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STUDENT REPORT

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Does Environmental Reporting Create Business Value: Experiences, Perceptions, and Framework Improvements

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Abstract:

This thesis investigates how environmental reporting contributes to creation of business value for companies operating in Denmark, and how the environmental reporting frameworks can be improved to enhance such value creation. This qualitative and abductive study is based on a literature study of 35 academic articles and 11 semi-structured interviews with company representatives and consultants. While existing literature often defines value in financial terms, this study applies a multifaceted understanding of value through a conceptual framework developed from Institutional Theory, Legitimacy Theory, Stakeholder Theory, and the Resource-Based View. Findings indicate that environmental reporting can create value by enhancing insight into internal processes, strengthening stakeholder relations, supporting strategic alignment, and improving risk management. The theoretical perspectives show how reporting is often driven by legitimacy gains and how value can manifest through stakeholder demands, reputation, and organisational capabilities. However, many companies, particularly small and medium-sized enterprises, find current standards, especially under CSRD, overly complex and resource-intensive. Recent policy developments, such as the Voluntary Sustainability Reporting Standards (VSME) for Micro, Small and Medium-Sized companies and the EU Omnibus proposal, are central to this discussion. These initiatives aim to simplify reporting and reduce burdens, but also raise concerns about data quality, comparability, and transparency. The thesis concludes that reporting frameworks should be more flexible, practice-oriented, and strategically purposeful. It contributes to ongoing debates on how environmental reporting can generate business value while supporting environmental objectives.

Preface

This project is submitted by Iben Klausholt Andersen, Magnus Bornæs, and Nicholas Toft Lindgreen, students in the 4th semester of the master's programme in Urban, Energy, and Environmental Planning with the specialisation in Environmental Management and Sustainability Science at Aalborg University. The thesis is written in collaboration with consultancy firm, NIRAS. The project is written between 1 February 2025 and 28 May 2025.

Citations are written in APA7 reference standard as (author, year). The appendices are attached separately from the study when handed in for the examination. The tables and figures in this study are our own production unless stated otherwise in the captions.

We would like to thank our two supervisors, Henrik Riisgaard and Søren Kerndrup, for their constructive guidance and helpful feedback throughout the project period. Additionally, we extend our gratitude to the interviewees: Alberto Huerta Morales from CS Wind Offshore, Anne Sofie Bredgaard Myrup from Kastberg, Bente Enemark from Nordic Computer, Marie Magelund from Tommy Telt, Mads Nadolny from DTE, Mette Dirks from TL Byg, Rasmus Vilain from Renewtech, Søren Würtz Bredahl from BSM, Lukas Gulbæk Pedersen from BDO, Rasmus Lie Nielsen from NIRAS, and Kristina Overgaard Zacho from Erhvervshus Nordjylland, for their contributions to the project. Following the hand-in, the results of the thesis will be presented to the participating companies.

A special thank you is extended to Lene Larsen and NIRAS for the collaboration, and for the great studying facilities and environment in the offices in Aalborg. A special warm thanks to Laust Mellerup and Rasmus Lie Nielsen for their academic inputs, valuable sparring and insightful knowledge sharing. A further gratitude is extended to the people that we engaged with in general at NIRAS for informal discussions, interest, support, and thoughtful sparring, all of which contributed to gaining broader perspectives throughout the thesis process.

List of Abbreviations

AI – Artificial Intelligence
CDP – Carbon Disclosure Project
CSRD – Corporate Sustainability Reporting Directive
CSDDD – Corporate Sustainability Due Diligence Directive
DMA – Double Materiality Assessment
EFRAG – European Financial Reporting Advisory Group
EPD – Environmental Product Declaration
ESG – Environmental, Social and Governance
ESRS – European Sustainability Reporting Standards
EU – European Union
GHG – Greenhouse Gas
GRI – Global Reporting Initiative
LCA – Life Cycle Assessment
OECD – Organisation for Economic Cooperation and Development
ROA – Return on Assets
ROE – Return on Equity
ROI – Return on Investment
SBTi – Science Based Targets initiative
SME – Small and Medium-sized Enterprise
TCFD – Task Force on Climate-related Financial Disclosures
UN – United Nations
UNFCCC – United Nations Framework Convention on Climate Change
VSME – The Voluntary standard for non-listed micro-, small- and medium-sized undertakings
Tobin's Q – A ratio comparing a firm's market value to the replacement cost of its assets
ROA – Return on Assets
ROE – Return on Equity

Contents

1 Danish Summary

Dette speciale undersøger, hvordan miljørapportering bidrager til værdiskabelse i virksomheder beliggende i Danmark, samt hvordan rapporteringsrammerne kan forbedres for at understøtte denne værdi. Baggrunden for undersøgelsen er en stigende politisk og samfundsmæssig forventning om, at virksomheder, store som små, dokumenterer og reducerer deres miljøpåvirkning. Dette er især aktuelt i lyset af EU's bæredygtighedsagenda og implementeringen af Corporate Sustainability Reporting Directive (CSRD). På trods af udbredt regulering og opmærksomhed er det stadig uklart, om og hvordan rapportering skaber værdi for virksomheder i praksis, og hvilke mekanismer der ligger bag.

En af baggrundene for dette speciale er, at den eksisterende akademiske litteratur om værdiskabelse gennem miljørapportering primært består af kvantitative studier, hvor værdiskabelse hovedsagligt opgøres i finansielle enheder. Dette efterlader et relevans i kvalitativt at undersøge, hvordan virksomheder oplever og anvender miljørapportering i praksis i en dansk kontekst med udgangspunkt i værdiskabelse som et mere mangesidigt begreb.

Specialet bygger på et kvalitativt, abduktivt forskningsdesign og kombinerer en litterær gennemgang af 35 akademiske artikler med 11 semistrukturerede interviews med virksomheder lokaliseret i Danmark og ESG-konsulenter. De deltagende virksomheder varierer i størrelse, branche og erfaring med bæredygtighedsrapportering. For at understøtte fortolkningen af de empiriske fund er der udviklet et konceptuelt rammeværk baseret på udvalgte elementer fra Stakeholder Theory, Legitimacy Theory, Institutional Theory og Resource-Based View. Rammeværket anvendes til at udvikle en forståelse af værdiskabelse som et mangesidet begreb og til at opnå indsigt i den oplevede og potentielle værdi af miljørapportering.

Analysen viser, at miljørapportering kan skabe værdi gennem flere mekanismer. For det første peger flere virksomheder på, at rapportering kan give adgang til finansiering og lavere låneomkostninger, idet den skaber tillid og transparens over for banker og investorer. For det andet understøtter rapportering strategisk positionering i forhold til kunder og samarbejdspartnere, hvor det at kunne dokumentere ESG-data opleves som en konkurrencefordel, og i nogle tilfælde som en forudsætning for at indgå i visse værdikæder. For det tredje anvendes rapportering som et værktøj til risikostyring, særligt gennem dobbelt væsentlighedsvurdering, der skaber overblik over både påvirkninger og risici i værdikæden. Endelig bidrager rapporteringen til øget indsigt i interne processer og danner grundlag for optimering af ressourceforbrug og effektivitet. En begrændning af den potentielle værdiskabelse af miljørapportering ses ved, at der kan være store omkostninger forbundet med rapporteringen, samt ved at der er manglende opbakning og prioritering af miljørapportering fra ledelsen.

Flere af de interviewede virksomheder befinder sig stadig i en tidlig fase af deres rapporteringspraksis, hvilket betyder, at værdiskabelsen ofte beror på forventninger eller foreløbige erfaringer, men sjældent er dokumenteret eller målt systematisk. Det vanskeliggør en entydig vurdering af effekten, men bidrager med værdifuld indsigt i, hvordan rapportering opfattes og anvendes i praksis. Enkelte virksomheder giver udtryk for, at rapporteringen risikerer at blive en formel øvelse uden reel strategisk forankring, hvis ikke den bliver understøttet af ledelsesmæssig opbakning og relevante værktøjer.

De anvendte rapporteringsrammer, herunder CSRD og VSME-standarden, opleves af flere som komplekse, ressourcekrævende og uklart formidlede. Det skyldes blandt andet detaljerede datakrav, en uklar vejledning om dobbelt væsentlighed og mangel på sektorspecifikke tilpasninger. Samtidig fremhæves dobbelt væsentlighedsvurderingen som et værdifulde element, idet den både styrker den interne refleksion og skaber ekstern legitimitet. Overordnet peger dette speciales resultater på, at rapporteringsrammerne bør fremme rapportering som et strategisk redskab frem for en compliance-øvelse, og samtidig reducere friktion og understøtte virksomhedernes evne til at prioritere og skabe værdi.

På baggrund af interviewene præsenterer specialet tre forbedringsområder: (1) øget digitalisering, automatisering og systemintegration, som kan reducere den administrative byrde og frigive ressourcer til selve bæredygtighedsarbejdet; (2) bedre struktur og sektorrelevans i rapporteringsrammerne, så de bliver lettere at anvende og tilpasse; og (3) fastholdelse og styrkelse af dobbelt væsentlighedsvurderingen som et centralt strategisk og meningsskabende element.

Specialet konkluderer, at miljørapportering har potentiale til at skabe strategisk og organisatorisk værdi, men at dette potentiale kun realiseres, hvis rammerne er anvendelige, fleksible og formålsdrevne. Når rapportering kobles til virksomhedernes praksis, strategi og virkelighed, kan det styrke virksomhedernes konkurrenceevne og modstandsdygtighed.

Problem Analysis 2

This chapter initiates the academic investigation of the thesis by analysing the contextual background that motivates this research. It begins by outlining the broader problem landscape, focusing on global climate and environmental challenges and the increasing expectations placed on both large corporations and SMEs. The chapter then introduces the development of corporate environmental reporting through history, tracing the evolution from voluntary CSR initiatives to mandatory reporting obligations under the EU's Corporate Sustainability Reporting Directive (CSRD). Attention is paid to recent political developments, the proposed Omnibus amendment, and how this proposal influences companies' incentives and capacities to engage in environmental reporting. In the latter part of the chapter, grey literature is incorporated and presented. Grey literature is used as a complement to academic sources, as it enables the inclusion of more up-to-date and recent developments and practical insights that are not yet addressed in peer-reviewed research. The chapter concludes by studying relevant academic literature, which forms the foundation for the conceptual framework of this thesis. The literature study reveals that much of the existing research tends to conceptualise business value in predominantly financial terms. In response to this, the thesis seeks to explore whether environmental reporting can also create other forms of value, going beyond only financial returns.

2.1 From global challenges to corporate responsibility

Global warming caused by human activities continues to increase and global temperatures reached 1.1 °C above 1850-1900 in 2011-2020. The primary driver of the increasing global warming is greenhouse gas (GHG) emissions, which cause a long list of changes and impacts on humans and nature. Some of these are changes in climate and weather extremes, such as heatwaves, droughts, heavy precipitation, an increased average rate of sea level rise, and substantial damages and increasing irreversible losses in ecosystems. Furthermore, climate change has reduced food security and affected water security, and extreme weather events have resulted in human mortality and morbidity. (Calvin et al., 2023).

Other environmental impacts, such as soil and air pollution, biodiversity and nature loss, and overconsumption of the world's natural resources (ecological footprint), are and will continue to affect people and nature worldwide, unless action is taken (Earth-Overshoot-Day, 2025; FAO & UNEP, 2021; IPBES, 2019; UNEP, 2025).

Continued emissions of GHG will lead to increasing global warming. And increased global warming will lead to intenified multiple and concurrent consequences of global warming, some of which causing irreversible damage (Calvin et al., 2023). This urgency of environmental impacts calls for action.

A framework that illustrates how human activities are destabilising Earth's systems is the planetary boundaries concept, developed by Rockström et al. (2009). It identifies nine critical Earth system processes, including climate change, biosphere integrity, land-system change, and freshwater use, that are essential to maintaining a safe operating space for humanity. When these boundaries are crossed, the risk of large-scale, abrupt, or irreversible environmental changes increases significantly. Recent updates show that six out of nine boundaries have already been transgressed, signalling that we are operating well outside the stable conditions that have supported civilisation for the past 10,000 years. This development has occurred rapidly since the framework was first proposed in 2009, several boundaries have shifted from safe to high-risk zones in less than two decades. Figure 2.1 illustrates this shift between 2009 and 2023, underlining the speed and scale of the environmental pressures we now face (Stockholm Resilience Centre, 2025).

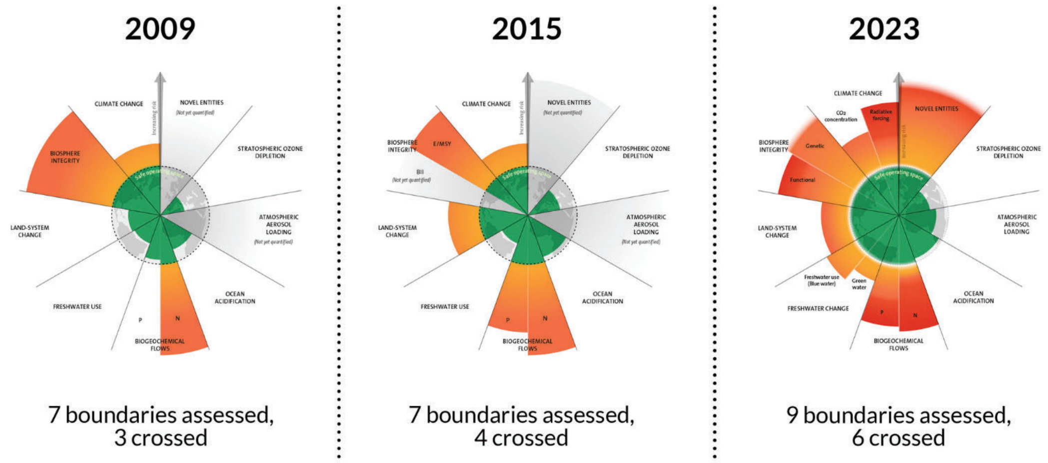

Figure 2.1. Visualisation of the planetary boundaries framework showing the transition from 2009 to 2023. The red areas indicate transgression of safe operating space for humanity (Stockholm Resilience Centre, 2025).

One of the main contributors to the climate and environmental crisis is a small number of large corporations that are responsible for a disproportionately large share. Only 36 companies have been responsible for around half of global GHG emissions since 1965. As shown in Figure 2.2, 20 of these companies alone account for one third of global CO_2 emissions. While their contribution is significant, another major and significant contributor to global emissions is small and medium-sized enterprises (SMEs). These represent 99% of businesses in the EU, and about 90% of enterprises worldwide. Recent estimates of SMEs' environmental footprint suggest that SMEs contribute to 64% of industrial pollution in Europe, and 40-45% of SMEs are considered to have a large impact on the environment, while globally small companies account for 50% of GHG emissions. (OECD, 2021) These numbers suggest a substantial environmental impact and therefore, there is a potential for improvement.

Despite the SMEs' smaller individual footprint, SME's collectively account for a significant share of industrial activity and emissions, and their engagement is thus essential to achieving national and international climate goals.

Different international and national agreements and policies have been made in order to

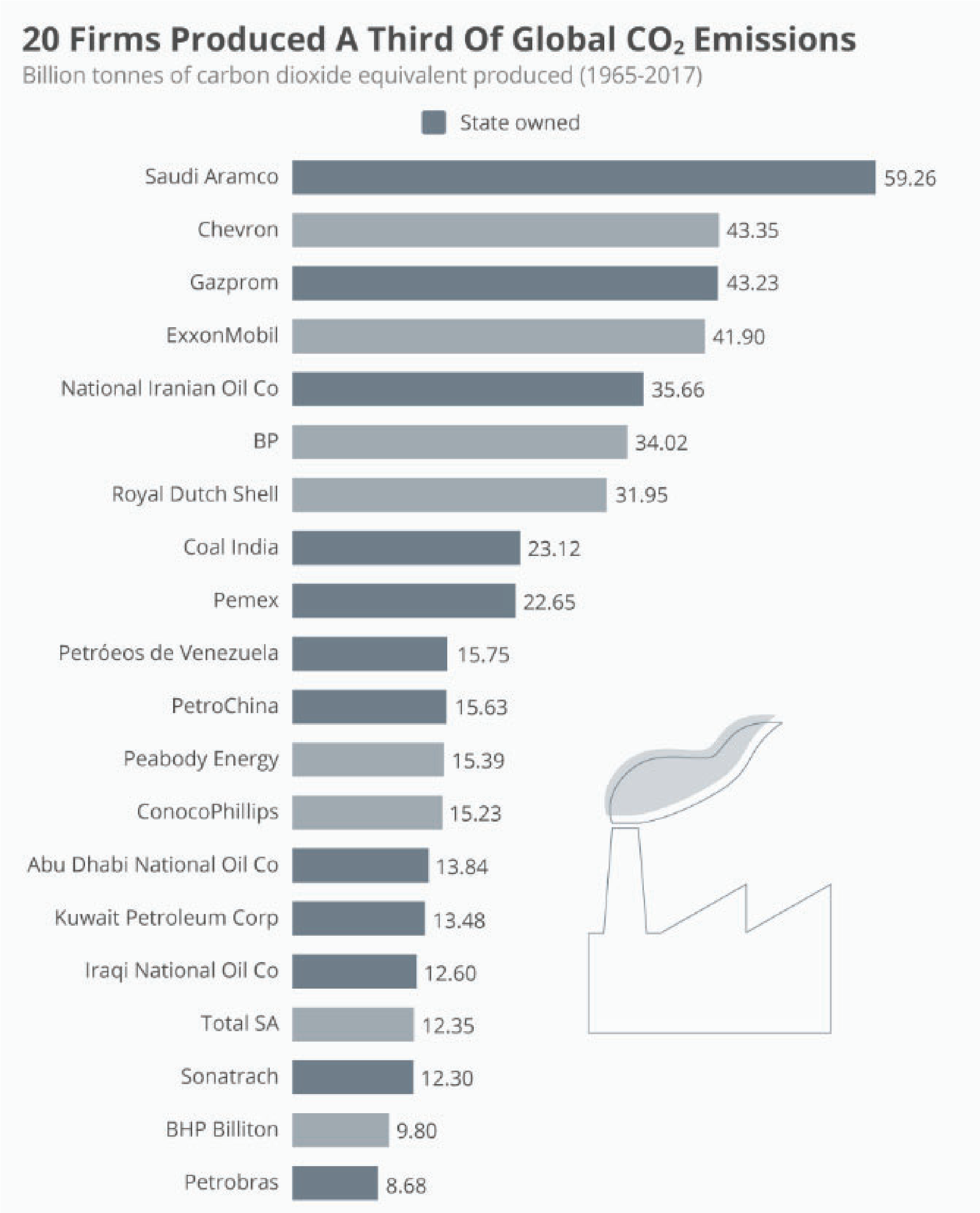

Figure 2.2. CO_2 emissions (1965–2017) from the 20 highest-emitting companies globally (Statista, 2025).

improve the environment, and in 2015 at the United Nations Climate Change Conference (COP21), the Paris Agreement was adopted by 196 coutries. The Paris Agreement is a legally binding international treaty, and its main objective is to pursue efforts to limit the temperature increase to 1.5 °C above preindustrial levels (UNFCCC, 2025). Member nations incorporate the goals of this binding agreement into national plans and strategies, and nations submit their national climate action plans for reducing their GHG emissions and make long-term strategies (UNFCCC, 2025).

The UN has furthermore provided the 17 Sustainable Development Goals (SDGs) as part of the 2030 Agenda for Sustainable Development. The Agenda is a plan of action that is intended to bring the UN Member States together in a global partnership to ensure a sustainable development for people, the planet, and prosperity. The purpose is to address these environmental impacts and global warming, in order to stimulate action (United Nations, 2025a, 2025b).

In response to the growing reality of environmental degradation and climate change, governments are increasingly requiring private sector accountability. As businesses are essential actors in achieving the goals of the Paris Agreement and the SDGs, transparency regarding their environmental impact has become an element in driving change. One of the tools in this regard is corporate sustainability reporting, which has evolved from being a voluntary practice to a legal requirement in several jurisdictions (European Union, 2022).

While mandatory sustainability reporting is a recent regulatory development, corporate reporting itself is not new. For decades, some companies have reported on their environmental and social impacts, initially on a voluntary basis. The following section presents how this reporting has evolved over time, from early CSR initiatives to the current regulatory framework.

2.2 The history of environmental reporting

This section outlines the historical trajectory of corporate reporting, introduces key frameworks and standards, including a definition of environmental reporting, and reflects on how the purpose and scope of reporting have expanded over time.

Transparency, Accountability, and Risk: The Functions of Environmental Reporting

Environmental reporting refers to the process by which companies disclose information about their environmental performance, impacts, and strategies. Typically, it includes quantitative and qualitative data on GHG emissions, energy use, resource consumption, waste generation, pollution, and biodiversity impact. The purpose of environmental reporting is to inform stakeholders about a company's environmental footprint and its efforts to mitigate negative impacts.

Originally, environmental reporting was part of broader corporate social responsibility (CSR) practices and was conducted on a voluntary basis. Today, it has evolved into a more formalised and standardised practice, often embedded in legally mandated sustainability disclosures, such as those required under the EU's Corporate Sustainability Reporting Directive (CSRD).

In this thesis, environmental reporting is understood as the subset of corporate sustainability reporting that relates specifically to environmental topics, including disclosures aligned with ESG frameworks (the "E" in ESG) and regulated standards such as the ESRS. These are presented in section 2.2.

Development of environmental reporting

The landscape of corporate environmental reporting has evolved over the past decades, driven by increasing societal expectations, political initiatives, and investor demands (Marit Bruhn-Petersen et al., 2024). What began as a voluntary practice linked to corporate social responsibility (CSR) has developed into a formalised regulatory framework central to EU sustainability policy (Marit Bruhn-Petersen et al., 2024).

From CSR to structured sustainability disclosure

Environmental reporting initially emerged as part of broader CSR initiatives in the late 20th century, where companies began communicating their social and environmental impacts to stakeholders (Marit Bruhn-Petersen et al., 2024). The UN's Global Compact promoted transparency and accountability through ten universal principles, including environmental responsibility (Marit Bruhn-Petersen et al., 2024). At this stage, the reporting was largely qualitative and driven by reputational concerns rather than standardised expectations. During the 2000s, voluntary reporting was professionalised through the emergence of widely adopted frameworks such as the Global Reporting Initiative (GRI) and the Carbon Disclosure Project (CDP). These frameworks enabled companies to report systematically on their environmental footprint, especially greenhouse gas (GHG) emissions, energy consumption, and waste management (Marit Bruhn-Petersen et al., 2024). The GRI focused on a broad sustainability perspective, while the CDP targeted investor-relevant climate disclosures. The 2010s saw an increased emphasis on climate-related financial risks and scientific target-setting. The Task Force on Climate-related Financial Disclosures (TCFD) introduced a structure for reporting on governance, strategy, and risk management in relation to climate change, while the Science Based Targets initiative (SBTi) provided a methodology for companies to align their GHG reduction targets with the goals of the Paris Agreement (Marit Bruhn-Petersen et al., 2024).

From voluntary reporting to regulated reporting

Recognising the limitations of purely voluntary frameworks, the European Union introduced the NFRD in 2014 (European Union, 2014), requiring certain large companies to disclose non-financial information, including environmental data (Marit Bruhn-Petersen et al., 2024). However, the directive was criticised for lacking clarity and comparability, which resulted in widely divergent reporting practices. This led to the development and eventual adoption of the CSRD in 2022 (European Union, 2022), which expands the scope, detail, and assurance requirements of corporate sustainability reporting. CSRD marks a turning point in the shift from voluntary to mandatory reporting in the EU (Marit Bruhn-Petersen et al., 2024). CSRD introduces the concept of double materiality assessment and mandates the use of the European Sustainability Reporting Standards (ESRS), laying the foundation for consistent and comparable environmental data across sectors.

The evolving landscape of environmental reporting is not only shaped by the need for transparency, but also by broader political initiatives such as the EU Green Deal (European Commission, 2024c), which aims to make Europe climate-neutral by 2050 (Marit Bruhn-Petersen et al., 2024). In particular, the introduction of the EU Taxonomy has expanded reporting requirements by demanding disclosure of companies' environmentally sustainable activities, thereby strengthening the integration of environmental reporting within financial systems.

Visual overview

The timeline below on Figure 2.3 illustrates key developments in the evolution of environmental reporting. While a range of voluntary and regulatory milestones are noted, more recent developments, including the Omnibus proposal, will be addressed in section 2.3.

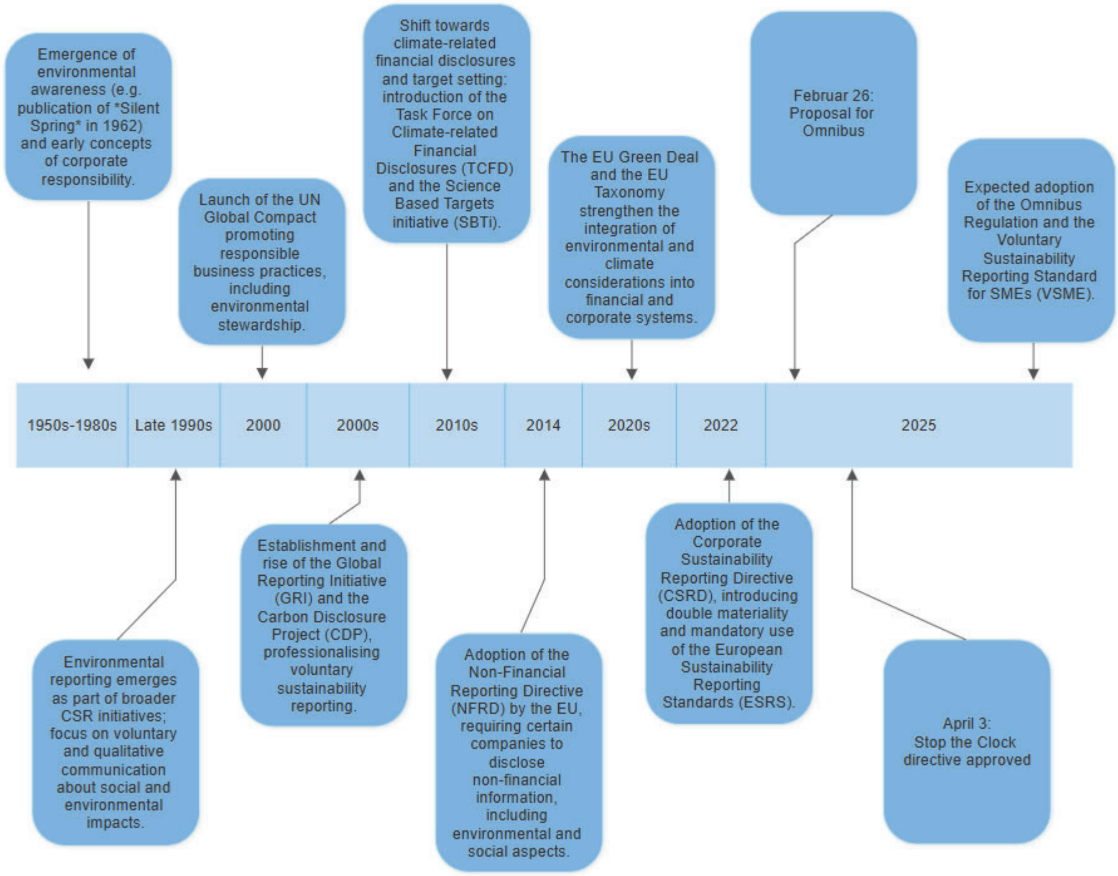

Figure 2.3. Timeline of key milestones in the evolution of environmental reporting, from early voluntary CSR to regulated, standardised reporting under the CSRD and ESRS, including the recent Omnibus proposal (Marit Bruhn-Petersen et al., 2024).

The development from CSR to CSRD reflects a fundamental shift in the nature of environmental reporting, from a narrative of corporate responsibility to a tool for transparency, risk management, and accountability (Marit Bruhn-Petersen et al., 2024). While environmental reporting originally served as a voluntary expression of social responsibility, it is now increasingly embedded in financial systems and legislative structures.

The corporate sustainability reporting directive

The Corporate Sustainability Reporting Standard (CSRD) is a central element of the EU's strategy to enhance transparency in corporate sustainability reporting (Marit Bruhn-Petersen et al., 2024). The CSRD was adopted on 28 February 2022 and represents an upgrade from the previous Non-Financial Reporting Directive (NFRD). CSRD not only expands its scope, but also imposes stricter requirements on the content, standardisation, and verification of reporting (Marit Bruhn-Petersen et al., 2024). The purpose of CSRD is to ensure that companies systematically report on their sustainability-related activities in a way that is comparable, reliable, and useful to investors, regulators, and other stakeholders. CSRD enhances sustainability reporting to the same level of importance as financial reporting, recognising the growing understanding that environmental and social factors are important to economic performance (Martinčević et al., 2024). One of the most significant changes introduced by CSRD is the concept of double materiality. This principle requires companies to report both on how sustainability issues affect their financial performance (outside-in perspective) and how their activities impact the environment and society (inside-out perspective) (Martinčević et al., 2024). The CSRD applies to a far greater number of companies than the NFRD and introduces mandatory external verification of reports, as well as a new digital reporting format. These measures aim to mitigate the risk of greenwashing and ensure that sustainability data is reliable and standardised (Marit Bruhn-Petersen et al., 2024).

A motivation behind CSRD was to resolve long-standing inconsistencies in corporate sustainability reporting, which had hindered transparency and comparability between companies. By requiring clear and structured disclosures, the CSRD ensures that companies provide reliable insight into their environmental, social, and governance (ESG) performances, risks, and impacts. Aligned with global sustainability initiatives such as the Paris Agreement and the United Nations' Sustainable Development Goals (SDGs). CSRD underscores the necessity for businesses to embed sustainability into their operational, tactical, and strategic frameworks. While NFRD provided a framework for non-financial reporting, it lacked specific guidelines, leading to inconsistencies that made it difficult to compare companies' sustainability performances. CSRD was introduced to close these gaps by enforcing standardised disclosure requirements (Marit Bruhn-Petersen et al., 2024; Martinčević et al., 2024). This directive plays a central role in the European Green Deal, which seeks to position Europe as the first climate-neutral continent by 2050. By reinforcing corporate transparency, CSRD ensures that sustainability considerations become an integral part of business strategies and decision-making, rather than merely a compliance requirement (Marit Bruhn-Petersen et al., 2024; Martinčević et al., 2024). Furthermore, CSRD reinforces the regulatory foundation for sustainable finance by ensuring that investors and financial institutions can rely on consistent and verifiable sustainability data when making informed decisions.

CSRD establishes comprehensive reporting obligations that refine and expand previous sustainability disclosure requirements. The directive mandates that companies provide detailed sustainability disclosures that align with standardised reporting frameworks to ensure consistency and comparability across industries and member states (Marit Bruhn-Petersen et al., 2024; Martinčević et al., 2024). A characteristic of CSRD is its extensive scope which covers a wide range of companies and sectors. The directive applies to all large companies meeting at least two of the following three criteria: (1) more than 250 employees, (2) a net turnover exceeding 40 million EURO, or (3) a balance sheet total above 20 million EURO.

The CSRD can be argued to represent a shift in the European Union's approach to sustainability reporting, introducing both promising opportunities and notable challenges for businesses. According to Martinčević et al. (2024), one of the most important developments is the alignment of sustainability reporting with financial reporting, ensuring that non-financial disclosures are given equal weight and prominence in corporate communication. University North et al. (2024) supports this view and highlights that the directive promotes greater transparency, comparability, and reliability in sustainability-related information by mandating reporting under the European Sustainability Reporting Standards (ESRS), which standardise data reporting requirements. This harmonisation is expected to help investors and other stakeholders better evaluate companies' ESG performance.

Moreover, Martinčević et al. (2024) point out that CSRD is not only a reporting obligation but also an opportunity for companies to build trust with stakeholders and embed sustainability deeper into their strategy and operations of the companies. The authors emphasise that the directive encourages companies to reflect more systematically on their environmental and social impacts, including throughout their entire value chain.

While the ambitions of the directive are clear, University North et al. (2024) notes that meeting the reporting requirements can be burdensome for SME's enterprises with limited experience and resources. In addition to the volume of data required, companies can struggle with the availability of value chain information, especially in the early stages of implementation. Similary , Martinčević et al. (2024) points out that one of the main barriers to high quality reporting is the lack of qualified personnel and technical understanding of the new standards, which may undermine the initial implementation and quality of sustainability disclosures.

Suppliers are often indirectly pressured to disclose carbon information due to demands from large companies seeking to meet institutional and stakeholder requirements (Villena & Dhanorkar, 2020). This effect is intensified under the EU's Corporate Sustainability Due Diligence Directive (CSDDD), which requires covered companies to conduct environmental and human rights due diligence across their entire value chains. As a result, even companies not directly covered by the directive may be required to align with its standards, as larger companies demand ESG data (European Commission, 2024a).

The implementation follows a phased approach across EU. Companies that are already subject to NFRD will be the first to report under CSRD in the beginning of 2025, from the financial year of 2024 (European Union, 2022). The scope of which companies are obligated to report has been changed recently with the Stop-the-clock mechanism as a part of the EU Omnibus. More details on the Omnibus can be seen further down in section 2.3. To ensure consistency and comparability across companies and sectors, the CSRD requires the use of a common set of reporting standards. These are the European Sustainability Reporting Standards (ESRS), which define the specific content, data requirements and structure of the sustainability disclosures under the directive. These ESRS standards define the detailed content and format of the reporting disclosures.

European sustainability reporting standards and ESG

To support the implementation of the CSRD, the ESRS have been developed to define the structure and content of companies' sustainability disclosures. The ESRS consist of 3 main topics: environmental (E), social (S), and one governance (G) standard, which constitute the term ESG. They require companies to report on both how sustainability issues impact the companies business, and how the business impacts society and the environment, which is reported through the CSRD's double materiality assessment (DMA). The standards were developed by EFRAG (EFRAG, 2025) and adopted by the European Commission in July 2023, coming into force from January 2024. They apply to all companies covered by CSRD.

While the CSRD represents a new regulatory milestone, the concept of ESG itself is not a new framework. The acronym ESG was first introduced in 2004 by the United Nations in the report *Who Cares Wins* (United Nations, 2004), where it was presented as a framework for evaluating companies' sustainability performance alongside financial results (Marit Bruhn-Petersen et al., 2024). ESG replaced earlier framework that was less comprehensive like the CSR by introducing measurable, comparable, and standardised indicators of sustainability, which is often qualitative and voluntary, to a more structured and measurable approach with the ESG framework. ESG was developed to align sustainability with economic reasoning, enabling companies and investors to assess non-financial risks and opportunities through quantitative metrics (Marit Bruhn-Petersen et al., 2024).

In recent years, ESG evolved into a strategic management and investments, as sustainability is seen as a long term success criterion. As briefly mentioned, it encompasses environmental factors such as emissions and resource use through the **E**, social factors such as working conditions and diversity through the **S**, and governance issues like board structure and compliance through the **G**. A key feature of ESG is the focus on immeasurability, transparency, and comparability, aiming to provide a foundation for sustainability reporting and risk evaluation both for internal and external use. Today, ESG has become a cornerstone of responsible business conduct. Investors increasingly integrate ESG data into financial analysis to identify long term value and mitigate risk. This transformation from voluntary principle to formalised practice is now implemented through the CSRD, with the ESRS specifying approximately 1,100 data points that are required to be reported across the EU. An Overview of the ESRS framework structure can be seen in Table 2.1 and an overview of the standards can been in Table 2.2.

Table 2.1. Overview of the ESRS framework structure (European Union, 2022).

Component	Description
Total number of standards	12 ESRS: 2 cross-cutting standards and 10 topical standards.
Cross-cutting standards	**ESRS 1**: General principles. **ESRS 2**: Mandatory disclosures.
Topical standards	**Environmental (E)**: e.g., climate, pollution, biodiversity. **Social (S)**: e.g., workers, communities, consumers. **Governance (G)**: e.g., corruption, business conduct, oversight.
Disclosure structure	Each standard includes: - Disclosure Requirements - Data Points - Application Requirements
Total data points	Approx. 1,100 data points across 84 subtopics.
Types of data points	**Mandatory**: required for all companies. **Materiality-based**: required if considered material. **Voluntary**: optional to include.

Table 2.2. Overview of the 12 ESRS standards (EFRAG, 2024).

Standard	Description
ESRS 1	General principles: foundations for sustainability reporting under CSRD.
ESRS 2	General disclosures: mandatory topics such as governance, strategy, and materiality.
ESRS E1	Climate change: GHG emissions, climate targets, and transition plans.
ESRS E2	Pollution: emissions to air, water, and soil, and related policies.
ESRS E3	Water and marine resources: usage, discharge, and risk assessment.
ESRS E4	Biodiversity and ecosystems: impacts on nature and biodiversity policies.
ESRS E5	Resource use and circular economy: material efficiency, waste, and recycling.
ESRS S1	Own workforce: working conditions, equal treatment, and employee engagement.
ESRS S2	Workers in the value chain: labour practices and risks among suppliers.
ESRS S3	Affected communities: societal impact, community engagement, and rights.
ESRS S4	Consumers and end-users: product safety, accessibility, and responsible marketing.
ESRS G1	Business conduct: anti-corruption, lobbying, ethics, and corporate behaviour.

The Voluntary Standard for Non-Listed Micro-, Small- and Medium-Sized Undertakings (VSME)

EFRAG, which developed the ESRS under the CSRD, has also prepared a voluntary reporting framework specifically aimed at non-listed micro-, small-, and medium-sized undertakings, referred to as the VSME standard (EFRAG, 2024). Although currently in draft form, the objective of the VSME standard is to support smaller enterprises in initiating sustainability reporting through a simplified and proportionate structure. The VSME standard pursues four main objectives:

1. Giving information that meets the expectations of larger companies that are covered by the CSRD, so they can report on their value chain.
2. Giving information that meets the expectations of banks and investors.
3. Improving the oversight of sustainable undertaking that these companies might face on the three pillars of the ESG.
4. To help a more inclusive and sustainable economy.

Importantly, the VSME standard mirrors the sustainability themes covered in the mandatory ESRS, including all three ESG topics. However, it does so in a simplified manner to reduce administrative burdens and increase the likelihood of adoption (see Table 2.4). The framework is designed to be proportionate and accessible for smaller undertakings that are not subject to the CSRD. The scope of the VSME standard is defined by company size. To qualify, undertakings must not exceed two of the three thresholds specified for each category, as shown in Table 2.3.

Table 2.3. Size thresholds for undertakings (must not exceed two of the three to qualify)(EFRAG, 2024).

Undertaking Size	Balance Sheet Total	Net Turnover	Average Employees
Micro	$\leq$ €450,000	$\leq$ €900,000	≤ 10
Small	$\leq$ €5 million	$\leq$ €10 million	≤ 50
Medium	$\leq$ €25 million	$\leq$ €50 million	≤ 250

Although the framework is currently in draft form, its final design is likely to be influenced by the Omnibus proposal, which aims to adjust and streamline the broader CSRD implementation. As such, the VSME standard may evolve further to ensure it aligns with the needs of both reporting companies and their stakeholders, including value chain partners and financial institutions.

In the context of this thesis, the VSME standard represents an important regulatory initiative that addresses several of the challenges highlighted in this chapter. Whether voluntary reporting under such framework creates business value for smaller companies remains an open question and a key motivation for the empirical investigation.

Table 2.4. Overview of the VSME framework structure.

Component	Description
Modules	Two modules: **Basic** (B1–B11) and **Comprehensive** (C1–C9). The Basic module is mandatory, while the Comprehensive module is voluntary and can be used to provide additional information.
Basic Module – General Information	**B1**: Basis for preparation, **B2**: Sustainability practices, policies and actions.
Basic Module – Environmental Metrics	**B3**: Energy and GHG emissions, **B4**: Pollution, **B5**: Biodiversity, **B6**: Water, **B7**: Resource use and circular economy.
Basic Module – Social Metrics	**B8**: Workforce characteristics, **B9**: Health and safety, **B10**: Remuneration and training.
Basic Module – Governance Metrics	**B11**: Convictions and fines related to corruption and bribery.
Comprehensive Module – General Information	**C1**: Strategy and business model, **C2**: Policies and actions for sustainability transition.
Comprehensive Module – Environmental Metrics	**C3**: GHG reduction targets, **C4**: Climate-related risks and opportunities.
Comprehensive Module – Social Metrics	**C5**: Additional workforce information, **C6**: Human rights policies, **C7**: Human rights incidents.
Comprehensive Module – Governance Metrics	**C8**: Revenues from sensitive sectors, **C9**: Gender diversity in governance bodies.

2.3 Recalibrating reporting regulation: the EU's Omnibus

In February 2025, the European Commision presented the *Omnibus Proposal*, which has the aim of amending and postponing some requirements under both the CSRD and the CSDDD. The proposal is a response to the growing political and business concerns regarding the administrative burden posed by the CSRD regulation, which especially the case for the SME's. The overall purpose of the proposal is to strengthen the competitiveness of European companies in a fast-changing global environment. It forms part of a broader simplification agenda, through which the EU aims to uphold its green ambitions while ensuring that regulatory frameworks remain proportionate and practically implementable to secure competitiveness. This section outlines the rationale behind the Omnibus proposal, its key content, and its implications for the implementation of the CSRD and CSDDD (European Commission, 2025).

The Omnibus proposal emerged in response to the concerns from policymakers, industry representatives, and other stakeholders regarding the growing complexity and compliance costs associated with EU sustainability legislation. For example, CSRD and the CSDDD have been criticised for placing disproportionate burdens on companies, especially those with limited administrative and financial resources, which is often the smaller companies. These concerns were highlighted in Mario Draghi's 2024 report The Future of European Competitiveness (European Commission, 2024d) and echoed by the European Council in the Budapest Declaration on the new European Competitiveness Deal (European Commission, 2024b), which called for a 25% reduction in reporting requirements.

The broader geopolitical and economic context, where increased energy prices resulting from the war in Ukraine and different global regulatory approaches has further intensified pressure to adjust the implementation of the timeline and scope. In this light, the EU committed to launching a simplification and announced the first simplification Omnibus package in late February 2025, which is communicated as; A Simpler and Faster Europe. This Omnibus proposal aims to enhance business competitiveness and efficiency while maintaining the EU's objectives of the Green Deal (European Commission, 2024c).

In addition, the proposal aims to prevent unnecessary or wasted compliance costs. Without a postponement, some companies in the second and third implementation waves would be required to invest in complex reporting processes, only to be exempted under the coming revised rules. The Omnibus proposal also addresses concerns about unintended trickle-down effects on SMEs within value chains of large companies. By reinforcing and expanding the value chain cap, the purpose is to ensure that large companies do not impose disproportionate data requests on smaller companies. Furthermore, the delay provides time for the European Commission to revise the ESRS and to develop voluntary reporting framework, and issue clearer implementation guidance (European Commission, 2025).

The so-called "Stop-the-clock", was approved in the end of March 2025, which postpones the application of CSRD and CSDDD requirements to avoid unnecessary compliance costs. While this temporary relief is in place, the EU are negotiating revisions to both directives, including reduced scope, simplified standards, extended protections for SMEs and a voluntary framework for the companies that are not covered by the legislation (European Counsil, 2025).

While the Omnibus Proposal illustrates that EU are responding to institutional and structural concerns, it is equally important to examine how these changes are received outside the legislative body of EU. To better understand the practical implications and perceptions of the CSRD, the CSDDD, and the proposed adjustments in the Omnibus, the next section draws on "grey literature".

2.4 Beyond the academic lens: grey literature on the Omnibus proposal and its implications

To better understand the new proposal of the Omnibus to the ESRS, non-academic sources have also been included in the problem analysis. This "grey literature" consists of up-to-date e.g. opinion pieces, and industry commentaries, and hereby provide insight into current debates and shifts that are not reflected in the academic literature yet. This is due to a publication lag within the academic literature. Academic research is inherently subject to delays due to publication processes. As a result, major events such as the proposal of the EU Omnibus or political developments like the Trump administration's language restrictions on social topics, have yet to be fully addressed in peer-reviewed studies. The global environment is changing fast at the moment and therefore it is relevant to look at the newest material on the topic.

The Omnibus proposal have already effected the business landscape, as the Omnibus proposal raises the employee threshold for mandatory reporting from 500 to 1000, and exempts many companies with 250-500 employees that were previously expected to report under CSRD. As a result, companies that had begun preparing for the directive are now reconsidering their need for dedicated ESG personnel. Christian Ladefoged was laid off from his role as an ESG specialist shortly after the proposal was presented. He was employed by a mid-sized construction company, which decided to scale back reporting efforts and focus instead on concrete sustainability actions, such as electrifying its vehicle fleet and improving waste handling (Øland-Petersen, 2025).

The Confederation of Danish Industry (DI), confirms that hiring personnel for ESG roles has slowed down since the Omnibus was proposed. ESG consultants and consultancy company like Sustain X have also been hit, with clients reducing or cancelling projects due to the regulatory uncertainty. According to CBS professor Andreas Rasche, this may be a short sighted reaction, as companies will still face growing demands for sustainability data from investors, customers, and business partners, regardless of whether reporting is legally required (Øland-Petersen, 2025).

While legal requirements may ease, the pressure for transparency and ESG data remains. Many companies are shifting their sustainability focus away from reporting and towards business relevant areas such as carbon reduction and supply chain expectations. Although still only a draft at this stage, is already having significant real-world implications, especially for ESG professionals and consultancy company.

The Danish Minister for Industry, Business and Financial Affairs, Morten Bødskov argues that the growing complexity of sustainability reporting under the EU's CSRD framework risks undermining the progress of the green transition (Erhvervsministeriet, 2025). While the intent behind reporting requirements is sound, to promote more sustainable and socially responsible business practices, the burden of compliance is becoming disproportionate, especially for SMEs.

Bødskov warn that excessive administrative demands divert resources away from real green investments, upskilling initiatives, and tangible improvements in working conditions. They call for a simplification and digitalisation of reporting processes to ensure that sustainability reporting remains meaningful and manageable, enabling businesses to focus on creating green jobs and supporting Denmark's position as a leading country in the green economy. Bødskov Supports the Omnibus proposal (Erhvervsministeriet, 2025).

The European Central Bank (ECB) has major point of concern in the Omnibus is the significant reduction in the scope of the reporting requirements. The proposal would reduce the number of companies required to report by approximately 80%, which the ECB warns could severely limit the availability of sustainability related data (European Central Bank, 2025). This may lead to a situation where major emitters, including fossil fuel companies, are no longer obliged to report, potentially masking financial risks related to climate change. The ECB also notes that many companies currently reporting under the previous NFRD would be exempt under the new rules, despite accounting for a large share of the EU's corporate turnover (European Central Bank, 2025).

The ECB highlights that such a reduction in reporting could undermine the objectives of the EU's sustainable finance framework. In particular, the availability of ESG data from the banking sector could become fragmented, which would hinder risk assessment and supervision. The ECB therefore recommends that all significant credit institutions, regardless of their size, should remain subject to sustainability reporting obligations. Furthermore, the ECB proposes that companies with between 500 and 1,000 employees should still report, albeit under simplified sustainability reporting standards that are proportionate to their capacities (European Central Bank, 2025).

The ECB also expresses concerns about the increased reliance on voluntary reporting. It warns that this could lead to biased and incomplete data, since companies with poor sustainability performance may choose not to report, while others may selectively disclose positive information. Without mandatory assurance or verification, this could increase the risk of greenwashing and reduce the usefulness of sustainability data for risk management and investment decisions (European Central Bank, 2025).

Sustainability information is essential for the ECB to fulfill its core mandates, including monetary policy, banking supervision, financial stability and statistical analysis. The ECB argues that climate and nature related risks have profound implications for the economy and financial system, and that a lack of consistent data could affect its ability to assess these risks and act accordingly (European Central Bank, 2025).

To address these challenges, the ECB propose a range of technical suggestions. They propose maintaining the possibility to develop sector specific reporting standards, ensuring interoperability between EU and international standards, and accelerating the development of assurance guidelines for sustainability reporting. The ECB also calls for a clarification that companies must not only adopt but also implement transition plans under the CSDDD, in order to ensure their credibility and usefulness (European Central Bank, 2025).

In conclusion, the ECB urges EU legislators to strike a careful balance between simplification and ambition. It supports efforts to reduce unnecessary burdens on companies, but warns that weakening the scope or credibility of sustainability reporting could undermine both the EU's competitiveness and its climate objectives. The ECB encourages swift political agreement on the proposed directives, alongside timely implementation and adoption of the necessary technical standards.

The Carbon Disclosure Project (CDP) expresses concern that the EU Commission's Omnibus simplification package risks undermining the ambitions of the European Green Deal. They warn that removing sector-specific standards from the CSRD could hamper meaningful materiality assessments, as companies depend on sectoral guidance to identify and disclose relevant environmental impacts. CDP also criticises the proposed exclusion of approximately 80% of companies from the CSRD scope, including listed SMEs, arguing that public listing should entail transparency obligations. Furthermore, CDP voices concern over delays and weakening of the CSDDD, stressing the importance of robust and timely implementation to meet climate and human rights goals (Madera, 2025).

CDP says that sustainability disclosure is already embedded in European business practices and has proven economic benefits, citing 3.47 trillion EURO in climate-related opportunities reported by companies versus 620 billion Euro in associated costs (Madera, 2025). They advocate for simplification that reduces administrative burdens without compromising transparency and impact, and they call for evidence based reforms that maintain the integrity of the EU's sustainability reporting framework.

Seven climate and human rights advocacy groups filed a complaint with the **European Ombudsman** against the European Commission. The complaint challenges the proposed Omnibus' legal changes that would ease EU sustainability regulations. Critics argue that the changes were made without public consultation or proper impact assessments, which they claim constitutes maladministration. They also allege that the Commission favored industry stakeholders, including major oil and gas company like ExxonMobil, Eni, and TotalEnergies, in private meetings ahead of public disclosure, undermining transparency and democratic processes. Although the Ombudsman lacks enforcement authority, it can open an inquiry and issue recommendations, potentially influencing future EU legislative action (Energy News, 2025).

In his 2025 analysis, Dr. **Josef Baumüller, from the Technical University of Vienna**, Austria Vienna University of Economics and Business, examines the European Commission's "Omnibus I" package, in his academic article, but it is not peer reviewed yet. The most notable change is the introduction of a new threshold of 1,000 employees for mandatory sustainability reporting, which would reduce the number of companies required to comply (Baumüller, 2025).

Baumüller's empirical assessment, based on Austrian company data, finds that this change could exclude up to 90% of previously covered companies in Austria. He argues that the new threshold appears arbitrary and lacks a clear, evidence based justification. The reduction disproportionately affects high impact sectors such as real estate, steel, and transportation, while leaving some lower impact sectors still within scope. This, according to Baumüller, undermines the alignment between sustainability reporting obligations and actual environmental or social risks (Baumüller, 2025).

The paper further argues that this narrowing of scope could weaken the broader goals of the EU's sustainable finance agenda by reducing the availability of standardised, comparable sustainability data that investors rely on. It also points out that no comprehensive impact assessment was conducted before proposing the changes (Baumüller, 2025).

Baumüller recommends either retaining the existing three criteria threshold system (employee count, turnover, and balance sheet total) or introducing sector-specific rules that better reflect sustainability impacts. He concludes that the current proposal risks compromising the integrity and effectiveness of EU sustainability reporting and the Green Deal more broadly.

Christina Kjær, Head of research at The Business Think Tank, argues that companies are increasingly forced to navigate between conflicting international expectations. While Europe proposing less sustainability and inclusiveness reporting, certain US political forces are actively rejecting ESG related practices such as DEI diversity, equity, inclusion (DEI). Recent events illustrate this shift, as US authorities have required some companies to confirm they are not engaging in DEI work to qualify for public contracts. This development shows how differing values and regulatory approaches are increasingly shaping global market conditions, making corporate ethics part of international business strategy (Eisenberg, 2025).

Kjær critiques the existing ESG framework for its reliance on vague metrics and self-reporting, noting that high ESG scores have sometimes coincided with corporate scandals. She emphasises that the future of responsible business lies in quality over quantity, meaningful, comparable, and transparent data, not endless checklists. The piece concludes with a call for companies to focus on substance, not slogans. In a world where ESG has become politicised, real leadership will shine through businesses that integrate responsibility into their operations and decision-making. Data-driven and credible ESG targets such as emissions reductions or employee satisfaction are increasingly seen as valuable by investors and stakeholders (Eisenberg, 2025).

The increasing politicisation of ESG, particularly in the United States, has already led to concrete changes in reporting and strategy. For instance, **Novo Nordisk** has announced that they will discontinue their gender and racial diversity targets in its U.S. operations. This decision is a direct response to the evolving legal environment under the Trump administration, which has rolled back diversity-related regulations and even made illegal. While Novo Nordisk maintain that they still believe in inclusion, the company emphasises that it must comply with national laws even if that means abandoning specific DEI-related goals (Svejdal, 2025).

Similarly, **LEGO** have removed terms like “LGBTQ”, "women" and “diversity” from their 2024 sustainability report. This is seen as a strategic move to adapt to the political climate in the U.S., where diversity initiatives are increasingly being framed as controversial or even unlawful. According to industry analysts, this is part of a broader trend where companies adjust language and framing in order to reduce legal risk or avoid political backlash. Confederation of Danish Industry has even advised companies to replace terms such as "diversity and inclusion" with more neutral alternatives like engagement (Colvin, 2025).

These examples highlight how geopolitical shifts are not just challenges but are already reshaping how companies approach sustainability reporting and corporate responsibility in practice.

2.5 Literature study

To better understand the academic landscape surrounding environmental reporting and its relationship to business value, a literature study was conducted. As part of this process, a structured screening of 35 academic articles was carried out, focusing on the methods and theoretical frameworks applied across the studies. Table 2.5 below summarises the research methods used in the selected literature. A wide range of predominantly quantitative approaches were identified, including regression analysis, panel data, and bibliometric methods.

This methodological tendency toward quantitative designs also shows a lack of qualitative research into how companies themselves understand and experience value creation through environmental reporting. As a response to this gap, a qualitative approach will also be adopted in this thesis to capture a more nuanced view of the value environmental reporting.

Although a few studies use content analysis, the majority apply this method in a quan-

Table 2.5. Overview of methods identified in the studied literature. Methods counted less than two times are not included in the table.

Method	Count	Authors
Regression analysis	12	(Ahmadi & Bouri, 2017; Gull et al., 2022; Hassan, 2018; Khaireddine et al., 2024; Misani & Pogutz, 2015; Moneva & Cuellar, 2009; Nakao et al., 2007; Nguyen, 2020; Shen et al., 2024; Tzouvanas et al., 2020; Yin, 2018)
Panel data analysis	12	(Cesarone et al., 2022; Eng et al., 2022; Gallego-Álvarez et al., 2014; Gull et al., 2022; Khaireddine et al., 2024; Lee & Maxfield, 2015; Nakao et al., 2007; Nikolaou et al., 2024; Yildiz et al., 2024; Zamora-Ramirez & Gonzalez-Gonzalez, 2015)
Bibliometric analysis	6	(Ahmad et al., 2023; Chopra et al., 2024; Chowdhury et al., 2023; Huang et al., 2024; Marie et al., 2024; Marzuki et al., 2023)
Correlation analysis	4	(Dragomir, 2010; Guastella et al., 2022; Nguyen, 2020; Trevlopoulos et al., 2021)
Content analysis	4	(Ahmadi & Bouri, 2017; Dragomir, 2010; Guastella et al., 2022; Nikolaou et al., 2024)
Structural equation model	3	(Chen et al., 2022; De Mendonca & Zhou, 2019; Hassan, 2018)
Thematic/clustering analysis	2	(Agliardi et al., 2023; Marzuki et al., 2023)
Literature review	2	(Ahmad et al., 2023; Velte, 2023)

titative manner, for instance by coding large volumes of reports or disclosures to extract structured data. Only one study used qualitative interviews, and even that was part of a mixed-methods design. This underscores the general dominance of quantitative approaches in the identified articles.

A second table (Table 2.6) presents the theoretical perspectives used in the studied literature. While some articles apply established theories such as Stakeholder Theory, Legitimacy Theory, and the Resource-Based View, many studies are not explicitly grounded in theory, eg. those using bibliometric or meta-analytical designs. Theories and methods that are counted less than two times are not included in the tables.

The four theoretical perspectives selected for this thesis are Stakeholder Theory, Legitimacy Theory, Resource-Based View, and Institutional Theory, presented in detain in section 4.5. The theories were selected based on their frequency and relevance across the studied literature. In addition to their frequency in the studied literature, these theoretical perspectives also contribute to the understanding of how environmental reporting can create business value. Each theory offers a distinct lens for interpreting value creation, whether it is through stakeholder trust, legitimacy in the eyes of society, competitive advantage via internal capabilities, or institutional pressure and conformity.

An overview of all studied literature, including titles, authors, key findings, theoretical frameworks, methods, and interpreted definitions of value, is available in the accompanying Excel file in the external appendix "Literature".

Table 2.6. Overview of theories identified in the studied literature. Theories counted less than two times are not included in the table.

Theory	Count	Authors
Stakeholder Theory	17	(Chen et al., 2022; Dragomir, 2010; Eng et al., 2022; Guastella et al., 2022; Gull et al., 2022; Jin, 2025; Khaireddine et al., 2024; Lee & Maxfield, 2015; Marie et al., 2024; Misani & Pogutz, 2015; Nguyen, 2020; Shen et al., 2024; Trevlopoulos et al., 2021; Tzouvanas et al., 2020; Velte, 2023; Yildiz et al., 2024)
Legitimacy Theory	8	(De Mendonca & Zhou, 2019; Hassan, 2018; Khaireddine et al., 2024; Lee & Maxfield, 2015; Marie et al., 2024; Nguyen, 2020; Shen et al., 2024; Velte, 2023)
Institutional Theory	7	(Chen et al., 2022; De Mendonca & Zhou, 2019; Eng et al., 2022; Guastella et al., 2022; Lee & Maxfield, 2015; Marie et al., 2024; Trevlopoulos et al., 2021)
Resource-Based View	10	(Chen et al., 2022; Guastella et al., 2022; Gull et al., 2022; Hassan, 2018; Jin, 2025; Marie et al., 2024; Misani & Pogutz, 2015; Shen et al., 2024; Trevlopoulos et al., 2021; Tzouvanas et al., 2020; Yildiz et al., 2024)
Agency Theory	5	(Lee & Maxfield, 2015; Nguyen, 2020; Shen et al., 2024; Tzouvanas et al., 2020)
Slack Resource Theory	4	(Lee & Maxfield, 2015; Misani & Pogutz, 2015; Nguyen, 2020; Tzouvanas et al., 2020)
Knowledge-Based View	3	(Guastella et al., 2022; Nikolaou et al., 2024; Trevlopoulos et al., 2021)
Triple Bottom Line	2	(Dragomir, 2010; Yildiz et al., 2024)
Signalling Theory	2	(Khaireddine et al., 2024; Shen et al., 2024)

Value definitions from the articles

While most of the studied literature in this thesis focuses on financial indicators as the value, the understanding of value and its creation in this thesis and the subsequent analysis and dicussion, is informed by the selected theoretical perspectives, which is also outlined in section 4.5. This framework offers a broader lens for interpreting how environmental reporting can create or signal value as a multifaceted term, beyond what is immediately reflected in financial metrics.

Across the studies, no articles explicitly define what is meant by "value." Instead, the definition of the concept is typically implied through the use of specific indicators. In the following, an overview of how value is indicated or interpreted across the studied literature, is presented (see Table 2.7).

Across the studied literature, value is typically associated with company value, which is measured through indicators such as stock price, return on assets (ROA), return on equity (ROE), market value, or Tobin's Q. In many articles, more than one indicator is used to describe the value of environmental reporting, but the concept is mainly viewed from the perspective of investors and shareholders.

In some studies, value is also associated with risk mitigation. Here, the indicators reflect not only potential profitability but also reductions in financial or operational uncertainty. Measures such as ESG reporting are, in these cases, seen as tools to lower perceived risk and thereby contribute to a more stable company.

A smaller number of articles suggest a broader strategic view of value, referring to long-term competitiveness or reputational gains. However, even in these studies, the indicators are still closely tied to financial or market outcomes.

Although most articles define value primarily in financial terms, a few references to stakeholders appear. These references, however, are not concerned with value creation for stakeholders themselves, but rather with how stakeholders perceive the company's environmental performance and reporting practices. In some cases, stakeholder trust or stakeholder perception is linked to the value of environmental reporting, as this may influence the company's reputation and thereby its market position.

Table 2.7. Overview interpretations of "value" in the studied literature.

Category	**Description**	**Typical indicators**	**Perspective**
Financial performance	Value is understood as economic return or market based performance	Stock price, ROA, ROE, Tobin's Q, Market value	Investor/shareholder-oriented
Risk mitigation	Reporting seen as a way to reduce financial or operational uncertainty	Cost of capital, volatility, risk metrics	Internal management/investor confidence
Strategic positioning	Focus on long term competitiveness or brand and reputational benefits	Brand value, long-term performance	Strategic management perspective
Stakeholder perception	Value linked to how stakeholders perceive the company's environmental performance and reporting	Stakeholder trust, legitimacy	Stakeholder-oriented

Overall results from the literature study

The literature study draws upon a diverse of academic studies that research the relationship between corporate environmental disclosure and its relation to business value. As outlined earlier, the studied literature does not explicitly define "value," but tends to imply it through similar financial metrics such as stock price, return on assets, or market value. And some studies also refer to risk reduction, stakeholder relationships or strategic benefits. The selected literature spans a wide range of industries, geographical contexts, and methodological approaches. Several articles adopt a global scope, while others concentrate on specific national contexts. The studies predominantly investigate large, publicly listed companies, though a few include smaller companies where data availability allows it. While some articles explicitly focus on high-emission sectors such as manufacturing, industry, and aviation, others examine companies listed in national indices such as the S&P 500 or CAC 40, or in international listings where industry affiliation is not always specified. A few studies also base their analysis on companies reporting through frameworks such as ESG, CDP or GRI.

Theme 1: Overall view
ESG reporting and its relationship to financial value and risk reduction. A recurring finding in the studied articles is the positive association between ESG disclosure and financial performance. Multiple studies suggest that companies with robust ESG reporting frameworks tend to experience improved stock performance, lower cost of capital, and enhanced long-term profitability. This is often attributed to increased transparency, stakeholder trust, and reputational benefits. For example, in the meta study by Singhania and Gupta (2024), they highlight how ESG disclosure is associated with reduced corporate risk, particularly idiosyncratic risk, and the effect is more in place in larger companies and those with greater female board representation. While the study includes a few articles that report no clear link between ESG disclosure and financial performance, the majority support a positive relationship. These findings align to some extend with the bibliometric analysis by Huang et al. (2024), which shows that most studies support a positive link between ESG disclosure and company value, though context, governance structures, and methodological approaches influence the strength and direction of the relationship. A structured literature review by Velte (2023) similarly finds that environmental reporting is generally linked to improved financial performance, particularly in accounting-based measures, while market-based results remain mixed. The study also highlights company size and board gender diversity as key factors.

A study by Jin (2025) adds nuance by analysing the individual ESG pillars separately. Using machine learning on Korean company, they find that environmental and governance performance both improve financial outcomes, though environmental effects diminish at higher levels. In contrast, social performance negatively impacts financial performance. Notably, environmental factors are the strongest predictor of company value, reinforcing the importance of targeted ESG efforts.

A scientometric review by Ahmad et al. (2023) confirms that ESG disclosure generally enhances business sustainability, value creation, innovation capacity, and financial performance. While the study supports earlier findings on the role of company size and governance structures, it also introduces unique perspectives, such as the influence of religion highlighting that companies labelled as Islamic tend to perform better on environmental and social dimensions, but not on governance. Notably, the authors observe variability in ESG performance during the COVID-19 pandemic, which contributed to increased awareness and investor interest in ESG as a means to strengthen business resilience in times of crisis.

Gallego-Álvarez et al. (2014) and Marie et al. (2024) highlight how times of crisis amplify the positive link between environmental or ESG performance and financial outcomes. While Gallego-Álvarez et al. (2014) find that the synergy between environmental and financial performance is stronger during economic downturns, Marie et al. (2024) emphasise that companies with mature ESG practices demonstrate greater resilience and financial stability during crises such as the COVID-19 pandemic.

Theme 2: Sector-specific view
In Al Hawaj and Buallay (2022)'s worldwide sectorial analysis, they find that the effect of ESG reporting on company performance differs across sectors. ESG reporting has a positive impact in sectors such as manufacturing, energy, retail, and tourism, where it is associated with improved operational, financial, and market performance. In contrast, no significant effect was found in the healthcare and IT sectors, while in the banking, financial and telecommunication sector, ESG reporting had a negative impact. These differences show that ESG reporting does not create value in all sectors and should therefore be seen in a sector-specific context.

Nguyen (2020) analyses large German copanies and finds a significant negative relationship between GRI adherence and comapny value. The effect is strongest in low impact sectors such as finance, media, and retail, where GRI compliance is associated with lower market valuation. In environmentally sensitive sectors such as energy, chemicals, metals, and transportation, no significant effect is observed. The findings also suggest that the value of sustainability reporting depends on the industry context. Dragomir (2010) finds no relationship between GRI-based environmental reporting and financial performance, even in environmentally sensitive sectors. While company with higher environmental impact tend to report more, this appears to reflect a desire for legitimacy rather than a source of financial value.

Eng et al. (2022) find that company value increases when sustainability disclosures are tailored to the company or reported in metric form, while generic and non-specific disclosures reduce comapy value. ESG disclosure scores are also positively associated with company value, and both types of disclosures provide incremental and distinct information. The study underlines that the type and quality of disclosure matter, and supports the idea of harmonising reporting standards such as SASB and ESG scores to improve comparability and investor decision-making. Interestingly, Guastella et al. (2022) find the opposite. In their sectorial microdata analysis, environmental and emission disclosures have the strongest positive effect in high-impact sectors such as energy and manufacturing. This contrasts with findings by Eng et al. (2022), who argue that disclosure adds more value in low-impact sectors, while high-impact company disclose mainly for legitimacy. This distinction is further elaborated by Shen et al. (2024), they find that while both can enhance financial performance, environmental performance has a significantly stronger impact, particularly on ROA, Tobin's Q, and cost of capital. In contrast, disclosure alone, even when based on material issues, has a more limited effect. This suggests that investors prioritise substantive environmental action over formal reporting.

Summary

In summary, the studied literature provides an overview of how environmental reporting relates to business value between different contexts. While findings vary by sector, geography, and methodology, the overall tendency suggests that well-executed environmental disclosure can support financial performance, stakeholder relations, and create resilience, especially when reporting is targeted and substantive. Furthermore, the studied articles do not offer a direct explanation of why or how reporting creates value, as it fails to specify the mechanisms through which reporting contributes to this value creation.

However, the majority of existing studies adopt a quantitative approach focused on large, publicly listed companies, and tend to measure value in narrow financial terms. As such, limited attention has been paid to SME's, and to the more nuanced, qualitative dimensions of value creation such as internal learning and optimisations, strategic alignment, and stakeholder engagement. This thesis therefore aims to explore the perceived and experienced value of environmental reporting from the perspective of companies themselves, using a qualitative, interview-based approach to uncover how value is understood and experienced by companies through environmental reporting in practice.

Research Question 3

While environmental reporting is becoming an increasingly central expectation for companies in the context of the green transition, the assumption that such reporting creates business value beyond financially measurable outcomes remains largely unexamined. Despite political and regulatory pressure, such as the EU's CSRD, many companies continue to question the actual value of environmental reporting in terms of competitive advantage, strategic insight, or stakeholder relations. Companies face a dual challenge as they are expected to engage in more structured sustainability disclosure, while often lacking the resources and clarity to assess whether these efforts translate into value.

Recent developments like the Omnibus proposal, which aims to adjust the CSRD implementation to better suit companies' needs, reflect growing awareness of these concerns. Yet it remains unclear whether such reporting delivers value in practice, and if so, through which mechanisms. This thesis adopts a practical perspective to investigate whether environmental reporting contributes to business value, and how. In this context, environmental reporting is defined broadly to include all activities required to produce the report, ranging from data collection and processing to internal coordination, planning, decision-making, and the final drafting. The aim is not only to investigate the business case for environmental reporting, but also to identify how reporting frameworks can be improved to align better with companies' perceptions of value creation, wheter it's through enhanced communication, internal learning, or stakeholder engagement. This leads to the central research question and three subquestions guiding this study:

Research Question:
How does environmental reporting contribute to the current and expected creation of business value for companies operating in Denmark, and how can the environmental reporting frameworks be improved to enhance the creation of business value?

Subquestion 1:
How do companies understand and experience the creation of business value through environmental reporting?

Subquestion 2:
What are the strengths and limitations of the current environmental reporting frameworks perceived by companies?

Subquestion 3:
How could the environmental reporting frameworks be improved to better support the creation of business value for companies?

Methodology and Conceptual Framework 4

This chapter outlines the methodological and theoretical foundation of the thesis. It begins by presenting the overall research design, which follows an abductive and pragmatic orientation. The study is inspired by elements of case study methodology, with the attention to context and real world complexity, but does not apply a formal case study design. Instead, the approach is thematic and qualitative, aiming to explore how multiple companies experience business value through environmental reporting.

The chapter then describes the data collection and coding process, including the rationale for conducting semi-structured interviews, the sampling strategy, and the development of interview guides and how the interviewed companies are selected. The literature study methodology is then presented, drawing on Snyder (2019) semi-systematic review approach. This section outlines the search strategy, the screening criteria, and the analytical process used to identify relevant academic literature. A distinction is made between academic and grey literature, with each type contributing differently to the analytical depth and contextual relevance of the study. Afterwards, a section describing how effective the methdological approach is and potential bias may accour.

Finally, the chapter presents the conceptual framework used to support the analysis. Rather than rigidly applying full theories, the study draws selectively on relevant elements of Stakeholder Theory, Legitimacy Theory, Institutional Theory, and the Resource-Based View. These perspectives are combined to form a conceptual framework that reflects how different perceptions and understandings of value may be generated through environmental reporting. The framework is used primarily in the discussion chapter, where it helps interpret and contextualise the empirical findings.

4.1 Research design

This section presents the overall research design of the thesis. The study follows a pragmatic and abductive approach, combining theoretical and empirical elements to investigate how companies experience business value through environmental reporting and how reporting frameworks can be improved. The design integrates a literature study and qualitative interviews, supported by a conceptual framework that draws on selected theoretical perspectives. These elements are brought together to enable a nuanced exploration of patterns and interpretations across different organisational contexts. An overview of the research design can be seen in Figure 4.1.

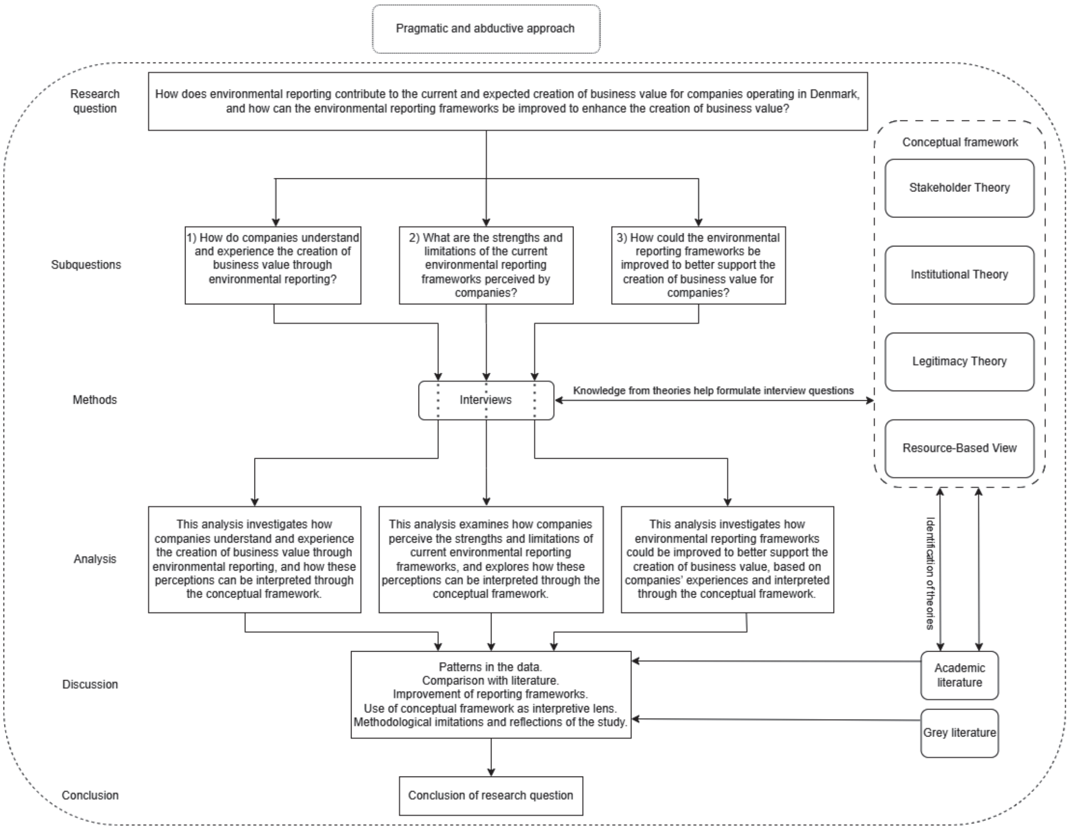

Figure 4.1. Illustration of research design.

This thesis investigates how environmental reporting is understood and experienced as creating business value among selected companies, where the term value is understood as multifaceted and not only as what can be measured financially. The thesis then explores how the existing environmental reporting frameworks can be improved to better support such value creation. The research adopts a thematic qualitative design that explores companies and their contextual perspectives in depth. Rather than focusing on a few cases, the study examines a broader sample of companies and consultancy firms to identify patterns, experiences, and differences in how environmental reporting is understood and practiced.

To address the research question, the study adopts a pragmatic and abductive research strategy consisting of two complementary components, which together provide both a foundation of existing academic knowledge and empirical insight into current practice. The pragmatic perspective guides the overall design, allowing methods, data sources, and theoretical perspectives to be selected based on their relevance and usefulness to answering the research question. The two components are:

1. A study of selected academic literature and inclusion of selected grey literature.
2. An empirical investigation through semi-structured interviews with companies and consultants that make environmental reporting.

The research follows an abductive logic, in which theory and empirical data are engaged in an iterative and reflective process. The literature study is used to clarify concepts, such as how "business value" is understood in the academic literature, and to identify relevant methods and theories for investigating this topic. The interview data are backed up by some background information and context of the case companies from, e.g., their websites and environmental reports (see more about the companies in section 4.2. This data regarding the companies is not analysed with the intention of testing predefined hypotheses. Instead, it is used to explore how concepts identified in the literature manifest in practice, and to uncover dynamics, patterns, and perspectives that can be interpreted through relevant theoretical lenses. This interplay between theory and data characterises the overall abductive design of the study.

The theories used in this study are Stakeholder Theory, Legitimacy Theory, Institutional Theory, and the Resource-Based View and are presented in detail in section 4.5. These are not used to predefine the analysis but serve as interpretive lenses to help make sense of the empirical findings from the interviews. These theories were selected based on their frequent use in the studied academic literature, indicating their relevance to understanding companies' environmental reporting. Importantly, the theories also contribute to a broader conceptualisation of business value. Rather than focusing solely on direct financial returns, as it predominantly is in the academic literature study, they offer perspectives on how value can be created and seen through other indicators. In this way, the conceptual framework helps capture how environmental reporting may create value in forms that go beyond traditional economic metrics.

Moreover, the conceptual understanding of these theories not only guides the later discussion of the findings but has also informed the construction of the interview guide and the formulation of the interview questions. This ensured that the interviews address themes known to shape reporting motivations, stakeholder engagement, legitimacy, and internal resource considerations etc. A conceptual framework is developed based on these theoretical perspectives, which will be presented in detail in section4.5.

The research design incorporates a form of methodological triangulation, combining different types of data sources to strengthen the credibility of the study. The academic literature primarily consists of quantitative studies, which offer insights into correlations of financial business value. In contrast, the grey literature tends to be more qualitative and discursive, providing nuanced perspectives on the practicalties of reporting. Moreover, grey literature often reflects more recent developments in the world, offering up-to-date knowlegde that is not always captured in academic publications. Together with the qualitative interview data and contextual knowledge about the selected companies, these sources enable a comprehensive and credible study.

In the final stage of the thesis, the findings from the interviews through the analysis are reflected against insights from the academic and grey literature, and further interpreted through the conceptual framework. And lastly, methodological reflections and implications on the results of the study, are discussed.

4.2 Interview

In this thesis, semi-structured interviews were conducted to investigate how companies operating in Denmark perceive the value of environmental reporting, and how existing reporting frameworks, including the Corporate Sustainability Reporting Directive (CSRD), can be improved to better support business value. Semi-structured interviews are suited for studies that seek to explore complex, practice-based perspectives. The method combines a guiding structure with openness, allowing for consistency across interviews while also enabling participants to elaborate on themes they find relevant (Kvale & Brinkmann, 2022).

Rather than limiting the sample to specific company sizes or sectors, the selection of interviewees was based on existing access points and relevance to the study's focus. Companies were identified through contacts provided by Aalborg University, through Erhvervshus Nordjylland, one participant was identified in the 'Grøn Konkurrencekraft' report (IRIS Group, 2025), and the researchers' professional networks. The selection of companies is elaborated in section 4.2 further below. Within each company, the interviewee was selected based on their knowledge of and involvement in environmental related activities. This included roles such as sustainability officers, environmental managers, and executive decision-makers. Furthermore, consultants working with ESG reporting were interviewed to provide a more objective and generalisable view on the value creation associated with environmental reporting. An overview of the interviewees, including job titles, educational background, and company affiliations, is presented in Table 4.1.

The interviews were conducted during spring 2025, either in person or via Microsoft Teams depending on practical considerations. Each interview lasted approximately 60 minutes and was recorded with the participant's consent. The transcriptions were produced using AI-assisted tools (Microsoft Teams and Good Tape) and subsequently reviewed for accuracy. See more about the use of AI in section 4.4. Thematic coding was applied to the transcripts, and the insights derived from the interviews constitute a central empirical foundation for the thesis' abductive analysis.

Interview guide

To reflect the diversity among participants and ensure thematic relevance, two separate interview guides were developed: one for companies that engage in environmental reporting, and one for consultants who assist companies with reporting tasks. This tailored approach ensured that each interview addressed questions appropriate to the context of the interviewee and company, while maintaining overall coherence with respect to the research questions and conceptual framework.

Both guides were informed by the conceptual framework applied in the thesis, including Stakeholder Theory, Legitimacy Theory, Institutional Theory, and the Resource-Based View. These perspectives guided the formulation of interview questions and acted as a background knowledge when formulating the questions. This ensured that the multifacetedness of the term *value* was explored, and that themes such as regulatory expectations, reporting practices, and organisational motivations were included. Furthermore, to reflect the multifaceted understanding of value during the interviews, the words and

Table 4.1. Overview of interviewees, including job titles, company affiliations, and educational backgrounds.

Name	Job Title	Company	Education
Companies			
Anne Sofie Bredgaard Myrup	Head of Sustainability	Kastberg	Environmental Management and Sustainability Science
Marie Magelund	ESG-Manager	Tommy Telt	Philosophy
Mads Nadolny	Executive Assistant	DTE	Law
Mette Dirks	Sustainability Manager	TL Byg	Environmental Management and Sustainability Science
Rasmus Vilain	Dell EMC Product Manager	Renewtech	HHX, academy programme in leadership, sales and marketing
Alberto Huerta Morales	Sustainability Strategist	CS Wind Offshore	Environmental Management and Sustainability Science, Ph.D
Søren Würtz Bredahl	Head of Sustainability	BSM	Development & International Relations
Bente Enemark	Chief Sales Officer	Nordic Computer	Economics
Consultants			
Lukas Gulbæk Pedersen	CSRD, ESG and Sustainability Consultant	BDO	Environmental Management and Sustainability Science
Rasmus Lie Nielsen	Project Manager, ESG and Sustainable Development	NIRAS	Environmental Management and Sustainability Science
Kristina Overgaard Zacho	Business Developer	Erhvervshus Nordjylland	Environmental Management and Sustainability Science, Industrial Ph.D

formulations were phrased more open and inclusive when addressing value. These words and formulations were for example "what did you gain", "how was it useful", "important", and "beneficial", instead of the more narrow, financial connotated formulations such as "how much did you earn", "economic gains" in regards to environmental reporting.

The guide for companies that report included questions on:

- Reporting history, choice of framework, and internal reasoning
- Percieved internal and external value of reporting
- Effects on environmental performance and organisational behaviour
- Reactions to CSRD and reflections on its relevance and usability
- Strengths and limitations of existing reporting frameworks

The guide for consultants examined:

- The nature of consultancy services provided in relation to reporting
- Perceptions of client motivations and reporting value
- Observed environmental or strategic outcomes from reporting
- Practical barriers and challenges in implementating reporting frameworkds
- Reflections on CSRD and how it is shaping reporting practices
- Views on how frameworks can be improved to enhance both compliance and value

All interviews began with introductory questions to establish the participant's background and role, before proceeding to thematised sections. The flexible format enabled follow-up questions and participant-led elaboration, which contributed to a richer understanding of experiences and perceptions. The use of structured guides across interviews strengthens the study's credibility and supports comparability while retaining the openness needed for exploratory research (Priya, 2021).

Selection of companies

The selection of companies for this study is based on a strategic sampling approach aimed at capturing diverse experiences with environmental reporting among companies located in Denmark. The sample includes two main groups, being private companies engaged in some environmental reporting, and consultancy firms that support other companies in relation to environmental reporting such as ESG frameworks, climate accounting, or sustainability strategy, all located in Denmark. Although we were also interested in companies that do not report and have actively chosen not to, it was not possible to arrange interviews with such companies.

The original plan for this study was to conduct interviews with companies directly covered by the CSRD, i.e. larger companies with a legal obligation to report. However, it proved difficult to gain access to these companies within the project timeframe.

As a result, the selection followed a pragmatic sampling strategy, where accessibility and willingness to participate were key inclusion criteria. Several of the participating companies were identified through the research group's existing and extended professional and academic networks, including contacts established through previous employment at Erhvervshus Nordjylland and collaboration with and employment at the consultancy firm NIRAS. Additional companies and consultancy firms were recruited through contacts at Aalborg University. Lastly, one company was identified through the "Grøn Konkurrencekraft" report. The final selection also reflects which companies were willing and available for interviews, which was a practical consideration throughout the empirical data collection process.

Although access was a key factor, the selection also aimed for maximum variation across sectors, company sizes, and levels of engagenemt with environmental reporting. Some companies are similar in size or industry, but the overall sample is characterised by considerable variation. This variation contributes to a more nuanced understanding of the topic and further strengthens the analytical depth of the study. Furthermore, the ability to generalise the results is investigated in the following.

Selection of interview participants and its implications

The selection of companies and consultants in this study has shaped the findings and must be considered when interpreting the results. While it was aimed to include a diverse set of organisations across industries and company sizes, the final sample was partly shaped by accessibility and willingness to participate. This introduces a degree of selection bias, as the companies that agreed to be interviewed may already be more engaged or reflective about environmental reporting than those that declined. Moreover, some industries or perspectives may be overrepresented due to our networks. Although the inclusion of consultants provided cross-sectoral knowlegde, the sample does not fully represent the breadth of sectors or roles involved in environmental reporting. These limitations may have affected the variety of the understanding and experience of value captured and could bias the findings towards certain types of reporting practices or organisational priorities.

However, the relatively broad scope of the selected companies including SMEs and large enterprises has enabled an identification of patterns across different industries. The results hereby offer analytical knowlegde into how environmental reporting is interpreted by organisations with different backgrounds and levels of experience.

Presentation of case companies

The following section presents brief profiles of the companies and organisations included in the study. The section is based on the companies' websites, the Danish CVR, and the interview data. Each profile provides background information on the company, its size and sector, as well as its engagement with ESG or environmental reporting. This contextual overview helps clarify each company's starting point and relevance in relation to the study's research questions. This background knowledge can furthermore be useful when interpreting the results in relation to other contexts of the selected companies.

Tommy Telt is a small and medium-sized enterprise (SME) with four locations across Jutland. Specialising in event equipment rental, the company relies heavily on seasonal labour and operates in a highly event-driven market. Since 2018, Tommy Telt has worked actively with environmental responsibility, publishing their first sustainability report in 2021.

Dansk Træemballage A/S (DTE) is a Danish manufacturer with 428 employees, specialising in wooden pallets and packaging for business-to-business customers. The company has worked with environmental responsibility for several years, including FSC certification and product-specific CO_2 data via EPD tools. DTE began preparing for CSRD reporting but chose to continue under the VSME standard after regulatory changes postponed their obligation.

Kastberg A/S is a carpentry company based in Aars, Denmark, employing around 50 people. The company undertakes e.g. main contracts and turnkey contracts construction projects within residential, commercial, and industrial building sectors. Recently, they published their second responsibility report, which follows the voluntary VSME standard and includes several additional data points.

TL Byg A/S is a construction company based in Aalborg with 128 employees. The company operates across three main areas large scale contracting projects, a service division handling smaller assignments, and an in house production of windows and doors. TL Byg recently published its first ESG report, voluntarily following the VSME standard.

Renewtech is a circular IT company with approximately 100 employees, headquartered in Aars, Denmark, and with operations across Europe. The company specialises in buying, refurbishing, and reselling used data centre equipment, thereby extending product lifecycles and reducing electronic waste. Since 2021, Renewtech has published annual ESG reports based on the VSME framework.

Nordic Computer is a Danish IT company with 94 employees, specialising in extending the lifespan of data centre hardware through reuse and repair. Their business model is inherently circular, based on the resale of used IT equipment and service agreements that help customers delay hardware replacement. The company published its first climate report in 2023, though it began working with sustainability a few years earlier. Nordic Computer is not legally required to report, but chose to do so voluntarily.

CS Wind Offshore is a Danish manufacturer of offshore wind turbine foundations, employing 828 people and is fully owned by a South Korean parent company. The company has reported on environmental performance for several years. While public reporting has been limited, CS Wind Offshore participates in platforms like CDP and delivers ESG data directly to stakeholders. CS Wind Offshore initially began aligning with the CSRD due to regulatory obligations. Although regulatory changes temporarily paused their mandatory compliance, the company has chosen to continue using the CSRD framework voluntarily.

BSM A/S is a Danish subcontractor with 59 employees, supplying metal and steel components primarily to the furniture, laboratory, and industrial sectors. The company is ISO 9001 and ISO 14001 certified and has recently published its first ESG report.

BDO Denmark is one of the country's largest consultancy and auditing firms, with 1797 employees across Denmark. Since 2020, the firm has published its own sustainability reports and has built a dedicated ESG and sustainability consultancy unit. This unit supports a broad range of clients, from small SMEs to large multinational corporations helping them navigate sustainability frameworks such as CSRD, the EU Taxonomy, and VSME.

NIRAS is a multidisciplinary Danish consultancy firm with 2241 employees, offering technical and strategic consultancy services within, among others, sustainability, infrastructure, and development. Within ESG and sustainability reporting, NIRAS supports a wide range of companies particularly in the industrial sector with services such as climate accounting, double materiality assessments, LCAs, and EPDs. NIRAS consults companies with the CSRD and VSME standard, depending on the client's size and needs.

Erhvervshus Nordjylland is a self-governing institution and a regional Danish business development centre with 40 employees, providing strategic guidance to SMEs across various sectors. While not an ESG consultancy itself, the organisation has worked with internal CO_2 accounting since 2019 and helps SME's navigate ESG and sustainability related demands. The business developers do not deliver in depth consulting but offer a few meetings to help companies clarify needs, evaluate options, and determine next steps, often in response to customer pressure or regulatory developments.

The organisation also contributes to policy and programme development and is part of national efforts to support green transition in SMEs, including state supported funding schemes.

Coding methods of transscriptions

The coding process followed a structured yet adaptable approach tailored to the purpose of this study. Rather than relying on a strict predefined coding framework, the goal was to balance a systematic analysis with openness to the empirical material. The process was designed in a ensure consistency and transparency in how data were handled in the group, while supporting a flexible understanding of how value is expressed in the context of environmental reporting.

Initially, inter-coding was used, where each group member independently coded the same interview with the predefined five coding categories. This stage was open and descriptive, allowing to remain attentive to the diverse perspectives expressed by interviewees without imposing theoretical categories. Following this, the coding results were compared and discussed across three interviews in an inter-coder process. This comparison served both to improve consistency in the application of the coding process and to identify patterns and connections in the data. Based on this comparison, minor adjustments were made to the coding process and a clarification was made about the interpretation of certain terms and to which coding categories specific quotes should be assigned. The five predefined categories are as the following:

- **Positive value of reporting** (including general motivations for engaging in reporting)
- **Advantages and strengths** of the reporting frameworks
- **Disadvantages of the reporting frameworks**, negative value, or general criticism of reporting
- **Suggestions and potential** for improving the reporting frameworks
- **Other interesting or mixed quotes** that go beyond the categories above

Due to time constraints, this inter-coder process was not repeated for all interviews, and was only applied on three interviews. However, it helped establish a shared logic for applying the colour coded categories consistently throughout the remaining transcripts. A key decisive factor in opting not to extend the inter-coder validation, was that there there was a high degree of agreement and consistency among group members in using the coding categories to all interviews.

Finally, the now colour coded quotes were grouped into broader analytical categories and synthesised into overarching themes that form the basis of the structure of the analysis.

This open approach supports the broad and multifaceted definition of the concept of value in this study by allowing different interpretations and expressions of value to emerge. Had more narrowly predefined categories been used, some of these nuances may have been overlooked.

4.3 Literature study

This section presents the methodological foundation for the literature study conducted as part of this thesis. The purpose of the literature study is not only to map existing academic research on the relationship between environmental reporting and business value but also to inform the empirical design and conceptual framing of the thesis. Following the semi-systematic approach described by (Snyder, 2019), the literature study was used to identify dominant theories and definitions of key concepts in the field. Rather than aiming for an exhaustive synthesis, the literature study was designed to explore how business value is conceptualised and how environmental reporting outcomes are assessed. This knowlegde contributed to the development of the interview guide and the conceptual framework used in the empirical part of the thesis. The literature study thus plays a dual role, as it offers a structured overview of existing knowledge, acts as a theoretical tool to guide the empirical investigation and provides a knowlegde about how value is related to business value.

This literature study is based on the methodological approach by Snyder (2019) to literature review. According to Snyder (2019), a literature review is conducted to identify, synthesise, and assess existing research within the field, helping to establish an understanding of the current knowledge base. Different approaches to literature reviews exist. By systematically collecting and analysing previous studies, this literature study provides insight into the state of research, investigating central topics and emerging trends in the field.

Snyder (2019) outlines three key types of literature reviews: **systematic literature review, semi-systematic review, and integrative review**. Regardless of the chosen approach, the process of conducting a literature review is generally divided into four main phases: (1) defining the review design, (2) conducting the literature search, (3) analysing the findings, and (4) writing the review. This literature study is furthermore inspired by these four phases.

Phase 1

This literature study is inspired by the definition of a semi-systematic literature review by Snyder (2019). This approach is seen as appropriate choice, as the aim was to map methods and theoretical patterns across a the field of environmetnal reporting, rather than synthesising statistical effect sizes.

While this study does not constitute a fully systematic review, it closely follows the principles of the semi-systematic approach outlined in her work. The main difference lies in the review process. Rather than analysing all identified articles, this review process was concluded at the point where further screening and analysis of the articles did not generate substantial new knowledge.

To maintain a clear research direction, it is important to first define the purpose and scope of the literature study. The objective of this study is to investigate how environmental reporting affects both business value and environmental performance.

At the time of making the literature study, the initial research question was developed to guide the literature study: *"How does environmental reporting influence business value and environmental performance?"*

A structured search strategy has been developed to ensure the identification of the most relevant academic sources. This strategy includes the selection of search terms, database, and inclusion and exclusion criteria. In this initial phase, search strings were tested and refined to optimise the relevance of retrieved studies.

The scope of this literature study is therefore focused on research that explores environmental reporting in relation to business value and environmental performance, to ensure that only literature relevant to the research objective is considered.

In addition to mapping the existing academic knowledge base, this literature study serves three additional purposes in this thesis. First, it is used to identify the dominant theoretical perspectives in the field of environmental reporting and business value, such as Stakeholder Theory, Legitimacy Theory, Institutional Theory, and the Resource-Based View. These theories are later used as analytical lenses in the analysis and are described in more detail in section 4.5. Secondly, the majority of the studied articles use quantitative designs (e.g. regression analysis, panel data), which justifies and supports this thesis' use of a qualitative research approach. Thirdly, the literature study contributes to a more precise understanding of the concept of *business value*, which is central to this thesis. As the term is used in various ways across the literature, including for exapmle financial performance, brand reputation, market positioning, and risk reduction, the literature study helps inform how value is conceptualised and interpreted.

Initial search string

Throughout phase 1 of the literature study, multiple search strings were developed, tested, and revised. According to Snyder (2019), the search terms for the literature study should be guided by the selected research question. Therefore, the initial search string was divided into two, to systematically investigate how corporate environmental reporting influences both environmental performance and business value. This was to ensure that the literature study would capture studies that addressed only the environmental impacts, only the financial impacts, and both impacts of corporate environmental reporting. The initial search strings are seen below.

Search string 1: Environmental performance: The first search string focuses on identifying studies that examine how corporate environmental reporting contributes to environmental improvements, such as reduction in greenhouse gas emissions, resource efficiency, and pollution mitigation.

Search string 2: Business value: The second search string targets studies that explore how corporate environmental reporing influences business-related factors, such as financial performance, market valuation.

Final search string

The initial development of search strings was guided by a block-based approach, aiming to combine terms related to environmental performance (Search Block 1) and business value (Search Block 2). However, the first test searches using only these two blocks resulted in an overwhelming number of hits, many of which were only loosely related to the research topic. A large portion of the retrieved literature focused broadly on corporate reporting or sustainability practices without specifically addressing environmental reporting or its outcomes. In particular, many articles dealt with general ESG communication, CSR disclosures, or internal sustainability processes without offering insight into environmental impact or business value.

This indicated that the combination of only two blocks lacked the necessary specificity and filtering. To address this, a third search block was introduced, containing impact oriented keywords (e.g., “impact of...”, “performance evaluation”). This third block was designed to target studies that explicitly examined the consequences or outcomes of environmental reporting, such as emissions reduction, financial performance, or operational improvements. The inclusion of this third block significantly improved the relevance and focus of the search results. It ensured that the literature study captured research aligned with the thesis objective.

Applied search string:

("climate disclosure" *OR* "environmental disclosure" *OR* "sustainability disclosure" *OR* "carbon disclosure" *OR* "non-financial disclosure" *OR* " non-financial report*" *OR* " climate report*" *OR* "sustainability report*" *OR* "non-financial report*" *OR* "environmental report*" *OR* “climate report*” *OR* "TCFD" *OR* "GRI" *OR* "CDP" *OR* "CSRD" *OR* "SBTi" *OR* "NFRD" *OR* "ESG")

AND

("financial performance" *OR* "economic benefit*" *OR* "market valuation" *OR* "stock market performance" *OR* "profitability" *OR* "cost efficiency" *OR* "return on assets" *OR* "return on equity" *OR* “return on investment” *OR* "ROA" *OR* "ROE" *OR* “ROI” *OR* "financial gains" *OR* "investor confidence" *OR* "shareholder value" *OR* "capital market response" *OR* "corporate earnings" *OR* "firm value" *OR* "investment returns" *OR* "ESG investment performance" *OR* "brand value" *OR* "competitive advantage" *OR* "financial risk reduction" *OR* "cost of capital" *OR* "business transformation")

AND

("impact of sustainability disclosure" *OR* "impact of environmental disclosure" *OR* "impact of ESG disclosure" *OR* "impact of sustainability report*" *OR* "impact of environmental report*" *OR* "impact of ESG report*" *OR* "impact of climate report*" *OR* "corporate sustainability outcomes" *OR* "performance evaluation” *OR* “environmental reduct*” *OR* “climate reduct*” *OR* “sustainability reduct*” *OR* “environmental performance” *OR* “climate performance”)

Technical search methodology

Both search strings make use of boolean operators (AND, OR) to structure the search logic. The "OR" operators is applied within each category to capture variations of key terms, while the "AND" operator helps ensuring that all retrieved studies include multiple relevant dimensions. Additionally, truncation symbols (*) are used to account for different word endings and variations. The search is conducted in the academic database, Scopus / Elsevier, by applying the terms to the title, abstract, and keywords of relevant publications.

Phase 2

The second phase of the literature study involved conducting the actual study of the literature based on the predefined scope and criteria from phase 1. According to Snyder (2019), this phase consists of executing the search strategy, screening the results, and selecting the relevant studies that meet the inclusion criteria. It is essential that the search process is systematic, transparent, and clearly documented to ensure replicability.

Following the search in the Scopus database using the final search string, an initial sample of 369 articles was retrieved.

The screening process was carried out in three stages. First, all retrieved articles were studied based on their titles to remove literature that was clearly irrelevant to the research objective. This resulted in 162 articles. Second, the abstracts of the remaining articles were screened to further assess their relevance, based on the predefined inclusion and exclusion criteria. This reduced the sample to 78 articles. Finally, full texts of 35 of the selected studies were carefully read and evaluated, ensuring that only studies with direct relevance to the research question were included in the final study.

Although it is common practice in literature review to examine all selected articles in full, the objective of this literature study was primarily to provide contextual understanding and insight into theoretical and empirical tendencies related to environmental reporting and the creation of business value. During the reading process, it became clear that the findings began to converge after approximately 35 articles. Several of the included articles were also meta-studies that synthesised a large number of empirical studies within this topic. Taken together, these factors led to a point of analytical saturation, where reading additional articles was not expected to generate any new insights or knowlegde. For this reason, it was deemed methodologically justifiable to limit the in-depth analysis to 35 full-text articles.

All articles selected for full-text screening and analysis were imported into Zotero, a reference management software used to organise the literature, tag relevant themes, and support systematic documentation of the study.

Exclusion criteria

In accordance with the structured approach to literature review outlined by Snyder (2019), a set of exclusion criteria was applied during the screening process to ensure that only literature relevant to the research objective was retained. These criteria were applied consistently across all three stages of screening (titles, abstracts, and full texts):

- Financial institutions such as banks, pension funds, and insurance companies were excluded. These organisations typically have limited capacity to influence environmental performance through operational changes, which is the primary focus of this thesis.
- Studies unrelated to the effects, drivers, or strategic value of environmental reporting were excluded. This includes literature that focuses exclusively on general sustainability practices, corporate responsibility activities, or regulatory compliance without directly linking these to environmental reporting or to business value and environmental outcomes.
- Studies focused on companies operating in emerging or non-Western markets were generally excluded due to potential contextual differences in regulatory frameworks, institutional pressures, and stakeholder expectations. However, exceptions were made for studies based in emerging markest in EU countries, as they are subject to similar reporting requirements (e.g. CSRD).
- Studies based on utility companies or other public sector entities were excluded.
- Studies assessing the quality, readability, or completeness of environmental reports were excluded if they did not also examine the implications, impacts, or strategic use of reporting.
- Articles focused on consumer behaviour or alignment of values between consumers and companies were excluded, as these lie outside the company-centred perspective adopted in this thesis.
- Studies focusing exclusively on the social or governance pillars of ESG were excluded unless they also addressed environmental reporting in a meaningful way.
- Non-peer-reviewed publications, such as book chapters, conference proceedings, and industry white papers, were excluded to maintain a high standard of academic reliability.
- Non-English language articles were excluded.
- Lastly, duplicate entries and studies without full-text access were removed during the final review stage.

Inclusion criteria

In addition to the exclusion criteria, a set of inclusion criteria was applied to ensure that the selected studies were academically robust and aligned with the research objectives of this thesis. Articles were included in the literature study if they met the following requirements:

- Peer-reviewed journal articles – to ensure academic rigour and reliability.

- Focused on corporate environmental reporting. The studies had to address environmental reporting at the company level.
- Addressed non-financial, private companies, with a focus on companies that are able to influence their environmental performance through internal actions, rather than financial institutions or public-sector organisations.
- Investigated the effects, drivers, or business value of environmental reporting – including studies focused on performance outcomes or organisational motivations.
- Related to business value and/or environmental performance, the study needed to look into at least one of these two dimensions.
- Focused on companies located in Western countries or within the European Union – to ensure comparability in regulatory context and institutional settings.
- Full text availability, to allow for full assessment and synthesis of content.

The overall approach and steps of the literature review are illustrated in Figure 4.2

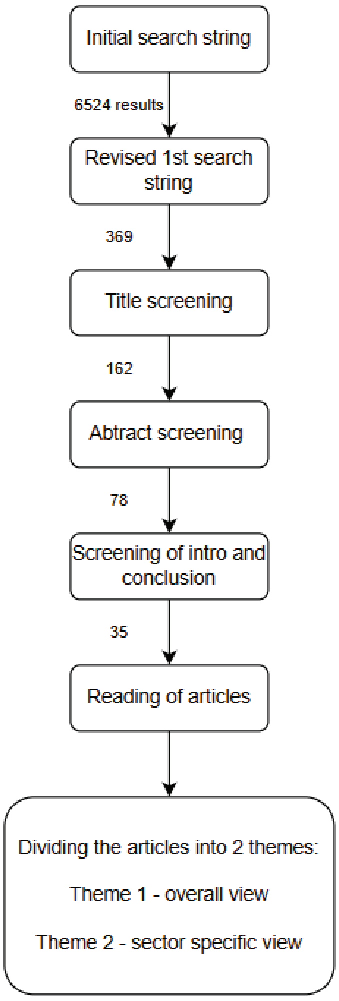

Figure 4.2. Overview of the literature study flow process. The figure illustrates the stages of the semi-systematic literature study, including search strategy, article screening, full text analysis and thematic categorisation.

Phase 3

The third phase of the literature study involves the systematic analysis of the selected studies to identify recurring themes, methodologies, and theoretical perspectives. According to Snyder (2019), this phase focuses on synthesising the literature in a way that enables meaningful interpretation.

To ensure consistency and traceability in the analysis, a data extraction template was developed in Microsoft Excel. For each article, information was extracted and recorded in the following categories: author(s) and year, purpose of the study, methods and theories applied, key findings, and relevance to the thesis. The data extraction template is presented in the external appendix "Literature".

The analysis was guided by the overarching research question of the thesis, with particular attention given to how environmental reporting was conceptualised and linked to business value or environmental performance. In addition to summarising key findings, special attention was paid to:

- The methodologies used across the studies (e.g. panel regression, meta-analysis, bibliometric analysis)
- The theoretical frameworks employed (e.g. Stakeholder Theory, Legitimacy Theory, RBV)
- The conceptualisation of “value” including financial performance, brand value, competitive advantage, and internal organisational learning

Knowlegde from this phase are summarised in section 2.5 in Table 2.5 and 2.6 which present the applied methods, theoretical perspectives, and how the term *business value* is defined and conceptualised across the studied literature. These insights have informed the thesis’ theoretical and methodological orientation.

The results from this phase including coded data on research methods, theoretical frameworks, and conceptualisations of business value provide the foundation for the synthesis presented in the next phase. This synthesis is elaborated in section 2.5, where insights from the studied literature are structured and interpreted.

In total, 35 peer-reviewed articles were selected for full text analysis. These articles form the empirical foundation of the literature study and were systematically coded using a structured template to extract relevant information, which is described in section 4.2

Phase 4

The fourth and final phase of the literature study involves structuring and write about the knowlegde obtained from the analytical work carried out in Phase 3. In line with Snyder’s approach, this phase focuses on presenting key findings from the studied literature in a clear and structured manner.

Section 2.5 presents the main results, including the research methods and theoretical perspectives most commonly applied and how *business value* is defined and operationalised across studies.

4.4 The use of generative AI

This chapter describes how generative AI tools were used throughout the thesis process in accordance with permitted guidelines. It outlines the support provided by ChatGPT, Microsoft Copilot, and other tools for grammar checking, translation, Latex commands and interview transcription. Furthermore, Primo Research Assistant was used for identifying relevant literature for e.g. developing the conceptual framework.

ChatGPT and Microsoft Copilot

Throughout the process of planning, brainstorming, and writing this thesis, different AI's were used to support the process. ChatGPT and Microsoft Copilot were used, however, the students have a licence for ChatGPT 4o and this was used more widely. In general, whenever an AI was used, the results were thoroughly investigated and adjusted to the project to ensure the quality and reliability of its contributions to the thesis.

Generally, these AIs were used for idea sparring, correcting grammar, and checking text for spelling etc. Also it was used for translating texts into English, for example of the interview guides for the one interview that was conducted in English.

For some sections in the report, especially in chapter 2, AI was used as point of departure for structure. In the prompts, information about the project and its context and background, and the content of the sections was given, and the AI suggested a structure.

Transcribing interviews

The interviews were recorded in Microsoft Teams, and therefore the transscriptions were firstly made by Microsoft Teams' AI. However, as these transscriptions were reviewed, they were not accurate and therefore there would be a lot of manual work in correcting them and making them reassemble what was actually said in the interviews. The recordings were then uploaded to GoodTape.oi instead, which resulted in more accurate transscriptions and less manual work for the project group.

Translation of quotes

Additionally, AI was used to assist in the translation of selected interview quotations from Danish to English. This was done to ensure consistency in language use throughout the thesis and to allow non-Danish readers to access relevant empirical insights. All translations were reviewed to preserve the original meaning and context of the interviewed persons' statements.

4.5 Conceptual framework

This section outlines the theoretical foundation of the project and explains how theory is applied throughout the analysis. Rather than adopting a fixed analytical model, the project follows an abductive approach, in which theoretical perspectives are introduced and developed in dialogue with the empirical material. Theory is thus used as a set of interpretive tools that support reflection and analytical depth. The conceptual framework creates a basis for a broader understanding of how value is created than the narrower use of the term value as an economic term, as is dominatly used in the literature, explained in section 2.5. This hereby opens up for investigating the multifacetedness of value creation according to the companies.

The project draws selectively on concepts from Stakeholder Theory, Legitimacy Theory, Institutional Theory, and the Resource-Based View. Each provides distinct insights into how environmental reporting relates to business value, organisational behaviour, and external expectations. Instead of applying each theory in full, selected elements are used where analytically relevant to the research questions.

The conceptual framework integrates these theoretical perspectives and guides the analysis. The framework is of a holistic character allowing for analysing patterns and connections within the interviewed companies as a whole. The framework does not aim to offer a comprehensive model, but provides a flexible structure for examining how reporting practices are shaped by organisational dynamics, stakeholder relations, and institutional contexts.

The selected theoretical perspectives, Stakeholder Theory, Legitimacy Theory, Institutional Theory, and Resource-Based View, have been chosen as they each address different aspects of the research question and sub-questions and hereby helps answer these questions

- Stakeholder Theory and Legitimacy Theory help explore how companies engage with external expectations and how environmental reporting is used to build trust and maintain societal approval.
- Institutional Theory explains how reporting practices are shaped by broader regulatory and normative environments.
- The Resource-Based View (RBV) supports the analysis of whether environmental reporting is perceived as a strategic internal resource that contributes to competitiveness.

Together, these theories guide the qualitative analysis and enable a more holistic interpretation of how companies perceive and create value through environmental reporting.

The following sections present each theoretical perspective, outlining core concepts and their relevance to the project.

Stakeholder Theory

In this project, Stakeholder Theory is used both as a normative and analytical lens to examine how environmental reporting aligns with stakeholder expectations and contributes to value creation. Stakeholder Theory focuses on the relationship between organisations and their stakeholders, defined as any individuals or groups who affect or are affected by organisational decisions (Phillips, 2003). In this project, the theory is used as a conceptual lens to interpret how stakeholder relations shape environmental reporting and perceptions of business value. A core principle is the identification and evaluation of stakeholder legitimacy and importance. Phillips (2003) argues that the theory should be grounded in a "principle of stakeholder fairness", which clarifies which groups should be considered and on what basis.

The theory challenges narrow conceptions of corporate responsibility by recognising that firms have obligations extending beyond shareholders or immediate supply chains. In an increasingly global and interconnected world, stakeholders include a broad range of actors whose interests may be impacted across institutional and geographical boundaries (Crowther & Seifi, 2016, p. ix-xxi). This expanded view has implications for how organisations approach sustainability and accountability in practice.

Stakeholder Theory also highlights the value of building strong relationships through trust, transparency, and involvement in decision-making. Empirical studies show that meaningful engagement can support competitive advantage and enhance organisational value creation (Langrafe et al., 2020). Realising this potential, however, requires more than superficial consultation – it depends on understanding the cognitive processes underpinning managerial decision-making in sustainability contexts (Langrafe et al., 2020).

Stakeholder Theory offers not only a normative framework, meaning that it proposes how organisations ought to engage with stakeholders based on ethical principles, but also a practical and analytical approach to understanding how organisations create and distribute value through stakeholder relationships. Parmar et al. (2010) highlights that effective stakeholder analysis begins by mapping the organisation's network of stakeholders and then evaluating the nature of these relationships. This involves identifying stakeholder interests, levels of influence, and potential conflicts, as well as assessing how value is co-created and shared. In this sense, Stakeholder Theory functions as a relation lens through which managerial decisions, such as environmental reporting, can be analysed in terms of responsiveness, fairness, and engagement. The theory thus supports a structured process for evaluating the alignment between stakeholder expectations and corporate practices. In the context of environmental reporting, this includes examining how organisations prioritise stakeholder information needs, incorporate feedback, and balance competing demands in their disclosure strategies.

Stakeholder Theory provides an analytical lens for understanding the role of environmental reporting as a strategic response to external expectations. It underscores the importance of engaging relevant stakeholders in the reporting process to ensure that the information disclosured reflects material concerns and serves decision-making needs (Manetti, 2011). The literature shows that stakeholder engagement is a fundamental dimension of meaningful sustainability reporting (Chen et al., 2022; Dragomir, 2010; Eng et al., 2022; Guastella et al., 2022; Gull et al., 2022; Jin, 2025; Khaireddine et al., 2024; Lee & Maxfield, 2015; Marie et al., 2024; Misani & Pogutz, 2015; Nguyen, 2020; Shen et al., 2024; Trevlopoulos et al., 2021; Tzouvanas et al., 2020; Velte, 2023; Yildiz et al., 2024). However, the literature reveals that many organisations adopt a stakeholder management rather than a genuine engagement approach, limiting the transformative potential of sustainability disclosures (Manetti, 2011).

For instance, a study of Fortune Global 500 companies found that stakeholder engagement was often weakly embedded in sustainability reports, with limited transparency around who was consulted, how, and to what effect (Ardiana, 2023). This superficial treatment of engagement undermines the accountability function of reporting and raises concerns about the credibility and responsiveness of corporate sustainability efforts. More broadly, the integration of stakeholder engagement into reporting can serve to enhance transparency, build trust, and ensure that reports are aligned with stakeholder interests and concerns (Ardiana, 2023).

From a normative perspective, Stakeholder Theory supports the principles of inclusivity, materiality, responsiveness, and impact, such as those found in standards like AA1000AP, which guide organisations in aligning sustainability reporting with broader accountability goals (Farooq et al., 2021). The theory therefore contributes not only to understanding how reporting is shaped by stakeholder expectations, but also to evaluating how reporting frameworks can be improved to promote more dialogic, responsive, and value creating forms of disclosure (Ardiana, 2023; Farooq et al., 2021; Manetti, 2011).

How value is seen through the theory

In terms of business value, Stakeholder Theory expands the concept beyond traditional financial performance. Value is understood as the organisation's ability to maintain legitimacy, build trust, strengthen stakeholder relations, and fulfill societal expectations. In this way, environmental reporting becomes a tool for communicating accountability and securing stakeholder support, which can in turn enhance long term organisational resilience and competitiveness.

Resource-Based View

Resource-Based View (RBV) is a theory within the field of strategic management and has been used widely to investigate how companies can exploit the potential of firm resources to generate and sustain competitive advantage. and, for companies to obtain competitive advantage, it is necessary to implement strategies that exploit internal strengths and neutralise external threats and avoiding internal weaknesses (Barney, 1991). In this thesis, RBV is used as an interpretive lens to examine how environmental reporting may function as a strategic resource that contributes to business value and competitive positioning.

Through the Resource-Based View, organisations are perceived as a collection of internal resources and capabilities (Barney, 1991). Indicators of the potential of these resources to obtain competitive advantages, are *Value*, *Rareness*, *Imperfectlty Imitability*, and *Non-Substituability* (VRIN) (Barney, 1991). The terms and understandings within RBV are largely developed by Barney (1991), and a substantial number of later studies build on this paper, applying and investigating the same core concepts, such as Yildiz et al. (2024), Chen et al. (2022), and Assensoh-Kodua (2019). Therefore, the main concepts of Barney (1991) are used as a basis for the concepts of RBV presented in this section. The conceptual understanding of resources and indicators are explained in the following.

According to Barney (1991), firm resources, or simply **resources**, encompass "all assets, capabilities, organisational processes, firm attributes, information, knowledge, etc.", which a company controls. These resources enable the company to develop and execute strategies that aim to improve its efficiency and effectiveness. He furthermore categorises the term *resources* into three categories:

- Physical capital resources,
- Human capital resources, and
- Organisational capital resources

Physical capital resources encompass the physical resources such as physical technology used in the company, its plant and equipment, and its geographic location. The human capital resources encompass training, experience, judgment, intelligence and relationships, and insights of individual workers in a company. And lastly, organisational capital resources encompass the company's formal reporting structure, formal and informal planning, controlling, and informal relations within the company and between the company and its environment (Barney, 1991). And, as mentioned, what defines these attributes as resources is the fact that they enable a company to develop and implement strategies that improve efficiency and effectiveness (Barney, 1991).

In order for the resources to contribute to a company's competitive advantage, the resources must be *Valuable*, meaning that it exploits opportunities and/ or mitigates any threats that might appear in a company's environment. Secondly, the resource must be *Rare*, in the sense that if a large number of companies implement the value-creating strategy, the company does not receive as much competitive advantage. Thirdly, the resource must be *Imperfectly Imitable*, meaning that it is difficult for other companies to obtain the resource if they do not already possess it. And lastly, there must be *Non-Substiability* for the resource that are valuable but not rare or imitable, meaning that they can be expolited separately to implement the same strategies (Barney, 1991).

Using these as empirical indicators, it can be examined whether and how the resources are useful for generating competitive advantages, and if the resource has all these attributes, it is considered to have the potential of creating and sustaining competitive advantage for the company.

How Resource-Based View is used for examining environmental reporting in companies

In the RBV theory, value is primarily understood in terms of sustained competitive advantage. Environmental reporting contributes to business value when it enhances internal efficiency, supports strategic positioning, or builds capabilities that are valuable, rare, inimitable, and non-substitutable. From this perspective, environmental reporting is not just a compliance exercise, but a potential internal asset that – if properly leveraged – can improve a company's long-term resilience and competitiveness.

Institutional Theory

Institutional Theory provides a useful lens for exploring how both formal rules and informal norms shape organisational behaviour (Draskovic et al., 2017). in this thesis, the theory is used to interpret how environmental reporting practices are shaped by institutional pressures and how legitimacy is maintained or challenged in this process. Rather than viewing organisations simply as rational actors responding to market forces, the theory focuses on how legitimacy and alignment with socially embedded expectations are important drivers of organisational decision-making and change (Draskovic et al., 2017). These expectations are not fixed but evolve over time, which reflects the broader institutional environment within which organisations operate.

A particularly influential concept within Institutional Theory is isomorphism, which refers to the process by which organisations become increasingly similar as they respond to institutional pressures (Posadas et al., 2023). The literature identifies three primary forms of isomorphic pressure: coercive, normative, and mimetic. Coercive isomorphism refers to pressures from laws, regulations, and/or formal mandates. Normative isomorphism involves shared professional standards, education, and values that influence how organisations behave. Mimetic isomorphism, on the other hand, arises when organisations imitate peers perceived as successful or legitimate, often in situations characterised by uncertainty (Posadas et al., 2023). Companies tend to align their policies and practices with those of others operating under similar institutional conditions, which serves not only to increase perceived legitimacy but also to meet the expectations of key stakeholders. In this context, legitimacy refers to the extent to which organisations gain collective approval in society, acting as a crucial source of stability and long-term viability (Posadas et al., 2023).

While institutions often act as catalysts for organisational change, they can also serve to preserve existing structures and practices. Draskovic et al. (2017) highlight the importance of critically assessing the depth and authenticity of institutional change, especially in contexts where reforms may be superficial or symbolic rather than genuinely transformative.

Institutional Theory contributes to the understanding of the drivers behind environmental reporting. It can reveal how reporting practices are shaped by both internal strategic considerations and by the need to align with institutionalised norms and sociatal expectations. For example, companies may adopt sustainability reporting in response to new legislation, even when enforcement is limited, as a means to maintain legitimacy (Chelli et al., 2014).

Normative and mimetic pressure also influence reporting behaviours. Normative pressures may stem from evolving industry standards or shared professional values, while mimetic pressures lead organisations to replicate the reporting practices of peers, particularly those viewed as industry leaders. These pressures often result in greater uniform reporting practices and formats (Goswami, 2018; Shubham et al., 2018).

However, regulatory pressure alone does not always result in improved reporting quality. Posadas et al. (2023) observe that although the EU's Non-Financial Reporting Directive led to an increase in reporting volume, it did not necessarily enhance the substantive quality of disclosures. By contrasts, organisations embedded in contexts with stronger normative and mimetic pressures were more likely to produce meaningful and transparent sustainability reports.

Institutional Theory also helps explain variation in reporting content across legal and cultural settings. For instance, companies operating in civil law countries tend to focus more on environmental issues such as emissions and water, whereas those in common law jurisdictions are more likely to report on materials and energy usage (Gallego-Alvarez et al., 2017). This suggests that institutional and legal traditions shape both the substance and style of environmental reporting.

Institutional Theory provides a foundation for analysing how environmental reporting practices are embedded within wider regulatory and normative structures. In the context of CSRD, coercive pressures are particularly significant. At the same time, the theory allows for the examination of how organisations adapt to new expectations through both formal compliance and informal reinterpretation. Empirical studies reinforce the influence of institutional context in relation to reporting behaviours. Kılıç et al. (2021) found that regulatory quality, legal systems, and stakeholder orientation all affect the likelihood of adopting sustainability reporting. Similarly, Orshi and Yusuf (2024) demonstrate that companies in transparency-oriented environments are more inclined to engage in strong robust reporting practices.

Environmental reporting can thus be understood not merely as a technical or managerial task, but as a socially embedded process shaped by institutional logics of legitimacy, accountability, and conformity. The theory supports a nuanced interpretation of the development, diffusion, and variation of reporting frameworks across diverse organisational and national contexts.

How value is seen through the theory

From the perspective of Institutional Theory, business value is closely tied to legitimacy and societal approval. Value created for companies arises when companies align with institutionalised expectations and norms, thereby strengthening their social license to operate and reducing the risk of reputational or regulatory sanctions. Environmental reporting is thus viewed not only as a communication tool, but as a mechanism for demonstrating conformity, accountability, and responsible conduct within a broader institutional environment.

Legitimacy Theory

The theory of organisational legitimacy, as introduced by Dowling and Pfeffer (1975), suggests that organisations must align their activities with the values and norms of the broader society to maintain social acceptance and support. In this thesis, Legitimacy Theory is used to interpret how environmental reporting practices function as tools for managing societal approval and securing organisational support. Legitimacy is seen as a resource, as it enables organisations to access resources, reduce scrutiny, and ensure long term survival.

Since its introduction, Legitimacy Theory has become widely used in the field of social and environmental accounting. As Deegan (2019) describes, the theory assumes that organisations seek to ensure that their operations are perceived as legitimate by aligning with societal expectations, often through strategic disclosures. These disclosures can serve to gain, maintain, or repair legitimacy, especially when facing legitimacy gaps due to environmental or social controversies.

Legitimacy is often defined as “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (Suchman, 1995, p. 574). This definition is used by other resarchers Hahn and Lülfs (2014) Crossley et al. (2021), Borgstedt et al. (2019), Ashforth and Gibbs (1990) points out that legitimacy is not controlled by the organisation itself, but is rather decided by how it is perceived by its stakeholders.

However, legitimacy can be pursued not only through substantive actions but also through symbolic actions. As Velte (2023) notes, companies may engage in environmental reporting primarily to shape public perception rather than to reflect actual improvements in environmental performance. This use of disclosure as a tool can result in so-called greenwashing, where firms appear more sustainable than they truly are. Such symbolic strategies may offer short-term legitimacy gains, but they risk undermining stakeholder trust and the credibility of environmental reporting as a whole on the long term.

A central point of the theory is the distinction between substantive and symbolic legitimacy strategies Ashforth and Gibbs, 1990. Substantive strategies involve actual environmental improvements or operational changes, while symbolic strategies aim to create the appearence og alignment with societal norms without actual changes of the practices itself. As Velte (2023) points out, companies might engage in environmental report mainly to shape public perception rather that to reflect actual enhanced environmental performence. This strategic use of disclosure can potentially lead to greenwashing, where companies appear more sustainable than they actually are in reality, which potentially undermines both public trust and overall credibility of the reporting company.

“Social and environmental accounting. 4” (2010)) identifies four strategies that organisations may use to gain, manage, or restore legitimacy when it is challenged. These strategies have been further elaborated and applied empirically by Borgstedt et al. (2019) in the context of environmental reporting for companies. The four strategies are.

1. Performing actual change to meet expectations (substantial strategy):
The first strategy involves making substantive internal changes to ensure organisational activities align with societal expectations. In this case, legitimacy is maintained through real action and transparent reporting. This strategy reflects a genuine commitment to improving environmental performance and is thus categorised as substantive.

2. Changing perceptions of existing activities (symbolic strategy):
The second strategy focuses on shaping stakeholder perceptions without changing underlying practices. Companies might present overly ambitious or vaguely defined goals, or

selectively communicate positive developments while avoiding critical issues. This is a symbolic approach aimed at appearing legitimate without changing behavior.

3. Drawing attention away from critical issues (symbolic strategy):
The third strategy involves reporting on less relevant or smaller issues that are perceived more positively, and therefore distracting stakeholders from larger environmental harmful issues they might practice.

4. Lowering stakeholder expectations (symbolic strategy):
In the fourth strategy, organisations attempt to reduce pressure by adjusting stakeholder expectations. This can be done by communicating vague goals, setting low ambitions, or creating confusion through low-quality or infrequent reporting. Rather than improving behaviour, the organisation influences what is perceived as acceptable, thereby symbolically securing legitimacy.

According to Borgstedt et al. (2019), these strategies gives insights into how companies manage legitimacy through their environmental disclosures. While only the first strategy reflects real environmental improvements, the remaining three illustrate various forms of symbolic impression management used to maintain legitimacy without necessarily engaging in substantial change.

How value is seen through the theory

In Legitimacy Theory, business value is linked to the organisation's ability to gain and maintain societal approval, especially in response to environmental or social expectations. Environmental reporting serves as a mechanism for demonstrating legitimacy, either through genuine performance improvements or strategic communication. From this perspective, value is not only created through operational efficiency or competitive advantage, but also through sustained alignment with societal norms, reduced reputational risk, and continued access to critical resources and stakeholder support.

Table 4.2. Overview of theoretical perspectives in the conceptual framework.

Theory	**Core focus**	**How value is created**	**Relevance to environmental reporting**
Stakeholder Theory	Relations between the organisation and its stakeholders	Value is created by building trust, meeting stakeholder expectations, and engaging in transparent communication	Reporting is a tool for responding to stakeholder interests and legitimising actions through dialogue and accountability
Resource-Based View	Internal resources and capabilities of the organisation	Value stems from resources that are valuable, rare, inimitable, and non-substitutable (VRIN)	Reporting can be a strategic asset if it contributes to efficiency, positioning, or differentiation
Institutional Theory	Influence of societal norms, rules, and expectations	Value is linked to legitimacy and alignment with institutional pressures (coercive, normative, mimetic)	Reporting reflects conformity to institutionalised expectations and helps maintain legitimacy in changing environments
Legitimacy Theory	The organisation's need for societal acceptance and approval	Value arises from being perceived as appropriate and responsible within societal norms	Reporting is used to gain, maintain, or repair legitimacy; may involve both substantive and symbolic strategies

5 Analysis

This chapter presents the empirical analysis based on the interview data with reporting companies and consultants. The overall aim is to investigate how environmental reporting creates or fails to create business value, and how current reporting frameworks support or constrain that process. The analysis is structured around the two subquestions outlined in the research design in section 4.1.

The analysis follows an abductive logic, in which theoretical perspectives and empirical patterns are developed iteratively. As described in the conceptual framework in section 4.5, the notion of business value is approached broadly and not restricted to what can be measured by financial indicators. Instead, value is understood as encompassing a range of tangible and intangible dimensions, including efficiency gains, strategic positioning, risk management, stakeholder alignment, access to financing, and more. This multifaceted understanding of value is reflected in the thematic structure of the analysis.

The empirical material was analysed through scheme coding, explained in section 4.2, and the main patterns were grouped into analytical themes. To preserve readability and analytical depth, selected interview quotes are included directly in the analysis, while additional quotations and context are provided in the external appendix "Interviews". Most of the interviews were originally conducted in Danish. In these cases, translations into English were supported by AI tools, with manual review to ensure accuracy and preserve meaning, see section 4.4 for further explanation. Together, the analyses aim to provide a nuanced picture of how value creation through environmental reporting is understood and experienced in Danish companies, and how reporting frameworks can better support meaningful engagement and business value creation.

5.1 Analysis 1: Experienced value creation of environmental reporting

In the first analysis, subquestion 1, *"How do companies understand and experience the creation of business value through environmental reporting?"* is addressed. The purpose is to investigate how the companies have experienced value creation for their company in their environmental reporting. This analysis therefore explores how the interviewed companies experience and understand the value creation of environmental reporting within the companies' contexts, including a conceptual interpretation of the results.

Five empirically embedded themes related to value creation are identified within in the in the coding process and investigated in this analysis, each of which reflects a recurring pattern in the empirical material leading to reflecting upon and answering subquestion 1. The first theme, *Environmental reporting creating insight into business processes and a basis for optimisations* addresses how the environmental reporting contributes to value creation by facilitating insight into processes such as resource consumption. The second theme, *Adaptation to stakeholders' demands and strategic positioning* explores how the environmental reporting enables companies to align with stakeholder expectations and communicate their environmental impacts and efforts. The third theme, *Environmental reporting creating value as a risk management tool*, examines how environmental reporting creates value through enabling companies to identify risks within their value chain. The fourth theme, *Environmental reporting creating access to financing*, investigates how environmental reporting creates trust among financial institutions and potential investors enabling financing. The fifth and last theme, *Environmental reporting limiting value creation*, examines how costs and lack of recognition of the value creation linked to environmental reporting limits the potential value creation. Together, these themes reflect the multidimensional nature of value creation through environmental reporting experiences of the interviewed companies. The experience with using the environmental reporting framework is explored in section 5.2 where light is shed on how frameworks may support different forms of value – from basic operational improvements to long-term strategic development.

Environmental reporting creating insight into business processes and a basis for optimisations

In relation to the value creation gained through environmental reporting, several of the companies state that through their work with their environmental reporting, they have gained some insight into their business processes and operations. This knowledge leads to identifying potentials for optimising the business processes, and hereby concrete efforts were made to optimise the processes.

Especially, the companies express how their work with reporting has created insight into their resource consumption and how this has enabled them to create reductions, leading to reduced costs. This is expressed in the interview with Rasmus Vilain, Dell EMC Product Manager at Renewtech, where he explains:

> *"It actually creates commercial value for us internally. Because there are things we*

hadn't considered before [ed.: the reporting], such as packaging and shipping, where we had made some cost savings. So it has provided internal value by making us better at reviewing our processes (...)" (Renewtech [11:16-11:50]).

This illustrates that their reporting has made them pay attention to their CO_2 emissions and costs in their external freight. He furthermore explains how they at Renewtech have saved costs by discussing with their suppliers on freight about how they pack their products, leading to a reduction in weight and thereby costs (Renewtech [05:35-05:50]).

Another company that has optimised their consumption through insight into their business processes is at BSM, where Søren Würtz Bredahl, Head of Sustainability at BSM, states that:

We have implemented an energy monitoring system in our production hall. It's something we've succeeded with. We can see that some machines are idling over the weekend. That's where we'll be able to save money and benefit the environment" (BSM [32:32-32:59]).

Thus, BSM has investigated their energy consumption through their work with environmental reporting, leading to optimisations and savings in costs. This illustrates how environmental reporting can help companies identify concrete opportunities for improving both environmental and economic performance. He further explains that CSRD can be used as a way to enhance product development in order to create a better product (BSM [54:55-55:17]), hereby creating value. This illustrates how environmental reporting can help companies identify previously overlooked inefficiencies, thereby supporting improved resource management and the potential for value creation.

Lukas Gulbæk Pedersen, CSRD, ESG and Sustainability Consultant at BDO backs up this point: *Just in terms of getting a proper carbon account prepared, suddenly you actually gain insight into where you could earn it back through energy savings, or through CO2 taxes, or similar."* (BDO [13:43-14:32])

Hereby, through working with the reporting, the companies experience gaining insight into their systems and consumptions, thereby enabling them to reduce their environmental impacts and to create value through cost reductions.

Several of the interviewed companies state that working with environmental reporting has created value by facilitating structure to investigate the processes and decide where to make improvements. Alberto Huerta Morales, Sustainability Strategist at CS Wind Offshore states how this structure helps create value for their company: *"It creates value in a way, it creates a structure. So it facilitates working internally and seeing, okay, where do we start? Where do we continue?"* (CS Wind Offshore [27:32-27:46]) Here, he points out that the structure established through environmental reporting enables the company to work strategically with prioritising initiatives aimed at reducing both costs and environmental impacts.

Another company that has experienced an improved structure due to their environmental reporting is Tommy Telt, where Marie Magelund, ESG-Manager at Tommy Telt states that *"First and foremost, it has brought a lot of structure to many things. (...) And what we've then discovered (...) [ed.: is that there] have been some mistakes."* (Tommy Telt [04:43-05:00]). She explains that due to the enhanced structure, they found out that there were some solar panels that were not working, which had reduced their own electricity production, causing enhanced costs and environmental impacts (Tommy Telt [05:15-05:25]).

The environmental reporting hereby functions as a strategic tool for decision-making on where to make initiatives to enhance business processes, and it helps creates structure in a way that makes it easier for companies to identify flaws in their systems. This reflects how reporting can help develop internal capabilities and foster strategic resource management.

Interpretation through conceptual framework

The results show that environmental reporting has helped several companies identify inefficiencies, which can reduce costs and enhance internal coordination and structure. These results can be explained through the lens of Resource-Based View (RBV). According to RBV, competitive advantages arises from the comapnies' ability to use its ressources internally. The potential of these resources to obtain competitive advantage depends on whether they have the following indicators: *Value*, *Rareness*, *Imperfectlty Imitability*, and *Non-Substituability* (VRIN), also called the VRIN approach. Examples of this are the identification of unnecessary energy use and inefficient logistic practices. This supports the idea that reporting can strengthen internal resources and increase their value by creating a systematic foundation for monitoring, evaluating and optismise internal resources. Other examples are CS Wind and Tommy Telt, where they see that reporting creates a clearer structure for prioritising and operationalise sustainable efforts. This structuring function of reporting can be seen to contributing to the firm's *dynamic capabilities*. Hereby, the environmental reporting enables companies to devvelop and implement strategies that improve efficiency and effeectiveness, resulting en value creation.

Additionally, from an Institutional Theory perspective, these developments may also reflect how firms respond to increasing expectations from regulators, investors, and society by institutionalising sustainability related practices. Even when reporting is in its early phase, the pressure to act "appropriately" according to emerging norms can lead companies to invest in systems and structures that mimic those of more mature companies or comply with anticipated requirements.

Adaptation to stakeholder demands and strategic positioning

Environmental reporting and sustainability efforts are increasingly appreciated by external stakeholders, and some stakeholders demand it. Rather than being driven solely by formal requirements, companies experience that such initiatives resonate positively with customers and business partners, which are included in the term stakeholders. This stakeholder recognition can strengthen market positioning and reinforce long-term relationships. In this way, environmental transparency to stakeholders becomes a valuable asset in aligning with stakeholder expectations, even when not explicitly demanded.

The demands from stakeholders include both demands from customers and other business partners within the value chain. And there is an overall agreement among the interviewed companies that their motivation for working with environmental reporting is tied to stakeholders' demands and to ensure a competitive advantage. This is illustrated in the interview with Mads Nadolny, Executive Assistant at DTE, where he explains that:

> *"The most important thing is that this is something our customers are asking for. There's absolutely no doubt about that. It's obvious that this is the driving factor. But there is also a desire within the company to do things properly and to run a responsible business"* (DTE [05:57–6:16]).

He underscores that one of the determining factors for their reporting is the demand of their customers. At DTE, their customers are other businesses, and he later on explains that through DTE's reporting, their customers get some specific numbers that the customers can use in their reporting (DTE [06:34-06:49]).

This is backed up by Bente Enemark, Chief Sales Officer at Nordic Computer: *"We are not large enough a company to be subject to any reporting obligation. We do it because the companies we work with will likely expect their suppliers to do so [ed.: do environmental reporting] ."* (Nordic Computer [03:30-03:40]). She explains that although they are not legally required to do environmental reporting, they work with environmental reporting due to expected demands from their stakeholders.

Lukas Gulbæk Pedersen from BDO explains that the environmental reporting is used as a data delivery tool to meet the demands on data from the stakeholders:

> *"Most [ed.: companies] sell to other businesses, and it's those customers who set the requirements. So ESG reports, CSRD reports, and sustainability reports in general essentially become data delivery tools for your clients, (. . .) where you ask, "What kind of data are you actually requesting?" That then goes into our report. And in that way, you could say the report helps ensure that the collaboration can continue."* (BDO [10:52-11:19])

Here, it becomes apparent that the companies use environmental reporting frameworks as a tool to deliver data to their stakeholders. If the companies did not make environmental reportings to deliver the demanded data, there could be a higher use of resources within the companies to ensure this delivery, as they might have to find another source of deliver the data. This ensretning ensures a more smooth and may reduce costs.

The interviewed companies furthermore express that adapting to the demands of the stakeholders create a competetive advantage for the company. This is expressed by Mette Dirks, Sustainability Manager at TL Byg: *"This type of contract, where [ed.: we work on the] large-scale cases, is where the demand is – and therefore also where there's a competitive advantage."* (TL Byg [04:49-05:02]). In their department, where they work with bigger scale projects, they find that since TL Byg adapts to their stakeholders' demands on environmental reporting, it leads to an competitive advantage for them. The creation of competitive advantage through environmental reporting is a general understanding among the companies.

This furthermore creates value, as it helps them attract new customers. This perspective is enlightened by Bredahl from BSM: *"It actually provides a lot of internal value, both in terms of our own learning, but also externally in attracting new customers."* (BSM [1:08:04–1:08:12]). Magelund from Tommy Telt, backs this point up by explaining that they have experienced that new customers have chosen their company instead of another tent rental company due to their ESG report (Tommy Telt [38:12-38:22]). In the interview with Enemark from Nordic Computer, she underlines that:

> *"It's a good thing to do [ed.: to do environmental reporting]. That being said, we've of course chosen to do it because we believe it's also essential for running this business, as it will become a competitive factor or, at the very least, there's a risk of being excluded if you're not part of it."* (Nordic Computer [24:45-24:57]).

She argues that if they did not engage in their environmental reporting, they may not be considered as a potential business partner. Kristina Overgaard Zacho, Business Developer at Erhvervshus Nordjylland, further adds to this that: *"The motivation [ed.: for doing environmental reporting] is very much about being able to gain new customers, attract customers, and keep customers."* (Erhvervshus Nordjylland [13:46-14:00]) The environmental reporting hereby both supports keeping the long-term and attracting new customers and business partners.

Dirks from TL Byg expresses that they investigate what requirements apply to their competitors regarding environmental reporting and they then use this as input for deciding how to position their company strategically (TL Byg [24:20-24:40]). At BSM, Bredahl explains: *"And we all know that the more we understand ourselves, the better positioned we are to take our place in the world based on what we want to achieve."* (BSM [1:00:59-1:01:40]) He explains how it becomes possible to do a more strategic positioning for the company, once they have gotten more informed about their own businesses through the environmental reporting. This underlines how the environmental reporting creates an opportunity for companies to position themselves according to their competitors and the context surrounding the company.

Interpretation through conceptual framework

The value of environmental reporting is shaped by the expectations and requirements of stakeholders, namely customers and business partners. This aligns closely with Stakeholder Theory and Institutional Theory. Stakeholder Theory focuses on that companies must address the needs of external stakeholders to maintain trust, secure long-term relationships, and ensure continued market access. Several interviewees described how environmental reporting functions as a data delivery mechanism to meet demands from the value chain, thus facilitating collaboration and improving competitiveness.

Institutional Theory comes into play as it helps explain how companies adapt to industry norms and expectations, not necessarily due to formal regulations, but because alignment with the industry is seen as essential to maintaining institutional legitimacy. Companies described how they benchmarked against competitors or adapted their reporting to remain relevant in procurement processes, illustrating isomorphism as a driver of reporting practice. Several companies described how environmental reporting is becoming "the norm" in their industries, even when not formally required yet. This suggests the presence of mimetic isomorphism, where firms imitate perceived best practices to maintain legitimacy and competitiveness under uncertainty about reporting.

From the perspective of Legitimacy Theory, reporting is also used for signalling alignment with broader social norms and expectations. While not all interviewed companies are subject to legal requirements, some companies still engage in reporting to avoid exclusion from potential partnerships. This supports the idea that companies pursue legitimacy not only through formal compliance, but also through proactive signalling of responsible behaviour to remain acceptable in the eyes of other companies.

Environmental reporting as an external communication tool

Environmental reporting is increasingly used as a strategic communication tool, enabling companies to demonstrate their sustainability efforts to external stakeholders. Rather than being a mere compliance exercise, it becomes a reporting which allows companies to establish transparency and credibility by documenting environmental performance in a structured and verifiable way.

Several of the companies express that they use their environmental reporting as a communication tool, where Vilain from Renewtech, expresses the following:

Interviewer: *"Okay, so it actually functions to a large extent as a communication tool?"*
Vilain: *"Absolutely. Yes, absolutely. That's exactly what it is."* (Renewtech [01:20 - 01:27])

Hereby, it becomes clear that the environmental reporting functions as a communication tool for Renewtech. At DTE, Nadolny adds that:

"Regardless, it is important that we have visibility, because if we don't report on it, and if we don't collect the data, then we have nothing to base potential statements on. (...) If we cannot document that our solution is more or less green, then we also can't use it for marketing." (DTE [46:06-46:40]).

This illustrates that through their environmental reporting, they can document and thereby communicate their efforts, ensuring that they can use it for marketing, hereby creating value for the company. It can hereby be argued that as they document their environmental efforts, they gain legitimacy, leading to value creation.

Morales from CS Wind Offshore, explains an important part of the environmental reporting: *"(...) besides compliance, this is a very important part, I would say. It's part of the brand of the company."* (CS Wind Offshore [24:58-25:09]) He underlines that the environmental reporting creates the branding of the company adding that it helps the company become credible business partners (CS Wind Offshore [24:30-24:40]). This point is backed up by Rasmus Lie Nielsen, Project Manager, ESG and Sustainable Development at the consultancy company NIRAS, explaining that *"In many ways, it is an entire company's reputation - it is about showing that you can handle these things."* (NIRAS [13:35-13:45]) This illustrates that the environmental report is part of determining how the company is branded. Morales furthermore states: *"I think we gain obviously reputation, we gain legitimacy (...)"* (CS Wind Ofshore [22:35-23:00]), which illustrates that the communication of the reporting creates value by enhancing legitimacy for the company.

Through examining the companies' experience with environmental reporting as a communication tool, it is apparent that the environmental reporting opens up for communicating the companies' documented efforts and potentially their environmental enhancements. This leads to value creation through the companies being able to use their environmental reporting as part of branding and marketing, creating legitimacy for the companies.

Interpretation through conceptual framework

Exploring the empirical findings in the perspective of the conceptual framework, it is apparent that environmental reporting is used as a strategic communication tool for the companies. They experience that the reporting leads to gaining and maintaining legitimacy for the stakeholders and the world around them. The reporting furthermore acts as a tool for managing the societal approval of the company, both of the above leading to a creation of value. This is for example illustrated through the interviews with CS Wind Offshore, with DTE, and with NIRAS, which describe how environmental reporting is part of forming companies' reputation and branding. It can be argued that as documentation plays a significant role in the environmental reporting and is communicated transparently, the legitimacy strategy apparent in the companies' experienced value, is a substantive strategy. The communication through environmental reporting furthermore creates value for the companies, as it strengthens relations with stakeholders and contributes to enhancing stakeholder trust.

Environmental reporting creating value as a risk management tool

Another pattern identified throughout the interviews is how the companies' environmental reporting functions as a risk management tool. Specifically, several of the companies underline the double materiality assessment (DMA) as a useful tool for identifying and managing risks within their company's value chain, hereby creating value for the company.

At CS Wind Offshore, Morales argues: *"(...) I don't think there's a logical argument to be said, don't look at your supply chain risks. Why wouldn't we? (...) most of the times, [ed.: when] you have an impact, there's probably an associated risk."* (CS Wind Offshore [46:07-46:30]). CS Wind Offshore, which is voluntarily using the CSRD framework, experiences a clear value in using the environmental reporting, specifically the DMA, as it is a useful tool to assess the risks in their value chain (CS Wind Offshore [45:05-45:30]). He furthermore points out that the DMA is the breakthrough since it allows for the investigating risks for the company and within the value chain. Anne Sofie Bredgaard Myrup, Head of Sustainability at Kastberg agrees with this point and explains: *"There is also some value creation in understanding your value chain. (...) It has definitely provided a better understanding of what your company is part of in relation to the broader perspective."* (Kastberg [16:48-17:30]). She underlines that understanding their value chain has created value by facilitating an understanding of the broader perspective of the context the company is in. From the perspective of a concultancy company, Pedersen from BDO furthermore expresses:

> *"[ed.: when we have made environmental reportings for customers, the value that the companies gain is that] (...) it becomes clear to them [ed.: the companies] that [ed.: the environmental reporting] is being used as a risk management tool. If you've done a really good job with your double materiality assessment, you suddenly extract where the actual risks and opportunities lie in relation to your business model."* (BDO [09:07-09:45])

He explains that the value created in environmental reporting is seen through the DMA, where the companies are able to explore their risks and opportunities. Lie Nielsen from NIRAS, furthermore explains that he experiences that one of the reasons that companies engage in environmental reporting, is to minimize risks (NIRAS [11:15-11:35]).

Hereby, the use of environmental reporting as a risk management tool creates value by supporting strategic decision-making and ensuring the survival of the business on a long-term perspective. Magelund from Tommy Telt, comments on this directly:

> *"[ed.: Environmental reporting and] this whole process, including the double materiality assessment, but also the overall assessment of your company as a whole, [ed.: has led us to start discussing strategy in relation to how we] ensure that we still have a business 10 years from now."* (Tommy Telt [10:30-10:40]).

They have hereby experienced the value of environmental reporting through evaluating the company as a whole and support decision-making that ensure the future of the business.

Hereby, it becomes evident that the companies experience that environmental reporting supports value creation by being a risk management tool hence supporting strategic planning and ensuring long-term business continuity and adaptive capacity.

Interpretation through conceptual framework

As the empirical findings of the above demonstrate, the use of environmental reporting can add value creation to the company by acting as a risk management tool. This use of the environmental reporting can be seen as an internal capability that strenghtens foresight of the company and supports decision-making. From the perspective of Resource-Based View, this suggests that the environmental reporting as a risk management tool, can develop internal resources, as it enables companies to respond to risks. As this risk management tool becomes embedded into decision-making processes within the company, it furthermore enhances competitive advantage, as it creates provides insights and strategic agility.

Environmental reporting creating access to financing

This theme examines how the interviewed companies experience that their environmental reporting has contributed to gaining access to financing and reductions in interest expenses. In the interview with Renewtech, Vilain explains that:

> *"We've discovered that our bank, Nordea, actually gives us a discount on interest rates when we need to borrow money to acquire other companies. (...) So we've quite simply*

received more favourable financing terms compared to if we weren't working seriously with this [ed.: environmental reporting]." (Renewtech [12:14 - 12:51]).

Hereby, at Renewtech their environmental reporting has a value creation through reductions in their interest expenses, which would have been more expensive if they had not engaged in the reporting.

This point is backed up by Lie Nielsen from NIRAS, who at the interview brings up an example of a company, which they consulted in making an environmental report: *"We have made an [ed.: environmental] report for them (...). And this was again with the purpose of gaining [ed.: access to] financing."* (NIRAS [18:56-19:12]). This underlines that the motivation for the company to make an environmental report, was to gain access to financing, whereby the environmental reporting is contributing to creation for this company.

This way, the environmental reporting can be seen as a way to communicate to the financial institutions and potential investors that this company meets some of their requirements and creates trust. This is underlined by Pedersen, expressing that:

"(...) sustainability reporting is also a way to communicate with financial institutions — it's how you show that you're working with sustainability, which might lead to favourable outcomes, such as better financial terms, compared to others, for example those operating in the oil industry (...)" (BDO [26:18-26:40]).

As the companies can gain access to financing through their environmental reporting, value is created as these financial benefits for the companies can enhance their business value and support further growth within the company.

Interpretation through conceptual framework

The empirical findings from the above reveal that environmental reporting contributes to business value creation as it facilitates access to financing and reduces interest expenses. From the perspective of Legitimacy Theory and Institutional Theory, this opportunity for value creation appears, as the companies' work with environmental reporting signal that they align with societal norms and institutional demands. Hereby, the companies build legitimacy, as their work with environmental reporting meets the societal approval. This legitimacy leads to reduced financial risks for the financial institutions, leading to lower interest expenses and improved access to capital. The companies' environmental reporting lead to legitimacy which becomes an asset leading to enhanced business value through access to financing and lower interest expenses.

Environmental reporting limiting value creation

Throughout the interviews with the companies, it was became clear that the reporting sometimes plays a role in limiting value creation of the company, or how the creation of value through environmental reporting is hindered.

A recurring limitation to value creation through reporting identified across the interviews, concerns the costs linked to the reporting. There are bound to be some costs and expenses when doing the work needed for creating an environmental report, and as Vilain from Renewtech notes, their work with environmental reporting has involved expenses: *"And it has also involved some expenses for us, you could say, but we believe that we'll earn that back over the coming years."* (Renewtech [17:12-17:20]). However, they expect that they will earn the expenses back. The perception of the costs of the environmental reporting among several of the interviewed companies is still linked with many costs, as Pedersen from BDO, explains: *"(...) The point is that it's a costly process. Producing a sustainability report is not cheap."* (BDO [13:43-14:00]). This point is further reflected upon by Enemark from Nordic Computer, who states that: *"It is always more troublesome to do an environmental reporting than it is to not do any reporting."* (Nordic Computer [06:54-07:00]). She highlights the hindering effects of the environmental reporting, exploring the perception that it would be less resourceful to not do the environmental reporting. However, this is limiting for the value creation of the companies as it works as a barrier towards the potential value creation which environmental reporting can facilitate.

Some of the financial costs are related to hiring someone to do the work, which includes documentation and data collection and data quality assurance. Myrup from Kastberg, comments on this:

> *"Personally, I don't see any downside to initiating it [ed.: environmental reporting]. But if I put on my CEO hat – or the hat of other members of management – then I have been an expensive resource. We're highly educated, so it also comes with a different salary level."* (Kastberg [30:16-30:35]).

And since the decision-making of where the resources are prioritised, lies within the management group, it becomes problematic if the value creation of environmental reporting is not recognised at this level. Hence, this can be seen as another limitation of the value creation that environmental reporting opens up.

The difficulty for recognising the potential value creation from the environmental reporting can stem from the fact that it can be difficult to measure this value creation on the bottom line. In this project, the term *value creation* is perceived as a more multifaceted term, rather than what can be measured by financial indicators, as is prevalent in the literature. Since the value creation through environmental reporting is tied to this multifaceted definition of value, it can be difficult to measure directly on the bottom line and therefore to argue as to why environmental reporting should be engaged with in business. For example, in the interview with Tommy Telt, Magelund explains that: *"It's difficult to know out there whether we are selected over others because of these efforts."* (Tommy Telt [27:43-27:50]). This underlines that it is difficult to know whether the company's work with environmental reporting is a determining factor in attracting new customers or whether it is something else.

Hereby, in order for the potential value creation of environmental reporting to be unlocked, it is necessary with the support and commitment from leadership and management on investing resources into environmental reporting.

Interpretation through conceptual framework

Environmental reporting holds the potential to develop insightful, valuable organisational capabilities, however, as the empirical findings above reveal, some factors limit this potential development. From the perspective of Resource-Based View, value creation depends on internal resources, but in order to activate these resources and thereby value creation, there needs to be a recognition and effective deployment of the resources within the company, to generate competitive advantage. As several of the interviews with the companies illustrated, the high costs and resource demands limit the willingness or recognition of environmental reporting as a strategic activity. The reporting hereby fails to become a resource seen as valuable or strategically central. Leadership commitments and recognitions of environmental reporting are hereby critical conditions for transforming environmental reporting from a cost into a value creating internal capability.

Summary

Analysis 1 explores the first subquestion: *How do companies understand and experience business value through environmental reporting?* through five epirically derived themes. The first theme investigated is how the companies experience that value is created through creating insights into business processes and optimisations. Throughout the analysis, it was evident that environmental reporting enhances internal understanding of resource use and operational inefficiencies. Several of the interviewed companies state that their work with environmental reporting has led to concrete optimisations. Furthermore, implementing the environmental reporting into the companies has created an internal structure for decision-making on optimisation potentials.

The second theme investigated is how the companies experience value creation through environmental reporting by ensuring an adaptation of their business to the demands of stakeholders, and how they use this to facilitate strategic positioning. By aligning with stakeholder expectations, they gain stakeholder recognition, trust and maintain long-term relations with stakeholder and gain new customers and business partners. The companies furthermore use their environmental reporting as external communication and transparency of their environmental impacts and efforts. In general, they gain legitimacy and align with broader social norms and expectations, thus creating business value for the companies.

The third theme examined is the use of environmental reporting as a risk management tool, which enables the companies to assess potential risks, particularly across their value chains. This supports companies' strategic planning and adaptive capacity, and the environmental reporting can be seen as a tool to develop internal resources and enhancing competitive advantage.

The fourth theme explores how the companies experience that their environmental reportings have facilitated acces to financing and reductions in interest expenses. The reporting can be seen as a way to communicate to financial institutions and potential investors with the purpose of gaining acces to financing. The companies' environmental reporting lead to legitimacy which becomes an asset resulting in enhanced business value through access to financing and lower interest expenses.

The fifth examined theme investigates how environmental reporting results in limited value creation for companies. This theme investigates barriers towards environmental reporting and thereby its value creation, and the barriers are primarily related to the cost and internal prioritisation of reporting efforts. If environmental reporting is not recognised by management as valuable, it may be seen as merely an expense rather than an investment. Furthermore, since value creation linked to environmental reporting, is difficult to quantify financially, it hinders internal support. Leadership and management commitment and a broader understanding of the value creation of environmental reporting are essential for gaining the full potential value of environmental reporting.

5.2 Analysis 2: Perceptions of reporting frameworks

This second analysis addresses subquestion 2: *"What are the strengths and limitations of current environmental reporting frameworks perceived by companies?"* While the first analysis examined the value companies experience with engaging in environmental reporting, including economic, organisational, and strategic benefits, this second analysis turns attention to the frameworks themselves: their usability, scope, and perceived relevance. The purpose is to understand how the design and structure of reporting frameworks shape companies' ability to work meaningfully with environmental data and sustainability goals. This includes examining how companies interpret and apply the frameworks in practice and whether these experiences support or constrain the potential for internal development and strategic use of reporting. In doing so, the analysis contributes to a more nuanced understanding of the preconditions for value creation in reporting processes. The structure is based on four themes derived from empirical coding, each capturing a recurrent pattern in the material. The first theme, *Reporting as a tool for strategic reflection*, explores whether the frameworks help companies prioritise and integrate sustainability into decision-making. The second theme, *Complexity and irrelevance*, addresses experiences of confusion, misalignment, and lack of guidance. The third theme, *Resource demands and capacity constraints*, highlights the organisational and financial burden associated with reporting. The fourth theme, *Symbolic compliance and lack of internal anchoring*, examines how some companies engage with reporting as a formal requirement with limited strategic integration. Together, these themes reflect the multidimensional nature of reporting experiences and shed light on how frameworks may support different forms of value – from basic operational improvements to long-term strategic development. Perceived improvement needs, which form a fifth theme, are addressed separately in section 5.3.

Reporting frameworks as a tool for strategic reflection

Several of the respondents point to the fact that reporting frameworks, especially the double materiality assessment and the VSME guide, can generate strategic value by promoting reflection, prioritisation, and organisational maturity. This perspective is common among companies that have used the frameworks as operational management tools rather than just viewing them as compliance instruments. This section investigates how such strategic value is reflected in practice. First, it examines how the reporting frameworks can serve as a basis for decision-making by helping companies identify material issues, assess risks and opportunities, and reflect on their business models, further exploring the value creation regarding environmental reporting in Analysis 1, in section 5.1. Second, it considers how the reporting process can contribute to internal development by enabling companies to define baselines, formulate goals, and embed sustainability more deeply in organisational routines. Together, these two perspectives investigate how reporting frameworks are experienced in terms of their potential to support internal strategy and organisational maturity.

Reporting as a basis for decision-making

For some interviewed companies, environmental reporting serves as a foundation for a more informed strategic decision-making. Zacho from Erhvervshus Nordjylland, explains that the logic of double materiality is *"more inspiring than just talking about data points."* (Erhvervshus Nordjylland [25:28-26:23]). This suggests that the framework encourages a broader strategic thinking rather than just a narrow focus on data collection. Similarly, Dirks from TL Byg, describes that the double materiality assessment is *"(...) a really good tool, because it creates awareness of some of these sustainability issues, at least when we are talking about strategic work"* (TL Byg [05:33-05:45]). This view is echoed by Pedersen from BDO. He states that "*When you start working with double materiality, you need to conduct these IROs – impacts, risks, and opportunities (...) if you have actually done this work, then you have a real picture of where the risks and opportunities lie .*" (BDO [21:30-22:15]). The interviewee continues with a similar refection and expains that

> *"If you go in and break the topics down into specific risks, opportunities, and impacts, then you suddenly begin to see where to focus your efforts. (...) Then you can mobilise this in relation to your sustainability reporting. But even more so, you can mobilise it in relation to your business model and make adjustments, so it actually becomes a tool rather than just a compliance exercise."* (BDO [22:53–23:20]).

This link between environmental reporting and strategic awareness is not limited to larger or more mature organisations. A similar view is expressed by Magelund from Tommy Telt, who explains: "*We have started to talk much more about strategy – for instance, how we can ensure that we still have employees in five years."* (Tommy Telt [10:20–10:30]). This illustrates how the environmental reporting process may spark forward-looking reflections even in smaller companies with limited prior experience in sustainability management.

These statements indicate that environmental reporting frameworks can help with structuring and clarifying sustainability-related challenges and opportunities in companies. Common is the notion that environmental reporting stimulates a strategic reflection rather than simply documenting the current state.

Reporting as a maturity process

Some companies also experience that the reporting process is supporting organisational maturity, especially by generating internal clarity and structure in relation to sustainability data. Organisational maturity is here understood as the gradual development of internal capabilities, structures, and awareness that enable more strategic and systematic approaches to sustainability. According to Dirks from TL Byg, the reporting exercise have resulted that they "*establish a baseline [ed.: in connection with preparing the report], which we were not previously aware of (...). And based on that, we can now begin to set ourselves some goals. It is difficult to set a target if you don't know your starting point."* (TL Byg [11:20-11:46]), which shows how the environmental reporting process provides a foundation for setting goals and priorities, thus improving the company's ability to plan and act in a strategic manner.

Myrup from Kastberg, describes the VSME framework as being *" (...) at a level that everyone could engage with – it made it easier to approach."* (Kastberg [09:00–09:51]), highlighting the importance of accessibility and engagement, which can facilitate a broader organisational involvement. Frameworks understood as comprehensible and manageable may therefore play a role in anchoring environmental considerations more firmly within company strategy. As explored in Analysis 1, at Tommy Telt they have used the environmental reporting to identify flaws in their systems (Tommy Telt [04:43–05:00]). This further supports the connection between reporting and internal development and illustrates how the reporting framework facilitating the process of gathering environmental data can uncover internal weaknesses and promote organisational learning, contributing to maturity.

This perspective is further illustrated by Dirks from TL Byg. She describes how their ESG reporting is used in a similar way to strategic planning, explaining:

> *"Our goal with our ESG report is somewhat like a strategy, you set yourself some targets, and then there are action plans, and those action plans are often projects that are pushed out into the organisation. So we have several projects underway, where employees are involved (...) and it will eventually reach all employees."* (TL Byg [13:45–14:28]).

She further noted that the stakeholder analysis conducted as part of the reporting process, has led to a more systematic approach to engagement: *"So those [ed.: stakeholders identified through the stakeholder analysis], we will involve to a greater extent going forward (...) That is the final drop that enables us to participate in those kinds of projects."* (TL Byg [41:45–42:21]), which shows how reporting can enhance coordination and stakeholder alignment, and thereby supporting a broader organisation development.

These companies' experiences reflect differences in how reporting frameworks are used across companies. In some cases, they support strategic prioritisation, stakeholder engagement, and long-term goal setting. In others, the impact remains primarily operational, such as improved data structure, internal awareness, or documentation routines. This distinction is important as it illustrates how the same framework can be perceived and applied differently depending on organisational context, maturity, and available resources. The next theme investigates the challenges that prevent some companies from engaging with the frameworks in either strategic or operational terms.

Complexity and irrelevance

A recurring theme among the interviewees is that current reporting frameworks, especially the CSRD, are often seen as too broad, complicated, and not well aligned with the practical realities of companies, particularly small and medium-sized enterprises. This perception leads to increased time consumption, methodological uncertainty, and lack of relevance, thus reducing the perceived value of the reporting effort.

Nadolny from DTE expresses this concern clearly when he states that *"CSRD is just shooting in all directions."* (DTE [29:13–30:02]). The comment shows how the framework seems unfocused and unclear about what to prioritise, making it difficult for companies to identify which areas genuinely require their attention. Similarly, Vilain from Renewtech, describes the reporting process as being characterised by confusion and iteration. He explains:

> *"It has been a mess to figure out (...) And we have also changed our approach several times along the way. (...) There really wasn't much guidance to be found – especially not on the VSME. (...) There just wasn't enough data, and there weren't enough sources, so we couldn't go out and find inspiration to figure out whether we were doing this the right way. So I think, in relation to the legislation, there has been a lot of learning by doing on our part, where we've had to invest time and energy in figuring out what is actually the right way to do this. So it doesn't just become something fluffy where you report whatever."* (Renewtech [15:34-16:23]).

This points to a lack of clarity in the guidance and a steep learning process, especially for companies with limited prior experience in environmental reporting.

While many companies point to confusion or insufficient guidance regarding the reporting framework, others speak explicitly of the overall complexity. As Nadolny from DTE puts it: *"It's simply too complex and too extensive for it to make sense."* (DTE [42:46-42:50]). He elaborates further: *"It's not that complexity necessarily helps anything. The reporting requirements could actually be relatively simple. Of course, they need to be comprehensive. And actually, our impression is that the VSME does that."* (DTE [43:49-44:04]).

Pedersen from BDO makes a similar observation, noting that *"it suddenly turns out to be much more complex than you would actually think."* (BDO [04:22-04:48]), and *"there is really a question of whether you need to upskill your internal resources to handle this sustainability reporting."* (BDO [04:22–04:48]). However, BDO also offers a contrasting reflection:

> *"From a professional perspective, I think it [ed.: the complexity of the CSRD] is actually super exciting, and I really think it added something, it shook up the whole approach to sustainability. Sustainability had just become a buzzword, and suddenly you had something you could actually measure."* (BDO [28:31-28:50]).

This highlights that what may appear overwhelming to one company may, for another, represent a welcomed systematisation of a previously vague field. This view is also shared by Morales from CS Wind Offshore, who, despite acknowledging the steep learning curve, finds value in the structured guidance:

> *"It's [ed.: CSRD] super complicated. Yes, but at least someone is telling you what you need to do. And it's difficult. It's a steep learning curve. But now you have an answer on, should we use headcount or FTEs? Should we do a scope one, scope two, including a market base or location base? Well, the answers are all there. So that is very helpful because you don't have to think about it. You just have to look at the book, find the answer there."* (CS Wind Offshore [11:09–11:40]).

This illustrates that for some companies, complexity may be outweighed by the benefit of clarity and decision-support, challenging the notion that reporting frameworks are inherently unmanageable.

Adding yet another perspective, Myrup from Kastberg states:

> *"I actually don't think the CSRD is too complex. I think people were just intimidated by the fact that there are 1,140 data points. My wish is perhaps that it could be more closely linked to the planetary boundaries, so you could see what exactly you are impacting within that framework."* (Kastberg [41:36–42:25]).

This remark challenges the assumption that complexity is necessarily a barrier and suggests that part of the resistance may stem more from perception than from actual shortcomings in the design of the framework.

In addition to these general concerns about complexity, some interviewees express frustration with the structure of the materiality assessment itself. Zacho from Erhvervshus Nordjylland notes that *"You spend a lot of time writing your way out of why something isn't material."* (Erhvervshus Nordjylland [11:00–11:09]), which shows that the framework may force companies to justify the irrelevance of certain topics in ways that are both time consuming and of little strategic value, rather than focusing their efforts where the most relevant environmental and business impacts are found.

Finally, the applicability of the standardised indicators themselves in certain contexts is questioned. Zacho points out that *"some of the indicators for small companies, things like employee turnover and sick leave – can actually be poor indicators of how good a workplace really is."* (Erhvervshus Nordjylland [11:11–11:25]). Here, the critique is directed not at the principle of transparency but at the one-size-fits-all nature of certain indicators. For SMEs in particular, such indicators may vary due to structural or statistical effects. For example, in a company with just ten employees, a single staff member leaving the organisation results in a 10% turnover rate, a figure that may appear dramatic, but is statistically insignificant in context. In such cases, the indicator may not accurately reflect the underlying organisational performance. This challenge is particularly evident in the CSRD framework, where some indicators are mandatory regardless of organisational context, potentially undermining the relevance of the information disclosed.

Taken together, these perspectives highlight the challenge between standardisation and relevance. Although a harmonised framework aims to enable comparability and transparency, it may also discourage companies that find it difficult to relate the templates to their specific context and way of operating.

These company experiences illustrate how complexity, perceived irrelevance, and lack of guidance can undermine the usability of reporting frameworks. While some companies are able to navigate these challenges, others find that confusion and uncertainty limit their engagement. This suggests that perceived clarity and contextual fit are essential for frameworks to function as more than formal obligations.

Resource pressure and economic burden

This theme investigates how the resource-related implications of environmental reporting are experienced by companies. Although reporting is often framed as a tool for strategic development, interviewees also describe the significant time, financial, and staffing demands that arise from meeting current reporting requirements. As explored in Analysis 1, the costs associated with environmental reporting are a limiting factor in gaining the full potential value creation of the reporting. This analysis examines how companies respond to these pressures from meeting current reporting requirements, whether by reallocating internal resources, investing in new roles, or weighing costs against anticipated long-term value. The theme highlights how resource capacity can both enable and constrain the meaningful implementation of reporting frameworks.

For some companies, the obligation of the reporting framework has required organisational restructuring and new competencies. Vilain from Renewtech, explains: *"(...) we had to invest in hiring an ESG specialist or an ESG lead. Because as things stand, we simply didn't have the resources to comply with all of this (...) the organisation was actually pressured by it."* (Renewtech [26:50–27:55]), illustrating that demands in the reporting framework are not simply a technical task, but a strategic and structural challenge that affects the entire organisation. This perspective is echoed by Myrup from Kastberg, who notes: *"they [ed.: the owners] saw it as an investment to hire someone like me (...) in anticipation of future demand from our clients ."* (Kastberg [05:00–05:30]). Here, reporting is perceived not as an external requirement but as a business case for investing in internal capacity and future competitiveness.

Several consultants also point to the need for companies to upskill internally to manage the increasing complexity of environmental reporting. As Pedersen from BDO states: *"if you also want to create value, then (...) you need to upskill your internal resources to handle this sustainability reporting."* (BDO [04:22–04:48]). While some companies outsource reporting tasks, others choose to build in-house competencies, which requires time and financial commitment. This is not limited to the implementation phase. As Nadolny from DTE notes, a considerable number of hours were spent just interpreting the requirements in the reporting framework: *"It took a lot of work hours, even before we actually started reporting anything. Just trimming it down and figuring out what the standard actually contains and what the requirements are."* (DTE [18:23–18:39]). This highlights how the initial engagement with reporting frameworks demands not only technical understanding but also time-intensive interpretation of their scope and content.

The cost of reporting is also a concrete concern. Lie Nielsen from NIRAS estimates: *"it can amount to one and a half million."* (NIRAS [52:15–52:40]) to complete a full CSRD-compliant reporting process, including the double materiality assessment and external support. For many small and medium-sized companies, such figures may discourage them from engaging fully or at all.

Finally, data-related work is mentioned as a burden in itself. Pedersen describes a situation in which *"the biggest burden (...) is the data burden (...) and suddenly it becomes a tug-of-war just to extract very simple data"* (BDO [16:10–16:49]). The extraction, validation, and interpretation of data across departments and suppliers is seen not only as labourintensive but also as a maturity barrier in its own right. Despite these resource pressures, some interviewees perceive environmental reporting as a long-term investment. As Myrup from Kastberg puts it: *"it was both an investment in (...) bidding on these projects and tasks, but also (...) internally to get these things under control"* (Kastberg [05:48–06:01]). This suggests that while the resource implications of reporting are considerable, they are not necessarily viewed as wasteful. Instead, they may serve as a catalyst for broader organisational development.

The interviews reveal that reporting requirements often place a considerable strain on company resources in terms of time, staffing, and financial investment. While a few companies view these efforts as part of a strategic development process, others struggle to justify the costs. This variation shows how organisational capacity and long-term orientation influence the ability to engage meaningfully with reporting.

Risk for superficial compliance

This theme examines concerns among several interviewees that environmental reporting may become a superficial exercise, lacking both strategic depth and organisational anchoring. Despite the formal intent of environmental disclosures to enhance transparency and drive internal reflection, there is a widespread perception that reporting efforts risk being reduced to a matter of compliance, fulfilling external requirements without leading to actual behavioural change or internal development. This theme reveals a central limitation of current reporting frameworks: in certain organisational contexts, they fail to encourage meaningful engagement or generate tangible value. When environmental reporting is approached as a procedural obligation rather than a strategic tool, its transformative potential is undermined. The theme thereby addresses how low ambition levels, symbolic compliance, and lack of internal ownership may limit the value of sustainability reporting.

Several interviewees express concern that environmental reporting is sometimes approached with minimal ambition and primarily as a formal obligation. Pedersen, Sustainability Consultant from BDO remarks: *"If your level of ambition is only to achieve compliance, (...) then you suddenly end up in a situation where the company doesn't actually get anything out of it."* (BDO [05:57–06:51]). This illustrates a reporting practice that fulfills external demands but fails to deliver internal benefits.

These types of reporting behaviours can be seen as indicative of a more symbolic approach, where environmental reporting serves primarily to satisfy external expectations, rather than to generate internal value. As Bredahl from BSM, notes, *"they're reactive (...) they don't really get anything out of it"* (BSM, 1:03:33–1:04:09), which illustrates how limited engagement with reporting requirements in the framework may hinder organisational learning and thereby value creation.

Concerns about symbolic compliance are also directed at sub-suppliers, who are perceived as engaging in reporting *"just for compliance"* (BSM [1:08:12–1:08:24]). In another quote, Bredahl states:

> *"Either you work with ESG, which means you report, and then you might initiate some ESG-related activities and development. But in relation to VSME, it ends up being just*

compliance. We just need to show that we have it. Because that's what the banks say, that's what the customers say. And you might say that is development too. Yes, but it's only exactly what you are required to do. Whereas if you have a compensation initiative, then we can talk about a sustainability initiative. Now we're actually changing something in the company to reduce our impact, and then we can argue that we are working with sustainability. But I find it hard right now to argue that we are actually working with sustainability" (BSM [1:08:25–1:09:15]).

These statements reflect that while reporting may fulfill external ESG requirements, it does not necessarily entail substantive sustainability work. The respondent points out that without concrete initiatives to reduce environmental impact, such as compensation measures, it is difficult to claim that the company is genuinely working with their environmental impacts.

These reporting behaviours may be understood as a response to coercive or mimetic isomorphism. Companies may feel pressured to report in order to appear legitimate in the eyes of customers or business partners, even when internal alignment or capability is lacking. This illustrates how institutional pressures may lead to surface-level conformity without triggering deeper organisational change or learning.

Another recurring issue is the limited internal engagement with reporting processes. Dirks from TL Byg describes how "*it's basically just the management running around collecting data and writing a report, and the employees have no idea why we are doing what we are doing*" (TL Byg [39:04–39:32]). This lack of organisational ownership hinders the development of shared understanding and reduces the strategic potential of reporting. Such findings suggest that reporting has not yet been developed into an organisational resource capable of generating sustained competitive advantage. Instead, the practice remains procedural and disconnected from broader strategic processes. This is further underscored by Zacho from Erhvervshus Nordjylland who asks: *"Where does the energy lie? Is it in understanding the business, or is it just in doing it correctly?*" (Erhvervshus Nordjylland [26:30–26:59]), drawing attention to the risk of procedural compliance overriding strategic reflection. Lie Nielsen from NIRAS expresses a simillar expectation, stating that companies will likely report *"more of less valuntarily, but probably mostly to meet requirements"* (NIRAS [07:50-07:58]), suggesting that coercive pressure may become the primary driver of reporting practice in many organisations. In line with the stakeholder perspective, symbolic compliance may also compromise trust. If stakeholders perceive that reporting lacks depth or authenticity, it may weaken stakeholder relations instead of strengthening them. In this sense, the absence of meaningful engagement can undermine both legitimacy and stakeholder trust, reducing the potential value that reporting frameworks are intended to generate.

In several cases, reporting is described as a formal exercise carried out to meet external demands, rather than an internally driven process. When ambition is low and internal ownership is weak, reporting risks becoming symbolic and disconnected from actual environmental practices. These findings raise questions about the extent to which current frameworks encourage meaningful organisational change.

Summary

This section has examined how companies experience current sustainability reporting frameworks, particularly CSRD and the VSME guide. The analysis shows that companies encounter both benefits and challenges when applying these frameworks in practice.

Some companies describe the frameworks as helpful for structuring sustainability work and identifying relevant topics. Tools such as the double materiality asssessment are seen as useful for creating internal overview and supporting strategic thinking, especially when they are perceived as relevant and manageable.

A distinction can be made between operational and strategic uses of the frameworks. On the operational level, the frameworks are used to collect data, fulfil documentation requirements, and improve internal structure. On the strategic level, some companies describe how reporting may support goal setting, stakeholder engagement, or organisational coordination. However, the ability to use the frameworks for more than basic compliance tasks seems to depend on whether companies have sufficient internal resources, such as time, knowledge, and staffing, and whether they perceive the frameworks as clear, understandable, and relevant to their specific context.

Several companies highlight complexity and lack of guidance as key challenges. Reporting is often described as time-consuming, difficult to navigate, and not always aligned with company context. Especially for smaller companies, this may limit their ability to engage meaningfully with the frameworks.

Resource demands are also a common concern. Companies report spending significant time and effort on understanding and implementing the requirements. Some have hired dedicated staff or reallocated internal resources, while others find it difficult to justify the investment.

Finally, some interviewees express concern that reporting is mainly conducted to meet external expectations, for example from banks or customers, without resulting in internal change. This raises the question of whether the frameworks promote deeper integration or mainly serve compliance purposes.

Overall, the analysis shows that company experiences with reporting frameworks vary significantly. The frameworks are generally recognised for their structure and formal guidance, but also criticised for complexity, resource burden, and a lack of contextual fit.

5.3 Analysis 3: Improvements to reporting frameworks

This final part of the analysis addresses subquestion 3: *"How could the environmental reporting frameworks be improved to better support the creation of business value for companies?"* Whereas the previous analyses (section 5.1 and 5.2) focused on how companies percieve value in environmental reporting and how they experience current reporting frameworks, the present section shifts focus to improvements based on interview insights. These insights point to ways in which frameworks can be ajusted to enhance their usability, relevance, and strategic potential, particularly in voluntary reporting contexts.

The analysis is structures around three interrelated improvement themes: (1) the need for digitalisation, automation, and system integration, (2) the demand for better structure, accessibility, and sector relevance, and (3) the importance of perceived legitimacy, strategic relevance, and the role of the double materiality assessment (DMA).

DMA, in particular, emerges as a central element linking internal reflection and external stakeholder expectations. Across interviews, it is described as both a strategic tool and a source of reporting legitimacy. Based on these findings, the analysis concludes that future reporting frameworks, such as the voluntary VSME standard, should maintain this element and provide clearer guidance on how to use it effectively, especially for SMEs.

Digitalisation, automation, and system integration

This theme examines how digital tools, automation, and system integration influence the usability and perceived value of sustainability reporting. Several respondents describe the reporting process as time-consuming and resource-intensive, often involving large amounts of manual work. These challenges reduce the likelihood that reporting will be repeated or embedded in business routines, especially when it is voluntary.

The need for automation is expressed clearly by multiple interviewees. Bredahl from BSM highlights the inefficiency of the current reporting processes:

> *"What I'm focusing on now is getting as much of the data flow automated as possible—with the CO_2e figure flowing into Qualified Impacts and our ERP system, so we have supplier-specific data. (...) The key is to get it digitalised and automated."* (BSM [1:31:49–1:33:12]).

Enemark from Nordic Computer echoes this view, highlighting the importance of enabling data to flow automatically from established accounting systems:

> *"Of course everyone wants things to be as simple as possible. We already have accounting systems that are, more or less, regulated in how they're structured. The more they can be adapted to automatically extract the necessary figures — or guide you to report them correctly — the better it will be."* (Nordic Computer [15:47–16:19]).

This operational focus is echoed by Vilain from Renewtech. He describe the lack of system-level support as a major obstacle:

"There's been new legislation, but the automated systems haven't kept up. So it ends up being a horrible amount of manual work to do all of this. (...) We're missing automation—we're missing coordination between the legal frameworks and those who actually manage systems and databases. There's too much manual work." (Renewtech [39:41–40:28]).

Dirks from TL Byg similarly highlights the resource burden of manual reporting: *"We'll need some kind of AI system to help us find the data, because I'm not going to sit and juggle Excel sheets. That would basically become a full-time job if we had to keep up with it."* (TL Byg [17:55–18:10]).

This illustrate that the lack of automated and connected solutions is a shared concern, regardless of the company size and sector. Several of the respondents suggest that digitalisation could make it easier for companues to engage in meaningful reporting. Automating data collection and enabling companies to extract relevant information directly from their existing systems would reduce the reliance on spreadsheets and manual inputs. For smaller companies, in particular, this could make reporting shift from a resource-intensive burden to a manageable task within existing workflows.

In this context, newer technologies such as AI are also emerging as potential enablers of more accessible and strategic reporting practices. Bredahl from BSM specifically mentions the use of language models in stakeholder discussions during the double materiality assessment:

"I'm giving a presentation on digitalisation and ESG for SME board education later this month, and I'll be focusing on how we can use language models in the double materiality assesment. Just like you're using an AI tool here to transcribe this meeting, we'll be using AI as a live consultant during the analysis. I think, overall, that's the unlock for a lot of things on this agenda, because you simply have to work with technology and digitalisation, otherwise you're just stuck doing Excel crunching exercises and becoming rigid." (BSM [53:11–54:02]).

Zacho from Erhvervshus Nordjylland also expresses suppert for at digital reporting solution:

"I saw that the Danish Business Authority is planning to develop a digital system where you can report data in a simple way. I think that idea is good, because it moves us away from those glossy reports. On the other hand, it's crucial that the data submitted is real—and also material." (Erhvervshus Nordjylland [30:37–31:12]).

The same argument is echoed by Myrup from Kastberg, who stresses that simplicity is key to broader adoption: *"If we want to spread this somehow, then it's also about making it something that's fairly easy for companies to work with—if they're to see it happening in practice."* (Kastberg [49:07–49:42]).

These observations point to a need for digitally supported frameworks. The VSME standard could be accompanied by lightweight tools and templates designed for integration with existing business systems. This shows that automation and integration are not only technical improvements, but essential to making sustainability reporting works as a strategic tool. By reducing friction, digital tools allows companies to focus on interpretation, decision-making, and communication, rather than administration.

Furthermore, this indicates that digitalisation and system integration are not optional features, but essential elements that enable effective sustainability reporting. In the context of voluntary reporting, such tools may be an important factor un whether companies choose to engage at all.

Structure, accesibility, and sector relevance

This theme addresses how the structure and design of reporting frameworks affect their usability and perceived value, particularly among SMEs working with voluntary standards. The analysis reveals divergent views on whether stricter structure enhances or inhibits meaningful reporting. These differences point to several areas in which frameworks such as the VSME standard could be improved to balance consistency with relevance and practical utility.

Several respondents highlight the need for simplification and flexibility in reporting frameworks. Zacho from Erhvervshus Nordjylland states that a rigid structure can become a barrier, especially for smaller companies: *"It might be a bit of a shame that they didn't create a simpler tool from the start. (...) A slightly softer introduction might have been appropriate."* (Erhvervshus Nordjylland [29:39–29:58]). She also questions the value of overly formal categorisations: *"If the effort goes into phrasing it correctly, categorising it correctly, that doesn't create any value."* (Erhvervshus Nordjylland [28:16–28:43]). Dirks from TL Byg echoes this and points to a lack of sector relevance and uneven indicator coverage: *"The CSRD isn't as sector-specific as one might have hoped (...) I would have liked the accessibility and readability to be just a little bit easier."* (TL Byg [27:18–27:35]), and *"There are loads of data points in the 'E' (...) and then almost none in the 'G'. (...) Inspire me – show me what else I could include under 'G'."* (TL Byg [32:53–33:40]). Vilain from Renewtech echoes the need for more practical guidance: *"So what I think is missing in the VSME is a more concrete description of exactly which systems you're supposed to use, and which ones are correct. (...) There's too little context about what systems we're meant to be using."* (Renewtech [38:13–38:49]).

Together these reflections suggests that the VSME framework would benefit from greater sector specificity and contexttualisation. or clarifications to help companies interpret what is expected in practice. Respondents in particular highlight the need for inspiration and clearer suggestions in areas where reporting feels vague or disconnected from their business context. In addition, introductory guidance should clearly explain the purpose of each section and how it may be adapted or prioritised based on company type.

In contrast to the desire for simplification, other respondents underline the value of structure in ensuring consistency, comparability, and strategic relevance. Pedersen from BDO argues that structure enhances transparency and credibility: *"Then suddenly you can't necessarily get away with choosing what to include (...) and that's where it adds value."* (BDO [21:53–22:20]), and *"You're forced to report in the areas where you actually have an* *impact. (...) So that, I think, is what's important to keep."* (BDO [40:16–40:30]). Morales from CS Wind Offshore supports this perspective, saying that structure creates internal clarity and external legitimacy: *"It creates value in a way, it creates a structure. So it facilitates working internally and seeing, okay, where do we start? Where do we continue?"* (CS Wind Offshore [27:32–27:46]), and *"So reporting, it gives us the ability to be compared."* (CS Wind Offshore [23:41–24:00]). Lie Nielsen from NIRAS also describes structure as a tool for creating shared understanding across teams: *"We've seen it strengthen collaboration. I think, actually, you could call it 'clearer direction'. (...) at least some sort of shared language, some kind of mutual understanding."* (NIRAS [26:30–26:45]).

These statements suggest that structure should not be removed, but rather adapted to different levels of organisational maturity. Rather than offering a rigid one-size-fits-all model, frameworks like VSME could adopt a tiered or modular structure, allowing companies to progress in stages. Clear distinctions could be made between essential and optional content, thereby enabling companies to tailor their reporting effort and at the same time preserving consistency in core areas.

In addition, several respondents call for improved navigability and accessibility. This points to the need for user-friendly design, including digital tools, templates, and walkthroughs that help companies understand and apply the framework effectively. Sector-specific reporting examples could further reduce uncertainty and lower the threshold for first-time reporters.

Perceived relevance, legitimacy, and the role of double materiality assessment

This theme examines how environmental reporting can become meaningful and motivating for companies operating under voluntary frameworks. The analysis focuses on two main drivers: external legitimacy, shaped by value chain expectations and reputational concerns, and internal strategic relevance, supported in by the double materiality assessment. These perspectives show the importance of clear purpose, credible content, and reflective processes, and suggest how reporting frameworks can be improved accordingly.

Although environmental reporting is formally voluntary for SMEs, it is often expected to be an implicit requirement by business partners and societal expectations. Several companies describe how reporting obligations arise from value chain dynamics and legitimacy pressure. In this sense, reporting becomes a condition for market access and continued relevance in professional networks. As explained by Morale from CS Wind Offshore, large customers increasingly expect ESG data aligned with CSRD, regardless of the formal regulatory boundaries:

> *"So basically for the next two and a half years, Vattenfall owns us. (...) they don't say, you need to follow CSRD. No, they say, you need to give us this data. And they're following CSRD. So we might as well just follow it ourselves."* (CS Wind Offshore [12:50–15:00])

This shows that the non-regulated companies can be indirectly affected by regulatory standards through business partners. Morales continues in a reflection on reputational risk: *"You risk a lot of reputational loss if you just go back to we just report whatever is that we feel like reporting this year."* (CS Wind Offshore [16:40–17:00]). Showing that reporting is not just a technical task, but a way to signal credibility and professionalism. He continues: *"Besides compliance, this is a very important part, I would say. It's part of the brand of the company. It's part of what is expected from companies nowadays."* (CS Wind Offshore [24:58–25:14]).

This shows that for many companies, the motivation to report is tied to commercial legitimacy and expectations from business partners. Although not framed as a formal requirement, reporting becomes a part of maintaining professional credibility. The frameworks could better reflect this reality by acknowledging how voluntary reporting is often influenced by expectations from business partners even in the absence of regulatory obligations. Moreover, presenting reporting as an instrument for legitimacy-building, rather than just for data disclosure, may help create greater motivation among the non-regulated companies. When reporting is framed as a tool to maintain relevance and recognition in business context, it is more likely to be perceived as worthwhile and strategically important.

The DMA emerges as the clearest example of a practice that combines the internal relevance with external legitimacy. Several companies describe DMA as the most valuable aspect of the reporting process. Pedersen from BDO, highlights how DMA enables companies to assess where risks and opportunities are located within their business model: *"If you've done a really good job with your double materiality, then all of a sudden you extract where the opportunities and risks actually lie in relation to your business model."* (BDO [09:07–09:51]), and *"Then you can mobilise it in relation to your business model and make adjustments, so it actually becomes a tool rather than just a compliance exercise."* (BDO [22:53–23:20]). This is echoed by Dirks from TL Byg, who states that the strategic and reflective function of the analysis is *"(...) a really good tool, because it raises awareness about some of these sustainability topics – at least when it comes to strategic work."* (TL Byg [05:33–05:45]). The value of DMA is not limited to risk identification or data structuring. Morales describes it as the very element that gives reporting its purpose: *"I think CSRD, the core of it, I would say, comes down to the DMA. That's kind of like the breakthrough. The rest is just based on the DMA."* (CS Wind Offshore [45:05–45:30]). The DMA is also associated with a more engaging and reflective reporting process. As Zacho explains, it helps companies move beyond data submission and into more strategic thinking: *"(...) the thinking behind it is extremely useful in many companies and is also more inspiring than just talking about data points."* (Erhvervshus Nordjylland [25:58–26:23]), and *"If I had to join a team, I would choose the one that assesses what is material and reports on that. (...) You have to stick to what the original intention was."* (Erhvervshus Nordjylland [43:36–43:57]).

These perspectives suggest that DMA is not only an analytical tool, but also a way of strengthening internal the internal motivation and clarify the strategic relevance of sustainability reporting. It offers a structured way to reflect on the company's actual impacts and risks, and at the same time generating an output that is meaningful for stakeholders.

Based on these insights, DMA should remain a central element in future reporting frameworks, including the voluntary VSME standard. For smaller companies, this could take the form of a simplified but mandatory approach that ensures basic reflection on material topics. To support this, the frameworks should offer clear guidance, templates, and practical examples tailored to different company sizes and sectors. Importantly, DMA should not be presented as a compliance task, but as a tool for identifying priorities and linking sustainability to the overall business strategy.

Summary

This final part of the analysis has examined how reporting frameworks can be improved to enhance their usability, strategic relevance, and capacity to create business value, particularly in the context of voluntary reporting. Across the interviews, respondents pointed to a number of barriers that limit the effectiveness of current frameworks, but also proposed clear directions for improvement.

First, the need for digitalisation, automation, and integration with existing systems was highlighted as a foundation for scalable and repeatable reporting practices. Manual processes were described as unmanageable, especially for smaller companies, and automation was seen as essential for shifting reporting from an administrative burden to a strategic activity.

Second, several respondents called for improvements to the structure and accessibility of reporting frameworks. While some companies stressed the importance of simplification and sector-specific relevance, others highlighted the value of structure in ensuring consistency and comparability. This suggests that flexible, modular frameworks could better accommodate companies at different stages of maturity.

Third, the analysis highlighted the importance of perceived legitimacy and strategic relevance as motivators for reporting. In this context, the DMA emerged as a particularly valuable tool, combining stakeholder expectations with internal reflection. DMA was consistently described as the most meaningful and motivating element of the reporting process, offering both business insights and external credibility.

Together, these findings point to a need for reporting frameworks that are not only technically robust, but also practically usable and strategically meaningful. Improvements should focus on reducing friction, supporting reflection, and enabling companies to use sustainability reporting as a tool for value creation rather than mere compliance.

Discussion 6

This chapter presents a discussion of the study's main findings in relation to the applied conceptual framework, relevant academic literature, and selected grey literature. The chapter is structured in two parts. Section 6.1 discusses how the findings contribute to understanding the relationship between environmental reporting and business value, and how reporting frameworks are perceived by companies. This section also includes a discussion of recent policy developments, in particular the EU Omnibus proposal, and how such developments influence the relevance and usability of reporting frameworks. Section 6.2 provides a methodological reflection, including a discussion of the research design, data collection, and coding process. The aim is to assess both the implications of the findings and the limitations of this study's approach.

6.1 Discussion of results

This section discusses the findings from the empirical analysis in relation to the academic literature, the applied theoretical framework, and insights from grey literature.

Understanding how companies experience value creation through environmental reporting and conceptual interpretation

Throughout the analyses, it was investigated how the interviewed companies understand and experience value creation through environmental reporting, examining five themes that address the value creation. The analysis is based on interviews with companies in different contexts (as explained in section 4.2), regarding both their size, sector, external pressure, and their experience with environmental reporting. This led to variations in how they experienced value creation, however, despite the contextual differences, the analysis revealed several recurring patterns in how the companies experience value creation through their environmental reporting. The analysis showed that in general, the companies experience the value of environmental reporting in nuanced ways, and it is stated that it gives strategic alignment and positioning, risk management, and legitimacy, and some highlight efficiency, insights to business processes, and competitive advantage.

These findings stand in contrast to the academic literature, where the concept of "value" is often defined through financial metrics such as ROA, ROE, or market value (see Table 2.7 for value definitions within the literature study). Few academic studies define value beyond financial metrics, and only a minority acknowledge strategic positioning, risk mitigation, stakeholder trust, and reputational gains as value creation. The findings of this study suggest a disconnection between the academic literature on environmental reporting and the way companies themselves perceive and experience its value in this study. Hereby, this thesis contributes to existing literature by offering a more nuanced perpective and understanding of environmental reporting as value creating, highlighting dimensions that extend beyond the financial measures. While the literature tends to focus on narrowly defined financial indicators, the interviewees shos broader dimensions of value creation.

Many of the reviewed academic articles are based on large, publicly listed companies that have been reporting environmental data for years, and thus have had the opportunity to measure effects and draw financial correlations. In contrast, most of the companies interviewed in this study are in an earlier stage as it is new for several companies to do environmental reporting. As some interviewees explicitly noted, they have not yet been able to assess the effects of their environmental reporting, making it difficult to evaluate and document its specific value creation. This mismatch in organisational maturity and reporting experience may help explain why the concept of value is interpreted differently in this qualitative study compared to the assumptions underlying much of the academic literature.

The applied conceptual framework in this study expand the concept of value beyond financial metrics. For example, Stakeholder Theory shows the importance of meeting diverse stakeholder expectations, which several interviewed companies viewed as essential for maintaining trust and access to markets. Legitimacy Theory similarly frames value as the ability to align with societal norms and maintain social approval, which was reflected in how companies described the reputational and relational benefits of reporting. The perspective of Institutional Theory also contributed to understanding how sector norms and mimetic pressures influence reporting practices, particularly when companies benchmark themselves against peers.

Finally, the Resource-Based View provides a strategic lens for interpreting how environmental reporting can function as an internal capability. Several interviewees described how reporting practices contributed to process insights and increased data awareness. While these outcomes may not immediately translate into financial gains, they strengthen internal resources such as organisational learning, efficiency, and strategic alignment. These capabilities enhance long term competitiveness and resilience. In this way, the environmental reporting can generate indirect value through cost savings or improved resource allocation. In a Danish context, such improvements may also help reduce future regulatory costs, in sectors where carbon pricing is in place. While none of the interviewed companies operate in heavy industry and are currently not subject to the Danish CO_2 tax, the mechanisms they describe resemble those observed in more emissions-intensive industry, where such practices can contribute to cost avoidance and increased profitability.

Grey literature

The findings of this study reflect several developments that are said in the grey literature surrounding the proposed Omnibus amendments to the CSRD. The interviewed companies express a broad understanding and experiences of value from environmental reporting, where they point to value as being creaetd through for example efficiency gains, stakeholder trust, internal learning, process insights, and reputational benefits. However, many also tell about uncertainties or limitations in assessing its effects due to the early stage of their reporting processes. By the time of this study, several companies had only recently initiated their reporting efforts and therefore had limited data or experience to evaluate its business impact. This temporal lack may partially explain why value creation is investigated as perceived and expected rather than proven yet.

This aligns with concerns raised in the grey literature, where industry actors describe how regulatory uncertainty has led to the deprioritisation of ESG roles and a shift in focus toward sustainability actions rather than reporting itself. As noted in news articles and industry commentary, the Omnibus proposal, among other things will reduce mandatory disclosures which has caused some companies to question the value of reporting altogether, especially if they are no longer legally obliged to do so. This could be the case for SMEs, who may see the compliance effort as disproportionate to the benefits when reporting remains voluntary.

Moreover, several sources in the grey literature, including CDP and the ECB, point out that investor expectations around sustainability transparency are unlikely to diminish. This resonates with the points made by companies in the study that perceived and experienced ESG reporting as an emerging competitive parameter, even if it remains voluntary under the revised CSRD proposal.

However, central actors such as the ECB and CDP stress that the strategic benefits and risk-related value of environmental data remains important, even if the reporting obligation is reduced. These perspectives support the view from the interview data that reporting, when used proactively, can help companies navigate stakeholder demands, demonstrate credibility, and improve risk management. In some cases, reporting has also been linked to improved operational efficiency, which is an aspect that suggests an indirect financial value. In contexts like Denmark, where carbon taxes are being introduced for industrial companies (although none of the interviewed companies are industrial), such efficiencies may translate into measurable cost savings over time, further reinforcing the potential of environmental disclosures.

Both the ECB and CDP express concerns that a shift toward voluntary or simplified reporting may reduce data quality and increase the risk of greenwashing. This concern is shown indirectly in the interviews, where several companies called for clearer, more focused guidance to avoid reporting becoming a box ticking exercise with limited strategic value.

Additionally, the grey literature sheds light on how geopolitical and cultural factors increasingly shape companies' reporting practices internationally. For example, companies such as LEGO and Novo Nordisk have adapted their reporting language in response to political trends in the United States of America concerning diversity and inclusion. Although this dynamic was not directly addressed in the analysis, it illustrates how external pressures influence how companies communicate sustainability and adjust their practices across markets.

Improvement of reporting framework

One of the improvement potentials identified in this study is the recognition among companies of the use of digital tools to support reporting. Several companies expressed that current reporting practices are overly manual, fragmented, and time consuming. This was perceived as a barrier to both internal efficiency and the overall potential value creation of environmental reporting. Smaller and resource-constrained organisations pointed to a need for more automation, integrated systems, and user-friendly tools that could ease the process and reduce dependency on spreadsheets and manual data collection and reporting.

This recognition of the benefits of a simplification and digital support resonates with the grey literature. The Danish Minister for Industry and Business stated how complex reporting requirements can become an administrative burden, especially for SME's. The Minister therefore advocated for greater digitalisation to ensure that resources are spent on actual green improvements rather than documentation alone. Similarly, other actors in the grey literature, including consultants and ESG professionals, point out that regulatory uncertainty and lack of streamlined digital infrastructure have caused some companies to deprioritise ESG reporting altogether.

This implies that digitalisation is not only a means of reducing administrative efforts, but is needed for transforming reporting into a tool for internal learning, strategic alignment, and business development. Without system level support, reporting risks becoming a static compliance task rather than a process for value creation.

The use of AI models in environmental reporting processes such as the DMA shows the role of digital tools as a helpful tool to create insight into the business, so it is not only a data handling tool. In the end, this might help on the more strategic level and not only about data reporting.

However, digitalisation also comes with challenges. Several digital tools and platforms for ESG reporting already exist on the market, but they can be costly to implement, especially for SME's. Through the analysis it became apparent that the companies recognise the potential efficiency gains and strategic benefits from digitalisation. However, these gains should be weighed up against the costs linked to implementing the systems and training the employees to use it, etc. Hereby, it should be considered, whether not only if digitalisation is desired but whether it will pay off.

While not a central focus in the academic literature studied, some studies indirectly point to the role of digitalisation in the value of environmental reporting. For instance, Jin (2025) apply machine learning techniques to analyse ESG performance, demonstrating how digital tools can support more predictive assessments of sustainability data. Similarly, Ahmad et al. (2023) highlight that ESG reporting can enhance a company's innovation capacity, a finding that can be linked to the adoption of digital systems and data infrastructures for managing and communicating sustainability information.

Structure, accesibility, and sector relevance

A potential improvement area of the reporting identified in section 5.3 in Analysis 3 concerns the structure, accessibility, and sector relevance of environmental reporting frameworks. Several interviewees emphasised that current frameworks, particularly the VSME and CSRD frameworks are often difficult to navigate, overly rigid, and lacking sector-specific guidance. This critique is mirrored in the grey literature, where CDP and ECB express concern that the removal of sector-specific standards under the Omnibus proposal may hinder companies' ability to conduct meaningful materiality assessments. Without tailored guidance, companies may struggle to understand what is expected, leading to reduced quality or strategic usefulness of their reports, and they might waste time with unusefull reporting points.

Although ECB and CPD warn that the simplification of the reporting framework. Here, the reduction in mandatory data points could lead to selective or biased reporting, as companies with poor sustainability performance may choose not to report or selectively disclose only positive data. This, according to the ECB, may increase the risk of greenwashing and reduce the usefulness of environmental data for risk management and decision-making purposes.

From an academic perspective, the literature study suggests that the quality of reporting is often linked to how targeted and substantive the disclosures are. For example, Eng et al. (2022) finds that company value increases when disclosures are specific and tailored, whereas generic, non-contextualised disclosures can reduce perceived credibility and value. This also aligns with findings from other literature that show that the effect of environmental reporting on business value differs significantly between sectors. Studies such as Al Hawaj and Buallay (2022) and Guastella et al. (2022) highlight how sector-specific contexts influence whether reporting contributes to financial performance or is primarily used to gain legitimacy.

Recent scientometric studies by Chopra et al. (2024) confirm that corporate sustainability reporting is strongly associated with company performance, primarily due to enhanced stakeholder engagement, brand trust, and operational transparency. However, they also point out a lack of structured frameworks and widespread inconsistencies in how reporting is conducted and evaluated across regions and sectors. In this light, the Omnibus proposal may risk exacerbating these inconsistencies by removing external pressure and allowing companies with limited capacity or will to opt out of reporting altogether. Rather than enhancing performance, deregulation could therefore contribute to further fragmentation.

Taken together, both the grey and academic literature support the view that more accessible and sector-specific frameworks are needed for enabling companies to engage meaningfully with environmental reporting.

The theme of how reporting can be meaningful, here the results show that must be perceived as both externally expected and internally valuable. The focus on commercial legitimacy and reputational risk, is closely related to Institutional Theory and Legitimacy Theory, where companies respond to stakeholder expectations and seek to maintain trust and societal accept. In practice, environmental reporting becomes a mechanism to maintain access to business networks and to show professionalism.

At same time, the widespread appreciation of the DMA illustrates how reporting can be compliance and become a tool for strategic reflection. This fits well with the Resource-Based View where internally capabilities like risk assessment and operational improvements in the company's own business affairs can give long-term positive outcome.

Omnibus

While this study has shown that environmental reporting can generate value for companies, such as strategic direction, organisational learning, and improved stakeholder relations, the Omnibus proposal raises important questions about the future of EU sustainability reporting frameworks. By changing the reporting threshold to companies with more than 1,000 employees and delaying both CSRD and CSDDD, the proposal sits at a crossroads between political ambitions for simplification and the original objective of fostering corporate transparency and accountability.

Several of the improvements recommended in this report, such as increased digitalisation, clearer guidance, and more proportional requirements, align with the intentions behind the Omnibus proposal. It is encouraging that EU policymakers recognise the need for more targeted and implementable regulation. In this regard, the Omnibus adjustments can be viewed as partially responding to the practical challenges voiced by the interview participants in this study.

However, both the empirical findings of this thesis and the studied academic literature suggest that reporting should not be understood solely as a regulatory burden. Rather, when meaningfully integrated, it serves as a driver of internal development and external legitimacy, when supported by appropriate competences and strategic commitment (Chen et al., 2022; Hassan, 2018). By exempting a large share of companies from mandatory reporting, there is a risk of removing an important reason for reflection and learning. This concern is echoed by CDP and the ECB, who warn that voluntary reporting may result in selective and insufficient data coverage among companies with the most significant environmental risks and impacts.

From a literature perspective, ESG disclosure is associated with improved financial performance, lower risk, and better stakeholder trust (Velte, 2023; Yildiz et al., 2024). Against this, the long-term business case for reporting appears stronger than the short-term administrative relief offered by the Omnibus proposal. If reporting is viewed as a strategic investment rather than a compliance exercise, a broad exemption could prevent companies from accessing valuable insights and benefits from the reporting.

Trevlopoulos et al. (2021) confirms that environmental regulation can have positive effects not only on environmental performance but also on green intellectual capital and innovation capacity of companies. These internal capabilities, including knowledge, routines, and stakeholder engagement, are essential for translating regulatory demands into long-term value creation. This supports the argument that regulatory frameworks, including sustainability reporting requirements, should not be abandoned but redesigned to provide better learning, innovation, and strategic alignment. In this regard, the Omnibus proposal may risk reducing regulatory pressure in ways that diminish these indirect but valuable benefits, particularly for companies with less developed internal capacity.

Thus, simplification efforts must not come at the expense of data quality, transparency, or legitimacy. The findings of this thesis support the need for differentiated and supportive frameworks, but not broad exemptions, in this context, further development of the VSME and CSRD framework.

Ultimately, the Omnibus proposal should not be interpreted merely as an administrative measure, but as a political decision with structural implications for how sustainability becomes institutionalised in European business practice. It opens a wider debate on how the EU can best reconcile competitiveness and sustainability in a global market.

The Omnibus proposal reflects a political response to regulatory overload during a time of multiple overlapping crises in the European Union, including energy insecurity, geopolitical instability, inflation, and economic uncertainty. By postponing or exempting many companies from environmental reporting, the EU aims to reduce administrative burdens and strengthen competitiveness. However, academic literature questions whether such deregulation is the right response during crisis times. Some studies demonstrate that corporate sustainability reporting plays a role during crises. Marie et al. (2024) argue that transparent sustainability disclosures increase stakeholder confidence and organisational resilience in times of uncertainty, while Cesarone et al. (2022) show that companies that maintained strong ESG reporting during COVID-19 outperformed other companies in terms of both financial and reputational stability. Similarly, Gallego-Álvarez et al. (2014) highlight how consistent sustainability reporting strengthens legitimacy and facilitates better risk management during economic downturns. Together, these studies suggest that rather than weakening reporting requirements in response to a crisis, policymakers should see reporting as a potential solution.

6.2 Discussion of methods

This section provides a critical reflection on the methodological choices made in the thesis. It addresses potential sources of bias and limitations related to the interview process, the coding strategy, and the use of literature. The section also considers the influence of the researchers' positionality and relationships with interviewees. Hereby, this section reflects on the learning process experienced throughout the research and it is considered how these insights can inform future studies, thus helping mitigate similar biases. Finally, it discusses the role of grey literature and the use of triangulation as strategies to enhance the validity and credibility of the findings of this thesis. The section concludes by reflecting on how these methodological considerations may have influenced the interpretation of the results and the strength of the conclusions at the end of the thesis.

Interview critique and bias

The semi-structured interviews allowed for a flexible and in-depth exploration of how companies perceive business value in relation to environmental reporting. This format made it possible to adapt the conversation to the area of expertise of each interviewee and to explore nuances that would likely have been missed with a more standardised or rigid approach. However, the open-ended nature of the interviews, as well as the variation in the interactions with the interviewees, limits the extent to which the study could be exactly replicated. The diversity in professional backgrounds among interviewees further contributed to a variation in how the interview questions were interpreted and answered. Although this challenges the replicability of the study, it enriches the data and strengthens the credibility of the findings by incorporating multiple perspectives. To ensure consistency despite these variations, we used the same interview guide in all interviews. This contributed to a reasonable degree of internal reliability, as all participants responded to the same overall themes. A more structured interview format might have improved comparability and replicability, but would likely have constrained the depth of responses. The timing of data collection also shaped the interviews. Many companies were in the process of finalising their environmental reports at the time of the interviews. This may have influenced how they reflected on their work, potentially increasing their focus on reporting issues and causing them to frame certain challenges more positively or strategically. Although this may introduce bias, it also provided insight into the real-time considerations and pressures surrounding environmental reporting. Interviews conducted after publication might have produced more retrospective reflections, but perhaps at the cost of immediacy and relevance.

The interviewees have a diverse range of professional backgrounds, including natural sciences, law, sales, marketing, and philosophy. This diversity provided nuanced insight into how environmental reporting is understood and prioritised in different functional roles and professional logics. For example, interviewees with a natural science background focused primarily on environmental issues, while the interviewee with a philosophical background highlighted social dimensions of reporting. Sales directors emphasised the financial value of ESG reporting and viewed all three dimensions as tools to enhance profits. The interviewee with a background in law, primarily focused on compliance and regulatory alignment, whereas the marketing professional was concerned with brand value and external perceptions. This variation added depth to the findings by illuminating different interpretations of “value” in environmental reporting. However, it also introduced complexity in the comparison of responses, as the interviewees framed their responses in different professional languages. This may have affected the way the questions were understood and how the responses were interpreted during coding and analysis, which in turn may influence the validity of the study. One interviewee had recently been fired from their position, which may have affected their perspective. Although they stated that this did not influence their responses, it remains a potential source of bias. At the same time, the timing of the interview may also have encouraged more candid reflections on the company’s priorities and challenges, which adds analytical value. In general, the variety of professional backgrounds among the interviewees has strengthened the study by allowing for a more nuanced understanding of how value is associated with environmental reporting. While it introduced some interpretive challenges, it also reflects the reality that ESG reporting involves multiple actors with different interests and incentives.

Three of the company representatives and all three consultants shared the same academic background as the research group, having studied Environmental Management and Sustainability Science or a closely related predecessor programme. This shared educational background may have created a sense of affiliation, which likely contributed to more open dialogue and in-depth reflections during the interviews. In some cases, it may have encouraged interviewees to be more honest and open. At the same time, this common ground may have introduced a risk of confirmation bias. As interviewers, we may have shared assumptions or normative views with these participants, which could have influenced how we formulated questions, followed up on responses, or interpreted key points. It is difficult to assess the precise impact of this shared background, it is however, important to acknowledge that it could have shaped both the data collection and the analysis. However, this type of positionality is common in qualitative research, especially when researchers investigate topics within their own field of expertise. We sought to mitigate this potential bias by remaining reflective throughout the process, questioning our own interpretations, discussing uncertainties within the research group, and comparing perspectives between interviewees with different backgrounds.

Several of the interviewees had prior professional or personal connections to members of the research group. These connections stemmed primarily from earlier collaborations, or employment in the same organisations, including Erhvervshus Nordjylland and NIRAS. In some cases, interviewees had previously participated in research with members of the group or were known through mutual networks. This might have caused some favour to our side. These existing relationships may have influenced the interview process in various ways. On the one hand, it might have created a greater sense of trust and openness, resulting in more direct, honest, and detailed reflections. On the other hand, it may also have introduced a risk of bias in the form of more favourable responses from the interviewees or through the researchers’ interpretation of the data.

It also became apparent during the interviews that interviewees with a background outside the environmental field, such as law, philosophy, sales, or marketing, sometimes spoke a different "language" than we did. Their perspectives on reporting, environment, and sustainability were framed in ways that did not always align with our terminology or focus. This may have led to misunderstandings, missed opportunities for clarification, or a biased interpretation of what was said. However, these differences also added important perspectives to the data. By including responses from multiple professional backgrounds, insight was gained into how environmental reporting is understood across functions and disciplines. This is something that would have been lost if the interviewees only had an environmental profile.

As the research question focuses on how environmental reporting contributes to companies' current and expected business value, it was important to ensure that the interviews consistently addressed this theme. By using the same interview guide for all interviews, it was ensured that the interviewees responded from a shared thematic starting point, thereby strengthening the validity of the empirical data. However, this decision also limited our ability to look into other themes in depth as more interviews were conducted. In hindsight, a more holistic and exploratory approach to the interviews may have captured additional themes, particularly from interviewees whose experience with and perception of value creation was more linked to social or governance aspects of the reporting. A more flexible or open-ended interview format could have allowed a broader exploration of these yet unknown themes. On the other hand, this would likely have reduced the consistency of responses between participants and made it more difficult to systematically analyse how companies perceive and experience business value. This choice therefore reflects a prioritisation of focus and comparability, while acknowledging that it came at the expense of exploring certain alternative themes in greater depth.

Another improvement to the interview process could have been to explore the interviewed companies and their contexts in greater depth before conducting the interviews. Although we did review basic background information such as company size, industry, and business focus, the research could have been extended by looking at publicly available sources such as their LinkedIn profiles, news articles, or Trustpilot reviews. For example, after one of the interviews, we discovered that the company had very poor Trustpilot reviews, many of which concerned customer treatment. Interestingly, this particular company emphasised the social dimension of ESG reporting and conveyed an internal narrative that the social dimensions of their company were well managed. Had we known about the external criticism in advance, we could have challenged or explored their statements more critically during the interview. This kind of external stakeholder perspective could have been relevant for all interviewed companies in the study, as it would have provided a broader understanding of how the companies are perceived outside of their own narrative. Therefore, in further research, it is recommended to incorporate the context of the companies. By doing so, the validity of the interviews would be enhanced by further informing the questioning and revealing potential gaps between internal perceptions and external reality.

Although this could have added depth and contextual validity to the findings, expanding the background research for all companies would also have been time-consuming and potentially difficult to implement consistently. The chosen level of preparation allowed for a focus on the main research themes while ensuring a feasible and manageable interview process. There has been no intention of “exposing” or criticising any specific companies, but instead it was aimed to identify broader insights relevant to the research question. Therefore, it is fair to say that it was somewhat beneficial for the study not to have knowlegde of the full context of the companies prior to the interviews.

In the same way, another aspect that could have added nuance to the empirical data collection would have been to interview multiple employees within each company. As implied earlier in this section, it became clear that an employees' position within the company influenced their focus on environmental reporting, and thereby their responses to the interview questions. For example, was a CEO or a board member interviewed, insight might have been gained into the strategic reasoning behind the companies' environmental reporting. Interviewing an employee from middle management could have shed light on the tactical implementation of reporting practices, while speaking to operational level employees might have revealed how environmental reporting is experienced in day-to-day work. This broader, multilevel approach could have provided a more holistic understanding of how companies perceive the value, strengths, and limitations of environmental reporting. As a result, the findings of this study could have captured a wider spectrum of motivations and interpretations across organisational levels. At the same time, the decision to focus on one representative per company enabled a coverage of a broader range of organisations within the available timeframe. Including multiple voices from each company would have required significantly more time and resources, and might have limited the capacity to explore patterns across different industries. Although this choice may reduce the construct validity of individual cases, it strengthens the comparative breadth of the study. it can therefore be viewed as a trade-off between depth within organisations and analytical scope across them.

The coding process

Although we strived for a systematic and transparent coding process, several methodological limitations may affect the validity and reliability of the findings. Firstly, some interviewees came from professional backgrounds outside the environmental field and used different terminology and framings. These "language" differences may have influenced how we interpreted their responses, introducing the risk of misinterpretation or overlooking meanings during coding, thus affecting the validity of the analyses. At the same time, these differences offered insight into how sustainability, environment, and reporting are understood in different professional domains. Although they posed interpretive challenges, they also enriched the analyses by highlighting alternative logics and priorities. We sought to remain aware of these differences during coding and actively discussed unclear statements to minimise misinterpretation.

To increase the reliability of the coding, we carried out an inter-coder reliability process on three interviews. Each group member independently coded the same three interviews, after which the results were discussed and compared. The consistency was relatively high, and small adjustments were agreed upon to improve coherence. This process strengthened the confidence in a shared understanding of the codes.

However, due to time constraints, this procedure was not repeated for the remaining interviews. Had we done so, it would have further strengthened the internal reliability of our analysis. The internal reliability is still considered to be strong due to the high consistency and agreements upon small adjustments. Throughout the coding process, we continuously reflected on our own assumptions and how these might influence our interpretations. We held regular discussions within the group to challenge each others views and remain attentive to potential bias and discussed in depth if we were in doubt about whether certain citations should be coded and which coding categories they should be placed under. In addition, the initial alignment of the codes provided a strong foundation on which to work from. This collaborative and reflective approach contributed to the credibility of the analysis, even if full inter-coder validation was not applied across all interviews.

Although inter-coder reliability in qualitative research is not quantified in this thesis, statistical measures such as Krippendorff's Alpha could have offered additional insight into the consistency of the coding. We opted not to apply such tools but recognise that this limits the extent to which the consistency in the coding can be proved.

The coding framework was developed prior to the analysis of the empirical data, based on the research question and conceptual framework. This theory-driven approach supports theoretical validity by aligning the analysis with relevant concepts, but it may also have introduced confirmation bias, where we paid more attention to data that fit our assumptions. To mitigate this, we remained open to emergent themes and marked interesting responses that fell outside our predefined categories. This approach aimed to improve internal validity by allowing for unexpected insights and reducing the risk of overlooking important data. Nevertheless, theory driven coding can narrow the analytical lens. It may limit external validity, as some relevant themes not aligned with our framework might have been underexplored or not followed up on in sufficient depth.

During the coding process, we found that distinguishing between the blue and yellow coding categories was occasionally challenging (see colour coding categories in section 4.2. The blue category captures experienced and understood business value, whereas the yellow category concerns concrete strengths and benefits of the reporting frameworks themselves. In practice, however, these sometimes do overlap. For example, when specific framework features are cited as drivers of business value. In such cases, ambiguous quotes were discussed to ensure a consistent interpretation, while also acknowledging that both aspects could sometimes be present simultaneously.

Literature study and grey literature

The literature study was designed to explore how environmental reporting contributes to business value. From the outset, the focus was deliberately only on the environmental aspect of ESG reporting. This focus was not driven by practical considerations but rather by the academic background of the research group in environmental management, which naturally shaped the interest and perspective. In hindsight, it is acknowledged that this narrow focus may have limited the broadness of knowlegde we were able to capture. However, it allowed for examination of the environmental dimension with greater depth and precision. A broader approach including social and governance aspects could have provided a more holistic view of sustainability reporting, but it could also have confused and be at the expense of the analytical focus. These considerations are worth taking into account when doing further research.

Despite this somewhat narrow focus, the initial keyword search of the lietarture study still yielded more than 500 articles. After screening titles and abstracts, we narrowed the dataset down to 79 potentially relevant studies. Of these, we conducted a more in-depth study of 35 articles. Ideally, we should have included all 79 articles in the full study to ensure a more complete and representative foundation for this thesis' conceptual and analytical framework. However, due to time constraints and the depth of analysis involved, it was chosen to prioritise a smaller sample. This limitation may have led to the exclusion of relevant perspectives and reduced the overall coverage of the literature. This decision was made to ensure that we could engage in a deeper understanding of each study and examine their theoretical frameworks, methodologies, and findings more in depth.

Nevertheless, it is worth noting that six of the 35 articles selected for in-depth study were meta-studies, each synthesising findings from a wide range of empirical research. These meta-studies helped to expand the scope of the literature indirectly, as they allowed us to incorporate the conclusions of many more studies than would be possible to analyse individually. This somewhat mitigates the effect of limiting the number of articles included in the full literature study.

Another important limitation relates to the search strategy and exclusion criteria. During the screening process, several studies were excluded that focused on social or governance aspects of sustainability reporting, as they did not match the environmental focus. This means that our literature study was not only narrow in practice, but also structurally narrow in design. The search terms and exclusion criteria systematically filtered out non-environmental perspectives, which may have been a methodological oversight. If a broader focus was adapted from the beginning, we would likely have needed to develop a different and more refined search strategy. Including social and governance aspects would likely have increased the complexity and size of the data set significantly, potentially making it unmanageable within the scope of this thesis. In that light, the environmentally focused approach is considered a justified choice that enabled a more in-depth and manageable study. While it may limit the generalisability of the findings across the full spectrum of the ESG pillars, ut allowed for a clearer focus and stronger analytical depth within the environmental domain.

Grey literature

In addition to academic literature and interview data, this study incorporates grey literature, such as policy reports, industry commentaries, and practitioner publications. The grey literature has been useful for capturing practice-based insights, sector-specific perspectives, and recent developments that are not yet reflected in peer-reviewed academic work.

However, the use of grey literature also raises certain methodological considerations. Unlike academic publications, grey literature is not peer-reviewed and may reflect the interests or agendas of the organisations producing it. This can affect the objectivity and credibility of the material. Some sources may have a normative or promotional tone when published by industry actors or consultancies, which can risk e.g. overstating success stories or downplaying challenges.

To address this, a diverse set of sources of grey literature was consulted, including public agencies, NGOs, and independent industry bodies. The grey literature was also treated as contextual background rather than primary knowlegde source. This approach helped reduce the risk of overrelying on potentially biased material while still benefiting from the depth and up-to-date relevance that grey literature can provide.

Triangulation and strengthening of results

While this research study is primarily based on qualitative interviews, the validity and credibility of the findings were strengthened through a form of methodological triangulation. In the discussion of the results of this study, in section 6.1, the analysis results are compared and contrasts are investigated with insights from the academic literature and grey literature. The academic literature provides a theoretical and often more generalisable foundation, while the grey literature, including policy documents, industry reports, and opinion pieces, offers more up-to-date and practice-oriented perspectives.

This triangulation allows not only for contextualising the findings, but also for assessing the robustness by identifying consistencies, tensions, or differences between different types of knowledge. In doing so, triangulation contributes to a more nuanced interpretation of how business value is experienced and perceived in environmental reporting and it strengthens the contextual validity of the conclusions.

Impact on results and conclusions

The methodological choices and limitations discussed above can influence the interpretation of the findings and should therefore be taken into account to ensure strength of the conclusions. The qualitative nature of the study, combined with the diversity in interviewee backgrounds and the semi-structured interview format, have contributed to generating nuanced, in-depth, and context-specific insights.

The shared academic background between the researchers and some interviewees, along with preexisting relationships in certain cases, may have introduced unintentional bias in the way responses were elicited or interpreted. However, the efforts of the research group to remain reflective and critical throughout the process, combined with the use of a consistent interview guide, collaborative coding, and triangulation with academic and grey literature have helped mitigate these risks and strengthen the credibility of the results.

These factors should be considered when interpreting the conclusions of the thesis. While this study does not aim to offer a universal account of how environmental reporting creates business value, it provides a well-founded and transparent exploration of how selected companies and consultants within specific contexts understand and experience this issue. Therefore, the findings should be seen within their contexts and contribute to broader patterns and perspectives, offering valuable insights and these can inform future research.

Conclusion 7

This thesis set out to answer the research question: *"How does environmental reporting contribute to the current and expected creation of business value for companies operating in Denmark, and how can the environmental reporting frameworks be improved to enhance the creation of business value?"*

To investigate this, a combination of a literature study and qualitative interviews with companies and consultants was conducted. The literature study reveals that most academic articles measure the value of environmental reporting predominantly in financial metrics.

To support the interpretation of the empirical findings, a conceptual framework was developed based on selected elements from Stakeholder Theory, Legitimacy Theory, Institutional Theory, and the Resource-Based View. This framework was used for developing an understanding of value creation as a multifaceted term for the project. This conceptual framework also led to an understanding of the value of environmental reporting.

The first part of the analysis shows that environmental reporting can create value through several mechanisms, such as enhancing insights into internal processes, improving strategic positioning, adapting to stakeholder demands, supporting risk management, and facilitating access to financing. At the same time, companies identify barriers to value creation, including high costs, and a lack of internal prioritisation.

The second part of the analysis explores how companies perceive existing reporting frameworks, such as the CSRD and the proposed VSME standard. While some companies, especially those with prior experience or internal capacity, find value in the structure and strategic clarity offered by tools such as the double materiality assessment, many, especially SMEs, describe the frameworks as overly complex, difficult to navigate, and insufficiently tailored to their context. These perceived limitations, including lack of sector-specific guidance and high resource demands, may reduce companies' motivation to report and limit the practical value of the reporting process.

The third part of the analysis shows that current reporting frameworks can be improved to enhance usability, strategic relevance, and capacity to support business value, especially in the context of voluntary reporting. Interviewees pointed to the need for greater digitalisation and system integration to reduce manual workload and make reporting more scalable. They also pointed to the benefits of simpler structure and sector-specific reporting options.Across interviews, the double materiality assessment was consistently described as the most valuable and motivating component, as it links internal strategic reflection with stakeholder expectations. Overall, the findings suggest that reporting frameworks should reduce friction, support prioritisation, and promote reporting as a tool for value creation rather than mere compliance task.

Finally, it should be noted that the study is limited by a lack of in-depth contextual knowledge about the companies prior to the interviews, as well as by relying on a single respondent per organisation.These constraints may have affected the scope and depth of certain conclusions, as it other perpectives have overlooked. This aspect should be considered in future studies within this area.

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