

# From Non-Financial to Sustainability Reporting in European Companies

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## Abstract

This paper focuses on corporate sustainability reporting practices in Europe and their alignment with the changing European sustainability disclosure environment. The study combines results from a longitudinal analysis conducted before the Corporate Sustainability Reporting Directive (CSRD) with evidence from the first year of reporting under the CSRD and the European Sustainability Reporting Standards (ESRS). The main objective was to assess the readiness of European companies to report in line with the CSRD and to determine whether the expected improvements in disclosure quality, comparability and persuasiveness were achieved during the first year of implementation. The research covered 499 companies and 998 non-financial and sustainability reports published in 2017 and 2022. Content analysis was applied to assess the quality and comprehensiveness of disclosures against the reporting frameworks permitted under the Non-Financial Reporting Directive (NFRD), supported by statistical testing to determine the significance of progress over time. A comparative analysis was then conducted using the latest evidence from the CSRD and ESRS first-wave reports across Europe, based on a secondary analysis of the studies. The results confirm the continuous improvement in the quality of reporting across Europe, reflected in more structured, data-driven, and transparent sustainability disclosures. The first CSRD sustainability reports show significant alignment and progress towards standardisation. However, there are still differences in the depth of dual-materiality analyses, the coverage of value-chain data, and the scope of assurance. Climate-related information dominates the disclosures. The shift from compliance-focused to performance-focused sustainability reporting is evident but still ongoing, and it is believed that, as with non-financial reporting, sustainability reports will improve in quality year after year.

**Keywords:** CSRD; ESRS; European Companies; Sustainability Reporting Quality; Sustainability Reporting Perspectives.