DOCTORAL THESIS

From Complexity to Clarity: Legal Design in Corporate Sustainability Governance

Ebru Metin

TALLINNA TEHNIKAÜLIKOOL
TALLINN UNIVERSITY OF TECHNOLOGY
TALLINN 2026

TALLINN UNIVERSITY OF TECHNOLOGY
DOCTORAL THESIS
46/2027

From Complexity to Clarity: Legal Design in Corporate Sustainability Governance

EBRU METIN

TALTECH PRESS

TALLINN UNIVERSITY OF TECHNOLOGY
School of Business and Governance
Department of Business Administration
This dissertation was accepted for the defence of the degree 14/07/2026

Supervisor:	Tenured Associate Professor Dr. Mari-Klara Stein School of Business and Governance Department of Business Administration Tallinn University of Technology Tallinn, Estonia
Co-supervisor:	Senior Researcher Dr. Archil Chochia School of Business and Governance Department of Law Tallinn University of Technology Tallinn, Estonia
Co-supervisor:	Professor of Practice Dr. Helena Haapio School of Accounting and Finance University of Vaasa Vaasa, Finland
Opponents:	Professor Robert Bird School of Business University of Connecticut Connecticut, United States
	Professor Izabela Schiffauer Faculty of Law and Administration Adam Mickiewicz University Poznań, Poland

Defence of the thesis: 26/08/2026, Tallinn

Declaration:
Hereby I declare that this doctoral thesis, my original investigation and achievement, submitted for the doctoral degree at Tallinn University of Technology has not been submitted for doctoral or equivalent academic degree.

Ebru Metin

----
signature

ISSN 2585-6898 (paperback)
ISBN 978-9916-80-533-6 (paperback)
ISSN 2585-6901 (PDF)
ISBN 978-9916-80-534-3 (PDF)
https://doi.org/10.23658/taltech.46/2026
Printed by Koopia Niini & Rauam

Citation: Metin, E. (2026). *From Complexity to Clarity: Legal Design in Corporate Sustainability Governance* [TalTech Press]. https://doi.org/10.23658/taltech.46/2026

TALLINNA TEHNIKAÜLIKOOL
DOKTORITÖÖ
46/2027

Keerukusest selguseni: õigusdisain ettevõtte jätkusuutlikkuse juhtimises

EBRU METIN

TALTECH KIRJASTUS

Contents

List of Publications

The list of author's publications, on the basis of which the thesis has been prepared:

I Metin, E. (2024). Legal design: A catalyst for Environmental Social and Governance (ESG) and sustainable business practices. *Scientific Papers of the University of Pardubice, Series D: Faculty of Economics and Administration*, *32*(2), 1-10. doi:10.46585/sp32022106

II Metin, E. (2025). Rethinking Meaningful Stakeholder Engagement: Simplifying Complexity with Legal Design. *European Studies – The Review of European Law, Economics and Politics*, 11(2), 87−114. doi: 10.2478/eustu-2024-0018

III Ozan Ozparlak, B., & Metin, E. (2025). Designing Trust and Privacy: The Role of Legal Design in Ensuring Compliance with the EU AI Act. In *International Conference on Human-Computer Interaction* (pp. 116-127). Cham: Springer Nature Switzerland. doi:10.1007/978-3-031-92840-6_7

Appendix:

IV Metin, E. (*Under Review*). Mapping Meaningfulness: Stakeholder Engagement in Nordic Large-Cap Technology Firms.

Author's Contribution to the Publications

Contribution to the papers in this thesis are:

I Sole author of this Publication.

II Sole author of this Publication.

III The author of this thesis was the second author of the co-authored article and was responsible for developing the arguments regarding legal design, contributing to the introduction and co-wrote the conclusion.

IV Sole author of this Publication.

Abbreviations

AI	Artificial intelligence
BHR	Business and Human Rights
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CSDDD	Corporate Sustainability Due Diligence Directive
CSOs	Civil Society Organisations
DEI	Diversity, equity and inclusion
ESG	Environmental, Social and Governance
EU	European Union
HRDD	Human Rights Due Diligence
ILO	International Labour Organization
ISO	International Organization for Standardization
MSE	Meaningful Stakeholder Engagement
OECD	Organisation for Economic Co-operation and Development
SDGs	Sustainable Development Goals
UNGPs	United Nations Guiding Principles on Business and Human Rights

Introduction

The corporate sustainability landscape has undergone a fundamental transformation in recent years, driven by increasing regulatory demands, evolving stakeholder expectations, and a global push for responsible business conduct. At the heart of this transformation lies a persistent and underexamined tension: while the volume and complexity of sustainability regulation have grown dramatically, the capacity of businesses to engage meaningfully with the stakeholders most affected by their operations has not kept pace. Regulatory complexity[1] has become one of the most significant structural barriers to genuine corporate accountability. Complexity of the regulations makes it difficult for organisations to adopt and comply with, especially in regard to their trending compliance requirements on environmental, social and governance standards (ESG) (Singhania & Gupta, 2024; Beukert, 2022), diversity, equity and inclusion (DEI) (Buttinger, 2023) and use of new technologies, such as artificial intelligence (Smuha, 2021). This thesis argues that legal design, as a governance mechanism that applies human-centred design principles to the field of law, offers a principled and practical response to this challenge.

This dynamic is well documented in the sustainability reporting context specifically. Empirical research on the EU's Non-Financial Reporting Directive shows that mandatory reporting requirements significantly increased the *quantity* of sustainability disclosures but not their *quality*, with companies frequently relying on boilerplate language that increased rather than reduced information asymmetries with stakeholders (Velte, 2026). Similarly, evaluations of first-wave reporting under the Corporate Sustainability Reporting Directive found that report quality remained low and failed to meet stakeholder expectations, even among companies with years of prior voluntary reporting experience (Velte, 2026). This indicates that the growth in regulatory volume and technical demands in the sustainability domain has outpaced businesses' practical capacity to translate compliance into stakeholder-meaningful output — precisely the gap this thesis addresses through legal design.

Regulatory complexity affects businesses in multiple ways, particularly in industries subject to extensive environmental, social, and governance (ESG) obligations. Regulatory fragmentation across jurisdictions forces multinational corporations to adapt their compliance strategies to different national and regional interpretations of sustainability mandates. This lack of harmonisation leads to inefficiencies, increased administrative burdens, and reduced predictability in compliance planning.

Furthermore, ambiguous and imprecise legal language exacerbates regulatory uncertainty, making it difficult for businesses to interpret obligations correctly. Studies on regulatory complexity indicate that environmental and sustainability laws frequently suffer from vague wording, overly technical phrasing, and inconsistent definitions across legislative instruments (Vivo et al., 2024; Mora-Sanguinetti, & Pérez-Valls, 2021; Ghashim, et al., 2023). These linguistic challenges increase compliance risks, as businesses may misinterpret legal texts, leading to either over-compliance (resulting in unnecessary costs) or under-compliance (leading to legal liabilities). Readability analyses have shown that many sustainability-related legal instruments are written at a

[1] Regulatory complexity refers to the degree of difficulty in understanding, implementing, and managing legal norms due to their content, language, structure, presentation, and/or volume (Metin, forthcoming).

complexity level far beyond the reading comprehension of professionals without a legal background, further hindering accessibility (Ghashim, et al., 2023).

Beyond issues of legal drafting, regulatory complexity is also shaped by institutional and political dynamics. Research suggests that complexity in legislative and regulatory systems is not always a direct response to policy challenges but can also result from political and bureaucratic incentives (Foarta & Morelli, 2022). Furthermore, regulatory frameworks often grow in complexity due to incremental regulatory additions, rather than strategic simplifications, making it increasingly difficult for businesses to comply efficiently.

The regulatory environment in which businesses operate has been described in the literature as a "legislative tsunami" (Salo-Lahti et al., 2023). The European Union alone has introduced a cascade of interconnected obligations in recent years, including the Corporate Sustainability Reporting Directive (Directive (EU) 2022/2464, 2022), the Corporate Sustainability Due Diligence Directive (Directive (EU) 2024/1760, 2024), and the Artificial Intelligence Act (Regulation (EU) 2024/1689, 2024). Each of these instruments introduces extensive and technically demanding compliance requirements. Taken together, they create a regulatory landscape that is not only complex in volume but also fragmented across countries, disciplines, and stakeholder communities. For businesses, this complexity generates administrative burden and distracts attention from substantive innovation and sustainability outcomes (Draghi, 2024). This thesis does not assume that regulatory complexity is solely the product of unintentional drafting; vagueness, ambiguity, or even power asymmetries may at times be deliberately encoded in legislation, but a critical assessment of the root causes of complexity falls outside the scope of this thesis, which instead addresses how legal design can respond to complexity once it exists, regardless of its origin. For stakeholders, particularly those in vulnerable or marginalised positions, it creates participation barriers, information asymmetries, and a structural exclusion from the processes that most directly affect them.

Stakeholder engagement theory has evolved significantly since Freeman's (1984) foundational proposition that firms must be accountable to all groups affected by their activities. The field has moved from an instrumental, managerial understanding of engagement, in which stakeholders are managed to stabilise the firm's operating environment, toward a relational and governance-oriented conception in which engagement is constitutive of corporate legitimacy and accountability (Kujala et al., 2022). However, it is worth stating that accountability is treated throughout this thesis as a constitutive feature of meaningful stakeholder engagement, rather than as an independent concept requiring separate theorisation; the thesis's contribution concerns legal design's role in operationalising MSE, of which accountability is one dimension among others (inclusiveness, transparency, responsiveness). Meaningful stakeholder engagement (MSE), as it has come to be understood in international standards such as the UN Guiding Principles on Business and Human Rights (UNGPs), the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises, and increasingly through the CSDDD and national laws, denotes an interactive, two-way, and good-faith process (Buhmann et al., 2024) in which stakeholders are not merely consulted but are enabled to influence corporate decisions that affect them. This normative ideal, however, confronts a structural problem: engagement cannot be meaningful if stakeholders cannot understand what they are engaging about.

Despite the sophistication of both the regulatory frameworks and the normative scholarship surrounding MSE, three bodies of literature, business administration, legal design and business and human rights have developed largely in parallel without being connected. The research gap addressed by this thesis lies precisely at the intersection of these: how regulatory complexity can be addressed by businesses through legal design, and specifically how legal design can serve as the operationalisation mechanism that meaningful stakeholder engagement theory has long lacked. This thesis makes a twofold contribution to closing that gap. First, it theorises legal design not merely as a communication or simplification tool but as a governance mechanism, a structured approach to embedding human-centred design principles into legal processes, documents, and compliance systems in ways that alter the conditions under which stakeholder engagement occurs. Second, it provides the first systematic empirical evidence of how stakeholder engagement is actually structured among Nordic large-cap technology firms, revealing that current models remain predominantly consultative and compliance-oriented, and that the participatory model, in which stakeholders exercise genuine co-governance influence, is entirely absent in practice.

1.1 Research Problem

Regulatory complexity has been studied extensively, primarily within the economics field. Heyes (2003) demonstrates that regulators have a structural incentive to maintain excessive regulatory complexity, as opacity in regulatory processes underpins their post-regulatory employability through the revolving door between public agencies and the industries they once oversaw. Davis (2017) argues that regulatory systems have grown increasingly expansive, intrusive, and unpredictable, imposing significant economic costs, and calls for simplicity in regulatory design and new institutional mechanisms to restrain excessively burdensome regulation. Horsch and Kleinow (2022) argue that regulatory complexity in financial markets requires independent justification and call for closer collaboration between economic and legal research to tackle the growing complexity of regulatory frameworks, with particular focus on European banking regulation. Colliard and Georg (2025) develop a multidimensional framework for measuring regulatory complexity drawn from computer science, demonstrating that complexity extends far beyond the length of a regulation and proposing a quantitative approach to the trade-off between regulatory complexity and precision. Importantly, research has shown that complexity is not only a matter of the quantity of norms but also of qualitative dimensions such as linguistic ambiguity and regulatory interconnectedness — factors that erode economic efficiency and judicial efficacy in ways that purely quantitative measures fail to capture (De Lucio & Mora-Sanguinetti, 2022). However, there are not any articles that studied specifically regulatory complexity and legal design, to the knowledge of the author except, Lippe, Katz and Jackson (2014), whose paper "Legal by Design: A New Paradigm for Handling Complexity in Banking Regulation and Elsewhere in Law" proposed legal design as a structural response to regulatory complexity in the financial sector, demonstrating that design principles can make complex regulatory obligations more navigable and implementable.

It is important to clarify why regulatory complexity constitutes a problem for corporate sustainability governance, and to state explicitly that this thesis does not treat complexity as inherently or uniformly problematic. Regulatory complexity becomes a problem specifically where it obstructs the operationalisation of legal obligations that are owed to affected stakeholders: businesses are already the addressees of meaningful stakeholder engagement obligations under instruments such as Article 13 of the CSDDD, and complexity is a problem to the extent that it prevents these obligations from being translated into a process stakeholders can actually understand, contest, or influence, rather than because complexity is undesirable as such.

Not all complexity is treated as reducible or undesirable in this sense. Some complexity reflects necessary precision: qualifications, conditions, or technical distinctions that a rule must preserve to function correctly, and which this thesis refers to as necessary complexity, as distinct from convolution, that is, complexity arising from how a rule is expressed rather than what it substantively requires. The thesis also does not assume that complexity is solely the product of unintentional drafting; vagueness, ambiguity, or power asymmetries may at times be deliberately encoded in legislation, and a full critical assessment of these root causes, while a legitimate line of inquiry in its own right, falls outside the scope of this thesis, which instead addresses how legal design can respond to complexity once it exists, regardless of its origin.

The problem this thesis identifies is accordingly narrower and more specific than "complexity is bad": it is that the operational layer connecting regulatory obligation to genuine stakeholder participation is missing, and that this layer is most clearly absent where complexity is expressive rather than substantive — that is, where it could be reduced without loss of legal meaning, yet currently is not.

Legal design is an interdisciplinary approach that applies principles of human-centred design to the field of law to create legal documents, services, and systems that are more accessible, understandable, and user-friendly (Hagan, n.d.). However, legal design is not merely a method for achieving positive outcomes but also an approach to prevent problems from emerging and escalating into conflicts and disputes (Legal Design Alliance, n.d.). Even though legal design has a growing and increasingly well-developed literature, its application to regulatory complexity in the specific context of corporate sustainability remains almost entirely absent. While research results exist at the intersection of legal design and corporate sustainability, these contributions tend to treat legal design in its architectural sense, as the structural design of legal frameworks, rather than in the human-centred design sense that this thesis employs. They also do not engage with meaningful stakeholder engagement or with regulatory complexity as a structural barrier to stakeholder participation in corporate sustainability governance.

Meaningful stakeholder engagement theory has produced sophisticated normative frameworks (Buhmann et al., 2024), but there remains a limited understanding of how MSE can be operationalised with legal design in complex, regulatory-intensive contexts such as the CSDDD, and the literature has not resolved how meaningful stakeholder influence is institutionalised within actual corporate governance structures. This thesis centres on the CSDDD specifically because it is the major EU sustainability instrument containing an explicit, binding obligation to engage meaningfully with stakeholders (Articles 13). As the thesis's research problem concerns the operationalisation of meaningful stakeholder engagement specifically, the CSDDD is the most directly relevant regulatory anchor, while the CSRD and other instruments are referenced where relevant to specific papers but are not the thesis's central regulatory focus.

The operationalisation of stakeholder engagement, that is, the translation of normative engagement principles into concrete governance structures, procedures, and tools, remains one of the most persistent practical challenges in the field. Martínez et al. (2022) demonstrate that without structured governance mechanisms promoting shared leadership, transparency, and co-learning, stakeholder engagement risks remaining aspirational rather than functional, particularly for underrepresented stakeholders with limited experience of formal institutional processes. Yet such efforts do not address the specific challenge posed by regulatory complexity in corporate sustainability governance, where the density and inaccessibility of legal frameworks themselves constitute a structural barrier to meaningful participation, precisely the barrier that legal design is positioned in this thesis to address.

In sum, the research problem addressed in this thesis is the **absence of a coherent framework for using legal design to manage and navigate regulatory complexity in corporate sustainability governance, particularly as a means of operationalising meaningful stakeholder engagement**.

1.2 Research Questions

This thesis is guided by the following overarching research question:

How does legal design address regulatory complexity and enable meaningful stakeholder engagement in corporate sustainability governance?

This overarching question is addressed through four publications, each investigating a distinct sub-question that together build the cumulative argument of the thesis. The sub-questions progress from establishing the theoretical foundation of legal design in ESG compliance, to developing a framework for meaningful stakeholder engagement under the CSDDD, to extending the argument to the domain of AI governance, and finally to grounding the thesis empirically through an examination of how stakeholder engagement is actually practised among Nordic large-cap technology firms.

- Sub-RQ I (Paper I): How does legal design enhance corporate compliance with ESG frameworks to promote sustainable business practices?
- Sub-RQ II (Paper II): How do legal design principles enhance meaningful stakeholder engagement under the Corporate Sustainability Due Diligence Directive?
- Sub-RQ III (Paper III): How does legal design build trust while ensuring compliance with the EU AI Act's privacy and transparency obligations?
- Sub-RQ IV (Paper IV): What stakeholder engagement models currently exist among Nordic large-cap technology firms, and how meaningful are they?

Sub-RQs I, II, and III collectively build the normative and conceptual case for legal design as a governance mechanism in corporate sustainability, each examining a distinct regulatory context and together demonstrating how legal design can address regulatory complexity and make legal obligations more accessible and actionable. Sub-RQ IV in Paper IV (*under review*) provides the empirical grounding, establishing through document analysis of corporate disclosures that the governance gap legal design is proposed to close is not merely theoretical but observable in practice. Combining the answers to all four sub-questions therefore provides a comprehensive answer to the overarching research question.

1.3 Methodology

This thesis uses qualitative, transdisciplinary methods across four papers to explore how legal design can function as a governance mechanism in corporate sustainability. The first paper maps the academic landscape through bibliometric analysis, the second builds a practical framework for applying legal design to stakeholder engagement under the EU's

CSDDD, the third extends that thinking to the EU AI Act's privacy and transparency rules, and the fourth grounds everything empirically by analysing sustainability reports from Nasdaq Nordic tech firms, ultimately producing a four-model typology of how companies govern stakeholder engagement. Together, the papers move from theory to practice, building a cumulative argument that legal design can meaningfully shape how businesses meet complex regulatory obligations.

1.4 Contributions

This thesis makes three interconnected contributions to the fields of legal design, corporate sustainability governance, and stakeholder engagement. Theoretically, it reconceptualises legal design as a governance mechanism that shapes the structural conditions under which compliance and participation occur and provides the systematic framework connecting legal design with meaningful stakeholder engagement theory in ESG-intensive regulatory contexts. It further advances stakeholder theory by introducing an influence-based perspective that links engagement practices directly to governance authority and decision-making power.

Practically, the thesis equips organisations and policymakers with concrete frameworks and tools for embedding legal design into ESG compliance, human rights due diligence under the CSDDD, and AI governance under the EU AI Act. Across the three conceptual papers, it translates abstract regulatory obligations into actionable guidance, demonstrating that legal design functions as a governance mechanism that travels across complex regulatory domains rather than being specific to any single one.

Empirically, Paper IV grounds the thesis's central argument in observable corporate practice. Through document analysis of sustainability disclosures of large-cap Nordic technology firms, it develops an original influence-based typology of stakeholder engagement models and finds that the participatory co-governance model, the normative benchmark for meaningful engagement in international standards, is entirely absent across all firms analysed. This confirms that the governance gap the thesis identifies is structural and empirically verifiable, not merely theoretical.

Theoretical Framework

This thesis is grounded in three interconnected theoretical bodies: stakeholder theory, stakeholder engagement, and meaningful stakeholder engagement. These theories are not presented as competing frameworks but as a cumulative theoretical progression, each building on the previous to arrive at the normative and governance-oriented understanding of stakeholder engagement that this thesis requires. Together they provide the theoretical foundation against which the role of legal design is theorised and evaluated in corporate sustainability.

2.1 Stakeholder Theory: Foundations and Evolution

Stakeholder theory originates from Freeman's (1984) foundational proposition that businesses must consider the interests of all groups affected by their operations, not only shareholders. Freeman defined stakeholders as "groups and individuals that have a valid interest in the activities and outcomes of a firm on whom the firm relies on to achieve its objectives." This definition marked a fundamental departure from the shareholder primacy model that had dominated corporate governance thinking, repositioning the firm as an entity embedded in a network of relationships with employees, customers, suppliers, communities, regulators, and other affected parties.

This relational understanding has been further reinforced in more recent literature, which emphasises that stakeholders both influence and are influenced by corporate activities, highlighting the embeddedness of firms within broader socio-economic systems (Awa et al., 2024).

This theory has gained traction in the context of corporate governance as organisations recognise the importance of balancing economic, social, and environmental responsibilities to achieve sustainable development (Arif et al., 2024; Freeman et al., 2018). By integrating stakeholder interests into decision-making processes, companies can build trust, foster loyalty, and enhance their reputation, which is crucial for long-term success (Freeman et al., 2018; Mitchell et al., 1997).

In this regard, stakeholder theory also advances a broader conception of corporate purpose, where firms are expected to create value for all stakeholders rather than prioritising a single group, reflecting a shift away from zero-sum thinking toward more integrative value creation approaches (Freeman & Dmytriev, 2017).

In the context of corporate sustainability, stakeholder theory emphasises the need for companies to engage actively with stakeholders, including investors, employees, customers, suppliers, communities, and regulators, to address social and environmental concerns. Effective stakeholder engagement requires transparent communication, inclusive decision-making, and a commitment to ethical practices, all of which contribute to enhanced corporate governance and compliance (Wai-Khuen et al., 2023).

At the same time, contemporary research highlights that firms are increasingly subject to pressures from diverse stakeholder groups—including civil society, regulators, and investors—to respond to social and environmental challenges, further reinforcing the centrality of stakeholder-oriented governance in sustainability contexts (Awa et al., 2024)

Recent developments have further extended stakeholder theory toward a holistic value addition framework, emphasising that businesses should not only aim for financial returns but also focus on creating value for a wider set of stakeholders, including employees, communities, and nature (Talan et al., 2024). This integration helps businesses move beyond mere compliance to co-create sustainable and mutually beneficial outcomes for all parties involved.

This perspective aligns with the view that stakeholder relationships are interdependent, meaning that value created for one stakeholder group can generate positive spillover effects for others, thereby strengthening overall organisational sustainability and performance (Freeman & Dmytriev, 2017).

Moussa and Elmarzouky (2024) further support this direction, demonstrating that firms with higher levels of ESG reporting reduce information asymmetry and foster trust with investors, illustrating the financial benefits of integrating ESG principles with stakeholder theory.

As a final note, throughout this thesis, "governance" is used in the sense associated with policy instruments, regulatory coordination, and organisational compliance structures, the sense in which governance functions as the structures and processes through which organisations are held accountable to, and interact with, their stakeholders (Freeman, 1984; Kujala et al., 2022). This is narrower than understandings of governance associated with governmentality, governing practices, or behavioural steering, which are not the focus of this thesis. Accordingly, "governance mechanism" refers to a structured means by which compliance and stakeholder interaction are organised; "governance gap" refers to the absence of such a mechanism where normative frameworks presuppose one; and "governance problem" refers to a structural condition as regulatory complexity that prevents an existing or required governance mechanism from functioning as intended.

2.2 From Stakeholder Management to Stakeholder Engagement

Building on these developments, stakeholder theory has increasingly evolved from a conceptual framework into a more practice-oriented approach, where the focus shifts from identifying stakeholders to understanding how organisations interact with them. In this regard, stakeholder engagement has emerged as a natural extension and operationalisation of stakeholder theory, translating its relational and value-oriented principles into concrete organisational processes (Kujala et al., 2022).

Rather than treating stakeholders as passive recipients of corporate decisions, stakeholder engagement emphasises ongoing interaction, dialogue, and participation between organisations and their stakeholders. As noted in the literature, stakeholder engagement gained prominence in the early 2000s specifically to distinguish itself from one-sided stakeholder management approaches and to highlight the importance of engaging stakeholders for long-term value creation (Kujala et al., 2022).

Importantly, stakeholder engagement reflects a shift from unilateral control toward reciprocal and dynamic relationships, where stakeholders are actively involved in organisational processes such as decision-making, innovation, and sustainability practices (Kujala et al., 2022). This shift is consistent with broader interpretations of stakeholder theory that frame stakeholder relationships as central to value creation, risk management, and organisational sustainability (Mahajan et al., 2023), and with the view that strategy itself involves managing cooperative relationships among stakeholders to jointly create value across economic, social, and moral dimensions (Bridoux & Stoelhorst, 2022). It also aligns with the recognition that stakeholder relationships are not static but evolve over time, requiring organisations to continuously adapt their approaches to stakeholder interactions and expectations (Verbeke & Tung, 2013).

More recent research further illustrates how these evolving relationships are reflected in emerging organisational practices, particularly in corporate communication. For instance, the growing use of “letters to stakeholders” demonstrates a shift toward explicitly addressing multiple stakeholder groups simultaneously, signalling a broader multi-stakeholder orientation and engagement approach in practice (Civera et al., 2025). Such practices highlight how organisations increasingly adopt inclusive and transparent communication strategies that recognise, support, and engage diverse stakeholder groups, thereby reinforcing stakeholder engagement as a core organisational capability rather than a purely theoretical construct. In addition, research on environmental sustainability highlights that effective stakeholder engagement is essential for aligning diverse stakeholder interests, facilitating collaboration, and achieving long-term organisational and societal goals (Khatter, 2023).

At the same time, the growing body of stakeholder engagement research highlights that the concept remains fragmented and inconsistently defined, with varying interpretations across disciplines and contexts (Kujala et al., 2022). This fragmentation reflects both the richness of the concept and the challenges associated with operationalising stakeholder theory in practice. As a result, stakeholder engagement has developed into a distinct yet closely related field of inquiry, focusing on the processes, mechanisms, and outcomes of stakeholder–organisation interactions.

2.3 Meaningful Stakeholder Engagement

Meaningful stakeholder engagement (MSE) has emerged as an advanced conceptualisation of stakeholder engagement, addressing the limitations of traditional approaches that often remain procedural, fragmented, or overly focused on powerful stakeholders. While stakeholder engagement has been widely discussed across business ethics, strategy, and corporate governance literature, it continues to suffer from definitional ambiguity and overlapping interpretations, including stakeholder management, stakeholder inclusion, and stakeholder collaboration (Freeman & Menghwar, 2024).

Building on this evolving literature, meaningful stakeholder engagement is understood as a more normative and relational form of engagement. It moves beyond transactional interactions and emphasises purposeful, ongoing engagement processes between organisations and stakeholders. In this sense, MSE can be conceptualised as an organisation’s intentional interaction with stakeholders aimed at addressing their concerns and enabling value co-creation (Freeman & Menghwar, 2024). In response, Mussehl et al. (2022) emphasise the need for purposeful stakeholder engagement, where engagement is deliberately embedded within decision-making processes rather than treated as an external or secondary activity.

In particular, stakeholder engagement is conceptualised as most effective when integrated into adaptive management cycles, where engagement occurs continuously across planning, implementation, and learning phases. This approach enables iterative learning, knowledge co-production, and the inclusion of diverse perspectives, including local, scientific, and Indigenous knowledge systems (Mussehl et al., 2022). Rather than focusing solely on technical outputs, such as reports or compliance measures, purposeful engagement prioritises relationship-building, shared understanding, and continuous learning, thereby enhancing both the legitimacy and effectiveness of governance processes (Mussehl et al., 2022).

A key distinguishing feature of meaningful stakeholder engagement is its relational orientation. Rather than focusing on one-way communication or instrumental consultation, MSE emphasises building cooperative and sustained relationships with stakeholders. This reflects a broader shift in stakeholder theory from managing stakeholders toward engaging them as active participants in organisational processes. As highlighted in the literature, there is a growing need to move from transactional approaches toward relational engagement, where stakeholders are not merely informed but are involved in shaping outcomes (Freeman & Menghwar, 2024).

Another central dimension of MSE is its inclusive scope, particularly its focus on affected and marginalised stakeholders. Traditional stakeholder engagement practices have often prioritised powerful or influential stakeholders, neglecting those who are directly affected by organisational activities but lack voice or influence. In contrast, meaningful stakeholder engagement explicitly seeks to involve these overlooked groups, including communities that are undervalued or ignored in decision-making processes (Freeman & Menghwar, 2024).

Furthermore, meaningful stakeholder engagement is inherently linked to value co-creation. It is not limited to gathering stakeholder input but involves collaborative processes through which organisations and stakeholders jointly create value. This aligns with the core principles of stakeholder theory, where value is generated through relationships and interactions rather than distributed unilaterally by the firm. In this regard, MSE connects business activities with broader societal outcomes by integrating stakeholder concerns into organisational decision-making (Freeman & Menghwar, 2024).

Importantly, meaningful stakeholder engagement is a normative concept, representing an ideal form of engagement grounded in ethical considerations. It emphasises good-faith interaction, responsiveness to stakeholder concerns, and a commitment to inclusive participation. At the same time, the literature highlights that existing research has largely overlooked the processes through which organisations engage meaningfully with stakeholders, particularly with marginalised communities (Freeman & Menghwar, 2024). This creates a gap between the conceptual understanding of engagement and its practical implementation.

At the same time, recent scholarship highlights that meaningful stakeholder engagement is increasingly shaped by normative frameworks and regulatory developments, particularly in the context of responsible business conduct and risk-based due diligence. The growing prominence of frameworks such as the United Nations Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines, and emerging European Union legislation has positioned MSE as a key requirement for identifying and managing social and environmental risks (Buhmann et al., 2024b). These developments reflect rising societal expectations that affected stakeholders—especially those at risk of harm—should have a meaningful role in decision-making processes.

In this context, meaningful stakeholder engagement is increasingly understood not only as a process but also as an outcome-oriented and context-sensitive practice, requiring inclusiveness, transparency, and responsiveness to stakeholder needs. Importantly, the literature emphasises that engagement must go beyond formal consultation and address issues such as power imbalances, long-term impacts, and the perspectives of affected stakeholders. This includes recognising that meaningful engagement must be attentive to stakeholder needs, adaptive over time, and capable of influencing decisions in ways that are perceived as meaningful by those affected (Buhmann et al., 2024b).

However, emerging empirical research demonstrates that, despite its growing prominence, MSE is frequently imperfectly implemented in practice. In sectors such as extractive industries, stakeholder engagement is often formally embedded in governance frameworks but remains largely procedural, uneven, and at times ritualistic, limiting stakeholders' ability to exercise voice and influence decision-making processes Kang (2025). This gap between formal commitments and actual practice highlights a critical limitation of existing engagement models, where consultation may occur without generating substantive accountability outcomes.

In response, MSE is increasingly conceptualised not only as an engagement process but also as a mechanism for accountability. It enables stakeholders—particularly affected communities—to demand answerability, responsiveness, and justification from organisations. When grounded in principles such as inclusiveness, transparency, and responsiveness, meaningful stakeholder engagement can strengthen stakeholders' capacity to contest decisions, influence governance processes, and shape outcomes (Faanu et al., 2026). Conversely, where engagement remains tokenistic or exclusionary, it risks reinforcing existing power asymmetries and undermining accountability.

Overall, meaningful stakeholder engagement can be understood as a purposeful, relational, inclusive, context-sensitive, and accountability-oriented process of interaction through which organisations engage with stakeholders to address their concerns and co-create value. It represents a shift from symbolic or compliance-driven engagement toward more substantive, participatory, and governance-oriented forms of engagement.

2.4 Meaningful Stakeholder Engagement and Legal Design

Legal design is an interdisciplinary approach that applies human-centred design principles to the field of law to create legal documents, services, and systems that are more accessible, understandable, and user-friendly (Hagan, n.d.). It is grounded in proactive and preventive law thinking, meaning its purpose is not only to resolve legal problems after they arise, but to prevent barriers from emerging in the first place (Legal Design Alliance, n.d.). By incorporating plain language, visual aids, design patterns, and participatory co-creation methods, legal design transforms complex legal information into formats that are easier to navigate and act upon, empowering stakeholders to make informed decisions rather than simply receiving information. Legal design is operationalised through iterative and participatory processes, including stakeholder research, prototyping, and testing, which provide concrete mechanisms for embedding stakeholder engagement into legal systems (Chung & Kim, 2023).

This thesis addresses legal design's role for both internal stakeholders and external stakeholders. These levels are interdependent: organisations must first interpret regulatory obligations internally before communicating them outward in a way that enables genuine participation.

The relevance of legal design to meaningful stakeholder engagement becomes clear when regulatory complexity is understood not as a technical inconvenience but as a structural barrier to participation. When legal obligations are dense, fragmented, or written in technical language inaccessible to non-experts, complexity is constructed in a way (de Souza, 2021). In addition to this, participation in legal design often remains difficult to realise in practice due to the legal profession's reliance on formal expertise and its resistance to integrating non-legal knowledge. (Toivonen & de Francisco Vela, 2024). Thus, affected stakeholders are structurally prevented from understanding what they are being consulted about. These stakeholders neither would be able to prevent legal problems “proactively” (Haapio et al., 2021), nor be influencing the decisions that affect them. Legal design addresses this barrier directly: by making legal and regulatory information comprehensible, it creates the informational conditions under which genuine dialogue and participation become possible. By making legal concepts visible and tangible through iterative and communicative processes, legal design facilitates more meaningful stakeholder participation in understanding and shaping legal outcomes (Perry-Kessaris, 2019).

Despite this clear potential, the literature has not yet resolved how legal design can be systematically operationalised for meaningful stakeholder engagement. Legal design can be seem primarily as a communication or simplification tool, but it has the potential to become much more powerful when connecting it to the governance structures through which stakeholder influence is exercised. This gap is also reflected in sustainability regulation, where legal frameworks rely heavily on contractual mechanisms but provide limited guidance on how these should be translated into concrete practices within complex value chains (Saloranta and Hurmerinta-Haanpää, 2023). At the same time, research on business and human rights highlights that the interpretation and implementation of norms such as human rights vary significantly across organizational levels, pointing to the need for multi-level approaches that account for how different actors make sense of and engage with these concepts in practice (Goethals et al., 2025). Consequently, the link between design-oriented approaches and engagement governance remains theoretically underdeveloped and empirically untested. This thesis addresses both dimensions of this gap directly: Paper II develops a practical framework connecting legal design principles to CSDDD engagement governance, addressing the theoretical underdevelopment identified above, while Paper IV empirically tests the prevalence of design-oriented, participatory engagement models among Nordic large-cap technology firms, addressing the corresponding empirical gap.

Methodology

This thesis adopts a qualitative and transdisciplinary research approach across all four publications, reflecting the interdisciplinary nature of the research problem, which bridges legal scholarship with a business and human rights angle, human-centred design and business administration. The choice of qualitative methods is appropriate given the conceptual and exploratory nature of the research questions, which seek to understand how legal design function as a governance mechanism rather than to measure or quantify its effects. Each paper employs a methodology best suited to its specific sub-question, and together the four methodological approaches build a cumulative and comprehensive response to the overarching research question.

Paper I addresses Sub-RQ I through a qualitative literature review combined with keyword co-occurrence analysis and bibliometric mapping of the academic literature on stakeholder theory, ESG, and legal design using the Scopus database. This methodology is appropriate for establishing the theoretical foundation of the thesis, as it allows for a systematic mapping of an emerging and interdisciplinary field, identifying thematic clusters, intellectual gaps, and the absence of scholarly engagement at the intersection of legal design and corporate sustainability. The bibliometric approach provides an evidence-based basis for the research gap claim that underpins the entire thesis.

Paper II addresses Sub-RQ II through a conceptual and transdisciplinary literature synthesis drawing on sources across legal design, business and human rights, and stakeholder engagement scholarship. This approach is combined with qualitative legal analysis of the primary text of the CSDDD, to examine how its stakeholder engagement obligations can be operationalised through legal design principles. This methodology is suited to the development of a practical framework, as it integrates normative legal analysis with design-oriented thinking to produce tools and strategies that can be applied by businesses navigating complex regulatory obligations.

Paper III addresses Sub-RQ III through a qualitative conceptual legal analysis of the EU AI Act, examining its privacy and transparency provisions against the principles and methods of legal design. The paper analyses specific articles and recitals of the AI Act to identify where legal design interventions can enhance compliance, strengthen informed consent, and build trust between AI providers, deployers, and end users. This methodology extends the conceptual framework developed in Papers I and II to a new regulatory domain, demonstrating the transferability and breadth of the thesis's central argument.

Paper IV *(under review)* addresses Sub-RQ IV through a qualitative empirical methodology based on document analysis. The study analyses 2024 sustainability and annual reports of large-cap technology firms listed on the Nasdaq Nordic Stock Exchange, applying an interpretive coding approach to examine stakeholder engagement practices in terms of the locus of organisational responsibility, the design of engagement processes, and the degree of stakeholder influence on corporate decision-making. This methodology is appropriate for the empirical sub-question because corporate sustainability disclosures are the primary publicly available source through which companies communicate their engagement practices, and document analysis allows for systematic comparison across firms without reliance on self-reported survey data. The empirical findings are used to develop an original typology of four stakeholder engagement governance models — centralised, decentralised, ecosystem-driven, and participatory — ordered by increasing levels of stakeholder influence.

The combination of these four methodological approaches reflects a deliberate research design. The three conceptual papers establish the theoretical and normative case for legal design as a governance mechanism in corporate sustainability, while the empirical paper grounds this case in observable corporate practice. Together they provide a methodologically triangulated and cumulative response to the overarching research question.

Summary of Findings

This thesis demonstrates that legal design functions as a governance mechanism that addresses regulatory complexity and enables more meaningful stakeholder engagement across corporate sustainability, ESG compliance, and AI regulation. By integrating insights from four research papers, the findings collectively show how legal design transforms complex legal frameworks into accessible, actionable, and human-centred systems that improve both compliance and participation.

3.1 Paper I – Legal Design as a Catalyst for ESG and Sustainable Business Practices

In the first paper, the findings show that legal design enhances corporate compliance with ESG frameworks by making complex legal requirements more understandable and usable for organisations and stakeholders. Traditional compliance approaches often rely on dense and technical legal texts, which create barriers to comprehension and implementation, particularly for non-experts. Legal design addresses this challenge through the use of plain language, visualisation, and structured information design, enabling stakeholders to better interpret and apply legal obligations. As a result, compliance shifts from a formalistic and reactive process to a more strategic, proactive, and participatory practice. This not only improves decision-making but also strengthens stakeholder trust and supports long-term sustainability goals.

The paper establishes the research gap that underpins the entire thesis. The Scopus-based keyword search combined with co-occurrence analysis revealed that while both fields are individually well developed, nearly two hundred documents each over the preceding five years for "stakeholder theory and ESG" and for "legal design", the search for "stakeholder theory" and "legal design" together returned zero documents, and "stakeholder engagement" and "legal design" returned a single result. The intersection at which this thesis operates was, at the time of writing, effectively unoccupied in the academic literature. The accompanying thematic analysis identified transparency, accountability, and inclusivity as the three rising themes connecting the two fields, each directly relevant to stakeholder trust and compliance outcomes.

Beyond mapping the field, the paper's findings specify the mechanisms through which legal design supports ESG compliance. Drawing on the concept of governance-by-design, it shows that legal design functions as a proactive tool that aligns governance strategies with stakeholder expectations and regulatory requirements, enabling organisations to anticipate risks before they escalate into disputes rather than reacting to them afterwards. It further finds that digital transformation, including AI-supported compliance checks and real-time ESG data tracking, amplifies these effects. These findings translate into the paper's managerial recommendations: developing visual aids such as infographics and flowcharts to present ESG requirements, structuring information through design patterns, involving stakeholders in the co-creation of legal documents and compliance strategies through participatory workshops, and building interactive digital tools through which stakeholders can engage with legal content.

For the overall argument of the thesis, Paper I performs the foundational work. It establishes both the intellectual gap, the disconnection between stakeholder theory and legal design scholarship, and the conceptual claim that regulatory complexity in ESG governance is a designable problem: a barrier susceptible to deliberate intervention through human-centred design methods. This dual contribution, evidencing the gap and proposing the mechanism to address it, is the premise on which Papers II, III, and IV build.

3.2 Paper II — Rethinking Meaningful Stakeholder Engagement: Simplifying Complexity with Legal Design

Secondly, the research finds that meaningful stakeholder engagement is significantly hindered by regulatory complexity, information asymmetries, and power imbalances. In practice, stakeholder engagement often remains transactional, compliance-driven, and symbolic, with limited impact on actual decision-making processes. Legal design provides a solution by simplifying legal and technical information, enabling inclusive participation, and fostering dialogue between companies and stakeholders. The findings demonstrate that legal design can operationalise meaningful stakeholder engagement by translating abstract legal requirements, such as those under the Corporate Sustainability Due Diligence Directive, into concrete tools and processes. These include the use of plain language, visual aids, participatory methods, and feedback mechanisms that allow stakeholders to understand, engage with, and influence corporate decisions.

The paper grounds this argument in Article 13 of the CSDDD, which obliges companies to engage with stakeholders throughout the due diligence process by providing relevant and comprehensible information, conducting consultations at key stages, identifying risks, developing prevention and remediation plans, defining performance indicators, and addressing barriers to participation while protecting participants from retaliation. The findings identify the implementation problem precisely: the Directive defines what meaningful engagement requires but leaves significant room for interpretation as to how it is to be achieved, and it is in this gap between the abstract obligation and its operationalisation that engagement fails in practice. To structure the obligation, the paper maps the meaningful stakeholder engagement process under the CSDDD into seven iterative steps, from stakeholder identification through information sharing and interactive dialogue to monitoring and reporting, and identifies where legal design interventions attach to each step.

A central output of the paper is an evolution framework tracing stakeholder engagement across three periods, traditional, compliance-driven engagement before the 2000s; risk-based engagement in transition between 2000 and 2015; and meaningful, rights-based engagement from 2016 onwards, across eight dimensions including purpose, communication, stakeholder role, transparency, accountability, and trust-building, with a dedicated legal design perspective for each dimension showing how design techniques enable movement toward the meaningful stage. The framework's applicability is illustrated through real-world engagement practice, including the worker-driven Fair Food Programme and LG Electronics' phased transition from stakeholder communication to meaningful engagement, both of which exhibit the legal design principles of accessibility, clarity, and co-creation.

For the thesis, Paper II supplies the operational core of the argument. Where Paper I establishes in general terms that legal design can address complexity as a governance problem, Paper II demonstrates how this occurs within a specific, binding legal instrument, anchoring the concept of meaningful stakeholder engagement in positive EU law. It thereby converts the thesis's conceptual claim into an implementable framework and provides the analytical vocabulary, stages of engagement, dimensions of meaningfulness, and the distinction between procedural and influence-bearing participation, against which the empirical practices examined in Paper IV are later assessed.

3.3 Paper III — Designing Trust and Privacy: Legal Design and the EU AI Act

Third, the findings show that legal design plays a critical role in strengthening trust and ensuring compliance in the particular context of an complex regulation which is EU AI Act. AI systems are inherently complex, and the legal frameworks governing them introduce additional layers of technical and regulatory complexity. This creates significant challenges for both individuals and organisations in understanding their rights and obligations. Legal design addresses these challenges by enhancing domain-based literacy, improving informed consent processes, and enabling meaningful transparency. By making information about AI systems more accessible and understandable, legal design helps bridge the gap between technical systems and human users, thereby reducing power asymmetries and fostering trust. In this context, legal design supports the implementation of privacy by design and contributes to the development of trustworthy AI systems. This finding speaks directly to a broader gap between the EU's regulatory intent and its practical effect. Transparency is a precondition for trust only when paired with comprehensibility, and legal design supplies precisely this missing element. This has direct benefits for all three groups affected by these texts: For regulators, it offers a practical means of closing the gap between transparency requirements and their intended effect, strengthening the legitimacy of the regulatory framework itself; for companies, it reduces the compliance and reputational risk associated with disclosures that are technically adequate but substantively uninformative; and for stakeholders, it restores the practical value of transparency obligations by making disclosed information genuinely usable.

The findings from this paper contribute to the overall argument of the thesis by demonstrating how legal design enables meaningful stakeholder engagement in highly technical and complex regulatory environments. While the paper focuses on privacy and transparency obligations under the EU AI Act, its broader contribution lies in showing that stakeholder engagement cannot be meaningful if stakeholders do not understand the systems and legal frameworks they are expected to engage with. AI systems are characterised by high levels of technical complexity and information asymmetry, which limit individuals’ ability to comprehend how decisions are made, how their data is processed, and what rights they have. This creates a structural barrier to meaningful engagement, as stakeholders cannot effectively question, contest, or influence decisions they do not understand.

Table 1. Legal Design Responses to Dimensions of Regulatory Complexity[2]

Dimension of Regulatory Complexity	Manifestation in Legal Practice	Legal Design Approach	Implications for Stakeholder Engagement	Relevant Paper(s)
Content complexity	Highly technical subject matter requiring specialised expertise (e.g. ESG metrics, AI systems)	Simplification and domain translation through plain language and user-centred explanations	Broadens accessibility beyond experts, enabling stakeholders to understand substantive issues and engage meaningfully	Paper I, III
Language complexity	Dense, formalistic, and jargon-heavy legal drafting	Plain language drafting, improved sentence structure, and clearer terminology	Enhances readability and interpretability, allowing stakeholders to directly engage with legal content	Paper I, II
Structural complexity	Fragmented legal frameworks, extensive cross-referencing, and dispersed obligations across instruments	Modular structuring, layered guidance, and improved information architecture	Supports navigation across legal frameworks, enabling stakeholders to locate and connect relevant obligations	Paper I, II
Presentation complexity	Poor formatting, text-heavy documents, and lack of visual organisation	Use of visualisations, flowcharts, diagrams, and visual contracts	Reduces cognitive burden and improves usability, facilitating comprehension and interaction	Paper I, II, III
Volume complexity	Large and expanding body of overlapping and evolving regulatory requirements	Modularisation, prioritisation, and layered disclosure formats	Helps stakeholders focus on relevant information, supporting practical engagement with obligations	Paper I, II

Not all complexity addressed in Table 1 is treated as equally navigable. Substantive complexity which are qualifications, conditions, or technical precision that reflect genuine legal distinctions the rule must preserve, this is not the target of legal design

[2] The table is compiled by the Author while dimensions are based on Metin & Haapio (2025).

interventions; rather, legal design aims to make such complexity legible, by explaining the function and rationale of a given distinction, rather than removing it. Expressive complexity (arising from drafting choices such as dense sentence structure, fragmented cross-referencing, or inconsistent terminology) is, by contrast, directly reducible without loss of legal substance. The dimensions in Table 1 are accordingly best understood as targeting expressive rather than substantive complexity.

In addition to this, all five dimensions in Table 1 interact with and influence one another, content complexity tends to exert a comparatively stronger constraining effect on the other four: where a rule's subject matter is inherently complex, a degree of linguistic, structural, or volume complexity may be necessary to preserve the rule's substantive accuracy. This does not place content complexity in a separate category from the other dimensions, but reflects the differing degrees to which each dimension is navigable without loss of substantive meaning.

Furthermore, the five dimensions in Table 1 can be understood through the distinction between necessary complexity and convolution. Convolution refers to complexity that comes from how a rule is written rather than what it requires. Dense sentence structure, fragmented cross-references, or unexplained jargon can be shown as examples. This kind of complexity can be removed without changing a rule's meaning, and it is the proper target of legal design. Necessary complexity, by contrast, reflects genuine distinctions a rule must preserve to function correctly. In these cases, legal design's role is to explain the complexity clearly rather than remove it. Content complexity, in particular, often requires a certain amount of linguistic, structural, or volume complexity in order to capture the rule's meaning accurately. Over-reduction, that is, simplifying a rule past the point where its necessary complexity is preserved, creates a different problem: a rule that is easy to understand but no longer accurate. This is treated in the thesis as a limit on what legal design can responsibly do, not as a reason to abandon simplification as a goal.

3.4 Paper IV (under review) — Mapping Meaningfulness: Stakeholder Engagement Models in Nordic Large-Cap Technology Firms

Fourth, the empirical findings reveal that stakeholder engagement practices in Nordic large-cap technology firms remain predominantly consultative and compliance-oriented. The paper analyses the 2024 sustainability and annual reports, governance documents, and codes of conduct of eleven large-cap technology firms listed on the Nasdaq Nordic Main Market, using an interpretive coding approach combined with data-source triangulation. Engagement practices were analysed through three lenses: where formal authority over engagement is located, where engagement is operationalised within the organisation, and critically the degree of stakeholder influence over decision-making. The analysis identifies four stakeholder engagement models: Centralised, decentralised, ecosystem-driven, and participatory (co-governance), ordered by increasing levels of stakeholder influence. In the centralised model, engagement is governed at the corporate level and integrated into sustainability governance and reporting; stakeholder influence is informational and consultative, feeding materiality assessments and disclosure rather than shared decision-making. In the decentralised model, responsibility for engagement is distributed across business units and subsidiaries and embedded in operational practice; influence is stronger but remains fragmented and localised, shaping implementation rather than corporate strategy. In the ecosystem-driven model, engagement takes place within innovation networks, open-source communities, and standard-setting environments, enabling genuinely co-creative influence over products and technical trajectories, yet without extending to authority over corporate governance. The participatory (co-governance) model is defined by institutionalised power-sharing mechanisms through which stakeholders hold formal decision-making authority. However, while the first three models are observed in practice, the participatory model exists only as a normative benchmark and is absent in empirical reality. This indicates that, despite increasing regulatory and normative emphasis on stakeholder engagement, stakeholders rarely have direct influence on corporate decision-making. The findings highlight a persistent “influence gap” between formal engagement processes and actual governance structures, where engagement serves more as a mechanism for legitimacy and compliance rather than as a means of redistributing decision-making power.

For the thesis, Paper IV provides the empirical closure of the argument. The governance gap that Papers I through III address conceptually is here shown to be an observable feature of contemporary corporate practice, even among firms operating in one of the most advanced regulatory and disclosure environments in the world. That the influence gap persists in precisely this setting strengthens rather than weakens the thesis's central claim: if sophisticated reporting regimes and strong normative expectations have not produced participatory engagement, the missing element is not more obligation but an operational mechanism, the role this thesis assigns to legal design. At the same time, Paper IV disciplines the argument by demonstrating that accessible information, while necessary, is not sufficient: meaningfulness is structurally conditioned by whether engagement alters governance relationships, which is why the thesis treats legal design as an enabling condition for meaningful engagement rather than a guarantee of it.

3.5 Synthesis of Findings Across Papers

The four papers were designed as a cumulative sequence, and their findings converge on a single structural claim while approaching it from progressively more demanding angles. Paper I establishes the conceptual foundation: regulatory complexity in ESG governance is a designable problem, and the intersection of stakeholder theory and legal design, empirically confirmed as unoccupied in the literature, is where the solution lies. Paper II operationalises this claim within binding EU law, converting it into a concrete framework for meaningful stakeholder engagement under Article 13 of the CSDDD. Paper III tests the claim's transferability by carrying the same design toolkit into a different and even more technically complex regulatory domain, the EU AI Act, and finds that it holds: the barrier, information asymmetry between complex legal-technical systems and the people they govern, is structurally identical, and the same interventions address it. Paper IV then subjects the entire argument to an empirical reality check, examining whether the governance gap the first three papers address conceptually is observable in corporate practice. It is engagement among Nordic large-cap technology firms remains predominantly consultative, and the participatory model exists only as a normative benchmark.

Across all four papers, a central finding emerges: legal design mediates the relationship between regulatory complexity and meaningful stakeholder engagement. It reduces complexity by making legal information more accessible and understandable, while simultaneously creating conditions for stakeholder participation and influence.

Without such an approach, stakeholder engagement risks remaining procedural and symbolic. With legal design, however, engagement can become more inclusive, transparent, and capable of contributing to governance processes.

Table 2. Legal Design, Stakeholder Engagement, and Meaningful Stakeholder Engagement[3]

Dimension of Regulatory Complexity	Legal Design Approach	Implications for Stakeholder Engagement (SE)	Implications for Meaningful Stakeholder Engagement (MSE)	Relevant Paper(s)
Content complexity	Simplification and domain translation through plain language and user-centred explanations	Enables stakeholders to access and understand complex subject matter	Enables **informed engagement**, where stakeholders understand what is at stake	Paper I, III
Language complexity	Plain language drafting, improved sentence structure, and clearer terminology	Improves readability and access to legal content	Supports **inclusive engagement**, reducing exclusion caused by legal language	Paper I, II
Structural complexity	Modular structuring, layered guidance, and improved information architecture	Facilitates navigation across fragmented legal frameworks	Enables **procedural accessibility**, allowing stakeholders to engage with processes effectively	Paper I, II
Presentation complexity	Use of visualisations, flowcharts, diagrams, and visual contracts	Enhances usability and comprehension of legal information	Supports **interactive and usable engagement**, enabling meaningful interaction with legal content	Paper I, II, III
Volume complexity	Modularisation, prioritisation, and layered disclosure formats	Helps stakeholders identify and focus on relevant obligations	Enables **sustained and actionable engagement**, supporting ongoing participation rather than one-off interaction	Paper I, II

This mediating relationship can be decomposed along the dimensions of regulatory complexity that recur across the papers. Table 1 (Section 3.3) synthesises how the papers

[3] The table is compiled by the Author while dimensions are based on Metin & Haapio (2025).

collectively map five dimensions of complexity, content, language, structural, presentation, and volume complexity, onto specific legal design responses and their implications for stakeholder engagement. Table 2 extends this mapping one step further, distinguishing the implications for stakeholder engagement as such from the implications for *meaningful* stakeholder engagement, the thesis's normative benchmark. Read together, the two tables express the analytical core of the thesis: each dimension of complexity constitutes a distinct barrier to participation, each is addressable by an identifiable design intervention documented in at least one of the papers, and each intervention contributes a distinct quality of meaningfulness, informed, inclusive, procedurally accessible, interactive, and sustained engagement respectively.

The synthesis also surfaces a productive tension between the conceptual and empirical strands of the thesis. Papers I through III demonstrate what legal design *can* do: the frameworks they develop show that every identified dimension of complexity has a corresponding design response. Paper IV demonstrates what current practice *does not* do: even firms with sophisticated engagement architectures, operating under advanced disclosure regimes, do not translate engagement into stakeholder influence over decision-making. This tension is not a contradiction but the thesis's most important combined finding. It locates the failure of meaningful stakeholder engagement precisely: the problem is not the absence of engagement activity, nor the absence of regulatory obligation but the absence of an operational layer connecting the two. The conceptual papers supply that layer's content; the empirical paper proves its necessity. At the same time, Paper IV qualifies the reach of the design-based solution: because the influence gap is ultimately structural, legal design is established as a necessary condition for meaningful engagement rather than a sufficient one. Accessibility of information enables stakeholders to engage meaningfully; governance structures determine whether that engagement carries authority. This boundary condition is taken up in the limitations (Section 4.3) and in the research agenda (Section 4.4).

Finally, the cross-paper reading clarifies what the thesis means by legal design as a governance mechanism rather than a communication technique. In each paper, the design intervention operates *ex ante* and structurally: embedded in the due diligence process itself (Paper II), in the design and documentation phase of AI systems (Paper III), and in the compliance architecture of ESG frameworks (Paper I), not applied cosmetically to outputs after decisions have been made. The consistency of this pattern across three regulatory domains, combined with Paper IV's finding that the absence of such embedding coincides with the absence of stakeholder influence, is what justifies the thesis's central reconceptualisation of legal design, developed in Section 5.1.

Discussion and Contributions

Overall, the thesis concludes that regulatory complexity constitutes a structural barrier to both effective compliance and meaningful stakeholder engagement. Current corporate practices are insufficient in enabling stakeholder influence, particularly in highly regulated and technologically complex contexts. Legal design provides a principled and practical response to this challenge by embedding human-centred design principles into legal systems, documents, and processes. In doing so, it transforms legal frameworks from static and technical instruments into dynamic tools that support understanding, participation, and accountability.

Building on these findings, this thesis contributes to the literature by reframing regulatory complexity not merely as a technical or administrative challenge, but as a governance problem that directly affects the inclusiveness and effectiveness of stakeholder engagement. This study thesis demonstrates that complexity can be actively managed and mitigated through design-oriented approaches. In particular, it shows that the accessibility and usability of legal information are not peripheral concerns but central conditions for enabling stakeholders to engage meaningfully with regulatory frameworks.

These findings return the thesis to the theoretical framework set out in Chapter 2 and take a position within it. The trajectory traced there, stakeholder theory's evolution from a managerial instrument for containing external claims (Freeman, 1984) toward a relational, governance-oriented understanding of engagement as joint value creation and corporate accountability (Kujala et al., 2022), is precisely the trajectory that the empirical findings show corporate practice has not completed. The engagement models observed in Paper IV correspond to the managerial and, at best, relational stages of that evolution; the governance-transformative stage that the meaningful stakeholder engagement literature articulates as its normative benchmark (Buhmann et al., 2024) is absent. The thesis thus confirms the critical strand of stakeholder theory, which holds that engagement unaccompanied by shifts in power and decision-making authority remains symbolic. At the same time, the findings extend the theory by identifying a precondition that the engagement literature has largely treated as given: stakeholders cannot exercise influence over processes they cannot understand. This is where the supplementing framework of legal design enters the theoretical structure of the thesis, not as a competing account of engagement, but as the mechanism that supplies the cognitive and communicative conditions under which the relational and participatory forms of engagement that stakeholder theory envisages become practically possible. The contributions that follow are therefore contributions to stakeholder theory made through legal design, rather than contributions to legal design that happen to invoke stakeholders.

Table 3 synthesises the contributions of the thesis across the four papers, mapping each paper's sub-research question and key finding to its theoretical and practical contributions and to its role in the cumulative argument. The individual contributions are elaborated in Sections 4.1 and 4.2; the table makes visible what the elaboration alone cannot: that the contributions are not four parallel outputs but a single argument built in stages, conceptual foundation, legal operationalisation, cross-domain validation, and empirical grounding.

Table 3. Synthesis of Contributions Across the Four Papers[4]

	Sub-RQ addressed	Key finding	Theoretical contribution	Practical contribution	Role in cumulative argument
Paper I *(SciPap U. Pardubice, 2024)*	How does legal design enhance corporate compliance with ESG frameworks to promote sustainable business practices?	Legal design transforms complex ESG obligations into accessible, actionable information, shifting compliance from reactive formalism to proactive, participatory practice	Bridges previously disconnected fields: bibliometric evidence of the unoccupied intersection of stakeholder theory and legal design in ESG contexts	Managerial entry point: visual aids, design patterns, co-creation workshops, interactive digital compliance tools	Conceptual foundation establishes the gap and the claim that complexity is a designable governance problem
Paper II *(European Studies, 2024)*	How do legal design principles enhance meaningful stakeholder engagement under the CSDDD?	Regulatory complexity, information asymmetry, and power imbalances keep engagement transactional; legal design operationalises MSE under Article 13 CSDDD	Addresses the operationalisation gap in MSE literature; positions legal design as bridging mechanism between abstract legal principles and actionable practice	Applicable framework for CSDDD compliance: seven-step engagement process, evolution roadmap from compliance-driven to co-creative engagement	Legal operationalisation — anchors the claim in binding EU law and supplies the analytical vocabulary for Paper IV
Paper III *(HCII 2025, Springer LNCS)*	How does legal design build trust while ensuring compliance with the EU AI Act's privacy and transparency obligations?	Legal design enables meaningful transparency, informed consent, and AI literacy; comprehensibility is the missing precondition that turns transparency into trust	Extends legal design to AI governance; demonstrates the mechanism travels across regulatory domains rather than being context-specific	Provision-by-provision compliance mapping of AI Act articles (13, 14, 26/7, 50, 53, 61, 86) to concrete design interventions	Cross-domain validation shows the structural barrier and the design response are identical in a second, more technically complex domain
Paper IV *(under review)*	What meaningful stakeholder engagement	Engagement is predominantly consultative and	Advances stakeholder theory with an influence-	Diagnostic tool for firms to locate their engagement	Empirical grounding proves the governance

[4] The table is compiled by the Author based on Papers I–IV.

	Sub-RQ addressed	Key finding	Theoretical contribution	Practical contribution	Role in cumulative argument
	models currently exist among Nasdaq Nordic–listed large-cap technology firms?	compliance-oriented; four models identified; the participatory (co-governance) model is empirically absent, a persistent "influence gap"	based typology linking engagement practices to governance structures and authority distribution	model; evidence for regulators of the limits of disclosure-based governance	gap is observable reality and establishes legal design as necessary but not sufficient

4.1 Theoretical Contributions

This thesis makes several key theoretical contributions by advancing the conceptual understanding of legal design, stakeholder engagement, and regulatory complexity:

First, it **reconceptualises legal design as a governance mechanism**, rather than merely a tool for improving legal communication. While prior literature has largely focused on legal design as a method for enhancing usability and accessibility, this thesis demonstrates that it fundamentally shapes the conditions under which compliance and participation occur. By embedding human-centred design principles into legal and organisational systems, legal design influences how stakeholders access information, interpret legal obligations, and engage with decision-making processes. This extends existing scholarship by positioning legal design at the intersection of law, governance, and stakeholder theory.

Second, the thesis contributes to stakeholder engagement literature by addressing its operationalisation gap. While normative frameworks define meaningful stakeholder engagement (MSE) as dialogical, inclusive, and influence-based, empirical and conceptual research shows that engagement often remains procedural and compliance-oriented. The thesis demonstrates that this gap is not only institutional but also cognitive: stakeholders cannot meaningfully engage with processes they do not understand. By introducing legal design as a mechanism to enhance clarity, accessibility, and usability of legal information, the research **provides a concrete pathway for operationalising MSE in practice**.

This contribution operates at the level of implementation rather than legislative design. The thesis does not position legal design as a substitute for regulatory simplification, which remains primarily the responsibility of legislators and public bodies, particularly where complexity is avoidable through clearer regulatory architecture or drafting. Rather, it addresses how business actors, who are already the addressees of meaningful stakeholder engagement obligations under instruments such as Articles 5 and 13 of the CSDDD, can discharge these obligations in a manner that is genuinely accessible to stakeholders, rather than merely procedural. Legislative-level simplification and operational-level translation are thus treated as distinct, complementary responsibilities: the former resting with public bodies, the latter with the obligated business actor.

Third, the thesis advances stakeholder theory by integrating an influence-based perspective on engagement. Building on the empirical findings of Paper IV, it shows that engagement must be evaluated not only in terms of dialogue or interaction but in terms of power and decision-making authority. The **development of an influence-based typology of stakeholder engagement models** contributes to theory by linking engagement practices to governance structures and authority distribution, thereby bridging normative expectations of meaningful engagement with empirical organisational realities.

Finally, the thesis contributes to the emerging intersection of legal design and corporate sustainability by bridging previously disconnected fields. As identified in Paper I, there is a lack of research integrating stakeholder theory and legal design in ESG contexts. This thesis addresses that gap by demonstrating how legal design enhances both compliance and stakeholder engagement, offering a novel interdisciplinary framework for understanding regulatory governance in sustainability.

4.2 Practical Contributions

This thesis makes several practical contributions that are directly applicable to organisations, practitioners, policymakers, and regulators seeking to navigate regulatory complexity in corporate sustainability governance through legal design.

First, the thesis provides organisations with a practical entry point for integrating legal design into ESG compliance strategies. Paper I demonstrates how tools such as visual aids, design patterns, plain language, and participatory co-creation can transform complex ESG obligations into accessible and actionable information for diverse stakeholder groups. The paper proposes concrete managerial recommendations, including the development of infographics and flowcharts to present ESG requirements, the organisation of co-creation workshops with affected stakeholders, and the creation of interactive digital compliance tools. These recommendations give organisations a structured and implementable starting point for moving beyond tick-box compliance toward genuinely inclusive governance practices.

Second, Paper II translates this general case into a specific and applicable framework for businesses navigating the stakeholder engagement obligations of the CSDDD. By aligning legal design principles with the requirements of Article 13, it illustrates how techniques such as plain language, easy language, visual contracts, and participatory design sessions can foster inclusive participation, bridge communication gaps, and build trust between companies and affected communities. The evolution table developed in Paper II further gives practitioners a concrete roadmap showing how engagement can be transformed — from compliance-driven, one-way communication toward co-creative, rights-based dialogue — with legal design functioning as the enabling mechanism at each stage. This makes the framework directly usable by organisations designing or redesigning their stakeholder engagement processes under the CSDDD.

Third, Paper III extends the practical reach of legal design beyond the corporate sustainability domain into AI governance, demonstrating that the same human-centred design toolkit, plain language instructions, layered notices, visual disclosures, and consent mechanisms, applies with equal force to the EU AI Act's transparency and privacy obligations. For the thesis, this cross-domain application is significant not only as a standalone compliance guide for AI providers but as evidence of the practical transferability of legal design as a governance mechanism. The fact that the same principles that make CSDDD stakeholder engagement more meaningful also make AI Act compliance more accessible strengthens the central practical claim of the thesis: that legal design is not a context-specific communication technique but a governance approach with broad applicability across complex regulatory environments.

Finally, Paper IV contributes an empirically grounded diagnostic tool for organisations and policymakers. The influence-based typology of four stakeholder engagement models, centralised, decentralised, ecosystem-driven, and participatory, developed from analysis of Nordic large-cap technology firms gives practitioners a structured framework for assessing where their current engagement practices sit and what structural changes are needed to move toward more meaningful and participatory forms. For regulators, the finding that no company in the sample reaches the participatory model demonstrates the limits of disclosure-based sustainability governance and signals the need for frameworks that connect engagement obligations more explicitly to corporate decision-making authority. Taken together, the four papers thus offer practitioners and policymakers not only the conceptual tools, but the regulatory mapping and empirical grounding needed to put legal design into practice.

4.3 Limitations

This thesis has several limitations that should be acknowledged. First, three of the four publications are conceptual and normative in nature, relying on qualitative literature reviews and legal analysis without empirical validation of the proposed frameworks. While this approach is appropriate for an emerging and interdisciplinary field where theoretical groundwork must precede empirical testing, it means that the practical effectiveness of the legal design frameworks proposed in Papers I, II, and III remains to be demonstrated through real-world application and empirical measurement.

Second, the empirical paper (Paper IV) is based exclusively on self-reported corporate sustainability disclosures and does not capture informal engagement practices, internal decision-making dynamics, or the perspectives of the stakeholders themselves. Companies may practice in meaningful stakeholder engagement that is not reflected in their public disclosures, or conversely, may disclose engagement activities that do not translate into genuine stakeholder influence in practice. The findings of Paper IV therefore represent how companies communicate their engagement practices rather than how those practices function in reality.

Third, the empirical scope of Paper IV is limited to large-cap technology firms listed on the Nasdaq Nordic Stock Exchange, which constrains the generalisability of the typology to other sectors, firm sizes, and regulatory environments. Technology firms operating in advanced regulatory environments with extensive disclosure obligations may not be representative of corporate stakeholder engagement practices more broadly.

Fourth, the thesis focuses primarily on the European regulatory context, drawing on EU instruments including the CSDDD, the CSRD, and the AI Act. While the legal design principles developed are intended to be transferable across jurisdictions, their application in non-European regulatory environments has not been examined.

Fifth, all four publications and the literature reviewed in this thesis are written in English, and the literature search was conducted exclusively in English-language databases. This linguistic scope may have resulted in the exclusion of relevant scholarship published in other languages. The findings and frameworks proposed in this thesis should therefore be understood as reflecting an English-language scholarly perspective, and future research should seek to incorporate non-English sources to broaden the evidence base.

Finally, a further limitation concerns the risks associated with business actors' agency in applying legal design tools. This thesis focuses on the potential of legal design to enhance the clarity, accessibility, and usability of legal information for stakeholders, but does not systematically examine the risk that business-led legal design initiatives, in the absence of external accountability mechanisms, may reproduce or exacerbate existing information asymmetries and power imbalances rather than resolve them. This risk may be particularly acute where stakeholders' capacity to engage meaningfully, shaped by their scientific, professional, or practical experience, is itself limited, such that improved accessibility of legal information does not translate into substantively greater influence over corporate decision-making. Addressing this risk may require mechanisms beyond legal design itself, such as independent oversight or participatory design processes through which stakeholders retain some influence over the design of the tools used to engage them.

These limitations do not undermine the thesis's central claims, but they define their boundary conditions: the frameworks are conceptually grounded but empirically untested, the empirical evidence is sectorally and geographically specific, and the mechanism proposed is enabling rather than self-enforcing. Each limitation identifies, in mirror image, a direction for the research agenda that follows.

4.4 Research Agenda

The limitations identified above translate directly into a research agenda. Seven directions follow, ordered from the most immediate, testing what this thesis proposes to the most fundamental, restructuring what it critiques. Where a direction responds to a specific limitation in Section 4.3, this is indicated. future research should seek to incorporate non-English sources to broaden the evidence base.

First, empirical validation of the legal design frameworks developed in Papers I, II, and III (responding to the first limitation). All three are conceptual, and their practical effectiveness remains to be tested. Studies assessing how plain-language policies, visual disclosures, and participatory design sessions affect understanding, compliance, and engagement outcomes in real organisational contexts would significantly strengthen the evidence base for legal design as a governance mechanism. Such research should also examine the conditions under which legal design interventions are most effective, including firm size, sector, regulatory environment, and the characteristics of the stakeholder groups involved.

Second, testing the approach beyond corporate sustainability governance. Because meaningful stakeholder engagement, as a normative concept, is not dependent on field or sector, and legal design in this thesis functions as the operational mechanism enabling MSE in practice, the same approach should, in principle, be applicable wherever regulatory obligations require meaningful engagement with affected parties, including privacy and data protection, financial consumer protection, and labour and safety regulation in supply chains. This thesis tests the approach within corporate sustainability governance and, through Paper III, illustrates its transferability to AI governance; systematic empirical testing across other domains remains an important direction. Extending this testing to non-European regulatory environments, and drawing on non-English scholarship, would additionally address the jurisdictional and linguistic boundaries of the present research (responding to the fourth and fifth limitations).

Third, extending the empirical scope of Paper IV (responding to the third limitation). Comparative research across sectors such as finance, extractives, and manufacturing would test whether the engagement hierarchy identified among Nordic technology firms reflects a sector-specific pattern or a more general feature of corporate sustainability governance. Longitudinal research is needed to assess whether regulatory developments, including the CSDDD's implementation at national level and the ongoing adjustments introduced by the Sustainability Omnibus, lead to observable shifts toward more participatory engagement models over time, and whether legal design interventions accelerate or shape that process.

Fourth, incorporating the perspectives of stakeholders themselves (responding to the second limitation). Future research should examine how affected communities, workers, and civil society organisations experience and evaluate engagement processes, and how legal design tools affect those experiences. This would connect the governance-oriented understanding of meaningfulness developed in this thesis with the experiential and normative dimensions that corporate disclosures alone cannot capture. Methodologically, this points toward combining document analysis with interviews, case studies, and participatory observation.

Fifth, synthesising the findings into a single practical model. A valuable direction would be to integrate the four papers into one roadmap for companies and policymakers, combining the engagement typology developed in Paper IV, the evolution pathway proposed in Paper II, and the complexity-intervention mapping in Table 2. Developing such a model responsibly would require resolving how frameworks developed for distinct regulatory contexts (CSDDD, AI Act) and a single empirical setting (Nordic technology firms) relate to one another, which constitutes a substantial contribution in its own right and falls outside the scope of the present thesis.

Sixth, the private law and access-to-justice dimensions of meaningful stakeholder engagement. These include questions of enforceability, the contractualisation of due diligence obligations, the remedies available to stakeholders where engagement processes are deficient or misleading, and the legal consequences of inadequate consultation. As this thesis is concerned with the conditions under which stakeholder engagement becomes meaningful, rather than with the legal consequences that should follow when it does not, these doctrinal private law questions represent a natural and valuable extension of the present findings.

Seventh, and most fundamentally, operationalising the participatory co-governance model (responding to the sixth limitation and to the boundary condition identified in Section 3.5). The most significant frontier this thesis opens is the question of how legal design and organisational design principles can together be used to operationalise the model that exists only as a normative benchmark in current practice. Creating enforceable channels through which stakeholder perspectives genuinely shape corporate decision-making requires not only making legal information more accessible but restructuring governance itself. Because this direction addresses the structural rather than the informational side of the influence gap, it is also the natural home for the accountability concern raised in the sixth limitation: participatory design processes through which stakeholders retain influence over the design of the engagement tools themselves. How that restructuring can be achieved, and what role legal design can play in it, is the question that the overarching research question of this thesis ultimately points toward.

What legal design and meaningful stakeholder engagement can realistically achieve is likely to vary across sectors, regulatory contexts, and organisational settings rather than admitting a general answer; establishing this requires systematic empirical testing beyond the conceptual and exploratory scope of the present thesis. This agenda in particular its first, third, and fourth items, is one the author intends to pursue following the completion of this thesis.

Conclusion

This thesis set out to answer one overarching question: how does legal design address regulatory complexity and enable meaningful stakeholder engagement in corporate sustainability governance? The answer this thesis offers, built cumulatively across four publications (with Paper IV being under review), is that legal design functions as a governance mechanism that transforms the structural conditions under which stakeholder engagement occurs, not by simplifying law for its own sake, but by making legal obligations accessible enough for stakeholders to understand what they are engaging about, and actionable enough for organisations to embed participation into their compliance processes rather than treating it as a reporting afterthought.

Regulatory complexity, as this thesis demonstrates, is not merely a technical inconvenience. It is a governance problem with direct consequences for stakeholder participation: when legal frameworks are inaccessible, fragmented, or written in technical language that excludes non-experts, the stakeholders most affected by corporate decisions are structurally prevented from engaging meaningfully with those decisions. This is the problem that connects all four papers and gives the thesis its coherence. Paper I establishes that this problem exists in ESG compliance and that legal design can address it by making ESG obligations understandable and actionable for both organisations and their stakeholders. Paper II deepens this argument by developing a concrete framework for operationalising meaningful stakeholder engagement under the CSDDD, showing that the abstract requirements can be translated into inclusive, trust-building engagement processes through legal design. Paper III extends the argument to AI governance, demonstrating that the same structural barrier, information asymmetry between complex legal and technical systems and the people they govern, exists in the context of the EU AI Act, and that legal design addresses it there too, which strengthens confidence in legal design as a governance mechanism that travels across regulatory domains rather than being specific to any single context. Paper IV (under review) then closes the argument empirically: by analysing stakeholder engagement practices among Nordic large-cap technology firms, it shows that the governance gap legal design is proposed to close is not a theoretical construct but an observable reality. Engagement in these firms is predominantly consultative and compliance-oriented, and the participatory co-governance model, the normative benchmark against which meaningful engagement is measured, is entirely absent in practice.

Together, these four findings provide a comprehensive answer to the overarching research question. Legal design addresses regulatory complexity by embedding human-centred design principles into legal systems, documents, and processes, reducing the information asymmetries and participation barriers that complexity generates. It enables meaningful stakeholder engagement by creating the conditions under which stakeholders can access, understand, and act on the legal information they need to participate genuinely in corporate governance. And it does so not as a communication technique applied after regulatory decisions have been made, but as a governance mechanism that must be embedded from the design phase, in the development of AI systems, in the structuring of due diligence processes, in the drafting of ESG disclosure frameworks, and in the design of the engagement processes themselves.

Three broader conclusions follow from this answer. First, meaningful stakeholder engagement cannot be achieved through regulatory obligation alone. The persistent absence of participatory models in corporate practice, despite the sophistication of normative frameworks such as the UNGPs, the OECD Guidelines, the CSDDD, and the CSRD, demonstrates that requiring engagement is not the same as enabling it. Legal design is the missing operational layer between regulatory obligation and genuine participation. By "operational layer," the following is meant: the concrete practices, tools, and processes, plain language drafting, visual aids, participatory design sessions, and consent-design mechanisms, through which a regulatory obligation is translated into a process that stakeholders can engage with. Regulatory text specifies that engagement must be meaningful; it does not specify how. Legal design operates at precisely this gap, supplying the practical means by which organisations convert what the law requires into what stakeholders can do. Second, regulatory complexity must be understood as a governance problem rather than a legislative inevitability. Complexity can be actively managed through design-oriented approaches, and doing so is not a secondary concern but a condition for the democratic legitimacy of sustainability governance. Third, the technology sector presents a particularly acute version of the engagement problem the thesis identifies: its stakeholders are dispersed, its systems are technically opaque, and its innovation cycles are too fast for traditional consultation mechanisms to keep pace. Legal design, precisely because it is adaptive, iterative, and human-centred, is well-positioned to address these challenges.

These conclusions are offered with the boundaries established in this thesis in view: the frameworks developed here are conceptually grounded and empirically anchored, but their effectiveness in practice remains to be tested, and legal design enables meaningful engagement without guaranteeing it. The research agenda set out in Section 4.4 charts how these conclusions can be tested, extended, and built upon, from empirical validation of the proposed frameworks to the operationalisation of participatory co-governance itself. What this thesis establishes is the foundation on which that work can proceed: regulatory complexity is a governance problem, and it is a designable one.

List of Tables

References

Arif, M., Gan, C., & Bataineh, H. A. (2024). Global evidence on the association between environmental, social, and governance disclosures and future earnings risk. *Business Strategy and the Environment*, *33*(3), 2497-2517.

Awa, H. O., Etim, W., & Ogbonda, E. (2024). Stakeholders, stakeholder theory and corporate social responsibility (CSR). *International Journal of Corporate Social Responsibility*, *9*(1), 11.

Beukert, M. (2022). Utilizing benchmarking for compliance to the ESG: an exploratory study (Master's thesis, University of Twente).

Bridoux, F., & Stoelhorst, J. W. (2022). Stakeholder theory, strategy, and organization: Past, present, and future. *Strategic Organization*, *20*(4), 797-809.

Buttinger, L. (2023). Diversity, equity and inclusion: Strategies for success. Journal of Securities Operations & Custody, 15(3), 205-217.

Buhmann, K., Fonseca, A., Andrews, N., & Amatulli, G. (2024a). Meaningful stakeholder engagement: The concept, practice and governance. In J. Smith, R. Lee, & P. Taylor (Eds.), *The Routledge handbook on meaningful stakeholder engagement* (pp. 3–39). Routledge.

Buhmann, K., Fonseca, A., Andrews, N., & Amatulli, G. (2024b). The future of meaningful stakeholder engagement: Integrating values, norms and practices. In The Routledge Handbook on Meaningful Stakeholder Engagement (pp. 435-447). Routledge.

Chung, S., & Kim, J. (2023). Systematic literature review of legal design: Concepts, processes, and methods. *The Design Journal*, *26*(3), 399-416.

Civera, C., Cortese, D., Dmytriyev, S., & Freeman, R. E. (2025). Letters to stakeholders: An emerging phenomenon of multi-stakeholder engagement. *Business Ethics, the Environment & Responsibility*, *34*(1), 246-259.

Colliard, J. E., & Georg, C. P. (2023). Measuring regulatory complexity. HEC Paris Research Paper No. FIN-2020-1358.

Davis, S. J. (2017). Regulatory complexity and policy uncertainty: headwinds of our own making. Becker Friedman Institute for Research in economics working paper, (2723980).

De Lucio, J., & Mora-Sanguinetti, J. S. (2022). Drafting “better regulation”: The economic cost of regulatory complexity. *Journal of Policy Modeling*, *44*(1), 163-183.

de Souza, S. P. (2021). Communicating the law: Thinking through design, visuals and presentation of legal content. *Technology, Innovation and Access to Justice: Dialogues on the Future of Law*, 180-91.

Draghi, M. (2024). *The future of European competitiveness: A competitiveness strategy for Europe*. European Commission. Accessed 30 March 2026. https://commission.europa.eu/document/97e481fd-2dc3-412d-be4c-f152a8232961_en

Directive (EU) 2022/2464 of The European Parliament and of the Council of 14 December 2022 Amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU as regards Corporate Sustainability Reporting. European Union. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022L2464

Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. European Union. https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024L1760

Faanu, P., Gyan, A., & Andrews, N. (2026). Meaningful stakeholder engagement as a tool for accountability in the mineral industry. The Extractive Industries and Society, 27, 101902.
Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
Freeman, R. E., & Dmytriyev, S. (2017). Corporate social responsibility and stakeholder theory: Learning from each other. Symphonya. Emerging Issues in Management, (1), 7-15.
Freeman, R. E., Harrison, J. S., & Zyglidopoulos, S. (2018). Stakeholder theory: Concepts and strategies. Cambridge University Press.
Freeman, R. E., & Menghwar, P. S. (2024). Stakeholder theory and communities: Navigating processes of meaningful engagement with marginalized communities. In The Routledge handbook on meaningful stakeholder engagement (pp. 43-55). Routledge.
Foarta, D., & Morelli, M. (2022). The common determinants of legislative and regulatory complexity. BAFFI CAREFIN Centre Research Paper, (2022-185).
Ghashim, M., Litvishko, O., & Pronchenko, E. (2023). Environmental law: Discourse complexity indices. In E3S Web of Conferences (Vol. 460, p. 05038). EDP Sciences.
Goethals, S., Koning, J., & Noortmann, M. (2025). Business and Human Rights as Sensemaking: A Multi-Level Framework for Organizational Translation. *Business & Society*, *64*(8), 1599-1640.
Hagan, M. (n.d.). *Law By Design*. Accessed 30 March 2026. https://lawbydesign.co
Hagan, M. (2020). Legal design as a thing: A theory of change and a set of methods to craft a human-centered legal system. Design Issues, 36(3), 3-15.
Haapio, H. (2014). Lawyers as designers, engineers and innovators: Better legal documents through information design and visualization. In Transparency. Proceedings of the 17th International Legal Informatics Symposium IRIS (pp. 451-458).
Haapio, H., Barton, T. D., & Compagnucci, M. C. (2021). Legal design for the common good: proactive legal care by design. In *Legal design* (pp. 56-81). Edward Elgar Publishing.
Heyes, A. G. (2003). Expert advice and regulatory complexity. Journal of Regulatory Economics, 24(2), 119-133.
Houh, E., & Kalsem, K. (2013). It's critical: Legal participatory action research. Mich. J. Race & L., 19, 287.
Kang, M. (2025). A Social Law Approach to Business and Human Rights: Reconceptualizing Stakeholder Engagement (Doctoral dissertation, 서울대학교 대학원).
Khatter, A. (2023). Strategic management and stakeholder engagement: A case for environmental sustainability. In *Post-COVID Tourism-Tendencies and Management Approaches*. IntechOpen.
Kujala, J., Sachs, S., Leinonen, H., Heikkinen, A., & Laude, D. (2022). Stakeholder engagement: Past, present, and future. Business & Society, 61(5), 1136–1196. https://doi.org/10.1177/00076503211066595
Legal Design Alliance (n.d.). *Legal Design Alliance*. Accessed 30 March 2026. https://www.legaldesignalliance.org/

Lippe, P., Katz, D. M., & Jackson, D. (2014). Legal by design: a new paradigm for handling complexity in banking regulation and elsewhere in law. Or. L. Rev., 93, 833.

Mahajan, R., Lim, W. M., Sareen, M., Kumar, S., & Panwar, R. (2023). Stakeholder theory. *Journal of Business Research*, *166*, 114104.

Martínez, J., Piersol, C. V., Lucas, K., & Leland, N. E. (2022). Operationalizing stakeholder engagement through the stakeholder-centric engagement charter (SCEC). Journal of General Internal Medicine, 37(Suppl 1), 105-108.

Metin, E. (Forthcoming). Regulatory Complexity. In H. Haapio, A. Ketola & N. Toivonen (Eds.), Edward Elgar Concise Encyclopaedia of Legal Design.

Metin, E., & Haapio, H. (2025, May 13). *Breaking the complexity curse: The legal design revolution* [Conference handout]. Legal Design & Code Lab, University of Lausanne, and Digital Law Center, University of Geneva. https://digitallawcenter.ch/sites/default/files/inline-files/ebru-metin-and-helena-haapio-breaking-the-complexity-curse-13-may-2025-handout_1.pdf

Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy of management review, 22(4), 853-886.

Mora-Sanguinetti, J. S., & Pérez-Valls, R. (2021). How does regulatory complexity affect business demography? Evidence from Spain. European Journal of Law and Economics, 51, 203-242.

Moussa, A. S., & Elmarzouky, M. (2024). Beyond compliance: How ESG reporting influences the cost of capital in UK firms. *Journal of Risk and Financial Management, 17*(8), 326.

Mussehl, M. L., Horne, A. C., Webb, J. A., & Poff, N. L. (2022). Purposeful stakeholder engagement for improved environmental flow outcomes. Frontiers in Environmental Science, 9, 749864.

Perry-Kessaris, A. (2019). Legal design for practice, activism, policy, and research. *Journal of Law and Society*, *46*(2), 185-210.

Regulation (EU) 2024/1689 of the European Parliament and of the Council of 13 June 2024 laying down harmonised rules on artificial intelligence and amending Regulations (EC) No 300/2008, (EU) No 167/2013, (EU) No 168/2013, (EU) 2018/858, (EU) 2018/1139 and (EU) 2019/2144 and Directives 2014/90/EU, (EU) 2016/797 and (EU) 2020/1828 (Artificial Intelligence Act). (2024). https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32024R1689

Salo-Lahti, M., Ranta, M., & Haapio, H. (2023). AI tools for sustainability – Actionable information for both humans and machines. In E. Schweighofer, J. Zanol, & S. Eder (Eds.), *Legal Informatics as Science of Legal Methods. Proceedings of the 26th International Legal Informatics Symposium IRIS 2023* (pp. 199–209). Bern, Switzerland: Editions Weblaw.

Saloranta, J., & Hurmerinta-Haanpää, A. (2022). Proactive contract theory in the context of corporate sustainability due diligence. *Journal of Strategic Contracting and Negotiation*, *6*(3-4), 221-236.

Singhania, M., & Gupta, D. Impact of Environmental, Social and Governance (ESG) disclosure on firm risk: A meta-analytical review. Corporate Social Responsibility and Environmental Management.

Smuha, N. A. (2021). From a 'race to AI'to a 'race to AI regulation': regulatory competition for artificial intelligence. Law, Innovation and Technology, 13(1), 57-84.

Talan, G., Sharma, G. D., Pereira, V., & Muschert, G. W. (2024). From ESG to holistic value addition: Rethinking sustainable investment from the lens of stakeholder theory. International Review of Economics and Finance, 96, 103530. https://doi.org/10.1016/j.iref.2024.103530

Toivonen, N., & de Francisco Vela, S. (2024). Exploring the dimensions of participation in legal design. *Design (s) for law. Milan: Ledizioni*, 253-282.

Verbeke, A., & Tung, V. (2013). The future of stakeholder management theory: A temporal perspective. *Journal of business ethics*, *112*(3), 529-543.

Velte, P. (2026). Sustainability reporting regulations at the crossroads. A critical note on the EU Omnibus. *Critical Perspectives on International Business*, 1-23.

Vivo, P., Katz, D. M., & Ruhl, J. B. (2024). A complexity science approach to law and governance. Philosophical Transactions of the Royal Society A, 382(2270), 20230166.

Wai-Khuen, W., Boon-Heng, T., & Siow-Hooi, T. (2023). The influence of external stakeholders on environmental, social, and governance (ESG) reporting: Toward a conceptual framework for ESG disclosure. *Foresight and STI Governance (Foresight-Russia till No. 3/2015)*, *17*(2), 9-20.

Acknowledgements

This thesis would not exist without the people who guided, challenged, and sustained me along the way.

My deepest gratitude goes to my supervisors. Professor Mari-Klara Stein became more than a supervisor over the course of this journey. She became a role model, for her integrity, her wisdom, and a clarity of mind that I can only aspire to. I can only hope that one day I can guide my students as wonderful as her.

Dr. Archil Chochia stepped in at one of the most difficult moments of this journey, and his uplifting spirit, grit, and steady guidance lifted me with him. I am forever grateful. In the hardest chapter, he showed us what it looks like to lead with strength, warmth, and grace, and none of us who were there will forget it.

And Professor Helena Haapio, she has been there from the very beginning, long before this thesis had a shape, when I was still in Turkey discovering legal design from afar and wondering if I was brave enough to follow it. She has been my north star. She never let me lose hope, and her belief in this work, and in me, carried me further than she will ever fully know.

I would also like to acknowledge my previous supervisor, late Professor Tanel Kerikmäe whose loss left a hole in all of us who had the privilege of knowing him. Thank you for bringing wonderful people into my life, for always ending a phone call with a joke to make us laugh, and for being open to the hardest conversations. I know you are watching us from the stars. May you rest in peace.

I am grateful to my co-author Dr. Basak Ozan Ozparlak for the intellectual companionship, trust, and generosity that shaped Paper III. Working together was a joy.

My sincere thanks also go to the Department of Business Administration and the Department of Law at Tallinn University of Technology, for the academic home, the collegial warmth, and the many conversations that quietly made this research better.

I would kindly like to thank to Dr Jessica Lawrence from the University of Essex for her mentorship through the IEL Collective Mentoring Scheme, whose guidance, encouragement, and generosity of time meant a great deal to me throughout this journey.

And then there is my family, who are the foundation of everything. My mother, her belief in me has never wavered, not once, not for a single moment. Her existence is my ultimate source of strength, and every step I take toward my dreams is taken with her.

My father, who showed me through his every action that education is the greatest investment a person can make. I will be grateful to him for the rest of my life.

And my brother Mert, one of the greatest sources of joy I have in this world. He supported this journey the way only Mert could: with an endless stream of Instagram reels at precisely the right moments. I cannot wait for our future adventures.

I am grateful to all my friends who walked alongside me through this, you know who you are. But Eren deserves her own sentence. Our Sunday evening conversations, making sense of the week gone by, I counted on them more than I ever said. She never once made me feel alone in this journey.

Mustafa Kemal Atatürk wrote that science is the truest guide in life. This thesis is my attempt to follow that guide, toward law that people can actually understand, governance that includes rather than excludes, and research that makes complexity a little less destined.

Abstract

From Complexity to Clarity: Legal Design in Corporate Sustainability Governance

Regulatory complexity is not a side effect of modern sustainability governance, it is its central problem. When legal frameworks are inaccessible, organisations struggle to comply and stakeholders struggle to participate. This thesis argues that these failures share a common cause and have a common solution: legal design, the application of human-centred design principles to law, addresses both simultaneously by transforming legal obligation into something people can actually understand and act on.

The overarching research question is: how does legal design address regulatory complexity and enable meaningful stakeholder engagement in corporate sustainability governance? Four publications answer this cumulatively. Paper I establishes the theoretical foundation, placing legal design within stakeholder theory and demonstrating that it enhances compliance by making regulatory obligations accessible and actionable. Paper II develops a practical framework for operationalising meaningful stakeholder engagement under the CSDDD, showing how plain language, visual aids, and participatory design translate abstract requirements into inclusive corporate practice. Paper III extends the argument to AI governance, demonstrating that the same structural barrier, information asymmetry between complex legal systems and those they govern, operates under the EU AI Act, and that legal design resolves it there too, establishing its applicability as a cross-domain governance mechanism. Paper IV *(under review)* closes the argument empirically. Through document analysis of 2024 sustainability disclosures of large-cap technology firms on the Nasdaq Nordic Stock Exchange, it develops an original typology of four stakeholder engagement models (centralised, decentralised, ecosystem-driven, and participatory) ordered by degree of stakeholder influence. The key finding is sharp: the participatory model, the normative benchmark for meaningful engagement across international standards, is entirely absent in practice, confirming that the gap legal design is proposed to close is not theoretical but structural and observable.

The thesis makes three contributions. Theoretically, it repositions legal design as a governance mechanism that operationalises meaningful stakeholder engagement, bridging legal scholarship, business administration, and business and human rights. Practically, it equips organisations and policymakers with frameworks and tools for embedding legal design into ESG compliance, human rights due diligence, and AI governance. Empirically, it delivers an influence-based typology of stakeholder engagement models in the technology sector. Together, they make the thesis's central claim: complexity is not destiny, and legal design is the operational layer between regulatory obligation and genuine participation that corporate sustainability governance has been missing.

Lühikokkuvõte

Keerukusest selguseni: õigusdisain ettevõtte jätkusuutlikkuse juhtimises

Regulatiivne keerukus ei ole kaasaegse jätkusuutlikkuse juhtimise kõrvalnäht, see on selle keskne probleem. Kui õigusraamistikud on raskesti ligipääsetavad, on organisatsioonidel raske nõuetele vastata ja sidusrühmadel raske osaleda. Käesolev doktoritöö väidab, et neil ebaõnnestumistel on ühine põhjus ja neil on ühine lahendus: õigusdisain, inimkeskse disaini põhimõtete rakendamine õiguse valdkonnas, käsitleb mõlemat samaaegselt, muutes õiguslikud kohustused millekski, mida inimesed suudavad tegelikult mõista ja mille alusel tegutseda.

Töö keskne uurimisküsimus on: kuidas käsitleb õigusdisain regulatiivset keerukust ja võimaldab sisukat sidusrühmade kaasamist ettevõtete jätkusuutlikkuse juhtimises? Neli publikatsiooni vastavad sellele kumulatiivselt. Artikkel I loob teoreetilise aluse, paigutades õigusdisaini sidusrühmateooria konteksti ning näidates, et see parandab vastavust, muutes regulatiivsed kohustused ligipääsetavaks ja rakendatavaks. Artikkel II arendab praktilise raamistiku sisuka sidusrühmade kaasamise operatsionaliseerimiseks CSDDD raames, näidates, kuidas lihtne keel, visuaalsed abivahendid ja osaluslik disain tõlgivad abstraktsed nõuded kaasavaks ettevõttepraktikaks. Artikkel III laiendab argumenti tehisintellekti juhtimise valdkonda, näidates, et sama struktuurne takistus, informatsiooni asümmeetria keerukate õigussüsteemide ja nende poolt mõjutatud isikute vahel, toimib ka ELi tehisintellekti määruse kontekstis, ning et õigusdisain lahendab selle ka seal, kinnitades selle kohaldatavust valdkonnaülese juhtimismehhanismina. Artikkel IV (retsenseerimisel) sulgeb argumendi empiiriliselt. Nasdaq Nordicul noteeritud suurettevõtete 2024. aasta jätkusuutlikkuse aruannete dokumendianalüüsi kaudu arendab see välja originaalse nelja sidusrühmade kaasamismudeli tüpoloogia (tsentraliseeritud, detsentraliseeritud, ökosüsteemipõhine ja osaluslik), mis on järjestatud sidusrühmade mõju astme järgi. Põhijäreldus on terav: osaluslik mudel, sisuka kaasamise normatiivne mõõdupuu rahvusvahelistes standardites, puudub praktikas täielikult, kinnitades, et lõhe, mida õigusdisain püüab ületada, ei ole teoreetiline, vaid struktuurne ja jälgitav.

Doktoritöö annab kolm panust. Teoreetiliselt positsioneerib see õigusdisaini ümber juhtimismehhanismina, mis operatsionaliseerib sisukat sidusrühmade kaasamist, ühendades õigusteaduse, ärijuhtimise ning äritegevuse ja inimõiguste valdkonnad. Praktiliselt varustab see organisatsioone ja poliitikakujundajaid raamistike ja vahenditega õigusdisaini integreerimiseks ESG-vastavusse, inimõiguste hoolsuskohustusse ja tehisintellekti juhtimisse. Empiiriliselt pakub see mõjupõhist sidusrühmade kaasamise mudelite tüpoloogiat tehnoloogiasektoris. Koos kinnitavad need töö keskset väidet: keerukus ei ole paratamatus ning õigusdisain on see tegevuskiht regulatiivse kohustuse ja tegeliku osalemise vahel, mis on ettevõtete jätkusuutlikkuse juhtimises seni puudunud.

Appendix

Publication I

Metin, E. (2024). Legal design: A catalyst for Environmental Social and Governance (ESG) and sustainable business practices. *Scientific Papers of the University of Pardubice, Series D: Faculty of Economics and Administration*, *32*(2), 1-10. doi:10.46585/sp32022106

Metin, Ebru

Article

Legal design: A catalyst for Environmental Social and Governance (ESG) and sustainable business practices

Scientific Papers of the University of Pardubice, Series D: Faculty of Economics and Administration

Provided in Cooperation with:
Faculty of Economics and Administration, University of Pardubice

Suggested Citation: Metin, Ebru (2024) : Legal design: A catalyst for Environmental Social and Governance (ESG) and sustainable business practices, Scientific Papers of the University of Pardubice, Series D: Faculty of Economics and Administration, ISSN 1804-8048, University of Pardubice, Pardubice, Vol. 32, Iss. 2, pp. 1-10,
https://doi.org/10.46585/sp32022106

This Version is available at:
https://hdl.handle.net/10419/334833

Review

Legal Design: A Catalyst for Environmental Social and Governance and Sustainable Business Practices

Scientific Papers of the University of Pardubice, Series D: Faculty of Economics and Administration
2024, 32(2), 2106.

DOI: 10.46585/sp32022106
editorial.upce.cz/SciPap

Ebru Metin

Tallinn University of Technology, Department of Business Administration, School of Business and Governance, Estonia

Abstract

This paper examines how the application of Stakeholder Theory and legal design can enhance corporate compliance with regulatory requirements, particularly within Environmental, Social, and Governance (ESG) frameworks. By utilizing visual aids, design patterns, plain language, and human-centered design principles, legal design transforms complex legal information into accessible and actionable information, fostering better understanding and decision-making among stakeholders. This approach not only improves regulatory compliance but also aligns with ethical standards and social responsibilities, which enhances stakeholder trust and engagement. Furthermore, the integration of legal design into corporate compliance strategies supports long-term sustainability and digital transformation, contributing to the creation of value for all stakeholders.

Keywords

Legal Design, ESG, Regulatory Compliance, Digital Transformation, Stakeholder Theory, Sustainability

JEL Classification

K32, M14, D21, Q01, L21, O32

Introduction

In recent years, there has been a growing emphasis on the role of Environmental, Social, and Governance (ESG) frameworks in shaping corporate behaviour and ensuring sustainable business practices (Arif et al., 2024; Li et al., 2024; Asif et al., 2023; Chen et al., 2024). These frameworks guide companies in meeting their ethical, environmental, and social responsibilities, thereby aligning their operations with broader societal goals such as those outlined in the Sustainable Development Goals (SDGs) (Ricart & Rey, 2022). However, compliance with ESG regulations, presents significant challenges for corporations while “policy and regulation” being “external drivers” and “macro-level policies and legislation” being “enablers” for sustainable practices (Küttim et al., 2024). Complex legal requirements, varying stakeholder expectations, and the need for transparent governance (Forcadell et al., 2023) create a multifaceted landscape that businesses must navigate to achieve and maintain regulatory compliance (Li et al., 2024; Wai-Khuen et al., 2023). Earlier studies on sustainable and circular practices have highlighted a range of internal and external factors driving organizations, including regulatory policies (Küttim et al., 2024; Hina et al., 2022; Geissdoerfer et al., 2023). In addition to these, regulatory complexity not only create administrative burden on companies but also distracts them from innovation (European Commission, 2024).

ESG frameworks have become increasingly important as companies face strong pressure from stakeholders—including investors, customers, and regulators—to adopt sustainable and responsible practices. Compliance with these frameworks is critical for achieving sustainable governance, as it ensures that companies are held accountable for their impact on the environment, society, and economy. By adhering to ESG standards, companies can mitigate risks, improve operational efficiency, and enhance their long-term viability (Arif et al., 2024; Chen et al., 2024). However, the social dimension of ESG, which includes issues such as labour practices, community engagement, and human rights, often presents unique compliance challenges due to its qualitative nature and the diverse expectations of stakeholders (Garrido-Ruso et al., 2024). However, it is also considered as one of the eight ways leading sustainable corporate growth by Philip and Milton Kotler (2013), whereby socially responsible business practices include implementing changes all levels from employment policy to attention to local and global environment and communication with public (Čech et al., 2019).

Despite the growing emphasis on ESG frameworks, many corporations struggle with regulatory compliance. Traditional approaches to compliance often rely on complex legal texts and formalistic procedures, which can be difficult for non-experts to understand and follow. Additionally, the diverse expectations of stakeholders and the

Corresponding author:
Ebru Metin, Akadeemia tee 3, 12618 Tallinn, Estonia
Email: ebru.metin@taltech.ee

need for transparent governance (Forcadell et al., 2023) further complicate compliance efforts. There is a need for innovative approaches that can simplify legal requirements, enhance stakeholder engagement, and promote ethical governance.

For example, in the SATO Corporation case, legal design was used by Castren & Snellman, an international law firm, to transform the company's Code of Ethics into a more user-friendly document. By incorporating visual aids, plain language, and interactive elements, SATO made its ethical guidelines more accessible to employees, increasing compliance and reducing the risk of misunderstandings. This case illustrates how legal design can simplify legal frameworks while ensuring that ethical standards are upheld across the organization (Castren & Snellman, n.d.).

In addition to these, digital transformation enhances legal design by leveraging speculative and proactive approaches. These approaches, applied to digital platforms, enable organizations to anticipate regulatory changes and adapt their ESG strategies. This foresight, powered by digital tools, ensures that legal frameworks are continuously aligned with evolving stakeholder expectations and regulatory landscapes (Ducato et al., 2024)

This paper explores how the integration of Stakeholder Theory and legal design can enhance corporate compliance with ESG frameworks to promote sustainable business practices. By combining the principles of Stakeholder Theory, which emphasizes the importance of engaging with diverse groups affected by corporate activities, with the innovative practices of legal design, which seek to make legal information more accessible and user-friendly, this paper proposes a novel approach to improving ESG compliance and fostering sustainable governance.

The paper is organized as follows: It begins with a literature review of Stakeholder Theory, Legal Design and their intersection with ESG. Next, the paper presents the methodology and results that integrates these theories to propose a new model for enhancing corporate compliance. Finally, the paper continues with a discussion and conclusion with managerial and policy recommendations and suggestions for future research.

Literature Review

The integration of ESG principles and stakeholder engagement strategies has been widely discussed in the literature (Arif et al., 2024; Garrido-Ruso et al., 2024). Recent research emphasizes the role of transparency and legal design in making ESG frameworks more accessible and actionable for stakeholders (Osiejewicz et al., 2023; Hagan, 2020). It has also been observed that incorporating stakeholder perspectives through participatory approaches improves ESG compliance and fosters trust (Salo-Lahti et al., 2024; Koulu & Pohle, 2024). Moreover, advancements in digital tools such as blockchain and AI have further enabled organizations to streamline ESG reporting and align with sustainability goals (Varriale et al., 2024; Ducato et al., 2024). While these developments are promising, challenges remain in ensuring inclusivity and clarity in ESG strategies, particularly for diverse stakeholder groups (Legal Design Alliance, n.d.; Doherty, 2020). Future research must focus on empirical validation of these approaches and explore how digital transformation can enhance stakeholder engagement and compliance outcomes across different industries.

Overview of Stakeholder Theory

Stakeholder Theory, first proposed by Edward Freeman in 1984, posits that businesses should consider the interests of all parties affected by their operations, not just shareholders (Freeman et al., 2018). This theory has gained traction in the context of corporate governance as organizations recognize the importance of balancing economic, social, and environmental responsibilities to achieve sustainable development (Arif et al., 2024; Freeman et al., 2018). By integrating stakeholder interests into decision-making processes as an extension of the Stakeholder Theory, companies can build trust, foster loyalty, and enhance their reputation, which is crucial for long-term success (Freeman et al., 2018; Mitchell et al; 1997).

In the context of ESG frameworks, Stakeholder Theory emphasizes the need for companies to engage actively with stakeholders, including investors, employees, customers, suppliers, communities, and regulators, to address social and environmental concerns. Effective stakeholder engagement requires transparent communication, inclusive decision-making, and a commitment to ethical practices, all of which contribute to enhanced corporate governance and compliance (Wai-Khuen et al., 2023).

One concrete example is the stakeholder engagement requirement that is brought by the European Union with Corporate Sustainability Due Diligence Directive (CSDDD) where a corporate due diligence duty for large companies is set out. According to this directive, large companies must establish a structured and transparent approach that ensures meaningful participation throughout the due diligence process. This Directive (EU) 2024/1760 involves providing stakeholders with comprehensive, relevant, and accessible information to facilitate consultations while allowing them to request additional information when necessary. Companies must integrate stakeholder engagement at critical stages, such as identifying adverse impacts, developing prevention and corrective action plans, and determining remediation measures. Additionally, they should adopt measures to eliminate barriers to participation, such as addressing language or technical challenges, and safeguard participants against retaliation by ensuring confidentiality or anonymity when required. Where direct stakeholder engagement is not feasible, consulting credible experts to provide insights is essential. Companies should also leverage multi-stakeholder or industry initiatives to enhance their engagement efforts, ensuring these align with Directive requirements, without substituting engagement with their own employees and representatives. This robust approach ensures compliance with CSDDD obligations while fostering trust, transparency, and collaboration.

Recent developments in sustainable investment, as explored by Talan et al. (2024), expand Stakeholder Theory by proposing a holistic value addition (HVA) framework. This approach emphasizes that businesses should not only aim for financial returns but also focus on creating value for a wider set of stakeholders, including employees, communities, and nature. By integrating ESG strategies into their core operations, companies can contribute to sustainable development while meeting the broader expectations of all stakeholders. The HVA framework suggests a more interconnected approach, wherein the environmental, social, and governance aspects are treated as interdependent pillars, aligning with the needs of diverse stakeholders. This integration helps businesses move beyond mere compliance to co-create sustainable and mutually beneficial outcomes for all parties involved, including those beyond traditional financial stakeholders.

Moussa and Elmarzouky (2024) further supports the critical role of stakeholder engagement within ESG frameworks, particularly in terms of financial performance. Their study highlights how ESG disclosures influence a company's cost of capital, demonstrating that firms with higher levels of ESG reporting can reduce information asymmetry and foster trust with investors. This relationship is moderated by corporate governance, suggesting that strong governance mechanisms enhance the credibility of ESG reporting and reduce financial risks. As companies adopt robust ESG practices, their enhanced transparency contributes to stakeholder trust and can lead to lower financing costs, illustrating the financial benefits of integrating ESG principles with Stakeholder Theory (Moussa & Elmarzouky, 2024).

Khamisu, Paluri, and Sonwaney (2024) offer insights into the critical role that stakeholder perspectives play in ESG implementation. Their study emphasizes that diverse stakeholders, including employees, investors, customers, and regulators, are key drivers in implementing ESG practices successfully. The authors identify firm characteristics, financial performance, and environmental performance as fundamental elements for successful ESG adoption. The researchers also highlight the importance of stakeholder engagement in addressing these factors, noting that effective collaboration with stakeholders enhances transparency and accountability, which are essential for meeting ESG goals. This further reinforces the importance of integrating stakeholder demands into corporate strategies to improve environmental and governance outcomes (Khamisu et al., 2024).

Introduction to Legal Design

Legal design is an interdisciplinary approach that applies principles of human-centered design to the field of law to create legal documents, services, and systems that are more accessible, understandable, and user-friendly (Hagan, n.d.). According to the Stanford Legal Design Lab's approach which is led by Hagan, this method has five iterative steps – Discover, Synthesize, Build, Test, Evolve– (Hagan, n.d.) which enables the implementers to have a deep understanding of the needs of the users and even gives opportunities to users to participate in different stages of the legal design process. This approach involves actively engaging with stakeholders to understand their perspectives, preferences, and challenges, and then designing legal solutions that address these insights. By prioritizing the user experience, legal design ensures that legal information is not only accessible but also actionable (Hagan, 2020), empowering stakeholders to make informed decisions and comply with legal requirements.

However, according to the Legal Design Alliance, legal design is solely not an approach for enabling desirable outcomes but also an approach to prevent the causes of problems from arising and developing into conflict and disputes (Legal Design Alliance, n.d.). This is a reflection of Proactive/Preventive Law approach where the aim is not only preventing and resolving legal problems, but also enable people to realize their commercial or personal goals (Barton et al., 2021). This approach also enables legal communication, services and solutions to be more "functional, useful and usable" (Haapio et al., 2021)

The role of legal design in making legal information accessible is crucial, particularly in the context of regulatory compliance and stakeholder engagement. Traditional legal documents are often criticized for being overly complex, dense, and difficult to understand, which can hinder compliance and create barriers to access for stakeholders. Legal design addresses these challenges by reimagining how legal information is presented and communicated while enabling businesses to also take the abovementioned "proactive approach" (Haapio et al., 2021).

By incorporating visual aids, design patterns (Rossi et al., 2019), plain language (Doherty, 2020), and human-centered design principles, legal design transforms complex legal information into formats that are easier to read, navigate, and apply. This not only improves comprehension and reduces the cognitive burden on stakeholders but also enhances their ability to comply with legal requirements and make informed decisions. In doing so, legal design contributes to a more transparent, equitable, and effective legal system that better serves the needs of all stakeholders (Hagan, n.d.).

In addition to simplifying legal texts, possibility-driven design—proposed by Salo-Lahti and Haapio (2024)—advocates for envisioning and realizing new possibilities for sustainable business practices. This approach allows companies to design legal frameworks that not only meet current regulatory requirements but also drive innovation and sustainability by exploring what could be achieved in the future. For example, through responsible AI and automation, legal design can facilitate real-time compliance checks and align companies' contracts with evolving ESG standards.

Osiejewicz et al. (2023) emphasize the importance of clear and understandable legal communication in the European Union, specifically focusing on how legal design principles can enhance the transparency and accessibility of legal texts. Their research underscores that legal design is not only about making legal documents visually appealing but also ensuring that they are logically structured and easy to comprehend for non-experts. The authors highlight that laws written in overly complex language create barriers between the state and its citizens (Osiejewicz et al., 2023).

Wszołek (2024) expands on the role of legal design as an agent of social change, proposing that it not only enhances the readability of legal documents but also plays a crucial part in democratizing access to legal systems. He argues that by using inclusive and participatory design methods, legal design can decentralize traditional legal processes and create more accessible legal services for underrepresented groups. This approach aligns with the broader goals of sustainability and equity, ensuring that legal solutions are designed not just for efficiency but also for societal impact. Legal design, therefore, becomes a tool for fostering long-term systemic changes by addressing social inequalities through better communication and more user-friendly legal frameworks (Wszołek, 2024).

Intersection of Stakeholder Theory, ESG and Legal Design

In context of this paper, Stakeholder Theory and legal design, while originating from different disciplines, share a common goal: to foster transparency, inclusivity, and trust in ESG compliance of businesses. This theory advocates for a more holistic approach to corporate decision-making, emphasizing ethical practices, sustainability, and accountability to a broad range of stakeholders. Effective stakeholder engagement can significantly enhance a company's ESG performance by fostering transparency, accountability, and trust (Soras & Christopoulos, 2023). Engaging stakeholders ensures that diverse perspectives and concerns are considered in corporate decision-making, leading to more sustainable and ethical practices (Freeman et al., 2018). For instance, studies have shown that companies with proactive stakeholder engagement strategies tend to perform better on ESG metrics, as they are more likely to anticipate regulatory changes, mitigate risks, and adapt to evolving social expectations (Forcadell et al, 2023 ; Arif et al., 2024).

Sulkowski and Jebe (2022) suggest that proactive law and governance strategies can further enhance the integration of ESG principles with Stakeholder Theory. By adopting a proactive approach, companies can anticipate regulatory challenges and design systems that promote transparency and compliance before issues escalate into conflicts. Proactive legal strategies, such as early stakeholder engagement and clear ESG reporting mechanisms, allow organizations to not only meet their compliance obligations but also build stronger relationships with stakeholders. This alignment enhances both regulatory outcomes and stakeholder trust, making legal design a key component in the successful implementation of ESG frameworks. These proactive governance measures reduce the fragmentation in ESG reporting systems and promote a more streamlined approach, ultimately benefiting both businesses and their stakeholders (Sulkowski & Jebe, 2022).

Furthermore, Weber-Elżanowska (2020) emphasizes that corporate purpose is undergoing a profound transformation due to evolving societal values around sustainability. She argues that sustainability-influenced stakeholderism is becoming an essential framework for redefining corporate purpose, potentially shifting away from the traditional shareholder primacy model. This shift is propelled by societal pressures for corporations to adopt more sustainable business practices and is further supported by legal mechanisms, such as safety valves in private law, which align corporate actions with societal values. As a result, corporate law may increasingly need to accommodate sustainability as a core consideration in shaping corporate governance and decision-making (Weber-Elżanowska, 2020).

Beyond these, legal design can help companies in stakeholder engagement in many ways: Firstly, metrics and indicators play a pivotal role in assessing ESG performance, and legal design can simplify their presentation, making them comprehensible to all stakeholders. By translating technical data into visual formats or dashboards, companies can ensure that stakeholders understand and engage with performance outcomes effectively (Koulu & Pohle, 2024). Secondly, multi-stakeholder initiatives offer a collaborative platform for addressing ESG challenges, and legal design ensures consistency and transparency in stakeholder engagement across these platforms. By standardizing consultation procedures and incorporating stakeholder feedback into governance strategies, businesses can enhance trust and accountability (European Union, 2024). Thirdly, barriers such as language diversity, technical literacy, and access to information often hinder effective stakeholder engagement. Legal design addresses these challenges by creating multilingual, visually intuitive, and easily accessible legal frameworks that accommodate diverse stakeholder needs, thereby fostering inclusivity and reducing participation barriers (Osiejewicz et al., 2023).

Methods

The research methodology employed in this study is primarily a qualitative analysis based on the review of existing literature. The focus of the study is to explore the intersection of Stakeholder Theory and legal design and how their integration can enhance corporate compliance with Environmental, Social, and Governance (ESG) frameworks. To achieve this, the study draws upon a range of academic and industry sources, including peer-reviewed journal articles, conference papers, and reports available on Scopus. The literature review (Snyder, 2019) aimed to identify key themes, trends, and insights regarding stakeholder engagement practices, ESG compliance, and the application of legal design in regulatory contexts.

The process involved searching the Scopus database using relevant keywords such as "Stakeholder Theory," "ESG," "legal design," "corporate compliance," and "stakeholder engagement." The search for “Stakeholder Theory” and “ESG” yielded a total of 213 documents, of which 197 were published within the last five years. The search for “legal design” yielded a total of 308 documents, of which 198 were published within the last five years. The search for “Stakeholder Theory” and “legal design” yielded zero documents.

Table 1. Scopus literature review results in the last five years.

Keywords	Number of Results (2019-2024)
“Stakeholder theory” and ESG	197
“Legal design”	198
“Stakeholder theory” and “legal design”	0
“Corporate compliance”	149
“Stakeholder engagement” and ESG	99
“Stakeholder engagement” and “legal design”	1

Source: author’s own compilation.

The selected documents were analysed to synthesize findings related to the impact of stakeholder engagement on ESG compliance and the benefits of legal design in regulatory contexts. A thematic analysis was conducted, where the themes of transparency, accountability, and inclusivity were identified in fostering stakeholder trust and improving compliance outcomes. Specifically, a keyword co-occurrence analysis was applied to understand the intellectual structure and thematic evolution of the field. The methodological framework aligns with the principles outlined by key bibliometric researchers (e.g., Donthu et al., 2021). Keyword co-occurrence analysis highlighted dominant themes and emerging trends. These methods ensure comprehensive insights into the research landscape, enabling a detailed understanding of the themes relevant to ESG and stakeholder engagement.

This approach was selected because it is uniquely suited to exploring the interdisciplinary nature of the study, which combines Stakeholder Theory, ESG, and legal design. These fields are complex and interconnected, requiring a method that can uncover relationships and trends within different parts of the academic literature. Keyword co-occurrence analysis allow certain thematic clusters (Table 1, Table 2) providing an insightful overview of the research landscape. This approach was particularly valuable in addressing the study's objective to map how legal design can enhance ESG strategies and stakeholder engagement.

While this study provides insights into the intersection of Stakeholder Theory and legal design, it is not without limitations. Firstly, the research is based on a qualitative analysis of existing literature, which may be subject to biases in the selection and interpretation of sources. Especially a wider search and selection of articles selected for legal design to support the arguments in this paper. Additionally, the scope of the research was limited to documents available on Scopus, which, while comprehensive, may not include all relevant studies, particularly those published in non-English languages or in less widely circulated journals. Finally, as the study is conceptual in nature, it does not include empirical data or case studies to validate the proposed integration of Stakeholder Theory and legal design, suggesting the need for future research to empirically test the concepts discussed.

Results

The results of this study emphasize the role of legal design and stakeholder engagement in enhancing Environmental, Social, and Governance (ESG) compliance. According to the ISO 26000:2010 – Guidance on social responsibility, social responsibility is defined as “the responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour” (International Organisation for Standardization, 2010). As part of this responsibility, stakeholder engagement involves dialogue between the organisation and one or more of its stakeholders (International Organisation for Standardization, 2010). This guidance also states that “a fair and proper process” based on engaging the most relevant stakeholders should be developed. In addition to this, the purpose of the engagement should be understood clearly, and stakeholders need to have necessary information and understanding to make their decisions.

One of the key findings from this study is integrating stakeholder interests into corporate strategies, while balancing it with the shareholder interests, is vital for achieving sustainable governance (Mason & Simmons, 2014). Companies that actively engage with their stakeholders can better identify their needs and expectations, leading to more informed decision-making (Kujala et al., 2022). This alignment can be facilitated through legal design, which provides tools for effective communication and collaboration among stakeholders. By ensuring that stakeholder voices are heard and considered, organizations can enhance their ESG performance and build stronger relationships with their communities (Freeman et al., 2018; Forcadell et al, 2023).

Table 2. Thematic analysis showing rising trends of transparency, accountability and inclusivity.

Theme(s)	Source(s)	Key Insights	Relevance to Stakeholder Trust and Compliance
Transparency	- Arif et al. (2024) [Uploaded: Arif - ESG Disclosures] - Osiejewicz et al. (2023) - Castillo-Merino & Rodríguez-Pérez (2021)	- Transparency in ESG disclosures reduces earnings risk (Arif et al.). - Clear and plain legal language improves accessibility (Osiejewicz et al.). - Legal origin shapes ESG performance by enforcing clearer rules in civil-law countries (Castillo-Merino).	- Transparency builds stakeholder confidence in corporate ESG practices. - Clear legal communication ensures accessibility and enhances compliance.
Accountability	- Garrido-Ruso et al. (2024) [Uploaded: ESG and Performance] - Osiejewicz et al. (2023) - Ullmann (1985) Reconceptualization	- Firms with structured ESG reporting show improved risk mitigation (Garrido-Ruso et al.). - Legal frameworks ensure organizational accountability through clear responsibilities (Osiejewicz et al.). - Strategic posture influences ESG accountability (Ullmann).	- Accountability mechanisms enhance trust by ensuring organizations take responsibility for ESG goals.
Inclusivity	- Salo-Lahti et al. (2024) - Hagan (2020) - Sabirali & Mahalakshmi (2023) - Koulu & Pohle (2024)	- Proactive legal design fosters participatory approaches in ESG decision-making (Salo-Lahti et al.). - Legal design prioritizes user-centered frameworks to include diverse stakeholder perspectives (Hagan). - Inclusivity in governance is essential for comprehensive ESG strategies (Sabirali & Mahalakshmi). - Inclusivity strengthens decision-making by incorporating multiple perspectives (Koulu & Pohle).	- Inclusive frameworks ensure all stakeholders' views are respected, fostering collaboration and trust.

Source: author’s own compilation.

Even though the use of legal design for stakeholder engagement is rarely find its way into the literature (Lupica & Grant, 2021), there are significant opportunities for businesses to engage with stakeholders in terms of their ESG compliance processes. Toivonen and De Francisco (2024) state that “Involving users in the legal design process as problem solvers and co-designers allows them to pursue agency and autonomy, the right to decide for themselves” which allows participatory approach to be applied by the businesses.

The research further finds that legal design is a proactive tool that aligns governance strategies with stakeholder expectations and regulatory requirements. Drawing on Mulligan and Bamberger's (2018) concept of “governance-by-design,” this study shows that embedding legal design into corporate governance helps organizations anticipate risks and ensure compliance before issues escalate into disputes. Legal design not only simplifies legal frameworks but also builds stakeholder trust through transparent communication and clear legal documentation, thus promoting long-term sustainability (Mulligan & Bamberger, 2018).

Digital transformation, particularly through AI and automation, plays a pivotal role in legal design by simplifying complex ESG regulations. AI-powered tools can generate tailored legal documents, automate compliance checks, and facilitate real-time stakeholder engagement, making legal processes more transparent and accessible (Ducato et al., 2024)

Legal design plays a vital role in this value creation process by enabling organizations to communicate their commitments and progress transparently. By fostering an environment of trust through clear and accessible legal information, companies can enhance their reputation and stakeholder loyalty. This trust is essential for long-term sustainability and can lead to increased stakeholder engagement and support for corporate initiatives. Legal design not only simplifies legal documents but also strategically engages stakeholders by making legal requirements more accessible and actionable, thereby improving ESG performance and fostering trust (Bird & Evans, 2024).

Discussion

The integration of legal design principles into corporate ESG strategies has the potential to significantly enhance stakeholder engagement, compliance, and long-term sustainability. Legal design simplifies complex legal frameworks, making them more accessible to stakeholders and promoting transparent communication (Compagnucci et al., 2024). This accessibility is critical, as it allows organizations to engage meaningfully with stakeholders, who are key drivers in the success of ESG initiatives considering regulations as “external drivers” (Küttim et al., 2024).

One of the central themes emerging from this study is the importance of using legal design to foster dialogue with stakeholders. By employing user-friendly legal documents and interactive platforms, organizations can ensure that stakeholders have a clear understanding of corporate policies and legal requirements (Rossi, 2019; Duric et al., 2023). This engagement not only empowers stakeholders to actively participate in decision-making processes but also builds trust by making the legal frameworks more inclusive and understandable.

Furthermore, the participatory nature of legal design allows organizations to tailor their compliance strategies to better reflect the needs and concerns of diverse stakeholder groups (Mulligan & Bamberger, 2018). Legal design encourages organizations to involve stakeholders early in the design process, ensuring that their input is considered and that the resulting legal documents are relevant and effective. By adopting this approach, organizations can enhance their ability to anticipate potential risks and address stakeholder concerns before they escalate, improving both compliance outcomes and stakeholder relations.

Additionally, legal design encourages a proactive approach (Kaave, 2023) to ESG compliance. Rather than responding to issues as they arise, companies can use legal design to anticipate and mitigate risks, aligning their legal strategies with stakeholder expectations and regulatory requirements. This proactive stance promotes a culture of compliance that resonates with stakeholder values and fosters a more collaborative and trust-based relationship between businesses and their stakeholders.

The use of digital tools to implement legal design is another critical area of discussion. Technology plays an essential role in enhancing the application of legal design principles, allowing organizations to create interactive, real-time platforms for stakeholder engagement. These digital platforms facilitate continuous feedback and collaboration, enabling companies to adapt their ESG compliance strategies to evolving regulatory landscapes and stakeholder expectations. By leveraging digital tools, businesses can streamline compliance processes, making them more efficient, transparent, and responsive (Ducato et al., 2024).

However, it is also important to note that digital transformation is not only simplifying legal frameworks but also actively contributing to achieving sustainability goals. For example, AI, blockchain, and IoT technologies can track and verify ESG data in real time, ensuring compliance with environmental standards while fostering transparency and accountability in corporate governance (Varriale et al., 2024). These technologies play a crucial role in optimizing processes, enhancing resource efficiency, and reducing environmental impact. By integrating these tools, businesses can not only meet regulatory requirements but also drive more sustainable practices across industries. This synergy between digital transformation and sustainability highlights how technology becomes a key enabler of responsible business practices, aligning corporate objectives with the Sustainable Development Goals (SDGs) (Ducato et al., 2024; Varriale et al., 2024).

The balance between legal frameworks and technological systems is essential for effective ESG compliance. Legal design patterns bridge this gap by translating legal concepts into digital tools that are both legally sound and user-friendly, ensuring stakeholders can navigate and comply with complex ESG regulations efficiently (Koulu & Pohle, 2024)

While the integration of Stakeholder Theory and legal design presents significant opportunities, there are still challenges to address. One limitation of this study is its reliance on qualitative literature, which may introduce biases and lacks empirical validation. Future research should focus on empirical studies to test the effectiveness of legal design in enhancing ESG compliance and stakeholder engagement. Case studies could offer practical insights into how these strategies are being implemented in various industries and their impact on corporate governance and sustainability.

In conclusion, the synthesis of Stakeholder Theory and legal design provides a promising framework for improving corporate ESG compliance. By making legal information more accessible and engaging stakeholders in the compliance process, organizations can foster transparency, accountability, and trust. Moving forward, the incorporation of digital tools and empirical research will be crucial in validating and refining this approach, ensuring its effectiveness in promoting sustainable business practices and ethical governance.

Conclusion

Managerial Recommendations

Businesses can incorporate AI (Rane et al., 2024) and blockchain (Almadadha, 2024) technologies to streamline compliance processes, track ESG data in real time, and ensure transparency in reporting. These technologies can help automate complex regulatory requirements and provide real-time feedback, enhancing both efficiency and accountability. By integrating proactive legal design with AI tools, businesses can not only meet their current compliance needs but also prepare for a sustainable future. As Salo-Lahti and Haapio (2024) suggest, possibility-driven design allows companies to explore new ways of aligning their legal frameworks with emerging sustainability goals, creating a more resilient and forward-thinking approach to ESG compliance.

Furthermore, companies may employ legal design to simplify legal documentation (Barton et al., 2022), making it more accessible to stakeholders. This will foster clearer communication, improve decision-making, and enhance stakeholder trust by ensuring that compliance requirements are easier to understand and act upon. Examples would include developing visual aids (e.g., infographics, flowcharts) to present legal and ESG requirements clearly or the use of design patterns to structure information hierarchically and making it more digestible.

It would be also very useful if companies actively involve stakeholders in the co-creation (Loureiro et at., 2020) of legal documents and compliance strategies. This participatory approach will ensure that stakeholder concerns are addressed early in the process, leading to better alignment between business practices and stakeholder expectations. Examples would include the use co-creation workshops or participatory design sessions to gather insights on stakeholder expectations and applying human-centered design principles to map out stakeholder journeys and pain points. It would be also possible to consider creating interactive digital tools (e.g., web portals or apps) to allow stakeholders to interact with legal documents, ask questions, and provide input and using design thinking to co-create value-adding ESG initiatives in collaboration with stakeholders.

Policy Recommendations

Policymakers can encourage the use of digital tools, such as AI and blockchain, to enhance regulatory compliance frameworks. By incentivizing the adoption of these technologies, regulators can ensure that compliance processes are more efficient and transparent. However, it would be also essential them to provide guidelines for ethical use of such technologies.

Governments and international bodies can work towards standardizing ESG reporting requirements across industries. This will reduce the regulatory burden on companies, allowing them to focus more on innovation and sustainable practices rather than navigating complex, fragmented regulations. Well-designed ESG data standards (Cort & Esty, 2020) can enhance the reliability of metrics that support various emerging reporting and disclosure frameworks. This improvement fosters greater confidence among investors and other stakeholders, enabling them to distinguish genuine sustainability insights from irrelevant information.

To maximize the benefits of legal design and digital transformation, policymakers can foster collaboration between them (Mulholland, 2018) and legal professionals, technologists, and business leaders. This will ensure that legal frameworks are continuously updated to reflect technological advancements and evolving stakeholder expectations. According to Mulholland (2018), cooperative processes must integrate inclusivity, transparency, and mutual trust to effectively align policy-making with stakeholder needs, thereby enhancing the implementation of sustainable development goals.

Limitations

Despite the contributions of this study, several limitations must be acknowledged. First, this paper is conceptual in nature and is based on a qualitative review of existing literature. As such, it does not include empirical data or case studies to validate the proposed conceptual framework. Additionally, the scope of the research was limited to articles and reports available in English, potentially overlooking relevant studies in other languages. Finally, while the study explores the intersection of Stakeholder Theory and legal design, it does not extensively analyse industry-specific applications, which may limit the generalizability of the findings.

Future Research

Future research should focus on empirically testing legal design's impact on ESG compliance across various industries through case studies or experiments that explore how legal design simplifies complex regulations and enhances stakeholder engagement. Additionally, the role of emerging technologies, such as AI and blockchain, in transforming legal design and improving compliance warrants further examination. Cross-cultural studies would also provide valuable insights into how legal design functions in different regulatory environments, while research on its application to small and medium enterprises (SMEs) could address the unique challenges these organizations face in meeting ESG requirements. Moreover, sustainability reporting represents another area where legal design can play a pivotal role, particularly in simplifying and clarifying data for stakeholders. The effectiveness of participatory legal design methods, such as workshops and co-creation, in increasing engagement and compliance should also be explored. Lastly, integrating digital transformation with legal design to improve ESG compliance through real-time feedback and collaboration platforms is a promising direction for future research.

In conclusion, the integration of legal design and stakeholder theory represents a transformative and novel approach to corporate ESG compliance and sustainable business practices. This paper is unique in bridging the gap between legal innovation and management theory, offering practical solutions to the challenges businesses face in navigating complex regulatory environments. By making legal frameworks more accessible and engaging, organizations can foster deeper stakeholder trust and transparency, aligning business operations with evolving regulatory and societal expectations. As this field continues to develop, the collaboration between legal professionals, technologists, and business leaders will be crucial in realizing the full potential of legal design in ESG governance. Ultimately, the intersection of these disciplines promises not only to enhance compliance but also to drive innovation and sustainability.

References

Almadadha, R. (2024). Blockchain Technology in Financial Accounting: Enhancing Transparency, Security, and ESG Reporting. *Blockchains*, *2*(3), 312-333.

Arif, M., Gan, C., & Bataineh, H. A. (2024). Global evidence on the association between environmental, social, and governance disclosures and future earnings risk. *Business Strategy and the Environment*, *33*(3), 2497-2517.

Asif, M., Searcy, C., & Castka, P. (2023). ESG and Industry 5.0: The role of technologies in enhancing ESG disclosure. *Technological Forecasting and Social Change*, *195*, 122806.

Barton, T. D., Haapio, H., Hazard, J. G., & Passera, S. (2021). Legal innovation in contracting, and beyond: Merging design and technology tools for the information age. In A. Masson & G. Robinson (Eds.), *Mapping legal innovation: Trends and perspectives* (pp. 159–187). Springer. https://doi.org/10.1007/978-3-030-47447-8_8

Barton, T. D., Haapio, H., Passera, S., & Hazard, J. G. (2022). Reframing contract design: integrating business, legal, design, and technology perspectives. In *Research Handbook on Contract Design* (pp. 33-54). Edward Elgar Publishing.

Bird, R. C., & Evans, J. W. (2024). What is the impact of legal strategy?. American Business Law Journal, 61(2), 113-133.

Castrén & Snellman. (n.d.). SATO – Legal design of Code of Ethics. *[online] Castrén & Snellman.* Available at: https://www.castren.fi/cases/sato-legal-design-of-code-of-ethics/ [Accessed 13 November 2024].Chen, W., Xie, Y., & He, K. (2024). Environmental, social, and governance performance and corporate innovation novelty. *International Journal of Innovation Studies*, *8*(2), 109-131.

Čech, P., Jindřichovská, I., & Neubauer, J. (2019). Achieving a great reputation for corporate social responsibility: study from the czech hospitality industry. *Scientific papers of the University of Pardubice. Series D, Faculty of Economics and Administration. 45/2019*.

Compagnucci, M. C., Fenwick, M., & Haapio, H. (2024). Unlocking the Potential of Binding Corporate Rules (BCRs) in Health Data Transfers. *arXiv preprint arXiv:2407.21281*.

Cort, T., & Esty, D. (2020). ESG standards: Looming challenges and pathways forward. *Organization & Environment*, *33*(4), 491-510.

Doherty, M. (2020). Comprehensibility as a rule of law requirement: the role of legal design in delivering access to law. J. *Open Access* L., 8, 1.

Donthu, N., Kumar, S., Mukherjee, D., Pandey, N., & Lim, W. M. (2021). How to conduct a bibliometric analysis: An overview and guidelines. *Journal of business research*, *133*, 285-296.

Ducato, R., King, L., & Sheppard, N. (2024). *Design(s) for law: Exploring legal futures through speculative and proactive approaches*. Cambridge University Press.

Đurić, M., Martinec, T., Porobija, M., & Štorga, M. (2023). Designing for legal practitioners: Lessons learned from legal tech development and implementation. *Proceedings of the Design Society*, *3*, 1377-1386.

European Commission. (2024). *The future of European competitiveness: A competitiveness strategy for Europe.* [online] Available at: https://commission.europa.eu/document/97e481fd-2dc3-412d-be4c-f152a8232961_en [Accessed 14 November 2024].

European Union. (2024). Directive (EU) 2024/1760 of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937. *Official Journal of the European Union.* Available at: https://eur-lex.europa.eu [Accessed 14 November 2024].

Forcadell, F. J., Lorena, A., & Aracil, E. (2023). The firm under the spotlight: How stakeholder scrutiny shapes corporate social responsibility and its influence on performance. *Corporate Social Responsibility and Environmental Management*, *30*(3), 1258-1272.

Freeman, R. E., Harrison, J. S., & Zyglidopoulos, S. (2018). Stakeholder theory: Concepts and strategies. Cambridge University Press.

Garrido-Ruso, M., Otero-González, L., López-Penabad, M. C., & Santomil, P. D. (2024). Does ESG implementation influence performance and risk in SMEs?. *Corporate Social Responsibility and Environmental Management*.

Geissdoerfer, M., Santa-Maria, T., Kirchherr, J., & Pelzeter, C. (2023). Drivers and barriers for circular business model innovation. *Business Strategy and the Environment*, *32*(6), 3814-3832.

Haapio, H., Barton, T. D., & Compagnucci, M. C. (2021). Legal design for the common good: proactive legal care by design. In *Legal design* (pp. 56-81). Edward Elgar Publishing.

Hagan, M. (n.d.). *What is legal design?* Law by Design. [online] Available at: https://lawbydesign.co/legal-design/ [Accessed 14 November 2024].

Hagan, M. (2020). Legal design as a thing: A theory of change and a set of methods to craft a human-centered legal system. *Design Issues*, 36(3), 3-15.

Hina, M., Chauhan, C., Kaur, P., Kraus, S., & Dhir, A. (2022). Drivers and barriers of circular economy business models: Where we are now, and where we are heading. *Journal of Cleaner Production*, *333*, 130049.

International Organization for Standardization. (2010). *ISO 26000:2010 - Guidance on social responsibility.* [online] International Organization for Standardization. Available at: https://www.iso.org/standard/42546.html [Accessed 14 November

2024].
Kaave, P. (2023). Proactive legal design—making sustainability visible and monitorable in SME loan agreements. *Journal of Strategic Contracting and Negotiation*, 20555636231209217.
Koulu, R., & Pohle, J. (2024). Legal design patterns: New tools for analysis and translations between law and technology. *Digital Society*. https://doi.org/10.1007/s44206-024-00109-y
Kujala, J., Sachs, S., Leinonen, H., Heikkinen, A., & Laude, D. (2022). Stakeholder engagement: Past, present, and future. Business & Society, 61(5), 1136-1196.
Küttim, M., Niine, T., Kull, M., Kotov, A., Gerstlberger, W., Hartšenko, J., & Hurt, U. (2024) Sustainable practices' motives in metal and wood industries. *Scientific Papers of the University of Pardubice, Series D: Faculty of Economics and Administration, 32(2), 2087*. DOI: 10.46585/sp32022087.
Legal Design Alliance. (n.d.). *Legal Design Alliance.* [online] Available at: https://www.legaldesignalliance.org/ [Accessed 14 November 2024].
Li, L., Saat, M. M., Khatib, S. F., Chu, P., & Sulimany, H. G. H. (2024). Navigating the impact: A comprehensive analysis of ESG disclosure consequences through systematic review. *Business Strategy & Development*, *7*(2), e382.
Loureiro, S. M. C., Romero, J., & Bilro, R. G. (2020). Stakeholder engagement in co-creation processes for innovation: A systematic literature review and case study. *Journal of Business Research*, *119*, 388-409.
Lupica, L. R., & Grant, G. (2021). Will Human-Centered Legal Design Improve Civil Justice Systems? An How Will We Ever Know?. *Legal Design Perspectives: Theoretical and Practical Insights from the Field*. Rossana Ducato and Alain Strowel (eds). Ledizioni, 117-138.
Mason, C., & Simmons, J. (2014). Embedding corporate social responsibility in corporate governance: A stakeholder systems approach. Journal of Business Ethics, 119, 77-86.
Mitchell, R. K., Agle, B. R., & Wood, D. J. (1997). Toward a theory of stakeholder identification and salience: Defining the principle of who and what really counts. Academy of management review, 22(4), 853-886.
Moussa, A. S., & Elmarzouky, M. (2024). Beyond compliance: How ESG reporting influences the cost of capital in UK firms. *Journal of Risk and Financial Management, 17*(8), 326.
Mulholland, E. (2018). Cooperation between Stakeholders and Policymakers in the Implementation of the SDGs: Overview of activities and practices in Europe. *ESDN Quarterly Report*, *50*.
Mulligan, D. K., & Bamberger, K. A. (2018). Saving governance-by-design. *California Law Review, 106*(3), 697-784. https://doi.org/10.15779/Z38QN5ZB5H
Osiejewicz, D., Martinez, A. M., & Prieto, J. L. (2023). Legal design in the European Union: Enhancing legal clarity and accessibility. *Journal of European Law, 29*(2), 101-125. https://doi.org/10.1016/j.jel.2023.04.008
Kotler, P., & Kotler, M. (2012). *Market your way to growth: 8 ways to win*. John Wiley & Sons.
Rane, N. L., Rane, J., & Paramesha, M. (2024). Artificial Intelligence and business intelligence to enhance Environmental, Social, and Governance (ESG) strategies: Internet of things, machine learning, and big data analytics in financial services and investment sectors. In Trustworthy Artificial Intelligence in Industry and Society (pp. 82-133). Deep Science Publishing. https://doi.org/10.70593/978-81-981367-4-9_3
Ricart, J. E., & Rey, C. (2022). Purpose in corporate governance: The path towards a more sustainable world. *Sustainability*, *14*(8), 4384.
Rossi, A. (2019). Legal design for the general data protection regulation. A methodology for the visualization and communication of legal concepts.
Rossi, A., Ducato, R., Haapio, H., & Passera, S. (2019). Legal design patterns: Towards a new language for legal information design. In 22nd International Legal Infomatics Symposium IRIS 2019.
Salo-Lahti, M., & Haapio, H. (2024). Possibility-driven design and responsible use of AI for sustainability. In M. Corrales, H. Haapio, & M. Hagan (Eds.), Legal design: Integrating business, design, and legal thinking with technology. Edward Elgar Publishing.
Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. *Journal of business research*, *104*, 333-339.
Soras, E., & Christopoulos, A. G. (2023). Compliance with the Requirements of the Greek Legislation for Reporting on ESG Issues: The Case of the Paper Processing Sector. *Journal of Risk and Financial Management*, 17(1), 14.
Sulkowski, A., & Jebe, R. (2022). Evolving ESG reporting governance: Regime theory and proactive law. *American Business Law Journal, 59*(3), 449-503. https://doi.org/10.1111/ablj.12210
Talan, G., Sharma, G. D., Pereira, V., & Muschert, G. W. (2024). From ESG to holistic value addition: Rethinking sustainable investment from the lens of stakeholder theory. *International Review of Economics and Finance, 96*, 103530. https://doi.org/10.1016/j.iref.2024.103530
Toivonen, N., & De Francisco, S. (2024). *Exploring the dimensions of participation in Legal Design*. In R. Ducato, A. Strowel, & E. Marique (Eds.), *Design(s) for Law* (pp. 253–278). Zenodo. https://doi.org/10.5281/zenodo.10829515
United Nations. (n.d.). *The 17 goals.* United Nations Sustainable Development Goals. [online] Available at: https://sdgs.un.org/goals [Accessed 14 November 2024].Varriale, V., Camilleri, M. A., Cammarano, A., Michelino, F., & Strazzullo, S. (2024). Unleashing digital transformation to achieve the sustainable development goals across multiple sectors. *Sustainable Development*. https://doi.org/10.1002/sd.3139
Wai-Khuen, W., Boon-Heng, T., & Siow-Hooi, T. (2023). The influence of external stakeholders on environmental, social, and governance (ESG) reporting: Toward a conceptual framework for ESG disclosure. *Foresight and STI Governance (Foresight-Russia till No. 3/2015)*, *17*(2), 9-20.
Weber-Elżanowska, A.-M. (2020). Sustainability vs. corporate purpose: Will transforming values shift the paradigm? *Intereulaweast: Journal for International and European Law, Economics and Market Integrations, 7*(2), 53-76. https://doi.org/10.22598/iele.2020.7.2.3
Wszołek, M. (2024). Legal design as an indicator of social change (through design). *The International Journal of Design Education, 18*(1), 25–34. https://doi.org/10.18848/2325-128X/CGP/v18i01/25-34

Publication II

Metin, E. (2025). Rethinking Meaningful Stakeholder Engagement: Simplifying Complexity with Legal Design. European Studies – The Review of European Law, Economics and Politics, 11(2), 87−114. doi: 10.2478/eustu-2024-0018

Rethinking Meaningful Stakeholder Engagement: Simplifying Complexity with Legal Design

Ebru Metin*

Summary: The evolving regulatory landscape mandates companies to engage stakeholders meaningfully as part of their due diligence obligations to identify, prevent, and mitigate adverse human rights and environmental impacts. However, regulatory complexity, information asymmetries, and power imbalances often hinder effective engagement, creating barriers to participation, comprehension and trust-building. As businesses navigate these challenges, there is a growing need for innovative approaches that make legal obligations more accessible, understandable, and actionable. This paper explores how legal design principles can enhance meaningful stakeholder engagement mechanisms, with a particular focus on the European Union's Corporate Sustainability Due Diligence Directive (CSDDD). Article 13 of the CSDDD introduces strict requirements for ongoing, inclusive, and informed engagement with affected stakeholders, yet its implementation remains complex due to the abstract nature of legal provisions and the diverse contexts in which they apply. This conceptual and transdisciplinary study synthesizes insights from a comprehensive review of literature across legal design, business and human rights, and stakeholder engagement fields. It develops a framework that aligns legal design principles with the stakeholder engagement requirements of the CSDDD, illustrating how techniques such as plain language, visual aids, and participatory design can foster inclusive participation, bridge communication gaps and build trust. The framework emphasizes the importance of clarity, accessibility, and co-creation in corporate sustainability practices. This paper offers a new perspective on the dynamic relationship between legal design and corporate sustainability, proposing innovative tools and strategies that can improve communication and collaboration between businesses and their stakeholders.

Key words: Legal Design, Meaningful Stakeholder Engagement, Corporate Sustainability, Business and Human Rights, Regulatory Complexity

* Early Career Researcher, Tallinn University of Technology School of Business and Governance, Department of Business Administration, Tallinn, Estonia, ebru.metin@taltech.ee.

Citation: METIN, E. Rethinking Meaningful Stakeholder Engagement: Simplifying Complexity with Legal Design. *European Studies – the Review of European law, Economics and Politics*, 2024, vol. 11, no. 2, pp. 87–114, DOI: 10.2478/eustu-2024-0018

1. Introduction

The corporate sustainability field has been undergoing a significant transformation, driven by increasing regulatory demands[1], evolving stakeholder expectations and a global push for responsible business conduct while staying ahead in the competition[2]. In this context, it is of the essence for businesses to continuously engage with their stakeholders who are defined by Freeman (1984) as "groups and individuals that have a valid interest in the activities and outcomes of a firm on whom the firm relies to achieve its objectives".[3] As a construct, stakeholder engagement gained prominence since the beginning of 2000s where the term "stakeholder engagement" refer to various processes and strategies that businesses and other organisations implement in their stakeholder relations.[4] However, the term ever evolved since then transitioning stakeholder engagement from a one-sided management approach to a more interactive, value-driven practice.[5] It is also worth-noting the theoretical diversity of the literature which reflects a fragmented understanding of stakeholder engagement, drawing from stakeholder theory but extending to corporate social responsibility, sustainability and environmental policy.[6]

Buhmann et al. (2024) explain that meaningful stakeholder engagement (MSE) emerged as a normative response to the increasing dissatisfaction with the traditional stakeholder engagement practices, especially in contexts like environmental impact assessments, corporate sustainability and human rights.[7] Both

[1] EUROPEAN COMMISSION. *European Green Deal*. Available at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en [accessed 14 February 2025].

[2] EUROPEAN COMMISSION. *The Future of European Competitiveness: A Competitiveness Strategy for Europe*. 2024. Available at: https://commission.europa.eu/document/97e481fd-2dc3-412d-be4c-f152a8232961_en [accessed 12 February 2025].

[3] FREEMAN, R. E. *Strategic Management: A Stakeholder Approach*. Boston: Pitman, 1984; FREEMAN, R. E., HARRISON, J. S., ZYGLIDOPOULOS, S. *Stakeholder Theory: Concepts and Strategies*. Cambridge: Cambridge University Press, 2018, p. 1.

[4] KUJALA, J., SACHS, S., LEINONEN, H., HEIKKINEN, A., LAUDE, D. *Stakeholder Engagement: Past, Present, and Future. Business & Society.* 2022, vol. 61, no. 5, pp. 1139–1140.

[5] Ibid., p. 1143.

[6] Ibid., p. 1137.

[7] BUHMANN, K., FONSECA, A., ANDREWS, N., AMATULLI, G. Meaningful Stakeholder Engagement: The Concept, Practice and Governance. In: SMITH, J., LEE, R., TAYLOR, P.

as a concept and a management approach[8], MSE plays a fundamental role in ensuring that businesses engage, consult, and respond to all stakeholders with a particular focus to the individuals or groups affected or under risk to be affected by their operations. MSE gained momentum especially with the adoption of the UN Guiding Principles on Business and Human Rights (UNGPs) "Protect, Respect, Remedy" framework in 2011, which established meaningful engagement as a core element of corporate sustainability due diligence.[9] Since then, regulatory frameworks such as the OECD Guidelines for Multinational Enterprises[10][11] and the European Union's Corporate Sustainability Due Diligence Directive (CSDDD)[12] have further institutionalized MSE, shifting it from a 'nice-to-have' to a 'need-to-have' practice for responsible business conduct.

A significant problem remains as highlighted both in the academic[13] and grey literature[14] in regard to the superficial stakeholder engagement is the lack of genuine, inclusive and transparent engagement with affected or under risk to be affected stakeholders that undermines the goals of corporate sustainability. This issue manifests in several ways, including the dominance of businesses in the engagement process, leading to power imbalances that marginalize the voices of vulnerable groups.[15] Additionally, stakeholder engagement efforts often become transactional

(eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement*. London: Routledge, 2024, p. 3.

8 Ibid., p. 3.

9 UNITED NATIONS OFFICE OF THE HIGH COMMISSIONER FOR HUMAN RIGHTS. Guiding Principles for Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. 2011, p. 19. Available at: https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights

10 OECD. OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. Paris: OECD Publishing, 2023, pp. 1–76. Available at: https://doi.org/10.1787/81f92357-en

11 UN GLOBAL COMPACT NETWORK GERMANY. What Makes Stakeholder Engagement Meaningful? 5 Insights from Practice. Insights Series – Keys to Effective Human Rights Due Diligence. 2022, p. 3.

12 EUROPEAN UNION. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. Official Journal of the European Union, 2024, L 1760, pp. 1–58.

13 BUHMANN, K., FONSECA, A., ANDREWS, N., AMATULLI, G. Meaningful Stakeholder Engagement: The Concept, Practice and Governance. In: SMITH, J., LEE, R., TAYLOR, P. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement.* London: Routledge, 2024, p. 4.

14 UN GLOBAL COMPACT NETWORK GERMANY. What Makes Stakeholder Engagement Meaningful? 5 Insights from Practice. Insights Series – Keys to Effective Human Rights Due Diligence. 2022, p. 3.

15 ANDREWS, N., SAAKA, S. A. Considering Research Participants as 'Affected Stakeholders': Implications for Methodological Choices and Meaningful Engagement Outcomes. In: SMITH, J., LEE, R., TAYLOR, P. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement*. London: Routledge, 2024, pp. 389.

rather than transformational, focusing on regulatory compliance rather than fostering trust and genuine. The complexity of legal and technical information further exacerbates the problem, as affected communities struggle to access, comprehend, and use the information necessary to assert their rights and participate meaningfully. Without proactive measures to simplify information, involve stakeholders as co-owners in the process, and adapt engagement methods to the local context, companies risk overlooking critical human rights impacts and losing trust, ultimately undermining the effectiveness of their due diligence processes.[16]

The current literature indicated that MSE can foster trust[17], enhance "social license to operate"[18] and improve risk oversight with sustainability goals and fostering long-term sustainable value[19] when applied correctly. It is important to highlight that societal grand challenges such as climate change, inequality and governance issues require systemic issue and integrative approaches in the business and society field. In this sense, stakeholder engagement literature traditionally focuses on individual entities rather than the relationships between them, missing out on the dynamic nature of stakeholder interactions.[20] Literature points toward the need for innovative, multi-disciplinary methods to study and implement effective MSE practices in sustainability strategies.[21]

However, there is still limited understanding of how MSE can be operationalized effectively in complex, regulatory-intensive contexts like the EU's Corporate Sustainability Due Diligence Directive (CSDDD). Article 13 of the CSDDD requires companies to conduct due diligence in alignment with human rights and environmental standards, yet there is a lack of practical guidance on how to design

[16] HAGAN, M. *Law by Design*. Self-published, 2020. Available at: https://lawbydesign.co [accessed 14 February 2025]; HAAPIO, H., PASSERA, S. Visual Contracts as Interfaces: How to Design Contracts to Improve User Experience. In: CORRALES, M., FENWICK, M., FORGÓ, N. (eds.). *Legal Tech, Smart Contracts and Blockchain*. Singapore: Springer, 2017, pp. 75–95. Available at: https://doi.org/10.1007/978-981-13-6086-2_5

[17] EKE, S., GRANT, J. A., MAYANJA, E. N., OGUNNUBI, O. An Agential Constructivist Analysis of Meaningful Stakeholder Engagement in Africa's Critical Minerals Sector: Insights from the Democratic Republic of Congo. In: SMITH, J., LEE, R., TAYLOR, P. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement*. London: Routledge, 2024, pp. 225–243.

[18] BIANCHI, L., CARUANA, R., SHIVJI, A. K. Engaging Marginalized Stakeholders: Towards a Dialogical Theorization of Effective Corporate-Rightsholder Remedy. *Journal of Business Ethics*. 2024, vol. 191, p. 9. Available at: https://doi.org/10.1007/s10551-024-05879-6.

[19] GORSKI, A. T., DUMITRAŞCU, D. D. Stakeholder Ecosystems and Corporate Sustainability: A Nexus for Value Creation in the Age of Sustainability. *Studies in Business and Economics*. 2023, vol. 18, no. 2, pp. 175.

[20] BROWN, J. A., DE BAKKER, F. G., BAPUJI, H., HIGGINS, C., REHBEIN, K., SPICER, A. Building on Its Past: The Future of Business and Society Scholarship. *Business & Society*. 2022, vol. 61, no. 5, p. 970.

[21] Ibid.

engagement processes that meet the directive's requirements while ensuring clarity, accessibility, and inclusiveness for diverse stakeholders. In this respect, this paper aims to address this gap by exploring the following research question: "How can legal design principles enhance meaningful stakeholder engagement under the Corporate Sustainability Due Diligence Directive (CSDDD)?"

This study contributes to the existing literature by introducing a legal design-based approach to MSE. Legal design applies human-centred design principles to the development of legal information, processes, and communications, making them more accessible, actionable and user-friendly. By integrating legal design into MSE processes, businesses can better align their engagement practices with the requirements of the CSDDD. The paper will propose a practical framework for MSE under the CSDDD, focusing on enhancing clarity, inclusiveness, and effectiveness. Additionally, the study will provide recommendations for regulators, businesses, and civil society actors on how to apply legal design techniques to improve engagement outcomes and foster more meaningful stakeholder participation.

2. The Regulatory Landscape

The rapid increase in sustainability-related regulations, or "legislative tsunamis", creates challenges for companies, making compliance difficult and overwhelming.[22] Before 2000s stakeholder engagement was largely informal, ad-hoc and stemming from the corporate goodwill. With the developments in the globalisation of supply chains, stakeholder engagement became part of risk management frameworks rather than a voluntary corporate social responsibility activity. However, with the smart mix[23] of instruments combining soft and hard law, stakeholder engagement has been redefined and solidified as a dynamic, ongoing and participatory practice, named as meaningful stakeholder engagement.

One key milestone was the endorsement of the United Nations Guiding Principles on Business and Human Rights (UNGPs) by the Human Rights Council on 16 June 2011, which incorporated "human rights due diligence" (HRDD)[24] in

[22] SALO-LAHTI, M., RANTA, M., HAAPIO, H. AI Tools for Sustainability–Actionable Information for Both Humans and Machines. In: *Rechtsinformatik als Methodenwissenschaft des Rechts: Legal Informatics as Science of Legal Methods. Proceedings of the 26th International Legal Informatics Symposium IRIS*, February 2023, p. 199.

[23] PETERS, A., GLESS, S., THOMALE, C., WELLER, M. P. Business and Human Rights: Towards a 'Smart Mix' of Regulation and Enforcement. Zeitschrift für ausländisches öffentliches Recht und Völkerrecht / Heidelberg. *Journal of International Law*. 2023, vol. 83, no. 3, pp. 415–460.

[24] Human rights due diligence (HRDD) differs from traditional due diligence frameworks by being an ongoing, dynamic process rather than a transactional one. It requires continuous monitoring of human rights risks, which evolve due to internal and external factors. Unlike generic stakeholder

its framework.[25] Even though it is not legally binding, UNGPs have influenced other international standards, national regulations and corporate due diligence frameworks such as OECD Guidelines for Multinational Enterprises (2011), ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy (2017), International Finance Corporation (IFC) Environmental and Social Performance Standards (2012), and Equator Principles (2013) were all revised to incorporate HRDD principles from the UNGPs.[26] During the decade after the adoption of the UNGPs, European countries such as France, Germany, Norway and the Netherlands adopted mandatory due diligence legislation to "harden" the obligations.[27] However, the aforementioned national legislations vary greatly in terms of scope, standards and enforcement mechanisms.[28]

Responding to the need for legal certainty both for the businesses and those impacted by their activities, a qualified majority of the EU member states voted in favour of the Directive on Corporate Sustainability Due Diligence Directive[29] (CSDDD) on 15th March 2024. This was yet another milestone marking the first "region-wide due diligence legislation".[30] A key feature of CSDDD was to introduce mandatory requirements to adopt "codes of conduct" with due diligence requirements which must be enforced across global supply chains, different than earlier times where enforcement of the codes of conduct was left to the discretion of the companies.[31]

Article 13 of the CSDDD further cements the importance of meaningful stakeholder engagement. It obliges businesses to engage with stakeholders throughout the due diligence process by providing relevant and comprehensible information

categorization, HRDD mandates engagement with individuals whose dignity and equality are at risk, ensuring risks to stakeholders, not just the business, are identified and addressed. RUGGIE, J. G. *European Commission Initiative on Mandatory Human Rights Due Diligence and Directors' Duties*. 2021, pp. 1–4.

25 MCCORQUODALE, R., NOLAN, J. The Effectiveness of Human Rights Due Diligence for Preventing Business Human Rights Abuses. *Netherlands International Law Review*. 2021, vol. 68, no. 1, p. 456.

26 Ibid., p. 458.

27 BUENO, N., BERNAZ, N., HOLLY, G., MARTIN-ORTEGA, O. The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise. *Business and Human Rights Journal*. 2024, vol. 9, no. 1, p. 294.

28 Ibid.

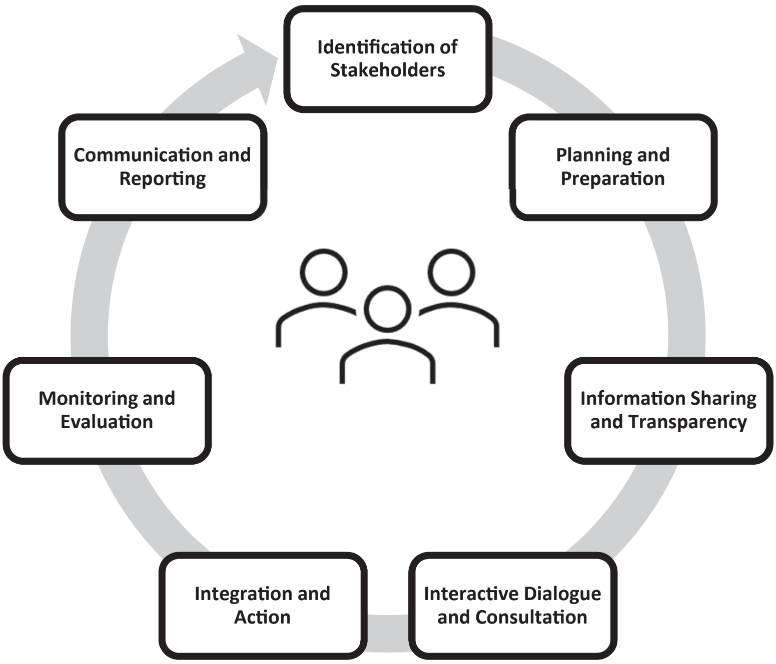
29 EUROPEAN UNION. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. *Official Journal of the European Union*. 2024, L 1760, pp. 1–58.

30 Ibid.

31 VANDENBROUCKE, S. The Evolution of Codes of Conduct to Ensure Labor Rights in Global Supply Chains. *AJIL Unbound*. 2024, vol. 118, p. 297.

and enabling them to request additional details when necessary. CSDDD specifies that consultations must take place at key stages, including when identifying risks, developing prevention and remediation plans, and defining performance indicators. It also emphasizes the importance of addressing engagement barriers, protecting participants from retaliation, and consulting experts when direct engagement with stakeholders is not feasible. The flexibility to fulfil these obligations through industry or multi-stakeholder initiatives is permitted, provided that the requirements for direct employee engagement are respected. This shift reflects the growing recognition of stakeholder engagement not merely as a procedural step, but as a core component of sustainable and responsible business conduct.

Figure 1. Steps of Meaningful Stakeholder Engagement Process under CSDDD.



Source: Author's own compilation.

The recitals of the CSDDD[32] further elaborate on the importance of stakeholder engagement as an integral aspect of sustainable and responsible business

[32] EUROPEAN UNION. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and Amending Directive (EU)

conduct. Recital 38 emphasizes the need to embed due diligence into companies' policies and risk management systems, while Recital 40 highlights the necessity of meaningful stakeholder engagement to ensure the effective identification, prevention, and mitigation of adverse impacts.

This regulatory evolution underscores the shift in stakeholder engagement from a superficial corporate activity to a fundamental requirement for sustainable and responsible business conduct. As companies navigate the complexities of the CSDDD, meaningful stakeholder engagement will be crucial in fostering trust, enhancing compliance, and contributing to long-term sustainability goals.

3. Meaningful Stakeholder Engagement in Practice

Translating the principles of meaningful stakeholder engagement (MSE) into practice requires companies to move beyond theoretical frameworks and embrace strategies that foster genuine, inclusive, and ongoing dialogue. The Corporate Sustainability Due Diligence Directive (CSDDD) sets out clear expectations for MSE but leaves significant room for interpretation regarding how these principles should be operationalized in diverse business contexts. In practice, companies must adopt tailored approaches that consider their industry characteristics, stakeholder composition, and operational realities.

3.1. Embedding MSE in Corporate Governance

For MSE to be effective, it must be integrated into core corporate governance structures.[33] This integration involves establishing clear policies, designating responsible teams or officers, and ensuring that engagement activities are aligned with broader sustainability goals. The development of codes of conduct, as required by the Article 7 of CSDDD, serves as a foundational step in this process. These codes should articulate the company's commitment to stakeholder engagement, specify procedures for consultation, and outline mechanisms for monitoring and reviewing engagement practices.

2019/1937 and Regulation (EU) 2023/2859. *Official Journal of the European Union*. 2024, L 1760, pp. 1–58.

33 UNITED NATIONS OFFICE OF THE HIGH COMMISSIONER FOR HUMAN RIGHTS. Guiding Principles for Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework. 2011, pp. 1–32. Available at: https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights

3.2. Tools and Techniques for Effective Engagement

3.2.1. Information Gathering and Analysis Tools

Effective stakeholder engagement begins with understanding who the stakeholders are and what their concerns, expectations, and interests might be. Tools like stakeholder mapping and analysis help organizations identify and prioritize stakeholders based on their level of influence and potential impact. Surveys, questionnaires, and interviews provide both quantitative and qualitative insights into stakeholder perceptions.34 Participatory impact assessments, such as social and environmental impact assessments, further enhance this understanding by involving stakeholders in identifying risks and potential solutions early in the decision-making process.

3.2.2. Dialogue and Collaboration Techniques

Engagement requires open, inclusive, and ongoing communication. Focus groups and workshops facilitate in-depth discussions, encouraging stakeholders to voice their concerns and co-create solutions.[35] Community meetings and town halls[36] offer broader participation opportunities, particularly for communities directly affected by corporate activities. Participatory scenario planning helps stakeholders explore potential future outcomes collaboratively, fostering proactive risk management and collective decision-making.

3.2.3. Feedback, Monitoring, and Trust-Building Mechanisms

Sustaining meaningful engagement involves continuous feedback loops and trust-building efforts. Operational grievance mechanisms (OGMs) provide accessible channels for stakeholders to raise concerns and seek remedies. Interactive digital platforms, such as online forums and webinars, extend participation to geographically dispersed stakeholders.[37] Collaborating with civil society organizations (CSOs) can also enhance trust, as these organizations often serve as

[34] ANDREWS, N., SAAKA, S. A. Considering Research Participants as 'Affected Stakeholders': Implications for Methodological Choices and Meaningful Engagement Outcomes. In: SMITH, J., LEE, R., TAYLOR, P. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement*. London: Routledge, 2024, pp. 392–393.

[35] Ibid.

[36] FITZPATRICK, P., FAST, H. Opportunities for Meaningful Engagement: A Canadian Perspective on Regulatory Tribunals. In: SMITH, J., LEE, R., TAYLOR, P. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement*. London: Routledge, 2024, pp. 151.

[37] PRNO, J. Creating Meaningful Community Engagement Outcomes: A Practitioner's Perspective. In: SMITH, J., LEE, R., TAYLOR, P. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement*. London: Routledge, 2024, pp. 278.

bridges between businesses and vulnerable communities, ensuring that stakeholder voices remain central to corporate decisions.

3.3. Monitoring, Evaluation, and Continuous Improvement

MSE is not a one-time activity but an ongoing process that requires regular monitoring and evaluation.[38] Companies must establish clear indicators to assess the effectiveness of their engagement practices, ensuring that stakeholder feedback informs continuous improvement. Conducting periodic reviews, soliciting stakeholder feedback, and adjusting strategies in response to evolving circumstances are critical for maintaining meaningful engagement over time. By adopting a proactive, design-informed approach to MSE, companies would be able to fulfil their legal obligations under the CSDDD, also strengthen relationships with stakeholders, build social capital, and enhance their long-term sustainability performance.

4. Challenges in Meaningful Stakeholder Engagement: Regulatory Complexity, Information Accessibility, and Trust

Meaningful stakeholder engagement (MSE) is essential for corporate sustainability, yet its effective implementation is with challenges. Among the most significant obstacles are the complexity of regulatory requirements, the accessibility of information for diverse stakeholders, and the need to build and maintain trust in the engagement process. These challenges can undermine the goals of MSE, particularly in the context of the CSDDD, which emphasizes inclusive, transparent, and ongoing engagement.

4.1. Regulatory Complexity

The growing number of international, regional, and national regulations has created a complex and often fragmented regulatory landscape. Companies must navigate overlapping, and at times contradictory, requirements related to human rights, environmental due diligence, and stakeholder engagement. The CSDDD, while aiming to standardize these requirements across the EU, still requires businesses to interpret and operationalize legal provisions in diverse operational contexts.

[38] Principle 31 of UNGPs also highlights the importance of continues improvement.

Even though there is a great need of "smart mix of regulatory approaches" combining public international law, domestic law and corporate self-regulation causes a regulatory diversity.[39] In addition to this, for businesses who operate across multiple jurisdictions would face further legislative fragmentation due to jurisdictional differences.[40] Regulatory complexity due to this diversity can overwhelm companies, particularly small and medium-sized enterprises, which often lack the resources to establish comprehensive compliance systems.

4.2. Information Accessibility

Access to clear, comprehensible information is fundamental to effective stakeholder engagement. However, legal documents are frequently drafted in technical language that is difficult for non-legal audiences to understand. This language barrier can prevent stakeholders from fully participating in consultations, providing feedback, or advocating for their interests. The CSDDD addresses this challenge by requiring companies to present information in accessible formats, yet implementation gaps persist. Innovative approaches like legal design, which applies design-thinking principles to law, can help bridge this gap by transforming complex legal texts into user-friendly materials.

In addition to this, information asymmetry can also cause power imbalance between parties where McGahan (2020) also raises concerns about the exclusion of disempowered stakeholders[41]. Future research can investigate how legal design can create inclusive engagement processes for marginalized voices, such as environmental advocates and vulnerable communities. Co-creation workshops and participatory design sessions with diverse stakeholder groups can help companies better capture and integrate these perspectives into their sustainability strategies.

4.3. Trust

Trust is the cornerstone of successful stakeholder engagement, but it can be fragile and difficult to establish. Historical cases of corporate misconduct, inadequate responses to stakeholder concerns, and perceived imbalances in engagement processes contribute to disengagement. The CSDDD mandates transparent,

---

[39] PETERS, A., GLESS, S., THOMALE, C., WELLER, M. P. Business and Human Rights: Towards a 'Smart Mix' of Regulation and Enforcement. Zeitschrift für ausländisches öffentliches Recht und Völkerrecht/Heidelberg *Journal of International Law*. 2023, vol. 83, no. 3, p. 427.

[40] Ibid., p. 445.

[41] MCGAHAN, A. M. Where Does an Organization's Responsibility End? Identifying the Boundaries on Stakeholder Claims. *Academy of Management Discoveries*. 2020, vol. 6, no. 1, pp. 8–11.

meaningful, and responsive engagement to rebuild this trust. Companies can foster trust by ensuring genuine dialogue, protecting stakeholder confidentiality, and demonstrating a consistent commitment to addressing identified risks and impacts. Additionally, the involvement of independent experts and the co-creation of engagement strategies with stakeholders can enhance perceptions of fairness and reliability.

However, trust-building in stakeholder engagement requires more than procedural compliance; it necessitates the adoption of inclusive and participatory practices that acknowledge and address stakeholder concerns. Schormair and Gerlach (2020) argue that traditional, agreement-driven approaches like Alternative Dispute Resolution (ADR) often fall short in this regard due to their transactional nature and the power imbalances they reinforce.[42] Their case study of Barrick Gold's remediation mechanisms revealed that lack of victim participation, inadequate communication, and concealed legal alternatives eroded trust and satisfaction with the process. By first integrating proactive law[43] principles to prevent such outcomes and restorative justice mechanisms to address past harms, companies can establish a more resilient foundation for meaningful stakeholder engagement.

Addressing these challenges requires a shift from treating stakeholder engagement as a compliance obligation to recognizing it as a strategic tool for corporate sustainability. Legal design principles, with their focus on proactivity, clarity, inclusivity, and usability, provide promising avenues to simplify regulatory complexity, enhance information accessibility, and cultivate enduring stakeholder trust.

5. Legal Design: How to Make Stakeholder Engagement More Meaningful?

Legal design is an interdisciplinary approach that applies principles of human-centred design to the field of law to create legal documents, services, and systems that are more accessible, understandable, and user-friendly.[44] However, legal design is not merely a method for achieving positive outcomes but also an approach to prevent problems from emerging and escalating into conflicts and disputes.[45] This

[42] SCHORMAIR, M. J., GERLACH, L. M. Corporate Remediation of Human Rights Violations: A Restorative Justice Framework. *Journal of Business Ethics*. 2020, vol. 167, no. 3, p. 477.

[43] SIEDEL, G. J., HAAPIO, H. Using Proactive Law for Competitive Advantage. *American Business Law Journal*. 2010, vol. 47, p. 657.

[44] HAGAN, M. *Law by Design*. Self-published, 2020. Available at: https://lawbydesign.co [accessed 14 February 2025].

[45] LEGAL DESIGN ALLIANCE. Legal Design Alliance Website. Available at: https://www.legaldesignalliance.org/ [accessed 14 February 2025].

perspective aligns with the Proactive/Preventive Law approach, which emphasizes not only the prevention and resolution of legal issues but also the empowerment of individuals to achieve their commercial or personal objectives (Barton et al., 2021). This approach further enhances legal communication, services, and solutions by making them more "functional, useful, and usable".[46] It aligns with the proactive and participatory aspects of modern stakeholder engagement, particularly in regulatory compliance, sustainability, and corporate governance. The role of legal design in achieving corporate sustainability outcomes is promising[47] as it emphasizes its value in improving the comprehensibility of legal information and fostering meaningful engagement.

5.1. Concepts and Principles of Legal Design

Legal design is grounded in principles of proactive law, value-sensitive design, and participatory methodologies. Proactive law emphasizes the preventive and promotive dimensions of legal practice, encouraging the use of legal knowledge to anticipate and avoid potential problems rather than merely reacting to issues after they occur.[48] The principles of proactive legal design align closely with value-sensitive design, which seeks to embed ethical considerations like transparency, accountability, and fairness into legal systems and documentation.[49]

A key component of legal design is its human-centred approach, which prioritizes the needs, perspectives, and experiences of end-users. The design process often employs visual aids, plain language, and interactive elements to enhance understanding and usability.[50] As highlighted by Chung and Kim (2023), legal design fosters better communication between legal professionals and non-experts, promoting engagement and compliance through clarity and simplicity.[51]

46 HAAPIO, H., BARTON, T. D., COMPAGNUCCI, M. C. Legal Design for the Common Good: Proactive Legal Care by Design. In: CORRALES, M., FENWICK, M., FORGÓ, N. (eds.). *Legal Design*. Cheltenham: Edward Elgar Publishing, 2021, p. 56–57.

47 METIN, E. Legal Design: A Catalyst for Environmental Social and Governance and Sustainable Business Practices. Scientific Papers of the University of Pardubice. *Series D, Faculty of Economics & Administration*. 2024, vol. 32, no. 2, pp. 1–10.

48 SIEDEL, G. J., HAAPIO, H. Using Proactive Law for Competitive Advantage. *American Business Law Journal*. 2010, vol. 47, p. 657.

49 ROSSI, A., HAAPIO, H. Proactive Legal Design: Embedding Values in the Design of Legal Artefacts. In: *Internet of Things. Proceedings of the 22nd International Legal Informatics Symposium IRIS*. February 2019, pp. 537–544.

50 HAGAN, M. Participatory Design for Innovation in Access to Justice. *Daedalus*. 2019, vol. 148, no. 1, pp. 120–127.

51 CHUNG, S., KIM, J. Systematic Literature Review of Legal Design: Concepts, Processes, and Methods. *The Design Journal*. 2023, vol. 26, no. 3, pp. 399–416.

Participatory design, a subset of legal design, involves stakeholders directly in the development of legal tools and systems. This approach ensures that the resulting legal products are more relevant, usable, and reflective of users' real-world experiences.[52] In the realm of corporate sustainability, participatory design facilitates meaningful stakeholder engagement by integrating diverse viewpoints into the design of policies and practices. The participatory design process is particularly valuable for companies navigating complex regulatory frameworks. By involving stakeholders in the design and implementation of compliance mechanisms, organizations can foster greater transparency and trust, ensuring that legal requirements are understood and adhered to by all parties involved.

5.2. Implementing Legal Design in Corporate Sustainability and ESG Compliance

Legal design has significant applications in enhancing corporate sustainability practices, especially in Environmental, Social, and Governance (ESG) compliance. As ESG requirements become more complex and demanding, companies must find innovative ways to communicate these requirements effectively to their stakeholders. Legal design techniques, such as plain language, design patterns and visual aids, help bridge the gap between regulatory frameworks and operational practices.

For instance, Salo-Lahti and Haapio (2024) demonstrate how proactive legal design can support sustainability reporting by transforming dense, technical information into accessible and actionable insights.[53] Similarly, the potential role of legal design in ESG strategies were explored in showing how visual aids and plain language can enhance understanding and adherence to ESG principles.[54]

The integration of digital tools with legal design practices offers new opportunities for improving legal communication and stakeholder engagement. AI technologies, such as natural language processing and machine learning, can be leveraged to create adaptive legal interfaces that respond to user queries in real time. Salo-Lahti et al. (2023) highlight the potential of AI-driven legal design in simplifying sustainability disclosures and enhancing access to critical

[52] HAGAN, M. Participatory Design for Innovation in Access to Justice. *Daedalus*. 2019, vol. 148, no. 1, pp. 120–127.

[53] SALO-LAHTI, M., HAAPIO, H. Possibility-Driven Design and Responsible Use of AI for Sustainability. In: DUCATO, R., STROWEL, A., MARIQUE, E. (eds.). *Design(s) for Law*. Milan: Ledizioni, 2024, pp. 205–252. Available at: https://doi.org/10.5281/zenodo.11221501.

[54] METIN, E. Legal Design: A Catalyst for Environmental Social and Governance and Sustainable Business Practices. Scientific Papers of the University of Pardubice. *Series D, Faculty of Economics & Administration*. 2024, vol. 32, no. 2, pp. 1–10.

information.[55] Digital transformation also supports the implementation of interactive, user-friendly legal documents that can be customized to meet the specific needs of various stakeholder groups. This adaptability is crucial for multinational corporations operating across diverse regulatory environments.

5.3. The Potential Role of Legal Design in Real Life MSE Cases

The main contribution of legal design is helping diverse stakeholders to be able to make informed decisions.[56] By making legal information more functional and actionable, legal design empowers stakeholders to make informed decisions while promoting transparency, trust, and compliance with legal requirements. For example, depending on the literacy needs of the stakeholders, businesses may select to provide timely information in plain language or easy language.[57] Another potential implementation may be the possibility of using comic book contracts[58] or other material that is visually supported in case these fulfil the needs of the stakeholders.

Furthermore, Effective MSE often requires collaboration not only between the company and its stakeholders but also across different stakeholder groups. Co-creation initiatives, where stakeholders are actively involved in designing engagement processes, can enhance the legitimacy and effectiveness of engagement outcomes. Such initiatives might include joint workshops, roundtable discussions, and participatory decision-making sessions. By involving stakeholders in the design phase, companies can better understand their concerns, build trust, and develop more practical, context-specific engagement strategies.

The Fair Food Programme (FFP), the first operating worker-driven social responsibility (WSR) model[59], offers a compelling example of how authentic, worker-driven processes can successfully engage marginalized stakeholders, serving as a benchmark for designing meaningful engagement mechanisms.

---

[55] SALO-LAHTI, M., RANTA, M., HAAPIO, H. AI Tools for Sustainability–Actionable Information for Both Humans and Machines. In*: Rechtsinformatik als Methodenwissenschaft des Rechts: Legal Informatics as Science of Legal Methods. Proceedings of the 26th International Legal Informatics Symposium IRIS*. February 2023, pp. 199–209.

[56] OECD. *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*. Paris: OECD Publishing, 2023, p. 18. Available at: https://doi.org/10.1787/81f92357-en.

[57] MAAß, C. *Easy Language–Plain Language–Easy Language Plus: Balancing Comprehensibility and Acceptability*. Berlin: Frank & Timme, 2020, p. 304.

[58] ANDERSEN, C. B., DE ROOY, R. Employment Agreements in Comic Book Form: What a Difference Cartoons Make. In: HAAPIO, H., BARTON, T. D., COHN, A. (eds.). *Research Handbook on Contract Design*. Cheltenham: Edward Elgar Publishing, 2022, pp. 329–346.

[59] BIANCHI, L., CARUANA, R., SHIVJI, A. K. Engaging Marginalized Stakeholders: Towards a Dialogical Theorization of Effective Corporate-Rightsholder Remedy. *Journal of Business Ethics*. 2024, vol. 191, pp. 1–15. Available at: https://doi.org/10.1007/s10551-024-05879-6.

Established by the Coalition of Immokalee Workers (CIW) in the U.S. agricultural sector, the FFP addresses systemic labour rights violations by placing farmworkers at the core of the engagement and remediation process. The program operates through a legally binding agreement between participating buyers and growers, ensuring that workers are actively involved in shaping workplace standards, monitoring compliance, and reporting violations without fear of retaliation. Key components include worker-to-worker education sessions, access to a 24/7 multilingual complaint hotline, and independent audits conducted by the Fair Food Standards Council. The program exemplifies how participatory and transparent processes can foster trust, enhance communication, and deliver tangible improvements in labour conditions. This approach aligns with legal design principles, particularly the emphasis on accessibility, clarity, and co-creation. By applying similar strategies, companies can move beyond transactional engagement and foster more inclusive, effective, and sustainable stakeholder participation.

Another compelling example of stakeholder engagement that aligns with legal design principles is the case of LG Electronics (LGE) and its approach to stakeholder communication for the Sustainable Development Goals (SDGs).[60] LGE adopted a phased strategy transitioning from stakeholder communication to stakeholder involvement and, ultimately, to meaningful stakeholder engagement. This evolution illustrates core legal design principles, particularly accessibility, clarity, and co-creation. For instance, LGE employed visual tools, surveys, and tailored communication strategies to bridge information gaps and facilitate inclusive participation across diverse stakeholder groups, including employees, local communities, NGOs, and government agencies. Their use of the SDGs as a shared language for stakeholder dialogue demonstrates the application of design principles to create clearer, more actionable communications. Furthermore, the company established governance mechanisms like the Corporate Sustainability Management (CSM) Council and the CSR Committee, ensuring that stakeholder input was not only collected but also integrated into strategic decision-making. These participatory practices mirror the collaborative ethos of legal design by emphasizing co-creation, transparency, and responsiveness in corporate sustainability efforts.

[60] JUN, H., KIM, M. From Stakeholder Communication to Engagement for the Sustainable Development Goals (SDGs): A Case Study of LG Electronics. *Sustainability*. 2021, vol. 13, no. 15, pp. 6–14.

5.4. Reimagining Meaningful Stakeholder Engagement with Legal Design

Reimagining meaningful stakeholder engagement (MSE) through legal design requires a shift from compliance-driven practices toward more accessible, participatory, and human-centred processes. Legal design introduces innovative tools and methods to simplify communication, reduce regulatory complexity, and foster trust among stakeholders.

The application of legal design in MSE emphasizes the importance of co-creation, visualization, and proactive engagement. By integrating these elements, companies can better align their practices with the requirements of Article 13 of the CSDDD, ensuring more inclusive and meaningful interactions with stakeholders.

The following table outlines the evolution of stakeholder engagement and illustrates how legal design can transform existing practices. The separation of years in the table reflects significant shifts in stakeholder engagement practices across three distinct periods as Traditional Stakeholder Engagement (Pre-2000s) characterized by compliance-driven, one-way communication; Stakeholder Engagement in Transition (2000–2015) which marked by increased interaction and the adoption of risk-based strategies and Meaningful Stakeholder Engagement (2016–Present) that focuses on strategic, rights-based engagement with legal design principles enhancing clarity, inclusivity, and participation.

This temporal division helps to illustrate how stakeholder engagement practices have evolved in response to regulatory, societal, and technological developments, with legal design serving as a key enabler of the potential transformation.

Table 1. Comprehensive Evolution of Stakeholder Engagement into Meaningful Stakeholder Engagement with Legal Design Perspectives

Dimension	**Traditional Stakeholder Engagement**	**Stakeholder Engagement in Transition *(2000–2015)***	**Meaningful Stakeholder Engagement (MSE) *(2016–Present)***	**Legal Design Perspective**
Purpose	Compliance-driven (tick-box exercise)	Risk-based engagement integrated into corporate governance	Purpose-driven: Strategic and human rights-focused	Defines clear, user-centred objectives aligned with strategy and stakeholder expectations.
Communication	One-way (informing stakeholders)	Shift to interactive processes with feedback mechanisms	Two-way, dynamic dialogue: Continuous and participatory	Uses plain language, visuals, and interactive tools.
Stakeholder Role	Passive observers	Consulted for risk identification	Active participants with co-ownership	Fosters co-creation through workshops and prototypes.
Focus	Operational goals (e. g., cost reduction)	Risk identification and mitigation	Rights-based engagement: Prioritizes vulnerable groups	Promotes human-centred engagement with accessible tools.
Transparency	Minimal disclosure; complex language	Increased transparency through CSR reporting	Full transparency: Open reporting of outcomes and methods	Uses interactive policy interfaces and plain-language reports.

Dimension	**Traditional Stakeholder Engagement**	**Stakeholder Engagement in Transition *(2000–2015)***	**Meaningful Stakeholder Engagement (MSE) *(2016–Present)***	**Legal Design Perspective**
Accountability	Voluntary, CSR-driven practices	Emerging reporting requirements	Mandatory accountability (like *EU CSRD* and *EU CSDDD)*	Supports compliance via checklists, dashboards and dynamic reporting.
Risk Management	Reactive, post-incident engagement	Proactive risk-based approaches	Embedded in due diligence processes	Uses legal risk visualization and compliance tools.
Trust-Building	Low trust due to superficial engagement	Recognized need for trust in stakeholder dialogues	Trust-based relationships through transparency and consistency	Encourages open, user-friendly communication and trust-building workshops.

Source: Author's own compilation.

Future implications for stakeholder engagement indicate a growing need for increased personalization, as engagement approaches must be tailored to address the diverse needs of various stakeholder groups. Regulatory integration will also become more critical, with evolving frameworks like the CSDDD requiring businesses to adopt legal design principles to maintain compliance effectively. Technological advancements, particularly the use of digital platforms, AI-driven tools, and interactive interfaces, will play a central role in enhancing the accessibility and efficiency of engagement processes. Furthermore, there will be a stronger focus on sustainability, with stakeholder engagement increasingly aligning with environmental, social, and governance (ESG) goals, including the integration of perspectives from both human and non-human stakeholders. Legal design, with its emphasis on clarity, accessibility, and inclusivity, will serve as a guiding force in these developments, ensuring that engagement practices continue to evolve in response to regulatory requirements and societal expectations.

6. Discussion

The findings of this paper show the significant potential of legal design in enhancing meaningful stakeholder engagement (MSE). By applying human-centred design principles to legal information, processes and systems, businesses can overcome regulatory complexity, improve information accessibility, and foster trust in engagement practices. This discussion section reflects on these findings, examines their implications for theory and practice.

6.1. Implications for Theory

The integration of legal design into stakeholder engagement adds a novel dimension to the existing literature on business and human rights. While MSE has traditionally been explored through the lenses of corporate social responsibility and stakeholder theory, this study positions legal design as a bridging mechanism that translates abstract legal principles into actionable practices.

First, the findings align with the theoretical propositions of proactive law, emphasizing the preventive and promotive dimensions of legal interventions.[61] By proactively designing engagement mechanisms that prioritize accessibility, companies can anticipate and mitigate engagement barriers before they arise.

Second, the study contributes to the conceptual development of legal design as a distinct field within legal scholarship. This paper further extends legal design's relevance to business and human rights literature, particularly in the context of the CSDDD.

Lastly, this research contributes to the understanding of stakeholder engagement as a dynamic, relational process rather than a static, compliance-driven activity. By incorporating co-creation workshops, visual contracts, and plain language materials, legal design fosters participatory engagement practices that resonate with the principles of stakeholder theory and value-sensitive design.

6.2. Implications for Practice

The practical implications of this study emphasize the transformative role of legal design in corporate sustainability strategies. Companies navigating the requirements of Article 13 of the CSDDD can benefit from adopting legal design techniques to facilitate more inclusive, transparent, and effective engagement processes.

[61] SIEDEL, G. J., HAAPIO, H. Using Proactive Law for Competitive Advantage. *American Business Law Journal*. 2010, vol. 47, p. 657.

Legal design principles, particularly the use of plain language and visual aids, address the challenge of information asymmetry. For instance, companies can redesign sustainability reports into more interactive formats, incorporating infographics and summary sections to cater to non-expert audiences.

The co-creation methodologies discussed in this paper highlight the value of involving affected stakeholders in the design of engagement mechanisms. This participatory approach not only aligns with the procedural requirements of the CSDDD but also strengthens trust by ensuring that stakeholder voices are heard and reflected in corporate policies.

Legal design can also serve as a compliance facilitation tool by demystifying complex legal obligations. Interactive compliance dashboards, visual policy maps, and scenario-based training modules are practical tools that companies can deploy to improve internal understanding and implementation of due diligence requirements.

6.3. Overcoming Challenges

While the potential of legal design in enhancing MSE is evident, its practical implementation requires addressing certain challenges. Small and medium-sized enterprises (SMEs) may face difficulties in allocating resources for legal design initiatives. Collaborations with academic institutions, NGOs, and legal design professionals can offer cost-effective solutions.

The diverse backgrounds, interests, and capacities of stakeholders necessitate customized engagement strategies. Segmenting stakeholders based on literacy levels, cultural contexts, and information needs can ensure more targeted and effective communication.

As companies increasingly adopt digital engagement platforms, ensuring digital literacy across all stakeholder groups becomes crucial. Providing training sessions, multilingual interfaces, and accessible formats can mitigate this barrier.

7. Conclusion and Future Research Directions

7.1. Limitations

While this study offers valuable insights, several limitations must be acknowledged. First, the research is conceptual in nature, relying on a qualitative review of existing literature without incorporating empirical data to validate the proposed framework. Additionally, the scope of the study is confined to articles and reports published in English, which may result in the exclusion of relevant findings from non-English sources. Lastly, the paper examines various sources from different streams of academic and grey literature, it does not delve deeply into industry-specific applications, potentially limiting the broader applicability of the findings.

In addition to this, it is essential to recognize the evolving discourse around the inclusion of nature and non-human entities as stakeholders. Current regulatory frameworks and corporate governance practices predominantly consider human stakeholders, often overlooking the ecological systems that sustain these interactions. However, environmental degradation, as highlighted in recent literature on coral reef protection[62], underscores the interconnectedness of human and ecological well-being.

Furthermore, this paper only proposes a general conceptual framework without delving into details of methodological guidelines for the suggested legal design tools and techniques. Thus, this paper also refrains from addressing potential limitations of applying human-centred design to regulatory frameworks.

7.2. Future Research Directions

7.2.1. Expanding the Stakeholder Definition to Include Nature and Post-Human Entities

The traditional understanding of stakeholders has predominantly focused on human rights and interests. However, as highlighted in the work of Camp et al. (2024), human well-being is inextricably linked to the health of natural ecosystems, such as coral reefs, which play a crucial role in maintaining ecological balance and protecting human communities.[63] Future research should explore legal and practical mechanisms for recognizing nature as a legitimate stakeholder, particularly in sectors with significant environmental impacts. This requires adapting existing frameworks to incorporate ecological considerations, ensuring that natural systems, including forests, rivers, and coral reefs, are acknowledged in corporate decision-making processes.

The concept of posthuman legalities, as discussed by Santuber and Hermansen (2024), challenges the anthropocentric bias in law by advocating for the recognition of human-nature-technology interactions.[64] Legal design, with its

[62] CAMP, E. F., BRAVERMAN, I., WILKINSON, G., VOOLSTRA, C. R. Coral Reef Protection Is Fundamental to Human Rights. *Global Change Biology*. 2024, vol. 30, no. 9, pp. e17512.

[63] CAMP, E. F., BRAVERMAN, I., WILKINSON, G., VOOLSTRA, C. R. Coral Reef Protection Is Fundamental to Human Rights. *Global Change Biology*. 2024, vol. 30, no. 9, pp. e17512.

[64] SANTUBER, J.; HERMANSEN, P. Designing for Posthuman Legalities: Legal Design(ing) and the Ontological Turn. In: DUCATO, R., STROWEL, A., MARIQUE, E. (eds.). *Design(s) for Law*. Milan: Ledizioni, 2024, pp.311-349.

emphasis on clarity, accessibility, and user-centric approaches, can be extended to ecological stakeholders by involving environmental scientists, ecologists, and local communities as proxies for nature's interests. Participatory design techniques, such as co-creation workshops, can facilitate the representation of natural entities in sustainability-related decisions and help bridge communication gaps.

The relationship between human and ecological health is symbiotic, yet corporate sustainability initiatives often prioritize human interests. As Camp et al. (2024) emphasize, coral reef degradation demonstrates the cascading negative impacts of environmental harm on human communities. Future research should explore how legal design methodologies can assist businesses in navigating this balance, ensuring that short-term business goals do not compromise long-term ecological sustainability. Tools that visualize and communicate the interdependencies between human activities and natural systems could support more balanced decision-making processes.

Introducing nature as a stakeholder raises critical ethical considerations regarding representation, agency, and accountability. Future research should address questions such as: Who speaks for nature? How can competing interests be reconciled? What safeguards are necessary to prevent the instrumentalization of nature's interests for human gains? Legal design principles, such as visual contracts and participatory methods, can help create transparent and inclusive mechanisms to address these concerns.

As businesses navigate the complexities of the CSDDD, integrating nature into stakeholder engagement practices offers a pathway toward more holistic, sustainable governance models. By leveraging legal design methodologies, companies can develop engagement strategies that reflect the interdependence of human and ecological systems.

7.2.2. Investigating the Role of Digital Tools in Stakeholder Engagement

With the increasing complexity of sustainability regulations, the use of digital tools and platforms in stakeholder engagement is becoming more prevalent. Future research can explore how legal design principles can enhance the usability of such tools to facilitate meaningful stakeholder engagement (MSE) under the CSDDD.

Interactive dashboards, AI-driven insights, and participatory digital platforms could be assessed to determine their effectiveness in representing diverse stakeholder interests, including ecological stakeholders.

Furthermore, research should address potential challenges related to data privacy, algorithmic transparency, and digital accessibility to ensure inclusivity in stakeholder engagement.

7.2.3. The Role of Bottom-Up Approaches in Enhancing Stakeholder Engagement

Despite the growing recognition of meaningful stakeholder engagement (MSE) as a core element of corporate sustainability, many engagement practices remain predominantly top-down, often sidelining the voices of affected stakeholders. Scholars and NGOs have emphasized the need for alternative, bottom-up approaches that prioritize community participation in decision-making and implementation processes.[65] Bottom-up approaches shift the focus from corporate interests to stakeholder needs, ensuring that engagement processes are more inclusive, context-sensitive, and effective. However, research on how to operationalize these approaches, particularly in regulatory-intensive contexts remains limited. Empirical studies are needed to explore how bottom-up engagement methods can be effectively implemented across diverse sectors and communities.

In conclusion, MSE represents a critical component of corporate sustainability, particularly within the framework of the CSDDD. As this paper has demonstrated, the integration of legal design principles into MSE practices offers promising avenues to address persistent challenges such as regulatory complexity, information asymmetry, and trust deficits. Legal design, through its emphasis on clarity, accessibility, and co-creation, can help businesses not only meet their regulatory obligations but also foster deeper, more inclusive relationships with stakeholders. The proposed framework illustrates how plain language, visual aids, and participatory design methods can enhance stakeholder understanding, engagement, and trust, ultimately contributing to more sustainable and responsible business practices.

Looking ahead, the application of legal design to MSE necessitates further exploration, particularly in operational contexts across different industries and jurisdictions. Future research should investigate the empirical impacts of these principles on stakeholder engagement outcomes, as well as the role of digital tools and innovative communication methods in scaling engagement efforts. Additionally, expanding the stakeholder definition to include natural entities and exploring the potential of bottom-up approaches can provide new insights into more holistic and effective engagement strategies. By continuing to innovate at the intersection of legal design and stakeholder engagement, businesses can better navigate the complexities of corporate sustainability, align with societal expectations, and contribute to a more transparent, inclusive, and sustainable global economy.

[65] MAHER, R., BUHMANN, K. Meaningful Stakeholder Engagement: Bottom-Up Initiatives Within Global Governance Frameworks. *Geoforum*. 2019, vol. 107, pp. 233.

List of references

ANDERSEN, C. B. & DE ROOY, R. Employment agreements in comic book form: What a difference cartoons make. In: CORRALES COMPAGNUCCI, M, HAAPIO, H., FENWICK, M. (eds.). *Research handbook on contract design* (pp. 329–346). Edward Elgar Publishing, 2022, pp. 329–346.

ANDREWS, N., SAAKA, S. A. Considering Research Participants as 'Affected Stakeholders': Implications for Methodological Choices and Meaningful Engagement Outcomes. In: BUHMANN, K., FONSECA, A., ANDREWS, N., AMATULLI, C. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement.* London: Routledge, 2024, pp. 387–405.

BIANCHI, L., CARUANA, R., SHIVJI, A. K. Engaging Marginalized Stakeholders: Towards a Dialogical Theorization of Effective Corporate-Rightsholder Remedy. *Journal of Business Ethics*. 2024, vol. 191, pp. 1–15.

BROWN, J. A., DE BAKKER, F. G., BAPUJI, H., HIGGINS, C., REHBEIN, K., SPICER, A. *Building on Its Past: The Future of Business and Society Scholarship*. *Business & Society*. 2022, vol. 61, no. 5, pp. 967–979.

BUENO, N., BERNAZ, N., HOLLY, G., MARTIN-ORTEGA, O. *The EU Directive on Corporate Sustainability Due Diligence (CSDDD): The Final Political Compromise*. *Business and Human Rights Journal*. 2024, vol. 9, no. 1, pp. 294–300.

BUHMANN, K., FONSECA, A., ANDREWS, N., AMATULLI, G. Meaningful Stakeholder Engagement: The Concept, Practice and Governance. In: SMITH, J., LEE, R., TAYLOR, P. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement*. London: Routledge, 2024

CAMOLETTO, S., CORAZZA, L., PIZZI, S., SANTINI, E. Corporate Social Responsibility Due Diligence Among European Companies: The Results of an Interventionist Research Project with Accountability and Political Implications. *Corporate Social Responsibility and Environmental Management*. 2022, vol. 29, no. 5, pp. 1122–1133.

CAMP, E. F., BRAVERMAN, I., WILKINSON, G., VOOLSTRA, C. R. Coral Reef Protection Is Fundamental to Human Rights. *Global Change Biology*. 2024, vol. 30, no. 9, pp. e17512.

CHUNG, S., KIM, J. Systematic Literature Review of Legal Design: Concepts, Processes, and Methods. *The Design Journal*. 2023, vol. 26, no. 3, pp. 399–416.

EKE, S., GRANT, J. A., MAYANJA, E. N., OGUNNUBI, O. An Agential Constructivist Analysis of Meaningful Stakeholder Engagement in Africa's Critical Minerals Sector: Insights from the Democratic Republic of Congo. In: BUHMANN, K., FONSECA, A., ANDREWS, N., AMATULLI, C. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement.* London: Routledge, 2024, pp. 225–243.

EUROPEAN UNION. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. *Official Journal of the European Union*, L 1760, 5 July 2024, pp. 1–58.

EUROPEAN COMMISSION. *European Green Deal*. Available at: https://commission.europa.eu/strategy-and-policy/priorities-2019-2024/european-green-deal_en [accessed 14 February 2025].

EUROPEAN UNION. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and Amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859. *Official Journal of the European Union*. 2024, L 1760, pp. 1–58.

FITZPATRICK, P., FAST, H. Opportunities for Meaningful Engagement: A Canadian Perspective on Regulatory Tribunals. In: BUHMANN, K., FONSECA, A., ANDREWS, N., AMATULLI, C. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement.* London: Routledge, 2024, pp. 148–165.

FREEMAN, R. E. *Strategic Management: A Stakeholder Approach*. Boston: Pitman, 1984.

FREEMAN, R. E., HARRISON, J. S., ZYGLIDOPOULOS, S. *Stakeholder Theory: Concepts and Strategies*. Cambridge: Cambridge University Press, 2018.

GORSKI, A. T., DUMITRAŞCU, D. D. Stakeholder Ecosystems and Corporate Sustainability: A Nexus for Value Creation in the Age of Sustainability. *Studies in Business and Economics*. 2023, vol. 18, no. 2.

HAGAN, M. *Law by Design*. Self-published, 2020. Available at: https://lawbydesign.co [accessed 14 February 2025].

HAGAN, M. Participatory Design for Innovation in Access to Justice. *Daedalus*. 2019, vol. 148, no. 1, pp. 120–127.

HAAPIO, H., BARTON, T. D., COMPAGNUCCI, M. C. Legal Design for the Common Good: Proactive Legal Care by Design. In: CORRALES COMPAGNUCCI, M., HAAPIO, H., HAGAN, M., DOHERTY, M. (eds.). *Legal Design*. Cheltenham: Edward Elgar Publishing, 2021, pp. 56–81.

HAAPIO, H., PASSERA, S. Visual Contracts as Interfaces: How to Design Contracts to Improve User Experience. In: CORRALES COMPAGNUCCI, M., FENWICK, M., HAAPIO, H. (eds.). *Legal Tech, Smart Contracts and Blockchain*. Singapore: Springer, 2017, pp. 75–95.

JUN, H., KIM, M. From Stakeholder Communication to Engagement for the Sustainable Development Goals (SDGs): A Case Study of LG Electronics. *Sustainability*. 2021, vol. 13, no. 15, pp. 1–19.

KUJALA, J., SACHS, S., LEINONEN, H., HEIKKINEN, A., LAUDE, D. Stakeholder Engagement: Past, Present, and Future. *Business & Society*. 2022, vol. 61, no. 5, pp. 1136–1196.

MAAß, C. *Easy Language–Plain Language–Easy Language Plus: Balancing Comprehensibility and Acceptability*. Berlin: Frank & Timme, 2020, p. 304.

MAHER, R., BUHMANN, K. Meaningful Stakeholder Engagement: Bottom-Up Initiatives Within Global Governance Frameworks. *Geoforum*. 2019, vol. 107, pp. 231–234.

MCCORQUODALE, R., NOLAN, J. The Effectiveness of Human Rights Due Diligence for Preventing Business Human Rights Abuses. *Netherlands International Law Review*. 2021, vol. 68, no. 1, pp. 455–478.

MCGAHAN, A. M. Where Does an Organization's Responsibility End? Identifying the Boundaries on Stakeholder Claims. *Academy of Management Discoveries*. 2020, vol. 6, no. 1, pp. 8–11.

METIN, E. Legal Design: A Catalyst for Environmental Social and Governance and Sustainable Business Practices. Scientific Papers of the University of Pardubice. *Series D, Faculty of Economics & Administration*. 2024, vol. 32, no. 2, pp. 1–10.

OECD. *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct*. Paris: OECD Publishing, 2023, pp. 1–76.

PETERS, A., GLESS, S., THOMALE, C., WELLER, M. P. Business and Human Rights: Towards a 'Smart Mix' of Regulation and Enforcement. Zeitschrift für ausländisches öffentliches Recht und Völkerrecht / Heidelberg. *Journal of International Law*. 2023, vol. 83, no. 3, pp. 415–460.

PRNO, J. Creating Meaningful Community Engagement Outcomes: A Practitioner's Perspective. In: BUHMANN, K., FONSECA, A., ANDREWS, N., AMATULLI, C. (eds.). *The Routledge Handbook on Meaningful Stakeholder Engagement.* London: Routledge, 2024, pp. 273–279.

ROSSI, A., HAAPIO, H. Proactive Legal Design: Embedding Values in the Design of Legal Artefacts. In: *Internet of Things. Proceedings of the 22nd International Legal Informatics Symposium IRIS*, February 2019, pp. 537–544.

RUGGIE, J. G. *European Commission Initiative on Mandatory Human Rights Due Diligence and Directors' Duties*. 2021, pp. 1–4.

SALO-LAHTI, M., HAAPIO, H. Possibility-Driven Design and Responsible Use of AI for Sustainability. In: DUCATO, R., STROWEL, A., MARIQUE, E. (eds.). *Design(s) for Law*. Milan: Ledizioni, 2024, pp. 205–252.

SALO-LAHTI, M., RANTA, M., HAAPIO, H. AI Tools for Sustainability–Actionable Information for Both Humans and Machines. In: *Rechtsinformatik als Methodenwissenschaft des Rechts: Legal Informatics as Science of Legal Methods. Proceedings of the 26th International Legal Informatics Symposium IRIS*, 2023, pp. 199–209.

SANTUBER, J., HERMANSEN, P. Designing for Posthuman Legalities: Legal Design(ing) and the Ontological Turn. In: DUCATO, R., STROWEL, A., MARIQUE, E. (eds.). *Design(s) for Law*. Milan: Ledizioni, 2024, pp. 311–349.

SCHORMAIR, M. J., GERLACH, L. M. Corporate Remediation of Human Rights Violations: A Restorative Justice Framework. *Journal of Business Ethics*. 2020, vol. 167, no. 3, pp. 475–493.

SIEDEL, G. J., HAAPIO, H. Using Proactive Law for Competitive Advantage. *American Business Law Journal*. 2010, vol. 47, pp. 641–686.

SJÅFJELL, B., MÄHÖNEN, J., JOHNSTON, A., CULLEN, J. Obstacles to Sustainable Global Business: Towards EU Policy Coherence for Sustainable Development. *University of Oslo Faculty of Law Research Paper*. 2019, no. 2019-02, pp. 1–108.

UN GLOBAL COMPACT NETWORK GERMANY. What Makes Stakeholder Engagement Meaningful? 5 Insights from Practice. *Insights Series – Keys to Effective Human Rights Due Diligence*. 2022, pp. 1–16.

UNITED NATIONS OFFICE OF THE HIGH COMMISSIONER FOR HUMAN RIGHTS. *Guiding Principles for Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*. 2011, pp. 1–32. Available at: https://www.ohchr.org/en/publications/reference-publications/guiding-principles-business-and-human-rights [accessed 14 February 2025].

VANDENBROUCKE, S. The Evolution of Codes of Conduct to Ensure Labor Rights in Global Supply Chains. *AJIL Unbound*. 2024, vol. 118, pp. 297–302.

WETTSTEIN, F. The History of Business and Human Rights and Its Relationship with Corporate Social Responsibility. In: DEVA, S., BIRCHALL, D. (eds.). *Research Handbook on Human Rights and Business.* Cheltenham: Edward Elgar Publishing, 2020, pp. 23–45.

Publication III

Ozan Ozparlak, B., & Metin, E. (2025). Designing Trust and Privacy: The Role of Legal Design in Ensuring Compliance with the EU AI Act. In *International Conference on Human-Computer Interaction* (pp. 116-127). Cham: Springer Nature Switzerland. doi:10.1007/978-3-031-92840-6_7

Designing Trust and Privacy: The Role of Legal Design in Ensuring Compliance with the EU AI Act

Basak Ozan Ozparlak[1](✉) and Ebru Metin[2]

[1] Ozyegin University, Istanbul, Turkey
basak.ozparlak@ozyegin.edu.tr
[2] Tallinn University of Technology (TalTech), Tallinn, Estonia
ebru.metin@taltech.ee

Abstract. Legal design combines proactive law, human-centered design, and technology, embracing human-centricity and transparency as its core. With this paper, we try to shed light on the usability of legal design practices on the compliance and privacy protection regarding the AI Act by analyzing related provisions, where these design practices can be used in order to strengthen privacy by design. By exploring how legal design principles can enhance the implementation of privacy safeguards under the AI Act, including AI literacy, informed consent, meaningful transparency, and practical rights assertion for individuals, this paper contributes to enhancing the human-centric AI policy frameworks and contributes to privacy by design principles.

Keywords: Privacy · Transparency · AI Act · Legal Design · Compliance

1 Introduction: Ensuring Privacy and Transparency Within the Context of the AI Act

The Artificial Intelligence Act of the European Union (AI Act) [1] is a significant step across the globe that brings comprehensive binding rules on artificial intelligence (AI) systems. Depending on the principles of a human-centric and trustworthy AI, the AI Act aims to improve the functioning of the EU internal market while ensuring the protection of fundamental rights, including privacy, is respected. Since the raw material of AI systems and AI models is data extracted chiefly from humans, the AI Act is in complete alignment with and should be without prejudice to the General Data Protection Regulation of the EU (GDPR) [2]. In Recital 9 of the AI Act, the EU regulator underscores that the Act is complementary to the GDPR on data protection. Moreover, the Recital of the AI Act explicitly underlines that the principles of data protection by design (Article 25, GDPR) along with data minimization shall be respected whenever personal data are processed by and/or AI and the right to privacy and data protection shall be respected within the entire lifecycle of AI (Recital 69). Furthermore, one of the obligations of the GDPR (Article 25), data protection by design, is blatantly referred to in Recital 69 of

A. Moallem (Ed.): HCII 2025, LNCS 15815, pp. 116–127, 2025.
https://doi.org/10.1007/978-3-031-92840-6_7

the AI Act. In order to ensure privacy and data protection in the entire lifecycle of AI systems, wherever data processing is in concern, privacy by design is applicable along with data minimization (Recital 69). AI systems are highly complex. Therefore, individuals may not even be aware that their privacy is being violated during the development and use of these systems. Thus, safeguarding transparency also directly serves the protection of privacy. To mitigate privacy risks, it is crucial to give clear and informative guidance for both individuals and deployers. Incorporating legal design methods into privacy-by-design practices when integrating privacy safeguards from the design phase can help address this challenge.

In this short paper, our aim is to show that legal design can be one of the effective practical tools for safeguarding privacy and for compliance with transparency obligations for certain AI systems according to the relevant obligations of the AI Act. This paper adopts a qualitative, conceptual legal analysis by examining EU AI Act to explore how legal design can enhance compliance with the EU AI Act.

2 Legal Design for AI Privacy: Ensuring Compliance and Transparency Under the AI Act

The AI Act compliance in the sense of privacy also includes embedding privacy by design principles. However, translating these legal obligations into easy-to-apply and user-friendly solutions is challenging. Legal design in this regard can play a transformative role in ensuring compliance. By empowering people with understandable information, legal design could enhance transparency and address the power asymmetries between complex AI technology and everyday humans.

As AI use becomes widespread and data processing is increasingly carried out using AI, the comprehensibility of privacy and data protection must increase in direct proportion to this technical and legal complexity, both for individuals and institutions responsible for compliance. Crawford emphasized that, instead of merely adopting an ethical approach to AI, addressing the power dynamics exacerbated by AI is essential to mitigating its risks [3]. Enhancing public understanding of the effects of AI development and use also fosters greater trust in AI systems. It is also important to define what legal design refers to.

The AI Act takes into account the seven core ethical principles set out in AI HLEG's 2019 Ethical Guidelines, including respect for privacy, data protection, and transparency. In the context of the AI Act, privacy and data protection principles mean that AI systems are developed and used in accordance with privacy and data protection rules. Transparency, on the other hand, means that AI systems are developed and used in a way that appropriate traceability and explainability are possible. More importantly, individuals must be aware that they are communicating or interacting with an AI system. On the other hand, deployers must be adequately informed on the capabilities and limitations of that AI system, while affected individuals must be made aware of their rights (Recital 27). Legal design, which makes legal texts understandable, can be considered as one of the most important facilitators for the implementation of trustworthy AI principles.

2.1 Legal Design: Creating a Human-Centered and Transparent Legal System in a Complex Digital Society

The dignity of a justice system does not come from its complexity but its equal accessibility, understandability, transparency, and fairness to each member of society. As a discipline, legal design combines principles of proactive law, human-centered design, and technology.

At its core, legal design embraces human-centricity and transparency, built on the premise that law should be understandable, accessible, and engaging for all stakeholders. Hagan defines "legal design" as *"the application of human-centered design to the world of law, to make legal systems and services more human-centered, usable, and satisfying"* [4]. Furthermore, legal design is not solely an approach for enabling desirable and aesthetically pleasing outcomes, but also an ex-ante approach to preventing problems at their root, avoiding escalation into conflicts and disputes [5]. In this regard, legal design aims to create positive outcomes such as increasing the understandability of legal information without compromising the legal integrity. On the other hand, it also aims to prevent negative outcomes such as high litigation costs, thus significantly contributing to greater access to justice. The importance of this role of legal design will increase with the complexity of the legal issue to which it is applied. As a comprehensive regulatory framework for a complex and ever-evolving technology like AI, the AI Act compliance therefore could greatly benefit from the application of legal design.

According to ISO, "human-centered design refers to an approach to interactive systems development that aims to make systems usable and useful, by focusing on the users, their needs and requirements, and by applying human factors/ergonomics and usability knowledge and techniques" [6]. Legal design shifts the focus from solely fulfilling regulatory requirements to creating legal and compliance frameworks prioritizing individuals, their needs, behaviors, and experiences. Infusing empathy with the development- whether a product, program, or process- will lead to a greater understanding of the user needs and enable the creation of tailored solutions [7]. Hagan essentially states that the purpose of legal design is to develop a human-centered participatory approach to reforming the legal system where legal design has its base on creative exploration, systems thinking, and analysis of legal work [4]. This aspect of legal design aligns with the principles for trustworthy AI, one of the foundations of the AI Act, as the application of this regulation directly affects human rights, including privacy.

The legal design process does not have strict guidelines, but one of the widely accepted processes is one promoted by the Stanford Legal Design Lab. In this model, the design process starts with a "discovery" phase where the aim is to understand the challenge and stakeholders. It is then followed by the "synthesis" phase, where users' needs are defined and mapped. This is also the stage where the problem is stated under a design brief. In the third stage, namely "build," brainstorming is one of the key activities to generate as many ideas as possible, which are then to be voted on and selected ideas to be prototyped. In the "test" phase, the prototype is tested with users, and if the test is successful, this is then followed by the "evolve" phase, where feedback and improvement suggestions are processed [4]. If the test is unsuccessful, it is always possible to return to the early stages and iterate for further ideas, prototypes, and solutions. These methods can be used for AI Act compliance in the sense of privacy and transparency obligations of the AI Act.

As legal design places emphasis on the perspectives of all users, not just lawyers, judges, and regulators, it also promotes interdisciplinary cooperation among stakeholders. Legal design seeks to make the best of law and legal information that would work for the people [8]. Similarly, in a report on the expected impacts of digital changes by 2035 published in 2023 by Pew Research Center, Matthew Bailey points out a prediction that might occur from the imminent need for empowering self-sovereign and self-governing communities and human groups, which might be independent yet interconnected with other communities [9].

More importantly, Bailey proposes a novel contract regime based on agency instead of adherence to big tech. In this respect, it is crucial that legal texts explaining individuals' rights and requesting their consent are arranged with a legal design approach and that complex technical language is avoided. Creating a clear and straightforward environment for regulations in the digital age will also have a positive effect on increasing users' trust in these digital tools and AI applications. Therefore, how information about data processing and AI is presented to individuals as data subjects regarding data processing and AI is also essential to ensure provisions on privacy effectively achieve their objectives. If information about data processing by AI systems is too technical to understand, data subjects may struggle to comprehend it, potentially undermining even the true concept of 'free will.'

2.2 Human-Centric Approach to Privacy in the AI Act and the Role of Legal Design in AI Act Compliance

The Privacy by Design principles, which were introduced by Cavoukian in 2010 [10], are addressed by the EU regulator in GDPR (Article 25) and also in the AI Act in order to ensure trustworthy AI principles are safeguarded within the EU market. In its Opinion on AI models, the EDPB underlines those provisions of the GDPR, including privacy by design in Article 25, still play a pivotal role in safeguarding data protection with regard to AI models [11].

The AI Act underscores a human-centric approach to privacy between Recitals 69 and 71. According to Recital 69, highlights data minimization and data protection by design and by default as guarantors, which must be applied throughout the entire lifecycle of the AI system for safeguarding right to privacy and to protection of personal data. In order to verify if a high-risk AI system is in compliance with the AI Act, Recital 71 underlines the importance of the design choice of technical documentation. This documentation must provide comprehensible information on how high-risk AI systems have been developed and how they perform throughout their lifetime.

Legal design can enhance the verifiability of high-risk AI systems by integrating privacy and data protection safeguards into the system's design and documentation. Legal design methods can emphasize transparency and informed decision-making through tools such as the use of plain language and visual aids. The Information Commissioner's Office in the UK also implicitly emphasizes the close relationship between privacy by design and legal design practices by explaining that they promote a 'plain language' policy for any public documents for individuals to easily understand how and why their personal data is processed [12].

Hagan states that participatory design involves actively consulting and collaborating with a wide range of stakeholders in a system in order to incorporate their needs and priorities into the system innovation [14]. Several tools such as envisionment design workshops, co-design jams and different user testing groups can be used to bring in the knowledge and experience of the stakeholders on the table. In addition to these, legal design patterns are also solutions that are structured for helping legal documents, such as privacy policies, become user-friendly, effective and enforceable [13].

"Transparency-enhancing design patterns" make privacy terms more comprehensible and help data controllers to maximize clarity, navigability and noticeability of the information provided [13]. Data flow visualisations can be given as an example which empowers data subjects. Legal design patterns offer a promising tool for structuring legal-technical interactions which enable better regulatory frameworks by embedding legal principles into the design of digital systems [15].

New technologies, especially AI, as one of the most complex technologies so far, which focus on data and somehow affect privacy, will become even more challenging to understand when combined with law, which has also a technical language. Realizing this risk, the EU legislator has included a human-centered design approach in the EU AI Act. Legal design can be used for simplifying legal complexities stemming from the complex compliance structure of the EU AI Act and enhanced accessibility for all. Therefore, legal design can facilitate compliance with the EU AI Act which serves also for SMEs with lower compliance capacities. As demonstrated in Table 1, the AI Act's relevant provisions have been analyzed in the following paragraphs to determine how legal design can be leveraged to strengthen privacy protection and regulatory compliance.

Article 13 of the AI Act. For implementers and/or distributors of high-risk AI systems to correctly interpret and appropriately use the output of the system, developers must provide sufficient transparency. Therefore, the obligations foreseen for the developers of these systems in the design and development phase by Article 13 are also a prerequisite for compliance with the obligations containing the provisions regarding high-risk AI systems by both the provider and the implementer/distributor. Only when sufficient transparency is ensured can potential risks be correctly identified, and the necessary mitigation measures be implemented. For this reason, Article 13 requires providers and distributors of high-risk AI systems to prepare instructions for use, specifying not only the content, but also the format.

The instructions for use regarding high-risk AI must be:

- Relevant, accessible, and understandable
- Concise and clear
- Complete, accurate, and precise information.
- Provided in an appropriate digital format or another suitable form.

These instructions for the use of high-risk AI systems could be enhanced by implementing legal design, to be fully aligned with the requirements of Article 13.

Table 1. Legal Design Enhancements for AI Act's Privacy and Transparency Obligations.

Legal Design Enhancements	Privacy and Transparency Obligation	Relevant AI Act Recital or Article	Application
Plain Language and Visual Communication	Privacy Protection throughout the entire lifecycle of AI systems	Recital 69	Use of clear, non-technical language and visual aids (infographics) to explain privacy measures to stakeholders (deployers, users).
User-Friendly Notices	Transparency & Explainability	Recital 72	Providers of high-risk AI systems, should ensure accessible and understandable documentation for the deployers.
Universal & Inclusive Design	Accessibility & Inclusivity	Recital 80	Ensure privacy settings and compliance tools are available in multiple languages, with adaptations for users with disabilities.
AI Disclosure Design	Transparency in Data Processing	Recital 132 Article 50/1,4,5	Disclosing the AI content, processing of personal data
Human-Centered Documentation	User Control & Clarity in Instructions	Article 13	AI privacy instructions should include use-case scenarios and step-by-step guidance for users to configure privacy settings effectively.
Interactive User Controls	Human Oversight & Privacy Protection	Article 14	AI interfaces should allow users to modify privacy settings with real-time feedback on data-sharing implications.

(*continued*)

Table 1. (*continued*)

Legal Design Enhancements	Privacy and Transparency Obligation	Relevant AI Act Recital or Article	Application
Workplace AI Transparency Design	Information duty of employers deploying high-risk AI systems in workplaces	Article 26/7	Employers should provide clear and explicit information to workers and their representatives about high-risk AI systems in use. Legal design can enhance understanding through structured, plain-language notifications and visual tools.
AI System Interaction Disclosure	Transparency in human-AI interactions	Article 50/1,4,5	AI systems interacting with natural persons must disclose their nature. Deployers must clearly label deepfakes and AI-generated content. Legal design can facilitate compliance through intuitive and accessible disclosures.
GenAI Documentation Enhancement	Clear and structured documentation for general-purpose AI models	Article 53/1	Providers must ensure AI model documentation is easy to understand and accessible. Legal design can improve comprehension through structured formats, plain language, and visual documentation.

(*continued*)

Table 1. (*continued*)

Legal Design Enhancements	Privacy and Transparency Obligation	Relevant AI Act Recital or Article	Application
Visually Guided Consent Forms	Informing real-world testing participants	Article 61(1)	Testing participants must understand the purpose, risks, and data protection measures of AI trials. Legal design can ensure informed consent through visual aids, culturally inclusive interfaces, and step-by-step guidance.
Right to Explanation Design	Meaningful and accessible explanations for affected individuals	Article 86	If an AI-driven decision significantly affects an individual, the deployer must provide a clear and meaningful explanation. Legal design can enhance comprehension by structuring explanations with visual, interactive, and user-centered methods.

Article 14 of the EU AI Act includes several requirements to ensure human oversight in high-risk AI systems, such as those used in employment. Accordingly, high-risk AI systems must be effectively supervised by real persons throughout their entire life cycle. To ensure this, high-risk AI systems must be designed and developed to enable human oversight. Additionally, Article 14/1 also states that the system must include a human-machine interface that enables human oversight. The AI Act also acknowledges that oversight responsibilities could be assigned inconsistently. Therefore, it clearly stipulates that those who will be authorized for the obligation of "human oversight" in high-risk AI systems, must have the competence to correctly understand the system's capacities and limitations. Therefore, a certain level of explainability and transparency must be provided for human oversight, and their authorities must be clearly defined. For this purpose, legal design can be considered an effective and important tool for legal compliance.

Article 26/7 of the EU AI Act underscores the importance of the information duty of employers as the deployers of high-risk AI systems. According to this provision, if the deployers of high-risk AI systems are employers, before putting them into service or using a high-risk AI system in their workplace, they should inform the workers' representatives and affected workers that they will be subject to the use of the high-risk AI system. Although the article does not explicitly emphasize the need for clear and precise notification, it refers to Directive 2002/14/EC, which establishes a general framework for informing and consulting employees [16]. This directive defines "information" as data transmission by the employer to the employees' representatives for enabling them to acquaint themselves with the subject matter (within the context of AI Act, that the subject matter shall be understood as using or putting into service high-risk AI systems in the workplace by the employer) and examine it. To be capable of examining, one requires clear and explicit information. Since the purpose of Article 26/7 is to ensure that employees are aware of the use and risks of the high-risk AI systems in the workplace, legal design can significantly enhance compliance with this provision by improving the clarity and accessibility of the information provided to employees.

Article 50/1,4,5 of the EU AI Act: Under Chapter IV, the transparency obligations for providers and deployers of certain AI systems are regulated. Article 50/5 introduces a common implementation rule to both Article 50/1 and Article 50/4, where legal design could serve as a compliance tool. According to Article 50/1, providers of AI systems, which are intended to interact directly with natural persons, have an obligation to design and develop such AI systems to be able to inform the natural persons in concern that they are interacting with an AI system (unless this is an obvious fact from the point of view of a natural person who is reasonably well-informed, observant and circumspect). According to the relevant recital (Recital 132), the interaction with natural persons of an AI system poses a risk even if this system is not categorized as high-risk. Therefore, the EU regulator underscores the importance of necessary and understandable notification of natural persons who are exposed to AI systems with direct interactions. Another specific obligation on transparency is brought for the deployers of AI systems, which enables contents constituting deep fakes (Article 50/4). The deployers of such systems shall disclose the content that it has been artificially generated or manipulated. Article 50/5, highlighting the clear and timely information, is applicable to this subparagraph also as stated above. As a result, legal design tools and methods such as plain language, visual disclosures, and interactive consent mechanisms, can facilitate compliance with Articles 50/1 and 50/4, promoting greater transparency and public trust in AI systems.

Article 53/1 of the EU AI Act: Article 53 establishes obligations for providers of general-purpose AI models (GenAI models). These obligations include technical documentation of the model (53/1-a) and information and documentation to providers of AI systems who intend to integrate the general-purpose AI model into their AI systems (53/1-b). This documentation should enable providers of AI systems to have a good understanding of the capabilities and limitations of the general-purpose AI model (53/1-b-i). In order to fulfill these obligations, documentation and information under Article 53 should be clear and easy to understand. Legal design methods can enhance compliance by ensuring that technical and complex information is presented in a human-centric and user-friendly manner.

Article 61/1 of the EU AI Act: Legal design can play a game-changing role in copliance with Article 61, particularly in communicating complex legal and technical information, such as the purpose of testing, associated risks, and data protection measures to real-world testing participants. By integrating visually guided consent forms, plain language, and culturally inclusive interfaces, legal design empowers individuals to make informed decisions about their participation in real-world testing and leverage trust into AI technology providers. By embedding legal design into the consent framework, providers can transform compliance from a mere regulatory checkbox into a proactive commitment to human-centric innovation.

Article 86 of the EU AI Act: Section Four on Remedies under Chapter IX of the AI Act includes the right to explanation for affected individuals. If a certain high-risk AI system's deployer's decision, which constitutes legal effects or similarly significant effects on individuals and it is based mainly upon the output from this system, individuals who consider it to have an adverse impact on their health, safety, or fundamental rights could use this right. However, providing information alone is not enough for compliance in Article 86. The deployer must also ensure that explanation is clear, meaningful and suitable for the affected persons to exercise their rights.

3 Ensuring Trust with Transparency in AI by Giving Control Back to Humans by Legal Design

Individuals have the right to know how their data will be used during the development and the usage of AI systems. However, even with the existence of a regulatory framework on AI ensuring both privacy and the utmost transparency, it is not always easy for people to have control over their data due to the complexity of AI systems and of the regulatory framework. Legal design in this sense, plays an important role in balancing the information asymmetry between individuals, technology and regulation in favor of individuals. If information is not presented in understandable manner, transparency will be inefficient and there would be deemed as a "transparency fallacy" [16].

EDPB, in its 2024 Opinion on AI models, emphasizes the ties between complex technology in AI models and understandable, clear wording on processing of personal data within AI models to ensure transparency [11]. By highlighting *"in a clear, understandable, and user-friendly manner"*, EDPB implicitly refers to legal design as a prerequisite for safeguarding privacy [11]. Transparency in personal data processing requires, in particular, compliance with the information requirements set out in Articles 12 to 14 of the GDPR. These provisions also include mandatory details on profiling in cases of automated decision-making, the logical inferences for the data subject, and detailed consequences.

Herein, legal design could help to ensure that AI systems are transparent and explainable to data subjects. Rather than a dense technical or legal jargon, legal design could involve visual interfaces or layered privacy notices in a clear and concise format, allowing users to understand how their data is being used and what AI decisions are being made.

Legal design as a transparency mechanism for AI technologies can help ensure that AI systems are developed and used in a way that allows appropriate traceability and explainability, making humans aware when they communicate or interact with an AI system.

4 Conclusion

Legal design is a practical solution for meeting the privacy and transparency obligations of the AI Act by designing a more understandable knowledge transfer between providers and users of the AI systems by simplifying both legal and technical complexities, making them more understandable for users. Additionally, legal design practices enhance transparency and build public trust in AI technologies by incorporating human-centered design principles.

The AI Act establishes key requirements for transparency, explainability, and human oversight, which are essential for safeguarding privacy and fundamental rights in AI systems. However, traditional legal documents and compliance procedures often fail to present these requirements in a user-friendly manner. Legal design principles, methods, and tools, including plain language, visual communication and user-empowering interactive consent mechanisms, provide effective solutions to these challenges. By integrating legal design into AI Act compliance, organisations can create AI systems that not only meet regulatory obligations but also empower individuals with clear, comprehensible, and actionable information about their rights.

This participatory approach strengthens compliance with the AI Act by making legal obligations more practical and understandable for AI developers, deployers and end-users. As AI systems continue to evolve, embedding legal design into compliance strategies will be essential for ensuring that legal frameworks keep pace with technological advancements while human rights, privacy and trust. In the end, explainable and trustworthy AI can only be realized if it is supported by explainable regulation (XReg), which prevents regulatory chaos on a complex issue like AI. While legislation like the AI Act sets necessary privacy standards for the development and use of AI systems, legal design is essential as a facilitator, ensuring that these laws are effectively translated into practical, user-centered solutions, as legislation alone is not enough to build systems that are truly transparent, compliant and trusted by users [18]. Legal design alleviates compliance burdens and improves the applicability of the AI Act by reducing complexity and enhancing clarity through user-friendly regulatory frameworks, automation-friendly structures, and accessible compliance tools.

While this study provides valuable insights, it has certain limitations. Firstly, it is conceptual and based on a qualitative review of existing literature on legal design and relevant provisions of AI Act, without empirical data or case studies to support the proposed framework. Future research on the role of legal design in ensuring compliance with the EU AI Act, specifically from the privacy by design angle, could explore its effectiveness in enhancing transparency and trust. Empirical studies could assess how legal design tools, such as visual disclosures and plain-language policies, improve understanding and compliance among AI developers and users. Additionally, comparative research could examine its application across different industries and jurisdictions, identifying best practices for harmonizing AI governance. Further investigation into AI-assisted legal design and its potential to automate compliance mechanisms could also provide valuable insights into the evolving intersection of law, design, and technology.

References

1. Regulation (EU) 2024/1689 of the European Parliament and of the Council of June 13 2024, OJ 12.7.2024 (AI Act)
2. Regulation (EU) 2016/679 of the European Parliament and of the Council of April 27, 2016, OJ 4.5.2016 (GDPR)
3. Crawford, K.: Atlas of AI. Yale University Press, New Haven and London (2021)
4. Hagan, M.: Legal design as a thing: a theory of change and a set of methods to craft a human-centered legal system. Des. Issues **36**(3), 3–15 (2020)
5. Legal Design Alliance: Legal Design Alliance (2025). https://www.legaldesignalliance.org/. Accessed 30 Jan 2025
6. ISO: ISO 9241-210:2019 Ergonomics of Human-System Interaction. Part 210: Human-Centered Design for Interactive Systems. International Organization for Standardization (2019)
7. Lupica, L.R., Grant, G.: Will human-centered legal design improve civil justice systems? And how will we ever know? In: Ducato, R., Strowel, A. (eds.) Legal Design Perspectives: Theoretical and Practical Insights from the Field, pp. 117–138. Ledizioni (2021)
8. Salo-Lahti, M., Haapio, H.: Possibility-driven design and responsible use of AI for sustainability. Design(s) for Law (2024)
9. Anderson, J., Rainie, L.: As AI spreads, experts predict the best and worst changes in digital life by 2035. Pew Research Center (2025). http://www.jstor.org/stable/resrep57306.7. Accessed 25 Jan 2025
10. Cavoukian, A.: Privacy by Design: The 7 Foundational Principles. Information and Privacy Commissioner of Ontario (2025). https://www.ipc.on.ca. Accessed 23 Jan 2025
11. European Data Protection Board (EDPB): Opinion 28/2024 on certain data protection aspects related to the processing of personal data in the context of AI models, adopted on 17 December 2024 (2024). https://www.edpb.europa.eu/our-work-tools/our-documents/opinion-board-art-64/opinion-282024-certain-data-protection-aspects_en. Accessed 20 Jan 2025
12. ICO: Data Protection by Design and Default (2023). https://ico.org.uk. Accessed 23 Jan 2025
13. Rossi, A., Haapio, H.: Proactive legal design: embedding values in the design of legal artefacts. In: Proceedings of the 22nd International Legal Informatics Symposium IRIS, pp. 537–544 (2019)
14. Hagan, M.: Participatory design for innovation in access to justice. Daedalus **148**(1), 120–127 (2019)
15. Koulu, R., Pohle, J.: Legal design patterns: new tools for analysis and translations between law and technology. DISO **3**(22), 2025 (2024). https://doi.org/10.1007/s44206-024-00109-y[Accessed20January
16. Directive 2002/14/EC of the European Parliament and of the Council of 11 March 2002 establishing a general framework for informing and consulting employees in the European Community
17. Annany, M., Crawford, K.: Seeing without knowing: limitations of the transparency ideal and its application to algorithmic accountability. New Media Soc., 1–17 (2018). https://doi.org/10.1177/1461444816676645
18. Ferreira, A., Morais, T., Castanheira, J., Taveira-Gomes, T.: Privacy and security by design: a case study on innovative techniques for secure healthcare data research. In Exploring Cyber Criminals and Data Privacy Measures, p. 16. IGI Global (2023). https://doi.org/10.4018/978-1-6684-8422-7.ch008

Publication IV (under review)

Metin, E. (*Under Review*). Mapping Meaningfulness: Stakeholder Engagement in Nordic Large-Cap Technology Firms.

MAPPING MEANINGFULNESS: STAKEHOLDER ENGAGEMENT MODELS IN NORDIC LARGE-CAP TECHNOLOGY FIRMS

Ebru Metin, LL.M.

Early Stage Researcher, Department of Business Administration

Tallinn University of Technology, Estonia

Contact Information

Address: Ehitajate tee 5, 19086 Tallinn, Estonia

Phone: +37258894840

E-mail address: ebru.metin@taltech.ee

ABSTRACT

This article examines how stakeholder engagement is structured and practiced in corporate sustainability disclosures of Nordic large cap technology firms listed on Nasdaq Nordic Stock Exchange and assesses the extent to which such engagement enables meaningful stakeholder influence. It develops a typology of stakeholder engagement models and evaluates their implications for corporate governance and accountability.

The study is based on qualitative document analysis of 2024 sustainability and annual reports of large cap technology firms listed on the Nasdaq Nordic Stock Exchange as of 20 January 2026. Using an interpretive coding approach, stakeholder engagement practices were analysed in terms of the locus of responsibility, organisational design of engagement processes, and the degree of stakeholder influence on decision-making. This analysis led to the identification of four stakeholder engagement models.

Four models are conceptualised: centralised, decentralised, ecosystem-driven, and participatory (co-governance), ordered according to increasing levels of stakeholder influence. While the first three models are empirically observable, the participatory model is absent and functions as a normative benchmark. Overall, engagement practices remain predominantly consultative and compliance-

oriented, with limited evidence of direct stakeholder influence on strategic decision-making.

The study relies on self-reported corporate disclosures and does not capture informal practices or internal decision dynamics. The typology nonetheless provides an analytical framework for organisations and regulators to assess whether stakeholder engagement moves beyond consultation toward meaningful influence in sustainability governance.

KEYWORDS

Stakeholder Engagement, Corporate Sustainability, Stakeholder Engagement Governance Models, Stakeholder Influence, Legal Design

1. INTRODUCTION

Meaningful stakeholder engagement has become a core expectation of sustainability governance and responsible business conduct[1]. International standards[2] increasingly frame engagement not merely as communication, but as a process that must be ongoing, dialogical, conducted in good faith, and responsive to stakeholder input[3]. Engagement is therefore positioned as a governance mechanism through which corporate accountability and legitimacy are constructed.

However, engagement cannot be considered meaningful merely because dialogue occurs. It becomes meaningful only to the extent that stakeholders are able to influence[4] corporate decisions that affect them[5]. Without mechanisms that

---

[1] Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector.* Paris: OECD Publishing, 2017, 18.

[2] United Nations Human Rights Office of the High Commissioner. *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*. New York and Geneva: United Nations, 2011, 1-42.

[3] Karin Buhmann, Alex Fonseca, Nathan Andrews, and Giulia Amatulli. "Meaningful Stakeholder Engagement: The Concept, Practice and Governance." In *The Routledge Handbook on Meaningful Stakeholder Engagement*, 8. London: Routledge, 2024.

[4] Jeff Frooman. "Stakeholder Influence Strategies." *Academy of Management Review* 24, no. 2 (1999): 191–193.

[5] Jad Fares. "A Multi-Level Typology for Stakeholder Influence: A Systematic Literature Review Using the Structural Approach." *European Management Journal* 42 (2024): 462.

connect stakeholder input to decision-making authority, engagement risks remaining procedural and symbolic rather than governance transformative[6].

While international standards—such as the UN Guiding Principles on Business and Human Rights[7], the OECD Due Diligence Guidance for Responsible Business Conduct[8], ISO 26000[9], and the Global Reporting Initiative Standards[10]—increasingly emphasise stakeholder engagement, their guidance on how such influence should be institutionalised within corporate governance structures remain less developed.

In academic literature, stakeholder engagement is increasingly understood as a governance-oriented concept that goes beyond consultation and disclosure[11]. Early stakeholder theory[12] focused on the firm's need to manage relationships with groups that affect or are affected by organisational objectives[13]. Over time, this perspective evolved from a managerial and instrumental view toward a relational understanding of firms as embedded in networks of value-creating stakeholder relationships[14]. Recent scholarship highlights that stakeholder engagement plays a crucial role in enabling inclusive decision-making, strengthening legitimacy, and addressing power asymmetries between corporations and affected groups[15]. Meaningful stakeholder engagement is thus increasingly linked to concepts such as participation, equity, and influence over corporate decision-making processes.

At the same time, the literature acknowledges that stakeholder engagement remains conceptually fragmented and inconsistently operationalised[16]. In addition to this, stakeholder engagement encompasses moral, strategic, and pragmatic

---

[6] Ibid, 472.
[7] OHCHR, supra nota 2, 1-42.
[8] Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Responsible Business Conduct*. Paris: OECD Publishing, 2018, 49.
[9] International Organization for Standardization. (2010). *ISO 26000: Guidance on Social Responsibility*. Accessed 15 February 2026 from https://www.iso.org/standard/42546.html
[10] Global Reporting Initiative. (2021). *GRI 2: General Disclosures 2021*. Accessed 15 February 2026, from https://www.globalreporting.org/standards/
[11] Buhmann et al., supra note 3, 3-40.
[12] R Edward Freeman, Robert Phillips and Rajendra Sisodia, 'Tensions in Stakeholder Theory' (2020) 59(2) *Business & Society,* 214-217.
[13] R. Edward Freeman. *Strategic management: A stakeholder approach*. Cambridge university press, 2010.1.
[14] Johanna Kujala, Sybille Sachs, Hanna Leinonen, Anniina Heikkinen, and Daniel Laude, "Stakeholder Engagement: Past, Present, and Future," *Business & Society* 61, no. 5 (2022): 1136–1178,1171.
[15] Buhmann et al., supra note 3, 3-40.
[16] Kujala et al., supra note 14, 1137.

dimensions, reflecting a spectrum that ranges from normative aspirations to more instrumental corporate objectives[17]. This diversity of perspectives highlights that stakeholder engagement is understood and applied in multiple ways, depending on whether the emphasis is placed on ethical principles, strategic management, or organisational practice.

Policy and guidance documents attempt to bridge this gap by setting out detailed expectations for what makes engagement "meaningful." According to the OECD, meaningful stakeholder engagement must be two-way, ongoing, and responsive, and should include feedback loops that allow stakeholders to observe how their input influences decisions[18]. Engagement should not be limited to information provision but must allow stakeholders to question, contest, and shape corporate actions. Similarly, guidance on stakeholder engagement in due diligence stresses that disclosure must be understandable, accessible, and capable of supporting stakeholder participation, rather than serving purely compliance-oriented reporting functions[19]. Similarly, practical guidance frameworks stress that engagement must be embedded throughout organisational processes, include systematic follow-up[20], and address power imbalances[21] between companies and stakeholders. Without such mechanisms, engagement risks becoming symbolic, procedural, or primarily reputational.

These concerns are particularly relevant in the technology sector. Technology companies exert large-scale societal influence through digital infrastructures, artificial intelligence systems, and platform-based business models. Their products and services affect privacy, labour relations, democratic processes, and human rights in ways that are often diffuse, transnational, and difficult for stakeholders to contest. While multi-stakeholder governance[22] is increasingly recognised as essential for responsible technological development,

---

[17] Kujala et al., supra note 14, 1140.
[18] OECD (2017), *Due Diligence Guidance for Meaningful Stakeholder Engagement*, 17.
[19] OECD (2023), *Due Diligence Guidance for Responsible Business Conduct*, 20.
[20] SEC, *Meaningful Stakeholder Dialogue in 9 Steps,* 6.
[21] STITCH, *The Framework on Meaningful Stakeholder Engagement,* 26.
[22] Carolina Richard-Carvajal, *Setting Higher Standards: How Governments Can Regulate Corporate Human Rights Performance* (New York: NYU Stern Center for Business and Human Rights, 2024), https://bhr.stern.nyu.edu/wp-content/uploads/2024/10/10_20_2024-NYU-CBHR-Setting-Higher-Standards-Final-Version.pdf, 3.

empirical research suggests that engagement practices in the technology sector[23] remain fragmented and predominantly compliance-driven. Stakeholders frequently face information asymmetries that limit their ability to meaningfully participate in decision-making processes affecting them.

Despite the growing importance of meaningful stakeholder engagement in sustainability regulation and business ethics, empirical research on how such engagement is structured and operationalised in the technology sector remains scarce. Existing frameworks for meaningful stakeholder engagement have largely been developed in sectors such as extractives, agriculture, and manufacturing, where impacts are geographically bounded and stakeholder groups are relatively identifiable[24]. These frameworks are difficult to transfer directly to digital environments characterised by dispersed stakeholders, fast innovation cycles, and scalable risks. As a result, there is a need of further research in understanding of how engagement models function in technology companies and whether they enable genuine stakeholder influence which refers to the potential ability of a stakeholder to affect the decisions, behaviour, strategies, or outcomes of an organization or other stakeholders[25].

This research gap is particularly significant in the European context, where regulatory pressure is expanding through sustainability reporting and corporate governance reforms. Large-cap companies are increasingly expected to demonstrate structured stakeholder engagement practices that go beyond formal consultation and contribute to accountable decision-making. Yet it remains unclear how these regulatory expectations are translated into organisational structures and engagement models in practice, especially within high-impact technology firms.

Against this background, this article examines stakeholder engagement practices among large-cap technology companies listed on the Nasdaq Nordic Stock Exchange. These firms operate in advanced regulatory environments, are subject to extensive sustainability disclosure obligations, and play a significant role in shaping digital and technological governance. However, little is known about

---

[23] Lucy Andersen and Donna Allison-Hope, *Effective Stakeholder Engagement for Technology Companies* (San Francisco: BSR, 2024), 3-43.
[24] Buhmann et al., supra note 3, 3-40.
[25] Julian Fares. "A multi-level typology for stakeholder influence: A systematic literature review using the structural approach." *European Management Journal* 42, no. 4 (2024): 463.

how they conceptualise stakeholder engagement, where responsibility for engagement is located within the organisation, and to what extent stakeholders are able to influence corporate decisions through disclosed engagement practices.

The research problem addressed in this study is therefore the lack of systematic empirical knowledge on how meaningful stakeholder engagement is structured in Nordic technology firms and whether current engagement models enable stakeholder influence or primarily serve compliance, risk management, and legitimacy purposes.

Accordingly, the research question guiding this article is: What meaningful stakeholder engagement models currently exist among Nasdaq Nordic–listed large-cap technology firms?

The aim of the article is to identify, classify, and analyse stakeholder engagement models based on corporate disclosure practices, with particular attention to governance structures, organisational responsibility, and decision-making authority. By adopting a qualitative, document-based research design, the study contributes to stakeholder engagement theory by shifting the focus from the presence of engagement activities to the distribution of power and influence within engagement arrangements.

The novelty of the article lies in its sector-specific focus on technology firms and its influence-based typology of stakeholder engagement models, distinguishing between centralised, decentralised, ecosystem-driven, and participatory (co-governance) forms of engagement. While participatory models are widely discussed in normative literature, their absence in corporate practice constitutes an important empirical finding that highlights the limits of current engagement approaches.

2. THEORETICAL BACKGROUND AND LITERATURE REVIEW

2.1. STAKEHOLDER THEORY AND THE EVOLUTION OF STAKEHOLDER ENGAGEMENT

Stakeholder theory originates from the idea that firms are embedded in networks of relationships with groups and individuals that affect or are affected by organisational activities[26]. The classical distinction between "narrow" and "wide" definitions of stakeholders reflects two complementary foundations of the theory: one grounded in ethical obligations toward those on whom the firm depends for survival, and another grounded in pragmatic considerations of influence and impact[27][28]. Early stakeholder theory thus combined moral and strategic logics, emphasising that managers must pay attention to stakeholder relationships rather than treating firms as isolated economic actors[29].

Early stakeholder theory was primarily managerial[30] in orientation. Stakeholder theory was conceptualised as a strategic tool[31] for identifying relevant actors, managing expectations, and mitigating risks that could threaten organisational performance and legitimacy. In this framing, firms remained the central decision-makers, while stakeholders were positioned as external parties whose claims had to be balanced, negotiated, or contained. Engagement therefore functioned mainly as a mechanism of control and environmental stabilisation rather than as a form of shared governance as firms sought to balance stakeholder pressures and manage increasingly complex firm–environment relationships[32].

Over time, stakeholder theory evolved toward a more relational and normative understanding of the firm. Organisations came to be viewed as systems of joint value creation in which multiple stakeholders participate in producing economic and social outcomes[33]. Engagement was no longer seen merely as instrumental, but as constitutive of organisational legitimacy and responsibility. This shift linked stakeholder engagement to broader concepts of participation, fairness, transparency, and accountability[34].

---

[26] R. Edward Freeman., supra note 13, 1.
[27] R. Edward Freeman and David L. Reed, "Stockholders and Stakeholders: A New Perspective on Corporate Governance," *California Management Review* 25, no. 3 (1983): 91.
[28] Samantha Miles. "Stakeholder Theory Classification: A Theoretical and Empirical Evaluation of Definitions." Journal of Business Ethics 142, no. 3 (2017): 437.
[29] R. Edward Freeman, and Sergiy Dmytriyev. "Corporate social responsibility and stakeholder theory: Learning from each other." *Symphonya. Emerging Issues in Management* 1 (2017): 7-15.
[30] R. Edward Freeman, Robert Phillips, and Rajendra Sisodia. "Tensions in stakeholder theory." *Business & society* 59, no. 2 (2020): 214-215.
[31] Ibid, 215.
[32] Silvio M. Brondoni, and Fabrizio Mosca. "Ouverture de 'Integrated Corporate Social Responsibility.'" *Symphonya. Emerging Issues in Management* 1 (2017): 1–6.
[33] Freeman, Phillips, and Sisodia, supra note 30, 215–219
[34] Kujala et al., supra note 14, 1140, 1156–1157.

More recent scholarship has further emphasised that stakeholder engagement must be assessed in terms of power and influence. Without mechanisms that enable stakeholders to affect organisational decisions, engagement risks remaining managerial and symbolic rather than governance-transformative[35]. Critical contributions highlight that traditional stakeholder approaches have often neglected power asymmetries and the position of marginalised or affected groups[36][37]. From this perspective, meaningful stakeholder engagement cannot be reduced to dialogue or consultation alone; it must be evaluated by whether it alters decision-making authority and redistributes power within corporate governance arrangements.

2.2. MEANINGFUL STAKEHOLDER ENGAGEMENT AS A CONCEPT

2.2.1 Defining Meaningful Stakeholder Engagement

Meaningful stakeholder engagement (MSE) emerged as a response to dissatisfaction with procedural and symbolic forms of engagement in sustainability and human rights governance. Across international standards and guidance previously mentioned in this article, MSE is consistently defined as an interactive, two-way, and good-faith process in which stakeholders are enabled not only to express views but to influence decisions that affect them. Engagement must therefore go beyond information provision and consultation to include responsiveness, feedback loops, and demonstrable consideration of stakeholder input.

These frameworks emphasise three core principles: First, engagement must be dialogical rather than one-directional, requiring companies to create spaces for questioning and contestation. Second, engagement must be responsive, meaning that companies should show how stakeholder input is taken into account in decisions. Third, special attention must be paid to vulnerable and marginalised groups, whose ability to participate is often structurally constrained. Without these elements, engagement risks becoming symbolic, reputational, or purely compliance-oriented.

---

[35] Fares, *supra note* 25, 462-464.
[36] Kujala et al., supra note 14, 1148.
[37] Kim Goodwin, and Andreas Pekarek, "Beyond the Audience: Rethinking Stakeholder Engagement in the Arts and Cultural Sector," *The Journal of Arts Management, Law, and Society* 55 (2025): 5.

Despite strong normative clarity, both academic and grey literature note that engagement in practice frequently remains transactional and dominated by corporate priorities, with limited evidence that stakeholder perspectives shape organisational decisions.

2.2.2. Stakeholder Influence, Power, and Participation

A defining dimension of meaningful stakeholder engagement is the extent to which stakeholders can influence organisational decisions. In stakeholder theory, influence has long been understood as the capacity of stakeholders to affect organisational behaviour, priorities, and outcomes, rather than merely to express views or provide information[38]. Influence is therefore not equivalent to participation in dialogue; it refers to the ability to shape decisions through control over resources, relationships, or legitimacy.

Research on stakeholder influence shows that power is relational and structurally embedded. Frooman (1999) demonstrates that stakeholders exert influence through strategies based on resource dependence, either by withholding critical resources or by forming alliances that constrain organisational choices[39]. Later work emphasises that influence cannot be reduced to individual stakeholder attributes but must be understood in terms of networked relationships and interdependencies between firms and stakeholders[40]. From this perspective, influence emerges from the position stakeholders occupy within organisational and institutional structures, rather than from formal consultation mechanisms alone.

Empirical studies underline the persistence of an "influence gap" between formal engagement structures and actual decision-making power. Fares (2024) shows that most organisational approaches to stakeholder influence remain concentrated at the meso-level, where engagement affects operational adjustments but rarely extends to strategic or governance-level authority[41]. Similarly, studies on regulatory legitimacy further demonstrate how engagement can function symbolically. Buhmann et al (2019) show that engagement practices may serve to legitimise organisational or regulatory decisions without

[38] Jeff Frooman. "Stakeholder influence strategies." *Academy of management review* 24, no. 2 (1999): 191.
[39] Ibid, 196-198.
[40] Fares, *supra note* 25, 462-463.
[41] Ibid, 470.

redistributing power or authority to affected stakeholders[42]. Similarly, Braun and Busuioc (2020) caution that stakeholder engagement is not inherently legitimising; unless carefully designed, it may reinforce technocratic control while projecting an appearance of inclusiveness[43]. Engagement can therefore simultaneously operate as a source of legitimacy and as a mechanism that stabilises existing power asymmetries.

In business and human rights context, this gap becomes particularly visible. World Benchmarking Alliance Annual Report (2023) show that while companies increasingly report engagement activities, stakeholders are rarely involved in designing or evaluating core accountability mechanisms, such as grievance systems or due diligence processes[44]. Engagement structures thus exist without creating enforceable channels through which stakeholder perspectives shape corporate governance.

Accordingly, recent scholarship conceptualises stakeholder engagement not primarily as a managerial practice, but as a site where power, legitimacy, and accountability are negotiated[45]. Influence becomes the analytical bridge between engagement and governance: without demonstrable stakeholder influence on decisions, engagement remains consultative and procedural rather than meaningful. This understanding directly informs the analytical framework of this study, which evaluates engagement models according to where authority is located, how responsibility is organised, and whether stakeholder input can be traced to organisational decision-making outcomes.

2.2.3. Institutionalisation of Meaningful Stakeholder Engagement

Meaningful stakeholder engagement has become institutionalised within sustainability governance and human rights due diligence frameworks. It is explicitly embedded in the UNGPs, the OECD Guidelines, EU level legislation such as Corporate Sustainability Due Diligence Directive (CSDDD) and national due

---

[42] Karin Buhmann, Jonas Jonsson, and Mette Fisker, "Do No Harm and Do More Good Too: Connecting the SDGs with Business and Human Rights and Political CSR Theory," *Corporate Governance: The International Journal of Business in Society* 19 (2019): 6-7.
[43] Caelesta Braun and Madalina Busuioc, "Stakeholder Engagement as a Conduit for Regulatory Legitimacy?" *Journal of European Public Policy* 27 (2020): 1600.
[44] World Benchmarking Alliance, *Annual Report 2023* (Amsterdam: World Benchmarking Alliance, 2023), 24, 36-37.
[45] Kujala et al., supra note 14, 1144-1146.

diligence legislations, which rely on engagement to identify risks, assess impacts, design remedies, and track corporate performance[46].

In the European context, the CSDDD and related sustainability reforms formally embed engagement into corporate governance obligations. Although recent legislative revisions, including the European Commission's Sustainability Omnibus simplification package[47], have adjusted scope and timelines, engagement remains a central procedural requirement. However, regulatory frameworks focus primarily on the existence of engagement processes rather than on whether these processes redistribute decision-making authority[48]. While stakeholder engagement remains formally required under the revised framework, the narrowing of scope and simplification of duties potentially limit the extent and depth of engagement activities expected from businesses, particularly for smaller entities that have been excluded from the directive's ambitions[49].

Despite recent regulatory adjustments, sustainability governance continues to treat stakeholder engagement as a core requirement of responsible corporate conduct. Legal frameworks still expect companies to carry out risk-based engagement aligned with international standards, even where practical obligations have been modified. Whether these requirements enable meaningful stakeholder influence will depend on how they are implemented in national law and organisational practice.

However, empirical evidence[50] points to persistent implementation gaps. Most companies disclose engagement activities without showing how stakeholders influence grievance mechanisms or remediation processes, indicating that engagement is often institutionalised procedurally rather than participatorily.

---

[46] UN Global Compact Network Germany, *What Makes Stakeholder Engagement Meaningful? 5 Insights from Practice*, Insights Series (Berlin: UN Global Compact Network Germany, 2022).
[47] Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements, OJ L 470, 26 February 2026.
[48] European Commission. "Corporate Sustainability Due Diligence." Last modified 2025. Accessed January 23, 2026. https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en .
[49] Deloitte, "Omnibus Legislative Developments and Updates to Sustainability Reporting and Due Diligence," *Heads Up* (2026).
[50] Malcolm Rogge. "Understanding unilateral, bilateral, and multilateral approaches to meaningful stakeholder engagement in the design and implementation of operational grievance mechanisms." In *The Routledge Handbook on Meaningful Stakeholder Engagement*, pp. 205, 208-209. Routledge, 2024.

2.3. CHALLENGES OF MEANINGFUL STAKEHOLDER ENGAGEMENT IN TECHNOLOGY FIRMS

Realising meaningful stakeholder engagement is particularly difficult in the technology sector due to the scale, complexity, and dispersion of corporate impacts. Technology firms shape digital infrastructures, artificial intelligence systems, and platform-based environments that affect large and often undefined groups of stakeholders across national boundaries. Industry analyses emphasise that identifying affected stakeholders and maintaining continuous engagement relationships is especially challenging in digital and platform-based business models[51][52].

Stakeholder participation is further limited by significant information asymmetries. The technical complexity of products and systems, combined with confidentiality and intellectual property concerns, limits stakeholders' ability to fully understand, contest, or influence corporate decisions. BSR (2023) highlights that engagement in technology companies often takes place under conditions of unequal access to information and expertise, reinforcing existing power imbalances between firms and affected groups[53].

In addition, the pace of technological innovation restricts opportunities for deliberative engagement. Decision-making processes are frequently centralised and time-sensitive, leaving limited space for stakeholder input to shape strategic or design-level choices. As a result, engagement tends to occur after key decisions have already been made, reducing its potential influence.

Empirical research indicates that stakeholder engagement practices in the technology sector remain fragmented[54] and largely compliance-driven[55]. Consistent with this, BSR (2023) observes that while companies increasingly disclose engagement activities, they rarely demonstrate how stakeholder perspectives shape governance structures or decision-making authority[56].

---

[51] BSR, *Conducting Stakeholder Engagement: Guide 5 of the Responsible AI Practitioner Guides* (San Francisco: BSR, 2025), 1-14.
[52] Andersen and Allison-Hope, supra note 23, 3-43.
[53] BSR, supra note 51, 6.
[54] Andersen and Allison-Hope, supra note 23, 27.
[55] Carolina Richard-Carvajal, *Setting Higher Standards: How Governments Can Regulate Corporate Human Rights Performance* (New York: NYU Stern Center for Business and Human Rights, 2024).
[56] BSR, supra note 51, 1-14.

Engagement therefore risks functioning primarily as a reporting and legitimacy mechanism rather than as a channel for meaningful stakeholder influence.

2.4. IDENTIFICATION OF THE RESEARCH GAP

The literature reveals a striking tension, on the one hand, international standards and scholarly frameworks articulate a demanding vision of meaningful stakeholder engagement as dialogical, responsive, and influence-bearing. On the other hand, empirical evidence consistently shows that corporate engagement practices remain superficial, consultative, and weakly connected to decision-making authority.

Moreover, while stakeholder engagement has been widely studied in sectors such as extractives, agriculture, and infrastructure, systematic empirical research on engagement models in the technology sector remains scarce. Existing guidance acknowledges that technology firms face distinctive challenges, yet few studies examine how engagement is actually structured within corporate governance systems and whether it enables stakeholder influence beyond compliance functions[57].

Finally, much of the engagement literature focuses on processes, tools, and best practices, while comparatively little attention is paid to how authority, responsibility, and power are distributed through engagement arrangements. As a result, we lack empirical typologies that classify stakeholder engagement models according to degrees of stakeholder influence.

This study addresses these gaps by developing an influence-based typology of stakeholder engagement models in large-cap Nordic technology firms, analysing how governance responsibility, organisational embedding, and decision-making authority are configured in practice.

3. METHODOLOGY

3.1. RESEARCH DESIGN

This study adopts a qualitative, document-based empirical research design to analyse how large-cap Nordic technology companies disclose and structure stakeholder engagement practices. A qualitative approach is used because the

[57] 2. BSR. Effective Engagement with Technology Companies: A Guide for Civil Society. San Francisco: BSR, 2024, 1-42.

research aims to interpret how stakeholder engagement is conceptualised, governed, and operationalised, rather than to measure predefined variables or test causal relationships. The focus is on understanding meanings, assumptions, and power relations embedded in corporate disclosures, and on identifying patterns in how engagement is organised and justified.

Corporate documents are treated as expressions of organisational priorities and governance structures. Although disclosures do not fully capture internal practices, they provide authoritative representations of how companies publicly define their responsibilities, engagement processes, and accountability mechanisms. This makes them particularly suitable for analysing stakeholder engagement as a governance practice.

3.2. SAMPLE SELECTION

The empirical sample consists of large-cap technology firms listed on the Nasdaq Nordic Main Market. Companies were selected based on three criteria: (i) classification in the technology sector, (ii) listing in the Large Cap segment of Nasdaq Nordic and (iii) availability of complete corporate documentation for the 2024 reporting year.

The final sample comprises 11 companies that were active during the 2024 reporting period and had comprehensive annual and sustainability-related disclosures available as of 20 January 2026. This sample provides a focused empirical context in which companies are subject to advanced regulatory expectations regarding sustainability reporting and stakeholder engagement.

Table 1. Sample of analysed companies (final sample after exclusions)

(source: Author, 2025)

Company	**Country (HQ)**	**Main technological profile**	**ESG disclosures**	**Explicit reference to stakeholder engagement**	**Supplier Code of Conduct**
Addnode Group	Sweden	Software and digital solutions for design,	Yes	Yes – continuous dialogue with key stakeholders	Yes

		construction, and product data			
Hacksaw*	Sweden	iGaming platform and game development	No (not yet)	No	No
Hexagon	Sweden	Digital reality, measurement technology, industrial software	Yes	Yes – stakeholder mapping and structured engagement processes	Yes
Lagercrantz Group	Sweden	Electronics, electrification, and communication solutions	Yes	Yes – stakeholder analysis in sustainability reporting	Yes
Mycronic	Sweden	Electronics production and semiconductor manufacturing equipment	Yes	Limited / indirect	Yes
Netcompany Group	Denmark	Public and private sector IT systems and platforms	Yes	Yes – detailed stakeholder dialogue description	Yes
Qt Group	Finland	Software development tools and	Yes	Yes – embedded in partial HRDD process	Yes

		cross-platform frameworks			
Sinch	Sweden	Cloud communications platforms	Yes	Yes – stakeholder mapping and dialogue linked to materiality	Yes
TietoEVRY	Finland	Digital services, cloud platforms, AI and data solutions	Yes	Yes – dedicated MSE page and HRDD alignment	Yes
Truecaller	Sweden	Communication verification and safety platform	Yes	Yes – double materiality and stakeholder dialogue	Yes
Vitec Software Group	Sweden	Vertical market software solutions	Yes	Yes – stakeholder dialogue section	Yes
Yubico	Sweden	Cybersecurity and authentication technology	Yes	Indirect – ethics and responsibility pillar	Not explicitly separate

3.3. DATA COLLECTION

Data were collected manually from corporate websites. Only publicly available, organisation-level documents were used. The dataset includes:

- annual reports, which reflect strategic priorities and governance structures;
- sustainability and ESG reports, which articulate engagement practices, risk management, and regulatory compliance;

- corporate governance documents, such as governance statements and committee charters;
- policies and codes of conduct, including human rights policies, supplier codes of conduct, ethics policies, and digital responsibility frameworks;
- stakeholder-related disclosures, such as stakeholder maps, engagement summaries, consultation descriptions, and grievance mechanism descriptions.

Together, these documents provide a comprehensive picture of how stakeholder engagement is framed across strategic, operational, and compliance-oriented dimensions. No personal data or confidential information were processed. As all data are publicly available, no ethics approval was required.

3.4. DATA-SOURCE TRIANGULATION

To enhance analytical robustness, the study applies data-source triangulation, understood as the use of multiple data sources to develop a comprehensive and credible understanding of a phenomenon. Data-source triangulation also serves to strengthen validity by examining the convergence and divergence of information across different sources[58].

In this study, triangulation is operationalised through the systematic comparison of different types of corporate documents that represent distinct governance functions within the organisation. Annual reports articulate strategic priorities and governance structures; sustainability and ESG reports frame regulatory compliance and risk management; and policies and codes of conduct define normative commitments and behavioural expectations.

Analysing these documents together enables the identification of consistencies, discrepancies, and silences in how stakeholder engagement is constructed and institutionalised. Consistencies indicate coherent embedding of engagement across governance layers; discrepancies reveal tensions between rhetoric and governance structures; and silences expose the absence of stakeholder influence in strategic or decision-oriented documents.

[58] Nancy Carter. "The use of triangulation in qualitative research." *Number 5/September 2014* 41, no. 5 (2014): 545-547.

This comparative use of multiple data sources[59] enhances the trustworthiness of the analysis by reducing reliance on any single corporate narrative and by revealing how different organisational voices represent stakeholder engagement. Triangulation therefore supports an assessment of whether engagement operates primarily as a reporting and compliance mechanism or whether it is embedded in organisational structures that enable stakeholder influence over decision-making.

3.5. INTERPRETIVE CODING APPROACH

The analysis follows an interpretive coding approach. Interpretive coding views coding as an inherently interpretive act in which the researcher constructs meaning by identifying what is significant in the data, rather than uncovering objective or pre-existing categories[60]. Rather than applying a fixed coding scheme, documents were read qualitatively to identify recurring patterns, meanings, and assumptions in how stakeholder engagement is described. Interpretive coding focuses on understanding how companies construct engagement through language, structure, and governance arrangements, and what these constructions imply about authority, responsibility, and power.

This approach allows stakeholder engagement models to emerge inductively from the data rather than being imposed in advance. It is particularly suited to typology-building research, where the aim is to identify ideal-typical configurations of organisational practices.

Table 2. Interpretive coding approach

(source: Author, 2025)

Aspect	What was done	Why it matters
Coding style	Qualitative and interpretive reading of documents	Allows meanings to emerge from the data instead of using fixed categories

[59] Ibid.
[60] Elliot P. Douglas, "Beyond the interpretive: Finding meaning in qualitative data." In *2017 ASEE Annual Conference & Exposition*. 2017.

Focus of analysis	Language, structure, and governance arrangements	Shows how companies construct stakeholder engagement
Main questions	Who is responsible? How is engagement organised? How much influence do stakeholders have?	Connects engagement to authority, responsibility, and power
Analytical logic	Inductive	Engagement models are derived from the data, not imposed beforehand
Outcome	Identification of recurring patterns	Forms the basis for the engagement models
Research purpose	Typology building	Supports the development of ideal-typical stakeholder engagement models

3.6. ANALYTICAL FRAMEWORK AND TRIANGULATION

The analysis was guided by three interrelated analytical lenses that conceptualise stakeholder engagement as a governance phenomenon. First, *governance structure* captures where formal authority over engagement is located, distinguishing between engagement governed at the board or group level and engagement decentralised to subsidiaries or project teams. Second, *organisational responsibility* examines where engagement is operationalised in practice, such as within ESG functions, business units, supply chains, partnerships, or innovation ecosystems. Third, *decision-making authority* captures the degree of stakeholder influence, ranging from engagement that merely informs reporting and risk assessment to engagement that shapes operational decisions, innovation processes, or strategic priorities. This third dimension is central for assessing whether engagement can be considered meaningful in terms of power and influence.

Analytical triangulation was achieved by combining qualitative content analysis with cross-case comparison. First, documents were analysed qualitatively to interpret how stakeholder engagement is defined, justified, and embedded in governance structures and organisational practices. Second, findings were compared across companies to identify recurring configurations of governance structure, organisational responsibility, and decision-making authority. This combination of in-depth interpretation and systematic comparison made it possible to develop ideal-typical stakeholder engagement models and to evaluate their relative levels of stakeholder influence.

3.7. DEVELOPMENT OF STAKEHOLDER ENGAGEMENT MODELS

By combining data-source triangulation, interpretive coding, and analytical triangulation, the study identifies four ideal-typical stakeholder engagement models:

- a **centralised model**, where engagement is governed at the corporate level and stakeholder influence is primarily consultative;
- a **decentralised model**, where engagement is operationally distributed across business units and projects;
- an **ecosystem-driven model**, where engagement takes place within innovation and collaboration networks and enables co-creation;
- and a **participatory (co-governance) model**, defined theoretically as a model in which stakeholders share formal decision-making authority, although this model was not observed empirically.

These models provide an influence-based typology that captures how responsibility, organisation, and power are configured in corporate stakeholder engagement practices.

Table 3. Stakeholder engagement models identified in the study

(source: Author, 2025)

Model	Governance location	How engagement is organised	Level of stakeholder influence	Empirical status

Centralised model	Corporate level (board, group management, ESG functions)	Managed through formal governance and reporting structures	Consultative and informational	Observed
Decentralised model	Distributed across subsidiaries, business units, and projects	Embedded in operational practices and local interactions	Operational and contextual	Observed
Ecosystem-driven model	Shared across organisational boundaries within networks and partnerships	Organised through innovation platforms, collaborations, and co-creation processes	Innovative and co-creative	Observed
Participatory (co-governance) model	Shared between the company and stakeholders	Institutionalised through formal power-sharing mechanisms	Strategic and authoritative	Not observed (normative benchmark)

4. RESULTS

4.1. GENERAL PATTERNS IN STAKEHOLDER ENGAGEMENT DISCLOSURES

Across the analysed companies, stakeholder engagement is consistently framed as an essential component of sustainability governance and corporate responsibility. Engagement is typically associated with transparency, accountability, and responsiveness and is most frequently embedded in processes related to double materiality assessments, risk identification, and sustainability reporting. In this sense, engagement is positioned primarily as an input into internal governance and compliance structures rather than as a mechanism of shared decision-making.

Most companies describe stakeholder engagement as an ongoing dialogue with key stakeholder groups such as employees, customers, suppliers, investors, and, in some cases, civil society organisations and end-users. Common engagement methods include surveys, workshops, meetings, consultations, and feedback mechanisms. However, while these practices suggest interaction, disclosures rarely specify how stakeholder input is translated into binding decisions or how disagreements are resolved. The dominant pattern is therefore one of consultation rather than participation.

Stakeholder engagement is frequently linked to regulatory preparedness, particularly in relation to Corporate Sustainability Reporting Directive[61] (CSRD) and European Sustainability Reporting Standards (ESRS)[62] requirements. Companies explicitly state that stakeholder input informs materiality analyses and sustainability priorities, but they seldom provide traceable feedback loops demonstrating how stakeholder perspectives alter corporate strategies, governance structures, or resource allocation. As a result, engagement appears to function primarily as a procedural and legitimacy-enhancing mechanism.

4.2. CENTRALISED STAKEHOLDER ENGAGEMENT MODEL

In the centralised model, stakeholder engagement is designed, coordinated, and evaluated at the corporate level and is closely integrated into sustainability governance and reporting processes. Engagement functions primarily as an instrument for materiality assessment, regulatory compliance, and reputational management. Authority over engagement remains with corporate management and board-level structures, and stakeholder influence is largely consultative.

---

[61] Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, Official Journal of the European Union L 322, 16 December 2022.

[62] Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU as regards sustainability reporting standards, Official Journal of the European Union L 2023/2772, 22 December 2023.

Hexagon provides a clear illustration of this model. In its 2024 annual report[63] and sustainability disclosures, stakeholder engagement is explicitly linked to the double materiality assessment[64]. The company explains that engagement methods and stakeholder importance are reviewed across divisions, but the overall process is consolidated centrally to inform sustainability priorities and reporting. Engagement therefore supports corporate-level risk assessment and disclosure rather than shared decision-making. Stakeholders contribute information, yet there is no indication that they participate in governance structures or strategic authority.

A similar pattern is visible in Sinch[65]. The company states that stakeholder engagement is a "top priority"[66] and occurs at both strategic and operational levels, but it also clarifies that stakeholder dialogues were primarily used to inform the double materiality assessment and sustainability reporting. This positions engagement as an input into internal governance processes, rather than as a mechanism through which stakeholders can shape strategic choices.

Addnode Group[67] also reflects the centralised model through its framing of "continuous dialogue"[68] with investors, employees, and customers. While the language emphasises responsiveness and openness, engagement is presented as a means to understand expectations and improve corporate performance, not as a process that redistributes authority or requires justification of managerial decisions.

These examples show that in the centralised model, engagement is formalised and institutionally embedded, yet stakeholder influence remains indirect and mediated. Engagement strengthens corporate legitimacy and reporting quality but does not challenge managerial control.

---

[63] Hexagon AB, *Annual and Sustainability Report 2024* // https://bynder.hexagon.com/m/3f5532e06b4faf41/original/Hexagon-Annual-and-Sustainability-Report-2024.pdf#.
[64] Ibid, 81.
[65] Sinch AB, *Annual Report 2024* // https://investors.sinch.com/reports-and-presentations.
[66] Ibid, 58.
[67] Addnode Group, *Annual Report 2024* // https://www.addnodegroup.com/report/ar-2024/.
[68] Ibid, 38.

4.3. DECENTRALISED STAKEHOLDER ENGAGEMENT MODEL

The decentralised model distributes responsibility for stakeholder engagement across business units, subsidiaries, and operational roles, while central governance functions retain oversight and reporting responsibility. Engagement is embedded in everyday organisational practices rather than being confined to corporate sustainability functions.

Vitec Software Group[69] explicitly adopts this logic. It states that they have an agile and decentralized organization, in which every business unit is responsible for its own market and customers[70]. Thus, stakeholder engagement is carried out where it is most relevant in the organisation and that responsibility rests with individuals and business units. Group-level coordination exists, but engagement itself is operationally situated. This indicates a model in which stakeholder interaction is closely tied to business activities, customer relations, and sector-specific contexts.

TietoEVRY[71] similarly describes stakeholder relations as being managed throughout the organisation. While some functions, such as investor relations, are centrally coordinated, most engagement[72] occurs in business units and service lines that interact directly with customers, partners, and public-sector clients. This decentralised structure allows engagement to influence operational practices and service delivery, although it does not extend to formal governance authority.

Netcompany[73] also reflects a decentralised approach. It emphasises engagement through both formal structures and informal interactions across organisational levels and stakeholder groups. Engagement[74] is described as informing daily operations and strategic reflection, but responsibility is dispersed rather than concentrated in a single central sustainability unit.

In this model, stakeholder influence is stronger than in the centralised model because engagement is embedded in operational contexts. However, influence

---

[69] Vitec Software Group, *Annual Report 2024* // https://www.vitecsoftware.com/en/investors-press/reports/.
[70] Ibid, 24.
[71] Tietoevry, *Annual and Sustainability Report 2024* // https://ar2024.tietoevry.com/en/.
[72] Ibid, 86.
[73] Netcompany, *Annual Report 2024* // https://netcompany.com/wp-content/uploads/2025/01/Netcompany_Annual-Report_2024.pdf
[74] Ibid, 74.

remains fragmented and localised. There is little evidence that decentralised engagement systematically feeds into corporate-level governance reform or strategic decision-making.

4.4. ECOSYSTEM-DRIVEN STAKEHOLDER ENGAGEMENT MODEL

The ecosystem-driven model situates stakeholder engagement within innovation networks, technical communities, and standard-setting environments. Engagement takes place beyond organisational boundaries and is structured around collaboration and co-creation.

Yubico[75] exemplifies this model through its role in global authentication standards. As a core contributor to several standards, Yubico engages in continuous dialogue[76] with technology companies, platform providers, and security experts. In this context, stakeholder influence is exercised through technical consensus and interoperability requirements. External actors shape product compatibility and security architecture, even though corporate governance authority remains internal.

Qt Group[77] provides another strong example. Its software ecosystem is grounded in open-source principles and developer community participation[78]. External contributors engage in testing, development, and feedback processes that influence product quality and functionality. Stakeholders[79] therefore exercise co-creative influence over technical development, although decisions about corporate strategy, market positioning, and resource allocation remain the company's prerogative.

In both cases, stakeholder engagement is not primarily compliance-oriented but innovation-oriented. It enables substantive influence over technical trajectories

---

[75] Yubico, *Annual Report 2024* // https://investors.yubico.com/en/wp-content/uploads/sites/2/2021/10/yubico-annual-report-2024-250415.pdf.
[76] Ibid, 8, 28.
[77] Qt Group, *Annual Report 2024* // https://www.qt.io/hubfs/_website/QtV2/QtV2%20Investors/2025/AGM/Qt-AnnualReport-2024-ENG.pdf?hsLang=en.
[78] Ibid, 11.
[79] Ibid, 23.

and standards, yet it does not translate into shared authority over corporate governance.

4.5. ABSENCE OF THE PARTICIPATORY (CO-GOVERNANCE) MODEL

Despite extensive use of participatory language, none of the analysed companies disclose governance structures that would qualify as participatory or co-governance arrangements.

Even in companies with advanced engagement practices, such as TietoEVRY or Sinch, stakeholders are described as contributors to materiality assessments, risk identification, or innovation processes, not as co-decision-makers. Similarly, in ecosystem-driven cases such as Yubico and Qt Group, stakeholders influence technical outcomes but do not hold formal authority over organisational governance.

This demonstrates that participation is interpreted as consultation, collaboration, or co-creation in limited domains, rather than as shared governance. The participatory model therefore remains a normative benchmark rather than an empirically observed practice.

4.6. HIERARCHY OF STAKEHOLDER INFLUENCE

When the empirical examples are mapped onto the influence hierarchy, a clear progression emerges:

Table 4. Hierarchy of stakeholder influence with company placement

(source: Author, 2025)

Level of influence	Stakeholder engagement model	Type of stakeholder influence	Companies in this category
1 (Lowest)	Centralised	Informational and consultative. Engagement mainly supports materiality assessments,	Addnode Group, Hexagon, Lagercrantz Group[80],

[80] Lagercrantz Group, *Annual Report 2024* // https://www.lagercrantz.com/sites/lagercrantz/files/files/Lagercrantz_Group_2425_ENG.pdf.

		reporting, compliance, and legitimacy. Decision-making authority remains fully internal.	Mycronic[81], NCAB Group[82]
2	Decentralised	Operational and contextual. Engagement is embedded in business units, projects, and daily practices, influencing implementation but not corporate strategy.	Vitec Software Group, TietoEVRY, Netcompany Group
3	Ecosystem-driven	Innovative and co-creative. Stakeholders shape products, standards, or technical development through networks and collaboration ecosystems.	Qt Group, Yubico, Truecaller[83]
4 (Highest – normative benchmark)	Participatory (co-governance)	Strategic and authoritative. Stakeholders share formal decision-making power through institutionalised governance mechanisms.	*None observed*

This hierarchy demonstrates that even in technologically advanced and sustainability-oriented firms, stakeholder engagement remains structurally constrained. Influence increases as engagement moves closer to operational

---

[81] Mycronic, *Annual and Sustainability Report 2024* // https://storage.mfn.se/a/mycronic/9886c5d7-0cee-4544-bb56-c531ef7da1bc/annual-and-sustainability-report-2024.pdf.
[82] NCAB Group, *Annual and Sustainability Report 2024* // https://www.ncabgroup.com/wp-content/uploads/2025/04/NCAB_Annual_and_sustainability_report_2024.pdf.
[83] Truecaller, *Annual and Sustainability Report 2024* // https://mb.cision.com/Main/20429/4141957/3415436.pdf.

practice and innovation ecosystems, but it stops short of challenging corporate sovereignty over strategic governance.

5. DISCUSSION

5.1. INTERPRETATION OF FINDINGS IN LIGHT OF STAKEHOLDER THEORY

The findings can be interpreted as a contemporary empirical illustration of the enduring tension within stakeholder theory between managerial control and stakeholder participation. Classical stakeholder theory recognises that firms are embedded in networks of relationships with actors who affect or are affected by corporate activities. However, in practice, engagement has often been conceptualised as a managerial instrument for managing expectations, risks, and legitimacy rather than as a governance mechanism that redistributes authority.

The predominance of the centralised and decentralised models in the sample reflects this managerial orientation. In both models, stakeholder engagement is acknowledged as important, yet ultimate decision-making authority remains firmly within corporate management structures. Even where engagement is operationally embedded or innovation-oriented, stakeholders are positioned as contributors to corporate processes rather than as co-governors of those processes.

The ecosystem-driven model aligns more closely with relational and value-creation perspectives in stakeholder theory, where stakeholders are understood as partners in co-creation rather than as external audiences. However, even here, influence is confined to technical and innovation-related domains. Corporate sovereignty over strategic priorities and governance remains intact.

These findings support critical interpretations of stakeholder theory that emphasise the persistence of power asymmetries between firms and stakeholders. While engagement language has evolved, organisational structures continue to reflect a fundamentally hierarchical governance logic.

5.2. COMPARISON WITH PREVIOUS RESEARCH

The results are consistent with prior studies that document a gap between normative expectations of meaningful stakeholder engagement and empirical corporate practices. Previous research in sustainability governance and business and human rights has shown that engagement often remains procedural, symbolic, or compliance-oriented, even when it is framed in participatory language.

Studies on meaningful stakeholder engagement in human rights due diligence similarly highlight that stakeholder consultation is frequently reduced to information gathering for risk assessment rather than being integrated into decision-making authority. Benchmarking exercises have demonstrated that companies rarely involve stakeholders in the design, evaluation, or governance of grievance mechanisms, reinforcing the consultative character of engagement.

The present study extends this literature by providing a structured, influence-based typology of engagement models and by situating the analysis in the technology sector, which remains underexplored in stakeholder engagement research. It demonstrates that the patterns identified in extractive, manufacturing, and supply-chain-intensive sectors also apply to digitally oriented firms, despite their distinctive stakeholder landscapes and innovation dynamics.

5.3. IMPLICATIONS OF THE MODELS FOR MEANINGFUL STAKEHOLDER ENGAGEMENT

The typology shows that meaningfulness in stakeholder engagement cannot be assessed solely by the presence of dialogue, consultation, or collaboration. Rather, it depends on whether engagement is capable of altering power relations and redistributing authority.

In the centralised model, engagement is meaningful primarily in an informational sense. Stakeholders contribute knowledge and perspectives, but they do not shape outcomes. In the decentralised model, engagement becomes more meaningful operationally, as stakeholders influence how activities are implemented and adapted to local contexts. In the ecosystem-driven model, engagement is meaningful in innovation terms, enabling co-creation and technical influence.

However, none of these models fully satisfy the normative criteria of meaningful engagement articulated in international standards, which emphasise responsiveness, accountability, and stakeholder influence over decisions that affect them. The absence of participatory governance structures suggests that engagement remains functionally bounded by corporate control, regardless of how dialogical or collaborative it appears.

5.4. WHY PARTICIPATORY (CO-GOVERNANCE) MODELS ARE ABSENT

Several structural and organisational factors help explain the absence of participatory models. First, corporate governance frameworks are built on shareholder primacy and managerial accountability, making formal power-sharing with non-shareholder stakeholders legally and institutionally complex.

Second, participatory governance introduces uncertainty and potential constraints on managerial discretion. Sharing authority over strategy, resource allocation, or governance priorities challenges established hierarchies and may be perceived as incompatible with competitive business environments.

Third, the technology sector is characterised by fast innovation cycles, confidentiality constraints, and high levels of technical complexity. These features make it difficult to design participatory mechanisms that are both inclusive and operationally feasible.

Finally, regulatory frameworks, including sustainability reporting regimes, encourage engagement but do not mandate power-sharing. As a result, companies can comply with regulatory expectations through consultation and disclosure without restructuring governance arrangements. Participatory governance remains normatively desirable but institutionally unsupported.

5.5. LIMITATIONS OF THE STUDY

This study is subject to several limitations. First, it relies exclusively on publicly available corporate disclosures, which represent curated narratives rather than comprehensive accounts of internal practices. Actual engagement dynamics and power relations may differ from those presented in reports and websites.

Second, the study focuses on large-cap technology firms listed on Nasdaq Nordic. While this provides a coherent and policy-relevant sample, the findings cannot be generalised to smaller firms or to other sectors without caution.

Third, the analysis is qualitative and interpretive, which strengthens conceptual insight but does not allow for statistical generalisation. The typology is analytically robust but should be tested and refined in future empirical studies.

Finally, the study captures engagement practices at a specific point in time. Stakeholder engagement is a dynamic process that evolves alongside regulatory change and organisational learning. Longitudinal research would be necessary to assess whether engagement models shift toward more participatory forms over time.

6. CONCLUSIONS

This article examined how meaningful stakeholder engagement is structured and operationalised in large-cap technology firms listed on the Nasdaq Nordic Main Market. By analysing corporate sustainability disclosures through an interpretive and triangulated qualitative approach, the study identified four ideal-typical stakeholder engagement models: centralised, decentralised, ecosystem-driven, and participatory (co-governance).

The empirical findings show that stakeholder engagement in the analysed companies is predominantly consultative and compliance-oriented. Most firms operate within a centralised model, where engagement is governed at the corporate level and primarily serves materiality assessments, sustainability reporting, and regulatory preparedness. A smaller group of firms exhibits a decentralised model in which engagement is embedded in operational practices and distributed across business units. Only a limited number of companies demonstrate an ecosystem-driven model that enables co-creative influence in innovation and standard-setting processes. Crucially, none of the companies disclose governance arrangements that would correspond to a participatory or co-governance model in which stakeholders share formal decision-making authority.

From a theoretical perspective, the article contributes to stakeholder theory by shifting the analytical focus from the presence of engagement activities to the distribution of power and authority within engagement arrangements. The proposed typology demonstrates that stakeholder engagement varies not only in form and intensity but also in its governance implications. By conceptualising engagement models along a hierarchy of stakeholder influence, the study offers a framework that bridges normative theories of meaningful engagement with empirically observable corporate practices. It shows that meaningfulness is structurally conditioned by whether engagement alters governance relationships, rather than merely by how interactive or dialogical engagement appears.

The findings also have important practical and policy implications. For corporations, the typology provides a diagnostic tool to assess whether engagement practices merely support reporting and compliance or whether they create pathways for substantive stakeholder influence. Organisations seeking to strengthen the meaningfulness of engagement must move beyond consultation toward institutional mechanisms that make stakeholder input traceable, consequential, and accountable.

While this study conceptualises meaningfulness in governance and institutional terms, future research could explore how stakeholders themselves experience meaningfulness as an existential or normative phenomenon, connecting legal design, participation, and subjective perceptions of value and responsibility.

For policymakers and regulators, the results highlight the limitations of disclosure-based sustainability governance. While frameworks such as CSRD and ESRS encourage stakeholder engagement, they do not require companies to integrate stakeholders into decision-making structures. As a result, engagement can remain procedural without redistributing authority. Strengthening meaningful engagement may therefore require regulatory approaches that link engagement more explicitly to governance responsibilities and corporate accountability mechanisms.

Finally, the study opens several directions for future research. Empirical work could combine document analysis with interviews, case studies, or participatory observation to examine how engagement functions beyond formal disclosures. Comparative studies across sectors could test whether similar engagement hierarchies exist in industries such as finance, manufacturing, or extractives. Longitudinal research could investigate whether regulatory developments lead to shifts toward more participatory engagement models over time. Further theoretical work could also explore how legal design and organisational design principles might be used to operationalise participatory governance in corporate contexts.

APPENDIXES

Appendix A. Coding framework

The coding framework was developed inductively using an interpretive coding approach. Instead of relying on predefined categories, codes emerged from repeated readings of the documents and focused on how stakeholder engagement was constructed through language, organisational structures, and governance arrangements. Three core analytical lenses guided the coding:

Table 5. Coding Framework

(source: Author, 2025)

Analytical lens	Coding focus	Guiding questions
Governance structure	Location of authority and formal responsibility	Who is responsible for stakeholder engagement? Is it the board, management, ESG function, or business units? Is engagement centralised or distributed?
Organisational responsibility	Where engagement is operationalised	In which parts of the organisation does engagement take place? Is it embedded in reporting, operations, partnerships, or innovation ecosystems?
Decision-making authority	Degree of stakeholder influence	Does stakeholder input merely inform reporting? Does it shape operational decisions? Does it influence strategy or governance?

These codes were then synthesised into the four engagement models used in the analysis.

Appendix B. Examples of coded excerpts

Table 6.Examples of coded excerpts

(source: Author, 2025)

Company	Engagement Model	Example excerpt (shortened)	What it shows
Hexagon	Centralised	"The Board of Directors has the ultimate responsibility for Hexagon's sustainability strategy and ESG governance… approves major changes to Hexagon's sustainability framework."[84]	Stakeholder engagement and sustainability governance are controlled at board level; authority is centralised.
Hexagon	Centralised	"Surveys, workshops, and interviews… involved internal and external stakeholders including shareholders, employees, suppliers, customers, subject matter experts, investors, and community groups."[85]	Stakeholder engagement is used mainly for materiality assessment and reporting.
Hexagon	Centralised	"The stakeholder engagement process included a review of engagement methods… conducted by all Hexagon divisions."[86]	Engagement feeds into a consolidated corporate process rather than shared governance.
Sinch	Centralised	"During the year, stakeholder dialogues were influenced by the upcoming requirements for sustainability reporting. Key	Engagement functions as regulatory and reporting input.

[84] Hexagon AB, supra note 63, 76.
[85] Ibid, 82.
[86] Ibid.

		stakeholder insights, gathered through meetings, workshops, and existing materials, were incorporated into the double materiality assessment."[87]	
Sinch	Centralised	"Regular engagement surveys and roundtable discussions… ongoing dialogue."[88]	Consultation without evidence of decision-sharing.
Vitec Software Group	Decentralised	"The sustainability group prepares the materiality assessment… management discusses… finally decided by the Board."[89]	Multi-level involvement, but final authority remains central.
Vitec Software Group	Decentralised	"Key individuals… with insight into the business units' operations have participated in the process."[90]	Operational embedding of engagement knowledge.
Tietoevry	Decentralised	"The assessment was conducted separately for each of Tietoevry's five specialized end-to-end businesses…"[91]	Engagement and materiality work distributed across business units.
Tietoevry	Decentralised	"Internal controls… supported by stakeholder	Engagement embedded in

[87] Sinch AB, supra note, 58.
[88] Ibid.
[89] Vitec Software Group, supra note, 80.
[90] Ibid, 86.
[91] Tietoevry, supra note 71, 93.

		engagement ensured reliability."[92]	operational governance.
Netcompany	Decentralised	"We engage in dialogue with suppliers to ensure a common understanding of data needs and data quality."[93]	Engagement operationalised in value-chain governance.
Yubico	Ecosystem-driven	"Developer of global IT security standards… creator and contributor to FIDO2, WebAuthn, U2F."[94]	Engagement happens through technical standard-setting ecosystems.
Yubico	Ecosystem-driven	"Yubico is one of the companies working on developing solutions for the European Digital Identity Framework… Yubico has been selected to actively contribute to Germany's ID project, led by SPRIND, with the aim of prototyping a universal EUID."[95]	Engagement in public–private governance systems.
Yubico	Ecosystem-driven	"Collaboration with Microsoft and Okta to simplify onboarding and authentication."[96]	Co-creation with industry partners.

[92] Ibid.
[93] Netcompany, supra note 73, 72.
[94] Yubico, supra note 75, 3.
[95] Ibid, 5.
[96] Ibid.

Qt Group	Ecosystem-driven	"Engagement structured through open-source communities and developer ecosystems."[97]	Innovation-driven stakeholder engagement logic.
Addnode Group	Centralised	"Continuous dialogue… to understand stakeholder expectations and improve performance."[98]	Engagement framed as informational and consultative.
Lagercrantz Group	Centralised	"Materiality assessment together with stakeholders updated based on CSRD."[99]	Engagement tied directly to sustainability reporting compliance.
Mycronic	Centralised	"The dialogues are held with key stakeholders and results are presented to executive management and the Board of Directors."[100]	Governance-embedded, but non-participatory.
Truecaller	Ecosystem-driven	"Based on the points of view of these stakeholders, … We then placed the topics in order of priority based on their impact on our business operations and their relevance to external stakeholders. Truecaller's materiality analysis was based on a review of internal and external stakeholder perspectives,	Platform governance and multi-actor engagement.

[97] Qt Group, supra note 77, 11, 23-24.
[98] Addnode Group, supra note 67, 38.
[99] Lagercrantz Group, supra note 80, 4.
[100] Mycronic, supra note 81, 102.

		on the expectations of relevant rating institutions, and on applicable regulations.[101]	

Appendix C. List of analysed documents

For each company, the following categories of documents were analysed where possible:

- Annual Reports (2024)
- Sustainability or Environmental, Social and Governance (ESG) Reports (2024)
- Corporate governance webpages
- Stakeholder engagement webpages
- Codes of Conduct
- Supplier Codes of Conduct
- Human Rights or Responsible Business policies
- Double materiality statements and ESRS disclosures
- This multi-source dataset enabled data-source triangulation and reduced reliance on any single corporate narrative.
- Model classification table

Appendix D. Model classification table

Table 7. Model classification table

(source: Author, 2025)

Company	Engagement model	Basis for classification

[101] Truecaller, supra note 83, 34

Addnode Group	Centralised	Engagement primarily used to understand stakeholder expectations and inform corporate sustainability reporting
Hexagon	Centralised	Engagement embedded in group-level materiality assessment and sustainability governance
Lagercrantz Group	Centralised	Stakeholder dialogue linked mainly to sustainability reporting and materiality processes
Mycronic	Centralised	Engagement framed through sustainability governance, stakeholder mapping, and policy compliance
Vitec Software Group	Decentralised	Responsibility for stakeholder engagement rests with business units and operational contexts
TietoEVRY	Decentralised	Stakeholder engagement managed throughout the organisation, with distributed operational responsibility
Netcompany Group	Decentralised	Engagement conducted through a mix of formal and informal structures across organisational levels
Qt Group	Ecosystem-driven	Engagement structured through open-source communities and developer ecosystems enabling co-creation
Yubico	Ecosystem-driven	Engagement through global authentication standards, industry alliances, and technical ecosystems
Truecaller	Ecosystem-driven	Engagement with users, regulators, and platform stakeholders within trust, safety, and digital governance ecosystems

BIBLIOGRAPHY

Scientific Books and Book Chapters

1. Buhmann, Karin, Alex Fonseca, Nathan Andrews, and Giulia Amatulli. "Meaningful Stakeholder Engagement: The Concept, Practice and Governance." In *The Routledge Handbook on Meaningful Stakeholder Engagement*, 3–39. London: Routledge, 2024.
2. Freeman, R. Edward. *Strategic management: A stakeholder approach*. Cambridge university press, 2010.
3. Freeman, R. Edward, Jeffrey S. Harrison, Andrew C. Wicks, Bidhan Parmar, and Simone De Colle. *Stakeholder Theory: The State of the Art.* Cambridge: Cambridge University Press, 2010.
4. Kaufmann, Christine. "Foreword." In *The Routledge Handbook on Meaningful Stakeholder Engagement*, edited by Karin Buhmann, Alex Fonseca, Nathan Andrews, and Giulia Amatulli, xxix–xxx. London: Routledge, 2024.
5. Rogge, Malcolm. "Understanding unilateral, bilateral, and multilateral approaches to meaningful stakeholder engagement in the design and implementation of operational grievance mechanisms." In *The Routledge Handbook on Meaningful Stakeholder Engagement*, pp. 199-217. Routledge, 2024.

Scientific Articles

1. Braun, Caelesta, and Madalina Busuioc. "Stakeholder Engagement as a Conduit for Regulatory Legitimacy?" *Journal of European Public Policy* 27, no. 11 (2020): 1599–1611.
2. Brondoni, Silvio M. and Fabrizio Mosca. "Ouverture de 'Integrated Corporate Social Responsibility.'" Symphonya. Emerging Issues in Management 1 (2017): 1–6.
3. Buhmann, Karin, Jonas Jonsson, and Mette Fisker, "Do No Harm and Do More Good Too: Connecting the SDGs with Business and Human Rights and Political CSR Theory," *Corporate Governance: The International Journal of Business in Society* 19 (2019): 1-20.
4. Carter, Nicky, Denise Bryant-Lukosius, Alba DiCenso, Jennifer Blythe, and Alan J. Neville. "The Use of Triangulation in Qualitative Research." *Oncology Nursing Forum* 41, no. 5 (2014): 545–547.

5. Douglas, Elliot P. "Beyond the Interpretive: Finding Meaning in Qualitative Data." In Proceedings of the American Society for Engineering Education Annual Conference & Exposition. Columbus, OH: American Society for Engineering Education, 2017.
6. Ehwi, Ransford J., Helen Holmes, Svetlana Maslova, and Gemma Burgess. "Towards a Co-Creative Stakeholder Engagement in Smart City Projects: A Life-Cycle Approach." *Innovation: The European Journal of Social Science Research* 36, no. 4 (2023):774–799. https://doi.org/10.1080/13511610.2023.2266579.
7. Fares, Julian. "A Multi-Level Typology for Stakeholder Influence: A Systematic Literature Review Using the Structural Approach." *European Management Journal* 42 (2024): 462–478. https://doi.org/10.1016/j.emj.2023.10.004.
8. Freeman, R Edward. Strategic Management: A Stakeholder Approach. Cambridge: Cambridge University Press, 2010.
9. Freeman, R. Edward, and Sergiy Dmytriyev. "Corporate Social Responsibility and Stakeholder Theory: Learning from Each Other."*Symphonya: Emerging Issues in Management*, no. 1 (2017): 7–15. https://doi.org/10.4468/2017.1.02freeman.dmytriyev.
10. Freeman, R. Edward, Robert Phillips, and Rajendra Sisodia. "Tensions in Stakeholder Theory." *Business & Society* 59, no. 2 (2020): 213–231. https://doi.org/10.1177/0007650318773750
11. Freeman, R. Edward and David L. Reed, "Stockholders and Stakeholders: A New Perspective on Corporate Governance," *California Management Review* 25, no. 3 (1983): 88–106, https://doi.org/10.2307/41165018.
12. Frooman, Jeff. "Stakeholder Influence Strategies." *Academy of Management Review* 24, no. 2 (1999): 191–205. https://doi.org/10.5465/amr.1999.1893928.
13. Ghezal, Riadh. "Determinants of Engagement with and of Stakeholders in CSR Decision-Making: A Stakeholder Perspective." *European Business Review* 36, no. 5 (2024): 771–790. https://doi.org/10.1108/EBR-01-2023-0019.
14. Goodwin, Kim, and Andreas Pekarek. "Beyond the Audience: Rethinking Stakeholder Engagement in the Arts and Cultural Sector." *The Journal of Arts Management, Law, and Society* 55, no. 6 (2025): 380–398. https://doi.org/10.1080/10632921.2024.2332150.
15. Kujala, Johanna, Sybille Sachs, Hanna Leinonen, Anniina Heikkinen, and Daniel Laude. "Stakeholder Engagement: Past, Present, and Future." *Business &*

Society 61, no. 5 (2022): 1136–1178. https://doi.org/10.1177/00076503211066595.

16. Miles, Samantha. "Stakeholder Theory Classification: A Theoretical and Empirical Evaluation of Definitions." *Journal of Business Ethics* 142, no. 3 (2017): 437–459. https://doi.org/10.1007/s10551-015-2741-y.

Legal References

1. Commission Delegated Regulation (EU) 2023/2772 of 31 July 2023 supplementing Directive 2013/34/EU as regards sustainability reporting standards, Official Journal of the European Union L 2023/2772, 22 December 2023.
2. Directive (EU) 2022/2464 of the European Parliament and of the Council of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting, Official Journal of the European Union L 322, 16 December 2022.
3. Directive (EU) 2024/1760 of the European Parliament and of the Council of 13 June 2024 on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937. *Official Journal of the European Union* L 281, 24 October 2024.
4. Directive (EU) 2026/470 of the European Parliament and of the Council of 24 February 2026 amending Directives 2006/43/EC, 2013/34/EU, (EU) 2022/2464 and (EU) 2024/1760 as regards certain corporate sustainability reporting requirements and certain corporate sustainability due diligence requirements, *Official Journal of the European Union* L 470, 26 February 2026.

Other Sources

1. Andersen, Lucy, and Donna Allison-Hope. *Effective Stakeholder Engagement for Technology Companies.* San Francisco: BSR, 2024.
2. BSR. *Effective Engagement with Technology Companies: A Guide for Civil Society.* San Francisco: BSR, 2024. https://www.bsr.org/reports/BSR-Effective-Engagement-Technology-Companies-Report.pdf.
3. BSR. *Conducting Stakeholder Engagement: Guide 5 of the Responsible AI Practitioner Guides.*San Francisco: BSR, 2025. https://www.bsr.org/files/BSR-Conducting-Stakeholder-Engagement.pdf.

4. Business & Human Rights Resource Centre. *Investing in Stakeholder Engagement for Improved Digital Technologies.* London, 2024. https://www.business-humanrights.org/documents/40040/2024_Tech_investor_briefing.pdf.
5. Deloitte. "Omnibus Legislative Developments and Updates to Sustainability Reporting and Due Diligence." *Heads Up.* 2026. https://dart.deloitte.com/USDART/home/publications/deloitte/heads-up/2026/eu-sustainability-reporting-omnibus-esrs-updates.
6. European Commission. "Corporate Sustainability Due Diligence." Last modified 2025. Accessed January 23, 2026. https://commission.europa.eu/business-economy-euro/doing-business-eu/sustainability-due-diligence-responsible-business/corporate-sustainability-due-diligence_en.
7. Global Reporting Initiative. (2021). *GRI 2: General Disclosures 2021*. Accessed 15 February 2026, from https://www.globalreporting.org/standards/
8. International Organization for Standardization. (2010). *ISO 26000: Guidance on Social Responsibility*. Accessed 15 February 2026 from https://www.iso.org/standard/42546.html
9. Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector.* Paris: OECD Publishing, 2017. https://doi.org/10.1787/9789264252462-en.
10. Organisation for Economic Co-operation and Development (OECD). *OECD Due Diligence Guidance for Responsible Business Conduct.* Paris: OECD Publishing, 2018. https://www.oecd.org/content/dam/oecd/en/publications/reports/2018/02/oecd-due-diligence-guidance-for-responsible-business-conduct_c669bd57/15f5f4b3-en.pdf.
11. Organisation for Economic Co-operation and Development (OECD), *OECD Guidelines for Multinational Enterprises on Responsible Business Conduct,* updated ed. (Paris: OECD Publishing, 2023), https://www.oecd.org/content/dam/oecd/en/publications/reports/2023/06/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_a0b49990/81f92357-en.pdf.
12. Office of the United Nations High Commissioner for Human Rights (OHCHR). *B-Tech Company Community of Practice Stakeholder Engagement Working*

Group: 2025 Mid-Year Review. Geneva: United Nations, 2025. https://www.ohchr.org/sites/default/files/documents/issues/business/b-tech/cop-se-wg-2025-mid-year-review.pdf.

13. Richard-Carvajal, Carolina. *Setting Higher Standards: How Governments Can Regulate Corporate Human Rights Performance*. New York: NYU Stern Center for Business and Human Rights, 2024. https://bhr.stern.nyu.edu/wp-content/uploads/2024/10/10_20_2024-NYU-CBHR-Setting-Higher-Standards-Final-Version.pdf.
14. Social and Economic Council of the Netherlands (SER). *Meaningful Stakeholder Dialogue in 9 Steps: A Practical Guide for Companies*. The Hague: Social and Economic Council of the Netherlands, 2024. https://www.ser.nl/-/media/ser/downloads/thema/imvo/betekenisvolle-dialoog/en/meaningful-dialogue-in-9-steps.pdf.
15. STITCH. *Framework for Meaningful Stakeholder Engagement*. STITCH Project, 2025. https://www.stitchpartnership.org/s/STITCH-MSEframework-v2025.pdf.
16. UN Global Compact Network Germany. *What Makes Stakeholder Engagement Meaningful? 5 Insights from Practice*. Insights Series. Berlin: UN Global Compact Network Germany, 2022. https://www.globalcompact.de/mediathek/publikationen/publikation/insights-series-what-makes-stakeholder-engagement-meaningful.
17. United Nations Human Rights Office of the High Commissioner. *Guiding Principles on Business and Human Rights: Implementing the United Nations "Protect, Respect and Remedy" Framework*. New York and Geneva: United Nations, 2011. https://www.ohchr.org/documents/publications/guidingprinciplesbusinesshr_en.pdf.
18. World Benchmarking Alliance. *Annual Report 2023*. Amsterdam: World Benchmarking Alliance, 2023. https://archive.worldbenchmarkingalliance.org/impact/2023-annual-report/

Annual Reports

1. Addnode Group, Annual Report 2024 // https://www.addnodegroup.com/report/ar-2024/.

2. Hexagon AB, Annual and Sustainability Report 2024 // https://bynder.hexagon.com/m/3f5532e06b4faf41/original/Hexagon-Annual-and-Sustainability-Report-2024.pdf#
3. Lagercrantz Group, Annual Report 2024 // https://www.lagercrantz.com/sites/lagercrantz/files/files/Lagercrantz_Group_2425_ENG.pdf.
4. Mycronic, Annual and Sustainability Report 2024// https://storage.mfn.se/a/mycronic/9886c5d7-0cee-4544-bb56-c531ef7da1bc/annual-and-sustainability-report-2024.pdf.
5. NCAB Group, Annual and Sustainability Report 2024// https://www.ncabgroup.com/wp-content/uploads/2025/04/NCAB_Annual_and_sustainability_report_2024.pdf.
6. Qt Group, Annual Report 2024 // https://www.qt.io/hubfs/_website/QtV2/QtV2%20Investors/2025/AGM/Qt-AnnualReport-2024-ENG.pdf?hsLang=en.
7. Sinch, AB, Annual Report 2024 // https://investors.sinch.com/reports-and-presentations
8. Truecaller, Annual and Sustainability Report 2024 // https://mb.cision.com/Main/20429/4141957/3415436.pdf.
9. Vitec Software Group, Annual Report 2024 // https://www.vitecsoftware.com/en/investors-press/reports/.
10. Yubico, Annual Report 2024 // https://investors.yubico.com/en/wp-content/uploads/sites/2/2021/10/yubico-annual-report-2024-250415.pdf.

Curriculum Vitae

Personal data

Name:	Ebru Metin
Date of birth:	14.10.1986
Place of birth:	Ankara
Citizenship:	Türkiye

Contact data

E-mail: ebru.metin@taltech.ee

Education

2022 – 2026	Tallinn University of Technology, PhD in Business Administration
2022 – 2022	University of Oxford, Oxford Executive Leadership Programme (with British Council Award)
2016 – 2016	University of Strasbourg, Summer School in Intellectual Property in Europe
2013 – 2014	King's College London, LL.M. in International Financial Law (with Jean Monnet Scholarship)
2010 – 2013	Istanbul Bilgi University, LL.M. in Business Law
2010 – 2010	Bucerius Law School, Summer School in International Business Law
2003 – 2009	Ihsan Dogramaci Bilkent University, LLB in Law
2000 – 2003	TED Ankara College Private Foundation High School, Diploma

Language competence

English	Fluent
Turkish	Native
German	Basic
Spanish	Basic
Estonian	Basic

Professional employment

2025 – Ongoing	TalTech Legal Lab, Coordinator
2022 – Ongoing	Tallinn University of Technology, Early Stage Researcher
2020 – Ongoing	Legal Design Turkey, Founder/CEO
2021 – 2024	Istanbul Bilgi University Legal Design Lab, Director
2019 – 2021	Sabancı University, Contract Management Expert
2017 – 2018	European Union Intellectual Property Office, Strategic Planning and Reporting Intern
2015 – 2017	Turkiye Sise ve Cam Fabrikalari A.S., In-House Lawyer
2013 – 2013	Nestor Advisors Ltd., Corporate Governance Analyst
2011 – 2013	Yapi ve Kredi Bankasi A.S., In-House Lawyer
2009 – 2010	Ankara Bar Association, Trainee Lawyer

Elulookirjeldus

Isikuandmed

Nimi:	Ebru Metin
Sünniaeg:	14.10.1986
Sünnikoht:	Ankara
Kodakondsus:	Türgi

Kontaktandmed

E-post: ebru.metin@taltech.ee

Hariduskäik

2022 – 2026	Tallinna Tehnikaülikool, doktorantuur ärijuhtimises
2022 – 2022	Oxfordi Ülikool, Oxfordi juhtimisprogramm (Briti Nõukogu stipendiumiga)
2016 – 2016	Strasbourg'i Ülikool, Euroopa intellektuaalomandi suvekooli
2013 – 2014	King's College London, rahvusvahelise finantsõiguse magistrikraad (Jean Monnet' stipendiumiga)
2010 – 2013	Istanbuli Bilgi Ülikool, äriõiguse magistrikraad
2010 – 2010	Bucerius Law School, rahvusvahelise äriõiguse suvekool
2003 – 2009	Ihsan Dogramaci Bilkenti Ülikool, õigusteaduse bakalaureusekraad
2000 – 2003	TED Ankara kolledži erasihtasutuse gümnaasium, lõputunnistus

Keelteoskus

Inglise keel	kõrgtase
Türgi keel	emakeel
Saksa keel	algtase
Hispaania keel	algtase
Eesti keel	algtase

Teenistuskäik

2025 – praeguseni	TalTechi õiguslab, koordinaator
2022 – praeguseni	Tallinna Tehnikaülikool, nooremteadur
2020 – praeguseni	Legal Design Turkey, asutaja/tegevjuht
2021 – 2024	Istanbuli Bilgi Ülikooli õigusdisaini labor, direktor
2019 – 2021	Sabancı Ülikool, lepinguhalduse ekspert
2017 – 2018	Euroopa Liidu Intellektuaalomandi Amet, strateegilise planeerimise ja aruandluse praktikant
2015 – 2017	Turkiye Sise ve Cam Fabrikalari A.S., ettevõttesisene jurist
2013 – 2013	Nestor Advisors Ltd., ettevõtte juhtimise analüütik
2011 – 2013	Yapi ve Kredi Bankasi A.S., ettevõttesisene jurist
2009 – 2010	Ankara advokatuur, praktikant-advokaat

ISSN 2585-6901 (PDF)
ISBN 978-9916-80-534-3 (PDF)