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Considerations in the transition to mandatory sustainability reporting (SR) and assurance

A case study of the motivations, drawbacks, challenges and risks in the transition to mandatory sustainability reporting and assurance

Master's thesis in Management of Technology
Supervisor: Tina Bjørnevik Aune
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Abstract

The ever-changing environment of business has been reshaped and revolutionised through globalisation and technology in the last century. These may now be rivaled by the revolution of sustainability, as major action is required to counteract the human impacts on the planet. Policymakers and stakeholders are forcing change through an increase in regulations and pressure. Therefore, the business world finds itself in a transitional phase where acting sustainably and disclosing such activities are progressively more expected and regulated.

Therefore, this study seeks to discover considerations that should be taken into account in this transition to mandatory sustainability reporting (SR) and assurance. A qualitative case study of DOF, an international offshore shipping company, was conducted to investigate these considerations. The empirical data consisted of seven interviews with DOF, supplemented by three advisory and assurance providers to provide a holistic perspective and add to the transferability of the findings.

The current body of literature was utilised to understand the relevance and possible implication of the findings in this thesis. The existing theory of motivators of SR was confirmed as the primary motivators were discovered to be *managing stakeholders and expectations, legitimacy, and transparency*. These factors are regarded as critical in order to fulfil the social contract to society and remain competitive. Subsequently, there arose some drawbacks, challenges and risks of SR. The findings revealed the main relevant factors to be *managing resources, indirect reporting demands and information requirements, and maintaining transparency to avoid greenwashing*. These findings contribute to the sparse literature that covers the downsides related to SR.

Furthermore, assurance of reports were found to promote *credibility* of transparent disclosures and increase the *accountability* of selective disclosures, thereby improving *comparability* between reports and companies. This could facilitate well-informed decision making by stakeholders and reduce the risk of greenwashing. Lastly, mandated SR and assurance might impose substantial requirements on directly affected companies and indirectly through value chains.

Sammendrag

Det stadig skiftende forretningsmiljøet har blitt omformet og revolusjonert gjennom globalisering og teknologi i det siste århundret. Disse konkurrerer nå mot revolusjonen innen bærekraft, ettersom det kreves store tiltak for å motvirke menneskenes påvirkning på planeten. Beslutningstakere og interessenter tvinger fram endringer gjennom økt regelverk og press. Dette har ført næringslivet inn i en overgangsfase der det å opptre bærekraftig og rapportere på slike aktiviteter blir gradvis mer forventet og regulert.

Denne studien ønsker å undersøke hvilke hensyn som bør tas med i betraktning i overgangen til lovpålagt bærekraftsrapportering (SR) og verifisering. For å undersøke disse betraktningene er det gjennomført en kvalitativ casestudie av DOF, et internasjonalt offshorerederi. De empiriske dataene besto av syv intervjuer med DOF, som ble supplert med tre intervjuer med rådgivnings- og verifiseringsbedrifter for å gi et helhetlig perspektiv og øke overførbarheten til funnene.

Opgavens litteratur hadde som hensikt å skape forståelse for relevansen og mulige implikasjoner av funnene. Eksisterende teori om motivasjon for SR ble bekreftet, og funnet til å være *håndtering av interessenter og deres forventninger, legitimitet og åpenhet*. Disse faktorene anses som kritiske for å oppfylle den sosiale kontrakten til samfunnet og opprettholde konkurransedyktigheten. Det kan også oppstå noen ulemper, utfordringer og risikoer med SR. Funnene avdekket at de viktigste faktorene er *forvaltning av ressurser, indirekte rapporteringskrav og informasjonskrav, og opprettholdelse av åpenhet for å unngå grønnvasking*. Disse funnene bidrar til den begrensede litteraturen knyttet til ulempene med SR.

Videre ble det funnet at verifisering av rapporter fremmer *troverdigheten* av transparente rapporter og øker *ansvarligheten* for selektive rapporter, og dermed forbedrer *sammenlignbarheten* mellom rapporter og selskaper. Dette kan bidra til å gi mer velinformerte beslutninger for interessenter og redusere risikoen for grønnvasking. Til slutt kan lovpålagt SR og verifisering stille betydelige krav til de direkte berørte selskapene og indirekte krav gjennom verdikjeden til en bedrift.

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First and foremost, we would like to express our gratitude to our supervisor, Associate Professor Tina Bjørnevik Aune, for her excellent guidance and supervision. Her assistance has contributed significantly to us completing this thesis in the manner we desired.

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We want to express our gratitude to our fellow students and office partners at NTNU. We have appreciated the many enjoyable breaks and discussions during the semester.

Lastly, we assume absolute responsibility for the entire contents of this thesis.

Trondheim, May 24th, 2022



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List of Terms

AP	Assurance Provider.
CSR	Corporate Social Responsibility.
CSRD	Corporate Sustainability Reporting Directive.
ER	Environmental Regulation.
ESG	Environmental, Social and Governance.
GRI	Global Reporting Initiative.
KPI	Key Performance Indicator.
MNE	Multinational Enterprise.
NFRD	Non-Financial Reporting Directive.
NGO	Non-Governmental Organization.
PHH	Pollution Haven Hypothesis.
SDGs	Sustainable Development Goals.
SMEs	Small and Medium-sized Enterprises.
SQ	Sub-question.
SR	Sustainability Reporting.
SRI	Socially Responsible Investment.
TVF	TERRAVERA Foundation.

1 Introduction

In the last decades, companies and regulatory institutions have taken increased measures to improve their sustainability and social responsibilities in an ever-changing environment. Companies today may therefore meet new demands and requirements, as Porter and Reinhardt (2007) stated that: *“Periodically, major new forces dramatically reshape the business world – as globalization and the information technology revolution have been doing for the past several decades. Climate change, in its complexity and potential impact, may rival them both”*. With the transition towards sustainability, this statement has become increasingly accurate, and there is a need to counteract the impacts of humans that are described by IPCC (2021, p. 7) as: *“Human influence has warmed the climate at a rate that is unprecedented in at least the last 2000 years”*. This has encouraged action from governments and companies, especially over the last decade, leading to increased expectations of sustainability as a priority.

The focus of companies and stakeholders has broadened from initiatives of corporate social responsibility (CSR) to cover all aspects of environmental, social, and governance factors (ESG). This broadened focus is highlighted by the increased marketing and communication efforts related to sustainability (Parguel et al., 2011). These efforts are often presented in reports, although overwhelming claims may lead to difficulty in separating the genuinely responsible from the irresponsible (Parguel et al., 2011).

Progressively more firms engage in greenwashing by giving false impressions of their environmental performance, impact, or benefits, thereby misleading the society, giving a disadvantage to the companies that are making an effort to green their products and activities (Delmas & Burbano, 2011; European Commission, 2020). This highlights the importance of true transparency as stated by Esty and Reinhardt (2007): *“Those who fail to monitor, report, and mitigate emissions face the prospect of mounting competitive disadvantage”*. To hold companies accountable for their actions and contributions to sustainable development, reporting of activities and policies is needed.

Even though companies better understand how to act sustainably and disclose some activities, there is still a need for more collaboration and standardisation. To achieve the objectives set by the Paris Agreement, the European Green Deal emphasise that: *"Companies making 'green claims' should substantiate these against a standard methodology to assess their impact on the environment"* (European Commission & Directorate-General Communication, 2020). In order to reach these goals, claims of the environmental performance of companies and products must be reliable, comparable, and verifiable across the EU, so consumers, companies, and investors can make greener decisions (European Commission, 2020).

The monitoring, reporting, and mitigating of emissions and other ESG-factors are mainly voluntary in most parts of the world. However, 80% of companies¹ are found to provide sustainability reports as of 2020 (KPMG, 2020, p. 10). However, these reports are neither standardised nor demanding mandatory assurance, allowing companies the possibility of selectively disclosing information with few repercussions (Lyon & Maxwell, 2011; Walker & Wan, 2012).

The scope of sustainability reporting (SR) may vary greatly between companies, jurisdictions, and sectors, thus creating environments that are difficult to navigate with a wide range of considerations to take into account. This scope is subject to constant change as the world, with the EU as the policy driver, is in a transitional phase where SR shifts from a primarily voluntary to a mostly mandatory state with EUs proposed Corporate Sustainability Reporting Directive (CSRD) (Camilleri, 2015; CSRD Proposal, 2022). This directive places comprehensive reporting and assurance requirements on a wide range of companies in Europe. These reports are often referred to as sustainability, CSR or ESG-disclosures in the literature, while describing similar terminology. However, the term SR will be used in this thesis as it covers all the aspects of CSR and ESG-disclosures and is used by the EU in the proposed directive, which covers all ESG factors (CSRD Proposal, 2022).

¹Referring to a worldwide sample of 5,200 companies which consists of the top 100 companies by revenue in the 52 countries and jurisdictions researched by KPMG (2020).

1.1 Purpose and Research Question

The purpose of this thesis is to uncover underlying motivations, in addition to possible drawbacks, challenges and risks of SR and assurance through a case study of DOF. DOF is an multinational enterprise (MNE), founded in Norway, that operates in the offshore shipping industry and has provided assured sustainability reports to Global Reporting Initiative (GRI) standards since 2014. Considering their experience within reporting and assurance, the case was considered suitable to highlight considerations that should be taken into account in the transition to mandatory SR. Access to DOF was facilitated by the TERRAVERA Foundation (TVF), and this process is further described in Chapter 3 while additional empirical material related to DOF and the industry is provided in Chapter 4.

Target 12.6. of the sustainable development goals (SDGs) explicitly acknowledges the critical role that corporate SR must play. Especially large and transnational companies need to be encouraged to adopt sustainable practices and to integrate sustainability information into their reporting cycle (UNCTAD, 2016). Therefore, a study of DOF, as a large MNE, was found to be suitable and highly relevant in the current landscape of SR.

Even though there is a need for companies to act transparent and communicate their ESG activities through SR, there are also risks associated with this. There is an increasing pressure to act sustainably, but there is a need for a solution for corporations to handle activities without side-tracking of socially irresponsible acts (Wang et al., 2016). The transition to regulated and mandatory reporting (such as CSRD) ensures that many of these companies need to provide assured reports in the coming years. Consequently, three advisory and assurance providers were interviewed to supplement the empirical data from DOF, thereby providing a more holistic perspective of SR and assurance.

Given that this transition impacts a large number of companies both now and in the future, it was deemed interesting to investigate the motivations, drawbacks, challenges and risks that might arise from SR and assurance. Therefore, closer investigation of these considerations could provide significant value to scholars, companies and policymakers.

The foundation laid by the relevance, background and purpose culminated with the following research question:

”What considerations should be taken into account in the transition to mandatory sustainability reporting (SR) and assurance?”

In order to answer this research question, three sub-questions (SQs) will be investigated. These SQs are designed to facilitate the investigation of the overarching research question. SR is in a transition from mostly voluntary to mostly mandatory, possibly adding to the potential value and transferability of any findings across both industries and types of companies. The following paragraphs describe the SQs that were formulated to best investigate the research question.

- *SQ1*: What are the motivations to engage in SR?

SQ1 explores the underlying motivations for initiating and maintaining SR. This can discover possible advantages companies can gain from SR. Furthermore, the impacts and implications of these motivation and advantages can provide interesting insight in a time where many companies might face rising reporting requirements.

- *SQ2*: What are the drawbacks, challenges and risks of SR?

SQ2 seeks to discover possible drawbacks, challenges and risks of SR. This can contribute valuable awareness and possible considerations that need to be acknowledged and managed. Such contributions would add to a limited theoretical field related to the negative aspects and challenges.

- *SQ3*: How does assurance affect the transitioning SR landscape?

SQ3 investigates the impact of assurance on both the disclosures and the transition to mandatory reporting. The transition to mandatory SR involves a incorporation of mandatory assurance and could be understood and studied as an extension of SR in many cases. Therefore, studying both positive and negative aspects of assurance is important to understand SR as a whole.

1.2 Contribution

This thesis contributes to the sparse existing literature that covers the motivation, drawbacks, challenges and risks related to SR and assurance. According to Hahn and Lülfs (2014), existing literature of SR largely covers the positive outcomes related to both voluntary and mandatory disclosures while the negative aspects often have been neglected. Consequently, this thesis could provide valuable and understudied insights into considerations related to possible pitfalls of SR such as drawbacks, challenges and risks. This could be a significant contribution in a phase where companies increasingly disclose their activities due to both rising pressure and requirements, thus forcing many companies through accommodation of drastic changes in a short time-span (KPMG, 2020, p. 10; CSRD Proposal, 2022). Siew (2015) points out that research could contribute to harmonisation of such adjustment. The findings in this study provides an overview of considerations that could be utilized by policymakers and companies, hence contributing to this harmonisation.

Furthermore, Hahn and Lülfs (2014) suggest that motivation of SR warrant further investigation, while Traxler et al. (2020) points out that barriers and challenges related to this motivation also should be studied. Through the investigation of the research question, this study uncovers motivations such as stakeholders, legitimacy and transparency, in addition to drawbacks related to resources and indirect reporting requirements. Lastly, the effect of assurance is considered to improve credibility and reduce risk of greenwashing, while also contributing to increased resource intensity. These considerations support existing literature and adds to sparse literature.

1.3 Outline

The master's thesis begins with a review of existing theory in the field of study, presented in Chapter 2. The thesis' methodological choices and procedure, as well as an assessment of the research's quality, are presented in Chapter 3. In Chapter 4, the empirical material and findings from the interviews are presented. In Chapter 5, the findings are weighed and discussed against relevant theory. The conclusion of the research question, limitations, theoretical and practical implications, in addition to avenues of further research, are presented in Chapter 6.

2 Theory

This chapter presents an overview of the literature reviewed in this thesis. This serves as the theoretical foundation for answering the research question, as well as it serves as a reference point in the thesis discussion and conclusion. First, the overall theme of this research will be presented under Section 2.1, presenting sustainability topics. Secondly, the thesis' main topic, SR and assurance, will be presented under Section 2.2 to explain the current landscape. Thereafter, Section 2.3 presents motivations and advantages of SR. Lastly, Section 2.4 presents drawbacks, challenges and risks that might arise in relation to SR.

2.1 Sustainability

Traditional business development and the desire for profit are being challenged by a new business logic in which value creation is more than just about the economic bottom line but also about considering climate, environment, and society to a greater extent. Running a sustainable business has become a prerequisite for operating profitably in many industries (Klavenes, 2021).

One of the most widely used definitions of sustainable development in the literature comes from the landmark report "Our Common Future", published by the commission chaired by Harlem Brundtland (1985), and provides the basic modern definition of sustainable development: "*Sustainable development is a development that meets the needs of the present without compromising the ability of future generations to meet their own needs.*"

In the context of businesses, sustainability are defined by Rauter et al. (2017) as: "*The adoption of business strategies and activities that meet the needs of the enterprise and its stakeholder today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future*".

In the 2030 Agenda for Sustainable Development, the United Nations (UN) presented 17 SDGs and 169 targets with the goal of transforming the world. The agenda is a plan of action for people, planet, and prosperity. It aims to promote and strengthen universal peace and end poverty in all of its forms and dimensions, as well as challenges with inequity, climate change, environmental degradation and justice (UN, 2015). All stakeholders are expected to contribute to the realization of the agenda, including governments, civil society, the private sector, and others. A renewed global cooperation is required at a global level to complement national efforts (UN, 2015).

Sustainable companies and companies that work strategically with sustainability are therefore becoming increasingly attractive to investors. More and more parties also claim that capital will be mobilized against companies that work strategically with sustainability (Klavenes, 2021).

2.1.1 Corporate Social Responsibility (CSR)

Sustainability may be used as a synonym or addition to CSR, which is a term that was introduced in the 1950s, and describes a firm's responsibilities to society as well as to shareholders (Bansal & DesJardine, 2014; Carroll, 2009; Wang et al., 2016). CSR and sustainability focus has contributed to corporations shifting their attention from profitability to a more holistic approach. For many companies, the implementation of CSR was initially reactive in response to crises, such as when Shell faced activist opposition in the mid-1990s¹, which led to the introduction of a crisis group and CSR-based business principles (Mirvis & Googins, 2006). Historically, many companies tended to be reactive (e.g., Shell), afraid of change, and only evolve and develop because of crises (Greiner, 1998). However, according to Eccles et al. (2014), the early adopters of sustainability policies were found to significantly outperform competitors who adopted fewer of the policies, thus displaying the growth benefit of adaptable management suggested by Greiner (1998).

In later years most businesses have adopted some sort of CSR or sustainability programs as a result of growth in both public- and stakeholder interest in sustainable companies that have stimulated increased change efforts (Esty & Reinhardt, 2007). These increased efforts have been further in-

¹Environmental and social opposition regarding the proposed sinking of Brent Spar and the treatment of indigenous people.

centivized as transparency in companies' CSR performance is found to lead to lower risk and fewer capital constraints (B. Cheng et al., 2013; Gillan et al., 2021). CSR can be either mandatory and occur as norms and rules, or a voluntarily assumed strategic responsibility, often referred to as implicit and explicit CSR, respectively (Matten & Moon, 2008). Thus, implicit CSR is envisioned as reactionary, while explicit is a more deliberate and planned approach. However, changes in the global and local regulatory landscape might affect companies' approaches. Such changes can impose a need for more direct frameworks, thereby making way for terms such as ESG on a larger scale than CSR.

2.1.2 Environmental, Social and Governance (ESG) Factors

ESG was introduced as a term in the mid-2000s and has further increased focus on sustainability through a similar coverage as CSR, although with specific mentions of governance and environmental factors compared to CSRs more indirect connection (Gillan et al., 2021). Gillan et al. (2021) further states that ESG is regarded as a more extensive terminology and is mainly used in analysis and decision-making when conducting socially responsible investments (SRIs), subsequently affecting the access to capital for firms that do not comply with applicable standards and regulations. A review of 21 studies by Huang (2021) found ESG performance to have a modest positive link to financial performance. The disclosure of this performance through SR has a moderating effect that reduces the amplitude of positive and negative swings in performance (Fatemi et al., 2018).

Present and future regulatory changes (e.g., GRI standards, EU Green Deal², future disclosure standards), in addition to stakeholder demands, may serve as a catalyst for many firms in both prioritization and disclosures of their efforts within ESG-activities through SR (EY, 2021; Union, 2020). The number of companies that use CSR and ESG metrics in their marketing communications and reports has increased over the recent years. However, a large number of claims may make it impossible to differentiate between those who are genuinely responsible and those who are irresponsible (Parguel et al., 2011).

²Includes both EU Taxonomy and Non-Financial Reporting Directive (NFRD).

2.2 Sustainability Reporting and Assurance

The extensiveness of SR has dramatically increased in the decades since Elkington first defined the triple bottom line in the 1990s. The triple bottom line was the first widely accepted framework that incorporated sustainability in accounting practices through financial, social and environmental dimensions (Elkington, 1999). In an attempt to standardise some of the aspects of SR, the UN established GRI in 1997, thereby introducing a more rigid framework for reporting that has seen a continuous stream of improvement since then (Midttun, 2014). This standard was quickly adopted by many companies and was employed by 75% of the world's 250 largest companies in 2020 (KPMG, 2020, p. 25). Scholars suggest that the GRI guidelines, along with the Bloomberg ESG scores based on these guidelines, might leave companies more worried about their performance concerning criteria rather than how they actually could enhance their efforts (Dumay et al., 2010; Moneva et al., 2006; Siew, 2015). Moreover, this reporting is primarily voluntary, and no assurance is required when producing the reports, often raising questions of greenwashing as sustainability reports can be used to promote a more sustainable image of a company (Lyon & Maxwell, 2011; Walker & Wan, 2012). Therefore, assurance can help reduce greenwashing and ensure an adequate level of reliability (Lyon & Maxwell, 2011; M. Cheng et al., 2014). Some concerns have been raised regarding the reliability of such assurance, but studies indicate that assured reports are perceived as more reliable and credible (Du & Wu, 2019; Farooq & de Villiers, 2019; Reimsbach et al., 2018).

The EU is acting as a driver of ESG-policy and currently employs a Non-Financial Reporting Directive (NFRD) that ensures that 11.700 companies provide sustainability reports. However, a specific framework or standard is not required, and assurance is not mandatory (Camilleri, 2015; COM/189 final, 2021; CSRD Proposal, 2022, p. 31). This lets companies be selective in their compliance, thus possibly not disclosing all information of relevance (CSRD Proposal, 2022, p. 31).

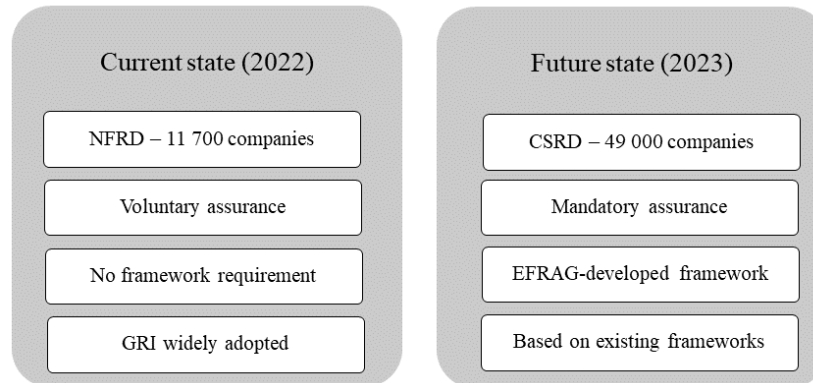


Figure 2.1: Current and future state of regulation of SR in the EU

The current and future state of SR is illustrated in Figure 2.1. This displays the proposed improvement found in the Corporate Sustainability Reporting Directive (CSRD), a standardisation under development by EFRAG³, in cooperation with GRI, WICI⁴ and Shift⁵, with its introduction planned in 2023 and external assurance required (EFRAG, 2021). CSRD will affect approximately 49.000 companies, with estimated one-off costs of EUR 1.200 million and annual recurring costs of EUR 3.600 million, thus providing a significant increase in scope in comparison to today’s situation (COM/189 final, 2021). CSRD provides a continuation of the ”double materiality⁶” principle (introduced in NFRD) which involves companies reporting both how sustainability issues affect them and their performance, as well as their societal and environmental impacts (CSRD Proposal, 2022, p. 26).

2.2.1 Voluntary vs. Mandatory Disclosures

SR is currently voluntary in most parts of the world. According to Van Der Laan (2009, p. 21): *“Corporations decide what to disclose, when to disclose and how to disclose as well as the medium. These decisions are made at an ‘abstract level’ without necessarily identifying the information needs of organisational stakeholders”*. It is increasingly beginning to be expected from a wider

³European Financial Reporting Advisory Group.

⁴The world’s business reporting network.

⁵The leading centre of expertise on the UN guiding principles on business and human rights.

⁶A material issue is defined as an issue that has real importance or great consequences.

range of stakeholders, like Non-Governmental Organisations (NGOs), regulatory agencies, ethical or SRI fund managers and others, are requesting companies are to report on their interactions with society in various forms (Polonsky & Jevons, 2006; Van Der Laan, 2009). These expectations, coupled with various degrees of institutional pressure, affect the adoption and spreading of SR (Higgins et al., 2018). However, the expansion of SR is found to occur in clusters rather than consistently (Chen & Bouvain, 2009; Young & Marais, 2012). This inconsistent spread in clusters can be an effect of SR being more frequent in some industries and the institutional pressures that may influence them (Herremans et al., 2009).

This shift from voluntary information provision to demanded information can be viewed as a natural consequence of the increasing pressures on corporations to be "responsible", particularly in light of intensified worldwide attention on unethical corporate behaviour and corporate collapse (Van Der Laan, 2009). With the global push for CSR, corporate decision-making and its impact on society will be investigated even more closely. The principles of transparency and accountability underpin the concept of CSR (Van Der Laan, 2009).

Strong regulation of assurance has been highlighted by several scholars to be needed for SR to provide value (Ball et al., 2000; Laufer, 2003; Smith et al., 2011; Mori et al., 2014). Mandatory SR is found to increase transparency and force companies to manage ESG matters in order to avoid disclosure of poor performance in their efforts (Ioannou & Serafeim, 2017)

2.3 Motivating Factors

Businesses may report on sustainability for various reasons, whether it is a requirement or if they do it voluntarily. This section will describe some of the motivations and advantages for both acting and reporting on sustainability matters. First, it is relevant to define motivation and underlying drivers. Motivation can be understood as an internal psychological process that generates a driving force that makes us act, as well as provides direction, sustains, and reinforces human behaviour (Jacobsen & Thorsvik, 2013; Hansmann, 2010).

2.3.1 Stakeholder Perspective

Financial disclosure alone is insufficient to meet the information needs of stakeholders, policymakers, and investors, who want disclosure on sustainability efforts (Raimo et al., 2021). Satisfying the various stakeholders that a company face could be a major motivator for SR. Sustainability efforts is increasingly becoming expected by a broader range of stakeholders (Polonsky & Jevons, 2006). Stakeholder theory is concerned with the relationship between an organisation and its stakeholders (Fernando & Lawrence, 2014). So, before making important decisions, it is critical to understand various parties' perspectives and address their concerns. In businesses, stakeholders can be divided into internal and external stakeholders. Internally, they are employees at different levels. Externally, they are, for example, shareholders, bankers, customers, suppliers, regulators, trade unions, government, and NGOs. Nature and future generations are two other critical stakeholders who are less visible (Yip, 2018). Stakeholders can be classified into several groups, highlighting the fact that different stakeholder groups can have different and sometimes conflicting expectations (Fernando & Lawrence, 2014).

Stakeholder theory aims to identify which stakeholders deserve or systematically require management attention. The more critical the stakeholders are to the organisation's success and viability, the more likely that the organisation will satisfy their demands (Ullmann, 1985). According to Dawkins (2004), internal and external stakeholders expect different types and levels of sustainability activities. Sustainability can cause the company to interact with stakeholders differently. Some relationships will be formal, even contractual (employment contract), while others can be more informal (dialogue), even implicit (corporate culture). It might also be either direct or indirect (dialog with environmental NGO) (Baret & Helfrich, 2019). Whether intentionally or unintentionally implied, failure to meet stakeholder expectations might result in reputational damage. As a result, managers must keep all "promises" made, both explicit and implicit (Polonsky & Jevons, 2006). The desire to be accountable to all stakeholders, regardless of their economic power, motivates SR. By disclosing sustainability data, an organisation acknowledges that its stakeholders have a right to know about certain aspects of its operations (Fernando & Lawrence, 2014).

Stakeholders are increasingly exerting pressure on companies to have a more sustainable behaviour and lower their impacts on society and the environment to provide a more detailed representation of information relating to sustainability through adequate disclosure policies (Raimo et al., 2021). Accuracy is essential to reducing suspicions of greenwashing, legitimacy-seeking behaviour, and other forms of deception because it allows stakeholders to assess the organisation's actual impacts (Higgins et al., 2020).

2.3.2 Legitimation

Companies seek to communicate their legitimisation actions through SR. The legitimacy theory emphasises that organisations strive to be perceived as operating within the bounds and norms of the society they operate, as well as within the society's expectations (Fernando & Lawrence, 2014). Suchman (1995, p. 574) defines *legitimacy* as "*a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, value, beliefs and definitions*". The legitimacy theory is a mechanism that assists organisations in implementing and developing voluntary, social, and environmental disclosures in order to fulfil their social contract, which allows them to achieve their goals and survive in a volatile and unpredictable environment (Burlea & Popa, 2013). The organisation has to justify its existence through legitimate economic, environmental and social actions that do not jeopardise the society in which it operates in order to maintain a good state of legitimacy (Burlea & Popa, 2013; Fernando & Lawrence, 2014). Organisational legitimacy can be seen as a variable that changes over time, that is spatial, and is different across stakeholders and cultural groups (Van Der Laan, 2009).

According to Deegan (2002), organisations may engage in sustainability activities and reporting to align with legitimacy theory in order to maintain, gain, and regain their legitimacy. As a result, the desire to legitimise an organisation's operations through SR is considered the predicted motivation to drive disclosure-related decisions. Organisations can improve their legitimacy by refraining from disclosing negative or bad sustainability news. Where organisations may provide explanations for negative news rather than increasing positive news or reducing sustainability news overall if they believe it would help them increase or maintain their legitimacy (Fernando & Lawrence, 2014).

While there are differences between stakeholder and legitimacy theory, they both focus attention on the relationship between the organisation and its operating environment. These two theoretical perspectives should not be considered separate and distinct. It is more accurate to think of them as overlapping viewpoints on issues set within a framework of assumptions that support the concepts of political economy (Van Der Laan, 2009).

2.3.3 Transparency

Stakeholders and society in general demand transparency in the disclosure of information about a company's sustainability efforts; this communication must be dynamic, via multiple channels, and with the goal of raising awareness (de Freitas Netto et al., 2020). Schnackenberg and Tomlinson (2016, p. 5) described *transparency* as "*the perceived quality of intentionally shared information from a sender*". Their definition contains the element *information*, where transparency is a critical element of knowledge sharing because it increases awareness, coherence, and comprehensibility of information exchanged between two parties. Second, there is *intentionally shared* information, where organisations can deliberately wield information in ways that increase or decrease transparency. Third, if adequate information is available, transparency is a *perception* of the received information. Lastly, perceptions of transparency differ depending on the perceived *quality* of information. (Schnackenberg & Tomlinson, 2016).

Higgins et al. (2020) describes how transparency is vital to ensure that information is available to those who have a right to know and it allows stakeholders to make informed decisions about an organisation's performance. Given the advantages associated with SR, investors often prefer to invest in more transparent companies. The ability to access third-party capital at better terms as a result of increased SR could provide investors higher returns and lower the level of risk (Raimo et al., 2021). Having access to and control over information and knowledge empowers individuals and shifts the power balance in society by holding the powerful accountable by reducing information gaps and enabling more equal participation and enchainning accountability (Mol, 2015; Mol, 2010). Transparency can also help build trust between organisations and stakeholders, as well as operational improvements and market efficiency (Higgins et al., 2020).

2.3.4 Other Motivating Factors

Profit and value maximization are two significant motivators for acting sustainably. According to Friedman (1970), a corporation's social responsibility is to increase profits and shareholder returns. Jensen (2001) also claims that long-term value maximization is an organizational objective, but that is impossible to achieve if stakeholders' interests are ignored. Corporate vision, strategy, and tactics are required to bring the organization's stakeholders together. Traditional investors argue that focusing on sustainability reduces the investment universe and, as a result, reduces returns. Sustainability-oriented investors, on the other hand, claim that their investment strategy eliminates companies with social and environmental risks, thereby increasing value creation (Hassel & Semenova, 2013, as cited in; Ditlev-Simonsen & Midttun, 2011).

Acting responsibly may help build a positive brand image and reputation by emphasizing the advantages of leveraging a company's societal orientation to improve the company's ability to attract resources, improve performance, and gain a competitive advantage (Fombrun, 1996, as cited in; Midttun, 2014). Differentiating the company by projecting a caring and compassionate image to society is a strategy that can be highly rewarded. Brand image and equity can only be built through consistent, believable contributions to a cause. Therefore, corporate philanthropy must be strategic to prevent people from becoming sceptical of their efforts (Brønn & Vrioni, 2001). Standing up for one's actions has become a necessity, and one must consider the consequences of different actions. Ethical and moral perspectives can support the ethical arguments for ESG to be anchored in the company. Simultaneously, acting ethically is seen as the proper course of action (Midttun, 2014).

Working sustainably can also assist with managerial discretion to fulfil personal preferences and interests of corporate responsibility. Having pride in one's workplace is important to employees, so the employer's sustainability brand is substantial. Research shows that employee involvement is critical to a company's sustainability success (Ditlev-Simonsen & Brøgger, 2013). According to broad studies with attention to diversity, employee relations, and community involvement suggests that companies known for their social performance can attract more applicants (Willness & Jones, 2013).

2.4 Drawbacks, Challenges and Risks

The swift expansion of SR carries considerable drawbacks, challenges and risks that should be acknowledged and managed. De Micco et al. (2020) describes challenges within understanding, managing and reporting the non-financial indicators, as well as employee involvement with the process. This section presents the existing theory of such considerations.

A challenge with SR is that the terms "*sustainability*" and "*sustainable development*" are often vague and not explicit, where sustainability issues are often challenging to identify and analyse. Changes can arise quickly, and management must establish a strategy for determining what contextual priorities that need to be defined and communicated over time (Herzig & Schaltegger, 2006).

Baret and Helfrich (2019) proposed a framework for analysing the complexity of SR. First, they presented the intrinsic complexity of sustainability and the challenges that arise from the interaction and balance of various stakeholders' expectations. Secondly, they discuss the difficulty of reducing information asymmetry and increasing the legitimacy of SR. Thirdly, they present the company's expectations in terms of organisational learning and routines. (Baret & Helfrich, 2019).

2.4.1 Stakeholder Challenges

The ability to identify relevant issues for SR and prioritise those material issues in accordance with stakeholder needs is a significant challenge for most reporting organisations (Hsu et al., 2013). Information about a company's long-term sustainability is complex for stakeholders to obtain directly; it can be difficult in terms of time and money, resulting in information asymmetry between the company and its stakeholders (Herzig & Schaltegger, 2006). Some of the complexity lies in the diversity of interactions between different stakeholders (Baret & Helfrich, 2019). There is a need for more substantial stakeholder involvement in the reporting process, as well as sufficient knowledge about their information needs (Herzig & Schaltegger, 2006). Since most sustainability reports are non-specific, aiming at a diffuse and extensive group of potential readers creates a risk of information overload, where there is a lack of target group orientation. To counteract this, companies should address a clearly defined group of readers (Herzig & Schaltegger, 2006).

2.4.2 Need of Standardisation

An improvement in the often-criticised lack of comparability of sustainability reports requires a consensus or a generally accepted standard about what information to disclose and in what format (Herzig & Schaltegger, 2006). A common reason for non-disclosure of ESG issues is that many of them are difficult to measure, and there are no standards of comparable quality to accounting standards (Eccles et al., 2012). One serious risk to avoid is standardising only what is easiest to report, rather than what is truly most important to the company and its industry (Alliance for Corporate Transparency, 2019). Eccles et al. (2012) argues that a solution could be to develop sector-specific guidelines and key performance indicators (KPIs). Where companies would report on sustainability issues that are important to the specific sector and therefore improve companies' ability to report on their sustainability efforts. Climate change, for example, is more important in some industries than they are in others.

Regulations of reporting do not unfailingly improve stakeholders' access to information. In some cases, companies with passive or indifferent corporate environmental strategies will focus on reducing reporting costs in order to meet regulatory requirements while overlooking data and information quality in their information management procedures (Herzig & Schaltegger, 2006).

2.4.3 Disclosure Quality & Transparency

Data quality and data collection procedures need to be improved to secure the comparability of published sustainability reports. The use of different sources of information may result in inconsistency and low data quality in the disclosures (Schaltegger, 1997). Organisations that are perceived to communicate accurate information should impact people's perceptions of their ability to navigate complex data and master the technical aspects of compiling the data needed to develop reliable information. Additionally, decoupling and faking can reduce accuracy toward stakeholders, while authentic leadership and auditing can increase accuracy towards stakeholders (Schnackenberg & Tomlinson, 2016).

Being transparent in SR may also lead to higher perceived quality. Transparency is influenced by three factors; disclosure, clarity and accuracy. As stakeholders perceive information to be more relevant and timely, disclosure increases; clarity increases as stakeholders perceive information to be more understandable; and accuracy increases as stakeholders perceive information to be more trustworthy. Each of these dimensions contributes to overall transparency by increasing confidence in the organisation's information quality (Schnackenberg & Tomlinson, 2016).

There are some challenges in order to obtain these benefits, as well as some factors that must be addressed. First, information is useless if the recipients do not understand it. Second, it must be relevant to the specific environmental issues and the readers of the sustainability reports (Schaltegger, 1997). Other factors can include uneven data quality, selective reporting by companies, and selective choosing of reporting frameworks (Brown et al., 2009). In some value chains, transparency requirements related to voluntary certification prevent chain actors from disclosing data and information because data quality and reliability procedures are perceived as excessive and costly. In such cases, transparency procedures and requirements actually reduce transparency (Mol, 2015).

Sustainability measures like indicators and KPIs need to be developed to provide solid bases for decision-making at all levels and contribute to the self-regulating sustainability of integrated environment and development systems stated in Agenda 21 (UN, 1992). Therefore, it is essential to be realistic when using indicators in disclosures and take data availability, understandability, and usefulness in the decision-making process (Litman, 2007).

2.4.4 Greenwashing

Over the last two decades, businesses have been working to become more socially responsible in their operations and marketing campaigns as the importance and value of sustainability have increased in the market (Lee et al., 2018). As a result, firms can face incentives to take shortcuts since environmental practices can be treated as a type of credence good (Baron, 2001; Feddersen & Gilligan, 2001, as cited in, Lee et al., 2018). This phenomenon is called *greenwashing* and is defined as *"the intersection of two firm behaviors: poor environmental performance and positive communication about environmental performance"* (Delmas & Burbano, 2011, p. 65). Greenwashing is

described as the retention of negative information while exposing positive information regarding an organisation's environmental performance; this behaviour can be referred to as selective disclosure (de Freitas Netto et al., 2020). Greenwashing takes many forms, but it usually involves deflecting attention away from the relevant industry's major environmental consequences and toward more minor, almost symbolic green activities.

Furthermore, greenwashing tends to highlight advantages that have immediate proximity in time and space while ignoring or dismissing the long-term consequences (Skarstein & Skarstein, 2020). Although a majority of scholars believe that greenwashing is solely concerned with environmental issues, other researchers believe that it is also concerned with social issues and therefore relates to the degree of falsehood implied in the message (Gatti et al., 2019). This view can be utilised to describe greenwashing in relation to the entire contents of sustainability reports.

Companies may be pressured to report on their sustainability efforts by external stakeholders such as regulators, consumers, investors, and competitors, and thus engage in greenwashing to meet their requirements (Delmas & Burbano, 2011). Greenwashing is a common problem in several industries. It can be as subtle as a misleading packaging choice and all the way to fossil fuel companies promoting themselves as environmentalists (Robinson, 2021).

Consequences of Greenwashing

Some of the consequences of greenwashing are related to consumers' attitudes, behaviours, and intentions, as well as internal consequences and corporate effects (Gatti et al., 2019). Greenwashing has the potential to have both intended and unintended impacts, and greenwashing organisations presumably hope to reap benefits from their efforts. However, the entire society may be affected (Lyon & Montgomery, 2015). Greenwashing or legitimacy-seeking behaviours are considered hypocritical because their symbolic expressions of conduct differ from their actual behaviours (Walker & Wan, 2012). According to Walker and Wan (2012) greenwashing can cause financial harm to businesses. As greenwashing may undermine trust in corporate environmental impacts (Lyon & Montgomery, 2015). Consumers struggle to distinguish the reliability of green marketing initia-

tives, so actual green claims can face more scepticism as a result of the growing awareness of greenwashing (de Freitas Netto et al., 2020; Aji & Sutikno, 2015). According to Lyon and Montgomery (2013), corporate environmental communication can backfire if the public believes that the companies are promoting themselves.

Identifying greenwashing requires the ability to understand which criteria the environmental measures are focused on, where the benefits are achieved, and over which periods the benefits are relevant. There is a need for the ability to identify and compare the effect of the benefits a company seeks to promote with the environmental impact of the organisation's other activities (Skarstein & Skarstein, 2020).

2.4.5 Need and Use of Resources

Companies spend significant time and resources to provide sustainability reports. This accounts for an average of 316 days per year to finish the reports, in addition to 155 days per year to manage and respond to sustainability-related ranking and rating providers (European Commission & Directorate-General, 2021, p. ii). According to Lai and Stacchezzini (2021), providing this new expertise and how it is incorporated into the organisation, proposes a new challenge for companies to manage in order to satisfy this quickly growing need and remain competitive.

The resource based view developed by Wernerfelt (1984) has been used as a framework to describe how companies gain and sustain competitive advantages (Armstrong & Shimizu, 2007). This framework highlights the advantages of managing and taking advantage of the available resources. *Resources* are defined by Barney (1991, p. 101) as "*all assets, capabilities, organizational processes, attributes, information and knowledge, etc. controlled by a firm*". Mahoney (1995) states that optimal utilization of these resources and continual upgrade of core competencies will create economic value.

Moreover, Lai and Stacchezzini (2021) raises concerns regarding the availability of the sustainability expertise that is needed in reporting, and suggests that accounting professionals need to adapt and integrate such expertise within their workload. Successfully developing this expertise could

impact the implied scarcity of these resources. Scholars argue that profits and a momentary competitive advantage can be gained by controlling scarce and valuable resources (Wade & Hulland, 2004). Wernerfelt (1984) suggest that the owner of such resources can exploit and gain the protection of a resource position barrier if there is a corresponding entry barrier. The resource position barrier refers to the situation amid market participants, while the entry barrier solely covers possible entrants versus the current participants.

2.4.6 Company Type and Location

SR is primarily directed towards the largest companies, such as large multinational enterprises (MNEs), rather than local small and medium-sized enterprises (SMEs) (Camilleri, 2015). An *MNE* is defined as a firm that own and control value-adding activities in more than one country (Dunning & Lundan, 2008, p. 10; Rosenzweig & Singh, 1991; Caves, 1996, p. 1). It typically operates in an origin (home) country, in addition to one or several other (host) countries. MNEs are powerful players in the global economy where services, transactions and services are organised and exchanged across borders (Dunning & Lundan, 2008, p. 197). These cross-border opportunities also provide challenges in navigating regulations, stakeholder expectations, and cultural differences. Moreover, the global value chains are facing increasing demands for both voluntary and mandatory disclosure of information, which seeks to enhance transparency related to the sustainability along the value chains (Mol, 2015). Such value chains involve various companies, including both smaller MNEs and local SMEs. Compared to their larger counterparts, these smaller enterprises are more exposed to resource constraints and typically exhibit limited access to resources such as time, skills, and money (Welsh & White, 1981; Laukkanen et al., 2007; Love & Roper, 2015). The rapidly expanding information and transparency scape⁷ that affect value chains are easier to fulfill and comply to for large companies compared to the SMEs that have substantial difficulties (Haufler, 2010; Glin et al., 2012; Bush, Toonen, et al., 2013).

⁷This includes sophisticated procedures, measurements, reporting, auditing, and verification (Mol, 2015).

International business scholars have studied MNEs and value chains for years with various focal points. A point of debate among these scholars is the effect of environmental regulation (ER) and whether MNEs might provide substantial contributions to sustainable development or be more enticed to move activities to regions with lax regulation (D'Agostino, 2015). The latter is often referred to as the "Pollution Haven Hypothesis" (PHH), which suggests that MNEs relocate to regions with lax regulations. Some developing and transitional countries and regions have only experienced minimal demands for transparency. According to Mol (2015), these will be confronted with rapidly increasing requirements due to their interaction with global policy through value chains and markets. A hypothesis challenging the PHH, presented by Porter (1996), suggests that ER, if designed correctly, incentivises innovation. However, there is still debatable if MNEs are contributing to sustainable development or if they are more focused on profits (Porter, 1996). Nevertheless, ER is affecting more firms than ever, and the need to report the relevant performance closely follows. These increasing demands can be both regulatory based and enforced, or privately regulated and pressured (Mol, 2015).

Mol (2015) suggest that transparency in value chains is at an early stage: *"We are most likely only at an early stage of a development towards more developed, full-fledged, comprehensive, standardised, geographically spread and institutionalised transparency in value chains"*. In order to achieve well-developed transparency, it is further suggested that intermediaries (e.g., standardisation organisations and auditors) will play a key role in driving the information towards sufficient quality, reliability and credibility. Simultaneously, it is crucial to consider the effect of demands on all businesses. This has been highlighted in food and aquaculture markets that have experienced a power imbalance with more prominent actors lobbying and negotiating to influence the design of requirements, thereby having transparency infrastructures that suit them at the expense of smaller businesses (Gulbrandsen, 2012; Bush, Belton, et al., 2013). Mol (2015) emphasises the need to close the transparency gap in global value chains as failing to do this can strengthen power inequalities and reduce competitiveness in markets.

2.5 Summary of Theory

The presented literature is summarised and visualized in Figure 2.2. This shows how the SR landscape is connected today through motivations, drawbacks, challenges, and risks. Additionally, the effect of assurance is displayed.

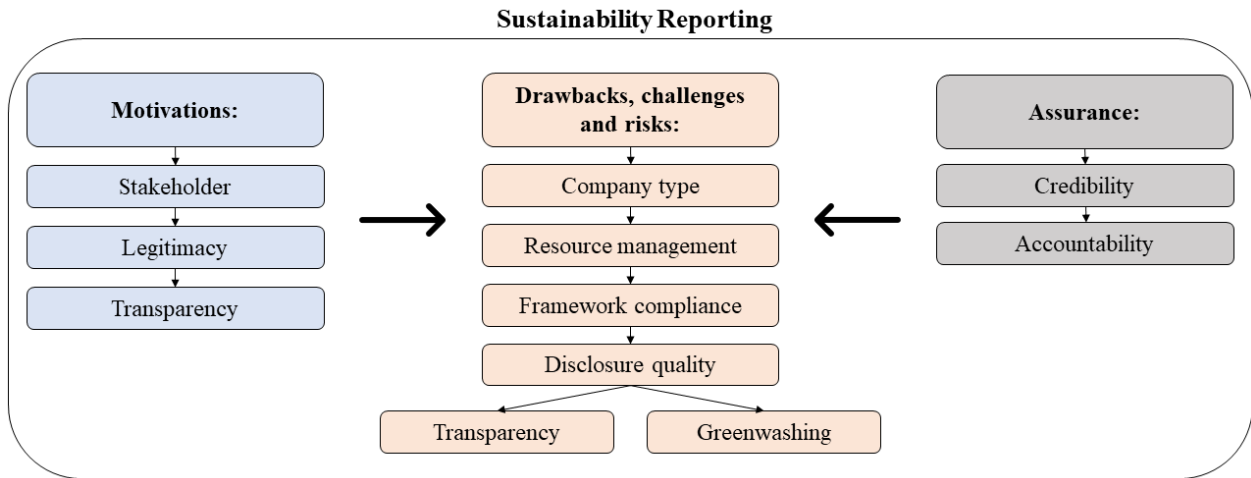


Figure 2.2: Current SR landscape based on the literature

Motivations for SR are placed on the left side, where stakeholders, legitimacy and transparency are seen as the most influential factors. These are connected to each other and influence what demands arise. Motivations are connected to the drawbacks, challenges, and risks that may arise when writing a report and what factors need to be considered. The drawbacks are interconnected, with different demands depending on the type of business and its size and location, affecting the resources available and the need to manage them appropriately. Framework compliance represents the challenge of following one or more frameworks and companies’ ability to do so. Lastly, the disclosure quality needs to be managed to achieve transparency instead of greenwashing.

Assurance is placed on the right side and illustrates how assurance can be a tool to reduce some of the drawbacks. Companies might be held accountable for greenwashing, or gain transparency and credibility by getting reports audited. On the other hand, assurance can also add to the drawbacks by increasing the demands.

3 Methodology

This chapter presents the methodological choices and considerations in relation to this thesis. First, the research design and process are described in Section 3.1. The data collection is presented in Section 3.2, while the analysis of the data is described in Section 3.3. Lastly, an evaluation of the research design is described in Section 3.4.

3.1 Research Design

This section covers the decisions of research design and the overall approach and process of this thesis. Research design describes the course of action associated with a scientific study and is the general plan for navigating the research question (Saunders et al., 2019, p. 136). The purpose and goal of the study, in addition to the research question, are all defining factors in the choice of design (Johannesen et al., 2020, p. 51). These need to be evaluated to understand which design is most suitable for the specific study and will be discussed in this section.

3.1.1 Research Approach

The research process may seem like it is being organised linearly, but the process is more concurrent and iterative in nature (Saunders et al., 2019, p. 11). The approach used in this thesis will be based on an iterative one, where the process of developing, refining, and improving the project will happen in small increments. At the same time, it enables one to approach problems more flexibly and dynamically. The researchers will develop, analyse, and revise until they are happy with the final result (Martins, 2021). Simultaneously, the researchers will to some degree be influenced by ontological assumptions that shape how the study objects are seen and researched and how the researchers view the world of business and management. Thus possibly affecting the decision of what to explore in the thesis (Saunders et al., 2019, p. 113).

The research project's design and theory development are often portrayed as two contrasting approaches to the reasoning being used: deductive or inductive, whether the research is concerned with theory testing or theory-building. A deductive approach is when the research starts with a theory, often developed from reading academic literature, and the research strategy is designed to test the theory. Conversely, an inductive approach starts with collecting data to explore a phenomenon and generate or build a theory (Saunders et al., 2019, p. 153). The abductive approach to theory development is just as common in research, and this thesis has followed this approach. This approach acts as a combination of the deductive and inductive. Through the abductive approach, data is collected to explore a phenomenon, identify themes and explain patterns, to generate a new or modify an existing theory which is subsequently tested through additional data collection (Saunders et al., 2019, pp. 152–153).

It was considered appropriate to use this approach to be able to explore the topic and, at the same time, concretise the scope of the thesis along the way. The process of identifying theory is based on the collection of empirical data, and the empirical data has served as a source of inspiration for new research areas. Surprising and intriguing findings from the data have prompted additional literature searches, leading to a greater understanding of the phenomenon under investigation. The researchers studied the phenomenon in a more exploratory manner by employing the abductive technique since the research project's direction was not predetermined. The advantages of performing exploratory research include its flexibility and adaptability to change. Therefore, the findings of new data and new insights that emerge can drive the researchers to shift direction (Saunders et al., 2019, p. 187).

As an example, it became clear that SR and assurance were heavily weighted in DOFs communication during the first round of interviews, and many of their motivators for acting sustainably became visible. These insights sparked an interest in further investigation of the downsides of SR and assurance. Therefore, an additional literature search was conducted. This search led to the discovery of a lack of literature on this subject and a small shift in the research direction.

3.1.2 Research Method

The choice of research method affects both the data collection and analysis procedures, thereby being an important consideration when planning a research project. Methodological choices can be divided into the two terms quantitative and qualitative, each with clearly defined principles and underlying techniques (Johannesen et al., 2020, p. 22; Saunders et al., 2019, ch.5). The methods are separated by differences in the collection and analysis of data (Johannesen et al., 2020, p. 255).

Qualitative methods investigate participants' meanings through non-numerical data (such as words, audio, and images) to gain a deeper understanding of a phenomenon (Saunders et al., 2019, p. 179; Johannesen et al., 2020, p. 51). The collected data is often more complex, unstructured, and difficult to generalise, and it is considered more resource- and time-heavy (Johannesen et al., 2020, p. 51). With the subjective nature of words and their meanings, it is usually preferable to clarify terms and opinions with participants to ensure a mutual understanding and correct interpretation (Saunders et al., 2019, p. 179).

This thesis employed a mono method of qualitative techniques for data collection and corresponding data analysis. The mono method uses a single technique of both collection and analysis of data, where both are either exclusively qualitative or quantitative (Johannesen et al., 2020, p. 256; Saunders et al., 2019, p. 178). The decision was based on the exploratory nature of this thesis and the subsequent semi-structured interviews. These interviews provided an arena where the research question could be investigated through open-ended questions that yielded insight into participants' own thoughts. Open-ended questions helped the researchers separate themselves from the participants, reducing bias and subjectiveness.

3.1.3 Research Strategy

A *research strategy* is defined as a plan of how researchers will embark on their research question (Saunders et al., 2019, p. 189). The research strategy is chosen on behalf of the research question and has coherence to the research approach and purpose. At the same time, it has been taken into account the short time period of five months, other resources and potential participants that

are available during this period, as well as other sources of data (Saunders et al., 2019, p. 190). The chosen research strategy of this study is a case study of the organization DOF. Yin (2018, p. 45) defines a *case study* as *"an empirical method that investigates a contemporary phenomenon (the "case") in depth and within its real-world context, especially when the boundaries between phenomenon and context may not be clearly evident"*. According to Ridder et al. (2009, ch.7), case studies can be used to accomplish three various overall aims: to provide a description, generate theory, or test theory.

Further, it would be relevant to conduct a single case study approach due to the nature of the case, in this case, because it is unique (Saunders et al., 2019, p. 199). DOF is positioned as an ESG leader within its segment, with significant contributions to increasing its transparency and sustainability efforts. Additionally, DOF is seen as a critical case of interest due to substantial experience with SR and assurance, thus providing an excellent opportunity to investigate the research question. The empirical background will be further presented in Chapter 4.

The abductive, qualitative, and exploratory approach helped develop a study that focuses on relevant findings that can be further investigated. The theory is built iterative, where the researchers have focused on one process at a time, with a constant iteration between different steps. The loop of reading articles on one subject before moving on to the next has provided a solid theoretical basis for this thesis. The theory is constructed in such a way that it is comprehensive and relevant to the research topics. Since the research question seeks to investigate a phenomenon with a gap in the literature, there is essential to gain in-depth insights and describe the phenomenon.

3.1.4 Time Horizon

A research project needs to consider which timeline could provide the best data to answer the research question. A cross-sectional approach was chosen for this project as it can provide an in-depth snapshot of the phenomenon and valuable information about the specific time (Saunders et al., 2019, p. 212; Johannesen et al., 2020, p. 259). This decision is also grounded in the limited time of five months and resources available during the period.

3.1.5 Research Process

This research began with brainstorming and identifying a field of interest. The study is built using an iterative approach to data and analysis, in addition to an abductive theoretical and empirical approach. After agreeing on “sustainability” as a topic of interest, it was then searched for themes and theory to understand and learn about different concepts and important aspects. After researching the field, the TERRAVERA Foundation (TVF) was found. Their work within quantifying sustainability through indicators interested the researchers, and contact was initiated. Conversations with TVF and theoretical findings on sustainability, indicators, and CSR helped identify a more specific field. However, to further narrow the field, a CSR-focused professor at NTNU was contacted, and an informal conversation was held. The professor directed the researchers to look more thoroughly at ESG, particularly the governance part, as a critical issue to consider, particularly regarding greenwashing and communication. Subsequently, the focus was shifted more towards ESG and sustainability communication.

At the same time as the discussions to further define the research questions were taking place, TVF began finding a relevant case company that would meet the criteria. The researchers were put in contact with DOF, an MNE that operates in the energy sector. The theory gathered along the way set the framework for the interviews with various employees in the company. After the first round of interviews, the findings were analysed and reviewed. Some intriguing aspects were discovered, such as sustainability communication through SR, motivations and some downsides of such reporting, and the focus on auditing these reports to communicate appropriately. Therefore, it was decided to investigate further motivations, drawbacks, challenges, and risks with SR and the impact of auditing. After that, a more concentrated literature search began, followed by the second round of interviews. The second round of interviews was held with three advisory and assurance providers relevant to the SR landscape.

Figure 3.1 illustrates the theoretical and empirical data collection process. The grey boxes indicate data collection through guidance and interviews, whereas the blue boxes represent the successive literature searches.

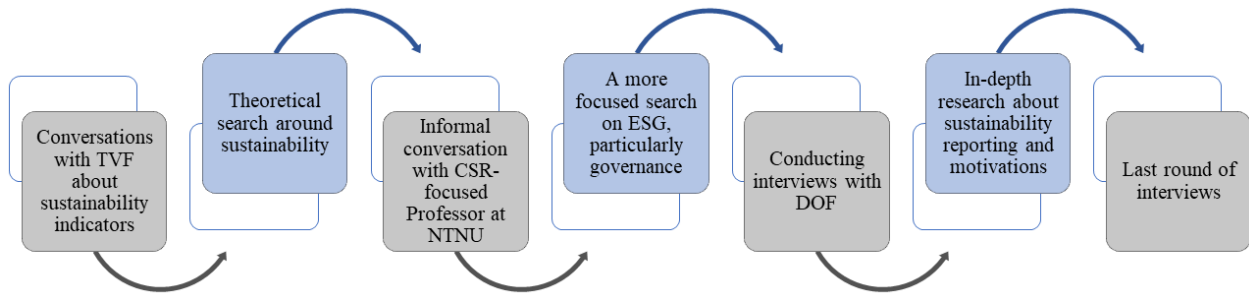


Figure 3.1: Model depicting the iterative process

After collecting data from new actors, an analysis was performed using both the new and old data acquired, resulting in the empirical findings provided in Chapter. These findings were then analysed and discussed to compare and contrast them to the theoretical foundation. After that, a final conclusion was drawn, and avenues of further research on the topic were suggested.

3.2 Data Collection

To answer the research question, it needed to be evaluated how and who would provide the primary and secondary data. The primary data of this thesis was obtained through interviews. Moreover, the secondary data was collected from various theory publications. This section will describe the choices in the data collection process.

3.2.1 Interviews

As a part of the qualitative method, seven interviews were conducted. It was considered beneficial to utilise semi-structured interviews to obtain detailed and relevant information. The first round of interviews was focused on sustainability, indicators, MNEs, communication of sustainability measures, and how greenwashing affects this. The second round of interviews was more specific and covered SR and assurance's motivations, drawbacks, challenges, and risks. These processes are further described below.

Sample

Selecting samples is an important consideration in research projects (Johannesen et al., 2020, p. 57). The sampling can include one or multiple samples and is connected to the research question and previous methodological choices (Saunders et al., 2019, p. 292). The purpose of qualitative sampling is not the representativeness of participants but rather the expediency of them (Johannesen et al., 2020, p. 59). There is a wide range of techniques that can be used to acquire a sufficient sample, and research frequently requires a combination of these (Saunders et al., 2019, p. 326).

This research project is an in-depth study of a single case. Access to the first sample was gained through collaboration with TVF, which served as an intermediary between the researchers and the case company. This sample was narrowed down to a few starting participants who were appropriate selections for answering the research question, often referred to as purposeful or purposive sampling (Johannesen et al., 2020, p. 58; Saunders et al., 2019, p. 321). This was a strategic selection often used in case studies with a small sample size (Saunders et al., 2019, p. 321). Thereafter, a snowball sampling technique was employed to expand the sample to include other suitable participants within the case organisation. This technique is based on the initial participants suggesting further voluntary cases and repeating this process until sufficient sample size is reached (Saunders et al., 2019, p. 323; Johannesen et al., 2020, p. 64).

The first four interviews were conducted with DOF employees, two of whom are from the executive team and two from the corporate team. They were considered a good fit for our thesis since they have different knowledge of how they work with sustainability and how this is communicated through assured reports. It was challenging to find enough participants to interview in DOF because of a small corporate division and a limited amount people involved directly with the themes of investigation. This was further affected by another group from NTNU also having DOF as a case company for their thesis, with similarities in the questioning. Therefore, some people did not have the time to participate in several interviews, and it was considered advantageous to share findings with the other group. It was then possible to compare and utilise the total empirical data gathered. After getting insight into the other group's interviews, it became evident that the DOFs material had

reached saturation since they repeated the same information and used many of the same examples in their answers.

After the first round of interviews, locating participants outside of the company was considered necessary to gain more perspectives and in-depth knowledge of the subject. Such knowledge could be gained by interviewing participants who work with SR daily and understand relevant considerations in the transition to mandatory SR and assurance. Thus, it was considered wise to talk to advisory and assurance providers (APs) that work daily with SR and audits. Three interviews were conducted with participants from separate providers. These additional perspectives could contribute to transferability if they supported the findings from DOF. Table 3.1 presents all contributors to the empirical data.

Table 3.1: Empirical contributors

Interviewee	Type of Contact	Date	Duration
Gyda,Terravera	Introductory and guiding	10 meetings	30 min
Sustainability panel	Seminar	02.03.22	3 hours
Professor at NTNU	Theoretical guidance	09.03.22	38 min
DOF - D1	Interview	09.03.22	52 min
DOF - D2	Interview	15.03.22	56 min
DOF - D3	Interview	18.03.22	49 min
DOF - D4	Interview	21.03.22	59 min
AP - I5	Interview	25.04.22	29 min
AP - I6	Interview	26.04.22	28 min
AP - I7	Interview	28.04.22	29 min
DOF - S8	Secondary interview	08.03.22	60 min
DOF - S9	Secondary interview	11.03.22	56 min
DOF - S10	Secondary interview	14.03.22	63 min

In total, the researchers conducted seven interviews, with three supplementary interviews acquired (from the other group), called secondary interviews. Section 3.2.2 will go into greater detail about these secondary interviews. It was completed ten meetings with TVF throughout the process, from defining the thesis to status updates along the way. TVF also invited us to a sustainability panel with 'NCE Finance Innovation'. The seminar had speakers from the companies: SINTEF, Sparebank 1 SMN, Strise and TVF (Finance Innovation, 2022). These were experts in quantifying sustainability and talked about how their companies and the world could handle challenges related to sustainability.

Type of Interview

This study used semi-structured interviews to collect primary data. A commonly used typology differentiates between structured, semi-structured interviews and unstructured interviews. These types are different from each other regarding the degree of structure. A semi-structured interview is "non-standardised" and is often referred to as "qualitative research interviews" (Saunders et al., 2019, p. 435). A semi-structured interview provides a good balance between standardisation and flexibility, where the interview is based on a general interview guide, and the questions, topics, and order may vary from interview to interview (Johannesen et al., 2020, p. 108). It was chosen to utilise semi-structured interviews based on the opportunities they offers. These opportunities include the possibility of having some structure and guidelines along with the interview and the opportunity to discuss unexpected subjects. The method can provide more personalised and comprehensive responses and demonstrate what the interviewee considers important. At the same time, it allows follow-up questions and comments that could give a more in-depth knowledge of the themes.

Interview Guide

The purpose of creating an interview guide was to use it as a template for the interviews. With this in mind, the relevant themes and general questions were created. For the researchers to cover or elaborate on the various topics, sub-points and sub-questions were added (Johannesen et al., 2020,

p. 111). The guides were designed to be adaptable and serve as guidelines during the interviews. Because these were semi-structured interviews, the questions could be asked in any order and would not be bound by any particular structure. The guide was written with this in consideration. If it seemed more natural to move on to a new topic after the interviewees began talking about a related issue, it would be possible to do so. As a result, the guide would play more of a facilitative role.

The interview guide was tested and double-checked to ensure that the questions were clear and relevant. Before the interviews, the list of themes was sent to the participants to help them prepare for the interview. That might also help to promote validity and reliability because it informs the interviewee about which information needs to be assembled and double-checked (Saunders et al., 2019, p. 456). The first interview guide is attached in Appendix B. The questions varied slightly depending on whom we spoke with and which follow-up questions were deemed relevant, but the main themes remained the same. The second interview guide, displayed in Appendix C, had a more structured form as the themes were narrowed down along the iterative process. Therefore, this guide was shorter and more precise than the first.

Conducting and Evaluating the Interview-process

The interviews were conducted digitally using Microsoft Teams on a one-to-one basis, with the researchers on one side and the interviewee on the other. This was considered the best fit since all the interviewees were located in different places. According to Johannesen et al. (2020, p. 125), researchers can gain nearly as good information from online interviews as they can from offline face-to-face interviews. Since the interviews were digital, the challenge of building trust could be navigated by exchanging e-mails (Johannesen et al., 2020, p. 127). E-mails consisting of the themes of the interviews were utilised to familiarise the participants with the subjects and build trust.

One of the researchers had previously conducted interviews and had some limited experience in carrying out the interview process. This knowledge was helpful in order to appropriately structure the interviews and know how to act throughout the process. It was decided that the questioning

should be divided among both the researchers during the interviews, so one would have time to observe, process, and ask follow-up questions.

The interviews started with an introduction of the researchers, the purpose of the interview, and how participants' personal data would be handled. After the personal form was summarised and all consents were retrieved, the recording was started. Next, the interviews were started with some easy warm-up questions, which included the participants introducing themselves, their position and responsibilities in the company, and what sustainability means for them. The interviews lasted approximately 45-60 minutes. This time was set beforehand since it seemed like an appropriate amount of time, where the interviewees would not get tired and sufficient data could be gathered.

During the first interviews, the researchers tried to let the interviewees talk freely, without too many interruptions during a response. In retrospect, it is clear that it could have been exerted more control and perhaps, interrupted them more when there were some derailments. However, by letting them speak freely, the researchers also learned issues that might not otherwise have come to light. After conducting an interview, the questions and process were reviewed and improved to streamline the following interview processes and contents. Lastly, it could have been wise to ask even more follow-up questions during the interviews to get more profound knowledge about some subjects.

The second round of interviews lasted approximately 30 minutes. It was decided that these interviews should be shorter to gain more specific information and send a signal to the interviewees to give concise answers. Moreover, the broad scope of the initial interviews was narrowed, thereby allowing shorter interviews in the second round. Other than that, the interviews were structured similarly, although with more specific questions.

Two of the participants spoke English, and two spoke Norwegian in the initial round of interviews. Because both researchers were comfortable with English and had a strong understanding of it, conducting the interviews in English was not considered a problem. The only issue was that it could have taken a bit longer to comprehend statements, but the advantage of being two provided sufficient support to manage such issues. Interviewing the participants in their native language was considered preferable to obtain their perspectives in the best possible way, as language barriers

might otherwise have held them back. In the interviews conducted in Norwegian, both in the first and second round, the quotes were translated to English in the best possible manner. These translations aimed to keep the meaning of what they were saying along with the manner in which they were delivering it. The participants were sent the quotes to confirm their statements and get the chance to modify them. This ensured that quotes accurately depict the intentions of the participants.

The fact that the interviews were conducted by two people is considered a huge advantage by the researchers. This advantage involves the one not asking the questions having more time to consider what was being said, possibly offering relevant questions that the other person would not have considered. Another benefit of being two was discussing the interviews afterwards and having time to gather thoughts and perspectives right after.

3.2.2 Secondary Data

Secondary data was gathered through search engines to get more knowledge about the issues relevant to this thesis and acquire the necessary theoretical background. Additionally, the utilisation of shared transcribed interviews is also described.

Literature Review

First, the literature review started with a preliminary search that helped generate and refine the research ideas, locate possible gaps in the research, and draft a research proposal. Secondly, the critical review of the literature began, and the context and theoretical framework for the research were provided (Saunders et al., 2019, p. 74).

The theory was gathered from various sources, including journals, books, reports and general online searches. It was critical to incorporate credible sources when developing the theory. Search engines like Google Scholar, Oria and Idunn were utilised in the search for trustworthy literature. Furthermore, it was necessary to check if the literature was published in a credible journal. The researchers tried to use credible sources and authors with a high number of citations. The articles were collected from peer-reviewed academic publications, while the books and e-books were ben-

eficial for an overview and finding recognised experts and relevant articles. These resources were helpful in the gathering of theory around the subject of sustainability, SR, motivation, drawbacks and assurance. For our empirical case, more topic-specific reports were used to understand better how DOF operates and how the market operates. DOFs sustainability reports were thoroughly studied and examined in order to gain a better understanding of how they work with SR and how they appear to the public.

Table 3.2: Examples of composition of keywords utilised in search for literature

Keywords	Keywords	Keywords	Keywords
Sustainability, ESG, CSR, SR	Reporting, assurance, disclosure, greenwashing	Motivations, drivers, risks, stakeholders, challenges, pitfalls, overview	advantages, legitimacy, drawbacks, review, MNE, value chain
			Voluntary, mandatory, resources, standardization, transparency,

As previously stated, the literature for the thesis was obtained abductively, with the approach being to go back and forth following new discoveries that were considered significant. Table 3.2 displays the core keywords employed in search engines to gather the relevant literature. Keywords from the different columns were combined with one or multiple of the other columns to discover both wide-ranging and more specific literature. Finally, the research findings needed to be placed within the body of knowledge and help build the discussion chapter (Saunders et al., 2019, p. 74).

Secondary Interviews

Some of the empirical findings were gathered as secondary data from the interviews of another group with DOF as a case company. This was considered necessary to get a holistic understanding and back up the researchers' data. The secondary data can be viewed as raw data, with little processing of the material (Saunders et al., 2019, p. 341). The data was received as a transcription of their interviews. These transcriptions were shared after getting consent from the informants, as this is a crucial part of maintaining data regulations and their privacy.

One advantage of sharing the data is the time and resources saved by not having to interview them oneself. Especially since it became clear that a saturation point in the empirical findings was reached due to the corporate division being small and employees sharing the same basis and knowledge around the subject. Moreover, another advantage is that the already collected data provide an unobtrusive measure, and it gives more comparative and contextual data with the possibility to place findings within a more general context (Saunders et al., 2019, p. 352).

There are also some disadvantages with the received transcriptions. Although it had many similarities, the collected data had a slightly different purpose than this study. Therefore, it is important to place their quotes in the proper context and not misuse the meaning of their sayings. At the same time, the absolute control over data quality was lost, as well as the whole picture, due to not being present during the interviews (Saunders et al., 2019, p. 354). The only way to interpret these data was through reading comprehension, and some critical cues from the interviews could have gotten lost in the process.

3.3 Data Analysis

Processing and analysing data are essential in all forms of research. First, a reflection of each interview was conducted afterwards to extract the most valuable findings and points of discussion. This reflection helped add questions and refine the interview guide between interviews at times when a complete analysis was not feasible within the given timeframe. This section thoroughly describes the further steps used to analyse the data gathered in this project.

3.3.1 Transcription

The interviews were video recorded in Microsoft Teams before being transcribed using dictation with the voice-recognition software in Microsoft Word before manually revising said transcription to guarantee the accuracy. This transformation from verbal to textual data enables the coding and categorizing of the interviews. The quotes from the transcription that were used in the thesis were sent to the interviewees for final approval for ensuring the quality and accuracy of their quotes.

3.3.2 Thematic Analysis

Thematic analysis is considered a general approach to the analysis of qualitative data and seeks to locate themes or patterns in the collected data (Saunders et al., 2019, p. 651). It is a method for analysing qualitative data that's both systematic and flexible, where the collected data is minimally organised and richly described (Braun & Clarke, 2006, p. 2006). Braun and Clarke (2006, p. 87) then present the six-step guide for thematic analysis that was used in this thesis.

This guide was initially used to analyse both the primary and secondary data from interviews with DOF. The resulting analysis indicated that additional data from another perspective could complement the data from DOF. Therefore, a second round of thematic analysis was conducted after gathering the additional round of primary data. This second round included a revision of the codes and themes that were analysed in the first instance. A comprehensive description of this process is presented below.

The first step involves becoming familiar with the data and is done through both the transcription process and multiple readings. This step ensures familiarity, thus enabling the further analytical procedures needed (Saunders et al., 2019, p. 652). Since the transcription process was shared between the researchers, it was considered necessary to get familiar with all the transcribed data through re-reading. In order to better remember the interviews, initial thoughts were noted during this process.

Secondly, the data was coded systematically, labelling data units (parts of text) with a corresponding descriptive code (Saunders et al., 2019, p. 653). To simplify this process, it was decided to use the data program NVIVO, which helps organise and analyse the empirical data. At this stage, it is essential to give equal attention to each unit and code every possible theme, thereby keeping all options open for further analysis (Braun & Clarke, 2006). Both rounds of analysis included this step of carefully reading and systematically coding the interesting features of the transcripts. Braun and Clarke (2006) suggest collating the data relevant to each code, ensuring all applicable data is appropriately coded. Thus, the data was assessed in relation to the each of the codes, placing the data appropriately.

Thirdly, the coding is used to discover potential themes in the data set by linking together related codes, subsequently producing candidates for both main overarching themes and sub-themes (Saunders et al., 2019, p. 653; Braun & Clarke, 2006). The codes established in the second step were collated into several potential themes. The first round of analysis included gathering all relevant data into the developed candidate themes. After that, the second analysis produced additional potential themes and sub-themes. Codes from the whole data set were gathered into the final candidate themes discovered through both rounds.

The fourth phase involves refining and mapping these candidate themes by evaluating the codes associated with the themes, along with the themes themselves (Braun & Clarke, 2006). After studying the themes and codes, it became clearer what belonged together and not. Some themes might become obsolete, separated, or merged into another theme. The altered mapped themes should then be assessed in relation to the data set as a whole to review whether further changes are needed or not (Braun & Clarke, 2006). This process was first applied to the initial analysis to revise the themes and associated codes. It was then repeated with the final set of candidate themes gathered from both rounds of analysis. These themes and sub-themes were assessed in relation to the related codes, leading to the removal of some themes and merging others. Lastly, the altered themes were evaluated in connection to the complete set of data to refine the details of the themes and sub-themes, producing an initial thematic map.

Phase five starts when an adequate thematic map is achieved and seeks to identify the essence of the themes through a detailed analysis of both individual themes and their connection (Braun & Clarke, 2006). This stage involved finalising the developed themes and thematic map of the data. The themes were then analysed to provide concluding definitions of each theme. The finalised themes and sub-themes are shown in Figure 3.2 and display three main themes along with their sub-themes. The main overarching themes are motivation and advantages, drawbacks, and assurance. These have a varying set of sub-themes that facilitate the presentation and discussion of the results of this study.

Codes	Name	Files	References
○	Motivation and advantages	10	131
○	Stakeholder demands	10	80
○	Competitiveness	7	23
○	Supply chain and business attraction	7	22
○	Capital providers	6	11
○	Recruitment and employees	6	10
○	Transparency	6	19
○	Ownership of activities	7	13
○	Drawbacks	10	128
○	Challenges	9	75
○	Framework landscape	6	31
○	Maintain transparency	7	23
○	MNE vs SME	7	18
○	Risks	8	52
○	Resources	7	32
○	Greenwashing	6	14
○	Assurance	8	77
○	Tranparency, comparability, credibility etc.	6	31
○	Resources	8	18

Figure 3.2: Themes and sub-themes gathered from NVIVO codes

Lastly, the core of the analysis should be concisely extracted and presented, enlightening the reader with the use of carefully selected extracts of the data (Braun & Clarke, 2006). This stage involved utilising the themes and sub-themes shown in Figure 3.2 to extract coded segments that are suitable to represent the findings related to each theme. The thorough analysis conducted in NVIVO enabled a streamlined extraction of analysed data and quotes that are presented in Chapter 4.

3.4 Evaluation of the Research Design

It is important to evaluate the research design in a continuous and final manner to understand its strengths and weaknesses. In quantitative research, reliability and validity are the main points of quality evaluation (Johannesen et al., 2020, p. 249). Applying the same evaluations to qualitative studies might be difficult as they are characterized by subjective "truths", however Yin (2018, ch.2) manages to use the same terms to describe case studies, whereas Guba and Lincoln (1994) argue that a difference is needed due to the scarcity of one absolute reality. This study evaluates the quality of design with the approach presented in Saunders et al. (2019, p. 217)¹, using dependability, credibility, transferability, and authenticity/confirmability as criteria, while including some points Yin (2018) utilises to evaluate case study designs.

¹Developed from (Lincoln et al., 2011; Lincoln & Guba, 1985)

3.4.1 Dependability

Dependability covers the replicability of a conducted study through similar research providing similar results (Saunders et al., 2019, p. 213). However, this is rarely possible in qualitative research due to studies' dependence on context and interpretation (Johannesen et al., 2020, p. 250). This study is a snapshot of a phenomenon at present and may therefore yield different results if replicated later. Furthermore, the interpretation of data and results might also change over time and with other researchers. The dependability can be strengthened by expressively describing the research process and its context, thus providing a reliable, understandable, and evaluable portrayal (Johannesen et al., 2020, p. 250; Saunders et al., 2019, p. 217). The procedure of this study is thoroughly described throughout this chapter to provide readers with an accurate portrayal of events, thus enabling evaluation of the conducted research. Yin (2018) refers to dependability as reliability, similarly to quantitative research, but supports the importance of explicitly documenting the procedures of the study.

3.4.2 Credibility

Credibility, or internal validity, refers to providing a description of participants' view of reality that is in line with their intentions (Saunders et al., 2019, p. 217). An increase in credibility is found when it matches the purpose of the study (Johannesen et al., 2020, p. 250). However, problems may arise in exploratory case studies if casualisation between events is pre-emptively concluded when another event might have been the actual cause (Yin, 2018, ch.3). Such considerations are discussed in this study as the determination of causality is intricate and might involve a lot of unknown variables. Credibility can be improved by involving participants in the confirmation of results, hence why all participants in this study were provided their quotes for approval, thereby ensuring an accurate description along with their intentions (Johannesen et al., 2020, p. 251). Furthermore, a lengthy involvement in the research builds adequate knowledge of the field and promotes trust and credibility (Saunders et al., 2019, p. 217; Johannesen et al., 2020, p. 259). Such involvement was achieved through preparations within the theoretical field and business of the case-company, in addition to discussing it with multiple knowledgeable people, as presented in Table 3.1.

3.4.3 Transferability

Whether findings in research projects are generalizable or transferable outside of the particular study is referred to as transferability or external validity (Saunders et al., 2019, p. 217; Johannesen et al., 2020, p. 251; Yin, 2018, p. 81). The statistical generalizations in quantitative research do not apply to qualitative methods, however, transferability of results to other or similar settings is deemed possible (Johannesen et al., 2020, p. 252). An improvement of transferability can be gained by providing a comprehensive description of both the process and the studied phenomenon, enabling reader evaluation of transferability to further subjects of interest (Saunders et al., 2019, p. 217; Johannesen et al., 2020, p. 253). Therefore, case studies strive to build and expand analytic generalizations rather than statistical (Yin, 2018, ch.4). This study provides a detailed description of the phenomena and the theory's expansions, thereby enabling readers to assess the transferability. Additionally, the process is meticulously described, which further adds to the possibility and quality of reader evaluation. These descriptions should allow readers to evaluate if the findings in this study might apply to their setting.

3.4.4 Authenticity/Confirmability

Authenticity criteria were developed to stimulate fairness by reducing subjectiveness and promoting variety in views (Saunders et al., 2019, p. 217). Johannesen et al. (2020, p. 252) supports this view using the term confirmability, encouraging the interpretations not to be a result of subjectivity. This can be strengthened by supporting findings with existing literature or endorsement from participants. The findings of this study are confirmed by the participants and thoroughly discussed (in Chapter 5) within the existing theoretical foundation. Additionally, improvement can arise from the description of all the choices in the research process, letting the reader follow and evaluate these (Johannesen et al., 2020, p. 253). Yin (2018, ch.4) refers to authenticity as construct validity and suggests improvement by using multiple sources of evidence (such as interviews substantiated by documents or reports), maintaining a chain of evidence which makes the process easy to follow, and have drafts reviewed by participants. Transparent and comprehensive explanations of the research process are found in this chapter as a chain of evidence. Multiple sources of evidence are

used as statements from the participants are examined in connection to a foundation of theory and reports. Lastly, participants have been gathered from varying viewpoints to further extend the scope of evidence.

3.4.5 Ethical Considerations

Ethics in research are mainly present when involving other parties in the project and refers to the behaviour and relationship experienced by the subject (Saunders et al., 2019, p. 253; Johannesen et al., 2020, p. 45). Social norms guide much behaviour while allowing for a variety of ethical viewpoints due to its subjective nature (Saunders et al., 2019, p. 253). Therefore, the project was conducted within ethical guidelines provided by NESH² and the Personal Data Act that is applicable in Norway (Johannesen et al., 2020, pp. 45–47). These ethical guidelines include obtaining informed consent of participants and their right to decide the degree of commitment, as well as retracting statements or withdrawing entirely at any point (Johannesen et al., 2020, p. 46). Furthermore, researchers are obliged to respect the privacy of participants by upholding complete confidentiality and preserving anonymity (Johannesen et al., 2020, p. 46). Lastly, any harm (i.e. mental or physical health) should be avoided at all costs, and participants should be exposed to the least amount of possible burden (Johannesen et al., 2020). It was considered if the collection of data could have such implications, which was not the case as anonymity was maintained.

The applicable approvals from the NSD (Norwegian Centre for Research Data) were granted before proceeding with the project and any forms of data collection/processing. Confining within the guidelines and laws was achieved through a consent form (shown in Appendix A) that was sent to all participants to inform them about the nature of the project and the process of collecting and storing their information. Additionally, the essence of the consent form (including video recording) was verbally stated and received consent before progressing. All collected data were stored securely on NTNU networks until deletion at project fulfilment. Moreover, the participant's wishes were considered, and statements could be retracted at any point. Maintaining anonymity was achieved by collecting the minimum amount of personal information and excluding questions

²The National Committee for Research Ethics in the Social Sciences and the Humanities

about private information. After the conduction of the interviews, the collected data were reviewed, and information and quotes of interest were sent to participants for final confirmation prior to publication. This also included a confirmation of anonymised position in the company to avoid possible identification of participants through the data. Lastly, equal confirmation was acquired to use the participants' transcripts available through secondary data.

3.4.6 Critical Review of the Research Design

Certain aspects of the research design employed in this thesis should be considered. First, the sample can be considered a limitation because DOF is an MNE and this study's single case. The participants' experiences, perspectives, and opinions are based on a small part from the company involved in corporate affairs. However, a form for saturation point was achieved, especially with the three interviews supplemented by secondary data. Furthermore, because the participants are involved in SR and assurance, they have a primarily positive attitude toward it. It can be debated if the researchers should have interviewed someone with a different opinion of assurance. However, because of the current transition to mandated SR and assurance, it was considered necessary to gain insights from companies with these experiences and can provide insight into the actual impact on other businesses.

The case study was complemented by three interviews with advisory and assurance providers outside of the specific case, which could be regarded as a limitation, but it was considered vital to present a different perspective, which can assist in demonstrating transferability of the corresponding findings. Another limitation in this study involves the language chosen for the interviews. All interviews were conducted in the native language of the participants. As a result, many quotes had to be translated, and some of the meaning might have been lost in translation. However, obtaining acceptance from the participants lets them confirm that the statements align with their intentions. The benefits of conducting the interviews in their native language were thought to outweigh the drawbacks since participants could be more at ease and express themselves more clearly. This could provide their perspective in the best possible way without the risk of losing meaning during the interview due to a language barrier.

4 Empirical Material

This chapter presents the empirical material of this study. First, the empirical background related to DOF will be presented in Section 4.1 to provide context and insights into the industry and DOF's work with sustainability. Next, the empirical findings that arose from a thorough analysis of the collected and transcribed interviews will be presented in Section 4.2.

4.1 Empirical Background

This section provides insight into the empirical background relevant to this study. The case-company DOF is presented with information gathered from annual and quarterly reports, along with a description of the industry and the current state of sustainability.

4.1.1 Sustainability in The Offshore Shipping Industry

The offshore shipping industry is defined by The Norwegian Shipowners' Association (2014) as "All enterprises that own, operate, design, build, or supply equipment or specialist services to, all types of vessels and other floating installations". These enterprises connect the world through the transport of products and the supply of services.

The offshore industry has several types of emissions affecting both air and sea. Most types of emissions are subject to strict regulations and strict enforcement of the emissions requirements, for example, oil, chemicals, and waste management. Systematic work has been carried out to reduce the industry's air pollution both internationally through the International Maritime Organizations (IMO) regulations and nationally through the Gothenburg protocol and the EEA agreement (IMO, 2020). The Poseidon Principles also provide a framework for integrating climate considerations into lending decisions to promote international shipping decarbonization (Poseidon Principles, 2021).

Offshore shipping in international waters is not affected by local jurisdictions. Therefore, in 2018, IMO adopted an ambition to reduce the total annual GHG emissions from global shipping by at least 50% by 2050, and work to ensure that shipping becomes completely carbon-free by the end of the century (IMO, 2020). The Norwegian government has the ambition to half the emissions from domestic shipping and fishing by 2030 compared to 2005, including stimulating low- and zero-emission solutions in all vessel categories (Regjeringen, 2020). This highlights some of the many aspects of sustainability that these offshore shipping companies are and will be required to report. Many of these companies face regulation in multiple countries and regions. One of these is DOF, which is one of the largest and most important Norwegian offshore shipping companies (Norwegian Shipowners' Association, 2014).

4.1.2 DOF ASA

DOF ASA is an MNE which consists of the subsidiaries DOF Subsea, DOF Management, and Norskan, as displayed in figure 4.1. DOF is an international provider of services to the offshore energy market (DOF GROUP, 2020). These services are provided by the DOF fleet of 59 vessels, supported by 3,820 employees, realizing both marine and integrated subsea projects (DOF GROUP, 2021).

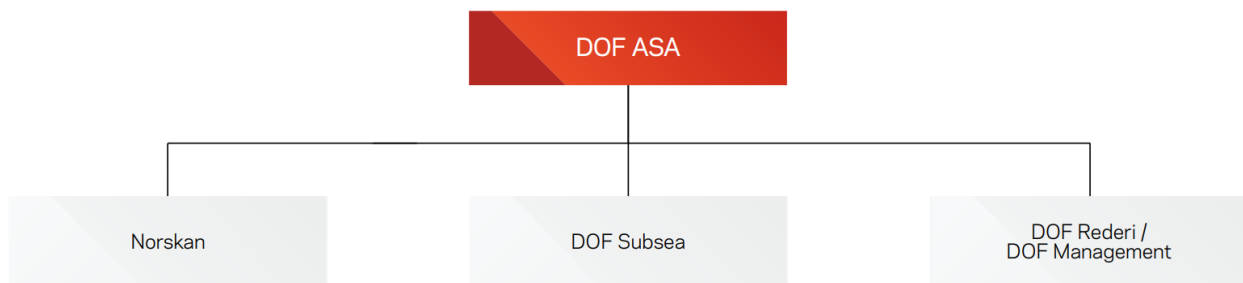


Figure 4.1: Organizational structure of DOF ASA (DOF GROUP, 2020)

DOF's headquarter is located in Austevoll, Norway, where it also was founded in 1981. The primary market of operation is the oil and gas industry, although an increase is found in offshore wind in the later years and future projections. According to DOF, these operations are divided into three segments which are dependent on both vessel type and activity: "PSV (Platform Supply

Vessels), AHTS (Anchor Handling Tug Supply vessels), and Subsea (Subsea vessels and Subsea engineering services)” (DOF GROUP, 2021). DOF is subject to varying local regulations due to being operational in regions such as the Atlantic, North America, South America, and Asia-Pacific, with 20 offices worldwide.

4.1.3 Sustainability in DOF

DOF has a history of significant contributions to increasing its transparency and sustainability efforts and strives to maintain its position as an ESG leader within its segment. This includes 11-years of participation in the Carbon Disclosure Project (CDP), as well as reporting areas of sustainability in accordance with GRI's sustainability standard since 2014 (DOF GROUP, 2021). The sustainability reports are provided as integrated reports and are audited by an external party. Furthermore, DOF has performed well with a CDP score of A- in 2020 and an ESG score of 3.09, in addition to being rated one of "Europe's Climate Leaders 2021" by the Financial Times (DOF GROUP, 2021). Additionally, DOF has been recognized by Amnesty for its work with human rights.

DOF finds it important to define and measure environmental sustainability aspects and risks associated with their business activities. Their investments in systems and equipment have been made to measure, understand, and improve their environmental performance and secure a sustainable future (DOF GROUP, 2019; DOF GROUP, 2021). These contributions can be found in projects and investments such as Intelligent Efficiency (collaboration with Kongsberg, SINTEF, NORCE), Maress Analytics (decisions on the bridge for emission reduction), Rafto Foundation (human rights in SDGs), science-based targets, and TVF.

4.2 Empirical Findings

This section presents the findings from the study, gathered from the empirical data collected through interviews. The results are structured and presented to best answer the research question. Initially, the findings that lead the researchers to look closer at motivation, drawbacks and assurance will be presented. After that, the remaining findings will be presented in three main categories: first, motivation and advantages; second, drawbacks, challenges, and risks; and third, assurance. The findings are connected to their participants as described in Table 3.1, where D-participants are from primary interviews with DOF, I are interviewees from advisory and assurance providers, and S is secondary interviews from DOF.

4.2.1 Sustainability Communication

The findings presented here helped narrow the research scope and question and emphasised the importance of SR. When the questions regarding sustainability, communication and indicators were asked to the participants in the first round of interviews, it became evident that SR was DOF's way of communicating how they work with sustainability and that different types of reporting standards set guidelines for which indicators they used in their work. DOF described this as a clear strategy:

"We have an integrated report that we deliver, we have a clear strategy in relation to the fact that we also report on non-financial figures every time we publish a quarterly report." - D1

DOF took pride in how they had put equal weight on their financial and non-finical numbers, as it was considered necessary to survive in the long term and win tender processes and clients. Moreover, sustainability was expressed as the possibility of improving, working more thoughtfully, and being more efficient in their activities and measures, along with the importance of proving that they both make efforts and achieve results in that space. DOF clearly expressed the advantages of providing sustainability reports and what assurance meant to them, in addition to describing some of the issues that came up during this type of communication, which triggered the interest in the subject among the researchers. DOF considered sustainability an essential part of running a

company, and it also talked about the uniting factor sustainability has. One participant put it this way:

”But you know it is possibly the most uniting factor, regardless of where you live or you know your gender, your age, your ethnicity, and none of that stuff matters. [...] So, I think that that’s also, the advantage of being able to show employees that they’re not working for an irresponsible company.” - D3

4.2.2 Motivation and Advantages

Table 4.1 gives an overview of the topics that the different participants talked about and highlighted during the interviews about the motivation and advantages related to SR.

Table 4.1: Findings related to motivations and advantages

Motivations and advantages	D1	D2	D3	D4	I5	I6	I7	S8	S9	S10
Reputation										
Competitive situation										
Ownership										
Mitigating risk										
Stakeholders:										
<i>Clients</i>										
<i>Talent attraction and retention</i>										
<i>Investors and banks</i>										
<i>Suppliers</i>										

According to several participants, the financial and non-financial numbers will be given equal weight in reporting in the coming years. The sustainability perspective will be integrated into existing annual reports. The assurance providers talked about how it will be an advantage that companies need to figure out and think about their impacts. Moreover, a motivation to provide sustainability reports was expressed to be that it creates a form of commitment and sets demands on the expectations from stakeholders. The assurance providers stated that many businesses have

been focusing on sustainability but have not made it a priority to share their efforts yet. It was highlighted that some of the advantages that a company can gain from SR is the possibility to follow the market and get an overview of what others are doing, which can be essential for maintaining competitiveness. Furthermore, the need for investors and share capital is vital if a company is listed, especially if the share price can affect the company. One of the participants emphasised the aspect of competitiveness:

”Many of the companies that are involved in public tenders, there are requirements for sustainability and especially social responsibility and the environment, that is taken into account. And if you want to take part in the competition there, it is important to be able to meet those criteria.” - I7

Next, it was expressed how SR could also benefit a company’s reputation. Where reporting is an excellent way to demonstrate the work one does. Furthermore, one assurance provider talked about how SR can help demonstrate their corporate values, especially since they deliver services in that area, thus demonstrating the importance of SR to clients. DOF employees recognised the value SR provides and believes it is essential because having a profile and taking a stand on sustainability will make the company more appealing to stakeholders.

Locating and Mitigating Risk

Some participants described how SR might contribute to companies discovering important aspects of surrounding risks. It was suggested that this increases a company’s understanding of its impact on the surroundings and the possible impact of external factors on the company, following the double-materiality principle. Sustainability was described as a possibility to cover the entire risk register:

”Another advantage is that it forces companies a bit to manage risks and get an understanding of which risks that are important to us. Which ESG risks out there have an impact on us through the value chain? Everything from suppliers and procurement to, to the employees, and the operation of the company, towards customers.” - I7

Competitiveness and Stakeholder Demands

Demands and pressure from various stakeholders was described as one of the primary sources of motivation for companies. DOF described questions from stakeholders as being the main reason for starting with SR. Many participants highlighted that reporting and delivering well on non-financial figures were requested and of great importance to crucial stakeholders such as large customers and banks. Multiple participants described these requests and questions as increasing over the last years, with an example of it being described as a necessity by D1:

"We see that in a way to be able to deliver well on the non-financial key figures is a necessity in relation to customers and especially large customers. [...] And often it becomes a collaborative project." - D1

A DOF employee expressed that these demands often are needed to be allowed even to do business with large customers in the first place, and that these customers have been pushing the requirements rather than the governments. The wide range of information demands that are often requested in contracts and tenders has increased. Multiple participants expressed that such demands typically cover management of ESG topics, both in the company's operations and supply chains. It was suggested that collaborative projects could be wise to simplify reporting related to the scopes of emissions. By helping each other search for information, both parties could benefit from the information gathering and make the reporting process more manageable.

DOF described that the motivation among the large companies is related to drivers based around proving their sustainability efforts to shareholders and stakeholders, therefore wanting all their ESG topics mirrored in their subcontractors and contractors. Such mirroring of ESG topics was described by a participant:

"Then the next thing is because their drivers are around sustainability, all of the ESG topics. They want to see those same ESG topics mirrored in their subcontractors and contractors. [...] So, we are asked to manage not just our own operations but our supply chain." - D3

The assurance firms stated that the demands imposed on companies are pushed further down the supply chain based on the need for information. Furthermore, it was suggested that such a ripple effect could increase with the introduction of regulatory demands such as the taxonomy and CSRD.

Multiple participants emphasised access to capital through banks and investors as one of the most critical aspects. Therefore, companies need to manage the constantly increasing demands on accountability, transparency, and traceability, in addition to requirements such as reporting the scopes of emissions. It was pointed out that bonds and bank accounts with such requirements can provide better conditions. Moreover, it was suggested that SR has become a license to operate among stakeholders such as banks due to increasing demands for complete transparency.

Talent Attraction and Retention

Most of the participants highlighted that being more sustainable could affect the attraction and retention of talent in the company. Moreover, it was mentioned that young people prefer to work in companies with a green profile and avoid oil and gas, which is why they call it the energy industry. Having a solid perspective on sustainability was suggested to be of great importance in recruiting new hires. One participant described the following:

”A great number of young people would like to join companies with kind of a green profile. We are working on this, sustainability work, that we take it seriously. That is very important in recruitment.” - D4

Displaying these efforts and activities of sustainability through reporting was considered necessary in recruitment moving forward to attract graduates and retain essential employees. It was suggested that it could be especially critical since reporting is increasing in extent, and more resources will be needed to handle the topics of ESG.

Ownership

The assurance providers addressed the importance of creating more commitment and initiatives both internally and externally, and how SR may help to demonstrate how committed a business is.

Both DOF and the assurance providers expressed how ownership of one's activities could make it easier to implement proper sustainability measures in a company. By doing so, employees and other people involved in the processes will be able to see the benefits of their sustainable actions. The effect of ownership was described by an assurance provider:

"My impression is in a way that if there is something that is measured and communicated [...] then in general people and employees get a little extra drive to do a little more than just the bare minimum." - I6

DOF acknowledged that bringing the non-financial and financial indicators together was significant for them since it recognises that there is more to value creation and sustainability than finance alone, and shows that they have had a mindset change. Additionally, it is important for them to share the good stories internally even though they are conservative in their publications externally. It was stated that DOF needs to be open with new employees about what they are doing and systematically working on. This was argued to show what they actually are doing and its effects. As a result, they might feel pride and ownership in working with sustainability. Further, it was described that if people do not think that they can influence something, they will not try, and therefore they are working to create ownership of their activities. D3 elaborated:

"But it's a really important thing, because it's empowering people as well, so you give people the tools and you give people the information, and you give them the insight, and then literally they do the action, with the action becomes the ownership with the person as well." - D3

DOF emphasised that the employees on the vessels actually see the work and effect of what they are doing and how this can have a positive effect. They highlighted how younger people in the organisation already got a better understanding of sustainability since they often are more interested. However, it was still considered important to educate and communicate what is being done and where they are headed.

4.2.3 Drawbacks, Challenges and Risks

SR proposes multiple challenges, risks and drawbacks that companies need to navigate. The related findings are highlighted in Table 4.2 and will be presented in this section. This table gives an overview of what the different participants mentioned. One of the challenges today is that there are few requirements for the contents of the sustainability reports that companies use to disclose. It was emphasised that there has been a very rapid development that has led companies to rush into reporting, perhaps forcing companies to deal with issues past their maturity level. A few participants expressed that some companies may regard it a waste of time if it has nothing to do with their core business. Further findings are presented below.

Table 4.2: Findings related to drawbacks, challenges and risks

Drawbacks: Risks and challenges	D1	D2	D3	D4	I5	I6	I7	S8	S9	S10
Greenwashing										
Complete overview										
Frameworks										
Type of company										
Resources:										
<i>Time</i>										
<i>Money</i>										
<i>Competence</i>										

Frameworks

Since new requirements will affect companies in the next couple of years, emphasis was put on the challenges that might arise with existing frameworks and new legislation. Starting to report on new issues, according to DOF, is quite overwhelming. Moreover, one example being brought up was the "Transparency act" and the problem with understanding all the different aspects of new regulations. The assurance companies described how companies can choose the framework they wish to use today, and it is hard to compare the reports to each other. Furthermore, a DOF employee believes that SR is inconsistent and requires standardisation:

”And there’s so many different frameworks, and there’s so much misalignment in the sustainability field around what you should report, how you should report, who’s verifying it, how it’s standardised.” - S8

Further, it was highlighted how finding KPIs to report on that actually mean something allows data comparison. The assurance companies talked about how many companies might get a better experience with reporting when it becomes legislated. Additionally, there will be different requirements and regulations to comply with, where some of the themes are overlapping, but many of which are distinct. As a result, it is challenging to determine which of these requirements to report to and which are important for the company. Moreover, it was stated that there had been a ton of different frameworks to relate to and quite a chaotic landscape:

”And one reason for that is that right now, before legislation and reporting frameworks are harmonized, it is not completely clear to all companies which rules we should comply with and report on. What we are seeing now is what is often referred to as a ‘tsunami of regulations’.” - I5

The assurance companies suggested that the regulations would make it easier to follow once one has understood what needs to be reported and what not. They also highlighted how many people can recognise and use a standard that will then be experienced as a safe choice and create trust. Furthermore, it was emphasised that a standardised framework required by law would increase transparency and comparativeness between companies. Lastly, the assurance providers had witnessed indications of more international collaboration in the development of proposed future frameworks and assumed that this could increase compliance between frameworks. Hence, it was suggested that companies affected by one framework only would need a few modifications to be compliant with another.

Effect of Company Location and Size

Some of the challenges that can arise are related to company type and size. As mentioned earlier, understanding the SR frameworks is a challenge. The assurance providers described how size and

type of company could affect businesses. Since companies vary in size and the teams that work on these sustainability reports vary in size, it would be wise to adapt the scale of the reporting to the size and scope of the business. It was suggested that small businesses should not have the same demands as large, listed companies. Moreover, it was emphasised that SMEs with fewer employees will find it more challenging to gather the same amount of data and meet the requirements being pushed down the supply chain, so their customers to report on their imposed demands. It was pointed out that these companies will be frantically looking for this information in the coming years:

”It is very difficult for a lot of firms to provide the same level of information. It will probably take a few years before SMEs are able to share detailed sustainability data, and be able to report on it in a way that is comparable and satisfies their customer’s requirements.” - I5

Even though the more prominent companies lead the way, it was discussed how small businesses most likely will begin to report on sustainability due to demands from their stakeholders. It was highlighted that this could be an opportunity to prepare for future reporting requirements and legislation. Complying with requirements were expressed as a challenge:

”It is challenging for small companies to comply with the requirements for (sustainability) information to the same extent as the larger companies are able to.” - I5

It was described how larger corporations should take the lead in SR since they have the capacity to do so, even though it is clear that it will be challenging for the big companies as well. DOF highlighted another side of this being the importance of understanding where you are coming from. Several participants expressed that many industries are more sustainable in terms of what they do, and therefore it is necessarily easier to tell everyone else about your impact.

Another aspect of being an MNE is that such businesses are affected by different frameworks and other reporting standards. It was pointed out that the companies who work globally will get a lot of additional regulations to navigate. DOF described that an MNE’s advantage is drawing on the experience and expertise from the various regions and using it globally.

Maintaining Transparency vs. the Risk of Greenwashing

The assurance providers pointed out that many companies struggle with reporting and the balance between being fully transparent and only promoting successful activities and positive stories. They described the current voluntary state of SR as often a collection of the positive sides and companies highlighting what suits them the best. It was experienced that some companies find it hard to be transparent about the more negative things or work in progress. DOF described a bit of a struggle to brand themselves as a responsible partner since they are a part of a high emissions industry, and they will not become a green company overnight. DOF expressed it as hard to get SR right, to give a holistic view over the company, and own up to your mistakes. S8 stated the following:

”It’s a really hard thing to report externally on sustainability because you want to put your best foot forward, because of what your external stakeholders are looking for. But at the same time, you can’t greenwash, which is a fine line.” - S8

The assurance providers also highlighted the challenge of disclosing the entire picture and avoiding solely disclosing the positives, which might be greenwashing. Moreover, it was suggested that implementing assurance of the reports might reduce the risks of greenwashing. Such impacts of assurance will be further presented in Section 4.2.4.

Greenwashing was considered to be a real risk by all participants. DOF stated that they always have been paranoid about being accused of greenwashing since they are very much aware of the phenomenon. Therefore, they always get their numbers checked and make sure they have the numbers to support their claims when they choose to publish information, as stated by D2:

”We do not put out a ton of information about this and we are very controlled about it. Anytime information goes outward, for example published externally, it goes via very few people and that’s intentional to be able to manage and control information [...]” - D2

DOF highlighted that greenwashing is very valid, but they find themselves in a dichotomy since they are in an essential industry while simultaneously needing to change. It was expressed that this cannot be underestimated, but it does not give them the right not to change.

Resources

Multiple participants from DOF highlighted that sustainable activities require the right investments, and the subsequent reporting demands significant time and resources. They described that substantial investments in time and energy are needed to keep up with the existing frameworks already included in their reporting. The assurance providers confirmed the resource-heavy nature of both maintaining and starting reporting. It was pointed out that the rapidly changing environment has left companies unable to locate the right resources, thereby leaving the responsibilities to unqualified employees with limited knowledge of sustainability and reporting. However, with the voluntary state of reporting and assurance today, many companies do not need to employ these resources yet. It was suggested that many companies could get an eye-opening experience when affected by a mandated state of reporting. I6 describes the effect of different and mandated demands in the near future:

”It will require time, resources and competence that many companies don’t have today.” - I6

The assurance providers described parts of this workload as establishing procedures and internal routines, in addition to hiring the right resources and ensuring proper internal control. These are measures to assist in searching for the applicable information and data needed to report accurately. The search for relevant data that various stakeholders will request is mentioned as a great challenge and risk that many companies will need to handle in the coming years. Moreover, participants highlighted that a potential risk could be that resources and time are spent on reporting and administrative tasks rather than increasing the ESG and sustainability initiatives.

Many participants emphasised the importance of employing the right people to develop sustainable activities and reporting. However, I7 pointed out that this type of competence is relatively new and therefore scarce and in high demand today, thus proposing a challenge in obtaining such competence in a limited labour market:

”There is the access to resources as well. The labour market out there is also limited, precisely because it is quite new. There are not many who may have that education

or previous work experience, so then you have to just take the resources that you get access to.” - I7

Some of the participants further suggested that many companies tend to rush into this and just assign the responsibility to an employee along with their existing workload. Furthermore, with limited assurance probably becoming a requirement with CSRD, participants highlighted the lack of this specific competence. Mandatory assurance was suggested to probably lead to a further increase in resource demand in companies, with additional costs and time required.

4.2.4 Assurance

Assurance has an effect on the other considerations related to SR. Findings from the assurance providers provide great detail into this subject and complement the findings from DOF. The factors highlighted by the participants are shown in Table 4.3.

Table 4.3: Findings related to assurance

Assurance	D1	D2	D3	D4	I5	I6	I7	S8	S9	S10
Comparability										
Transparency										
Credibility										
Competence development										
Resource Demand										

Most of the participants were clear on the significance of communicating sustainable activities through audited results in their sustainability reports. Being audited by an external party was described as essential for integrity and transparency:

”[...] To be backed by external auditors that say that we are doing the things that we say we’re doing, or at least we’re evaluating where we are today. That’s always been an important step for DOF to feel that we have integrity)in this process). Reporting in this way gives us the knowledge about what our impacts are, what we can do about it and where we sit relative to our competitors.” - D2

DOF described how they are transparent in their work and that frameworks such as CDP, GRI, and auditing all lead to transparency and integrity. It was highlighted by some of the participants that assured reports provide more honest content and build credibility and trust. The assurance providers emphasised this importance as the end-users and customers rely on trust as they cannot always be familiar with all the applicable standards. DOF also described the importance of auditable results, along with the related costs:

"[...] it should be auditable, right. [...] we use significant resources on external auditing, right. And the audit on sustainability is the same type of audit that you got on financial numbers." - D4

The proposed mandatory assurance suggested with CSRD was seen as positive due to increased credibility, accountability, and comparability, although resources and knowledge were mentioned as challenges. The assurance providers emphasised the significance of increased transparency in reports and its impact on credibility, leading to well-informed decision-making by both investors and other stakeholders. I5 suggested that the benefits of assurance outweigh the associated costs, although some initial investments will be needed. Moreover, multiple participants pointed out that both the companies and the auditors themselves need sufficient competence in these areas. D3 highlighted the following:

"So, it's very, very difficult in this industry to audit green credentials. What we have is an industry that is we talked about being in transition, doing it and we have to do absolutely our best and we have to be 100% transparent, about what we're doing, how we're doing it." - D3

The assurance providers expressed that there is uncertainty about who the auditors should be due to the new competence demands. These participants indicated that both accountants and sustainability experts could be involved. Subsequently, it was suggested that this assurance will provide clear guidelines and an increased range of coverage. Auditing was highlighted as a factor that could reduce the chances of greenwashing, although the auditors need to develop their competence to provide these audits.

4.2.5 Summary of Findings

This section summarizes the findings presented in this chapter. A brief overview is shown in Figure 4.2 and shows the most prominent findings of considerations to take into account in the transition to mandatory SR and assurance.

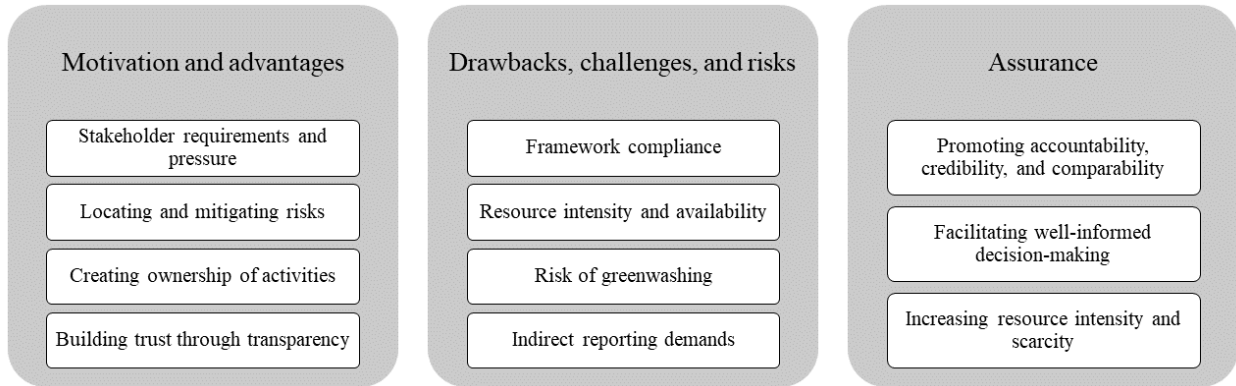


Figure 4.2: Overview of the findings

Stakeholders were considered a vast motivator for SR. Several stakeholders are important when running a business and have different demands when it comes to SR. In order to receive funding, the investors and banks should be considered, while it is crucial to consider clients and tender processes to remain competitive. Moreover, employees should be considered, both in terms of attracting new ones and retaining existing ones. An advantage of SR is that it enables companies to locate and mitigate risks that affect their business. Furthermore, the disclosures display the outcomes of company activities related to sustainability. This could enlarge the feeling of ownership among the employees, adding to the internal drive related to completing activities.

Moreover, several drawbacks, challenges and risks with SR were discovered. First, one must understand which framework is relevant to follow, and then understand what is important to disclose. SR demands many resources, both regarding time and competence. The size of the company will also have an impact as available resources influence such considerations. Furthermore, many companies might be affected by indirect reporting demands due to ripple effects caused by requirements being passed down value chains. Lastly, greenwashing is considered a significant risk that should be acknowledged and taken into account.

Assurance of reports was suggested to increase the transparency of efforts. The assurance providers implied that mandatory assurance, as suggested in EUs CSRD, would have a positive impact as assurance could increase accountability, credibility and comparability. This could lead to more well-informed decisions by investors and other stakeholders. However, imposing mandatory assurance can also further add to the resource intensity and scarcity related to SR.

5 Discussion

This chapter offers a discussion of the empirical findings of this thesis, presented in Chapter 4, in relation to the existing body of literature found in Chapter 2. The discussion seeks to utilize existing theory to understand the position and relevance of the findings. Additionally, possible implications of the findings are considered. This chapter is structured to best answer the research question: *"What considerations should be taken into account in the transition to mandatory sustainability reporting (SR) and assurance?"* This is achieved through discussing the sub-questions (SQs), and therefore, first presents the motivation and advantages of SR in Section 5.1. After that, the drawbacks, risks and challenges are discussed in Section 5.2. Then, how assurance might affect the transitioning landscape of SR in Section 5.3, and lastly, in Section 5.4 the main points of the SQs will be discussed in order to answer the research question.

5.1 Motivations and Advantages

In this section, the motivations and advantages will be discussed, with the first SQ in mind: *SQ1: What are the motivations to engage in SR?* First, the stakeholder perspective will be discussed before going over to external and internal stakeholders. After that, the legitimacy perspective will be discussed with transparency. Lastly, the section is summarised in Figure 5.1.

5.1.1 Stakeholders

According to the participants, stakeholders are viewed as one of the primary motivators for SR. This is due to requests from investors and banks and an increasing number of questions from clients and employees over the years. This is anchored in the literature, which states that sustainability is becoming increasingly expected by a wide range of stakeholders (Polonsky & Jevons, 2006). Additionally, they are increasing the pressure to have more sustainable behaviour and lower impacts (Raimo et al., 2021). By being pushed by stakeholders to report on sustainability matters, several

advantages might arise.

The participants consider transparency in SR as highly important, as it helps building trust in the company. Higgins et al. (2020), stated that transparency helps build trust between the organisation and the stakeholders. The literature further states that transparency will provide stakeholders with more information, which will lead to a better foundation in the decision-making process. Moreover, difficulties can also be found in the information-sharing process, such as what to report, who receives the reports and if they understand the contents (Schaltegger, 1997). Even though information-sharing through SR has some issues that need to be considered, the knowledge from these reports may benefit the different stakeholders. By taking a stand and providing a sustainability report, companies can demonstrate to stakeholders that they are important and that their demands and requirements are taken seriously. Like Fernando and Lawrence (2014) stated, disclosing shows that stakeholders actually have the right to know about certain aspects of your operations.

The findings of this study suggest that SR can assist companies in discovering and managing surrounding risks, following the double-materiality principle. This principle is included in EUs NFRD and requires companies to report both how sustainability issues affect them and their performance, as well as the societal and environmental impacts of their activities (CSRD Proposal, 2022, p. 26). Furthermore, this principle will affect more companies with the introduction of CSRD, thereby forcing an increasing number of companies to manage and understand important risks. This could be seen as positive as it will be easier for external parties to discover the impacts and risks of a company, possibly leading to more well-informed decisions.

The participants mentioned how various stakeholders have different expectations if they are employees or investors. In the literature, it becomes clear that it is vital to understand various stakeholders' perspectives and address their concerns. One challenge with stakeholders is their differences and conflicting expectations (Fernando & Lawrence, 2014). Polonsky and Jevons (2006) expressed how failure to meet stakeholder expectations may result in reputational damage. It can be a challenge to discover which ones are of most importance and how they may affect the company if their different expectations are not followed. To avoid damaging the company's reputation, one should be cautious about making promises and be realistic when reporting on the goals one hopes

to achieve. The goals should also be relevant and have an impact on the company's operations. By demonstrating and documenting what one does, one may be able to defend oneself if a promise or goal is not met.

External

The participants suggested that external stakeholders are critical for a business. Questions from stakeholders like clients, banks and others were, for example, one of the main reasons that DOF started with SR. To remain in business and win tender processes, it was clear to the participants that companies need to provide adequate information concerning sustainability. This can be supported by Raimo et al. (2021), who argues that financial disclosures are insufficient to meet stakeholders' information needs, so there is a need to disclose non-financial, sustainability matters as well. It became clear that stakeholders are a significant motivation for SR.

Some participants highlighted how banks and investors are essential stakeholders to access capital. The participants drew particular attention to how they demand higher accountability, transparency, and traceability in their reporting and therefore request a more comprehensive range of information. Investors are found to prefer to invest in more transparent companies, according to Raimo et al. (2021), and it is easier to provide capital agreements with better terms if one discloses sustainability, as it can lead to a higher return and lower level of risk. The participants also exemplified that by fulfilling sustainability requirements, one can receive bonds and bank accounts with better conditions. Furthermore, the findings highlighted that work within SR has, in a way, become a license to operate, which demonstrates that disclosures might be required to partake in business. Considering surrounding risks and being transparent towards banks and investors might help increase credibility and trust, and therefore, they might be more willing to offer better terms in agreements. If one does not show these qualities and lacks transparency and trust, it might be harder to receive loans and investments with good terms.

Internal

Several participants described how employees are essential stakeholders in a company. They also mentioned how crucial sustainability is for attracting new employees to the organisation. DOF especially talked about how important it is for them to show that they have taken a stand and have a strategy to be more sustainable and how this is a good start for both attracting and retaining employees. In Sparebanken1's presentation at the sustainability seminar (Finance Innovation, 2022), they presented that 1/3 of people consider sustainability to be one of the most important factors when choosing a job. This suggests that sustainability matters are not a critical aspect for 2/3 when choosing a job. Even though these numbers might not be totally representative due to a local and smaller sample, it can be used as an example to illustrate the point. However, there are numerous factors to consider when choosing a job. Just because sustainability is not viewed as the most important factor does not mean that it is not important at all. Having a strategy and showing that you care is never a negative thing and probably will be seen as a positive factor when choosing a job, even though it is not a dealbreaker.

Findings suggest that it will be beneficial for companies to use SR to show that they care to their employees and to create ownership and commitment. Research shows that employee involvement is critical to a company's success with sustainability (Ditlev-Simonsen & Brøgger, 2013). According to the assurance firms, if employees gain pride in their workplace, they may go further in their work to help with sustainability issues. Providing sustainability reports shows the results of actions and might give employees a sense of pride in their workplace and a willingness to do more than the bare minimum. It seems essential for a company to develop a sense of commitment and ownership for its sustainability efforts. This may help in the creation of motivation to complete the work and thereby reduce impacts. If employees can see that what they are doing is making a difference by looking at the results in sustainability reports, this might motivate them and make sure they keep going in the right direction. Refusing to disclose results in less evidence of impacts, and the employees might lose their motivation to keep going and might put their energy elsewhere. As a participant mentioned, they might see it as a waste of time if the results are not clear. Therefore, using the reports to highlight the result of actions can help build further commitment to the cause.

5.1.2 Legitimacy

The literature highlights a motivator for disclosing sustainability matters in maintaining, gaining, or regaining legitimacy, where organisations need to operate within society's expectations (Fernando & Lawrence, 2014; Deegan, 2002). The participants described the importance of transparency and how it can be a factor in gaining credibility and trust in society. Findings suggest that companies might struggle to disclose their activities and provide a holistic view of their operations since they might find it challenging to report the negative aspects.

Organisations have to justify their existence through legitimate economic, environmental and social actions that do not threaten the society (Burlea & Popa, 2013; Fernando & Lawrence, 2014). Findings suggest that SR may increase a company's understanding of its impacts on the surroundings. Therefore, companies might struggle to disclose all information regarding their impacts since they might risk losing their legitimacy either way. On one side, they might risk their legitimacy since they threaten society with their operations and share these data. On the other side, they risk losing legitimacy if they decide not to report on the negative aspects, which could lead to getting caught greenwashing their actions to seem more legitimate.

Companies like DOF, which operates in the energy industry, may find it difficult to maintain their legitimacy in society because their actions are known to be unsustainable, even though it is necessary to society. Deegan (2002) proposed that companies may refrain from disclosing negative matters in order to stay legitimate. Such companies can focus more on increasing the positive news or even reducing their disclosures if the organisation believes it will help increase or maintain their organisation's legitimacy. That being the case, it can be discussed how a company that operates in an industry considered harmful should act to stay legitimate. Companies might find themselves in a dichotomy where they want to stay transparent and legitimate to acquire confidence in society but struggle with what to share to avoid jeopardising their reputation and legitimacy. Similar concerns were stated by DOF as much of their operations still are located in a harmful industry, while they are trying hard to change. Therefore, DOF has a conservative publishing strategy for sustainability matters and is careful with what they publish. This could help them stay legitimate

in society as they reduce their disclosures. However, it is crucial to be aware that suspicions of greenwashing can arise by withholding information. DOF publishing assured reports could build credibility and possibly mitigate such risks. A further discussion of the risks of greenwashing is presented in Section 5.2.6.

Summary of Motivations and Advantages

The motivations and advantages for SR are summarised in Figure 5.1. Stakeholders, legitimacy, and transparency are the three main categories of motivation. The various motivations are interconnected, with the discovered benefits underneath them. The benefits can lead to further motivation for SR, and they will also have an impact on each other and how SR will affect ones company. The main categories of motivation are connected as they influence one another and how various aspects of the SR landscape are perceived.

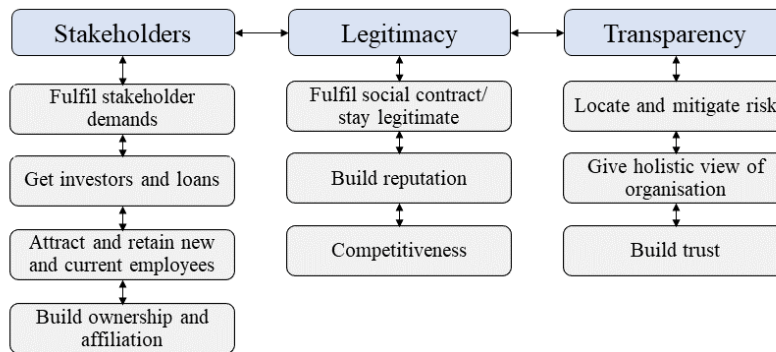


Figure 5.1: Summary of motivations and advantages of SR

5.2 Drawbacks, Challenges, and Risks

The downside of SR is to disclose while avoiding drawbacks and navigating challenges and risks successfully. In this section, the consideration of these aspects will be discussed with the second SQ in mind: *SQ2: What are the drawbacks, challenges and risks of SR?*

5.2.1 Resource Intensity

The findings suggest that SR demands considerable resources from companies both while maintaining or initiating such disclosures. These resources include time, money, and competence that many companies do not have or employ for these purposes today. Moreover, the findings imply that the number of companies required to publish sustainability reports or gather relevant information will significantly increase in the coming years. This can be argued to be a result of rising awareness of supply chains and the introduction of CSRD in 2023, which will impose reporting requirements on an additional 37 000 companies in Europe (COM/189 final, 2021). The findings demonstrate that the supply chains, in many cases, need to mirror a lot of the reporting done by large companies as the demand for information will be passed on to suppliers and subcontractors. This includes information demands that involve management of the supply chain and ESG topics. These findings can be supported by Mol (2015), who argues that these increasing demands in global value chains are rapidly growing due to the interaction with global policy and pressure.

The effect of increasing awareness and responsibility of supply chains, in addition to regulations, might implicate that, in reality, a far greater number of companies than expected will face reporting and information requirements. This implication can be argued to be a result of indirect reporting requirements affecting clusters of companies related to those directly affected by regulations and stakeholder demands. This argument can be supported by studies that have found that the expansion of reporting occurs in clusters (Chen & Bouvain, 2009; Young & Marais, 2012). It is reasonable to assume that such indirect requirements not only will affect the closest partners of these companies but rather the entire value chains connected to them. Furthermore, the current inconsistency of expansion can be related to reporting having increased frequency in some industries where more pressure may be present (Herremans et al., 2009). Therefore, as highlighted in the findings, this may have a significant ripple effect through many value chains that have yet to experience these requirements and demands for information and data. This could imply that even though, for example, SMEs are not required by law to report, they will be indirectly required to report. This implication can be supported by Mol (2015), who describes that some regions have experienced a minimal scope of demands and will be confronted with quickly evolving transparency requirements as a re-

sult of the interaction with policy and pressure through value chains and markets. Many companies will be facing interactions of these sorts with increasing regulatory and stakeholder pressure.

The companies facing these ripple effects of reporting requirements may encounter significant challenges in providing this information at a comparable and satisfactory level for customers or stakeholders. The findings of this study suggest that providing the information is a significant challenge and that many SMEs will frantically look for information to provide to their large customers. Therefore, these companies will need to locate the appropriate resources of sufficient amounts and quality to handle these challenges. Managing these challenges will then require prioritization of time, investment, and competence in these areas, which for many companies are pretty new. Consequently, significant resources will need to be invested in solving this challenge. The study on sustainability reports and ratings by European Commission and Directorate-General (2021, p. ii) stated that companies spend up to 316 days yearly to provide sustainability reports and an additional 155 days to manage ratings and rankings related to sustainability. This illustrates the potential workload of these demands and is a substantial amount of time to allocate for many companies, thereby occupying valuable parts of the available resources for companies. Smaller companies might be especially exposed due to their limited access to time, skills and money compared to their larger counterparts (Welsh & White, 1981; Laukkanen et al., 2007). Therefore, SMEs might have to allocate valuable resources to reporting requirements, possibly aggravating these companies' existing resource constraints and reducing the time available to engage in core business activities.

5.2.2 Acquiring Resources

Acquiring the right competence is expressed as very important in the findings. However, it was suggested that it might be challenging to locate expertise within SR due to the low availability. It is reasonable to assume that this availability will continue to decrease with an increase in reporting and assurance. Furthermore, reporting is increasing in extent and will need additional resources to be managed. Therefore, the navigation of this challenge might prove to be crucial for many companies. This coincides with Lai and Stacchezzini (2021) who states that a challenge is to provide expertise to organisations and whether these resources should be located in the accounting

department or elsewhere. The decisions related to obtaining and using these resources could need more attention as the findings in this study suggest that many companies tend to rush these decisions and assign the responsibility to an employee in addition to their existing responsibilities. Therefore, the employees with this responsibility could severely lack the competence and time to navigate this landscape.

Additionally, Lai and Stacchezzini (2021) argues that there are doubts regarding the availability of expertise in SR and that how accountants develop their skill-set will have an impact on this availability. The scarce availability of expertise with relevant education and work experience is highlighted in the findings, accompanied by a suggestion that many companies would have just to utilise the resources available to them. This could add to the difficulty of providing information at an adequate level, as lacking expertise could further complicate the process and relevant difficulties.

Midttun (2014) states that acting responsibly can leverage the ability to attract resources and gain a competitive advantage. This statement supports the findings, illustrating that SR is considered necessary in attracting and attaining resources. Companies that neglect these considerations could find great difficulties in attracting employees. Consequently, this could imply the presence of an 'expertise paradox' where immature companies require expertise within SR but find it challenging to acquire it precisely due to their immaturity. It would then probably be both more costly and burdensome for these companies to obtain this expertise in a very competitive market, thus creating a risk of a vicious circle where immature companies stay immature.

5.2.3 Effect of Company Type

The findings suggest that the size and type of business will impact the reporting requirements and pressure companies will receive. Larger corporations will be the first ones affected, and they will probably have higher demands than smaller businesses, as mentioned previously. However, as discussed in Subsection 5.2.1, companies that are not yet required to report might be pressured to report due to value chain effects.

Literature states that SMEs might be more exposed to resource constraints (Love & Roper, 2015; Laukkanen et al., 2007), and the need for more information and transparency in the value chains are easier to fulfil for large companies compared to smaller ones (Mol, 2015). An increase in the resource intensity can add additional uncertainty and limit resources that can be spent on core activities, R&D, and innovation. Even though SMEs may lack resources, there are also some benefits of being required to report to their clients. They will gain experience in reporting before it becomes a requirement for themselves, as one of the participants stated. Furthermore, possessing and disclosing this information can attract new clients and, therefore, increase the company's competitiveness. It might also be easier to report if they have demands from clients since they might know what to report and only do the necessary work.

Data collection could propose a challenge for companies no matter the size, but even more when it includes data from the value chain. The large quantity of information that needs to be gathered can be time and resource-demanding. The smaller companies might not have the resources to gather and pass along all the necessary information. Some subcontractors may be considered immature, making it difficult to know whether the received data is relevant and if the validity and quality can be guaranteed.

This proposes a significant challenge to large corporations, as they are the ones responsible for disclosing this information and might face consequences if it is of inadequate quality. Schaltegger (1997) stated that the use of different sources might result in inconsistency and lower data quality in disclosures. Moreover, in some value chains, the transparency requirements and certification processes are perceived to be too excessive and costly (Mol, 2015). Therefore, large companies also need to spend many resources gathering this information, gaining assurance from an external party, and publishing a finished report. The findings in this study indicate that companies that publish and assure their reports today spend significant resources in doing so. Higgins et al. (2020) stated that accuracy and legitimacy-seeking behaviours are important for stakeholders to determine the organisation's actual impacts and for reducing suspicions of greenwashing. Therefore, corporations must be able to trust the information they receive, and they may need to devote additional resources to verify the data to reduce the risk of greenwashing.

With the increased scope of mandated reporting, most of these companies will likely require additional resources and competence, increasing the total reporting cost. Mahoney (1995) argues that organisations must continually upgrade their core competencies to be able to create economic value. Consequently, this might imply that SR needs to be a core competency for most companies. The findings suggest that current market competitiveness can support this implication since sufficient reporting appears to be a requirement by many stakeholders and in tender processes.

Entry and Resource Position Barriers

The findings suggest that SR and satisfactory ESG performance are a must-have to operate in many markets. When related to the discussion of value chains, these requirements will probably affect more companies in the coming years. Mol (2015) suggests that geographically spread, standardized, comprehensive and institutionalized transparency is at an early stage of development in value chains. Therefore, credibility is added to the argument that increased competitiveness can be gained by managing transparency requirements. SR could then become a barrier companies need to overcome and master to survive as the demands quickly rise.

As discussed in Subsection 5.2.2 Acquiring Resources, these resources are scarce and in high demand, thereby possibly leading to companies exploiting and gaining protection from a resource position barrier (Wernerfelt, 1984). Such a barrier can create momentary competitive advantages as it relies on utilizing valuable and scarce resources (Wade & Hulland, 2004; Wernerfelt, 1984). This can only be exploited if an entry barrier that requires similar resources is present. If SR is demanded to partake in a market due to competitiveness or policy, it most certainly is an entry barrier companies would need to overcome. This state of competitiveness might affect both entry barriers in existing and newly discovered markets, thus possibly enhancing the strong positions of companies that already are well-positioned. It could potentially harm end-users as the threat of new entrants in markets gets lower and could lead to less competition between the present actors that are well-positioned with their reporting. Additionally, less threat and competitiveness in other areas could lead to a decline in R&D and innovation of products or services, as companies would need significant investments to overcome the barrier of SR.

5.2.4 Frameworks

The findings refer to the SR frameworks as a chaotic landscape. The participants highlighted how inconsistent disclosure is and the need for standardisation in this area to compare the disclosed data. It was also pointed out that companies spend significant time understanding the frameworks. As Eccles et al. (2012) stated, a common reason companies do not disclose ESG issues is that it is challenging to measure different aspects, as there are no standards of comparable quality to the accounting standards. Herzig and Schaltegger (2006) addressed the lack of comparability in SR and the need for a consensus or generally accepted standard about what information shall be disclosed and in what format. Businesses today likely struggle to discover what different frameworks require and which data is relevant to disclose. The time and resources used to comprehend and collect such relevant and necessary data is a drawback and a challenge of SR.

When different regulations on disclosure are introduced, it might be easier to follow requirements, or it can make it even more confusing if the frameworks are not clear in the demands of disclosure related to size and industry. Therefore, Eccles et al. (2012) presented that it should be sector-specific guidelines on what sustainability issues are essential to a particular industry in order to improve companies' reports on their sustainability performance as this could provide more explicit guidance on what to report and how to report it. Further, Alliance for Corporate Transparency (2019) stated that the most considerable risk in regulating SR is standardising only what is easiest to report rather than what is truly most important to the company and its sector. Therefore, it is up to policymakers to balance the legislation. The challenge is to make the frameworks general enough for companies to have the freedom to work on sustainable activities and be strict enough actually to have an impact.

5.2.5 Risk of Neglecting Actions

A risk highlighted in the findings is that companies might spend too much time and resources on administrative functions concerning SR rather than actual measures, thus limiting the possible contributions of these resources to an increase in activities that promote sustainable development.

Literature suggest that companies might be more worried about performance affiliated with criteria rather than actually improving their efforts (Dumay et al., 2010; Moneva et al., 2006; Siew, 2015). The administrative focus of SR could have companies behave similarly, thereby prioritizing words rather than actions.

5.2.6 Maintaining Transparency and the Risk of Greenwashing

The rising expectations on disclosing information about environmental performance leads to higher pressure on acting sustainable (Delmas & Burbano, 2011). The findings indicate that many companies struggle with transparency in their reporting. These struggles are mainly related to the dilemma of being fully transparent versus promoting the positive sides exclusively. The assurance providers highlighted that companies find it difficult to be transparent about negative aspects or activities, and therefore, they often choose to disclose what is most suitable for them. de Freitas Netto et al. (2020) describe this as selective disclosure, where one retains the disclosure of negative information and exposes the positive information regarding its environmental performance. The findings show that DOF finds it challenging to brand themselves as responsible and described a fine line between showing their best side to external stakeholders and maintaining complete transparency to avoid greenwashing.

There are many risks associated with SR today because it is largely voluntary. Firms can, to a large extent, choose whether to report or not, as well as what to report on (Van Der Laan, 2009). Since companies can report on whatever they want, it can be hard to compare their data and understand what different numbers actually mean, as previously stated. Therefore, one scary aspect of greenwashing is that companies may not even be aware that they are doing it. It could be reporting on activities that they believe are beneficial but has little or no effect. In contrast, it is possible to report numbers that are impossible to check or back up and therefore put oneself in a better position in the public's view.

The findings suggest that greenwashing is considered a major risk, especially by the participants from DOF, as they are aware of the phenomenon and fear being accused of it. Therefore, they have a conservative strategy in their publishing and are strict about publishing data that are not

assured. The assurance providers point out that the problem with greenwashing most often is that companies are scared to publish their negative sides, so they focus on the positive stories, giving themselves a more positive image. As de Freitas Netto et al. (2020) stated, greenwashing is when a company exposes positive information and holds back negative. That being the case, it can be discussed whether a conservative strategy is the same as hiding the negative stories and conducting greenwashing. It may seem like a conservative strategy is about hiding things one does not want others to see through selective disclosures. However, it may also be a careful approach to reduce suspicions of greenwashing.

A conservative strategy could be beneficial, as utilised by DOF by following a framework such as GRI and getting reports audited. This could assist companies in navigating suspicions of greenwashing by improving credibility. Moreover, it might be better to publish more narrowly than risk being accused of greenwashing if one is unsure about what is being published. However, selective disclosures should be avoided as this is linked to greenwashing (de Freitas Netto et al., 2020). When having a conservative strategy, it is vital to provide a holistic view, present both positive and negative effects, and be honest about possible improvements. DOF stated that they are not a green company yet, and therefore it is no point in trying to say otherwise. It is better to stay honest and transparent in their actions to stay legitimate and show their stakeholders and society that they do something and that they are doing their best.

Another problem might be that some companies relocate some part of an operation to a different country with different regulations (as suggested by the PHH), thus avoiding the need to report on these issues (D'Agostino, 2015). According to a participant, one cannot just move a part of an operation abroad because it is essential to be good globally in order to be good at home. Therefore, the PHH might be outdated as transparency in value chains are increasing. It might be more challenging to obtain and control different data globally than locally, but it is their responsibility as a company. Again, it is all about being transparent and giving a holistic view. If one does not take responsibility for the whole company, it might result in losses all over.

If one is being accused of greenwashing, it can be critical for a company's reputation. Lyon and Montgomery (2013) described how communicating environmental issues might backfire if the pub-

lic believes the company is promoting itself. This supports DOFs conservative approach, which seeks to portray an honest image of their situation through audited reports. Furthermore, greenwashing can cause financial harm to businesses, adding to the possible repercussions of deceitful reporting practices (Walker & Wan, 2012). DOF has not experienced accusations of greenwashing, which could result from providing assured sustainability reports, thereby providing truthful and verified statements. The effect of assurance is further discussed in Section 5.3.

5.2.7 Summary of Drawbacks, Challenges and Risks

The drawbacks, challenges and risks related to SR are summarised in Figure 5.2. The various aspects interact with one another. These interactions should be considered to comprehend which challenges companies might meet in SR. For example, the type and size of a company will impact the available resources and how they can be managed. Moreover, company type can dictate which framework will affect the company and the resources available to comprehend it. Companies will then have the option to fully disclose their sustainability information, resulting in transparency. On the other side, a company can choose to selectively disclose their sustainability information, resulting in hiding information or trying to put themselves in a better position and therefore engage in greenwashing. Lastly, many companies might be indirectly required to report due to pressure in the value chain. Providing this data might propose a significant challenge for these companies and a risk for the companies receiving the information.

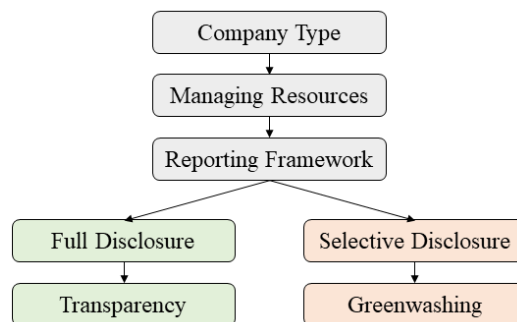


Figure 5.2: Summary of drawbacks, challenges and risks related to SR

5.3 Assurance

This section describes how assurance affects SR and the related findings. The impacts include the suggested positive sides of increased transparency and the challenges in resource intensity and competence requirements. The last SQ will be discussed in this section: *SQ3: How does assurance affect the transitioning SR landscape?*

The findings display that assurance is valued as a tool to increase integrity and credibility in relation to transparency, thereby helping reduce the risk of greenwashing. Such value is also described in theory, where assurance is found to be beneficial in ensuring an adequate level of reliability and reducing greenwashing (Lyon & Maxwell, 2011; M. Cheng et al., 2014). Consequently, such advantageous contributions could be heightened if more companies provided assured sustainability reports. Today, most companies select what and how they disclose since disclosures are essentially voluntary. The findings confirm this, although some reporting is demanded by regulations such as the NFRD. However, these demands are relatively open and leave room for companies to be selective in their compliance and not disclose all the appropriate information (CSRD Proposal, 2022, p. 31). Furthermore, no assurance is required in connection to the reports, hence why the companies are very much in control of what they are obligated to report (CSRD Proposal, 2022). Therefore, the lack of assurance lets companies selectively disclose to a large extent, as the risk of being caught greenwashing is small, and the consequences may seem lower.

EU has proposed mandatory SR that includes a larger scope of reporting and assurance from a third party with the CSRD (CSRD Proposal, 2022). This suggests that companies will have stricter rules regarding the reporting itself and a requirement of getting the information audited. The findings indicate that these changes will positively impact the information available to decision-making stakeholders such as investors. Moreover, it might reduce the risk of greenwashing and increase the comparability of numbers, statements, and reports. Strong regulation of assurance of sustainability reports has been pointed out as necessary to provide value (Ball et al., 2000; Laufer, 2003; Smith et al., 2011). Additionally, mandatory SR increases transparency and forces companies to manage sustainability issues in order to avoid disclosure of bad performance in their activities (Ioannou &

Serafeim, 2017). This is consistent with the findings of this study which suggest that regulated and mandatory assurance can provide value through increased credibility of transparent disclosures while adding accountability to selective disclosures. Subsequently, this contributes to comparability and more well-informed decisions. This can contribute to lower greenwashing as it adds consequences to selective disclosures.

Contrarily to the valuable contributions, the findings further suggest that mandatory assurance will intensify the resource demand that reporting institutes on companies. This is expressed both by assurance providers and DOF and can be illustrated by the EU's estimated costs of EUR 1.200 million in one-off costs and EUR 3.600 million in annual recurring costs (CSRD Proposal, 2022). Further implications of the added resource intensity of both reporting and assurance are discussed earlier in Section 5.2.1 Resource Intensity.

The increase in scope and resource intensity will not exclusively affect the companies doing the reporting but also the companies providing the assurance. This study discovered uncertainty in who and what competence is best suited to audit these reports. The findings suggest that both accountants and sustainability experts could possess the required competence. Possibly, both could be required to provide a holistic view that is sufficient to cover all the aspects of SR at this time adequately. This might be needed as the advisory and assurance providers in this study suggest that it will demand much additional competence for the auditors, thus requiring a learning process that takes time and effort.

Some scholars have raised concerns regarding the reliability of this assurance, although most studies indicate that assured reports are perceived as more reliable and credible (Du & Wu, 2019; Farooq & de Villiers, 2019; Reimsbach et al., 2018). The findings of this study show that assured reports are considered to add credibility to statements and numbers. However, it was suggested that auditing green credentials is a difficult task in industries such as the energy industry. This could support the concern of reliability in assurance due to the various scope these auditors might face in different industries. Therefore, another argument could be made to include both accountants and sustainability experts in these audits, as the difficulty of assuring these credentials implies that experts from both fields could be necessary to provide audits of sufficient quality. The commenc-

ing of such implications would add further to the demand for these resources and the challenge of having enough competence to audit the increasing amount of future reports. Lastly, failing to deal with the challenges of the auditor competence adequately could lead to low quality of assurance, increasing the risk of greenwashing and companies failing to disclose materiality sufficiently.

5.3.1 Summary of Assurance

A summary of the effect of assurance is presented in Figure 5.3. This displays that assurance of reports can contribute to increased comparability. This increase results from assurance adding credibility to adequate reports while adding accountability to insufficient ones. Holding companies accountable for selective and low-quality disclosures might reduce greenwashing by increasing the consequences, while building trust for the credible and transparent counterparts. Assurance will also add to resource demands related to both reporting and auditing. This will add to the cumulative demand for such expertise, thus increasing the challenge of acquiring this competence for both reporting companies and assurance providers.

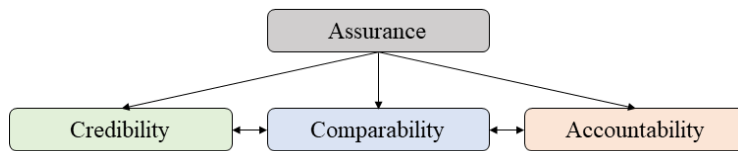


Figure 5.3: Summary of how assurance affect the transitioning SR landscape

5.4 Summary of the Discussion

The discussion is summarised in Figure 5.4. This figure was developed after the theoretical and empirical findings were combined and discussed to answer the research question: *“What considerations should be taken into account in the transition to mandatory sustainability reporting (SR) and assurance?”*

The three figures 5.1 motivation, 5.2 drawbacks, and 5.3 assurance has been developed from Figure 2.2 summarised theory, and combined in Figure 5.4. The theoretical and empirical findings are

hereby integrated to summarise the discussion and visualise the SR landscape as a whole. The new model maintains the link between motivation, drawbacks, and assurance but adds more connecting points to emphasise how everything in the SR landscape is interconnected and will affect one another in the transition to mandatory SR and assurance.

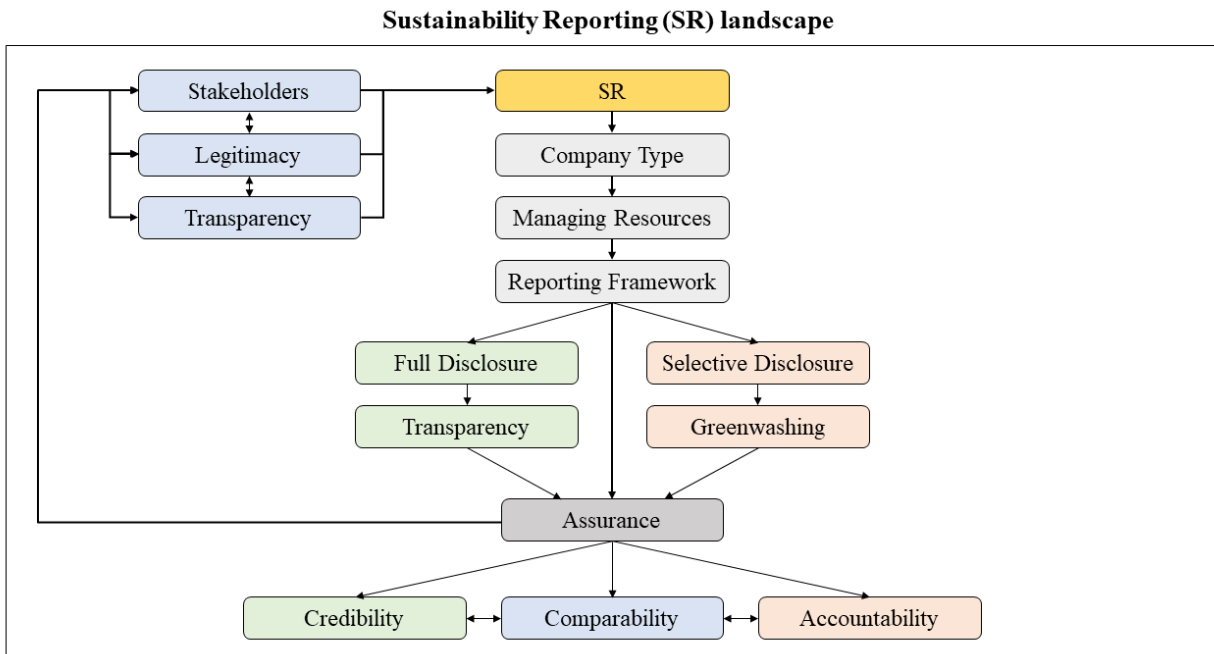


Figure 5.4: Overview of considerations to take into account in the transitioning SR landscape

The mandatory assurance might reinforce or alter SR’s motivation, drawbacks, challenges, and risks. Therefore, considering the connections between the aspects could be important in the transition to an increasingly regulated landscape. A core motivation is to satisfy stakeholders, which can be affected by assurance as it improves the credibility of information. This can also enhance the motivation of legitimacy towards society. Consequently, stakeholders get better grounds for decision-making due to increased comparability. This can be an advantage for the public due to a rise in accountability of selectively disclosed information.

Simultaneously, SR and assurance can incentivise stakeholders to add indirect reporting demands and information requirements to value chains. Therefore, many companies can be forced to respond to information demands. These demands and requirements can be difficult to satisfy with sufficient

quality. This affects the compliance with frameworks and the degree of disclosure which might put companies at risk of greenwashing if the information is not at an adequate level. Lastly, assurance adds accountability to the disclosed information, motivating companies to be transparent in their disclosures.

6 Concluding remarks

This chapter summarises the findings of this study along with its implications. First, a conclusion of findings are presented in Section 6.1. Subsequently, the limitations are described in Section 6.2. Moreover the theoretical and practical implications are presented in Section 6.3 and 6.4. Lastly, suggestions for further work and research are presented in Section 6.5.

6.1 Conclusion

In this thesis, a study of considerations related to the motivation, drawbacks, challenges, and risks of sustainability reporting (SR) and assurance was conducted and documented. The following research question was studied:

”What considerations should be taken into account in the transition to mandatory sustainability reporting (SR) and assurance?”

In order to answer the research question, preliminary meetings were conducted to assess the theoretical field and empirical possibilities. Thereafter, two rounds of interviews were conducted to gain knowledge of SR and assurance and the factors mentioned in the sub-questions to discover considerations relevant to the research question. A case study of DOF was supplemented with a second round of interviews with assurance providers to gain a more holistic view of the field. This empirical material was utilised to understand what considerations should be taken into account in the transition to a more mandatory SR landscape. The discovered considerations are presented below.

The primary motivators of SR were discovered to be *managing stakeholders and their expectations, legitimacy, and transparency*. These factors are regarded as critical in order to fulfil the social contract to society and remain competitive. SR is vital to the success of a business because it influences employee ownership and talent recruitment and increases the likelihood of acquiring

loans, investors, and clients. It is increasingly becoming more important to disclose, and the new legislation will only enhance the importance of producing high-quality reports. By disclosing, companies will gain a more holistic view of the organisation and be better suited to locate and mitigate surrounding risks. The increased amount of information can lead to better decisions and actions, which help to build trust and a good reputation. All these factors will affect one another and influence a company's competitiveness.

Even though there are many motivations and advantages with SR, there also arose some drawbacks, challenges and risks that have a connection with the advantages one might gain. The findings revealed the main relevant factors to be *managing resources, indirect reporting demands and information requirements, and maintaining transparency to avoid greenwashing*. For companies to be able to report on their sustainability efforts, there is an evident need for resources. Companies will demand time and competence, and they might not have that available. The demands for SR will increase simultaneously with regulatory directives and indirect demands from stakeholders, as well as the expansion of reporting that occurs in clusters due to various pressure and demands in industries. Companies may also have difficulty being entirely transparent and including the negative aspects in their SR, leading to a loss of legitimacy. Many businesses will be at risk of greenwashing as a result of this. If a company is caught greenwashing, it could be extremely harmful as society might lose trust and confidence in the company.

As assurance is becoming mandatory for larger companies, businesses might need to invest significant resources in providing information of sufficient quality due to pressures in value chains. Another challenge is to collect high-quality data and trust the sub-contractors, as the larger companies will be accountable for the information gathered. Another clear implication is the chaotic landscape of frameworks that will also affect a company's resource use, as many resources go to understanding what to report on to be compliant with a framework. There is also a risk of neglecting actions due to pivoting focus towards administrative work and succumbing to criteria focused work rather than actions.

Lastly, the effect of assurance is found to provide value to SR through *increased transparency, comparability and credibility, although simultaneously requiring increased competence and resources*.

Therefore, through both direct and indirect demands, the assumed expansion of SR and assurance could lead to a widespread increase in accountability and reduced risk of greenwashing. The increase in transparency and credibility will enhance the comparability of reports, thus facilitating well-informed decision-making by investors and other stakeholders. Simultaneously, this adds to the cumulative resource demand of SR, thus proposing a critical challenge to be managed by companies and policymakers. It is suggested that both sustainability experts and accountants should be involved in audits to achieve sufficient reliability due to the wide range of information included in these reports. These auditors will need to develop their competence to cover the entire SR scope adequately.

The transition to mandatory SR and assurance requires appropriately managing these considerations to deal with future regulations. One crucial motivation is transparency, which can gain value and be enhanced by assurance. The combination of SR and assurance will add credibility to transparent disclosures, thereby facilitating well-informed decision making by stakeholders. Therefore, it can contribute to satisfying stakeholder demands and increasing firms' competitiveness. However, the mandated SR and assurance will impose significant requirements on directly affected companies and indirectly through value chains. This can indirectly require many companies to report and provide this information to their stakeholders. Many companies might struggle to provide adequate information, maintain transparency and not selectively disclose when reporting. Mandatory assurance can add accountability to the reported information and selective disclosures, thus adding a consequence to greenwashing and possibly reducing the risk. The cumulative resource demand of SR and assurance proposes a substantial challenge for companies and policymakers to manage. Competence of both SR and auditing is scarce and will need major developments to cover future demands.

6.2 Limitations

The study's sample can be considered a limitation. In retrospect, it has become evident that the researchers could have interviewed additional players in the sustainability landscape to gain a wider

perspective. First of all, it could have been interesting to interview additional participants from DOF to gain deeper insights into what challenges arise during SR for them. Moreover, it could have been fascinating to interview people from smaller businesses to understand how these new regulations and pressure from their stakeholders would affect them and what they consider challenging. This could have provided more profound knowledge of the subject and highlighted measures to make the process more manageable, possibly widening the perspective.

Even though the sample is small, the considerations related to SR and assurance could be applicable to other firms and industries, as demands are similar. However, the sample should be acknowledged when considering such transferability of the findings. This thesis had a broad approach, covering a variety of themes. The findings became more general and do not provide in-depth knowledge of the different subjects. Therefore, it could have been interesting to go deeper into one of the specific subjects to gain a deeper understanding and provide more specific findings. Instead, this study aims to give a more holistic view of the entire landscape, understand why SR and assurance are important, and what challenges may arise during the disclosure process.

6.3 Theoretical Implications

This study contributes to the field of SR and assurance. The motivation and advantages are well-studied, whereas the drawbacks, challenges, and risks have been less explored. The same goes for the comparison of motivation and challenges. It was also discovered that assurance had a significant impact on this, which was thought to be essential to see in relation to the disclosures. Prior research has addressed stakeholder theory, legitimacy theory, and transparency as fields important in SR. Our contribution to motivation factors consists of confirming existing theories and adding to the understanding of it by looking at challenges that arise to receive these advantages.

Through existing literature and empirical findings, it became evident that resources are an essential asset to companies and affects how one survives in the SR landscape. This thesis highlights how the framework landscape can be challenging to comprehend and how companies may need extra resources to understand and be compliant with them. As the regulations for SR and assurance

approaches, this study can contribute to increased visibility of how assurance can affect disclosures. The findings in this study attempt to provide an overview of the sustainability landscape and an understanding of how these three aspects are linked and relevant to consider in relation to one another. Since many of the conclusions are general, they might be transferable and applied to other industries and company types.

6.4 Practical Implications

The practical implications of this thesis are mainly related to the effect SR and assurance have on companies. Even though this is a case study of DOF, the core aspects and implications related to SR could apply to most companies affected by reporting demands somehow. These implications provide valuable insights that policymakers, companies and various stakeholders should consider.

Providing sustainability reports could increase companies' transparency, attract employees and capital, and promote ownership of activities among the employees. Therefore, this could incentivise the internal drive related to sustainable activities. Furthermore, introducing mandatory SR and assurance as a part of CSRD has considerable practical implications for both companies and stakeholders. It could promote the credibility of transparent disclosures and increase the accountability of selective disclosures, thus reducing the risk of greenwashing. This could improve the information used by stakeholders to make well-informed decisions. However, companies should be watched closely, as it should be considered that some companies might be more interested in performing well related to criteria rather than contributing to sustainable development through activities.

The combination of increased awareness and regulation of supply chain transparency implies that a far greater number of companies than expected will face reporting and information requirements. This could be needed to maintain competitiveness and cause a substantial ripple effect through value chains and clusters that have not yet been exposed to such requirements and demands. Hence, resource intensity and scarcity should increase as companies demand resources with limited availability. This could implicate an 'expertise paradox' where immature companies require expertise within SR but struggle to acquire it as a result of their immaturity.

This study found SR to be demanded to partake in some markets, creating a possible barrier of entry. Such barriers could be applicable in many markets as reporting demands rise. It is suggested that companies need to establish SR as a core competency due to competitiveness concerns. A combination of this implication and scarce resources implies that well-positioned companies could exploit the protection of a resource position barrier, where it is difficult for other participants in markets to acquire and replicate their expertise related to SR. Therefore, it should be a main priority for companies to position themselves accordingly, facilitating the implementation of essential resources needed to engage in SR. This could increase attraction among stakeholders and employees and promote the credibility of information.

6.5 Avenues for Further Research

The researchers found that several aspects of this study could be explored further. Each of the drawbacks, challenges and risks described in this thesis could be an avenue for further research. This includes the resource use and availability related to SR and assurance and how this affects companies and markets. The negative aspects are still under-researched compared to the advantages.

The transition to an increasingly mandated state of reporting provides opportunities for additional research. It could be of interest to study the effect of indirect reporting requirements on various value chains, business sizes, and industries. Additionally, it would be interesting to study how a company goes forward when starting with SR and go in-depth into the challenges that might arise in this process.

It could be interesting to study the state of competitiveness in markets related to SR. This thesis suggests that this will be an entry barrier in many markets, however, this is in need of closer investigation. Moreover, another possible avenue of research is the quality of shared information and its effect on greenwashing. Furthermore, research should be conducted when CSRD has been implemented to unveil the effects of this regulation. This should investigate the scope of the suggested practical implications.

CHAPTER 6. CONCLUDING REMARKS

Assurance should be included as a factor in further research as it is becoming a requirement for most companies. Therefore, it should be considered whenever SR is studied to provide an accurate depiction of phenomena.

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Appendices

A Consent form

Are you interested in taking part in the research project

“Motivation, Drawbacks and Potential Risks of Sustainability Reporting”?

This is an inquiry about participation in a research project where the main purpose is to *study what is the motivation behind sustainability reporting and what negative aspects are present?* In this letter, we will provide information about the purpose of the project and what your participation will involve.

Purpose of the project

The purpose of this study is to examine how sustainability reporting affects companies and their motivation. The research question is: *“Motivation and Negative Aspects of Sustainability Reporting”* This seeks to understand the motivation of voluntary reporting, along with the effects and possible negative aspects of mandatory reporting. This is a master thesis in Technology Management at NTNU in Trondheim.

Who is responsible for the research project?

NTNU is the institution responsible for the project. M.Sc students Simen Aase and Astrid Vangen are responsible for the project. Tina Bjørnevik Aune is our supervisor.

Why are you being asked to participate?

This thesis is based on an iterative approach where we have unveiled that reporting and its motivation and negative aspects are under-researched in relation to the introduction of more mandatory reporting standards. Therefore, it is interesting to interview people that work closely with sustainability reporting.

What does participation involve for you?

If you chose to take part in the project, this will involve you meeting for an online personal interview. It will last approx. 45 minutes. Your answers will be recorded with the help of Microsoft Teams and will be saved electronically on NTNUs drive. This recording will only be used for transcription purposes.

Participation is voluntary

Participation in the project is voluntary. If you chose to participate, you can withdraw your consent at any time without giving a reason. All information about you will then be made anonymous. There will be no negative consequences for you if you chose not to participate or later decide to withdraw.

Your personal privacy – how we will store and use your personal data

We will only use your personal data for the purpose(s) specified in this information letter. We will process your personal data confidentially and in accordance with data protection legislation (the General Data Protection Regulation and Personal Data Act).

APPENDIX A. CONSENT FORM

- At NTNU, the project group and supervisor will have access to the data. This consists of Astrid, Simen, and Tina (contact info presented later).
- Video/audio recordings of interviews will be stored on a secure network.
- Personal information will not be published, however, the identity of participants may be recognizable due to the description of their position within the company.

What will happen to your personal data at the end of the research project?

The project is scheduled to end when the thesis is completed and submitted which is scheduled for 24.05.2022. Personal data and recordings will be deleted at the end of the project.

Your rights

So long as you can be identified in the collected data, you have the right to:

- access the personal data that is being processed about you
- request that your personal data is deleted
- request that incorrect personal data about you is corrected/rectified
- receive a copy of your personal data (data portability), and
- send a complaint to the Data Protection Officer or The Norwegian Data Protection Authority regarding the processing of your personal data

What gives us the right to process your personal data?

We will process your personal data based on your consent.

Based on an agreement with NTNU, Data Protection Services has assessed that the processing of personal data in this project is in accordance with data protection legislation.

Where can I find out more?

If you have questions about the project, or want to exercise your rights, contact: Norwegian University of Science and Technology, Faculty of Economics and Management, NTNU Business School:

- M.Sc student: Astrid Vangen, astrid.vangen@ntnu.no
- M.Sc student: Simen Aase, simeaa@stud.ntnu.no, +47 916 32 009
- Supervisor: Tina Bjørnevik Aune, tina.b.aune@ntnu.no
- Our Data Protection Officer: Thomas Helgesen, thomas.helgesen@ntnu.no
- Data Protection Services, by email: ([personvern@tjenester@sikt.no](mailto:personvern@tjenester.sikt.no)) or by telephone: +47 53 21 15 00.

Yours sincerely,

Project Leaders

Astrid Vangen & Simen Aase

Supervisor

Tina Bjørnevik Aune

Consent form

I have received and understood information about the project and have been given the opportunity to ask questions. I give consent:

- to participate in a personal interview
- that the interview will be recorded and stored in the NTNU cloud.
- for information about me to be published in a way that I can be recognized due to my position within the company.

I give consent for my personal data to be processed until the end date of the project, approx. 24.05.2022

(Signed by participant, date)

B Interview Guide - DOF

Research project – Interview guide for DOF

Intro	5 min
Introduction of us	<p>Thank you for your participation.</p> <ul style="list-style-type: none"> - Introduction of us - Purpose of interview - Consent form: summarize the main points - Ask before starting video recording in Teams - We will prepare a document with the information from the interview we want to use. We will send this to you for approval of quotes - We aim to use around 45 minutes in total, and just ask if there is anything you don't understand with our questions.
Introduction	<ul style="list-style-type: none"> - Can you introduce yourself: background, position, responsibilities in DOF etc.? - What does the term sustainability mean to you? How would you define it, associations?
Main points	35 min
Sustainability	<ol style="list-style-type: none"> 1. How do you think DOF works with sustainability today? 2. What does it mean for DOF to have a sustainable profile? <ol style="list-style-type: none"> a. <i>What is the biggest driving force?</i> b. <i>Are there any demands that you operate sustainably?</i> c. <i>Do you see any competitive advantage in operating sustainably?</i> 3. Do you have any reflections on what role DOF should play in the work towards more sustainability? <ol style="list-style-type: none"> a. <i>What challenges in society do you think DOF is helping to solve?</i> b. <i>Have you introduced any measures to raise the employees' competence in sustainability?</i>
Indicators	<ol style="list-style-type: none"> 1. Do you use sustainability indicators on a daily basis? 2. How do you envision using sustainability indicators in the future? Could they be of more value/use than today? <ol style="list-style-type: none"> a. <i>What kind of value do you see for yourself that it can provide?</i> b. <i>Do you have any plans for how the indicators will be communicated? Quarterly and yearly reports, anything else?</i>

APPENDIX B. INTERVIEW GUIDE - DOF

MNE	<ol style="list-style-type: none"> 1. Being an MNE, does this affect your daily work life? Are there some extra concerns you need to be aware of? Connected to other regions? 2. How does sustainability work across borders? <ol style="list-style-type: none"> a. <i>Is it a more local or global matter?</i> b. <i>How does DOF act according to different demands and laws? And do you position yourself regarding future regulations in other areas?</i> 3. How does the market prioritize sustainable clients and suppliers?
Communication	<ol style="list-style-type: none"> 1. Do you have a clear communication strategy – around sustainability? <ol style="list-style-type: none"> a. <i>What elements in the communication do you think are most important to look at to create value?</i> b. <i>Transparency – towards clients and contracts</i> c. <i>Do you think due to the outside forces like globalization and MNEs, the pressure to be sustainable affects the way businesses communicate?</i> 2. Do you have any reflections around greenwashing, and how to communicate without being misunderstood? <ol style="list-style-type: none"> a. <i>Have you experienced any problems regarding this?</i> b. <i>Do you see the value of indicators here?</i> 3. Example: DOF engages in a new CSR/ESG activity. How would you go forward in communicating it? <ol style="list-style-type: none"> a. <i>Any thoughts on avoiding greenwashing in such settings?</i> b. <i>What value would this bring? Short-term vs long term?</i>
Ending	5 min
	<ul style="list-style-type: none"> - Do you have any final comments or something you feel you didn't have the chance to say/ forgot to say? - Do you have any questions regarding the interview, the thesis, storage of data, or something else? <p>Thank you again for you participation.</p>

C Interview Guide - Assurance providers

Research project – Interview guide for assurance providers

Intro	5 min
Introduction of us	<p>Thank you for your participation.</p> <ul style="list-style-type: none"> - Introduction of us - Purpose of interview - Consent form: summarize the main points - Ask before starting video recording in Teams - We will prepare a document with the information from the interview we want to use. We will send this to you for approval of quotes - We aim to use around 30 minutes in total, and just ask if there is anything you don't understand with our questions.
Introduction	<ul style="list-style-type: none"> - Can you introduce yourself: background, position, responsibilities etc.?
Main points	20 min
Sustainability reporting:	<ol style="list-style-type: none"> 1. Can you describe the function of sustainability reporting? 2. What are the benefits of this type of recording? 3. How is this affected by being voluntary? <ul style="list-style-type: none"> a. <i>Greenwashing?</i> 4. How will this be affected by being legislated to a greater degree? <ul style="list-style-type: none"> a. <i>Resource-intensive for immature companies?</i>
Motivation	
Drawbacks	<ol style="list-style-type: none"> 1. What are the disadvantages / challenges of reporting? <ul style="list-style-type: none"> a. <i>Voluntary?</i> b. <i>Legislated?</i> c. <i>Company type/size?</i> 2. Are there any specific risks to SR? 3. How does different frameworks affect this? <ul style="list-style-type: none"> a. <i>GRI</i> b. <i>Competing frameworks – GRI, CSRD, IFRS</i> <ol style="list-style-type: none"> i. <i>Advantage of IFRS as an accounting standard?</i> ii. <i>More investor-oriented?</i>
Assurance	<ol style="list-style-type: none"> 1. The impact of limited vs. reasonable assurance? 2. Aligning non-financial and financial figures? 3. Which risks should be taken into account? 4. Potential risk in more regulated reporting and assurance?
Ending	5 min
	<ul style="list-style-type: none"> - Do you have any final comments or something you feel you didn't have the chance to say/ forgot to say? - Do you have any questions regarding the interview, the thesis, storage of data, or something else? - Thank you again for you participation.

