality perspective, which gives prioritises impact materiality before considering financial materiality.

The EFRAG SRB is responsible for providing technical advice to the EC on draft EU sustainability reporting standards. EFRAG’s Reporting Boards and Reporting Technical Working Groups focus on technical activities and are overseen by the EFRAG Administrative Board. EFRAG’s Reporting TEG (Technical Expert Group) establishes various working groups and panels to gather expert advice on specific areas of corporate reporting. EFRAG’s activities are organised into two ‘pillars’, the Financial Reporting Pillar, offering a European perspective and technical advice to the EC on IFRS endorsement, and the Sustainability Reporting Pillar, which advises the EC on draft EU Sustainability Reporting Standards. Figure 1 shows where the SRB and TEG sit in EFRAG’s broader structure.

Figure 1: EFRAG structure

Source: EFRAG, 2024, <https://www.efrag.org/en/about-us/governance>

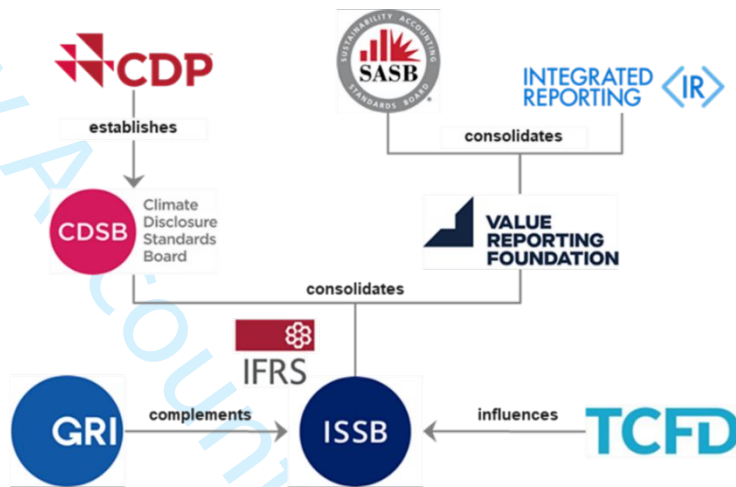
The European Sustainability Reporting Standards (ESRS) consist of: (i) cross-cutting standards, (ii) topical standards, and (iii) sector-specific standards. The first of these, cross-cutting standards, include general reporting requirements (ESRS 1) and general disclosures (ESRS 2). ESRS 1 takes a double-materiality approach, requiring both "impact materiality" (the inside-out impacts of organisations on the environment and society) and "financial materiality" (the outside-in financial risks and opportunities arising from sustainability issues) to be reported on. ESRS 2 requires companies to explain their process for assessing material sustainability matters, and the impacts, risks, and opportunities arising. The general disclosures outlined in ESRS 2 and the topical standards outline the requirements for environmental (ESRS E1 to E5), social (ESRS S1 to S4), and governance (ESRS G1) reporting.

2.3 Global sustainability reporting standards

The formation of the International Sustainability Standards Board (ISSB) under the umbrella of the IFRS Foundation in 2021 was a key development in the establishment of a global set of sustainability standards. The ISSB was formed from the consolidation of other existing bodies: in 2020, the International Integrated Reporting Council (IIRC) merged with the Sustainability Accounting Standards Board (SASB) to form the Value Reporting Foundation (VRF). The SASB had

1
2
3 an investor-focused view of sustainability and materiality (Busco et al., 2020), whereas the IIRC,
4 although it began with a broader remit, has recently been criticised as being ‘captured’ by a similar
5 focus (Flower, 2020). In 2021, the VRF merged with the Climate Disclosure Standards Board (CDSB)
6 to form the ISSB. Figure 2 summarises these developments. By creating the ISSB, the IFRS
7 Foundation entered into an arena that already contained established sustainability standards setters
8 for sustainability reporting such as the GRI (De Villiers et al., 2022). De Villiers et al. (2024) describe
9 the IFRS Foundation’s approach as “based on conquering jurisdictions through multiple standard
10 bodies or local organisations operating within the sustainability standards while centralising the
11 power afterwards” (p.264). They note, as have others, that the IFRS Foundation benefits from the
12 support of an extensive international network of institutions such as IOSCO and the World Economic
13 Forum (WEF) that are focused on financial market needs (see Giner & Luque-Vilchez, 2022). The
14 formation of the ISSB occurred when the EU was drafting the Corporate Sustainability Reporting
15 Directive (CSRD), extending the scope of the previous Non-Financial Reporting Directive (NFRD)
16 and thereby impacting a significant number of companies in Europe. This was an ideal opportunity
17 for the ISSB to receive the EC’s endorsement as the sustainability accounting standard setter for
18 Europe (a natural progression from the IFRS’s position as the standard-setter for financial reporting
19 in Europe). However, despite potential benefits from this approach, the EU tasked EFRAG rather
20 than the ISSB with the development of mandatory sustainability reporting standards for the EU.
21 Nonetheless, EFRAG has recently announced support for the ISSB standards, noting that the
22 European Sustainability Reporting Standards (ESRS) have already incorporated disclosures required
23 by the ISSB (EFRAG, 2023). The IFRS Foundation’s plan to extend its jurisdiction globally also
24 continues. In April 2024, the SEC adopted rules mandating the climate-related disclosure standards
25 of the TCFD, the responsibility for which now sits under the IFRS as IFRS S1 and S2 already
26 incorporate TCFD recommendations.
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

45 **Figure 2:** Convergence of Voluntary Sustainability Disclosure Standards
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60



Source: Kirkland and Ellis (2022, p3)

The ISSB’s stated aim is to “develop—in the public interest—standards that result in high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets” (IFRS, 2022, p1). The IFRS Foundation, which oversees the ISSB, operates a similar two-pillar approach to EFRAG, with two independent standard-setting boards (IASB and ISSB), focusing on financial and sustainability reporting respectively. Figure 3 shows the ISSB in the IFRS structure.

Figure 3: *ISSB in the IFRS structure*



Source: IFRS, 2024, <https://www.ifrs.org/about-us/our-structure/>

The ISSB was quick to launch IFRS S1 and S2. These two new sustainability reporting standards incorporate recommendations from the TCFD and industry-based disclosure requirements developed from SASB Standards (IFRS, 2022b). They are intended to cover a broad

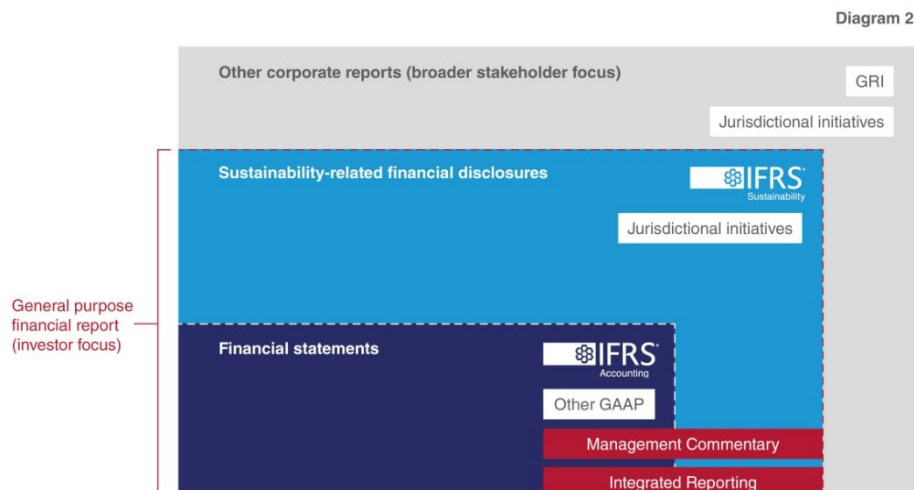
1
2
3 range of environmental, social, and governance issues such as carbon emissions, diversity and
4 inclusion and human rights. In recent consultations on its agenda priorities, the ISSB highlighted the
5 implementation of IFRS S1 and S2 as its top priority. Another key priority was the interoperability
6 of ISSB standards with other jurisdictional and voluntary sustainability standards (ISSB, 2024, p15-
7 16). The GRI, formed in 1997, has developed a set of standards that are the most widely used
8 voluntary framework for sustainability reporting in the world (Bebbington and Unerman, 2018), and
9 have become mandatory or semi-mandatory in certain jurisdictions (SEBI, 2025; TWSE, 2025). The
10 GRI standards have become institutionalised as sustainability reporting standards (Larrinaga et al.,
11 2020) and the GRI has helped to popularise concepts such as inclusive multi-stakeholder processes,
12 social impact indicators, and materiality. Recognising the GRI's considerable influence, the ISSB
13 signed a memorandum of understanding with them to work together to harmonise the sustainability
14 reporting landscape (IFRS, 2022a). A technical mapping of GRI standards with IFRS S1 and S2 is
15 already being undertaken (GRI, 2023).

16
17 Although the ISSB has swiftly become a prominent standard-setter, it has faced criticism for
18 its prioritisation of investor interests over those of broader stakeholder groups (Adams and Mueller,
19 2022; Ali et al., 2023). While the ISSB's relationship with the IFRS Foundation may bolster its
20 credibility with investors, it is unlikely to help its relationship with other stakeholder groups who
21 prioritise reporting on social and environmental impacts. Concerns have been raised regarding the
22 influence of capital providers in shaping the reporting agenda (De Villiers et al., 2022). The IFRS
23 Foundation has worldwide influence, with the 160 jurisdictions adopting IFRS financial reporting
24 standards potentially poised to adopt its sustainability standards. The IFRS Foundation was lobbied
25 by reporting preparers and investors to ensure their interests were protected (Giner & Luque-Vilchez,
26 2022), and prior research shows that shareholder interests always prevail when trying to reconcile
27 conflicting stakeholder interests (La Torre *et al.*, 2020).

28
29 Figure 4 highlights how the IFRS Foundation perceives its remit and definition of materiality
30 and how this interacts with the GRI and other jurisdictional initiatives. The 'investor focus' of the
31 IFRS Foundation is made very clear here, even though the dotted line separating sustainability-related
32 financial disclosures from those with a broader stakeholder focus may be difficult to establish in
33 practice.

34
35 **Figure 4:** *IFRS Foundation's conceptualisation of their scope compared to jurisdictional*
36 *initiatives and the GRI.*

37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60



Source: IFRS (2023).

In 2025, the EC announced the postponement and significant simplification of sustainability reporting in its Omnibus legislation (EC, 2025). Given the changes in global political direction associated with the second Trump presidency, sustainability reporting is being increasingly perceived as a tool to meet investor needs, rather than improving corporate accountability, a concern raised by the European Central Bank (ECB, 2025). This is despite the European accounting tradition being strongly associated with the recognition of accounting as a broader social and environmental practice (Bebbington et al., 2023). This situation highlights the importance of studying the global political influence over the development of reporting standards.

These recent developments lead to our research question: *Has the political discourse on sustainability reporting in the EU been influenced by the ISSB's investor focus?*

3. Theory and Method

3.1 Hardy's (1994) Power Framework

Our research question centres on the influence of one standard-setter on another over a period that is critical to the development of global sustainability reporting standards. Standard-setting is a political process (Horngren, 1986; Zeff, 2002), so a power framework is useful to understand and explore the forces that influence outcomes. Hardy (1994) considers three dimensions of power: instrumental, symbolic and systemic, and Durocher et al. (2007) discuss the applicability of these three dimensions to the standard-setting process for accounting. Our study offers a novel application of Hardy's framework to sustainability standard-setting, which has not been previously explored in this context. Each dimension of power may provide a distinct perspective on ISSB's impact on EFRAG.

More specifically, *instrumental power* concerns access to resources, strategies to use these resources and the ultimate outcomes of the process. In our context, ISSB's experience in regulating financial reporting, as well as its strong connections with global financial markets and investors, may facilitate the Board to shape sustainability reporting priorities.

Symbolic power relates to how actors can shape and influence other actors without conflict. ISSB's status as a globally recognized standard-setter, supported by key financial institutions and regulatory bodies has positioned the board as the authoritative voice in sustainability reporting. Both *instrumental* and *symbolic* powers concern conscious actions, whereas *systemic power* is socially constructed by experts creating "normalised" knowledge and practices that in turn suppress other forms of practice.

As an example in our context, Hines (1989) describes the taking for granted of the accounting profession's authority to establish standards for financial reporting as a type of *systemic power*. More specifically, in the context of sustainability standard-setting, ISSB's frameworks draw on well-established financial reporting standards, reinforcing the notion that sustainability disclosures should align with investor-focused financial materiality. By applying Hardy's power framework, our study unpacks the power dimension/s through which ISSB may exercise influence over EFRAG. This approach allows us to examine the underlying power dynamics that drive the sustainability standard-setting discourse.

The table below presents how each dimension is examined in the context of ISSB and EFRAG's sustainability standard-setting.

Table 1: Examination of the Power Framework Dimensions in Sustainability Standard-Setting.

	Description	Empirical examination
<i>Instrumental Power</i>	-access to resources, strategies to use them, and the outcomes of the process. -in the context of ISSB's influence on EFRAG, it relates to ISSB's resources, such as (international) financial market connections.	-insights into how ISSB may use its resources and strategies to shape sustainability reporting priorities and discourse within EFRAG.
<i>Symbolic Power</i>	-influence through non-conflictual means, such as status and authority. -ISSB's position as a global standard-setter with support from the IASB represents symbolic power.	-understanding how ISSB's authoritative status may influence EFRAG's discourse, including changes in terminology.
<i>Systemic Power</i>	-socially constructed power by experts creating "normalized" knowledge that suppresses alternative practices. -ISSB's access to established financial standards and experience of the IASB reinforces investor-focused materiality.	-identification of how ISSB's approach, incorporated in global sustainability accounting standards (as a result of an established experience of the financial accounting standards), may influence the discourse towards an investor-focused sustainability reporting practice.

Source: Authors' elaboration from Hardy (1994)'s framework.

3.2 Method

To address our research question, we conduct a thematic analysis of publicly accessible documents and audio recordings related to discussions and meetings on sustainability accounting standard-setting. The materials, sourced from the official websites of EFRAG-European Commission and the IFRS Foundation, span from the initial stages of standard-setting efforts (March 2022 for EFRAG SRB, and July 2022 for ISSB) to November 2024, when this paper was written. We focus on two distinct periods to reflect the dynamic nature of the discourse. This approach enables us to capture the dynamic evolution of discourse and power shifts between key standard-setting bodies. In particular, this allows for an in-depth understanding of how power dynamics (Instrumental, Symbolic, Systemic) evolve over time, in particular in the “before” and “after” phases. Through this analysis, we will identify how the various forms of power influence the decision-making and direction of sustainability standard-setting at the global and EU levels. By focusing on the discursive shifts over time and comparing the priorities in the pre- and post-publication phases of ISSB’s S1 and S2 standards, we aim to reveal the evolving power dynamics that may shape the future of sustainability reporting. In particular, we are interested in the changing themes of the two bodies. These changes may lead to changes in action, so analysing the discourse from discussions and meetings provides valuable insights as to the potential future direction of the two bodies. Analysis of text to analyse emerging themes is gaining popularity in accounting and management research (Hannigan et al., 2019). Research has revealed that the frequency of mentions of topics indicates their importance to managers and may also reveal insights that individuals and organisations may be unaware of themselves (Krippendorff, 2018).

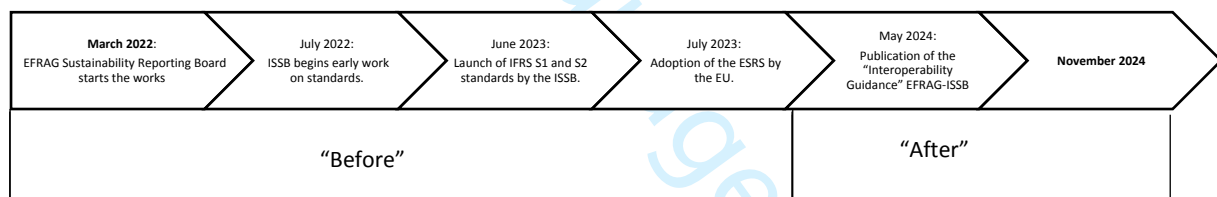
The ISSB started with its inaugural meeting in July 2022 and the EFRAG Sustainability Reporting Board (SRB) was formed in March 2022, so this study divides the analysis into two distinct periods: “before” and “after” the publication of the IFRS S1 and S2 standards, launched by the ISSB in June 2023. The “before” phase is extended to include July 2023, which corresponds to the adoption of the European Sustainability Reporting Standards (ESRS) by the European Commission.

The rationale for including July 2023 in the “before” phase is rooted in the alignment of timelines between the ISSB and EFRAG’s standard-setting processes. While the IFRS S1 and S2 standards represent a global baseline, formally launched in June 2023, the ESRS adoption in July 2023 reflects the culmination of efforts that preceded the ISSB’s work and influence. Analysing this period allows for a thorough understanding of the preparatory and foundational influences leading up to the (almost) simultaneous implementation. It is, however, in the “after” phase (post-July 2023) that we anticipate identifying any emerging political discourse that could shape sustainability reporting in the European

Union, particularly as the ISSB's work begins to assert its influence, potentially affecting the EU's approach toward a more market-oriented and investor-focused perspective.

Documentary analysis is in line with the focus of capturing the ISSB's impact on EFRAG, particularly in the transition from double materiality (which considers both financial and societal impacts) to single materiality (focused on financial investor needs). By systematically examining meeting minutes, discussion papers, and recorded debates, we track changes in terminology, argumentation, and agenda-setting. For instance, we analyse changes (or commonalities) in how EFRAG discusses materiality, sector-specific disclosures, and the alignment with international reporting frameworks (such as ISSB), allowing us to evaluate whether these reflect ISSB's growing influence.

Figure 5: *Period of analysis*



For a comparative summary, Table 2 shows the key and updated work of the EFRAG and the IFRS Foundation in sustainability reporting standards.

Table 2: *Comparison of EFRAG and IFRS Foundation's work in setting standards for sustainability*

	EC/EFRAG	IFRS Foundation
Establishment	Established in 2001 with the encouragement of the European Commission (EC)	Established with the IASB in 2001
Responsible board for setting standards for sustainability reporting	<i>EFRAG Sustainability Reporting Board</i> (EFRAG SRB) Formed in 2022	<i>International Sustainability Standards Board</i> (ISSB), Formed in 2021
Mission	"Europe's voice in corporate reporting." "to serve the European public interest in both financial and sustainability reporting by developing and promoting European views in the field of corporate reporting. EFRAG builds on and contributes to the progress in corporate reporting."	"To develop—in the public interest—standards that will result in a high-quality, comprehensive global baseline of sustainability disclosures focused on the needs of investors and the financial markets."

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

Standards	<p>-In June 2022, EFRAG FRB added a project on the connectivity between financial and sustainability reporting to its research agenda.</p> <p>-EFRAG SRB, advised by EFRAG SR TEG, approved 12 draft standards, which were submitted to the European Commission (EC) in November 2022.</p> <p>-The EC adopted the European Sustainability Reporting Standards (ESRS) on 31 July 2023, with official publication on 22 December 2023. Companies under the Corporate Sustainability Reporting Directive (CSRD) will start reporting using ESRS in 2025 (for FY 2024).</p> <p>-EFRAG is also developing sector-specific ESRS and standards for listed SMEs.</p>	<p>“The ISSB is committed to delivering standards that are cost-effective, decision-useful and market informed.”</p> <p>IFRS S1 and IFRS S2, launched in June 2023, are developed with efficiency in mind, helping companies to report what is needed globally to investors across markets globally.</p> <p>These standards support efficiency, decision-usefulness, and international alignment, reducing double reporting when aligned with jurisdictional requirements.</p>
-----------	--	--

Source: Authors' elaboration based on information obtained from the EFRAG and IFRS Foundation websites.

This study employs an in-depth thematic analysis of public documents available by EFRAG SRB, European Commission, and ISSB, to answer the research question: *Has the political discourse on sustainability reporting in the EU been influenced by the ISSB's investor focus?*

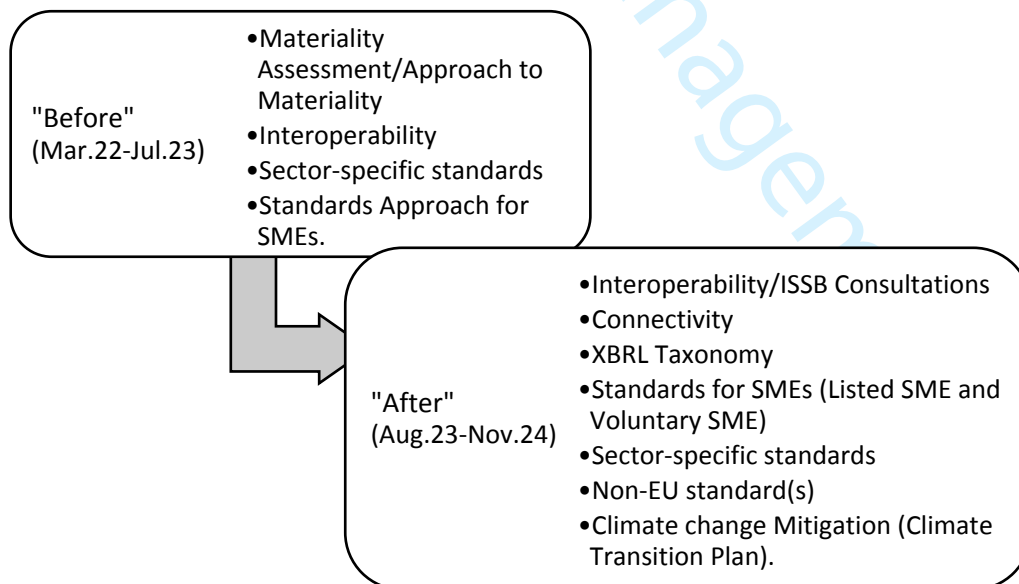
The resources include meeting agendas, detailed discussion papers, summaries, and audio recordings of public webcasts, as outlined in Appendices A, B, C, and D. 586 documents were thoroughly reviewed, alongside approximately 257 hours of webcast and virtual meeting recordings. Documentary analysis serves as the primary research method (Prior, 2003). Following Bowen's (2008) framework, the analytical process involves coding texts to uncover recurring themes and explore their interconnections. Codes are manually developed through a comprehensive initial review of all documents, with a focus on identifying and categorising key themes emerging from EFRAG SRB and European Commission “before” (March 2022-July 2023) and “after” (August 2023-November 2024) the launch of the IFRS S1 and S2, by capturing the influence (if any) of the more capitalist nature of the ISSB work within the sustainability reporting standards and discussions in the EU. The coding process was conducted separately by all authors and subsequently refined through collaborative discussions to identify shared and primary themes (Parker and Roffey, 1997). This iterative approach ensured that the analytical process remained comprehensive and objective in capturing the nuances of ISSB's influence over EFRAG's evolving sustainability reporting agenda.

4. Findings - “Before” and “After”

The thematic analysis in Figure 6 reveals the key areas of focus in the work and agenda of EFRAG and EC in setting sustainability standards before and after July 2023. It is important to recall that on 22nd November 2022, the EFRAG SRB approved twelve draft sustainability standards (i.e., ESRS) and submitted them to the European Commission (EC). The EC adopted the ESRS on 31st July 2023, ensuring all companies subject to the CSRD adhere to these standards. Companies within the CSRD's

scope will begin reporting against these standards in 2025, based on their 2024 financial data. Update this re Omnibus

Figure 6: *Predominant themes from EFRAG SRB-TEG/-EC “Before” and “After”*



Source: Authors' elaboration.

The emergent theme in the “before” phase of EFRAG’s sustainability standards discussions is *materiality*. Indeed, as required by the Accounting Directive (and amended by the CSRD), the ESRS apply “double materiality”. As a consequence, they oblige companies to report both on their impacts on people and the environment and on how social and environmental issues create financial risks and opportunities for the company. This method requires sustainability matters to be deemed material if

1
2
3 they have significant environmental, social, or governance impacts, regardless of whether they
4 directly affect the entity's financial outcomes (see also Michelin et al., 2024, pp. 4-6). However, the
5 discourse around materiality within diminishes in the "after" phase. This change reflects the
6 emergence of a prevalent systemic power, in which the ISSB's investor-oriented view of materiality
7 begins to reshape the underlying assumptions of what is deemed relevant in sustainability reporting.
8
9

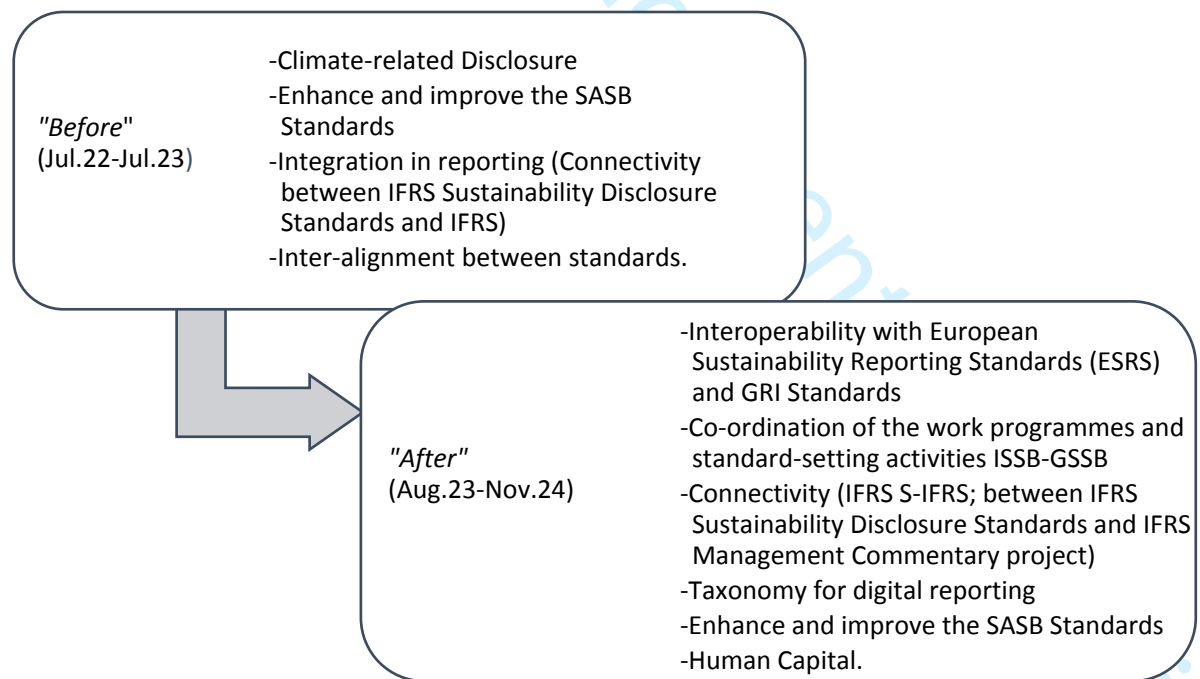
10
11
12 *Interoperability* is also a key emerging theme, reflecting the efforts of collaboration between
13 EFRAG and the other standard setters to align standards at a global and European level. The academic
14 debate classifies the discourse between EFRAG SRB and ISSB as distinctive due to the political
15 tensions that could come to light when referring to accepting the ISSB standards in the EU context
16 (Giner and Luque-Vilchez, 2022; Stolowy and Paugam, 2023). However, in June 2022 there was a
17 first signal of convergence in the work plan of the two boards. In a Q&A document published on the
18 31st of July 2023, the EC emphasises this approach "*EFRAG will continue its joint work with the*
19 *ISSB on optimising the interoperability of overlapping ESRS and ISSB standards, which is relevant*
20 *for companies required to use ESRS and that wish to comply in addition with ISSB standards.*" The
21 cooperation becomes a key topic of discussion in the EFRAG SRB-TEG in the second phase. The
22 collaboration culminates in the publication of the "Interoperability Guidance" in May 2024,
23 demonstrating a strong commitment to aligning the ISSB Standards with the ESRS. This document
24 serves as the first comprehensive guide on how European preparers can adhere to both frameworks,
25 offering a detailed analysis of their alignment, particularly in climate-related disclosures (EFRAG
26 and IFRS Foundation, 2024). Therefore the guidance frames ISSB as a credible and authoritative
27 actor in the sustainability regulatory space, by reflecting the ISSB's symbolic power.
28
29
30

31
32
33 The European Commission endorses this initiative, emphasizing its efforts to integrate the global
34 baseline into European standards while maintaining transparency: "*While designing the ESRS, the*
35 *Commission worked with international standards setters to ensure that European standards*
36 *effectively incorporate the global baseline, whilst preserving the EU's ambition for transparency.*
37 *The guidance published today recognises these efforts. It shows that EU companies reporting under*
38 *European standards can comply with the global ones with minimal additional effort. This reflects the*
39 *Commission's commitment to minimising the burden on companies from sustainability reporting.*"
40 (EC, 2nd May 2024). The publication of the "Interoperability Guidance" accentuates the EU's
41 direction to prioritise efficiency and comparability for investors, potentially at the expense of
42 retaining its broader societal focus. By facilitating compliance with ISSB standards, the EU shows an
43 acknowledgment of global market needs, echoing nuances of a more capitalist discourse.
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

To integrate Hardy's (1994) power framework, before the launch of IFRS S1 and S2, EFRAG's discussions emphasized double materiality, reflecting a broader stakeholder engagement approach. However, post-launch, we observe a notable decline in discourse around materiality and a shift in EFRAG's discourse toward interoperability with ISSB standards. This reflects an overall ISSB's *instrumental power* in influencing standard-setting priorities, its legitimacy and authority in positioning itself as the "logical" authority in sustainability reporting (*symbolic power*), and its role in applying investor-focused financial materiality as the prevalent approach (*systemic power*). The publication of the "Interoperability Guidance" in May 2024 further confirms the ISSB's "power" on shaping EFRAG's sustainability reporting path.

For a more complete analysis, the ISSB's thematic priorities, presented in Figure 7, focus on global standard alignment and enhancing climate-related disclosures. Similarly, the ISSB prioritises interoperability ensuring its standards align with those of the European Union and other global frameworks (i.e., the GRI). These themes illustrate both the alignment and distinctions between EFRAG and ISSB's approaches.

Figure 7: Primary themes ISSB (Jul.22-Nov.24)



Source: Authors' elaboration.

Connectivity is a common theme and a strategic priority for both EFRAG and ISSB and it concerns the integration of financial and sustainability reporting information. The link between these two areas would provide a more comprehensive view of corporate performance to the preparers and to their stakeholders, which is particularly valued by market participants (Wang et al., 2024). The first EFRAG FR TEG and EFRAG SR TEG joint meeting took place on the 17th of January 2023, laying the path to the “Connectivity” agenda, which was prevalent in the “after” phase of analysis. In line with the ISSB work plan, connectivity has become a defining theme in the “after” phase of EFRAG's action plan, representing a shift toward greater integration and coherence in reporting practices. In particular, the EFRAG Secretariat considers “the principle that connectivity builds bridges between sustainability and financial reporting as fundamental. Furthermore, connectivity also fosters complementary and faithfully representative corporate reporting.”

To illustrate these transitions more explicitly, Table 3 presents a summary of the frequency of key themes in EFRAG’s discourse, comparing the “before” and “after” periods. This table demonstrates the dynamic nature of the ISSB’s influence on the EU’s sustainability reporting agenda and discourse.

Table 3: *Frequency of Key Themes in EFRAG’s Discourse, “Before” and “After” IFRS S1/S2*

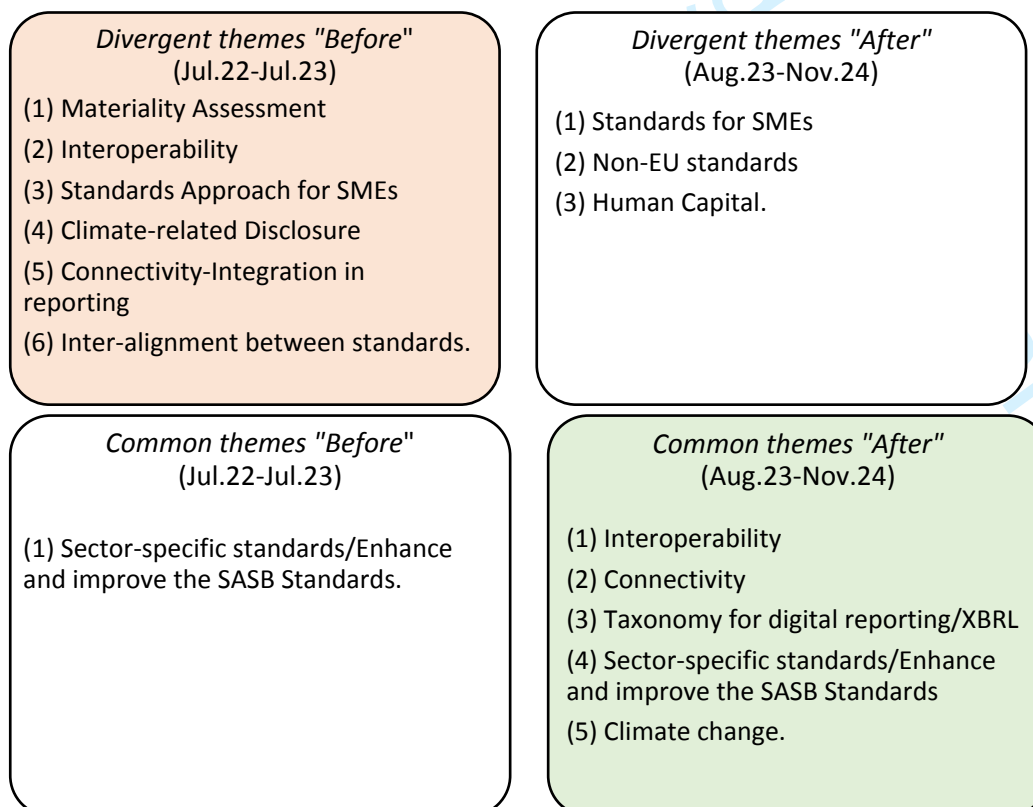
Theme	“Before”	“After”	Change	Prevalent Power Dimension (s)
Materiality	High	Low	Decline in emphasis, indicating influence	Systemic and Instrumental
Interoperability	Low	High	Rapid increase in post-ISSB discussions	Systemic, Symbolic, Instrumental
Connectivity	Emerging	Strong	Strengthened agenda, aligned with ISSB	Systemic and Instrumental

Source: Authors’ elaboration.

Table 3 provides a comparative overview of the evolving discourse within EFRAG, highlighting the transition in emphasis from double materiality to interoperability and connectivity. By highlighting the relative frequency (decline or salience) of these themes, we present evidence of the discursive shift over time. This shift has a dynamic nature also in terms of conceptual prevalent power dimension (s), reflecting the progressive internalisation of the ISSB’s investor-oriented framing of sustainability. The reduced attention to materiality, combined with the increased focus on interoperability and connectivity in the post-July 2023 period, supports our interpretation of a discursive realignment.

Indeed, in the “before” phase (March 2022–July 2023), EFRAG's focus was characterised by strong advocacy for double materiality, emphasis on tailored sector-specific standards addressing diverse stakeholder needs, and a clear prioritisation of EU-specific sustainability goals. In the “after” phase (August 2023–November 2024), we observe a growing emphasis on interoperability with the ISSB work, an increased priority of investor-centric standards, and cost-reduction rhetoric and a delay in ambitious initiatives like sector-specific ESRS, reflecting practical and market-aligned motivations. Figure 8 below highlights the areas of change and commonalities between the EFRAG SRB and ISSB across two phases. In the second phase, the divergent themes reduced from 6 to 3 (with the common ones increasing), which aligns with the interoperability commitment. This confirms a change in the EFRAG's agenda driven by ISSB's influence through its systemic and symbolic power, where ISSB's strategic position within global financial markets reinforces its ability to shape the direction of European sustainability reporting. These changes reflect a transition from a stakeholder-inclusive, region-specific agenda toward a global, investor-focused framework.

Figure 8: “Before” and “After”- Areas of change and of commonalities between EFRAG SRB and ISSB



Source: Authors' elaboration.

5. Discussion

Our analysis suggests an influence from the political discourse of the ISSB on the sustainability reporting standard-setting discourse in the EU. The increasing alignment with investor-focused principles and global baseline comparability points to a notable shift. This evolution reflects a broader trend of globalisation in standard-setting, where regional frameworks adapt to the influence of dominant global players, balancing social objectives with market competitiveness. Our findings, showing changing discourse within EFRAG after the launch of IFRS S1 and S2, indicate that the ISSB is managing to exert its power and influence over others (whether deliberate or not).

Instrumental power is visible in the ISSB's access to resources, including strong financial and institutional backing from the IFRS Foundation and influential capital providers. This support lends the ISSB significant credibility, enabling it to promote its standards effectively as global benchmarks. Evidence of lobbying from reporting preparers and investors, as highlighted by Giner and Luque-Vílchez (2022), underscores the role of economic resources in shaping reporting agendas. By prioritising investors as "primary users," the ISSB aligns with decades-long practices of maximising shareholder value (Cahan et al., 2016). This raises important questions about whose interests are truly served: while investors increasingly value non-financial disclosures for decision-making and capital allocation (Dhaliwal et al., 2011), the focus on financial materiality risks sidelining less influential stakeholders, including future generations or marginalised communities, whose perspectives lack economic power.

Symbolic power emerges as the ISSB strategically positions itself alongside established players like the GRI, portraying its standards as complementary while avoiding direct competition. This alignment enhances the ISSB's legitimacy, particularly in areas where its expertise in sustainability reporting may be questioned. Simultaneously, systemic power is evident in the IFRS Foundation's ambition to entrench ISSB standards as the "default" framework for sustainability reporting, mirroring the acceptance of IFRS standards in financial reporting. By promoting IFRS S1 and S2 as synonymous with global comparability and investor relevance, the ISSB shapes sustainability discourse, gradually embedding its norms into the reporting ecosystem.

Materiality emerges as a critical point of contention between the ISSB and EFRAG, and this point of contention is also paralleled in the focus of the SASB standards compared to those of the GRI, which underpin the ISSB and EFRAG approaches respectively (Pizzi et al., 2024b). Our findings

1
2
3 reveal that discussions of materiality within EFRAG diminish after the launch of IFRS S1 and S2,
4 reflecting the ISSB's framing of materiality as an "outside-in" investor-focused concept. IFRS S1
5 defines materiality as relating to sustainability risks and opportunities that affect an entity's financial
6 prospects, aligning with the narrower perspective of single materiality (Abhayawansa, 2022; La Torre
7 et al., 2020). In contrast, double materiality considers both "outside-in" financial impacts and "inside-
8 out" social and environmental impacts, addressing a broader range of stakeholders. The ISSB's
9 prioritisation of investor interests' risks reducing sustainability issues to financial terms, potentially
10 neglecting long-term impacts and non-quantifiable matters. As Tregidga and Laine (2022) suggest,
11 the tension between short-term market interests and longer-term sustainability considerations remains
12 unresolved under a single materiality approach.

13
14
15
16
17
18
19
20
21 The ongoing divergence between the ISSB and EFRAG on materiality definitions complicates
22 the prospects for genuine collaboration, despite their expressed intent to achieve "interoperability."
23 While EFRAG's acceptance of IFRS S1 and S2 for "outside-in" reporting demonstrates a willingness
24 to compromise, this reciprocity is absent from the ISSB, which does not engage with the broader
25 "inside-out" impact perspective. This one-sided dynamic exemplifies how systemic power enables
26 the ISSB to delineate and impose its boundaries for sustainability reporting.

27
28
29
30
31
32 The role of other frameworks, particularly the GRI, becomes critical in this evolving landscape.
33 As a **predominantly** voluntary framework championing impact materiality, the GRI could provide a
34 counterbalance to the ISSB's dominance. However, its voluntary nature and the ISSB's institutional
35 power raise questions about its longevity and relevance. Practitioners may prioritise IFRS standards
36 if they perceive them as more stable, comparable, and widely endorsed by influential stakeholders,
37 further reinforcing the ISSB's systemic influence.

38
39
40
41
42
43 This theoretical framing, grounded in Hardy's (1994) power dimensions, underscores the ISSB's
44 ability to influence not only the reporting agenda but also the conceptualisation and prioritisation of
45 sustainability issues. It also raises critical questions about the long-term implications of this influence:
46 whose voices are amplified, and whose are marginalised? This calls for further scrutiny of how global
47 power dynamics shape sustainability reporting frameworks, particularly in balancing economic
48 interests with broader societal and environmental imperatives. The rapid changes in power dynamics
49 as a result of the second Trump presidency underscores the need to research the impact of political
50 power on the reporting landscape.

51
52
53
54
55
56
57 Also, the release of the EU's Omnibus, that postpones and reduces the scope of sustainability
58 reporting in the EU, highlights the influence of global political forces on how sustainability reporting
59 is legislated and practiced. **In response, EFRAG submitted a formal work plan to the European**

1
2
3 Commission in April 2025 to fulfil its simplification mandate under the Omnibus proposals,
4 committing to deliver revised technical advice by October 2025 (EFRAG, 2025a). In June 2025,
5 EFRAG published a Progress Report responding to Commissioner Albuquerque's request for
6 clarification on burden reduction (EFRAG, 2025b). Among the six levers proposed, Lever 1 focuses
7 on a substantial simplification of the Double Materiality Assessment (DMA), identified as a
8 disproportionately burdensome exercise in practice.
9

10
11 EFRAG observed that the DMA has often been applied as a checklist or scoring exercise, leading
12 to excessive granularity and mechanical compliance. The revised approach proposes a shift toward a
13 "top-down" assessment starting from the business model, reasonable levels of evidence, greater
14 clarity on information materiality, and an emphasis on relevance and decision-usefulness.
15 Furthermore, EFRAG suggests clarifying contested concepts such as positive impacts, the role of
16 mitigation/remediation in materiality, and when non-material matters can be reported (such as for
17 investor ratings). This redefinition has significant implications: while intended to improve clarity and
18 proportionality, it may also dilute the normative ambitions of double materiality by prioritising
19 efficiency and interoperability. EFRAG SRB is also exploring the idea of aligning the ESRS with
20 "fair presentation" principles drawn from the ISSB framework, an indication that interoperability and
21 investor orientation may become more dominant themes.
22
23
24
25
26
27
28
29
30
31
32
33
34
35

36 6. Conclusion

37
38 The formation of the ISSB has led to rapid change in the sustainability reporting landscape. Our
39 study considered the impact of the ISSB, and its reporting standards IFRS S1 and S2, on the discourse
40 of the key European sustainability reporting standard setter, EFRAG SRB. Our aim was to consider
41 whether and how the ISSB might exert power over an established player in sustainability reporting.
42 We considered the exertion of power using Hardy's (1994) three power dimensions and considering
43 how these dimensions might be reflected in the changing discourse of both bodies. As texts can reveal
44 insights into intentions (Krippendorff, 2018) they provide a rich source of evidence to address our
45 research question. In total, we reviewed 586 documents and 257 hours of recordings taken from
46 meetings of the two reporting bodies, categorising them into 'before' and 'after' the ISSB's launch
47 of global sustainability reporting standards IFRS S1 and S2.
48
49
50
51
52
53
54

55
56 As a new standard-setter, the ISSB has strategically positioned itself to achieve rapid legitimacy.
57 Rather than directly competing with established frameworks like the GRI, it has leveraged its
58 institutional power under the IFRS Foundation to extend its influence into sustainability reporting.
59
60

1
2
3 This form of legitimacy, as noted by De Villiers et al. (2022), relies not on proven results but on
4 structural power, networks, and alignment with influential stakeholders. While concerns persist about
5 the ISSB's potential capture by wealthy and powerful actors and its relative lack of expertise in
6 sustainability (Adams and Mueller, 2022), our findings indicate that its influence is already reshaping
7 reporting norms in Europe. We observe a notable decline in discourse around materiality within
8 EFRAG following the introduction of IFRS S1 and S2, with interoperability emerging as a key theme.
9 This shift suggests a growing alignment with the ISSB's investor-centric discourse, potentially at the
10 expense of broader conceptualisations of sustainability.
11
12
13
14
15
16

17 Our analysis reveals clear evidence of Hardy's three power dimensions at work. *Instrumental*
18 *power* is demonstrated through the ISSB's financial and institutional backing, allowing it to promote
19 its standards as global benchmarks. *Symbolic power* emerges in the ISSB's ability to frame its
20 approach as synonymous with comparability, consistency, and market relevance, positioning itself as
21 the "logical" authority in sustainability reporting. *Systemic power*, perhaps the most influential,
22 manifests in the ISSB's ability to normalise its standards within the global financial reporting
23 infrastructure. ISSB standards risk becoming the 'default' framework, overshadowing alternative
24 approaches such as EFRAG's double materiality.
25
26
27
28
29
30
31

32 Our findings have significant practical implications for policymakers, standard setters, and
33 corporate stakeholders. The study offers the following recommendations:
34

- 35 (1) Policymakers and regulatory bodies must be aware of the power dynamics at play in the
36 standard-setting process. They should ensure that the growing dominance of the ISSB does
37 not undermine broader societal and environmental considerations in sustainability disclosures.
38 As the ISSB's standards become the global benchmark, companies must adopt strategies to
39 balance compliance with these investor-focused standards while continuing to address their
40 broader environmental and social impacts, ensuring that non-financial stakeholders are not
41 sidelined.
42
43
44
45
46
- 47 (2) Given the ISSB's investor-focused approach to sustainability reporting and the legislative
48 delays and simplification of sustainability reporting in the EU (Deloitte, 2025; EC, 2025),
49 there is a risk that the broader societal and environmental impacts considered in the EU's
50 double materiality framework may be deprioritized. Policymakers must remain vigilant to
51 ensure that sustainability reporting standards continue to reflect a balance between financial
52 and societal considerations.
53
54
55
56
- 57 (3) Companies preparing sustainability reports need to navigate the evolving reporting landscape
58 carefully, ensuring compliance with both ISSB and EFRAG requirements while maintaining
59 transparency on broader sustainability impacts.
60

(4) Standard setters should consider mechanisms to safeguard impact materiality within sustainability disclosures, ensuring that interoperability efforts do not come at the expense of comprehensive reporting.

(5) Practitioners must recognise the competing definitions of materiality in sustainability reporting and the interests driving these perspectives. As Leeson and Kuszewski (2023) argue, academics have a critical role in safeguarding the broader meaning of sustainability and contributing actively to standard-setting processes.

Additionally, our findings are particularly timely in view of the recent perceived ‘backtracking’ on sustainability issues seen across the world. In Europe, the Omnibus legislation is postponing and reducing the scope of several areas of sustainability reporting (EC, 2025). Our findings show that the ISSB exerted considerable influence over the discourse on sustainability even before the second Trump presidency began, suggesting that it may find it easier to exert its influence over the next few years.

This study contributes to the growing literature on power dynamics in sustainability standard-setting (Durocher et al., 2007; Giner and Luque-Vílchez, 2022; Leeson and Kuszewski, 2023; Rowbottom, 2023; Stology and Paugam, 2023). In particular, we add to the literature regarding European accounting being perceived as a broader social and environmental practice than it is elsewhere, and the challenges associated with this (Bebbington et al., 2023). Responding to calls by De Villiers et al. (2024) for research into the ISSB’s role in redefining materiality, we show how the ISSB’s single materiality perspective is already influencing broader reporting discourse. This influence is driven by the perception that investors prioritise financial materiality above other impacts, an assumption that may itself need challenging (Nicholls, 2020). Our findings show how materiality, as a social construct, can be heavily influenced by the prevailing political environment and the dominant influence of certain bodies, supporting Puroila & Mäkelä (2019).

We acknowledge the limitations of our study, including its focus on documentary evidence and two reporting bodies. Further qualitative research would provide richer insights into the ISSB’s relationships with other standard-setters and stakeholders. Building on our findings, we propose the following directions for future research:

-What is the future of double materiality and impact materiality? Who will emerge as champions for these concepts in a landscape increasingly dominated by investor-centric frameworks? What is the influence of the global political landscape on these bodies and their work?

1
2
3 -How do practitioners perceive the ISSB's role and influence? What are their views on the shift
4 toward single materiality, and how does it affect their reporting practices and sustainability strategies?
5
6

7 -Does EFRAG perceive itself as influenced by the ISSB's agenda? If so, how does this influence
8 manifest, and what are the implications for the future development of European reporting standards?
9
10

11 By addressing these questions, future research can deepen our understanding of power dynamics
12 in sustainability reporting and ensure that alternative perspectives, particularly those prioritising long-
13 term social and environmental considerations, remain part of the global reporting dialogue.
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

29 **7. References**

30 Abhayawansa, S. (2022) 'Swimming against the tide: back to single materiality for sustainability
31 reporting', *Sustainability Accounting, Management and Policy Journal*. 13 (6), 1361-1385. Available
32 at: <https://doi.org/10.1108/SAMPJ-07-2022-0378>.
33
34

35 Adams, C.A. and Mueller, F. (2022) 'Academics and policymakers at odds: the case of the IFRS
36 Foundation Trustees' consultation paper on sustainability reporting', *Sustainability Accounting,
37 Management and Policy Journal*, 13(6), 1310–1333. Available at: [https://doi.org/10.1108/SAMPJ-
38 10-2021-0436](https://doi.org/10.1108/SAMPJ-10-2021-0436).
39

40 Afolabi, H., Ram, R. and Rimmel, G. (2023) 'Influence and behaviour of the new standard setters in
41 the sustainability reporting arena: implications for the Global Reporting Initiative's current position',
42 *Sustainability Accounting, Management and Policy Journal*, 14(4), 743–775. Available at:
43 <https://doi.org/10.1108/SAMPJ-01-2022-0052>.
44
45

46 Ali, I., Fukofuka, P.T. and Narayan, A.K. (2023) 'Critical reflections on sustainability reporting
47 standard setting', *Sustainability Accounting, Management and Policy Journal*, 14(4), 776–791.
48 Available at: <https://doi.org/10.1108/SAMPJ-01-2022-0054>.
49

50 Bebbington, J., & Gray, R. (2001). *An Account of Sustainability: Failure, Success and a*
51 *Reconceptualization. Critical Perspectives on Accounting*, 12, 557-605.
52 <https://doi.org/10.1006/cpac.2000.0450>
53

54 Bebbington, J., Laine, M., Larrinaga, C., & Michelon, G. (2023). *Environmental Accounting in*
55 *the European Accounting Review: A Reflection. European Accounting Review*, 32(5), 1107–1128.
56 <https://doi.org/10.1080/09638180.2023.2254351>
57
58

59 Bebbington, J. and Unerman, J. (2018) 'Achieving the United Nations sustainable development
60 goals', *Accounting, Auditing & Accountability Journal*, 31(1), 2–24.

- 1
2
3 Bohn, L., Macagnan, C. B., & Kronbauer, C. A. (2024). Navigating legitimacy: diverse stakeholder
4 perspectives on the IFRS Foundation's establishment of the ISSB. *Meditari Accountancy Research*,
5 33 (1), 86-113
6
- 7 Bolt, R. and Tregidga, H. (2023) 'Methodological Insights "Materiality is ...": sensemaking and
8 sensegiving through storytelling', *Accounting, Auditing and Accountability Journal*, 36(1), 403–427.
9 Available at: <https://doi.org/10.1108/AAAJ-06-2021-5314>.
- 10
11
12 Bowen, G. A. (2008). Naturalistic inquiry and the saturation concept: a research note. *Qualitative*
13 *Research*, 8(1), 137-152. <https://doi.org/10.1177/1468794107085301>
14
- 15 Busco, C., Consolandi, C., Eccles, R. G., & Sofra, E. (2020). A preliminary analysis of SASB
16 reporting: Disclosure topics, financial relevance, and the financial intensity of ESG
17 materiality. *Journal of Applied Corporate Finance*, 32(2), 117–
18 125. <https://doi.org/10.1111/jacf.12411>
19
- 20
21 Cahan, S. F., De Villiers, C., Jeter, D. C., Naiker, V., & Van Staden, C.,J. (2016). Are CSR
22 Disclosures Value Relevant? Cross-Country Evidence. *European Accounting Review*, 25(3), 579-
23 611.
24
- 25 De Villiers, C., Rinaldi, L., & Unerman, J. (2014). Integrated Reporting: Insights, gaps and an agenda
26 for future research. *Accounting, Auditing & Accountability Journal*, 27(7), 1042-1067.
27
- 28 De Villiers, C. and Dimes, R. (2023), "Will the formation of the international sustainability standards
29 board result in the death of integrated reporting?", *Journal of Accounting and Organizational Change*,
30 Vol. 19 No. 2, 279-295.
31
- 32 De Villiers, C., Dimes, R., La Torre, M., & Molinari, M. (2024). "The International Sustainability
33 Standards Board's (ISSB) past, present, and future: critical reflections and a research agenda". *Pacific*
34 *Accounting Review*, 36(2), 255-273.
35
- 36 De Villiers, C., La Torre, M. and Molinari, M. (2022) 'The Global Reporting Initiative's (GRI) past,
37 present and future: critical reflections and a research agenda on sustainability reporting (standard-
38 setting)', *Pacific Accounting Review* [Preprint]. Available at: [https://doi.org/10.1108/par-02-2022-](https://doi.org/10.1108/par-02-2022-0034)
39 [0034](https://doi.org/10.1108/par-02-2022-0034).
40
41
- 42 Dechow, P. M. (2023). Understanding the sustainability reporting landscape and research
43 opportunities in accounting. *The Accounting Review*, 98(5), 481-493.
44
- 45 Deegan, C. (2020). The IR framework. In C. De Villiers, P.-C. K. Hsiao, & W. Maroun (Eds.), *The*
46 *Routledge handbook of Integrated Reporting* (107–123). Routledge.
47
- 48 Deegan, C., & Blomquist, C. (2006). Stakeholder influence on corporate reporting: An exploration
49 of the interaction between WWF-Australia and the Australian minerals industry. *Accounting,*
50 *Organizations and Society*, 31(4), 343-372.
51
52
- 53 Deloitte. (2025). European Commission Proposes Reduction in Sustainability Reporting and Due
54 Diligence Requirements — Considerations for U.S. Entities. Available at:
55 [https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2025/eu-commission-](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2025/eu-commission-omnibus-proposal-sustainability-reporting-reduction-csrd)
56 [omnibus-proposal-sustainability-reporting-reduction-csrd](https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2025/eu-commission-omnibus-proposal-sustainability-reporting-reduction-csrd)
57
58
- 59 Dhaliwal, D. S., Li, O. Z., Tsang, A., & Yang, Y. G. (2011). Voluntary Nonfinancial Disclosure and
60 the Cost of Equity Capital: The Initiation of Corporate Social Responsibility Reporting. *The*
Accounting Review, 86(1), 59-100.

1
2
3 Dragomir, V. D., Dumitru, M., Chersan, I. C., Gorgan, C., & Păunescu, M. (2024). Double Materiality
4 Disclosure as an Emerging Practice: The Assessment Process, Impacts, Risks, and Opportunities.
5 Accounting in Europe, 1-38.

6
7 Dumay, J., La Torre, M., & Farneti, F. (2019). Developing trust through stewardship. Journal of
8 Intellectual Capital, 20(1), 11–39. <https://doi.org/10.1108/JIC-06-2018-0097>

9
10 Durocher, S., Fortin, A., Cote, L. (2007). Users' participation in the accounting standard-setting
11 process: A theory-building study. Accounting, Organisations and Society, 32, 29-59. Available at:
12 doi:10.1016/j.aos.2006.03.004
13
14

15 EFRAG (2025a). EFRAG delivers Work Plan to the European Commission in response to ESRS
16 Simplification Mandate. Published 25 April 2025. Available at [https://www.efrag.org/en/news-and-](https://www.efrag.org/en/news-and-calendar/news/efrag-delivers-work-plan-to-the-european-commission-in-response-to-esrs-simplification-mandate)
17 [calendar/news/efrag-delivers-work-plan-to-the-european-commission-in-response-to-esrs-](https://www.efrag.org/en/news-and-calendar/news/efrag-delivers-work-plan-to-the-european-commission-in-response-to-esrs-simplification-mandate)
18 [simplification-mandate](https://www.efrag.org/en/news-and-calendar/news/efrag-delivers-work-plan-to-the-european-commission-in-response-to-esrs-simplification-mandate)
19

20
21 EFRAG (2025b). ESRS Revision: Progress Report as of 20 June 2025. Available at
22 [https://www.efrag.org/sites/default/files/media/document/2025-](https://www.efrag.org/sites/default/files/media/document/2025-06-Status%20report%20ESRS%20Simplification%202020%20June%202025.pdf)
23 [06-Status%20report%20ESRS%20Simplification%202020%20June%202025.pdf](https://www.efrag.org/sites/default/files/media/document/2025-06-Status%20report%20ESRS%20Simplification%202020%20June%202025.pdf)
24
25

26
27 EFRAG (2023). EFRAG welcomes the work of the ISSB in relation to high quality climate-related
28 disclosures at a global level . Available at: [https://www.efrag.org/News/Public-463/EFrag-](https://www.efrag.org/News/Public-463/EFrag-welcomes-the-work-of-the-ISSB-in-relation-to-high-quality-climate-related-disclosures-at-global-level?AspxAutoDetectCookieSupport=1)
29 [welcomes-the-work-of-the-ISSB-in-relation-to-high-quality-climate-related-disclosures-at-global-](https://www.efrag.org/News/Public-463/EFrag-welcomes-the-work-of-the-ISSB-in-relation-to-high-quality-climate-related-disclosures-at-global-level?AspxAutoDetectCookieSupport=1)
30 [level?AspxAutoDetectCookieSupport=1](https://www.efrag.org/News/Public-463/EFrag-welcomes-the-work-of-the-ISSB-in-relation-to-high-quality-climate-related-disclosures-at-global-level?AspxAutoDetectCookieSupport=1) (Accessed: 28 February 2024).
31

32 EFRAG. (2022a). Draft European Sustainability Reporting Standards. Due process note.
33 <https://www.efrag.org/lab6>
34

35 EFRAG. (2022b). EFRAG internal rules. Approved by EFRAG general assembly on 28 April 2022.
36

37 EFRAG (2021). EFRAG & GRI landmark Statement of Cooperation. Available at:
38 [https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/EFrag%20GRI%20COO-](https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/EFrag%20GRI%20COOPERATION%20PR.pdf)
39 [PERATION%20PR.pdf](https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/EFrag%20GRI%20COOPERATION%20PR.pdf)
40

41
42 EFRAG and GRI (2023). EFRAG-GRI Joint Statement on Interoperability. Published on September
43 2023. Available at: [https://www.globalreporting.org/media/gismbi2b/press-release-gri-efrag-joint-](https://www.globalreporting.org/media/gismbi2b/press-release-gri-efrag-joint-statement-v-230901.pdf)
44 [statement-v-230901.pdf](https://www.globalreporting.org/media/gismbi2b/press-release-gri-efrag-joint-statement-v-230901.pdf)
45

46 EFRAG and IFRS Foundation (2024), ESRS–ISSB Standards-Interoperability Guidance, available at
47 [https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/ESRS-](https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/ESRS-ISSB%20Standards%20Interoperability%20Guidance.pdf)
48 [ISSB%20Standards%20Interoperability%20Guidance.pdf](https://www.efrag.org/sites/default/files/sites/webpublishing/SiteAssets/ESRS-ISSB%20Standards%20Interoperability%20Guidance.pdf).
49

50 Elkington, J. (1998). Accounting for the triple bottom line. Measuring Business Excellence, 2(3), 18–
51 22. <https://doi.org/10.1108/eb025539>
52

53
54 European Central Bank (ECB) (2025). [Opinion of the European Central Bank of 8 May 2025 on](https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe4021597f1)
55 [proposals for amendments to corporate sustainability reporting and due diligence requirements](https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe4021597f1)
56 [\(CON/2025/10\)](https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe4021597f1). Available at:
57

58 [https://www.ecb.europa.eu/pub/pdf/legal/ecb.leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe-](https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe4021597f1)
59 [4021597f1](https://www.ecb.europa.eu/pub/pdf/legal/ecb_leg_con_2025_10.en.pdf?330cb335ad9426cd4a64dbe4021597f1)
60

1
2
3 European Commission (EC) (2025). Proposal for a Directive of the European Parliament and of the
4 Council amending Directives (EU) 2022/2464 and (EU) 2024/1760 as regards the dates from which
5 Member States are to apply certain corporate sustainability reporting and due diligence requirements.
6 Available at: [https://finance.ec.europa.eu/document/download/29624c4a-94e1-4b47-b798-](https://finance.ec.europa.eu/document/download/29624c4a-94e1-4b47-b798-db7883f79c87_en?filename=proposal-postponing-requirements-csrd-transposition-deadline-application-csddd_en.pdf)
7 [db7883f79c87_en?filename=proposal-postponing-requirements-csrd-transposition-deadline-](https://finance.ec.europa.eu/document/download/29624c4a-94e1-4b47-b798-db7883f79c87_en?filename=proposal-postponing-requirements-csrd-transposition-deadline-application-csddd_en.pdf)
8 [application-csddd_en.pdf](https://finance.ec.europa.eu/document/download/29624c4a-94e1-4b47-b798-db7883f79c87_en?filename=proposal-postponing-requirements-csrd-transposition-deadline-application-csddd_en.pdf)
9

10
11 European Commission (EC). (2020). Remarks by Executive Vice-President Dombrovskis at the
12 conference on implementing the European Green Deal: Financing the transition.
13 https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_139
14

15 Flower, J. (2020). The IIRC's journey: From sustainability to investor value. In C. De Villiers, P.-C.
16 K. Hsiao, & W. Maroun (Eds.), *The Routledge handbook of Integrated Reporting* (124–139).
17 Routledge.
18

19
20 Giner, B. and Luque-Vilchez, M. (2022) 'A commentary on the "new" institutional actors in
21 sustainability reporting standard-setting: a European perspective', *Sustainability Accounting,*
22 *Management and Policy Journal* [Preprint]. Available at: [https://doi.org/10.1108/SAMPJ-06-2021-](https://doi.org/10.1108/SAMPJ-06-2021-0222)
23 [0222](https://doi.org/10.1108/SAMPJ-06-2021-0222).
24

25
26 GRI (2023) Progress towards a strengthened sustainability reporting system. Available at:
27 [https://www.globalreporting.org/news/news-center/progress-towards-a-strengthened-sustainability-](https://www.globalreporting.org/news/news-center/progress-towards-a-strengthened-sustainability-reporting-system/)
28 [reporting-system/](https://www.globalreporting.org/news/news-center/progress-towards-a-strengthened-sustainability-reporting-system/) (Accessed: 28 February 2024).
29

30
31 Hannigan, T., R. Haans, K. Vakili, H. Tchalian, V. Glaser, M. S. Wang, S. Kaplan, and P. D. Jennings.
32 2019. Topic modeling in management research: Rendering new theory from textual data. *Academy*
33 *of Management Annals* 13 (2): 586–632. <https://doi.org/10.5465/annals.2017.0099>
34

35
36 Hardy, C. (1994). Power and politics in organizations. In C. Hardy (Ed.), *Managing strategic action*.
London: Sage Publications

37
38 Hines, R. D. (1989). Financial accounting knowledge, conceptual framework projects and the social
39 construction of the accounting profession. *Accounting, Auditing & Accountability Journal*, 2(2), 72–
40 92.
41

42
43 Horngren, C. T. (1986). Institutional alternatives for regulating Financial reporting. *Journal of*
44 *Comparative Business and Capital Market Law* ,7, 267-289 New-York: North-Holland.

45
46 Hummel, K., & Jobst, D. (2024). An overview of corporate sustainability reporting legislation in the
47 European Union. *Accounting in Europe*, 1-36.

48
49 IFRS (2022a) IFRS Foundation signs agreement with GRI. Available at: [https://www.ifrs.org/news-](https://www.ifrs.org/news-and-events/news/2022/03/ifrs-foundation-signs-agreement-with-gri/)
50 [and-events/news/2022/03/ifrs-foundation-signs-agreement-with-gri/](https://www.ifrs.org/news-and-events/news/2022/03/ifrs-foundation-signs-agreement-with-gri/).

51
52 IFRS (2022b) Integrated Reporting: Articulating a future path. Available at:
53 [https://www.ifrs.org/news-and-events/news/2022/05/integrated-reporting-articulating-a-future-](https://www.ifrs.org/news-and-events/news/2022/05/integrated-reporting-articulating-a-future-path/)
54 [path/](https://www.ifrs.org/news-and-events/news/2022/05/integrated-reporting-articulating-a-future-path/).

55
56 IFRS (2023) Connectivity—what is it and what does it deliver? Available at:
57 [https://www.ifrs.org/news-and-events/news/2023/03/connectivity-what-is-it-and-what-does-it-](https://www.ifrs.org/news-and-events/news/2023/03/connectivity-what-is-it-and-what-does-it-deliver/)
58 [deliver/](https://www.ifrs.org/news-and-events/news/2023/03/connectivity-what-is-it-and-what-does-it-deliver/) (Accessed: 28 February 2024).
59
60

- 1
2
3 ISSB (2024) ISSB Consultation on Agenda Priorities. Feedback Summary - Cover paper. Available
4 at: [https://www.ifrs.org/content/dam/ifrs/meetings/2024/january/iasb-issb-joint/ap2-feedback-](https://www.ifrs.org/content/dam/ifrs/meetings/2024/january/iasb-issb-joint/ap2-feedback-summary-cover-paper.pdf)
5 [summary-cover-paper.pdf](https://www.ifrs.org/content/dam/ifrs/meetings/2024/january/iasb-issb-joint/ap2-feedback-summary-cover-paper.pdf) (Accessed: 31 January 2024).
6
7 Jørgensen, S., Mjøs, A. and Pedersen, L.J.T. (2022) ‘Sustainability reporting and approaches to
8 materiality: tensions and potential resolutions’, *Sustainability Accounting, Management and Policy*
9 *Journal*, 13(2), 341–361. Available at: <https://doi.org/10.1108/SAMPJ-01-2021-0009>.
10
11 Kirkland and Ellis (2022) ‘Convergence of Voluntary Sustainability Disclosure Standards’. Available
12 at: <https://www.kirkland.com/publications/kirkland-alert/2022/05/issb-proposed-framework>
13 (Accessed: 31 January 2024).
14
15 Krippendorff, K. 2018. *Content Analysis*, 4th edition. Los Angeles, CA: SAGE.
16
17 Larrinaga, C., Rossi, A., Luque-Vilchez, M., & Núñez-Nickel, M. (2020). Institutionalization of the
18 contents of sustainability assurance services: A comparison between Italy and United States. *Journal*
19 *of Business Ethics*, 163, 67-83.
20
21 Larrinaga, C. and Bebbington, J. (2021) The pre-history of sustainability reporting: a constructivist
22 reading. *Accounting Auditing & Accountability Journal* 34(9):131-150 DOI: 10.1108/AAAJ-03-
23 2017-2872
24
25 La Torre, M. et al. (2020) ‘Rebuilding trust: sustainability and non-financial reporting and the
26 European Union regulation’, *Meditari Accountancy Research*, 28(5), 701–725. Available at:
27 <https://doi.org/10.1108/MEDAR-06-2020-0914>.
28
29 Leeson, R. and Kuszewski, J. (2023) ‘GRI and stakeholder engagement: setting standards in the
30 public interest’, *Sustainability Accounting, Management and Policy Journal*, 14(4), 877–883.
31 Available at: <https://doi.org/10.1108/SAMPJ-06-2022-0329>.
32
33 Michelon, G., Cooper, S., Torea, N. G., Chen, X., & Guo, Z. (2024). “Materiality assessments in
34 corporate sustainability and financial reporting: Connectivity, practices, processes, and challenges”.
35 Available at: [https://charteredaccountantsworldwide.com/wp-](https://charteredaccountantsworldwide.com/wp-content/uploads/2024/06/ICAS_Materiality_Report.pdf)
36 [content/uploads/2024/06/ICAS_Materiality_Report.pdf](https://charteredaccountantsworldwide.com/wp-content/uploads/2024/06/ICAS_Materiality_Report.pdf)
37
38 Mio, C., Agostini, M., & Scarpa, F. (2024). *Sustainability Reporting: Conception, International*
39 *Approaches and Double Materiality in Action*. Springer Nature.
40
41 Moya, S. (2024). Sustainability reporting regulation: current situation and future developments.
42 *Research Handbook on Financial Accounting*, 121-137.
43
44 Nicholls, J.A. (2020) ‘Integrating financial, social and environmental accounting’, *Sustainability*
45 *accounting, management and policy journal*, 11(4), pp. 745–769. Available at:
46 <https://doi.org/10.1108/SAMPJ-01-2019-0030>.
47
48 Nobes, C. W. (2024). From No Materiality to Double Materiality: A 50-year Journey. Available at
49 SSRN: <https://ssrn.com/abstract=5001195> or <http://dx.doi.org/10.2139/ssrn.5001195>
50
51 Oll, J., Spandel, T., Schiemann, F., & Akkermann, J. (2025). The concept of materiality in
52 sustainability reporting: from essential contestation to research opportunities. *Sustainability*
53 *Accounting, Management and Policy Journal*, 16(2), 321-350.
54
55
56
57
58
59
60

1
2
3 Parker, L.D. and Roffey, B.H. (1997), “Methodological themes: Back to the drawing board: revisiting
4 grounded theory and the everyday accountant’s and manager’s reality”, *Accounting, Auditing and*
5 *Accountability Journal*, Vol. 10 No. 2, 212-247.

7 Pizzi, S., Venturelli, A., & Caputo, F. (2024a). Regulating sustainability reporting in Europe: de jure
8 harmonisation or De Facto standardisation?. *Accounting in Europe*, 1-25

10 Pizzi, S., Caputo, F., & De Nuccio, E. (2024b). Do sustainability reporting standards affect analysts’
11 forecast accuracy?. *Sustainability Accounting, Management and Policy Journal*, 15(2), 330-354

13 Prior, L. (2003). *Using documents in social research*. SAGE Publications Ltd,
14 <https://doi.org/10.4135/9780857020222>

17 Puroila, J. and Mäkelä, H. (2019) ‘Matter of opinion: Exploring the socio-political nature of
18 materiality disclosures in sustainability reporting’, *Accounting, auditing & accountability journal*,
19 32(4), pp. 1043–1072. Available at: <https://doi.org/10.1108/AAAJ-11-2016-2788>.

21 Raith, D. (2023) ‘The contest for materiality. What counts as CSR?’, *Journal of Applied Accounting*
22 *Research*, 24(1), 134–148. Available at: <https://doi.org/10.1108/JAAR-04-2022-0093>.

24 Rinaldi, L., Unerman, J., & de Villiers, C. (2018). Evaluating the Integrated Reporting journey:
25 Insights, gaps and agendas for future research. *Accounting, Auditing & Accountability Journal*, 31(5),
26 1294–1318. <https://doi.org/10.1108/AAAJ-04-2018-3446>

29 Rowbottom, N. (2023) ‘Orchestration and consolidation in corporate sustainability reporting. The
30 legacy of the Corporate Reporting Dialogue’, *Accounting, Auditing and Accountability Journal*,
31 36(3), 885–912. Available at: <https://doi.org/10.1108/AAAJ-06-2021-5330>.

33 **SEBI (2025). Guidance note for Business Responsibility & Sustainability Reporting Format.**
34 **Available at: [https://www.sebi.gov.in/sebi_data/commndocs/may-](https://www.sebi.gov.in/sebi_data/commndocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entit)**
35 **[2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entit](https://www.sebi.gov.in/sebi_data/commndocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entit)**
36 **[esAnnexure2_p.PDF](https://www.sebi.gov.in/sebi_data/commndocs/may-2021/Business%20responsibility%20and%20sustainability%20reporting%20by%20listed%20entit). Accessed: 9 July 2025.**

39 Stolowy, H. and Paugam, L. (2023) ‘Sustainability Reporting: Is Convergence Possible?’,
40 *Accounting in Europe*, 20(2), 139–165. Available at:
41 <https://doi.org/10.1080/17449480.2023.2189016>.

43 Tregidga, H. and Laine, M. (2022) ‘On crisis and emergency: Is it time to rethink long-term
44 environmental accounting?’, *Critical Perspectives on Accounting*, 82. Available at:
45 <https://doi.org/10.1016/j.cpa.2021.102311>.

47 **TWSE (2025). TWSE launches the "Sustainable Report Assistance Function" to help listed**
48 **companies improve the transparency of sustainability information in the capital market. Available at:**
49 **<https://cgc.twse.com.tw/pressReleases/promoteNewsArticleEn/4450>. Accessed: 9 July 2025**

51 Wang, R., Wai Fong, C., Simnett, R., & Zhou, S. (2024). “Is greater connectivity of financial and
52 non-financial information in annual reports valued by market participants?”. *The British Accounting*
53 *Review*, Forthcoming.

56 Zeff, S. A. (2002). “Political” lobbying on proposed standards: a challenge to the IASB. *Accounting*
57 *Horizons*, 16(1), 43–54.

8. Appendices

Appendix A: EFRAG SRB and EFRAG SR TEG meetings/discussion

<i>Place and date of the meeting</i>	
<i>“Before”</i>	<i>“After”</i>
EFRAG Offices – Brussels on 31/03/2022*	EFRAG Offices – Brussels on 21/08/2023 [EFRAG SR TEG & EFRAG FR TEG Joint meeting]
EFRAG Offices – Brussels on 13/04/2022	EFRAG Offices – Brussels on 23/08/2023
EFRAG Offices – Brussels on 22/04/2022	EFRAG Offices – Brussels on 28/08/2023 [EFRAG SRB & EFRAG FRB Joint meeting]
EFRAG Offices – Brussels on 28/04/2022	EFRAG Offices – Brussels on 04/09/2023
EFRAG Offices – Brussels on 05/05/2022**	EFRAG Offices – Brussels on 05/09/2023
EFRAG Offices – Brussels on 19/05/2022	EFRAG Offices – Brussels on 12/09/2023
EFRAG Offices – Brussels on 20/05/2022	EFRAG Offices – Brussels on 13/09/2023
EFRAG Offices – Brussels on 23/05/2022	EFRAG Offices – Brussels on 18/09/2023
EFRAG Offices – Brussels on 31/05/2022	EFRAG Offices – Brussels on 20/09/2023
EFRAG Offices – Brussels on 02/06/2022	EFRAG Offices – Brussels on 22/09/2023
EFRAG Offices – Brussels on 07/06/2022	EFRAG Offices – Brussels on 29/09/2023
EFRAG Offices – Brussels on 08/06/2022	EFRAG Offices – Brussels on 02/10/2023
EFRAG Offices – Hybrid event, Amsterdam on 15/06/2022	EFRAG Offices – Brussels on 11/10/2023
EFRAG Offices – Brussels on 20/06/2022	EFRAG Offices – Brussels on 17/10/2023
EFRAG Offices – Brussels on 21/06/2022	EFRAG Offices – Brussels on 18/10/2023
EFRAG Offices – Brussels on 24/06/2022	EFRAG Offices – Brussels on 18/10/2023 [EFRAG SR TEG & EFRAG FR TEG Joint meeting]
EFRAG Offices – Brussels on 27/06/2022	EFRAG Offices – Brussels on 24/10/2023
EFRAG Offices – Brussels on 06/07/2022	EFRAG Offices – Brussels on 25/10/2023
EFRAG Offices – Brussels on 08/07/2022	EFRAG Offices – Brussels on 26/10/2023
2wEFRAG Offices – Brussels on 11/07/2022	EFRAG Offices – Brussels on 06/11/2023
EFRAG Offices – Brussels on 12/07/2022	EFRAG Offices – Brussels on 13/11/2023
EFRAG Offices – Brussels on 18/07/2022	EFRAG Offices – Brussels on 15/11/2023
EFRAG Offices – Brussels on 20/07/2022	EFRAG Offices – Brussels on 20/11/2023
EFRAG Offices – Brussels on 22/07/2022	EFRAG Offices – Brussels on 22/11/2023
EFRAG Offices – Brussels on 15/08/2022	EFRAG Offices – Brussels on 23/11/2023
EFRAG Offices – Brussels on 24/08/2022	EFRAG Offices – Brussels on 29/11/2023
EFRAG Offices – Brussels on 26/08/2022	EFRAG Offices – Brussels on 05/12/2023
EFRAG Offices – Brussels on 29/08/2022	EFRAG Offices – Brussels on 13/12/2023
EFRAG Offices – Brussels on 02/09/2022	EFRAG Offices – Brussels on 15/12/2023
EFRAG Offices – Brussels on 05/09/2022	EFRAG Offices – Brussels on 10/01/2024
EFRAG Offices – Brussels on 06/09/2022	EFRAG Offices – Brussels on 15/01/2024
EFRAG Offices – Brussels on 08/09/2022	EFRAG Offices – Brussels on 17/01/2024
EFRAG Offices – Brussels on 12/09/2022	EFRAG Offices – Brussels on 18/01/2024
EFRAG Offices – Brussels on 13/09/2022	EFRAG Offices – Brussels on 24/01/2024
EFRAG Offices – Brussels on 14/09/2022	EFRAG Offices – Brussels on 30/01/2024
EFRAG Offices – Brussels on 15/09/2022	EFRAG Offices – Brussels on 01/02/2024
EFRAG Offices – Brussels on 19/09/2022	EFRAG Offices – Brussels on 07/02/2024
EFRAG Offices – Brussels on 20/09/2022	EFRAG Offices – Brussels on 15/02/2024 [EFRAG FR TEG & EFRAG SR TEG Joint meeting]
EFRAG Offices – Brussels on 21/09/2022	EFRAG Offices – Brussels on 21/02/2024
EFRAG Offices – Brussels on 22/09/2022	EFRAG Offices – Brussels on 28/02/2024
EFRAG Offices – Brussels on 23/09/2022	EFRAG Offices – Brussels on 29/02/2024
EFRAG Offices – Brussels on 30/09/2022	EFRAG Offices – Brussels on 29/02/2024
EFRAG Offices – Brussels on 04/10/2022	EFRAG Offices – Brussels on 07/03/2024
EFRAG Offices – Brussels on 05/10/2022	EFRAG Offices – Brussels on 19/03/2024
EFRAG Offices – Brussels on 07/10/2022	EFRAG Offices – Brussels on 20/03/2024
EFRAG Offices – Brussels on 11/10/2022	EFRAG Offices – Brussels on 21/03/2024
EFRAG Offices – Brussels on 11/10/2022	EFRAG Offices – Brussels on 03/04/2024
EFRAG Offices – Brussels on 19/10/2022	EFRAG Offices – Brussels on 11/04/2024
EFRAG Offices – Brussels on 20/10/2022	EFRAG Offices – Brussels on 12/04/2024
EFRAG Offices – Brussels on 21/10/2022	EFRAG Offices – Brussels on 22/04/2024
EFRAG Offices – Brussels on 25/10/2022	EFRAG Offices – Brussels on 24/04/2024
EFRAG Offices – Brussels on 26/10/2022	EFRAG Offices – Brussels on 25/04/2024
EFRAG Offices – Brussels on 27/10/2022	EFRAG Offices – Brussels on 02/05/2024
EFRAG Offices – Brussels on 31/10/2022	EFRAG Offices – Brussels on 06/05/2024
EFRAG Offices – Brussels on 01/11/2022	EFRAG Offices – Brussels on 08/05/2024
EFRAG Offices – Brussels on 02/11/2022	EFRAG Offices – Brussels on 15/05/2024

1		
2		
3	EFRAG Offices – Brussels on 03/11/2022	EFRAG Offices – Brussels on 21/05/2024
4	EFRAG Offices – Brussels on 07/11/2022	EFRAG Offices – Brussels on 23/05/2024
5	EFRAG Offices – Brussels on 08/11/2022	EFRAG Offices – Brussels on 04/06/2024
6	[Agreement on the first set of draft ESRS to be submitted to EC]	
7	EFRAG Offices – Brussels on 11/11/2022	EFRAG Offices – Brussels on 05/06/2024
8	EFRAG Offices – Brussels on 15/11/2022	EFRAG Offices – Brussels on 06/06/2024
9	EFRAG Offices – Brussels on 17/11/2022	EFRAG Offices – Brussels on 10/06/2024
10	EFRAG Offices – Brussels on 05/12/2022	EFRAG Offices – Brussels on 12/06/2024
11	EFRAG Offices – Brussels on 12/12/2022	EFRAG Offices – Brussels on 18/06/2024
12	EFRAG Offices – Brussels on 13/12/2022	EFRAG Offices – Brussels on 20/06/2024
13	EFRAG Offices – Brussels on 14/12/2022	EFRAG Offices – Brussels on 26/06/2024
14		[EFRAG SRB & EFRAG FRB joint meeting]
15	EFRAG Offices – Brussels on 12/01/2023	EFRAG Offices – Brussels on 26/06/2024
16	EFRAG Offices – Brussels on 16/01/2023	EFRAG Offices – Brussels on 01/07/2024
17	EFRAG Offices – Brussels on 17/01/2023	EFRAG Offices – Brussels on 03/07/2024
18	EFRAG Offices – Brussels on 17/01/2023	EFRAG Offices – Brussels on 03/07/2024
19	[EFRAG FR TEG & EFRAG SR TEG Joint Meeting]	[EFRAG FR TEG & EFRAG SR TEG Joint Meeting]
20	EFRAG Offices – Brussels on 20/01/2023	EFRAG Offices – Brussels on 04/07/2024
21	EFRAG Offices – Brussels on 24/01/2023	EFRAG Offices – Brussels on 10/07/2024
22	EFRAG Offices – Brussels on 25/01/2023	EFRAG Offices – Brussels on 16/07/2024
23	EFRAG Offices – Brussels on 30/01/2023	EFRAG Offices – Brussels on 17/07/2024
24	EFRAG Offices – Brussels on 02/02/2023	EFRAG Offices – Brussels on 18/07/2024
25	EFRAG Offices – Brussels on 07/02/2023	EFRAG Offices – Brussels on 04/09/2024
26	EFRAG Offices – Brussels on 13/02/2023	EFRAG Offices – Brussels on 12/09/2024
27	EFRAG Offices – Brussels on 15/02/2023	EFRAG Offices – Brussels on 12/09/2024
28		[EFRAG FR TEG & EFRAG SR TEG Joint meeting]
29	EFRAG Offices – Brussels on 17/02/2023	EFRAG Offices – Brussels on 17/09/2024
30	EFRAG Offices – Brussels on 21/02/2023	EFRAG Offices – Brussels on 18/09/2024
31	EFRAG Offices – Brussels on 22/02/2023	EFRAG Offices – Brussels on 18/09/2024
32		[EFRAG FRB & EFRAG SRB Joint meeting]
33	EFRAG Offices – Brussels on 23/02/2023	EFRAG Offices – Brussels on 18/09/2024
34	EFRAG Offices – Brussels on 24/02/2023	EFRAG Offices – Brussels on 19/09/2024
35	EFRAG Offices – Brussels on 27/02/2023	EFRAG Offices – Brussels on 26/09/2024
36	EFRAG Offices – Brussels on 02/03/2023	EFRAG Offices – Brussels on 02/10/2024
37	EFRAG Offices – Brussels on 06/03/2023	EFRAG Offices – Brussels on 07/10/2024
38	EFRAG Offices – Brussels on 07/03/2023	EFRAG Offices – Brussels on 10/10/2024
39	EFRAG Offices – Brussels on 08/03/2023	EFRAG Offices – Brussels on 16/10/2024
40	EFRAG Offices – Brussels on 10/03/2023	EFRAG Offices – Brussels on 17/10/2024
41	EFRAG Offices – Brussels on 13/03/2023	EFRAG Offices – Brussels on 22/10/2024
42	EFRAG Offices – Brussels on 14/03/2023	EFRAG Offices – Brussels on 24/10/2024
43	EFRAG Offices – Brussels on 16/03/2023	EFRAG Offices – Brussels on 29/10/2024
44	EFRAG Offices – Brussels on 17/03/2023	EFRAG Offices – Brussels on 30/10/2024
45	EFRAG Offices – Brussels on 22/03/2023	EFRAG Offices – Brussels on 04/11/2024
46	EFRAG Offices – Brussels on 24/03/2023	EFRAG Offices – Brussels on 07/11/2024
47	EFRAG Offices – Brussels on 27/03/2023	EFRAG Offices – Brussels on 13/11/2024
48	EFRAG Offices – Brussels on 30/03/2023	EFRAG Offices – Brussels on 18/11/2024
49	EFRAG Offices – Brussels on 03/04/2023	EFRAG Offices – Brussels on 21/11/2024
50	EFRAG Offices – Brussels on 12/04/2023	EFRAG Offices – Brussels on 27/11/2024
51	EFRAG Offices – Brussels on 17/04/2023	
52	EFRAG Offices – Brussels on 24/04/2023	
53	EFRAG Offices – Brussels on 26/04/2023	
54	EFRAG Offices – Brussels on 03/05/2023	
55	[EFRAG FR TEG & EFRAG SR TEG Joint Meeting]	
56	EFRAG Offices – Brussels on 04/05/2023	
57	EFRAG Offices – Brussels on 09/05/2023	
58	EFRAG Offices – Brussels on 17/05/2023	
59	EFRAG Offices – Brussels on 22/05/2023	
60	EFRAG Offices – Brussels on 23/05/2023	
	EFRAG Offices – Brussels on 24/05/2023	
	EFRAG Offices – Brussels on 14/06/2023	
	EFRAG Offices – Brussels on 19/06/2023	
	EFRAG Offices – Brussels on 28/06/2023	
	EFRAG Offices – Brussels on 12/07/2023	
	EFRAG Offices – Brussels on 13/07/2023	

*First meeting of the EFRAG Sustainability Reporting Board.

**First Meeting of the EFRAG Sustainability Reporting Technical Expert Group (EFRAG SR TEG).
Source: Authors' elaboration from EFRAG website.

Appendix B: Corporate sustainability and responsibility within the European Commission

Key documents	Details
"Before"	
Directive 2022/2464 on corporate sustainability reporting	Document 32022L2464 published on 16.12.2022
EU Finance Podcast-00:18:19	Episode 13 on Sustainability Reporting published on 20.12.2023
Commission Delegated Regulation (EU) 2023/2772 on ESRS standards	Document 32023R2772 published on 31.07.2023
Q&A on the Adoption of ESRS	EC Q&A published on 31.07.2023
"After"	
Political agreement between the European Parliament and the Council on the Commission's proposal to postpone by two years the deadline for adopting sector-specific ESRS	Council and Parliament agree to delay sustainability reporting for certain sectors and third-country companies by two years published on 07.02.2024 Daily News published on 08.02.2024
Commission welcomes guidance on interoperability of European and global sustainability reporting standards	Directorate-General for Financial Stability, Financial Services and Capital Markets Union published on 02.05.2024

Source: Authors' elaboration from EC website.

Appendix C: EFRAG Webcasts

EFRAG webcasts	Length
"After"	
EFRAG Sustainability Reporting Board Physical Meeting 24 October 2023 – Public	07:21:07
EFRAG Sustainability Reporting Board Physical Meeting 25 October 2023 – Public	06:53:03
EFRAG Sustainability Reporting Board Webcast Meeting on 15 November 2023 – Public	03:37:15
EFRAG Sustainability Reporting Board Webcast Meeting on 23 November 2023 – Public	01:41:44
EFRAG Sustainability Reporting Board Webcast Meeting on 29 November 2023 – Public	03:36:50
EFRAG Sustainability Reporting Board Webcast Meeting on 13 December 2023 - Public	03:35:07
EFRAG Sustainability Reporting Board Webcast Meeting on 15 December 2023 - Public	01:26:45
EFRAG Sustainability Reporting Board Webcast Meeting on 10 January 2024	04:11:47
EFRAG Sustainability Reporting Board Webcast Meeting on 24 January 2024	02:52:15
EFRAG Sustainability Reporting Board Webcast Meeting on 21 February 2024	02:30:20
EFRAG Sustainability Reporting Board Physical Meeting on 28 February 2024	01:11:24
EFRAG Sustainability Reporting Board Webcast Meeting on 20 March 2024	01:19:28
EFRAG Sustainability Reporting Board Webcast Meeting on 24 April 2024	02:43:19
EFRAG Sustainability Reporting Board Webcast Meeting on 02 May 2024	05:18:06
EFRAG Sustainability Reporting Board Webcast Meeting on 15 May 2024	04:59:36
EFRAG Sustainability Reporting Board Physical Meeting on 04 June 2024	06:53:38
EFRAG Sustainability Reporting Board Physical Meeting on 05 June 2024	00:55:26
EFRAG Sustainability Reporting Board Webcast Meeting on 12 June 2024	03:26:13
EFRAG Sustainability Reporting Board Webcast Meeting on 26 June 2024	02:21:04
EFRAG Sustainability Reporting Board Webcast Meeting on 04 July 2024	06:48:46
EFRAG Sustainability Reporting Board Webcast Meeting on 02 October 2024	02:35:33
EFRAG Sustainability Reporting Board Webcast Meeting on 07 October 2024	03:31:54
EFRAG Sustainability Reporting Board Webcast Meeting on 10 October 2024	05:56:13

SUPPLEMENTARY FILE

"The influence of global sustainability reporting standards on the discourse within the EU"

SAMPJ-12-2024-1378.R2

Editor(s) comments	
<p>This is a good paper, but there are some issues the authors should address:</p> <p>1. The paper refers to GRI standards being a 'voluntary framework' a number of times. In fact GRI Standards are mandatory in some jurisdictions (eg Taiwan) or have been adopted in part in mandatory requirements (eg by SEBI in India).</p> <p>2. GRI and EFRAG signed a co-development agreement for the ESRS. This does not appear to be mentioned in the paper which seems odd as the ESRS state that impacts should be considered first before financial materiality.</p> <p>The first point is a matter of correction. The second should be discussed for completeness.</p> <p>The paper might also be updated for the latest developments in the ESRS 'simplification' revisions which are out for consultation.</p>	<p>Dear Editors,</p> <p>Thank you very much for your encouraging feedback on our revised manuscript. We are grateful for your constructive comments, which have been invaluable in helping us further improve the completeness of our work.</p> <p>Please find below our response to the specific points raised. We have highlighted our changes in the revised version of the manuscript.</p> <p>Thank you for highlighting this point. We now make reference to GRI standards being mandatory or part-mandatory in certain jurisdictions in Section 2.1, and have revised subsequent mentions of GRI as a voluntary framework accordingly.</p> <p>We appreciate the observation and fully agree that the co-development agreement between GRI and EFRAG represents a key milestone in the development of the ESRS. In response, we have now integrated this point into Section 2.2 of the revised manuscript.</p> <p>Thank you for highlighting the important point of the "ESRS simplification". We have included a reflection on the ESRS simplification process initiated under the European Commission's Omnibus proposals in the Discussion section.</p> <p>We have updated our reference list to reflect the most recent developments.</p> <p>We hope these revisions fully address the points raised and improve the manuscript's relevance and timeliness.</p> <p>Thank you very much for your guidance and consideration.</p> <p>With kind regards, The Authors</p>