Sustainability Reporting Practice and its Impact on Corporate Sustainability Performance
- A Danish Case Study

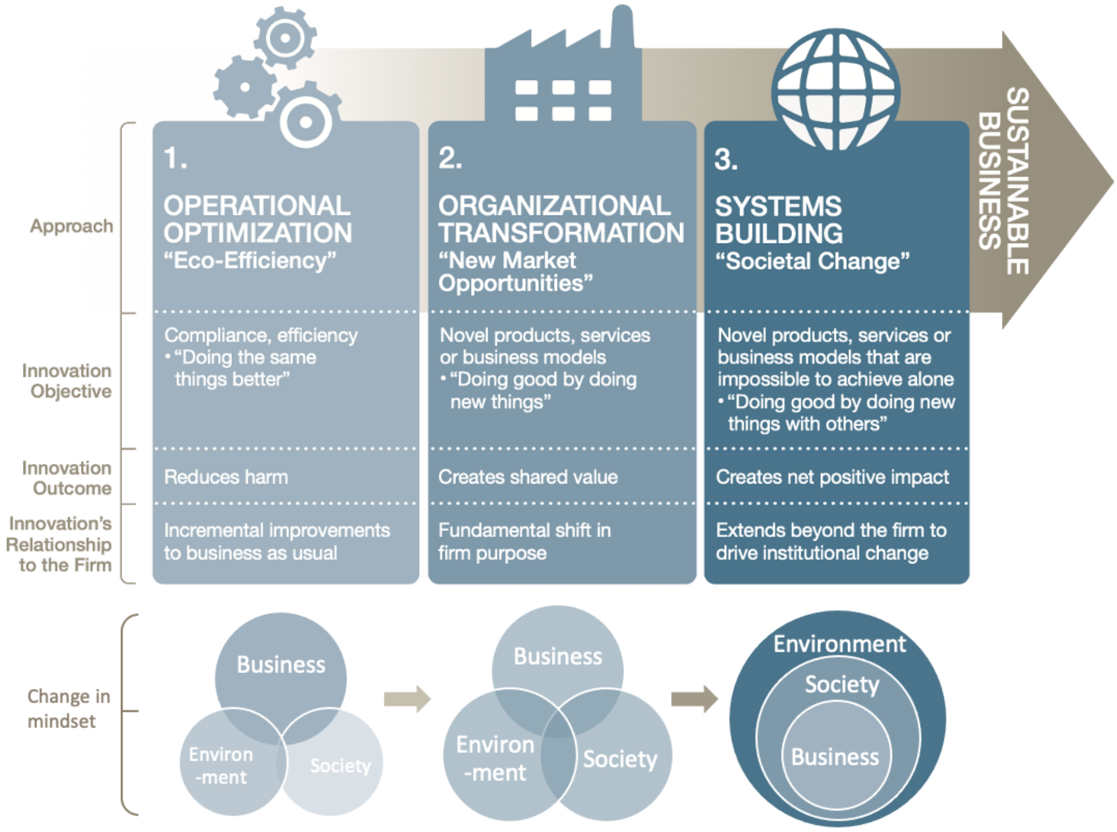

Figure 1. [Network for Business Sustainability, 2012; Walker et al., 2019].

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Environmental Management and Sustainability Science
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Abstract:

The purpose of this thesis has been to examine the significance and impact of sustainability reporting practice in Europe and Denmark. This has initially been done through a state-of-the-art review that revealed a knowledge gap in the academic literature regarding sustainability reporting's actual impact on corporations' performance. Thus the following research question is considered relevant to investigate:

"How can sustainability reporting support corporate sustainability performance in large Danish corporations and how can the upcoming regulation contribute to ensuring this?"

Seven case studies of large, Danish C25 corporations have been conducted to enable a more practical investigation of the Danish reporting practice and to determine their Corporate Sustainability Performance. This is determined based on a conceptual framework consisting of theoretical aspects of sustainable business models resulting in the identification of ten parameters. The case studies revealed that using sustainability reporting as a tool does not necessarily improve performance but it contains the potential to do so. An analysis of the Sustainable Finance Disclosure Regulation, the EU Taxonomy, and the upcoming Corporate Sustainability Reporting Directive, further revealed that the regulations can help overcome barriers and drive sustainability in corporations if implemented strategically. To allow corporations to exploit the potentials within sustainability reporting and the related regulations, a guide with solutions and recommendations has been formulated.

Preface and Acknowledgements

This Master's thesis is written as part of the 4th semester of the educational program; Environmental Management and Sustainability Science at Aalborg University, from February to June 2022.

The thesis revolves around a strategic use of sustainability reporting as a tool and what impact it can have to improve corporations' sustainability performance. The target audience is primarily larger corporations and organisations guiding sustainability reporting. However, the results and proposed solution can also be used as inspirations for SMEs wanting to report on sustainability. The interest in this topic is sparked through student jobs where it has become apparent that sustainability reporting is top of mind for many corporations as they experience pressure either through investors, customers, suppliers, or regulation. In this regard questions, challenges, and generally the demand for guidance from Danish corporations have been observed in practice, resulting in an interest to address these issues and create a solution that can help corporations utilize the full potential of sustainability reporting.

A special thanks to all the interviewees for devoting their time and sharing their knowledge in this research field. This includes employees at the seven case corporations; *Siri Teilmann-Ibsen (Demant), Nicolai Søberg-Hansen (Genmab), Kristina Thomsen (Tryg), Johan Dahl (Danske Bank), Lene Møldrup (Ambu), Wouter de Groot (FLSmidth),* and *Mathias Ahnfeldt (Coloplast).* As well as experts within sustainability reporting; *Stine Vestergaard, Frank Hopkirk, Birgitte Kofod Olsen, Birgitte Mogensen, Steven Kær Møller, Birgitte Larsen, Kristian koktvedgaard, Josefine Hess, Nicklas Martens, Emma Ager Jønbech, Christina Blak, Ellen Marie Friis Johansen, Tina Aggerholm,* and *Mette Schøitz Sørensen.*

I would also like to give sincere appreciation to my supervisors, Anja Marie Bundgaard and Arne Remmen, for their constructive input, motivation, and inspiration.

Reading instructions

To help guide the research questions formulated based on a state-of-the-art, two sub-questions have been developed. Thus dividing the analysis into two, where sub-question 1 is answered in chapter 4 and sub-question 2 is answered in chapter 5. Any figures or tables without reference are made by the student.

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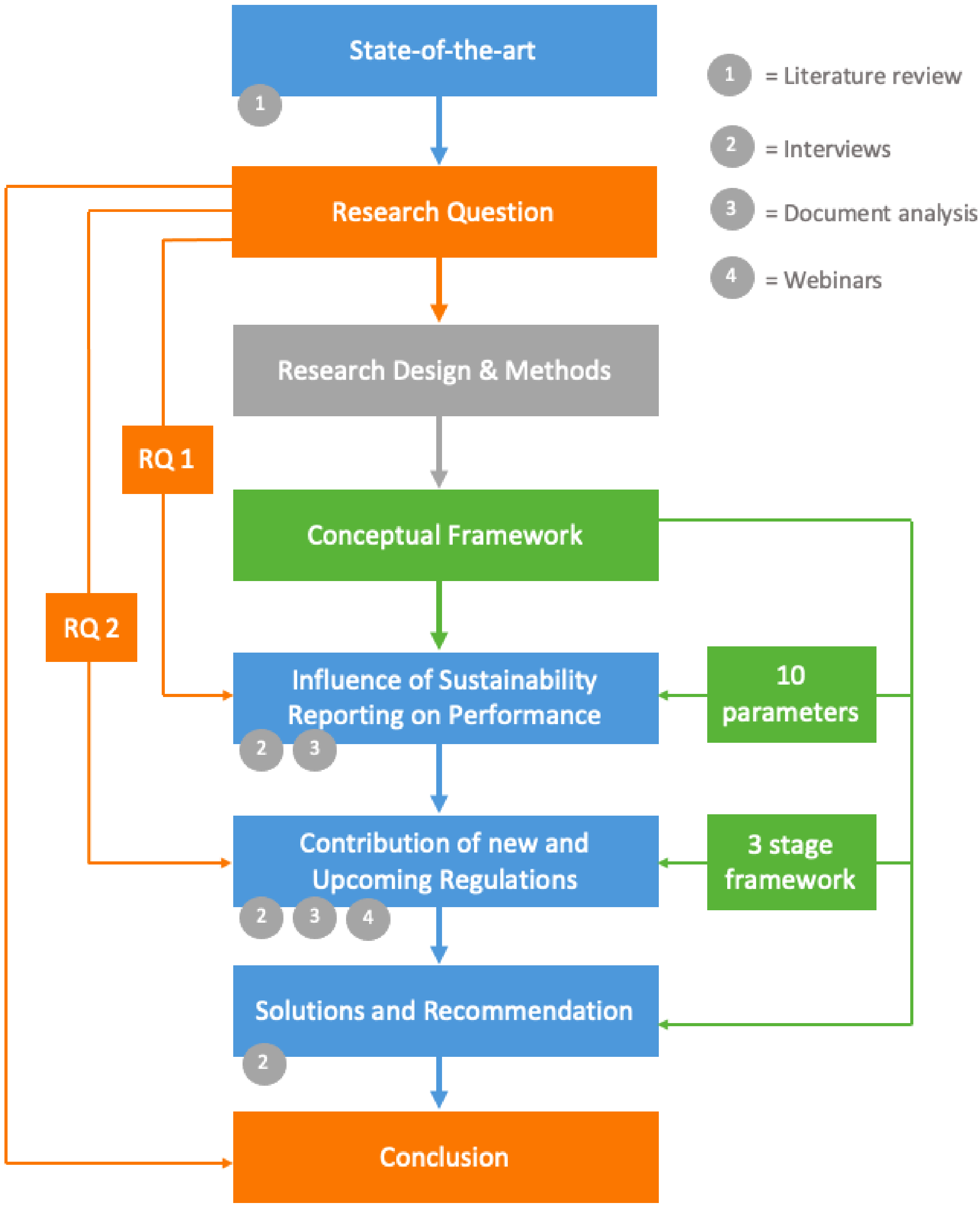
Abbreviations

B2B	Business To Business
CAPEX	Capital Expenditures
CDP	Carbon Disclosure Project
CDSB	Climate Disclosure Standards Board
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COP	Conference of the Parties
CR	Corporate Responsibility
CSDD	Corporate Sustainability Due Diligence
CSP	Corporate Sustainability Performance
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
EFRAQ	European Financial Reporting Advisory Group
EPD	Environmental Product Declaration
ESG	Environmental, Social, and Governance
FTE	Full-Time Employee
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Council
KPI	Key Performance Indicators
LCA	Life Cycle Analysis
NFRD	Non-Financial Reporting Directive
NGO	Non-Governmental Organisation
OPEX	Operating Expense
SASB	Sustainable Accounting Standards Board
SBM	Sustainable Business Model
SBTi	Science Based Targets initiative
SDG	Sustainable Development Goals
SFDR	Sustainable Finance Disclosure
SME	Small and Medium-sized Enterprises
SOTA	State Of The Art
SR	Sustainability Report or Sustainability Reporting
SRQ	Sustainability Reporting Quality
TCFD	Task Force on Climate related Financial Disclosures
UNGC	United Nation Global Compact

Project structure



Dansk Resumé

For at afdække den nyeste viden om praksis indenfor europæisk bæredygtighedsrapportering blev der indledningsvist udført et litteraturstudie som kortlagde fire fremtrædende emner, nemlig:

1. Udviklingen af bæredygtighedsrapportering og den nuværende lovgivning,
2. Motivations faktorer og barrierer,
3. Karakteristika i bæredygtighedsrapportering, herunder længde, indhold og format, samt
4. Kvalitet af bæredygtighedsrapporter

Disse fire emner gav tilsammen en forståelse af den nuværende praksis, men blev også brugt til at identificere et videnshul i litteraturen, i form af hvilken betydning bæredygtighedsrapportering har på virksomheders egentlige bæredygtigheds indsats. Denne manglende viden dannede baggrund for rapportens problemformulering; *"Hvordan kan bæredygtighedsrapportering understøtte bæredygtigheds performance i store, danske virksomheder og hvordan kan den kommende regulering bidrage til at sikre dette?"*.
Til besvarelsen af denne problemformulering er et kvalitativt undersøgelsesdesign anvendt, hvoraf en væsentlig metode har været udarbejdelsen af et casestudie af syv C25 virksomheder; AMBU, Coloplast, Danske Bank, Demant, FLSmidth, Genmab og Tryg. En række interviews danner grundlag for rapportens empiriske data. Semistrukturerede interviews er blevet udført med en række eksterne eksperter, samtlige syv case virksomheder og nogle eksterne interessenter i forbindelse med udarbejdelse af et løsningsforslag. Desuden er en dokumentanalyse foretaget af case virksomhedernes separate bæredygtighedsrapporter fra 2017 frem til 2021 og dokumentanalyse af lovtekster.

En konceptuel ramme er blevet udarbejdet til at bestemme virksomhederne nuværende bæredygtigheds performance. Denne ramme består af teoretiske perspektiver på bæredygtige forretningsmodeller, kombineret med forudgående viden om bæredygtighedsrapportering. Dette har resulteret i 10 parametre, for hvilket det er muligt at bestemme om virksomheden opererer i stadie 1 (Operationelle optimeringer), 2 (Organisatorisk transformation) eller 3 (Opbygning af partnerskaber). Stadie 3 anses som den mest bæredygtige og idealle forretningsmodel.

På baggrund af casestudiet blev det tydeligt, at selv i blandt nogle af Danmarks største virksomheder, er der vidt forskellig bæredygtigheds performance. Mens to virksomheder inden for sundhedssektoren stadig er i stadie 1, har fire virksomheder bevæget sig imod stadie 2, heriblandt både virksomheder inden for sundhedssektoren og finansielle virksomheder. Kun en enkelt virksomhed der udvikler teknologier til cement og mine sektoren er i stadie 3. Dette resultat kan være påvirket af at virksomhederne representerer forskellige brancher, hvilket besværliggør en direkte sammenligning af deres

bæredygtigheds performance, men det har givet en god forståelse af forskellige tilgange til virksomheders bæredygtighedsrapportering.
Interviews med virksomhederne har dannet grundlag for at undersøge hvilken påvirkning bæredygtighedsrapportering som værktøj har haft på deres performance. Dette har også givet divergerende resultater, mens nogle mener at rapporteringen har forbedret deres performance, har andre primært anvendt det som en rapporteringsøvelse. Tre potentialer blev dog udpeget;

- Brug af dataindsamling til at identificere potentialer
- Brug af rapportering som forpligtigelse til forbedring
- Brug af rapporteringen til et internt værktøj, som strategisk kan anvendes blandt medarbejdere og som inspirationskilde

Samtidig viser nogle tendenser, at de virksomheder som arbejder mere strategisk med bæredygtighed, eksempelvis FLSmidth, også har en bedre bæredygtigheds performance. Dette indikerer klare potentialer i bæredygtighedsrapporteringen, hvis den bruges strategisk og ikke blot som en rapporterings øvelse.

For at kunne undersøge hvorvidt den kommende regulering kan være med til at fremme virksomhedernes bæredygtigheds performance er indholdet og sammenhængende mellem Disclosure forordningen (SFDR), EU Taxonomien og Corporate Sustainability Reporting Directive (CSRD) blevet undersøgt. På baggrund heraf kan det ses at reguleringen, på trods af kompleksitet indeholder potentialer for at imødekomme nuværende barrierer, samt for at skubbe til virksomhedernes bæredygtigheds performance. Reguleringen indebærer særligt potentialer for at skubbe virksomheder fra stadie 1 til stadie 2, grundet fokus på bæredygtighed blandt produkter, service og aktiviteter. Det kræver dog, at virksomhederne går ud videre end blot compliance og bruger reguleringen mere strategisk.

Der er potentialer i bæredygtighedsrapportering samt den kommende regulering, men det kræver en strategisk tilgang for at udløse disse. For at besvare *"Hvordan bæredygtighedsrapportering kan understøtte bæredygtigheds performance"* er der blevet udarbejdet et løsningsforslag i form af en guide, der netop har til formål at guide virksomhederne mod en mere strategisk tilgang. Dette indebærer ni gode råd til forbedring af bæredygtigheds performance, samt et overblik over lovgivningen og hvordan denne kan anvendes for at realisere flest mulige fordele. Indholdet i denne guide bygger på hvad case studiet og ekspert interviews har udpeget som centrale videnshuller for virksomheder, delkonklusioner fra analyserne, samt inspiration fra de 10 parametre i den konceptuelle ramme.

Table of Contents

1 Stat-of-the-art on Corporate Sustainability Reporting

The purpose of this chapter is to state the art of corporate sustainability reporting in Europe. This is done though a semi-systematic literature review of the European practice. Finally, a research question will be presented based on the identification of existing gaps in the literature and a justification for further research.

We are facing irreversible sustainability issues that threaten future generations' livelihoods, as a result of unsustainable patterns in consumption and production and an exponentially growing population [Arler et al., 2015]. Corporate engagement in the transition towards a sustainable economy is pivotal and their role cannot be overstated. Corporations can drive innovation and technological development and invest in green initiatives [World Business Council for Sustainable Development, 2020]. One way for corporations to demonstrate their commitment to this agenda is by reporting on their key figures, initiatives, and sustainability targets. Reporting on environmental and social factors has gained increased awareness in modern society and academia [Lombardi et al., 2022].

Financial reporting has been a central part of corporate reporting practice for decades, focusing on economic value creation and profits generated [Debnath, 2019, p. 51-52]. A shift in this rationale means that corporations are no longer only perceived as economic entities but as social institutions that have responsibilities for the societal development. With greater emphasis on sustainability, a new umbrella of environmental and social accounting practices and frameworks has emerged, which have been referred to in various ways, including "non-financial disclosure", "sustainability or environmental reporting", "CSR" and "integrated reporting" [Baumüller and Sopp, 2022, p. 11]. Based on the terminology used in the upcoming regulations, this report will use the terminology "Sustainability Reporting" (SR). Sustainability reporting aims to balance social justice and environmental protection with long-term profitability, while meeting stakeholders' information needs. It is considered pivotal for a transition towards a more sustainable society [Lombardi et al., 2022; Debnath, 2019]. This thesis will investigate corporate reporting in a European context, as many European corporations are considered early adopters and frontrunners within this field [Ottenstein et al., 2022, p. 68].

1.1 Literature Review on Sustainability Reporting

A literature review has been conducted to establish the state-of-the-art on sustainability reporting in Europe. The purpose of the literature review is to map the research in a structured manner to enable a justification for further research that will determine the research question. The methodology and process behind conducting this literature review are described in section 2.2.

As a result of the broad purpose of the literature review, it encompasses a wide range of academic disciplines, including business and management, accounting, law, and economics to social, environmental, and sustainability research. Despite the different origins of the articles, they generally agree on the theoretical foundation. The most frequently mentioned is "Legitimacy theory" [Fiandrino et al., 2022; García-Benau et al., 2022; Reverte, 2021; Torre et al., 2018; Manes-Rossi et al., 2018; Arvidsson, 2018], which arises from social science and focus on why corporations should disclose non-financial information. It includes motivational factors such as gaining legitimacy and societal approval [Lombardi et al., 2022, p. 255], by complying with the expectations, values, and norms in society [Manes-Rossi et al., 2018, p. 13]. This is related to another dominant theoretical perspective in the literature known as "Stakeholder theory", which deals with the questions for whom corporations need to report. Stakeholder theory addresses the need for organisations to be accountable to their stakeholders and meet their expectations [Lombardi et al., 2022; Arvidsson, 2018; Debnath, 2019, p. 255]. Legitimacy and stakeholder theory are frequently used together because meeting stakeholder expectations is critical to gaining legitimacy [García-Benau et al., 2022, p. 5]. Other theoretical aspects within the literature, include "Institutional theory" [Fiandrino et al., 2022] and "cost/economic theories" [Lombardi et al., 2022; Debnath, 2019].
Aside from these general observations, a few themes emerged from the literature review. Many of the themes appear in multiple articles. The four themes and authors are as follows:

1. **Development in sustainability reporting and the Non-Financial Reporting Directive**
   [Arvidsson, 2018; Hąbek and Wolniak, 2015; Baumüller and Sopp, 2022; Hojnik, 2017; Fiandrino et al., 2022; Ottenstein et al., 2022; Lombardi et al., 2022; Caputo et al., 2021; Mähönen, 2020; Gazzola et al., 2020; Torre et al., 2018]
2. **Drivers and barriers**
   [Baumüller and Sopp, 2022; Lombardi et al., 2022; Fiandrino et al., 2022; Ottenstein et al., 2022; García-Benau et al., 2022; Reverte, 2021; Gazzola et al., 2020; Mähönen, 2020; Manes-Rossi et al., 2018; Arvidsson, 2018; Hojnik, 2017; Caputo et al., 2021; Calabrese et al., 2020; Camilleri, 2015a]
3. **Tendencies in sustainability reporting**
   [Manes-Rossi et al., 2018; Baumüller and Sopp, 2022; Caputo et al., 2021; García-Benau et al., 2022; Gazzola et al., 2020; Hąbek and Wolniak, 2015; Kinderman, 2020; Lombardi et al., 2022; Torre et al., 2018; Mähönen, 2020; Carungu et al., 2020]
4. **Quality of sustainability reporting**
   [Mion and Adaui, 2019; Fiandrino et al., 2022; Hąbek and Wolniak, 2015; Mion and Adaui, 2019; Lombardi et al., 2022]

These topics are going to be elaborated in the following sections as they are deemed relevant to understand the nature of European sustainability reporting practice.

1.1.1 Development in Sustainability Reporting and the Non-Financial Reporting Directive

Sustainability reporting appeared on the corporate agenda in the 1970s in Europe, where the focus for many years remained on the social aspects of corporate accountability

[Arvidsson, 2018, p. 7]. In the 1990s this focus shifted towards environmental concerns and at the beginning of the new century, a broader focus on sustainability arose [Remmen, 2001; Hąbek and Wolniak, 2015]. One of the drivers behind the increased importance of sustainability in corporate reporting was the many scandals involving corporations' ethical, environmental, and social impacts, which led to mistrust and thus a need for increased transparency [Arvidsson, 2018, p. 8]. In 2013 the EU made reporting on these areas mandatory for some corporations with the Modernisation Directive, which today is replaced by the Non-Financial Reporting (NFR) Directive from 2014 [Baumüller and Sopp, 2022].

The content of the NFR Directive appears frequently in the literature, and many articles have examined its implications. From January 1st, 2017, the NFR Directive requires Public Interest Entities to report on social and employee-related topics, human rights, anti-corruption, bribery, and environmental matters [Arvidsson, 2018, p. 16]. The NFRD includes significant flexibility, allowing corporations to disclose information how it suits them, which can be done in a variety of ways. According to Hojnik [2017] companies might use internationally recognised frameworks, like EMAS, ISO, and UN Global Compact, to help structure the flexibility, or they might have to rely on national guidelines and frameworks. The degree of flexibility has resulted in concerns about the comparability in reporting [Fiandrino et al., 2022, p. 276], which have resulted in the development of a new regulatory framework. A proposal for the Corporate Sustainability Reporting Directive (CSRD) was published by the European Commission in April 2021, expected to be into force in 2023. One of the main rationales behind this renewed regulation is to increase transparency across the EU, which is accomplished by increasing the quantity of sustainability reporting. The CSRD is expected to increase mandatory reporting from 11.600 to 49.000 corporations [Ottenstein et al., 2022, p. 75]. Figure 1.1 depicts the evolution of European legislation leading up to this new Directive.

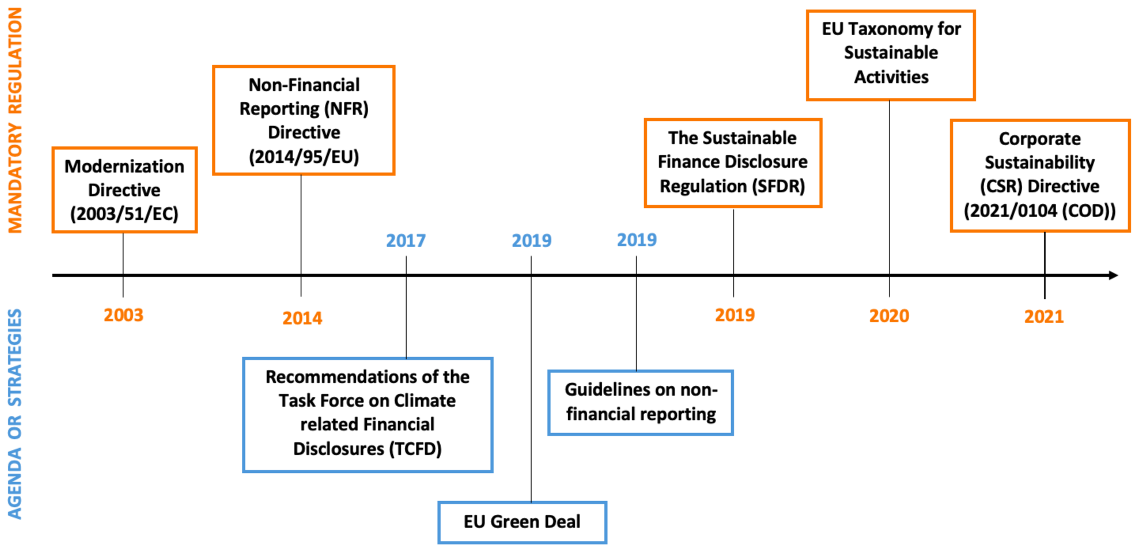


Figure 1.1. Significant initiatives in the development of European legislation on corporate sustainability reporting that were empathised in the literature review. Separated in mandatory regulation above the line (Orange) and other agendas or strategies below (Blue) [Baumüller and Sopp, 2022; European Commission, 2022a; Lombardi et al., 2022; Hess and Martens, 2022]. OBS mandatory regulation is based on year of publication not year when it is applicable.

Aside from the directives, another important initiative is the EU Taxonomy for sustainable activities, which is a classification system to help upscale sustainable investments. The Taxonomy is relevant for reporting because it places a greater focus on non-financial information and increases disclosure and transparency [Arvidsson, 2018, p. 16]. It also contributes to the achievement of the European Green Deal, which is a political agenda consisting of actions that reduce pollution while balancing safety, and economic development [Caputo et al., 2021; Mähönen, 2020]. As a political agenda, the EU Green Deal differs from formal directives in figure 1.1.1. Besides the Green Deal, other transformative policies not part of this literature review also indicate the EU's political agenda on sustainability like *The Annual Sustainable Growth Strategy 2020* and *EU Climate Neutral by 2050* [European Commission, 2021c]. Other initiatives are the guidelines published in relation to the EU directives. The two most popular of which are *Guidelines on non-financial reporting: Supplement on reporting climate-related information* from 2019 and *Recommendations of the Task Force on Climate related Financial Disclosures (TCFD)* from 2017 [Lombardi et al., 2022, o. 251]. The last initiative in figure 1.1 is the Sustainable Finance Disclosure Regulation (SFDR) from March 2021, which promotes sustainable and responsible investments, while discouraging greenwashing within the financial sector [Fiandrino et al., 2022, p. 277]. One of the issues discussed in the literature is the impact of mandatory regulation versus keeping sustainability reporting voluntary.

Mandatory vs. Voluntary Approach

The literature consists of arguments both for and against increased mandatory regulation as a means to improve sustainability reporting. Arguments for increased mandatory regulation include:

- Increase the potential to go beyond business as usual and help ensure accountability for the corporations' stakeholders [Jones and Ratnatunga, 2012]
- More comparability and benchmarking, due to more consistency in reporting periods, indicators, and frameworks [Hąbek and Wolniak, 2015; Mähönen, 2020]
- More accuracy, objectivity, and neutrality [Gazzola et al., 2020, p. 3]
- Corporations already disclosing information have a chance to exceed the mandatory requirements to keep their competitive advantages, which is referred to as 'over-compliance', which can increase the quality [Ottenstein et al., 2022, p. 58].

Arguments for a more voluntary approach:

- Mandatory regulation does not always result in better disclosure due to the "comply or explain" principle or diverging national laws and lack of enforcement and sanctioning systems [Ottenstein et al., 2022]
- Because something is regulated does not make it a norm, empathising informal and institutionalised practice, which are often formed by voluntary measures like certifications, environmental management systems, etc. [Torre et al., 2018]

1.1.2 Drivers and Barriers

Another relevant topic is the factors influencing why corporations report. The positive drivers related to reporting identified in the literature, are listed in table 1.1.

DRIVERS	Source
Contribution to important agendas in society (e.g., SDGs, UNGC)	[Lombardi et al., 2022; Reverte, 2021]
Lower financial operation costs and savings (e.g., energy, resources, etc.)	[Fiandrino et al., 2022; Calabrese et al., 2020] [Debnath, 2019]
Acquiring talented and motivated employees	[Fiandrino et al., 2022]
Long-term value and strong communication with stakeholders	[Fiandrino et al., 2022; García-Benau et al., 2022] [Calabrese et al., 2020; Manes-Rossi et al., 2018]
Distinguish themselves on the market and gain long-term competitive advantages	[Ottenstein et al., 2022; Calabrese et al., 2020] [Hojnik, 2017; Camilleri, 2015a]
Increasing public trust, social license to operate and improved image	[Reverte, 2021; Calabrese et al., 2020] [Gazzola et al., 2020; Hojnik, 2017] [Camilleri, 2015a]
Meet or be on forefront with regulatory pressure	[Gazzola et al., 2020; Camilleri, 2015a]
Contribute to improved internal management (e.g., strategies, innovation, effectiveness, decision-making)	[Manes-Rossi et al., 2018; Hojnik, 2017] [Debnath, 2019]

Table 1.1. Drivers and motivational factors for sustainability reporting from the literature.

Obtaining legitimacy from both relevant stakeholders and society is one of the most emphasised drivers for SR, which explains the focus on legitimacy and stakeholder theory within this research field. In recent years, corporations' perceptions of the value of working with sustainability have shifted. Many corporations were initially hesitant to spend resources on voluntary sustainability initiatives but pressure from professionals and academics challenged this perception and today more corporations agree that it pays to be green [Jones and Ratnatunga, 2012].
Table 1.2 lists some barriers associated with sustainability reporting.

BARRIERS	Source
Absence of operationalisation and interpretation of guidelines	[Baumüller and Sopp, 2022]
Lack of clear definitions of terminology (e.g., sustainability, double materiality)	[Mähönen, 2020; Baumüller and Sopp, 2022]
Lack of awareness and knowledge	Lombardi et al. [2022]
Sustainability reporting can imply higher costs and is time-consuming	[Baumüller and Sopp, 2022] [Lombardi et al., 2022]
Lack of coherence and comparability amongst existing legislation, frameworks, and guidelines, complicating bench-marking	[Arvidsson, 2018; Baumüller and Sopp, 2022] [Mähönen, 2020]
Difficulties with gathering the right and enough information	[Lombardi et al., 2022]
Constantly changing regulations and guidelines	[Lombardi et al., 2022]
A risk of "Greenwashing" or "Cherry-Picking, which can negatively impact reputation and market value	[Debnath, 2019; Baumüller and Sopp, 2022] [Mähönen, 2020; Fiandrino et al., 2022] [Caputo et al., 2021; Arvidsson, 2018]
Lack of linkage between financial and sustainability reporting guidelines	[Caputo et al., 2021]

Table 1.2. Barriers and challenges regarding sustainability reporting in the literature.

One of the frequently mentioned and widely discussed barrier is the risk of cherry-picking or greenwashing through sustainability reporting. Because of the high degree of flexibility, corporations can report only on their positive impacts while failing to disclose any information with negative impacts [Caputo et al., 2021, p. 3472]. This can prevent corporations from reporting on sustainability because they do not want initiatives being perceived as greenwashing. Another relevant barrier is the constantly changing circumstances. Lombardi et al. [2022] emphasise the changing EU directives on reporting, which requires corporations to be dynamic and capable of adapting current practices.

1.1.3 Characteristics and Quality of Sustainability Reporting

There are multiple ways to report on sustainability. One difference is the length of reports and the impact this has. According to the findings from a study of large European corporations, the length can range from 39 to 457 pages [Manes-Rossi et al., 2018]. Baumüller and Sopp [2022] argue that longer reports can imply a more complete report but it can also increase the risk of information overload. Caputo et al. [2021] are more specific, concluding that a lengthy report can harm transparency. The amount of information should ideally be determined based on what is relevant for a specific company and its stakeholders. [Baumüller and Sopp, 2022, p. 20].
The current NFR Directive allows corporations to disclose information either as a separate report or integrated (combined with financial information in annual reports) [Caputo et al., 2021, p. 3475]. The choice might depend on the target audience and stakeholders. Disclosure in annual reports (integrated) primarily addresses investors, whereas separate sustainability reports are typically intended for the broader public [García-Benau et al., 2022, p. 6]. According to Caputo et al. [2021] separate reports allow disclosure of

the information in a more detailed manner and help assure more reliable information. Additionally, corporations are increasingly communicating about sustainability through their websites, which is also a valid way to disclose sustainability information according to the NFRD [Gazzola et al., 2020, p. 3]. Who reports on sustainability depends on both the type and size of the company. Companies that work within sectors that are associated with more environmentally and socially sensible industries, such as manufacturing companies, extraction companies, and generally companies that are more visible to the public, tend to report more on sustainability [Hąbek and Wolniak, 2015; Manes-Rossi et al., 2018]. Furthermore, large corporations are more likely than SMEs to report on sustainability [Kinderman, 2020; Caputo et al., 2021]. This is influenced by both the regulation aimed at larger companies and the fact that reporting takes time and money, as shown in table 1.2.

Choice of Reporting Frameworks

One of the characteristics that determine the sustainability report is the choice of framework. Multiple different frameworks exist and according to the literature the most representative and internationally recognised to comply with the NFR Directive are [Lombardi et al., 2022; Torre et al., 2018; Debnath, 2019; Arvidsson, 2018]:

- The Global Reporting Initiative (GRI)
- Greenhouse Gas Protocol (GHG)
- The International Integrated Reporting Council (IIRC)
- The UN Global Compact (UNGC) and the Sustainable Development Goals (SDGs)
- International Standards Organisation (ISO)
  - Both for Environmental Management (ISO 14001) and Social Responsibility and Governance (ISO 26000)
- Non-profit organisations guiding corporations in sustainability reporting
  - The Sustainable Accounting Standards Board (SASB)
  - The Climate Disclosure Standards Board (CDSB)
  - The Carbon Disclosure Project (CDP)

GRI Guideline is the most used and highlighted framework in the literature, and it provides a standardisation that requires participants to report on specific topics, yet leaving room for flexibility [Mähönen, 2020, p. 7].
While the literature does not describe or provide direct recommendations on how to choose a framework, they agree that the choice does not happen in a vacuum [Hąbek and Wolniak, 2015, p. 401]. This can be explained by increasing convergence in frameworks or the phenomenon of isomorphism, which is a force that increases homogenisation amongst corporations [Carungu et al., 2020]. Examples of this are corporations choosing frameworks based on what is most widely recognised or what is used by competitors within their industry [Torre et al., 2018].

Quality of Sustainability Reporting

The literature has sparked a debate about the quality of SR, leading to the identification of the critical concept of "Sustainability Reporting Quality (SRQ)" [Mion and Adaui, 2019, p. 1]. SRQ has been the subject of numerous analyses with many different indicators for how to assess this. Some articles take a broad approach focusing on the dimensions of SRQ, such as; Completeness, Relevance, Clarity, Comparability, Consistency, Accessibility, Timeliness, Reliability, and Accuracy [Fiandrino et al., 2022, p. 278]. Others develop more specific criteria for quantitatively assessing the SRQ, such as "Independent verification or assurance", "Availability of quantitative data", "Reference to the SDGs", "Targets", "Trends over time", and so on [Hąbek and Wolniak, 2015; Mion and Adaui, 2019]. As a result, many different frameworks and sets of criteria for assessing SRQ have emerged[Lombardi et al., 2022, p. 256].

1.1.4 Findings in the State-of-the-art

DEVELOPMENT	**DRIVERS**	**CHARACTERISTICS & QUALITY**
Modernization Directive (2003)	Competitive advantages (Financial, employees)	Wide range in length (39-457 pages)
NFR Directive (2014)	Social license to operate and stakeholder relations	Either separate, integrated or online reporting
EU Green Deal (2019)	Internal management	Reporting is dominant in more sensible industries
Other frameworks and guides, e.g, TCFD (2019)	**BARRIERS**	More reporting amongst large corporations than SMEs
EU Taxonomy (2020)	Uncertainty in definitions, guides, and comparability	Frameworks: GRI, GHG, IIRC, UNGC, SDGs, ISO
Proposal for CSRD (2021)	Risk of greenwashing	The choice of framework is affected by convergence and/or isomorphism
Other voluntary measures also have relevance (certifications and env. management systems)	Lack of resources (time, money) and difficulties with data collection	'Sustainability Reporting Quality' is important

Table 1.3. Summarise the state of the art on the European practice for sustainability reporting.

The state of the art has provided an important understanding of the current practices of SR in Europe and the main findings are highlighted in table 1.3. But as previously mentioned another purpose was to determine a research area based on any gaps or justifications found in the literature.

1.2 A Gap in the Literature

While the main topics in the literature about sustainability reporting focus on legislative development, common practices and quality of reporting, as shown in table 1.3, there is little focus on the actual impact SR has on corporations' performance regarding sustainability. A few articles discuss or question the relation between sustainability reporting and a sustainable business. However, this is mostly as brief comments and critical insights, and not something that is further investigated. On one hand, some argue that sustainability reporting, if done properly, will automatically improve the sustainability performance of the corporation [Calabrese et al., 2020, p. 3], because the reporting process contributes to the identification of improvements potentials [Mattera et al., 2021, p. 16], and rethinking the business strategies [Gazzola et al., 2020].
Mähönen [2020] argue the opposite, claiming that because the main purpose of SR is often protection of reputation, it does not force corporations to rethink their activities, allowing them to continue doing business as usual. This can lead to greenwashing and the use of a symbolic approach to SR, or it can lead to the use of a more narrative reporting technique, which can confuse the readers and allow misuse of information [Calabrese et al., 2020]. A study by Calabrese et al. [2020] indicates that: *"Companies' sustainability reports do not necessarily relate to better environmental performance and greater commitment towards environmental sustainability"* [Calabrese et al., 2020, p. 12]. This raises questions about the actual effects of sustainability reporting and a thorough investigation of this is missing in the literature.

1.2.1 Justification for Further Research

This gap has also been identified in the current research. Fiandrino et al. [2022] and Camilleri [2015a] emphasise the importance of looking beyond the quantity and quality of reporting and start focusing on issues related to corporations' business models and shared value creation. Calabrese et al. [2020] also emphasise the limited contribution in academia to understanding the relation between sustainability reporting and the actual sustainability performance in Corporations.

Other recommendations for further research focus on the impact of mandatory regulation. The upcoming Corporate Sustainability Reporting Directive provides a unique opportunity to investigate the short-term effects of this new regulation [Ottenstein et al., 2022; Mion and Adaui, 2019]. In section 1.1.1 it becomes clear that there are advantages and disadvantages to mandatory measures. According to Torre et al. [2018] it may be worthwhile to investigate whether mandatory sustainability reporting can bridge the gap between corporate action and "NFR talk". Exploratory interviews were also conducted to understand which topics were found relevant to investigate by experts in this field, see table 2.1. From a practical perspective, Stine Vestergaard from RAMBØLL, Birgitte Mogensen from FSR, Frank Hopkirk from Nordic Green Solutions, and Birgitte Larsen from BetterGreen, all mentioned the uncertainty of the new and upcoming EU regulations. Likewise, there is no analysis of the coherence between these initiatives or the impact on sustainability performance.

1.3 Research Question

A state-of-the-art of European SR practices has identified relevant topics to understand the nature of SR and the current focus in academia. Based on a literature review, grey literature and expert interviews two main gaps have been identified; 1) The correlation between sustainability reporting and corporate sustainability performance as well as 2) The impacts and coherence between regulations in this field. This supports the importance of looking into the following research question:

"How can Sustainability Reporting support improved Corporate Sustainability Performance in large Danish corporations and how can the upcoming regulation contribute to ensuring this?"

This research area is considered a relevant and original contribution to the current knowledge on this field as it has not been investigated previously, despite it being a reoccurring question in the existing literature. To help answer this research question and guide the analyses two sub-questions have been formulated:

- *How is the Sustainability Performance in large Danish corporations and how has reporting on sustainability influenced this?*
- *How is the regulation related to Sustainability Reporting coherent and can it contribute to improved Corporate Sustainability Performance?*

1.3.1 Delimitations

This thesis investigates SF from a Danish perspective. The EU creates binding framework Directives that can be integrated differently in any given member state it is important to understand the local practices and national context to thoroughly investigate sustainability reporting [Torre et al., 2018, p. 601]. Further delimitations for the research include:

- **Large, Danish C25 corporations:** They are covered by the regulation and therefore more likely to have been reporting on sustainability for a while.
- **Environmental sustainability:** The main focus of this thesis is on the environmental pillar of sustainability through the use of a conceptual framework. However, more general considerations of sustainability reporting, including the social and economic pillars, are taken into account.
- **Separate sustainability reports from 2017 to 2021:** The analysis of Corporate Sustainability Performance is mainly determined through corporations' separate sustainability reports, rather than annual reports or sustainability content on websites or social media. Furthermore, separate reports going further back than 2017 are not included.
- **Specific regulations:** Many regulations, strategies and, guidelines affect sustainability reporting directly or indirectly. In this thesis, the Sustainable Finance Disclosure Regulation (SFDR), The EU Taxonomy, and the upcoming Corporate Sustainability Reporting Directive (CSRD) are the main regulations in focus based on their relevance in the literature, described in section 1.1.1.

2 Research Design and Methods

This chapter describes the methods used to answer the sub-questions and research question for this project. This is accomplished by illustrating the qualitative research design and describing each method and why it is relevant for answering the research question.

2.1 Research Design

The research design in figure 2.1 is a logical structure showing the different approaches, methods, and analyses used to answer the research question.

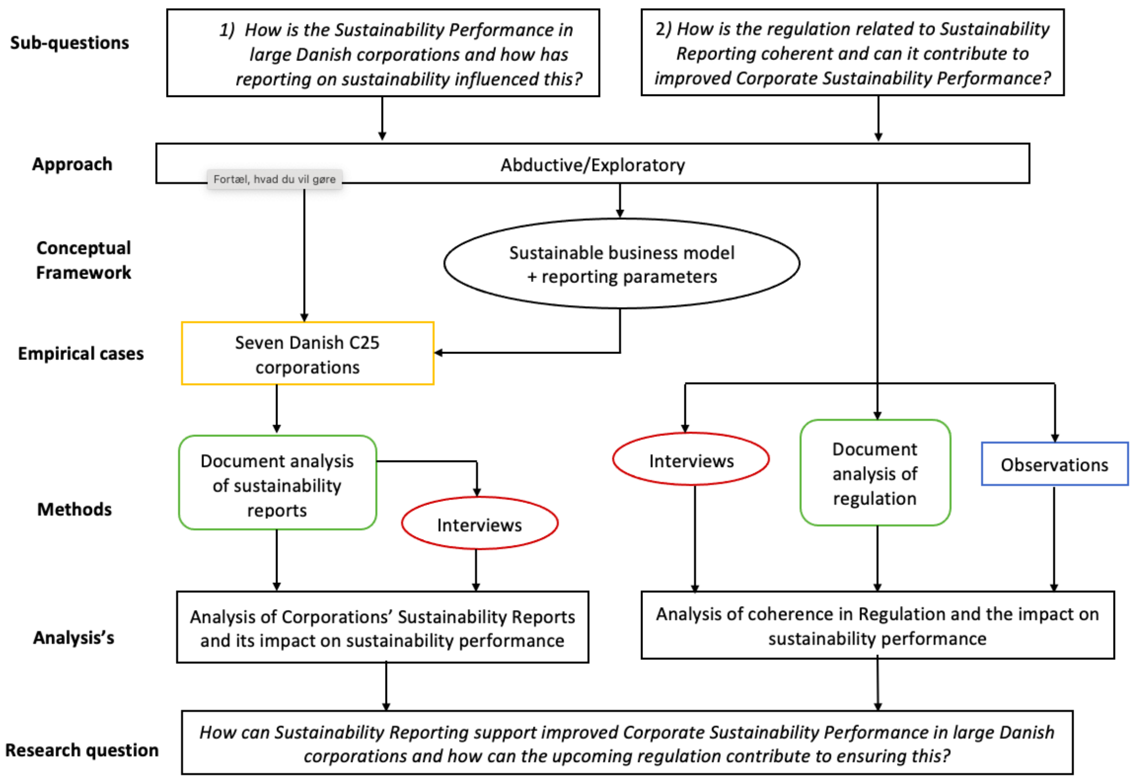


Figure 2.1. Research design.

A qualitative research design often consists of multiple different types of data collection [Creswell, 2014]. For this thesis, it is case studies (yellow), document analysis (green), interviews (red), and observations (blue), all of which will be elaborated on in this chapter. A qualitative design allows for a more complex picture of the problem by incorporating multiple different factors and aspects [Creswell, 2014, p. 186]. Because the purpose of this study is to understand the use of sustainability reporting in practice a qualitative approach allows for exploration from individuals' perspectives and can help explain choices and factors of influence. This corresponds with the fact that this thesis is conducted

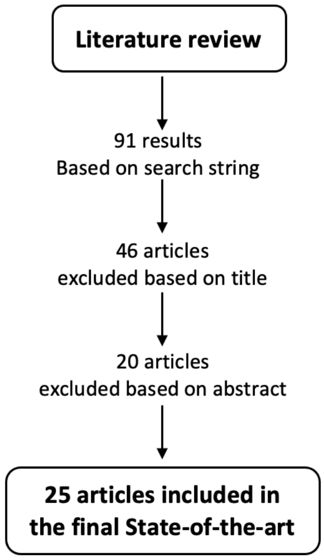
from a social constructive standpoint, where there is no objective truth about the world because it depends on the observer. It is about understanding a phenomenon through the understandings and perceptions of individuals to construct new understandings or theories [Juul and Pedersen, 2012]. The theory of science has affected the choice of methods because interviews and observations are considered valid methods for data collection within social constructivism.
High internal validity is one of the strengths of a qualitative research design because the researcher can ensure congruence in what should be investigated and how this is done. A limitation of only using qualitative methods is that the reliability and generalisation are often lower because the information is constructed in a social setting, which can be difficult to recreate [Creswell, 2014, p. 201]. To account for this, method triangulation is used to investigate the overlaps of the information gained from different methods as well as validation from interviewees, and a reflection of the researcher's role, which will be discussed in section 7.2.

As visualised in figure 2.1 this thesis employs an abductive approach. This started with preexisting knowledge about the European practice of SR from the SOTA, which led to the observation that there is a gap in the literature regarding the impact of SR as a tool. The abductive approach is based on a surprise or wonder, which in this case was whether sustainability reporting influences Corporate Sustainability Performance? Based on this, a conceptual framework was developed, which combines theoretical aspects of a sustainable business model with reporting characteristics. This framework is used for the case studies, allowing for an interpretation and understanding of the potential for SR to influence CSP. The abductive approach is often used to examine a phenomena from a new perspective and is often used for case studies [Kovács and Spens, 2005]. It is a fitting approach for understanding perspectives from individuals and generally for conducing qualitative research [Bryman, 2012]. The approach is also more exploratory because it is a relatively new field of research.

2.2 Literature Review

A literature review is a structured way of collecting the most relevant knowledge on a subject it can create a more solid research foundation and justification for the research question by integrating perspectives and findings from multiple empirical findings [Snyder, 2019]. This literature review has been conducted in a broad manner because the main purpose was very exploratory to identify a gap in the existing literature. The following search string was used:

("environment account*" OR "sustainab* account*" OR "sustainability* report*") AND (EU OR "European Union" OR Denmark) AND ("corporate level" OR corporat* OR "micro level" OR compan* OR enterprise* OR Organisation*).*



The literature review is classified as semi-systematic because the diversity of disciplines and topics hinders a fully systematic process. One of the potentials of the semi-systematic approach is the ability to map the state of knowledge and create an agenda for further research [Snyder, 2019]. As sustainability reporting is known by different terms, many other words could have been added to the search string like "non-financial information", "integrated reporting" etc. But because the search string covers the most popular terms, the results also included these terminologies. The first database used was Aalborg Universities 'PRIMO' but this resulted in older articles and many books and did not include relevant newer articles. Instead, the decision was made to use the database 'SCOPUS', where the search string gave 91 document results.
Two steps were taken to narrow down the most relevant articles. First, all articles relevant based on the title were included, giving 46 results. Secondly, some articles were excluded based on the abstract (if they were too country-specific, focusing mostly on financial reporting, or specific principles like circular economy), leaving a total of 25 results in the final literature review. An example of this selection is illustrated in appendix A.5. These 25 results were read carefully to obtain the most representative picture of the problem under investigation.

2.3 Case Studies

Case studies are considered relevant for this thesis because it *"investigates a contemporary phenomenon in depth and within its real-life context"* [Yin, 2009, s. 36]. Case studies provides a more holistic and practical understanding of real-life practice, which is useful for this thesis' more practical approach. Case studies have previously been criticised for being a method used to confirm the researcher's preconceived notions, but according to Flyvbjerg [2015] this is a misunderstanding. Case studies do not contain any more bias than other qualitative methods that allow for interpretation. But it requires the researcher to be aware of avoiding any bias or subjectivity [Yin, 2009].

Yin [2009] distinguishes four different types of case studies based on whether they are embedded or holistic and multiple or single. Case studies for this thesis are 'multiple-embedded-case design'. A multiple case design has the advantage of producing more robust results. It does, however, require more resources and time than a single case design [Yin, 2009, p. 72]. Case studies are embedded if there is more than one unit of analysis within each case [Yin, 2009, p. 76], such as determining both CSP and corporations' general use of the sustainability reporting. These units of analysis were investigated using different methods, like interviews and document analysis, emphasising the fact that these are embedded case studies.

2.3.1 Case Selection

In chapter 4 seven case studies of C25 corporations are conducted to determine their 'Corporate Sustainability Performance' and their approach to sustainability reporting. C25 are the 25 most traded corporations in Denmark. They have been chosen because they are of a certain size, thus covered by SR regulation. It was investigated whether it was possible to narrow the scope even further. For example, only production corporations or corporations from Northern Jutland. However, it was not possible to find enough corporations that have been reporting since 2017, to ensure enough interviews. All C25 corporations were contacted in the hopes of receiving enough positive responses to investigate the phenomenon from multiple perspectives. The current C25 corporations are listed in appendix A.1.

When selecting the case corporations, it was important that they were already reporting. This means that the case selection was information-oriented as opposed to random [Flyvbjerg, 2015]. For information-oriented case selection the sample is less important than selecting the appropriate cases [Neergaard, 2007]. Furthermore, it is a critical case selection, which has a positive impact for the external validity (generalisability) of the results because it allows for a logical deduction [Flyvbjerg, 2015]. Because it is case studies of some of Denmark's largest corporation, they have resources and have been affected by the SR regulation the longest, which is why they are assumed to be best practice cases. A logical deduction is possible in case of difficulties with sustainability reporting, and if it is a struggle for C25 corporations, it is likely to be a struggle for other corporations as well. Because the C25 list contains a wide range of corporations from various industries, the case studies are what Flyvbjerg [2015] refers to as a maximum variation case, because the corporations differ on more than one aspect like size, industry, organisational structure, production, or service, etc.
The findings of these case studies can be generalised to the remaining C25 corporations as well as other large Danish corporations with the same characteristics. Furthermore, because of the logical deduction, the results can be generalised to a certain extent to SMEs.

2.3.2 Analytic Strategy for the Case Studies

A strategy for analysing case studies should always be in place before conducting it. One of the strategies used in this thesis is 'Relying on theoretical proportions', in which case studies are built based on a literature review and research questions [Yin, 2009, p. 158]. Before the case studies were conducted it was determined that they would be analysed using the conceptual framework in chapter 3.
Another theory used is 'Pattern matching' which involves matching specific patterns from empirical data in the case studies either together or against some predetermined patterns [Yin, 2009, p. 164]. This strategy is used to determine the effects of and potentials of sustainability reporting. It was done by reviewing all of the transcriptions and identifying similar patterns such as 'Data collection can identify potentials' or 'Sustainability reporting is a commitment to improvements', see section 4.4.

2.4 Interviews

THEME: Danish sustainability reporting practice				
Name	**Title**	**Date**	**Format**	**Purpose**
Stine Vestergaard	Senior manager at RAMBØLL	08/03 2022	Online (Teams)	Perspectives on SR from a large consultancy company
Frank Hopkirk	Senior Project Manager at Nordic Green Solutions	09/03 2022	Online (Teams)	Perspectives from a small consultancy company, specialised in energy and environmental sustainability
Birgitte Kofod Olsen	Partner at Carve Consulting	10/03 2022	Online (Teams)	Perspectives from a small consultancy company, specialised in SR
Birgitte Mogensen	Chairman of FSR	11/03 2022	By phone	Understand the evolution and role of accountants in SR
Steven Kær Bjerke Møller	Project manager, business developer at Erhvervshus Hovedstaden	14/03 2022	Online (Teams)	How to guide SMEs in SR, current trends, and understanding the upcoming regulations
Birgitte Larsen	Partner at BetterGreen	15/03 2022	Online (Teams)	Perspectives from a small consultancy company, specialised in climate reporting
THEME: Regulation and its impact				
Kristian Koktvedgaard	Head of taxes and accounting in Dansk Industri	24/03 2022	Online (Teams)	Understanding regulations related to SR
Josefine E. Hess & Nicklas Martens	Consultants at EY	31/03 2022	Online (Teams)	Understanding regulations related to SR
THEME: Sustainable business models				
Emma Ager Jønbech	Consultant at Nordic Sustain-ability	31/03 2022	Online (Teams)	What is a sustainable company and how to integrate sustain-ability into the business model
Christina Blak	Creative Director & Partner at We Love People	11/04 2022	Online (Teams)	What is a sustainable company and how to integrate sustain-ability into the business model
THEME: Inputs to solution/recommendation				
Ellen Marie Friis Johansen	CSR chief at Dansk Erhverv	11/05 2022	Online (Teams)	What a large industry associa-tion provides and comments on the proposed solution
Tina Aggerholm	Chief Consultant at Dansk Industri	17/05 2022	Online (Teams)	What a large industry associa-tion provides and comments on the proposed solution
Mette Schiøtz Sørensen	Senior Manager at PwC	17/05 2022	Online (Teams)	Perspectives from an accountant firm. What they provide and comments on the solution

Table 2.1. Interviews with 13 experts on different aspects of sustainability reporting. The table gives an overview of their title, the date, format, and the purpose of each interview, as well as the overall theme.

Interviews serve as a supplement to the academic and theoretical aspects found in the literature review. The process was inspired by Kvale and Brinkmann [2009] and their seven important elements: 1) Thematising, 2) Designing, 3) Interview, 4) Transcribing, 5) Analysing, 6) Verification, and 7) Reporting.
For the thematising keywords from the literature review, research question and related sub-questions were used. It was very important to have a clearly defined purpose in advance. All interviews for this thesis are semi-structured and interview guides have been sent to the interviewees beforehand, these can be found in appendix A.2. Except for the interviews aimed at getting feedback for the solution. In this case a short summary of the solution was sent and the interview was more an open discussion about this. This enabled the interviewee to deviate from the guide, which could lead to unexpected relevant findings but required the interviewer to ensure the right questions were answered [Kvale and Brinkmann, 2015]. Each interview began with a brief introduction to the thesis followed by an introduction of the interviewee. Because of the large number of interviews conducted, many perspectives and themes were included during conduction of these interviews. Most of the themes and perspectives are included directly in the report, but additional themes and agreements or disagreements amongst interviewees are listed in appendix A.4.

It was agreed that the interviews were recorded and transcribed so they can be used for analysis. To verify the use of the interviews, they were sent to the interviewees prior to hand-in to make sure that everything was understood correctly and not misused in the analyses. All interviews, except one with W. de Groot [2022], were conducted in Danish, why something can get lost in translation. This is attempted to account for through the verification.
Except for one phone interview, all interviews were conducted virtually on Teams, as shown in table 2.1. This choice has been made because of flexibility as the interviewees lived in different parts of Denmark. Virtual interviews are also less time-consuming for both parties and have become a new common practice after Covid-19. Virtual interviews differ from face-to-face interviews because some of the non-verbal communication can get lost and it can be more difficult to create trust and a relaxed environment [Iacono et al., 2016; Braun et al., 2017].

2.4.1 Interview with Case Companies

It was necessary to interview each case corporation because some of the required information could not be obtained through document analysis. This was possible because the interviewees from the corporations where employees working with sustainability reporting to some degree. The purpose of these interviews was three-fold.

1. Obtaining the information needed to determine the CSP
2. Understanding how they have used reporting and whether they believe it has affected their CSP
3. Understanding how they approach the new and upcoming regulations

Because the time-frame for the interviews was often restricted to 30-45 min, it was important to prepare for the interviews, so they could concentrate on information that could not be obtained elsewhere. The interview guides were mostly the same but with a few updates as experience gained from the first interviews led to some minor changes.

The final interview guide in English can be found in appendix A.2.1, where it has been color-coded to show which questions are directed to which of the three main purposes. Information required for the ten parameters that are not part of the interview guide was obtained from their sustainability reports, annual reports, or websites. The verification of the interviews with the case corporations differ slightly from the rest of the interviews. Besides sending them the project and highlighting where they are cited, they also received the description of their company and the determination of their CSP.

INTERVIEWS WITH SEVEN CASE COMPANIES					
Company	**Name**	**Title**	**Date**	**Format**	**Year**
Demant	Siri Teilmann-Ibsen	Sustainability manager	01/04	Online (Teams)	3
Genmab	Nicolai Søberg-Hansen	Senior Investor Relations Associate	04/04	Online (Teams)	4
Tryg	Kristina Thomsen	Corporate Responsibility Consultant	04/04	Online (Teams)	2,5
Danske Bank	Johan Dahl	Chief Sustainability Consultant	08/04	Online (Teams)	3,5
Ambu	Lene Møldrup	Responsible for ESG and Sustainability	19/04	Online (Teams)	2
FLSmidth	Wouter de Groot	Head of Sustainability	22/04	Online (Teams)	?
Coloplast	Mathias Ahnfeldt	Sustainability Business Partner	26/04	Online (Teams)	0,5

Table 2.2. Overview of the interviewees from each of the seven case corporations, their title, date, format and for how many years they have been working at the given company.

2.5 Document Analysis

2.5.1 Sustainability Reports

A delimitation was made to mainly focus on separate sustainability reports but annual reports and websites were also briefly viewed. It was decided to only analyse reports dating back to 2017, which may have implications because significant developments may have occurred in previous reports. But because of the introduction of the new regulation in 2017, this delimitation was made.
The procedure for analysing the reports was structured around the conceptual framework in chapter 3. The reports were all carefully read through and hand-coded based on any information relevant to the ten parameters for 'CSP'. Because qualitative data is so rich and dense in information, not all of it can be included in the study and it is up to the researcher to 'purposefully select' the empirical data best suited to answer the research question [Creswell, 2014, p. 189-195]. The reports contained a lot more information than what is included but the main focus was the determination of CSP. The more general information was condensed into a brief description of the corporations, their strategic approaches, and significant developments over time. After hand-coding the data from the reports into the ten parameters, all data was reviewed to organise and make sense of it so that it could finally be used in the analysis [Creswell, 2014, p. 186].

2.5.2 Legislative Documents

To answer sub-question two about the impacts of regulation, document analysis is made both of the official legislative documents as well as documents related to this, for example delegated acts or assessment. The procedure for analysing these documents was based on some overall themes.

1. The purpose and content
2. Benefits and potentials
3. Complications and challenges
4. How it should be applied by corporations in practice

Hand-coding was used to divide the information gathered into these themes before it was analysed.

2.6 Observations Through Webinars

Another method used for data collection to answer the second sub-question is observations made through attending online webinars. Because the regulation regarding SR is still under development, there is little information available about its use and impact. As a result, webinars have provided some valuable insights into the impact of the new and upcoming regulations. These observations were made as an observer rather than a participant [Creswell, 2014, p. 191]. The three webinars attended are described in table 2.3, along with the facilitator(s) and the key takeaways/content.

Title	**Facilitator**	**Content**	**Date**
Auditing ESG: Why Sustainability Reporting Needs Oversight	Reuters Events (Andromeda Wood, Franco Landra, Julius Herfel, and Lucia Silva)	Generally about ESG reporting in companies. Breaking down the silos and collaborating to increase the quality of SR and data. Overview of the evolving standards and regulations.	24/03
EU Taxonomy classification and reporting in 2023	ECOBIO (Katrine Hoset)	Understanding the impact of the EU Taxonomy. Timeframes for compliance and eight steps for companies to align with the Taxonomy.	31/03
Where Do ESG and Sustainable Finance Go from Here?	GreenBiz Webcasts (Joel Makower, Richard Mattison, Allison Binns, and Grant Harrison)	An understanding of the key issues within ESG and sustainable finance. Trends and practices, risk management, and expectations from external stakeholders and investors. A lot of focus on ESG ratings and the material dimension/data.	16/05

Table 2.3. Webinars attended during the project period to gather data, especially related to the regulation on sustainability reporting.

3 Conceptual Framework

This conceptual framework is developed to help answer the research questions. To do so it defines the terminology of 'Corporate Sustainability Performance' and uses aspects from a three-stage sustainable business models theory to identify 10 parameters that can assess the CSP based on document analysis of sustainability reports and interviews.

3.1 Definition of 'Corporate Sustainability Performance'

As the research question in section 1.3 uses the terminology 'Corporate Sustainability Performance' (CSP), it is necessary to define this term. For many years, there has been debate about the distinction between 'sustainable development' and 'sustainability'. 'Sustainable development' is appealing to governments and corporations but is criticised for its internal contradiction of ecological concerns and a focus on growth. Academia is more prone to 'sustainability', arguing that it places the right focus on balancing social, environmental, and economic matters [Robinson, 2004]. Although this thesis is written from a corporate perspective, the term "sustainability" was chosen over "sustainable development" in the hopes of shifting the emphasis away from economic growth and taking a more holistic approach. But what exactly is sustainability from a corporate perspective? According to Mattera et al. [2021] corporations are considered sustainable if they design strategies in line with the theoretical perspectives of the "triple bottom line". But during an interview with project manager at Erhvervshus Hovedstanden, Steven Kær Møller, he raised a relevant critique, arguing that no company today has reached complete sustainability on all three parameters and that requires continuous improvements and initiatives [S. Møller, 2022]. The terminology 'Corporate Sustainability Performance' emphasises that sustainability in a corporation is not an end goal but continuous, iterative improvements on all three dimensions.

3.2 Framework for assessing Corporate Sustainability Performance

To enable an assessment of 'Corporations Sustainability Performance', inspiration from the theoretical concept of 'Sustainable Business Models' (SBM) has been applied. A business model refers to the logic behind corporations' activities and value creation and is often determined by activities, strategies, and visions from the top management [Abdelkafi and Täuscher, 2016; Schaltegger et al., 2012]. While sustainability has risen to the top of the corporate agenda, it is frequently manifested in promotional, externally focused reports that provide little indication of the actual sustainability performance or progress [IFAC, 2011, p. 16]. The best way to avoid this is by integrating sustainability into the business model. A SBM is when a corporation manages to consider all relevant stakeholders as well as any impact, positive or negative, they may have on the environment and society.

Corporations need to identify all key sustainability issues and make strategies for how to deal with these as well as integrate this knowledge from a strategic to an operational level [IFAC, 2011]. This will bring competitive advantages and long-term value creation [Mattera et al., 2021, p. 3]. In other words, a SBM is a way to increase economic value through social and environmental considerations [Abdelkafi and Täuscher, 2016; Schaltegger et al., 2012]. To obtain a SBM, the current business model must be adjusted, modified, or radically changed, depending on the current sustainability performance, which requires innovation and strategic decision-making [Adams et al., 2016; Schaltegger et al., 2012]. Using an adequate reporting practice is one of the keys to ensuring long-term commitment to sustainability [Mattera et al., 2021, p. 16]. To investigate 'Corporations Sustainability Performance' the theoretical framework in figure 3.1 is applied.

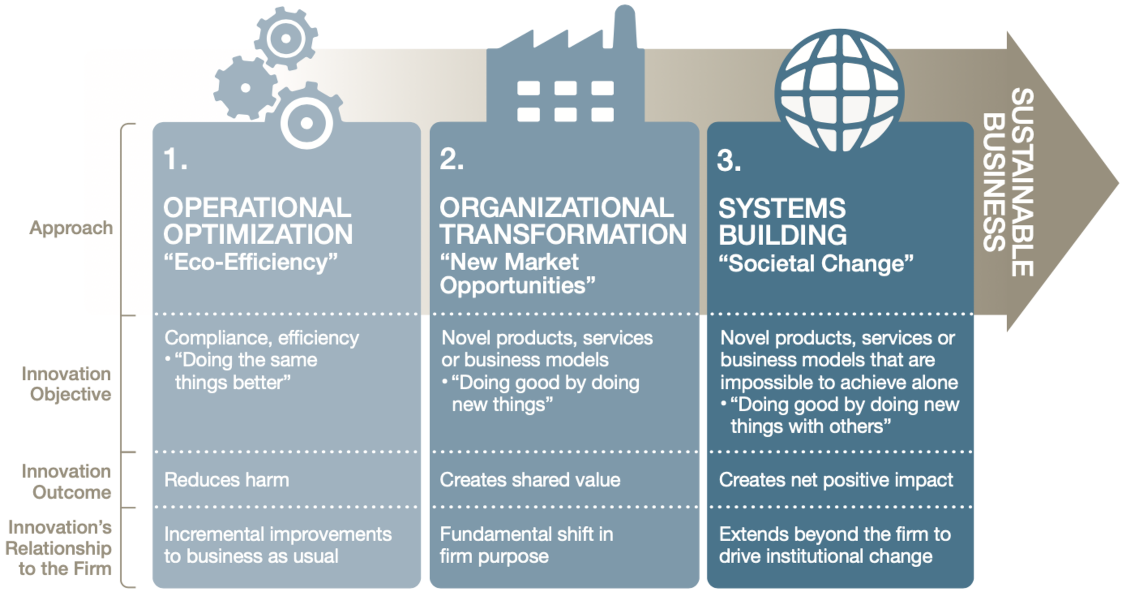


Figure 3.1. Theoretical framework: The three-stage sustainable business model by Network for Business Sustainability [2012].

The three stages of a sustainable business in figure 3.1 are built on different types of innovation for sustainability. In stage 1, the focus is on technological innovation that happens more isolated to stage 3 where innovation focus is on people and is more integrated, extending beyond the walls of the organisation [Network for Business Sustainability, 2012, p. 5]. The arrow shows how corporations can transition towards the sustainability ideal in time, and some companies might even start in stage 2 if they are established with a sustainability purpose [Network for Business Sustainability, 2012]. Stage 3, System Building is the ideal of a sustainable business and is considered unattainable for most corporations. In 2012 when the framework where developed and tested on Canadian corporations, none of these were in stage 3, and the vast majority were in stage 1. In 2016 the same framework was applied in a Danish context, where the same picture was expected to occur. However, Danish corporations tend to focus increasingly on sustainable products rather than solely on sustainability in production from a technological/efficiency standpoint. [Remmen and Kristensen, 2016, p. 10].

Operational Optimisation
Corporations make additions to their current business model that allows them to reduce the harm caused by their operations while continuing business as usual. The changes done are very incremental, end-of-pipe, to be compliant or increase efficiency [Network for Business Sustainability, 2012, p. 6-8]. Changes are short-term and focused on single improvements that can either reduce the resources or energy consumption and thereby achieve increased profit or reduced costs [Remmen and Kristensen, 2016, p. 9].

Organisational Transformation
This stage is about doing new things rather than doing the same thing better. Corporations alter their business model and create opportunities by introducing new or improving existing services or products. It is a more disruptive type of innovation with an equal focus on the triple bottom line. While the corporation is moving away from business as usual, the changes are still primarily internal but might also include increased communication throughout the value chain [Network for Business Sustainability, 2012, p. 9].

System Building
The ideal sustainable business model is where corporations take a more holistic, long-term approach and perceive themselves as an integrated part of society. The emphasis is no longer solely on trying new things, but on generating net benefits. This requires collaborative approaches and the creation of new partnerships with other corporations or the government. It is about doing new things with others that could not have been done alone, which often results in a more radical change in the business model [Network for Business Sustainability, 2012, p. 10].

3.3 Reporting Characteristics for Each Stage

According to Creative Director and Partner at We Love People, Christina Blak, the sustainability report is a corporation's testimony of its true commitment to sustainability. During interview with partner at We Love People, Christina Blak, a good SR explains corporations' approach to sustainability, set ambitions, and show whether they live up to these [C. Blak, 2022]. This makes the sustainability reports a good indicator to determine 'CSP', and is supplemented by qualitative interviews with relevant individuals from the corporation.
Based on the knowledge gained in the state-of-the-art, legal requirements, interviews, and the three stages in figure 3.1, the following parameters have been identified to help determine CSP.

PARAMETERS	OPERATIONAL OPTIMISATION	ORGANISATIONAL TRANSFORMATION	SYSTEM BUILDING
Description of business model[a]	Minimum requirements in law (link between business model and sustainability)	Adjustments to the business model due to sustainability (Related to products or services - doing new things)	More radical changes in business model, that embraces system building (partnership and collaborations become part of the business model)
Value creation (view on sustainability)[a b]	Traditional value creation with the business in focus (single issues and uneven focus on the triple bottom line)	Shared value creation, based on the triple bottom line (even attention to all three pillars and approaching them less separated)	System/societal value. The corporation views themselves as part of an ecosystem, where their business is integrated into society and an environment, which needs to be in balance
Responsibility[b]	Responsible for own production and operations. Limit negative impacts (do less harm) and law compliance	Responsible for products and services (goes beyond own operations. Life cycle perspective in the value chain). Includes both positive and negative impacts	Responsible for a sustainable society. Sharing knowledge and contributing to improvements that create net positive value and drive institutional change
Choice of framework[b]	GHG protocol (Scope 1 and 2), ISO 14001	GHG protocol (scope 3), UN Global Compact, Life Cycle Analysis, EPDs, UN SDGs, Internal circularity, product certifications (EU flower, FSC etc.)	Industrial symbioses, Circular economy that expands beyond the corporation, B Corp certification
Scope of improvements[b]	Improving production and internal processes (Efficiency, compliance, waste, and resource management)	New products or radically changed products, new services, or market opportunities. Improvements throughout the value chain	Partnerships, dialog, knowledge sharing, innovation, and institutional change
Engagement by management[b]	Top management is less engaged. Mainly approves strategies and initiatives	Top management takes responsibility for the sustainability agenda on a more strategic level	Top management is engaged in holistic sustainability activities that go beyond the corporation
Employee involvement[b]	Limited involvement with focus on internal optimisations (one-way communication)	Involved regarding the sustainability of products or services (consultation)	Employees are fully engaged and included in the sustainability agenda (joint decision-making, collaborations)

Stakeholder engagement^b	Limited engagement only for the benefit of internal improvements	Stakeholders are engaged through supply chain management (one-way requirements or collaboration)	Partnerships with stakeholders to achieve sustainability ambitions they could not do alone
Carbon Footprint^c	Increase in emissions. Main focus on scope 1 and 2	No significant changes in emissions Inclusion of scope 3	Decrease in overall footprint. Also scope 3 emissions
Type of targets^c	Short term, efficiency targets aimed at production	Medium-term targets for products and services' performance	Ambitious, long term targets which acknowledge the need for collaboration to be achieved

Table 3.1. Parameters in sustainability reporting to determine which of the three stages a corporation operates within. a) Requirements in The European and Danish law, b) Management dimension, with inspiration from theoretical framework [Network for Business Sustainability, 2012; Remmen and Kristensen, 2016], and c) Material dimension.

A combined assessment of each of the parameters will determine in which of the three stages the corporation operates. It is important to note that although the stages are very separated in table 3.1 the boundaries and overlaps between them are very fluent and a corporation can easily be in-between stages or be in different stages based on different parameters. The three stages can also illustrate an evolution over time in CSP because the focus can change from factory/technology to product or service transformations, to collaborative system building.

3.3.1 Business Model - Legal Requirements

The first parameter in table 3.1 is included based on the current requirements in European and Danish regulation on SR. In the NFRD corporations' are required to describe their business model, which according to EU guidelines entails their value creation, and what the corporation does, how, and why [European Commission, 2017]. In remarks for the Danish implementation of this, it is stated that the description of the business model should contribute to an understanding of how the corporations' societal responsibilities are connected to their core business and strategies [Folketinget, 2015]. C. Blak [2022] pointed out how a corporation often starts having a separate sustainability strategy, that gradually starts integrating with the corporate agenda and core business. It takes time to radically change a business model towards increased sustainability, and often having a strategic framework can be a start in the right direction [C. Blak, 2022].

3.3.2 Material Dimension: Quantitative Performance

The material dimension of CSP is a more quantitative evaluation of the sustainability reports. When CO_2 emissions are compared over time, it is possible to see if the corporation has made environmental improvements. The type of targets set can also be an indication of the CSP. According to C. Blak [2022] corporations frequently lack ambitious, quantitative targets that can help determine progress. The targets need to be ambitious and long-term but supplemented by short-term commitments and actions [C. Blak, 2022]. The investigation of the coherence between sustainability reporting and actual performance in the literature focus on the material dimension. This is the case by both Calabrese et al. [2020] and Bernard et al. [2015] who analyse the environmental performance of corporations solely on the development of CO_2 emissions. Beyond the material dimension, it has been deemed necessary to include more qualitative aspects to fully determine the true Corporate Sustainability Performance.

3.3.3 Management Dimension: Value Creation - A Change in Mindset

For a corporation to move from one stage in figure 3.1 to another, a change in mindset and value creation is needed [Network for Business Sustainability, 2012]. This requires a more qualitative investigation and insights into how a corporation perceives itself in relation to its surroundings and their approach to value creation. Figure 3.2 visualised the change in value creation in the three different stages.

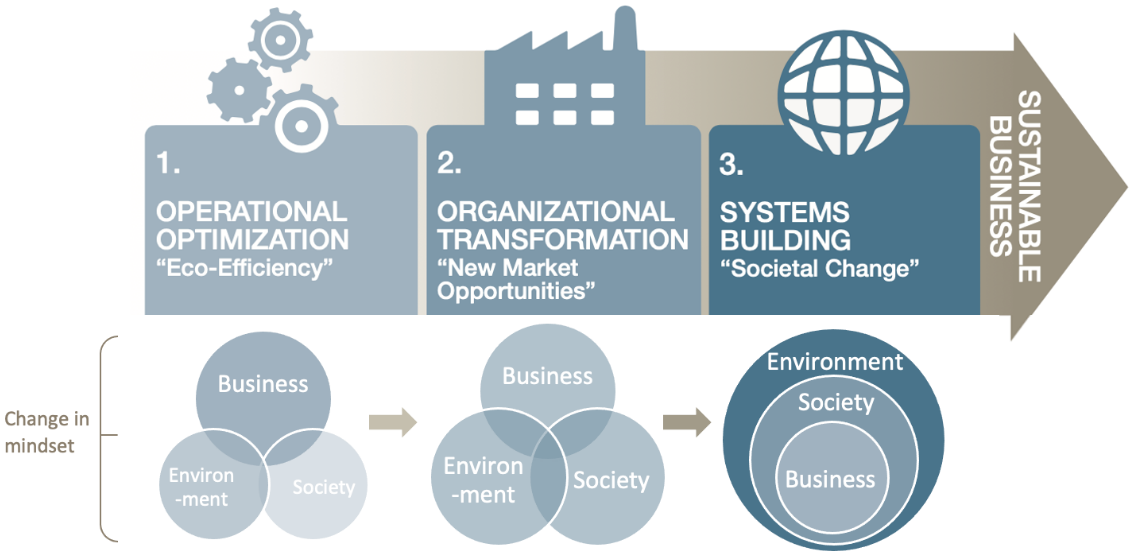


Figure 3.2. From traditional more isolated value creation to shared value creation to system value. With inspiration from Walker et al. [2019].

The three overlapping circles in the middle of figure 3.2 represent shared value creation. According to Walker et al. [2019] these overlapping circles imply that the business only has a limited impact on society and the environment. With the change in mindset from stage 2 to stage 3, the pillars no longer overlap but are integrated, referred to as system or societal value. The three nested circles represent how the business is integrated and thus dependent on a functioning and balanced environment and society in for the business to exit and thrive [Walker et al., 2019]. During an interview with Emma Ager Jønbech, consultant at Nordic

Sustainability, she expressed that corporations need to focus both on eliminating any negative impacts and increasing any positive impacts to be truly sustainable [E. Jønbech, 2022].

The management dimension also consists of a corporation's choice of framework. Measuring scope 1 and 2 emissions according to the GHG Protocol and ISO 14001 correspond to stage 1. Despite the increased product focus in the latest ISO 14001 version, it primarily focuses on internal, production improvements. In stage 2, frameworks expand to the value chain by measuring scope 3 or life cycle analysis. It also includes frameworks that employ the triple bottom line principle, such as the SDGs or the UN Global Compact, as well as certifications for products or services'. In stage 3, the frameworks are more holistic and engage more than just the corporation itself. An example is the B Corp certification[1] [Network for Business Sustainability, 2012].

The management dimension further includes engagement of relevant internal and external stakeholders. This refers to what they are engaged in, whether it is internal optimisations or products but also how they are engaged. Whether it is one-way communication through information or requirements, or more collaborative two-way communication with room for more bottom-up approaches. Employee involvement is pivotal to making sustainability changes in a corporation because they need to understand the benefits and their role [Miljøstyrelsen, 1996]. There are three different stages of employee involvement is inspired by previous educational material, see appendix A.3

1. Information (one-way)
2. Consultation (employees' suggestions and advice are included)
3. Joint decision-making (employees are part of the decision-making)

According to C. Blak [2022], the engagement from top management is essential because to be a sustainable corporation, they must lead by example and be willing to make the necessary changes required and rethink how they do things [C. Blak, 2022]. If the top management is unwilling, it can create major barriers for the CSP and according to E. Jønbech [2022] the top management can create push-back because they can have a hard time making changes and taking a long-term approach.

[1] According to Network for Business Sustainability [2012] a B Corp certification can be an indication of working within stage 3. The B Corp certification ensures measuring a corporation's entire environmental and social impact [B Lab, 2022].

4 Influence of Sustainability Reporting on Performance

The purpose of this chapter is to answer sub-question 1: "How is the Sustainability Performance in large Danish corporations and how has reporting on sustainability influenced this?". This will be accomplished by investigating Danish Sustainability Reporting practice to see how it aligns or differs from the European practice in chapter 1. Then, case studies of seven C25 corporations will be conducted to determine their individual 'Corporate Sustainability Performance' and finally investigate how or if sustainability reporting has an impact on this.

4.1 Danish Reporting Practice

As described in the delimitations this thesis will investigate sustainability reporting in a Danish context because it is important to understand the local practice and national context [Torre et al., 2018, p. 601]. Furthermore the Danish practice, mapped through grey literature and interview, is an important supplement to the state-of-the-art. This is because within a research field like sustainability reporting that is constantly developing, some of the most recent developments will not yet be part of the academic literature. This section is structured using the same four relevant topics from the state-of-the-art in chapter 1.

Development in Danish Sustainability Reporting
Until recently, Denmark was one of the only countries to regulate SR and the Government has ambitions for Denmark to continue being frontrunners [Regeringen, 2012; Ottenstein et al., 2022]. Denmark was the first EU member state to require environmental reports when 'Green Accounts' becoming mandatory for specific polluting corporations in The Environmental Protection Act in 1995 [Remmen and Holgaard, 1999]. The Green Accounts served two functions. Firstly, it should inspire corporations to focus on environmental concerns, and secondly, it should increase the public's access to corporate environmental data [Miljøstyrelsen, 2022]. In 2015 Green Accounts was abolished because it did not have the expected environmental impacts and it was a very technical report with limited relevance according to the chairman at FSR, Birgitte Mogensen.
Large changes were made to the Danish reporting practice around 2000, with the introduction of international standards like the UN Global Compact and GRI [B. Mogensen, 2022]. According to the head of taxes and accounting in the industrial organisation, Dansk Industri, Kristian Koktvedgaard, these changes were a radical transition in the Danish practice.
Since 2009 the 1.100 largest corporations in Denmark, financial corporations (funds and investors), and state-owned corporations have been obligated to report non-

financial information according to The Financial Statements Act[1] [Camilleri, 2015b; Erhvervsstyrelsen, 2021]. This law follows the "comply or explain" principle, which means that corporations must either disclose sustainability information for which they have a policy or explain why they have chosen not to [Camilleri, 2015b, p. 232]. Despite this flexibility, 87% of these corporations reported actively on CSR in 2012 according to the government's Action plan for Corporate Social Responsibility [Regeringen, 2012, p. 4]. In may 2015 the Danish government revised The Financial Statements Act, partly to implement new directives from the EU, like the Non-Financial Reporting Directive (NFRD) [Deloitte, 2015]. These revisions were implemented in The Financial Statement Act §99a over two stages [Dansk Industri, 2022]. First, setting requirements for corporations within accounting-class D[2] in 2016. And secondly setting requirements for corporations in accounting-class C (large)[3] in 2018 [Dansk Industri, 2022]. The main revisions of §99a are increased requirements for the content and description of the business model [Deloitte, 2015]. These new updates are an over-implementation of the NFRD, which underpins the Danish government's ambition to be the frontrunner. The focus in SR has changed, where the focus for many years was on the environmental dimension, through the Green Accounts, an increased focus came on the social aspect and corporate social responsibility (CSR), and the latest development focus on the triple bottom line and all three dimensions of sustainability [B. Mogensen, 2022]. According to Birgitte Larsen, Partner at BetterGreen, legislative developments have accelerated this development [B. Larsen, 2022].

Drivers and Barriers

The drivers and barriers are identified through interviews with experts and Dansk Erhverv' results of a member survey of 624 corporations from various industries and sizes in 2021.

DRIVERS	BARRIERS
Competitive advantages, better reputation, and financial benefits [Dansk Erhverv, 2021].	Corporations lack knowledge, resources and demand [Dansk Erhverv, 2021].
Increased motivation and involvement of employees [S. Møller, 2022] [S. Vestergaard, 2022].	Difficulties with collecting the right and enough data [C. Blak, 2022] [B. Olsen, 2022].
Live up to increasing demands from supply chain (the main pressure is B2B) and investors [Dansk Erhverv, 2021].	Greenwashing is a growing challenge with increased attention in Danish media [Vejsgaard, 2021].
Important license to operate and basis for future existence, minimising the risk of becoming irrelevant [S. Vestergaard, 2022; E. Jønbech, 2022].	Still a new practice for many. Unclear definitions and difficult to understand what will create the most value [S. Vestergaard, 2022; B. Larsen, 2022].

The majority of the drivers and barriers are consistent with those listed in table 1.2, however, one surprising reason why companies choose not to work with sustainability is the fact that 20% do not find it relevant for their corporation or its business model. This made Dansk Erhverv [2021] conclude that there is a need for increased guidance and knowledge about corporate sustainability in Danish corporations.

[1] Bekendtgørelse af årsregnskabsloven, LBK nr 838 af 08/08/2019

[2] State-owned companies and listed companies [BDO, 2016].

[3] corporations exceeding two of the three boundaries; balance sheet total 156 mio. DKK, net revenue 313 mio. DKK., and 250 employees [BDO, 2016].

Characteristics and Quality from a Danish Perspective
UN Global Compact, GHG Protocol, Science Bases Targets, ISO, SDGs, and GRI were all mentioned as popular frameworks during exploratory interviews [S. Vestergaard, 2022; F. Hopkirk, 2022; B. Olsen, 2022]. Especially Science-Based Targets have gained increased focus in large corporations, which according to C. Blak [2022] is because it is the corporate version of the Paris Agreement.
Each corporation should consider the best way for them to report on sustainability. Depending on the target audience it can make sense to prepare integrated reports, separate or even focus on social media or websites [B. Larsen, 2022]. Most large Danish corporations report separately on sustainability [K. Koktvedgaard, 2022]. Partner at Carve Consulting, Birgitte Kofod Olsen, advocates for integrated reporting because this helps integrate sustainability into the business model and value creation [B. Olsen, 2022]. The audience for SR has unfortunately for many years been limited to students and consultants [Remmen and Holgaard, 1999], whereas the end customer mainly reads on the web page and on social media [B. Larsen, 2022]. However, this is changing, starting with the new focus from investors [B. Olsen, 2022]. Reporting on sustainability is popular across a wide range of industries and according to S. Møller [2022] it is particularly popular in Denmark amongst corporations within manufacturing, fashion, building, and food production, while service and trading companies also show interest.

One of the Danish characteristics that differ from the European practice in literature is the large focus on ESG. According to Birgitte Olsen from Carve Consulting, ESG is a new concept born in the financial world that has become a buzzword in Danish sustainability reporting [B. Olsen, 2022; Wood et al., Webinar, 24-03-2022]. ESG creates a connection to the financial information in the annual reports and is a framework for sustainability that allows corporations to measure the impact. Whereas other frameworks like CSR or SDGs are more political agendas, which have been hard for corporations to use directly [C. Blak, 2022; B. Larsen, 2022]. S. Møller [2022] mentions a more unfortunate characteristic in Danish reporting, which is the tendency that climate and CO_2 calculations overshadow other relevant aspects. Similarly, E. Jønbech [2022] mentions how the reduction argument in sustainability reports has received a lot of attention, resulting in a greater emphasis on reducing negative impacts rather than creating positive ones.

In terms of Sustainability Reporting Quality, Danish corporations have always had a high quantity of sustainability reports, but critiques have been raised regarding the lack of quality, which reflects poorly on the transparency and trust from stakeholders, leaving room for improvements [Hąbek and Wolniak, 2015; Regeringen, 2012]. FSR delegate a CSR award annually to corporations considered *"best-in-class at sustainability reporting"*. This award builds on some criteria that indicate what is valued as quality reporting in Denmark. For 2022 the criteria are [FSR, 2022].

- **Relevance and Importance:** Including corporations' ambitions, description of the business model, and their role in the transition towards a sustainable society as well as engagement of all organisational levels. It is expected that they include the double materiality principle and set targets on both long- and short-term for scope 1, 2, and 3.

- **Balance and Usability:** The report's content should balance both 'E', 'S', and 'G', and focus on limiting negative but also creating positive impacts. It is also expected that they use relevant voluntary frameworks as a guideline for the report.

These criteria are very much in line with the criteria for Sustainability Reporting Quality in the European literature in section 1.1.3, as well as the themes in the ten parameters in table 3.1.

In the Danish sustainability reporting practice, there are many similarities to the European practice, described in chapter 1. Table 4.1 sums up the main points from the description of the Danish sustainability reporting practice.

DEVELOPMENT	**DRIVERS**	**CHARACTERISTICS & QUALITY**
Green Accounts (1995-2015)	Employee motivation	Frameworks: UN Global Compact, GHG Protocol, GRI, SDGs, ISO 14001, ESG, Science-Based Targets
First reporting requirements (2009)	Competitive advantages, financial benefits, and a better reputation	Mostly separate sustainability reports
Update to the Financial Statement Act §99a, after NFRD (2015)	License to operate and basis for a future existence	Industries: Manufacturing, fashion, building, food, trade, and service
Requirements for largest corporations, class D (2016)	**BARRIERS**	More focus from investors results in a larger audience for sustainability reports
Requirements for large corporations, class C (2018)	Lack of resources, knowledge, and demand	Too much focus on CO_2, environment, and reduction
From environmental focus to CSR to triple bottom line	Difficulties with data collection and risk of greenwashing	High quantity, but criticised for their quality

Table 4.1. Sum up the Danish practice for sustainability reporting.

4.2 Corporate Sustainability Performance in Seven Danish, C25 Corporations

Case studies of seven Danish C25 corporations has been conducted to allow for a more thorough and practical investigation of the impact of Sustainability Reporting on Corporate Sustainability Performance. One of the prerequisites for C25 corporations is their size, both determined by the number of employees and revenue. According to Mac [1999] larger companies are better equipped to work with sustainability because they have more resources, competencies, and time to devote. On the downside, large corporations are less flexible and agile compared to SMEs, which can make it more difficult to make changes to the business due to sustainability [Sloan et al., 2013; K. Thomsen, 2022].

Reporting characteristics for the seven corporations

Table 4.2 gives a quick overview of each of the C25 corporations in the case studies. The information is the most recent from 2021, and information about reporting is in regards to separate reports only.

Corporation	**Industry**	**Number of employees (2021)**	**Established**	**Years of reporting**	**Length of reports (2021)**
AMBU	Health and medicine (Production)	3.576	1937	Since 2018	52
Coloplast	Health and medicine (Production)	12.500	1954	Since 2009	50
Danske Bank	Finance	21.000	1871	Since 2006	52
Demant	Health and medicine	18.116	1904	Since 2010	224
FLSmidth	Technology provider	10.117	1882	Since 2008	55
Genmab	Health and medicine	1.212	1999	Since 2016	46
Tryg	Finance	4.674	2002	Since 2018	39

Table 4.2. General information about the case corporations and their separate sustainability reporting.

The following sections will determine the 'Corporate Sustainability Performance' for the seven case corporations based on the ten parameters identified in the theoretical and analytical framework in section 3. This includes a short description of background knowledge and a description of the developments in their sustainability reporting.

4.2.1 AMBU

AMBU manufactures, sells, and develops medical devices for clinics and hospitals globally. The Danish headquarter was established in 1937 and since then, production sites have been established in Malaysia, China, and the United States. These production sites account for more than 80% of AMBU's CO_2 emissions [Ambu, 2020/21 Report; L. Møldrup, 2022, p. 6]. Today they employ 3576 people. Since AMBU have been covered by the Danish Financial Statement Act they started reporting on sustainability on a couple of pages in their annual reports, according to the Responsible for ESG and sustainability at AMBU, Lene Møldrup. The first separate sustainability report was published in 2019/20 on 20 pages which has increased to 52 pages in their most recent report [L. Møldrup, 2022]. Significant changes in their sustainability reporting are illustrated in figure 4.1

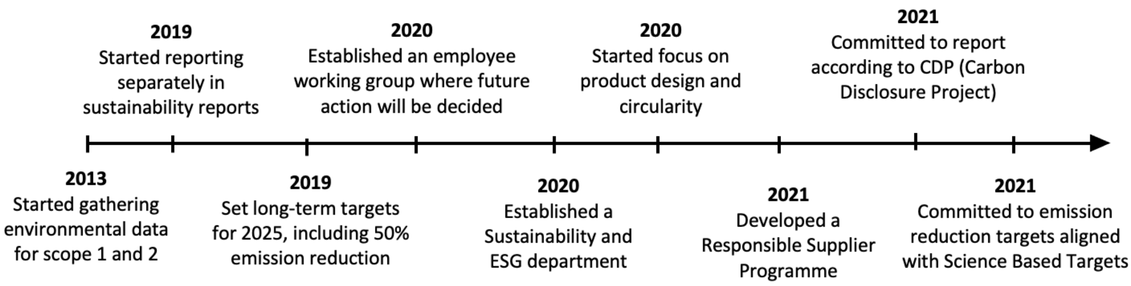


Figure 4.1. Development in Ambu's Sustainability work over time. Based on sustainability reports from 2017-2021 [Ambu, 2016/17 Report, 2017/18 Report, 2018/19 Report, 2019/20 Report, 2020/21 Report] and an interview with Responsible for ESG and sustainability L. Møldrup [2022].

AMBU's sustainability efforts have increased significantly since they began reporting separately on sustainability in 2019/20. According to L. Møldrup [2022] the development will be more difficult now that they have included the majority of the low-hanging fruits. AMBU does not have a sustainability strategy, but part of their business strategy is; *"To grow sustainably for our people and our planet"* [Ambu, 2020/21 Report]. Based on a materiality assessment their sustainability efforts includes; Product governance, Environment and climate, Social capital, and Business ethics and compliance. AMBU's CSP is classified as stage 2 based on an evaluation of all ten parameters. Because their focus is still very internal on their operations, but they have an increased focus on improving the impacts of their products and value chain. When it comes to the parameters 'Business model' and 'Value creation' AMBU is within stage 1. In AMBU's annual reports they have a thorough description of their business model [Ambu, 2018/19 Report]. But in the sustainability reports, they only described the purpose of the corporation, not going into detail about the business model or its relation to sustainability. In terms of 'Value Creation', there are some indications through their reports, that the main motivation for working with sustainability is improving the reputation of the company towards investors. An example is *"Our aspiration is to be recognised as a sustainable and responsible company in external ratings"* [Ambu, 2020/21 Report]. In general, AMBU has made great improvements over the last couple of years and is moving in the right direction.

Parameter	AMBU's Sustainability Performance	Stage
Business model	AMBU is trying to incorporate, adjust and add environmental aspects, as their products are mostly single-use [L. Møldrup, 2022]. AMBU has social sustainability in their purpose, but their sustainability report lacks a clear description of how or if sustainability has made adjustments to the business model.	1
Value creation (view on sustainability)	AMBU's core value is to care for people through a focus on employees and patient care. According to L. Møldrup [2022] the environment has more focus in the reports because it is more project-oriented. The main focus seems to be the business. Social and environmental aspects are approached separately.	1
Responsibility	AMBU's main focus is reducing the negative impacts; *"We aim to reduce the negative climate and environmental impact of our business"* [Ambu, 2018/19 Report]. But they also take responsibility for their impacts through the value chain and their products [Ambu, 2020/21 Report].	2
Choice of framework	GHG Protocol (scope 1 and 2), UN Global Compact, SDGs, LEED certification, and Science-Based Targets.	2
Scope of improvements	Internally AMBU works on minimising waste and reducing water and energy consumption. AMBU also works on improving their products through a life cycle perspective, circularity, product design, and phasing out hazardous materials. Despite regulatory barriers, they are working on a take-back and recycling system for their products at hospitals [Ambu, 2020/21 Report, 2019/20 Report; L. Møldrup, 2022].	2
Engagement by management	AMBU acknowledges that top-level engagement is crucial and it helps make it clear that sustainability is a priority in the corporation [Ambu, 2019/20 Report; L. Møldrup, 2022]. In the reports, it seems like the CEO and CFO are less engaged, and mainly *"approve policies, reporting and selected processes"* [Ambu, 2020/21 Report], but according to L. Møldrup [2022] they refer a lot to the CEO, who is very engaged because he has to answer questions regarding sustainability.	2
Employee involvement	The sustainability efforts are mainly top-down. Overall ambitions are selected on a higher level. Employees supply data and participate in project groups. *"It is a dialog with employees about how things should be done"*, where employees come with specific ideas (Consultation) [L. Møldrup, 2022].	2
Stakeholder engagement	AMBU acknowledges the large impact a corporation of their size has on the supply chain. Through their 'Responsible Supplier Programme' they not only set requirements but collaborate with suppliers where improvements are needed [Ambu, 2020/21 Report].	2
Carbon Footprint	AMBU's scope 1 and 2 emissions have increased since their baseline year 2019, mainly due to expansions in the scope. Measuring CO_2 by revenue results in a 16% decrease [Ambu, 2020/21 Report]. AMBU's investors have questioned their lack of scope 3, which they are now looking into [L. Møldrup, 2022].	1
Type of targets	AMBU has set medium-term targets for 2025, one of which is a 50% reduction in emissions. They also have targets related to packaging and new products being PVC-free [Ambu, 2020/21 Report].	2

Table 4.3. AMBU's Corporate Sustainability Performance based on the ten parameters.

4.2.2 Coloplast

Coloplast produces and supplies medical products that help people within their four business areas; Continence Care, Wound and Skincare, Ostomy Care, and Interventional Urology [Coloplast, 2018/19 Report, 2020/21 Report]. The corporation was founded in 1954 and employs over 12.500 people, selling products in over 40 countries, with production sites in Denmark, France, Hungary, the United States, Costa Rica, and China [Coloplast, 2020/21 Report, p. 6]. Coloplast faces a dilemma because their business purpose of providing medical care products entails producing single-use plastic products [Coloplast, 2019/20 Report, p. 4]. More than 60% of Coloplast's CO_2 emissions stem from materials, where plastic makes up the vast majority. According to sustainability business partner at Coloplast, Mathias Ahnfeldt, they have chosen to see this as an opportunity to work proactively with sustainability [M. Ahnfeldt, 2022]. Coloplast has reported separately on sustainability since 2009. In the analysed period from 2017 to 2021, Coloplast's reports have increased from 41 to 50 pages, and the major developments are illustrated in figure 4.2.

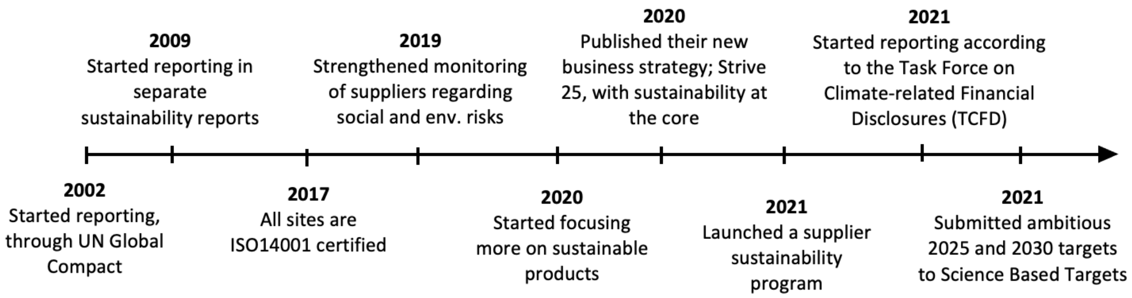


Figure 4.2. Development in Coloplast's Sustainability work over time. Based on sustainability reports from 2017-2021 [Coloplast, 2016/17 Report, 2017/18 Report, 2018/19 Report, 2019/20 Report, 2020/21 Report] and an interview with Sustainability business partner M. Ahnfeldt [2022].

There are obvious changes from Coloplast's 18/19 report to their 19/20 report, both visually and with the increased focus on products. This is partly due to their new business strategy Strive25 which was published in 2020 as seen in figure 4.2. This strategy has four pillars, with sustainable growth at the core [Coloplast, 2020/21 Report]. This development has had a big influence on Coloplast's overall Corporate Sustainability Performance being determined to stage 2. Arguments for stage 2 are also their increased focus on circularity in product development. Within some of the parameters, Coloplast operates in stage 3, as seen in table 4.4. This relates to the responsibility they take as market leaders, advocating for institutional changes and knowledge sharing. During an interview with M. Ahnfeldt [2022] it also became apparent that they do not only monitor their suppliers but value collaboration with them. When it comes to setting targets, Coloplast is both ambitious and flexible. A recycling partnership in Hungary, for example, led to their 2025 recycling targets being met within a year, and they chose to raise this target to be even more ambitious [M. Ahnfeldt, 2022]. Furthermore, they have set a target of engaging 50 of their main material suppliers, to reduce scope 3 emissions [Coloplast, 2020/21 Report].

Parameter	Coloplast's Sustainability Performance	Stage
Business model	Coloplast's mission is to make life easier for individuals with health care needs, which has an integrated social aspect. They do not have a separate sustainability strategy but their business strategy has sustainable growth at the core [Coloplast, 2020/21 Report]. Adjustments have been made to the business model through a focus on more sustainable products.	2
Value creation (view on sustainability)	According to M. Ahnfeldt [2022] their main focus is on the environment. But Coloplast also wants to make a difference in people's lives and have a positive impact on local communities [Coloplast, 2018/19 Report].	2
Responsibility	Coloplast acknowledges their great responsibility as market leaders and focuses on making a change in the entire industry, through collaborations and knowledge sharing. They also take responsibility for the performance of their products and their end of life [Coloplast, 2018/19 Report].	3
Choice of framework	UN Global Compact, SDGs, GHG protocol (scope 1, 2, and 3), internal circularity, Science-Based Targets, TCFD, ISO 14001, LCA, GRI, FSC certification, and LEED silver standard.	2
Scope of improvements	Some of the improvements are mainly focused on internal efficiency; Waste management, emission reduction, energy savings, and reducing hazardous substances. But they have increased focus on improving their products' environmental performance by using eco-design principles when innovating new products, using less or recycled materials, and optimising packaging (internal circularity) [Coloplast, 2020/21 Report].	2
Engagement by management	Coloplast expresses how sustainability needs to be anchored at the top level. The Board of directors and a sustainability steering comity oversee sustainability at a strategic level [Coloplast, 2020/21 Report]. However, sometimes it can take some persuasion to get the top management onboard [M. Ahnfeldt, 2022].	2
Employee involvement	Employees are engaged through initiatives like using recyclable products and a carpooling concept. A lot of the communication is one-way through their intranet or informational meetings. But they do also consult with employees through an idea bank [Coloplast, 2020/21 Report; M. Ahnfeldt, 2022].	2
Stakeholder engagement	Through Coloplast's Supplier Sustainability program they collaborate with suppliers to identify new, more sustainable materials. According to [M. Ahnfeldt, 2022] it is important to help suppliers live up to requirements and build a relationship. Coloplast has a partnership in Hungary that recycles some of their plastic waste and starts a new three-year partnership in the near future with other Danish corporations, where the aim is to find solutions and alternatives to plastic.	3
Carbon Footprint	From 2017 to 2021 there has been an increase in scope 1 and a slight decrease in scope 3. For scope 2 they have eliminated all emissions through renewable energy sources [Coloplast, 2020/21 Report].	2
Type of targets	Coloplast has set long-term ambitious targets of net zero in scope 1 and 2 by 2025 and a 50% reduction in scope 3 by 2030. Reduction in scope 3 requires changes in their supply chain, where they have set specific targets for their supplier collaborations [Coloplast, 2019/20 Report].	3

Table 4.4. Coloplast's Corporate Sustainability Performance based on the ten parameters.

4.2.3 Danske Bank

Danske Bank is the largest bank in Denmark and one of the North's largest financial institutions, operating in ten countries, primarily in Scandinavia. Danske Bank provides a variety of banking services and products, including insurance, investments, loans, mortgage, and pension products [Danske Bank, 2021 Report]. In 2021 Danske Bank published a new purpose; *"to release the potential in people and businesses by using the power of finance to create sustainable progress today and for generations to come"* [Danske Bank, 2021 Report, p. 5]. This purpose draws some lines to the sustainability definition in the Brundtland report according to the chief sustainability consultant at Danske Bank, Johan Dahl. Danske Bank started reporting on sustainability in 2006 due to large corporate attention to CSR and in 2019 they changed from 'Corporate Responsibility report' to 'Sustainability Report' aiming at a more holistic focus on sustainability [J. Dahl, 2022]. Since 2018, sustainability has gained increased attention in Danske Bank and they have tripled the number of employees working with this [Danske Bank, 2019 Report, p. 12]. The length of the reports has developed from 36 pages in 2017 to 52 in 2021. Figure 4.3 illustrates Danske Bank's development.

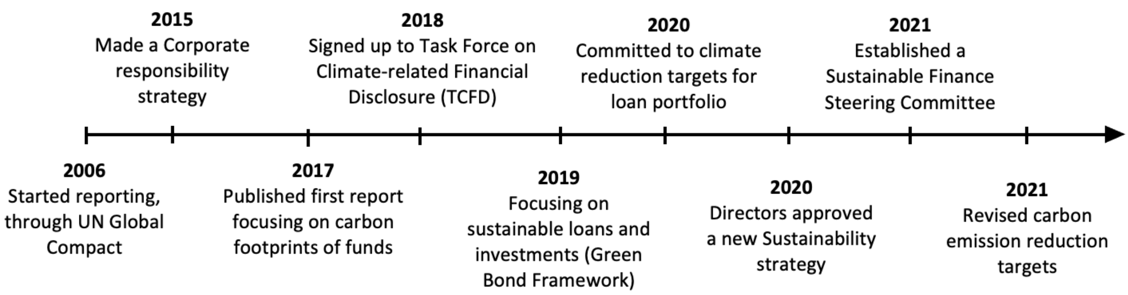


Figure 4.3. Development in Danske Bank's Sustainability work over time. Based on sustainability reports from 2017-2021 [Danske Bank, 2021 Report, 2020 Report, 2019 Report, 2018 Report, 2017 Report] and an interview with Chief Sustainability Consultant J. Dahl [2022].

One of the most significant changes in Danske Bank's reports over time has been a greater emphasis on environmental/climate aspects and sustainable finance. As shown in figure 4.3 they approved a new sustainability strategy at the end of 2020, with the framework called 'Our Core' which entails making the bank better for all its stakeholders [Danske Bank, 2021 Report, p. 6]. This strategy consists of six focus areas, with Sustainable finance at the core [Danske Bank, 2021 Report]. Based on all the parameters in table 4.5 their CSP is determined to be at stage 2. Despite the focus on employee well-being, there is no evidence of employees being involved in the sustainability agenda on more than an informational level (stage 1), see table 4.5. They do operate within stage 3 on some parameters, indicating that they are still developing and moving in the right direction. One of the key factors that place Danske Bank on the verge of stage 3 is their willingness to form partnerships. They supplement this with references in their reports to many relevant political agendas, like UN Green Deal, COP 26, The Paris Agreement, and many more. Furthermore, Danske Bank demonstrates adaptability; *"In 2021 we re-evaluated our fundamental reason for existing"* [Danske Bank, 2021 Report, p. 5], which shows a willingness to make more radical improvements for sustainability.

Parameter	Danske Bank's Sustainability Performance	Stage
Business model	Danske Bank works with sustainability in a separate strategy, but it directly affects the business model through a focus on sustainable finance. In the future, this should be even more integrated because they strive to *"embed sustainability into everything we do"* [Danske Bank, 2021 Report; J. Dahl, 2022].	2
Value creation (view on sustainability)	Danske Bank acknowledges the importance of financial sustainability, because this is their existence, but creates system value; *"a company is a community within society. Companies recognise that to be successful they must create value for society"* [Danske Bank, 2019 Report, p. 5].	3
Responsibility	Take responsibility for internal/direct impacts and indirect impacts through investments on behalf of society and lending money to companies or individuals [J. Dahl, 2022]. Focus on minimising negative impacts as well as increasing the positive [Danske Bank, 2020 Report, 2021 Report].	2
Choice of framework	UN Global Compact, SDGs, Principles for Responsible Banking, The Task Force on Climate-related Financial Disclosures (TCFD), GHG protocol (scope 1, 2, and 3).	2
Scope of improvements	Internally Danske Bank focuses on minimising their carbon footprint through energy efficiency, waste management, and responsible resource consumption. The targets for their lending portfolio help reduce exposure to fossil fuels and assist clients in a green transition, which reduced the negative impact of their services and creates a positive impact in the value chain. They have also launched an Eco-friendly payment card made from recycled plastic [Danske Bank, 2021 Report, 2020 Report].	2
Engagement by management	Top management recognises that the transition to a green economy is a great challenge, but with great opportunities [Danske Bank, 2020 Report]. Their engagement is essential and they participate in discussing sustainability multiple times a year and approve activities and targets [J. Dahl, 2022].	2
Employee involvement	Danske Bank mostly involves employees through one-way information (e.g., e-learning about sustainability) [Danske Bank, 2020 Report]. However, they are working on integrating sustainability efforts across the organisation, in departments dealing with loans and investments etc. [J. Dahl, 2022].	1
Stakeholder engagement	They do sustainability screenings and audits of stakeholders. But also focus on *Active ownership* where they engage in active dialog with customers and investors regarding sustainability, helping them to achieve a green transition [J. Dahl, 2022].	3
Carbon Footprint	Since their baseline year 2019, they have succeeded in decreasing the CO_2 emissions on all scopes. They work on integrating these KPIs into their performance management framework [Danske Bank, 2021 Report].	3
Type of targets	Danske Bank's long-term ambition is to become net-zero by 2050 or sooner, supplemented by more short-term targets for 2023 and 2030, with approaches for how to reach this. They have ambitions/targets for all main reporting areas and banking products [Danske Bank, 2021 Report].	2

Table 4.5. Danske Bank's Corporate Sustainability Performance based on the ten parameters.

4.2.4 Demant

Demant is a technology and hearing healthcare group founded in 1904 by Hans Demant with the wish of improving his wife's hearing abilities. While the purpose has stayed the same, Demant has now evolved into a global group with over 18.000 employees, operating in 30 countries [Demant, 2020]. Demant works with five core business areas; Communication, Hearing aid, Hearing care, Diagnostics, and Hearing implants [Demant, 2020 Report, p. 16]. According to sustainability manager Siri Teilmann-Ibsen being a large group consisting of multiple companies requires a lot when working with sustainability and makes them less agile if they need to make larger changes. Demant has reported on sustainability since 2010 when they signed up for UN Global Compact [S. Teilmann-Ibsen, 2022]. They have chosen to report on sustainability separately because they had more to elaborate on than possible in the annual report [S. Teilmann-Ibsen, 2022]. In 2017 they got a new CEO and since then the reporting scope has changed, including increasing data from more sites [Demant, 2021 Report, 2017 Report]. The length has also changed from 22 pages in 2017 to 224 pages in the latest report from 2021. According to S. Teilmann-Ibsen [2022] they will be developing the reporting practice in the next years including making it more short and precise. Demant's development in sustainability reporting is illustrated in figure 4.4.

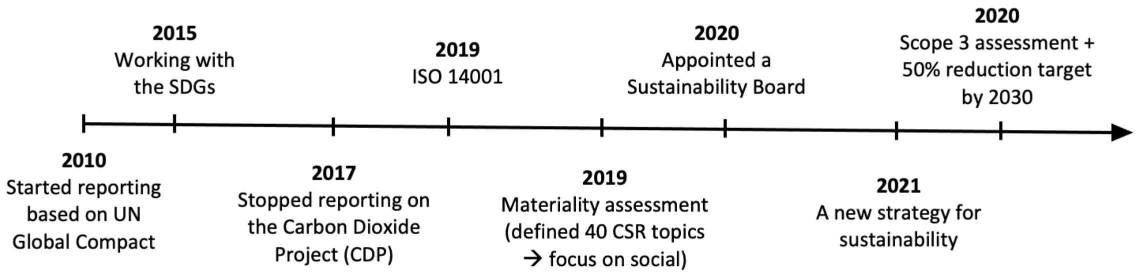


Figure 4.4. Development in Demant's Sustainability work over time. Based on sustainability reports from 2017-2021 [Demant, 2017 Report, 2018 Report, 2019 Report, 2020 Report, 2021 Report] and an interview with the sustainability manager S. Teilmann-Ibsen [2022].

An important development in both the report and sustainability performance is the newly employed sustainability strategy in 2021 with the aim of a more clear direction in the future [S. Teilmann-Ibsen, 2022]. The new strategy includes 5 elements; People & Culture, Society & local community, Environment & climate, Business ethics & government, and lastly their main purpose of hearing health connecting it all to their business model and incorporating the relevant SDGs [Demant, 2021 Report, p. 27].
Demant's CSP is in stage 1 based on all ten parameters. In some areas, like their choice of framework and employee engagement, they are moving towards stage 2 but are not there yet. This is underpinned by an interview with S. Teilmann-Ibsen [2022]; *"we are not that transformative and have not made radical changes in products, but sustainability has made us change things and make optimisations"*.

Parameter	Demant's Sustainability Performance	Stage
Business model	Their core purpose of making a positive and life-changing impact on hearing health has increasingly been included in their business model [Demant, 2019 Report; S. Teilmann-Ibsen, 2022]. Demant has not changed the business model but is working more strategically with sustainability.	1
Value creation (view on sustainability)	They prioritise social sustainability because it relates to their business model, which gives unequal consideration to the triple bottom line. Social and environmental aspects are very separate.	1
Responsibility	Demant acknowledges that they are an important part of society and therefore have a responsibility for the environment, people, and society [Demant, 2019 Report, p. 6]. Mostly they focus on addressing negative impact and doing no harm within their own corporation.	1
Choice of framework	ISO 14001, UN Global Compact, Science-Based Targets, the SDGs and FSC certification.	2
Scope of improvements	Reducing the amount of materials, using recycled materials, philanthropic donations, energy reduction, less waste production, and fewer hazardous substances [Demant, 2019 Report, 2020 Report]. Thus, the focus is mainly on the production and within their own walls. They describe in their report from 2021 how they focus on designing greener products, but the actual improvements are more indirectly focused on the product like fewer materials or better packaging than the product's sustainability performance.	1
Engagement by management	The top management is very engaged in sustainability. Demant has a Sustainability Board which is chaired by the CEO. Their function is to oversee and drive actions on sustainability and they are updated every other month on the process [Demant, 2021 Report; S. Teilmann-Ibsen, 2022].	2
Employee involvement	Demant encourages employees to have a more sustainable lifestyle, through electrical cars, biking to work, and waste management [Demant, 2018 Report]. They are working on integrating sustainability throughout different departments in the company [S. Teilmann-Ibsen, 2022].	1
Stakeholder engagement	Demant acknowledges that 95% of their emissions come from their value chain (scope 3), they only monitor suppliers based on sustainability risks, without setting any requirements [Demant, 2021 Report]	1
Carbon Footprint	KPIs for scope 1+2 and their energy consumption. No reduction in CO_2 has been made from 2019 to 2021.	1
Type of targets	For 2017 and 2018 Demant explain how the emissions are so low, that they do not find it relevant to set any reduction targets [Demant, 2018 Report, p. 40]. This changes in the latest report where they have set the ambitious target of a 50% reduction in scope 1+2 emissions by 2030, with 2019 as a baseline.	1

Table 4.6. Demant's Corporate Sustainability Performance based on the ten parameters.

4.2.5 FLSmidth

FLSmidth is the leading provider of everything from complete plants to single machinery within the mineral and cement industry. They focus on providing sustainable and productive technological solutions to their clients that deliver significant reductions in emissions, according to the head of sustainability at FLSmidth, Wouter de Groot. FLSmidth was established in 1882 and has also previously run operations at plants but their main focus was always as technology providers [W. de Groot, 2022]. They employ 10.117 people and serve customers in over 150 countries worldwide [FLSmidth, 2021 Report]. FLSmidth's sustainability reporting started taking shape in 2008 when they also signed up for UN Global Compact, and over the analysed period the length of the report has developed from 35 to 72 pages, with the main developments illustrated in figure 4.5.

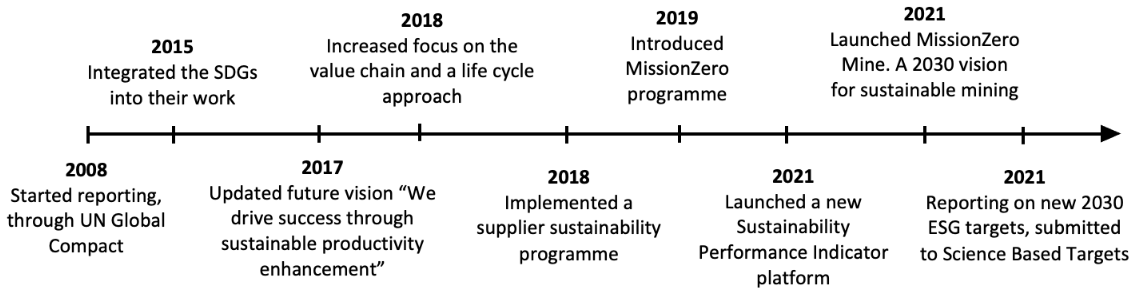


Figure 4.5. Development in FLSmidth's Sustainability work over time. Based on sustainability reports from 2017-2021 [FLSmidth, 2017 Report, 2018 Report, 2019 Report, 2020 Report, 2021 Report] and an interview with Head of Sustainability W. de Groot [2022].

One of the main developments in FLSmidth's sustainability reporting is the introduction of their MissionZero programme in 2019, as illustrated in figure 4.5. This programme is aimed at delivering solutions that help the mining and cement industry become more sustainable and is a very ambitious vision [W. de Groot, 2022; FLSmidth, 2021 Report]. FLSmidth does not have a separate sustainability strategy. Instead, sustainability is one of the two pillars of their business strategy, and changes have been made in the way they conduct business, according to W. de Groot [2022]. Sustainability is a big part of FLSmidth and has been for many years; *"It is not a complete radical change. Some things we have been doing for many years"* [W. de Groot, 2022]. This was partly through meeting customer demand for technologies with low environmental footprint and high social standards [W. de Groot, 2022]. This can be part of the explanation of why FLSmidt is operating within the ideal sustainability stage 3, System Building, based on the parameters in table 4.7. They are collaborating with many companies in their value chain and through knowledge sharing and dialog to make the industry more sustainable. Another argument for FLSmidth operating within stage 3 is the integration of sustainability in their core business, and according to W. de Groot [2022] it is only a matter of years before business and sustainability will no longer be addressed separately. Within some parameters FLSmidth is still within stage 2. Employees have been consulted, but they are not directly involved in decision-making. FLSmidt also has a main focus on minimising the negative impacts and their value creation is more shared value than system value.

Parameter	FLSmidth's Sustainability Performance	Stage
Business model	Sustainability has become more merged into FLSmidth's core business, by measuring people on sustainability KPIs and talking about sustainability in line with financial performance [W. de Groot, 2022]. They are integrating MissionZero into the core business and taking a more holistic and societal approach to achieve their ambitions, including rethinking operations and partnerships [FLSmidth, 2021 Report].	3
Value creation (view on sustainability)	FLSmidth has a main focus on environmental sustainability through technologies that reduce emissions [W. de Groot, 2022]. Their social purpose is to enable customers to build a sustainable society, where they acknowledge that they could not operate without support from local communities [FLSmidth, 2017 Report] [FLSmidth, 2021 Report]. FLSmidth creates shared value and works on aligning all three pillars.	2
Responsibility	FLSmidth acknowledged how they play a key role in creating a sustainable society through minimising the negative impacts of heavy, high-impact industries. They are innovating, partnering, and sharing knowledge to accelerate the collective efforts across the industry and society [FLSmidth, 2021 Report, 2019 Report].	3
Choice of framework	UN Global Compact, Science-Based Targets, Life Cycle Analysis, TCFD, SDGs, GHG Protocol (scope 1, 2 and 3), GRI, and internal circularity.	2
Scope of improvements	FLSmidth works internally with energy efficiency, water, and waste management, and with their products through a life cycle approach and circularity. They innovate technology and drive institutional change through partnerships and pushing the political agenda and demands [W. de Groot, 2022].	3
Engagement by management	The top management is engaged in sustainability through overseeing and approving key decisions while setting the tone and their bonus is directly affected by long-term targets [W. de Groot, 2022]. In the CEO letter, there is a large focus on partnerships indicating that this is top of mind [FLSmidth, 2021 Report].	3
Employee involvement	Employees are engaged through two-way consultation, where their advice is integrated into the MissionZero ambition, and all locations have a dedicated person on this to increase employee ownership. All employees have one of their annual personal KPIs evolving sustainability [W. de Groot, 2022].	2
Stakeholder engagement	FLSmidth has multiple partnerships focused on technological innovation and works with relevant policy-makers to achieve their ambitions [W. de Groot, 2022]. *"Building strong and reliable relationships with our suppliers is key to our business"* [FLSmidth, 2021 Report], why they set ambitious requirements and collaborate through their value chain to create lasting change.	3
Carbon Footprint	FLSmidth has made a significant decrease in their scope 1, 2, and 3 emissions compared to their baseline year, 2018, mainly due to the purchase of more renewable energy [FLSmidth, 2021 Report].	3
Type of targets	FLSmidth has set ambitions long-term targets to be carbon-neutral in scope 1 and 2 by 2030 and for 30% of their suppliers to be in line with Science-Based Targets [FLSmidth, 2021 Report].	3

Table 4.7. FLSmidth's Corporate Sustainability Performance based on the ten parameters.

4.2.6 Genmab A/S

Genmab A/S is an international biotechnology company that researches and develops antibody products to transform cancer treatments [Genmab, 2019 Report, p. 3]. Genmab was established in 1999 and has since increased their number of employees exponentially to 1212 FTE in 2021, mainly divided between Danish, Dutch, and American facilities [Genmab, 2021 Report]. According to Senior Investor Relations Associate at Genmab, Nicolai Søberg-Hansen, it affects their sustainability approach that their CSR director is based in the United States because they are regulated and generally work differently with sustainability than in Europe, with a larger emphasis on social sustainability and responsibility [N. Søberg-Hansen, 2022]. Genmab began reporting on sustainability separately in 2016, but it has been included in annual reports for as long as N. Søberg-Hansen [2022] can remember. During the analysed period the length of the separate reports has increased from 11 to 46 pages [Genmab, 2021]. In general, very few developments have happened in Genmab's reporting practice in the analysed period, the main things are illustrated in figure 4.6.

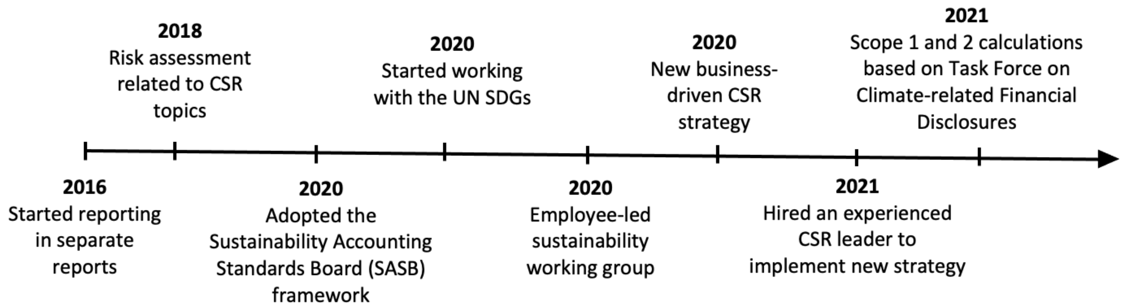


Figure 4.6. Development in Genmab's Sustainability work over time. Based on sustainability reports from 2017-2021 [Genmab, 2017 Report, 2018 Report, 2019 Report, 2020 Report; Demant, 2021 Report] and an interview with the sustainability manager N. Søberg-Hansen [2022].

Genmab implemented a new business-driven CSR strategy in 2020, with four pillars; Science-Driven Health Innovations for Patients, Employee Well-Being and Vitality, Ethics and Transparency, and Environmental and Community Sustainability [Genmab, 2020 Report, p. 6]. Figure 4.6 shows that the majority of their current sustainability efforts were launched in 2020.

In terms of Genmab's CSP, they are especially far when it comes to their employee involvement because the employees are engaged through an employee-established working group that does the majority of the actual sustainability improvements [N. Søberg-Hansen, 2022]. However, considering all the parameters in table 4.8, their sustainability performance is at stage 1. Because Genmab's focus is on compliance and living up to any standards or laws in regards to ethics, waste management, etc. In their annual report from 2021, it becomes clear that the main focus is savings and efficiency, because they describe climate-related opportunities, which all focus on cost savings, reduced exposure, and gaining reputation [Genmab, 2021, p. 74].

Parameter	**Genmab's Sustainability Performance**	**Stage**
Business model	Genmab's core purpose is *"to improve the lives of patients by creating and developing innovative antibody products."* [Genmab, 2021 Report, p. 2]. Which makes social sustainability an anchored part of the business model. Their business model has not changed or been adjusted [N. Søberg-Hansen, 2022].	1
Value creation (view on sustainability)	The social aspect is the main focus, which creates long-term value for both their stakeholders and employees [Genmab, 2019 Report, p. 2]. The Environment has become a focus point in the last 1.5-2 years but is treated separately [N. Søberg-Hansen, 2022].	1
Responsibility	Main responsibility for their operations and focus on doing less harm; *We minimize our impact on the environment to the extent possible* [Genmab, 2020 Report, p. 6].	1
Choice of framework	Sustainability Accounting Standards Board (SASB), implement the Task Force on Climate-related Financial Disclosures (TCFD) and the UN SDGs.	2
Scope of improvements	Focused on their operations, efficiency, and resources. E.g., reducing their carbon footprint, minimising their waste production, use of hazardous materials, limiting their energy consumption and using green and renewable energy sources [Demant, 2021 Report]. Furthermore, the focus is on compliance.	1
Engagement by management	CSR Committee joined by the CEO and from 2022 they will receive continual feedback on CSR efforts. Members of the board and other leading figures participate in ESG meetings [Genmab, 2021]. In the future management will be accountable for achieving targets for emission reduction [N. Søberg-Hansen, 2022]	2
Employee involvement	Encourage employees to live more sustainable lifestyles, by making public transportation more attainable, providing bikes, policies about business travel, and volunteering for communities [Genmab, 2021 Report]. A group of employees has voluntarily started an employee-led 'global sustainability working group'.	3
Stakeholder engagement	Genmab investors are pleased they have started measuring scope 1 and 2 emissions. Supplier code of conduct, without sustainability requirements [Demant, 2021 Report; N. Søberg-Hansen, 2022].	1
Carbon Footprint	There is no development in their CO_2 emissions included in their reports. In their annual report from 2021, they reported on scope 1 and 2 for the first time [Genmab, 2021].	1
Type of targets	Targets for each of the four pillars in their sustainability strategy (Both social and environmental aspects) [Genmab, 2021 Report]. However, these targets are very generic and without any specific time frame or quantitative aspects, this makes it impossible to see if they have made any improvement, and have also meant that they have reused many of the same targets from 2017 all the way to 2021.	1

Table 4.8. Genmab's Corporate Sustainability Performance based on the ten parameters.

4.2.7 Tryg

Tryg is Scandinavia's largest non-life insurance corporation, with departments in Denmark, Norway, and Sweden and covering three business areas; Private, Commercial, and Corporate [Tryg, 2021 Report, p. 4-6]. Tryg was established in 1898 and has since become part of the Tryg Group, employing 4.674 people. Tryg started doing annual COP reports when they joined the UN Global compact in 2008, but only started doing separate sustainability reports in 2018 according to Corporate Responsibility Consultant at Tryg, Kristina Thomsen. The Corporate Sustainability report is where Tryg does the reporting to live up to law requirements, but sustainability is also a chapter in their annual report, where it will be increasingly integrated going forward [K. Thomsen, 2022]. Since they started reporting separately in 2018 the length of the report has increased from 21 pages to 39. The general development in their sustainability reporting is illustrated in figure 4.7

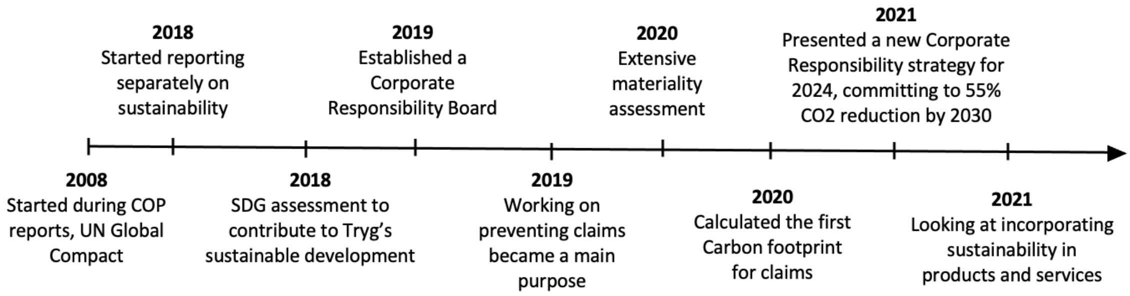


Figure 4.7. Development in Tryg's Sustainability work. Based on sustainability reports from 2018-2021 [Tryg, 2021 Report, 2020 Report, 2019 Report, 2018 Report] and an interview with the Corporate Responsibility Consultant [K. Thomsen, 2022].

One of the main changes in Tryg's reporting is the increased focus on their indirect impacts through Investments, value chain management, and sustainable claims. Prevention of claims is the most sustainable solution because; *"avoiding claims makes it possible to avoid CO_2 emissions, saves money and creates safety for the consumers"* [K. Thomsen, 2022]. This has also been integrated into their business model, which has been possible due to the new holistic Corporate Responsibility strategy, focusing on; Responsible company, Green workplace, and Sustainable insurance [Tryg, 2021 Report]. Tryg is good at explaining why their actions have impacts - both positive and negative - and how they plan to address this.

The increased focus on sustainability in products and services is part of the reason why Tryg's CSP is determined to be within stage 2, based on table 4.9. Looking back at their 2019 report they were more within stage 1, with a focus on *"internal operations and initiatives to improve our footprint, while also reducing costs"* [Tryg, 2019 Report, p. 12]. Not only has their sustainability performance improved from stage 1 to stage 2, but they are also implementing changes that could place them in stage 3 in the near future. Tryg relies on their value chain to process claims, and they plan to drastically change the services they offer, shifting from replacing to repairing items. This circular initiative is something they cannot realise on their own and requires intensive collaboration and communication with the value chain and customers, whose service changes from what they are used to [K. Thomsen, 2022].

Parameter	Tryg's Sustainability Performance	Stage
Business model	Tryg's core purpose is to ensure their customer's peace of mind and make it easier to be 'Tryg' as the world changes [Tryg, 2020 Report]. They have incorporated this purpose into their business model, by making the sustainability strategy part of the business strategy. Their insurance products, which is their core business has increased focus on society and the environment [K. Thomsen, 2022]	2
Value creation (view on sustainability)	Tryg focuses on the triple bottom line principle. Their focus on prevention claims gives the customers safety and reduces environmental impacts [K. Thomsen, 2022; Tryg, 2021 Report], creating shared value.	2
Responsibility	Tryg both acknowledges their responsibility for direct business activities, where they limit their negative impacts, but also on their indirect activities through claims, investments, and insurance products or services, where they also focus on creating positive impacts [Tryg, 2021 Report].	2
Choice of framework	UN Global Compact, TCFD (Task Force on Climate-related Financial Disclosures), SDGs, Eco-Lighthouse certification scheme, ISO 14001:2015 and EMAS, GHG protocol (scope 1, 2, and 3). Possible future focus on circular economy beyond their own company [K. Thomsen, 2022].	2
Scope of improvements	Internal optimisation on waste management, and energy efficiency. Social initiatives like Night Ravens and Lifebouys. In terms of products and services Tryg makes more radical changes wanting to; *"offer products and services that contribute to society both environmentally and socially"* [Tryg, 2021 Report, p. 20].	2
Engagement by management	Tryg's CR Board consists of the CFO and other leading figures, who works strategically with sustainability in the organisation. It is crucial that sustainability is anchored in the top management for the signal value internally and externally and to push the agenda forward [K. Thomsen, 2022].	2
Employee involvement	Employees are mainly involved through one-way information aimed at changing their mindset and behaviour. There have been collaborations with staff regarding waste management, and employees are trained in sustainability dialogues with stakeholders regarding products [Tryg, 2021 Report, 2019 Report].	2
Stakeholder engagement	Besides requirements and screenings of stakeholders, Tryg also engages in active dialogue to help and motivate stakeholders to become more sustainable. This requires radical changes and partnerships because they wish to enable more circular solutions through their value chain [K. Thomsen, 2022].	3
Carbon Footprint	Their total CO_2 emissions have decreased by 59% from 2019. They also have KPIs on product level through sustainable claims [Tryg, 2021 Report].	3
Type of targets	Tryg has medium- and long-term emission reduction targets for 2024 and 2030. They have set targets for all the aspects of their sustainability strategy, some of which are related to products and services [Tryg, 2018 Report, 2021 Report].	2

Table 4.9. Tryg's Corporate Sustainability Performance based on the ten parameters.

4.3 Tendencies in the Case Studies

To get an overview of the individual case company's 'Corporate Sustainability Performance' figure 4.8 shows within which stage the corporations have been determined to operate as well as whether they are on the edge of moving into another stage. The lines between the three stages are more blurred in reality, and a company can be in different stages depending on different departments or parameters.

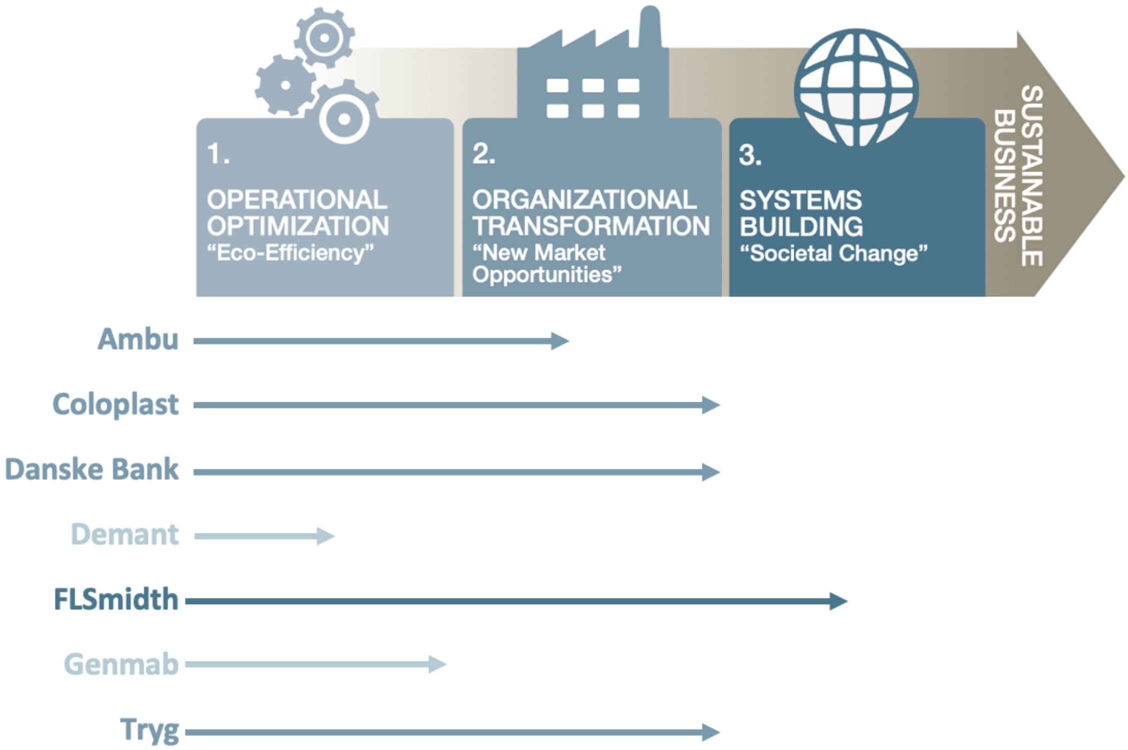


Figure 4.8. Overview of each case corporations 'Corporate Sustainability Performance'.

As seen in figure 4.8 despite all case companies being C25 corporations their 'Corporate Sustainability Performance' differs a lot across the three stages. With the exception of Demant, the rest of the corporations are improving their CSP and moving towards stage 2 or stage 3. Only FLSmidth is operating within the ideal of sustainable business, System Building. One of the tendencies within the case studies is the choice of framework, where the UN Global Compact, SDGs, Science-Based Targets, and The Task Force on Climate-related Financial Disclosures (TCFD) are used frequently, corresponding to the popular frameworks identified through the state-of-the-art in section 1.1.3. Furthermore, the concept of ESG indicators also reoccurs, which was also a characteristic identified in the Danish practices in section 4.1.
Another tendency where the case companies are mostly aligned is the length of the report. The length of the reports from 2021 is mostly between 39 to 55 pages, expcept for Demant whose 2021 report was 224 pages long. S. Teilmann-Ibsen [2022] from Demant mentions that they will be working on making their reports shorter and more precise. The number of pages has increased from 2017 to 2021 in all corporations. However, as described in section 1.1.3 a longer report is not necessarily equal to a report of a higher quality. But the tendency does suggest increased interest in sustainability reporting and more requirements

to live up to. While all case corporations have chosen to report separately on sustainability, they also include sustainability in their annual reports and it is different how they use the separate report. In Tryg their separate report is where they live up to legal requirements [K. Thomsen, 2022], whereas in Genmab they use the annual report for this and instead the separate report to more generally describe sustainability topics and initiatives [N. Søberg-Hansen, 2022]. As Genmab is one of the corporations still within stage 1, it could be a result of the CSP mainly being determined based on separate reports.

One of the ways the case corporations differ is how long they have been reporting on sustainability in separate reports, as shown in table 4.2. Whereas Danske Bank has been reporting all the way back to 2006, some companies have only just started after the new legal requirements like AMBU and Tryg, who both began in 2018. In the case studies, there is no correlation between how long they have been reporting and their CSP. Tryg, for example, only began reporting in 2018 but has excelled greatly, now operating within stage 2 and moving towards stage 3. Demant, on the other hand, began reporting in 2010 but is still within stage 1. This tendency indicates that SR does not automatically improve CSP. On the other hand, the corporations that have integrated sustainability into their business model and corporate strategy like Coloplast and FLSmidth, also tend to have a better CSP, indicating that strategic use of SR can create improvements in sustainability performance.
The main tendencies observed are:

- Use of internationally recognised frameworks such as UN Global Compact, SDGs, Science-Based Targets as well as reporting on ESG figures
- An average length between 39-55 pages which increases year by year
- It differs whether corporations use the separate reports or annual reports for compliance with legal requirements
- The number of years a corporation has been reporting separately does not affect the CSP
- Corporations that have integrated sustainability into their business strategy tend to have a better CSP

4.4 The Influence of Sustainability Reporting on 'Corporate Sustainability Performance'

It is difficult to determine the exact impact of Sustainability Reporting on the case corporations sustainability performance. Most of the case corporations find it difficult to determine exactly where improvements come from and whether it was driven by the reporting or not. In Genmab it goes both ways according to N. Søberg-Hansen [2022]. Sometimes improvements are driven by reporting and other times they come from somewhere else and are then reported. The same is evident in Tryg; *"It differs whether it is the report that makes us aware of thing"* [K. Thomsen, 2022]. In AMBU the line between sustainability reporting and their performance is also blurred and L. Møldrup [2022] explains how *"in my opinion, the two things can not be separated"*. Demant is one example of a corporation that believes that reporting has not had a direct impact on their sustainability performance or resulted in changes [S. Teilmann-Ibsen, 2022]. As shown in figure 4.8, Demant operates within stage 1 and are not progressing to stage 2, indicating that their use of sustainability reporting does not allow for CSP improvement.

During exploratory interviews with consulting firms, it became clear that it differs whether their clients are interested in the report as an end result or in improving their sustainability performance [S. Møller, 2022]. Some corporations see SR as a tool for marketing while others see it as a transformation tool [B. Larsen, 2022]. Unfortunately, in some cases, corporations may simply want the report and have little interest in pursuing any of the identified improvement opportunities [F. Hopkirk, 2022].

Despite the fact that corporations have difficulty describing the precise impact of sustainability reporting the majority agree that there is potential for sustainability reporting to make a difference. The three main potentials are described in table 4.10.
Even if some corporations do not believe that SR has had a direct impact on their performance, it may still be a tool that indirectly pushes corporations and requires them to live up to commitments. An example is Danske Bank for whom *"reporting is mostly a way for us to inform on progress and challenges with our sustainability efforts"* [J. Dahl, 2022]. Nonetheless, they recognise the possibility that SR can be used to demonstrate commitment.
Other examples point to a possible link between how corporations use SR and their CSP. For example, Demant claims that sustainability reporting does not affect how they work with sustainability, implying that they use reporting less strategically and more as an external communication exercise. Another example is FLSmidth, the only corporation operating within stage 3, who explains that they have been working on making sustainability reporting a more strategic tool that can help make improvements.
Consultant at We Love People, C. Blak [2022], explains how there has been a shift in the reporting practice from being mainly driven by compliance but now corporations do it because they want to make a difference and be ambitious. This trend has also been seen in many of the case corporations, which have increased their strategic approach in recent years by developing a sustainability strategy or incorporating sustainability into their business strategy. Tryg's reporting has evolved from listing any positive impact to being a more useful tool for identifying improvements [K. Thomsen, 2022]. The same development has happened in FLSmidth where *"reporting should be a means to an end, but not the end. The reporting should drive the implementation of the strategy to become more sustainable"* [W. de Groot, 2022]. This demonstrates that sustainability reporting is evolving into a tool that can help integrate sustainability into the business model, thereby improving Corporate Sustainability Performance.

Data collection to identify potentials	**An external commitment to improvements**	**Internal management tool**
Data collection is a good way to evaluate sustainability internally [S. Teilmann-Ibsen, 2022], Demant Data can be used as augments for making improvements [S. Teilmann-Ibsen, 2022], Demant Examples of data increasing awareness: Tryg became aware of their impact through business travel [K. Thomsen, 2022], FLSmidth became aware of their unequal gender diversity [W. de Groot, 2022] EXPERTS: Data is a good way to annually evaluate the status and can point attention to improvement potentials [S. Vestergaard, 2022] Data can lead to new policies, action plans, and targets [S. Vestergaard, 2022] The data collection process makes SR a tool that goes beyond just reporting [B. Larsen, 2022]	To be viewed as a sustainable company you have to show improvements every year in the report [L. Møldrup, 2022], AMBU Need to make improvements on the new startegy in their report to stay transparent and reliable [K. Thomsen, 2022], Tryg An opportunity to inform stakeholders on our commitments and how we progress [J. Dahl, 2022], Danske Bank EXPERTS: *"You can not make no improvements for much more than a year. When you commit to report on sustainability, you commit to making a difference"* [B. Larsen, 2022] All sustainability topics are a journey for a corporation and every time something is achieved they need to keep improving [Wood et al., Webinar, 24-03-2022]	An internal tool to communicate with the employees and for the employees to use in their communication and daily practice [M. Ahnfeldt, 2022], Coloplast Use it strategically as a means to manage targets and follow through on these [K. Thomsen, 2022], Tryg Materiality assessment in the sustainability report help identify a strategic and relevant approach [K. Thomsen, 2022], Tryg Identify weak and strong points and development potentials [K. Thomsen, 2022], Tryg *"It has started to become a strategic tool to increase the sustainability performance. It is more a business approach"* [W. de Groot, 2022], FLSmidth *"Makes you look at what you are doing from a new perspective and question why and if things can be done differently"* [S. Teilmann-Ibsen, 2022], Demant EXPERTS: Sustainability reporting is useful for setting targets which is important to get a strategic overview [S. Møller, 2022]

Table 4.10. The three main potentials for sustainability reporting to influence 'Corporate Sustainability Performance'

4.5 Sub-conclusion

An analysis of the Danish practice shows how many European tendencies are also present amongst Danish corporations. Some of the main differences are the legal requirements, where Denmark has made an over-implementation of the NFRD. Another difference is the large emphasis on ESG reporting, which was not part of the academic literature.
Based on an analysis of all seven case corporations it is evident that there is a big difference in their Corporate Sustainability Performance. While Demant and Genmab remain in stage 1, AMBU, Coloplast, Danske Bank, and Tryg are operating within stage 2 or moving towards stage 3, with FLSmidth being the only corporation in stage 3.
It is not a given that reporting on sustainability will automatically improve sustainability performance. For some of the case corporations, the CSP has not been affected despite them reporting on sustainability for many years. Other results indicate a link between corporations' approach to SR and their CSP. For example, corporations that tend to integrate sustainability more strategically in the reporting practice, also tend to perform better. This means that if used strategically by the corporation, sustainability reporting has the potential to be used as a tool to influence sustainability performance. Particularly three potentials are identified:

- Data collection to identify potentials
- An external commitment to improvements
- An internal management tool

So the question is not whether a corporation reports or not but how they use SR as a tool.

With major regulatory changes on sustainability reporting coming from the EU, it is important to investigate whether these will set requirements to use reporting in a way that allows reporting to be a tool that influences Corporate Sustainability Performance.

5 Impact of New and Upcoming Regulations

The purpose of this chapter is to answer sub-question 2: "How is the regulation related to Sustainability Reporting coherent and can it contribute to improved Corporate Sustainability Performance?". To answer this the three most relevant regulatory frameworks are firstly described and coherence between these and other European frameworks is mapped. Finally, it is analysed whether the new and upcoming regulations have the potential to overcome barriers related to sustainability reporting or even to improve Corporate Sustainability Performance.

5.1 New and Upcoming EU Regulation on Sustainability Reporting

Based on interviews and literature the most relevant and debated regulations on sustainability reporting are the EU Taxonomy and the upcoming CSRD directive. Because the case studies in chapter 4 include corporations within the financial sector, they have pointed out the importance of the Sustainable Finance Disclosures Regulation (SFDR), which is related to the two other regulations. These three regulatory frameworks will shortly be described in the following sections.

5.1.1 Sustainable Finance Disclosures Regulation (SFDR)

The topic of sustainable finance has gotten increased attention recently and consists of a couple of legislative acts, one of with is the Sustainable Finance Disclosures Regulation (SFDR) [K. Koktvedgaard, 2022]. The SFDR regulation was officially published in 2019 and went into effect on March 10th, 2021. The purpose is to increase sustainability transparency while also reducing asymmetry and diverging approaches to sustainability-related disclosure within the financial sector, which helps to avoid greenwashing.
The SFDR applies to financial institutions such as insurers, banks, and investment firms and sets requirements to standardise disclosure on products, services, and organisational levels [PwC, 2022]. Articles 8 and 9 of the SFRD are relevant for classifying sustainable products. Article 8 refers to 'light green' products with sustainability considerations, while article 9 refers to 'dark green' products, where the purpose is sustainability. All financial corporations with products within article 8 or 9 are required to report how the products live up to specific criteria [European Commission, 2019]. In March 2021 the first phase of the regulation was introduced and a more extensive set of requirements are expected to apply from the 1st of January 2023, requiring disclosure in more detailed templates [Eurosif, 2021].

SFDR in the Case Corporations

As financial corporations, both Danske Bank and Tryg are subject to the SFDR. In Tryg they have not yet included any information about the SFDR regulation in their report for 2021, but they do acknowledge that it *"represents a transitional risk, to which Tryg has to adapt to stay compliant as well as competitive"* [Tryg, 2021 Report,p. 34].

Danske Bank has dealt with the SFDR more actively, which has resulted in an update to their 'Responsible Investment Policy' in 2021. Danske Bank has established volume targets for article 8 (ESG funds) and article 9 (Funds with sustainable investment objectives) products [Danske Bank, 2021 Report, p. 18]. In addition to meeting level 1 requirements Danske Bank began implementing level 2 requirements toward the end of 2021 to be at the forefront of the requirements applied in 2023 [Tryg, 2021 Report, p. 21].

5.1.2 EU Taxonomy

It is deemed vital to direct financial investments towards sustainable activities in society to meet the EU Green Deal. The EU Taxonomy supports this transition, as it is *"a green classification system that translates the EU's climate and environmental objectives into criteria for specific economic activities for investment purposes"* [European Commission, 2022b]. According to Josefine Hess and Nicklas Martens from EY, the Taxonomy focuses on sustainable/green activities based on the corporation's financial turnover [Hess and Martens, 2022]. It was officially published in June 2020, where two of six environmental objectives, concerning climate change, were implemented and described in delegated acts. The six objectives and their implementation is illustrated in figure 5.1.

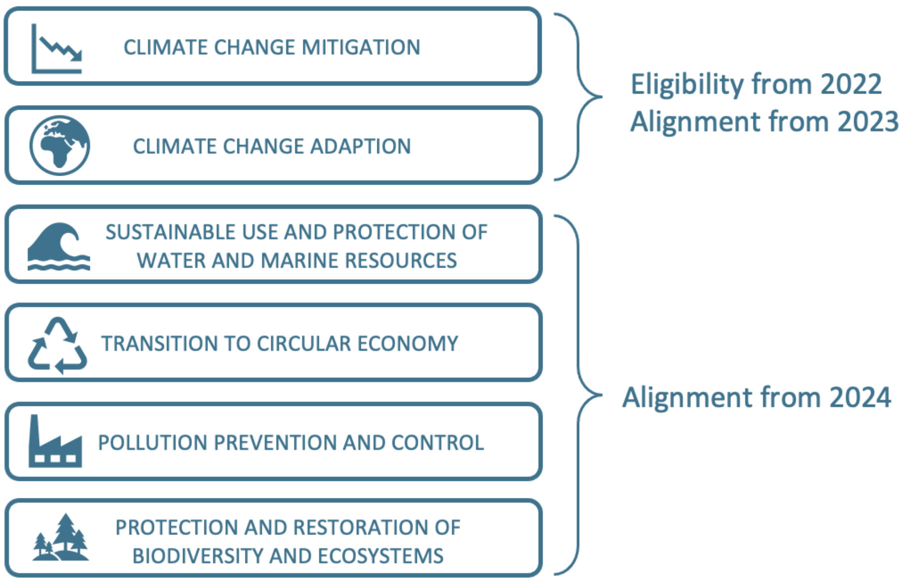


Figure 5.1. The current six objectives in the EU Taxonomy. Illustration inspired by webinar [Hoset, Webinar, 31-03-2022].

The Taxonomy covers listed corporations with more than 500 employees, who need to report on their eligibility by 2022 [K. Koktvedgaard, 2022]. Currently, the Taxonomy covers activities within the sectors that are most relevant for climate neutrality and adaptation, such as Manufacturing, Energy, Buildings, Transport, and Forestry [European Commission, 2022b]. If a corporation has any activities that fall under the scope of the

EU Taxonomy, they are eligible and need to report which activities these are. Eligibility can be determined by using the NACE (industry) codes in the Taxonomy. From 2023 the eligible corporations need to be aligned with the Taxonomy. Alignment means that they need to fulfill the sustainability criteria defined in the taxonomy [Hoset, Webinar, 31-03-2022].

For a corporation to be Taxonomy aligned, they need to meet four conditions for a given activity [European Commission, 2022b]:

1. **Make a substantial contribution to at least one of the six objectives:** The corporation needs to either substantially reduce negative impacts or have a substantial positive contribution, based on criteria set in the Taxonomy (Article 10-15).
2. **Do no significant harm to any of the other objectives:** This condition ensures that the progress towards becoming Taxonomy aligned does not lead to any negative impacts for one of the other environmental objectives. In other words, to be taxonomy aligned, you have to take action if any of your economic activities cause any harm to one of the six objectives from a life cycle perspective (Article 17).
3. **Comply with minimum safeguards:** The minimum safeguards refer to the standards embedded in the UN guidelines for Human rights as well as the OECD guidelines for larger corporations [The EU Technical Group on Sustainable Finance, 2020]. (Article 18).
4. **Comply with technical screening criteria:** The EU Taxonomy consists of a set of performance thresholds (referred to as technical screening criteria) for the three above-mentioned conditions. (Article 19; requirements for technical screening criteria)

EU Taxonomy in the Case Corporations
The case corporations are all covered by the EU Taxonomy and as a minimum have to report on the EU taxonomy eligibility from 2022. Neither Ambu nor Coloplast mentions the EU taxonomy in their recent report because they are not covered until next year, due to their reporting running from October to September [M. Ahnfeldt, 2022]. In Ambu, they already know that next year they will report non-eligible, but do recognise they most likely will be affected by the Taxonomy in time L. Møldrup [2022]. While Genmab goes reporting on the taxonomy in their 2021 report, they also determined that they are non-eligible. According to N. Søberg-Hansen [2022] Genmab is going to take the taxonomy as it comes and is going to wait to look further into it until they have to. The rest of the four case corporations; Danske Bank, Demant, FLSmidth, and Tryg have all reported on the EU taxonomy eligibility.

5.1.3 Corporate Sustainability Reporting Directive (CSRD)

The NFRD and additional guidelines, illustrated in figure 1.1, have not been enough to sufficiently improve sustainability reporting. As a result, the European Commission committed to revise this regulation. The new regulation has also been renamed, as many stakeholders found that the term 'Non-Financial Reporting' implied that sustainability information had no financial relevance [European Commission, 2021a].

The proposal for the Corporate Sustainability Reporting Directive (CSRD) was supposed to take effect in 2023, but the final version has not been completed because the EU Parliament and Council are still negotiating with the Commission. This has led to a push-back of the CSRD which is now expected to apply from 2024 [K. Koktvedgaard, 2022; Thiele, 2021]. The companies covered in the CSRD are Public Interest Entities (already covered by the NFRD), who will need to report for 2024 data. Larger corporations that fulfill two of three requirements[1] are required to report for 2025 data, as outlined in the current proposal [Hess and Martens, 2022].
The European Commission aimed at designing a directive that improves the quality of sustainability information, but at the least possible expense for corporations. The added expenses will be made up for by bringing certainty and clarity to the reporting practice. Another objective for the CSRD is that the sustainability information should be of the same quality as financial reporting [Thiele, 2021]. This will improve the possibility of benchmarking, which was lacking in the NFRD, as well as provide stakeholders, particularly investors, with greater security and clarity of the sustainability data [Hess and Martens, 2022].

The main changes in the revised CSRD proposal are:

- **Extension of scope:** Five times as many European corporations are expected to report compared to the NFRD. As the Danish Financial Statement Act is an over-implementation of the NFRD, this change will not affect Danish corporations [K. Koktvedgaard, 2022]. However, the proposal does not specify whether or when listed SMEs will be included [Hess and Martens, 2022; Thiele, 2021; Wedel and Mogensen, 2022].
- **Requirements for reporting content:** There will be three layers of reporting information required. This includes company-specific, sector-specific, and general information, these three layers are illustrated in figure 5.2. The required topics are divided into Environmental, Social, and Governance based on the ESG principle [Wedel and Mogensen, 2022]. For each of these topics, detailed EFRAQ[2] standards (approximately 22-28) are currently under development, which will specify exactly what should be reported down to a KPI level [B. Mogensen, 2022; S. Vestergaard, 2022].
- **External assurance:** This will help bring more reliable data and reduce risks related to investments because the quality and accuracy of the data are assured [European Commission, 2021a; K. Koktvedgaard, 2022]. The requirement for external assurance will also help bring sustainability reporting closer to the quality and practices of financial reporting [Thiele, 2021].
- **Digital tagging:** Corporations are required to digitally tag the information they report [European Commission, 2021a].
- **Part of the annual report:** Information can no longer be disclosed in a separate report or on the website like in the NFRD, but has to be in the annual report [K. Koktvedgaard, 2022].

[1] i) A balance on more than 20 mio. euro, ii) A net turnover of more than 40 mio. euro or, iii) An average of 250 full-time employees or more [Thiele, 2021].

[2] In June 2020 the European Financial Reporting Advisory Group (EFRAG) was assigned by the European Commission to develop these standards [GRI, 2021].

Aside from the specific ESG content in the CSRD, there are also reporting requirements for information on the role of the top management, targets, strategies, and significant negative impacts related to the supply chain. The CRSD proposal also defines some relevant terminologies, one of which is the principle for double materiality. According to Thiele [2021] double materiality is both the impact of sustainability on the corporation and the impact of the corporation on sustainability, including both an outside-in and inside-out perspective in the reporting [Thiele, 2021; European Commission, 2021a].

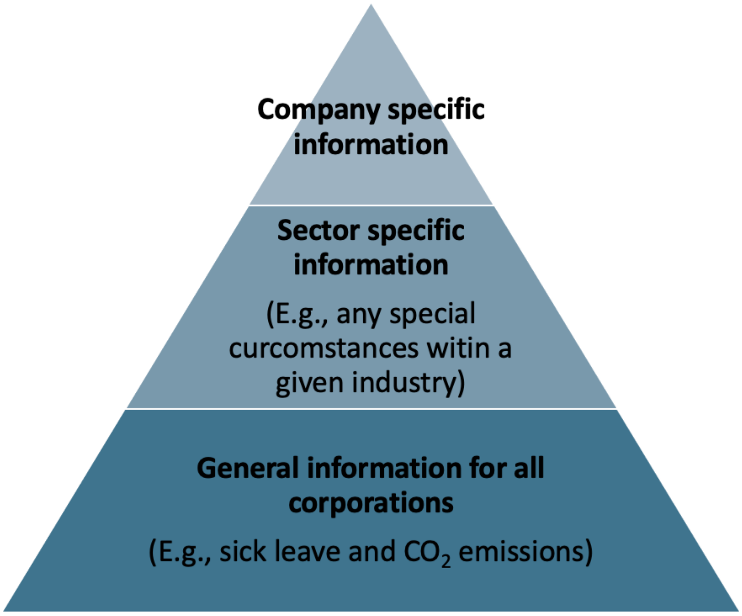


Figure 5.2. New requirements for three levels of sustainability information according to the CSRD. Where NFRD only had the top level on company-specific information that was up to the given corporation to determine. A self-made figure, based on information by [Wedel and Mogensen, 2022].

Case Corporations on the CSRD Proposal

In general, the seven case corporations are positive toward the CSRD and welcome this new regulation. S. Teilmann-Ibsen [2022] from Demant hopes that it will equal the playing fields and set the same standard requirements for all corporations. K. Thomsen [2022] from Tryg hopes that the new standards will eventually make it easier to report on sustainability because a lot of their work is centered around figuring out how to report and which standards to use. These uncertainties will be eliminated in the new regulation. Danske Bank hope that the CSRD will make the sustainability reporting more transparent and allow comparison against similar corporations [J. Dahl, 2022]. At Ambu, L. Møldrup [2022] also has a positive view of the upcoming regulation, hoping that the new changes will not be too significantly different from what they are currently practicing. The same is true for FLSmidth, where they expect no major changes other than a shift toward integrated reporting rather than separated [W. de Groot, 2022]. This optimism amongst the case corporations might also indicate that many corporations may not understand the extent of the CSRD directive. Both Hess and Martens [2022] and K. Koktvedgaard [2022] expresses that it will include significant changes in the Danish reporting practice as well as a significant work effort to understand and implement all 22-28 standards.

5.2 Coherence of Regulation

Coherence in sustainability reporting regulations and other relevant initiatives is key, as it increased transparency and helps avoid double work [Thiele, 2021]. One of the most difficult challenges in European regulation is connecting all of these to enable a comprehensive view of sustainability reporting [Wood et al., Webinar, 24-03-2022].
The SFDR, EU Taxonomy, and CSRD are the central components of the current requirements for sustainability reporting [European Commission, 2021a], and they all overlap in some way, which is illustrated in figure 5.3.

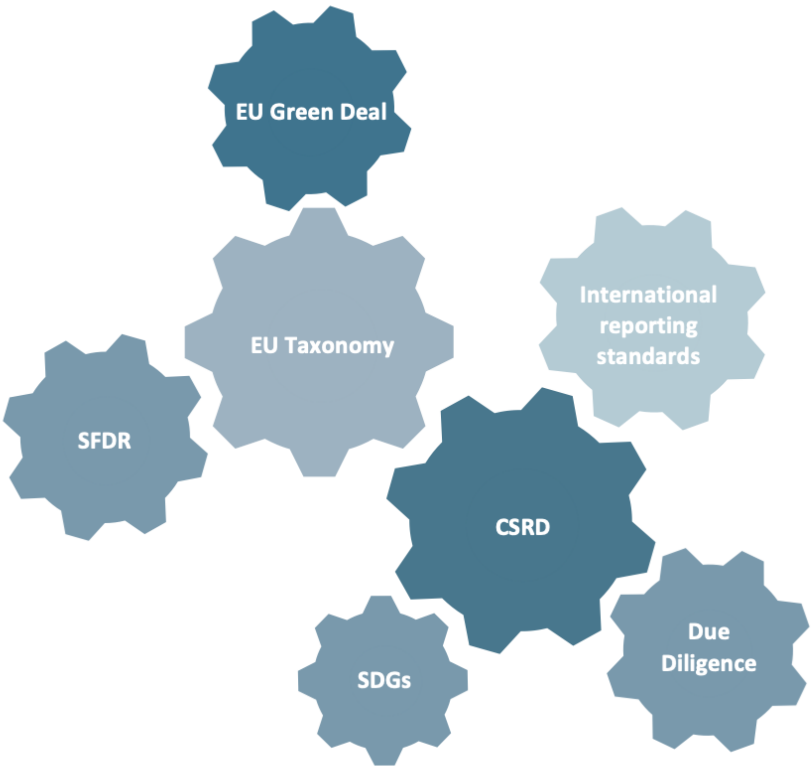


Figure 5.3. Coherence in SFRD, EU Taxonomy, and CSRD with other agendas relevant to sustainability reporting.

Both the EU Taxonomy and CSRD refer directly to the achievement of the EU Green Deal. The SFDR is linked to the EU Taxonomy through the reporting requirements for sustainable financial products, such as article 8 or 9 products [Hess and Martens, 2022], and the definition of sustainable investments [European Commission, 2022b]. The CSRD also draws parallels to the Taxonomy by including the same six environmental objectives illustrated in figure 5.1. Furthermore, these six objectives are part of the EU Green Deal [B. Olsen, 2022; European Commission, 2022a].
Aside from the one-to-one translation of environmental objectives from the Taxonomy to the EFRAQ standards, there are some parallels in the social aspect, where the Taxonomy's 'minimum safeguards' correlate to CSRD's social reporting requirements [K. Koktvedgaard, 2022].
The latest regulatory activity from the EU is the proposal from February 23rd, 2022 on Corporate Sustainability Due Diligence (CSDD). The Due Diligence regulation will require

large European corporations to address, mitigate, or prevent any impact on human rights as well as some general environmental concerns [DAKOFA, 2022]. This includes not only their direct impacts but also any activities that occur along the value chain. Because the CSRD requires disclosure of impacts associated with Due Diligence procedures, these two regulations are expected to be closely related [van den Bogart, 2022].
During the development of the EFRAQ standards frameworks; the Carbon Disclosure Project, the International Accounting Standards Board, the International Integrated Reporting Council, the Sustainability Accounting Standards Board, and the Task Force on Climate-related Financial Disclosures, should be considered [European Commission, 2021a; Thiele, 2021]. The GRI standard, in particular, is expected to play a significant role in the upcoming directive, as GRI and the European Commission allied in the development of standards, which will be inspired based on the GRI reporting framework [B. Mogensen, 2022; GRI, 2021]. The CSRD proposal also mentions the aim of achieving the SDG agenda European Commission [2021a].

5.3 Impact of the Regulations

To answer sub-question 2, this section will investigate if the regulation can contribute to improve 'Corporate Sustainability Performance'. This is done by looking at how the regulation affects the current barriers, both positively and negatively, as well as looking at the potential of the regulation in light of the conceptual framework.

5.3.1 Meeting the Barriers to Sustainability Reporting

To understand the impact of the regulations, it is necessary to look into how they affect the current barriers to sustainability reporting that have been identified in the literature. The description in table 5.1 is an analysis based on the knowledge of the three regulations from previous sections.

BARRIERS (Literature review)	**REGULATION IMPACT**
Absence of operationalization and interpretation of guidelines	The new regulation gives more specific guidelines. The CSRD includes specific requirements taking other frameworks into account.
Lack of clear definitions of terminology (e.g., sustainability, double materiality)	The SFRD defines green products/services. The EU taxonomy defines sustainable activities. CSRD defines terminology like double materiality.
Lack of awareness and knowledge in companies	The regulations themselves do not bring more knowledge, but increased focus on the value chain will bring more awareness. Lack of knowledge might increase, which calls for external guidance.
Sustainability reporting can imply higher costs and is time-consuming	Costs will increase. Initially, understanding and compliance will require more time, but long-term it could save time due to the clear standards.
Lack of coherence and comparability amongst existing legislation, frameworks, and guidelines, complicating benchmarking	Coherence will increase, as seen in figure 5.3. Frameworks, guidelines, and regulations will be more aligned and give a possibility to benchmark.

Difficulties with gathering the right and enough information	Data collection will be more comprehensive. Especially the Taxonomy will require new ways of structuring data collection in companies.
Constantly changing regulations and guidelines	In the next couple of years, the regulation will keep changing, affecting the corporations covered. Hopefully it will set the frame for sustainability reporting for many years to come.
A risk of "Greenwashing" or "Cherry-Picking, which can negatively impact reputation and market value	SFDR, the Taxonomy, and CSRD are all aimed at increasing transparency and avoiding greenwashing, by setting more universal standards.
Lack of linkage between financial and sustainability reporting guidelines	The new regulation focus on bringing non-financial information to the same quality as financial. Examples are requirements for external assurance and reporting in the annual report.

Table 5.1. Barriers to sustainability reporting from the literature review and how the new and upcoming regulation meets and affects these barriers.

As shown in table 5.1, some of the barriers will be more difficult to overcome due to new and upcoming regulations. This is particularly due to the complexity of data collection and the resources required, which will increase the need for guidance from external stakeholders. A cost analysis determined that the cost for an individual corporation to comply with EU standards would be approximately 106.000 euros per year, according to an impact assessment for the CSRD proposal. On top of that, are the costs associated with complying with other regulations. While the initial costs are expected to rise due to the resources required for compliance [S. Vestergaard, 2022], they are expected to decrease due to more clarity on what and how to report in the future [European Commission, 2021b].
The new regulations address the majority of the barriers to some extent. The SFDR, EU Taxonomy, and CRSD together provide better basis for defining crucial terminology, comparison between corporations, and avoiding greenwashing.
According to K. Koktvedgaard [2022] the requirement to report in the annual report will lead to substantial changes in the Danish reporting practice because most companies report in separate sustainability reports, which is also the case in all seven case corporations, in chapter 4.

The barrier 'absence of operationalisations and interpretation of guidelines' is being met by the increased standardisation in the new regulations, particularly the CSRD. However, translating the regulation to a corporate context and assisting them in implementation remains a significant task [S. Vestergaard, 2022]. Despite the new and upcoming regulation bringing increased complexity, it will have a positive impact by reducing and eliminating many of the current barriers in table 5.1.

5.3.2 Impact of Regulation on Corporate Sustainability Performance

Compliance with regulations is an important aspect of stage 1; operational optimisation. However, the regulation has the potential to be a tool that pushes corporations to make transitions that will move them towards the other stages, improving their sustainability performance. As seen in figure 5.4 there are aspects of the new regulation that have the potential to move corporations from stage 1 to stage 2. The requirements to go beyond 'do no harm' and make a positive contribution, as well as data collection requiring increased communication throughout the value chain. This supports the possibility of the regulation serving as a transition tool.
While the new and upcoming regulations primarily have characteristics that fall within stage 2, some potentials could help corporations move into stage 3. This includes the increased need for collaborations and a radically new approach to sustainability reporting, that can disrupt the current practice and force them to rethink. According to B. Olsen [2022] the new regulation will avoid a 'tick the box' approach because there are some processes that require the corporations to familiarize themselves with it and make an effort.

Potentials within the EU taxonomy
The Taxonomy is meant to provide *"a reference point for corporations' decision-making regarding their green transition. Companies can use the EU Taxonomy to improve their overall environmental performance"* [European Commission, 2022b]. This is partly done by requiring corporations that are Taxonomy eligible to make a status on their activities' current environmental performance, which will ideally create motivation to make positive changes.
While the case corporations' approaches to the Taxonomy differ greatly, as described in section 5.1.2, some believe that the taxonomy has the potential to drive positive change. W. de Groot [2022] describes how the Taxonomy is particularly relevant for FLSmidth's strategic work with sustainability; *"it is an indicator for whether we are successful with our mission zero programme, because it is about what proportion of our revenue is coming from selling green technology and that for us is the core of the mission zero policy"* [W. de Groot, 2022]. Demonstrating the Taxonomy's direct potential to improve their sustainability performance. Other benefits of complying with the Taxonomy are by using it as a standard for benchmarking, demonstrating environmental impact transparently, or using it as a tool in development of strategies [Hoset, Webinar, 31-03-2022].

Potentials within the CSRD
According to S. Vestergaard [2022] the CSRD will be a game-changer, that can drive value creation in corporations. Because it will allow for increased comparison amongst corporations it will be a prerequisite for their existence and competitive advantage [Wedel and Mogensen, 2022]. Most of the case corporations have the same positive attitude to the more standardised CSRD regulation, as described in section 5.1.3. E. Jønbech [2022] from Nordic Sustainability argues that it *"will set the bar higher for all companies operating within the EU"*.

To analyse whether the new and upcoming regulation can have an impact on 'Corporate Sustainability Performance' the conceptual framework from chapter 3 is applied.

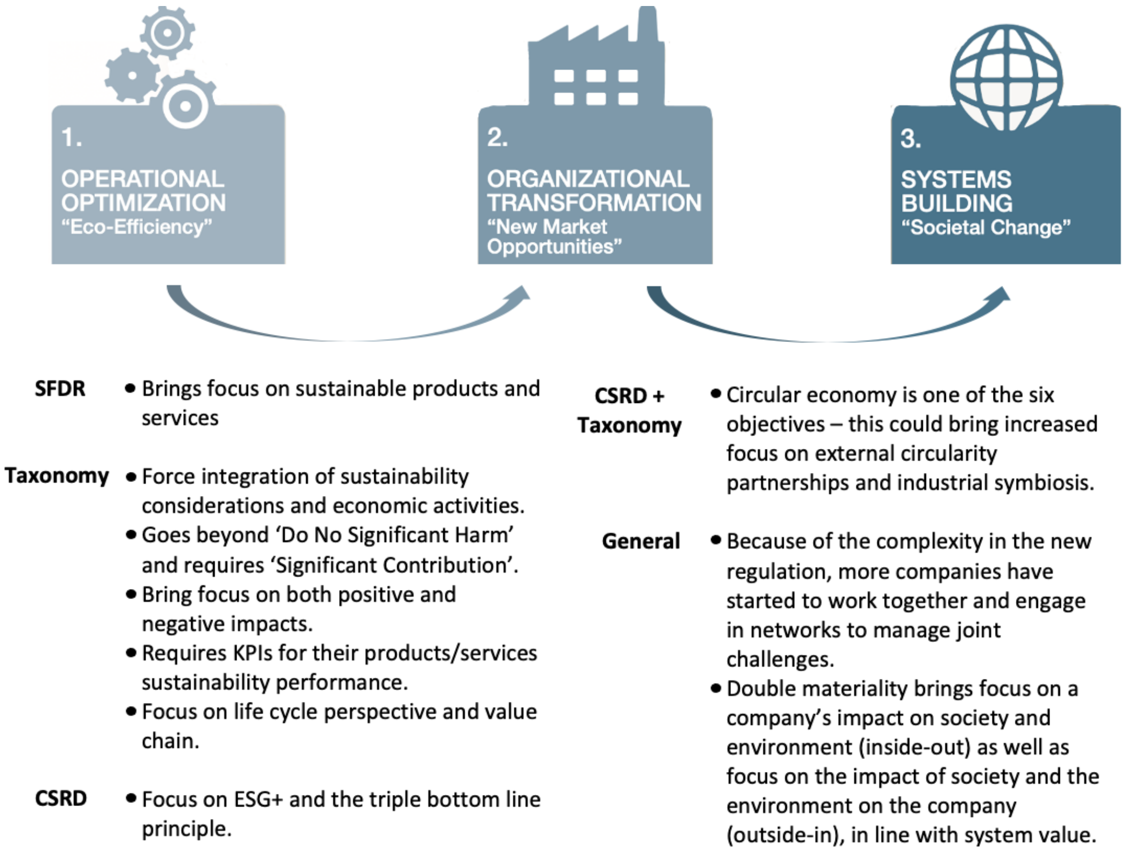


Figure 5.4. The impact of regulation in light of the conceptual framework. The text to the left is the potential for regulation to move a corporation from stage 1 into stage 2, while the text to the right is the potential for stage 2 to 3.

Challenges for realising the potential of the regulation

During interviews and analysis of the regulation, it also became clear that there are some challenges and concerns about the new and upcoming regulations that could affect the realisation of the before-mentioned potentials. The listed challenges are important to be aware of.

- In the end it is up to the stakeholders to make the actual change
  - The regulations provide a framework for sustainable investments, but investors can still choose to invest in what they want [Wedel and Mogensen, 2022]
  - EU Taxonomy: Corporations are required to disclose their alignment, but not make changes [Hess and Martens, 2022]
- The rate of the development of new regulations
  - This will lead to mistakes by corporations because they do not have the full picture [S. Møller, 2022]
  - It would be better to slow down the development of regulation [K. Koktvedgaard, 2022]

- Risk of creating unequal circumstances between EU and non-EU corporations
  - Hopefully, The Brussel Effect[3] will lead to international changes being made corresponding to the EU [E. Jønbech, 2022]
- Increased complexity in compliance
  - Partly because it is not written in a typical reporting language and instead uses more legal references, which makes it difficult to interpret and implement [S. Teilmann-Ibsen, 2022; Hess and Martens, 2022]
  - A general concern among experts and case corporations is that it will require so many resources to be compliant that it will remove focus from driving sustainability performance in the corporations [K. Koktvedgaard, 2022]
- Less flexibility and room for corporations to position themselves
  - Increased standardisation and particularly the requirement for digital tagging because it leaves no room for qualitative explanations [C. Blak, 2022]
  - But materiality assessments and requirements for three layers of information (see figure 5.2) will still create room for corporations to position themselves

5.4 Sub-conclusion

There is coherence between the Sustainable Finance Disclosure Regulation (SFDR), The EU Taxonomy, and the upcoming Corporate Sustainability Reporting Directive (CSRD), as well as other European regulations, agendas, and frameworks. Coherence is important as one of the main barriers to sustainability reporting in the current practice is the incoherence, which makes reporting incomparable.
The regulation entails potentials for improving Corporate Sustainability Performance. Especially to move corporations towards stage 2, due to increased focus on products/services, value chain, and shared value creation. Because two of the six case corporations are within stage 1, many other Danish corporations are likely in the same stage, indicating a significant impact in pushing these corporations into stage 2. The regulation also contains the potential to push corporations to stage 3, through collaborations to understand the regulation and the double materially principle. However, there are several concerns and challenges embedded in the new and upcoming regulations that pose a challenge. While compliance with the new regulation may aid in greater sustainability integration in the business, corporations must actively apply the regulation in a way that unlocks the potential to contribute to improved Corporate Sustainability Performance.
The regulations entails many potentials to meet the current barriers to Sustainability Reporting, such as increased opportunities to benchmark, clear definitions, and less risk of greenwashing. But the increased complexity implies even more challenges with resources and competencies to interpret and implement regulation. One way to help meet these barriers are through providing corporations with the necessary knowledge through guidelines.

[3] The Brussel effect refers to the EU's power to shape international approaches and economies. Without seeking collaborations with other nations, there is a tendency that things implemented in the EU, will affect and make changes internationally [Bradford, 2020].

6 Solution and Recommendations

The purpose of this section is to create an outline of the content for a guide that supports corporations' strategic use of sustainability reporting. This is based on the knowledge gained through the analyses as well as the principles from the conceptual framework. The guide consists of two parts. One aspect contains nine ways for corporations to use sustainability reporting more strategically as a way to improve Corporate Sustainability Performance. Another focuses on recommendations for approaching and implementing the upcoming regulation to gain benefits beyond just compliance.

Based on the sub-conclusions in chapters 4 and 5 it can be concluded that sustainability reporting and related regulation does not automatically improve CSP. However, they have the potential to do so if used strategically. There are currently both guides and research on how to prepare a high-quality sustainability report. But the quality of SR is often determined based on criteria like completeness, clarity, and comparability, not considering the actual impact on sustainability performance. Nonetheless, quality is still important for corporations to consider and BSR [2022] who has made a five-step guide to 'Good Sustainability Reporting', argues that high-quality reports enable business strategies that can improve sustainability performance. This guide aims to build on existing guides by providing a foundation for using sustainability reporting and related regulations more strategically and proactively.
The two parts of the guide can either work as one joint guideline or be separated into one focusing on strategic use of sustainability reporting and other on the regulation. It will differ from corporation to corporation which part of the guide is the most relevant for their needs.

6.1 Nine Ways to use Sustainability Reporting for Improved Sustainability Performance

The nine ways to use sustainability as a tool to improve CSP are deemed relevant based on the conclusion that SR can be used more strategically. The nine ways are inspired by the four aspects listed: (exactly which of the nine ways are inspired by what can be seen in appendix A.6.)

- The barriers to sustainability reporting in table 1.2
- Stage 2 and 3 for the 10 parameters in table 3.1
- The potentials identified for SR to improve CSP based on the case studies in table 4.10
- Inspiration from the Plan-Do-Check-Act principle from ISO 14001, as a recognised tool to work strategically with env. management [Dansk Standard, 2019]

1: Avoid greenwashing and increase transparency
To reduce the risk of greenwashing corporations must be transparent [B. Larsen, 2022] and carefully select the terminology used in branding [B. Mogensen, 2022], while being able to document everything they communicate [C. Blak, 2022]. It is also useful to follow 'forbrugerombudsmandens' requirements for claims about the environment, ethics, and sustainability, which includes guidelines for branding and reporting on sustainability [Forbrugerombudsmanden, 2021]. External assurance of SR will help avoid greenwashing in regards to the number and data provided [S. Vestergaard, 2022]. C. Blak [2022] explains how the current greenwashing tendencies are a result of a lack of appropriate SR guidelines rather than a deliberate action by corporations.

2: Integrate sustainability into your business model and value creation
A corporation should consider how sustainability affects or correlates with their business model. Depending on the corporation's current practice this might require smaller adjustments or large radical changes. In practice, this can be done by formulating visions, policies, and strategies that include sustainability [Dansk Standard, 2019]. FLSmidth, for example, has two core pillars in their business strategy, one of which is sustainability, see section 4.2.5. Another idea is to integrate sustainability into business considerations by reporting on sustainability in the annual report, which demonstrates a view on sustainability as part of economic value creation. According to the CSRD proposal, this is also likely to become a requirement. Companies can also include the double materiality principle in their sustainability reports, which as described in section 5.1.3, includes both an outside-in and inside-out perspective. Thus helping companies reflect on how different sustainability issues affect their financial performance [Richard Howitt, 2022, p. 5].

3: Take responsibility and make improvements that go beyond your production
By incorporating sustainability into the life cycle of products or services, a corporation can take on responsibilities that extend beyond its four walls and own production. It can also be done by seeking out initiatives that benefit society, forming partnerships for sustainability, sharing knowledge, and generally advocating for institutional or political change, as discussed in chapter 3. An example is Coloplast who provides training and education through platforms to other healthcare professionals [Coloplast, 2020/21 Report, p. 22].

4: Choose frameworks that can inspire to make improvements
The SDGs, for example, can be used not only to support what the corporation is already doing but can inspire new initiatives. It may also be beneficial to expand scope 1 and 2 emissions to include scope 3, which will naturally focus more on the value chain because data collection is required both upstream and downstream. The principles of circular economy can also be inspirational, for example, using the 6R framework (Refuse, Reduce, Rethink, Reuse, Recycle, Repair) to evaluate if any of these approaches are feasible [Singh and Tandon, 2016]. Circular economy could also be approached more externally, by examining the possibility of forming circular partnerships and creating industrial symbiosis.

5: Engagement all levels of the organisations from top management to employees
As described in chapter 3 top managements' engagement is critical in driving sustainability because they often set the direction and priorities. Furthermore, the management is

essential to ensure continuous improvements, by evaluating the efforts made and reviewing what has been done [Dansk Standard, 2019].
Employees are equally important to involve because they are the ones who must make changes to their daily routines. As seen in appendix A.3 there are different ways to involve employees, the most efficient being consultation or joint decision-making. This can be accomplished by forming employee-led sustainability working groups, as Genmab has done. According to the case studies, one of the possibilities for using sustainability reporting as an improvement tool, is for employees to use it in their daily interactions with customers, like in Coloplast. A way to work more strategically with sustainability can be through making instructions and procedures for the employees to integrate sustainability in their daily operations [Dansk Standard, 2019].

6: Collaborations and partnerships
The ideal sustainable business, according to the three-stage framework, focuses on collaborations, partnerships, and initiatives that create net positive impacts. Many of the most significant changes in society, regulation, or institutional change cannot be accomplished by a corporation alone. An example is Tryg working toward external circularity by collaborating with insurance service providers and customers to reuse and recycle rather than always providing/buying new products, as seen in section 4.2.7.

7: Set strategic, ambitious, and long term targets, supplemented by short term actions
According to the case studies, sustainability reporting can be used as an internal management tool to evaluate targets. It is essential to set ambitious and long-term targets, preferably both qualitative and quantitative, even if it is unclear how they will be met, as described in chapter 3. These targets should ideally go beyond production and include product/service performance, as well as collaborations and partnerships. The most important KPIs should be identified, measured over a reasonable time frame, and preferably embedded into strategies [Wood et al., Webinar, 24-03-2022]. Another way to manage targets is to supplement these long-term targets with more short-term actions, for example by developing action plans for each of the corporation's overall targets [Dansk Standard, 2019].

8: Use the process of data collection to identify potentials
As seen in table 1.2 one of the challenges in sustainability reporting practice is gathering the necessary data. To meet the challenge some tools have been developed both on international and national levels. In Denmark, one of the popular tools made by Erhvervsstyrelsen [2022] is; The Climate Compass[1]. Although data collection is difficult, it can identify potentials, as demonstrated by both FLSmidth and Tryg. This means that corporations can use their data to be inspired and discover opportunities to increase positive or reduce negative impacts. Some of the case corporations have also started collecting data twice or four times a year to allow data to bring even more awareness.

9: Commit to making improvements
Reporting on specific targets or strategies commits corporations to evaluate this and make yearly improvements, according to the case studies and experts, see table 4.10.

[1] Klimakompasset. Helps gather the right information and calculate scope 1, 2, and 3 [Erhvervsstyrelsen, 2022].

If corporations want to use sustainability as a tool to drive sustainability making commitments through the report, could be a way to ensure this. This can be accomplished by setting quantitative targets for which they must assess whether they are met and explain why or why not.

6.2 Five Recommendations to Approach the Regulation to Gain Benefits Beyond Compliance

As suggested in section 5.4, there is potential within the regulation to push forward 'Corporate Sustainability Performance' if corporations choose to implement it more strategically than just compliance and a tick-the-box approach.

Many external stakeholders provide information or guidance related to the individual regulations. According to Ellen Marie Johansen from Dansk Erhverv, a lot of this is on a more generic level explaining the content of the regulation [E. Johansen, 2022]. Because general information on the regulation is already available, this guide should only include very brief points from chapter 5 about the main changes and how to implement these in practice. Despite the availability of information on the regulation, it remains one of the primary topics for which corporations seek guidance from external stakeholders [E. Johansen, 2022]. Corporations have questions about who is it going to be affected? When? And what it means in practice? [Hess and Martens, 2022]. This indicates a need to fill a knowledge gap on this topic. This is further underpinned by Hess and Martens [2022], pointing out that no *"joint timeline or overview exists"*. To provide corporations with this, figure 6.1 visualise a joint timeline for the three regulations addressed in this project.

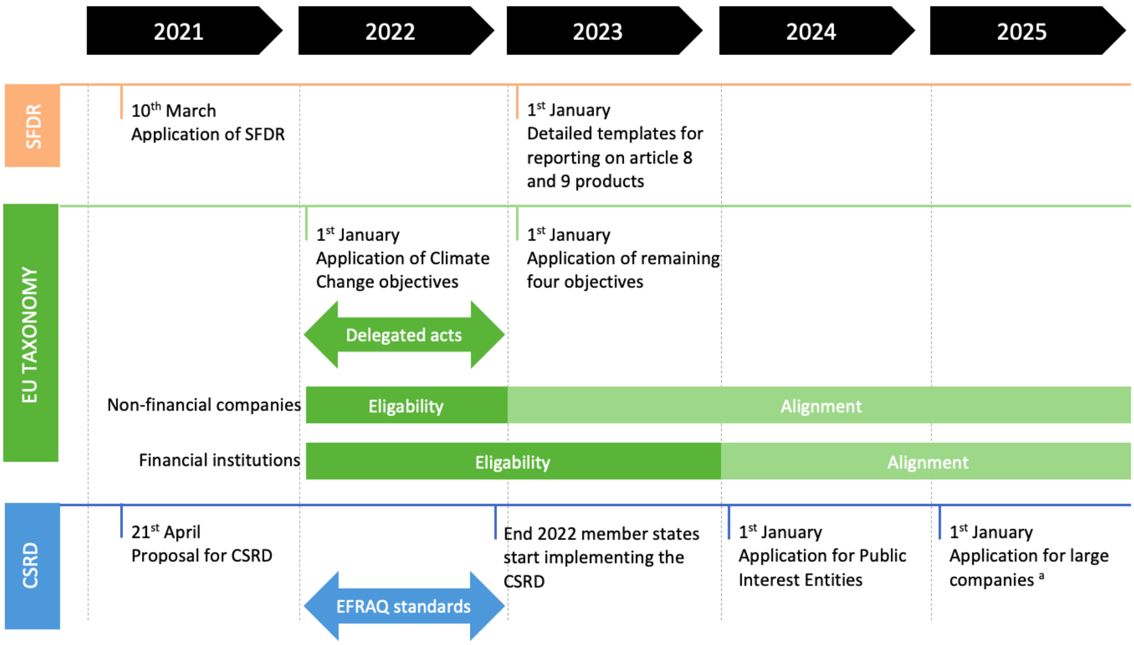


Figure 6.1. Overview of SFDR, The EU Taxonomy, and The CSRD. When do they apply and for whom? [Eurosif, 2021; Hess and Martens, 2022; K. Koktvedgaard, 2022]. a) Larger corporations that fulfill two of three requirements i) A balance on more than 20 mio. euro, ii) A net turnover of more than 40 mio. euro or, iii) An average of 250 full-time employees or more [Thiele, 2021].

The following five recommendations are inspired by potentials identified in the analysis of how regulation can assist corporations in moving from one stage of CSP to another.

1: Use the requirements and standards for KPIs to set targets

Part of the SFDR is to measure and set KPIs for the sustainability performance of products and services. This is an opportunity to not only evaluate the current performance but to set quantitative targets for future performance.

The same is true for non-financial corporations covered by the EU Taxonomy. To be taxonomy aligned corporations need to define KPIs for turnover, CAPEX, and OPEX. In terms of turnover, the corporation must disclose the proportion of revenue derived from taxonomy-aligned activities [Hoset, Webinar, 31-03-2022]. CAPEX (Capital expenditures, investments) are long-term purchases made by a corporation such as machines, buildings, etc [Ross, 2021]. The CAPEX KPI provides a forecast of the corporation's plan to align with taxonomy activities. Based on this, the corporation can create a CAPEX plan, which is a strategic document that demonstrates the corporation's commitment to investing in sustainable activities. OPEX (Operational expenditures, costs) are short-term expenses such as taxes, rent, salaries, etc. [Ross, 2021]. The KPI for OPEX shows the proportion of non-capitalised costs that are taxonomy aligned [Hoset, Webinar, 31-03-2022]. Corporations can use these KPIs to set targets. E.g., in 2030 we wish to be 30% taxonomy aligned compared to 5% in 2021. In this way, the Taxonomy is used as a tool for improvement.

2: Use requirements for data collection to connect through the value chain

As described in section 5.3 the new regulations will set increased requirements for data collection, and it will require obtaining more data from the value chain. This can be an opportunity to evaluate the value chain in terms of sustainability and to identify potential risks. It can also be used to set requirements for suppliers or to engage in collaborations to improve the value chain.

3: Use the upcoming objectives as inspiration for new initiatives

The EU Taxonomy and CSRD are centered around the six objectives in figure 5.1. Some of these are associated with more radical ways of working with sustainability, such as circular economy and protection of biodiversity. In this way, a corporation can positively contribute to society while working with recognised approaches. Even if a corporation is not directly affected by these objectives, it may be a way to become more taxonomy aligned.

4: Collaborate with the industry to address common challenges

Because the new regulations are increasingly complex and difficult for a single corporation to grasp, C. Blak [2022] argues that more corporations are starting to collaborate to obtain mutual benefits. Because the CSRD requires disclosure of some sector-specific information, as seen in figure 5.2, it may be advantageous to collaborate across industries to help solve common issues. This can be done in a way that benefits all parties involved, while maintaining competitiveness. It can be useful in understanding some of the more specific requirements that are not always included in general information provided by external stakeholders.

5: Get started now

Many corporations are reluctant to get started on complying with the upcoming regulations if they are not covered yet, and some even try to avoid becoming taxonomy eligible. But according to many of the expert interviews, it is beneficial to be at the forefront of these regulatory requirements. Even if there will be changes, particularly in the CSRD proposal, getting started will be beneficial because smaller adjustments can be made along the way [S. Møller, 2022]. S. Møller [2022] also expresses how starting before being required can give other benefits, for example on the financial bottom line. According to F. Hopkirk [2022] it takes approximately two years for corporations to achieve high-quality sustainability reports, which is why he recommends starting early. This also means that listed SMEs should start looking into the upcoming requirements because they might be affected by the CSRD in 2026 [Hess and Martens, 2022], and if not they will most likely experience requirements from their value chain. According to B. Olsen [2022] one way for corporations to begin preparing for the CSRD is to disclose ESG key figures, such as the ones highlighted by Nasdaq and FSR [2022].

7 Discussion and Reflections

The purpose of this chapter is to reflect on the impacts and limitations of the methodological and theoretical decisions made and how these have affected the results, as well as the suitability of the solution proposed.

7.1 Impact of Case Selection

The case studies did not end up being a maximum variation case selection as expected. The majority ended up within the 'Health and Medicine' or 'Finance' industries. The fact that more than half of the case corporations are health and medicine, is coincidental based on who responded to the interview requests. It is still considered a fair representation of Danish C25 corporations, as nine of these are within this industry, as seen in appendix A.1. Which makes this industry relevant to investigate because they contribute significantly to the Danish economy. However, it has had an impact on the results of the case studies because these are not the most polluting companies when compared to the transportation/shipping industry or manufacturers represented on the C25 list. Had the majority of case corporations been heavy manufacturers this would likely have given a very different result because it seems that the industry influences corporations' Sustainability Performance.

As seen in figure 4.8, Demant and Genmab are the only two corporations still operating within stage 1. While they are within the same industry (Health and medicine) as Ambu and Coloplast, the difference is that Demant and Genmab are not manufacturers. This could explain why they are still in stage 1 because the emphasis on sustainability has been more prevalent in manufacturing companies, as described in section 4.1.
It can also be seen in figure 4.8 that both corporations within financial industries, Danske Bank and Tryg, are not only both within stage 2, but also leaning toward stage 3. This can be explained by the increasing focus on sustainable finance, which is also evident in the role of financial institutions in regulations, as mentioned in section 5.
FLSmidth stands out as the only 'Technology provider' within the mining and cement industries, as well as the only corporation operating within stage 3. This could be explained by the fact that the mining and cement industries both have a great negative impact on sustainability, with cement production alone accounting for 7% of all CO_2 emissions globally [FLSmidth, 2021 Report, p. 18]. Another difference in FLSmidth's business model is the fact that their main impacts are through the corporations they collaborate with. This might make it more natural for them to work with sustainability through a collaborative approach rather than more internally and could be part of the explanation why FLSmidth is within stage 3.

Furthermore, the impact of the regulation understood through the case corporations is affected by the case selection. A critical case selection of some of the largest Danish

corporations affects the resources present to comply with new regulatory frameworks or work strategically with SR. SMEs do not have the same amount of resources and competencies and rely on guidance from external stakeholders [C. Blak, 2022]. The case selection allows for a logical deduction where; *"If it is difficult for us as a C25 corporation, it is even more difficult for smaller corporations"* [S. Teilmann-Ibsen, 2022].
Generally, the analysis of regulations in chapter 5, leaves out an important development in the increasing importance of voluntary measures such as certifications, tools for calculating impacts, etc. The impact of voluntary measures is also affected by the industries, with some industries experiencing significant informal pressure to keep up with the practice of their competitors, for example, by using the same certifications as others in their industry.

The case selection was affected by the aim to get enough cases to gain multiple perspectives on the use of SR, however, the result of seven cases was coincidental based on how many responded. It could be a limitation that seven cases would not allow for a throughout investigation but fewer corporations would not have given the same amount of examples or perspectives and present a risk of the results being less representative, if the cases ended up being extreme. More corporations would have made sense if the thesis had a more quantitative approach. In this case, valuable information could have been obtained through structured phone interviews or surveys.
Another approach for the case selection could have been to start by making document analyses of sustainability reports and then select the best fitting corporations based on this. However, this approach presents a risk of not being able to conduct the important interviews with the chosen corporations and was therefore not chosen as a strategy.

7.2 Implications of using the Conceptual Framework

The conceptual framework in this thesis has had a direct impact on the empirical data collected and results. On one hand, it is useful to analyse through the lens of a conceptual framework for a more focused data collection and analytical approach. But on the other hand, it creates some delimitations, for example, the primary focus on the environmental pillar of sustainability.
As described in chapter 1, this thesis investigates the terminology 'Sustainability Reporting' which covers the disclosure of all non-financial information. However, the ten parameters used to determine the CSP are mainly focused on the environmental aspect, as a direct result of the three stages in figure 3.1. This can be seen as a limitation for the application of this theoretical aspect within this research field. However, because sustainability is such a complex concept, focusing on the environmental pillar allowed for a more in-depth investigation. To compensate for this, social and economic perspectives have been incorporated into the general understanding of the case corporations' sustainability reporting practice and some parameters like 'value creation'.

The conceptual framework has also resulted in a main focus on the management dimension rather than the material dimension. As described in section 3.3.2 the only time the correlation between sustainability reporting and sustainability performance has been analysed, it has been done by solely focusing on CO_2 emissions. It has been back and forth in regards to whether it was possible to answer the research question and how, because it is difficult to determine the impact of SR on CSP, as it is often used for more external purposes. This has resulted in a main focus on the management dimension because it is considered a more original contribution to the study field and also deemed necessary to answer the research question because it is hard to determine performance based on numbers alone.

Reflections on the determination of Corporate Sustainability Performance
The determination of CSP is affected by the role of the researcher, which is a consequence of a qualitative research design and is important to reflect on [Creswell, 2014, p. 183]. Objectivity is important when scoring each case corporation based on stage 1, 2, or 3. However, the researcher's perception of the corporation or a change in knowledge from the first to the last case could have an impact on the results. To ensure internal validity, the results of the determination of CSP have been sent to each case corporation, as described in section 2.3. Furthermore, the arguments for each of the ten parameters have been reevaluated an extra time to ensure that it was not affected by subjective opinions.
Both the interview and the document analysis were critical in obtaining a complete picture. When information from interviews differed from reports or vice versa, it was critical to look for evidence or examples of the claims rather than simply accepting them as facts. Observations of the practice in the case corporations could have been made to supplement the interviews and reports. This would have given even more insights but might be more realistic with a single case study than seven case studies.

The case studies reveal how all four corporations within the 'Health and medicine' industry focus more naturally on social sustainability because it corresponds more directly to their original business purpose. This affects the determination of their CSP because it is more based on environmental aspects, and can be one of the reasons that their CSP are generally scored lower than other industries.

7.3 Suitability of the Proposed Solution

Which type of corporation can benefit from the guide?
Both Tina Aggerholm from Dansk Industri and Mette Schiøtz Sørensen from PwC, express the importance of considering which type and size of the corporations are the target audience [T. Aggerholm, 2022; M. Sørensen, 2022]. On one hand, it is beneficial if the corporation has a certain maturity level and previous experience with reporting on sustainability because the guide is aimed at getting corporations to stage 3, the ideal sustainable business, which might be less realistic for SMEs. But on the other hand, it could be advantageous if corporations start considering these strategic potentials as early as possible in their SR journey. This may indicate that the guide could also be useful for smaller corporations.
But initially, the guide is aimed at larger corporations because the guide builds on a case study of C25 corporations who have more resources to go beyond compliance and work more strategically, which is the main purpose of the guide. According to T. Aggerholm [2022] from Dansk Industri, large corporations are also more likely to see the potential in a strategic approach.

It can be discussed whether large corporations are already working more strategically with sustainability reporting and have sufficient resources to understand and implement regulation on their own [T. Aggerholm, 2022]. However, as seen in chapter 5 it is very different how far the case corporations are in understanding regulatory requirements and in their CSP. Thus the content of the guide is considered relevant for large corporations.

Which external stakeholder should provide the guide?

As described in section 4.1 a survey made by Dansk Erhverv [2021] concluded that there is a need for increased knowledge and guidance about corporate sustainability in Denmark. External stakeholders can play an important role in ensuring this. According to C. Blak [2022] and Reverte [2021] some of the common external stakeholders to help with such guidance are; accounting firms, consultancy firms, and industry associations.

Interviews with some of these external stakeholders were conducted to gain a better understanding of the information they provide and their role in guiding corporations in their SR efforts.

The role of Accountants has increased in recent decades as SR is getting closer to financial reporting [B. Mogensen, 2022; Hess and Martens, 2022]. Accountants' main roles are to provide external assurance and guide the process of making the sustainability reports. According to Senior Manager at PwC, Mette S. Sørensen, accountants mainly provide company-specific guidance rather than targeting a broader audience.

The same is true in consulting firms, where corporations are mostly given advice tailored to their specific needs. Unlike accountants they consist of professionals within the field of sustainability, giving them other competencies [S. Vestergaard, 2022].

The last group of external stakeholders is industrial associations which offer more general guidance to a broader audience depending on their members [T. Aggerholm, 2022]. The two largest Danish industrial associations, Dansk Erhverv and Dansk Industri provide guidelines for many different aspects of sustainability reporting, including CO_2 calculations, SDGs, social aspects, and general information about the content of the upcoming regulation E. Johansen [2022]; T. Aggerholm [2022].

As the guide in chapter 6 is intended for a broader audience of larger corporations, industrial associations might be the best suited external stakeholder to provide this guide. However, in addition to their corporation-specific advice, accountants and consulting firms offer more generic guides for a broader audience as well. The proposed guide is developed in a generic manner and should be adjusted based on which group of external stakeholders should provide the guide in order to fit their target audience.

8 Conclusion

Corporate sustainability has been a hot topic over the last decade and the best way for corporations to show their commitment to this agenda is through sustainability reporting. Reviewing the most recent literature on this topic through a state-of-the-art review reveals a significant development in both voluntary and mandatory measures, as corporations' disclosure on sustainability is on top of the societal agenda. The current literature is focused on common practice and how the quality of reports can be ensured but it does not include research on the impact of sustainability reports on corporations' actual sustainability performance. Based on this gap in the literature, this thesis investigates the following research question:

"How can Sustainability Reporting support improved Corporate Sustainability Performance in large Danish corporations and how can the upcoming regulation contribute to ensuring this?"

A qualitative research design has been used to answer this question and for an investigation of real-life practice, case studies of seven C25 corporations have been conducted. Despite the intention to get a maximum variation case selection, the seven case corporations were mainly within the health and medicine industry, financial sector, and one representing technology providers. Interviews with the case corporations and other experts have been a large part of the empirical data collection accompanied by document analyses of the corporations' separate sustainability reports back to 2017 and legislative documents.

A conceptual framework has been developed to help structure the analyses and determine the 'Corporate Sustainability Performance' of the case corporations. The framework consists of theoretical perspectives on sustainable business models, combined with knowledge about the current sustainability reporting practice. 10 parameters have been developed, which enable a determination of whether a corporation operates within stage 1) Operational optimisation, 2) Organisational Transformation, or 3) System Building. The case studies revealed that their sustainability performance varied tremendously. Two corporations within the health and medicine industry are still operating within stage 1, while four corporations both within the health and medicine and the financial sector have moved to stage 2. Only one case corporation, the technology provider for the cement and extraction industry, was operating within stage 3. These results can also be a reflection of the difference in industries, which have potentially had an impact on the determination of their CSP.

The case studies indicate that there could be a correlation between sustainability reporting and performance, however, this is not given. For example does the number of years that a corporation have reported not affect the CSP. But on the other hand it is evident that

corporations integrating sustainability more strategically in their reporting practice, tend to improve their CSP. The potentials identified for improvements based on sustainability reporting were for example, using data collection to identify improvement potentials and using the sustainability reporting to make commitments or as an internal management tool.
Similar results occurred through the analysis of the impact of the Sustainable Finance Disclosure Regulation (SFDR), the EU Taxonomy, and the Corporate Sustainability Reporting Directive (CSRD). The regulation shows the potential to not only overcome current barriers but also to help the corporations move from stage 1 to stage 2 or even 3. This, however, is not something that automatically happens by being compliant, and corporations have to use the regulation strategically to gain such advantages.

In conclusion, sustainability reporting can support Corporate Sustainability Performance, if it is used strategically. A guide consisting of two main themes has been developed to illustrate how corporations can use SR to support CSP. The first, is nine ways to use sustainability reporting strategically, including integrating sustainability in the business model, taking responsibility for the sustainability performance of products and services, involving the entire organisation, and engaging in partnerships. Secondly, an overview and recommendations for implementing the regulations, including the use of regulation to set targets and get inspired for future initiatives as well as begin early to go beyond a compliance focus. Limitations to this result include the fact that the proposed solutions can mainly be generalised for some of the largest corporations in Denmark because it requires resources and experience. Furthermore, the conceptual framework mainly focus on environmental sustainability for the determination of Corporate Sustainability Performance.

8.1 Further Research

The analysis of the impact of regulation is limited by the fact that the Taxonomy is relatively new and the CSRD is still only a draft. Recommendations for further research with more time available could be longtitude case studies, making it possible to investigate the results of the regulation when entering into force as well as any possible changes in Corporate Sustainability Performance.
It could also be interesting to build on top of the findings in this thesis in regards to the challenges identified for realising the potentials of the regulations, and investigate how the regulation should be designed to have a larger impact on corporations performance and avoid being purely bureaucratic desk work.

It could be relevant to look further into the role of external stakeholders and the guidance they provide. As well as to investigate if the case studies or other corporations could benefit from the proposed guide in practice and what should be adjusted for it to have the biggest possible impact.

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A Appendix

A.1 List of Current C25 corporations

A list of all 25 corporations that are currently considered C25 corporations [Falcon Invest, 2022]. All were contacted, but only the once in bold are included in the case study. The rest either did not have time to participate or did not respond. The list also shows which industry they are within:

- **AMBU B (Health and Medicine)**
- A. P. Møller - Mærsk (Transportation, Shipping)
- Bavarian Nordic (Health and Medicine)
- Carlsberg B (Manufacture, food/drinks)
- Chr. Hansen Holding (Manufacture, food/drinks + Health and Medicine)
- **Coloplast B (Health and Medicine)**
- **Danske Bank (Finance)**
- **Demant (Health and Medicine)**
- DSV (Transportation, Shipping)
- **FLSmidth & Co. (Technology provider)**
- **Genmab (Health and Medicine)**
- GN Store Nord (Health and Medicine)
- ISS (Provider of facility services)
- Jyske Bank (Finance)
- Lundbeck (Health and Medicine)
- Netcompany (IT company)
- Novo Nordisk B (Health and Medicine)
- Novozymes B (Health and Medicine)
- Pandora (Manufacture, Jewelry)
- RockWool B (Manufacture, insulation material)
- Royal Unibrew (Manufacture, food/drinks)
- Simcorp (IT company + Financial)
- **Tryg (Financial)**
- Vestas Wind Systems (Manufacture, energy production)
- Ørsted (Manufacture, energy production)

A.2 Interview guides

A.2.1 Interview guide for the 7 case corporations

The newest version of the interview guide. Color coded to indicate which of the three purposes the questions are aimed at answering.
No color = General information about sustainability reporting practice in the case company to understand how they use it as a tool.
Green = Questions aims at analysing their 'Corporate Sustainability Performance' based on the 10 parameters (which can not be found elsewhere).
Blue = Questions related to their approach and thoughts on new and upcoming regulation.

Sustainability reporting

- How to you define or view sustainability at FLSmidth?
  - Do you focus more on one of the aspects of sustainability than others (social, environmental, and economic)?
  - What is your responsibility regarding sustainability?
- When and why did you start reporting on sustainability?
- What are the main benefits of reporting on sustainability for you?
  - Has it created some value?
- Have there been a development in your reporting practices over time?
- How do you work with sustainability reporting?
  - Are some people specifically employed for this task?
  - Which departments of the company are involved?
  - How are the employees involved?
  - What is the role of the top management/are they engaged?
- Have you received any guidance in sustainability reporting – external help?

Approach to working with sustainability

- Do you have an action plan or strategy for your sustainability efforts?
- Has reporting led to any specific actions/initiatives for sustainability?
  - Where does sustainability initiatives origin from?
  - Did reporting led to anything new?
- How radical is your work with sustainability? Is it primarily internal optimizations within the companies four walls or does it expand beyond and affect other stakeholders?
- Do you work with sustainability of products or services?
- Do you work throughout the value chain with sustainability?
  - Set requirements or collaborate?
- Are you engaged in any collaborations or partnerships regarding sustainability?
- Have you integrated sustainability in your business model – or is it more and add-on?

Regulation

- How have the EU Taxonomy affected you?

- What are your thoughts on the upcoming CSRD – will it affect you and how?
  - What will the biggest challenge be?
- Does the focus on compliance take any focus away from working with and becoming more sustainable as a company?

A.2.2 Interview guide for organisations guiding SR

This interview guide was used for corporations that provide guidance or make sustainability reports for corporations: RAMBØLL, Nordic Green Solutions, Carve Consulting, FSR, Erhvervshus Hovedstaden, and BetterGreen. The interview guide as adjusted slightly based on which the given interview.
General:

- How do you view sustainability?
  - Which terminologies do you work with?
- What service do you provide corporations in regards to SR?
- Are you experiencing increased demand from corporations?
  - What type and size of corporation are requesting guidance?
- What are the benefits and motivation for corporations in reporting on sustainability?
- What are the main challenges that corporations face?
- Which type of reporting frameworks do you use?
- Do corporations often report separately or integrated?
- How do you help ensure a high quality in the SR?

SR's impact on CSP:

- Do you feel like SR can help corporations become more sustainable?
  - Do you experience that it is mostly a compliance exercise for them?
  - How is it possible to make SR go beyond business as usual?
  - Could reporting potentially change the corporations business model and how?
  - How do they avoid green-washing?

Regulation

- What are your thoughts on the upcoming regulation?
  - What are the main changes compared to current regulation?
  - Does it affect the guidance and service you will provide?
  - What are the main challenges?

A.2.3 Interview guide for understanding regulation and its impacts

This interview guide was used for interviews with the purpose of understanding the new and upcoming regulation: Dansk Industi and EY.

- How do you work with sustainability and what do you offer corporations?

EU Taxonomy:

- What is the purpose and main content of the EU Taxonomy?
- Have many danish corporations started reporting on it or preparing for it?

- What are the biggest challenges for corporations in complying with this?
- Is it possible for corporations to comply with the taxonomy without making a difference in their sustainability performance?
  - Which part of the taxonomy can create changes?

Corporate Sustainability Reporting Directive (CSRD):

- What is the purpose and main content of the CSRD?
- which role does ESG play?
- What changes will it make to danish regulation and reporting practice?
- Is it possible for corporations to comply with the CSRD without making a difference in their sustainability performance?
  - Which part of the CSRD can create changes?

General

- What are the synergies between the taxonomy and the CSRD?
- Which other regulations are important in regards to SR?

A.2.4 Interview guide for understanding sustainable business model

This interview guide was used for interviews with the purpose of understanding what it entails for a corporation to be sustainable and how to determine is a corporation has a sustainable business model: Nordic Sustainability and We Love People.

General:

- How do you view sustainability?
  - Which terminologies do you work with?
- What service do you provide corporations in regards to SR?
- Are you experiencing increased demand from corporations?
  - What type and size of corporation are requesting guidance?
- What are the benefits and motivation for corporations in reporting on sustainability?
- What are the main challenges that corporations face?
- Which type of reporting frameworks do you use?
- Do corporations often report separately or integrated?
- How do you help ensure a high quality in the SR?

A sustainable business:

- What does it mean/entail to be a sustainable business?
- How can corporations integrate sustainability into their business model?
- How is it possible to investigate whether a corporation is actually sustainable and it s not just greenwashing?
  - Are there any indicators to help determine if they have integrated it into their business model?
- Can sustainability reporting contribute to improve their sustainability performance? and how?

A.3 Employee involvement from educational material

Course: Organisation of companies environmental management (OVM), Fall semester 2019. Slides from lesson 6 on involvement of employees and other stakeholders (slide 5).

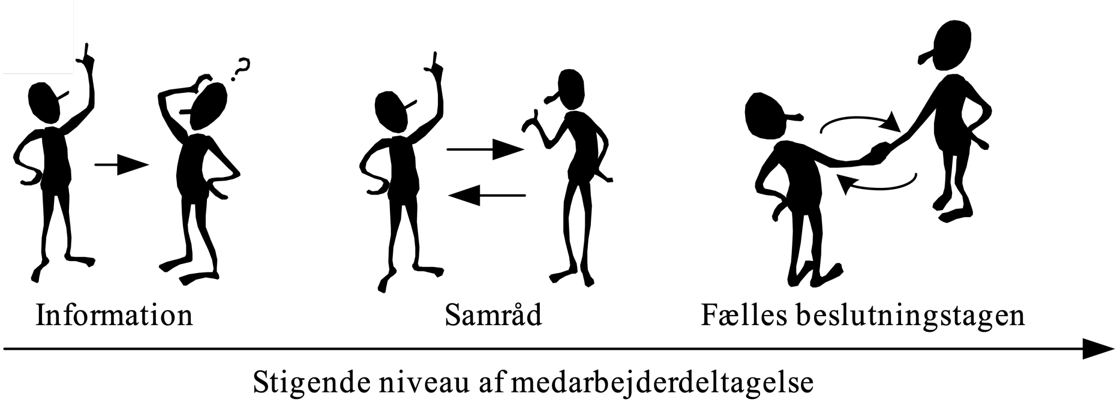

Figure A.1. Levels of employee involvement [Mosgaard, 2019].

A.4 Themes and additional perspectives from interviews

Themes	**Perspectives (agreements or disagreements amongst interviewees)**
View on sustainability (Concepts)	Many use the definitions in frameworks such as CSR, UN Global Compact, the SDGs, ESG etc. [B. Mogensen, 2022; C. Blak, 2022; B. Olsen, 2022]. The definition from the Brundlands report is popular, because it is easy for customers to understand [F. Hopkirk, 2022; S. Møller, 2022].
The demand for guidance in SR	All external stakeholders agree that there is a huge increase in the demand from corporations [S. Vestergaard, 2022; E. Jønbech, 2022; C. Blak, 2022]. Expect for B. Larsen [2022] not experiencing any change in demand.
Who reports on sustainability	Agreement that most larger corporations are reporting, but the requirements through the supply chain have affected SMEs. Disagreements about where the motivation comes from. E. Jønbech [2022]; T. Aggerholm [2022] argue that it comes internally from the corporations, while the rest mention external pressure.
Thoughts on regulations	Agreement that it is going to be a huge challenge initially but that in time it will be beneficial for corporations [S. Møller, 2022; B. Olsen, 2022]. Most case corporations believe the changes are not going to be as comprehensive [W. de Groot, 2022; L. Møldrup, 2022].
Greenwashing	Agreement that it is an increasing problem in the danish practice [B. Mogensen, 2022]. C. Blak [2022] does not think that any Danish corporation would intentionally greenwash and describes how society and external stakeholders has a responsibility to provide better SR guidance.

A.5 Result of literature review

Fiandrino S,Busso D,Vrontis D	Sustainable responsible conduct beyond the boundaries of compliance: Lessons from Italian listed food and beverage companies
Stanciu V,Bran FP	Sustainability reporting. A romanian insight
Buallay A	Is sustainability reporting (ESG) associated with performance? Evidence from the European banking sector
Folkens L,Schneider P	Social Responsibility and Sustainability: How Companies and Organizations Understand Their Sustainability Reporting Obligations
Socoliuc M,Grosu V,Hlaciuc E,Stanciu S	Analysis of social responsibility and reporting methods of Romanian companies in the countries of the European Union
La Torre M,Sabelfeld S,Blomkvist M,Tarquinio L,Dumay J	Harmonising non-financial reporting regulation in Europe: Practical forces and projections for future research
Bergmann A,Posch P	Mandatory sustainability reporting in Germany: Does size matter?
Ranängen H,Lindman Å	Exploring corporate social responsibility practice versus stakeholder interests in Nordic mining
Sierra-Garcia L,Garcia-Benau MA,Bollas-Araya HM	Empirical analysis of non-financial reporting by spanish companies
Coluccia D,Fontana S,Solimene S	Does institutional context affect CSR disclosure? A study on Eurostoxx 50
Schneider T,Michelon G,Paananen M	Environmental and social matters in mandatory corporate reporting: An academic note [Questions environnementales et sociales dans l'information obligatoire communiquée par l'entreprise
Manes-Rossi F,Tiron-Tudor A,Nicolò G,Zanellato G	Ensuring more sustainable reporting in europe using non-financial disclosure-de facto and de jure evidence
Aranda-Usón A,Moneva JM,Portillo-Tarragona P,Llena-Macarulla F	Measurement of the circular economy in businesses: Impact and implications for regional policies
Arvidsson S	An exposé of the challenging practice development of sustainability reporting: From the first wave to the EU directive (2014/95/EU)
Peršić M,Lahorka H	Exploring the quality of social information disclosed in non-financial reports of Croatian companies
Richard J	The need to reform the dangerous IFRS system of accounting
Truant E,Corazza L,Scagnelli SD	Sustainability and risk disclosure: An exploratory study on sustainability reports
Navarro-Galera A,Ruiz-Lozano M,Tirado-Valencia P,de los Ríos-Berji	Promoting sustainability transparency in european local governments: An empirical analysis based on administrative cultures
Fagerström A,Hartwig F,Cunningham G	Accounting and Auditing of Sustainability: Sustainable Indicator Accounting (SIA)
Kealy T	Stakeholder outcomes in a wind turbine investment; is the Irish energy policy effective in reducing GHG emissions by promoting small-scale embedded turbines in SME's?
Hojnik J	Environmental Corporate Reporting under eu Law: Historic Achievement or Just a Moderate Step Forward?
Segovia-San-Juan AI,Saavedra I,Fernández-de-Tejada V	Analyzing Disability in Socially Responsible Companies
Comyns B	Determinants of GHG Reporting: An Analysis of Global Oil and Gas Companies
Fujii Y	Carbon liability
Hąbek P,Wolniak R	Assessing the quality of corporate social responsibility reports: the case of reporting practices in selected European Union member states
Camilleri MA	Valuing Stakeholder Engagement and Sustainability Reporting
Müller S,Stawinoga M	Stakeholder expectations on csr management and current regulatory developments in europe and Germany
Camilleri MA	Environmental, social and governance disclosures in Europe
Habek P,Wolniak R	Factors influencing the development of CSR reporting practices: Experts' versus preparers' points of view
Hřebíček J,Faldík O,Kasem E,Trenz O	Determinants of sustainability reporting in food and agriculture sectors
McNally J	Incorporating voluntary standards into national law: An overview of the Scandinavian experience
Busco C,Maraghini MP,Tommasiello S	The case of monnalisa
Larsen RK,Powell N	Making sense of accountability in baltic agro-environmental governance: The case of Denmark's green growth strategy
Scagnelli SD,Corazza L,Cisi M	How smes disclose their sustainability performance. which variables influence the choice of reporting guidelines?
Lannelongue G,González-Benito J,González-Benito O	EMAS VS ISO 14001: Is now the time to change?
	Global apparel business update
Moure RC	Is there any relationship between organizational charts and corporate social responsibility? the EU-15 banking case
Horák J,Malíková O	Environmentally related impacts on financial reporting: The case of pollution permits in Czech legislative conditions
Dragomir VD	Environmentally sensitive disclosures and financial performance in a European setting
Gebauer J,Hoffmann E	Evaluating extra-financial reporting: The case of the German ranking of sustainability reports
Vormedal IH,Ruud A	Sustainability reporting in Norway - An assessment of performance in the context of legal demands and socio-political drivers
Delbard O	CSR legislation in France and the European regulatory paradox: An analysis of EU CSR policy and sustainability reporting practice
Vergragt PJ,Brown HS	Genetic engineering in agriculture: New approaches for risk management through sustainability reporting
Schaltegger S,Bennett M,Burritt R	Sustainability accounting and reporting
Ferrão P,Nhambiu J	The use of EIO-LCA in assessing national environmental policies under the Kyoto Protocol: The Portuguese economy
Van Den Brink TW,Van Der Woerd F	Industry specific sustainability benchmarks: An ECSF pilot bridging corporate sustainability with social responsible investments
Fortes H	The need for environmental reporting by companies: An examination of the use of environmental reports by Swedish public companies

Figure A.2. Example of the methodology behind the literature review (Results 46-91 of the search string). Red = excluded based on title. Orange = Excluded based on abstract.

A.6 Overview of construction of the 9 ways to use SR as a tool to improve CSP

9 ways to use SR as a tool to improve CSP	Barriers for sustainability reporting	10 parameters from conceptual framework	Potentials for SR influencing CSP from analysis 1	Plan Do Check Act principle (ISO 14001)
1: Avoid green washing and increase transparency	Risk of green washing			
2: Integrate sustainability into into your business model and value creation	Lack of link between financial and sustainability reporting	Description of business model, Value Creation		PLAN (Formulate visions and policies)
3: Take responsibility and make improvements that goes beyond your own production		Responsibility, Scope of improvements		
4: Chose frameworks that can inspire to make improvements		Choice of framework, Non-Financial KPIs		
5: High engagement from top management to employees to ensure anchoring on all levels of the organisations		Engagement by management, Employee involvement	An Internal strategic tool	DO (Instructions and procedures), CHECK (Evaluate), ACT (management review)
6: Collaborations and partnerships		Stakeholder engagement		
7: Set strategic, ambitious, and long-term targets, supplemented by short term actions		Type of targets	An Internal strategic tool	PLAN (Env. objectives and action plans)
8: Use the process of data collection to identify potentials	Difficulties with data collection		Data collection can identify potentials	
9: Commit to make improvements			A commitment to improvements	

Table A.1. Overview of the inspiration behind the 9 ways to work strategically with Sustainability Reporting from the solution.