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EMERGING TRENDS IN SUSTAINABILITY REPORTING: FROM VOLUNTARY DISCLOSURE TO REGULATED ASSURANCE

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Purpose of the article: *The paper aims to explore the emerging trends in sustainability reporting, emphasizing the ongoing shift from voluntary disclosure practices toward regulated and assured ESG information. It examines how recent policy developments, such as the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS), redefine corporate accountability and transparency frameworks.*

Methodology: *The study employs a qualitative research approach based on content analysis of policy documents, and international reporting standards. Comparative analysis is used to identify differences in sustainability and to highlight the evolution of assurance practices.*

Conclusions: *Findings indicate a clear transformation from voluntary, reputation-driven reporting to mandatory and standardized ESG disclosure accompanied by third-party assurance. This transition enhances the credibility, comparability, and reliability of non-financial information, fostering stakeholder trust and improving corporate governance outcomes.*

Originality: *The article contributes to the academic and professional debate by integrating regulatory, methodological, and practical perspectives on the assurance of sustainability information. It offers an up-to-date synthesis of the regulatory landscape and anticipates future developments in ESG reporting assurance.*

Key words: *Sustainability reporting; Voluntary disclosure; Regulated assurance; Corporate accountability; Non-financial information.*

JEL Classifications: M41, M14, M48, G38

INTRODUCTION

In the last decade, sustainability reporting has evolved from a predominantly voluntary practice - aimed largely at strengthening corporate reputation - into a central pillar of organizational governance and stakeholder transparency. This transformation is driven by increasing pressure on companies to demonstrate accountability for their economic, social, and environmental impacts, as well as by the intensification of regulatory frameworks at the international level. In particular, the European Union has accelerated the transition toward standardized and assured sustainability disclosures through the adoption of the Corporate Sustainability Reporting Directive (CSRD) and the development of the European Sustainability Reporting Standards (ESRS), which establish detailed requirements regarding the content, methodology, and assurance level of reported ESG information.

This structural shift reflects both the maturation of sustainability reporting and the need to reduce the gap between financial and non-financial information. Historically, ESG reporting was characterized by flexibility, limited comparability, and varying degrees of methodological rigor. Today, companies face precise audit and assurance requirements designed to enhance the credibility and usefulness of the information disclosed. In this context, the transition from voluntary to mandatory reporting significantly influences how organizations collect, manage, and communicate data on their sustainability performance.

The academic literature increasingly highlights the need to strengthen trust in ESG information, given the growing risks of greenwashing and the expectations of a wide spectrum of stakeholders - including investors, regulators, consumers, and civil society. Standardization and the introduction of external assurance requirements address these challenges by contributing to the development of a robust framework for assessing corporate performance. At the same time, the implementation of these regulations generates

methodological and operational challenges for companies, which must adapt their internal processes, data management systems, and sustainability strategies.

Against this backdrop, the present article investigates the main emerging trends in sustainability reporting and analyzes the implications of the shift toward a regime of mandatory regulation and assurance. By integrating normative, methodological, and practical perspectives, the study offers a comprehensive overview of the transformation of the European ESG reporting landscape and anticipates future directions for strengthening trust and corporate accountability.

LITERATURE REVIEW

The scientific literature on sustainability reporting has undergone substantial development over the past two decades, evolving from a focus on voluntary disclosure toward a structured, regulated, and assured approach. Early theoretical contributions, such as those of Gray, Owen & Adams (1996) and Mathews (1997), examined social and environmental reporting as a voluntary legitimacy tool, emphasizing its narrative character and lack of standardization. Later, the work of Hahn & Kühnen (2013) highlighted the diversity of organizational motivations for ESG reporting and the significant variability in the quality of disclosures in the absence of strict regulatory frameworks.

The introduction of the Global Reporting Initiative (GRI) was a pivotal moment in the standardization of sustainability reporting, and subsequent studies (KPMG, 2020; Maroun, 2018) show that GRI remains the most widely used international reference. However, the literature also underlines the limitations of a voluntary framework. De Villiers & Marques (2016) point to persistent comparability challenges, while Cho, Laine, Roberts & Rodrigue (2015) draw attention to the potential for greenwashing in the absence of mandatory requirements and external assurance.

A new research direction emerged with the development of investor-oriented standards such as SASB and, more recently, the IFRS Sustainability Disclosure Standards issued by the ISSB. According to Eccles & Krzus (2018), global convergence of ESG standards is essential for reducing information asymmetries, yet it faces substantial institutional and cultural differences. At the same time, Christensen, Hail & Leuz (2021) emphasize the economic implications of standardization, suggesting that mandatory regulation may reduce the cost of capital and enhance managerial discipline.

The adoption of the European Corporate Sustainability Reporting Directive (CSRD) and the publication of the European Sustainability Reporting Standards (ESRS) mark a transition toward a robust, legally binding framework. Official documents (European Commission, 2022; EFRAG, 2023) and recent analyses (Aureli et al., 2023) indicate that the ESRS represents one of the most detailed and comprehensive reporting systems globally. European scholarship, including studies by Caputo et al. (2023), discusses implementation challenges ranging from data collection to the integration of double materiality - a distinctive concept introduced by the CSRD and further elaborated methodologically by GRI (2021).

Another major pillar in the literature is the assurance of ESG information. The work of Simnett, Vanstraelen & Chua (2009) was among the first to highlight the role of assurance in enhancing the credibility of sustainability reports. Cohen & Simnett (2015) later developed the theoretical framework distinguishing between limited and reasonable assurance, while systematic examinations such as those by Hodge, Subramaniam & Stewart (2009) and Pflugrath, Roebuck & Simnett (2011) demonstrate the positive influence of assurance on investor perceptions.

In the current European context, studies by Mion & Loza Adaui (2019) and Manes-Rossi et al. (2023) shed light on the transition toward mandatory assurance introduced by the CSRD, emphasizing the need for new technical competencies within the auditing profession and the debate surrounding the roles of financial auditors versus specialized sustainability assurance providers.

Recent literature also focuses on the risks associated with ESG reporting. Gillespie (2022) and Delmas & Burbano (2011) examine the phenomenon of greenwashing, arguing that strict regulation and assurance can significantly mitigate such practices. Consulting reports (PwC, 2023; Deloitte, 2023) confirm the growing need for robust internal control systems and the digitalization of ESG data collection processes.

Overall, the literature converges on the idea that the shift from voluntary disclosure to regulated and assured reporting is a crucial step toward strengthening trust in sustainability information. Nevertheless, scholars emphasize the need for continuous monitoring of CSRD/ESRS implementation, further institutional capacity-building, and empirical research to assess the real impact on corporate performance, governance, and capital markets.

MATERIALS AND METHODS

This study adopts a qualitative research design aimed at examining the emerging trends in sustainability reporting and the transition from voluntary disclosure toward regulated and assured ESG information. A content analysis approach was employed to explore the evolution of regulatory requirements, reporting standards, and assurance frameworks shaping contemporary sustainability reporting practices. This methodological orientation is appropriate given the interpretative nature of the research objective, which focuses on understanding changes in norms, expectations, and institutional arrangements rather than measuring quantitative outcomes.

The methodological framework is based on a document-based qualitative analysis, which enables systematic examination, interpretation, and comparison of key regulatory documents and international standards. The study follows three analytical stages:

Document Identification and Selection. Relevant sources were selected based on their regulatory authority, international relevance, and conceptual contribution to sustainability reporting and assurance. Priority was given to documents that directly influence corporate reporting practices in the European Union and globally.

Content Analysis. A structured content analysis was conducted to identify recurring themes, regulatory requirements, methodological principles, and assurance mechanisms. Codes were developed inductively and grouped into thematic categories such as: standardization of reporting;

double materiality requirements, assurance levels and procedures; data governance and comparability; transition from voluntary to mandatory disclosure.

Comparative Analysis. Comparative analysis was applied to evaluate differences and alignments between voluntary reporting frameworks (e.g., GRI) and emerging mandatory systems (e.g., CSRD/ESRS), as well as between reporting requirements and assurance standards (e.g., ISAE 3000 vs. ISSA 5000). This approach made it possible to assess the convergence of sustainability reporting norms and the evolution of assurance expectations.

The study is based on an in-depth examination of authoritative regulatory and standard-setting documents, including: The Corporate Sustainability Reporting Directive (CSRD, 2022/2464) and its implementation guidelines; European Sustainability Reporting Standards (ESRS) published by EFRAG (2023); International assurance standards, specifically ISAE 3000 (Revised) and ISSA 5000.

Additional academic articles, professional reports, and consultation papers were also reviewed to triangulate findings and ensure a comprehensive understanding of the current regulatory landscape. The qualitative methodology is justified by the interpretive character of sustainability reporting research, which deals with evolving norms, institutional pressures, and conceptual frameworks rather than quantifiable variables. This approach also allows for a nuanced examination of how regulatory changes reshape corporate reporting behaviors and assurance practices.

RESULTS AND DISCUSSIONS

The analysis of the evolution from voluntary sustainability initiatives to mandatory regulatory frameworks highlights a significant structural transformation in corporate reporting practices. The transition illustrated in the table - from initiatives such as the Global Reporting Initiative (GRI), the United Nations Global Compact (UNGC), and the Task Force on Climate-related Financial Disclosures (TCFD) toward binding obligations under the NFRD and, more recently, the Corporate Sustainability Reporting Directive (CSRD) - demonstrates the increasing importance placed on standardized, verifiable ESG disclosures at the European level.

The implementation of the CSRD and the European Sustainability Reporting Standards (ESRS) represents a decisive shift toward coherence, comparability, and methodological rigor in sustainability reporting. Unlike voluntary frameworks, which allowed flexibility in selecting indicators and disclosure depth, the ESRS introduce detailed reporting requirements, sector-specific expectations, and mandatory assurance of sustainability information. As a result, organizations are compelled to strengthen internal data management systems, enhance cross-departmental coordination, and adopt robust governance mechanisms to comply with the new regulatory obligations.

Empirical observations from early adopters indicate improved data consistency and enhanced stakeholder confidence, particularly among investors seeking reliable non-financial information. However, companies also report operational challenges, including increased reporting workload, the need for specialized expertise, and substantial adjustments to existing processes. Overall, the findings suggest that the shift from voluntary to mandatory reporting frameworks not only enhances transparency but also drives a deeper integration of sustainability considerations into corporate strategy and risk management.

Table 1. The evolution of sustainability reporting

Voluntary initiatives	*Mandatory approach to sustainability reporting*
- Global Reporting Initiative (GRI) - United Nations Global Compact (UNGC) - Task Force on Climate-related Financial Disclosures (TCFD)	- Non-Financial Reporting Directive (NFRD) - Directive (EU) 2022/2464 on Corporate Sustainability Reporting (CSRD) (2022/2464) and implementation guidelines - European Sustainability Reporting Standards (ESRS), issued by the European Financial Reporting Advisory Group (EFRAG) in 2023

Source: *developed by the author.*

The analysis further highlights the growing role of ESG standards as key instruments for harmonizing sustainability disclosures across jurisdictions. Unlike general reporting frameworks, ESG standards provide precise technical requirements and detailed structural guidance, specifying what information must be disclosed and how data should be collected, documented, and presented. This evolution is reflected in the increasing adoption of comprehensive standards such as the GRI Standards, which offer universal and thematic guidelines (GRI 200, 300, 400), and the SASB Standards, which introduce industry-specific metrics for 77 sectors.

Within the European regulatory landscape, the ESRS issued under the CSRD establish one of the most rigorous and exhaustive sustainability reporting architectures, ensuring consistency and comparability across companies. At the global level, the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) contribute to improving interoperability by aligning with TCFD and SASB recommendations. Together, these standards strengthen the reliability of ESG information and support a more coherent global reporting ecosystem.

The findings also reveal several persistent challenges that influence the effectiveness of sustainability reporting across jurisdictions. The fragmentation of existing frameworks continues to create substantial difficulties for companies operating transnationally, as they must navigate heterogeneous disclosure requirements and differing levels of regulatory maturity. This lack of coherence directly affects the comparability

of ESG data, ultimately weakening investor confidence and limiting the usefulness of sustainability information in financial decision-making. The problem is particularly visible in emerging markets such as the Republic of Moldova, where limited institutional capacity, insufficient digital infrastructure, and a lack of specialized expertise hinder full alignment with international reporting expectations.

Table 2. Comparative analysis: GRI vs SASB vs ESRS vs IFRS SDS

Characteristic	*GRI*	*SASB*	*ESRS (UE)*	*IFRS S1 / IFRS S2*
Main objective	Impact on society	Financial impact	Double alignment (impact + financial)	Global financial relevance
Applicability	Global, all sectors	Sector-specific	EU (mandatory under the CSRD)	Global, investor-oriented
Mandatory	Voluntary	Voluntary	Yes (in the EU)	Depends on the jurisdiction
Technical details	Average	Highly detailed	Very detailed	Standardization
Compatibility	UN-SDG compliant	TCFD compliant	Alignment with GRI and TCFD	TCFD, SASB compliant

Source: *developed by the author.*

Despite these constraints, international harmonization efforts are progressing. The convergence initiatives involving GRI, IFRS/ISSB, and ESRS indicate a gradual shift toward a more unified global reporting ecosystem. This alignment has the potential to reduce reporting burdens, enhance data consistency, and support more robust assurance practices.

The results suggest that ESG frameworks and standards constitute an essential infrastructure for guiding the transition toward sustainable and transparent business practices. Consequently, organizations must strengthen their internal reporting capabilities, invest in relevant data-collection systems, and adopt a strategic, long-term perspective on sustainability integration. These developments underscore the increasing strategic importance of ESG reporting in corporate governance and capital markets.

Table 3. Comparative study: ESG reporting frameworks and standards in the European Union, Romania and the Republic of Moldova

Criterion	*European Union*	*Romania*	*Republic of Moldova*
ESG legislative framework	CSRD, ESRS (mandatory)	Partial transposition, in implementation	Lack of specific ESG framework
Degree of regulation	High	Medium to high	Low
Frames used	ESRS, GRI, IFRS SDS	GRI, TCFD, ESRS (in transition)	Voluntary: GRI, SDG, principles BNR/BNM
Institutional support	European Commission, EFRAG	ASF, Ministry of Finance	External projects, sectoral ministries
Obligations for companies	Mandatory for large operators	Mandatory for large operators	Only voluntary
ESG professional training	High (trade networks, training)	In development	Very low
Transparency and comparability	High (via ESRS)	Average	Low

Source: *developed by the author.*

The European Union has been a global pioneer in advancing the regulatory framework for non-financial and sustainability reporting. The evolution of the legal architecture has progressed through several major milestones. The adoption of **Directive 2014/95/EU (NFRD)** marked the first legislative intervention requiring large public-interest entities to disclose environmental, social, and governance information. This

was followed by **Directive (EU) 2022/2464 (CSRD)**, which substantially broadened the reporting scope, introduced mandatory assurance, and aligned disclosure rules with international frameworks. Romania transposed NFRD through **Emergency Ordinance No. 193/2020**, and in 2023 initiated the alignment process with CSRD. National institutions such as the Financial Supervisory Authority (ASF) and the Ministry of Finance play a central role in regulating and overseeing ESG compliance. The publication of the **European Sustainability Reporting Standards (ESRS)** in 2023 further strengthened standardisation and comparability across the EU.

In Romania, many large listed companies - particularly those on the Bucharest Stock Exchange - already apply GRI or TCFD frameworks, while ESG consultants and audit firms (including the Big Four) support the transition to ESRS. SMEs remain in a preparatory stage, although pressure from value chains is increasing as multinational partners require ESG-aligned disclosures.

In contrast, the Republic of Moldova does not yet have a formalised ESG regulatory framework. However, national sustainable development strategies incorporate objectives aligned with SDGs and ESG principles. Several major companies and financial institutions with foreign capital, such as Premier Energy and Banca Transilvania Moldova, have voluntarily started integrating ESG practices. Recent initiatives by the Ministry of Environment and the Ministry of Economy, together with support from international organisations (UNDP, EBRD, GIZ), contribute to building institutional capacity. The corporate governance code of the National Bank of Moldova also embeds principles of responsibility and transparency.

Across both jurisdictions, several obstacles persist. Companies, especially SMEs, face limited technical capacity, a shortage of ESG-skilled personnel, and low awareness in regional business communities. In the Republic of Moldova, the absence of mandatory standards, the lack of an ESG assurance or certification mechanism, and weak integration into EU sustainability compliance chains further hinder progress. Nevertheless, the gradual adoption of EU-aligned practices, combined with external support and regulatory developments, is expected to accelerate the harmonisation of ESG reporting frameworks in the region.

The Republic of Moldova is undergoing a notable transition toward alignment with European sustainability standards, driven both by its EU integration trajectory and by the increasing relevance of sustainability expectations in regional economic cooperation. This alignment is particularly visible in the country's efforts to understand, adapt, and progressively incorporate the requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). Although Moldova is not yet legally bound by EU legislation, the government's strategic objective of regulatory convergence has accelerated domestic reforms.

A central catalyst in this process has been the involvement of international partners, especially the World Bank Centre for Financial Reporting Reform (CFRR). Through regional conferences, sector-specific workshops, and technical assistance programs, the CFRR has introduced Moldovan institutions and market actors to the operational implications of EU sustainability reporting. These initiatives emphasize the structural shifts required within governance systems, risk management practices, and disclosure mechanisms as companies prepare for future regulatory expectations. The discourse facilitated by the CFRR also highlights the necessity of harmonizing national approaches with established frameworks such as ESRS and GRI.

Institutional engagement at the national level has further strengthened this transition. Key actors—including the National Bank of Moldova and the Ministry of Economic Development - have adopted strategic documents such as the *Moldova Sustainable Finance Roadmap 2024-2028*. This roadmap outlines specific commitments, including the gradual introduction of sustainability disclosure guidelines for financial institutions, integration of climate-related risk assessments, and capacity-building programs to prepare regulated entities for enhanced transparency requirements. These measures are expected to shape the domestic regulatory environment over the next several years, especially in the financial sector.

At the corporate level, early adopters have begun to emerge. Large agribusiness and industrial groups, most notably Trans-Oil Group, have initiated voluntary ESG or CSR reporting aligned primarily with GRI principles. While these reports represent a significant step toward international transparency standards, they typically lack formal external assurance or apply only limited verification procedures. Nevertheless, their motivation reflects broader market pressures, including access to export markets, compliance with investor expectations, and alignment with global supply-chain requirements. Such developments demonstrate that Moldova's sustainability reporting landscape is evolving rapidly, shaped by both regulatory incentives and economic imperatives.

CONCLUSIONS

This study highlights the evolving landscape of sustainability and environmental performance reporting across the European Union and in countries seeking alignment with EU standards. As ESG frameworks become increasingly institutionalized through policies such as the CSRD and ESRS, their influence extends beyond EU borders, shaping expectations for partner countries and export-oriented economies. The Republic of Moldova represents a compelling case of accelerated convergence, driven simultaneously by its European integration agenda, international technical assistance, and growing market pressures from global value chains.

The analysis demonstrates that, while Moldova has made notable progress in awareness-building and strategic planning - particularly through initiatives led by the World Bank CFRR and national institutions such as the National Bank of Moldova - significant gaps remain in regulatory consistency, corporate reporting capacity, and the availability of trained sustainability professionals. Current ESG disclosures, although emerging among large companies like Trans-Oil Group, still vary widely in quality and are only partially aligned with globally recognized standards. These deficiencies may hinder comparability, market credibility, and investor confidence as the regional regulatory environment becomes more demanding.

To address these challenges, several policy recommendations are proposed. First, Moldova should develop a comprehensive ESG reporting legislative framework aligned with EU requirements, ensuring coherence with the CSRD and ESRS while considering local market realities. Such a framework would provide clarity for companies, enhance transparency, and facilitate cross-border economic integration. Second, a national ESG training program targeting companies, financial institutions, regulators, and auditors is essential for building domestic capacity. Third, policymakers should encourage voluntary adoption of recognized frameworks such as GRI and the Sustainable Development Goals (SDGs), enabling companies to gradually build reporting maturity in a flexible and internationally compatible manner. Finally, the establishment of a monitoring mechanism combined with fiscal incentives - for instance, tax deductions or preferential credit schemes for companies adopting sustainability reporting - could accelerate uptake and institutionalize good practices.

Overall, Moldova's transition toward a sustainability-oriented reporting system is both necessary and achievable. With coordinated policy efforts, strengthened institutional capacity, and increased corporate engagement, the country can enhance its competitiveness, attract responsible investment, and position itself as a regional leader in sustainable finance and ESG transparency.

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