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Choice of sustainability reporting framework by companies listed on Nasdaq Helsinki

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Abstract:
Stakeholders demand transparency in regard to companies' social, economic and environmental impact. 2014/95/EU Directive obliges publicly listed companies to disclose sustainability information related to their business activities. Companies, in turn, may choose freely what sustainability reporting framework to follow in order to fulfill this obligation and respond to the stakeholders' demands. This thesis investigates what sustainability reporting frameworks publicly listed companies in Finland choose and potential reasons behind their choice. Also, idea of universal sustainability reporting framework is explored form the perspective of reporting entities. The following research questions are being answered: What percentage of publicly listed companies reports their sustainability using GRI standards? Which sustainability reporting frameworks are used among publicly listed companies on Helsinki Stock Exchange? What factors affect the choice of the sustainability reporting framework? What would be the pros and cons of having a universal reporting system among publicly listed companies on Helsinki Stock Exchange? A mixed research method is applied. Quantitative content analysis is followed by a self-completed survey. The findings of the research suggest that almost 40% of publicly listed companies mention reporting in accordance with GRI in their sustainability reports. Other frameworks that are used include UN Sustainable Development Goals, UN 10 Principles, CDP, EPRA, SASB, TCFD, PRI, ESG Reporting Guide, UN Principles for Responsible Investment, IIRC, Nasdaq ESG and ICC. The choice of sustainability reporting framework appears to be affected by comparability that the framework offers, credibility of the framework organization, choice of industry peers, availability of company financial and intellectual resources as well as global recognition. Potential benefits of universal sustainability reporting framework include simplification and harmonization of reporting, improved reliability and comparability, more financially viable application process. Possible disadvantages may be heaviness and complexity of such framework and limited resources of different-sized companies from different industries.

Keywords:	Sustainability, CSR, reporting framework, GRI, UN Global Compact, UN SDGs, non-financial information, corporate resonsibility
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1 INTRODUCTION

1.1 Background

The topic of climate change pressures governments to take action for change and investors to demand more transparency from companies than ever before (FT,2019). As a result, socially responsible investing, which is defined as an investment strategy that considers environmental, social and governance criteria in addition to pure financial returns, is gaining momentum. In Europe, US, Japan, Canada as well as Australia and New Zealand SRI collectively increased from almost 23 trillion in 2016 to nearly 31 trillion USD in 2018, corresponding to a 34 percent change in 2 years (GSIA,2018). Examples of governmental policies, agreements and directives that aim at fighting climate change and environmental degradation as well making world economy in general more sustainable include Green Deal 2019, Paris Agreement 2015 and UN Resolution 70/1 including the Sustainable Development Goals. Shareholders are becoming more active about voicing their concerns on environmental, social and governance (ESG) issues and, thus, playing a role in driving companies towards a more sustainable future (Grewal, Serafeim & Yoon, 2016).

Consumer demands are shifting too. According to a survey conducted by Nielsen (2015) 66 percent of people asked are ready to pay more for a sustainable product. Companies are responding to the demands of the consumers and adjusting their operations to be more sustainable. In 2019, Business Roundtable expanded the purpose of corporations from purely maximizing profit for shareholders to conducting business in a way that benefits all stakeholders, including the environment. The BR statement was signed by 181 CEOs including chief executives of Apple, Pepsi and Walmart (Gelles &Yaffe-Bellany, 2019).

In order to choose socially responsible investments, investors need a way to analyse first which one is more attractive. One would suggest that just as investors compare companies based on analysis of their financial reports, it would be logical to base socially responsible investment decisions on the analysis of companies’ sustainability reports. However, according to a survey done by McKinsey& Company (2019), investors cannot use sustainability reports for comparison analysis as easily as financial disclosures. The reason for that lies in the regulation: while financial information disclosure is subject to a shared standard there is no universal framework for reporting sustainability (Bernow, Godsall, Klempner &Merten, 2019).

Companies have been voluntarily publishing sustainability reports years before first laws that obliged to report CSR practices were introduced. For example, Shell published their first environmental report already in 1997 (Shell-website).

IN 2014, the European Union introduced a directive (EU Directive 2014/95) that obliges companies that fulfil certain requirements to produce yearly non-financial information reports.

With an enforced 2014/95/EU Directive, mounting pressure from stakeholders to provide more transparency and improved comparability, organizations formed force to address the issue and attempt at creating a working framework to facilitate the process of implementing the EU's directive in a more organized and structured way. Many frameworks have been developed in order to help companies to report sustainability.

Although Global Reporting Initiate (GRI) standard is considered to be the most widespread (INTOSAI,2013), other frameworks include: The Integrated Reporting Initiative (IIRC), UN Global Compact (Communication on Progress) among others. The reporting frameworks are discussed in more detail further in the thesis.

The fact that there are so many, and that legislation gives relatable freedom to companies to choose which standards to follow complicates the use of sustainability reports for comparison in SRI analysis. For example, according to a study done by Global Sustainable Investment Alliance (2019), investors are unsatisfied with the way publicly traded companies disclose information related to climate change.

According to McKinsey & Company (2019), investors would like to have a universal framework. Sustainability reports should be used in the same way as financial statements of companies are. The difficulty in developing one universal framework however is the diversity of industries and the sustainability challenges they face (Bernow, Godsall, Klempner &Merten, 2019).

1.2 Aim

There is enough academic research to be found on the topic of sustainability reporting of Finnish companies over the years. However, amendments to legislation and progress among existing sustainability reporting frameworks are gradually changing the situation all the time. As a result, a particular topic may be revisited in order to validate that results still hold and apply to current times. Thus, the aim of this thesis is to find out which are the most frequently used sustainability reporting frameworks among publicly listed companies on Nasdaq Helsinki as of 2019. In addition, the thesis tries to understand why companies choose a particular framework instead of the others. Last but not least, advantages and disadvantages of having a shared standard for reporting on sustainability are investigated from the perspective of companies.

1.3 Research Questions

The research aims to answer the following questions:

- What percentage of publicly listed companies reports their sustainability using GRI standards?
- Which sustainability reporting frameworks are used among publicly listed companies on Helsinki Stock Exchange?
- **What factors affect the choice of the sustainability reporting framework?**
- What would be the pros and cons of having a universal reporting system among publicly listed companies on Helsinki Stock Exchange?

1.4 Method briefly

The method is divided into two steps. First, a content analysis is conducted by means of measuring the frequency of the mention of a particular reporting framework in sustainability reports. Then, a self-completed questionnaire is created and sent out to all 128 publicly listed companies. Before calculating what sustainability reporting frameworks companies mention in their reporting, however, the number of companies obliged to report non-financial information has to be determined out of 128 listed companies on Nasdaq Helsinki.

1.5 Limitations/Demarcation

The majority of the research conducted in the area of sustainability reporting concentrates on one particular framework exclusively or two in a form of comparative analysis (Nunez & Nunez, 2019; Eccles et. al., 2018; Busco et. al., 2020; Fonseca, 2019, and others). Furthermore, academic papers discussing sustainability reporting by Finnish companies focus on the largest reporting framework Global Reporting Initiative (Helkala, 2015; Tynnilä, 2013). Therefore, it appears justified by novelty to explore what sustainability reporting frameworks publicly listed companies in Finland apply. In addition, because the reporting environment evolves all the time, new courses of progression might be discovered. This research is limited to the publicly listed companies on the Helsinki Stock Exchange. As a result, further research could investigate the potential for generalizability or transferability to private companies or companies of a smaller size.

There appears to be no need for sampling because population size is relatively small in both the steps of the research. However, it is worth highlighting that the response rate in self-completed surveys plays a role. The response rate in this research equals 19,5 %, meaning 25 companies replied to the survey out of 128. In turn, the use of self-completed questionnaires implies that people are used as a source of gathering intel results in self-reported data (Saunders et. al, 2016). At the same time, it is worth highlighting that the questionnaires are replied to by professionals in sustainability field who work in sustainability departments of publicly listed companies.

The secondary data presented in Literature Review is limited to only freely accessible documents online. In addition, the content analysis conducted in the first step of the research constitutes only sustainability reports, both standalone documents and chapters in annual reports, freely accessible online. Furthermore, longitudinal effects are considered to be a limitation in this research as there is a time constraint in a form of a due date of graduation. In other words, the researcher is not free to study the subject for years.

1.6 Structure

1st chapter of the thesis is the introduction chapter which provides background as well motivation for the choice of topic. Afterwards, the Literature Review explores existing literature around sustainability reporting frameworks. The chapter begins with discussion on the definition of the term sustainability, followed by description of the role of materiality analysis which, in turn, leads to the theme of sustainability reporting. There is also a short explanation behind the NFRD legislation. Then, the Literature Review covers some of the major sustainability reporting frameworks as per the INTOSAI report. Last but not least, academic research found on the topic of universality and standardization of sustainability reporting is presented, finished with a short subchapter on the Helsinki Stock Exchange. The 3rd chapter introduces the method that is applied in this research. The Method is subdivided into 2 steps consisting of content analysis and a self-completed questionnaire along with motivation for the choice of particular approaches and data analyses. The chapter culminates with discussion of validity and reliability of the research and the findings. Finally, the 4th chapter demonstrates the results first in the form of raw data and then provides explanation of the findings. In the 5th and 6th chapters named Discussion and Conclusions respectively, the findings of the Results chapter are summarized as well as the answers to the research questions are presented.

2 LITERATURE REVIEW

2.1 Sustainability and Corporate Social Responsibility

There appears to be little consensus in regard to exact definition of the term sustainability which results in having several various definitions in circulation (Gorski, 2017). According to Turtureanu (2011), sustainability in a corporate context refers to an organization's voluntary, environmental or social, activities that demonstrate to stakeholders the organization's other than for-profit intent. On a practical level, sustainability was originally meant to describe the concern for the well-being of future generations and scarcity of natural resources (Kuhlman, 2010). The same author suggests that the term sustainability nowadays describes environmental, economic and social dimensions, highlighting the change in meaning over the course of time. In 1987, The World Commission on Environment and Development (WCED) coined the term as something that "meets the needs of the present without compromising the ability of future generations to meet their own needs". It appears that the main disagreement among academics lies with the number of dimensions the term sustainability encompasses- whether sustainability is purely environmental or if it is a mix of environmental, social and economic views (Gibson, 2006).

There is also academic perspective suggesting that sustainability is one of the branches of corporate social responsibility (CSR). Indeed, according to Montiel (2008), sustainability is thought of as one of the approaches to conceptualize CSR. However, in this case the term sustainability is reduced to encompass only environmental dimension, leaving economic and social issues to the care of CSR. CSR can be described as the commitment businesses have to environmental, social and economic development of the society in addition to making ethical strategic decisions (Alpana, 2014). In other words, corporate social responsibility entails that businesses take voluntary interest in the surrounding community and environment (Hopkins, 2006).

2.1.1 Materiality analysis

According to Calabrese (2019), materiality analysis is a tool to prioritize the sustainability issues most relevant to the company and to the stakeholders. In addition, it ensures that sustainability reports and business activities address these social, economic or environmental issues. Sustainability reporting framework GRI, for example, has its unique materiality analysis approach because it considers many stakeholders at once in the process of decision-making (Calabrese, 2019). In order to conduct materiality analysis, companies have to gather insight about stakeholders' opinions on what the latter find important. Therefore, materiality analysis appears to be an essential step in developing sustainability strategies as well as reporting on sustainability issues to the public.

2.2 Sustainability Reporting

Sustainability reporting is a company's practice of publicly disclosing its environmental, economic and social impacts that can be either negative or positive towards the society of present and the future (Hespenheide, 2020). According to Rupley, Brown and Marhsall (2017), sustainability reporting can be traced back to the times of the Exxon Valdez oil spill and the consequent formation of the Coalition for Environmentally Responsible Economies (CERES) in 1989. Thus, one reason for sustainability reporting to arise is an increased demand for accountability for actions (Bouten, Everaert, Van Liedekerke, De Moor & Christiaens, 2011).

Alternatively, International Organization for Supreme Audit Institutions (2013) suggests that the companies began to produce sustainability reports as a means to communicate the results of environmental actions taken to their stakeholders. In other words, a need for brand reputation management played a role in the history of sustainability reporting.

EU Commission highlights (2014) that companies increase transparency by publicly reporting on their sustainability among other non-financial disclosure-related topics.
A report from 2020 by Deloitte underlines that through sustainability reporting companies can map the impacts of their businesses, address the weaknesses and threats and, consequently, be able to turn the latter two into advantages and opportunities.

Documenting and disclosing the progress to the public, in turn, creates trust towards companies from stakeholders.

Sustainability reporting frameworks have been established to provide guidance to companies which partake in sustainability reporting. According to ADEC (2014), each sustainability reporting framework brings particular set of benefits for the companies. Integrated reporting, for example, provides tools to improve trust and understanding, including understanding of value creation (Integrated Reporting-website, IFAC 2017). Indeed, a report published by one of the <IR> training partners suggests that employment of integrated reporting generated better connection and communication between departments in 96 percent of the respondents (Black Sun Plc, 2014).

Another report by INTOSAI (2013) suggests that benefits offered by the Globally Reporting Initiative framework can be divided into external and internal. The former includes, among others, improved transparency in communicating the progress and acknowledging the shortcomings for eradication in the future (INTOSAI, 2013). Examples of internal benefits range from risk management to increased performance (INTOSAI, 2013).

In 2016, UN Global Compact initiated the 17 Global Goals or otherwise referred to as sustainable development goals (SDGs) to serve as environmental, social and governmental guidelines for businesses and organizations worldwide (GlobalGoals-webpage). Although only 13 percent of businesses that participated in a study conducted by PWC already know how they will implement the SDGs (PWC, 2015), the majority understands the benefits of forming own sustainability strategy around SDGs (SDG Fund, 2016).

Furthermore, sustainability reporting frameworks were designed with different stakeholders in mind. The <IR> framework of the International Integrated Reporting Council concentrates mainly on helping companies produce reports that tailor to the needs of providers of financial capital (Deloitte, 2016, p. 3). The Global Reporting Initiative, in turn, considers many different stakeholders ranging from businesses to academics and governments (GRI-webpage).

2.2.1 EU Directive 2014/95

Companies are obligated to disclose non-financial information in their reporting only if they fulfil the following requirements:

- Have an average number of employees over 500
- Be defined as a publicly listed company
- Have at least 2 out of 3 of the following:
    - Balance sheet exceeding 20 million EUR
    - Net turnover exceeding 40 million EUR
    - Average number of employees exceeding 250.

Companies with the above-listed parameters were expected to produce their first sustainability reports by 2018 the latest (Member State Implementation of Directive 2014/95/EU, 2017). The sustainability report could either be presented as a part of an annual report or as a standalone, separate sustainability report. The report should discuss the environmental policies, approach to their employees, policies about human rights and approaches to corruption and bribery. In addition, the reporting should describe how the company operates and mention the company risks (Finnish Ministry of Economic Affairs-webpage).

According to Castren & Snellman (2017), the EU decided to allow companies to make the decision themselves as the EU acknowledged the difficulty in introducing universal guidelines that would fit any sector, field or industry. Nonetheless, in 2017, EU Commission issued its own guidelines on non-financial reporting which build on knowledge from more than one established international reporting framework, including CDP, GRI, SASB among many others (EUR-Lex, (2017/C 215/01)).

2.3 Global Reporting Initiative

Following the chronological order in development of sustainability reporting, the first global standard is known as Global Reporting Initiative (INTOSAI, 2013). It was launched in 1997 by the Coalition of Environmentally Responsible Economies, shortly known as CERES (INTOSAI, 2013). In 2000, a company Shell introduced first ever sustainability report made in accordance with the GRI standard of 1997 (Ortas, 2011).

Nowadays it is the most widely recognized reporting framework as 82 percent of the 250 world's largest corporations use it (GRI-webpage). The flexibility and adjustability of the standards allows a wide range of companies, regardless of their industry, to apply GRI (INTOSAI, 2013, p.21). Among the main goals of the Global Reporting Initiative is promotion of transparency and comparability between the members of the framework (Einwiller, Ruppel & Schnauber, 2015, p.233). However, the same research suggests that it is still remains a question of whether the goals of GRI are translated into reality (Einwiller, Ruppel & Schnauber, 2015, p.240)

The participants in GRI are mainly private sector organizations despite the GRI's initial steps towards developing guidelines for the public sector already in 2013 (GRI-website, 2013). According to a study by de O. Bellini, Rodriguez, T. Lagioia and de Freitas (2019), public institutions and state-owned companies constitute only 1.8 percent of all organizations reporting with GRI. Furthermore, the findings of this study signaled a relatively poor quality of the reports due to them lacking thoroughness and basic reliability (de O. Bellini, E. C., Rodriguez, R., N., T. Lagioia, U., C. & L. de Freitas, M., A., 2019).

The Global Reporting Initiative has issued 4 generations of guidelines being second GRI guidelines from 2003, the G3 released in 2006 and the latest G4 Sustainability reporting guidelines that appeared in October 2016 (Monte, 2009; GRI-website). Indeed, GRI bases its ideology on continuous improvement and takes into consideration the academic research of previous years (Fonseca, 2010, p.2).

Companies that choose to report with GRI can choose whether their sustainability report is a standalone or integrated report. However, all companies are obligated to create annual GRI content index as it is a compulsory part of disclosure according to this framework. GRI content index is an organized way of presenting sustainability data as it facilitates the comparability with the indexes of previous years and improves readability of information disclosed. (GRI, 2016).

Global Reporting Initative actively cooperates with organizations, including those which too develop sustainability reporting. GRI has a practical guide to applying its own guidelines in combination with a framework developed by Sustainability Accounting

Standards Board (GRI-webpage, 2021). The guide is based on interviews with international companies who have been implementing GRI and SASB simultaneously.

GRI is also exchanging knowledge with International Financial Reporting Standards (IFRS) in order to improve financial reporting in regard to sustainability. Through this collaboration, GRI advocates for sustainability reporting to become mandated globally alongside financial reporting (Hespenheide, 2020).

2.4 UN Global Compact's reporting framework (COPs)

UN Global Compact's reporting framework entails that companies annually disclose their Communication on Progress, or shortly, COP (UN Global Compact-webpage). As of 2020, there are over 9000 companies and more than 3000 non-business participants such as academic institutions and labor unions communicating their progress to the world (UN Global Compact-webpage). According to empirical research conducted in 2019 by there were 9 companies that joined UNGC between years 2000 and 2016 within a sample of 458 across 38 countries (Abdelzaler, D. Fernandez & D. Schneper, 2019, p.16).
Communication on Progress is based on reporting the actions taken in alignment with the 10 UN principles on such topics as labor, human rights and environment among others (UN Global Compact-webpage). According to the UN Global Compact-Accenture CEO study (2019), 67 percent of the participants of the implementation survey think the UNGC guided to a significant extent the sustainability reporting in their companies.

The benefits of UN Global Compact's framework adaptation are supported by a paper from 2020 written by G. Orzes, A. M. Moretto, M. Moro, M. Rossi, M. Sartor, F. Caniato and G. Nassimbeni (p.10). The findings of the research on 810 companies show a positive impact of joining UNGC and sales growth as well as profitability (G. Orzes et al., 2020).

A study by G. Orsez et al. of 2018 (p.636) classifies several motivations behind joining UNGC and adopting their framework. These include desire to contribute to developments as part of a corporate social responsibility network as well as yielding benefits from it and correlation between the company's principles or values with the UNGCs.

J. A. Arevalo and F. T. Fallon (2008, p.3) advocated in their research study on UNGC contribution to the global governance that UN Global Compact's policy on the Ten Principle's attainment is not adequately monitored which, in turn, results in many participants not reaching the desired maximum effort. Furthermore, sufficient selection process seems to be lacking as UNGC has accepted members from industry sectors with questionable reputation (G. Orzes et al., 2018, p.640)

Another perspective identified in the academic literature is lack of gender inequality discussion in the Ten Principles of the United Nations Global Compact (G. Orzes et al., 2018, p.640; Kilgour, 2012). However, the 17 sustainable development goals place gender equality at the 5th place and aim at eradicating inequality as part of the Agenda 2030 (UN Global Compact- webpage).

2.5 UN Global Compact's Sustainability Development Goals (SDGs)

UN Global Compact's Sustainable Development Goals (SDGs) outline values and guidelines that companies may apply in order to align their strategy with sustainable development (Rasche, 2020). There are 17 SDGs with 169 targets that aim at ending poverty, protecting the planet and improving the life of the people today and in the future (Morton, 2017). In comparison with SDGs' predecessors Millennium Development Goals that were released by UN Global Compact a decade earlier, SDGs focus on a global scale, thus, assigning responsibility not only to developing countries (Fonseca, 2019). According to Morton et. al. (2017), SDGs clearly convey that the sustainability can only be achieved by collective effort of all parties.

Companies may choose which SDGs to follow by evaluating their business activities and impacts the latter have on economic, social and environmental conditions. As previous research suggests, most often companies selectively report on particular SDGs and leave the rest unattended (Schramade, 2017; Rosati & Faria, 2019). According to Fonseca & Carvalho (2020), only a minority of companies mention SDGs in their sustainability reports. The same authors concluded that larger organizations which report sustainability using particular frameworks tend to report SDGs more frequently than others.

Nevertheless, Morton et. al. (2017) suggests that all Sustainable Development Goals are interconnected and understanding this aspect is important to gaining efficiency when achieving the SDGs.

According to Swain (2017), SDGs are broad statements and, therefore, are sometimes criticized for being challenging to quantify, implement and report. Although, supporters of the SDGs claim that the extensiveness of the goals reflects the difficulty of sustainable development our planet has yet to undertake. At the same time, adversaries believe the breadth complicates prioritization of the goals and understanding of on whom lies responsibility for taking action. (Easterly, 2015).

In order to acknowledge and address the critique towards the SDGs, UN Global Compact developed a handbook called the SDG Compass in cooperation with Global Reporting Initiative in 2015. According to Verboven and Vanherck (2016), the SDG Compass aims at being a practical guide to companies that wish to incorporate SDGs into their strategy. In order to do so efficiently, the Compass outlines 5 general steps: understanding the SDGs, prioritizing, setting goals and integrating sustainability and reporting (UN Global Compact-website).

2.6 SASB

Acronym SASB stands for Sustainability Accounting Standards Board and refers to a nonprofit organization that was founded in 2011. Although, the first standards were published only in 2018 after years of market research. The organization based the development of the standards on extensive feedback from companies, investors and other market participants (Busco et. al, 2020). The goal of SASB is to set standards for disclosure for investors globally in an analog matter as the Financial Accounting Standards Board (FASB) or the International Accounting Standards Board (IASB) improves Generally Accepted Accounting Principles (GAAP) for organizations in the US (SASB-website).

As mentioned in the Chapter 2.3 Global Reporting Initiative collaborates with SASB in order to provide a more rounded approach to reporting sustainability-related data.

According to an interview with Tim Mohin, CEO of GRI, both organizations, GRI and SASB, strive in achieving the same goal but concentrate on different tactics (Eccles, 2017). While GRI highlights the social dimension that is more relevant to external stakeholders, SASB provides information that is financially material today for potential investors (Busco et. al, 2020).

Sustainability Accounting Standards Board differentiates itself from other sustainability reporting frameworks on a number of characteristics. In particular, SASB identifies financially material issues, meaning it guides companies to concentrate on sustainability information that may affect company's financial indicators. Financial orientation is motivated by SASB choosing to act as an investor-oriented reporting framework in comparison, for instance, to GRI's multi-stakeholder approach.

SASB also believes that issues companies might have vary by industry and, therefore, creates industry-specific reporting standards. (SASB-website). Indeed, SASB established the Sustainable Industry Classification System which consists of 11 sectors further divided into 77 industries. Each industry has a unique set of sustainability accounting standards that companies may report on. According to Busco (2020), sustainability accounting within the SASB standards doesn't only refer to measurement and management but also reporting of sustainability-related business activities.

2.7 CDP

Carbon Disclosure Project (CDP) is UK-based, nonprofit organization that provides a global disclosure system for companies, states as well as investors to track their environmental influence as well as greenhouse gas emissions (GHG) (Blanco et. al, 2016). CDP is described as "the gold standard of environmental reporting" (CDP-website). The organization has the world's largest corporate environmental disclosure repository. In 2019, over 8400 companies disclosed environmental information through CDP (CDP-website). Increase in carbon disclosure over the past 2 decades can be mostly contributed to the efforts of the Carbon Disclosure Project (Janzwood, 2017).

Companies do not decide to report through CDP themselves but, instead, customers and investors initiate the request for companies to provide environmental information. The information is collected though questionnaires of one (or several) of the following topics: climate change, forests or water security as these are the main areas of focus of CDP. In addition, CDP provides guidance and assistance to companies on the structure of the questionnaire, required detail and contents of response. Furthermore, the questionnaire can be in a minimum or a full version. CDP allows companies to reply to a minimum version if it is their first time filling a CDP questionnaire or their annual revenue is less than 250 million euros (CDP-website). The full version of the questionnaire contains questions that are specific to the company and the sector it operates in.

GHG emissions can also be reported in a sustainability report instead of through CDP. However, Depoers et. al. (2016) suggests that disclosure through CDP is highly structured, thus, resulting in improved comparability. CDP also highlights that reporting companies benefit from ability to benchmark and track their progress, improve their competitive advantage as well as identify opportunities and threats to their business (CDP-website). Indeed, information reported to CDP appears to find application not only among external parties but also within the company. According to Blanco et. al. (2017), companies find CDP-reported information advantageous in investor-relation departments, sustainability departments as well as in capital acquisition through institutional loans.

2.8 TCFD

On the 4th of December in 2015, the Financial Stability Board announced the establishment of the Task Force on Climate-Related Financial Disclosures (TCFD) which would, in turn, develop climate-related recommendations for voluntary use by public companies. The recommendations were published in June 2017 in a form of a report. With the recommendations, TCFD's goal is to promote better investment and credit decisions as well as provide transparency and understanding of climate-related exposures in the financial market. (TCFD-website).

The TCFD recommendations are generally divided into 4 areas: governance, strategy, risk management and, metrics and targets. In other words, companies should disclose how climate-related issues are governed, list what potential impacts the climate may have on the business operations, explain the method of addressing the risks and provide description of how the risks are measured. A distinctive characteristic of TCFD recommendations is the scenario analysis which constitutes an examination of potential risks if different climate-related situations are considered. According to O’Dwyer & Unerman (2020), however, skills required to produce a climate-related scenario analysis may restrain companies from reporting according to TCFD. In addition, TCFD framework focuses on disclosing financial consequences that climate-induced risks may pose to companies rather than reporting on the impact companies have on climate change (O’Dwyer & Unerman, 2020).

2.9 International <IR> reporting framework

With the beginning of 2000s companies moved from disclosure on purely environmental impact towards encompassing social as well as other issues too (INTOSAI,2013). The International Integrated Reporting Council (IIRC) emphasized this development by introducing the International <IR> Framework in 2013 (Integrated Reporting- website). Integrated reporting suggests that sustainability-related information should not be separated from the usual annual reports but instead, be combined with them.

Arguments for the rise of interest towards integrated reporting include, among other, criticism of financial reporting or, more precisely, topics it fails to report on (INTOSAI, 2013). It is suggested that financial reports do not holistically reflect the state of nowadays-companies and, therefore, leave out such value-adding contributions as human capital (INTOSAI,2013).

This framework, however, has investors as the main audience of users for which the reports are tailored as “it strives to improve the quality of information available to providers of financial capital…” (Integrated Reporting-webpage). It is important, nonetheless, to point out that focus on investors as the primary group of important stakeholders has found criticism by some academics. According to the research conducted by J. Flower (2015), International Integrated Reporting Council emphasizes value creation for providers of financial capital above the value of other stakeholder groups.

Although the idea of the IIRC foundation and creation of their <IR> framework was to revolutionize sustainability reporting in a form of its integration together with the financial information, the instructions of the framework mention sustainability only once (Flower 2015, p.5). Furthermore, the same author highlights that significant freedom is given to the company concerning the decision on what activities to include in the report (Flower 2015, p. 10).

In addition, as of 2017 the IIRC had not yet published practical instructions for companies on how to comply with the Directive 2014/95/EU on non-financial disclosure (Dumay, Bernardi, Guthrie & La Torre, 2017, p. 472). Despite that, a joint report by the <IR> and its partner Black Sun LLC (2014, p.4) argues the significance in the launch of integrated reporting is the dialogue initiated around the world.

2.10 Idea of a universal framework

Universality and harmonization of sustainability reporting both remain a mission and an aim of frameworks such as Integrated Reporting, the Global Reporting Initiative and UN Global Compact (Einwiller, Ruppel &Schnauber, 2015, p. 231). Although frameworks also seem to promote comparability (Integrated Reporting-webpage) there is mixed academic evidence whether it is in reality increased or not (Sherman & DiGuilio, 2010, p.67; Einwiller, Ruppel &Schnauber, 2015, p.231). Despite that, a survey by McKinsey &Company indicates that 80% of corporate executives believe in ability of standardization of sustainability-related reporting to improve company's ability to compensate for risks and compare themselves with industry-peers (Bernow, Godsall, Klempner & Merten, 2019).

There is also evidence of collaboration between the frameworks. UNGC's Communication on Progress (COP) can be prepared based on the GRI4 Guidelines that came into force in 2013 (UN Global Compact-webpage).

W. R. Sherman and L. DiGuilio (2010, p.59) argue that GRI aims at developing a framework for sustainability reporting that would execute the same function the generally accepted accounting principles (GAAP) do for financial reporting. Some literature suggests that reaching complete standardization in sustainability reporting would demolish any difference of importance between sustainability indicators and those regarding financial performance (EY, 2014).

An impeding factor in achieving the "generally accepted sustainability reporting principles" is individuality of needs and priorities in different regions and countries (Jones, 2010, p.13). Furthermore, a research paper from 2010 by W. Visser and N. Tolhurst suggests that corporate social responsibility undertakings differ between companies within the same country.

A report from 2014 made in collaboration of EY and Global Reporting Initiative (p.9) shows that 51 percent of participant companies had a specialized department responsible for sustainability report production whereas the rest did not report sustainability at all or had several departments with sustainability reporting responsibility. This development, in turn, causes differences in the approaches and, consequently, may further complicate achieving the goal of harmonization (EY, 2014, p. 9).

With regard to legislation in force on the territory of European Union, standardization process has begun with the Directive 2014/95/EU on mandatory non-financial disclosure (EUR Lex-website). However, there are opposing views on whether the directive aims at merely harmonising the co-existence of several reporting frameworks or achieving a universal, standardized structure for sustainability reporting in Europe (La Torre, Sabelfeld, Blomkvist, Tarquinio & Dumay, 2018, p.601)

2.11 Nasdaq Helsinki

Nasdaq Helsinki, formerly known as Helsinki Stock Exchange, is operated by Nasdaq Nordic. The latter also controls the Stock Exchanges of Copenhagen, Stockholm, Iceland, Tallin, Riga and Vilnius (Nasdaq Nordic-webpage). Companies may enlist on the main list, also called the Official List, which is regulated by EU legislation. Alternatively, they may decide to be traded on a Nasdaq First North Finland which is a suitable place for growing companies (DLA Piper, 2019). As of 2021, there are 128 companies listed on Nasdaq Helsinki and 37 listings on Nasdaq First North Finland.

3 METHOD

The methodology in the thesis is divided into two parts, mixed research method is applied. The latter is characterized as combinatory use of techniques traditionally applied in both qualitative and quantitative research (Saunders, Lewis & Thornhill 2016, p.169). However, it is worth pointing out that the research is a two-step process, implying that one part follows the other. In other words, the mixed research method in the context of this thesis begins with a content analysis which later serves as a basis for the questionnaire that is distributed to 128 publicly listed companies. This research strategy carries a name of explanatory research design (Saunders, Lewis & Thornhill 2016, p.171).

3.1 First step: content analysis

The content analysis is carried out by analyzing the sustainability reports of the publicly listed companies on Helsinki Stock Exchange. First, companies that disclose sustainability-related information are identified. Second, the companies are classified into groups on the basis of sustainability reporting framework they follow. It is important to highlight that there might be companies that do not report in accordance with any particular reporting framework because the EU Directive allows it. Such companies are also classified into a separate group. In addition, companies may be reporting in accordance with several frameworks instead of one. In such cases, the same company appears in several categories. All in all, this step of the research focuses on discovering what sustainability reporting frameworks are used among publicly listed companies on Helsinki Stock Exchange as well as how many companies mention using them in their sustainability reports.

3.1.1 Materials and tools

Sustainability reports produced by companies in year 2019 serve as the main source of secondary data for the quantitative part of the research. The collection process is assisted by a spreadsheet program Excel, meaning that the information retrieved from sustainability reports is manually entered into the spreadsheet and stored there until the data processing and analysis stage of the research.

3.1.2 Quantitative data analysis

The data analysis process entails calculating the frequencies and percentage frequencies to represent the division of choice of sustainability reporting frameworks among companies listed on Helsinki Stock Exchange. The computer-assisted calculations answer the research questions outlined in the 1.3 which are:

- What percentage of publicly listed companies reports their sustainability using GRI standards?
- Which sustainability reporting frameworks are used among publicly listed companies on Helsinki Stock Exchange?

The list of companies is taken from Nasdaq website and tailored so that A and B stock of the same companies are combined, resulting in a difference between the number of companies presented analysed in this thesis and the number of companies reported by Nasdaq.

3.2 Second step: questionnaire

The main research question which the thesis tries to answer reads as follows: "What factors affect the choice of the sustainability reporting framework?". In addition, the sub-question is sought to be answered: "What would be the pros and cons of having a universal reporting system among publicly listed companies on Helsinki Stock Exchange?"

As qualitative research is characterized as aiming at exploration of reasons and motivation behind an issue in question, it seems appropriate to use qualitative research tools (Bryman 2012, p.381).

More precisely, the necessary findings are collected by means of a self-completed questionnaire. Self-completed questionnaires are often referred to as surveys. A survey with 6 category and list questions and 5 open-ended questions is chosen in order to avoid a phenomenon known as uniformed response. In other words, respondents choose the answer by guessing if the survey is incentivized (Saunders et. al., 2016). In turn, open-ended questions are used in surveys if the question is exploratory, and a detailed answer is required (Saunders et. al, 2016).

Because the choice of a sustainability reporting framework is an internal affair of a company, it appears to be justified to keep the research participants anonymous including to the researcher themselves. According to Saunders et. al. (2016), there is a higher chance for participants to give a truthful answer rather than say what is "socially desirable" in a self-completed questionnaire. Therefore, face-to-face communication appears best to be minimized in this particular research in order to positively affect the number of truthful answers.

The safety of the researcher and the respondents should be considered if the circumstances under which the thesis is being written require so (Bryman 2012, p.488). Therefore, in order to avoid personal contact, questionnaires are distributed online via Google Forms. The choice of this particular application is reasonable because of the widespread use of this particular platform and, thus, resulting in higher probability of the respondent being acquainted with it.

3.2.1 Self-completed questionnaire

The questionnaire includes 11 questions out of which 5 are open-ended, 4 categorical and 2 list questions in the following manner:

1. What industry does your company operate in?
    a. Financial services; b. Health; c. Electronics; d. IT; e. Chemicals & Plastics; f. Engineering & Industrial Products; g. Energy; h. Forest; i. Other.
2. Is your company obliged to report on sustainability under 2014/95/EU Directive? (also called the non-financial reporting directive (NFRD))
    a. Yes. b. No.
3. If you are not obligated to report on sustainability by law but still choose to report - why?
4. How does your company report on sustainability?
5. What sustainability reporting framework do you use?
    a. GRI; b. IIRC; c. CDP; d. SASB; e. UN Global Compact's SDGs; f. Other;

6. What other sustainability reporting frameworks did your company consider in the framework selection process?
    a. GRI; b. IIRC; c. CDP; d. SASB; e. UN Global Compact's SDGs; f. Other.
7. What benefits do you see in using your current sustainability reporting framework?
8. Do you create a separate or integrated sustainability report?
    a. Separate; b. Integrated.
9. What is the name of your sustainability report?
    a. Sustainability Report; b. CSR Report; c. non-financial information report; d. Other
10. There is a universal reporting framework for accounting –IFRS. However, there is no universal reporting framework for sustainability yet. How would companies benefit from a universal reporting framework?
11. What disadvantages do you see in having a universal reporting framework for sustainability?

3.2.2 Sample selection and participants

The survey created with the help of an online platform Google Forms was distributed via email on 9th of April 2021.The survey was sent to 128 companies listed on Nasdaq Helsinki. The email addresses were derived from company's websites and connected to sustainability departments, communication departments or chief financial officers of the companies. The findings from the quantitative analysis that strives to identify the main sustainability reporting frameworks used among publicly listed companies serve the basis for the questionnaire creation in the second step of the research.

The population equals all 128 companies listed on Helsinki Stock Exchange. No sample is required because the population size is relatively small. Although some companies may not be obligated to disclose sustainability-related information in accordance with the Directive 2014/95/EU, they might be deliberately doing so. Consequently, the questionnaire is sent out to every member of the population- all 128 publicly listed companies. 25 of them responded to the survey. In other words, the response rate equals 19,5%.

3.2.3 Qualitative data analysis

Qualitative data derived from the surveys with open-ended questions constitutes a large block of unstructured text (Bryman 2012, p.565). The data analysis concentrates on responds received. The questionnaire includes 11 questions out of which 5 are open-ended, 4 categorical and 2 list questions. List questions offer a list of responses the respondent may choose one or several from. On the contrary, categorical questions allow the respondent to fit only in one category by choosing only one answer (Saunders et. al., 2016). The inherently quantitative questions are included in the questionnaire in order to provide context for the qualitative questions.

Qualitative content analysis is characterised as the widely used approach in research with qualitative documents (Bryman, 2012, p. 557). It implies the process of searching and identifying main themes with the help of coding. Coding is alternatively referred to by some scholars as indexing and forms the beginning in many qualitative data analyses (Bryman, 2012, p. 575). Qualitative content analysis is applied to the responds gathered via self-completed questionnaire.

3.3 Validity and reliability

According to Saunders et.al. (2016), high response rate doesn't directly indicate the responses are not biased nor does lower than usual response rate. Instead, repetitiveness of the same theme appearing in the responses might indicate that a particular saturation level in surveys is achieved. Nonetheless, the higher the participation rate either within the sample or population, the better reliability and quality of the findings as more individual occasions are covered. Consequently, the 19,5% response rate in the self-completed survey in this research may be interpreted as a limitation to reliability.

The frequency with which particular sustainability reporting frameworks are mentioned in companies' sustainability reports is found from 128 sustainability reports of publicly listed companies. As there is no sampling applied because the population size is relatively small, the findings of the quantitative part of the research are directly descriptive of all publicly listed companies on Helsinki Stock Exchange. However, it is worth highlighting that sustainability reports are used as a source. Further research might find another quantitative approach to data collection such as, for example, quantitative questionnaire more suitable.

Furthermore, it is important to highlight that generalization is not considered an aim in a qualitative study but rather the research strives to attain understanding of the context (Bryman, 2013, p.408). In this particular case, the latter means understanding of how companies choose to report on sustainability.

4 RESULTS

Below are presented the results from both the quantitative part of the research and the self-completed survey. The quantitative research consists of analysing sustainability reports from year 2019 of 128 publicly listed companies, determining what and how frequently particular sustainability reporting frameworks are mentioned in sustainability reports. In turn, the self-completed questionnaire constitutes the second step of the research and is out to 128 companies listed on Helsinki Stock Exchange. The questions in the survey are composed with the help of the results yielded in the quantitative part of the research. The questions that the research attempts at answering are the following:

- What percentage of publicly listed companies reports on their sustainability using GRI standards?
- Which sustainability reporting frameworks are used among publicly listed companies on Helsinki Stock Exchange?
- What factors affect the choice of the sustainability reporting framework?
- What would be the pros and cons of having a universal reporting system among publicly listed companies on Helsinki Stock Exchange?

4.1 Results of the content analysis

Table 1 presents sustainability reporting frameworks that companies listed on Helsinki Stock Exchange mention reporting to in their sustainability reports. From left to right in Table 1, column 1 “Framework” lists sustainability reporting frameworks that were found to be declared in sustainability reports. Column 2 “Frequency” states the number of companies that use a particular reporting framework. Column 3 “Out of 74” shows the frequency of application of a particular reporting framework out of companies that mention some sustainability reporting framework in their sustainability reports. Last but not least, column 4 “Out of 128” presents frequency of application of a particular reporting framework out of all publicly listed companies, including those which do not mention reporting to any specific framework.

On the top of the list is Globally Reporting Initiative with 51 companies indicating that they produce their report in accordance with GRI. Consequently, almost 2/3 of the publicly listed companies that use some kind of sustainability reporting framework use the framework developed by Globally Reporting Initiative. If all publicly listed companies are considered including those which do not mention any framework in their sustainability reports, then almost 40% of the companies report on their sustainability using GRI standards. As a result, it is safe to say that the majority of publicly listed companies report in accordance with GRI.

2nd and 3rd reporting guidelines on the list that companies declare adhering to in their sustainability reports are UN SDGs and UN Global Compact. Although UN SDGs are a product of the United Nations Global Compact, the two are kept separate. This is because UN Global Compact provides other guidelines that companies may follow such as, for example, the 10 Principles. Therefore, companies do not necessarily mean that they follow SDGs when they mention UN Global Compact in their reports. All in all, UN SDGs score 19 companies citing them in their sustainability reports. This equals to a little over 25% application of SDGs by companies reporting to some sustainability reporting framework. It can be also said that almost 15% out of all 128 publicly listed companies report adhering to UN Sustainable Development Goals in their sustainability reports.

Carbon Disclosure Project takes 4th place on the list with 2 companies mentioning it in their sustainability reports. The rest of the 10 lines referring to EPRA, SASB, TCFD, own framework, PRI, ESG Reporting Guide 2.0, UN Principles for Responsible Investment, IIRC, Nasdaq ESG Guide and ICC are mentioned only once.

In addition, not all publicly listed companies fall within the range of Directive 2014/EU/95 which means they are not obliged to disclose any information regarding social and environmental impacts of their activities. It is, however, worth mentioning that some companies voluntarily provide some sort of sustainability disclosure although they are not obliged. 54 companies do not mention any specific framework when reporting on sustainability. As a result, it can be said that these companies fulfill the minimum legislative obligations.

Table 1: List of sustainability frameworks and frequency of their application by Nasdaq OMX Helsinki listed companies as of 2019.

Framework	frequency	out of 74	out of 128
GRI	51	68,92 %	39,84 %
UN SDGs	19	25,68 %	14,84 %
UN Global Compact	9	12,16 %	7,03 %
CDP	2	2,70%	1,56%
EPRA	1	1,35 %	0,78 %
SASB	1	1,35 %	0,78 %
TCFD	1	1,35 %	0,78 %
Own framework	1	1,35 %	0,78 %
PRI	1	1,35 %	0,78 %
ESG Reporting Guide 2.0	1	1,35 %	0,78 %
UN Pricinples for Responsbiles investment	1	1,35 %	0,78 %
IIRC	1	1,35%	0,78%
Nasdaq ESG guide	1	1,35 %	0,78 %
ICC	1	1,35 %	0,78 %

4.2 Results of the self-completed questionnaire

The questionnaire includes 6 qualitative questions and 5 quantitative questions. The quantitative questions in the questionnaire are included not with a goal of quantitative generalization of the findings but in order to provide context for the responses to the qualitative questions.

The questionnaire was sent out to 128 companies listed on Nasdaq Helsinki and received 25 replies. In other words, a response rate of around 19,5% was achieved. Below are presented the results of the survey. First, graphs of responses to the list and category questions are displayed. Second, the qualitative questions along with responses are revealed in a form of raw data. Last but not least, findings after analysing the data are reported.

4.2.1 Question 1: What industry does your company operate in?

The 1st question is concerned with the industry that the company responding operates in. The majority of the respondents, equalling to 7, report operating in the sector of Engineering & Industrial Products. 12% and 8% of the respondents are from Health and Forest industries, respectively. It is worth highlighting that the question allowed the respondent to write their industry if none of the listed options were suitable. As a result, 18 industries are identified by the respondents.

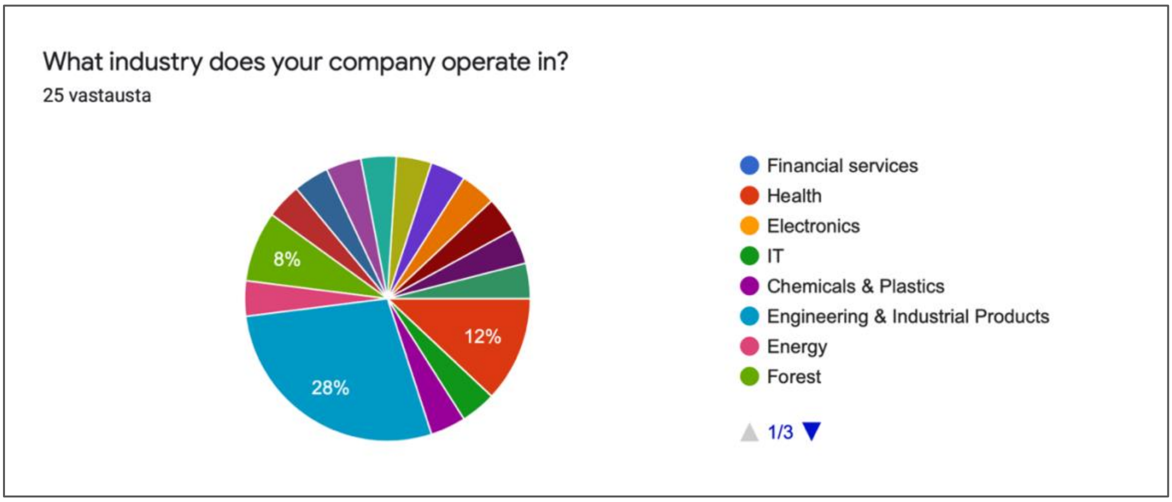

Figure 1: Reported industry of company's operations.

4.2.2 Question 2: Is your company obliged to report on sustainability under 2014/95/EU Directive?

The 2nd question inquires whether the respondent's company is obliged to report on sustainability-related information. The overwhelming majority of respondents, meaning 23 out of 25 declare being under legal obligation to communicate their sustainability to the public. Nevertheless, 2 responding companies do not fall within the scope of 2014/95/EU Directive.

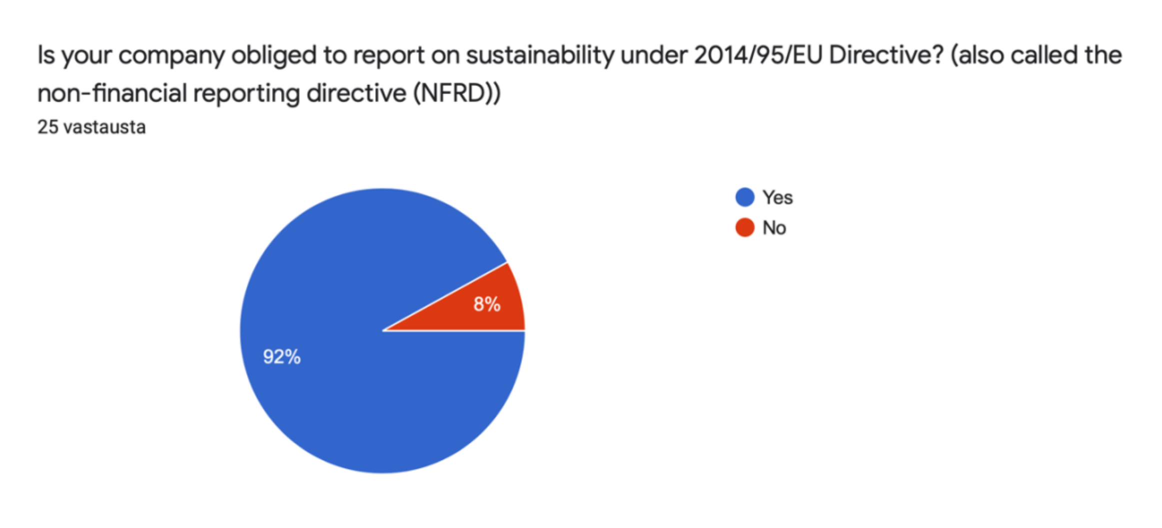

Figure 2: Obligation to 2014/95/EU Directive

4.2.3 Question 5: What sustainability reporting frameworks do you use?

In the 5th question, the respondent is asked to state which sustainability reporting framework or frameworks are used by their company. The questionnaire allows the respondent to check several alternatives, indicating that companies use reporting frameworks in combination. In addition, an option to write a reply freely is presented if none of the proposed frameworks fit the respondent's sustainability reporting selection. Figure 3 shows the responses, suggesting that GRI is the most applied choice among the respondents, followed by CDP and the UN SDGs.

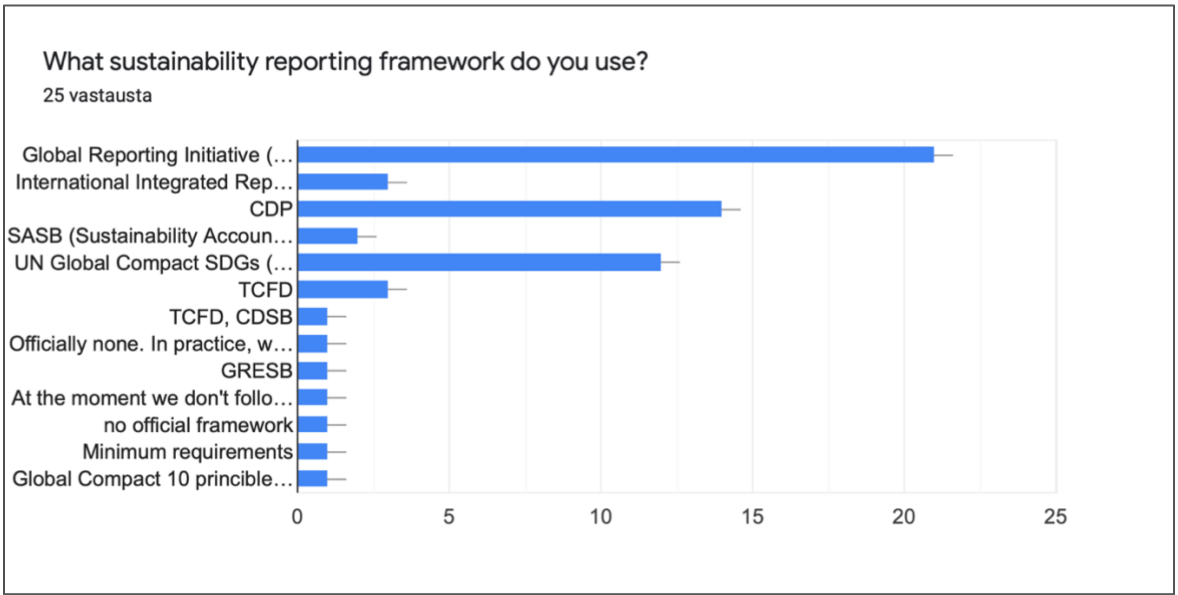

Figure 3: Sustainability framework/s in use

4.2.4 Question 6: What other sustainability reporting frameworks did you company consider in the framework selection process?

The 6th question examines what other sustainability reporting frameworks were considered by the company but didn't become chosen. According to the Figure 4, GRI was the most contemplated choice for the majority, followed by SASB and the UN SDGs. In addition, several companies state that there were no other competing candidates in the framework selection process.

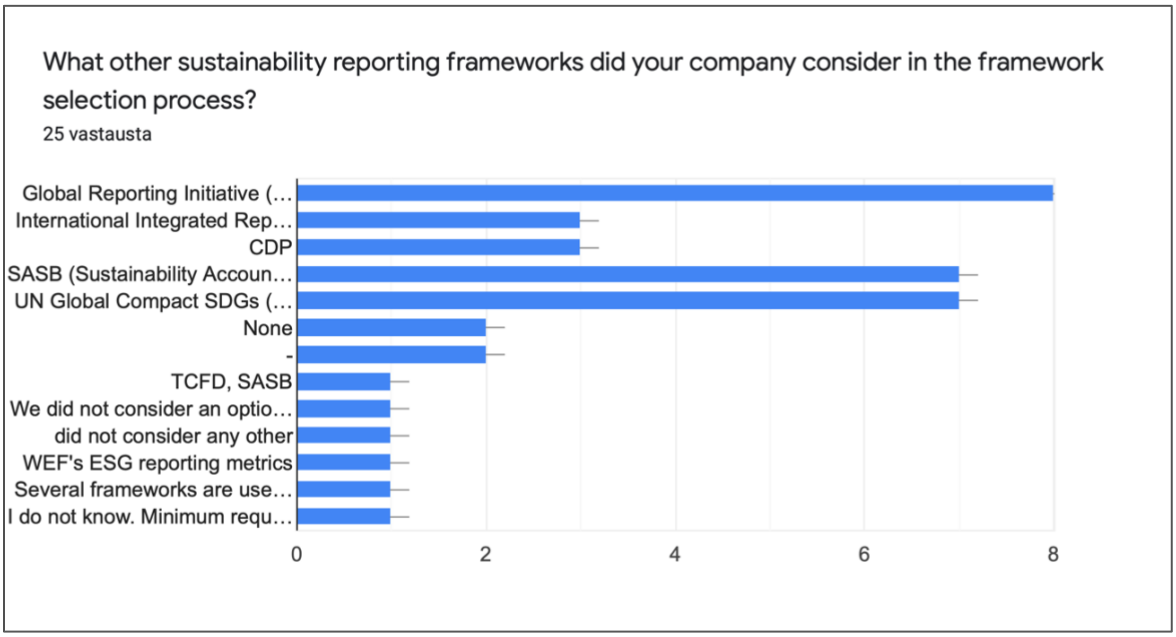

Figure 4: Sustainability framework/s considered

4.2.5 Question 5 & 6 in combination

Table 2: responses to Question 5 & Question 6 presented in a table

What sustainability reporting framework do you use?	What other sustainability reporting frameworks did your company consider in the framework selection process?
no full integration of any framework in particular	*no full integration of any framework in particular*
no full integration of any framework in particular	GRI
no official framework	GRI, SDGs
no framework	*no framework*
GRI	TCFD
GRI	*GRI*

GRI	CDP, SDGs
GRI	none
SDGs	GRI
GRI, SDGs	none
GRI, SDGs	*GRI, SDGs*
GRI, CDP	none
GRI, CDP	IIRC, SDGs
GRI, CDP, SDGs	*GRI*
GRI, CDP, SDGs	SASB
GRI, CDP, SDGs	SASB
GRI, CDP, SDGs	none
GRI, CDP, SDGs	SASB, WEF's ESG reporting metrics
GRI, SDGs, CDP	*GRI, SDGs, CDP*
GRI, CDP, SASB	SDGs
GRI, CDP, TCFD	SASB
GRI, GRESB	none
GRI, CDP, SDGs, TCFD	IIRC, SASB
GRI, IIRC, CDP, SDGs, TCFD	none
GRI, IIRC, CDP, SDGs, UN 10 principles	SASB

Table 2 presents responses to question 5 and question 6 in the same table in order to provide better understanding of the results. It appears that some of the participants which report in accordance with Global Reporting Initiative in combination with a set of other frameworks considered SASB in the selection process but did not choose this framework. Furthermore, 6 respondents that declared reporting according to GRI in combination with either CDP, SDG or other frameworks also stated that they did not consider any other frameworks as potential candidates during selection process.

There are 4 respondents that replied to Question 5 that they do not officially adhere to any framework in particular. Nonetheless, 2 of these respondents considered reporting in accordance with GRI, while the other two say that they didn’t consider nor decide on applying any sustainability reporting framework.

It is important to highlight that some of the respondents might have misunderstood the question as they provided the same reply to both Question 5 and Question 6. There are 6 of these replies and they are marked in cursive in the table. Nonetheless, their exact reply to both questions might also be interpreted in the following way: companies considered only those frameworks that they eventually decided to adhere to.

4.2.6 Question 8: Do you create a separate or integrated sustainability report?

Question 8 is represented by Figure 5 below. It investigates the differences among presentation of the report. The companies are asked if they disclose their report as part of the annual report or as a standalone document. 14 respondents state their company produces a separate document with sustainability information, while companies of the rest 11 respondents integrate their sustainability report into the annual report. It may be said there is almost an equal division of choice between integrated and separate presentation of the sustainability report.

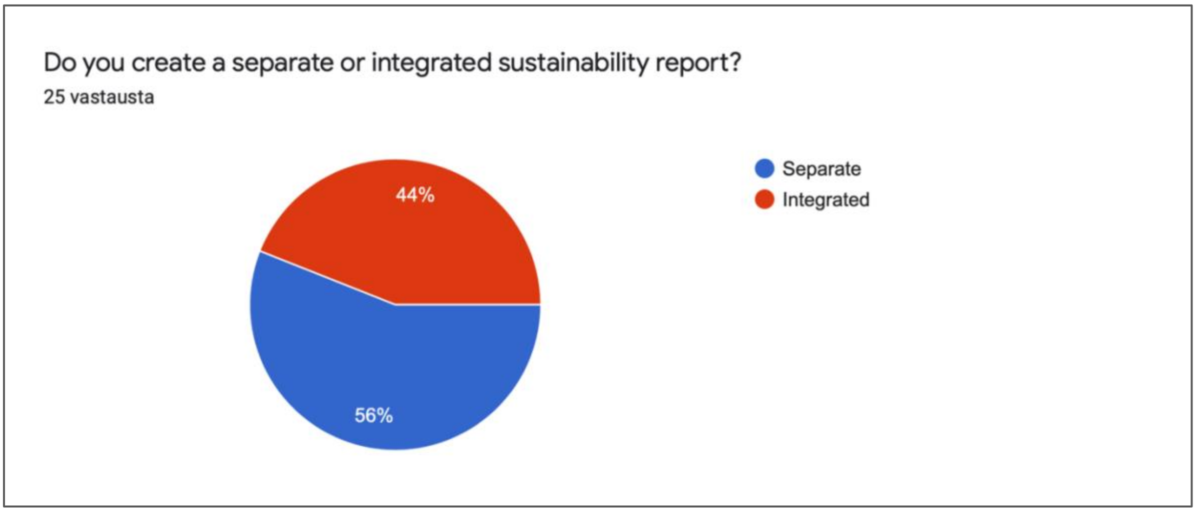

Figure 5: Presentation of the sustainability report

4.2.7 Question 9: What is the name of your sustainability report?

In question 9, companies can either choose or write freely the name of their sustainability report in case none of the listed options are found to be suitable. According to the Figure 6, 11 respondents use the name "Sustainability Report", 4 refer to the document as "Non-financial information report", 3 suggest the integration in the annual report, while the rest of the options are "CSR Report", "Sustainability Review" and "GRI supplement".

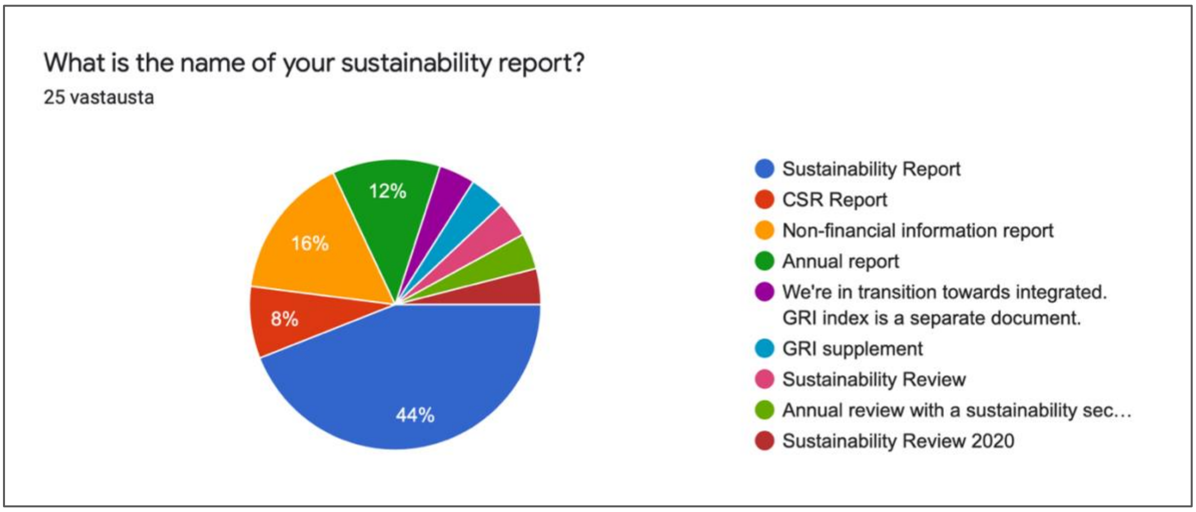

Figure 6: Name of the sustainability report

Below are presented the qualitative questions and responses to them in a form of tables.

4.2.8 Question 3: If you are not obligated to report on sustainability by law but still choose to report - why?

Table 3: Question 3: If you are not obligated to report on sustainability by law but still choose to report - why?

"It's an important topic and investors and customers want to know where we stand and what we do."	stakeholders	
"A lot of stakeholders demand the information and therefore the reporting is a way to openly provide information about our sustainability work."	stakeholders	transparency
"It is important to us and our stakeholders."	stakeholders	
"To communicate to investors, stakeholders, customers, employees and to raise transparency."	transparency	
"We would report even if there was no obligation. Transparency is good for business."	transparency	
"For transparent and comprehensive reporting on sustainability."	transparency	
"Non-financial part of board of directors' report is very limited and the due to the schedule and the resources, mainly on the metrics from the year before."	transparency	
"Because sustainbility information adds value."	stakeholders	

Table 2 has 3 columns with responds presented in the 1st on the right. 2nd and 3rd columns identify main themes the respondents address which are stakeholders and transparency. In other words, companies choose to report on sustainability as a result of the pressure they experience from stakeholders to provide information on their business activities, resulting in more transparency demanded. It may be said that motivation for reporting on sustainability is external.

It is important to highlight that the question might have been understood incorrectly by the respondents. As there were only 2 respondents who stated they do not fall within the scope of 2014/95/EU Directive, there should have been only 2 responses to Question 3. However, one of the respondents states that they are obligated to report but even if they weren't they would still disclose sustainability-related information to the public as it increases transparency.

4.2.9 Question 4: How does your company report on sustainability?

Table 4 presents the responses to the question 4 after the data analysis is conducted in a form of coded themes.

sustainability report	website	ratings & surveys	non-financial information report	GRI index	report of the board of directors

Table 4 identifies 6 general ways companies report on their sustainability according to the results from the survey. First and foremost, companies disclose sustainability-related issues and activities to the public through a sustainability report and on their website. In addition, some companies report on sustainability in non-financial information (NFI) reports or reports of the board of directors (BoD) which are usually a part of their annual reports. In the majority of cases, report of the BoD or NFI report offer limited and scarce information as their main purpose is to cover other topics such as, for example, corporate governance. Last but not least, companies might attain ratings by sustainability reporting organizations or fulfill requests of database establishments such as CDP to respond to surveys.

4.2.10 Question 7: What benefits do you see in using your current sustainability reporting framework?

Table 5: Question 7: What benefits do you see in using your current sustainability reporting framework?

“ Before, it has been sufficient and time-efficient for us to report only according to non-financial reporting directive. Our company is new to the main list. We increased the scope of our sustainability reporting already for 2020 and we are are planning to increase it even further. We consider separate reporting for future too. ”	no official framework
” We haven't fully integrated any of those mentioned but our reporting practice has definitely been influenced by all of those. “	no official framework
” We are currently developing our reporting and will choose framework within the next year. ”	no official framework
” GRI is globally the most known and applied framework. “	GRI
” Constant development of our operations based on the criteria.”	GRI
” Meeting statutory reporting requirements, alignment with a broader mass of companies in terms of reporting format and KPI's used. Stakeholder expectation. ”	GRI
” Robust framework providing transparency and comparability. “	GRI, GRESB
“It is easier to read the reports from other companies when you have some knowledge on the framework. and it is easier to compile a report when you do not have to explain all the metrics in such a detail as the explanation of the metrics used can be found in public framework.”	GRI, SDGs
“Globally recognized, one time shop. ”	GRI, CDP
“Gives good structure also for internal work. Widely used externally, so easy for the audience to find the right data (mostly).”	GRI, CDP
“Transparency and existing reliable and known framework.”	GRI, CDP, SDGs
“Commonly used globally.”	GRI, CDP, SDGs
“At least CDP is very trusted, so credibility for our sustainability work.”	GRI, CDP, SDGs
“Most commonly used by peers and other industries in the Nordics. ”	GRI, CDP, SDGs
“Provides a structure to report relevant data.”	GRI, CDP, SDGs, TCFD
“Comparability, solid framework, standardization. ”	GRI, CDP, SDGs, TCFD, IIRC
“Comparability to other companies, global use of framework, gives. ”	GRI, CDP, SDGs, IIRC, UN Global Compact's 10 principles

Table 6 Main themes identified in responses to Question 7

Work in progress	Global recognition	Solid framework for meeting legal requirements	Comparability	Choice of the peers
Credibility	Transparency	Internal application	Stakeholder expectation	

Main themes observed in the responses received to Question 7 are presented in Table 6 above. It is worth addressing that, apart from 3 respondents, whose companies do not adhere to any sustainability reporting framework in particular although are influenced by many, the rest of the respondent companies report in accordance with Global Reporting Initiative. In addition, a combination of GRI, CDP and Sustainable Development Goals appears to be a recurring phenomenon among the respondents. Thus, the most common benefits that respondents highlight in application of GRI in combination with other frameworks are global recognition of the framework and its use by peer companies. In other words, the majority of companies operate by example – they approach sustainability the same way as their industry peers do. As many publicly listed companies operate internationally, the global recognition of GRI appears to be a reasonable advantage as it is applied by many companies around the globe.

Comparability across companies is also pinpointed as one of the benefits of the framework in application. In other words, companies take into consideration the needs of the interested parties such as investors, institutions and other stakeholders that need to understand and compare sustainability-related information. Furthermore, comparability may be also viewed from an internal perspective, meaning companies may better benchmark their progress against competitors if the latter apply the same framework.

Several respondents emphasized that their current approach to sustainability reporting framework is a work in progress. Particularly, due to changing external and internal necessities and emerging sustainability reporting framework opportunities companies need to enhance and develop their current reporting practices.

Last but not least, credibility and transparency are recognized as benefits of applying current sustainability reporting frameworks by the respondents.

4.2.11 Question 10: How would companies benefit from a universal reporting framework?

Table 7: Question 10: There is a universal reporting framework for accounting –IFRS. However, there is no universal reporting framework for sustainability yet. How would companies benefit from a universal reporting framework?

“I see benefits in terms of relevance, comparability, consistency, accuracy, decision-usefulness of information.”
” One way of reporting would make comparisons between companies easier.”
” At least the comparability would increase between companies.”
”More comparability.”
” I don´t think companies would benefit -everyone tells what makes sense to them and their stakeholders. External stakheolder would benefit from more cohesive reporting.”
“Possibility to compare with competitive companies.”
” Companies are forced to discuss ESG etc. matters deeply.”
” Would reduce the workload for companies as reporting takes a lot of time and every new framework adds to the load. Would also increase transparency if all reported in the same way.”
” Better comparability between the companies and more reliable reporting.”
” More comparable reporting driving for better performance.”
” Easier to compare reports.”
” A universal framework would benefit us in the sense, that we would be able to focus on just one instead of following "all"/several as we do now. Our investors and other stakeholders ask for different things and that would harmonize the reporting for sure. I think from the investors' point of view especially, the harmonization would bring more comparability between companies.”
” A universal framework would increase comparability between companies and reduce the burden on companies to comply with several different frameworks.”
”Better comparison between companies. ”
”Comparability.”
” GRI is by far the closest and most used already.”
” Clarity, transparency and a certain comparability are important values in sustainability in itself – especially since sustainability is an important part of investors making their investment decisions. The importance is emphasised when delivering internationally. Universal reporting framework would simplify the reporting process in itself: instead of comparing different frameworks available at the moment, it would take less time and resources to follow one framework. ”
”Increase comparability.”
” To get standardized and comparable information.”
” Would be preferable - expecting the the CSRD will become tho ONE and ONLY framework and hence the IFRS of sustaianbility.”

Table 8: the main themes that were identified from responses to Question 10

Comparability	Simplification & harmonization of reporting	Transparency
Decision-uselfulness of information	Better understanding of ESG matters	Improved reliability
Improved perfomance	GRI	Resources used in selection process

Table 8 presents the main themes identified in the responses to Question 10. Despite the fact that respondents emphasized the benefit of comparability in application of their current sustainability reporting frameworks, comparability is mentioned as one of the benefits of a universal sustainability reporting framework too. According to the table, companies view simplification of reporting as an important benefit standardization could introduce. In addition, the selection process would be alleviated as well as less personnel, time and financial resources would need to be allocated.

Respondents also suggest that universal sustainability reporting framework could potentially improve the information readiness for decision-making which, in turn, could have a positive impact on performance and reliability of reporting. Furthermore, standardization of sustainability reporting may improve and deepen companies' understanding of environmental, social and economic impact they have on the surroundings.

It may be said that potential benefits of universal sustainability reporting framework that companies list can be interpreted as present-day issues that need to be addressed by current sustainability reporting frameworks.

4.2.12 Question 11: What disadvantages do you see in having a universal reporting framework for sustainability?

Table 9: Question 11: What disadvantages do you see in having a universal reporting framework for sustainability?

"I'd anticipate many companies to complain about new obligations but I personally advocate for the idea. Financial world requires this information in order to make educated investment decisions."
"Current frameworks are really heavy for companies to report, especially IFRS. If common sustainability framework would be as heavy, much of resources would needed in the reporting but the benefits are not clear."
"If a heavy framework then limited resources for sure. "

"Material aspects depend on the company and industry, this still needs to be taken into account."
"Having to report indicators that make sense only for a limited number of industries/sectors. Excess reporting needs to be avoided. No point putting so much effort in reporting versus actual activities."
"Very difficult to find a reporting framework that would fit for different lines of business."
"None."
"Very taxing and expensive process."
"It is extremely difficult to find a reporting framework that would work accross industries and geographies. Most existing frameworks are biased one way or another and also make it difficult to concentrate only on most material issues."
"As not all matters (Environment, Social and Governance) are as relevant to all the companies it will be difficult to standardise."
"May be challenging to keep it focused and relevant at the same time."
"Maybe not suitable for all companies big/small, different sectors etc."
"An universal one might force to report on issues that are not necessary material/relevant for the company. Hence, the framework should be very high level with the requirements."
"It is difficult to create a universal framework that would work for all different companies of different size, operating in different industry sectors, with different scope in their operations."
"It is challenging to create a uniform framework for sustainability. There needs to be room for differences between industries. Interesting to see, how the EU framework will turn out."
"A universal reporting framework may leave out sector-specific issues. "
"The importance of societal, social, and ecological responsibility is emphasised in companies in very different ways – depending on the industry, objectives and degree of maturity. Some things are also already regulated by law or by Code of conduct-type of mechanisms, and there is also an international framework. While an IFRS-type of mechanism could increase comparability, it can also increase bureaucracy and reduce the field of responsibility to standard – rather than a broader and company-specific approach. "
"None."
"Universal reporting framework should not come on top of the current frameworks, but it should replace at least some of the current, too many frameworks."
"None."
"None if reporting requirements are "modulated" i.e. some apply for all, some apply for the industry sector and som are company specific disclosure requirements."

Table 10: Main themes identified through coding from responses to Question 11

Heaviness, bureacracy and complexity of the potential universal framework	No disadvantages	Industry- and company size-specific differences an obstacle	Limited financial resources

Table 9 presents the main themes recognised from the responds to question 11. Companies are asked to contemplate if they see any disadvantages in universal sustainability reporting framework. Respondents view industry-specific measurements and risks as an obstacle for universality of sustainability reporting standards. In addition, company's size also appears to be a concern as companies of different volumes have access to different funds, personnel and impact opportunities. Therefore, a potential universal framework would have to take this into consideration. Limited financial resources are identified as a separate issue as well by the respondents. According to the replies, potential universal sustainability reporting framework shouldn't burden reporting entities more in a financial, bureaucratic or skill-related way. On the contrary, the majority of the respondents do not see a point in organizations striving to achieve harmonization in sustainability reporting standards if the latter complicates the reporting process instead of relieving it.

5 DISCUSSION

Findings presented in the Results chapter can be summarized in the following manner:
First, it is important to highlight that the use of a particular sustainability reporting framework or guideline does not cancel out the possibility to apply other frameworks. Companies appear to be using a combination of sustainability reporting frameworks, suggesting they are compensating the downsides of one framework by the benefits of the other. Indeed, this reflects the cooperation between frameworks and them recognizing each other as complementary rather than competing organizations.

Second, there is evidence that the 2014/95/EU Directive (NFRD) is not the only driver behind companies' sustainability reporting. As the survey results suggest, several companies do not fall within the scope of the above-mentioned directive but, still, choose to report on their sustainability in accordance with globally recognized, resource-consuming frameworks such as GRI. In their case, motivation to disclose sustainability-related topics to the public is the stakeholder demand which is in line with previous research discussed in detail in the Literature Review.

Third, the variety of names given to the sustainability reports as well as differences in presentation suggest that companies use concepts of corporate responsibility and sustainability interchangeably. In other words, ambiguity around the definitions of phenomena among academic research extends across practical implications as well.

Indeed, the choice of sustainability reporting framework appears to be strongly affected by comparability that the framework in question provides to the reporting entity. In other words, many accentuate comparability as a benefit of their current reporting framework. However, it still remains a question for further research studies whether the variety of names, presentation methods and combinatory application of different frameworks suggest otherwise.

Fourth, the results of first and second steps may indicate discrepancy between CDP mention in sustainability reports and actual CDP reporting. Indeed, previous research suggests that there might be differences between GHG emissions reported in a sustainability report and through CDP reporting channel (Depoers et. al., 2014). Further research might investigate the topic of potential CDP reporting discrepancies across different reporting channels among Finnish companies in more detail.

Fifth, as findings suggest, some survey participants reported that SASB was considered as potential reporting framework in the selection process but did not become chosen. This may potentially be due to SASB being a relatively new to sustainability reporting as they issued their first guidelines at the end of 2018. However, further research is required in order to investigate the reasons behind SASB not being preferred to GRI or, perhaps, used as a complementary framework.

Sixth, contrary to the critique against the difficulty of application, measurement and thus reporting of the Sustainable Development Goals that is presented in the Literature Review, SDGs are preferred to industry-specific reporting framework SASB or, for example, integrated reporting framework IIRC in the context of this self-reported questionnaire with 25 respondents. Furthermore, the majority of the respondents which adhere to SDGs in combination with other frameworks highlighted that motivation for the choice originates in following in footsteps of industry-peers as well as in global recognition of the framework. In order words, it appears that Sustainable Development Goals are chosen because of the pressure to keep pace with competing companies.

All in all, comparability may be achieved if there is a homogenous choice of sustainability reporting frameworks among companies. Dozens of frameworks exist today and more appear to be emerging. Freedom that companies have in the choice of frameworks, names for reports and forms of presentation places a burden of financial, intellectual and bureaucratic significance on sustainability managers of companies today. While there are still are lot of implications to be addressed by framework organizations, governmental institutions and companies themselves, evolution is already underway in the form of collective effort and cooperation among the above-mentioned organizations.

6 CONCLUSIONS

While almost 40% of publicly listed companies mention reporting in accordance with GRI in their sustainability reports, there are many other sustainability reporting frameworks used: UN Sustainable Development Goals, UN Global Compact's 10 Principles, CDP, EPRA, SASB, TCFD, PRI, ESG Reporting Guide 2.0, UN Principles for Responsible Investment, IIRC, Nasdaq ESG Guide and ICC. Furthermore, the choice of sustainability reporting framework appears to be affected by comparability that the framework offers, credibility of the framework organization, choice of industry peers, availability of company financial and intellectual resources as well as global recognition.

In light of increasing number of sustainability reporting frameworks, a universal sustainability reporting framework might be able to provide solution to current problems the companies face with potential benefits such as simplification and harmonization of reporting, improved reliability and comparability as well as more financially viable application process. However, possible disadvantages such as heaviness and complexity of such framework as well as limited resources of different-sized companies from different industries need to be taken into consideration.

The findings summarized above were attained by means of content analysis and a self-completed questionnaire as a two-step process. The method of content analysis is described in detail as well as the questionnaire along with questions and listed answers are presented in full in the Method chapter. As a result, replication of this particular study is facilitated and, consequently, external validity is improved.

However, the some of the questions, in particular Question 3,5 and 6, might have been misunderstood by the respondent. This might have an undesirable effect on construct validity. The latter, in turn, means that questionnaire measures with what it is intended to measure. In addition, content analysis of 128 publicly listed companies was conducted manually as it concentrated on looking through sustainability reports and trying to discover what sustainability reporting frameworks companies mention.

It is worth mentioning that the research takes into consideration ethical concerns as anonymity of respondents was ensured by not collecting the emails of the respondents via the Google Forms platform through which the questionnaire was distributed. The questionnaire as well as the email letter sent out to 128 publicly listed companies with request to fill out the questionnaire stated clearly that the survey is anonymous.

Despite the fact that the whole population, equaling to 128 publicly listed companies on Helsinki Stock Exchange were invited to participate in the survey, the questionnaire received only 25 responses. This results in 19,5% response rate which might be considered lower than usual and thus have an impact on reliability. Nonetheless, reliability as well as research quality is positively affected by referencing and citing the original sources of ideas and findings on which the Literature Review is based.

All in all, the following summary of suggestions for further research may be presented. As this research is limited to investigation of publicly listed companies, it is not yet clear whether the findings apply in other contexts. In particular, potential for generalizability or transferability to private companies or companies of a smaller size may be examined.

Further research might find another quantitative approach to data collection such as, for example, quantitative questionnaire more suitable in comparison to content analysis conducted in this research.

Furthermore, it still remains a question for further research studies whether the variety of names, presentation methods and combinatory application of different sustainability reporting frameworks have a negative impact on comparability.

The topic of potential CDP reporting discrepancies across different reporting channels among Finnish companies may be explored in more detail. In addition, based on results yielded in this research, the reasons behind SASB not being preferred to GRI might be contemplated.

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APPENDICES

Table 11: Question 4: How does your company report on sustainability?

” Non-financial reporting is included to annual report. All the other sustainability issues are reported in our annual sustainability report.”
” Non-financial information report.”
” In annual report, including a GRI index. Also through CDP and other ESG ratings.”
” NFI-report and sustainability section in annual review.”
” Annually, in annual report, GRI supplement (According to GRI standards core option) and in Financial statements (NFI). “
” In the annual sustainability report, NFI statement and CDP. “
” External GRI Standard report (Core)+ NFI statement in Financial review + website (IR/general), frameworks like CDP. “
” …with a separate sustainability report - now working on our eleventh report to be published in June. “
”Annual Sustainability Review.”
” Part of Annual report and Company's website. ”
” As part of annual report + a separate GRI listing.”
” NFI and part of BoD sections in annual report. ”
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” We publish a corporate responsibility report. ”
” Sustainability report is the main source for the annual sustainability information. Also additional information on webpages, and news releases if some specific sustainability related actions occur throughout the year. We also participate in different ratings, such as CDP, DJSI, Global 100, Ecovadis, that are an important means of sharing information on our sustainability. ”
” As part of the Financial statements (non-financial statement), separate annual Sustainability report, and maintaining data on website. “
” According to NFRD, as part of the Report of the Board of Directors. “
” In our Annual Report. ”
” NFI & annual Sustainability report + several stakeholder questionnaires. “
” Annually as part of our Annual Report under Report by the Board of Directors. “
” GRI Standards Core level, GRESB. “
“As part of the annual and financial review as well as other sustainability-related surveys.”
“In the annual report and as part of the group's sustainability report.”
“In our annual report and web site.”
“Summary presented within the Board of Directors review with reference made to separate sustainability report.”