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Are Non-Listed Companies Exposed to a Relevant Burden when Complying with the CSRD? A Study of Disclosures and Financial Performance in the Italian Context

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Abstract

Aim: This study aims to assess the actual compliance burden imposed by the Corporate Sustainability Reporting Directive (CSRD) on large unlisted companies by analysing voluntary sustainability disclosures prior to mandatory adoption. It also investigates whether sustainability reporting is associated with financial performance in a non-listed context.

Methodology: An exploratory content analysis was conducted on sustainability reports and corporate websites of 99 large Italian unlisted companies using a 94-item CSRD-aligned disclosure grid. Manually collected data were validated by ESG assurance professionals. The relationship between sustainability disclosure and financial performance was examined through multiple linear regression.

Findings: The results indicate that CSRD compliance represents a substantial and uneven burden for large Italian unlisted companies. Disclosure levels varied widely across the companies and sustainability areas. Governance, planning, and performance disclosures are positively associated with profitability, whereas the disclosure of non-financial indicators was negatively related to income generation.

Implications: The study provides early empirical evidence on CSRD readiness in unlisted companies and extends research on the ESG–financial performance nexus beyond listed settings. For practitioners, the findings identified critical disclosure gaps – especially in indicator-based reporting – offering guidance for businesses, assurance providers, and policymakers in prioritising compliance efforts and resource allocation.

Originality/value: This study offers the first large-sample quantitative evidence on the CSRD compliance burden affecting large unlisted companies. It also contributes rare empirical insights into the relationship between ESG disclosure and financial performance in non-listed companies.

Keywords: CSRD burden, sustainability disclosure, ESG reporting, financial and non-financial performance, sustainability KPIs

1. Introduction

Companies face strong pressure to improve sustainability, mainly from markets and stakeholders. Business partners with sustainable models, consumers, employees, NGOs (Schäfer et al., 2024) and the financial sector drive this shift. Many investors now use Environmental, Social and Governance (ESG) criteria, and the European Banking Authority requires banks in member states to include ESG factors in credit decisions (EBA, 2021).

Regulatory changes on CSR and corporate reporting further intensify this pressure (Delalieux et al., 2024; Kansal et al.,2018). In Europe, the Non-financial Reporting Directive (NFRD) 2014/95 (European Parliament, 2014) required public interest entities (PIEs) to publish non-financial statements. The later Corporate Sustainability Reporting Directive (CSRD) (European Parliament, 2022) extended the scope to all large companies, listed or not, and raised disclosure demands through the European Sustainability Reporting Standards (ESRS). Large unlisted companies, facing sustainability reporting duties for the first time, must rapidly adjust to new rules and a compliance burden. The first question guiding this study stemmed from this new regulatory framework:

RQ1: To what extent are large unlisted Italian companies prepared to produce sustainability information, following the stringent requirements of the CSRD provisions? Therefore, how significant is the burden they are exposed to?

Beyond this analysis, the authors examined the debate on links between sustainability orientation and corporate financial performance. Since the 1970s, different theories have driven two lines of research: how corporate sustainability performance (CSP) relates to corporate financial performance (CFP), and how ESG disclosures relate to CFP. The second question of this study is therefore:

RQ2: What is the relationship between the dissemination of sustainability information by large unlisted Italian companies and their financial performance?

Both questions relate to the adoption of the CSRD and its implications. RQ1 addressed the gap between regulatory information requirements and the practices of large companies which were previously exempt. RQ2 focused the link between ESG disclosure and corporate financial performance (CFP), with evidence on unlisted Italian companies and how sustainability efforts interact with financial outcomes.

These questions are connected by the potential interdependence between CSRD readiness and views on the sustainability-CFP relationship. Businesses perceiving positive synergies may be better prepared, feel less burdened, and more willing to comply. Together, the questions offer an integrated view of how Italian unlisted companies approach both regulatory compliance and sustainability-driven value creation.

To answer the research questions, the study examined a sample of 99 unlisted Italian companies, chosen according to their impending obligation to prepare a sustainability report for the first time in the 2025 fiscal year under the CSRD.

ESG disclosures were analysed using two complementary sources:

- Sustainability reports or equivalent publications (such as integrated reports) issued by the companies.
- Company websites, providing supplementary information where formal reports were not available.

The analysis, carried out in May 2022, reviewed documents on the 2021 financial year and related web information. This closely followed the European Commission's CSRD proposal approval, offering an early view of large Italian companies' readiness and compliance challenges.

The reports and web content were manually reviewed using checklists derived from the CSRD proposal. NFRD requirements were included as they could influence the reporting culture of non-obligated enterprises. Since web disclosures are difficult to classify, ESG assurance auditors subsequently validated the hand-collected data, enhancing reliability.

Given the novelty of extending CSRD to unlisted companies and limited prior research, the authors adopted an exploratory, inductive design to generate initial insights and identify patterns. Rather than testing formal hypotheses, research questions and theory-informed tentative expectations were used to guide the analysis, consistent with recommendations for early-stage research (Edmondson & McManus, 2007; Eisenhardt, 1989). This well-vetted dataset supports theory building in an under--researched field.

2. Institutional Background

Over the last decade the EU has tightened sustainability reporting rules. The Non-Financial Reporting Directive (NFRD) 2014/95/EU (European Parliament & Council of the EU (2014)) requires large Public Interest Entities (PIEs) – major banks, insurers and listed companies – to publish a Non-Financial Statement aimed to improve transparency and the consistency and comparability of non-financial data. Companies must report on five areas – environment, social issues, employees, human rights and anti-corruption – and describe related policies, results and risks. Although all member states transposed the NFRD, implementation differed, especially in defining which enterprises had to report (Moggi et al., 2023).

Faced with the NFRD's shortcomings in providing adequate sustainability information and a clear reporting framework, the Commission proposed the Corporate Sustainability Reporting Directive (CSRD) in 2021, approved in 2022.

The CSRD expanded the scope of companies obliged to report on sustainability. In addition to large Public Interest Entities, it also included large unlisted firms, listed SMEs (excluding micro-enterprises), and non-EU companies with over €150 million in EU turnover. A large company exceeds two of the following conditions: 250 employees, €40 million turnover, or €20 million in total assets. To reflect 2013–2023 inflation, a 2023 delegated directive raised the turnover and asset thresholds by 25%, to €50 million and €25 million.

The CSRD also enhances disclosure requirements, applying the double materiality principle (inside-out impacts and outside-in effects), and mandates use of the European Sustainability Reporting Standards (ESRS), issued by the European Commission (2023a), to ensure consistency and regulatory alignment.

Finally, it introduced mandatory assurance of sustainability reports – starting with limited assurance and targeting reasonable assurance by 2028. Sustainability statements must be part of the management report and submitted in a machine-readable digital format for improved accessibility and analysis.

These rules took effect from July 2024, with deadlines depending on company type. PIEs report for fiscal year 2024 ("first wave") with publication in 2025. Large unlisted companies followed in 2025 ("second wave") and listed SMEs in 2026. Non-EU companies with over €150 million in EU turnover and an EU branch or subsidiary must also comply.

On 26 February 2025 the European Commission adopted the Omnibus package directive proposal, amending four directives on sustainability reporting and due diligence. Its main goal was to cut by 80% the number of companies subject to CSRD, addressing concerns about reporting burdens. The Commission asserted that many companies struggle with some provisions, which have created excessive complexity and costs (European Commission press corner, 2025), though it gave no specifics on affected businesses or problematic requirements.

Finally, the recent "Stop the clock" directive postponed the dates of application for large companies by two years.

3. Literature Review

This study was based on two streams of literature, aligned with the two research questions. The first examined Environmental, Social, and Governance (ESG) transparency of companies in response to regulation, with particular attention to the European Union framework, from the NFRD to the recent CSRD. The second analysed the link between ESG disclosure and corporate financial performance (CFP), focusing on accounting-based measures.

The review was international but devoted special attention to studies on Italy as the empirical analysis relied on a sample of Italian companies.

3.1. Regulation on ESG Disclosure and Companies' Readiness

ESG reporting requirements have attracted growing scholarly interest, in line with the research agenda on non-financial statements proposed by Erkens et al. (2015). Korca and Costa (2021) reviewed 78 studies published between 2014 and 2020 on the NFRD.

Most contributions showed that the NFRD strengthens companies' socio-environmental disclosure. Ottenstein et al. (2022) found larger volumes and higher-quality information; Lippai-Makra et al. (2022) reported similar evidence for Hungarian companies, especially first-time cases. Mion and Adaui (2019) documented higher-quality sustainability data for German and Italian businesses and increasing cross--country harmonisation, whilst Carmo and Ribeiro (2022) revealed comparable improvements for Portuguese firms, concentrated in the first year, suggesting a 'routine' effect. In contrast, a case study by Corka et al. (2021) on an Italian bank reported only a modest improvement and persistent strategic obfuscation, whereas Korca and Costa (2021) called for further research on regulation, compliance, impacts, and remaining gaps.

Evidence on RQ1 was limited, as only first-wave companies report under the CSRD. Pre-NFRD studies added little on Italian alignment and excluded unlisted companies, since the directive applied only to large PIEs. Doni et al. (2019) showed that listed Italian companies were initially unprepared, but disclosure volume and quality rose after transposition into national law. Venturelli et al. (2019) likewise found that Italian firms disclosed less than their UK peers before adoption, highlighting the burden of the new rules.

Literature on the CSRD is still limited given its recent adoption. Wagenhofer (2024) contrasted CSRD mandatory reporting with core financial accounting principles, arguing that sustainability reports lack data aggregation and a clear performance metric, which hampers comparability. Sancak (2023) analysed the integration of EU Sustainability Taxonomy (EUST) requirements into CSRD reports, highlighting the expanded EUST scope and its potential impact on SMEs. Pantazi (2024) examined public and private enforcement of the CSRD, noting the absence of a unified sanctioning system and the reliance on national transposition decrees and domestic rules on director liability.

Empirical work on the CSRD has mainly examined the implementation of double materiality. Dragomir et al. (2024) conducted a content analysis of 20 listed Romanian companies, finding that only a quarter prepared a double materiality assessment covering impacts, risks, and opportunities. Miettinen (2024) studied sustainability reports from European pharmaceutical companies and identified heterogeneous notions of materiality in 2022, with only Sanofi applying a CSRD-consistent double materiality concept. Correa-Mejía et al. (2024) analysed 76 sustainability reports from Dow Jones Sustainability Index constituents and revealed that about two-thirds were not true 'early adopters' of dual materiality, but rather 'label adopters', claiming compliance with the CSRD while not fully adhering to EFRAG guidance. Pizzi and Coronella (2024) focused on listed SMEs within the CSRD scope and, from an institutional perspective, highlighted their limited willingness to align with forthcoming requirements. Existing sustainability reporting initiatives among these companies largely copied formats used by larger listed companies, indicating mimetic isomorphism. These challenges are compounded by the under--resourcing of sustainability departments (see Mäkelä, 2025).

3.2. ESG Disclosure and CFP

The literature on RQ2 is much broader. This study's framework was based on Stakeholder theory (Freeman, 1984), which argues that addressing stakeholders' interests supports company success and that focusing on the most material stakeholders and issues yields stronger outcomes (Hörisch et al., 2020).

Since the 1970s, thousands of studies have examined the sustainability-CFP link (Margolis & Walsh, 2001; Friede et al., 2015), with many reviews reporting mainly positive effects. A meta-analysis of around 1,400 publications found that corporate sustainability and sustainable finance usually improve financial outcomes, with stronger support in investor-centred than in corporate-centred research (58%; Atz et al., 2022). However, the evidence remains mixed: researchers show positive, negative, null, and non-linear relationships, including the inverse-U pattern reported by Fujii et al. (2013). Among the positive results, Tsai and Wu (2022) indicated that stronger CSR raises US stock values, although CSR dimensions behave differently in crisis versus non-crisis periods.

Most sustainability-CFP studies analysed ESG attributes of companies, but ESG's multidimensionality produces highly diverse models. Galant and Cadez (2017) distinguished one-dimensional from multidimensional approaches; this variety hampers comparison and generalisation (Rowley & Berman, 2000). ESG scores are widely used as proxies for sustainability performance, often those issued by Bloomberg or Thomson Reuters (Asset4/Eikon), based on companies' own disclosures.

CFP measurement is likewise heterogeneous. Studies employ market metrics as share price and cost of capital (Gholammi et al., 2023) or accounting metrics (e.g. ROE, ROA). Market-based indicators capture the sustainability-CFP association from the investors' perspective, whereas accounting measures reflect the company's internal performance view.

Consistent with this approach, the authors focused on contributions examining the relationship between ESG disclosure (via sustainability reports or other channels) and CFP. Until recently this link was rarely addressed (Yu et al., 2018), but the field is expanding rapidly: Nyantakyi et al. (2023) identified 656 Web of Science publications for 2002-2022 and reported a 50% growth in output from 2020 onward.

ESG disclosure is typically proxied either by ESG scores (e.g. Buallay et al., 2021), which other studies treat as indicators of organisational performance, or by measures derived from content analysis (e.g. Jaisinghani & Sekhon, 2022).

Regarding CFP, most researchers examined how sustainability disclosure affects market values, often finding positive associations (e.g. Laskar & Maji, 2017; Albitar et al., 2020; Gavalas, 2024).

Market-based metrics were not applicable here because the sample comprised large unlisted companies. Therefore the authors focused on studies that use the most common accounting measures as dependent variables, namely:

- ROA (return on assets) measures net income relative to total assets and captures how company policies and asset-use efficiency affect performance. Although it is usually defined as net income/total assets, some studies instead use EBIT/total assets (Remo-Diez et al., 2023).
- ROE (return on equity) measures profitability relative to shareholders' equity.

Using accounting metrics to measure CFP has important implications as the link between sustainability disclosure and market performance can differ from that with profitability ratios (Giannopoulos et al., 2022). Accounting indicators are internal and short-term, capturing only realised results, whereas market values are externally determined and reflect investors' long-term expectations. ESG disclosure may thus fail to increase short-term returns even if investors view it as value creating. This long-term dimension cannot be captured for unlisted companies. Moreover, sustainability costs are recognised immediately, while related benefits typically materialise only in the medium or long term.

Prashar (2023) reported a positive but moderate relationship between ESG disclosure and financial performance, with stronger effects on market value than on accounting metrics, possibly because sustainability reporting eases access to capital and helps attract investors.

Most primary studies pointed to a positive association between ESG disclosure and financial ratios, although effects vary by disclosure type. Alareeni and Hamdan (2020) found positive impacts on ROA, ROE and Tobin's Q, but the effects of ESG pillars on profitability differed from those on market indicators. For unlisted companies, Pillay and Obalade (2020) showed that sustainability reports by South African manufacturers were positively related to ROE and EVA. Kumar and Firoz (2022) reported significant positive links between ESG disclosure and ROA and ROCE for Indian enterprises, with similar results for each ESG pillar except the social one. Using content analysis, Jaisinghani and Sekhon (2022) presented negative effects of environmental and customer-related disclosure and positive effects of community and product information on ROS for listed Indian companies. Other evidence was mixed: Buallay (2024) saw no significant relationship in the IT sector, while Buallay et al. (2021), Wasiuzzaman et al. (2023) and Giannopoulos et al. (2022) indicated negative effects on profitability, although Giannopoulos et al. (2022) still found a positive association with Tobin's Q.

3.3. Literature on Burden and Relation ESG Disclosure and CFP of Unlisted Companies

To the best of the authors' knowledge, this is the first quantitative analysis of the reporting burden on large unlisted companies preparing sustainability reports under the new EU regime. Prior research on ESG disclosure in unlisted companies usually addressed other issues, such as SME report quality (Cardoni et al., 2023) or SDG integration in reports by listed and unlisted companies (Martinez-Martinez et al., 2024). This article is also among the few to examine the ESG disclosure–CFP relationship in unlisted companies, as most evidence relied on listed samples (cf. Laskar & Maji, 2017; Yu et al., 2018; Albitar et al., 2020; Alareeni & Hamdan, 2020; Buallay et al., 2021; Giannopoulos et al., 2022; Jaisinghani & Sekhon, 2022; Kumar & Firoz, 2022; Remo-Diez et al., 2023; Wasiuzzaman et al., 2023; Gavalas, 2024), with few exceptions such as Pillay and Obalade (2020).

3.4. Tentative Expectations

With an exploratory stance, the authors derived two tentative expectations from theoretical and empirical insights, using them as flexible interpretive lenses (Mantere & Ketokivi, 2013; Locke et al., 2008; Sætre & Van de Ven, 2021). Prior research showed that organisational size strongly shapes disclosure practices (Jamali et al., 2008; Doni et al., 2019).

TE1: Larger Italian unlisted companies are more likely to disclose sustainability information in line with CSRD requirements, thereby facing a lower compliance burden.

The second expectation concerns the disclosure–performance relationship. Governance, planning, and performance-related disclosures may enhance profitability through stakeholder trust and strategic alignment (Freeman, 1984), whereas costly non-financial initiatives can reduce short-term returns (Dissanayake et al., 2016).

TE2: Broader governance, planning, and performance disclosures should correlate positively with profitability, while non-financial KPI disclosure may correlate negatively.

Taken together, these expectations link theoretical reasoning with empirical analysis and provide a flexible interpretive frame for further inquiry.

4. Data and Methods

This study adopted an exploratory design to investigate an under-explored phenomenon using an original dataset. Given the topic's novelty and the lack of established theories or standardised data, the authors relied on research questions and tentative expectations rather than formal hypotheses, consistent with methodological guidance on aligning research stage and analytical approach (Edmondson & McManus, 2007). Exploratory designs are well suited to generating early insights and supporting theory building in under-conceptualised fields (Eisenhardt, 1989; Bamberger, 2008). Thus this approach prioritised flexibility and interpretive openness, using hand-collected data to offer preliminary evidence and orient later hypothesis-driven work.

The enterprises were selected through a stratified sample of CSRD-subject companies, all classified under the 2007 ATECO codes (Nace Rev. 2). The sample, drawn from AIDA and stratified by sector and size, required grouping 88 two-digit sectors into 10 macro-sectors according to the 2019 CNDCEC–-CERVED classification to ensure consistency and comparability.

Table 1. Sectoral composition of the sample according to the CNDCEC–CERVED macro-sector classification

Macro sectors	Nace Rev. 2 categories aggregated
MS_01	(A) Agriculture, forestry and fishing
MS_02	(B) Mining and quarrying + (C) Manufacture + (D) Electricity, gas, steam and air-conditioning (production)
MS_03	(E) Water supply, sewerage, waste management and remediation + (D) Electricity, gas, steam and air-conditioning (transmission)
MS_04	(F41) Building construction
MS_05	(F42) Civil engineering + (F43) Specialised construction
MS_06	(G45) Wholesale trade and car detailing + (G46) Wholesale trade + (D) Energy/gas distribution
MS_07	(G47) Retail trade + (I56) Bars and Restaurants
MS_08	(H) Transport and storage + (I55) Hotels
MS_09	(JMN) Services to businesses
MS_10	(FPRS) Services to people

Source: authors' elaboration.

Nearly 48% of firms belonged in MS_02 (mining, manufacturing, energy), 21.2% in MS_06 (wholesale, car services, energy/gas distribution), and 10.1% in MS_09 (business services), whilst only four other sectors exceeded 5% (MS_07, MS_08, MS_09, MS_10). Figure 1 shows the distribution across macro--sectors and 2020 Total Assets. For each sector, the authors computed asset quartiles and defined four size classes: small, small–medium, medium–large, and large.

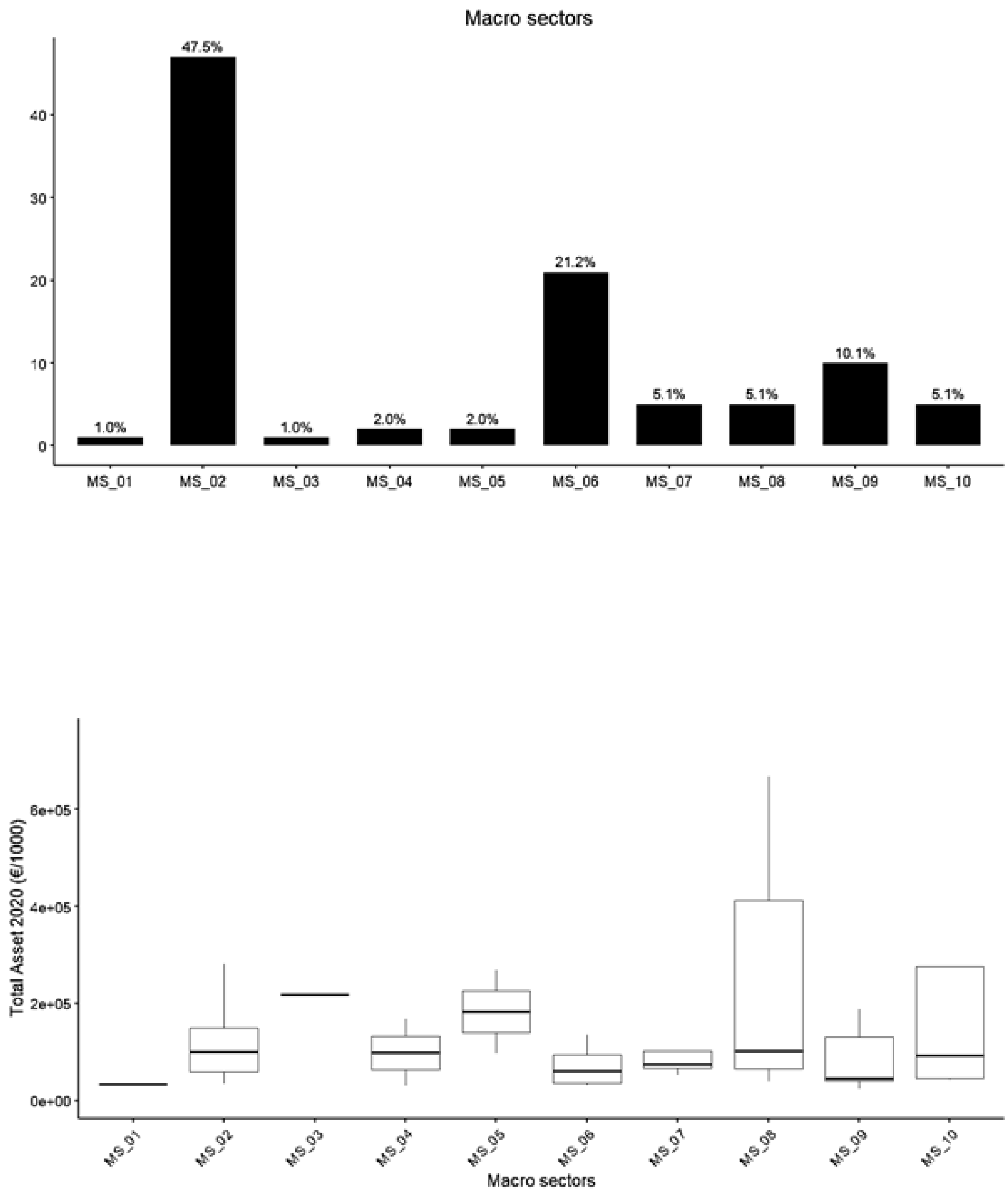

Fig. 1. Distribution of sample companies by macro-sector and asset size quartiles

Source: authors' elaboration.

From roughly 8,000 firms, 99 were sampled. Figure 2 shows their geographic distribution (left panel, dot size proportional to company size) and a heat map of the population (right panel). In geography, size, and sector, the sample closely reflected the underlying population.

After defining the sample, the authors collected sustainability disclosure data to assess alignment with CSRD requirements, and identified five macro-areas of sustainability information (see Table 2).

The five-area model classifies information by stages of the sustainability management process rather than ESG categories. It moves from integrating sustainability into strategy, identifying material issues, and adapting governance to communicating results through KPIs and reports. Regulatory sources allowed to identify 94 topics across these areas (Table 3, column 1).

Fig. 2. Geographic distribution of the sample and population density of Italian CSRD-subject companies

Source: authors' elaboration.

Table 2. Analytical framework for CSRD-oriented sustainability disclosure: conceptual areas and information content

Area	Content
Strategy and Management	Information requirements concern the business model and strategy, the sustainability matters affecting the company's financial position and competitiveness (financial materiality), the actual or potential impacts generated (impact materiality), and the policies adopted to manage related impacts, risks, and opportunities.
Governance	Information requirements concerning the role of administrative and management bodies in sustainability matters and the company's ethical values.
Planning	Information requirements concerning approved plans for integrating sustainability into corporate activities and the goals and targets set to improve sustainability performance.
Performance	Information requirements concerning results achieved in environmental, social, labour, human rights, and anti-corruption areas, expressed qualitatively or quantitatively. This area also includes information requirements related to capital.

Accounting and Reporting	The accounting area covers non-financial indicators monitoring environmental and social sustainability, work practices, human rights, and anti-corruption. These KPIs signal concrete sustainability engagement and support reporting, compliance, performance assessment, planning, decision-making, and risk management (Adams & Frost, 2008; Henri & Journault, 2008). The reporting area instead concerns voluntary sustainability reports, not CSRD requirements.

Source: authors' elaboration.

The regulatory references were mainly CSRD Proposal – identified as "CP" – and D.lgs. 254/2016 (Italian NFRD decree), identified as "IN".

Table 3. CSRD-based sustainability disclosure grid: topics, regulatory sources, and classification by management area

Topic	Regulatory reference	Area
STRATEGY AND SUSTAINABILITY MANAGEMENT		Strategy and Management
Description of the business model	CP	
Description of the strategy	CP	
Sustainability implications for business (outside in): risks and opportunities		
Description of the main risks for the company connected to sustainability issues. Main risks [...] suffered related to the environment matter	CP+IN	
Description of the main risks for the company connected to sustainability issues. Main risks [...] suffered related to the social matter	CP+IN	
Description of the main risks for the company connected to sustainability issues. Main risks […] suffered related to the work matter	CP+IN	
Description of the main risks for the company connected to sustainability issues. Main risks [...] suffered related to the topic of human rights	CP+IN	
Description of the main risks for the company connected to sustainability issues. Main risks [...] suffered related to the corruption and bribery	CP+IN	
The resilience of the business model and strategy to risks related to Sustainability matters	CP	
Description of the management methods of these risks adopted by the company	CP	
Description of the company's main dependencies on sustainability issues	CP	
Main risks […] suffered related to the climate change issue	ESMA	
Opportunities related to sustainability issues	CP	
Sustainability external implications (inside out)		
Description of adverse impacts connected with the undertaking's value chain	CP	
Main risks generated […] connected to the environment matter	IN	
impacts on the environment linked to risk factors	IN	
Main risks generated […] connected to the social theme	IN	
Health impacts related to risk factors	IN	
Safety impacts linked to risk factors	IN	
Main risks generated […] connected to the work matter	IN	
Main risks generated […] connected to the human rights matter	IN	
Main risks generated […] connected to corruption and bribery	IN	
Management of sustainability topics		
How the undertaking's business model and strategy take account of the interests of the stakeholders	CP+IN	
How the undertaking's business model and strategy take account of the interests of the impacts on sustainability matters	CP+IN	
How the strategy has been implemented regarding sustainability matters	CP	
Description of actions to prevent or mitigate or remediate adverse impacts	CP	
A description of the policies in relation to sustainability matters – environmental	CP+IN	
A description of the policies in relation to sustainability matters – social	CP+IN	
A description of the policies in relation to sustainability matters – work	CP+IN	
A description of the policies in relation to sustainability matters – human rights	CP+IN	
A description of the policies in relation to sustainability matters – corruption and bribery	CP+IN	
Description of the due diligence process implemented with regard to sustainability matters	CP+IN	
Description of the company's main dependencies on sustainability issues	CP	
Tools to fight Corruption	IN	
Certifications		
Environmental certifications		
Work and safety certifications		

Topic	Regulatory reference	Area
GOVERNANCE Description of the role of administrative, management and supervisory bodies about Sustainability matters	CP	Governance
Organisation and management model, including model regulated by Italian decree 231/2001	IN	
Business ethics and corporate culture	CP	
PLANNING		Planning
Plans to ensure that business model and strategy are compatible with the transition to a sustainable economy	CP	
Plans to ensure that business model and strategy are compatible with the limiting of global warming to 1.5° C	CP	
Description of the targets related to sustainability issues	CP	
SMART objectives related to sustainability matters		
Statement of SDG objectives	CP	
PERFORMANCE		Performance
Environmental performance		
Results achieved in the environmental area	IN	
Information on climate change mitigation	CP	
Information on adaptation to climate change	CP	
Information on water and marine resources	CP	
Information on the use of resources and the circular economy	CP	
Information on pollution	CP	
Use of energy from renewable sources	IN	
Use of energy resources from non-renewable sources	IN	
GHG emissions	IN	
Polluting emissions into the atmosphere	IN	
Information on biodiversity and ecosystems	CP	
Social / Work performance	IN	
Equal opportunities for all	CP	
Gender equality	CP+IN	
Training	CP	
Employment		
Employment and Inclusion of people with disabilities	CP	
Working conditions	CP	
Adaptable employment	CP	
Wages	CP	
Social dialogue	CP	
Collective bargaining	CP	
Involvement of workers	CP	
Work-life balance	CP	
Healthy, safe and well-adapted working environment	CP	
Corporate political engagement, including lobbying activities	CP	
Management and quality of relationships with customers (product responsibility, transparency, privacy)		
Management and quality of relationships with suppliers (supply chain management, evaluation and selection of suppliers based on ESG criteria)		
Management and quality of relationships with business partners, including payment practices	CP	
Human Rights Performance	CP+IN	
Anti-corruption performance	CP+IN	
Capitals		
Intellectual capital	CP	
Human capital	CP	
Social capital	CP	
Relationship capital	CP	
ACCOUNTING AND REPORTING		Accounting and Reporting
Indicators: description of the indicators relevant to the communication of sustainability information	CP	
Non-financial indicators in the environmental area	IN	
Non-financial indicators in the social area	IN	
Non-financial indicators in the work area	IN	
Non-financial indicators in the human rights area	IN	
Non-financial indicators in the corruption and bribery area	IN	

Topic	Regulatory reference	Area
Reporting		
Publication of a sustainability report		
Publication of a social report		
Publication of an integrated report		
Publication of a gender report		
Publication of an environmental report		
Publication of other non-financial report		
The first year of drafting the sustainability report and other reports		
The sustainability reporting standard used		
Standard adoption level (if required by the standard)		
Transparency on omissions		
Formal approval of the sustainability report and other reports		
Assurance of the sustainability report		

Source: authors' elaboration.

ESG disclosure data were collected from sustainability, social and integrated reports and company websites, reviewed systematically across sustainability, governance and operational sections. Manual web scraping enabled the extraction and interpretation of unstructured content while reducing misclassification. All the procedures complied with legal and ethical requirements.

5. Results

To address the first research question, the authors calculated each company's percentage of relevant disclosures (see Table 3), e.g. reporting 5 of 94 items yielded 5.3%. The figure plots these values in ascending order, showing the extent of disclosed information and companies' overall readiness to meet CSRD requirements.

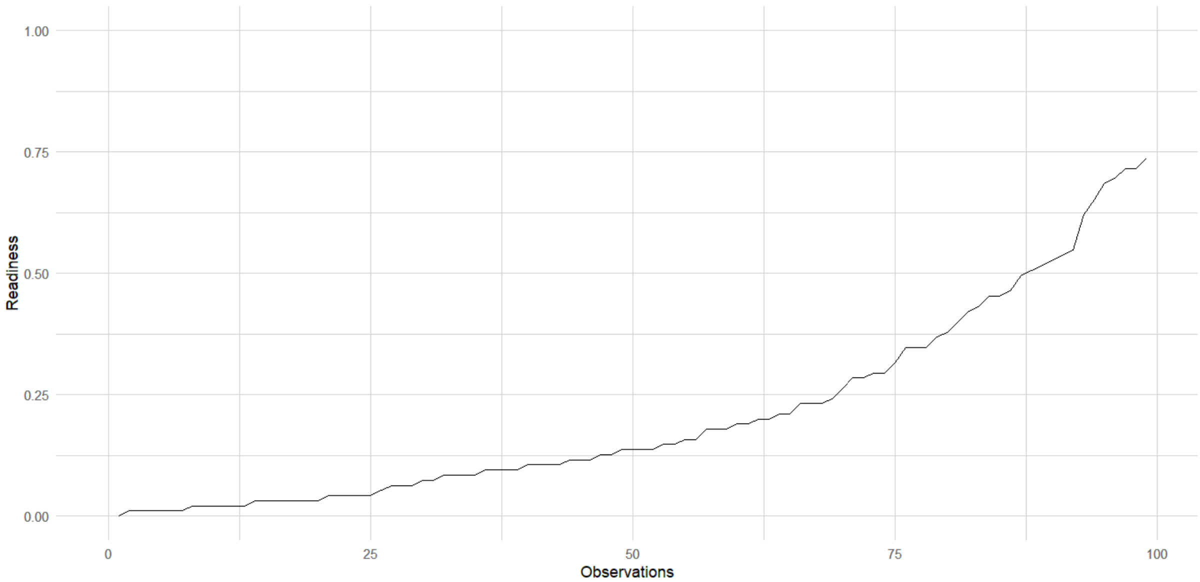

Fig. 3. Overall CSRD disclosure intensity across sample companies (percentage of disclosed items)

Source: authors' elaboration.

Companies disclosed substantially more on governance (median 33.3%, Q4 66.7%) and strategy and management (median 24%, Q4 48%) than on accounting and reporting (median 0%, Q4 0.09%). The remaining categories showed intermediate disclosure levels (see Figure 4).

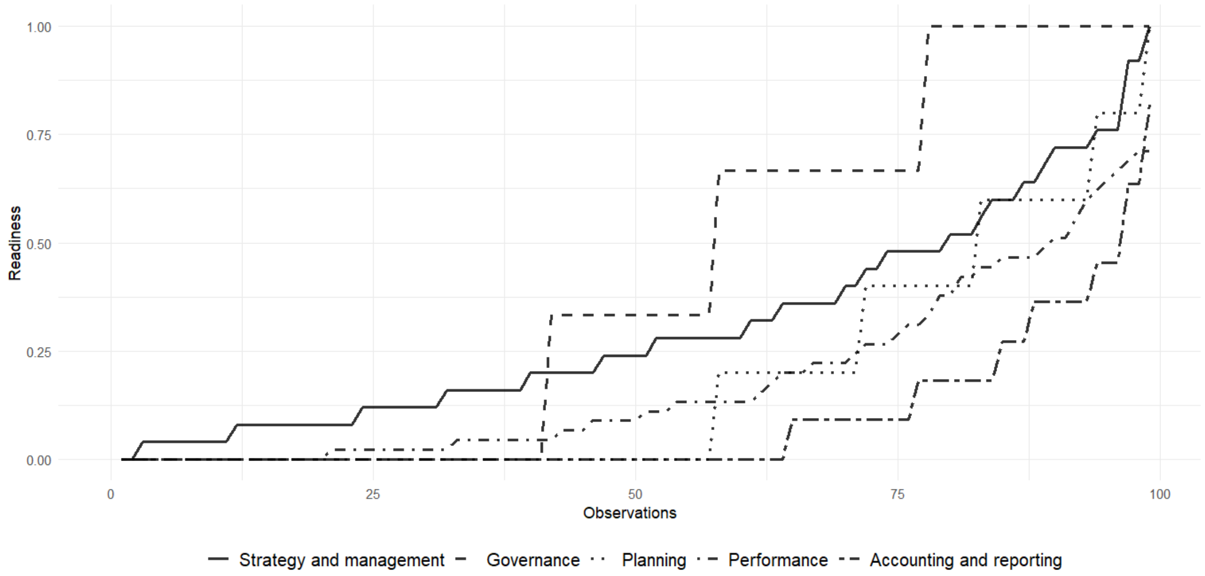

Fig. 4. Disclosure intensity by CSRD information area: median and upper quartile comparison

Source: authors' elaboration.

To assess readiness, it was checked whether the companies disclosed at least one item per section. The disclosure rates were: strategy and management (98.0%), performance (79.8%), governance (58.6%), planning (42.4%), accounting and reporting (35.4%). Next the authors tested the size effects. Pearson's correlation showed a weak but significant link (r(97) = 2.5961, p = 0.01089). The Wilcoxon test indicated higher disclosure for larger companies (26.32% vs. 12.63%). Chi-square tests also examined size–disclosure associations across macro-areas.

Table 4: Company size and sustainability disclosure: Chi-Square tests across CSRD information areas

Sustainability information area	Firms' size	Chi-Square Value	Degrees of Freedom (df)	p-value	Association
Strategy and management	Total Assets (above/below median)	0.047961	1	0.8266	Not significant
Governance	Total Assets (above/below median)	3.616	1	0.0572	Marginally significant
Planning	Total Assets (above/below median)	3.9303	1	0.0474	Significant
Performance	Total Assets (above/below median)	1.6228	1	0.2027	Not significant
Accounting and Reporting	Total Assets (above/below median)	8.4864	1	0.0036	Significant

Source: authors' elaboration.

Three of the five tests were significant or showed a weak yet relevant trend. Company size was strongly associated with disclosure in governance, planning, and accounting and reporting, with higher levels among companies whose total assets exceeded the population median. The authors also examined co-occurrence patterns. Figure 5 shows the association matrix for the five areas: Cramér's V (0–1) indicated dependence between category pairs, while circle size and colour intensity visualised each association's magnitude.

The association matrix shows key relationships among sustainability information areas. Companies reporting planning activities often also disclosed performance information, as indicated by the circle size and colour intensity at the planning–performance intersection in Figure 5. The result was even more evident if one performed a chi-square test for the association between categorical variables showing a p-value equal to $1.5 \cdot 10^{-6}$.

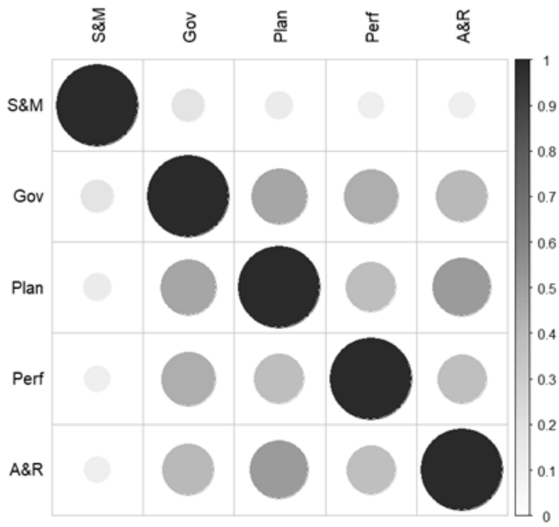

Fig. 5. Interdependencies among CSRD disclosure areas: Cramér's V association matrix

Source: authors' elaboration.

The authors applied Multiple Correspondence Analysis (MCA) to map relationships among sustainability information areas. MCA detects associations from category presence or absence and offers a low-dimensional view (Greenacre, 1984; Le Roux & Rouanet, 2010; Benzécri, 1992). For the five macro-areas it produced two dimensions (~66% inertia): one separating companies disclosing governance, planning, performance, and accounting items, and the second capturing strategy and management disclosure.

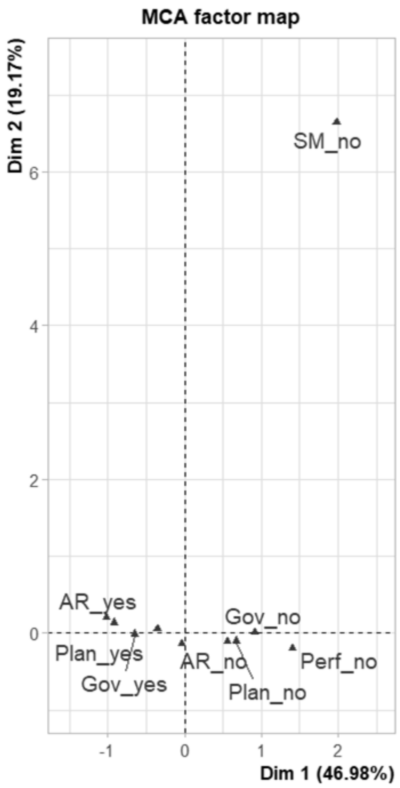

Fig. 6. Multiple correspondence analysis (MCA) map of sustainability disclosure patterns

Source: authors' elaboration.

The study examined whether sustainability disclosure related to financial performance using a Multiple Linear Regression (MLR), which estimates a dependent variable from multiple predictors under standard assumptions (Montgomery et al., 2012; Draper & Smith, 1998). The model employed sector-standardised ROA as the outcome, including the two MCA dimensions and a dummy capturing disclosure of at least one accounting and reporting indicator. The controls were prior-year ROA (2019) and the 2020 Equity Ratio, both standardised by Nace Rev. 2. The results (Table 2) showed all the coefficients as significant, except the second MCA dimension. The negative sign of the first component indicated that greater disclosure in governance, planning, performance, accounting and reporting was associated with higher profitability, whereas the dummy reflected a marginally significant decrease.

Table 5: Sustainability disclosure and financial performance: multiple linear regression results (dependent variable: Standardised ROA 2020)

	Dependent variable:
	scaled_ROA2020
MCA1	–0.075.
	(0.041)
MCA2	0.052
	(0.051)
scaled_ROA2019	0.249^{***}
	(0.054)
scaled_ER2020	0.075^{*}
	(0.030)
d_SustInd	–0.134.
	(0.068)
Constant	0.096^{***}
	(0.028)
Observations	99
R^2	0.373
Adjusted R^2	0.340
Residual Std. Error	0.217 (*df* = 93)
F Statistic	11.09^{***} (*df* = 5; 93)
Note:	$^{*}p^{**}p^{***}p < 0.01$

Source: authors' elaboration.

All the statistical analyses supported both expectations. Consistent with TE1, larger unlisted companies in the sample disclosed more and showed stronger CSRD alignment. For TE2, disclosure in governance, planning, and performance was positively associated with standardised ROA, whereas non-financial KPIs were negatively associated with profitability, in line with evidence that sustainability investments entail short-term costs before yielding later benefits (Dissanayake et al., 2016; Eccles et al., 2014).

6. Conclusion

The results showed uneven CSRD readiness among Italian companies, creating differentiated compliance burdens. Many must enhance sustainability disclosure: half reported under 12% of the required items, 88% remained below 50%, and none exceeded 73.68%, revealing a clear gap with regulatory expectations. The low disclosure among large unlisted companies was not fully explained by investor pressure or family ownership. Higher disclosure centred on governance and strategy rather than ESG performance, indicating symbolic, early-stage practices and limited managerial control

(Traxler et al., 2020). Larger companies disclose more, especially in governance, planning, accounting and reporting, while strategy and management was the most reported area.

A multiple linear regression (sector-standardised ROA; controls: prior-year ROA and Equity Ratio) showed that disclosure in the area of governance, planning, performance, accounting and reporting was positively associated with profitability, unlike in strategy and management. This pattern supports stakeholder-based expectations (Freeman, 1984) and prior empirical evidence linking CSRD-aligned disclosure, stakeholder relations, and ROA, whereas ESG KPIs remain negatively related to profitability (Dissanayake et al., 2016; Eccles et al., 2014).

This approach does not assess disclosure quality, hence generic and detailed statements may receive identical scores – an inherent limitation and a basis for future analyses.

Identifying weaker CSRD areas helps assurance providers prioritise gaps. Smaller unlisted companies should adopt structured reporting, while larger ones should improve planning, performance, and accounting, supported by metrics, tools, and stronger engagement.

Voluntary-disclosure delays highlight the burden of CSRD compliance, which requires investment. The European Parliament's two-year extension is justified, and phased obligations may help. The findings also support reducing the number of smaller firms subject to CSRD.

A key strength of the study is the transparent CSRD-aligned grid, improving replicability and avoiding proprietary scores, whilst the focus on unlisted companies fills a research gap. As an exploratory hand-collected research it provides positive evidence, and its cross-sectional design limits inference and signals the need for longitudinal analysis of ESG–performance links.

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