CSR Committees and ESG Performance in the Pre-CSRD Era: The Mediating Role of Stakeholder Engagement in Driving Sustainable Value

Abstract

As sustainability reporting gains regulatory traction across the EU, this study explores whether the presence of a Corporate Social Responsibility (CSR) Committee on a company's board influences both financial (accounting, market) and non-financial (ESG Combined) performance. Using a panel mediation framework, we investigate whether stakeholder engagement and sustainability reporting act as key channels through which CSR Committees shape performance outcomes. Drawing on 7,667 firm-year observations from 36 countries between 2010 and 2021, our results show that CSR Committees exert a positive direct effect on ESG performance but a negative direct effect on financial performance—effects that are reversed and amplified when mediated by stakeholder-oriented disclosure strategies. These findings are robust to endogeneity controls and suggest that CSR Committees serve as governance levers that foster transparency, engagement, and legitimacy. The study contributes pre-CSRD insights into how voluntary governance structures may anticipate the strategic demands of forthcoming EU sustainability reporting standards.

Keywords

CSR Committees; ESGC; Mediation; Corporate Governance; Sustainability Reporting; CSRD; Stakeholder Engagement

1. Introduction

The expanding scope of corporate sustainability regulation—particularly the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS)—has amplified the role of board-level governance structures in shaping sustainability outcomes. This study investigates whether the presence of a dedicated Corporate Social Responsibility (CSR) Committee influences financial (accounting and market) and non-financial (ESG Combined) performance through stakeholder engagement and sustainability reporting.

While prior research has examined the direct effects of CSR Committees on firm outcomes, the mechanisms by which such governance bodies shape performance remain underexplored[1]. In particular, little is known about how CSR Committees influence strategic stakeholder engagement and the transparency of corporate reporting—two cornerstones of the evolving EU sustainability disclosure landscape. We address this gap by testing a mediation model (e.g., Martínez-Ferrero et al, 2021), assessing whether these practices serve as conduits through which CSR Committees drive performance.

The ESG Combined (ESGC) metric—used here as a proxy for non-financial performance—includes both standard ESG disclosures and adjustments for controversies, offering a more comprehensive

[1] Given the challenges in evaluating such mechanisms (e.g., Shin et al., 2021), this study adapts the methodology of Cheng, Ioannou, and Serafeim (2014), while employing the Refinitiv® ESG Scores database. This dataset is regularly updated and refined with additional indicators, including the CSR Strategy score. This particular score assesses a company's practices in communicating the integration of economic (financial), social, and environmental factors into daily decision-making. In this study, the CSR Strategy score serves as a proxy for stakeholder engagement and sustainability reporting.

view aligned with recent proposals for enhanced disclosure quality (e.g., Sahin et al., 2022). Building on stakeholder theory (Freeman, 1984; Freeman et al., 2010) and legitimacy theory (Deegan, 2002; O'Donovan, 2002), we argue that CSR Committees do not merely fulfill a symbolic role (e.g., Peters et al., 2019), but actively foster practices aligned with stakeholder-oriented governance and regulatory compliance[2]. In this sense, they contribute to both a firm's accountability and its social license to operate.

This discussion is increasingly relevant in light of recent developments. The IFRS Foundation's establishment of the International Sustainability Standards Board (ISSB), and the EU's shift from voluntary to mandatory reporting under the CSRD, signify a new phase in sustainability accountability. These frameworks emphasize not only the provision of sustainability-related financial information but also the integration of environmental and social risks into enterprise value.

Using a 2010–2021 panel of 1,621 listed firms across 36 countries, this study contributes to the literature by offering empirical evidence on: i) The direct and indirect impact of CSR Committees on both financial and ESG performance; ii) The mediating role of stakeholder engagement and sustainability reporting in this relationship; and iii) The pre-CSRD governance environment and how voluntary structures may anticipate regulatory mandates.

The findings reveal a nuanced relationship: CSR Committees are associated with a negative direct effect on financial performance, yet this is outweighed by a stronger positive indirect effect mediated by stakeholder-oriented practices. The results are robust to endogeneity adjustments and reinforce the notion that firms can pursue win-win strategies when board structures support meaningful engagement and reporting.

This study contributes to both theory and practice by clarifying the link between CSR Committees and firm performance through a stakeholder-centered mediation framework. Building on stakeholder theory (Freeman et al., 2010), the findings demonstrate that CSR Committees strengthen a firm's orientation toward stakeholder engagement and sustainability reporting—mechanisms that significantly enhance non-financial performance and, indirectly, financial outcomes. By identifying these mediating channels, the study helps reconcile mixed evidence in prior research (e.g., Chams & García-Blandón, 2019; Rodrigue et al., 2013; Fu et al, 2020), showing that such committees operate substantively rather than symbolically (Helfaya & Moussa, 2017).

Methodologically, the paper introduces a novel construct to capture stakeholder-oriented disclosure. Unlike earlier studies that treat CSR reporting as an outcome or input (Kend, 2015; Alshbili et al., 2019; Gallego-Alvarez & Pucheta-Martinez, 2020; Adel et al., 2019; Pucheta-Martinez & Gallego-Alvarez, 2019; Cucari et al., 2018; Hussain et al., 2018; Fuente et al., 2017; Herremans *et al.*, 2016), this study draws on Friske et al. (2020), Manetti (2011), and Cheng et al. (2014) to position reporting and engagement as critical mediating processes. These mechanisms are shown to legitimize corporate actions and enhance CSR performance, especially in institutional contexts where board-level sustainability oversight is becoming a strategic priority.

[2] Recent global surveys highlight investors as increasingly influential stakeholders in shaping corporate sustainability strategies—rising from eighth to third in influence between 2016 and 2023 (UN Global Compact–Accenture, 2023, 2021). In contrast, board influence has declined in relative terms. Nonetheless, the formation of standing or ad hoc board-level subcommittees remains critical for effective oversight of sustainability practices (UN Global Compact, 2012). Over time, many boards have responded by delegating strategic sustainability responsibilities to specialized committees. These Corporate Social Responsibility (CSR) structures play a vital role in reinforcing corporate legitimacy and stakeholder accountability (Helfaya & Moussa, 2017).

The remainder of the manuscript is organized as follows. Section 2 reviews the theoretical framework and related literature, culminating in the development of research hypotheses. Section 3 outlines the research design, variables, and statistical procedures. Section 4 presents the empirical results. Section 5 discusses the findings and concludes the study.

2. Theoretical Framework, Literature, and Hypotheses

The relationship between board-level CSR structures and corporate performance can be explained through two primary theoretical lenses: stakeholder theory and legitimacy theory. These frameworks offer complementary explanations for why firms adopt CSR Committees and how such structures may affect both financial and non-financial performance.

2.1 Stakeholder Theory

Stakeholder theory (Freeman, 1984; Freeman et al., 2010) asserts that long-term firm value arises from addressing the interests of all stakeholders—not only shareholders, but also employees, customers, communities, and regulators. In this framework, governance structures such as CSR Committees are expected to enhance transparency, accountability, and responsiveness to stakeholder concerns (Eberhardt-Toth, 2017; Pucheta-Martínez & Gallego-Álvarez, 2019).

Previous research suggests that firms with CSR Committees are more likely to adopt strategies aligned with stakeholder interests, which may include improved ESG performance, risk management, and ethical conduct (Baraibar-Diez & Odriozola, 2019; Birindelli et al., 2018). Flammer (2015a, 2015b) further demonstrates that stakeholder-oriented firms experience performance benefits such as increased competitiveness and customer loyalty.

However, empirical findings are inconsistent. While studies like Burke et al. (2019), Biswas et al. (2018), and Konadu (2017) report a positive effect of CSR Committees on CSR performance, others such as Rodrigue et al. (2013) and Lin et al. (2015) suggest the impact may be limited or conditional on context. This variance points to the importance of understanding how CSR Committees influence performance—through what mechanisms or pathways.

2.2 Legitimacy Theory

Legitimacy theory offers a complementary explanation, positing that firms adopt CSR governance structures as a strategic response to societal expectations (Deegan, 2002; O'Donovan, 2002). As environmental and social concerns grow, the establishment of CSR Committees may serve as a way to maintain legitimacy, signal ethical commitment, and reduce reputational risk (Peters & Romi, 2015; Chams & García-Blandón, 2019; Michelon & Parbonetti, 2012).

However, this perspective also cautions that CSR Committees may become symbolic rather than substantive—existing more to project a responsible image than to embed sustainability into decision-making (Rodrigue et al., 2013; Forbes & Jermier, 2011). Thus, performance outcomes may depend on whether the committee functions as a genuine governance mechanism or merely fulfills ceremonial roles (Beasley et al., 2009).

Taken together, stakeholder theory emphasizes engagement and value creation, while legitimacy theory highlights symbolism and social expectations. The integration of these perspectives frames the investigation of both the existence and the effectiveness of CSR Committees.

2.3 From Theory to Hypotheses

Based on this dual framework, we propose three hypotheses aligned with prior literature and recent empirical gaps.

H1: The presence of a CSR Committee is associated with financial and non-financial performance.

Empirical studies yield inconclusive or mixed results on this relationship. This evidence may be attributed to country-specific differences, industry effects, or the use of distinct databases employing varied proxies (Velte & Stawinoga, 2020). Some show positive impacts on ESG scores and market valuation (e.g., Baraibar-Diez & Odriozola, 2019; Birindelli et al., 2018), while others find no effect or negative correlations, particularly on financial indicators (Rodrigue et al., 2013; Chams & García-Blandón, 2019). This hypothesis reflects both theoretical expectations—CSR Committees enable engagement and oversight—and the need to empirically disentangle direct versus indirect effects.

H2: The presence of a CSR Committee is positively related to stakeholder engagement and sustainability reporting.

Following stakeholder theory, CSR Committees are expected to foster meaningful two-way dialogue and transparency practices (Lozano & Huisingh, 2011; Cheng et al., 2014). From a legitimacy perspective, firms may also invest in CSR disclosures to signal conformity to societal norms (Fernando & Lawrence, 2014; Valle et al., 2019). The UN Global Compact (2023) reports rising investor expectations for sustainability governance, reinforcing the importance of internal structures to guide reporting and engagement.

H3: Stakeholder engagement and sustainability reporting mediate the relationship between the presence of a CSR Committee and corporate performance.

The mediation model builds on evidence that stakeholder-oriented disclosures enhance firm reputation, reduce capital constraints, and improve ESG outcomes (Cheng et al., 2014; Friske et al., 2020). Radu & Smaili (2021) illustrate that governance mechanisms (e.g., CSR-linked pay) operate through strategic channels; similarly, we argue that CSR Committees influence performance indirectly by institutionalizing engagement and reporting processes. This approach clarifies contradictory findings in the literature by identifying the route through which CSR governance affects both financial and non-financial performance.

3. Research Design and Sample

This study applies a panel regression mediation approach to examine whether stakeholder engagement and sustainability reporting mediate the relationship between the presence of a CSR Committee and both financial and non-financial performance. The methodology follows Hayes (2013, 2022), using multiple regression equations, heteroskedasticity-consistent standard errors, and bootstrapped confidence intervals. Robustness checks are conducted using instrumental variable estimation and simultaneous equation modelling to address endogeneity.

3.1 Conceptual Framework

The mediation model (Figure 1) evaluates whether the independent variable (CSR Committee, CSR_COM) influences the dependent variables (financial and ESG performance, PERFORMANCE) directly, and indirectly via the mediating variable (stakeholder engagement and sustainability reporting, ENG_REP), controlling for a set of firm-specific and governance-related factors.

[Insert Figure 1 here]

The framework is based on Hayes' (2013, 2022) model and estimated using the following system of equations:

$$PERFORMANCE\_it = \alpha 0 + \alpha 1\ CSR\_COM\_it + \delta\ C\_it + \varepsilon\_it \quad (1a)$$

$$ENG\_REP\_it = \beta 0 + \beta 1\ CSR\_COM\_it + \delta\ C\_it + \varepsilon\_it \quad (1b)$$

$$PERFORMANCE\_it = \gamma 0 + \gamma 1\ CSR\_COM\_it + \gamma 2\ ENG\_REP\_it + \delta\ C\_it + \varepsilon\_it \quad (1c)$$

Where PERFORMANCE represents financial (ROA, TobinQ) or non-financial (ESGC) outcomes, ENG_REP is the mediating channel, CSR_COM is the key independent variable, and C is the set of control variables. These regressions are estimated separately for each performance metric (ROA, TobinQ and ESGC).

3.2 Variables and Sources

All variables are derived from the Refinitiv® ESG Scores and Worldscope Fundamentals databases, which have been widely used in prior CSR and governance studies. The dependent variables of Equations 1a to 1c are: Return on Assets (ROA) is a common measure of accounting-based performance, calculated as EBIT over total assets (e.g., Appuhami & Tashador, 2017; Hussain et al., 2018); Tobin's Q is market-based performance, measured as the market value of equity plus liabilities divided by total assets (e.g., Awaysheh et al., 2020; Yu et al., 2018); and, ESGC Score, ie, ESG Combined score from Refinitiv®, which adjusts the traditional ESG score for exposure to controversies (Refinitiv, 2022; Sahin et al., 2022). This indicator better reflects reputational and behavioral risk.

The independent variable is CSR_COM, a binary variable equal to 1 if the company has a CSR or sustainability committee (or an equivalent structure) at the board or executive level, and 0 otherwise. This is aligned with prior studies such as Radu & Smaili (2021), Baraibar-Diez & Odriozola (2019), and Orazalin (2020).

The mediating Variable is ENG_REP, representing a score that captures stakeholder engagement and CSR reporting practices. It includes whether the company (i) publishes a CSR/sustainability report; (ii) follows GRI standards; (iii) has its reports externally assured; (iv) is a UN Global Compact signatory; and (v) explicitly involves stakeholders in decision-making (Cheng et al., 2014; Friske et al., 2020; Manetti, 2011).

Finaly, the vector for a set of control Variables (C) is used to account for firm-level and governance factors that may influence both CSR activities and performance. We include: i) Size, natural log of total assets (Hussain et al., 2018); ii) Leverage, ratio of total debt to total assets (Cheng et al., 2016); iii) Growth, sales growth over the prior year (Awaysheh et al., 2020); iv) Board Size (B_SIZE), Independence (B_IND), and Gender Diversity (B_GEND) as governance variables reflect board composition and diversity (Liao et al., 2015; Fernández-Gago et al., 2018; Fuente et al., 2017); v) Fixed Effects, namely country, industry, and year dummies are included to control for macro-level heterogeneity (Ioannou & Serafeim, 2012).

Definitions and data sources for all variables are listed in Table 1.

[Insert Table 1 here]

3.3 Sample Construction

The sample comprises all publicly listed firms with ESG data available in the Refinitiv® ESG Scores database between 2010 and 2021. These firms were matched with corresponding financial data from the Refinitiv® Worldscope Fundamentals database. The final unbalanced panel includes 7,667 firm-year observations for 1,621 companies across 36 countries.

Outliers in continuous variables were winsorized at the 1st and 99th percentiles to mitigate the effect of extreme values. Industry classification follows the Refinitiv Business Classification (TRBC). Table 2 details the sample distribution across industries, years, and countries.

[Insert Table 2 here]

4. Empirical Results

This section presents the empirical findings of the mediation model. The results are structured in four parts: descriptive statistics, hypothesis testing via regression and mediation, and robustness checks. Hypotheses H1 through H3 are addressed sequentially, with interpretations grounded in stakeholder and legitimacy theories and supported by prior literature.

4.1 Descriptive Statistics and Correlation Analysis

Table 3 reports the descriptive statistics and univariate correlations for the key variables in this study. Panel A presents summary statistics for the dependent, independent, mediating, and control variables. The mean ESG Combined (ESGC) score is 50.91 with a standard deviation of 18.91, indicating substantial variation in non-financial performance across firms—consistent with previous studies using Refinitiv ESG data (e.g., Sahin et al., 2022). The mediating variable, stakeholder engagement and sustainability reporting (ENG_REP), also exhibits high dispersion, with a mean of 45.80 and a standard deviation of 30.80, suggesting significant heterogeneity in disclosure and stakeholder practices (see Cheng et al., 2014; Friske et al., 2020; Manetti, 2011).

[Insert Table 3 here]

For financial performance, the mean Tobin's Q is 1.43 (SD = 1.46), and the mean ROA is 5.12 (SD = 8.72), both showing notable variability, which is typical in multi-country corporate panels (Awaysheh et al., 2020; Yu et al., 2018). The proportion of observations with a board-level CSR Committee (CSR_COM = 1) is approximately 65%, indicating that a majority of firms in the sample have voluntarily adopted this governance mechanism—a rate notably higher than in earlier cross-country

datasets (e.g., Birindelli et al., 2018; Radu & Smaili, 2021), reflecting the growing institutionalization of sustainability governance prior to CSRD implementation.

Panel B presents pairwise correlations. CSR_COM is positively associated with ENG_REP ($r = 0.42$, $p < 0.01$) and ESGC ($r = 0.31$, $p < 0.01$), and negatively correlated with ROA and Tobin's Q, although the latter associations are weaker. These results suggest that firms with CSR Committees tend to engage more with stakeholders and report more transparently on sustainability, supporting stakeholder theory expectations (Freeman et al., 2010), but do not necessarily achieve superior short-term financial returns—echoing mixed findings in prior studies (Chams & García-Blandón, 2019; Rodrigue et al., 2013).

Panel C presents a univariate analysis comparing firms with and without CSR Committees. Companies that have a CSR Committee on the board show significantly higher ENG_REP scores and higher ESGC performance than those without such a structure. In contrast, these firms report lower ROA and Tobin's Q on average. All differences are statistically significant at the 1% level. These patterns are consistent with the hypothesis that CSR Committees contribute more directly to non-financial than to financial outcomes (Flammer, 2015a; Burke et al., 2019).

To further explore whether stakeholder engagement mediates this relationship, Panel D divides the sample into two groups based on the median value of ENG_REP: one with high stakeholder engagement/reporting, and one with low. Within each group, we replicate the univariate comparison of firms with and without CSR Committees. The results confirm the earlier pattern in both subgroups: companies with CSR Committees exhibit higher ESGC scores and lower financial performance, reinforcing the view that the Committee's influence operates more clearly through stakeholder-related mechanisms (Manetti, 2011; Radu & Smaili, 2021).

These descriptive findings motivate the subsequent multivariate mediation analysis, where we test whether stakeholder engagement and reporting serve as the channels through which CSR Committees shape firm performance.

4.2 Direct and Indirect Effects: Hypotheses Testing

Table 4 presents the estimation results for the mediation model using heteroskedasticity-robust standard errors. Columns C2, C4, and C6 correspond to Equation (1a), which tests the total (direct) effect of CSR_COM on performance measures. The presence of a CSR Committee is positively associated with Tobin's Q ($\alpha_1 = 0.061$, $p < 0.05$) and ESGC ($\alpha_1 = 15.013$, $p < 0.001$), while its association with ROA ($\alpha_1 = 0.206$) is positive but not statistically significant. These results provide initial support for H1, indicating that CSR Committees contribute to improved market-based and non-financial performance. The finding aligns with prior evidence on the positive influence of board-level CSR structures (e.g., Konadu, 2017; Orazalin, 2020; Birindelli et al., 2018; Baraibar-Diez & Odriozola, 2019), although results for financial indicators such as ROA remain mixed (Lin et al., 2015; Burke et al., 2019).

[Insert Table 4 here]

To validate the total effect estimates, we compute bias-corrected 95% bootstrap confidence intervals based on 5,000 replications. These intervals do not include zero for Tobin's Q and ESGC, reinforcing the statistical significance of the total effect for those outcomes. This supports the premise that CSR Committees are associated with stronger firm-level sustainability outcomes and investor valuation.

Following mediation analysis procedures outlined in Hayes (2012, 2013, 2022), we next estimate the constituent paths required to test for mediation. Column C1 of Table 4 provides the regression of the mediating variable ENG_REP on CSR_COM. The results show a highly significant positive coefficient ($\beta_1 = 33.444$, $p < 0.001$), supporting H2 and confirming that the presence of a CSR Committee is strongly associated with increased stakeholder engagement and sustainability reporting. This is consistent with prior empirical evidence linking board structures to enhanced disclosure (Cheng et al., 2014; Friske et al., 2020; Manetti, 2011).

The full mediation specification is presented in Columns C3, C5, and C7, representing Equation (1c), where both CSR_COM and ENG_REP are included as predictors of performance. The coefficient for ENG_REP is positive and statistically significant across all three outcome variables—Tobin's Q ($\theta_2 = 0.004$, $p < 0.001$), ROA ($\theta_2 = 0.037$, $p < 0.001$), and ESGC ($\theta_2 = 0.248$, $p < 0.001$)—confirming the mediating channel. The direct effect of CSR_COM, however, becomes negative for financial performance—Tobin's Q ($\theta_1 = –0.080$, $p < 0.05$) and ROA ($\theta_1 = –0.922$, $p < 0.001$)—while remaining positive and significant for ESGC ($\theta_1 = 6.719$, $p < 0.001$). These shifts in sign and magnitude underscore the importance of disentangling the direct and indirect effects of governance mechanisms on performance outcomes.

To formally assess the mediating role of ENG_REP, we compute the indirect effect of CSR_COM on performance via the product of coefficients from the paths: CSR_COM → ENG_REP and ENG_REP → PERFORMANCE. As recommended by Hayes (2022), we use bias-corrected bootstrap confidence intervals to infer the statistical significance of these indirect effects. Panel B of Table 4 reports the estimated indirect effects along with their 95% confidence intervals. In all cases, the intervals exclude zero, indicating that stakeholder engagement and sustainability reporting significantly mediate the relationship between CSR Committees and both financial and non-financial performance.

These results provide robust support for H3. While the direct effects of CSR_COM on financial outcomes are negative or insignificant, the indirect effects via ENG_REP are consistently positive and stronger in magnitude. This confirms that the presence of a CSR Committee enhances firm performance primarily through its influence on stakeholder-oriented practices, thereby supporting the strategic relevance of such structures under stakeholder and legitimacy theories (Freeman et al., 2010; Deegan, 2002; Radu & Smaili, 2021).

Figure 2 visually summarizes these mediation results, presenting the decomposition of total effects into direct and indirect components for Market-based performance (Tobin's Q), Accounting-based performance (ROA), and ESG Combined performance (ESGC) in Panel A, Panel B, and C, respectively.

[Insert Figure 2 here]

4.3 Robustness Checks

Robustness was assessed using instrumental variable estimation (2SLS) and simultaneous equation modeling. Instruments included lagged country-industry averages of CSR_COM and ENG_REP (Cheng et al., 2016). First-stage F-statistics confirmed instrument strength.

Results remained consistent (Table 5). Indirect effects of CSR_COM on ESGC and Tobin's Q remained positive and significant, reinforcing the mediation pathway. Simultaneous equation models confirmed ENG_REP's positive association with all outcomes and the insignificance of direct CSR_COM effects. This supports the view that governance indirectly enhances performance through embedded disclosure practices (Manetti, 2011).

Together, these findings affirm the theoretical framing: CSR Committees contribute to performance only when supported by substantive engagement and transparency strategies.

[Insert Table 5 here]

5. Discussion and Conclusion

This study contributes to the expanding literature on board-level sustainability governance by showing how CSR Committees influence both financial and non-financial performance through stakeholder-oriented disclosure strategies. Based on 7,667 firm-year observations across 36 countries (2010–2021), our findings demonstrate a complex pattern: CSR Committees are associated with a direct negative effect on financial outcomes but a positive effect on ESG performance. These relationships are significantly mediated by stakeholder engagement and sustainability reporting.

From a theoretical perspective, the findings confirm both stakeholder and legitimacy theory insights. Stakeholder theory is validated in the positive link between CSR governance and ESGC outcomes, mediated by engagement mechanisms that create value for diverse stakeholders (Freeman et al., 2010; Cheng et al., 2014; Friske et al., 2020). Simultaneously, legitimacy theory explains how CSR Committees serve not merely as symbolic gestures, but as institutionalized responses to societal expectations and regulatory pressures (Deegan, 2002; O'Donovan, 2002; Fernando & Lawrence, 2014).

Importantly, the results have key implications in light of the EU's Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). These frameworks elevate the role of governance in sustainability performance, particularly through mandated disclosures, stakeholder consultation, and assurance practices. Our findings suggest that many firms, even before CSRD enforcement, were voluntarily aligning with these principles by implementing CSR Committees that facilitated transparency and engagement.

These insights are particularly relevant for policymakers and regulators. As CSRD implementation progresses, it is essential to recognize that the existence of governance structures like CSR Committees is not sufficient—what matters is their operational integration with stakeholder-oriented processes. Similarly, the ESRS should emphasize the functional and strategic aspects of these committees in fostering legitimacy and long-term value.

For scholars, the study extends prior research on CSR governance by clarifying the mechanisms through which performance is affected. Mediation models, rarely used in cross-country sustainability research, offer a valuable lens for unpacking governance-performance relationships. Future work could explore how this mediation evolves under the new regulatory environment or whether committee characteristics (e.g., composition, expertise, leadership) moderate these effects.

While the dataset predates CSRD enforcement, the analysis offers a crucial benchmark for evaluating the voluntary governance landscape and its predictive power for mandatory disclosure adaptation.

Subsequent research could also examine whether ESGC disaggregated scores (E, S, and G) respond differently to board-level interventions, or how specific stakeholder engagement channels—such as investor dialogues or community partnerships—contribute to value creation.

In conclusion, CSR Committees represent more than symbolic artifacts. When effectively integrated with stakeholder engagement and reporting mechanisms, they enhance transparency, legitimacy, and sustainability performance—and indirectly, financial outcomes. These results underscore the strategic relevance of sustainability governance under the evolving EU regulatory regime.

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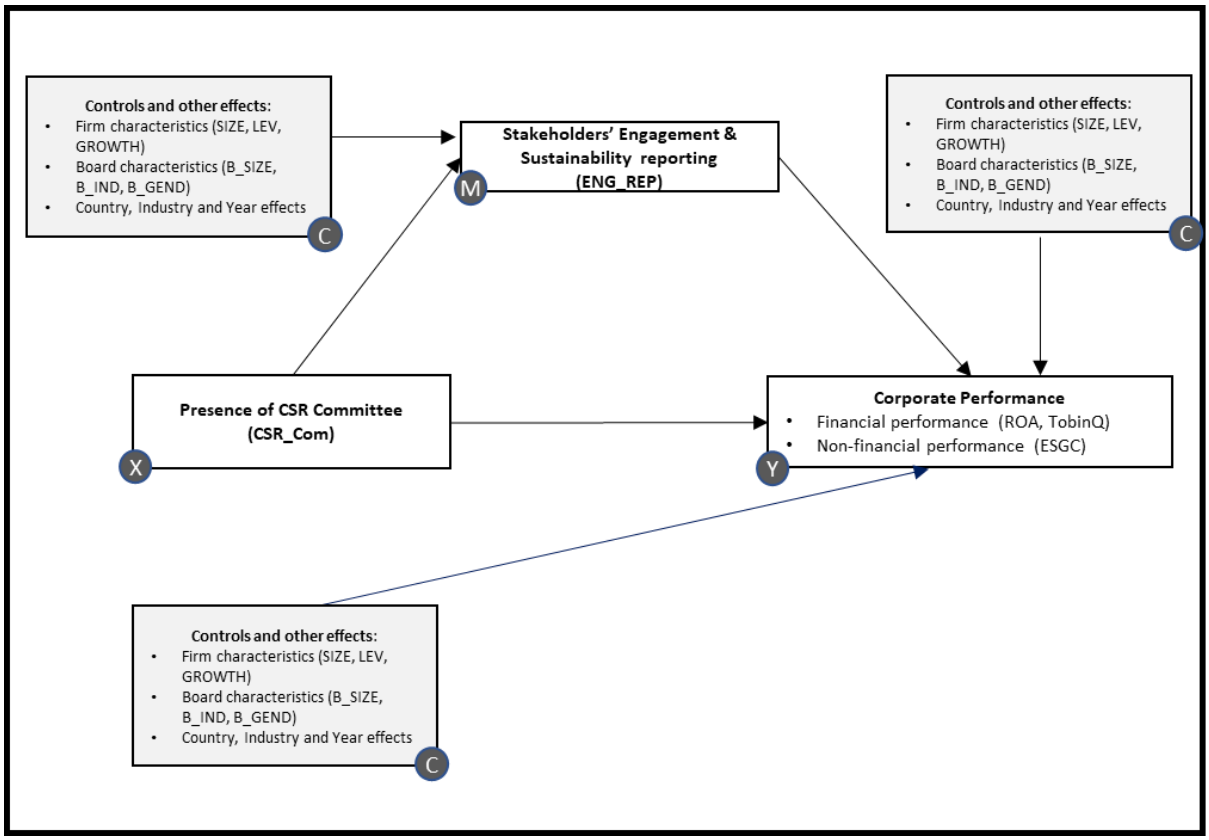
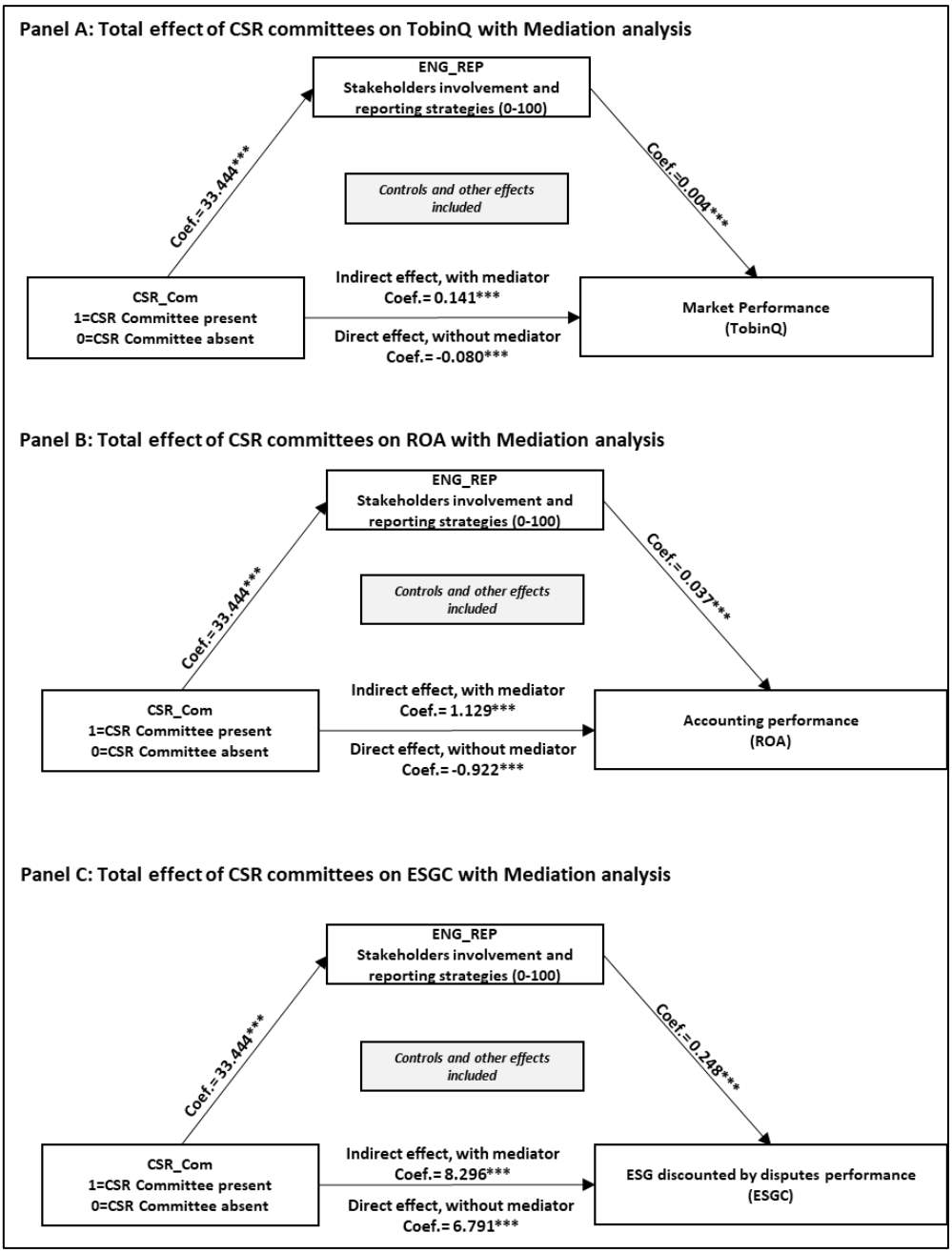
.**Figure 1: Conceptual model**



Note: X (independent variable), M (mediator variable), Y (independent variable) and C (controls variables) are defined in Table 1.

Figure 2: Visualization of the mediation effect of Involvement and Reporting on the relationship between CSR Committees and Corporate Performance



Note: statistics for control variables are omitted in the figure but included in Table 4.

Table 1 – Definition of variables

Type of variable	Description and definition	Symbol in Refinitiv®
Dependent variable:	Represents Y in Fig. 1	
ROA	Financial performance based on accounting profitability, measured by ROA (return on assets), dividing the EBIT by the total assets at the fiscal year end. Retrieved from Refinitiv® Worldscope Fundamentals.	WC08326 or WC18191/WC02999
TobinQ	Financial performance based on market valuation, measured dividing the total market capitalization by the total assets at the fiscal year end. Retrieved from Refinitiv® Worldscope Fundamentals.	WC08001/ WC02999
ESGC	Refinitiv's ESG Combined Score, which is an overall company score based on the reported information in the environmental, social and corporate governance pillars (ESG Score) with an ESG Controversies overlay. Retrieved from Refinitiv® ESG scores.	TRESGCS
Independent variable:	Represents X in Fig. 1	
CSR_COM	Dummy variable =1 when the company has that separate committee or equivalent team, and 0 otherwise. Retrieved from Refinitiv® ESG scores.	CGVSDP005
Mediating variable:	Represents M in Fig. 1	
ENG_REP	Stakeholder Involvement and Sustainability Reporting, which is a CSR strategy category score that reflects a company's practices to communicate that it integrates the economic (financial), social and environmental dimensions into its day-to-day decision-making processes. Retrieved from Refinitiv® ESG scores.	TRESGCGVSS
Control variables and other effects:	Represents C in Fig. 1	
SIZE	Natural logarithm of assets retrieved from Refinitiv® Worldscope Fundamentals.	WC02999
LEV	Leverage of the company measured as total debt divided by total assets. Retrieved from Refinitiv® Worldscope Fundamentals.	WC03255/ WC02999
GROWTH	Percentage of growth of net sales or revenues at the fiscal year end considering one lagged year. Retrieved from Refinitiv® Worldscope Fundamentals.	WC08698
B_IND	Dummy variable = 1 if the company strives to maintain a well-balanced board through an adequate number of independent board members and they maintain integrity and independence in decision making, a proxy for the level of independency of the board retrieved from Refinitiv® ESG scores.	CGBSO07V
B_SIZE	Number of seats in the board of directors, retrieved from Refinitiv® ESG scores.	CGBSDP060
B_GEND	Percentage of female gender diversity on the board of directors, retrieved from Refinitiv® ESG scores.	CGBSO19
Industry	Industry effects, creating dummy variables for each industry in the sample based on Refinitiv Business Classification (TRBC).	
Country	Country effects, creating dummy variables for each country in the sample.	-
YEAR	Year effects, creating dummy variable for each year in the sample	-

Table 2 – Sample distribution

Panel A. Sample distribution across industries

Industry category[(a)]	N
Academic & Educational Services	11
Basic Materials	660
Consumer Cyclicals	1,210
Consumer Non-cyclicals	490
Energy	396
Financials	1,429
Healthcare	463
Industrials	1,441
Real Estate	481
Technology	807
Utilities	279
Total	**7,667**

[(a)] These categories follow the Refinitiv Business Classification (TRBC) developed earlier by the Reuters Group under the name Reuters Business Sector Scheme.

Panel B. Sample distribution across years

Year	N
2010	407
2011	300
2012	313
2013	326
2014	349
2015	448
2016	503
2017	613
2018	1,117
2019	1,566
2020	1,436
2021	289
Total	**7,667**

Panel C. Sample distribution across countries

Country	N	Country	N
Australia	3	Italy	306
Austria	131	Luxembourg	82
Azerbaijan	2	Malta	9
Belgium	292	Monaco	8
Bermuda	103	Netherlands	244
Canada	11	Norway	3
Colombia	2	Poland	124
Cyprus	15	Portugal	27
CzechRepub	40	Romania	7
Denmark	253	Singapore	3
Finland	214	Slovenia	4
France	692	South Africa	8
Georgia	5	Spain	417
Germany	932	Sweden	739
Greece	122	Switzerland	52
Hungary	11	United Kingdom	2,589
Ireland	158	United Arab Emirates	8
Israel	3	United States	43
Total			**7,667**

Table 3 – Descriptive

Panel A. Summary statistics

Variable	Mean	Median	S.D.	Min	Max
1.TOBINQ	1.43	0.984	1.46	0.009	9.12
2.ROA	5.12	4.78	8.72	-37.5	36.9
3.ESGC	50.91	51.5	18.9	0.34	94.6
4.CSR_COM	0.65	1.00	0.48	0	1.00
5.ENG_REP	46.8	47.2	30.8	0	99.9
6.SIZE	15.2	15.0	1.87	9.52	20.3
7.GROWTH	8.23	4.01	35.7	-61.7	300.7
8.LEV	3.16	1.40	5.66	-6.98	35.0
9.B_IND	56.9	57.1	23.9	0	100
10.B_SIZE	10.0	9.00	3.89	1.00	30.0
11.B_GEND	14.3	12.5	14.5	0	100

Panel B. Correlations

	1	2	3	4	5	6	7	8	9	10	11
1.TOBINQ	1										
2.ROA	.364**	1									
3.ESGC	-.073**	0.008	1								
4.CSR_COM	-.107**	-.032**	.546**	1							
5.ENG_REP	-.122**	-0,008	.650**	.659**	1						
6.SIZE	-.431**	-.111**	.422**	.349**	.447**	1					
7.GROWTH	.100**	.141**	-.120**	-.105**	-.125**	-.083**	1				
8.LEV	-.236**	-.162**	.079**	.088**	.115**	.477**	-.064**	1			
9.B_IND	0,022	.039**	.150**	.035**	.080**	.053**	.029*	-.047**	1		
10.B_SIZE	-.205**	-.086**	.320**	.283**	.306**	.570**	-.103**	.214**	-.248**	1	
11.B_GEND	0.012	0.005	.037**	0.016	-0.004	-0.011	-0.019	-.027*	.035**	-.038**	1

Spearman correlation for CSR_COM and Pearson for all the other variables.

**, *. Correlation is significant at the 0.01, and 0.05, level (2-tailed), respectively.

Panel C. Differences between companies with and without a CSR Committee on the Boards

ALL	With CRS Committee	Without CRS Committee	Diff. (2)-(1)	p-value
	Mean (1)	Mean (2)		
TOBINQ	1.313	1.641	0.328	0.000
ROA	5.506	4.919	0.587	0.000
ESGC	58.471	36.815	-21.656	0.000
ENG_REP	61.677	19.076	-42.601	0.000

Panel D. Comparison of groups with and without a CSR Committee, split by high and low level of ENG_REP

HIGH ENG_REP	With CRS Committee	Without CRS Committee	Diff. (2)-(1)	p-value
	Mean (1)	Mean (2)		
TOBINQ	1.274	1.411	0.137	0.000
ROA	4.967	5.982	1.015	0.000
ESGC	61.979	52.852	-9.126	0.000
ENG_REP	74.41	60.635	-13.778	0.000
LOW ENG_REP	With CRS Committee	Without CRS Committee	Diff. (2)-(1)	p-value
	Mean (1)	Mean (2)		
TOBINQ	1.411	1.671	0.260	0.000
ROA	4.799	5.443	0.643	0.000
ESGC	49.648	34.685	-14.962	0.000
ENG_REP	29.636	13.555	-16.081	0.000

See Table 1 for variable definitions.

Table 4: Regression results for the mediation model

Panel A: Regression results

	ENG_REP (M)	*Performance (Y) = TobinQ*		*Performance (Y) = ROA*		*Performance (Y) = ESGC*	
	(C1)	**(C2)**	**(C3)**	**(C4)**	**(C5)**	**(C6)**	**(C7)**
	Model (1b)	*Model (1a)*	*Model (1c)*	*Model (1a)*	*Model (1c)*	*Model (1a)*	*Model (1c)*
	β	**α**	**θ**	**α**	**θ**	**α**	**θ**
constant	-57.946***	5.376***	5.620***	9.956***	11.911***	-33.196***	-18.826***
CSR_COM	33.444***	0.061**	-0.080**	0.206	-0.922***	15.013***	6.719***
ENG_REP			0.004***		0.037***		0.248***
Controls:							
SIZE	5.221***	-0.308***	-0.329***	-0.176	-0.351**	3.311***	2.016***
LEV	-1223**	0.003	0.003	-0.209***	-0.204***	-0.135***	-0.105***
GROWTH	-0.025***	0.003***	0.003***	0.028***	0.029***	-0.020***	-0.0142***
B_IND	0.063***	0.005***	0.003***	0.013***	0.011**	0.116***	0.101***
B_SIZE	0.141**	0.018***	0.012***	-0.1294***	-0.134***	0.491***	0.455***
B_GEND	-0.075*	-0.001	0.000	0.112*	0.014**	0.009	0.027***
Country effects	Included	Included	Included	Included	Included	Included	Included
Industry effects	Included	Included	Included	Included	Included	Included	Included
Year effects	Included	Included	Included	Included	Included	Included	Included
Observ.	7,677	7,677	7,677	7,677	7,677	7,677	7,677
R squared	0.541	0.281	0.284	0.094	0.101	0.441	0.516

Panel B: Analysis of mediation

	Performance (Y) = TobinQ			*Performance (Y) = ROA*			*Performance (Y) = ESGC*		
	coef.	LLCI	ULCI	coef.	LLCI	ULCI	coef.	LLCI	ULCI
Direct Effect: CSR_COM→Performance	-0.080**	-0.0049	0.1274	-0.922***	-1.4551	-1.3889	6.719***	58.716	75.679
Indirect (mediating) Effect: CSR_COM→ENG_REP→Performance	0.141***	0.990	1.842	1.128***	0.836	14.265	8.296***	77.257	88.591

See Table 1 for variable definitions.

This table presents in panel A the results of the mediation model, with heteroskedasticity-robust standard errors, using Hayes' process macro for the three equation models (model 1a, 1b and 1c). The sample includes 7,697 observations for 1,621 publicly listed companies from 36 countries covering the period 2010-2021. All variables, excluding indicator variables, are winsorized at the 1 and 99 percentiles. In panel B is presented the analysis of mediation with bootstrapping methods using 5,000 iterations.

*, **, and *** denote significance at a 10%, 5%, and 1% level based on a two-tailed test.

Table 5: Instrumental variables and simultaneous equations specifications

	Instrumental variables				Simultaneous equations				
		Second stage							
	First stage	*Performance (Y) = TobinQ*	*Performance (Y) = ROA*	*Performance (Y) = ESGC*	ENG_REP	CSR_COM	*Performance (Y) = TobinQ*	*Performance (Y) = ROA*	*Performance (Y) = ESGC*
	(C1)	**(C2)**	**(C3)**	**(C4)**	**(C5)**	**(C6)**	**(C7)**	**(C8)**	**(C9)**
const		5.521***	24.451***	-4.102	-78.458***	1.081***	4.286***	12.082***	-39.245***
		(0.924)	(5.550)	-10.453	(11.554)	(0.233)	(0.674)	(4.574)	(8.268)
CSR_COM		-0.422	3.025	11.086***	39.694***				
		(0.268)	(1.899)	(3.408)	(2.921)				
ENG_REP		0.015***	0.088**	0.198**		0.017***			
		(0.005)	(0.474)	(0.078)		(0.001)			
Country industry mean for CSR_COM (first instrument for CSR_COM)	included						-0.172	3.534***	13.865***
							(0.200)	(1.358)	(2.433)
Country industry mean for ENG_REP (first instrument for ENG_REP)	included						0.009**	0.030*	0.044*
							(0.004)	(0.027)	(0.045)
Lag of Country industry mean for CSR_COM (second instrument for CSR_COM)	included								
Lag of Country industry mean for ENG_REP (second instrument for ENG_REP)	included								
Controls:									
SIZE	included	-0.385***	-1.161**	1.542*	5.456***	-0.058***	-0.308***	-0.098	4.731***
		(0.062)	(0.473)	(0.811)	(0.035)	(0.012)	(0.011)	(0.077)	(0.141)
LEV	included	0.001	-0.194***	-0.086	-0.194	0.003	0.000	-0.221***	-0.160***
		(0.006)	(0.040)	(0.064)	(0.051)	(0.000)	(0.003)	(0.021)	(0.038)
GROWTH	included	0.004***	0.037***	-0.011*	-0.022	0.001	0.002***	0.027***	-0.027***
		(0.000)	(0.007)	(0.006)	(0.007)	(0.000)	(0.000)	(0.003)	(0.005)
B_IND	included	0.003*	5.748	0.113***	0.001	0.000	0.003***	0.009	0.136***
		(0.001)	(0.008)	(0.015)	(0.012)	(0.000)	(0.000)	(0.005)	(0.009)
B_SIZE	included	0.001	-0.236***	0.186	0.596	-0.005***	0.027***	-0.098***	0.585***
		(0.001)	(0.083)	(0.146)	(0.094)	(0.002)	(0.005)	(0.035)	(0.064)
B_GEND	included	-0.177	0.119	0.020	-0.062	0.001***	0.000	0.013*	0.011
		(0.626)	(0.012)	(0.019)	(0.017)	(0.000)	(0.000)	(0.007)	(0.012)
Country FE	included	included	included	included	included	included	included	included	included
Industry FE	included	included	included	included	included	included	included	included	included
Year FE	included	included	included	included	included	included	included	included	included
Observ.	6,639	6,639	6,639	6,639	7,667	7,667	7,667	7,667	7,667
Rsquared		0.277	0.07	0.508	0.583	0.462	0.303	0.462	0.363

See Table 1 for variable definitions. This table presents the results for instrumental variable models and simultaneous equations models. Columns C1-C4: regression using 2SLS estimation, using four instrument variables, ie, Country industry mean and lag of Country industry mean for both CSR_COM and ENG_REP regressors. The dependent variable is corporate performance, ie, TobinQ (C2), ROA (C3), and ESGC (C4). Columns C5-C9: Simultaneous equations testing the bi-directional hypothesis between CSR_COM and ENG_REP (C5 and C6), and then calculating the effect on performance using the instruments country industry mean for both CSR_COM and ENG_REP as dependent variables. ***, **, and *** denote significance at a 10%, 5%, and 1% level based on a two-tailed test. robust standard errors, clustered at the firm level in paren