



## **The Attitude in Finnish and Swedish SME-sized Breweries to Provide Sustainability Reporting**

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Bachelor of Business Administration

Thesis

2022

## Abstract

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<b>Degree</b> Bachelor of Business Administration
<b>Thesis Title</b> The Attitude in Finnish and Swedish SME-sized Breweries to Provide Sustainability Reporting
<b>Number of pages and appendix pages</b> 54 + 13
<p>This bachelor's thesis discusses the Finnish and Swedish SME-sized breweries attitude towards sustainability reporting. The aim was to achieve an understanding of Nordic, specifically Finnish and Swedish, SMEs of the brewing industry's attitude towards providing sustainability reporting.</p> <p>The thesis consists of a theory section, research methodology chosen, data and results, and finally conclusion. The theory section discusses the general theory on sustainability reporting. It includes the key ideologies behind sustainability reporting, furthermore the key differences between financial and non-financial reporting, development in sustainability reporting, benefits and motivation of sustainability reporting, challenges with sustainability reporting, reporting options, regulations and laws, and most common standards and frameworks.</p> <p>The study was based on both quantitative and qualitative methods. First, a survey was conducted to Finnish and Swedish SME-sized breweries, the survey was sent to 226 companies, from which 26 companies responded. 23 companies stated that they do not provide sustainability reporting and 3 companies answered that they do provide sustainability reporting. The two respondent groups were analysed separately. Those who did not provide sustainability reporting were statistically analysed with the qualitative analysis of open answers, and the answers from those who did provide sustainability reporting were analysed qualitatively.</p> <p>The data collected in the research showed that most of the companies did not provide sustainability reporting, and the main reasons for it were it not being compulsory and that there was not enough knowledge on sustainability reporting. The same results were found in both countries research, but still some key differences were seen.</p> <p>For further research the author suggests conducting the research on rest of the Nordic countries, Norway, Denmark, and Iceland, to gain greater understanding of the field in the whole Nordic region. Another suggestion is to conduct research on a different field to see if the same main conclusion would be able to draw from the data. For SME-sized breweries, the author recommends gaining more understanding of sustainability reporting, since the benefits expected to gain did not reflect fully the actual benefits received with sustainability reporting conducted.</p>
<b>Key words</b> Sustainability, sustainability reporting, GRI, NSRS, corporate responsibility

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# 1 Introduction

This is a research-based bachelor's thesis for the Degree Programme in International business in the major specialization of Financial Management in the Haaga-Helia University of Applied Sciences. This chapter includes background to the thesis topic, the research question and investigative questions, benefits of the thesis, and key concepts.

## 1.1 Background to the Topic

Sustainability is well-known topic nowadays, most of us know concepts such as carbon footprint, climate change, biodiversity, and so on. Sustainability touches all of us: individuals, companies, and governments. The way companies communicate their sustainability efforts is called sustainability reporting or non-financial reporting. The topic can be very broad and difficult to understand since it includes so many different key concepts, ideologies, laws, regulations, and standards. There are United Nations Sustainable Development Goals, the Paris Agreement to limit global warming to 1.5 C, Global Reporting Initiative, and the EU Non-Financial Reporting Directive, and so much more.

Non-financial reporting is becoming more and more important for companies to report, and many big corporations are already experts on it. But where do small- and medium-sized enterprises (SMEs) go with all of this? It can be very difficult to comply directives, standards, and regulations which are not directed towards smaller companies.

In 2021 Nordic Innovation published a sustainability reporting standard which is directed towards Nordic SMEs. The Nordic Sustainability Reporting Standard (NSRS) is a standard that is applicable for smaller companies with a Nordic objective reporting standard. The standard consists of 11 steps, which then include 64 reporting requirements. The purpose is to help Nordic SMEs meet the future needs of sustainability reporting. (Nordic Innovation 2021.) The NSRS is adapted from multiple frameworks to be applicable for international standards. It includes laws and regulation such as EUs taxonomy and NFRD, climate-related risks and opportunities with S&P Global's the Task Force on Climate-related Financial Disclosures, disclosure from GRI, and it also includes guidance from SDGs, planetary boundaries, and circularity. (Nordic Accountant Federation 2021a, 19.)

The writer of the thesis is very keen on sustainability and is wanting to combine two of their interest together: sustainability and accounting. The author of the thesis is aiming to continue to master's after their bachelor studies and wants to continue researching the same topic.

This thesis is researching the attitude of Nordic, specifically Finnish and Swedish, SME-sized breweries towards sustainability reporting, how do SMEs feel about providing sustainability reporting? What challenges, benefits, importance, market advantages, and enthusiasms they see?

## **1.2 Research Question and Investigative Questions**

This thesis aims to achieve an understanding of Nordic SMEs of the brewing industry's attitude towards providing sustainability reporting. The outcome of the thesis is to gain more knowledge for Nordic SMEs about providing sustainability reporting and what perceptions different companies have towards it, to gain information on what are the challenges and benefits when providing sustainability reporting. This knowledge is also beneficial for auditing companies, authorities, and investors to understand the behaviour of Nordic SMEs regarding sustainability reporting. The international aspect required by the degree programme of all theses is covered by studying multiple SMEs in the Nordic region (Finland and Sweden) and researching their attitude towards sustainability reporting, which covers multiple international frameworks, requirements, and ideologies.

The research question (RQ) of this thesis is "What is the attitude of Finnish and Swedish SMEs in the brewing industry towards providing sustainability reporting?". The research question was divided into investigative questions (IQ).

IQ 1. What is the current level of sustainability reporting provided by the companies?

IQ 2. How interested are SMEs to provide sustainability reporting?

IQ 3. What challenges do SMEs see when providing sustainability reporting?

IQ 4. What benefits do SMEs see when providing sustainability reporting?

IQ 5. What development plans do they have to provide sustainability reporting?

Table 1 below presents the investigative questions, theoretical framework components, research methods, and results chapters for each investigative question.

Table 1. Overlay matrix

<b>IQ</b>	<b>Investigative Question</b>	<b>Theoretical Framework</b>	<b>Research Methods</b>	<b>Results Chapter</b>
IQ 1.	What is the current level of sustainability reporting provided by the companies?	Sustainability reporting: concepts, theories, and standards	Empirical research, data collection with survey	Ch 4.1
IQ 2.	How interested are SMEs to provide sustainability reporting?	Sustainability reporting: concepts, theories, and standards	Empirical research, data collection with survey Qualitative analysis of open answers	Ch 4.2
IQ 3.	What challenges do SMEs see when providing sustainability reporting?	Sustainability reporting: concepts, theories, and standards	Empirical research, data collection with survey Qualitative analysis of open answers	Ch 4.3
IQ 4.	What benefits do SMEs see when providing sustainability reporting?	Sustainability reporting: concepts, theories, and standards	Empirical research, data collection with survey Qualitative analysis of open answers	Ch 4.4
IQ 5.	What development plans do they have to provide sustainability reporting?	Sustainability reporting: concepts, theories, and standards	Empirical research, data collection with survey Qualitative analysis of open answers	Ch 4.5

As seen in the table 1, the research question was divided into four different investigative questions, the theoretical framework for the investigative questions have the same basis and the research methods include both quantitative and qualitative research.

### 1.3 Delimitation

The research is demarcated using three different criteria: the chosen field, company size, and the sustainability reporting framework. The research is demarcated to Finnish and Swedish SME-sized breweries and the chosen framework to delimit the framework theory on sustainability reporting. This research will only include empirical research on breweries operating in the Nordics, which are applicable to the European Union's SME limitation.

## 1.4 Benefits

This thesis aims to bring benefits for the organizations' management to see what is the actual level of starting to provide sustainability reporting and bring sustainability reporting to the company's processes. It also tries to bring information on what is the knowledge level of sustainability reporting amongst the SMEs. It might help the companies to stay relevant, bring added value to customers, and keep up with the demanding regulations of sustainability reporting.

For investor management wise it brings competitive advantages for classifying green loans. It brings additional knowledge on how sustainability reporting works in the SME field, since it is not mandatory yet and the industry can gain important value of it. The research will aid the breweries in the Nordics to develop their sustainability reporting and give understanding what difficulties and benefits it brings.

Careerwise for the author, this topic supports their future career goals, since they would want to become a professional in sustainability reporting and they are aiming to continue to masters in Hanken. They are interested in to continue to study the same topic in their master's thesis. The author is interested to research the SME field and what their perceptions on the topic are, since there is a great development opportunity in the topic of sustainability reporting.

## 1.5 Key Concepts

**Sustainability** means meeting the demands and expectations today without compromising the future generations ability to reach their demands. United Nations created the description for sustainability in the Brundtland Report in 1987. It consists of three different aspects: environmental, economical, and social. (U.N. Documents 1987 in University of Alberta s.a.)

**Non-financial reporting** is reporting including non-financial information such as environmental, social, and corporate governance information. Deloitte (2021, 2) states that sustainability and non-financial information is a key concern with business leaders, investors, consumers, and regulators. The importance of non-financial reporting is growing and it brings benefits such as transparency, stakeholder trust, employee satisfaction, and customer reputation. (Deloitte 2021, 2.) In this thesis sustainability reporting, non-financial reporting and disclosing on sustainability are all utilized as terms for sustainability reporting.

**GRI** (Global Reporting Initiative) is the independent, international organization that provides widely used GRI standards. The standards are aiming to all organizations to understand and report on their sustainability impacts. The standards are divided into three categories: Universal Standards, Sector Standards, and Topic Standards. (GRI 2022a.)

**SDGs**, Sustainable Development Goals, were created by United Nations in 2015 after the Millennium Development Goals. There is 17 different goals, from ending poverty to fighting issues with climate change. The goals were targeted as an universal “call to action”. (United Nations s.a.; UNDP 2022.)

**NFRD** is the EU directive on non-financial reporting. Non-Financial Reporting Directive requires criteria filling large companies prepare sustainability reporting according to the guidelines. Information such as environmental matters, social matters and employee treatment, respect for human rights, anti-corruption and bribery, and diversity on company boards needs to be published. (European Commission 2022.)

## 2 Sustainability Reporting

Sustainability reporting can be difficult to understand and interpret since it includes a variety of different frameworks, standards, ideologies, laws, regulations, and concepts. In this research the theoretical framework has been reflected on the NSRS standard, since it is a standard of sustainability reporting which is created from the perspective of Nordic SME-sized breweries. The NSRS standard includes multiple international aspects of sustainability reporting, and it has been created to be as inclusive as possible regarding the number of frameworks and standards of sustainability reporting. This is the reason why also the theoretical framework includes multiple standards.

The main concepts and theories of this thesis can be seen in the figure 1. It includes the theoretical framework, and the thesis research results. The theoretical framework of the thesis is on a general level to bring a general understanding of the topic.

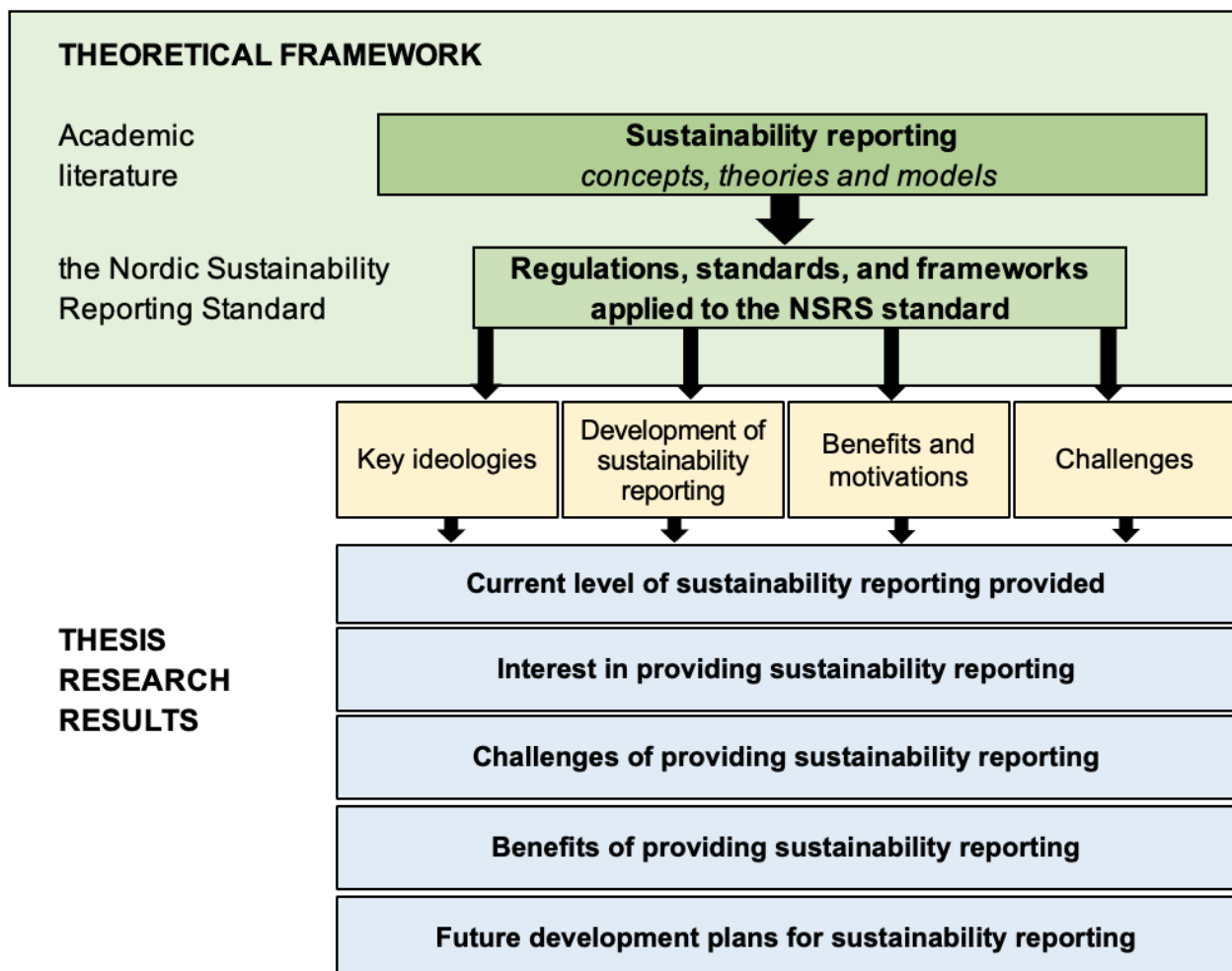


Figure 1. Theoretical framework of providing sustainability reporting

Sustainability consists of three main areas: economic, social, and environmental (Sadler 1990 in Herremans 2019). Most known area is the economical and companies are very well versed on communicating this area of sustainability. What is less known and communicated more rarely are the two other aspects: social and environmental. This is where corporate responsibility and sustainability reporting come into the conversation.

As mentioned in the introduction sustainability reporting consists of multiple concepts, theories, and models. Herremans (2019, 22) argues that sustainability reporting acts as an accountability documenting for sustainability in companies. There are also multiple guidelines, task forces and standards for sustainability reporting according to Herremans (2019, 27-32) such as GRI, Sustainable Development Goals (SDGs), integrated reporting (IR), the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and so on. So as seen in the figure 1 the academic theory on sustainability reporting involves so many different concepts, theories, models, and frameworks that companies might have a difficulty to choose which one to follow.

## **2.1 Key ideologies**

Sustainability is a wide branch of key ideologies and guidelines, which then influence sustainability reporting as well. To understand what sustainability reporting is, one needs to understand what the whole concept behind sustainability and corporate social responsibility (CSR) is. These key ideologies behind sustainability include topics such as planetary boundaries, circular economy, and SDGs. They are very often also a part of sustainability reporting, bringing more demand to understand the key ideologies. These are important topics to widen the picture on sustainability reporting, since many larger companies provide their efforts on these topics as well in their sustainability reports.

### **2.1.1 Sustainability**

As described in the key concepts chapter, sustainability is meeting the needs of the present without compromising the future generation's ability to reach their needs. It consists of three different aspects: environmental, economical, and social. (U.N. Documents 1987 in University of Alberta s.a.) This can also be stated as the three P's: people, planet, and profit or the three E's: environment, economy, and equity. (Laine, Tregigda & Unerman 2022, 15.)

The term “sustainable development” is crucial also in the context of sustainability, if sustainability is the desired outcome, sustainable development is the road to the outcome. These two terms are sometimes used meaning the same, but there is a difference. (Laine & al. 2022, 12.)

As previously mentioned, sustainability consists of environmental, economical, and social aspects, this is often called as the triple bottom line (Elkington 2018 in Laine & al. 2022, 15). These multiple different understandings of sustainability can be referred as weak or strong sustainability as can be seen in the figure 2 and figure 3. This is not very common terminology nowadays, but helps the understanding of the concepts. The biggest difference with the two terms is their relation to trade-offs. (Laine & al. 2022, 15-16.)

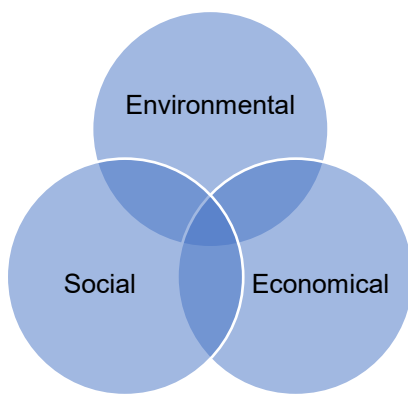


Figure 2. Weak sustainability (Adapted from Laine & al. 2022, 15)

As we can see in the figure 2, weak sustainability is an interlinking diagram. This interlinking diagram allows trade-offs. This concept focuses on creating benefits on two of the dimensions forgetting the third one. Laine & all. (2022, 16) states this as a “win-win” situation.

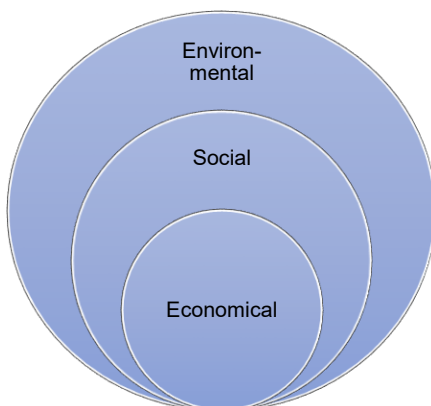


Figure 3. Strong sustainability (Adapted from Laine & al. 2022, 15)

Strong sustainability is depicted as a nested diagram as can be seen in the figure 3. The dimensions are interdependent of each other and there can be no trade-offs. Economy relies on society, and society relies on environment. This concept creates “win-win-win” situations on which all of the aspects of sustainability are looked after. (Laine & al. 2022, 16.)

### **2.1.2 Corporate Social Responsibility (CSR)**

Corporate social responsibility (CSR) is an ideology, that states that companies need to have responsibility for the public good. Blowfield and Murray (2019, 11) states that CSR is an umbrella term that includes multiple ways in which business’s relationship with society is being “defined, managed, and acted upon”. CSR has many published standards from multiple organizations, these include standards such as Global Reporting Initiative, Marine Stewardship Council, Principles for Responsible Investment, and Wolfsberg Anti-Money Laundering Principles to mention a few. (Blowfield & Murray 2019, 7-9.)

Since the CSR efforts that companies provide varies a lot, no single definition covers all the issues, policies, processes, and initiatives can be covered argues Blowfield and Murray (2019, 10). There are seven main areas of CSR activities, these are leadership, vision, and values, marketplace activities, workforce activities, supply chain activities, stakeholder engagement, community activities, and environmental activities. The notable areas of CSR activities today consist of topics such as business ethics, human rights (inc. gender and sexuality), legal compliance, worker rights and welfare, philanthropy and community investment, market relations, environmental management, corruption, sustainability, corporate governance, and animal rights. The CSR efforts that companies do are then communicated with “CSR reports”, which is just another way to describe sustainability reports. (Blowfield & Murray 2019, 10-11, 24 & 174.) If companies want to invest on strategic CSR, it is crucial that the CSR reports align with the company mission (Haski-Leventhal 2022, 345).

### **2.1.3 Planetary Boundaries**

Planetary boundaries is a concept that present nine different planetary boundaries that humanity needs to continue to develop and thrive for future generations. It dictates the safe operating space on nine different categories: climate change, novel entities, stratospheric ozone depletion, atmospheric aerosol loading, ocean acidification, biochemical flows, freshwater use, land-system change, and loss of biosphere integrity. (Stockholm Resilience Centre 2022.)

Three of these planetary boundaries are under safe operating space: freshwater use, stratospheric ozone depletion, and ocean acidification. Two are in zone of uncertainty with increasing risk: land-system change and climate change. Biochemical flows and biosphere integrity are under high risk with beyond zone of uncertainty. Three of these planetary boundaries have not yet been quantified: novel entities, atmospheric aerosol loading, and loss of biosphere integrity. (Stockholm Resilience Centre 2022.) The NSRS standard for example is taking into consideration the planetary boundaries in the standard. (NSRS 2021.)

#### **2.1.4 Circular Economy**

Circular economy is a systems solutions framework that is based on circularity: meaning that how we produce, procure, and manage production and wastage is based on recycling, repairing, re-using, maintaining, sharing, and regenerating renewables and finite materials in the economy. (Ellen MacArthur Foundation s.a.)

The current economy that we are living on is linear: we produce mainly with virgin materials which in the finished life cycle ends up in landfill. In circular economy the main idea is to stop producing waste. Circular economy is based on three different principles. (Ellen MacArthur Foundation s.a.)

These three different principles are (Ellen MacArthur Foundation s.a.)

- eliminating waste and pollution
- circulating products and materials (at their highest value)
- and regenerating nature

We can visualize circular economy as a system diagram, known as the butterfly diagram. This divides the cycle in two parts: technical and biological cycles. The technical cycle includes finite materials, which are kept in the circular economy with collection, sharing, maintaining, reusage, re-manufacturing, and lastly with recycling. The biological cycle includes renewable materials, which are then returned to the Earth with cascades, feedstocks, anaerobic digestions, regeneration, and farming and collection. (Ellen MacArthur Foundation 2019.)

### **2.1.5 Sustainable Development Goals (SDGs)**

The United Nations Sustainability Development Goals (SDGs) are a “call for action” by all developed and developing countries. It includes 17 different goals from ending poverty to economic growth while supporting sustainability and fighting against climate change. (United Nations s.a.)

These 17 goals are 1. no poverty, 2. zero hunger, 3. good wealth and well-being, 4. quality education, 5. gender equality, 6. clean water and sanitation, 7. affordable and clean energy, 8. decent work and economic growth, 9. industry, innovation, and infrastructure, 10. reduced inequalities, 11. sustainable cities and communities, 12. responsible consumption and production, 13. climate action, 14. life below water, 15. life on land, 16. peace, justice, and strong institutions, and 17. partnership for the goals. (United Nations s.a.)

Each of these goals include different set of targets, summing up to 169 targets all together. The purpose of the goals is to achieve the 2030 sustainability agenda. (Laine, Tregidga & Unerman 2022, 13.)

## **2.2 Differences Between Financial and Non-Financial Reporting**

Financial reports are very common for people working with accounting and finance, they are disclosing financial information on the past financial period, and they are communicating financial information to stakeholders and investors. These financial reports include the statement of cash flow, the balance sheet, the income statement, and the statement of changes in equity. (INTOSAI 2013, 10; Elliott & Elliott 2022, 35.)

Sustainability reporting includes both financial and non-financial information. It needs to be presented systematically to be comparable, it includes both past and current figures and future targets to be able to measure progress. The non-financial information in sustainability reports can be both quantitative and qualitative. Quantitative data could be units (kgs, CO<sub>2</sub>, etc.) and qualitative data can be impact on biodiversity for example. (INTOSAI 2013, 9.) The key differences between financial reporting and sustainability reporting are presented in the table 2.

Table 2. Differences on financial and sustainability reporting (Adapted from INTOSAI 2013, 9.)

	<b>Financial reporting</b>	<b>Sustainability reporting</b>
<b>Timescale</b>	The financial period	Future-orientated
<b>Focus</b>	Direct organizational issues	Larger sustainability impacts
<b>Economic view</b>	Material	Intangible
<b>Data</b>	Financial	Both financial and non-financial
<b>Materiality</b>	Financial significance	All information that is significant to users
<b>Users</b>	Shareholders and investors	Stakeholders

Financial reports are always communicating information on the last financial period, possibly comparing to other previous figures, the sustainability reports can include both past, present and future goals as can be seen from the table 2.

The focus on financial reports is on organizational issues and the view on sustainability reports are on larger sustainability impacts such as biodiversity or circular economy. The economic view on financial reports is material, but with sustainability reports it is intangible very often. On financial reports the data presented is always financial, but sustainability reports can include both financial and non-financial information. The materiality of presented information on financial reports is always on financial significance, but sustainability reports can include all information that is significant to the users, which are the stakeholders. The users of financial reports are shareholders and investors. (INTOSAI 2013, 9.)

The financial and non-financial information of sustainability reporting can be originating from the same category and the financial information can also be a part of the financial statements of companies. This can be seen from the table 3.

Table 3. Differences between financial and non-financial sustainability information (Adapted from INTOSAI 2013, 9)

	<b>Energy</b>	<b>Waste</b>	<b>Water</b>
<b>Financial information</b>	Freight costs (€)	Cost of disposal (€)	Cost of water usage (€)
<b>Non-financial information</b>	Tons of greenhouse gas (GHG)	Amount of recycled waste (kg)	Amount of water used (m <sup>3</sup> )

As we see in the table 3. Both financial information and non-financial information can have the same origin, for example energy, waste, and water. The information given is monetary and unitary, but the non-financial information has multiple units which are not comparable to each other straight-forwardly. We cannot compare the GHG of freight to kg's of recycled waste. This is one of the challenges with sustainability reporting. (INTOSAI 2013, 9.)

Companies who want to provide sustainability reporting should consider why they want to report on sustainability, who is the key audience, what kind of reporting to use, and who in the company will produce the reports. (Haski-Leventhal 2022, 345.)

### 2.3 Development in Sustainability Reporting

Sustainability reporting first emerged the business world in the 1980s with the concept of environmental reporting. These were voluntary reports on environmental actions. After that the more defined sustainability reporting started to emerge with the development of CSR and sustainability to triple bottom line reporting to integrated reporting. The narrower look environmental reporting developed to more broad sustainability reporting which also should include social and financial impacts. (INTOSAI 2013, 12.)

KPMG has tracked the changes in sustainability reporting since 1993 with the KPMG Survey of Sustainability Reporting. In 1993 only 12 % of the survey results indicated that companies published sustainability reports, in 2020 90% of the largest companies (N100) in the world disclose their sustainability efforts as can be seen in the figure 4. The N100 describes the research sample of the survey: a worldwide sample of 4900 companies including the top 100 companies in revenue in each survey countries (49). (KPMG 2020.)

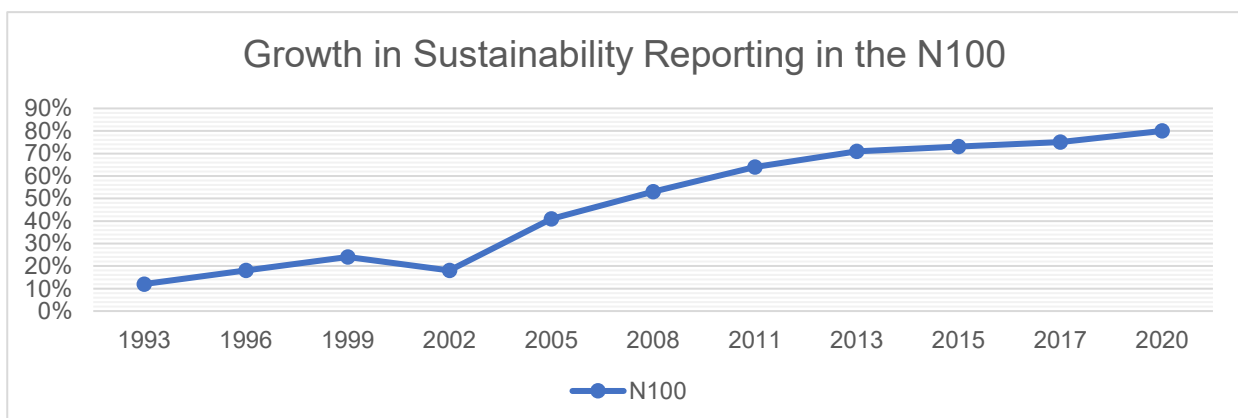


Figure 4. Growth in Sustainability Reporting in the N100 (adapted from KPMG 2020)

According to the KPMG Survey (2020), the larger companies that provide sustainability reporting globally have risen from 13% in 1993 up to 80% in 2020 as can be seen in the figure 4. The growth from 2017 to 2020 was 5% globally. In 2020 in the Europe 77% of large companies provided sustainability reporting. According to the KPMG Survey (2020) in Finland the level of large companies that provided sustainability reporting was 90% and in Sweden it was 98%, this indicates a much higher interest in Sweden than in Finland.

This indicates that larger companies are prepared and well-versed in the world of sustainability reporting, but since for SME-sized companies sustainability reporting is voluntary, it seems that they have stayed behind on this development.

## 2.4 Benefits and Motivations of Sustainability Reporting

Many companies might think that providing sustainability reporting and disclosing sustainability efforts is only another expense that the company needs to perform to be able to stay on track with regulation. Instead, sustainability reporting brings multiple benefits for companies, these benefits also act as motivations to companies.

Sustainability reporting brings benefits on:

- **Reputation & brand value:** it helps to protect and improve the company's reputation by building trust and transparency, consumers also recognize companies who are sustainable and provide reliable information on their sustainability efforts. (CDP 2022a; Gutterman 2021, 9; INTOSAI 2013, 15.)
- **Competitive advantage:** brings competitive advantage to the company in the stock markets since it brings transparency on company processes and value chain. (CDP 2022a; Gutterman 2021, 9.)
- **Benchmarking:** when you provide sustainability reporting you can benchmark your company's actions against competitors. (CDP 2022a.)
- **Risk assessment and management:** when you provide sustainability reporting you track and investigate the company's key processes and activities and it can help you identify possible risks with data-driven information. (TCFD 2022a; CDP 2022a; INTOSAI 2013, 15.)
- **Seeking opportunities:** as sustainability reporting helps with risk management and risk identification it also brings advantage the same way with seeking opportunities, when you map the sustainability efforts you can also make data-driven decisions towards possible identified opportunities (CDP 2022a.)

- **Regulation:** when you provide disclosing on sustainability it helps the companies to stay ahead and on track with regulation in multiple regions. (CDP 2022a.)
- **Financial materiality of sustainability issues:** different standards can help companies bring knowledge on what the financial materiality their possible sustainability issues are or what they might become. (SASB 2022a.)
- **Capital allocation/Cost saving:** since companies get more informative knowledge on how to allocate capital. (TCFD 2022a.) It can also help with cost reduction since companies get more savings through decreased consumption. (Gutterman 2021, 9.)
- **Strategic planning:** since evaluating climate-related disclosures brings knowledge on short-, medium-, and long-term risks and exposures. (TCFD 2022a.)
- **Innovation and learning** (Gutterman 2021, 9.)
- **Employee motivation & stakeholder inclusiveness** (Gutterman 2021, 9.; INTOSAI 2013, 15.)

These benefits act also as the motivation for companies to provide sustainability reporting, these can be divided into internal motivations and external motivations. Internal motivations are gaining better information, improving risk management, improving performance, saving resources and money, and improving employee satisfaction. External motivations include items such as improving stakeholder communication, improving accountability and transparency, and improving reputation. (INTOSAI 2013, 15.)

## 2.5 Challenges with Sustainability Reporting

Sustainability reporting does also pose some challenges to the companies who provide them. Multiple of these issues arise from the fact that they are reflected on to traditional financial accounting, which is easy to state who they are for, what information is reported, and how the information is depicted. (Blowfield & Murray 2019, 179.)

These challenges with sustainability reporting include (Blowfield & Murray 2019, 178)

- difficulty to find appropriate accounting terminology to describe the issues,
- the challenge of audience, who are these reports for,
- difficulty to find the correct standard, due to the fact that there are multiple and no clear guidance who they are aimed at,
- the issue that there is no single format that the information needs to be presented by,
- and that it is mostly still voluntary so companies can decide themselves what information is presented, so this brings challenge with reliability and comparability.

## 2.6 Reporting Options

Exter (2012 in Haski-Leventhal 2022, 356-358) states that there are multiple ways in which companies report their CSR from basic reporting level to game-changing reporting. This reporting options reasons why companies report, to whom they report and on what they report, and how long their CSR efforts are. In table 4 can be seen the five different types of reportion options Exter (2012 in Haski-Leventhal 2022, 356-358) claims to be.

Table 4. Reporting options (Exter 2012 in Haski-Leventhal 2022, 356-358)

<b>Reporting option</b>	
Basic reporting	Usually, few pages on a company website prepared by the marketing team. Disconnected from the annual reports. Usually provided only due to it being compulsory or demand from the market. Focus usually on the company input (money donated) than company's impact on the donation.
Full CSR reports	Is a standalone document, varying between 10 to 100 pages, most often over 50 pages. Is more comprehensive and includes a larger variety of topics. Is probably more visual and includes charts, graphs, figures, and analyses. Can be a printable report, but also a part of a company website. Compiled usually by CSR and marketing teams. Also includes mission statement and CEO introductions.
Advanced reporting	Often uses a reporting standard, is longer and includes much more transparent information. Is a part of strategy and the company's leadership is heavily involved. Is directed towards stakeholder engagement and an open conversation with users. The CSR team prepares the report, but company's leadership is heavily involved.
Integrated reporting	A reporting option that integrates all information, financial, strategy, corporate governance, and CSR, into a single document. It is a clear and concise view on operations and value creation. It has both medium- and long-term goals and it aligns and serves strategic CSR. Integrated reporting proves that triple bottom line does not require three different reports and that all aspects of CSR align with the strategy. KPMG (in Haski-Leventhal 2022, 358) states that over half of the companies already provide integrated reporting. It is often prepared by CSR, finance, and marketing team.
Game-changing reporting	This reporting option paves the way on reporting and leads other companies on their reporting efforts. These game-changing reports are holistic, they cover everything the company does, include all aspects of CSR and benchmarking. They often involve the whole organization and a heavy stakeholder engagement. Game-changing reporting offers whole-system thinking. They are often integrated reports with both financial and social values combined: social value of financial performance and financial value of social performance is presented, this is called "true cost accounting".

The table 4 above explains the five different reporting options: basic reporting, full CSR reports, advanced reporting, integrated reporting, and game-changing reporting and what they include and who is usually preparing them.

## **2.7 Regulations and Laws**

The legal framework and international environmental laws are key areas to provide sustainability and CSR efforts for enterprises, this chapter discusses the legal framework that surrounds sustainability reporting. This chapter discusses the different directives and laws that Swedish and Finnish companies needs to obey regarding sustainability reporting. The NFRD directive is applicable to both Finnish and Swedish companies, the Finnish Accounting Act is the Finnish regulation, and the Annual Accounts Act is the Swedish regulation.

### **2.7.1 NFRD (Directive 2014/95/EU)**

The Non-Financial Reporting Directive (NFRD) is an EU directive that requires large public interest companies with more than 500 employees to disclose on non-financial information. This includes banks, insurance companies, listed companies, and other public-interest entities. The information that needs to be disclosed in the reporting is environmental and social matters, employee treatment, respecting of human rights, anti-corruption and bribery, and company board diversity (age, gender, education, and professional background). (European Commission 2022.)

European Commission's non-binding guidelines state that the presentation of the sustainability reports can be prepared according with the recommendations prepared by the Taskforce on Climate-related Financial Disclosure (TCFD). (Finansinspektionen 2022.)

There is a new proposition for a new Corporate Sustainability Reporting Directive (CSRD), that would include the obligation to provide sustainability reporting to all large and listed companies excluding micro companies. This CSRD directive would also bring auditing to sustainability reports mandatory, there would also be clarification of content requirements and a certain framework/standard on which the sustainability report needs to be presented. (Talouhallintoliitto 2022.)

The CSRD proposition also visions common EU sustainability reporting standards to be adopted, the first versions of the standards are developed by European Financial Reporting Advisory Group (EFRAG), the standards are going to be tailored to EU policies and first versions of standards are planned to be adopted in October 2022. (European Commission 2022.)

### **2.7.2 The Finnish Accounting Act (30.12.1997/1336)**

The Finnish Accounting act (30.12.1997/1336) requires certain kinds of companies to provide sustainability reporting. This 2016 (1376/2016) amendment to the accounting act is based on the EU directive NFRD. The obligation to report non-financial information is required from companies with large public-interest, such as listed companies, credit institutions, and insurance companies (with average >500 employees) and the revenue must exceed EUR 40 million or balance sheet be higher than EUR 20 million. (Ministry of Economic Affairs and Employment of Finland n.a.; Amendment on Accounting Act 1376/2016.)

The report needs to disclose information on environmental matters, social matters and personnel information, respecting human rights, and corruption and bribery. The extent of the information needs to be as extensive as it needs to be to gain understanding on the impact of company actions. The report needs to include the business model, principles of operation, outcomes of the operations, description of business connections, services, products, and risks related to the operations and how these risks are managed, and other non-financial key figures that are material to the business. The company can use international standards, but the company needs to disclose in the report that what standard is used, but the reporting can be also done according to the company's own model. The report can be either integrated to one report with the financial information or presented as a separate report. Auditing of the report is not required. (Taloushallintoliitto 2022.)

### **2.7.3 The Annual Accounts Act (1995:1554)**

Sustainability reporting in Sweden is mandatory according to the Annual Accounts Act to companies with average employee number in the past two years being higher than 250, when the balance sheet has been over SEK 175 million, and/or if the revenue of the company for each of the past two financial years have been more than SEK 350 million. (Finansinspektionen 2022.) This seem to follow the similar limitations to companies as the Finnish Accounting Act, which is based on the EU directive. For SME-sized companies it seems that providing sustainability reporting is voluntary.

The sustainability report provided can be either integrated with the annual statement or a separate report, if the report is separate that needs to be mentioned in the annual statement. The contents provided by the company seem to follow the EU directive like the Finnish Accounting Act. The report must contain all necessary information related to the company's operations. It needs to include information on environmental and social matters, personnel, respect for human rights, and corruption and bribery. The report also needs to include the business model, company policy, results of the policy, risks and risk management related to the business relationships, products, and services, and all key performance indicators. If specific guidelines or standards have been applied, it needs to be mentioned. (Årsredovisningslag 1995:1554)

## 2.8 Standards and Frameworks

As mentioned in the introduction of the theory sustainability reporting includes multiple different kinds of standards which companies can choose from. This chapter include the main standards that companies follow and comply. Sustainability reporting standard are reporting frameworks for companies for disclosing their sustainability efforts. Different standards include different topics, and they are aimed for different kinds of sectors for example. In this thesis the sustainability reporting standards chosen are the GRI, the NSRS, the ISSB, the SASB Standards, and the TCFD Recommendations, since they seem to be the key standards in the field, they can be seen in the table 5.

Table 5. Comparison of the Standards (brightest 2022; Nordic Accountant Federation 2021a, 19.)

Standard	Themes	Best for	Stakeholder audience
GRI	Sustainability and Environmental Reporting	All organizations	All
NSRS	Sustainability reporting, climate commitment, impacts assessment, climate risks, and climate opportunities	SMEs	All
ISSB	General Sustainability Accounting, Risks & Opportunities	Medium to large companies	Investors, CFOs and Finance
SASB	ESG Financial Risk	Large companies	Investors
TCFD Recommendations	ESG & Climate Financial Risk	Large companies	Investors

In the table 5 the standards and frameworks can be compared by themes, who it suits the best, and what stakeholder audience it is towards for.

### 2.8.1 Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is an independent, global organization that helps companies be responsible on their impacts. They provide “the global common language” for communication on those impacts. It is the world’s widely used sustainability reporting standards, the GRI standards. (GRI 2022b.) The GRI is general, for all stakeholder audiences, and it fits all types of companies. (brightest 2022.)

The GRI standards are applicable to all company sizes to gain better understanding on their sustainability impacts on a comparable and credible basis. The GRI Standards are divided into three categories: the Universal Standards, the Sector Standards, and the Topic Standards. The Universal Standards are applicable to all companies no matter the field or sector. The Sector Standards are used by the applicable sector and the Topic Standards are only applicable based on the company’s own material topics. (GRI 2022a.)

The Universal Standards are divided into three parts: GRI 1, GRI 2, and GRI 3. The first of the Universal Standards is the Foundation 2021, which creates an outline on the purpose of the standards. It brings clarification on concepts and gives guidance how to use the standards, there is a list of complied requirements, and it specifies principles that are crucial to quality reporting. GRI 2 is about General Disclosures, which contains all information regarding the company’s structure and reporting practices, processes and employee, governance, strategy, policies, practices, and stakeholder engagement. This helps to gain understanding on the impacts of the company. GRI 3, the Material Topics, bring understanding on how to decide the most relevant topics for the company. (GRI Standards s.a.)

The Sector Standards will be developed for 40 different sectors. The meaning of the Sector Standards is to be able to identify the most important impacts of the sector and bring understanding on the stakeholder expectations on sustainability reporting on the certain field. The Sector Standards will describe the sustainability context, outline the company’s most likely material topics reflecting on the sector’s most material impacts. So far, the Sector Standards for oil and gas, coal, agriculture, and aquaculture and fishing have been published. (GRI 2022c.)

The Topic Standards are containing disclosures on for example waste, occupational health and safety, and taxes. Companies select the most material topics and uses the Topic standards to disclose on the specific topics chosen. (GRI Standards s.a.)

The process of using the GRI Standards as a reporting framework is first to understand the GRI Standards, then identifying and assessing impacts, and determining material topics, then report the relevant information using the standards, and finally publishing the report and notifying GRI. (GRI

Standards s.a.) The GRI website offers helps with how to use the standards, how to get started with the reporting, and they also offer support with GRI Academy, services, and reporting tools. (GRI 2022a.)

### **2.8.2 A Nordic Sustainability Reporting Standard (NSRS)**

The Nordic Sustainability Reporting Standard (NSRS) is a sustainability reporting standard, which was specifically created to support Nordic SMEs to provide sustainability reporting on their sustainability efforts and impacts. The NSRS is created for the SMEs, but the primary user of the standards is the accountant. The NSRS documents include the NSRS Standard, the NSRS Foundation, the NSRS Implementation Manual, and the NSRS Implementation Tool. All of these documents bring help understanding the principles of the standards and how to implement it. (Nordic Accounting Federation 2021a, 4-7.)

The NSRS standard, which was introduced in the introduction chapter as well, is what can benefit especially the Nordic companies to implement the first stages of sustainability reporting into the companies. It includes different types of regulations, standards, and framework to bring the reporting up to competitive level, these are EU's taxonomy, NFRD, TCFD, GRI, SDGs, planetary boundaries, and circularity. (Nordic Accounting Federation 2021a, 19.)

The NSRS has been divided into three advancement levels. So far, only the Level 1 NSRS implementation tool has been published. The level 1 is the beginner level. The Level 1 NSRS implementation tool has been divided into four categories: climate commitment, impact assessment, climate risks, and climate opportunities. The Level 1 standard include 64 reporting requirements: 46 descriptive requirements, and 18 numeric reporting requirements. These requirements have been divided into 11 steps to ease the process. The Level 1 has predetermined targets and KPIs are on a general level. (Nordic Accounting Federation 2021a, 10; Nordic Accounting Federation 2021b.)

### **2.8.3 International Sustainability Standards Board (ISSB)**

The International Sustainability Standards Board (ISSB) is a sustainability reporting board that was created by the IFRS Foundation. The ISSB will set the IFRS Sustainability Disclosure Standards. It was announced in November 2021, that they will develop standards with the public interest that have a high-quality, comprehensive international baseline of sustainability reporting focused with the needs of investors and the financial market. (IFRS Foundation 2022.)

The ISSB will create an investor-focused reporting initiatives including the Climate Disclosure Standards Board, TCFD, the Value Reporting Foundation's Integrated Reporting Framework, SASB Standards, and the World Economic Forum's Stakeholder Capitalism Metrics. This brings an extensive sustainability reporting framework for the financial markets. (IFRS Foundation 2022.)

The publication of the climate disclosure standard is in 2022 for first proposed standards. The new standards are expected to have an overlap between the information demanded by investors and the wider stakeholder groups on sustainability matters. The ISSB will be focusing on meeting the investors' needs. The ISSB recommends companies continuing using voluntary standards and frameworks, since it is building on existing standards and frameworks. (IFRS Foundation 2022.) The themes of the ISSB standards will be general sustainability accounting, and risks and opportunities. It is best suited for medium to large companies, and the main stakeholder audience is investors, CFOs, and other finance related stakeholders. (brightest 2022.)

#### **2.8.4 SASB**

SASB Standards, which is a part of the IFRS Foundation, states to connect businesses and investors on the financial impacts of sustainability. The SASB Standards are available for 77 different industries. The meaning of SASB Standards is to "identify the subset of environmental, social, and governance issues most relevant to financial performance in each industry". SASB Standards are now under the oversight of the ISSB. The ISSB encourages businesses and investors to continue the usage of the SASB Standards until it becomes the IFRS Sustainability Disclosure Standards. (SASB 2022b.)

The SASB Standards differentiate from multiple other standards since the main focus on the standards is to bring understanding on the financial materiality of the sustainability efforts. The SASB Standards are industry-based, the aim is to produce information for investors which is decision-useful. SASB claims that the design of the SASB Standards is cost-effective and developed using evidence-based and market-informed process, which was the process that was used to develop financial accounting standards. (SASB 2022b.)

The SASB Standards are best for larger companies and the main themes of the standards is environmental, social, and governance (ESG) financial risk with investors being the main stakeholder audience group. (brightest 2022.)

### 2.8.5 TCFD Recommendations

The Task Force on Climate-related Financial Disclosures (TCFD) is a task force created by the Financial Stability Board that aims to improve and increase reporting of climate-related financial information. It aims to benefit companies on risk assessment, capital allocation, and strategic planning. (TCFD 2022a.) The TCFD give recommendations on what companies should disclose on their climate-related actions. These are adoptable and applicable to multiple organizations across sectors and jurisdictions, they are decision-useful and forward-looking. They are divided into four different core recommendations, which are governance, strategy, risk management, and metrics & targets, as can be seen from figure 5. (TCFD 2022b.)



Figure 5. The Core Elements of TCFD Recommendations (adapted from TCFD 2017, v)

In the figure 5, the core elements of the TCFD Recommendations are shown. The governance in TCFD Recommendations is about the climate-related risks and opportunities company governance, strategy reflects on the actual and potential impacts of the climate-related risks and opportunities on the company's business, strategy, and financial planning. Risk management in the core elements pictures the processes created by the company to identify, assess, and manage climate-related risks. The metrics and targets of the core elements reflects on the metrics and targets used to assess and manage these climate-related risks and opportunities, which are relevant for the company. (TCFD 2017, v.)

The main themes of the standard are ESG and Climate related Financial Risk, the main stakeholder audience is investors, and it is best for large companies. (brightest 2022.)

## 2.9 Prior Research on Sustainability Reporting of SMEs

Den van der Walt (2018, 35-49) has researched the sustainability reporting practices of SMEs in a master's thesis. Den van der Walt conducted research on the empirical material of the sustainability reports by SMEs who had published their research on the GRI Disclosure Database. The research showed that there was an increase in sustainability reporting by SMEs, but only 10 percent of the companies reported on all the indicators. Den van der Walt states that the general observation is that despite there being multiple obstacles that SMEs face, they are still supplying sustainability reports. The research was only conducted on the GRI reports. (Den van der Walt 2018, 35-49.)

Herkert-Timame (2022, 36-39) has conducted research on SME-sized accounting firms. Herkert-Timame conducted qualitative research, that utilized benchmarking, content analysis, and observing. The goals of the research were to gain knowledge on what is the current level of sustainability in SME-sized accounting firms, to research the knowledge level of accounting firms on sustainability, and the third objective was to find out the possibility to bring sustainability into the services offered by accounting firms. The research found out that most of the companies did not provide sustainability reporting, but that there is a good development possibility to bring the service of providing sustainability reporting to the company practices. The research found out that there is a need of training, need of additional information, and better instructions on sustainability reporting. (Herkert-Timame 2022, 36-39.)

Luoto (2016) researched CSR in SMEs, the research was conducted as qualitative research method, it included both closed and open-ended questions in a survey. The research included 14 companies, so the sample size ended up being quite small. However, the research showed that most of these 14 companies said that they are communicating their CSR efforts on their own websites or social media channels, but only one of the respondents stated to provide actual sustainability reporting. The main reasons for not providing sustainability reporting seemed to be that it is not compulsory and the work to provide sustainability reporting is too laborious. (Luoto 2016, 26-30 & 46.)

### 3 Research Methods

This chapter will discuss the research methods of the thesis, it includes research design, population and sampling of the research, data collection, data analysis methods, and reliability, validity, and relevance of the research.

#### 3.1 Research Design

This research is conducted by a mix of quantitative and qualitative research, the main method being quantitative research by doing statistical analysis for the survey results. The qualitative research will be conducted by qualitative analysis on the open questions on the survey. These research methods have been chosen to understand what is the current situation in the field towards sustainability reporting: how many are conducting sustainability reporting and how many are not, also to understand on what level is the sustainability reporting conducted, and finally to understand the opinions and motivations of the entrepreneurs. This is why the mix of both quantitative and qualitative has been chosen.

In the figure 6 the research design of the thesis can be seen with the respondent, data collection methods, data analysis method and their relationship to the investigative questions.

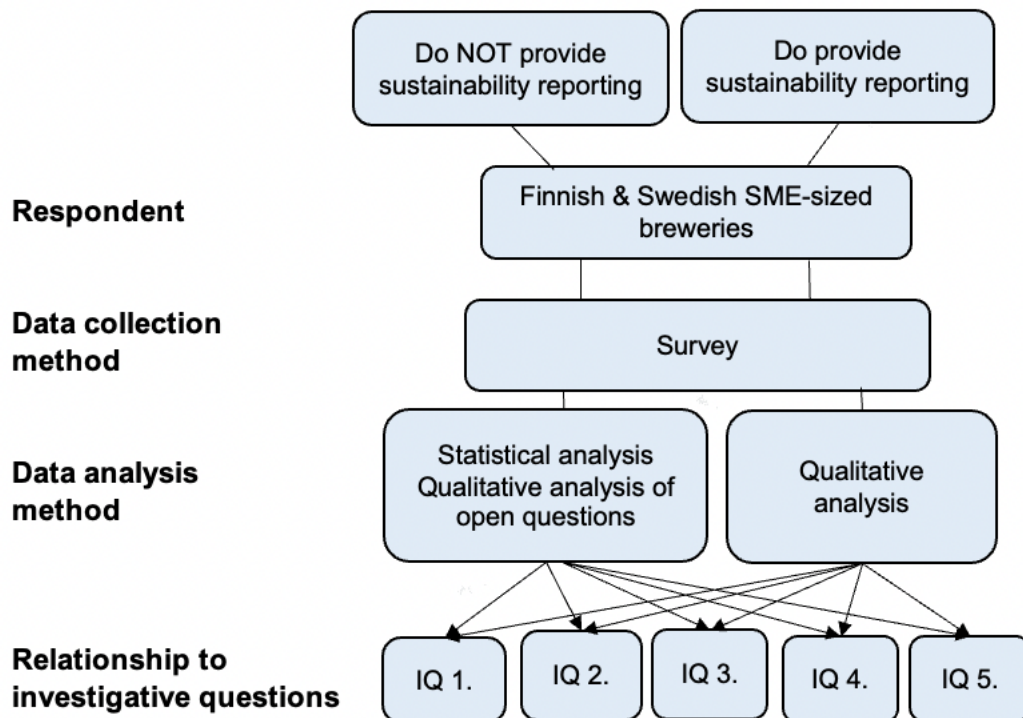


Figure 6. Research design of the thesis for the two answer groups

The chosen main method on the questionnaire with the closed-ended questions is quantitative, the research is nonexperimental, and the approach is observational, and furthermore descriptive research. This method is usually chosen to study trends, attitudes, or opinions of the population chosen. The goal is to generalize the findings to the entire population, this is why the specific research method was chosen. The usage of qualitative analysis on the open questions is used to validate the quantitative data with the qualitative findings, this is called data-validation design. (Edmonds & Kennedy 2017.) For those who did provide sustainability reporting, the data analysis method is qualitative. The purpose of the study is to gain knowledge on the attitude of SMEs towards providing sustainability reporting, furthermore it is to see what challenges and benefits they assume and/or have experienced on providing sustainability reporting.

### **3.2 Population and Sampling**

The population of the research is the Finnish and Swedish SME-sized breweries. The population from Finland was acquired from the database called Bisnode Selector, it includes data of all Finnish companies. The Swedish companies were collected from the site "Sveriges Oberoende Bryggerier", which is a Swedish microbrewery association. All the companies that had active email addresses were included in the sample. The sample ended up being 94 Finnish companies and 132 Swedish companies, overall, 226 companies. This acts as the sample size in the research. The respondents are the SME entrepreneurs.

The sampling was conducted as a non-probability sampling technique, volunteer sampling, since there is a difficulty to reach the respondents and conduct a probability sampling. The chosen sampling method was self-selection sampling, it allows each individual (company) to identify their own desire to take part in the research. The steps for self-selection sample are first publishing the need for cases, in this research it was emails, and second collecting data from volunteer respondents. (Saunders, Thornhill & Lewis 2019, 324.)

### **3.3 Data Collection**

The data for the research was collected by a self-completion Webropol survey. The survey was open between 19<sup>th</sup> September 2022 to 30<sup>th</sup> September 2022. The survey was sent by a link to the 226 companies. All data was collected anonymously. The survey was provided in two languages: Finnish and English. The survey included both closed and open-ended questions.

The survey divided the respondents into two pools: those who did already provide sustainability reporting and those who did not. The survey received 26 responses, 3 answers stated that they do provide sustainability reporting and 23 answers stated that they do not provide sustainability reporting. The total response rate of the survey was  $26/226 = 11,5\%$ . This includes the respondents who completed the survey divided by the total number in the sample. The active response rate of the survey was  $26/51 = 51,0\%$ . This includes the respondents who completed the survey divided by the respondents who opened the survey so there is a certainty that the respondents reserved the link to the survey.

### **3.4 Data Analysis Methods**

The main analysis tools for the research were Webropol and Excel. These two tools were used to compile, interpret, and analyze the data gathered from the survey. The data collected from the survey in Webropol was downloaded to Excel file, where the data was analyzed and illustrated to be able to make results and conclusions. The data was analyzed then in two different ways for the two separate answer groups due to small pool of respondents for those who do provide sustainability reporting. A statistical analysis was conducted for those who did not provide sustainability reporting, with the help of a qualitative analysis of open question, to conduct mixed method research with data-validation design. A qualitative analysis of survey results was conducted for the data of those respondents who did provide sustainability reporting, since the sample size was too small to conduct statistical analysis.

### **3.5 Reliability, Validity and Relevance**

The reliability of the research was ensured by using the same survey form for all of the respondents. From the results based on the collected data the author was able to draw conclusions between the respondents. However, the respondent rate was somewhat low and getting a higher respond rate would have ensured even better reliability for the research. The validity of the research was checked by having two senior lecturers review the survey questions. All of the respondents were suitable for the sampling since the survey was only sent to SME-sized breweries in Finland and Sweden. The relevance of the research was ensured by multiple ways. First, the survey questions were prepared carefully and all questions in the survey were thought over thoroughly that they answered the investigative questions and there was little possibility to misunderstanding in the questions. Also, the population was investigated and companies too big or not residing in the countries researched were excluded from the sample.

## 4 Data and Results

This chapter includes the data and results of the research. In the beginning, there is an introduction to the respondents, and then the results will be divided between those who do not provide sustainability reporting and those who do provide sustainability reporting. The survey questions can be seen from the appendices 1 to 3. Firstly, the data and results will include the current level of sustainability reporting. Secondly, the thesis will go through the interest in sustainability reporting of the respondents. Furthermore, the chapter will continue with first the challenges in providing sustainability reporting and next the benefits in providing sustainability reporting. Finally, the chapter includes the future development plans for sustainability reporting of the respondents.

The first three questions of the survey included the EU's SME definition to be able to categorize the respondents to micro, small and medium enterprises. In the figure 7 can be seen the company size of the respondents.

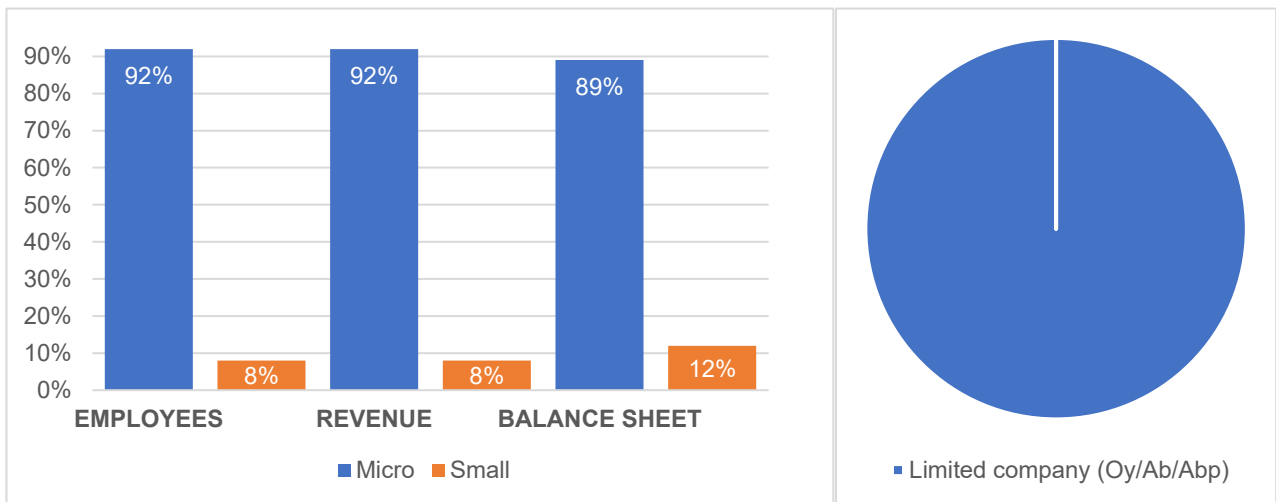


Figure 7. Company size and company form of the respondents (n=26)

92% of all the respondents were micro-sized companies, and 8% of all the respondents were small enterprises as can be seen from the figure 7. All of the respondents were limited companies, 46% of the respondents were from Finland and 54% where from Sweden.

## 4.1 Current Level of Sustainability Reporting

This chapter will discuss the current level of sustainability reporting of both answer groups. Firstly, those who are currently conducting sustainability reporting and then those who are not providing sustainability reporting. The survey results of the respondents who do provide sustainability reporting can be seen in figure 8.

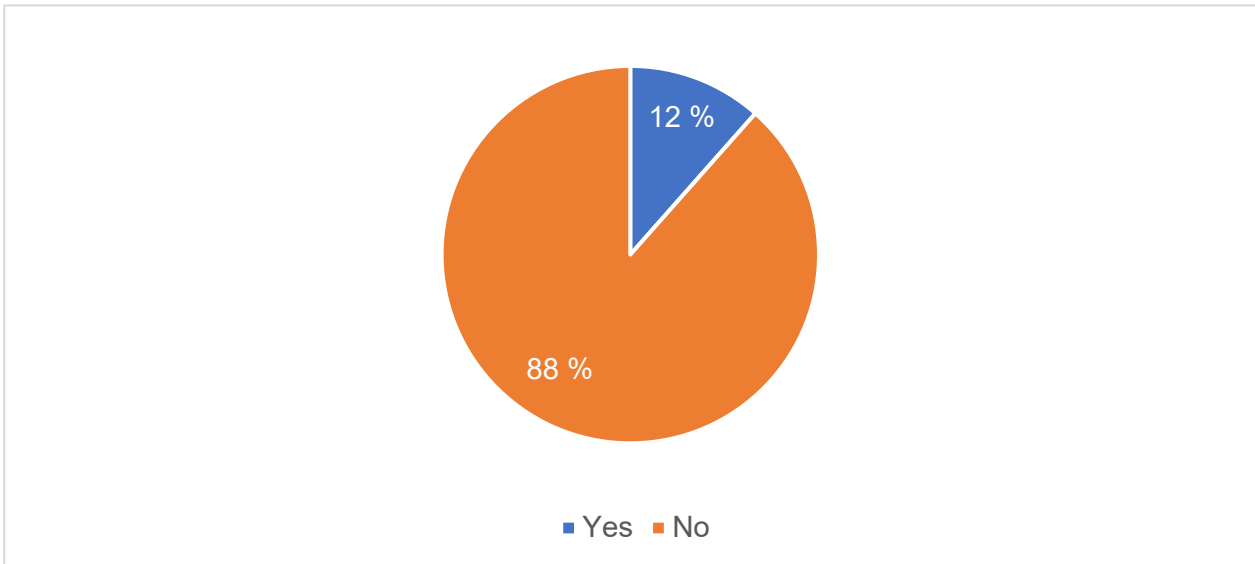


Figure 8. Do the respondents provide sustainability reporting (n=26)

12% answered yes, that they do provide sustainability reporting and 88% of the enterprises answered that they do not provide sustainability reporting, as can be seen in figure 8. So, 3 respondents answered that they do provide sustainability reporting, and 23 answers stated that they do not conduct sustainability reporting.

### 4.1.1 Sustainability Reporting Provided

Those three companies who stated that they do provide sustainability reporting were from Sweden. First question for those respondents, who did provide sustainability reporting was inquiring what sustainability reporting standard the companies are using and why. One of the respondents said that they use the GRI, another one was following Greenhouse Gas Protocol, and third one stated that they do not follow any standard. The reasoning for choosing the standard option varied from being easy to use, having new routines, and managerial decisions.

Further, the survey asked the reporting option of the provided sustainability reporting. The three respondents stated that they provided sustainability reporting from basic reporting to advanced reporting. The motives for the chosen reporting options were fitting the company, internal reporting, and again managerial decisions.

The topics in the sustainability reporting included strategy, risk, and opportunity from all of the respondents. Other topics included materiality, targets and indicators, suppliers and value chain, social sustainability, transparency and balance, circular economy, climate risks, climate opportunities, impact assessment on waste, energy, and GHG emissions, financial materiality, SDGs, and marine sustainability.

The sustainability reporting conducted by the respondents had taken between 20 to 30 working hours. The working hours taken to provide sustainability reporting were 20, 24 and 30 hours. Two of the respondents answered that they did not know how much it cost to provide sustainability reporting, but one of the respondents said that it costs 790 euros to provide sustainability reporting. The survey did not inquire what was included in the cost. When asking who was doing the sustainability reports, all the respondents provided the sustainability reporting in the company, while the CEO was the most common answer for who was doing the sustainability reports. It is also important to remember, that these are micro- and small-size companies.

#### 4.1.2 Reasons for Not Reporting

So, 89% of the whole pool of respondents stated that they do not provide sustainability reporting. The origin of those who answered that they do not provide sustainability reporting can be seen in the figure 9.

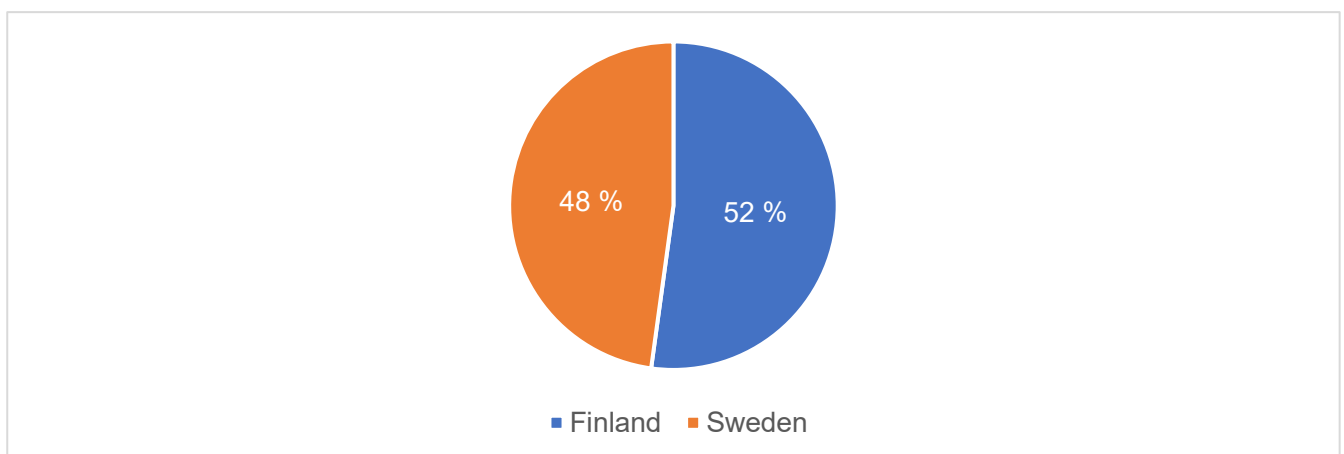


Figure 9. Origin of respondents who did not provide sustainability reporting (n=23)

As we can see from figure 9, those who did not provide sustainability reporting 12 were from Finland and 11 from Sweden, so it was almost half and half from each country.

The first question for those who answered “no” for ‘do they provide sustainability reporting’ was asking which of the following reasons explained the reasons for not reporting. The answers for the question can be seen in the figure 10 from the most common reason to the least common reason.

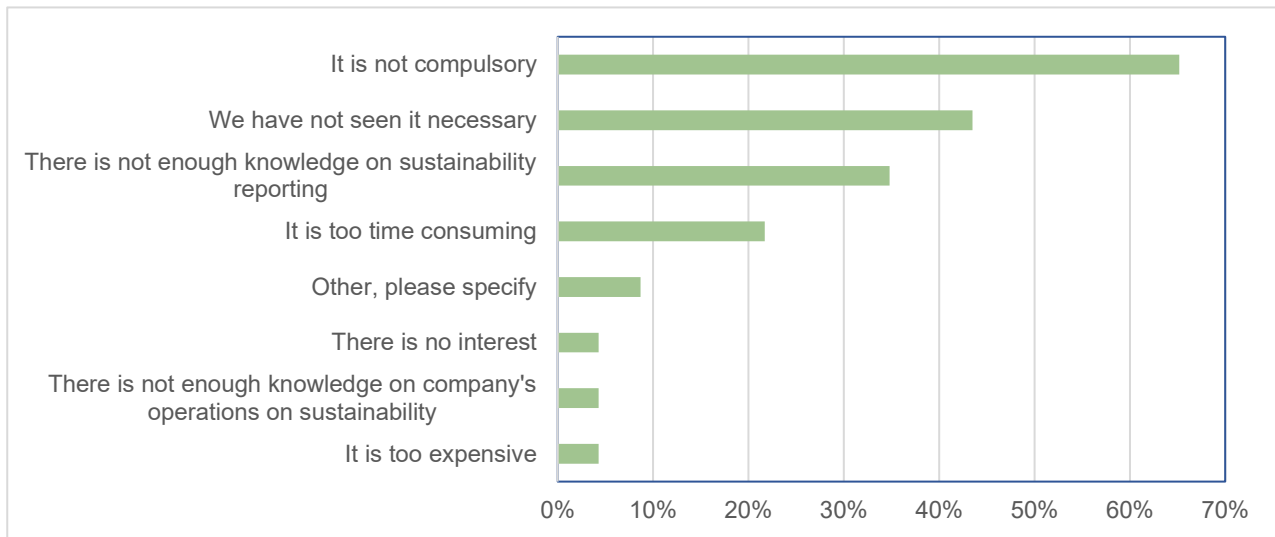


Figure 10. Reasons why all respondents do not provide sustainability reporting (n=23)

The factor that sustainability reporting is not compulsory for SME-sized companies was the number one reason for not providing sustainability reporting, 65% of all respondents chose this as the reason as is shown in the figure 10. Next most common reason was that they had not seen it necessary with 43% choosing that option. Third highest reason was that the respondents saw that they did not have enough knowledge on sustainability reporting, which was the case for 1 in 3 of the respondents (35%). Fourth most chosen option was that providing sustainability reporting is too time consuming, 1 in 4 had chosen this reason (22%). Other reasons included that there was no interest, it is too expensive, and that there is not enough knowledge on company’s operations on sustainability. Furthermore, some reasons included that they have “no time” and they had started the operations very recently.

In comparison, in the figures 11 and 12 are illustrated the reasons why the Swedish and Finnish respondents did not provide sustainability reporting. In the figures can be seen that the most common reasons varied between the two countries.

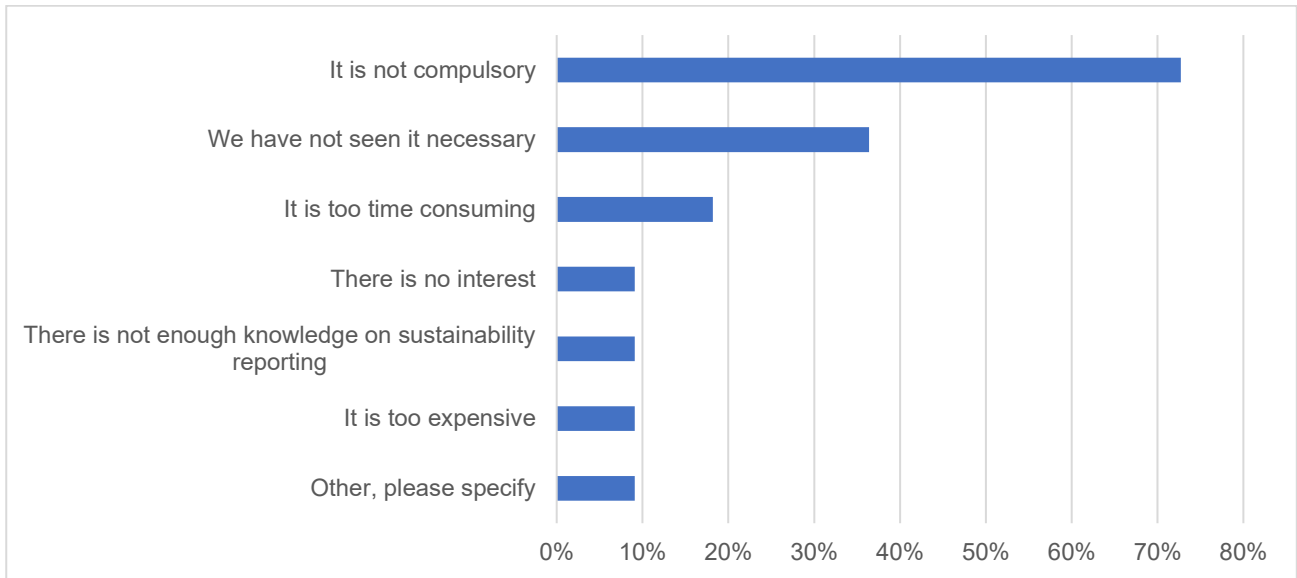


Figure 11. Reasons for Swedish respondents why they do not provide sustainability reporting (n=11)

Among the Swedish respondents the most common reasons to not provide sustainability reasoning was that it is not compulsory, they had not seen it necessary, and it is too time consuming (figure 11). 73% of the Swedish respondents chose that the fact that it is not compulsory is the most relevant reason. A little over third of the Swedish respondents (36%) chose that they had not seen it necessary to conduct sustainability reporting. Almost 1 in 5 respondents (18%) chose the reason that it is too time consuming. Rest of the reasons were chosen by 9% of the Swedish respondents.

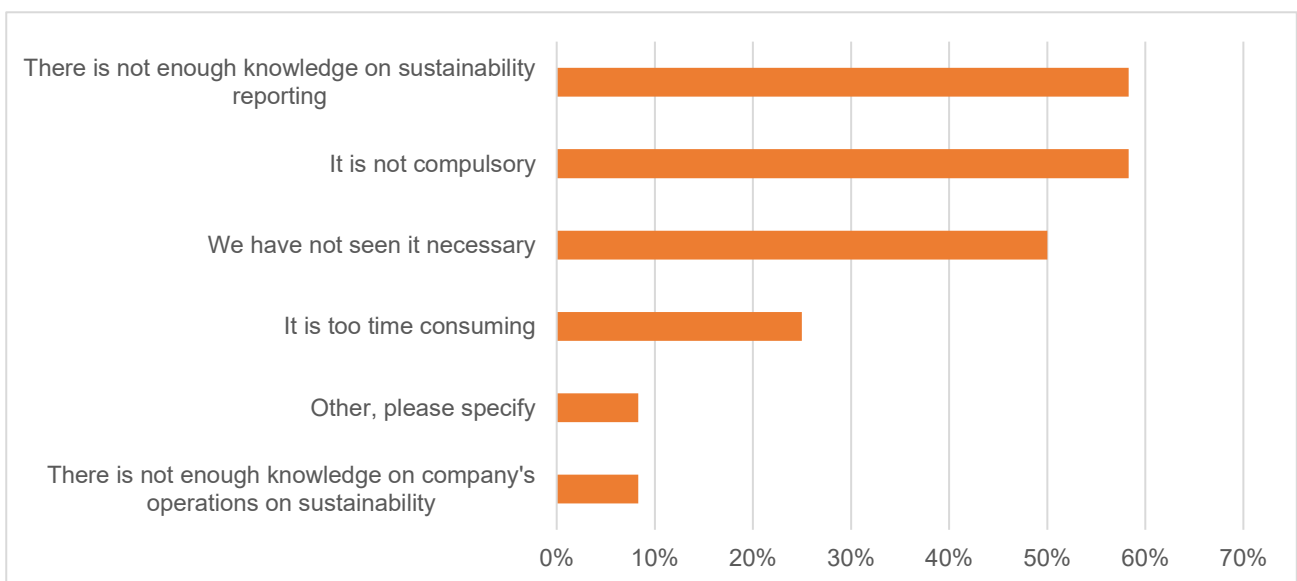


Figure 12. Reasons for Finnish respondents why they do not provide sustainability reporting (n=12)

However, the most common reasons for the Finnish respondents were that there was not enough knowledge on sustainability reporting, the fact that it is not compulsory to report, and that overall, they had not seen it necessary to report. This can be seen from the figure 12 above. Over half of the Finnish respondents (58%) chose both not having enough knowledge and the fact that it is not compulsory for reasons to not conduct sustainability reporting. Half of the respondents (50%) stated that they had not seen it necessary to disclose sustainability efforts. 1 in 4 (25%) of the Finnish respondents answered that it is too time consuming to report on sustainability. Other reasons included they had not had time to consider starting sustainability reporting and that there was not enough knowledge on company's operations on sustainability (both 8%).

## **4.2 Interest in Sustainability Reporting**

In this subchapter the interest in sustainability reporting of both answer groups will be discussed. Firstly, those who are currently conducting sustainability reporting and then those who are not providing sustainability reporting.

### **4.2.1 When Currently Providing Reporting**

The interest to providing sustainability reporting for those respondents who did provide sustainability reporting varied between some interest to great interest. The respondents were inquired how interested they were about providing sustainability reporting from 0 being not at all interested to 5 being extremely interested. One of the respondents chose the option 1, while another chose the option 2, and finally third of the respondents chose the option 4. The average amongst the three respondents was 2,3.

The biggest motivations for the companies who answered the survey was building reputation, regulation, and building brand value. All three of the respondents chose the earlier mentioned motivations being at least to somewhat important. Other motivations included it being compulsory, competitive advantage, risk assessment and management, seeking opportunities, strategic planning, innovation and learning, and demand from the market. The main motivations seen as somewhat important were building reputation, risk assessment and management, being on track with regulation, and demand from the market. The main motivations seen as important were it being compulsory, competitive advantage, strategic planning, building brand value, and innovation and learning.

#### 4.2.2 When not Providing Sustainability Reporting

The interest towards providing sustainability reporting for those who did not disclose their sustainability efforts yet was inquired with two separate questions, had they done any efforts so far and how interested they were of the topic. In the figure 13 can be seen the efforts provided by all respondents and in the figure 15 are shown the interest of the respondents towards providing sustainability reporting. The efforts and interest from both Finnish and Swedish respondents separately can also be seen from the figures 14, 16, and 17.

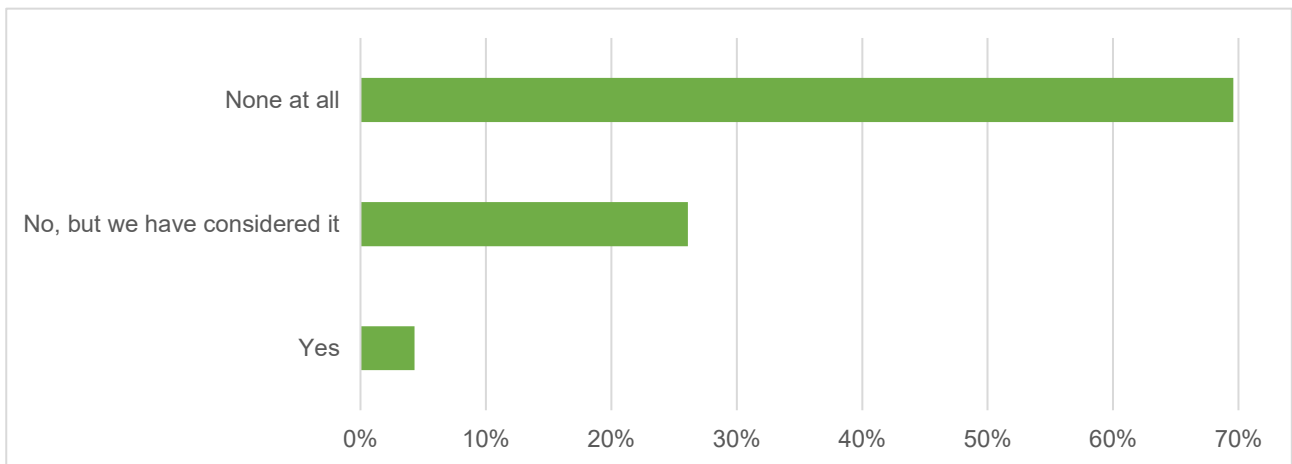


Figure 13. Had there been any efforts towards providing sustainability reporting (n=23)

70% of the respondents answered that there had not been any efforts at all towards providing sustainability reporting as illustrated in the figure 13. These efforts could have been anything between training to surveying the need for it. Approximately 1 in 4 (26%) of the respondents had not done any efforts towards providing sustainability reporting, but they had considered it.

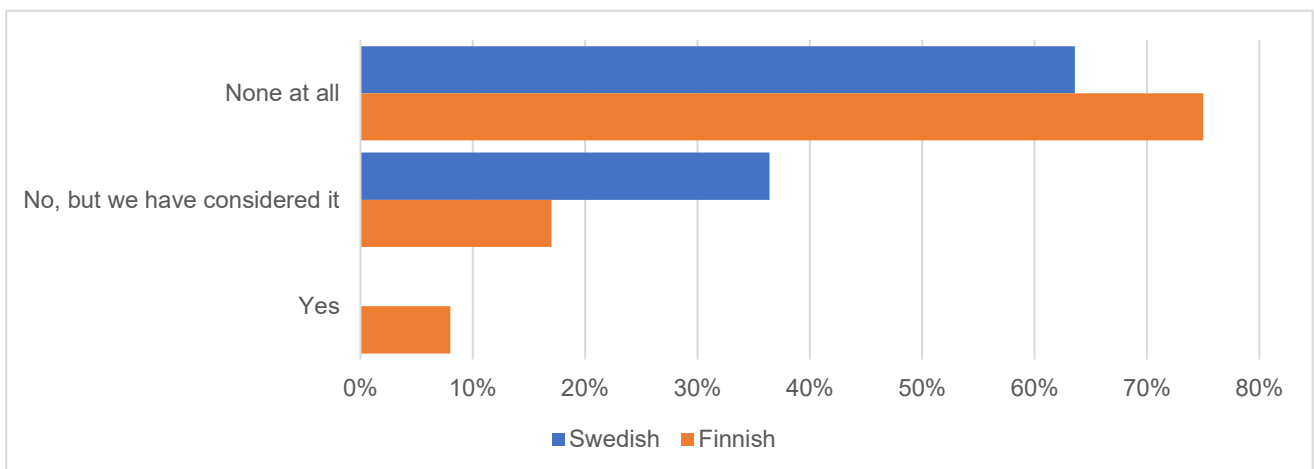


Figure 14. Differences between countries if there had been any efforts towards providing sustainability reporting (n=23)

Furthermore, to compare the answers between the Finnish and Swedish respondents, we can survey the figure 14 to see what efforts the Swedish respondents had conducted. 64% of the Swedish respondents stated that there had not been any efforts at all towards providing sustainability reporting. 36% of the respondents had considered it, but no efforts yet had been conducted. One of the respondents said they have conducted an impact report, but it was not comprehensive enough and had not proceeded forward lately.

From the Finnish respondents 75% answered that they had not done any efforts at all towards providing sustainability reporting. 17% of the Finnish respondents had not done any efforts but had considered it. This can be seen in the figure 14. One of the Finnish respondents said that there had been some efforts towards providing sustainability reporting, these included calculating the carbon footprint of products and communicating sustainability efforts on company websites.

The second question in the survey relating the interest towards sustainability reporting inquired from the respondents “how interested you are towards providing sustainability reporting” between 0 from not at all interested to 5 being extremely interested. Results can be seen from the figure 15.

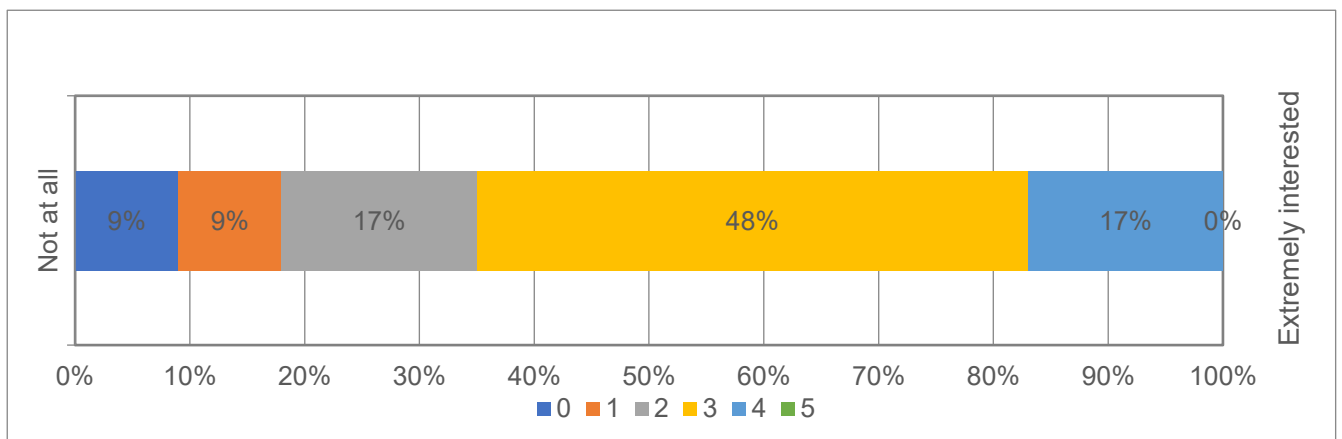


Figure 15. Respondents interest towards providing sustainability reporting (n=23)

In the figure 15 is visualized the distribution of answers for the question. The most common answer was 3, which almost half of the respondents had chosen. The average for the question was 2,6. Thus indicating that there is some interest towards providing sustainability reporting, however there were multiple respondents choosing 0 or 1, altogether this was chosen by 18% of the respondents. To compare the results between the countries the illustration of the answers can be seen from figures 16 and 17.

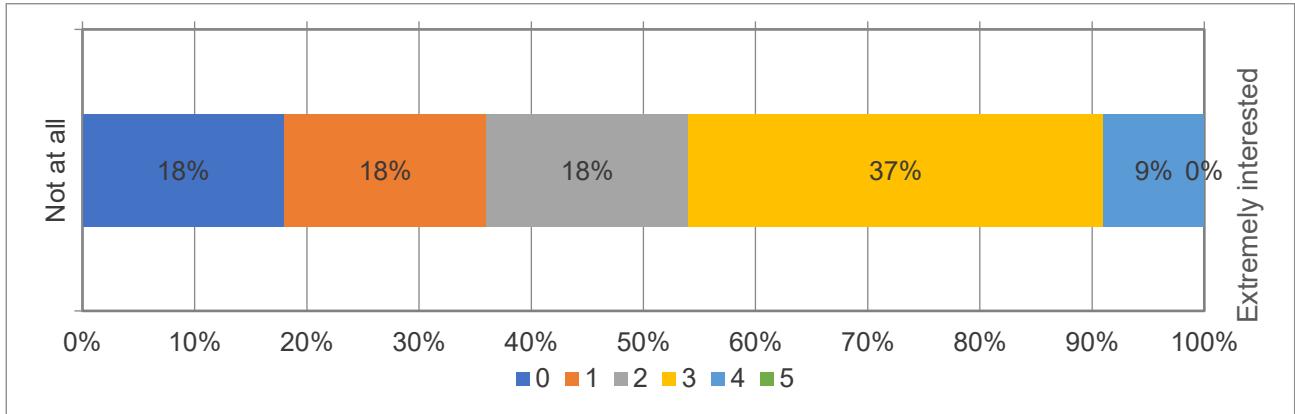


Figure 16. Swedish respondents' interest towards providing sustainability reporting (n=11)

Among the Swedish respondents the average was 2,0 (figure 16). The answer 3 was the most common with 37% of the Swedish respondents choosing that option. However, only 9% of the respondents chose option four, and 18% of the respondents stated that they were not at all interest (option 0).

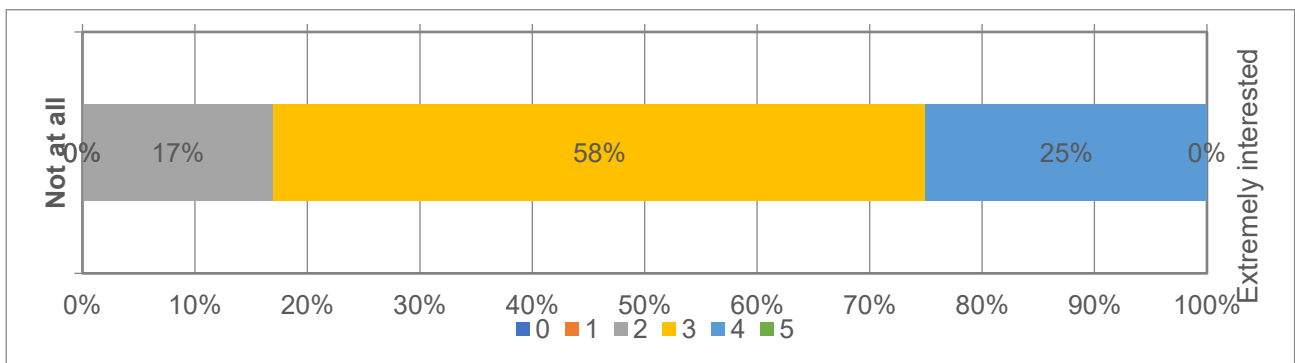


Figure 17. Finnish respondents' interest towards providing sustainability reporting (n=12)

The Finnish respondents only chose options between 2 to 4, the average being 3,1. The most common option for the Finnish respondents was 3 with 58% choosing this option as can be seen in figure 17. 1 in 4 (25%) of the Finnish respondents chose option 4 and 17% chose option 2 for interest in providing sustainability reporting.

Furthermore, the survey inquired reasoning for the chosen score on the interest. 54% of the respondents had given some reasoning for the question, even if it was not mandatory to answer. In the table 6 can be seen the reasons for the score.

Table 6. Reasoning for the score in interest

Positive	Interested too see their impact, benefits for internal processes, marketing benefit, help for reducing impacts, it is an interesting topic, benchmarking
Neutral	No one to compare with, "only important for marketing", interest to see where else the data could be beneficial
Negative	Not enough time, more bureaucracy and administration, fear that return on investment would be low, too much effort required, not enough "real meaning", small company, not enough resources, there is no clear standard

In the table 6, the responds have been divided into three groups: positive, negative, and neutral. The answers were divided between the three different groups evenly, but the negative group had the most answers.

The survey also asked who would provide sustainability reporting, but it seemed that most of the respondents did not understand the question and chose "none" for all. Still, some key points can be seen from the results. The most common answers for the question, for those who did chose other options than "none" were managers and the CEO. Outsourcing could also be highlighted as one possible option that interested the respondents.

### 4.3 Challenges in Providing Sustainability Reporting

This subchapter will discuss the challenges in providing sustainability reporting of both answer groups (those who do provide and those who do not). Firstly, those who are currently conducting sustainability reporting to see what challenges they had encountered and then those who are not providing sustainability reporting to see what had been the main reasons that had been seen as challenges.

#### 4.3.1 Challenges Encountered with Sustainability Reporting

The companies who did provide sustainability reporting said that the biggest challenges that they have encountered when providing sustainability reporting were more time consuming than anticipated, and challenges with data collection. Furthermore, it also included difficulties with not having enough knowledge on value chain and on sustainability reporting. In the table 7 below is shown how the respondents chose what challenges they had encountered.

Table 7. Challenges encountered by those who do provide sustainability reporting (n=3)

Challenges encountered	Option chosen
More time consuming than anticipated	XXX
Data collection	XXX
Not enough knowledge of the value chain	XX
Not enough knowledge on sustainability reporting	X

As we can see in the table 7, all the respondents had encountered challenges with time consumed being more than anticipated and difficulties with data collection. Also, two of the respondents had seen it as a challenge of not having enough knowledge of the value chain. One of the respondents also had had difficulties with not having enough knowledge on sustainability reporting. Comments regarding the challenges encountered included specifically problems with data collection due to the Swedish Systembolaget's, the liquor store, regulation.

#### 4.3.2 Main Challenges for Not Providing Sustainability Reporting

The survey also questioned the main reasons why the companies did not provide sustainability reporting meaning what specifically the challenges of the topic are. In the figure 18 the survey results on the question are illustrated. This was questioned from the respondents to get a general understanding for main reasons, which were seen as challenging, to not provide sustainability reporting.

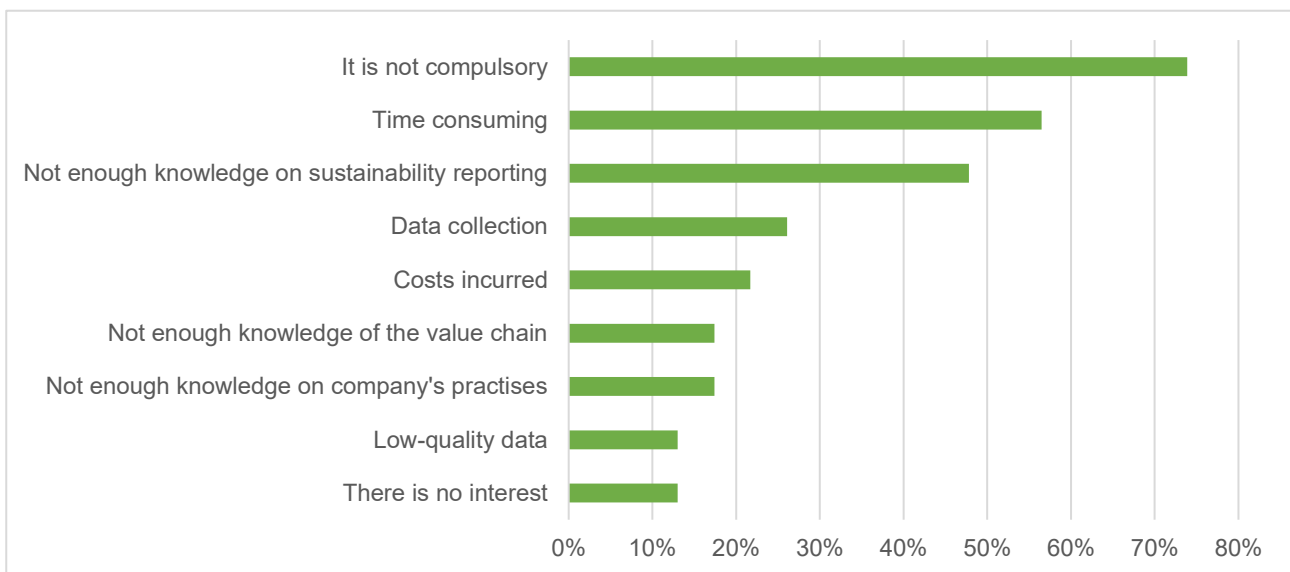


Figure 18. The reasons/challenges why sustainability reporting has not been provided (n=23)

Three most common reasons and/or challenges were that it is not compulsory, it is too time consuming, and that there is not enough knowledge on sustainability reporting as is shown in the figure 18. 57% of the respondents stated that the main challenge is that it is too time consuming, while the lack of knowledge on sustainability reporting was the second most common challenge (48%). So, half of the respondents thought that they did not have enough knowledge of the topic. Challenges, that explained why the respondents did not provide sustainability reporting also included difficulties with data collection (26%), costs incurred (22%), and not enough knowledge of the value chain and on company practices (both 17%).

The respondents also had the opportunity to explain what additional challenges they think they would encounter if they started providing sustainability reporting. In addition, this included challenges such as how to make it profitable, encountering more administration, difficulty to access data, ecological produce bringing more bureaucracy, and the recurring challenge with time management and resources in the company.

To further see the differences between the two countries, can be in figures 19 and 20 see the answers from both countries separately. In the figure 19 are the Swedish respondents' results be seen and in the figure 20 are illustrated the reasons and/or challenges of the Finnish respondents.

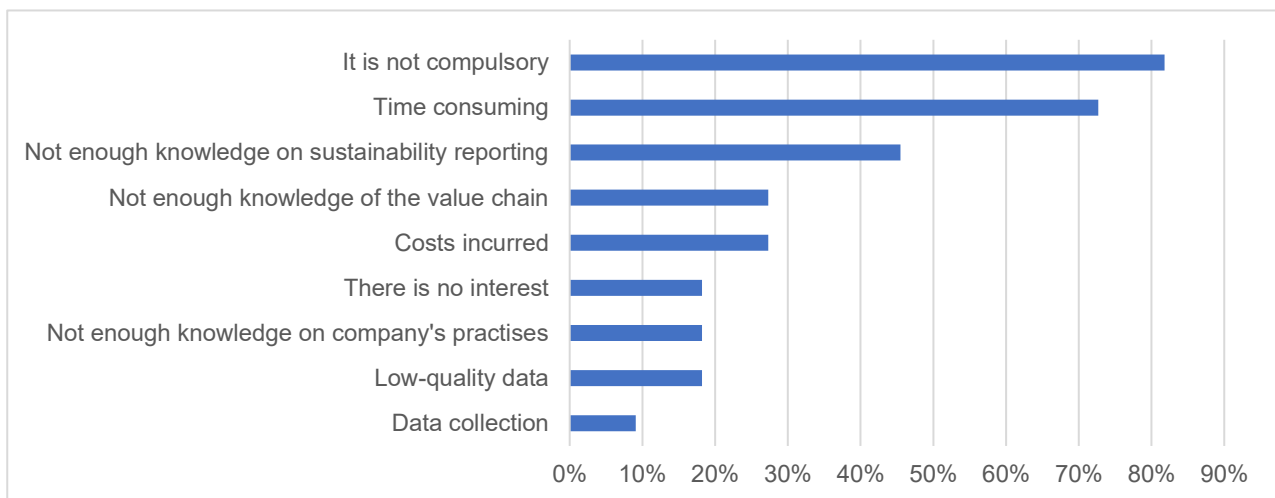


Figure 19. The reasons/challenges why sustainability reporting has not been provided by the Swedish respondents (n=11)

82% of the Swedish respondents stated that the main reason for not providing sustainability reporting was it not being compulsory as is shown in the figure 19. The main challenges were that it is seen as too time consuming by 73% of the respondents. Almost half (45%) of the Swedish respondents stated that the main reason to not conduct sustainability reporting was not having enough knowledge on sustainability reporting. Not having enough knowledge of the value chain was a main challenge for a bit over 1 in 4 (26%) Swedish respondents. Costs incurred were also seen as a challenge in 26% of the Swedish respondents.



Figure 20. The reasons/challenges why sustainability reporting has not been provided by the Finnish respondents (n=12)

The main reason for not providing sustainability reporting is the same in Finnish respondents as well, the fact that it is not compulsory was chosen by 67% of the Finnish respondents (figure 20). The next most common answer was that there is not enough knowledge on sustainability reporting, this was chosen by half of the Finnish respondents (50%). Next, 42% of the Finnish chose that data collection and time consuming was seen as great challenges.

#### 4.4 Benefits in Providing Sustainability Reporting

This subchapter will discuss the benefits in providing sustainability reporting of both of the answer groups. Firstly, the chapter discussed the benefits that have been gained by sustainability reporting and secondly it includes the benefits that the respondents expect to gain if they would start providing sustainability reporting.

#### 4.4.1 Benefits Gained by Sustainability Reporting

Furthermore, the respondents who conducted sustainability reporting had gained multiple benefits when providing sustainability reporting. In table 8, the results from the respondents can be seen. In the table 8, X marks the individual respondents.

Table 8. To what extent the respondents had gained benefits with sustainability reporting (n=3)

	Not at all	To some extent	To great extent
Ease with regulation		XX	X
Competitive advantage, benchmarking, risk assessment and management, seeking opportunities, financial materiality of sustainability issues, strategic planning, innovation and learning, market share	X	XX	
Building reputation, building brand value, employee motivation, stakeholder inclusiveness	X	X	X
Cost saving, capital allocation	XX	X	

The greatest benefit was getting ease with regulation, which was chosen by all the three respondents to be benefit at least to some extent (table 8). Other advantages achieved included building reputation, competitive advantage, benchmarking, risk assessment and management, seeking opportunities, financial materiality of sustainability issues, strategic planning, building brand value, innovation and learning, employee motivation, stakeholder inclusiveness, and gaining market share.

#### 4.4.2 Benefits Expected to Gain with Sustainability Reporting

In this part of the survey, the respondents were asked what benefits they would expect to gain if they were to provide sustainability reporting. They had the possibility to choose between “none at all”, “to some extent”, and “to great extent”. The responds that were chosen at least for “to some extent” were included in the analysis that they were expecting to gain some benefits. The main benefits with 87% was both building reputation and building brand value. Innovation and learning were chosen by 78% of the respondents. Being ahead and on track with regulation was also seen as an expected benefit, with 74% choosing it as a benefit to at least some extent. Other high results were benefits with competitive advantage (65%), strategic planning, and seeking opportunities (both 61%). 91% of the respondents chose that the company would be seen as sustainability minded if they were to provide sustainability reporting

To highlight the main benefits expected to gain with sustainability reporting from the Swedish respondents, building brand value was seen as the greatest benefit with 91% of the respondents choosing it as an option at least to some extent. Building reputation, being ahead and on track with regulation, innovation and learning, and seeing the company as sustainability minded was chosen by 82% of the Swedish respondents at least “to some extent”.

Furthermore, analyzing the results from the Finnish respondents showed that all (100%) of the respondents chose that the company would be seen as sustainability minded if they were to provide sustainability reporting. Other main benefits included building reputation (92%), seeking opportunities, building brand value, and demand from the market (all 83%) at least to some extent in the Finnish companies.

The respondents had their own opportunity to explain what additional benefits they think they would gain if they started providing sustainability reporting. These included benefits with sustainability being an important part of company’s practices and having benefit with stakeholder communication and data-driven sustainability practices. Furthermore, the learning opportunity provided by sustainability reporting was seen as additional benefit. Marketing was a recurring theme with benefit gained since it was mentioned in multiple answers.

## **4.5 Future Development Plans for Sustainability Reporting**

This subchapter will discuss the future development plans of both of the answer groups. First the thesis will go through the development needs on the current sustainability reporting provided and furthermore the level of satisfaction that the respondents felt towards their sustainability reporting efforts. Secondly, the chapter discusses the development plans and likelihood to start providing sustainability reporting.

### **4.5.1 Development Needs and Satisfaction on the Provided Sustainability Reporting**

The final two questions inquired from the companies if they had any development needs, and how satisfied they were to the sustainability reporting provided and why. Mostly they had no future development needs, but some comments included data collection difficulties due to regulation in Sweden, and furthermore issues with certification due to agricultural challenges.

The satisfaction towards the current sustainability reporting was not very satisfied but seemed to be reasonable satisfied, which reflected the answer to the previous question as well. The satisfaction level was inquired from the respondents with asking were they satisfied with the sustainability reporting they were providing with 0 being not at all satisfied and 5 being extremely satisfied. The options chosen by the respondents were twice 2 and once 3. The respondents seemed to be on average somewhat satisfied with the sustainability reporting they are currently conducting.

#### 4.5.2 Development Plans and Likelihood to Start Providing Sustainability Reporting

The last three questions for those who did not provide sustainability reporting were querying the plans to start providing sustainability reporting, and how likely the respondents saw that they would start providing sustainability reporting in the next 5 years. In the figure 21 can be seen the results for the results when inquiring on future plans to start providing sustainability reporting and in the figure 23 can be seen how the likelihood that the respondents start providing sustainability reporting in the next 5 years was divided.

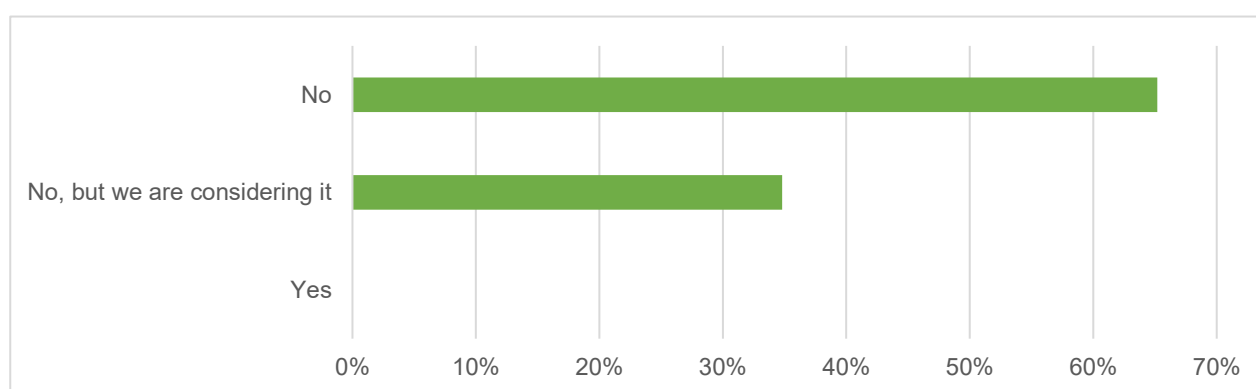


Figure 21. Do you have plans to start providing sustainability reporting (n=23)

None of the respondents answered that they had any plans to start providing sustainability reporting, but 35% chose that they have considered it. So, approximately 1 in 3 respondents had considered to start providing sustainability reporting, but they did not have any plans to start. 65% of the respondents said that they had no development plans and they had not considered it. This can be seen in the figure 21. Comments saying that the need for better data collection tools was needed to be able to implement the process to smaller companies.

Finally comparing the results between the countries is illustrated on figure 22.

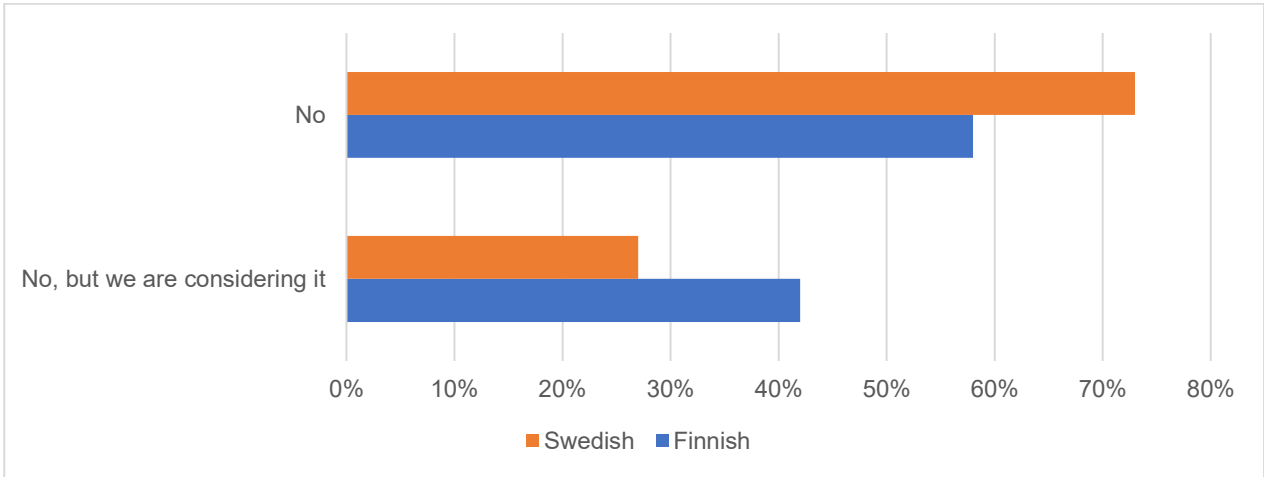


Figure 22. The difference between countries if there are any plans to start providing sustainability reporting (n=23)

Almost 3 in 4 (73%) of the Swedish respondents stated that they had no plans to start providing sustainability reporting. Rest of the respondents (27%) also stated that there were no plans, but they were considering it, as can be seen in the figure 22. To compare, 42% of the Finnish companies had chosen the option “No, but we are considering it”, when asking if they had any plans to start providing sustainability reporting (figure 22). 58% of the Finnish respondents said that they had no plans at all to start providing sustainability reporting.

The likelihood that the companies start providing sustainability reporting was inquired with a scale from 0 to 5, with 0 being not at all likely and 5 being very likely. This can be seen in the figure 23.

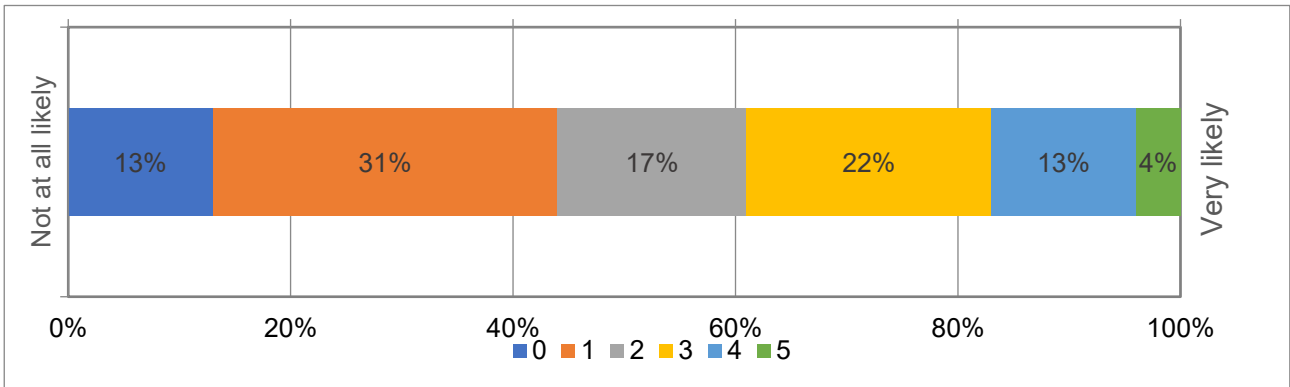


Figure 23. What is the likelihood that the company starts providing sustainability reporting in the next 5 years (n=23)

The likelihood for the company starting to provide sustainability reporting in the next five years was more varied than the interest to start providing. The average amongst all of the respondents was 2,0. 13% of the companies saw that it was not likely at all that they start providing sustainability reporting (option 0), but 17% of the companies chose options 4 or 5 that it is likely or very likely that they start providing sustainability reporting (figure 23). The most responds got the option one, with 31% of the respondents choosing that number. Likewise, those who answered high interest on the earlier question, also saw it likely or very likely that they would start providing sustainability reporting in the next five years.

The likelihood of Swedish respondents to start providing sustainability reporting is shown in the figure 24 and the likelihood of the Finnish companies is illustrated on the figure 25.

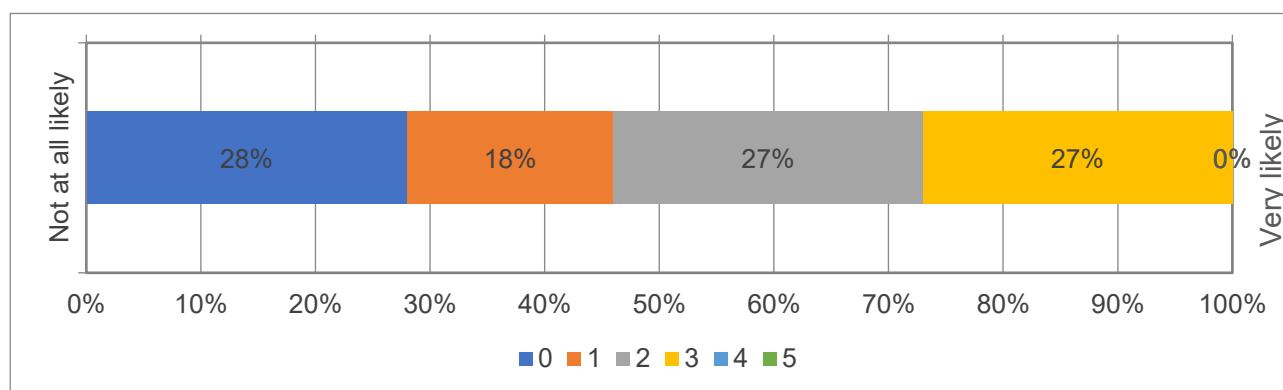


Figure 24. What is the likelihood of the Swedish respondents that they start providing sustainability reporting in the next 5 years (n=11)

The average of the likelihood that the Swedish companies would start to provide sustainability reporting in the next five years was 1,5. The most common answers amongst the Swedish were 0 (28%) or 2 (27%) as can be seen in the figure 24. In addition, those respondents who did not see at all likely that they would start providing sustainability reporting in the next five years were all Swedish. None of the Swedish companies chose the option 5.

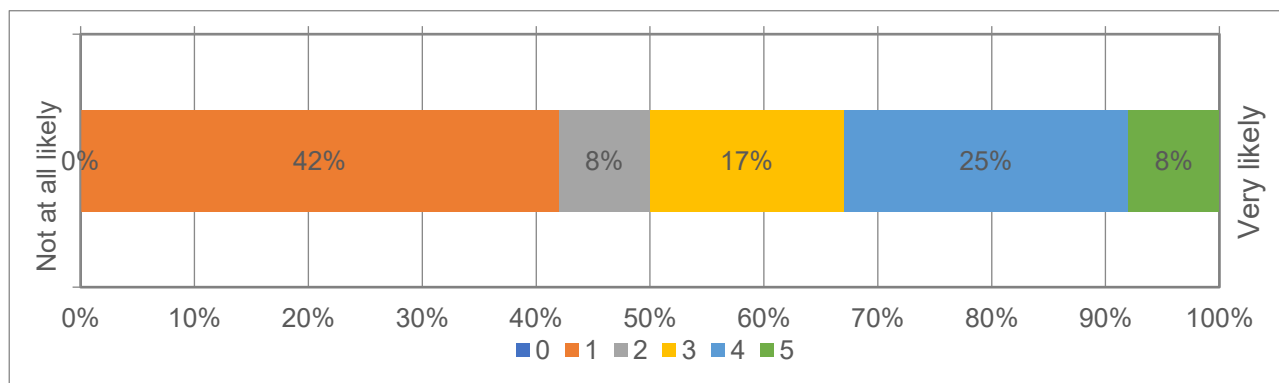


Figure 25. What is the likelihood of the Finnish respondents that they start providing sustainability reporting in the next 5 years (n=12)

All the respondents who chose options 4 or 5 were Finnish. The average of the likelihood amongst the Finnish companies was higher than Swedish, it was 2,5. Most of the Finnish companies chose the option 1, with 42% of the Finnish respondents choosing this option. Still, 1 in 4 of the Finnish chose the option 4 and 8% stated that it was very likely that they would start providing sustainability reporting in the next five years (figure 25). None of the Finnish companies chose the option 0.

## 5 Conclusions

The purpose of this chapter is to conclude the thesis. First the chapter will include the main findings of the research, then the chapter will include recommendations to SMEs, next it contains the reliability and validity of the research, furthermore further research suggestions are conducted, and finally there is a reflection on learning.

### 5.1 Key Findings

First of all, almost all of the respondents were micro-sized limited companies, who were very evenly from both countries, Finland and Sweden. Only 1 in 10 of the respondents did already provide sustainability reporting. All of those who did already provide sustainability reporting were from Sweden. The main reasons for not providing sustainability reporting were that it is not compulsory and that there was not enough knowledge on sustainability reporting.

The respondents were somewhat interested towards providing sustainability reporting, while Finnish companies were more interested in the topic. Those who already did provide sustainability reporting stated that the biggest motivations towards providing sustainability reporting were building reputation, regulation, and building brand value. In addition, the difference between the two countries included it being non-compulsory and knowledge on sustainability reporting was missing. Swedish companies stated that since it is not mandatory, they do not report on sustainability, while the main factor for Finnish companies was the missing knowledge on sustainability reporting.

Main challenges assumed to be encountered if the companies would start to provide sustainability reporting were time consuming, missing knowledge on sustainability reporting, and data collection. Those who already did provide sustainability reporting also included data collection and it being too time consuming as main challenges. Some specific challenges on the brewing industry were encountered in Sweden, since the Systembolaget, the Swedish liquor store, is bringing restrictions and challenges for data collection.

Main benefits expected to be gained if the companies would start to provide sustainability reporting were building reputation and brand value, and innovation and learning. On the other hand ease with regulation was the biggest benefit gained with providing sustainability reporting already, also competitive advantage, benchmarking, risk assessment and management, seeking opportunities were chosen by 2/3 of those who did provide sustainability reporting as benefits gained.

None of the respondents who did not provide sustainability reporting had any plans to start providing sustainability reporting. Also, those who did already conduct sustainability reporting had no concrete development plans and seemed somewhat satisfied towards the sustainability reporting provided. The author is surprised that those companies who answered that they do not see providing sustainability likely in the next five years, were all Swedish, since those who already did provide sustainability reporting were all Swedish. In comparison, those who chose 4 or 5 (high likelihood of providing sustainability reporting in the next five years) were Finnish companies.

Based on the answers given by the respondents it seemed that mostly providing sustainability reporting was seen as just a “marketing trick”, but this was supporting the fact that many respondents felt that there was not enough knowledge on sustainability reporting. While you can use sustainability reporting to support the company’s marketing effort, the benefits of sustainability reporting include much more as was discussed in the chapter 2.4.

To reflect more on the theory on sustainability reporting, the reporting requirement will not be mandatory in the near future for the respondents, since it is only mandatory for listed companies and the new EU standard will not be applicable to SMEs either, but if these companies want to become publicly listed companies they will need to start providing sustainability reporting. Also, as many respondents stated that they do not have enough knowledge on sustainability reporting, the amount of standards available is also making it more difficult for the SME-sized breweries since they do not know what are the differences between the standards. One respondents specifically stated that there is not a clear standard to follow and provide sustainability reporting.

## **5.2 Recommendations to SME-sized Breweries**

As was discussed in the key findings chapter one of the main challenge towards conducting sustainability reporting was there not being enough knowledge on sustainability reporting. The author recommends the companies become more familiar with the topic, and additionally educate themselves on sustainability reporting, possibly taking a class or education on corporate responsibility or sustainability reporting.

Also, the author thinks that preparing to start providing sustainability reporting could bring great benefits for the SME-sized breweries. Since sustainability reporting bring multiple advantages with risk assessment and management and seeking opportunities it would be beneficial for SMEs for example to start gather data, educate, conduct process mapping, and so on to see what lies ahead and become familiar with the process.

Since the regulation on sustainability reporting is changing and the requirements from stakeholders towards companies are constantly evolving it would be crucial for the breweries to stay on track with the topic and be able to change their methods of operation if needed in the future, even though the regulation is not now demanding to provide sustainability reporting.

### **5.3 Reliability and Validity of the Research**

The reliability and validity of the thesis was made sure all along the research process. All the respondents answered the same survey anonymously, and the data analysis was conducted with all the original data and no new data was added by the author themselves. The same survey was sent to all of the respondents, and the sample size only included SME-sized breweries who were operational in Finland and Sweden.

### **5.4 Further Research Suggestions**

The author of the thesis suggests further research for the SME-sized breweries located in other Nordic countries, Norway, Denmark, and Iceland, to gain a wider understanding of the Nordic SME-sized breweries towards providing sustainability reporting. Since the research conducted only included Finnish and Swedish microbreweries, the results are not applicable to all of the Nordic countries or to other fields. Also, the author suggests that the research could also be conducted to other fields in the Nordic region than the breweries, since almost all of the respondents in the survey were micro-sized companies. This would help to understand the attitude more overall amongst the Nordic SMEs, since the company size of the respondents was very small and certainly has given reasoning for the results gathered.

### **5.5 Reflection on Learning**

This was a first time for the writer of the thesis to conduct research by survey. There were some questions that the author would consider more thoroughly now or revise to get more clearer answers, such as the “who would provide the sustainability reporting” and “what have been the main reasons why you have not provided sustainability reporting (challenges)”, since there were some difficulties in the respondents to understand the question the way the author had intended, or the question provided a bit of mixed results.

The process of writing the thesis gave the author valuable knowledge on conducting and writing a thesis, specifically a research-based thesis. This gave the author important knowledge for their future academic career.

The author of the thesis also learned more about sustainability reporting and what academic theory is behind the concept. Furthermore, the author learned a lot about conducting research with a survey and they learned how to in the future prepare even better for a similar kind of research. The author was able to be on schedule with the thesis process with thorough planning and time management. As this was the first thesis the author had conducted, there were multiple obstacles with gathering the sources and finding more motivation to finish, but in the end, it was a good learning journey for the author.

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## Appendices

### Appendix 1. Survey demographic questions

#### The Attitude in Nordic SMEs to Provide Sustainability Reporting

Hello and welcome to the survey!

The purpose of this survey is to research the attitudes of SME-sized breweries on **sustainability reporting** in Finland and Sweden for a bachelor's thesis.

This survey is for academic purposes only, so the results will not be shared. Answering is entirely anonymous, while no personal data is collected. Answering the survey will take approximately 5 minutes.

For further information or feedback, please contact [emmi.tuisku@myy.haaga-helia.fi](mailto:emmi.tuisku@myy.haaga-helia.fi)

Please respond by 30.9.2022.

Thank you in advance!

#### How many employees did you have in the last financial year? \*

- under 10
- over 10, but under 50
- over 50, but under 250
- over 250

#### What was the revenue for the last financial year? \*

- under 2 M EUR
- over 2 M eur, but under 10 M EUR
- over 10 M EUR, but under 50 M EUR
- over 50 M EUR

#### What was the balance sheet for the last financial year? \*

- under 2 M EUR
- over 2 M EUR, but under 10 M EUR
- over 10 M EUR, but under 43 M EUR
- over 43 M EUR

**What is the country of origin of the company? \***

- Finland
- Sweden
- Other, please specify \_\_\_\_\_

**What is the company form? \***

- Sole proprietorship (Tmi)
- Partnership (Ay)
- Commandite company (Ky/Kb)
- Limited company (Oy/Ab/Abp)
- Co-operative
- Other, please specify \_\_\_\_\_

**Do you provide sustainability reporting? \***

- Yes
- No

## Appendix 2. Survey questions for respondents who do provide sustainability reporting

### Which sustainability reporting standard have you chosen? \*

- GRI  
 NSRS  
 TCFD  
 ISSB  
 SASB  
 Other, please specify \_\_\_\_\_  
 We do not follow any standard

### Why did you choose this standard? \*

- It is popular  
 It is easy to use  
 It is international  
 It suits the company needs  
 The time it requires is not too much  
 Other, please specify \_\_\_\_\_

### Which reporting options have you chosen? \*

- Basic reporting - few pages on the websites  
 Full CSR reports - stand-alone document, > 10 pages  
 Advanced reporting - includes both positive and negative aspects, uses a reporting framework  
 Integrated reporting - all information integrated to single document, inc. strategy, corporate governance, financial performance, and sustainability reporting  
 Game-changing reporting - cover everything the company does and includes benchmarking, offers wholesystems thinking and inc. social value of financial performance and financial value of social performance

**Why did you choose this reporting option? \***

- It is popular
- It is easy to use
- It is international
- It suits the company needs
- Other, please specify \_\_\_\_\_

**What topics does the sustainability reporting include? \***

- Strategy, risk and opportunity
- Materiality
- Targets and indicators
- Suppliers and value chain
- Stakeholder engagement
- Governance of CSR
- Social sustainability
- Transparency and balance
- Circular economy
- Climate risk
- Climate opportunity
- Climate commitment
- Impact assessment on material inputs
- Impact assessment on waste
- Impact assessment on energy
- Impact assessment on GHG emissions
- Impact assessment on EU's taxonomy
- Financial materiality
- Sustainable Development Goals
- Other, please specify \_\_\_\_\_

### How much did it cost to provide sustainability reporting? \*




 or higher
  I don't know

### How many working hours does it take to provide a sustainability report? \*




 or higher
  I don't know

### Who is doing the sustainability reporting? \*

	1 = none	2 = somewhat	3 = all
Finance and accounting team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supply chain team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sustainability team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CEO	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is outsourced	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**How important are the following reasons why you started providing sustainability reporting? (motivations) \***

	1 = not at all important	2 = somewhat important	3 = important	unable to assess
It is compulsory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitive advantage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benchmarking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk assessment and management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seeking opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial materiality of sustainability issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital allocation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost saving	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building brand value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation and learning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee motivation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stakeholder inclusiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Demand from the market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company is sustainability minded	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Other, please specify**

---

**How interested are you to provide sustainability reporting? \***

	0	1	2	3	4	5	
Not at all interested	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely interested

**Which of these challenges have you encountered with sustainability reporting? \***

- Higher cost than anticipated
- More time consuming than anticipated
- Data collection
- Low-quality data
- Risk management
- Reputational risk
- Not enough knowledge on company's practises
- Not enough knowledge of the value chain
- Not enough knowledge on sustainability reporting
- We have not encountered any challenges
- Other, please specify \_\_\_\_\_

### To what extent have you gained these benefits with sustainability reporting?

\*

	1 = not at all	2 = to some extent	3 = to great extent
Building reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitive advantage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benchmarking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk assessment and management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seeking opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ease with regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial materiality of sustainability issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital allocation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost saving	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building brand value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation and learning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee motivation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stakeholder inclusiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market share	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
We do not see benefits from it, we only provide sustainability reporting because it is compulsory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Other, please specify**

---

**Are there further development needs for sustainability reporting provided from the company? If yes, what? \***

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**Are you satisfied with the sustainability reporting you are providing? \***

	0	1	2	3	4	5	
Not at all	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely satisfied

**Why?**

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**Any further comments to add?**

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### Appendix 3. Survey questions for respondents who do not provide sustainability reporting

#### Which of the following reasons explains why your company is not providing sustainability reporting? \*

- It is not compulsory
- There is no interest
- There is not enough knowledge on company's operations on sustainability
- There is not enough knowledge on sustainability reporting
- It is too expensive
- It is too time consuming
- We have not seen it necessary
- Other, please specify \_\_\_\_\_

#### Have there been any efforts towards providing sustainability reporting? \*

- None at all
- No, but we have considered it
- Yes

#### What efforts have you done?

---

#### Are you interested to start providing sustainability reporting? \*

- |            | 0                     | 1                     | 2                     | 3                     | 4                     | 5                     |                      |
|------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|
| Not at all | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | Extremely interested |

#### Why?

---

### Who would provide the sustainability reporting? \*

	1 = none	2 = some	3 = all
Finance and accounting team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Marketing team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supply chain team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Sustainability team	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
CEO	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Outsourcing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

### What have been the main reasons why you have not provided sustainability reporting? (challenges)

- It is not compulsory
- Costs incurred
- Time consuming
- Data collection
- Low-quality data
- Risk management
- Reputational risk
- Not enough knowledge on company's practises
- Not enough knowledge of the value chain
- Not enough knowledge on sustainability reporting
- There is no interest
- Other, please specify \_\_\_\_\_

**What challenges do you think you would encounter if you started providing sustainability reporting?**

**What benefits would you expect to gain if you were to provide sustainability reporting? (benefits) \***

	1 = none at all	2 = to some extent	3 = to great extent
Building reputation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitive advantage	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Benchmarking	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Risk assessment and management	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Seeking opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ahead and on track with regulation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Financial materiality of sustainability issues	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital allocation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost saving	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Strategic planning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Building brand value	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Innovation and learning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Employee motivation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stakeholder inclusiveness	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Demand from the market	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The company is sustainability minded	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It becomes mandatory	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**Other, please specify**

**Are there any additional benefits you think you would encounter if you started providing sustainability reporting?**

---

**Do you have plans to start providing sustainability reporting? \***

- Yes
- No, but we are considering it
- No

**What plans do you have to start providing sustainability reporting?**

---

**What is the likelihood that your company starts to provide sustainability reporting in the next five years? \***

	0	1	2	3	4	5	
Not at all likely	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Very likely

**Any further comments to add?**

---