

How CSRD is Affecting Corporate Disclosures

A recent paper published in ScienceDirect examines how the European Union's Corporate Sustainability Reporting Directive (CSRD) has altered the tone and credibility of corporate climate disclosures among EURO STOXX 50 firms. Using company sustainability reports from 2020 to 2024, the researchers constructed two textual indicators (i) the Cheap Talk Index (CTI), which measures the prevalence of vague or aspirational language, and (ii) the Opportunity-Risk Index (OppRisk), which captures the balance between opportunity and risk framing (Bingler et al., 2024). Nonparametric comparisons of pre- and post-CSRD periods reveal a statistically significant rise in the CTI and decline in the OppRisk Index, indicating a shift toward increasingly more symbolic yet more risk-aware communication. These findings suggest that regulatory standardization may simultaneously encourage a riskier yet less opportunistic tone and incentivize more the use of generic, non-specific commitment language.

From a recent paper published in ScienceDirect - Corporate sustainability reporting directive impact on risk framing and commitment specificity: Evidence from EURO STOXX 50, By Karoline Bax, Sandra Paterlini and Odino Valentini.