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ESG REPORTING AND CORPORATE SUSTAINABILITY: FROM DISCLOSURE COMPLIANCE TO STRATEGIC ACCOUNTABILITY

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Abstract
Environmental, social, and governance (ESG) reporting has moved from a voluntary communication practice to a regulated, investor-relevant, and politically visible corporate activity. Yet the growth of disclosure has not consistently produced responsible corporate behaviour. This conceptual review examines why compliance-oriented reporting is often insufficient and how it can evolve into strategic accountability. Drawing on stakeholder, legitimacy, and agency theories, and on a narrative synthesis of recent theoretical, empirical, and review-based studies, the article analyses regulatory frameworks, voluntary and mandatory disclosure, greenwashing, decoupling, assurance, and governance mechanisms. It then proposes a conceptual framework linking ESG disclosure, strategic integration, and corporate accountability through board oversight, performance measurement, and stakeholder engagement. The review contributes by shifting attention from the quantity of disclosure to the organisational conditions under which reporting changes decisions. Implications for managers, regulators, and investors are discussed, and directions for empirical validation are outlined.

Keywords: *ESG reporting; corporate sustainability; accountability; greenwashing; decoupling; double materiality; corporate governance*

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1. Introduction

Environmental, social and governance (ESG) reporting is one of the most prominent tools that companies use to report on their sustainability performance to investors, regulators and society. The literature on ESG and corporate social responsibility (CSR) in corporate finance has expanded rapidly and now encompasses the topics of value, risk, financing and governance (Gillan et al., 2021). More general surveys also report an growing variety of ESG research that has been following a increasing number of themes (Li et al., 2021). Capital markets have given a boost to this trend. Investors seem to value carbon risk and sustainability preferences influence asset prices and asset portfolio decisions (Bolton & Kacperczyk, 2021; Pástor et al., 2021). Corporate sustainability - the ability of a company to generate value in the long-term while taking care of the environment and society - is hence more and more closely tied to the quality and credibility of the information disclosed by the company.

Sustainability disclosure started as a narrative, stand-alone and voluntary practice, influenced by institutional histories and pressures of specific national contexts (Albu et al., 2021). With time the reporting was standardised, became more investor oriented, and got more closely aligned with financial reporting. The calls for harmonisation of sustainability reporting increased following the onset of the COVID-19 pandemic that saw a renewed interest in the field of ESG investing (Adams & Abhayawansa, 2022). Now regulatory activity has shifted from "encouraging" to "requiring. This change is reflected in the economic literature on mandatory CSR and sustainability reporting, which has pointed out the uncertain impacts of this shift (Christensen et al., 2021) and the mandatory regime of the European Union has put enforcement at the heart of the discussion (Pantazi, 2024). Green bonds are one example of the way in which disclosure and financing go hand in hand (Flammer, 2021).

However, there are drawbacks to compliance-based ESG reporting. Disclosure can be delivered for rule compliance or for the sake of legitimacy and not to influence organisational behavior. Greenwashing, defined as the companies' efforts to present a more favourable picture of their sustainability performance than is actually the case has been studied concerning carbon emissions and ESG results (Treepongkaruna et al., 2024) and mispricing in equity markets (Lin et al., 2023). Only a handful of studies on the decoupling of policies and practices have been conducted, and they reveal that policies and reports can be distinct from practices (Athanasopoulou et al., 2025; Cepêda et al., 2025b). But measurement issues get in the way, as ratings from various providers differ significantly (Berg et al., 2022). Transparency is not enough for accountability when information and its assessment is both unreliable. Assurance has been suggested as a solution, but there is uncertainty on how much it can solve the regulators' concerns regarding greenwashing (Peng et al., 2026).

There is a wealth of existing studies which are disjointed. Some are about regulation and mandatory disclosure, some are about ‘greenwashing' and ‘decoupling', and some about the governance factors that affect the quality of reporting. These streams have been explored in isolation in recent systematic reviews, such as the impact of mandatory reporting (Papafloratos & Pantazi, 2025) and its difference from symbolic and substantive practices (Ştefănescu & Suciu, 2026). Governance and disclosure reviews also focus on structural aspects that influence the disclosure reporting (Kartout & Khemakhem, 2026). What is still to be developed is an integrative description of how firms can transition from disclosure to the use of disclosure as a tool of strategic decision making and responsibility. A conceptual review is suitable for this purpose as it is not a data issue but rather an issue of the lack of coherent theoretical links between regulation, governance, strategy and accountability. Such a review can synthesize findings from the various research, identify gaps or inconsistencies in the research concepts, and provide a framework that can guide future empirical research.

This article aims at filling this void by a conceptual review of the literature in recent years and construction of an original framework. It contributes in two ways: firstly, by bringing together theory, regulation and governance in one story of accountability; secondly, by clarifying when disclosure is symbolic and when it is substantive, and what conditions in organisations are present when disclosure is substantive. The two objectives of the study are:

To critically synthesise the theoretical and empirical literature on ESG reporting to explain the limitations of compliance-oriented disclosure and how greenwashing, decoupling and symbolic compliance works.

To suggest a conceptual framework to connect ESG disclosure, strategic integration, and corporate responsibility and draw implications for managers, policymakers, regulators and investors.

Vol. 12 Issue 10 (October, 2026)
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2. Conceptual and Theoretical Foundations of ESG Reporting

2.1. Conceptualization of Environmental, Social, and Governance Reporting

ESG reporting is the organization of communication on environmental, social and governance issues, including the results of this performance and the process that leads to it. It is similar to but not the same as CSR reporting since the language of ESG focuses on factors that can be measured and are material to investors, while CSR reporting traditionally has been more broad-based and focused on social responsibility (Gillan et al., 2021). The concept of the border is still up for discussion. Some reviews of ESG research even argue that definitions, indicators and aims vary between studies (Li et al., 2021), and that the scope, measurement and weighting can vary even among the professional raters (Berg et al., 2022). Another source of conceptual complexity is the materiality. Double materiality is a view that requires companies to disclose the impact of sustainability on enterprise value as well as the impact of the company on people and nature (Barker & Mayer, 2025). There is evidence from early adopters of companies that questions whether this principle is actually put into practice in companies (Correa-Mejía et al., 2024). It is thus important to think of ESG reporting as a social practice, an informational, an institutional and a strategic one. This perspective takes into account that reporting, verification and usage are all part of the practice.

2.2. Corporate Sustainability and Long-Term Value Creation

Corporate sustainability is the capacity of the companies to maintain their economic operations without jeopardizing the environmental and social systems that support them. Value creation in the LR is about managing risks, establishing legitimacy and investing capital on sustainable activities. There are some financial market data that lend credence to part of this logic. Carbon risk is a risk that investors require compensation for (Bolton & Kacperczyk, 2021), and sustainable investing is likely to change the expected returns and capital flows, according to equilibrium models (Pástor et al., 2021). Portfolio theory has also been adapted to an ESG-efficient frontier where investors are willing to sacrifice some financial returns for a change in ESG attributes (Pedersen et al., 2021). Green bonds demonstrate a firm's commitment and are a way to fund environmental projects (Flammer, 2021). But, the impact of ESG disclosure is context specific and heterogeneous (Wang et al., 2025), suggesting that value creation is not about disclosure per se, but about how disclosure is integrated into organisations.

2.3. Stakeholder Theory and Corporate Accountability

Stakeholder theory considers the firm to be responsible to all groups that are impacted by or impact the firm, not just to shareholders. ESG reporting is thus a way in which the firm fulfills its information obligations towards employees, communities, customers, investors and regulators. This aligns closely with the double materiality debate, which is about organisations reporting on impacts that are relevant to stakeholders, even if these impacts do not directly impact financial performance (Lungu et al., 2025). Qualitative evidence shows that the application of double materiality fosters a change in the organisation, in particular the internal discourse on impacts and responsibilities (Kapplmüller et al., 2025). The theory of stakeholders also provides an understanding as to why institutional investors play a role. Engagement can drive corporate carbon emissions (Azar et al., 2021) and institutional investors can play an important role in closing the gap between the disclosure and practice of ESG (Cepêda et al., 2025a).

2.4. Legitimacy Theory and Institutional Pressures

Legitimacy theory holds that organisations are striving to show that they are in line with the norms of society and to maintain their licence to operate. According to institutional theory, coercive, normative, and mimetic pressures are exerted on firms to converge to similar reporting practices, even if it does not correspond to their actual results. This can leave a legacy of the historical context and the national context, which can have a lasting impact on reporting behaviour (Albu et al., 2021), as well as the enforcement of the regulation, which can influence whether or not a firm takes obligations seriously (Pantazi, 2024). Firms can be under legitimacy pressure and thus, can use symbolic strategies. The external scrutiny role of regulatory comment letters in China's greenwashing is an example of how external scrutiny can affect the disclosure behaviour (Liao et al., 2023). A key element in this is decoupling – the disconnection between formal commitments and operational practices, encompassing the disconnect between means/ends, or between the actions adopted and the ends sought (Athanasopoulou et al., 2025). Such pressures can account for the fact that practices associated with reporting may be similar despite the fact that performance is different, and that the regulators and investors need to consider more than just the report.

2.5. Agency Theory and Governance-Based Accountability

Vol. 12 Issue 10 (October, 2026)
ISSN: 2208-2190 Pages- 86-97
DOI: https://doi.org/10.69980/7gcn4109

Agency theory is directed towards the problems of conflict of interest between the manager and the owner and at the information asymmetry that makes monitoring difficult. ESG disclosure can help to mitigate asymmetry, or managers can opportunistically use disclosure. The agency view of greenwashing is that when decision-makers gain benefits from being perceived as responsible through the advantages of incentives, monitoring, and information, it may be considered greenwashing. Governance mechanisms are thus at the heart of it. Studies have assessed the impact of board risk oversight on environmental and social performance (Amiraslani et al., 2025) as well as whether the corporate governance frameworks influence sustainability reporting (Brogi & Lagasio, 2025). The governance structures can even be used symbolically and in conjunction with tax avoidance, as is suggested by symbolic uses of sustainable boards, which may even coexist with tax avoidance (Velte, 2025).

The key theoretical views highlighted in this section are outlined, along with their underlying principles and implications for ESG reporting in Table 1.

Table 1. Theoretical perspectives on ESG reporting

Theoretical perspective	Core logic	Implication for ESG reporting	Reference citation
Stakeholder theory	Firm is answerable to all affected groups	Disclosure as a duty; impact-oriented materiality	Lungu et al., 2025; Kapplmüller et al., 2025
Legitimacy and institutional theory	Firms seek social approval under external pressure	Symbolic compliance, imitation, and decoupling	Albu et al., 2021; Athanasopoulou et al., 2025
Agency theory	Managerial incentives and information asymmetry	Governance monitoring; opportunistic greenwashing	Ghitti et al., 2024; Brogi & Lagasio, 2025
Investor and value-creation logic	Risk, return, and capital allocation	Disclosure is priced and shapes financing	Bolton & Kacperczyk, 2021; Pástor et al., 2021

3. Review Approach and Synthesis of ESG Reporting Literature

3.1. Nature and Scope of the Conceptual Review

This article is a conceptual review. It can be used to interpret, to link and to extend arguments but not to estimate effects or test hypotheses. Conceptual review should be applied where the field is broad, methodological approaches vary and the field is conceptually disjointed, like ESG reporting is today. The range of focus includes ESG and sustainability reporting by companies, its regulation, credibility, governance and strategic application. Where relevant, studies of ESG investing and ESG ratings are included to help explain the context of ESG investing and reporting.

3.2. Literature Identification and Selection Approach

The review is based on a purposively selected collection of recent academic publications (2021–2026), primarily from journals in the fields of accounting, finance, management and sustainability. The selection was informed by the structure of the review, which is based on the conceptualisation of ESG reporting, regulation, greenwashing and decoupling, governance and strategic integration. It is a selection based on a narrative and theory and not a systematic review. That the search was exhaustive, formal screening protocols used or quality scoring done is not claimed. Its transparency is captured in the clearness of the approach in the form of an explicit statement of scope and in the thematic organisation, described below.

3.3. Major Themes in ESG Reporting and Corporate Sustainability Research

Four main themes are discerned. The first one is related to regulation and standardisation, such as mandatory reporting, enforcement and harmonisation. The second is related to credibility and includes the topics of greenwashing, decoupling, ratings divergence and assurance. The third is about governance factors and investor involvement in the form of boards, ownership and institutional involvement. The fourth relates to the market and strategic implications such as financing, valuation, innovation and organisation change. Table 2 lists these themes, along with some illustrative studies.

Vol. 12 Issue 10 (October, 2026)
ISSN: 2208-2190 Pages- 86-97
DOI: https://doi.org/10.69980/7gcn4109

Table 2. Major themes in ESG reporting research

Theme	Focus	Representative insight	Reference citation
Regulation and standardisation	Mandatory reporting, enforcement, harmonisation	Effects vary; enforcement is central	Christensen et al., 2021; Papafloratos & Pantazi, 2025
Greenwashing and decoupling	Symbolic versus substantive disclosure	Linked to emissions and mispricing; detection tools emerging	Treepongkaruna et al., 2024; Lagasio, 2024
Ratings and assurance	Measurement and verification	Ratings diverge; assurance design matters	Berg et al., 2022; Free et al., 2025
Governance and investors	Boards, ownership, engagement	Governance shapes reporting quality	Colak & Sarioglu, 2025; Cepêda et al., 2025a
Strategic and market consequences	Financing, innovation, change	Decoupling relates to R&D choices	Sun et al., 2025; Flammer, 2021

3.4. Critical Synthesis of Existing Conceptual and Theoretical Perspectives

Literature across themes agrees on one thing, which is that disclosure is a must but it's not enough. However, there are variations in the studies with regard to the assumptions. The finance side of the work relates to disclosure as information that is priced by markets, reduces uncertainty, whilst the accounting and management side of the work is focused on legitimacy, power and organisational response. Mandatory reporting reviews suggest that the effects rely on enforcement and context (Papafloratos & Pantazi, 2025), while in the case of decoupling, stress is placed on the institutional and governance context that influences symbolic behaviour (Cepêda et al., 2025b). The other difference is with the unit of analysis. Some studies focus on disclosure volume, some on disclosure readability, and some on governance structures and/or market outcomes; hence, it is hard to compare the findings of these studies. Such differences can be reconciled in a conceptual synthesis by posing the question: What does each stream suggest with regard to accountability?

3.5. Identification of Research Gaps and Conceptual Inconsistencies

There are three gaps and inconsistencies identified. First, there is an overlap in the meaning of the terms greenwashing, ESG-washing and decoupling (Spaniol et al., 2024; Todaro & Torelli, 2024). Second, governance studies tend to look at board characteristics or ownership, but not at how these characteristics or owners change strategic decisions. Third, there is a lack of studies that combine disclosure, performance measurement and stakeholder engagement in a single explanation. There is also conceptual inconsistencies in how materiality is defined, sometimes as investor-oriented or impact-oriented (Barker & Mayer, 2025). These gaps are dealt with in the following sections.

4. ESG Reporting: From Disclosure Compliance to Corporate Accountability

4.1. Regulatory Frameworks and ESG Disclosure Requirements

Regulatory frameworks establish reporting requirements, reporting format and verification of reporting. In the European Union, with the launch of the mandatory corporate sustainability reporting, the issue of the enforcement of its obligations and who will be responsible for this enforcement has been raised (Pantazi, 2024). This regime is characterised by double materiality, and there are already some evidence from early adopters that companies are not necessarily equal on the implementation of double materiality (Correa-Mejía et al., 2024). The relation of double materiality with SDG can also be a way of increasing the awareness of companies regarding their broader impacts (Lungu et al., 2025). Outside of Europe, there has been a call for harmonisation, as this helps to minimise fragmentation and enables cross-jurisdictional comparisons to be made (Adams & Abhayawansa, 2022). A technological answer is also coming to the fore: design principles for ESG reporting platforms seek to streamline and standardise the generation and application of sustainability data (Münch et al., 2025). In this way, the content and infrastructure of reporting is determined by regulation. It establishes a baseline, but does not measure or indicate a baseline's spirit.

Vol. 12 Issue 10 (October, 2026)
ISSN: 2208-2190 Pages- 86-97
DOI: https://doi.org/10.69980/7gcn4109

4.2. Compliance-Driven ESG Reporting and Corporate Transparency

Compliance-driven reporting focuses on rules, template and indicator compliance. It can enhance transparency by introducing more information, making it more comparable and by making it more timely. The literature on mandatory reporting investigates the impact of mandatory reporting on the firms and capital markets, but it is not consistent across settings (Christensen et al., 2021; Papafloratos & Pantazi, 2025). Governance also is relevant for the quality of compliance. Corporate governance has been related to the quality of integrated reporting and ESG risk ratings (Colak & Sarioglu, 2025) while governance pillars are extensively studied as factors driving ESG disclosure (Kartout & Khemakhem, 2026). However there is a structural problem with compliance: it is a measure of what is reported, rather than what is done. ESG disclosures have been found to be prone to "greenwashing" by using the readability of the disclosure to determine whether the report is in fact green. The meaning of transparency lies in the extent to which the users can understand and demand accountability from the organisation.

4.3. Voluntary Versus Mandatory Sustainability Disclosures

Voluntary or mandatory disclosure is a key issue. Voluntary reporting is an opportunity for companies to select what and how to report, which could indicate a company's real intention, but could also be used for selective reporting. Mandatory disclosure can be a disincentive to discretion, but it can also lead to boilerplate and box-ticking and enhance comparability. Comparative analysis of the corporate governance and environmental disclosure showed the importance of the institutional setting (Aly et al., 2024). The literature regarding the link between governance framework and sustainability reporting offers additional insights on the interaction between governance and mandates (Brogi & Lagasio, 2025). Companies can also react to requirements by tweaking disclosure policies, but not altering practices. Some researchers also investigate the external environment's impact on the formal ESG reporting and practice of real ESG performance, such as digital finance, which can reduce ESG decoupling among Chinese listed companies (Liu et al., 2024). The comparison indicates that neither regime is adequate on its own; credibility requires the mix of required content, outside oversight, and inside buy-in.

4.4. Greenwashing, Symbolic Compliance, and Reporting Credibility

Greenwashing is the most visible threat to reporting credibility. Concept analysis reveals that there is no consensus on the definition, but most include a disconnect between communication and actual environmental and/or social performance (Spaniol et al., 2024). The concept has expanded to the one of ESG-washing, for instance, in the circular economy (Todaro & Torelli, 2024). There are some emerging methods that can detect such behaviour, such as the analysis of the text of sustainability reports (Lagasio, 2024). Greenwashing does not do any good. It has been analysed with respect to carbon emission (Treepongkaruna et al., 2024) and equity mispricing (Lin et al., 2023). Decoupling research reveals the misalignments between means and ends and comparative evidence from case studies reveals that some companies can manage misalignments with implementation practices (Athanasopoulou et al., 2025). Decoupling also has implications for R&D investment decisions, indicating impacts on long-term capabilities (Sun et al., 2025). While sometimes viewed as a protection, the effectiveness of assurance is contingent upon the type, level and provider (Braam et al., 2025) and reviews suggest that more research is needed on the relationship between assurance and greenwashing (Free et al., 2025). Lastly, symbolic or substantive disclosure can be a function of organisational activities like the digital transformation (Ji et al., 2024).

Table 3 compares two types of accountability: compliance-oriented and substantive.

Table 3. Compliance-oriented reporting versus substantive accountability

Dimension	Compliance-oriented reporting	Substantive accountability	Reference citation
Purpose	Meet rules and protect legitimacy	Inform decisions and ensure answerability	Ştefănescu & Suciu, 2026; Ji et al., 2024
Content	Standardised, sometimes obscure or selective	Material, interpretable, decision-useful	Hu et al., 2024; Correa-Mejía et al., 2024
Verification	Limited or ceremonial assurance	Credible assurance and enforcement	Braam et al., 2025; Peng et al., 2026
Governance	Reporting delegated to a specialist function	Board oversight and leadership commitment	Amiraslani et al., 2025; Krasodomska & Eisenschmidt, 2025

Vol. 12 Issue 10 (October, 2026)
ISSN: 2208-2190 Pages- 86-97
DOI: https://doi.org/10.69980/7gcn4109

Outcome	Risk of decoupling and mispricing	Alignment of practice and disclosure	Lin et al., 2023; Athanasopoulou et al., 2025

4.5. Transition Towards Substantive ESG Accountability

Substantive accountability is when there is a connection between disclosure and responsibilities, consequences and learning. Integrative reviews on symbolic and substantive ESG practices highlight the need to adopt organisational capacities in the transition from symbolic to substantive practices, instead of more reporting (Ştefănescu & Suciu, 2026). Reducing decoupling (Cepêda et al., 2025a) and demanding credibility are the key contributions that institutional investors can make. Governance is also important as governance factors shape the likelihood of companies incorporating ESG into their strategy and disclosing as such (Krasodomska & Eisenschmidt, 2025). The findings of this meta-analysis align with the notion that the positive effects of ESG disclosure are not guaranteed; rather, they are contingent on various factors. Thus, there are three shifts: from reporting to responsibility, from information to action and from external compliance to internal ownership. There has to be a credible consequence to substantive accountability as well. Firms with a higher cost of symbolic behaviour, as do firms in China, as evidenced by comment letters, tend to be those that are subject to greater scrutiny by regulators. Firms have less of an incentive to engage in a disconnect between talk and action where assurance has substance and enforcement is active. Lastly, internal systems are important: ESG information is integrated into the budgeting, risk management and performance review processes, then disclosure is a by-product of management, not a replacement.

5. Strategic Integration of ESG Reporting into Corporate Sustainability

5.1. ESG Integration into Corporate Strategy and Decision-Making

Strategic integration is where ESG factors are used to guide the capital allocation, product and process decisions, risk management and performance goals – not just mentioned in the annual report. Governance factors have an impact on the likelihood of companies incorporating ESG into their strategy and reporting it (Krasodomska & Eisenschmidt, 2025). Double materiality assessment can be used as a strategic mechanism as it requires organisations to think of impacts, risks and opportunities throughout the value chain and has been shown to be related to pathways of organisational change (Kapplmüller et al., 2025). Financial instruments can serve as a way to incorporate strategy in commitments: Green bonds can be used to connect funding with environmental projects, and serve as a sign of credibility for investors (Flammer, 2021). Integration has an impact on innovation, too. The symbolic engagement–R&D investment nexus provides evidence that symbolic engagement can have consequences for long-term capability building (Sun et al., 2025). Reporting platforms can help with integration by providing ESG data that can be used for internal decision making (Münch et al., 2025). Strategic integration is therefore a way of ensuring that reporting becomes an input for decision making.

5.2. Board Oversight, Leadership Commitment, and Governance Mechanisms

The main governance of strategic integration is via boards. The linkage between board risk oversight and environmental and social performance (ESG) has been studied, implying that there can be substantive effects of board risk oversight on ESG risks (Amiraslani et al., 2025). Governance frameworks and structures are explored as factors affecting the quality and quantity of sustainability reporting (Brogi & Lagasio, 2025); and the relationship between corporate governance and integrated reporting quality and ESG risk ratings is explored (Colak & Sarioglu, 2025). It is widely observed that governance-related factors, such as board characteristics, ownership, and related mechanisms, are consistently tested as factors that might influence the disclosure of ESGs (Kartout & Khemakhem, 2026). But governance mechanisms are not necessarily concrete. The study of sustainable boards and tax avoidance in the EU suggests that CSR decoupling can be done by the seemingly responsible governance (Velte, 2025). Leadership commitment is thus not just about the composition of the board, but about accountability for results: targets, tying incentives to targets, and target review. Comparative evidence shows the importance of the institutional environment's influence on the impact of governance on environmental disclosure (Aly et al., 2024).

5.3. ESG Performance Measurement and Strategic Accountability

Performance Measurement is a disclosure that is connected to accountability, stating what the organisation is accountable for. Measurement is challenging due to the divergence in scope, measure and weight of ESG ratings (Berg et al., 2022) and more disclosure does not necessarily lead to agreement (Christensen et al., 2022). As a result, the external ratings should not be taken as the sole indicator of the performance of firms.

Vol. 12 Issue 10 (October, 2026)
ISSN: 2208-2190 Pages- 86-97
DOI: https://doi.org/10.69980/7gcn4109

Internal measurement should include impact oriented indicators that are aligned with double materiality (Barker & Mayer, 2025) and targets, baselines, owners and connections to risk and incentive systems. While design decisions of level, scope and provider are important, design can be supported by assurance to strengthen the credibility of the measurement (Braam et al., 2025). Monitoring can be complemented with text-based detection methods that are able to detect ESG-washing in sustainability reports (Lagasio, 2024). Strategic accountability means that results of the measurements lead to consequences, which include corrective action, new targets or reallocation of resources. There should also be a separation between inputs, processes and outcomes, to enable boards to identify if commitments are being met, and if they are achieving the desired environmental and social outcomes.

5.4. Stakeholder Engagement and Sustainable Value Creation

Stakeholder engagement ensures that reporting is relevant to the information needs and concerns of those impacted, and thus helps ensure that the reporting is in line with creating sustainable value. Institutional investors are influential stakeholders: the involvement of the largest asset managers has been investigated with respect to corporate carbon emissions (Azar et al., 2021), and the involvement of investors can contribute to lessen the ESG decoupling (Cepêda et al., 2025a). Investors' preferences also provide incentives to improve their performance, as carbon risk is priced (Bolton & Kacperczyk, 2021). Investor preferences and green assets' pricing can change the cost of capital under sustainable investing models (Pástor et al., 2021); and the ESG-efficient frontier demonstrates how investors can integrate ESG with financial goals (Pedersen et al., 2021). It should not be just investors that are engaged. Double materiality calls into focus the interests of employees, communities and nature (Lungu et al., 2025) and engagement processes can lead to internal change (Kapplmüller et al., 2025). By having authentic engagement, it also minimizes the potential for symbolic compliance as stakeholders can call out claims and ask for proof.

5.5. Proposed Conceptual Framework Linking ESG Disclosure, Strategic Integration, and Corporate Accountability

Drawing on the preceding analysis, this review proposes a Disclosure–Integration–Accountability (DIA) framework. It has 3 layers which are linked by feedback loops. Disclosure is the first layer, which includes regulatory compliance, double materiality assessment, assurance and data infrastructure. It helps to create the base of information but as explained in Section 4 it cannot ensure responsible behavior on its own. Strategic integration includes ESG integration through strategy, board oversight, performance measurement and incentives. Transitions information to decisions. The third layer, corporate accountability, includes stakeholder engagement, consequence management and learning and results in long-term sustainability consequences and legitimacy. The enforcement and institutional environment and the monitoring of investors and other stakeholders are two moderating conditions that impact these connections. In the absence of these conditions, disclosure can become symbolic and/or a form of decoupling. The components and expected relationships are summarised in table 4. The framework results in 4 propositions. First, disclosure quality is not enough to make for accountability. Strategic integration (SI) is a second step that is a mediator between disclosure and accountability. Thirdly, board oversight enhances integration. Fourth: There is less decoupling with enforcement and stakeholder monitoring.

The framework is different from the linear disclosure models in three ways. It does not see integration as a bolt-on option but as a requirement, it takes into account feedback from stakeholders and performance outcomes to disclosure content, and it makes the enforcement and investor environment transparent and as conditions that can help or hinder the entire chain. A firm could thus be very compliant but not very accountable if it is not integrated and it can be very integrated but not very transparent if it does not disclose. The fullness of accountability is seen when they are all.

Table 4. Components of the Disclosure–Integration–Accountability framework

Framework layer	Key components	Expected mechanism or outcome	Reference citation
Disclosure	Regulatory compliance, double materiality, assurance, platforms	Transparency and comparability, with risk of symbolism	Correa-Mejía et al., 2024; Free et al., 2025
Strategic integration	Strategy, board oversight, performance measurement	Information converted into decisions	Krasodomska & Eisenschmidt, 2025; Amiraslani et al., 2025

Vol. 12 Issue 10 (October, 2026)
ISSN: 2208-2190 Pages- 86-97
DOI: https://doi.org/10.69980/7gcn4109

Corporate accountability	Stakeholder engagement, consequences, learning	Long-term value and legitimacy	Azar et al., 2021; Cepêda et al., 2025a
Moderating conditions	Enforcement, investor monitoring, institutional context	Reduced decoupling and greenwashing	Liu et al., 2024; Albu et al., 2021

6. Discussion and Implications

6.1. Critical Interpretation of the Conceptual Synthesis

The synthesis indicates that the challenge for ESG disclosing is not just about the lack of disclosing, but also about the lack of linkage between disclosing and organisational action. Availability does not guarantee reliability or use, demonstrated by greenwashing, decoupling and rating divergence in the face of compliance regimes. There is also literature that suggests that there is no correlation between reporting quality and substantive performance. Research on governance and reporting quality shows that there are relationships; however, symbolic uses of governance structures caution against assuming that a governance structure is present and is working effectively (Colak & Sarioglu, 2025; Velte, 2025). A critical reading thus prioritizes accountability processes that challenge claims by checking them against practice: assurance, enforcement, investor scrutiny and internal consequences. That should not detract from the importance of regulation. Instead, it puts regulation as the starting point for accountability. Meanwhile, the evidence is variable, and disclosure impacts vary based on the context (Wang et al., 2025).

6.2. Theoretical Contributions to ESG Reporting and Corporate Sustainability Literature

The review contributes in three ways in terms of theoretical work. First, it brings together stakeholder, legitimacy and agency theories in a single explanation of why firms disclose and why disclosure can be symbolic – which until now have been seen as competing theories. Second, it shifts the understanding of accountability from a symbolic to a substantive practice, as pointed out by Ştefănescu and Suciu (2026), which is based on strategic integration. Finally, it helps to differentiate and distinguish between greenwashing, ESG-washing, and decoupling, concepts that have sometimes been used interchangeably (Spaniol et al., 2024). The DIA framework also provides testable propositions that can be used as the foundation for future research and a vocabulary for connecting different streams of research.

6.3. Managerial Implications for Corporate Governance and Strategic Decision-Making

The review suggests that ESG reporting should be viewed as a management system, rather than a communication activity, for managers and boards. Explicit oversight of ESG risks and tie targets to incentives and review processes should be included in the boards. Embedding ESG into day to day decisions can be achieved through training and crossfunctional coordination of sustainability, finance and risk teams. Double materiality assessments should not just be used for determining the content of the reporting, but also to inform strategy (Kapplmüller et al., 2025). Information systems and reporting platforms should be designed to enable information generated for disclosure to be used for operational decisions as well (Münch et al., 2025). The firms need to be careful to not rely exclusively on external ratings to assess performance, and to keep an eye on their symbolic reporting risk by means of text analysis and assurance.

6.4. Implications for Policymakers, Regulators, and Investors

Regulators need to acknowledge that for mandated disclosure to be effective it must be backed by credible enforcement and that there is a need to define greenwashing. Given the concern about the quality of assurance practices and the possibility of greenwashing, there is a need to pay attention to the quality of assurance. Harmonised standards can help to minimise fragmentation and the load of multiple standards. Policymakers can also provide guidance and common tools for smaller companies to help ensure that compliance requirements do not result in "compliance for the sake of compliance. Investors need to go beyond ratings, and engage, vote and analyse strategic integration to determine if disclosure is consistent with practice. They can help to bridge the credibility gap (Cepêda et al., 2025a) through their active involvement.

6.5. Limitations of the Conceptual Review and Future Research Directions

There are limitations on the review. Literature was purposefully selected and thus relevant work might not be included and the narrative approach does not allow for the determination of effect sizes. The framework is a conceptual one and is not yet empirically tested. Future studies might be conducted to assess the propositions with firm-level data for board oversight, integration practices and accountability outcomes, as well as

Vol. 12 Issue 10 (October, 2026)
ISSN: 2208-2190 Pages- 86-97
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mediating and moderating effects. The changes in the decision-making process as a result of double materiality and performance measurement could be traced through qualitative case studies. A comparison of the implementation of the different regimes in institutional settings, including in emerging economies, would shed light on the nature of the shift from compliance to accountability. Finally, studies of digital tools and text-based detection might consider whether or not the use of technology decreases symbolic reporting.

7. Conclusion

Though ESG reporting is a key component of corporate life, as has been demonstrated in this review, disclosure alone is not enough to lay the groundwork for corporate responsible behaviour. The analysis based on stakeholder, legitimacy and agency theories revealed that companies have various reasons for reporting on ESG, such as legal requirements, legitimacy, capital attraction and information asymmetry, and that these motives do not necessarily lead to a change in the practices. Compliance-oriented reporting may lead to increased transparency and comparability but it can also be subject to greenwashing, symbolic compliance, decoupling and unreliable measurement. The review thus further underscores the need for a shift from compliance with disclosure to real accountability. Accordingly, disclosure should be the launch pad to accountability, not an end point for policy and practice. It showed that this movement is a function of three conditions which are interlinked. Incorporating ESG into strategic integration means that ESG is part of the process in which capital is allocated, risk is managed, and long-term planning is done. Boards are engaged and the oversight and consequences are provided through effective governance, credible assurance and enforcement. Learners' engagement, performance measurement and learning ensures organisational accountability for reported commitments which are tested against practice through the approach. All these components enable reporting to be used as a management and governance tool and to enhance corporate sustainability and value creation over the long-term. The original conceptual contribution of the study is that the Disclosure–Integration–Accountability framework provides a single explanatory chain which connects regulatory disclosure to strategic integration and then to corporate accountability and which gives rise to propositions for empirical testing. The framework provides a more coherent lens for scholars to examine the use of sustainability claims and provides a more practical lens for managers, regulators and investors to examine the credibility of sustainability claims. Finally, ESG reporting becomes a reality once it is integrated into decision making processes and backed up by instruments which make organisations accountable for their social and environmental effects. Through the review, the objectives are thus met.

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