

# Supply Chain: Sustainability under scrutiny and the role of CSRD (Corporate Sustainability Reporting Directive)

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Dissertation written under the supervision of Nuno Moreira da Cruz

Dissertation submitted in partial fulfillment of requirements for the MSc in International Management with a specialization in Strategy & Consulting at Universidade Católica Portuguesa and for the MSc in Strategy, Innovation and Management Control at WU University of Economics and Business, 30<sup>th</sup> of May 2024.

## **Abstract**

Child labor, climate change, and deforestation are pressing issues rooted in supply chains. In response, the EU introduced the Corporate Sustainability Reporting Directive (CSRD) to nudge firms toward behavioral change. This research explores how different firms respond to the CSRD and examines the motivations behind adopting sustainable supply chain approaches. The study identifies common themes and differences across SMEs, MNEs, and consultancies through a literature review and semi-structured interviews with experts. It highlights opportunities and challenges the CSRD presents, such as enhanced transparency and accountability versus content complexity and resource constraints related to double materiality assessment and boundary-setting.

While all participants acknowledged the importance of sustainability, a gap linking firm sustainability to their supply chains was identified. Results show firms stating compliance as the main driver for sustainability, acknowledging that meeting the basic requirement will not lead to a long-term competitive advantage. Despite mixed feelings, there is optimism about the CSRD's potential to drive change. Research recommends a mixed approach through regulatory enforcement with incentives and support, emphasizing timely adaptation, data management, and proactive engagement. The study found that MNEs often influence SMEs by cascading sustainability practices down their supply chains. However, SMEs face significant resource challenges, potentially leading to unfair competition.

This thesis also highlights areas for future research, including the role of AI and technology. The topic will undoubtedly attract researchers' attention in the future as companies comply with the CSRD, and mandatory reports provide deeper insights into the impact on sustainable supply chains.

**Keywords:** Supply Chain Sustainability, Corporate Sustainability Reporting Directive (CSRD), Multinational Enterprises (MNEs), Small and Medium-sized Enterprises (SMEs), Consultancies, carrot and stick approach, Compliance, Double materiality assessment, European Union (EU) legislation, Competitive advantage

**Title:** Sustainability under scrutiny: Insights from SMEs, MNEs, and Consultancies on CSRD in relation to the motivations and drivers behind a shift toward supply chain sustainability

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## **Sumário**

O trabalho infantil, as alterações climáticas e a desflorestação são questões prementes nas cadeias de abastecimento. Em resposta, a UE introduziu a Diretiva de Reporte de Sustentabilidade Corporativa (CSRD) para incentivar as empresas a mudarem de comportamento. Esta investigação explora como diferentes empresas respondem ao CSR através de uma revisão da literatura e entrevistas semiestruturadas com especialistas e identifica temas comuns e diferenças entre PME, multinacionais e consultorias. Embora todos os participantes reconhecessem a importância da sustentabilidade, foi identificada uma lacuna na ligação da sustentabilidade das empresas às suas cadeias de abastecimento. Os resultados mostram que as empresas afirmam que a conformidade é o principal impulsionador da sustentabilidade, reconhecendo que o cumprimento dos requisitos básicos não conduzirá a uma vantagem competitiva a longo prazo. Apesar dos sentimentos contraditórios, há otimismo quanto ao potencial do CSRD para impulsionar a mudança. A investigação recomenda uma abordagem mista de aplicação regulamentar com incentivos e apoio, enfatizando a adaptação atempada, a gestão de dados e o envolvimento proativo. O estudo concluiu que as multinacionais influenciam PME ao disseminarem práticas de sustentabilidade ao longo das suas cadeias de abastecimento mas PME enfrentam desafios significativos em termos de recursos, conduzindo potencialmente a uma concorrência desleal.

Esta tese destaca áreas para pesquisas futuras, incluindo o papel da IA e da tecnologia. O tema atrairá, sem dúvida, a atenção dos investigadores no futuro, à medida que as empresas cumpram a CSRD e os relatórios obrigatórios forneçam informações mais profundas sobre o impacto nas cadeias de abastecimento sustentáveis.

**Palavras-chave:** Sustentabilidade da cadeia de suprimentos, Diretiva de Relatórios de Sustentabilidade Corporativa (CSRD), Empresas Multinacionais (MNEs), Pequenas e Médias Empresas (PMEs), Consultorias, abordagem de incentivo e castigo, Conformidade, Avaliação de dupla materialidade, Legislação da União Europeia (UE), Vantagem competitiva

**Título:** Sustentabilidade sob escrutínio: percepções de PMEs, multinacionais e consultorias sobre o CSRD em relação às motivações e motivadores por trás de uma mudança em direção à sustentabilidade da cadeia de abastecimento

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## **Acknowledgments**

First and foremost, I want to express my deepest gratitude to my supervisor, Professor Nuno Moreira da Cruz, for his unwavering support and invaluable guidance throughout this journey. I also wish to extend my heartfelt thanks to Miguel Filipe Guerreiro and Angela Lucas for their continuous support.

I am profoundly grateful to both universities, WU Vienna and CLSBE, for making this Double Degree program possible, providing me with the opportunity to gain such enriching and diverse experiences.

A special thank you goes to all the interviewees who generously shared their insights, offering me practical perspectives on real-world issues that greatly enhanced my research.

I am incredibly thankful for the ongoing support and encouragement from my family and friends abroad, who have been a constant source of strength throughout my academic journey. I am equally grateful to my fellow students, who have shared this journey with me, and with whom I have created lasting memories.

Lastly, I want to express my sincere appreciation to the city of Lisbon for welcoming me and being my home for an entire year. Your vibrant culture and warmth have left an indelible mark on my heart.

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## List of abbreviations

AI	Artificial Intelligence
CSDDD	Corporate Sustainability Due Diligence Directive
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
EFRAG	European Financial Reporting Advisory Group
ESG	Environmental Social Governance
EU	European Union
GRI	Global Reporting Initiative
MNE	Multinational enterprise
NFRD	Non-Financial Reporting Directive
SASB	Sustainability Accounting Standards Board
SDG	Sustainable Development Goal
SME	Small- and Medium-sized enterprise

## 1. Introduction

The supply chain is a big issue for companies wanting to reach their sustainability targets, as about 90% of emissions stem from the supply chain. This, however, is not the only issue; human rights abuses, deforestation, and pollution are examples of other topics directly related to the supply chain (Biela-Weyenberg, 2023).

The European Center for Human Rights reports that there is an increasing tendency toward inhumane working conditions, so it is no surprise that all EU member states favored a European directive on sustainability reporting in 2020 (Business & Human Rights Resource Centre, 2023). The Corporate Sustainability Reporting Directive (CSRD) came into force on the 5th of January 2023 and requires all large companies and listed companies (except for micro-firms) to provide details about their perceptions of the opportunities and hazards associated with social and environmental issues, as well as the effects of their operations on the environment and human population. The first time the directive will be applicable for companies that already fall under the scope of the previously established Non-Financial Reporting Directive (NFRD) is the financial year 2024 for records published in 2025, meaning companies already need to get ready (European Parliament & Council of the EU, 2022).

The directive states that the information that needs to be disclosed on potential negative impacts of actions taken must also be provided for the entire value chain. Therefore, companies must also gather and report data on their suppliers, which impacts the supply chains' sustainability, as reporting is the first step towards taking action (Hummel & Jobst, 2024).

This research aims to qualitatively explore the primary motivations behind transitioning to more sustainable supply chain approaches and to understand how SMEs, MNEs, and consultancies react to the CSRD.

In line with this, the following research questions were identified:

*RQ1: What are the primary motivations driving SMEs, MNEs, and consulting firms to transition towards more sustainable approaches in supply chains, given the recent change in legislation in the EU due to the CSRD?*

*RQ2: How does the directive impact SMEs, MNEs, and consulting firms, and what similarities and differences exist between them?*

Due to simplicity, the term “consulting firm” will be used in the following chapters as an umbrella term for firms offering external help comprising accounting, risk advisory, and reporting assistance.

## 2. Literature review

The funnel approach is used to dive into the existing literature, looking at the topic from a broader perspective and then narrowing it down. First, research on supply chains and sustainable development is examined to understand the shifts and the theory behind what motivates companies to evolve to a greener future. Then, the EU regulations in that field are discussed, leading to a deep dive into the CSRD, which is being described, and existing research on its impact is presented to provide an overview. In the end, a conclusion is offered to give an extensive basis from which the interview questions will be derived.

### 2.1. Supply chain sustainability

Most issues humanity is confronted with right now, such as water scarcity, climate change, and poverty, stem from following unsustainable practices. They threaten the existence of the inhabitable planet Earth and the quality of life for all living beings. Therefore, sustainability is something companies should and must strive for (Mensah, 2019).

However, the terms “sustainability” (Byrch et al., 2015) and “corporate social responsibility” (CSR) (Hinze & Sump, 2019) do not have one universal definition, which makes striving for them complicated. There is also no foolproof way to achieve them, as various industries and firm sizes must be considered, making companies struggle (Dinh et al., 2022).

Many of the problems companies face to be sustainable, such as poor labor conditions, deforestation, or CO<sub>2</sub> emissions, often stemming from consumer goods supply chains, especially agricultural products, fashion, and manufacturing. As the world’s population depends heavily on precisely those, life without them becomes unimaginable, underlining the severity of the problem (Nguyen & Zuidwijk, 2024).

Therefore, the literature suggests that supply chains must be a substantial part of the solution to reach sustainability goals. Yadav et al. (2023) show a positive correlation between sustainable supply chains and the overall sustainability of the firm, as sustainable supply chain practices can help resolve environmental and social issues. If a company engages in CSR activities, it can reap performance benefits. Financial gains can be expected in the long rather than the short term as switching to different approaches will be connected with additional costs that must be covered first.

Xu et al. (2023) underline the importance of sustainable supply chain management on firm performance and specifically mention the three pillars that should be considered in order to

capture the full effect: economic, environmental, and social. In contrast to the ideal supply chain that tackles its impact on all three areas mentioned above, the reality could not be further away due to current supply chain models needing to keep up with the shifting demands (Yu, 2023). What happens if companies do not keep up with this shift? As mentioned above, literature like Yadav et al. (2023) suggests that supply chains play a significant role in a company's sustainability impact.

According to Villena (2020), many Multinational Enterprises (MNEs) strive for sustainability by trying to push new approaches down their value chain to achieve a so-called “cascade effect,” as they have realized the importance of all tier suppliers being on board and following one universal goal to achieve a sustainable approach socially and environmentally. However, this often leaves the low-tier suppliers not complying with these new and more sustainable practices, leading to financial, social, and environmental risks for the entire company. Due to these bad CSR practices, the company will likely lose customers if the information reaches the clients, resulting in supply chain disruptions as new suppliers must be found.

This risk is also confirmed by other studies (Lev et al., 2009; Servaes & Tamayo, 2013), proving that social irresponsibility is not only a potential risk but a risk that needs to be taken seriously as there are numerous cases in which companies have tried to implement new internal policies to work towards their CSR-related goals but failed due to lower-tier suppliers not complying. It has led to huge costs that companies had to bear, causing massive scandals and losing consumers' trust.

Wilhelm et al. (2015) support that argument by underlining the importance of including all-tier suppliers in the sustainability strategy to achieve results. Therefore, lead firms need to help their first-tier suppliers in their double agency role, as they do not only have to comply with specific regulations given by the lead firm themselves, but they also need to implement these regulations in their supply chain by passing on the requirements to lower-tier suppliers.

It is hard for suppliers to comply with the guidelines stemming from the MNE because the pressure on the suppliers is often too high to meet the given requirements. For instance, research by Villena (2020) shows that orders often are impossible to deliver quantity-wise if labor policy is not ignored in terms of, for example, the working hours. Suppliers fear being traded in for a competitor that can provide precisely what is needed, so they often feel they have no alternative but to ignore the internal policies.

The complexity of today's supply chains in the globalized world is the issue as most MNEs do not even have contact with their entire supply chain nor all the data, meaning the supplier's actions are invisible. On top of that, if suppliers are located in areas where the legislative

framework is very relaxed, they do not see any incentive to comply. There is a strong link between the suppliers' implementation of sustainability practices and countries' institutional pressure, meaning that if there is a "contextual fit" between both, suppliers are more likely to follow guidelines and vice versa (Castaldi et al., 2022). This poses extreme risks for the entire value chain since "a supply chain is only as strong as its weakest link" (Villena, 2020). The need for regulation emerges to make the social and financial risks evident and, therefore, counteract the abovementioned issues. The aim is to have all-tier suppliers on board to have sustainable practices throughout the entire supply chain.

## 2.2. Drivers of responsible business

As previously discussed, the importance of sustainability is a common fact. The following question arises: Why do companies need help implementing more sustainable practices within their firms and entire value chains? Literature suggests that it goes much deeper than it seems.

### 2.2.1. Achieving competitive advantage

According to Schumpeter's theory of creative destruction from 1942, the economy is a dynamic and organic process. Established practices and presumptions must be dismantled to evolve and innovate, as it is necessary to free up resources and energy. Therefore, companies must constantly fight for a competitive advantage to outlive their competitors. As time passes, the theory backed up by research also states that gaining such a competitive advantage will be harder to obtain and sustain in the future in many industries due to, e.g., more resource scarcity stemming from climate change and exploitation. Back when the theory was introduced, the only goal was profit maximization, as it was seen as the motivator behind innovation (Wiggins & Ruefli, 2005).

Recent literature, such as Cantele and Zardini (2018), Gupta and Benson (2011), Ioannou and Serafeim (2019), Mensah (2019), Young et al. (2023), and Yu (2023), however, argues that sustainability across all three pillars (environmental, social and economic) is vital when it comes to establishing a competitive advantage and cannot be ignored any longer.

Therefore, research by Gupta and Benson (2011) and Young et al. (2023) shows that leading firms have the following characteristics: pursuing long-term competitive advantage through sustainability, overcoming economic constraints, entering new markets, and growing the business. These businesses place a high value on robustness and resilience, intending to have a

beneficial, all-encompassing effect on society and the environment. They create alliances and leverage the power of technology and digital media to increase their impact and improve value creation for all stakeholders involved.

Adopting holistic strategic sustainability practices is positively and strongly correlated with market valuation multiples and return on capital, according to exploratory data from Ioannou and Serafeim (2019). This supports the former article's argument. While certain sustainability practices are considered the standard and not complying with these makes business impossible, deep integration of a well-rounded sustainability strategy anchored in the firm's purpose can create a real advantage as it is hard to match by competitors.

Yu (2023) states that highly sustainable supply chains can create that desired resilience as they diminish negative environmental impacts and can make a firm shift away from scarce resources, lowering the risks of disruptions in the supply chain and giving the firm an edge over its competition.

The benefits are clear, and sustainable development still needs to be implemented everywhere because awareness is lacking. Sustainability is not just a nice-to-have, it is essential:

“All people must be aware and acknowledge that their survival and the survival of the future generation depend on responsible behavior regarding consumption and production, environment and progressive social values” (Mensah, 2019, p. 15).

Employees from large corporations and small- and medium-sized enterprises need to be aware of the benefits of an orientation towards sustainability, which enables a long-term competitive advantage. Often, it is hard to understand, especially for smaller firms, but change will only happen if this link is apparent. (Cantele & Zardini, 2018). Therefore, the critical drivers for sustainable development are either internal motivation, as the benefits of the change of actions want to be reaped, or legislation, as noncompliance can lead to a punishment. The following section focuses on this intricate topic.

### 2.2.2. The carrot and stick dilemma

According to the literature, there are different beliefs on which of the two key drivers, reward through actions (commonly known as carrot) or punishment through legislation (also referred to as stick), is the most effective for sustainable change.

On the one hand, Ma and Latif (2023) argue that governments need to move away from using laws and policies to drive sustainable development as these often only consider improvements regarding CSR factors, completely disregarding whether, in turn, the undertaken actions of the

firms have a benefit for them as well. While such policies evidently positively affect firms' CSR, they do not positively impact firm performance, and the competitive advantage cannot be sustained. If all firms comply with a policy, there is no competitive advantage in it anymore. Therefore, the authors argue that they should focus more on providing support through information, financing, and compensation for sustainable investments to effectively incentivize CSR actions as companies strive to outperform their peers. The carrot should be the focus of the attention and not the stick if developments in firms' CSR want to be achieved.

On the other hand, according to Giacomini et al. (2018), research shows that only little change is happening without regulations. When looking at some data of Italian municipalities, even though voluntary reporting was an option, as time passed on, many of them did not start or continue reporting on sustainability as there were many downsides perceived to it, such as high costs involved and perceived low effectiveness of the sustainability reporting action. The trend is moving away from voluntary reporting as there is a decreasing interest in the data sample.

However, this case is not the only one. Other research from Anguiano-Santos and Rodríguez-Entrena (2024) confirms that before any directives, disclosure levels in their data sample were as low as 57.13%, with a proven strong downward trend. These are all examples of the reward-through-action or carrot approach failing due to barriers to implementation being perceived as too high and a lack of awareness of the amplitude of the impact.

Moving away from the two extremes, the literature suggests that there is not only a black-or-white solution but also a mixed approach. A so-called "carrot plus stick" (Yadav et al., 2023) approach should exist when implementing sustainable practices. Mensah (2019) confirms this by stating that policies must be developed and implemented in every nation to ensure social and sustainable development alongside institutional and financial aid to reward actions contributing to change in the right direction, improving the firm's sustainability.

The EU started to follow this mixed approach idea through the CSRD, utilizing the law to ensure that sustainability reporting becomes the norm rather than the exception to motivate companies to take action to improve their CSR performance, which will be discussed in the following section.

## 2.3. EU regulations

### 2.3.1. Pre-CSR: History of the sustainability-related regulatory framework in Europe with a focus on the NFRD

In response to the need for regulation, globally, policies on ESG ratings have emerged as one of the main drivers of sustainable development. Due to today's global value chains, businesses in all sectors must comply and strive towards a future with responsible business (Borowicz & Czerepko, 2023). Therefore, mandatory extensive reporting is used as a vehicle to speed up sustainable change, hoping to lead to firms counteracting the many CSR-related issues affecting the entire world due to the awareness factor making the costs outweigh the benefits of no actions (Baumüller & Grbenic, 2021).

Researchers have noted that most of the literature on reporting focuses on the financial aspect. As reporting on sustainability is a very recent notion, more studies are still needed regarding the combination of mandatory reporting and sustainability. (Borowicz & Czerepko, 2023).

On a global level, the Global Reporting Initiative (GRI) first published guidelines in 2000. It was the first system to hold firms accountable and guarantee that businesses follow the principles of responsible environmental behavior. Later, it was expanded to cover social, economic, and governance challenges. However, these standards are voluntary, meaning firms are not required to comply (GRI, 2024).

Compared to other areas, the European Union is a leader and is a reference point when adopting and creating new legislation to drive sustainability. The EU governs the disclosure of: “(i) companies’ sustainability aspects (Corporate Sustainability Reporting Directive), (ii) the sustainability of economic activities (Taxonomy Regulation), (iii) the sustainability of financial products (Sustainable Finance Disclosure Regulation), and (iv) the environmental, social and governance risks of credit institutions (Pillar 3 disclosures)” (Hummel & Jobst, 2024, p. 1).

A turning point in public understanding of the issues surrounding climate change and sustainable development was the 2015 Paris Agreement on Climate Change and the UN's approval of the Sustainable Development Goals (SDGs). This was followed by the Action Plan for Financing Sustainable Growth in 2018 (European Commission, 2018) and the European Green Deal in 2019, introduced by the European Commission, which is comprised of a set of policies to make the entirety of Europe climate neutral by the year 2050 (European Commission, 2019). The European Climate Law (European Parliament & Council of the EU,

2021) was enacted in July 2021 following the European Green Deal. Member states must attain net-zero greenhouse gas emissions by 2050 (Hummel & Jobst, 2024).

In line with these advancements, the legislation about sustainability disclosure is also evolving. The Non-Financial Reporting Directive (NFRD), also called Directive 2014/95/EU (European Parliament & Council of the EU, 2014), was the starting point for the following directives in the EU. The NFRD requires public-interest businesses to create sustainability reports that include information on corporate governance, ethics, the environment, and social issues. The goal was to make comparing companies and evaluating and monitoring their engagement and sustainability performance easier. Each member state needed to transpose the directive into national law to come into effect on the first day of 2017. As each country was free to go further than the NFRD proposed, this led to even more stringed laws, such as the one in Spain.

However, according to Anguiano-Santos and Rodríguez-Entrena (2024), the results of their analysis show that the NFRD has not increased the level of disclosure in the sustainability reports issued by the companies in their sample, which is a finding supported by other literature as well. The reason is that many companies use such reports to greenwash their actions to look better in front of stakeholders, meaning hiding CSR violations to create a better image when comparing the firm with competitors. The European Commission found that 40% of the content issued in published sustainability reports cannot be supported by evidence, proving that the NFRD alone is not good enough and missed the target (Forética, 2023).

### 2.3.2. The Corporate Sustainability Reporting Directive (CSRD)

#### 2.3.2.1. Content of the CSRD and its distinct features

The Corporate Sustainability Reporting Directive (CSRD) came into force on January 5<sup>th</sup>, 2023, and mandates businesses that fall under its scope to disclose environmental and social impacts and how these actions affect their business. It follows the European Sustainability Reporting Standards (ESRS) set by the European Financial Reporting Advisory Group (EFRAG). It aims to enhance transparency for investors, analysts, consumers, and stakeholders, expanding on the previously mentioned NFRD and hoping to counteract its shortcomings. The CSRD will be phased in from 2025, requiring reporting for the financial year 2024 until 2029 based on NFRD legacy or company size (European Parliament & Council of the EU, 2022).

Previously, 11,700 entities have been subject to the NFRD. In comparison, the CSRD affects around 50,000 entities, either large companies, small- and medium-sized enterprises (SMEs),

or non-EU companies meeting the requirements for each group. Large companies need to meet 2 of the three criteria: the turnover is higher than EUR 40 million, the total assets are higher than EUR 20 million, and/or the number of employees exceeds 250. All SMEs fall under the scope except for micro-undertakings, identified by staying within the criteria: 10 workers, net revenue of EUR 700,000, and/or total assets of EUR 350,000. Non-EU companies also need to comply with the CSRD if they have a higher turnover than EUR 150 million in the EU by 2028, which underlines the global significance of the directive (Borowicz & Czerepko, 2023).

However, the literature suggests that even firms outside of the scope of the CSRD will be indirectly impacted due to the shift happening in European capital markets, starting to put more weight and emphasis on sustainability-related information, which, if not provided, can be detrimental (Baumüller & Grbenic, 2021).

The key objectives are standardizing the ESG reporting to have a standard level playing field and combating greenwashing, making it easier for consumers to understand a firm's actions. Therefore, the directive also makes it harder for companies to "cherry-pick" and ensures comparability of information. Compared to the prior directives, the CSRD broadens the scope of reported data to the entire value chain and expands the reporting obligations. Businesses in the scope of the directive make it easier for stakeholders to gather reliable risk information due to the information reported as the directive mandates an integration of sustainability and financial reports into a single management report instead of a separate one for sustainability information (Hummel & Jobst, 2024).

Not only does this aspect set this directive apart, but it also introduces the double materiality assessment. It requires firms to report on not only the impact of the operations on their stakeholders (which is called the inside-out perspective or the impact materiality) but also on the external risks that affect the firm's financial value (which is called the outside-in or financial materiality). This concept bridges the gap between economic and non-financial information (Mejía et al., 2024).

Another new aspect is third-party auditing, which is mandated for the accuracy and completeness of disclosures and to improve the reliability of the information provided. Initially, the assessment will follow the "limited assurance" approach, meaning auditors will follow protocols to ensure they do not have any evidence that leads them to assume that the data is significantly misstated. Compared to "reasonable assurance," which necessitates a more thorough assessment to verify the accuracy of the material, limited assurance is less stringent to allow for a smooth transition (Baumüller & Grbenic, 2021).

Furthermore, the directive mandates that EU member states impose penalties for noncompliance based on the severity and duration of the breaches. According to economic-based theory, companies can quickly disclose information if the costs are lower than the benefits (Verrecchia, 1983). Therefore, the intent is to incentivize firms to comply with the directive by making non-compliance more costly through penalties.

#### 2.3.2.2. Impact of the CSRD on the sustainability of supply chains

As can be derived from the previously stated characteristics, the CSRD merely requires companies within its scope to report, as it does not give any implications on how a firm's actions should be. It nevertheless affects the sustainability of supply chains for several reasons.

First and foremost, the connection between sustainability reporting and following action toward a more responsible business is not guaranteed. Still, the thought behind it is that firms care about maximizing value, whether it is only share- or stakeholder-related. By having to report extensively on their CSR commitments and actions, they give access to their data. This then can be used by several groups and influence their actions, potentially harming the firm.

For instance, one group impacted by mandatory reporting is the customers, who gain access to accurate information on how sustainable a company is. If a firm is not performing well, customer loyalty could decrease, resulting in lower sales and lower willingness to pay. However, with a very positive sustainability report, firms can use it as a competitive advantage to outperform their peers, boosting customer loyalty (Christensen et al., 2021).

Another substantial consequence reporting has for the firms is the impact on potential investors and fund providers. They will benefit from the new information they gain access to, including it in their assessments of the firms, due to the importance placed on sustainability, nudging firms to strive for more sustainable actions to boost their standing (Falkenberg et al., 2023). To be even more precise, by employing double-materiality, companies show vulnerability as they do not only have to assess their impact on stakeholders but also the impact external social and environmental risks have on the financial value. This indicates the continuity of a business, affecting investment decisions and capital allocation. (Mejía et al., 2024).

Therefore, as companies have to report on their entire value chain due to the CSRD, they will be more inclined to take action towards improving the numbers as they need a favorable report for their benefit (Zhong et al., 2022). As previously mentioned, the supply chain plays a huge role when looking at the entire sustainability of a firm, which is why actions to improve supply chain sustainability have a significant impact on sustainability reports.

Many of the current issues the world has to deal with have their root cause in the value chain operations of a firm. For instance, economic growth over the years has led to many firms outsourcing their productions to countries with a lower level of development, where CSR standards are almost non-existent, making it easy for firms to ignore ethical concerns and, for example, use child labor. However, once companies report on actions along their value chain, specific behavior cannot go unnoticed anymore, incentivizing firms to change actions (Felbermayr et al., 2024).

Looking at all the ESRS documents, specifically the following sections in ESRS 2 – general disclosures require information about the value chain: GOV-3 (integration of sustainability-related performance in incentive schemes), SBM-2 (interests and views of stakeholders), Policies DC-P (policies adopted to manage material sustainability matters), Metrics DC-M (metrics about material sustainability matters) and Targets DC-T (tracking the effectiveness of policies and actions through targets).

Supply chains also play an essential role when reporting under ESRS E1 (Climate change) due to their tremendous negative impact. However, the supply chains are targeted more specifically when information is required on social aspects through ESRS S2, requiring reporting on workers in the value chain. In the future, due to sector-specific standards being developed (some early drafts are already approved), high-risk industries, when it comes to CSR-related issues in their value chains, will be targeted even better, allowing a clear connection between the CSRD and sustainability of supply chains (European Parliament & Council of the EU, 2023).

#### 2.3.2.3. Possible Disadvantages

The CSRD does not only have advantages, such as mandating reporting and indirectly nudging firms to implement sustainable change while also addressing some of the shortcomings of the NFRD but there are also downsides to consider. In literature, three main themes are occurring. First, it is mentioned that the directive can be interpreted differently as the scope is lacking, which can cause firms to struggle and miss the mark (Falkenberg et al., 2023). For example, Baumüller and Grbenic (2021) mention that companies often do not understand double materiality assessment. This is backed up by Mejía et al. (2024), as only 33% of reports claiming to fulfill the double materiality reporting duty do so. The remaining 67% are merely label adopters due to possibly not understanding the required scope. As the CSRD needs to be transposed by each country into national law, the possible discrepancies between the member states can amplify this effect, causing more problems (Borowicz & Czerepko, 2023). Another

issue connected with the interpretation is setting the reporting boundaries. As “...including the full network of a reporting entity’s sub-contracting and outsourcing is crucial for enabling transparency and traceability along the supply chain” (Antonini et al., 2020, p. 1536), it is tough to decide how far a firm needs to go to meet the requirements of the CSRD, causing a lot of confusion and issues with correctly assessing the risks.

Second, due to the complexity of the entire “multi-verse” of sustainability-related regulations, like the CSRD, it is hard to keep up with all the changes (Hummel & Jobst, 2024). Companies need to focus a lot of energy on monitoring the developments, which can harm their motivation to drive responsible business and make them fall into a “tick-box mentality,” just making sure they meet the requirements, which is not the purpose behind the CSRD (Baumüller & Grbenic, 2021).

Last but not least, enforcing the CSRD has direct and indirect costs for the companies complying. Due to the extensive amount of data required on the entire firms’ value chains, considerable investments are needed quickly, even from firms that already need to report under the NFRD. Indirectly, the directive can also negatively affect companies as detailed reporting might harm their competitive advantage and discourage them from striving for innovation (Christensen et al., 2021).

#### 2.3.2.4. Effect on different groups (Accounting and consulting firms, MNEs, and SMEs)

Apart from the general effects of the CSRD on firms, the directive also uniquely affects different groups of firms. As this research dives deeper into consultancies, MNEs, and SMEs when considering the CSRD, literature regarding these was also examined. In general, it can be said that there still seems to be a gap in the literature on expert opinions on the matter as well as the new directives’ impact on different groups given that CSRD reporting is only required from 2024 onwards (Falkenberg et al., 2023). Therefore, this thesis aims to help bridge the gap by diving deeper into the possible impacts of the CSRD and comparing the impacts between different kinds of firms.

Starting with MNEs, the literature suggests that they become a lead firm due to spreading the sustainability reporting requirement upstream and downstream of their supply chain. Therefore, firms, no matter what size, are impacted even if they are outside of the EU because they are either supplying or getting supplied by an MNE within the scope of the CSRD. For instance, if an MNE in the scope of the CSRD is looking for a supplier, they will place more importance

on what kind of data they can provide them and what kind of CSR performance they have, because they have to report it in their statements. This underlines the global impact the directive has (Nguyen & Zuidwijk, 2024).

Moving on to SMEs, most of them are outside the scope of previous reporting requirements. Hence, they often have to start from scratch to prepare for mandatory disclosure of information on sustainability practices. The reason suggested is the “small firm communication gap,” meaning that smaller firms have less active communication of their sustainability commitments while they place more emphasis on the actual implementation (Wickert et al., 2016). This makes it harder for them to comply with the CSRD than for MNEs, as more costs are connected to it (Falkenberg et al., 2023).

While it is proven that smaller firms have a higher incentive to become more sustainability-oriented due to the hope of gaining access to further resources, SMEs are also more driven by the high costs incurred (Schreck & Raithel, 2015). As these firms often have fewer resources at their disposal, they usually prioritize short-term goals over long-term ones, leading to leaving sustainability-related actions behind because of the high-cost barrier connected to them. Therefore, mandatory reporting can help shift the focus on the importance of precisely these actions (Mikušová, 2017).

However, this is criticized since the goal is to move towards a more responsible business. Still, SMEs need to use a significant portion of their resources to report instead of using it for positive change (Wickert et al., 2016). It is argued that to level the playing field between different-sized firms, there should be targeted support by the government, such as free consulting services or tax relief. This should also help shift the SME's thoughts on sustainability-related actions, often considered unnecessary resource occupying, leading to less quality (Mikušová, 2017).

Regarding accounting and consulting firms, the literature suggests they are crucial for successfully implementing the CSRD, as auditors ensure data, trustworthiness, and comparability and improve an organization's planning, monitoring, and accountability. They reduce the risk of greenwashing, an essential aspect for stakeholders (Hazaea et al., 2021).

When solely looking at consulting firms, more research must be done on the CSRD. However, by expanding the search, evidence proves that consulting firms are also responsible for sustainable change through an outside-in approach, even if not immediately recognizable. As stated by Gond et al. (2024), clients use consultancies as so-called issue translators (to help manage the complexity), power vehicles (to move adoption forward), boundary workers (to circulate knowledge across settings), market builders (to identify opportunities with a CSR

focus), engineers (helping design new actions) and soft regulators (implement regulations such as the CSRD).

### 2.3.3. Post-CSR: Further developments and the CSDDD

Due to the downsides mentioned above, further developments have occurred since introducing the CSRD. The European Parliament formally adopted the Corporate Sustainability Due Diligence Directive (CSDDD) on April 24<sup>th</sup>, 2024. It has the goal to enhance corporate governance procedures to lessen adverse effects on human rights and the environment internationally, to address negative consequences, and to encourage ethical and sustainable business practices along the whole global value chain. Companies doing business in the EU must always uphold strict labor, environmental, and moral standards. The CSDDD mandates that businesses include due diligence in their management systems and policies to detect risks. Firms would need to implement a grievance procedure and risk management measures. Additionally, an annual report outlining the goals and efforts of the due diligence process and tracking the measures' efficiency would be required (Felbermayr et al., 2024; Jurić et al., 2023). While the CSRD requires firms to be transparent about their actions, no matter how sustainable they are, the CSDDD requires firms to take environmental and social responsibility, harmonizing possibly existing laws across European countries like the one in France and Germany. Researchers criticize that despite progress, the CSDDD is very complex, making firms use up scarce resources to comply with it instead of focusing immediately on improving sustainability, which is especially tough on small businesses. Another risk is potentially alienating suppliers from emerging countries, like small farmers, due to needing to meet the standard instead of proactively helping by giving them resources to change the situation (Wilhelm & Both, 2024).

## 2.4. Conclusion literature review

To summarize, sustainability needs to be clearly defined, while sustainable supply chains are crucial to solving several CSR-related issues the world faces, so the need for regulation emerges.

As firms want to be in the market long-term, sustainable strategies are crucial to gaining a competitive advantage. However, only a few firms follow this approach, so it is examined whether their motivation through benefits (carrot) is enough or whether legislation and penalties

(stick) are needed to drive responsible business. As the results are mixed, a combined approach is suggested.

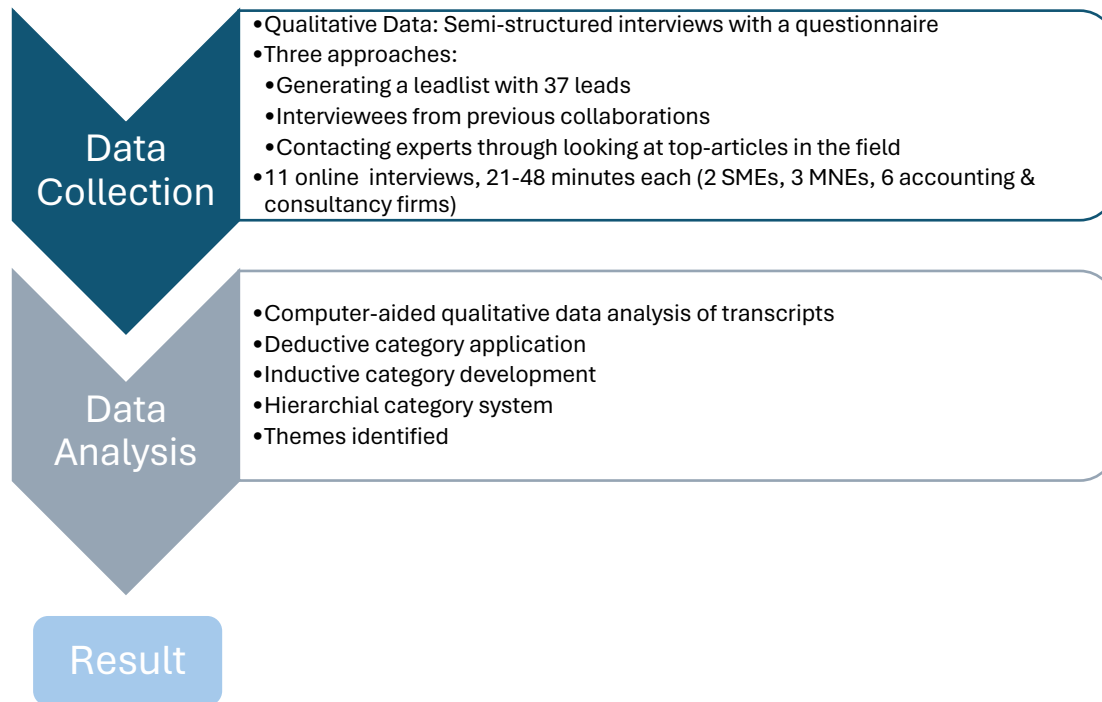
As regulations regarding mandatory sustainability reporting are pretty recent, there is still a gap in literature. Looking at the regulatory landscape in the EU as a global leader in the field, the developments are examined, starting with the NFRD, which, due to several downsides, led to the extension and adoption of the CSRD, mandating reporting on sustainability. The directive does not require actions; it simply involves transparency through the data provided, but the literature shows a link to sustainable supply chains. The impact also differs on the type of firm, whether an SME, MNE, or accounting and consulting firm, which is another gap in research and needs to be explored. However, there are also downsides, which are partially addressed by introducing the CSDDD.

Overall, many concerns must be addressed to ensure sustainable supply chains. This research aims to close the gap in the literature on mandatory CSR reporting in Europe. It aims to give a voice to experts in the field and offer insights on how different types of firms are affected by the CSRD.

### 3. Methodology

The methodology can be divided into two parts: data collection and data analysis. An overview of the process is provided in Figure 2.

*Figure 1: Overview methodology*



#### 3.1. Data collection

The first step is gathering the data. Semi-structured interviews were used to find answers to the research questions of how companies are currently preparing for the CSRD and what motivations are behind a change to a more sustainable supply chain management approach. According to Falkenberg et al. (2023), future research should approach the CSRD-affected companies directly to figure out how they view the directive and which problems they anticipate, suggesting a qualitative approach as the most suitable method, which was the reason for choosing semi-structured interviews as the method.

The questionnaire was developed based on the literature review and adapted to the three main groups targeted by this research: MNEs, SMEs, and accounting and consulting firms. This resulted in three slightly differing questionnaires (see appendix chapters 8.2-8.4). The aim is to compare the practical findings from the interviews with the theoretical results from the literature.

Three ways were used to identify experts with knowledge of sustainability reporting or sustainable supply chain management to maximize the response rate.

First, the sales navigator from a popular social networking platform has been utilized to identify suitable interviewees working in MNEs, SMEs, or accounting and consulting firms. The search for leads was carried out by a keyword search to identify two exciting personas. The first persona, “supply chain expert,” was recognized by keywords such as “supply chain management” or “supply chain manager” in the field “current job title.” Furthermore, the “seniority level” was set to “experienced manager” to get people with enough experience to share during a potential interview. The second persona, “sustainability manager,” was identified by the exact keywords “experienced manager” in the filter “seniority level” but distinguishes itself through the field “current job title,” where keywords such as “head of sustainability” or “sustainability specialist” were used. Both personas were then again filtered by setting the geographic location to “Europe” to increase the likelihood of getting people working where the CSRD is applicable. The persona “supply chain expert” searches yielded more than 5,000 leads, while the persona “sustainability manager” yielded around 2,000 leads.

To be able to increase the response rate after reaching out, the results were filtered again to people who attended the Católica Lisbon University of Business and Economics or the Vienna University of Economics and Business so that it would be easier to build rapport, which narrowed results down to roughly 35 each. The leads were converted into qualified leads by clicking on the profiles and determining if the individuals met the search criteria. Following that, they received an email explaining the significance of the research, the interviewer's introduction, and what to anticipate if they wanted to participate. As soon as the first 25 individuals were identified, they were contacted. A week later, another 12 people were approached after just a few responses were received, for 37 contacted individuals.

Out of these 37, seven were interviewees, while four responded by kindly declining the invitation to share their knowledge because they believed they could not contribute meaningful answers. Therefore, the interviews were conducted with one employee from an SME, three from MNEs, and three consultants. The other 26 requests have remained unanswered, leading to a response rate of approximately 30% with a success rate of roughly 19% to turn qualified leads into interviewees.

The second approach to identifying interviewees is to look at prior collaborations with the Center for Responsible Business & Leadership at Católica Lisbon University of Business and Economics, as this shows the people's willingness to contribute to research. Two potential

interview candidates from two SMEs were identified and contacted, as reaching these through the first method proved challenging. This method led to one more SME interview.

Third, to identify interviewees from accounting and consulting firms currently involved with the CSRD, a web search was conducted to find recent articles published on the topic, and the authors were contacted. Following this approach, three additional interviews were carried out with consultants.

After completing all 11 interviews (six accounting and consultancy firms, three MNEs, and two SMEs), no additional interviewees were contacted as the responses began to repeat the same themes, indicating saturation. An overview of the interviewees is attached in the Appendix Chapter 8.1.

The questionnaires used for the scheduled interviews with the three groups of interviewees, which can be found in the appendix under 8.2 until 8.4, all slightly differ in appeal to the targeted audience. The questionnaires for MNEs and accounting and consulting firms are the most similar to each other, both consisting of a section about demographic data, three content parts (“General Questions,” “CSRD,” and “Sustainable developments”), and questions at the end. The one for SMEs only has two content parts, as the “CSRD” one was left out due to often no prior engagement with it.

In addition to providing answers to organizational questions such as who conducted the interview and when, the demographic section of the questionnaire also requested demographic information from the respondents to categorize their responses. Quantitative questions were employed to determine the interviewee's age range and to obtain a definitive response about the interview recording or the inclusion of the firm name in the thesis.

In the content part, all questions except for a quantitative question with “yes” or “no” as answer possibilities in the “CSRD” section are qualitative and phrased to be open-ended. Depending on the interview partner, the two or three parts were conceptualized after reviewing the existing literature in the research area. The first part, “General Questions,” helps introduce the interviewee to the topic and gives an understanding of their role in the firm regarding sustainability and/or supply chains. The next part, if included, “CSRD,” aims at exploring whether the interviewee has heard of the concept before, how it influences the firm or clients, and what kind of opportunities or barriers the directive has. The subsequent part, the “Sustainable developments” section for MNEs and accounting consulting firms, is about forecasting change in sustainable supply chain practices, how the interviewee perceives the current regulatory framework, and general motivations towards achieving sustainability goals. At the same time, the questionnaire for SMEs aims to determine the client requirements and

targets they need to meet, whether there has been sustainable change in the past years, and how that is perceived.

The interviewees are asked in the last section if they would be interested in hearing the study's findings and if they know of anybody else who would be a good candidate for an interview. In this case, the pyramiding strategy is intended to reach interview subjects (Ciesielska & Jemielniak, 2018). As a last comment, additional room is reserved for any other thoughts or ideas the interviewers may have.

The respondents received the questionnaire and an invitation to participate in an online meeting once they had agreed on a time and date. The actual interview took place virtually face-to-face over MS Teams. Overall, the length of each interview varied, ranging from roughly 21 minutes for the shortest to almost 48 minutes for the longest. There were eleven people in the sample; seven of them were women, and four of them were men. Figure 2 below shows the number of interviewees in each given age range, showing a very diverse group. Therefore, one interviewee is below 25, three interviewees are between 25 and 34, three interviewees are between 35 and 44, and the highest number of interviewees, equaling four, are between 45 and 54 years old. Regarding their roles, nine interviewees focus more on sustainability in their everyday occupations, while three focus more on supply chains.

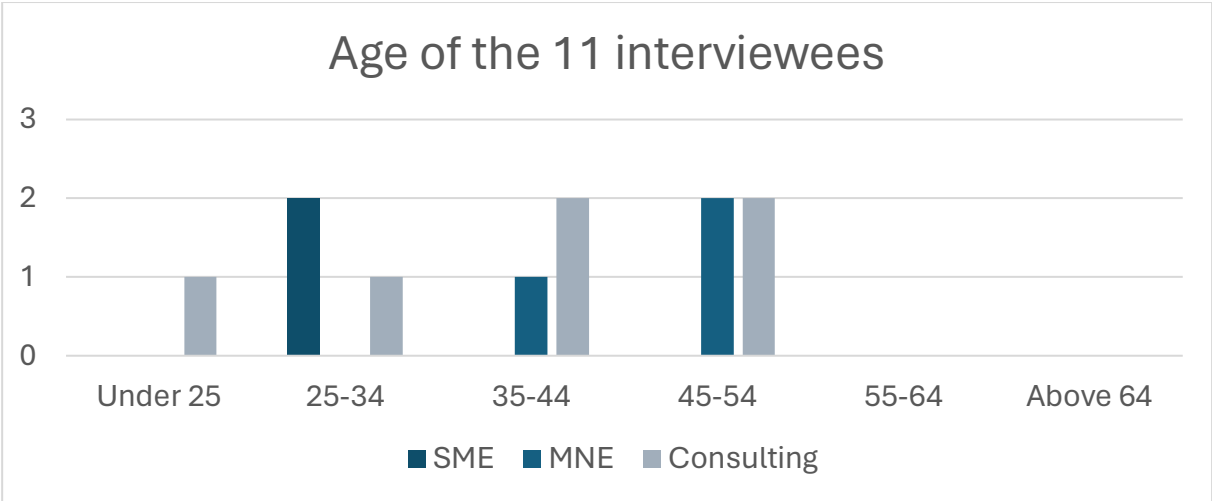


Figure 2: Age of the interviewees

Not only in terms of age but also in terms of location, the group of interviewees is very diverse. As the CSRD is mandatory for every EU member state to be transposed into national law, it is a topic surpassing country borders. Therefore, it is even more critical that the statements collected reflect different angles and that the interviewees are from other European countries. As shown in Figure 3, the highest number of interviewees, four in total, are in Austria. This is

followed by two interviewees in Portuguese, two in Germany, and two in the Netherlands. Additionally, one interviewee is from the UK, which is not part of the EU but is nevertheless impacted by the directive, as the literature suggests in the previous chapter.

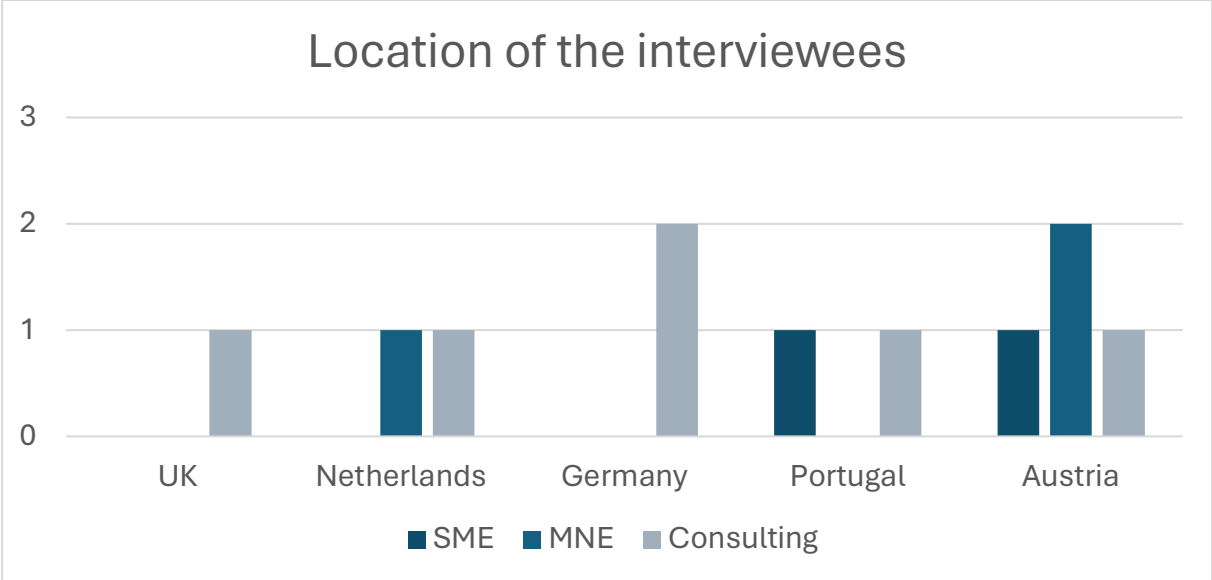


Figure 3: Location of the interviewees

Additionally, the interviewees were asked to state the industry they are working in, leading to the following ones being mentioned:

- Manufacturing
- Consumer goods
- Developing solutions in automation
- Packaging industry
- Metal processing
- Risk advisory
- Consulting
- Reporting & Accounting

The industry was not considered when choosing potential interview applicants, but the sample was more representative because of its high diversity.

After interviewing individuals, the interviews were transcribed by editing the transcript software automatically created from the audio recording. All the interviews were successfully recorded, allowing for an accurate transcription prepared for analysis in the following stage.

### 3.2. Data Analysis

Using MAXQDA, computer-aided qualitative data analysis was used to examine the data. The approach suggested by Radiker and Kuckartz (2019) was applied.

The text and the transcripts were initially uploaded to the software used for qualitative data analysis. Here, analysis with MAXQDA has been performed.

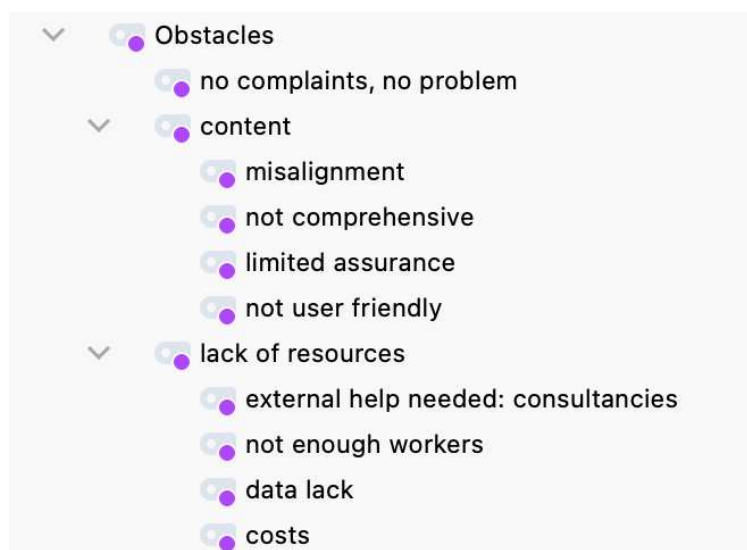
As Mayring (2000) also stated, categories were employed in the second phase to examine the qualitative data from the interviews. Deductive category application and inductive category development are the two primary approaches to this subject. When employing the inductive category-developing method, the responses create the categories. These categories are then used to monitor recurring themes in several interviews. Using the deductive category application, the categories are defined without first going through the interviews.

Both deductive category application and inductive category development have been combined in this instance. First, the deductive category application method has been employed because the interviews were conducted with a predetermined set of questions serving as a guide. Given that each question focuses on a distinct subject, this method is advised in this situation (Radiker & Kuckartz, 2019). As a result, every question is converted into a single category, to which specific passages from the uploaded texts have been allocated.

The second stage uses inductive category development. Consequently, after classifying each of the first step's produced categories, overarching themes are found and assigned a category after the category corresponding to the query.

For example, figure 4 below shows the code system used for question B4.1 of the MNE questionnaire: What obstacles or harm do you recognize in adhering to the directive?

*Figure 4: Coding system example from MAXQDA*



The category “Obstacles” has been derived from the question, which has been developed based on literature. The common themes “no complaints, no problems,” “content,” and “lack of resources” were defined after looking through all answers. The latter two were then refined even more with subcategories for “content” being “misalignment,” “not comprehensive,” “limited assurance,” and “not user friendly.” At the same time, “lack of resources” is the overarching term for “external help needed: consultancies,” “not enough workers,” “data lack” and “costs.”

This approach yields a hierarchical category structure, as Appendix section 8.5 shows. Once the category system has been established and every critical component assigned to the themes, each is carefully reviewed, evaluated, and summarized in the results section.

Afterward, the given statements are not only compared between the different types of firms in the sample but also contrasted with the findings from the literature review in the discussion part to give a holistic view of the topic.

## 4. Results

The questionnaires have been adjusted for each of the three different interviewee groups, leading to three separate ones. Therefore, the results of the semi-structured interviews are first divided by the company type of the interviewee and then broken down into the main different parts of the questionnaires. For reference, the questionnaires can be located in the appendix under sections 8.2, 8.3 and 8.4

### 4.1. SME interviews

Interviews 4 and 5 were conducted with employees from SMEs, shedding light on the topic from their perspective.

#### 4.1.1. Part A: General Questions

This section aims to get a basic understanding of the interviewee's role in the firm and the firm's general commitment towards sustainability to assess how much knowledge the firm has to offer about the interview topic and how embedded the firm is in the sustainability field.

The role of both interviewees is in the sustainability area, while Interviewee 4 has a more robust law background than Interviewee 5, showing high expertise and giving their answers high credibility.

Even though the two firms from interviewees 4 and 5 are SMEs and therefore not required to provide any reports on their sustainability actions, they are already reporting voluntarily. At the same time, one firm is reporting according to the Global Reporting Index (GRI) and has committed to net-zero targets, while the other business is reporting to the German firms it supplies to according to the questionnaires they send them and has started publishing its annual sustainability reports. Therefore, both firms are already very engaged in the topic of sustainability.

#### 4.1.2. Part B: Sustainable Development

The following part of the interview aims to dig deeper and explore the recent developments in sustainability the firms have undergone, their motivations, and what clients expect from them. As these firms are not required to report under the CSRD in the next year but only fall under the scope in 2027 when they have to report for the financial year 2026, the questionnaire was

adapted as questions about the CSRD were omitted. Interviewee 5 mentioned that it was very confusing for the firm to figure out when precisely they needed to report, as it was unclear where the boundaries were drawn.

When asked about specific requirements or standards the firms must meet, the topic of local supply chain laws came up. Interviewee 4 mentioned that because most of the firm's clients are in the German car market, the company must report to them due to the standards that the clients want to meet. This has a huge impact even further down the supply chain, as interviewee 4 confirms:

“We need to send questionnaires to our suppliers yearly regarding their sustainability developments, which is difficult to control. We are working with these great companies abroad, and they influence where we can buy, so we are not quite free to buy wherever we want. We must buy the components and the parts of our product from specific companies because if they are our suppliers, they are also in the supply chain of the German companies, which means they also need to accomplish specific targets and prerequisites.”

When asked about the specifics of these questionnaires to understand the scope of requirements, a document was provided to demonstrate, consisting of 21 questions with multiple sub-questions. The indicators the firm must report on have a broad range and cover many angles of sustainability. For instance, engagement in human rights and working conditions is part of it, as the environment and the responsible purchasing of raw materials. When asked which ones are more important to the clients, it was mentioned that social aspects are mainly looked at.

Out of all questions, some are marked with “MS,” which stands for minimum scope, meaning a certain level needs to be reached entirely before even being considered a supplier for the clients of the SME. Otherwise, no working relationship can be established between the two. Interviewee 4 mentioned that the minimum scope is always surpassed as the clients are essential to the business, and they continuously report to them, not because they have to by law, but because the clients require it.

Interviewee 5 also stated that the firm's reporting goes beyond considering greenhouse gas emissions. According to the employee, all aspects of ESG must be considered to provide the whole picture, which is often forgotten, especially a couple of years ago. Things like biodiversity, social responsibility, due diligence, and human rights were mentioned, which are detrimental when thinking about solving current issues the world is facing.

Since both SMEs report on their sustainability, several themes can be observed when looking at why the company engages in CSR-related reporting overall.

First, one reason given was that sustainability is an upward trend, and it is essential to attract new talent for the firm. It was mentioned that young workers repeatedly ask about sustainability

measures when considering joining a new firm. The important thing here is that not only numbers are needed to impress the young generation, but concrete initiatives that show involvement can effectively increase the business's image. As it is crucial to attract young talent for a firm to thrive, this aspect, although not the most important, is still significant when thinking about reasons that speak for reporting.

Second, as mentioned above, recent changes in legislation made it mandatory in some cases to provide data for clients to continue working with them. Especially when thinking about the future, it was mentioned that this will only become more common due to the CSRD coming into effect for some firms already for the financial year 2024.

Third, growth and expansion are often essential goals for SMEs. Therefore, many firms want to take advantage of the opportunity to work for new clients in foreign countries. Currently, the legislation is not standardized in the EU; certain countries might require data on the sustainability of an SME, such as the case with the firm of interviewee 4. If this cannot be provided, access to other markets will be blocked, creating missed opportunities.

However, being able to report CSR-related information is still a competitive advantage because it is optional. Expansions across borders can be crucial when it comes to competing with other firms, and if there has to be chosen between a supplier that voluntarily discloses sustainability information versus one that does not, thinking about the current changes in the regulatory landscape, big corporations in the EU are much more inclined to start partnering with the first one. According to interviewee number 4:

“Regarding what I told you, we have a sustainability report. We are also trying to inspire other companies that do not work with foreign firms to do that. They should start this journey because, I think, in 2026, we will also be obliged to report. It is easier to start preparing calmly and with some spare time because we can slowly start counting the numbers and indicators. So it is true that the client wants to ensure that his product will have the best quality and price to beat other solutions like ‘bom, bonito e barato’ in Portuguese, but sustainability reporting is a prerequisite. You cannot even get to the part of competing, even if you are perfect. You understand?”

This leads to another aspect mentioned multiple times, possibly giving a firm an edge over the competition, already starting to engage and create a holistic sustainability strategy that aligns with the firm’s mission and vision. While it is said that, for instance, sustainability reporting is only a competitive advantage as long as it is not mandated, the extent to which a law requires something can be minimal. Therefore, the interviewees believe a business can set itself apart by going the extra mile and showing its unique strategy. Suppose this is integrated into the entire business strategy. In that case, it is tough to copy competitors, as only doing the same initiatives will not help get a better perception than the firm having a holistic approach.

Building on that, interviewee 5 mentioned that missing the opportunity to prepare early might lead to only having limited assurance, making it easier for other firms to see this as grounds for rejection. Therefore, it is advised that SMEs, even though it is especially hard for these types of businesses to manage complexity due to resource scarcity, should prepare for the upcoming regulatory changes as soon as possible.

Furthermore, interviewee five stated that while holistic sustainability strategies can create a competitive advantage, prices still dominate the conversation. Contrary to what they are communicating, customers are unwilling to pay a higher price for more sustainable products, as he experienced.

## 4.2. MNE interviews

Interviews 1, 2, and 3 were held with employees from MNEs, giving an insight into how MNEs are currently preparing for the CSRD, what changes they have made in their supply chains, and what motivates them to opt for more sustainable actions.

### 4.2.1. Part A: General Questions

In this part, just like with the SMEs, the interviewee's role and the firm's current engagement with sustainability were explored. All three participants are more focused on sustainability than the supply chain, with one having more technical expertise due to a closer focus on sustainability reporting technology.

The three MNEs are all at the forefront regarding sustainability reporting. Interviewee 1 mentioned that the firm falls within the scope of the CSRD and the CSDDD and has to start preparing the data. The person also mentioned that while the CSDDD is more supply chain-focused, the CSRD also has implications for the supply chain as the entire value chain needs to be reported on. In general, striving for more transparency regarding data on sustainability is something familiar in the manufacturing industry. However, there are still some data issues, as primary sources still need to be included. The obstacles will be explored in more detail in the following section.

Just like interviewee 1, the MNEs of interviewees 2 and 3 are in the scope of the CSRD and pioneers in sustainability reporting. Interviewee 2 stated that the firm has been providing voluntary reports for over six years, while interviewee 3 said they have been reporting since 2007. Therefore, the CSRD is something the MNEs do not need to prepare for extensively, as

the interviewees mentioned they are currently reporting more extensively than the CSRD will require from them. The only new thing for the firms is how they present the information accordingly. So far, interviewee two's MNE has put tremendous effort into data collection, centralization, and calculation, which amounts to up to 6,000 employee workdays per year. Specifically targeting the supply chain, their commitment to net zero emissions by 2040 while looking very deeply into their value chain due to reporting on FLAG emissions (standing for emissions regarding forest, land, and agriculture) will have a considerable impact. However, they are always looking for better technology to support data management because of the complexity.

The MNE of interviewee three is required to report 2026 for their data for the financial year 2025. Therefore, their voluntary report for the current year is considered a stepping stone, guiding the way to the CSRD report, aiming to help the convergence to the future reports and marking a shift from GRI standards to ESRS. The company already did a double materiality assessment last year and is currently undergoing a gap assessment. Interviewee 3 mentioned they have already gathered over 700 data points for every report, totaling over 1400. Nevertheless, there still needs to be more data for the CSRD, which they must work on. Regarding their supply chain, many factors they are reporting on influence their supply chain sustainability, such as their commitment to zero deforestation and when thinking about the scope of three greenhouse gas emissions.

#### 4.2.2. Part B: The Corporate Sustainability Reporting Directive (CSRD)

All three participants answered yes when asked about being confronted with the CSRD. Two things were mentioned regarding the specific situations they heard about the CSRD. All three interviewees stated that the CSRD greatly impacted data management. Mainly because the firms are MNEs, it takes much effort to get the data for all the locations, and there needs to be a standardized way across all destinations for it to work. Getting your data in order can have a positive effect, according to participant 1: "I believe that, yes, data does make a difference, so I think the first step in terms of savings and optimization of processes is through data transparency." Interviewee 3 also mentioned that the directive would incentivize them to streamline their processes regarding data gathering, as all the data points come from different sources. For instance, the human resource data is reported in the human resource management system, while the environmental data points are recorded in an environmental reporting system. As some data points are still collected manually, the aim is to consolidate everything in one

system, automatically updating information needed for reports and disciplining the entire process.

The second way the CSRD came up is through the positions created with a stronger focus on sustainability. The interviewees emphasize that the CSRD requirements are not easily met; it is not a side job. Reporting the correct data requires a full-time commitment. For instance, the materiality assessment needs full attention, which is necessary to report correctly.

The effect that the CSRD had on the MNEs is diverse. It is stated that the CSRD will change how businesses work by setting a new standard for sustainability, which will have a massive effect on the market. It can be seen as an entry barrier, as noncompliance will lead to excluding working partnerships. Therefore, while compliance with the CSRD is not mandatory for all firms globally, companies wanting or having to comply with it will consider it a criterion when selecting suppliers. It will enable suppliers to work with such clients, and since there will be more transparency, outperforming other suppliers in sustainability metrics can also be a competitive advantage.

Another effect mentioned was potential partnerships. Everyone is in the same situation, and the same questions arise in firms and their entire value chains. Therefore, partnerships should be established in order to manage the complexity better.

This does not only apply to external cooperations, but the CSRD also requires sustainability to be a topic in each department internally, requiring internal collaboration. The siloed approach to CSR-related reporting and action cannot be the solution anymore, as the company is affected by the CSRD.

Two things were mentioned when asked how the MNEs prepare for the CSRD. Two out of three MNEs mentioned that the directive does fundamentally change any processes or actions as the firms are already reporting on a very high level. As mentioned, the only change is how the data is presented. However, one firm mentioned that they have to look into the assurance of the data because they have needed a different provider to ensure the financial data and the sustainability. The other firm, which did not mention the previous theme stating no change is required, pointed out that some internal changes still need to be carried out, even though it has already voluntarily been reported. As the CSRD comprises many different aspects, starting early to get familiar with the new standards is necessary to give enough time to adjust. This is also needed because other departments, which are fundamental to collaborate with for data collection, often need an explanation of the directive. It is not an easy-to-grasp concept; employees often feel overwhelmed when confronted.

However, other obstacles were mentioned, as seen in figure 5. They can be grouped into three segments: no obstacles, content, and lack of resources. Only interviewee 2 mentioned that so far, even though they recognize that the CSRD does have many challenges in theory, no firm has complained about it, signaling that the companies confronted with it do know how to deal with it: “The fact that businesses do not come to me and say this is a problem shows that it is not a problem.”

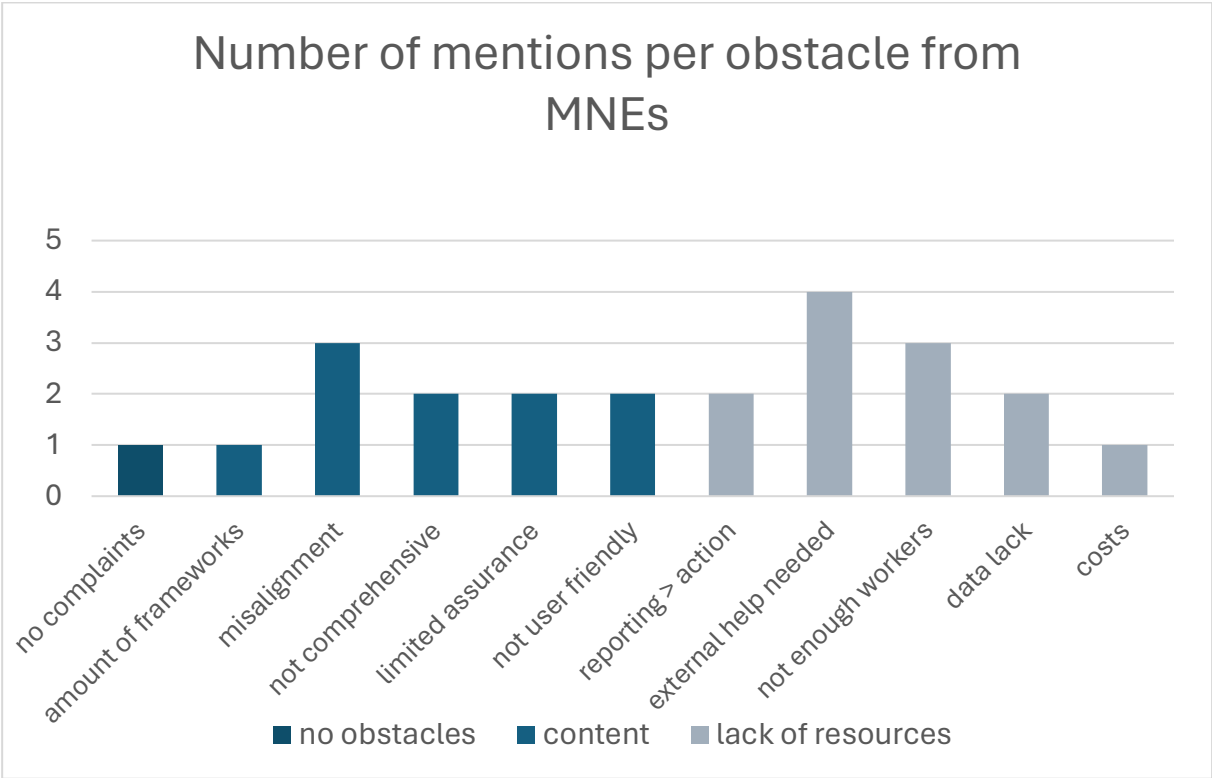


Figure 5: Number of mentions per obstacle from MNEs

The next set of problems falling under content was mentioned ten times in the three interviews. Interviewee 3 mentioned that many firms are distressed when thinking about all the different frameworks they have to use to report. The CSRD gets added to the GRI, SASB (Sustainability Accounting Standards Board), and SDG (Sustainable Development Goals) disclosures. The interviewee asked how one keeps track and makes all that information accessible.

Moving on, mentioned three times was a misalignment. It was mentioned that as so many different frameworks are available, they need to align when looking at the details, making it confusing. For instance, the CSRD requires firms to define quantitative risk up to 2050, while reductions and business development are measured year-to-year. On the one hand, standardization is given. However, looking very closely, according to the interviewees, there is still room for interpretation, harming comparability, which is the whole point of introducing the directive.

Exactly the previously mentioned interpretation results from the CSRD being perceived as needing to be more comprehensive. Quoting Interviewee 3:

“I think the reality right now is that there are many questions about properly disclosing information. There are no best practice examples to look at, but you should be able to learn from how others are doing it, follow those, and develop your approach. Everyone is trying on their own to make it work.”

This is backed up by other interviewees stating that not only is the content not explicit, but it could also be more user-friendly. You always have to jump around for each topic, going back and forth between the general disclosure, metrics and targets, and the disclosure requirements.

The concern raised also extends to the data requested of the CSRD, as interviewee three states:

“Also, some of the CSRD is about the narrative side, such as processes and methodologies. How did you do this? How did you determine this? Why did you do the things you did? And it is not about: What is your performance? What are you aiming to get to, and how did you achieve or not achieve those targets? So, we have been very much action-oriented to say, what is the baseline? What are we trying to achieve? A little bit, of course, about why we are trying to achieve it, but not so much about all the processes in the background because we didn't think there was that much interest in that, quite honestly, from many different stakeholders in the past. And I see a lot more requirements for that kind of information in the future.”

Limited assurance was the last point not discussed so far and mentioned two times during the interviews. So far, the experience made with external assurance was that the supporting documents for data on the current year and even the documents for the prior year were needed. It will be challenging to implement, but especially in the beginning, finding the balance between strictness in the assurance and leaving room for thousands of new companies adapting to the directive is essential. Otherwise, the fear is that acceptance will get lost immediately.

The other theme was obstacles related to requiring more resources, which makes mandatory reporting very costly. It was mentioned that even though the aim should be to lead to a change in action towards more sustainability down the line, the problem is that firms are focusing too much on reporting, leading to them not having enough bandwidth to implement actual, sustainable initiatives that move the needle. As the CSRD requires extensive levels of data, it leaves little space, both financially and capacity-wise, for actions.

Another downside mentioned the most times overall is the required external help. This will come in two forms. For one, many companies need help with their internal resources to comply with the CSRD and learn how to start reporting. At the same time, external assurance is also carried out by accounting and consulting firms. Due to the high increase in firms subject to mandatory reporting, it is still to be determined who will assess all these firms, as the big four often already have issues finding the capacity.

The need for employees explains why external help is needed in the first place. Reporting is detail-oriented, so getting all the necessary data points requires much work. This is shining light on the next big issue: the need for more data. As interviewee 3 said: “If your data is not in order, if your data is not there if you do not have defined processes, and if you do not have enough manpower, you cannot report properly.” Interviewee 1 mentioned that a way to cope with the lack of data is to use secondary data, which is not optimal as it cannot be used to give insights on optimizations.

Nonetheless, the interviewees also recognized many opportunities the CSRD has for MNEs. It was mentioned three times that reporting is the first step toward sustainable change. The interviewees mentioned that if you are obliged to report on something, you will have to justify yourself for the figure getting worse or staying the same year on year, potentially leading to actions changing the status. The urge to take action is even higher because of the double materiality assessment, making it mandatory to consider risks from an inside-out and outside-in perspective for the first time.

Additionally, it was mentioned that looking at the supply chain, the CSRD has an enormous positive impact as it requires a deep dive into the entire value chain. Interviewee 1 mentioned that it would generate a more vital call to action for entire supply chains to unify their processes and become more sustainable. While it is true that it is much work to gather all the data, new jobs were created, increasing the employees' focus on sustainability in their daily lives.

Last but not least, the CSRD was placed of colossal importance, enabling comparability and increasing transparency by hindering cherry-picking. The directive helps to enable a more level playing field, cutting down on greenwashing through sustainability data selectively being picked out and presented as a marketing brochure.

#### 4.2.3. Part C: Sustainable Developments

Moving on to the next section, the interviewees had different perceptions about future sustainable developments. While one was pretty optimistic, one was pessimistic, and one was concerned explicitly in the short term while optimistic in the long term.

Thinking about the future, it was mentioned that the need for traceability will only become more robust, leading to a high demand for digitalized solutions. The sustainable change will take some years to truly show impacts on the entire value chain, as it is harder to pass on CSR actions up and down the chain. More sustainability, however, is also anticipated to increase prices and lead to push-back by firms. The reasoning is explained by Interviewee 2:

“I see a risk and much pushback from the companies. Moreover, this is well reasoned. Why? You lose a competitive advantage if you enable this super huge transparency of supply chains and traceability. Right? So, if you are to share absolutely all your sources, where do you grow your coffee? What type of soil treatment do you do? How much water? What is the pH of that water? And I am just giving you some examples. Then you are losing your competitive advantage because everything is out there and transparent.”

It was also mentioned that it is essential to consider the industry when applying standards. Currently, the CSRD has still not published all industry-specific standards. However, interviewees were underlining the importance of it, for instance, in some industries, such as agriculture, how the harvest greatly influences the output. If the harvest has not been good, that might mean less fuel has been used in transport, not because active measures towards less resource usage were taken, but because less has been harvested. Therefore, such volatile factors must also be considered, even if they could harm comparability overall.

The interviewees also mentioned that as a result of other directives such as the CSDDD, Europe will be at the forefront globally in sustainable development, as its regulations have a worldwide impact. However, two out of three respondents said that currently, there are too many frameworks in place, and processes need to be less bureaucratic. Interviewee 2 mentioned that they currently deal with 14 different frameworks simultaneously, while the added value is not visible. This shifts the focus from actual initiatives, hindering positive change. Interviewee 1 agrees that more regulations would be too much, while the current regulatory framework is enough to provide a good base. The aim should be to find a good balance between bureaucracy and practicability.

There was also a strong urge for regulators to shift away from new requirements and focus on helping companies meet the current ones. The CSRD tells MNEs to achieve something but needs to indicate how to get there. Interviewee 1 emphasizes that it is vital to support through human and financial resources.

When asked about what is believed to be the most critical aspect of creating a long-term competitive advantage, all three respondents mentioned a sustainability strategy. Despite that, two mentioned that essential sustainability commitment cannot guarantee long-term success due to legislation forcing all firms to reach a minimum requirement. Price and product features also cannot be neglected, as explained by interviewee 2:

“Well, I think two things. First of all, why do we have companies? Why is there a concept of a company? A company is there to provide a product, solution, or service that helps people and addresses certain needs. Right? So, the first thing is building empathetic products and services. People need those products and services; they are helping them lead a better life, not worse. That is one. To, provide a qualitative product in line with the needs

of the people without affecting their health. That's, I think, important. Second, and it's not second, they are both equally important. Provide a product or service without creating a gap in the environmental bank. So do not deplete the resources of the planet of tomorrow for today's product.”

#### 4.3. Accounting and consulting interviews

Interviewees 6 to 11 were all part of an accounting and/or consulting firm and could give insights from different sectors due to having diverse clients. With six participants, this is the largest group in the sample size.

##### 4.3.1. Part A: General Questions

Out of six interviewees, one works in a consultancy specializing in sustainability topics, while the other five are all highly knowledgeable on the topic due to their orientation and focus area. It was mentioned that there are two different touchpoints with sustainability. Not only are the firms themselves concerned with it, but they are also looking at their clients' CSR performance. Client-facing interactions can again be divided into advisory work and audit and assurance work in some of the interviewees' firms. An example given for internal sustainability work is that there are no all-in contracts or supporting women in leadership roles. As the firm of interviewee 6 states, so far, only 22% of all partner roles have been filled by women. The CSRD gap assessment is an example given by interviewee 10 for advisory work, where the client's sustainability report is compared to the CSRD requirements, and gaps are identified.

##### 4.3.2. Part B: The Corporate Sustainability Reporting Directive (CSRD)

Moving on to the next set of questions, all six respondents indicated they had been confronted with the CSRD before. Interviewee 11 even had to smile a little when the question was posed, which she explained by saying that at work, everything currently revolves around it. As previously discussed, the situations in which they have been confronted with the CSRD are, on the one hand, through their clients' needs through advisory and assurance, but on the other hand, their own firms' as well. While many clients are panicking about the changes, it was remarked that that is something the consulting firms can appreciate as the demand for them goes up since their help is essential.

The interviewees explained that, currently, many of their clients affected by the CSRD are trying to figure out how it correlates to other regulations and what kind of changes they need to

make accordingly. Even though the CSRD applies to the EU, interviewee 11 pointed out that many US clients also require their firm's services, as they meet the requirements and still have to report under ESRS in the future.

The changes the participants noticed in their clients' actions because of the CSRD are fourfold. First, a mindset shift was mentioned four times. Clients are redirecting their efforts to report on sustainability, noticing the benefits. As interviewee 7 said:

“I would also say the organization has to make a mindset shift in order to really implement CSRD and take advantage of the new regulation by capturing all the opportunities that can arise. If a company does all the processes well and meets all the requirements, I think it will also gain a market maturity that will be recognized. And if it is recognized, I think new opportunities will come.”

Interestingly, according to interviewee 8, reporting on sustainability was nothing any of the firms in their clientele had considered before the directive.

Second, a change often mentioned is data management. Implementing the CSRD is said to be mainly related to data collection and provision. As the CSRD affects the entire value chain, firms reporting need the data from their suppliers and clients.

Third, sustainability reporting requires companies to rethink their governance structure. Sustainability should be seen as something other than something that should be extra but must be incorporated into each department. New experts are needed as the work also increases in that field, and new interdisciplinary teams are formed to break the previously predominant silo approach, according to interviewee 10.

Fourth, for the changes to happen, knowledge about the CSRD and its importance must reach every employee. Therefore, a well-thought-out communication strategy to create awareness is crucial. Otherwise, there will be no desirable bottom-up approach through motivated employees driving initiatives.

The consultants have also brought up a wide range of obstacles. Even though the latest iteration of the CSRD from July 2023 was developed not that recently ago, according to interviewee 11, there is already a massive gap. There is no inclusion of the concepts of technology, artificial intelligence (AI), or its ethics and application. Since AI and technology are currently used to help with strategy and disclosure, reporting on its impact on sustainability would also be essential. It would contribute to the risk assessment because there are many challenges connected to it, such as data leakage.

Many firms also need help with drawing the boundaries. How far should they go down the supply chain? While it is pretty defined for emissions, it is not for risks. Furthermore, it does not tell you anything about the reporting action itself, just what to report on. For instance, you

must report on your scope three emissions, but the CSRD does not indicate how you get to the data.

Since the number of data points required to report is also huge, it is a challenging task to gather them. Furthermore, only some companies need to go into detail on all the topics, as it also depends on the relevance. Companies often need help to make this assessment independently, as they might need help understanding what a particular topic is aimed at. This is explained by Interviewee 10:

“These topics covered in the CSRD are not always relatable to every client. So that is also the difficulty about the CSRD, which is in total with everything about 300 pages, and they look at this thing and say, I can't believe that this whole thing I need to report on. There are a ton of metrics in here that don't even matter to our organization. Let's use a recruiting company. I mean, biodiversity as a topic is probably not very, and this is where materiality comes in, it is not an important, and we say in sustainability terms, material topic because the actual business activities of the organization don't really impact biodiversity per se.”

As the directive is so complex, another downside is that companies are scared of it. This puts them in a fight-or-flight mode, hindering possible innovative actions to combat all the issues reporting can point out. Additionally, instead of hiring new talent to work on reporting, many firms pile on sustainability reporting onto already full-time employed workers because of resource scarcity. This does not fulfill the goal of the CSRD, as it should lead to a drive and motivation of employees, not annoyance.

The most mentioned was the interdisciplinary feature of the directive. According to interviewee 6, the difficulty lies in the interconnectedness of the topics that companies need to report on, resulting in people working together on controlling, sustainability, operation, and risk management, to name a few. This is also mentioned by interviewee 7: “So one of the obstacles is really to try to engage the boards of companies and all the people when setting up the strategy.”

In comparison, the six interview respondents also mentioned some opportunities arising. One of the main ones was mentioned by interviewee 11:

“I think, you know, the CSRD is a landmark piece of legislation and that, I think I already touched on this earlier, will establish a standard for the rest of the world. It's really clear that it is driving expectations, and it has set a framework, especially that the concept of double materiality will dominate the method of disclosure for ESG globally going forward.”

Therefore, this also has enormous implications for the US, where the business community usually wants change first, and legislation is the second mover. However, to stay competitive

in the European market, firms might also be inclined to start reporting, which means that European law will impact and nudge firms to take action.

Other benefits include emerging partnerships, competitive advantage, increased transparency, and financial advantages. These all act as an incentive for firms to comply with the CSRD. Another opportunity previously not mentioned is the integration of social topics, which, according to the interviewees, often needs to be addressed due to a strong focus on environmental impacts. Through the CSRD, social issues like human rights or understanding your value chain gain more attention.

#### 4.3.3. Part C: Sustainable Developments

The following section is broadening up the answer space again, moving away from a focus on the CSRD and trying to look at sustainable developments from a more general point of view.

When asked about the future of ensuring sustainable supply chains, interviewees mentioned multiple aspects. First, a couple of external factors were mentioned. Interviewee 11 pointed out that geopolitical tensions will affect development. In contrast, interviewees 8 and 9 shared that view, adding that these conflicts can lead to even higher importance placed on supply chain management as resource scarcity can be an amplified issue. Additionally, technological advancements such as AI will play a massive role. As stated by interviewee 11, according to the World Economic Forum global risk report in 2024, AI will be the number one risk in the next two years while being number five in the next ten years.

Moving on to the mentioned CSRD-related developments, as the directive does not require any specific changes towards more sustainable approaches, future regulations, such as the CSDDD, will cause a shift due to sanctions that will be imposed on noncompliance. While interviewee 7 believes that with time, the regulatory landscape will get simplified to help companies with the implementation, Interviewee 10 disagrees. The reason is that because the aim is to increase transparency, the thought is that it will get more complicated to report as the data points on which suppliers will have to report will increase.

Four out of six interviewees, the majority, have mentioned that regulation will lead to change.

Interviewee 6 said:

“Transparency then also leads to a change in behavior. That was also the case in the past. As soon as there was transparency, for example, about women in leadership positions or obligations with land regulations, then there was a change, and that is why I am a great friend and supporter of clear legal requirements, which are also associated with sanctions for non-compliance.”

Interviewees 7, 10, and 11 agree that future legislation will encourage supply chain actors to act on CSR developments. Therefore, it is no surprise that none of the consultancy interviewees have stated that they are pessimistic about the changes happening. However, half of them said they had mixed feelings due to still much work having to be done, but it was already going in the right direction.

The interviewees were also asked about their perception of the current regulatory landscape. Three people mentioned that there is too much already that firms must comply with, and two said that the current amount is acceptable, but only a little is needed. Only one participant mentioned that more laws are necessary, as the current ones do not to set the right incentives. However, other comments clarify that other interviewees also share this belief. These comments include negative feedback on the current directives and especially the CSDDD, such as that firms are just trained to think about the most intelligent way to avoid penalties by doing the minimum instead of driving the development themselves and that there is no effect yet visible on whether focusing on reporting has proven to be successful for sustainable transformation. Additionally, it was mentioned that currently, the sector-specific standards are missing as well as support for the implementation, as pointed out by interviewee 7:

“What I think is missing is some support from the European Commission or other entities to operationalize all this to help companies with the implementation because the regulation is there, and I think the ambition is there. For example, we have ambitious targets in Europe concerning climate change, neutrality, and reporting of ESG data. I think what maybe we will need is some more helpful resources to help companies implement the current regulations instead of focusing on introducing new frameworks.”

Last but not least, interviewees unanimously agree that their clients' primary motivation for change toward sustainable practices is definitively being compliant with the law. Only a few interviewees from a consulting firm have responded stating their motivation or the importance placed on sustainability for a reason. However, one interviewee mentioned that competitive advantage also plays a role.

## 5. Discussion

The interviews were conducted to gain insights into the primary motivations behind transitioning to more sustainable supply chain approaches and to understand how firms react to the CSRD. MNEs, SMEs, and consultancies were targeted to understand the differences between the firms. In this chapter, the similarities and differences between the different groups and a comparison with the findings from the literature review will be explored and grouped by the different topics addressed.

### 5.1. Opportunities & obstacles related to the CSRD

All three target groups mentioned the main advantages and disadvantages of the CSRD in the interviews. A difference that was noticed was that respondents from consulting firms had a much broader view of the topic compared to people from MNEs. The consulting group identified twelve obstacles, while the people from MNEs identified eleven. The main difference is the diversity of the mentioned aspects. Interviewees from MNEs have stated issues that are more closely related. At the same time, consultants could think outside the box and provide more diverse answers, such as by mentioning AI and technology. However, this is crucial as they are the main risks in the following years and impact firms' sustainability. Therefore, there is a gap, as they are not even slightly mentioned in the directive or the literature presented above. A reason for not appearing in the papers might be that the issue has become pressing only recently, which could mean that researchers are currently working on this topic.

The two main themes regarding obstacles were content and the need for more resources. The literature analyzed confirms this finding as well. The complexity of the CSRD has been mentioned numerous times, especially in connection with the double materiality assessment and setting boundaries. Literature and the interviewees confirm that companies need help understanding how to do what the directive requires, as it does not state the process, only the requirements. Additionally, the lack of resources has also been confirmed by mentioning that mandatory reporting will, amongst other things, have many costs in the short term. At the same time, a transformation can lead to long-term success.

While all interview participants agreed that these were the common problems companies face, the MNEs stated that the CSRD would require no drastic change because they already report on more extensive requirements than what the directive will require once they fall into the scope. The only change they will have to initiate is the format of how the data will be presented

and, in some minor cases, adapt the data gathering process to be able to report on all targets. The two SMEs in the sample set had similar answers, as they are also already reporting on sustainability, even though they are not required to by law. For them, the CSRD will also not cause a significant disruption. That being said, all interviewees in both groups did mention that they are pioneers in their field and not representative of the average companies operating, which is why they were able to mention obstacles in the first place, as they know how other firms are struggling and what issues they had when they first started with reporting on CSR-related metrics. The consultancies interviewed confirmed the latter, as they stated they are helping numerous clients who need to report a change to compliance with the CSRD. It also needs to be mentioned that while all types of firms were contacted to secure interviews, the ones doing exceptionally well in the sustainability field were more likely to reply and volunteer to be questioned.

In contrast to the harm in adhering to the directive, transparency and comparability were identified in the answer to the opportunities that arise. This is also in line with prior research conducted. Some consultants think that in the future, there will be an even more significant incentive as the CSRD will get simpler over time. This is because legislators want to lower the barriers to compliance. However, this would be against the interest of consultancies overall, as they profit from clients needing their help navigating the complexity of the directive. Therefore, they might vouch for the law only to get more complicated, arguing that transparency is the key objective, which can be reached if more metrics are taken to be reported on. At the same time, transparency is essential to combat cherry-picking and greenwashing, which the literature and all interviewees support; there might be a conflict of interest for consulting companies as they not only get business out of advising but also assuring.

## 5.2. CSRD about supply chain sustainability

While all interviewees, no matter what group, agree that sustainability needs to be taken seriously and should be focused on, the link between a firm's sustainability and its supply chain has yet to be the focus of their answers. This is in contrast to previously mentioned research, which states that the source of many sustainability-related issues that the world is confronted with lies within a company's supply chain. These issues include, to name a few, human rights violations, deforestation, and loss of biodiversity. Therefore, according to the literature, it pays off to work on ensuring more sustainability across the entire value chain.

However, the answers given in the interviews show an extreme focus on the firms meeting all the targets of the different frameworks used to report on the CSR actions of a firm. Many workers within the firms are tasked with gathering and managing vast amounts of data, ensuring the reports can be delivered. A reason for creating these reports is, for instance, that they grant access to markets that require the disclosure of sustainability information. Another one often mentioned was that stakeholders nowadays expect a firm to communicate their commitment to sustainability.

According to the literature review, SMEs often need help seeing the link between specifically targeting supply chains and the effect on overall sustainability. As the interviewed SMEs did not explicitly mention their efforts in working on their value chain, this could be an indication. Furthermore, even though the literature mentions that long-term competitive advantage can be achieved through sustainability, one interviewee representing an SME stated that price competition is the only way to go. According to the interviewee, sustainability is used more as a marketing tool in most firms, which is not mentioned in the answers given by the MNEs or consultancies. The key message is that companies are not trying to reach sustainability goals to ensure a future and reduce the increasing resource scarcity but because they believe it is expected of them. In this regard, the CSRD does not help as the aim often needs to be understood due to its properties like complexity.

In general, the findings show that companies need to fully understand the aim of reporting to nudge firms to change their actions to present better numbers in the reports. This, in turn, leads to solely trying to meet the minimum requirements necessary to comply with the CSRD without taking extra steps to engage in innovative design thinking in order to identify a holistic sustainability strategy for the firm, which might mean going above and beyond what is required. The lack of proper communication that makes digesting current frameworks easier and highlights their importance is a possible reason why this is happening. A solution suggested in the interviews is ensuring every employee understands the bigger picture. Therefore, the motives behind the CSRD are to change towards more sustainability through a holistic strategy that aligns with the company, mainly focusing on the entire value chains due to their importance, which can result from that. As the literature and the interviews concluded, in the short term, more than just meeting the basic sustainability requirements will be needed to guarantee a long-term competitive advantage; going the extra mile, can be a deciding factor.

### 5.3. Firm type and size influences

The following conclusions were drawn as the interviews were also used to compare SMEs, MNEs, and consultancies.

As literature about MNEs states, they often act as a lead firm, which means they use the cascade effect to push sustainability practices down their supply chain. While the interviews with the MNEs did not specifically mention such an effect, the interviews with the SMEs did show evidence for it. Even though both SMEs are legally not required to report on their sustainability data, they are both doing it. This is because, as suppliers, their clients request this data from them. For instance, as there is already a supply chain law in Germany, German car producers require their suppliers to complete an extensive questionnaire indicating their CSR performance.

This is where the literature ties in and points out that, significantly, since the CSRD and CSDDD will increase reporting and legislation around that topic, there is a risk of discrimination against small enterprises. As already mentioned, complying with the directives is very important, not only when it comes to enough workers to drive data management but also in monetary terms in order to afford external consultants to help manage complexity and provide assurance, which is especially hard on SMEs due to fewer resources available anyways. While it is already tough for them to meet all the requirements, they are now also competing with more prominent firms, having the advantage of providing all the necessary data as enough resources are available. In the EU, SMEs will not have a choice but compliance, but when looking at other continents, SMEs might choose not to make an effort to report, which will then favor their bigger competitors to clients in the EU due to them having to report their supplier's metrics as well. Literature, therefore, warns that this can lead to problems with fairness, as, for instance, smaller family-run farms could lose their clients to big chains operating huge fields.

This leads to the next point mentioned several times in the interviews. As firms operate in different industries, meeting specific metrics and targets can be more challenging for some than others. For instance, consultancies deal with a high fluctuation in their workforce, making it somewhat more complicated to ensure equal gender distribution. Another example was provided from the agriculture industry, where less harvest can mean less energy is used to process the products, which can lead to considerable energy increases in the following year if the harvest is good. While this would technically show up as a negative development, this does not mean any actions were taken to make the company more unsustainable. Therefore, interviewees across groups underline the importance of industry-specific standards, which the

EFRAG is already working on, having published the first drafts on some sectors, such as oil and gas.

#### 5.4. Future developments

When asked about future developments, no interviewee stated they were solely pessimistic, which shows the common belief that the current path can lead to a more sustainable future. However, many interviewees have also stated that caution is needed, as actions that are not thoroughly thought through can lead to a slippery slope.

Many interviewees pointed out that the key to reaching the goal is a timely response. The faster companies adapt and drive change, the more damage can be avoided. As mentioned before, going beyond what is legally required can establish a long-term competitive advantage for firms.

As previously mentioned, the interviewees from the consulting group provided more diverse insights than the other two groups, which might be due to their involvement with various clients from different areas or the fact that the sample size has been more significant. Next to the AI and technology trend, which will impact the entire topic in the future, the geopolitical situation also heavily controls access to resources, influencing global supply chains. Therefore, companies are advised to pay attention to external factors when assessing their risks, which is also one of the ideas of the double materiality assessment, as risks need to be reported with an inside-out and outside-in perspective.

Future developments will also reveal how the rest of the world is reacting to the drive of the EU to become a leader in the sustainability field by establishing new frameworks and regulations. While the analyzed literature warns that this might lead to an alienation of the European market, making it unattractive for new entrants due to higher barriers, interviewees recognize this fear but disagree. Some interviewees mentioned that they have the perception that other areas around the world will see the CSRD as a standard that they will work towards as increasingly global supply chains would almost make it impossible to avoid any contact with the EU at all, meaning they most likely would have to comply as well. However, literature also suggests that the EU should make an explicit effort to try and adapt its directives to make global standardization easier and not unnecessarily more complicated.

Another future development that was often mentioned was the CSDDD. In general, many interviewees were skeptical about how the new directive will impact the business landscape and what changes it will bring, which means it will stay interesting.

## 5.5. Carrot & stick

As previously discussed in the literature review, there is a debate about which approach leads to the best outcome. While some researchers believe in action driven by motivation through recognized benefits, others believe in complying with laws to drive sustainable development. However, as it is neither, there is some evidence for a mixed approach.

The findings from the interviews have several indications. First, the carrot approach is used. In that case, some studies suggest that although the link between a competitive advantage and a shift towards more sustainability is apparent, only some changes have happened voluntarily. This is confirmed by the opinions of some of the interviewees. Furthermore, when consultants were asked why firms shift towards sustainable practices in their supply chains, not even one answered because of the firms' motivation. Only one interviewee agreed that the competitive advantage does play a role next to wanting to be compliant. Therefore, the results seem to be against a sole carrot approach.

On the flip side, when looking into the only stick approach, evidence from the interviews also seems against it. As mentioned, when the interviewees from the consulting firms were asked, all of them mentioned that their clients and other firms, as far as they know, only implement sustainable changes to comply with the laws to avoid penalties. However, this is not the desired approach as not only will firms miss out on the competitive advantage by just doing the bare minimum, but the aim is to work towards maximizing ESG performance overall to help our people and planet. Therefore, the aim of the regulations and directives, such as the CSRD, cannot be reached, no matter how strict they get. The current legislative landscape shows many differences in the data; however, many states that there is too much going on, which is hard to follow. Therefore, companies get scared and try to avoid dealing with, for instance, the CSRD or the CSDDD as much as possible.

Most interviewees point out that a mixed approach, combining carrot and stick or the law with sanctions and incentives by showing the benefits, is the way to go. However, while the directives already exist, more support must be provided. It is crucial to ensure companies know how to work with directives such as the CSRD and understand the benefits to motivate them to improve their sustainability within the entire value chain. Otherwise, the employees and management of a company will only see the newly imposed regulations as a burden. They will try their best to only engage with it as little as needed to avoid any costs related to non-compliance, which is not the goal.

## 6. Practical implications, limitations, and further research

The implications of this research are threefold. First, practitioners are impacted, no matter the type of firm or the location. As interviews were conducted with fellow MNEs, SMEs, and consulting firms, practitioners can learn from the answers given what changes to expect due to the CSRD and how to approach the topic. Managers must understand that a competitive advantage can only be achieved by implementing a holistic sustainability strategy that exceeds the minimum requirements. Furthermore, it is essential to educate and communicate the message behind the CSRD so that the benefits are clear for every person in the firm. Practitioners in companies within the EU can significantly benefit from this research; however, the chance of globally connected value chains being very high has implications for every firm worldwide. Furthermore, the results have shown that it might be more challenging for SMEs to comply due to needing more resources while MNEs become lead firms. At the same time, consultancies are crucial in the entire process due to advisory and assuring services.

Second, the research has important implications for legislators as well. It points out the downsides that firms trying to adopt the changes to comply with the CSRD must work on while also showing the opportunities it provides. It also urges lawmakers in the EU to stop introducing more directives quickly as companies are already overwhelmed; instead, it should focus on providing the necessary support. This is why the carrot-and-the-stick phenomenon has been explored, ultimately reaching the critical finding that a mixed approach should be the solution to strive for.

Third, this thesis adds to the current literature on the topic, which benefits researchers. While it provides new findings and a literature review, it identifies current gaps that future research should target to fill. As the literature suggests, there needs to be more research focusing on different types of firms when looking at how they are impacted by legislation, such as the CSRD, which should be further explored by future research. Additionally, it was mentioned that the role of AI and technology is currently in a gap in the CSRD; its potential effects could also be studied. As firms only need to publish their reports for the financial year 2024 at the beginning of 2025, it would be interesting to look at the possible effect reporting under CSRD has on supply chain sustainability after some years of reporting have passed.

Last but not least, there are also limitations. The literature review was conducted by relying on scientific databases such as EBSCO Business Source Premier, which were selected subjectively according to relevance and analyzed by a single researcher due to the scope required, possibly leading to issues of generalizability. Furthermore, only published papers were considered, and

as this topic is relatively recent, there might be further articles in the pipeline soon-to-be-published, potentially leading to a publication bias.

Furthermore, a qualitative approach was followed using semi-structured interviews, possibly leading to limitations. As the sample size was relatively small, with eleven interviewees, with only two, three, or six people in the respective firm-type specific groups, it raises issues of generalizability regarding findings of SMEs, MNEs, and consultancies. Further research should dig deeper into each group to confirm their specific views. Additionally, there might be issues with replicability due to the selection of interviewees being a decisive factor. As semi-structured interview guidelines created based on previous research were used, confirmation bias must be considered. However, the inconsistency of questioning between interviewees was avoided by this approach.

All that being said, overall, saturation in interview answers was reached, underlining the significance of the findings, which show significant similarities and differences between expert voices compared to theory.

## 7. Conclusion

This thesis explored the impact of the Corporate Sustainability Reporting Directive (CSRD) on supply chain sustainability, focusing on the perspectives of SMEs, MNEs, and consultancies and the drivers causing a shift towards more sustainable supply chains. The research consists of a thorough literature review, which was used as a base for the semi-structured interviews that have been conducted with experts from MNEs, SMEs, and consulting firms.

The findings provide a comprehensive understanding of these entities' opportunities and obstacles, highlighting both common themes and distinct differences across the groups.

The CSRD presents both advantages and challenges. Common obstacles include content complexity and resource constraints, particularly regarding the double materiality assessment and boundary-setting. Interestingly, consultancies identified more diverse obstacles, including AI and technology issues, which should have been mentioned by MNEs or covered extensively in the literature. This suggests an evolving landscape where emerging risks are becoming increasingly relevant.

While all interviewees recognized the importance of sustainability, there was a notable gap in explicitly linking firm sustainability to their supply chains. This contrasts with literature emphasizing that supply chain sustainability is crucial for addressing broader environmental and social issues. The results suggest that many firms focus on meeting reporting requirements rather than integrating comprehensive sustainability strategies.

The interviews revealed that MNEs often act as lead firms, cascading sustainability practices down their supply chains and impacting SMEs indirectly. However, SMEs face significant resource challenges, risking unfair competition with larger firms that can more easily comply with CSRD requirements. Industry-specific challenges were also highlighted, emphasizing the need for tailored standards to ensure fair and accurate reporting.

Despite some mixed feelings, there is predominantly optimism about the potential for the CSRD to drive sustainable practices. The importance of timely adaptation and proactive engagement with the CSRD was emphasized to avoid potential pitfalls and leverage competitive advantages. The debate between regulatory compliance and intrinsic motivation for sustainability, in other words, the carrot-and-stick dilemma, was explored. The findings suggest that more than a pure carrot or stick approach is required. Instead, a mixed approach that combines regulatory enforcement with incentives and support for firms to understand and benefit from sustainability practices is recommended.

Managers across SMEs, MNEs, and consultancies should recognize the importance of a holistic sustainability strategy that goes beyond compliance. Educating employees about the CSRD's broader objectives can facilitate a cultural shift towards sustainability. Policymakers should consider the practical challenges firms face and focus on providing support rather than introducing new regulations in quick succession. A balanced approach that combines strict compliance with incentives and clear guidance is essential.

This thesis contributes to the body of knowledge on the CSRD and highlights areas for further research, such as the impact of AI and technology on sustainability and the specific challenges faced by different firms. Future studies should also examine the long-term effects of CSRD compliance on supply chain sustainability. The research faced limitations, including a small sample size and potential biases in literature selection. Future research should expand the sample size and explore the long-term impacts of CSRD compliance. Additionally, investigating the role of AI and technology in sustainability reporting and the specific challenges faced by different industries will provide deeper insights.

While the CSRD presents significant challenges, it also offers opportunities for firms as it is the first step towards enhancing their sustainability practices. By addressing the identified obstacles and leveraging the directive's potential, firms can achieve long-term success and contribute to a more sustainable future. This is an exciting topic that will undoubtedly attract researchers' attention. Once companies comply with the CSRD and mandatory reports are published, results can show a better understanding of the impact on sustainable supply chains.

## 8. Appendices

### 8.1. Overview of the Interviewees

<b>Interviewee</b>	<b>Company type</b>	<b>Industry/Department</b>
Interviewee 1	MNE	Manufacturing
Interviewee 2	MNE	Consumer goods
Interviewee 3	MNE	Packaging goods
Interviewee 4	SME	Developing solutions in automation
Interviewee 5	SME	Metal processing
Interviewee 6	Accounting & consulting	Reporting & accounting
Interviewee 7	Accounting & consulting	Sustainable finance
Interviewee 8	Accounting & consulting	Logistics, supply chain & sustainability
Interviewee 9	Accounting & consulting	Logistics, supply chain & sustainability
Interviewee 10	Accounting & consulting	Risk advisory
Interviewee 11	Accounting & consulting	Sustainability & climate solutions

The full transcripts will be provided upon request.

## 8.2. Questionnaire SMEs

### Master Thesis Questionnaire – Sustainable Supply Chain Management (SME)

**Target:** Experts in sustainable supply chain management (Consulting firms, MNEs and SMEs)

**Method:** Face-to-face Interview via MS Teams or Zoom

The questionnaire will be sent to the interviewees beforehand

**Structure:** **Part A:** General Questions (Qualitative Approach: Open Questions)

**Part B:** Sustainable Developments (Qualitative Approach: Open Questions)

**Length:** About 20-30 minutes

**Purpose of the questionnaire:** The interviews shall give insights regarding how companies prepare for the CSRD and the motivations behind a change to a more sustainable supply chain management approach.

#### Information about the interview

G.1	Interviewee	
G.2	Organisation/Industry	
G.3	Position	
G.4	Years of experience	
G.5	Age Range	<input type="checkbox"/> Under 25 <input type="checkbox"/> 25-34 <input type="checkbox"/> 35-44 <input type="checkbox"/> 45-54 <input type="checkbox"/> 55-64 <input type="checkbox"/> Above 64
G.6	Place	<i>Online</i>
G.7	Date	Start: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> End: <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
G.8	Interviewer	<i>Lena Karabeg</i>
G.9	Am I allowed to record the interview?	Yes <input type="checkbox"/> No <input type="checkbox"/>
G.10	Am I allowed to use your name for my Master's thesis or do you want to stay anonymous?	.. Yes <input type="checkbox"/> No <input type="checkbox"/> .. ..
G.11	Am I allowed to state the company regarding the results?	Yes <input type="checkbox"/> No <input type="checkbox"/> .. ..

**Part A: General Questions (Status-Quo)**

Nr.	Questions:	Answers:
A. 1	Could you give a brief introduction about yourself, and your role in your company?	
A. 2	What is the company's present engagement in sustainability, particularly in relation to the supply chain?	

**Part B: Sustainable developments**

Nr.	Questions:	Answers:
B.1.1	What are requirements that companies you are supplying to are asking of you?	
B.1.2	Which standards do you need to meet?	
B.2.1	Are there any environmental, social, and governance indicators that you are obligated to report to your stakeholders?	

<b>B.2.2</b>	<b>If so, which ones are particularly significant?</b>	
<b>B.3</b>	<b>To what extent do sustainable practices contribute to your competitive advantage?</b>	
<b>B.4</b>	<b>Over the past 5 years, have you observed any notable shifts in the importance placed on sustainability factors? Or does competition predominantly revolve around product quality and pricing as before?</b>	

<b>Nr.</b>	<b>Questions</b>	<b>Answers</b>
<b>C.1</b>	<b>Are you interested in the results of the survey?</b>	Yes <input type="checkbox"/> No <input type="checkbox"/> .. ..
<b>C.2</b>	<b>Can you recommend someone who would be interesting to interview for this topic?</b>	
<b>C.3</b>	<b>Any additional information:</b>	

### 8.3. Questionnaire MNEs

#### Master Thesis Questionnaire – Sustainable Supply Chain Management

**Target:** Experts in sustainable supply chain management (Consulting firms, MNEs and SMEs)

**Method:** Face-to-face Interview via MS Teams or Zoom

The questionnaire will be sent to the interviewees beforehand

**Structure:** **Part A:** General Questions (Qualitative Approach: Open Questions)

**Part B:** Corporate Sustainability Reporting Directive (CSRD) (Qualitative Approach mixed with quantitative Questions)

**Part C:** Sustainable Developments (Qualitative Approach: Open Questions)

**Length:** About 20-30 minutes

**Purpose of the questionnaire:** The interviews shall give insights regarding how companies prepare for the CSRD and the motivations behind a change to a more sustainable supply chain management approach.

#### Information about the interview

G.1	Interviewee	
G.2	Organisation/Industry	
G.3	Position	
G.4	Years of experience	
G.5	Age Range	<input type="checkbox"/> Under 25 <input type="checkbox"/> 25-34 <input type="checkbox"/> 35-44 <input type="checkbox"/> 45-54 <input type="checkbox"/> 55-64 <input type="checkbox"/> Above 64
G.6	Place	<i>Online</i>
G.7	Date	Start:                      End:
G.8	Interviewer	<i>Lena Karabeg</i>
G.9	Am I allowed to record the interview?	Yes <input type="checkbox"/> No <input type="checkbox"/>
G.10	Am I allowed to use your name for my Master's thesis or do you want to stay anonymous?	-- Yes <input type="checkbox"/> No <input type="checkbox"/> --
G.11	Am I allowed to state the company regarding the results?	Yes <input type="checkbox"/> No <input type="checkbox"/> --

**Part A: General Questions (Status-Quo)**

Nr.	Questions:	Answers:
A. 1	<p>Could you give a brief introduction about yourself, and your role in your company?</p>	
A. 2	<p>What is the company's present engagement in sustainability, particularly in relation to the supply chain?</p>	

**Part B: Corporate Sustainability Reporting Directive (CSRD)**

Nr.	Questions:	Answers:
B.1.1	<p>Have you been confronted with the CSRD before?</p>	<p>Yes <input type="checkbox"/>            No <input type="checkbox"/>            ..            ..</p>
B.1.2	<p>If yes, in what way or situation?</p>	
B.2	<p>How does the CSRD affect your company?</p>	

<b>B.3</b>	<b>How are you preparing for the CSRD coming into force and what changes can you anticipate?</b>	
<b>B.4.1</b>	<b>What obstacles or harm do you recognize in terms of adhering to the directive?</b>	
<b>B.4.2</b>	<b>What opportunities do you recognize in terms of adhering to the directive?</b>	

### **Part C: Sustainable Developments**

<b>Nr.</b>	<b>Questions:</b>	<b>Answers:</b>
<b>C.1</b>	<b>How do you envision the future developments in ensuring sustainable supply chains?</b>	
<b>C.1.2</b>	<b>How do you perceive the developments—are you feeling more optimistic or concerned?</b>	

C.2	How do you evaluate the existing regulatory landscape? Do you perceive the current regulations as adequate, do you advocate for supplementary measures, or do you find the existing regulations overly stringent?	
C.3	What do you believe is the main long-term competitive advantage a company should strive for?	

Nr.	Questions	Answers
D.1	Are you interested in the results of the survey?	Yes <input type="checkbox"/> No <input type="checkbox"/> ..
D.2	Can you recommend someone who would be interesting to interview for this topic?	
D.3	Any additional information:	

#### 8.4. Questionnaire Consulting firms

##### Master Thesis Questionnaire – Sustainable Supply Chain Management

**Target:** Experts in sustainable supply chain management (Consulting firms, MNEs and SMEs)

**Method:** Face-to-face Interview via MS Teams or Zoom

The questionnaire will be sent to the interviewees beforehand

**Structure:** **Part A:** General Questions (Qualitative Approach: Open Questions)

**Part B:** Corporate Sustainability Reporting Directive (CSRD) (Qualitative Approach mixed with quantitative Questions)

**Part C:** Sustainable Developments (Qualitative Approach: Open Questions)

**Length:** About 20-30 minutes

**Purpose of the questionnaire:** The interviews shall give insights regarding how companies prepare for the CSRD and the motivations behind a change to a more sustainable supply chain management approach.

##### Information about the interview

G.1	Interviewee	
G.2	Organisation/Industry	
G.3	Position	
G.4	Years of experience	
G.5	Age Range	<input type="checkbox"/> Under 25 <input type="checkbox"/> 25-34 <input type="checkbox"/> 35-44 <input type="checkbox"/> 45-54 <input type="checkbox"/> 55-64 <input type="checkbox"/> Above 64
G.6	Place	<i>Online</i>
G.7	Date	Start:                      End:
G.8	Interviewer	<i>Lena Karabeg</i>
G.9	Am I allowed to record the interview?	Yes <input type="checkbox"/> No <input type="checkbox"/> ..
G.10	Am I allowed to use your name for my Master's thesis or do you want to stay anonymous?	.. Yes <input type="checkbox"/> No <input type="checkbox"/> .. ..
G.11	Am I allowed to state the company regarding the results?	Yes <input type="checkbox"/> No <input type="checkbox"/> ..

**Part A: General Questions (Status-Quo)**

Nr.	Questions:	Answers:
A. 1	Could you give a brief introduction about yourself, and your role in your company?	
A. 2	What is the company's present engagement in sustainability?	

**Part B: Corporate Sustainability Reporting Directive (CSRD)**

Nr.	Questions:	Answers:
B.1.1	Have you been confronted with the CSRD before?	Yes <input type="checkbox"/> No <input type="checkbox"/> -- --
B.1.2	If yes, in what way or situation?	
B.2	How does the CSRD affect your business and your clients?	

<b>B.3</b>	<b>What changes can you anticipate in businesses due to the CSRD?</b>	
<b>B.4.1</b>	<b>What obstacles or harm do you recognize in terms of adhering to the directive?</b>	
<b>B.4.2</b>	<b>What opportunities do you recognize in terms of adhering to the directive?</b>	

**Part C: Sustainable Developments**

Nr.	Questions:	Answers:
<b>C.1</b>	<b>How do you envision the future developments in ensuring sustainable supply chains?</b>	
<b>C.1.2</b>	<b>How do you perceive the developments—are you feeling more optimistic or concerned?</b>	

<b>C.2</b>	How do you evaluate the existing regulatory landscape? Do you perceive the current regulations as adequate, do you advocate for supplementary measures, or do you find the existing regulations overly stringent?	
<b>C.3</b>	What do you believe are the main motivations of your clients to adopt more sustainable practices?	

Nr.	Questions	Answers
<b>D.1</b>	Are you interested in the results of the survey?	Yes <input type="checkbox"/> No <input type="checkbox"/> ..
<b>D.2</b>	Can you recommend someone who would be interesting to interview for this topic?	
<b>D.3</b>	Any additional information:	

## 8.5. Hierarchical code system

Hierarchical code system	Frequency (how many times mentioned in total)
Codesystem	357
Direct Quotes	21
Demografic Data	0
Industry	11
Company type	0
SME	2
MNE	3
Accounting & Consulting	6
Position	2
Supply chain	2
Sustainability	7
Age range	0
Above 64	0
55-64	0
45-54	4
35-44	3
25-34	3
Under 25	1
Years of experience	10
1,5 years	1
Gender	0
Not disclosed	0
Male	4
Female	7
Accounting & Consulting	0
General Questions	0
Sustainability engagement	4
CSRD gap assessment	2
Role in company	9
CSRD	0

Knowledge CSRD	0
no	0
yes	5
situations	0
materiality assessment	1
own needs	1
assurance	1
clients needs	5
effect CSRD	0
US as well	2
correlation to other laws	1
communication	1
changes	0
mindset shift	4
data management	3
governance structure	1
new teams	1
spread knowledge	2
Obstacles	0
technology gap	1
boundary	1
costs	2
no action	1
necessity	1
data	3
measuring	2
extra work	3
complexity	3
extensive reporting	1
knowledge missing	2
interdisciplinary	5
opportunities	0
standard worldwide	1

US vs EU	1
partnerships	1
financial advantage	2
competitive advantage	3
transparency	3
social topics	2
Sustainable developments	0
future developments	0
geopolitical tension	1
technology	1
sanctions	1
more requirements for suppliers	1
costs	2
more importance	1
competitive disadvantage	1
CSRD get simpler	1
regulations leads to change	5
CSDDD	4
more transparency	2
Europe	4
perception	0
mixed	3
optimistic	3
pessimistic	0
regulatory landscape	0
missed target	1
no effect yet	2
support missing	1
sector-specific	2
not enough	1
too much	3
enough	2
how high sanctions	2

Main motivations	0
competitive advantage	1
regulation	6
MNEs	0
General questions	0
Role in company	4
Sustainability engagement	5
supply chain	3
mission 2025	1
CSRD	0
Knowledge	0
no	0
yes	4
Situation CSRD	0
data management	3
position based on it	1
Effect CSRD	0
streamlining	1
new baseline requirements	1
competitive advantage	1
partnerships	1
incorporate in other departments	1
entire value chain	1
more employees	1
preparations	3
Preparations	0
assurance company	1
no change	2
explanation	1
start early	2
Obstacles	0
no complaints, no problem	1
content	0

amount of frameworks	1
misalignment	3
not comprehensive	2
limited assurance	2
not user friendly	2
lack of resources	0
reporting rather than action	2
external help needed: consultancies	4
not enough workers	3
data lack	2
costs	1
Opportunities	0
entire value chain	2
risk assessment	1
sustainable change	3
comparability	3
no cherry-picking/transparency	3
new jobs	1
Sustainable developments	0
future developments	0
push-back by firms	1
need for traceability	2
long change	1
price change	1
industry-specific	3
CSDDD	1
Europe leader	3
perception	0
pessimistic	2
mixed	2
optimistic	2
regulatory landscape	0
too many	2

more resources necessary	2
more would be too much	2
enough	4
very bureaucratic	1
find balance	2
competitive advantage	0
product features	1
educate	1
sustainability	3
not in long-term	2
price	1
SMEs	0
General questions	0
Role in company	5
Sustainability engagement	4
sustainable developments	0
supplying conditions	3
standards	1
unclear	1
indicators	0
environmental	1
social	2
significance	0
new workforce	1
satisfy current clients	1
ability to work with foreign clients	1
competitive advantage	0
sustainability presence	1
enter foreign markets	1
changes	3
baseline requirement, regulation necessary	1

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