Chapter 1
The Rationales of Lawyers, Accountants and Financial Analysts in Shaping the EU Agenda on CSR

David Monciardini

1.1 Introduction: European CSR Policies and the Role of Transnational Professional Communities

Entering the field of CSR reporting, anyone could feel understandably lost in a 'forest' of alternative formulas, which are often used as synonymous: sustainability reporting; social and environmental accounting; ESG (Environmental Social and Governance) data; non-financial information; etc. Going deeper into this issue, differences arise between those who talk about transparency, disclosure or corporate accountability. For each of these 'entry points' into CSR reporting, multiple choices are available to law- and policy-makers, which would radically change the mode and content of CSR reporting regulation (cf. Bebbington & Gray, 2001; Buhr, 2007; Crouch, 2010; Everett, 2004; Mason, 2005; Morgera, 2009). Disclosure should be left to companies' discretion or mandated by law? What should a company report on? Which companies should be required to provide information? To whom managers should be held accountable for their decisions? How non-financial information can be verified? Adopting a depoliticised and under-socialised approach to this problem, until recently, most of the literature and the policy debate was taking for granted that we already know what this reporting entails. It was conventionally treated as a technical issue. However, more recently, the debate has become more explicitly 'political', particularly as law- and policy-makers have become increasingly active on this issue. There is a growing literature that goes beyond managerial and normative approaches and has revealed the co-existence of different, often competing, instances and interests (De Schutter, 2008; Dingwerth & Eichinger, 2010; Fairbrass, 2011; Kinderman, 2013). The study aims to contribute to this strand of studies on changes in CSR policies and politics,

D. Monciardini (✉)
University of Exeter Business School, Exeter, UK
e-mail: D.Monciardini@exeter.ac.uk

© Springer International Publishing Switzerland 2017

S.O. Idowu, S. Vertigans (eds.), *Stages of Corporate Social Responsibility*, CSR, Sustainability, Ethics & Governance, DOI 10.1007/978-3-319-43536-7_1

offering an original contribution, which focuses on the role of transnational professional communities in shaping the emerging field of CSR reporting regulation at the EU level.

The article is based on a series of interviews with key stakeholders and EU policy-makers made between 2011 and 2013 as part of the International PhD 'Renato Treves' in Law and Society. One of the key findings that emerged from the fieldwork was the crucial role played by three professional groups, particularly active in the EU debate on regulating CSR reporting: financial analysts; international professional accountants; and environmental and human rights lawyers. In particular, as for accountants, it highlighted the role of the Federation of European Accountants (FEE), in connection with the International Accounting Standard Board (IASB) and the 'Big Four' (KPMG, Deloitte, Accenture, and E&Y). As for activist-lawyers, it emerged the role of the European Coalition for Corporate Justice (ECCJ), a network of European NGOs, assisted in the elaboration of legal proposals by national organisations such as the Environmental Law Service, ELS (now Frank Bold), or SHERPA, a Paris-based association focused on economic crimes. Lastly, considering financial analysts, it emerged, in particular, the role played by the German DVBA and the European Federation of Financial Analysts (EFFAS). Building on these insights, the author has also systematically analysed the available secondary sources concerning the activities of these actors, related to the EU-level policy debate on CSR reporting regulation, during the period 2006–2013.

The analysis appears to support the research hypothesis. Following the outbreak of the global financial crisis, EU public authorities shown a willingness to talk about CSR regulation and, in particular, transparency and disclosure. This regulatory 'window of opportunity' triggered the interest of human rights and environmental activist-lawyers, normally unconcerned about changes in accounting rules, as well as financial analysts, usually rather 'detached' from social and environmental matters. This situation provoked the reaction of international professional accountants, who had progressively gained control over accounting rule-making from EU and national politics (Botzem, 2012; Dewin & Russell, 2007) and suddenly had to defend their autonomy and legitimate authority.

1.2 Theoretical Approach and Research Methodology

The theoretical approach deployed by this study is drawing from different contributions from accounting, sociology and political economy (e.g., Crouch, 2010; Dezalay & Madsen, 2012; Graz & Nolke, 2007). In particular, it builds on the work of Djelic and Quack (2010) on professions and transnational social networks. Namely, the study analyses professional accountants; activist-lawyers and financial analysts as Transnational Communities (TCs) of professionals. Adopting this theoretical framework, the article attempts to go beyond most of the literature, which has been overwhelmingly focused on different national 'models' (Gjolberg, 2010; Matten & Moon, 2008) or on certain stakeholders, e.g., employers; NGOs;

investors; etc. (Kinderman, 2013; Ungericht & Hirt, 2010), relegating professional communities to the role of individual experts. Djelic and Quack define TCs as social groups that emerge from mutual interaction across national boundaries, oriented around a common project or 'imagined' identity. This common project or identity is constructed and sustained through the active engagement and involvement of at least some of its members. Such communities can overlap in different ways with formal organizations. However, in principle, they do not need formal organization to be sustained.

This actor-centred approach perfectly fits the objectives of the study. The aim is to generate a number of insights on structural changes, while acknowledging the role of agency and reflexivity. In fact, it stresses that the opening up of new regulatory spaces (CSR reporting regulation) is likely to generate conflicts over the material and symbolic occupation of this space (see Djelic & Sahlin-Andersson, 2006). Furthermore, adopting this historical perspective (Djelic & Etchanchu, 2014; Djelic & Quack, 2007), it also shed light on cumulative progress of gradual changes, which took place between 2006 and 2013, at different levels of regulation and through varying modes of governance.

To investigate empirically the role of these TCs in the emerging EU regulation of CSR, the research applied a "process theory" perspective (cf. Langley, 1999; Pierson, 2004). This research methodology gives particular attention to time ordering of the contributory events as a way of capturing the key factors that explain the role of different actors in shaping policy and regulatory changes. Similarly to other recent studies aimed at empirically exploring changes in the transnational regulation of accounting (cf. Botzem, 2012), the research strategy consists in a "causal reconstruction", which links initial conditions to observable outcomes (cf. Mahoney, 2001; Mayntz, 2004). Rather than being an aprioristic decision, the selection of the key actors that have been empirically investigated has gradually emerged from the interviews (see Annex). Then, in order to strengthen the interviews' findings, the study has systematically assessed changes in the position of these key actors towards the EU proposed directive on CSR reporting. This further step has been accomplished through a content analysis of the main public documents and press releases the actors have issued between 2009 and 2014 on this issues. The document analysis has provided a dense understanding of cumulative institutional changes and the interplay between different agents in shaping the emerging regulatory field of EU CSR reporting. In particular, it has offered insights about the different language, arguments and ideas adopted by the three TCs of professionals. To this, it is worth to stress that the three competing rationales identified by this study—coming from Law, Accountancy and Finance—should be seen as kind of ideal types, representing historically and socially constructed institutional paths and competing 'traditions'.

1.3 The End of Voluntary CSR Reporting and the Role of Professional Communities

The years between 2006 and 2011 witnessed a U-turn in the EU regulatory approach towards CSR and, in particular, the central issue of transparency and reporting. In 2005, the Prodi Commission had prepared a draft CSR Communication, based on the work of the EU Multi-Stakeholder Forum on CSR (2002–2004), containing a number of policy measures. The newly assigned Barroso Commission rejected the draft and decided to move the mandate for elaborating a new text from DG Employment (EMPL) to DG Enterprise (ENTR), traditionally more 'business-oriented'. (Interviews # 9 and 12) In 2006, a weak CSR Communication was published, which was "agreed by the Cabinet directly with CSR Europe" (interviews # 2 confirmed by # 9). In response, the EU Parliament passed, by a large majority in plenary, a resolution urging the EU Commission to extend legal obligations to some key aspects of corporate accountability (European Parliament, 2007). The EU executive's reaction was to reaffirm that CSR is voluntary and should not be regulated at the EU level . As a result, all the NGOs decided to boycott and, eventually, abandon the EU Forum for CSR. As De Schutter sourly noted, "It is a sad but widely accepted truth that, today, the voices of business dominate the European concert." (2008: 236)

A game-changing moment in this policy debate took place in 2008, after the onset of the global financial crisis, when the public pressure on EU policy-makers to act against corporate irresponsibility triggered a shift from *whether* CSR reporting should be mandatory to *how* that could be achieved. The impact of the crisis emerges clearly from all the interviews carried out within the Commission and with various stakeholders, although opinions about the nature of the change it provoked might vary. **As pointed out by an experienced EU official: "in ways that we** cannot really appreciate or calculate", the financial crisis began to "re-open the question of the role of regulation generally", it began to make regulation "*a less dirty word*". (Interview # 12) From being a peripheral issue, suddenly CSR was "back on the EU agenda" (EurActive, 2010), yet in a different form. It became broader, dealing with new issues than just social and environmental protection, such as corruption, risk management and corporate taxation (interview # 8). It also became 'deeper', reviving fundamental questions about the ultimate purpose of business in society (interview# 10)**. I**n 2011, the EU Commission changed its position and announced that "will present a legislative proposal on the transparency of the social and environmental information provided by companies in all sector." (Commission, 2011: 15) The section will follow the intertwined "moves" of professional accountants; activist-lawyers and financial analysts acting and reacting to shape the emerging EU regulatory field of CSR reporting.

1.3.1 2008–2010: The Crisis and the Momentum for Mandatory CSR Reporting

For the scope of this paper, the period that immediately follows the outset of the crisis is characterised by four interrelated 'moves'.

First, organised civil society seized the momentum for a review of the inadequate EU strategy on corporate accountability. Their ongoing absence from the EU initiatives on CSR (MSF CSR and the 'Alliance for CSR') was delegitimising this process. Therefore, on April 17th 2008, DG ENTR Head of Cabinet and DG EMPL Deputy Head of Cabinet met a delegation from ECCJ. An agreement was reached, supported by MEP Richard Howitt. The Commission obtained a reconsideration of ECCJ participation in the MSF CSR, in return for a review of the EU approach on CSR. In February 2009, the agreement was fulfilled. The NGOs went back to the MSF CSR while the Commissioner conceded that "regulation and CSR, while being mutually exclusive, are dynamic and evolving", stressing, in particular, the need for talks amongst all stakeholders **about** transparency and non-financials (Verheugen, 2009). Meanwhile, ECCJ had prepared three legislative proposals, which were sent to the Commission and carefully examined, including one on transparency. As it emerged from an interview with ECCJ, this moment represented a remarkable shift in the attitude of the EU Commission, "because before they were not even thinking about any legislative proposal." (interview #12 with Delaygues, ECCJ)

From interviews and documents' analysis emerges the key role of activist-lawyers within the NGOs group of actors. They are the often 'invisible hands' that allowed a small organisation like ECCJ (two full-time staff) to match, in terms of quality, the activism of CSR Europe and Business Europe, enabling it to be engaged on different fronts. Quoting Delaygues, "We are a coalition using the strengths of our members. For instance, our Czech member [ELS now Frank Bold] is an environmental law service. It is an organisation composed of 30 lawyers. So, basically, the legal proposals have been developed by them." Furthermore, "we have as a member FIDH, the International Federation of Human Rights. Other proposals have been developed by the French platform called SHERPA, which is a lawyers' organisation." (interview # 12) Carefully reconstructing the key role of ECCJ in the post-crisis debate becomes apparent that they were trying to re-radicalising CSR, framing it as a matter of human rights protection and directors' liabilities. However, doing so, NGOs were entering into a field that is not merely legal and has been traditionally controlled by the accounting profession, with which ECCJ did not have any relations (interview # 12).

Activist-lawyers were not the only professional community that seized the momentum. The second move in this 'game' was by financial analysts. In effect, political reactions to the financial crisis and fear of tough regulation win over an increasing section of large institutional investors and asset managers to 'socially responsible investment'. In few months, the SRI community increased dramatically and seemed to reach the 'tipping point' (Eurosif, 2010; UN PRI, 2011). However,

the lack of reliable KPIs was hampering ESG incorporation into mainstream investment analyses and decision-making. Here comes the opportunity for financial analysts to take the lead in shaping such framework.

On March 2008, the DVFA (the German Society of Investment Professionals) had launched a set of KPIs for ESG information. This was a peripheral initiative that, rather surprisingly, "gained significant attention in the capital market—both in Germany and internationally." (DVFA/EFFAS, 2009: 3) Only two months after its launch, it received an unqualified endorsement by EFFAS, the European Federation of Financial Analysts, and thus gained the status of an official EFFAS Standard. The framework was reviewed (April 2009; Sept 2010) and repeatedly proposed to EU policy-makers as the first major framework tailored for the needs of investors. This potentially set EFFAS in competition with accountants and the big players in the sustainability reporting arena (e.g., UNGC, GRI, CDP, ISO 26000) but also attracted the attention of the EU Laboratory on 'valuing non-financials', which gave cross-reference to EFFAS KPIs. EFFAS and the Laboratory started to collaborate, conducting focus groups with investment professionals and companies to test the framework, which was then subjected to public consultation. The final document of the Laboratory (CSR Europe 2010) provides striking evidence of the economic significance of ESG information and the limits of traditional financial accounting. It maintained that over 80 % of the market value the S&P 500 Index could not be measured in conventional accounting terms. Considering the value of the global stock market in 2009, the report concluded, this corresponds to an astonishing accounting gap of $40 trillion. Commissioner Verheughen was particularly impressed by this activism, affirming that the *Laboratory could contribute to "a quiet revolution in the way that enterprises can measure and communicate their non-financial performance." (EFFAS, 2009) This change in investors' perception and the rising interest of investors for mandatory ESG was confirmed also by the stronger position taken by EUROSIF (European Socially Responsible Investors). As ECCJ before, in February 2009, it officially sent three legislative proposals to the Commission, including mandatory CSR reporting for large listed companies (Eurosif, 2009).*

The third crucial move was taken by the EU Commission, which gradually shifted its position on regulating CSR reporting. Following Mr Verheughen's speech, between September 2009 and February 2010 DG ENTR organised a series of workshops open to *all stakeholders* on ESG reporting (adopting financial analysts' jargon). A key role in this process of internal adjustment of the Commission's positions on CSR was played by part of the financial sector, which added its weight to NGOs asking for detailed mandatory ESG information. (Interviews # 7; 10 and 15) As explained by another EU official (interview # 12), if you take the investment community out, you have NGOs versus business. "Very black and white". But "when you got some mainstream financial analysts saying, 'there is something in here that we need to know more about' or 'the information we get is not good enough.' *Then, the debate is, at least, triangular* [...] *Then it is not simply the NGOs' agenda. It becomes, if I am honest, an easier agenda to sell*." As confirmed by another EU officer: "we have considered the fact that investors are discussing

this one of the key evidence that markets were demanding for increase transparency. (Interview # 11)

Significantly, in the conclusions of the EU Workshops is possible to read: "a decision not to change EU policy would send a strong political message to enterprises and other stakeholders that the European Union believes business-as-usual is desirable and feasible, whereas the multiple sustainability challenges we face demand fundamental change. [. . .] ESG disclosure is a political issue not just a technical issue. Tinkering is not a political message". (Commission 2009c: 3) However, while "the number of supporters of mandatory CSR had increased significantly and were close to reach a critical mass" (interview # 10), any formal initiative was prevented by the "need for a coherent approach" with the position taken by the same Commission only two years before. (Interview # 8) During this time, DG Internal Market (MARKT), responsible for EU accounting law, started "listening carefully and taking note of the rising importance of CSR" but opposed any legislative action. (Interview # 10) Things changed when the new Barroso Commission was appointed, on February 2010, and Michel Barnier, a French politician widely seen as having *dirigiste* economic view, was appointed as DG MARKT Commissioner. The issue of CSR/ESG reporting moved to his hands and he asked the Accounting and Financial Reporting Unit to work on the review of Article 46(1) (b) of the Fourth Company Law directive, which already contained a reference to voluntary disclosure of non-financial KPIs.

This gradual shift of EU policy-makers away from voluntary CSR reporting, and the activism of financial analysts and lawyers could threaten professional accountants' power. This had already been weakened by the financial crisis (off-balance sheet accounting and fair value accounting were identified as important causes) and the G20 (15 November 2008) had openly questioned the governance structure of accounting standard-setters, calling for immediate actions (G20, 2008: 6). Therefore, while the rise of mandatory CSR reporting could have represented a good business opportunity for accountants (e.g., Deloitte & the Economist Unit, 2004; KPMG, 2008; KPMG et al., 2010, 2013), the question was whether they were in a position to take it. In fact, moving too far away from financial accounting (e.g., human rights due diligence, carbon disclosure, water consumption) could cast doubt on their professional authority and expertise.

The most explicit response to this challenge came already in December 2008. The FEE (Federation of European Accountants) published a discussion paper which was aimed at sending out three messages (FEE, 2008). First, sustainability reporting is a matter of *accounting standards* and EU Accounting Law. The document mentions the existence of International Accounting Standards (IAS) that are already able to address the problem and stresses that a requirement had been already introduced in 2003 by the Modernisation Directive and the focus should be on strengthening it. Secondly, on the contrary of ECCJ or EFFAS, accountants' demanded for 'guidance' from public authorities, *not yet regulation*. Thirdly, as regards the content, references to the environment or human rights that could be seen in both ECCJ and EFFAS' documents are almost accidental. The key problem is identified in the lack of 'materiality' and 'relevance' of existing sustainability

reporting. On January 2009, FEE published a policy statement on the contribution of the profession to sustainability. The document invites "accountants within and outside organizations [. . .] to help operationalising this general concept at the level of strategy formulation, process improvement and performance measurement" building "on the broad and important role it [the profession] already plays regarding the relevance and reliability of financial and other information." (FEE, 2009) On 29 April 2009, FEE and EUROSIF organised a roundtable, hosted by the European Parliament, which was later used by DG ENTR as a model for the EU Workshops on ESG reporting. Significantly, the speakers featured DVFA Managing Director, Ralf Frank; the CEO of the GRI; Pedro Ortùn, Director of DG ENTR; and other representatives from companies and institutional investors. It stands out the absence of any voice from civil society. The 'call for action' issued at the end of the conference by the two organisations is motivated by "the current climate of financial and economic crisis" but does not contain any precise reference to social and environmental matters. It translates the problem into a question of "helping to restore trust in business." (FEE/EUROSIF, 2009)

FEE/Eurosif roundtable set the tone for a much more ambitious project aimed to establish a closer dialogue on this issue between accountants, financial analysts and large institutional investors. Following a meeting in London (December 2009) hosted by The Prince of Wales'—to which intervened some of the key private standard-setting bodies both in financial and non-financial reporting—a new regulatory initiative was launched: the International Connected Reporting Committee, soon renamed International Integrated Reporting Council (IIRC). Its far-reaching objective was to create an "internationally accepted" framework able to integrate financial and non-financial information in one concise and material communication. The reins of the IIRC were taken by Paul Druckman, Chairman of FEE Sustainability Policy Group and former President of the ICAEW (Institute of Chartered Accountants in England & Wales).

1.3.2 2011–2013: Regulating Non-financial Disclosure

The year 2011 marked a new phase in the EU debate on CSR reporting regulation. Following a public consultation (November 2010 and February 2011), which attracted over 300 responses (Commission, 2010), in April 2011, the EU Commission officially announced that "will present a legislative proposal on the transparency of the social and environmental information provided by companies in all sectors." (Commission, 2011: 15) The document stresses investors' power and business' freedom. The measure is meant to use "the *tremendous financial lever* of the European asset-management industry (EUR 7000 billion in 2009) [. . .] to promote the development of *businesses which have chosen* [. . .] to pursue objectives of general interest or relating to social, ethical or environmental development." (Commission, 2011: 15 emphases added) Notably, this is part of a broader transnational phenomenon that had seen, in the lapse of few years, the emergence of

"an increasingly dense regulatory network of international and national standards, codes and guidelines as well as legislation for sustainability reporting." (KPMG et al., 2010: 4) As mentioned above, at the EU-level, a key role should be attributed to the political leadership and ambition of the new DG MARKT Commissioner, Michel Barnier. According to a senior EU official, the inclusion of non-financial reporting in the Single Market Act (SMA) "was a political priority for the Commissioner." (Interview # 10) Another EU official confirmed that the shift in the EU policy debate on CSR reporting "can be reduced to two words: Barnier plus the financial crisis." (Interview #12) An expert group was set up, to which participated some key figures from activist-lawyers (Filip Gregor, ELS/ECCJ); analysts and the financial community (Claudia Kruse, APG/EFFAS/ICGN) as well as various international accountants (representatives from PwC, IIRC and FEE) (July 2011). On October 2011, the announcement was reiterated in the CSR Communication, which also outlined a new definition of CSR, coherent with the intent to overcome the old voluntary approach. However, while the SMA had pledged a proposal "by the end of the year" (SMA), this only arrived in April 2013 and, as compared to the anticipation that existed in the previous phase, was rather modest (Monciardini, 2014).

Instead of integrating non-financial KPIs in the existing financial strategy and operations of large companies, the EC proposal required companies to write just a statement on their policies, results and risk-related aspects as regards four broad areas of CSR: social and environmental matters, human protection and anti-corruption. This approach re-enforced the distinction between financial and non-financial disclosure, setting CSR aside from corporate governance and business strategy. Companies were suggested an open list of existing international and national frameworks, without imposing them any specific set of detailed KPIs—as both investors and NGOs had been demanding. In so doing, the EU lost a precious opportunity to shape the global regulatory debate and made comparability impervious. Furthermore, companies could decide not to disclose information in one or more of these areas, explaining why that was the case (report-or-explain). No mechanisms to verify such information were introduced, undermining the reliability of the statement. Overall, while the scope of the proposal was ambitious—the Commission estimated that about 18,000 large companies would have been affected, across all sectors—the EC proposal fall short of its objective to enhance information's quality.

Why has the Commission presented such a weak legal draft? What prevented the EU from reaching, after so many years of debates, a forward-looking, sound and strong outcome? According to my analysis there are three main reasons. Certainly, as pointed out by Kinderman (2013), we should consider the firm opposition of European enterprises, in particular SMEs, led by the German employers' associations (BDA/BDI) (interviews # 10, 11 and 12). As confirmed by various sources (interviews # 11 and 12; Howitt, 2014; Kinderman, 2013), this position was supported by the German Cabinet of Angela Merkel, making the adoption of a far-reaching reform by the EU Council extremely complicated. Secondly, the financial crisis had turned into a sovereign debt crisis. Therefore the regulatory

priorities and power-struggles had shifted. If by 2010 mandatory CSR reporting could be seen as mirroring a stronger position of the state in its regulatory role, by 2013 governments were seen again as 'the problem'. Imposing rules on business was politically difficult. As synthesized by a top EU officer, at the beginning they "wanted to go far, to do something that really make a difference", then "overtime and working with other DGs", they "realized that you cannot go too far. Otherwise you would have a backlash with the industry, with the associations, with some Member States." (Interview # 10) However, there is also a third element, perhaps less apparent, related to what Dezalay (1991) called 'territorial battles and tribal disputes' that are the subject of this article. The accounting profession was able to 'neutralise' this potentially threatening development and effectively push back activist-layers and financial analysts, exploiting its strategic positions within the accounting regulatory field.

During this phase, the accountants' community was able to 'play' multiple identities: independent external experts (FEE, PwC, IIRC), private and public standard setters (IASB, EFRAG) and, in particular, EU policy-makers (Unit F3, DG MARKT). On the other hand, according to the interviewees, activist-lawyers' and financial analysts had only external and limited access to the work of DG MARKT (interviews # 6; 7; 15). The fact that the file was assigned to the 'Accounting and financial reporting' Unit (instead of, for instance, the Corporate Governance and CSR Unit) was extremely consequential for the future legislative proposal unveiled in April 2013. As it emerged from the fieldwork, this created a paradoxical situation. Most of the Unit had a professional and educational background in financial accounting. Therefore, they lacked a good understanding of social and environmental matters and their relevance. As one officer admitted "we are not CSR experts." (Interview # 10) The issue was new to this Unit, which only in 2010 started to "build up some knowledge" on it (interview # 10). Drawing on the accounting mindset, the word CSR or even ESG was shelved. The proposal refers to 'non-financial' disclosure, a non-definition that reveals the discomfort of financial accountants in dealing with something *else* than financial information, something broad and hard to define (Monciardini, 2013).

Since the beginning, the Unit decided to rely on existing reporting frameworks, rather than developing an EU set of KPIs, because "there is no need to re-invent the wheel" (interviews 10; 11; 12). However, DG Environment (ENV) assessment for a parallel, similar initiative had reached exactly the opposite conclusion (interview # 14). Because of the lack of standardized a reliable methodologies for reporting, the EU should proceed to a harmonization of the fragmented regulatory landscape. Otherwise, "claims and reports would continue to vary in ambition (i.e., quality of information and scope) and would not allow any sort of comparison or benchmarking." (Commission, 2012) In effect, according to the interviews, DG ENV would have preferred "a detailed and rather prescriptive regulatory approach to ESG disclosure", closer to a mandatory version of the EMAS scheme. In the Impact Assessment of the Communication 'Building the Single Market for Green Product' (Commission, 2012), DG ENV services also stated that DG MARKT's initiative "will not propose a detailed methodology for reporting this information,

nor specify what elements of environmental performance need to be reported on. Without further intervention on these aspects, the reliability, comparability, relevance, and completeness of the environmental information would fall short of stakeholders' needs, particularly investors [...]" Simultaneously, outside the walls of the EU Commission, the accounting profession became very active in creating this reporting framework that would fit the void described by DG ENV. During this phase, the IIRC was able to gain the support of all the main private standard-setters in the field of financial and non-financial accounting (interview #19). However, in FEE position papers the word 'sustainability' or 'social and environmental reporting' was substituted by their 'own' concept of < IR > Integrated Reporting, as developed by the International Integrated Reporting Council (IIRC). Significantly, EFFAS soon decided not to continue developing its own ESG standards, joining the efforts of the IIRC. In effect, the final version of the International < IR > Framework, issued in 2013, confirms also the influence of financial analysts and the financial community. While initially the Framework was designed to vehicle the "information needed by investors *and other stakeholders*" (IIRC, 2011: 8), the final version refers only to the needs of capital providers (IIRC, 2013).

Overall, as compared to the documents prepared by the Commission between 2008 and 2010, these prepared by DG MARKT (expert group, impact assessment, legislative proposal) tend to reduce CSR reporting to a technical issue, not a political one. The arguments for introducing this reform are based on "suboptimal allocation of capital" and improving "company performance", "while limiting any undue administrative burden" for business (IA, EU proposal). This rationale could be applied to financial accounting reforms. Human rights protection and the reduction of carbon emissions are treated as 'market failures' and a matter of 'market efficiency' while transparency becomes an end in itself, rather than a means to an end.

After the Commission unveiled its proposal (Commission, 2013), leaving almost everyone disappointed (EurActive, 2013), the battlefield moved to the Trilogue negotiation with the EU Parliament and the Council. The Parliament had been traditionally supportive of strong mandatory CSR reporting and had recently adopted two resolutions acknowledging the importance of CSR and transparency (European Parliament, 2013). At the Parliament, activist-lawyers could count again on strong relations to influence the legislative process. On the other hand, at the EU Council some Member States, in particular Germany, were determined to further weaken the reform or block any attempt to strengthen it. Finally, an agreement was reached on March 2014, which led to entry into force of the directive on the 6 December 2014. The Council obtained a considerable limitation of the directive's scope: the number of business entities affected by the directive dropped from 18,000 to 6000. On the other hand, the Parliament obtained the inclusion of information about supply chains' due diligence processes. Furthermore, it managed to limit the application of the so-called "safe harbour clause", which allows companies to avoid disclosure if the information would be seriously prejudicial to the entity's commercial interests. Two issues that had been raised by ECCJ activist-

lawyers (ECCJ, 2014). Notably, it was also introduced a review mechanism, which will oblige the Commission to produce, by the end of 2016, non-binding guidelines for reporting (including relevant KPIs). By 2018, the Commission will also have to publish a detailed report on the directive implementation accompanied, if appropriate, by legislative proposals.

1.4 What Counts? Accountancy, Finance and Law's Competing Regulatory Rationales

In order to understand the different definitions of CSR disclosure projected by financial analysts, activist-lawyers and international accountants, one should consider the underlying rationales that underpin them, relying on Finance, Law and Accountancy knowledge and values. In effect, according to Djelic and Quack (2010), the way TCs affect governance is by creating transnational 'problem spaces', where individuals and organizations can meet and collaborate. Through discussion and, sometimes, conflict, preference transformations are framed and compromise solutions are found, leading to a continuous (re)elaboration of 'shared ideas'. Each TC has therefore elaborated a different view of CSR reporting's content, purpose and regulation. Their distinct views even led to the adoption of different terms to define it: non-financials; ESG; social and environmental reporting.

Traditionally, international accountants had a defensive position towards CSR reporting. Although part of the profession has been working on this issue for decades, this elaboration has been isolated from the principles and practices of mainstream business reporting. Unlike financial information, 'non-financials' are often made of qualitative and narrative information. Therefore, accountants face the difficulty—if not impossibility—of communicating it in a concise, reliable and comparable manner. This standing could be synthesized by the idea that 'this is not accounting'. Historically, professional accountants had a key role in keeping 'non-financial' elements out of the multi-level regulatory framework for business reporting (IAS, EU and national requirements). In the 1970s, across Europe, there was a vibrant legislative debate about social reporting, which was sidelined starting from the 1980s as the focus shifted to financial accounting standards only and their harmonization, seen as a pre-condition for global markets' integration (Monciardini, 2013). As financial accounting rule-making became increasingly privatized, transnational and complex, for international accountants became particularly important "the establishment of clearly limited jurisdictions in which professional dominance is exercised." (Botzem, 2012: 47) Social and environmental *exclusion* from accounting was functional to the establishment of this power strategy, aimed at the monopolization of responsibilities and competencies. Social closure then was achieved via education, internal control and professional norms and values strictly focused on financial information. This is reflected in the

language used by the profession in describing social and environmental reporting as 'what-it-is-not': non-financial information. This socially and historically constructed distinction financial/non-financial played a key role as a structuring principle for the emergence of an autonomous professional field translated into rules and practices. It became 'natural', up to the point that accountants tend to take it for granted.

This position on CSR reporting regulation has been very consequential: CSR information was left out of financial disclosure standards and principles. Companies can communicate it on a voluntary basis, choosing amongst various existing reporting frameworks. The letter prepared by the FEE for the 2011 EU public consultation advices against establishing requirements at a national or European level on social and environmental reporting. "Instead, the European Union should contribute to the development of global standards [...]." The letter also calls the attention to the problem of avoiding "any risk of 'boilerplate' text in reports to investors, we should ensure that financial statements reflect the most relevant information." (FEE, 2011: 3) Similarly, after the publication of the EU Commission legislative proposal, the President of ICAEW, Sleigh-Johnson, warned: "If the information is not bespoke and of relevance to investors, it will just lead to clutter and 'boilerplate'." (EurActive, 2013) According to this rather narrow view, non-financial information should be considered only if they fit into the characterization used for financial disclosure.

Activist-lawyers offer a completely different rationale for mandatory CSR reporting, which is related to transparency and the 'right to know' about the impact of corporations on society and the environment. They relate social and environmental accounting *raison d'être* to corporate accountability and the concern over the power and influence of corporations on "every aspect of our lives: water, gas, news, environment, schools and even unborn babies." (*Mitchell and Sikka, 2005*) As Gray pointed out, "accountability is based on the principal of *rights to information*—rights which derive from a number of sources: legal, quasi-legal, moral and so on." (2005: 3) According to this view, the state has the duty to protect and provide access to remedies, while corporations have the responsibility to respect, in particular, the environment and human rights (cf. Mares, 2011). Stressing transparency as a tool for corporate justice means bringing accounting standard-setting bodies back into the domain of law. In other words, CSR reporting becomes part of the construction of a broader legal framework, which subordinates relevance to investors and markets' efficiency to the need of addressing urgent human and environmental challenges. In particular, carbon disclosure and transparency on working conditions in MNEs' supply chains stand out (Augestein, 2010; ECCJ, 2008; SOMO, 2013).

The use of legal arguments by activist-lawyers can be retrieved in several documents (e.g., CORE, 2011; ECCJ, 2010; FIDH, 2010). For instance, "Information is essential to uphold human rights because it helps to prevent abuses, hold companies to account and seek remedies. 'Abuses always happen in the dark'. Disclosure can also prevent abuses by enhancing the participation of people whose rights might be affected. *The right to know is also a human right*. Courts need

information in order to function, and in this way ESG disclosure is linked to provision of remedies." (Commission, 2009b) In its reply to the EU Public Consultation, ECCJ argued: "It is frequently reported that core international labour rights are being abused in these factories. However, companies rarely disclose who are their suppliers which makes it difficult if not impossible to track the goods and for consumers to learn in what conditions the products have been manufactured. Likewise, claims of such companies to protect workers' rights are rendered meaningless when the workers themselves are unable to access such protection." (2011: 3) In these documents, accountability becomes a means to redefine *corporate responsibilities*, often translating them into *managers' liabilities*. For instance, one of ECCJ publication highlights that, according to the Seventh Company Directive, Member States are required "to hold the management of companies liable for the fulfillment of reporting duties and to establish effective and dissuasive penalties." (ECCJ, 2010)

As maintained above, activist-lawyers were not the only ones to contend to professional accountants the control over the emerging field of what they would call 'ESG information'. Their rationale for mandatory ESG reporting represents a 'blow' to professional accountants' argument against regulating this matter. They highlight that, currently, financial statements only capture a small and declining fraction of the market value of large listed companies. It has been estimated that, until the 1980s, financial reports used to account for 80 % of the market value of the S&P 500 Index. In the 1990s, this percentage had already decreased to 55 % and currently it represents less than 20 %. In other words, non-financial information would account for over 80 % of the value of listed companies (cf. Ocean Tomo, 2010). While only part of this value can be captured looking at ESG data, there is a growing consensus and some convincing empirical evidence that more 'sustainable companies' tend to be better managed (see Bauer & Hann, 2010; Deutsche Bank, 2012; Kruse & Lundbergh, 2010). As a consequence, they also attract a better class of employees, are better able to manage risks, can count on stronger visibility and better reputation and, in the long-term, perform better. Therefore, financial analysts are increasingly interested in ESG information that could help to address this huge gap between book and market value.

The final document produced by the EU laboratory "Valuing non-financial performance" organized by EFFAS offers striking evidence of the strategic economic relevance of non-financial and ESG data. In particular, it maintains that "the real story is the growth of future earnings as the primary determinant of company market value. This is the projection of current or immediate past performances into the future." However, it adds, future earning streams are "by their nature, difficult to quantify and control. This also affects the ability to recruit and retain people with skills and knowledge to maintain and develop products and services and drive innovation. It similarly impacts the loyalty of customers to brand and their willingness to forsake new or more innovative competitors. It impact on the continued supply of resources of the right quality and at the right price. The management and mitigation of risk will be affected. Reputation management and avoidance of regulation impingement on license to operate will be impacted." (CSR Europe,

2010) Most of these information concern 'immaterial' and 'non-financial' assets that are largely absent from the narrow approach taken by the IAS. EFFAS 2009 Conference on ESG, significantly titled *ESG Mainstreaming: Looking for something that has already found us?* testified this change of perspective. "Demanding proof for the effects of good ESG performance on the bottom line of corporates has been a volkssport in capital markets for many years." Now "*we simply assume (or for agnostics: pretend) that a corporate managing, measuring and disclosing ESG is the default*. "As materiality is not objectively but subjectively determined, this emerging belief and assumption appear as the normative foundation for a new approach to measure value creation that could supersede the financial/non-financial divide (see Porter & Kramer, 2011).

The response to the threat posed by activist-lawyers and financial analysts to the control of professional accountants over their 'territory' was twofold. On the one side, as we have argued, they were able to channel the EU directive within the existing financial accounting legislative framework. Mandatory CSR reporting was limited to a 'statement' that listed companies have to prepare on a report-or-explain basis, without any verification mechanism. On the other hand, the profession had a crucial role in setting up an ambitious internationally accepted framework for integrating financial and non-financial information: the 2013 International < IR > Framework. Accountants hoped that the launch of this private and transnational global regulatory initiative would allow them to lead and control this transformation.

The launch of the < IR > Framework marks a dramatic change in the position of mainstream professional accountants. They acknowledge that the existing reporting model is too long, backward-looking, disconnected and unable "to keep pace" with changes in value creation and with societal and environmental concerns. (IIRC, 2011) Therefore, they would accept the prospective of going beyond financial information, integrating different strands of reporting. This shift is presented as "an idea whose time has come." (King, 2012) The aim of the IIRC is to "forge a global consensus on the direction in which reporting needs to evolve" providing "a clear, concise picture of performance, impacts and interdependencies." (IIRC, 2011: 7 and 5) However, rather than integrating, the final < IR > Framework (IIRC, 2013) expands the current rationale for financial accounting to new terrains, including social and environmental information. Crucially, it subordinates social and environmental issues to a materiality test, sacrificing stakeholders' instances to these of capital providers only. So doing, international professional accountants 'conquer' new space in the emerging areas of ESG reporting. They alienated NGOs and civil society but gained the crucial support of financial analysts and the financial community.

1.5 Conclusions: Towards a Reflexive Sociological Approach

The article has provided an exploratory analysis of the competing professional claims and underlying rationales of international professional accountants, financial analysts and activist-lawyers as regards the content and mode of the EU emerging regulation of CSR reporting. Drawing on Djelic and Quack (2010), it has deployed a reflexive sociological approach to this subject matter, considering these three professional elites as 'transnational communities' (TCs). The findings of the field-work and the documents' analysis suggest that the 2008 financial crisis overturned the original EU Commission standing for voluntary CSR, in particular, in the key area of transparency and disclosure. This regulatory window of opportunity attracted the interest of human rights and environmental lawyers as well as financial analysts, normally unconcerned about the definition of accounting standards. On the other hand, it provoked the reaction of professional accountants that managed to maintain, for the moment, their control over the field of business reporting regulation.

Adopting this reflexive sociological approach to CSR regulation, the researcher has been able to trespass some of the lines that characterise the current literature. In fact, one of the consequences of the growing complexity and expansion of CSR reporting is that the literature struggles to deal with such an interdisciplinary and multi-layered subject, situated at the crossroads of various disciplines. Furthermore, there is the complexity of studying a transnational regulation, which is transforming *ad infinitum* making the boundaries of such subject institutionally, territorially and content-wise dynamic (Madsen, 2006; Zumbansen, 2011). Therefore, any comprehensive exploration of CSR has to be adjusted to the indeterminacy of the research object, producing cross-pollination between its many components, without being hampered by pre-defined distinctions between 'social' and 'economic'; 'financial' and 'non-financial'; 'mandatory' and 'voluntary'; etc. A reflexive sociological 'polycentric approach' contains untapped intellectual resources to explore undergoing transformations, not excluding any of the co-producers of these changes. This approach could be particularly relevant as it reveals that different rationales for CSR reporting would have major social, economic and environmental implications.

As for future researches the study suggests that the 'intrusion' of activist-lawyers and financial analysts is turning the field of CSR reporting between two 'opposite poles': transparency and materiality. As stated in one of the documents of the EU Workshops on ESG disclosure (Commission, 2009a: 4), "Although they are not mutually exclusive, transparency and materiality correspond to different stakeholders with different constituencies and agendas, each legitimate in its own right, and they can sometimes be conflicting. Transparency values the disclosure of data for its own sake, sometimes as a question of principle. Materiality seeks to define which data is actually important in terms of influencing the decisions of the intended recipients of the information." It is the role of politics and public authorities to find a middle ground between the two positions in the regulation of CSR

reporting. It is clear that any equilibrium between the two principles will be the outcome of struggles about the autonomy of business from external—social and political control. However, this tension could be potentially creative of a new regime of "economic governance—not just corporate governance, though it has implications for that, but also governance of the economy and even of society at large." (Maclean & Crouch, 2012: 1)

Annex

See Table 1.1.

Table 1.1 Annex list of interviews

#	Name	Organisation	Date
1	EU official[a]	EU Commission	22/04/2010
2	EU official[b]	EU Commission	30/04/2010
3	Bertazzi Pietro	Global Reporting Initiative	08/04/2011
4	Iansen-Rogers Jennifer	KPMG Sustainability, The Netherlands	28/04/2011
5	Walkate Harald	Aegon Asset Management (VP)	02/06/2011
6	Claudia Kruse (phone)	APG /financial analysts/ICGN	06/06/2011
7	Delaygues Yolaine	ECCJ (NGO)	17/06/2011
8	EU official	EU Commission	26/06/2012
9	EU official[a]	EU Commission	23/07/2012
10	EU official	EU Commission	25/07/2012
11	EU official	EU Commission	30/07/2012
12	EU official[b]	EU Commission	08/08/2012
13	Mortier Gaetan	SRI expert (former MSCI)	07/09/2012
14	EU official	EU Commission	03/11/2012
15	Passant François	EUROSIF	22/01/2013
16	Dolan Carl (phone)	Transparency International (NGO)	24/01/2013
17	Norberg Claes (phone)	BusinessEurope/Accountant	30/01/2013
18	Capron Michel (email)	Paris University/ECCJ/Lawyer	01/03/2013
19	Mio Chiara (phone)	Venice University/FEE/Accountant	05/04/2013

[a,b]Out of 19 in-depth, semi-structured, élite interviews, two EC officers (# 1; # 2) have been interviewed twice (also # 9; # 12), because of the relevance of their information. This allowed the researcher to better assess changes over time in the perception of CSR reporting regulation within the EC. It also allowed the verification of information that had emerged progressively from the fieldwork. In four cases it has been impossible to arrange a meeting for an interview in person. Therefore the interviewee has been reached by phone. In only one case (Prof. Capron), the questions/answers have been exchanged by email

References

Augestein, D. (2010). *Study of the legal framework on human rights and the environment applicable to European enterprises operating outside the European Union*. This is a study prepared by the University of Edinburgh for the European Commission. http://ec.europa.eu/enterprise/policies/sustainable-business/files/business-human-rights/101025_ec_study_final_report_en.pdf

Bauer, R., & Hann, D. (2010). *Corporate environmental management and credit risk*. Maastricht University. Available at: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1660470

Bebbington, J., & Gray, R. (2001). An account of sustainability: Failures, success and a reconceptualisation. *Critical Perspectives on Accounting, 12*, 557–587.

Botzem, S. (2012). *The politics of accounting regulation: Organizing transnational standard setting in financial reporting*. Cheltenham/Northampton, MA: Edward Elgar Publishing.

Buhr, N. (2007). Histories of and rationales for sustainability reporting. In J. Unerman, J. Bebbington, & B. O'Dwyer (Eds.), *Sustainability accounting and accountability*. New York and London: Routledge.

Commission of the European Communities. (2009a). *European Workshops in Disclosure of Environmental, Social and Governance Information. Workshop 1—the enterprise perspective*. Friday 18 September, Brussels.

Commission of the European Communities. (2009b). *European Workshops in Disclosure of Environmental, Social and Governance Information, Workshop 3 – Civil society, consumer and media perspectives*. Friday 4 December, Brussels.

Commission of the European Communities. (2009c). *European Workshops in Disclosure of Environmental, Social and Governance Information, Workshop 6—The final workshop*. Friday 25 February, Brussels.

Commission of the European Communities. (2010). *Disclosure of non-financial information by companies*. Directorate General for Internal Markets and Services, Public Consultation on Disclosure of Non-Financial Information by Companies, Brussels.

Commission of the European Communities. (2011). *Single Market Act—Twelve levers to boost growth and strengthen confidence. Working together to create new growth*. COM(2011) 206, 13 April (Brussels).

Commission of the European Communities. (2012). Impact assessment accompagnying the document Communication from the Commission on Building the Single Market for Green Products. Facilitating better and credible information on environmental performance of products and organisation. Retrieved from http://ec.europa.eu/environment/eussd/smgp/pdf/ia_report.pdf

Commission of the European Communities. (2013). *Proposal for a Directive of the European Parliament and the Council amending Council Directives 78/660/EEC and 83/349/EEC as regards disclosure of nonfinancial and diversity information by certain large companies and groups*. COM(2013) 207 final 16.04.2013 The proposal can be retrieved at: http://ec.europa.eu/internal_market/accounting/docs/non-financial-reporting/com_2013_207_en.pdf

CORE. (2011). *Simply put. Towards an effective UK regime for environmental and social reporting by companies*. CORE. The report can be retrieved at http://corporate-responsibility.org/wp-content/uploads/2011/05/Simply-Put.pdf

Crouch, C. (2010). CSR and changing modes of governance: Towards corporate noblesse oblige? In P. Utting & J. C. Marques (Eds.), *Corporate social responsibility and regulatory governance*. Basingstoke, Hampshire: Palgrave UNRISD.

CSR Europe. (2010, May). *Valuing non-financial performance: A European framework for company-investor dialogue*. Final Report.

De Schutter, O. (2008). Corporate social responsibility European style. *European Law Journal, 14*, 203–236.

Deloitte and The Economist Intelligence Unit. (2004). *In the dark: What boards and executives don't know about the heath of their business, Deloitte*. http://www.deloitte.com/assets/Dcom-NewZealand/Local%20Assets/Documents/In%20the%20dark(4).pdf

Deutsche Bank. (2012). *Sustainable investing. Establishing long-term value and performance*, DB Climate Change Advisors. The report can be downloaded at: http://www.dbcca.com/dbcca/EN/investment-research/investment_research_2413.jsp

Dewin, I., & Russell, P. O. (2007). The role of private actors in global governance and regulation: US, European and international convergence of accounting and auditing standards in a post-Enron world. In H. Overbeek, A. Nölke, & B. van Apeldoorn (Eds.), *The transnational politics of corporate governance regulation*. London and New York: Routledge.

Dezalay, Y. (1991). Territorial battles and tribal disputes. *Modern Law Review, 54*(6), 792–809.

Dezalay, Y., & Madsen, M. R. (2012). The force of law and lawyers: Pierre Bourdieu and the reflexive sociology of law. *Annual Review of Law and Social Science, 8*, 433–452.

Dingwerth, K., & Eichinger, M. (2010). Tamed transparency: How information disclosure under the global reporting initiative fails to empower. *Global Environmental Politics, 30*(3), 74–96.

Djelic, M. L., & Etchanchu, H. (2014). *Contextualizing corporate political responsibilities: Neoliberal CSR in historical perspective*. Available at: SSRN 2462772.

Djelic, M. L., & Quack, S. (2007). Overcoming path dependency: path generation in open systems. *Theory and Society, 36*(2), 161–186.

Djelic, M.-L., & Quack, S. (Eds.). (2010). *Transnational communities: Shaping global economic governance*. Cambridge: Cambridge University Press.

Djelic, M. L., & Sahlin-Andersson, K. (Eds.). (2006). *Transnational governance: Institutional dynamics of regulation*. Cambridge: Cambridge University Press.

DVFA/EFFAS. (2009). *KPI for ESG. A guideline for integrating ESG into financial analysis and corporate valuation*. Frankfurt: DVFA.

ECCJ. (2008). *Fair law: Legal proposals to improve corporate accountability for environmental and human rights abuses*. The document can be retrieved at: http://frankbold.org/o-nas/publikace/fair-law-legal-proposals-improve-corporate-accountability-environmental-and-human-ri

ECCJ. (2010). *Principles and pathways: Legal opportunities to improve Europe' corporate accountability framework*, ECCJ. The report can be retrieved at: http://www.corporatejustice.org/IMG/pdf/eccj_principles_pathways_webuseblack.pdf

ECCJ. (2011). *Response to the public consultation public consultation on disclosure of non-financial information by companies*. The document can be retrieved at http://ec.europa.eu/internal_market/consultations/2010/non-financial_reporting_en.htm

ECCJ. (2014). *EU Directive on the disclosure of non-financial information by certain large companies: an analysis*. The article can be retrieved at: http://www.corporatejustice.org/On-15-April-2014-the-European.html?lang=en

EFFAS. (2009). *EFFAS partnering with major European CSR initiative*. The press release can be retrieved at: http://www.effas-esg.com/?m=200901

EurActive. (2010). Corporate social responsibility: Back on the European Agenda? http://www.euractiv.com/socialeurope/csr-corporate-social-responsibility/article-153515

EurActive. (2013, April 17). Proposed CSR rules too strong for business, too weak for civil society. http://www.euractiv.com/specialreport-corporate-governan/proposed-reporting-obligations-s-news-519163.

Eurosif. (2009, April 15). Position paper on greater transparency from companies and institutional investors on Environmental, Social and Governance (ESG) issues. *Eurosif*. http://www.fee.be/images/publications/sustainability/Eurosif_Public_Policy_Position_Paper_related_to_Sustainable_and_Responsible_Investment_-_Press_Release2742009321454.pdf

European Parliament. (2007). *European Parliament resolution of 13 March 2007 on corporate social responsibility: a new partnership*. 2006/2133/, INI. http://www.europarl.europa.eu/sides/getDoc.do?Type = TA&Reference = P6-TA-2007-0062&language = EN

European Parliament. (2013). *Corporate social responsibility: Accountable, transparent and responsible business behaviour and sustainable growth*. 2012/2098(INI). http://www.europarl.europa.eu/sides/getDoc.do?pubRef = -//EP//TEXT + REPORT + A7-2013-0017 + 0 + DOC + XML + V0//EN

Eurosif. (2010). *European SRI Study*. The study can be retrieved at the following link: http://www.eurosif.org/publication/european-sri-study-2010/

Everett, J. (2004). Exploring (false) dualisms for environmental accounting praxis. *Critical Perspectives on Accounting, 15*(8), 1061–1084.

Fairbrass, J. (2011). Exploring corporate social responsibility policy in the European Union: A discursive institutionalist analysis. *JCMS, 49*(5), 949–970.

FEE. (2008, December). *Sustainability information in annual reports—Building on implementation of the modernisation directive*. FEE Discussion Paper.

FEE. (2009, January). Sustainability. The contribution of the accountancy profession. *FEE Policy Statement*.

FEE. (2011). *Response to the public consultation public consultation on disclosure of non-financial information by companies*. The document can be retrieved at: http://ec.europa.eu/internal_market/consultations/2010/non-financial_reporting_en.htm

FEE/EUROSIF. (2009). Sustainability disclosure in financial information can be improved. Join Call following the Roundtable discussion on "Sustainability Disclosure" The European Parliament, Brussels, 29 April.

FIDH. (2010). *Corporate accountability for human rights abuses. A guide for victims and NGOs on resource mechanisms*. Paris: International Federation for Human Rights.

Gjolberg, M. (2010). Varieties of corporate social responsibility (CSR): CSR meets the "Nordic Model". *Regulation and Governance, 4*(2), 203–229.

Gray, R. (2005). Taking a long view on what we now know about social and environmental accountability and reporting. *Radical Organisation Theory*. Available online at: https://www.st-andrews.ac.uk/media/csear/discussion-papers/CSEAR_dps-socenv-longview.pdf

Graz, J.-C., & Nolke, A. (2007). *Transnational private governance and its limits*. Routledge.

Howitt, R. (2014, April 16). The EU law on non-financial reporting—How we got there. *The Guardian*. http://www.theguardian.com/sustainable-business/eu-non-financial-reporting-how-richard-howitt

IIRC. (2011). *Towards Integrated reporting. Communicating value in the 21st century*. Discussion Paper available at: http://theiirc.org/wp-content/uploads/2011/09/IR-Discussion-Paper-2011_spreads.pdf

IIRC. (2013, December). *International <IR> framework for integrated reporting*. The Framework can be retrieved at: http://integratedreporting.org/wp-content/uploads/2013/12/13-12-08-THE-INTERNATIONAL-IR-FRAMEWORK-2-1.pdf

Kinderman, D. (2013). *Corporate social responsibility in the EU, 1993–2013: Institutional ambiguity, economic crises, business legitimacy and bureaucratic politics. Journal of Common Markets Studies*, 1–20.

King, M. (2012). *Keynote address by Mervyn King at the Australian GRI Conference on Sustainability and Integrated Reporting 'Innovate, Integrate, Collaborate'*. 26–28 March, Melbourne, Australia. The transcript of the entire speech can be retrieved at: http://www.mervynking.co.za/news/archives/12_03_melbourne.htm

KPMG. (2008). *International survey of corporate responsibility reporting*. Amsterdam: KPMG Global Sustainability Services.

KPMG, Unit for Corporate Governance University of Stellenbosch Business School, GRI, UNEP. (2010). *Carrots and sticks—Promoting transparency and sustainability. An update on trends in voluntary and mandatory approaches to sustainability reporting*. Amsterdam: KPMG, UNEP, GRI and Unit for Corporate Governance in Africa.

KPMG, Unit for Corporate Governance University of Stellenbosch Business School, GRI, UNEP. (2013). *Carrots and Sticks—2013 Edition. Sustainability reporting policies worldwide—Today's best practices, tomorrow's trends*. Amsterdam: KPMG, UNEP, GRI and Unit for Corporate Governance in Africa.

Kruse, C., & Lundbergh, S. (2010). The governance of corporate sustainability. *Rotman International Journal of Pension Management, 3*(2).

Langley, A. (1999). Strategies for theorizing from process data. *Academy of Management Review, 24*(4), 691–710.

Maclean, C., & Crouch, C. (2012). *The responsible corporation*. Oxford: Oxford University Press.

Madsen, M. R. (2006). Transnational fields: Elements of a reflexive sociology of the internationalisation of law. *Retfaerd, 3*(114), 23–41.

Mahoney, J. (2001). Beyond correlational analysis: Recent innovations in theory and method. *Sociological Forum, 16*(3), 575–593.

Mares, R. (Ed.). (2011). *Business and human rights at crossroads: The legacy of John Ruggie*. Leiden/Boston: Martinus Nijhoff Publishers.

Mason, M. (2005). *The new accountability: Environmental responsibility across borders*. London: Earthscan.

Matten, D., & Moon, J. (2008). Implicit and explicit CSR: A conceptual framework for a comparative understanding of corporate social responsibility. *Academy of Management Review, 33*(2), 404–424.

Mayntz, R. (2004). Mechanisms in the analysis of social macro-phenomena. *Philosophy of the Social Sciences, 34*(2), 237–259.

Mitchell, A. V., & Sikka, P. (2005). *Taming the corporations*. Basildon: Association for Accountancy & Business Affairs.

Monciardini, D. (2013). *Quello che conta. Accounting for sustainable companies* (Vol. 43). Lund Studies in Sociology of Law, Lund University.

Monciardini, D. (2014). Regulating accounting for sustainable companies: Some considerations on the forthcoming EU directive. *European Company Law, 11*(2).

Morgera, E. (2009). *Corporate accountability in international environmental law*. Oxford: Oxford University Press.

Ocean Tomo (2010). *Ocean Tomo's intangible asset market value study*.

Pierson, P. (2004). *Politics in time: History, institutions, and social analysis*. Princeton, NJ: Princeton University Press.

Porter, M., & Kramer, M. (2011, January-February). The big idea: Creating shared value. *Harvard Business Review*.

SOMO. (2013). *Time for transparency*. SOMO and ICN Paper.

UN PRI. (2011). *5 years of PRI. Report on progress 2011*. UNEP FI and UN GC. Available at: https://www.kfw.de/nachhaltigkeit/migration/PRI-Report-on-Progress-2011.pdf

Ungericht, B., & Hirt, C. (2010). CSR as a political arena: The struggle for a European framework. *Business and Politics, 12*(4), 1–22.

Verheugen, G. (2009, February 10). CSR Essential for Public Trust in Business. *Speech at the CSR Forum*, Brussels.

Zumbansen, P. (2011). *Transnational law, evolving* (Osgoode CLPE Research Paper, No. 27).