Adapting to the CSRD:
A Multiple-Case Study on Implementation and Learning

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Abstract

As of 2024 companies operating in the European Union (EU) will need to comply with the new sustainability reporting regulation: the Corporate Sustainability Reporting Directive (CSRD). While sustainability reporting has become popular among companies over the last few years, they have never had to comply with such strict and extensive standards. In addition to enforcing ESG reporting the EU hopes to provoke sustainability and CSR initiatives within companies; meaning that companies must adapt and learn for this to succeed. Due to the novelty of the directive and the lack of understanding of how companies realise such a report, this thesis looked into the implementation of the CSRD within companies and its initial effect. More specifically, where the responsibility for the CSRD was within companies, which departments work together to produce it and to identify if the EU's goal to catalyse sustainability within companies is successful. This was done using concepts from organisational learning and the embeddedness of sustainability to comprehend how they were learning from the CSRD. A multiple-case study with five companies within the financial sector in the Netherlands was conducted. Here nine semi-structured interviews were used, as well as annual reports from each case which were both analysed using coding. The results showed that the cases often place the responsibility of the CSRD in the Financial department, but that the board also takes a portion of the responsibility upon itself. Further, the results revealed that companies are currently learning minimally from the CSRD; they are mainly making small defensive adjustments within their company. Additionally, all of the companies had a relatively high level of sustainability within their company. Further, it seems that it is too early to notice if the goal of the EU, to enable sustainable behaviour within companies, has succeeded and more time is necessary to reveal this. However, possibly companies that are lagging in terms of sustainability may have more potential to learn since they have further to go to become a 'sustainable' business.

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List of Abbreviations

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSO	Chief Sustainability Officer
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
EFRAG	European Financial Reporting Advisory Group
ESEF	European Single Electronic Format
ESG	Environmental, Social, and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
GD	Green Deal
GDPR	General Data Protection Regulation
GRI	Global Reporting Initiative
IR	Integrated Reporting
IIRC	International Integrated Reporting Council
NFRD	Non-financial Reporting Directive
NGO	Non-governmental Organisation
PESI	Prepare, Explore, Specification, and Integration
SASB	Sustainability Accounting Standards Board
SBSC	Sustainability Balance Scorecard
WUR	Wageningen University and Research

1. Introduction

The sustainability challenges we face today are becoming increasingly evident, gaining both visibility and urgency across the globe. Extreme weather patterns, exhaustive carbon emissions and increasing inequality are just a few recent examples (United Nations, 2024). Simply said, there is unrest in the world. Almost four decades ago sustainability gained a place in international discussions and was defined in the Brundtland Report as “meeting the needs of the present without compromising the ability of future generations to meet their own needs” (WCED, 1987, p. 16). Five years later, in 1992, the report set the foundation for the largest environmental conference of its time, the Earth Summit in Rio de Janeiro, which was “a major step forward” (p. 1) for international cooperation (United Nations, 2007). Recent research has shown that human activity is a significant driver of environmental and social impact and now we are racing against the clock to keep rising global temperatures below two degrees Celsius (IPCC, 2022). Yet, even before the early 1960s concerns about the environmental impact of business were already being raised (Hoffman, 2001). The textile industry is one example that largely contributes to resource depletion, chemical pollution, child labour and gender inequality (Naqvi et al., 2024). As a response activists, non-governmental organisations (NGOs) and governmental institutions have been putting pressure on companies to take responsibility for their actions (Detomasi, 2008; Marrewijk & Werre, 2003; Uldam & Hansen, 2017). Consequently, from this pressure, an increasing number of companies have come to realise their role and own their responsibility by broadening their scope beyond profit maximisation (García-Rivas et al., 2023; Gartenberg & Serafeim, 2019).

To legitimise their role in society, companies have been adopting corporate social responsibility (CSR) into their business activities. The term was first introduced by economist Howard Bowen in 1953 and has become a rather ambiguous term (Mishra & Schmidt, 2013). The terms ‘responsibility’ and ‘sustainability’ are often used inconsistently and interchangeably by researchers and business managers (Bansal & Song, 2017) leading to varied interpretations and implementation strategies. However, after a thorough review of many CSR definitions, Dahlsrud (2008) concluded that CSR is the voluntary incorporation of economic, environmental, and social aspects into a business while considering all affected stakeholders. Simply put CSR is a business strategy for sustainability and the motivation to adopt CSR varies per company (Marrewijk & Werre, 2003). Some companies that adopt CSR into their business are driven by an intrinsic motivation or a feeling of moral obligation, while others feel pressured by compliance and external forces, or see it as a business opportunity (Ardiansyah & Alnoor, 2024; Graafland & Mazereeuw-Van der Duijn Schouten, 2012; Uldam & Hansen, 2017). These variations can be defined as the embeddedness of sustainability in a company. Marrewijk and Were (2003) and Baumgartner and Ebner (2010) both have conceptualisations in which they describe different ambition and maturity levels for companies. Regardless of the reason, CSR has been shown to have a positive effect on a company's performance and brand reputation (Ardiansyah & Alnoor, 2024; Graafland & Mazereeuw-Van der Duijn Schouten, 2012). Additionally, research found that CSR initiatives help protect the environment, as well as, support community and rural development (Masum et al., 2020).

Often one of the tasks of implementing CSR within a company is compiling a sustainability report to communicate the company's performance. Here companies publish their sustainability goals, strategy and impact, as well as quantify their performance using environmental, social, and governance (ESG) metrics (PwC, n.d.-b). Kaźmierczak (2022) points out that while CSR activities can be difficult to observe by external stakeholders ESG is a quantifiable assessment, allowing a company to make its progress visible. Further, sustainability reporting has also become a point of interest for shareholders and investors who are no longer only interested in financial risk but also the sustainability risk of potential investment (Kaźmierczak, 2022). Especially, since COVID-19 there has been an increase in pressure from investors that are placing a greater importance on CSR and ESG performance (Bell, 2021; Nguyen et al., 2020). However, since CSR and ESG reporting has been voluntary in the past it has always been difficult to compare sustainability reports (Dahlsrud, 2008; Jonsdottir et al., 2022). There are various reporting standards and frameworks to choose from, and companies have always been free to include or exclude what they see fit (Liou et al., 2023). On the one hand, investors are becoming gradually more interested in ESG performance in addition to financial performance (Kaźmierczak, 2022). Yet, on the other hand, the lack of mandatory universal standardisation has acted as a barrier to transparency, reliability and comparability among ESG reports (Jonsdottir et al., 2022). To ensure the transparency and comparability of sustainability reports there was a need for regulation (Zsóka & Vajkai, 2018).

As part of the European Union's (EU) Green Deal, an initiative aiming to become climate-neutral by 2050, the EU approved the Corporate Sustainability Reporting Directive (CSRD) (Directive 2022/2464/EU). The directive was proposed in 2021, approved in 2022 and implemented for the first time in 2024. This means that applicable companies will publish their first CSRD reports in 2025. The CSRD hereby amended its forerunner, the Non-Financial Reporting Directive (NFRD), which was the first mandatory reporting directive (Directive

2014/95/EU). Furthermore, the CSRD mandates both listed and non-listed companies operating within the EU to disclose information relating to their ESG activities for their whole supply chain as delineated by the directive's specific standards. With this regulation, the EU aims to strengthen the comparability, quality and transparency of sustainability reporting (Jonsdottir et al., 2022) while simultaneously encouraging the adoption of sustainable business practices (Baumüller & Grbenic, 2021; Hristov & Searcy, 2024). Hereby hoping not only to improve ESG metrics across companies but also to stimulate CSR activities within companies. To achieve this, companies reporting under the CSRD will need to learn within their organisation to adjust to the new reporting standards and to increase their sustainability activity. This is because learning is an important part of being a sustainable organisation (Antal & Sobczak, 2004; Hansen et al., 2020). However, since the CSRD only came into effect in 2024 it is unclear whether this anticipated learning is happening.

While most large companies have experience with sustainability reporting, it is unlikely they are used to following such strict regulations due to the previous lack of a singular, mandatory reporting standard. These strict standards are one of the main challenges that companies face with the CSRD (PwC, n.d.-b). Companies also struggle with having access to data and enough workforce to meet the reporting requirements. An initial survey from PwC (2024) showed that an average of eight departments are working together to realise the CSRD which requires organised coordination. However, there was little known about how this cross-functional work is being implemented. Understanding the process of how the CSRD is adopted within companies, how different departments work together, and to what degree companies are learning from the directive is important for the successful realisation of the CSRD. Here concepts of the embeddedness of sustainability within companies and organisational learning were used. The embeddedness helped to describe the contexts of researched companies, while the theory from Argyris & Schön (1974, 1978) on organisational learning acted as the basis for the conceptual model to illustrate different ways in which companies learn.

1.1 Knowledge Gap

The scarce amount of literature available reflects the novelty of the CSRD and underlines the need for more research. Most of the available research focuses on the (expected) impact that the CSRD has once implemented. Both Pears et al. (2023) and Sagayam et al. (2023) explore what the CSRD means for non-EU companies. The papers focus on the contents of the directive, how it differs from the standards in the United States and the United Kingdom and what implications it has for these countries. Other studies look at the impacts it will have in certain countries: Austria, Germany and Italy (Alberti, 2024; Celli et al., 2024; Kaltenböck, 2024). Celli et al. (2024) specifically look at whether the CSRD is achievable for small and medium enterprises (SMEs) in Italy. Further, a study shows that the directive has the potential to contribute to an accelerated circular economy since it addresses several barriers to a circular economy (Larsen, 2024). However, most of the research focuses on either the external effects of the CSRD, or the internal challenges relating to its content and motivation to comply with the directive (Eklund & Vaaler, 2023). There is a lack of research focusing on the internal implementation process. A four-step procedure framework is the only article focusing on the application of the CSRD, however, it still only focuses on the contents of the directive to support "managers' decision-making processes" (Hristov & Searcy, 2024, p. 1). Looking at grey literature, the big four accounting firms (Deloitte, EY, KPMG, and PwC) provide a lot of information on the practical aspects of the directive: which companies are eligible, what are the most important standards, etc. Nonetheless, currently, there is no research regarding the implementation process through which companies adopt the CSRD or if companies learn from it like the EU predicts, therefore defining the research gap.

1.2 Research Aim

Looking at the successful adoption of the directive in line with the EU's goals for the CSRD to act as a catalyst for sustainability, it is important to understand what is necessary for this success. To fill the knowledge gap this research was aimed at gaining a comprehensive understanding of how companies in the Netherlands are approaching the implementation of the CSRD and to what extent they are learning learn from it. For the sake of this thesis, the implementation was defined as the internal organisational and managerial processes undertaken by companies to ensure that they could produce a sustainability report up to the EU standards. Additionally, the successful adoption was conceptualised using the theory of organisational learning from Argyris & Schön (1974, 1978) and the embeddedness of sustainability (Baumgartner & Ebner, 2010; Marrewijk & Werre, 2003). More specifically, as mentioned above, a survey showed that an average of eight departments are working together to realise the CSRD (PwC, 2024); therefore, this research was aimed to discover how these departments work together, how it is coordinated and if companies are learning from the CSRD as the EU anticipates.

In line with the problem statement, research gap and the research aim the following main research question and sub-questions were created:

How is the implementation process of the Corporate Sustainability Reporting Directive (CSRD) being approached by companies and how do companies learn from the directive?

Sub-question 1: *Who is responsible for the integral implementation process of the CSRD and how do the different departments work together during this implementation?*

Sub-question 2: *How do companies learn from the CSRD in terms of organisational learning?*

Sub-question 3: *To what extent does the level of embeddedness of sustainability within a company influence its ability to learn?*

To answer the research questions an exploratory, comparative multiple-case study was conducted on five companies in the Netherlands that were implementing the CSRD in 2024. By focusing on five companies, they could be compared for similarities and differences regarding their adoption process of the directive.

The following section goes more into depth on sustainability reporting and covers the contents of the CSRD and what research has been done to date. It will also review current research available on the reporting process and describe the theoretical lens which was used during the research. This includes and combines theories of organisational learning and the embeddedness of sustainability. Next, the methodology is described in detail including the: research design, case context, data collection, data analysis, reliability and validity, and ethical considerations. Further, the results are presented and later compared against previous research in the discussion. Finally, the conclusion highlights the key takeaways, answers the research questions, and mentions the implications and limitations of the research.

2. Literature Review

2.1 Sustainability Reporting

‘Non-financial reporting’, ‘ESG reporting’ or ‘sustainability reporting’ has become popular among companies. A 2022 survey from KPMG (2022) shows that 96% of the world’s 250 largest companies report on sustainability or ESG issues. The data also shows, 78% of these companies follow the Global Reporting Initiative standards (GRI). The GRI is an independent organisation (GRI, n.d.) that “promotes and develops [an] approach to fulfil demand for sustainability information” while covering the ESG dimensions (Burhan & Rahmanti, 2012, p. 262). Zsóka and Vajkai (2018) explain that the framework is flexible and can be adapted to companies based on size, sector or location. However, they also point out that many sustainability reports are often missing key components such as a materiality assessment or ethical issues, leading to a lack of transparency and comparability among reports. Another popular reporting standard is the Sustainability Accounting Standards Board (SASB) which is more common in North and South America (KPMG, 2022).

As a first step in making sustainability reporting mandatory, the European Union approved the NFRD (Directive 2014/95/EU) in 2014 which went into effect in 2018. Being the predecessor to the CSRD, the directive only applied to large companies with offices in the EU and more than 500 employees, having a more limited scope. Under the directive, member states in the EU had the flexibility to choose which reporting standards their companies would use (e.g. GRI or SASB) (La Torre et al., 2018). While the directive increased the number of sustainability reports being published and pushed companies to focus more on their sustainability, there was still a lack of a singular reporting framework, compromising the comparability among reports (Cuomo et al., 2024; La Torre et al., 2018). The NFRD has now been amended by the CSRD which broadens the scope of companies that need to comply and the topics which need to be included. This is because the CSRD comprises a new standardised reporting framework which contains new parts and metrics (Baumüller & Grbenic, 2021).

2.2 The Corporate Sustainability Reporting Directive

2.2.1 Contents of the Corporate Sustainability Reporting Directive

In the long term, all companies operating in the EU market will have to publish a CSRD report. To start, in 2024, companies that also reported under the NFRD had to comply with the CSRD, publishing reports in 2025. This included large companies who meet at least two of the following criteria will need to comply: 1) yearly turnover greater than €40 million, 2) a balance sheet exceeding €20 million, or 3) more than 500 employees. In 2025 other large companies outside the scope of the NFRD will need to comply (PwC, n.d.-a) and as of 2026 all listed SMEs and other listed companies will need to comply and publish reports in 2027. In some cases, SMEs can postpone compliance until 2028. Also in 2028, reporting in 2029, all non-EU companies with a daughter company or branch location in the EU and greater net turnover than €150 million must prepare reports (Celli et al., 2024). With this directive, the EU hopes to not only enhance the comprehensiveness, quality and comparability of sustainability reports but also aim to promote sustainable business activities within businesses (Baumüller & Grbenic, 2021; Hristov & Searcy, 2024). To do this companies will need to go beyond ESG metrics and also consider adopting CSR initiatives, requiring organisations to adapt and learn.

The European Financial Reporting Advisory Group (EFRAG), an independent advisory group, developed 12 standards for the CSRD: the European Sustainability Reporting Standards

(ESRS) which are building blocks of the CSRD (Regulation 2023/2772). These 12 standards can be divided into two groups: cross-cutting standards and topical standards (Figure 1). The cross-cutting standards, “define the basic architecture” (p. 48) of the CSRD (Celli et al., 2024). Both ESRS1 (general requirements) and ESRS2 (general disclosures) must be applied by all companies regardless of size or sector (Larsen, 2024). ESRS1 requires companies to disclose information related to their sustainability impacts, risks and opportunities coving principles like due diligence, value chain and a double materiality assessment (Celli et al., 2024). ESRS2 covers disclosure on governance, strategy, the management of impacts, risks and opportunities, and metrics and targets (Alberti, 2024).

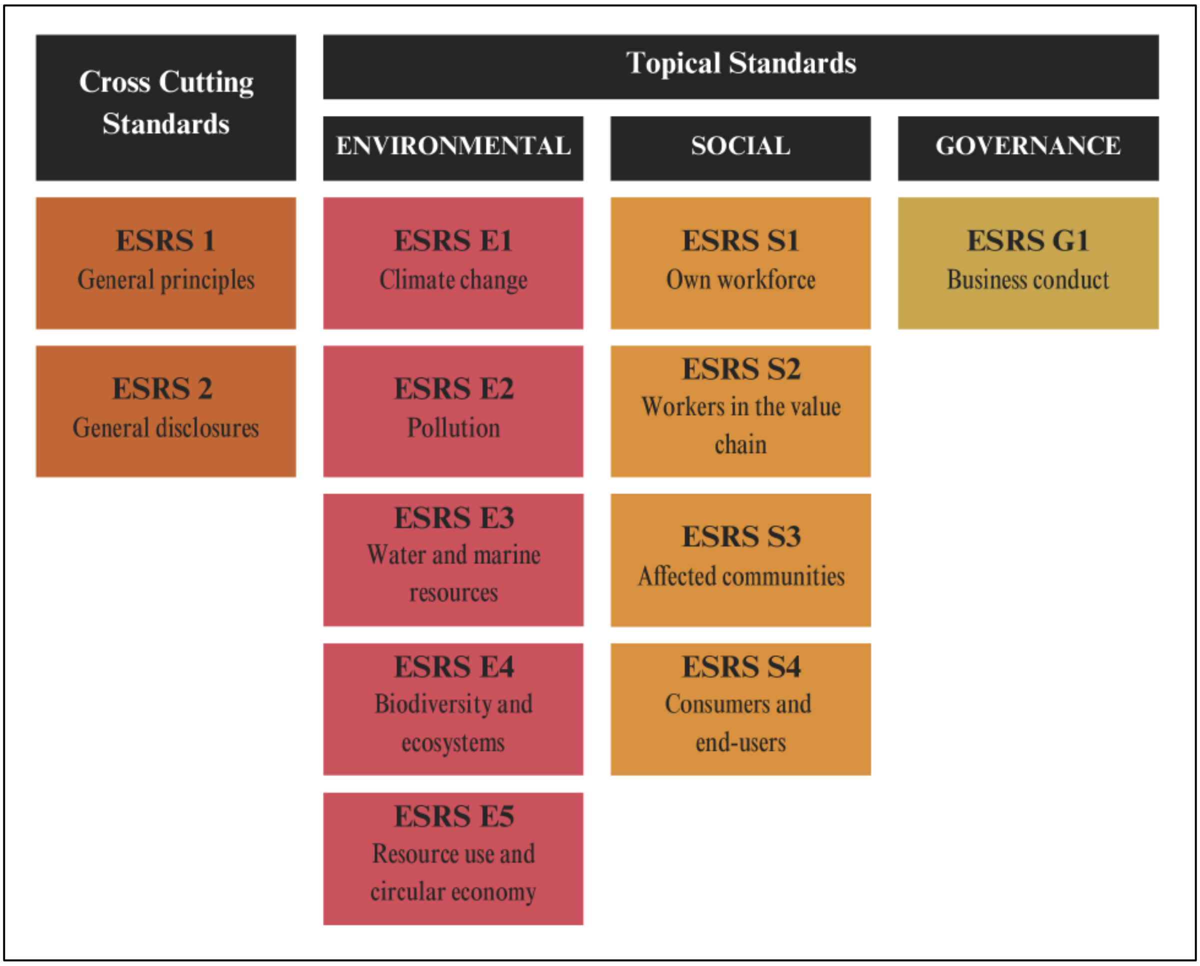

Figure 1: The Framework of the ESRS as part of the CSRD.

The emergence of the double materiality in ESRS1 is seen as one of the biggest changes in the CSRD (Baumüller & Grbenic, 2021). It requires companies to simultaneously asses their impact from an outside-in perspective and an inside-out perspective (Hristov & Searcy, 2024). This mandatory assessment is perceived as a major change since it increases the scope and depth of sustainability reporting (Odobaša & Marošević, 2023). The assessment is in line with demands from the European Commission and external stakeholders, such as non-governmental organisations (NGOs) (Baumüller & Grbenic, 2021). Which topics are ‘material’ differs per company and determines which ESRSs must be included in the CSRD report. To determine which topics are material, companies must consider how sustainability factors influence their company’s financial performance and position (outside-inside), and assess the impact of the company’s activities on sustainability factors (inside-outside) (Celli et al., 2024). This assessment is necessary and provides a more comprehensive, integrated view of a company's sustainability performance.

The topical standards include the remaining 10 standards and cover all three ESG dimensions (figure 1). There are five environmental standards (ESRS E1-5), four social standards (ESRS S1-4) and one governmental standard (ESRS G1) (Regulation 2023/2772/EU) (figure 1). From these standards companies only need to report on topics relevant to their business and depending on the outcome of the double materiality assessment. Meaning from both the financial position side, as well as the sustainability impact side (Sagayam et al., 2023). Hristov and Searcy (2024) stated that “the ESRSs challenge companies … to adopt a sustainable way of doing business that, as a natural and final output, produces sustainability reporting” (p.5). In other words, the EU is not only making sustainability reporting mandatory but also hopes that it will act as a catalyst for companies to become more sustainable. However, it is uncertain if this is currently happening, again underlining the importance of this research.

Further, to increase the quality and trustworthiness of data, CSRD reports will be audited by external companies to the same extent that financial reports are verified (Odobaša & Marošević, 2023). This is the first time that sustainability reports will have mandatory auditing with the goal of preventing greenwashing and enforcing comparability (Sagayam et al., 2023). The auditors are responsible for determining a company’s sustainability reports compliance with the CSRD requirements. Specifically, they must look at compliance with EFRAG’s ESRSs, the sufficiency of the double materiality assessment, compliance with the EU’s format (European Single Electronic Format – ESEF) and compliance with Article 8 of the EU Taxonomy Regulation reporting requirements (Baumüller & Grbenic, 2021). The Taxonomy Regulation (2020/852) is a framework for defining sustainable economic activities and is applied within frameworks like the CSRD. All companies that are required to report under the CSRD must also comply with Article 8 from the Taxonomy Regulation, compelling them to also disclose “the extent to which their revenues, [capital expenditures] and [operating expenditures] are environmentally sustainable” (p.374) (Baumüller & Grbenic, 2021). If eligible companies do not publish a report or do not report correctly the EU will administer a pre-defined penalty (Baumüller & Grbenic, 2021).

2.2.2 Effects of the Corporate Sustainability Reporting Directive

Overall companies see the adoption of the CSRD by the EU as a positive and necessary means to increase sustainability activities within companies and improve sustainability reporting standards (Eklund & Vaaler, 2023). Preliminary studies have uncovered varying motivations for complying with the directive. The main motivation for SMEs in Austria stems from regulatory compliance (Kaltenböck, 2024), while another study finds that a large determinator for implementation is the company's main goal of profit maximisation (Larsen, 2024). Conversely, Eklund and Vaaler (2023) categorised three factors of motivation for companies in Norway: value, communication and regulation. The value motivation is from future-oriented companies, they are motivated by acting sustainably and want to create value for all their stakeholders. Others see stakeholder communication as their main motivation for disclosing their accountability. Lastly, as also mentioned by Kaltenböck (2024), companies are also motivated by compliance since "it cannot be avoided" (Eklund & Vaaler, 2023, p. 53).

Moreover, the mandatory standardisation of sustainability reporting is expected to have several positive effects and it is seen as a catalyst for comparability and against greenwashing (Eklund & Vaaler, 2023; Kaltenböck, 2024). Kaltenböck (2024) reveals that the directive will likely influence the strategic orientation of companies and trigger business goals in line with sustainability. Similarly, the CSRD is expected to enhance sustainability initiatives within companies (Hristov & Searcy, 2024). Another study reveals that company's executive boards are becoming more interested in sustainability and more involved in the process due to the directive, where ESG-related information is getting a higher priority in decision-making (Larsen, 2024). The author also predicts that the CSRD has the potential to act as an accelerator towards a circular economy since market barriers can be weakened by transparency through public disclosure. In Germany, a study on multinational enterprises finds that the CSRD could have a positive impact on firm value (Alberti, 2024). These preliminary studies regarding the effects of the CSRD highlight that the new EU directive has the potential to influence an increase in sustainable business activities.

While companies seem to be positive about the directive there are also a number of concerns and challenges regarding the directive's implementation. Namely the: resources needed, data collection, double materiality assessment, audit and application for SMEs (Celli et al., 2024; Eklund & Vaaler, 2023; Kaltenböck, 2024; Odobaša & Marošević, 2023). In Norway, companies describe obtaining credible data from their value chain as the most challenging aspect (Eklund & Vaaler, 2023). This concern of collecting enough data, as well as quality data, is shared by companies in the rest of Europe (Kaltenböck, 2024; Odobaša & Marošević, 2023). Further, the double materiality assessment is viewed as an overwhelming and labour-intensive part of the process (Eklund & Vaaler, 2023; Kaltenböck, 2024). Due to the demanding use of resources needed for implementing the CSRD Baumüller and Grbenic (2021) highlight the risk of blocking the honest intentions of companies that are motivated to support sustainable transformations. Where the use of resources for the reporting itself undermines other sustainability initiatives (Eklund & Vaaler, 2023; Larsen, 2024). Regarding the auditing of the sustainability reports, companies question whether the audit costs are proportional to the benefits of the CSRD (Eklund & Vaaler, 2023). Lastly, the feasibility of the report for SMEs that must comply as of 2026 is also questioned due to their limited capacity (Celli et al., 2024; Eklund & Vaaler, 2023; Kaltenböck, 2024). While these challenges will act as obstacles for companies implementing the CSRD, however, they also allow for new business opportunities to emerge (Baumüller & Grbenic, 2021).

Regarding the implementation of the CSRD, Hristov and Searcy (2024) seem to be the only authors to have published on the topics. They develop a four-step framework using a sustainability balanced scorecard (SBSC). The SBSC is often used as an important part of a company's sustainability strategic management and shows the cause-and-effect relationships between environmental, social and economic elements in a company (Hansen & Schaltegger, 2018). The four steps are as follows: 1) conduct materiality assessment, 2) initial assessment, 3) strategically formulate scorecard, and 4) prepare the report. The framework focuses primarily on how each element of the CSRD can be integrated through the lens of strategic management using the SBSC (Hristov & Searcy, 2024). However, these integration steps do not cover how this should be done in terms of responsibility or collaboration, or if companies are learning from the CSRD to realise the goals of the EU.

2.3 Reporting Process

The available research into the organisational and managerial processes of producing a sustainability report is limited. In 2008 Adams and Frost emphasised this, however, since then there has been minimal follow-up research. This could be because every company has its own method for non-financial reporting, especially before there was standardisation or legislation. Adams (2002) was one of the first authors to research the process of sustainability reporting and found that both internal and external factors influenced a company’s reporting strategy. The author found that the reporting process partially depends on the country in which the company is located, company size and its culture. Other research also found a variation in the implementation process depending on the team structure and where the responsibility was placed (Adams & Frost, 2008; Searcy & Buslovich, 2014).

Since companies seem to have their own approach to how they organise sustainability reporting it is difficult to make generalisations. Therefore, the departments responsible for, or participating in the process vary as well. In general Adams (2002) found that in Germany the approach was much more formal and the responsibilities were often shared between the Environmental and Communications departments. Whereas in the United Kingdom, the Communications department was not involved. Further, Searcy and Buslovich (2014) found that the data collection was often conducted by various internal departments (i.e. CSR/sustainability team), but that the writing of the report itself was often done by the Communications or Public Affairs department, or even sometimes by external parties. Additionally, Adams (2002) discovered that accountants are rarely included in the process of sustainability reporting. This was because accountants were seen as incompetent and some concerns that linking sustainability reporting with the financial side would result in a more time-intensive process. Back to the department involvement, Frostenson and Helin (2017) created a list of all parties involved in creating a sustainability report. The authors mentioned that the Communication department formally owns the sustainability report and that three other groups actively work on the report: the project group, the quality group and external consultants. In this more recent article, it is clear that the actors involved have shifted over the years. In light of the CSRD an increasing number of departments are collaborating to comply with the directive and the Financial department is now given more responsibility (Larsen, 2024).

As part of the reporting process, Frostenson and Helin (2017) uncovered five tensions which occur and affect the outcome of the report. Several of the tensions will likely be minimised by the CSRD and are each explained below. The first tension refers to the involvement of different actors that have conflicting ideas. The authors point out that the various roles that internal departments have, as well as consultants often shape the company's perspective on the function of sustainability reporting. This can lead to confusion regarding the appointed roles and can work against companies that aim to holistically implement sustainability reporting. The second tension between ad hoc and standardisation (Frostenson & Helin, 2017) is largely solved by the implementation of the CSRD since the directive has a standardised format: the ESRSs. Next, the third tension, dynamo versus report, involves the debate whether sustainability reporting acts as a stimulator for sustainability initiatives or if it is merely “a document that either summarises or shows what the company does in terms of sustainability” (Frostenson & Helin, 2017, p. 178). While this tension is not solved by the CSRD, the EU does hope that it will act as a dynamo for sustainable business activity (Baumüller & Grbenic, 2021; Hristov & Searcy, 2024) and that companies will learn from the directive. The question of whether a sustainability report should act as a communication tool or accounting instrument is the fourth tension from Frostenson and Helin (2017) has also been influenced by the EU’s directive since the reports will be audited and the CSRD is seen as a formal accounting framework. The CSRD’s requirement for limited assurance also tackles the final tension between transparency and untarnished company image. The directive forces companies to disclose large amounts of standardised information regarding their business activity and be more transparent.

Looking at previous research it is clear that there have been a variety of different approaches, as well as, motivations regarding sustainability reporting. Some leave it to the Communications department, possibly because the company sees reporting more as a communication tool, while some hand it to the Environmental department. Overall it is clear that several stakeholders (both internal and external) collaborate to produce a sustainability report (Adams, 2002; Adams & Frost, 2008; Adams & McNicholas, 2007; Hristov & Searcy, 2024). Adams and McNicholas (2007) and Searcy and Buslovich (2014) both found that the reporting process was a very significant learning moment for both higher management, as well as the team responsible.

Now that the CSRD provides a standardised format for companies the process of developing the report may also become more standardised. That being said since the directive is more complex and has an increased scope compared to previous sustainability reporting guidelines. Therefore, the internal implementation process might also be more complex as well. This ought to change structures within the organisation and where the responsibility lies according to Larsen (2024).

2.4 Theoretical Lens

2.4.1 Organisational Learning

The concept of learning can be defined in several ways. For this thesis “learning occurs when new understanding or insights are connected with new behaviours or actions” (Auqui-Caceres & Furlan, 2023, p. 2). Under the notion of learning a distinction can be made between individual learning and organisational learning. Fiol and Lyles (1985) point out that while individual learning is important for organisations it cannot be compared to organisational learning. Further, organisational learning cannot merely be seen as the accumulation of its member’s individual learning. This is because organisations create and sustain learning systems which are passed down through the organisation’s history, culture and norms, influencing their current members (Fiol & Lyles, 1985). According to Argyris and Schön (1978), organisational learning is a process of detecting and correcting errors. Here organisational learning takes place under two circumstances: first “when the consequences of the action strategy are as the organisation intends, … and second, … when a mismatch between intentions and outcomes is identified and it is corrected” (Auqui-Caceres & Furlan, 2023, p. 3). When it comes to learning within organisations the theory of action, developed by Argyris and Schön (1974) is widely used.

According to Argyris and Schön (1974), all action is based on the theory of action. Here the theory of action makes a distinction between 1) espoused theory and 2) theory-in-use, where all individuals possess both (Auqui-Caceres & Furlan, 2023). The former, espoused theory, refers to “the set of rules that individuals use to design the actions they say they will take in a particular situation” (Auqui-Caceres & Furlan, 2023, p. 3). The latter, theories-in-use, is an individual's actual behaviour and actions (Argyris, 1976). In other words, the first theory is based on how people intend to act, and the second theory is based on how people actually act, regardless of their claims. Through these theories Argyris and Schön (1974, 1978) aimed to understand the relationship between our intentions (espoused theory) and our actions (theory-in-use).

Looking more closely, Argyris and Schön (1974, 1978) argue that there are two categories within theory-in-use: Model I and Model II. Model I emphasises centralised control, maximising winning, minimising losing, and avoiding embarrassment, threat or vulnerability (Argyris, 1977). Here it is assumed that mistakes should be avoided and quickly concealed, thereby focusing on defensive actions (Argyris, 1976). Model II utilises valid information, free choice and shared responsibility. This model is more open and learning-oriented (Argyris, 1977; Argyris & Schön, 1974). The evidence shows that the majority of people claim to adopt Model II, however, in reality, they act under Model I (Auqui-Caceres & Furlan, 2023). Meaning that how one thinks they act is often not in line with how they truly act. Interestingly, individuals can notice this mismatch in other people’s actions, but not in their own (Argyris, 1976) signifying a lack of self-reflection.

Based on the espoused theory and the theory-in-use Argyris and Schön (1974, 1978) conceptualised their model of organisational learning with two responses to error: single-loop learning and double-loop learning. Single-loop learning is based on Model I and implies making adjustments and corrections to reach desired outcomes, without questioning the underlying assumptions or beliefs of the system (Auqui-Caceres & Furlan, 2023). The strategy of this model is control and focuses on solving problems within the company's current framework (Argyris, 1976). Oppositely, double-loop learning is based on Model II and looks further than hurried solutions. Here not only the organisation's actions are questioned, but also its underlying values and assumptions, altering its existing framework if needed (Auqui-Caceres & Furlan, 2023). Argyris (1977) states that "organisations are quite good at single-loop learning" (p. 6), however, it is rare for an organisation to grasp and use double-loop learning. Nonetheless, double-loop learning would result in an "increased effectiveness in decision making or policy making" (p. 369) and allow for errors and failures to be communicated to stakeholders so that they can learn from them (Argyris, 1976). In the case of becoming a sustainable company double-loop learning could play an important role as it forces them to question their fundamental values and beliefs, possibly even changing their company's framework (Argyris, 1976). If companies start questioning their (unsustainable) behaviour it could create an opportunity for a shift towards sustainable actions and long-term commitment to change.

2.4.2 Embeddedness of Sustainability

Over the years different conceptualisations have been made regarding the various levels of embeddedness of sustainability within companies. While authors seem to take a different approach, they all relate to the same idea that companies adopt CSR in diverse ways and to different extents. Marrewijk and Were (2003) used Grave's value system to define six ambition levels of corporate sustainability. The lowest level is defined as having no ambition for CSR; however, here the company might implement it if they are forced by external factors (e.g. mandatory legislation). On the other end, the highest ambition level is 'holistic'. Here CSR has been integrated into every aspect of the company since it is their goal is to contribute to the survival of life on earth. In between the levels vary from being driven by compliance or profits, as well as, a caring and synergistic level where the personal values of top management, or all stakeholders motivate balanced solutions. As the levels progress, they grow while still encompassing the previous ones (Marrewijk & Werre, 2003).

A second conceptualisation of the embeddedness of sustainability within companies is the maturity levels of CSR and strategy profiles from Baumgartner and Ebner (2010). The authors identify four strategies for CSR (introverted, extroverted, conservative, visionary) along with four CSR maturity levels (poor, elementary, satisfying, and sophisticated). Similar to the compliance ambition for CSR (Marrewijk & Werre, 2003), the introvert strategy focuses on compliance concerning sustainability aspects (Baumgartner & Ebner, 2010). Further, the visionary strategy largely overlaps with the holistic ambition level where CSR is incorporated into all business activities (Marrewijk & Werre, 2003). Complimentary to the four CSR strategies Baumgartner and Ebner (2010) introduce four maturity levels of sustainability: poor, elementary, satisfying and sophisticated. Level one represents the lowest maturity level, again focusing on the compliance of laws and is seen as the beginning for most companies, Second, is the elementary level where the focus goes slightly further than regulation and is also aimed at the company's impacts. The third level denotes a satisfactory consideration of sustainability issues, and lastly, level four is sophisticated and indicates extraordinary effort into the company's CSR activities. The four strategies and four maturity levels are largely in line with each other, where an introverted strategy largely overlaps with level one maturity and a visionary strategy links to the highest maturity level (Baumgartner & Ebner, 2010).

While both authors have a different approach, they aim to describe the diverse ways in which companies adopt sustainability into their business activities. On the lower levels, companies are driven by pressure from external stakeholders, or they act only to comply with regulations or laws. On the other end of the continuum companies take a more holistic approach and incorporate sustainability into all of their business activities. Including extending the responsibility to other stakeholders in the value chain and being driven by an intrinsic motivation (Baumgartner & Ebner, 2010; Marrewijk & Werre, 2003). This makes it clear that there is no one strategy for implementing CSR within a company and it can be embedded at various levels. The information from this section was used to describe the context of each case to make clear to what level sustainability is integrated within the company, as well as determine its effect on organisational learning. The outcome of the research determined which conceptualisation was used this was dependent on which one could most easily be matched to each case’s sustainability approach.

2.4.3 Organisational Learning and Sustainability

Using concepts from both organisational learning and the level of embeddedness of sustainability within companies a new conceptual model was developed. More specifically, to determine if organisations implementing the CSRD are learning from it and the influence of the embeddedness of sustainability on this learning. With the goal of the EU to not only improve ESG dimensions but also increase CSR activities companies will need to learn in order to achieve this. Mitchell et al. (2012) emphasise that learning plays a critical role in companies becoming more sustainable and Searcy & Buslovich (2014) mention the process of reporting as an important learning moment. This is because, for companies to embrace sustainability into their core business activities they must learn to reflect and respond differently to how they have in the past (Antal & Sobczak, 2004), which indicates double-loop learning. Furthermore, this thesis aimed to understand to what extent the embeddedness of sustainability in a company influences its ability to learn.

This was conceptualised into three learning levels based on the learning loops from Argyris and Schön (1974, 1978): Level 0, Level 1 and Level 2 (Figure 2). Level 0 implies that companies are doing the bare minimum in terms of the CSRD and are not learning. This level is defined by pure compliance with current regulations and possibly working with external consultants to achieve this. In these circumstances, the directive is seen as a mandatory regulation and nothing changes within the organisation.

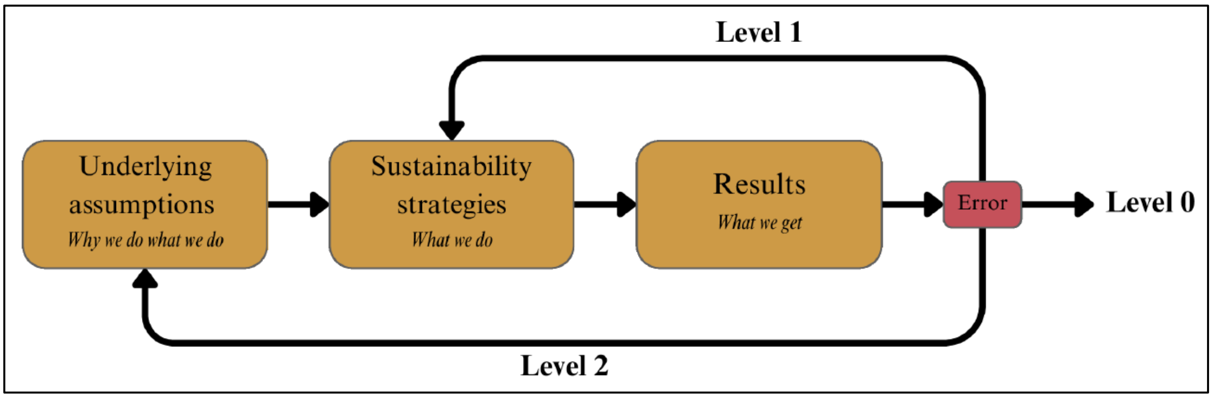

Figure 2: Learning levels of sustainability regarding the CSRD (based on Argyris & Schön (1974, 1978)).

Opposed to Level 0 where no learning occurs, Level 1 learning for sustainability was conceptualised from single-loop learning which is characterised as a defensive approach looking for adjustments within current practices (Auqui-Caceres & Furlan, 2023). In Level 1 companies comply with the CSRD and any inconsistencies or issues are corrected correspondingly. Like single-loop learning this is done without questioning the underlying fundamental values of the company and done in a defensive manner aimed at quick results and compliance (Argyris, 1976; Auqui-Caceres & Furlan, 2023). Moreover, Level 2 is the highest level of learning and is based on double-loop learning. Here companies start by questioning why current practices are being used when confronted with error (Argyris & Schön, 1974). When companies use Level 2 learning the outcomes from the CSRD are used to critically review the company's current strategies and policies for sustainability, adjusting these where necessary in search for long-term solutions. Here Level 2 learning was used to discover whether the EU’s goal for the CSRD to be a catalyst for sustainability is successful and pushes companies to reflect on and adapt their business activities. Referring back to the research aim (section 1.2) Level 2 learning defines what was meant by the ‘successful implementation’ of the CSRD. This level of learning is in line with the aim of the EU to not only make reporting mandatory but to also stimulate sustainable business activity within companies (Hristov & Searcy, 2024). While double-loop learning is usually difficult for organisations to grasp and most companies use single-loop learning (even if they think they are double-loop learning) (Argyris, 1977) the question is if this is the same for Level 2 learning in relation to the CSRD.

To further explain Level 0, Level 1 and Level 2 learning consider the simple example of a production company that produces a CSRD report and uncovers that their factory uses a large amount of non-renewable energy. Level 0 would suggest that the company learns this information but does not act on it and continues as usual. If the company approach this information in line with Level 1 learning they might install solar panels on the factory to decrease the use of non-renewable energy. For Level 2 learning the company would question their energy use patterns throughout the whole company and value chain, and set a target to be climate neutral or reduce their energy use by a given percentage in ‘x’ number of years. This example highlights the differences between Level 0, Level 1 and Level 2 learning.

3. Methodology

3.1 Research Design

This thesis sought to understand how the CSRD is being implemented within companies, which actors play a role during its implementation and if companies are learning from the directive. The new directive leaves behind the idea of voluntary sustainability reporting and enters a new era of strict and mandatory requirements (Baumüller & Grbenic, 2021). Due to the novelty of the CSRD and the ESRSs, there was a lack of research regarding how companies adopt it into their business activities and if the intent of the EU is being achieved. To answer the research questions this thesis was constructed as an exploratory qualitative research. More specifically, the study was designed as a comparative multiple-case study. Given the nature of the research questions being ‘how’ this made qualitative research and case study research appropriate (Yin, 2003). Further, the research was cross-sectional meaning that the data was collected at a single point in time and did not continue for an extended period.

Case studies allow for extensive research into one or multiple cases (i.e. a company) to identify crucial processes and relationships. In other words, it allows the researcher to explore a particular event from various angles (Rashid et al., 2019). This applied to this thesis since the phenomenon (i.e. the implementation and learning from the CSRD) had not yet been studied and includes various departments and stakeholders (PwC, 2024). Therefore, conducting singular interviews with companies implementing the CSRD would not capture the complete process and possibly leave out key insights. Further, a case study allowed for a more complete insight into a company's implementation and learning processes by using multiple sources of data (Rashid et al., 2019).

As part of conducting a multiple case study, it is important to have a case study protocol which is a formal instrument outlining the entire procedure for the case study (Yin, 2009). It provides a structured set of guidelines to be used by the researchers and an overview of what information or data is needed from each case (Rashid et al., 2019). In Rashid et al.'s (2019) guide for case studies in business research, the protocol contains six elements: "1) research question(s), 2) the research method, 3) permission seeking, 4) ethical considerations, 5) interpretation process, and 6) criteria for assessment" (pg. 5) which will be discussed in the following sections. The protocol is an important way of increasing reliability within case study research as it helps to ensure that each case is handled the same and allows the individual cases to be compared (Yin, 2009).

3.2 Case Context and Descriptions

To understand the organisational processes through which organisations realise the CSRD a case study was conducted on five companies (i.e. five cases). The companies were selected using purposive sampling based on the criteria of: 1) the CSRD, and 2) if they were operating in the Netherlands. The companies that participated consisted of one insurance company, three banks and one pension provider. Due to the requests of the participating companies and the agreed-upon terms the names of all companies and respondents were kept anonymous and confidential. Additionally, in the hope to have each case balanced the researcher sought to have an equal number of respondents per case, however, this was not possible for all cases. Table 1 gives an overview of each case and respondent, as well as the duration of each interview.

Table 1: Case descriptions.

Case	**Business activity**	**Respondent**	**Function**	**Duration (minutes)**
Company A	Insurance	Respondent A1	Chief Sustainability Officer	51
		Respondent A2	Sustainability Reporting Specialist	28
Company B	Bank	Respondent B1	Sustainability Reporting Specialist	37
Company C	Bank	Respondent C1	Sustainability Reporting Specialist	46
		Respondent C2	Human Resources Specialist	47
Company D	Bank	Respondent D1	Sustainability Specialist	38

		Respondent D2	Biodiversity and Circular Economy Specialist	45
		Respondent D3	Human Rights Specialist	26
Company E	Investment	Respondent E1	Sustainability Manager	43

Case A: Company A

Company A is a large, global insurance and asset company. The company operates not only in the Netherlands but also in many other countries worldwide under various brand names. They offer a wide range of life insurance, pensions and asset management services for individuals and businesses. Further, the company is known for its financial stability and its focus on long-term value creation for its stakeholders.

Case B: Company B

The second case is a large financial institution in the Netherlands offering retail and commercial banking services. Additionally, Company B also offers banking services internationally. The company builds upon principles of mutual benefit and has a reputation for having a customer-oriented approach by focusing on the interests of its members and local communities.

Case C: Company C

Company C, the third case, is a large and well-known retail bank primarily serving retail customers in the Netherlands. The company offers several brands and a wide range of products like savings, loans and mortgages. Further, the company highly values customer trust and relationships, through transparency and reliability.

Case D: Company D

Case D is another large banking institution in the Netherlands offering numerous services such as retail banking, private banking, and corporate finance. Company D is represented both in the Netherlands and internationally and provides financial products for both individual and corporate clients. Further, the bank holds its customers in high regard.

Case E: Company E

The last case is a large pension fund and asset management company. Company E plays an important role in managing pension assets for many clients in the Netherlands. As a global leader in pension management, the company is a key player in shaping policies and advocating for long-term financial security.

3.3 Data Collection

3.3.1 Respondents

To obtain respondents two contacts were provided by an extended family member. This led to coming in contact with Respondent A1 from Company A and Respondent B1 from Company B. Since both of these companies were in the financial sector the decision was made to focus on the financial sector. The financial sector covers various businesses such as banks, investment companies, insurance companies, and real estate companies (Kenton, 2024). Using Excel a list of all large financial institutions operating in the Netherlands was compiled. The document included the contact information for each company's sustainability managers, ESG reporting specialists, etc., which were found using LinkedIn. Each person of interest was sent an email requesting an interview. When there was no response a second email was sent a week later. In total 18 people from 9 financial companies were contacted. One company denied the request, not comfortable sharing their company’s approach to the CSRD and the other five companies never responded. During the data collection further snowballing was attempted, however largely unsuccessful.

3.3.2 Procedure

In weeks 49, 50 and 51 of 2024, eight semi-structured interviews were conducted with various actors that played a role in the realisation of their company’s CSRD report. One additional interview was conducted in the first week of 2025. Each interview had a duration between 26 and 51 minutes (table 1). According to Yin (2009), interviews are “one of the most important sources of case study information” (p.106). However, Yin also points out that instead of being a structured dialogue the interviews should have a conversational tone which was also the aim of the interviews. Due to the timing at the end of quarter four in 2024, companies were very busy with the finalisation of their annual reports making it difficult to get more respondents. Before each interview, each respondent filled out a consent form agreeing to the interview being recorded and used for this thesis. For all interviewees, this was on the terms that the company’s name and respondent’s name would be anonymised. Since the CSRD is such a new regulation most companies were not comfortable with their name being mentioned. Further, all interviews were done in English and recorded using voice memos on the researcher's iPhone. When possible the interviews took place at the respondent’s workplace, the remaining were done online via Microsoft Teams. Four interviews were done on location and the remaining five were conducted online.

3.3.3 Instruments

All of the interviews followed the same interview guide (appendix A) which was also part of the case study protocol. However, the interviews still had an open-ended structure and the interview guide was only there to guide the conversation and make sure that all important topics were covered (Merton et al., 1990; Yin, 2009). After a small introduction of the research all participants were asked to give a brief description of their background and their role within their company. This was followed by a guided conversation covering each relevant topic of the sub-questions: CSRD responsibility, inter-departmental relationships, level of learning, and maturity level (appendix A).

Afterwards, each interview was transcribed verbatim as soon as possible (maximum of two days). The interviews which were done online via Microsoft Teams used the 'transcribe' function within Teams. For the interviews which were done in person a paid AI tool (fireflies.ai) was used to transcribe them. Keeping ethical considerations in mind, Fireflies.ai operates in line with the EU's General Data Protection Regulation (GDPR). Lastly, Microsoft Teams and Fireflies.ai were used as aid tools and each transcript was corrected for any mistakes using the audio recording.

3.3.4 Secondary Data and Database

Using multiple sources of data is a key component of case studies and increases its overall quality (Yin, 2003). Each company's 2023 Annual Report was used as a secondary data source. These were found online on each company's website and downloaded. The reports helped provide an extra 'lens' to the research and allowed for triangulation. Triangulation is an important part of case study research and allows for "converging lines of inquiry" (Yin, 2009, p. 115). Where the findings from the case studies are more convincing when based on multiple sources of data. This helped create stronger conclusions during the data analysis.

Lastly, Yin's (2009) second principle of data collection is to create a case study database. The database is an approach for organising all the collected data securely. For this thesis, everything (interview recordings, transcripts, reports) was stored in case-specific folders in the researcher's Wageningen University and Research (WUR) OneDrive. This also made the analysis more efficient having all of the data in one place. Further, all the data was handled responsibly in line with the information security of WUR. After the completion of the thesis, all of the transcripts will be handed over to the BMO office where they will be stored for one year following the WUR Data Management Plan.

3.4 Data Analysis

To analyse the data an inductive analysis was done, meaning that no pre-established codes were used. Later the research questions and literature were used to help develop themes and dimensions. For the data analysis Atlas.ti, a computer software, was used to aid in organising and coding the data. Rashid et al. (2019) suggest a four-step approach to case study data analysis: prepare, explore, specification, and integration (PESI). In step one, prepare, you process and familiarise yourself with the data. Step two, explore, is equivalent to creating initial codes which emerge from the data, whereas step three, specification, focuses on looking at relationships between the concepts. In the last step, integration, the results of each case are compared.

To begin, all of the interview transcripts and 2023 annual reports were uploaded into Atlas.ti and categorised into groups using the document groups function. This resulted in seven document groups, one for each case (A-E), and one for each of the interviews and annual reports. From here each of the interview transcripts were inductively coded, this being the first-order analysis. This was the explore phase of PESI (Rashid et al., 2019). While the initial coding was done inductively the research question, and conceptual model were considered during the whole process to ensure that the coding process was in line with the research objectives. The secondary data was also coded this way. After the first round of coding, there were 283 codes; this list of codes was reviewed to see if any codes were similar and could be merged resulting in 255 first-order codes. Further, the first-order codes were reduced into second-order themes by searching for parallels among the categories (Gioia, 2021). Here the first-order codes were reduced into 29 themes. Next, the themes were combined into even more specific elements known as second-order dimensions (Gioia, 2021). Again this process was based on concepts from the research questions and theoretical lens (i.e. implementation, responsibility, collaboration, learning, and level of sustainability) to ensure the research objectives could be met. This was an iterative process of moving the codes and themes around, sometimes further refining them by combining or splitting a theme into two themes. While Atlas.ti was the main program used, Microsoft Excel was also used to group the themes into dimensions. Finally, there were 191 codes, 23 themes and 6 aggregate dimensions.

During the analysis, the cases were analysed in terms of their embeddedness of sustainability and the level of learning that took place. Regarding the different levels of sustainability within a company each case was interpreted by the researcher against Baumgartner & Ebner's (2010) four levels of maturity: poor – 1, elementary – 2, satisfying – 3, sophisticated – 4. This conceptualisation was chosen as opposed to the four strategies for sustainability, or Marrewijk and Were's (2003) six ambition levels since it provided the most coherent match with the results of each case. Table 2 gives an overview of the definition of each maturity level which was used during the analysis. It is important to consider that these levels are not black and white and that while the cases were given a maturity level it is possible that in reality, the company is somewhere between levels. Therefore some cases are given a + or – next to their level. The level is based on the interviewees' perceptions of their company and the information provided in annual reports, which may have excluded important elements. Moreover, to determine if learning had occurred at Level 0, Level 1, or Level 2 within each company, codes from each transcript related to learning were interpreted and compared against the definitions of each level by the researcher: no learning (Level 0), defensive corrections (Level 1), or questioning underlying assumptions (Level 2). This was conducted for each case to identify which levels of learning were present which were indicated by 'no signs', 'some signs', or 'multiple signs'.

Table 2: The definitions of Baumgartner and Ebner's (2010) sustainability maturity levels used during the analysis.

Level 1:Poor	Beginning consideration of sustainability aspect in company, meaning that only mandatory rules and laws are respected.
Level 2: Elementary	Focused on compliance with sustainability-related laws, but going slightly further.
Level 3: Satisfying	Above industry standard.
Level 4: Sophisticated	Outstanding effort towards sustainability.

Once all of the first-order codes, second-order themes and dimensions were finalised they were comprised into a data structure to illustrate how everything was related. This was a necessary step according to Gioia (2021) since it makes clear how the data is connected and how it 'works' (Gioia, 2021). This complete data structure is visible in table B1 in appendix B. Further, each aggregate dimension was analysed. Here, the five case studies were compared to reveal similarities or differences between each of the companies, this was done using the 'code-document analysis' function in Atlas. This is also defined as the integration step in PESI which is important for exposing the patterns across the cases (Rashid et al., 2019). Lastly, any quotes used in the results section were edited to remove double words or pauses, and contractions were extended.

3.5 Reliability and Validity

Reliability and validity are two important concepts when conducting qualitative and case study research (Yin, 2009). Reliability refers to the consistency of the research and validity focuses on the accuracy of the research (Brink, 1993). In other words, reliability means that the data should be collected with some standardised method. For Yin (2003), reliability is relevant during the data collection phase and ensures that the research “can be repeated, with the same results” (pg. 34). Further, two types of validity apply to this research: construct and external validity (Yin, 2009). Construct validity is concerned with whether the research accurately measured what it intended to measure. Lastly, external validity ensures that the study’s findings can be transferred and generalised (Yin, 2003, 2009). The research reliability and both forms of validity were applied to research as best as possible.

To ensure research reliability and validity certain measures were considered during the research process. First, reliability was increased by using a case study protocol, as well as, an interview guide and case study database as suggested by Yin (2003). As mentioned this was important during the data collection phase. The protocol and interview guide aimed to ensure that the same data was collected for each case. Construct validity, which also occurred during data collection, was ensured by clearly defining the topics which were going to be measured and using multiple sources of data to triangulate (Yin, 2009). External validity was ensured during the research design by doing a multiple case study instead of a single case study and by clearly defining the reasons for the selection of each case (Yin, 2003). However, to test the strength of each of the tactics used the study would need to be replicated.

3.6 Ethical Considerations

Since the qualitative data was collected from large financial institutions in the Netherlands and their employees ethical considerations were necessary. All of the data was collected following the WUR’s data policy and all respondents signed consent forms agreeing to their participation in this thesis. For this reason, all of the cases and results are anonymised into Case A, Case B, etc.

4. Results

The results are structured according to the key dimensions which emerged from the data. These key dimensions are the second-order aggregate dimensions which are mentioned in the data analysis. Within each dimension, each of the themes and the most important codes are discussed. A complete data structure showcasing all dimensions, themes and codes is available in appendix B in table B1.

4.1 Sustainability Maturity

This section covers all of the themes and codes within the dimension *sustainability maturity* which describes the maturity level of each company regarding sustainability. Under this dimension, there are three themes: *reporting before CSRD, sustainability before CSRD* and *sustainability approach* as shown in table 3.

Table 3: Themes which fall under the sustainability maturity dimension.

Second-aggregate dimensions	**Second-order themes**
Sustainability maturity	Reporting before CSRD
	Sustainability before CSRD
	Sustainability approach

The first theme within *sustainability maturity* is *reporting before CSRD*. The two most popular codes part of this theme were *already reporting* and *pre-CSRD*. The former is whether the company was reporting before the CSRD and which framework they used, and the latter refers to structures or decisions made regarding reporting before the existence of the CSRD. All of the cases who participated reported on sustainability topics before the CSRD. Companies A and C used the GRI standards to report their sustainability standards which was also disclosed in their annual reports. Oppositely, Company B used the Integrated Reporting (IR) framework from the International Integrated Reporting Council (IIRC) which is also stated in their annual report. Company D previously used the GRI but switched to the IR framework: “we switched from GRI to Integrated Reporting framework back in 2018. So sustainability has been integrated in our annual report for quite some years” (Respondent D1). Lastly, Company E used both the IR framework and GRI to compose their sustainability report. “We used the IIRC methods and also applied the GRI” (Respondent E1). Further, Company A mentioned that they did not get limited assurance on the previous reports (*no limited assurance*): “we did not have limited assurance so far, we just published our sustainability information without any assurance” (Respondent A2). Company C did get assurance on their reports before the CSRD: “we did get limited assurance on our sustainability statements before and on some points also reasonable assurance” (Respondent C1). The other cases did not mention anything about getting assurance for their previous reports. Moreover, Companies A, B, C and D also reported on the NFRD prior to the CSRD. “We were reporting under the NFRD already, but it was way more limited” (Respondent A1); “we were mandatory to report according to the NFRD” (Respondent C1). However, they also mention that it was much smaller and less strict compared to the CSRD.

“The NFRD was quite limited to be honest. We did not have to disclose that much and it was things that we were already doing kind of. It was not that strict” (Respondent D1)

Before the CSRD (*pre-CSRD*) Companies A, C and E took various steps to ensure that they could sufficiently produce a sustainability report. For Company A it was creating a non-financial team within the Financial department who would have the lead in this. “A couple of years ago … I already anticipated that non-financial reporting [would] become more important. … So we created a Sustainability Reporting [team] within the Financial department” (Respondent A1). Company C increased the capacity of their non-financial reporting team with the anticipation and arrival of other legislation. “The NFRD and the GRI [were] not that strict so we could do that with just two or three people, and then the team grew when we also were required to report on the EU taxonomy and the Pillar 3” (Respondent C1). For Company E the *pre-CSRD* steps were related to establishing key performance indicators (KPIs) and a sustainability dashboard so that the company could produce a sustainability report.

Besides only reporting before the implementation of the CSRD Case C described how they strived to be sustainable before the CSRD. This was under the theme *sustainability before CSRD*. Company C described itself as a front-runner on the topic of sustainability and not being ashamed of its policies (*already a front-runner* and *not ashamed of policies*). This was mentioned by both respondents from Case C. “We are actually already a front-runner on this topic” (Respondent C1), “I think we have good standards already, so I am not very ashamed for what we have to report” (Respondent C2).

The third theme in the dimension *sustainability maturity* is *sustainability approach*. Each respondent was explicitly asked what their company’s approach to sustainability was during the interviews. This theme will be described per case to give a clear overview of their approach. First, Case A underwent a shift in its sustainability approach several years ago (*shift in approach*). The company is operating in various countries across the world and previously all things regarding sustainability were up to the local business units. Under the guidance of Respondent A1 sustainability was moved to be a central part of the business (*set priorities/targets*). “I said, let us maybe take a completely different view. Stop all that and make a few priorities for the group as a whole” (Respondent A1). More recently, Company A had another shift in approach and shifted their sustainability actions from project to business-as-usual (*business-as-usual*). “We went from project to business-as-usual” (Respondent A2). Further, Company A aims to be a decent company in the middle of the pack (*middle pack*) and be more than compliance-driven. “We don’t see this as a full compliance exercise because it is already kind of part of our approach", but "we do not want to lead the way here and also we do not want to be a laggard" (Respondent A2). Lastly, Company A is part of an external alliance to help reach its goals (*part of alliance/group*). Much of the information regarding Company A's approach was also mentioned in its annual report.

Company B also underwent a shift in the company's sustainability approach (*shift in approach*) a couple of years ago. This change placed "sustainability even more central" (Respondent B1) within the company. Further, Case B has three priority sustainability topics and specialised teams work to steer these topics (*set priorities/targets*). "Each team moves through a certain number of steps in our approach to steering on sustainability, which is measuring risk and impact" (Respondent B1). Additionally, prior to the CSRD the company had several voluntary commitments on sustainability and was part of several external alliances and disclosures (*voluntary commitments and information* and *part of alliance/group*). On the one hand, this is to show the company's commitment but on the other hand, it is for "a lot a knowledge sharing" (Respondent B1).

Third, sustainability has always been part of Case C and its approach, and they consider themselves a front-runner (*front-runner*). "We are actually already a front-runner on this topic" (Respondent C1), "in previous research [Company C] was one of the best banks when it [came] to sustainability" (Respondent C2). Respondent C1 also explained how this is driven by an intrinsic motivation within the company (*intrinsic motivation*): "I feel that a lot of colleagues started working for [Company C] because they also have this motivation for sustainability or social impacts". Further, Case C had three sustainability pillars which they focus on (*have priorities/targets*) and accompanying policies (*have policies*). One example of the company's approach is that they do not invest in fossil fuels because they want to 'di-vest' and do not want to engage with such clients (*voluntary commitments and information* and *di-vest/not engage*). "Our statement is that engagement is not enough and we do not want to finance them because we want to push even harder" (Respondent C1). Concerning the CSRD, Case C's strategy goes beyond the regulation and they have a vision of what they want to accomplish (*have vision beyond CSRD*). "That is the mindset that you have to create with each other, because only ticking the metrics and then you are ready, no, that is not what we want to achieve because we also want to achieve our own vision and our own standards" (Respondent C2). Many of these codes are mentioned in Company C's 2023 annual report. The report also mentions that Company C is part of many collaborations related to sustainability within and outside of the financial sectors to increase their positive contribution (*part of alliance/group*).

Next, sustainability has been part of Company D's core strategies for several years (*set priorities/targets* and *policies*). Hereby Case D has voluntary commitments on sustainability, exceeding compliance (*voluntary commitments and information*). This is mentioned in the annual report and by Respondent D1: "Sustainability has been integrated in our annual report for quite some years now, … it is also formally one of the three pillars" (Respondent D1). Besides taking voluntary measures in the past, Company D also has a vision beyond the CSRD (*have vision beyond* CSRD). "Our strategy is a little broader than just the material topics, so in terms of creating long-term value … there is more information that we would like to disclose", "but it is legislation, so we also see it as that, … [but] we will also define our own course" (Respondent D1). Opposed to Company C which does not invest or engage with polluting clients, Company D chooses the opposite approach and engages with such clients to help them become more sustainable (*transition bank/engage*). "[Company D's] approach to sustainability is by understanding how they can help their clients transition. … You can use your influence to finance the transition with the best type of products for the client" (Respondent D2), "that means that we are not one of the most sustainable banks in the Netherlands, … but we aim to help clients who might not be sustainable yet … become sustainable" (Respondent D3). The respondents also mentioned that they notice an intrinsic motivation for sustainability within their sustainability team, however, they did not mention this being transposed throughout the organisation.

Lastly, Case E adjusted their sustainability approach in the last years after questioning if they, as an investing company, would invest in themselves (*shift in approach*): "would we invest in ourselves given [the] investing policies we have? And the answer was a big no" (Respondent E1). Over the last few years Company E implemented sustainability into their central business, they set priorities and targets, and have the ambition to become the best in their field (*set priorities/targets* and *high ambition*). "We now have four … items that we want to be best in class" (Respondent E1). Further, Company E is now switching to a business-as-usual approach for how the company implements sustainability (*business-as-usual*): "now sustainability can be integrated again in the different departments and it is going to be business-as-usual" (Respondent E1).

4.2 Views on CSRD

The second dimension which resulted from the data analysis was *views on CSRD*. Under this dimension there are both positive and negative views on the CSRD, as well as expected long-term effects: *negative view, positive view,* and *potential long-term effects*. This is shown in table

4 and each theme will further be discussed below. The theme *negative view* was grounded in the data 29 times and *positive view* was grounded in the data 31 times.

Table 4: Themes which fall under the views on CSRD dimension.

Second-aggregate dimensions	**Second-order themes**
Views on CSRD	Negative view
	Positive view
	Potential long-term effects

The most occurring code within the *negative view* theme was *a lot of work*, referring to that the CSRD takes a lot more time and capacity than any previous reporting standard. This code was mentioned by all cases. “It is a lot of work” (Respondent A1); “a lot of feedback within the company is the reporting burden takes up more capacity” (Respondent C1); “it definitely takes a lot of time to put the effort in in order to adhere to everything” (Respondent D1). With the CSRD being a lot of work, Company D mentioned that it *takes time away from other* actions. While both Company C and D have a vision beyond the CSRD, as mentioned in the section above, Company D found it a risk to go beyond the CSRD (*risk/no room beyond the CSRD* and *miss information*). “There is less room to disclose these other activities, … I think there will be a point where we miss information in our public disclosures” and “if you are meeting regulatory expectations why would you go beyond that, it is a risk to actually go beyond compliance” (Respondent D3). Additionally, Company C felt like they do not need the CSRD since they already were a front-runner (*don’t need the CSRD*): “we do not need the CSRD to steer on the right compartments” (Respondent C2). Respondents C1 and D2 stated that they were unsure if the CSRD can be the solution to making businesses more sustainable (*not solution to sustainability*). “For the whole of the CSRD I am not really sure if it makes a difference” (Respondent C1). “Is the CSRD the solution to our sustainability issues and is it going to per se force people into actions? I do not think so” (Respondent D2). Lastly, Respondent C1 was negative about the standards being the same for all companies, regardless of their size. Company C has a much smaller capacity than their peers but was required to report the same (*standards are the same*): “we are just with a team with eight people and [Company C] is not that big, but the requirements, the standards are the same for every bank” (Respondent C1).

Regardless of the negative views on the CSRD, the respondents shared positive views as well. The most popular codes were *positive view CSRD, improves transparency* and *increase data availability*. The first code covered general positive acknowledgement towards the CSRD and were mentioned by all cases except Case E. “I am really enthusiastic and positive about this development” (Respondent A2). Again all cases except Case E thought that the CSRD would improve transparency and the availability of data. Respondent B1 viewed the CSRD as “an opportunity, not just in terms of structurally showing what it is that we do, being transparent on that and growing on that, but also in terms of data availability”. “You create so much transparency” (Respondent C1). Related to being more transparent Respondent B1 linked this to the limited assurance requirement (*benefits from auditing*): “an audit does add value because if you really make a mess of things, they will find out … and they will make you be transparent on that” (Respondent B1). Further, Cases A and B saw the CSRD as a business opportunity and not only a reporting legislation (*business opportunity*). “The way we talk about the CSRD is very much as a reporting tool, but … I see it more as an opportunity” (Respondent A1). Respondent A1 also hopes that Europe can set an example for the rest of the world: “It also sets an example for other continents in the world, I think Europe is a bit ahead in terms of regulation”.

The last theme in the *views on CSRD* dimension is *potential long-term impacts*. In terms of direct effects on the company, Company D mentioned that in the following years, it will be much easier to produce a report (*years to come easier*). “Next year we will be basically updating the information and closing the gaps” (Respondent D1). Where Respondent A1 expected that after the first years of being compliant Company A could start steering sustainability matters (*next phase steering*): “We have made some steps, now it is really being compliant, being transparent. The next phase is steering more on different topics, be more proactive and so on”. In terms of overall effect, respondents from Companies B and D expect that the CSRD has the potential to be transformational. “I think it has that transformative power, but I am cautious in saying that it will really deliver it” (Respondent D1). Similarly, respondents from Companies C and D thought the CSRD would be especially good for companies that have not developed sustainability plans or strategies yet (*good for laggards*). “I think it helps because of course you have a lot of companies that did not disclose anything or very limited information, … the companies that were lagging so to say need to step up” (Respondent D3).

4.3 Implementation Process

The dimension *implementation process* encompasses all actions undertaken by each case for the implementation of the CSRD in 2024. As highlighted by the second-order themes in this dimension (table 5) the implementation process describes any preparatory actions that the cases took because of the CSRD. Further, this dimension also covers how data was collected, certain processes and procedures related to the CSRD, plus the scope and metrics of the report. Lastly, *implementation process* covers the extent of stakeholder engagement and challenges noticed during this phase.

Table 5: Themes which fall under the implementation process dimension.

Second-aggregate dimensions	**Second-order themes**
Implementation process	Preparatory actions
	Data for CSRD
	Processes and procedures
	Scope and metrics
	Stakeholder engagement
	Challenges during implementation

Within the theme *preparatory actions* the most reoccurring code was noted to be *started earlier* and was coded 22 times. This was mentioned by all cases that they used some measures to prepare themselves for the CSRD before having to comply. All cases already did a double materiality analysis in 2023 to help prepare them for the directive and some even reported in line with CSRD and ESRSs in 2023: “last year [2023], we actually already reported with the structure of the CSRD and we also executed the double materiality assessments according to the CSRD” (Respondent C1); “last year [2023] [was] the first time that we implemented CSRD in our annual report … . So we already started changing the structure of the annual report” (Respondent D1). Further, several other preparatory actions were undertaken. Company C increased its capacity in anticipation of the CSRD (*needed more capacity*) and Company A, C, and E explicitly mentioned the importance of setting clear governance structures prior to starting (*set governance structure*): “setting up a governance structure, be clear right, on how the reporting lines go. So I think it was important to have that clear from the start” (Respondent A2). Respondent C1 mentioned that they had to go through several committees to get their opinions on the governance structure. Respondents C1 and E1 also described how they had to initiate the preparations for the CSRD, under the code *initiate CSRD*. Within Company C it was Respondent C1 whose team is in the Financial department opposed to Respondent E1 in Company E who is the Sustainability Manager. “My team was definitely the initiator to start implementing the CSRD because in the end it is a reporting directive” (Respondent C1). Lastly, due to the preparatory actions undertaken Company C felt confident that they could handle the CSRD (*felt confident*).

As part of the CSRD, the amount of data needed to report has increased significantly, hence the theme *data for CSRD*. Since all of the cases are financial institutions they mainly work with clients, meaning that they need a lot of data from their clients. Respondent B1 explains that it "is definitely more extensive than it has been in the past. But what you see is that … there are so many data points that you have to report on", however "the overall data and system landscape of your average bank is big" (Respondent B1). Company C and D also mentioned that lots of data comes from their central database (*central database*), and where data was missing Company D "[used] external data" (Respondent D1) to fill in the gaps (*external database*). However, not only was the availability of data important, but also the quality of the data for Case D (*data quality important*). Especially "in order to determine your material topics" (Respondent D1).

To aid with the *implementation process* several *processes and procedures* were needed. The most popular codes under this theme were *data collection* and *double materiality*. These two processes are also closely related since sufficient data is needed for the materiality assessment; and if the assessment deems topics material then data on those topics needs to be collected. Respondent A1 describes this: "if we say climate is material then we have to report this. So I have to obtain this and these data and it goes pretty far". Company C, D and E also described the importance of the double materiality assessment since it defines the rest of the CSRD. Further, another important part of ensuring that the CSRD could be implemented was educating all of the departments that had a role in the CSRD (*educating departments*). Since the CSRD has a much wider reach than previous sustainability reporting standards departments that were previously not involved in the sustainability report needed to be brought up to speed. *Educating departments* was mentioned by all cases, yet some highlighted its importance more than others. Respondent C2 describes that "we [had] to make our colleagues who are responsible for the policies aware of what is meant with the CSRD. So: what is the meaning, what do we want to achieve with it?". Furthermore, many of the codes were *identifying gaps* and *solving gaps* which refers to gaps between the case's previous ESG metrics for reporting and the metrics mandatory in the CSRD. Companies A, B, C, and D mention these codes numerous times. The respondents also highlighted that these gaps take time to solve: "one of those gaps is that we do not have metrics and targets, so that is something that we will develop in the coming years" (Respondent D3). Since some metrics mandatory in the CSRD are missing and these gaps have not yet been solved Companies A and D mention that they are using the phase-in option of the CSRD (*phase* *in CSRD)*. Lastly, for the data collection and creation of new metrics Companies A and C used advanced software to simplify this process (*advanced data platform*).

The theme s*cope and metrics* is also an important part of the *implementation process*. The most popular code in this theme was *financial sector different*, which is also related to the code *scope 1, 2, 3* and was mentioned by all of the cases. Here all cases explained that financial institutions function very differently when compared to other sectors. "If you look at Company A and the emissions in general, scope one and two, and then you have the 15 categories of scope three, … 90% of our emissions come through our investment portfolio" (Respondent A1) and Respondent B1 mentioned the same: "We have a bunch of offices, but our scope, 1, 2 impact is negligible when compared to what our clients do". Further, regarding the contents of the report and related to solving the gaps Companies C and D commented on the different metrics of the CSRD. Respondent D2 stated that Company D needs to "think more concretely about what type of metrics [they] want to use to measure [their] progress". However, in terms of material topics Respondent D1 and E1 found that their material topics largely aligned with their strategy. "So far it is quite a good match between what we are already doing and which topics have been deemed material" (Respondent D1).

In terms of *external stakeholders* as part of the *implementation process,* all five cases used an external consultant in some way. Company A used a consultant to help them prepare for the CSRD as well as to conduct the double materiality assessment. Company B also used an external consultant at some point but did not specify for what they were hired. Company C only hired a consultant for hands-on support for some of the topics. Further, Company D used consultants to aid in implementing the CSRD and the "further development of some structures" (Respondent D2), as well as to support in understanding certain parts of the regulation document, plus hands-on support. "We hired a consultancy and this consultancy helped us understand what we had to do from the CSRD" (Respondent D2). Company E also hired to external advisors understand the scope of the CSRD concerning asset management, as well as, during the double materiality assessment. Lastly, Companies B, C and D all participated in inter-banking meetings, with several other banks to discuss and help each other understand how to interpret certain aspects of the CSRD. "There are some inter-banking meetings … where you do not disclose anything in detail, but you do discuss, oh, how do you approach this?" (Respondent D1). These various actions were covered by the following codes: *consultants hands-on support, external consultant understanding regulation, inter banking meeting, and external consultant*.

Finally, during the *implementation process* the respondents also mentioned several *challenges during implementation*. The two largest codes under implementation challenges were *data collection challenge* and *balancing standards and story*. The data collection was mainly mentioned by Company D, where all three respondents stated this issue multiple times. The challenge is mainly due to data necessary for the CSRD not being available. “The data availability within the bank for our topics is relatively limited because there's not that much in place to help us with these type of topics” (Respondent D2). The data collection challenge was also shortly mentioned by Respondent A1 and the annual report of Company B. Further, *balancing standards and story* were heavily referred to by Company B, C and D. The respondents explained that due to the new strict standards of the CSRD and only being able to report on topics that are material to their company, it can be very difficult to report on anything beyond that. Meaning there is little space for voluntary information in the report. “We have already much space needed to explain some basic hygiene factors, while we want to report on how we cope with neurodiversity for example, as a topic within the organisation” (Respondent C2). “If they are not classified as material, there is no place for those topics anymore in the report, also the auditor push you to only disclose material information, but we do much more that what is material from a CSRD perspective” (Respondent D3). This makes it difficult for the companies to go beyond compliance and tell the story that they want to tell. “We still want to be a front-runner, although it is pretty difficult now with all the regulations, but we still want to be a front-runner and implement those standards” (Respondent C1).

Companies A, B and C also find it difficult to get limited assurance since “everything, every step, every detail has to be documented” (Respondent A1). For Company C this was especially challenging because it requires a lot of capacity and they already have a smaller capacity. Other codes under this theme were *challenge understanding CSRD, difficult determining topics* and *regulation strict but broad* which was related to the social topics which require a lot of qualitative data. “I think for S2 and S4, it is especially more unclear what is expected really for you to report” (Respondent D3).

4.4 Responsibility and Collaboration

The dimension *responsibility and collaboration* has four themes: *assigning responsibility, team roles and collaboration, departments involved*, and *challenges with responsibility and collaboration*. This dimension explores where the responsibility of the CSRD lies and how departments collaborate to ensure its implementation. This is shown in table 6, and each theme and the corresponding codes will be described below.

Table 6: Themes which fall under the responsibility and collaboration dimension.

Second-aggregate dimensions	Second-order themes
Responsibility and collaboration	Assigning responsibility
	Team roles and collaboration
	Departments involved
	Challenges with responsibility and collaboration

Regarding who is responsible for the CSRD all companies mentioned that formally the board is responsible for legislation, including the CSRD (*board responsible for CSRD*). However, the board is not actively involved in ensuring a CSRD report is produced, this was done by other actors within each company (*CSRD responsibility*). For Company A, Respondent A1, the chief sustainability officer (CSO) and the Sustainability department are responsible for implementing the directive within the company. Here the sustainability team worked very closely with the reporting team from finance to realise it. This was also mentioned in the 2023 annual report of Company A. Within Companies B, D and E this responsibility was given to the chief financial officer (CFO) since the non-financial reporting teams were already responsible for the annual reports. “You have a financial reporting team that is now learning on integrated reporting as well and I [thought] they should lead the or coordinate the reporting on the CSRD. And that happened” (Respondent E1). Company C on the other had placed the responsibility by their chief executive officer (CEO). For Companies B, C, D and E the sustainability reporting teams within the Finance department are responsible for the report. However, they delegated various parts of the CSRD to different departments that have knowledge of each topic (*delegate tasks*). For example, “we have the financial team within Company D and they oversee the whole report …, but they don't have subject matter expertise on the CSRD topics, … they depend on us to provide the content to be reported because it is not in their scope of expertise” (Respondent D3). Since the sustainability team in Company A was responsible for the report and has expert knowledge on many of the topics this delegation was done in coordination with the reporting team from finance. “The Global Sustainability Board is responsible … for the implementation, and we all take our role. Like finance takes our role and sustainability team play their role but also the function owners and the topic owners take their role” (Respondent A2).

To ensure that all parts of the CSRD are fulfilled tasks are delegated within each company. How this is organised is part of the theme *team roles and collaboration*. In this theme, the three most popular codes were *topic ownership, collaboration with other teams/departments* and *CSRD working group/project team*. *Topic ownership* was mentioned by all companies and refers to that all topics are material to the company and are delegated and owned by individuals and teams that are experts on the topics. For example, Respondent C2 from the People and Organisation department is responsible for S1: "S1 has 17 topics and most of them are the responsibility of … my department, so it is my responsibility to report about it" (Respondent C2). Related to this code is the *CSRD working group/project team* code. Companies A, B, C and D explain that different teams were established to do the materiality assessment or take responsibility for topics which were deemed material. With these teams, they delegate the work and assign ownership for each part of the CSRD. Company A has a project group to implement the CSRD and senior management was responsible for the different material topics. In Company B "part of what the project team does, in cooperation with the building block owners, is making sure that we find the requisite data owners for certain attributes and make sure that they're either directly provided to us or that certain analyses get done" (Respondent B1). Similarly, "the material topics for Company D, they each have an owner or a department that has ownership over that topic and they also write the narratives for the annual report" (Respondent D1). In all companies, these had a different name (i.e. working group, project team, task force), yet in the end they all carried out the same purpose: to delegate topics to experts within the companies and ensure all parts of the CSRD would be completed. For example, Respondent C2 had "different teams within the People and Organisation department. So we have different teams and … the topics are related to a different team".

These topic-specific teams were not always organised within one department, but they were also cross-departmental. In total 10 departments were mentioned by the respondents who were involved at some point during the implementation of the CSRD: *communications department, financial department, HR department, legal compliance department, mortgage department, people and organisations department, policy department, risk department, strategy department, sustainability department*. The most popular codes were the *financial department* and *sustainability department*. To summarise, in all cases except Case A the Financial department was responsible for the consolidation of the report, however since they lack subject matter expertise parts of the report were delegated to departments, project teams and experts within the company. This was done at all companies. In general, the Sustainability department was involved in the environmental topics, Human Resources (HR) or People and Organisations department worked on the social topics and the governance topics were handled by the Risk or

Legal and Compliance department. The other mentioned departments also aided in these processes in cross-departmental collaboration and many were involved in the materiality assessment. The CSRD “touches everyone, everything, every department in some way, shape or form” (Company B). Company C had “80-100 people … with 10 different sessions, workshops on brainstorming what could be our material topics” (Respondent C1). For Company D the “project group for determining materiality, that includes finance colleagues, policy colleagues, sustainability risk plays a role, strategy plays a role. So it is a cross-departmental project group that works on defining” (Respondent D1) their material topics. In terms of compiling the report in Company B, Respondent B1 who is part of the reporting team in finance works together with the Communications department to develop the report. It is unclear if the other companies do this.

Lastly, under the dimension *responsibility and collaboration* there are also several challenges (*challenges with responsibility and collaboration*). Under this theme codes like *lack of understanding* and *resistance* were the most occurring. Since the reach of the CSRD is much wider as opposed to previous reporting standards it requires serious collaboration between departments. As mentioned under the *implementation process* dimension departments are educated on the CSRD to help them understand what it entails, why it is important and what their role is in it. However, there is still often a lack of understanding and confusion from departments. “They find it difficult to understand what it is that you are asking from them unless you ask it in a very simplified form through which you might lose the nuance” (Respondent D2). In Company E “they did not know during the workshops we had what kind of consequences that analysis would have and now they say, why do we need to report it?” (Respondent E1). This results in resistance from the teams or departments who do not understand what is asked of them, or do not see the point. “You see some, some resistance in terms of willingness to sometimes to also to cooperate.” (Respondent A2).

4.5 Learning Process

The last dimension, *learning process,* refers to whether and how the cases have been able to learn from the CSRD. This dimension has three themes to further explain this: *early phase and immediate effects, insights and learning* and *compare within financial sector*. This is displayed in table 7. Below each theme and relevant codes will be discussed.

Table 7: Themes which fall under the learning process dimension.

Second-aggregate dimensions	**Second-order themes**
Learning process	Early phase and immediate effects
	Insights and learning
	Compare within financial sector

Since adhering to the CSRD for the first time in 2024 the five cases have already noticed certain changes and effects. This was grouped in the theme *early phase and immediate effects*. The most occurring codes under this theme were *changed how sustainability prioritised, CSRD speeding things up* and *needs time to develop*. The first refers to a shift in how sustainability was prioritised within the company whereas the second code is related to the CSRD speeding up certain practices which were already in place or on the agenda. These codes were mentioned by all of the companies except Company E. For Company A the shift in awareness was noticed in the top management of the company: "it [creates] more awareness around the topic, really up to the board of directors and senior management. They are all aware and they all kind of are getting a bit nervous about the topic" (Respondent A2). Where in Company D the change was noticed at the department level: "I think it has changed the structure of how we prioritise our sustainability approaches. So maybe we need to think more concretely about how our actions are linked to our policies … so the nature of the discourse has changed within the department, which I think also has an impact on how the structures get put in place in other parts of the organisation" (Respondent D2). Since the CSRD is mandatory legislation the cases noticed that many sustainability policies or targets are being sped up simply because they have to. The CSRD "is currently speeding up things that were already happening, … this really supports in pushing forward, rolling out measurement programs, thinking about target setting, thinking about actions" (Respondent B1). At Company C it was seen a "*stok achter de deur*" (Respondent C2). "It is a good argument now in the business to say we need to do this because it is part of the CSRD requirements, it is mandatory. And then in terms of actions you can get more done if you have better arguments of why we should do something" (Respondent D3). Company E did not mention anything about a shift in priority or speeding up of actions.

Besides giving more attention to sustainability matters it was also stated that the CSRD needs time to develop and it cannot evolve in one year. The code *needs time to develop* was mentioned by Cases A, C, D and E. Here respondents mentioned that "this year [2024] is probably the most difficult" (Responded D1) and they assume that things will get easier. This will allow companies to reflect and make changes in the years to come. “This is not just done within one year, one reporting cycle” (Respondent E1); “I think it is now implementing, running a couple of cycles and then over time you see the benefits”. (Respondent A2). Hereby, the companies first need to get used to the directive and then the process will become more straightforward.

The theme *insights and learning* within the *learning process* dimension shows if and how the cases have been able to learn from the CSRD thus far. Under this theme the most popular codes were *learning depends on maturity*, *potential to learn* and *too early to learn*. Regarding the latter, all cases mentioned that it was probably too soon to notice if and what they have learnt. “I cannot give a real view on what it is going to bring because it is too early, because it is the first year. So that is what you have to ask me in a couple of years” (Respondent A1). Companies B, C, D and E had similar responses. “It is a bit hard to tell at this stage how what the true effect will be” (Respondent D3). Although the cases mention that it is too early to learn they do see potential for this to happen (*potential to learn*). However, what the respondents recognise as potential places to learn is more in terms of adjusting and improving what they were already doing. In Company D “It is an opportunity. It is going to help us to really implement everything and make it better. So in some elements it requires us to do more than what we were already doing” (Respondents D1). “It basically says, well actually maybe we need to think more concretely about how our actions are linked to our policies” (Respondent D2). For Company C the potential lies in helping them stay ahead of their competitors. “I think the CSRD can help us to make even better policies, do better actions to become a better employer” (Respondent C2).

Case C and D not only saw potential for themselves to learn but also for companies that are lagging in terms of sustainability. Both Company C and D, who already have sustainability policies and strategies, see more opportunity for companies who do not yet have any policies or strategies (*learning depends on maturity*) since they will be questioned on these topics: “do you have any policies and how effective are they? What are your actions? What are your targets?” (Respondent C1). “What they are going to have to do … is start thinking about their emissions and maybe other material topics they had not thought about before and that can lead to a way bigger gain because they might not even have a sustainability strategy in place. So … getting them from 0 to 3 out of 10, that is a bigger step than what we might be doing between getting from a 7 to an 8 or a 6 to a 7” (Respondent D1).

Other codes within this theme were: *first reports will show what can be learnt, no easy fixes, no learning* and *self-reflect*. While the cases find it too early to learn from the CSRD, Cases A, B and C mentioned that the first reports will make clear to them which parts can be improved and what can be learnt. The “first round of reporting across the board will show what we can actually learn completely anew about how we do things and what new things we could do” (Respondent B1). Further, when specifically asked about Level 2 learning (e.g. changes in fundamental business values, policies, strategies, etc.) the cases could not come up with a concrete answer. Companies A, B and E had not noticed anything: “it is not that it is happening right now … I have to be honest. There are some priority [teams], but that is not really impacting our strategy” (Respondent A2). While Respondent D2 noticed some changes they were “not sure it will necessarily lead to the changes in strategy that maybe an outsider would think, … it is not going to say now suddenly we are way more ambitious. That is not exactly the type of strategy that is changing” (Respondent D2). Respondent C2 from Case C did not believe that fundamental changes are necessary since they already have good policies: “I think we have good policies”. However, Respondent C2 does believe that CSRD is a good motivation to be critical and reflect on their current policies (*self reflect)*. “We are not ashamed for our policies and of course, we can do better” (Respondent C2).

The last theme in the *learning process* dimension is *compare within financial sector*. Within this theme, the most popular codes were *compare reports with others* and *learn by comparing* which are closely related to each other. All cases mentioned that they are looking forward to March 2025 so that they can compare the CSRD reports of their peers to their own. After the first year, “the comparisons will happen, people will see what others have done and people will start considering the data that is now available and how they can strategize and steer on that” (Respondent B1). Respondent D1 is “definitely looking forward to seeing what our peers are doing in this field”. Company A has even hired an intern to do this for them: “we have also hired an intern starting in February who will compare Company A with peers in terms of their CSRD disclosures” (Respondent A2). By comparing their CSRD reports with their peers Cases A, B, C, and E hope to learn. “I think it is good that we can learn from each other and when that is the purpose of the CSRD we can help each other to do better instead of being [competitors]” (Respondent C2). “We look at our peers, both in pension, but also in finance, but also per subject. We look how is the best in the world companies, how they do what we want to achieve” (Respondent E1). Further, Cases A and D suspected that by comparing with each other there will be a *race of sustainability egos*. “People, especially in senior management roles, they look at what their neighbours do, they care a lot about it because they care about how they are positioned and when that becomes a race of egos on sustainability … it is going to suddenly be like ‘I am better than you are and let me show you how I am so much better’” (Respondent D2). However, overall, the respondents found it difficult to concretely say whether their company had learnt from the CSRD.

All of the codes, themes and dimensions from the results will be used to answer each of the research questions. Table 8 gives an overview of the results regarding each case and the relevant topics covered by each research question. Namely: who is responsible for the CSRD, how companies collaborate, the sustainability maturity level of the company and if the two types of learning occurred.

Table 8: The most important findings relevant for each sub-question.

	Responsibility				**Learning**	
	Board	**Report**	**Collaboration**	**Sustainability Maturity (1-4)** (Baumgartner & Ebner, 2010)	**Level 1**	**Level 2**
Case A	CSO	Sustainability team (Sustainability department)	CSRD working group, topics owned by senior management	Elementary – 2+	Some signs	No signs
Case B	CFO	Reporting team (Financial department)	Project group to implement CSRD, building block owners for topics	Satisfying – 3-	Some signs	No signs
Case C	CEO	Reporting team (Financial department)	Project group for materiality, topic ownership delegated to relevant departments	Sophisticated – 4-	Multiple signs	No signs
Case D	CFO	Reporting team (Financial department)	Projects team for materiality, task forces per topic	Satisfying – 3+	Multiple signs	No signs
Case E	CFO	Reporting team (Financial department)	Project team for materiality, topics delegated to departments	Elementary – 2+	No signs	No signs

5. Discussion

5.1 Responsibility of the Report and Collaboration Between Departments

The first sub-question aims to answer to whom the responsibility of the CSRD falls and how the collaboration between departments is organised. Considering the responsibility, the results show that the CSRD often has two layers of responsibility: one within a department or team which must ensure that there is a report at the end of the year and another with the board or senior management which holds the final responsibility. Regarding the latter, Larsen (2024) also found that executive boards were becoming more interested and involved in CSRD-related topics. Several cases also mentioned that the executive board was becoming more interested and involved in sustainability matters. This is one of the objectives of the EU to extend the responsibility to higher-level management and stimulate the incorporation of sustainability topics into a company's strategic agenda (Baumüller & Grbenic, 2021; Larsen, 2024). The majority of the five cases place the responsibility on the CFO, where one company handed the responsibility to the CSO (Case A) and another to the CEO (Case C). No literature on the reporting process prior to the CSRD has any mention of a board member sharing the responsibility of producing a sustainability report. This shows that part of the responsibility has shifted to the executive board as the CSRD aimed. Partially because of its huge scope and partially because it is mandatory. However, this does not mean that the responsible board members spend their time preparing a CSRD report, this responsibility is downstream and falls to a team or department.

In the past Adams (2002) and Searcy and Buslovich (2014) found that sustainability reports were often handled by the Sustainability or the Communications department, or by both. Later, Frostenson and Helin (2017) also found that the Communications department is often formally responsible for the non-financial report. Contradictorily, four of the five cases have a non-financial reporting team within the Financial department that is responsible for the CSRD. This complements what Larsen's (2024) research found. At Case A the Sustainability department is in charge of the report but still works in close collaboration with a sustainability reporting team from the Finance department. Also for Case E, who has only recently begun reporting it was debated whether to give the responsibility of the CSRD to the sustainability team. However, the sustainability manager advocated against this since it is a reporting directive and should be handled by the reporting team. Further, Case B mentioned that the Communication department collaborated with the non-financial reporting team. This complements previous research (Adams, 2002; Frostenson & Helin, 2017; Searcy & Buslovich, 2014), but they likely only help with formatting and not the content of the report since they lack expert knowledge on the material topics. It is unknown if the other cases also involve the Communications departments.

In the past accountants and the Financial department were excluded from the sustainability reporting process because these functions were deemed incompetent because they did not have specific knowledge of ESG topics (Adams, 2002). This is no longer the case and all of the cases have sustainability reporting teams within the Financial department who specialise in non-financial reporting. However, while the consolidation of the report is done by this non-financial reporting team within finance they delegate the components of the CSRD to departments or teams within the company. This is because the reporting team lacks subject matter expertise on the contents of the ESRSs partially supporting what Adams (2002) found. However, now they are given the responsibility, but assign each component to relevant parties within their company. This is done in all of the cases, except, for Case A where the sustainability team is responsible for the CSRD and already working in close collaboration with the reporting team. However, trusting accounting and finance with the sustainability report is not new since the CSRD, all of the cases had a non-financial reporting team in the Financial department before 2024.

As one respondent from Case D mentions, the departments or teams who develop policies on certain topics (e.g. climate change, own workforce, etc.) are often the ones responsible for the coinciding parts of the CSRD, or at least involved. Hereby, parts of the CSRD are delegated to experts within each company. For the double materiality assessment, all cases relied on a large, multi-departmental working group or project team and several sessions to determine their material topics. Some cases also had help from external parties when conducting the materiality analysis. Further, for the ownership of each material topic Cases A, C and E handed this over to various departments: environmental topics to the Sustainability department, social topics to the HR or People and Organisation department and governance topics to the Legal and Compliance department. In the other two cases (Case B and D), large sustainability teams composed of various experts in environmental and social topics were responsible for these areas, sometimes referred to as the 'sustainability centre of excellence'. However, for all cases, whether the material topic ownership was in a singular department or team, they still worked in taskforces or project teams per topic which were multi-departmental. This supports Larsen (2024) and an initial report from PwC (2024) which found that the CSRD increases the collaboration between departments due to its wider reach. Previous research on sustainability reporting does not mention any collaboration between departments. As a reference, in the past Case C could fulfil the requirements of the GRI and NFRD within their small non-financial reporting team. Now they have increased their capacity and still rely on many departments for input.

Lastly, in their research Searcy and Buslovich (2014) found that occasionally the sustainability report was done by external stakeholders. While all cases used an external party at some point during the process none of them outsourced the entirety of the report. This contradicts what Searcy and Buslovich (2014) found. Consultants were hired to help in various stages of the CSRD: setting up the needed governance structures, defining the material topics, understanding parts of the regulation, and freelancers to help with the specific material topics. However, since the CSRD has such a wide reach within a company and requires the involvement of senior management it is possible that fully outsourcing it is no longer an option. Yet, the results show that external parties can assist in preparing for the directive, understanding what is required from the ESRSs and providing hands-on support.

5.2 Learning from the CSRD

Where the first sub-question aimed to understand to whom companies assign responsibility for the CSRD and how departments work together, the second sub-question sought to uncover if, and to what extent companies are learning from the CSRD. This was done using the three levels of learning (Level 0, Level 1 and Level 2) which were conceptualised (section 2.4.3). Organisational learning was chosen because besides enforcing mandatory ESG reporting metrics the EU also hopes to stimulate sustainability behaviour within companies (Baumüller & Grbenic, 2021; Hristov & Searcy, 2024). For this to succeed companies need to reflect and learn within their organisation (Antal & Sobczak, 2004) to go beyond their current practices and implement new sustainability initiatives.

Looking at the results, all cases noticed that there has been a shift in how sustainability is being prioritised within their company and that the CSRD is speeding up plans which were already on the agenda. While this increase in prioritisation is a major shift the results do not indicate that this increase in awareness is necessarily leading to rethinking company strategy like Level 2 learning (Auqui-Caceres & Furlan, 2023; Hristov & Searcy, 2024). Considering the lower levels of learning most cases show some signs of Level 1 learning (table 8). To comply with the CSRD companies also have to comply with the ESRS metrics which are specified per material topic. For some topics which the cases were already reporting on this required identifying and solving gaps between their previous metrics and the new metrics from the ESRS. Further, for new topics, the cases had to develop new metrics. Switching and creating these metrics is in line with the defensive nature of Level 1 learning (Auqui-Caceres & Furlan, 2023). The gap between the metrics or the new metrics was seen as an error and these gaps are corrected where needed, focusing on compliance (Argyris, 1976). Cases A, B, C and D all mentioned making these types of adjustments. Case E likely experienced this Level 1 learning as well, however, the respondent interviewed was not directly involved in the reporting process.

While it seems that most of the cases showed some signs of Level 1 learning, the results do not give any signals that the cases encountered Level 2 learning when implementing the CSRD. This level of learning would require questioning and altering the company's underlying fundamental assumptions (Argyris & Schön, 1974), including their goals, aims strategies and policies. When asked about this type of learning none of the respondents could come up with an answer. This corresponds with Argyris (1977) that stated that companies have difficulty grasping Level 2 learning (double-loop) and often only use Level 1 learning (single-loop). However, one reason that the cases have not yet experienced Level 2 learning could be because it is simply too early. It being too soon to notice if major changes have taken place was mentioned by many of the cases. Omran et al. (2021) studied the implementation of mandatory IR in South Africa and found that changes regarding increased sustainable behaviour as an outcome of the reporting required time. Ensuring that each case could comply with the CSRD for the first time in 2024 required a lot of time and capacity. It is possible that there has not been an opportunity for Level 2 to take place and that this will happen in the years to come as the cases become accustomed to the ESRSs. Case A framed this as only being able to steer on sustainability after the first year of implementation. However, Case C who is considered a front-runner in sustainability believes that fundamental change in their business practices is not necessary because they already have good policies and are transparent about them; even before the CSRD. Further, one respondent from Case D mentioned that the changes which might result from the CSRD likely will not be the changes an outsider might expect. Meaning that the company's ambition or strategy will not change, but rather internal mechanisms to strengthen their policies, which indicates more Level 1 learning. Both Adams and McNicholas (2007) and Searcy and Buslovich (2014) highlighted the reporting process as a valuable learning experience for companies. However, this learning may be more aligned with Level 1 learning rather than Level 2 learning.

While the cases showed some signs of Level 1 learning and no signs of Level 2 learning three out of the five cases did recognise the potential to learn from the CSRD in the future; some were also positive about its existence and see it as a potential business opportunity. Furthermore, all cases look forward to comparing their reports with their peers and anticipate the opportunity to learn from them. Primarily, the cases are eager to compare how their peers interpreted certain sections of the ESRSs, hoping to use these insights to improve their reports. However, this comparison is largely centred on their perception of the ESG dimensions which seems to align with Level 1 learning. In this context, the cases focus on defensive actions to enhance specific sections of their reports (Argyris, 1976; Argyris & Schön, 1978), unless companies also intend to compare their sustainability strategies and ambitions. The respondents did not mention this aspect, instead focusing on interpretation.

Thus far the results show that the CSRD has not yet prompted the cases to shift their sustainability strategy or rethink their goals in terms of sustainability like Kaltenböck (2024) expected or like the EU hoped (Baumüller & Grbenic, 2021). However, since the CSRD is still in its initial stages maybe this will evolve in the future. Yet, while some cases were positive about the business opportunity linked to the CSRD others were sceptical if the CSRD is capable of initiating such change. Here one respondent considered the CSRD as one building block towards sustainable business practices but not as a driver on its own. Moreover, the reporting process has the potential to be a learning moment for companies (Adams & McNicholas, 2007; Searcy & Buslovich, 2014) but more time is needed to notice this effect.

5.3 Influence of Sustainability Maturity on Learning

The final sub-question was focused on determining to what extent the maturity level of sustainability of a company influences the level of learning that takes place. First, each case's maturity level was reviewed regarding the four maturity levels of Baumgartner and Ebner (2010) (table 8). Then the influence of this maturity on the case's ability to learn was addressed.

Case A desires to be in the middle of the pack and has recently shifted to a business-as-usual approach. In the past, the company already shifted its approach by creating sustainability priorities centrally within the company. The company goes slightly further than compliance giving attention to the company's activities and seems to fit slightly above the second level of maturity (elementary – 2) (Baumgartner & Ebner, 2010). Next, Case B shifted its approach several years ago, giving sustainability a more central place within the company and placing it in its strategic agenda. The company has also been reporting on sustainability topics for many years and has three specialised priority teams working to implement these topics. From this context, Case B has been placed just below maturity level three (satisfying – 3). Baumgartner and Ebner (2010) consider this an acceptable attention for sustainability within a company. Further, Case C has near the highest level of maturity (sophisticated – 4). The company is considered a front-runner in terms of sustainability, has an intrinsic motivation within the company's culture and chooses not to invest in certain polluting industries (di-vest) as opposed to their peers. This reflects an above-average effort for sustainability (Baumgartner & Ebner, 2010). Case D's maturity level is considered satisfactory – 3, operating slightly above this level. The company has a large sustainability team who work to implement sustainability initiatives within the bank and the team shares an intrinsic motivation for sustainability. The bank also aims to be a transition bank and works together with its clients to help them become more sustainable. Lastly, Case E had a shift in their approach a few years ago and is now transitioning to a business-as-usual approach. The company started slightly later than the other cases placing it slightly above the second level (elementary – 2) suggesting the company goes beyond compliance and focuses on the company's impacts (Baumgartner & Ebner, 2010). Regardless, Case E has set a high ambition to become best in class among its peers indicating that its maturity might shift over the coming years.

As aforementioned the EU hopes that the CSRD will act as a catalyst for sustainable business activity within organisations, meaning they will need to learn. As the previous section highlights the majority of the cases showed some signals of Level 1 learning, but they have not experienced any Level 2 learning as a result of the CSRD. Considering the maturity level of each case, which is overall quite high, and the lack of Level 2 learning it is possible that they are less susceptible to higher levels of learning. For example, Case C who is a front-runner on the subject stated that they did not need Level 2 learning since they already have good policies. While Hansen et al. (2020) found that for an organisation to be sustainable it also needs to learn perhaps Level 1 learning is also sufficient for this statement. Additionally, all of the cases already had some sort of sustainable orientation or underwent a shift in approach before the arrival of the CSRD; during these shifts, it is possible that the cases already experienced Level 2 learning. Cases A, B and E all mentioned a shift in their sustainability approach which happened prior to the implementation of the CSRD. For Case A this involved moving sustainability topics from the local business units to a central position within the company, and more recently a shift to a business-as-usual approach. Similarly, Case B placed sustainability more central within their organisation and Case E set a high ambition to be best in class. These shifts in strategy display possible signs of Level 2 learning before the CSRD. The companies questioned their underlying approach and changed it (Argyris, 1977; Auqui-Caceres & Furlan, 2023).

Hereby it is possible that the lower the maturity level of a company the more opportunity there is for Level 2 learning to occur. All of the cases score relatively high on Baumgartner and Ebner's (2010) sustainability maturity levels and already have some sort of policies and ambition regarding CSR. In other words, they all currently go beyond compliance, some more than others. For a front-runner company like Case C where sustainability is already ingrained within the company and its culture, it is not necessary to change their underlying assumptions because they are already doing good. Here the potential resides more with Level 1 learning, reflecting on their activities and making small defensive adjustments (Auqui-Caceres & Furlan, 2023) to conform with the mandatory metrics and to stay ahead of their competitors. However, a company with low maturity focusing on compliance (poor – 1) (Baumgartner & Ebner, 2010) could have much more opportunity to experience Level 2 learning from the CSRD. Primarily, because the CSRD forces them to think about and put in place a sustainability strategy and policies which they might not have done in the past. This is also mentioned by two cases (Case C and D) that think that the CSRD will be more impactful for laggard companies. This is because laggard companies have to start from zero granting them a lot more space to learn and grow. However, Al-Shaer and Hussainey (2022) found that reporting companies with higher maturity levels of sustainability were more likely to improve their sustainability performance which contradicts this. Yet, on the contrary, the cases with a high maturity level (Cases C and D) found that the high demand of the directive takes time away from initiatives beyond the scope of the CSRD and ESRSs. This supports Baumüller and Grbenic's (2021) concerns that the CSRD might hinder some companies' sincere intentions to contribute towards sustainable development. Additionally, these cases also mentioned that it felt like a risk to include anything beyond the ESRSs in their CSRD report and that they in turn might become less transparent. This creates a paradox between the strict ESRS requirements which are designed to ensure transparency and comparability, and the EU's goal of promoting sustainable activity.

This conflict between complying with the CSRD and going beyond the CSRD relates to Frostenson and Helin's (2017) third reporting tension: report or dynamo. This tension pulls between whether a sustainability report is merely just a report, or if it can promote sustainability initiatives. I.e. does a sustainability report only communicate ESG information or does it also increase CSR activity? The latter is the goal of the EU, to motivate companies to implement sustainability within their business activities (Hristov & Searcy, 2024). However, as previously stated most of the cases have a relatively high maturity of sustainability, and for some the resource and capacity-intensive CSRD takes time away from their plans to further implement sustainability beyond the scope of the CSRD. This supports the possibility that for companies that have a higher maturity of sustainability, the CSRD acts as a report summarising all the company's material ESRSs. These companies seem more likely to use Level 1 learning, making small adjustments. Instead, companies that have a low maturity level and start reporting under the CSRD might experience it more as a dynamo since they will be stimulated to consider and create a sustainability strategy for their company (Frostenson & Helin, 2017). Perhaps acting as an important learning process (Searcy & Buslovich, 2014) and creating opportunities to rethink their business ambition and assumptions (Auqui-Caceres & Furlan, 2023).

6. Conclusion

This thesis aimed to find out how companies in the financial sector are implementing the CSRD in this first year of compliance and how they were able to learn from it. To answer the first part of the question, it can be concluded that overall companies implement the directive similarly. Due to the size of the directive, it is important to start early so that the company can already adjust to the ESRSs and not get overwhelmed when they must formally comply with the legislation. Further, companies seem to divide the responsibility of the CSRD into two levels: one with senior management in the board, and the other within a department that is occupied with the day-to-day of the report. While to whom specifically the responsibility falls differs between companies (CEO, CFO, CSO), the Financial department is often responsible for the consolidation of the report, but the ESG topic experts are often responsible for their specific material topics. In general, the environmental topics belong to members of the Sustainability department, the social topics belong to members of the HR or People and Organisations department and the governance topics belong to the Legal and Compliance department. However, the topics, as well as, the double materiality assessment still require inter-departmental collaboration which is often organised in the form of a project group or task force. Per material topic, there is a separate task force or project team.

To address the second part of the research question regarding how companies learn from the directive, it can be concluded that this learning is currently minimal. All observed learning falls under defensive Level 1 learning, with no evidence of Level 2 learning as an outcome of the CSRD. Several factors may explain the absence of Level 2 learning in relation to the CSRD. It could simply be too early for such learning to take place, as it requires time to develop. Alternatively, companies may have already undergone this learning process before the CSRD's implementation, or it could be that only laggard companies, those with lower sustainability maturity, have more opportunities for Level 2 learning. Currently, Level 1 learning occurs when companies need to adjust their old metrics to the new ESRS ones, or when they need to develop new metrics for each material topic. Here learning is happening to improve and update ESG dimensions within companies to ensure compliance, as well as transparency and comparability. However, the EU also wants to stimulate CSR activity within companies, yet there is little indication that this type of learning is taking place. One possibility is that it is simply too early to observe Level 2 learning, as this is only the first year that the CSRD is mandatory and companies may need time to adapt before engaging in deeper reflection and change. Another possibility is that Level 2 learning is more relevant for companies with lower sustainability maturity; those without established sustainability policies or strategies. These companies have more opportunities to use Level 2 learning to question their underlying business framework when implementing the CSRD. Finally, companies that experienced a shift in their sustainability approach before the CSRD's implementation may have already undergone Level 2 learning, possibly in anticipation of upcoming EU legislation.6.1 Implications

6.1.1 Theoretical Implications

This thesis intended to research how companies in the financial sector have implemented and learned from the CSRD in 2024. By integrating elements from organisational learning (Argyris & Schön, 1974, 1978) and the maturity of sustainability in companies (Baumgartner & Ebner, 2010) this thesis hoped to provide an understanding of if and how companies are learning from the CSRD. While there was scarce evidence for Level 2 learning, the evidence did point to Level 1 learning within the cases. This corroborates with Argyris (1977) who found that companies find it difficult to comprehend and participate in double-loop learning (Level 2), however, they excel at single-loop learning (Level 1). Further, with the integration of sustainability maturity, these findings of no Level 2 learning were all connected to companies with a relatively high maturity level. The conceptual model designed for this thesis has not been researched on companies with a low maturity level which could be a prompt for future research. Since the cases also mentioned it was too early to know if they had learnt from the CSRD, future research could also repeat similar research in several years to see if companies have noticed any Level 1 or Level 2 learning after the initial years of implementation.

Another important consideration is regarding the use of the theory of organisational learning from Argyris & Schön (Argyris & Schön, 1974, 1978). While companies do need to learn to become more sustainable (Hansen et al., 2020) maybe the theoretical lens used was not the most applicable. The theory of incremental and transformational change is also focused on organisational change and makes a distinction between small incremental steps and big transformational changes (Stobierski, 2020). While the theory differs from single- and double-loop learning transformational change involves "altering the basic elements of an organisation's culture" (Henderson, 2002, p. 189). This can result in a shift in strategy just like double-loop learning. Incremental change within an organisation is seen as step-by-step change, however over time it can result in a transformational change (Stobierski, 2020) setting it apart from single-loop learning. Future research could dive into whether this theory of incremental and transformational change is more applicable to researching the state of the EU's goal to stimulate sustainable behaviour within businesses.

6.1.2 Managerial Implications

Concerning the managerial implications these are mostly related to companies who must comply with the CSRD or a similar regulation in the future. When preparing for an upcoming regulation one of the most important things is to start early. This was done by all cases, and some mentioned that it would have been impossible to comply if they had not started preparing earlier. By starting early a company can get used to what the regulation is asking or requires before it is mandatory and punishments can be administered. This was also stated by Novicka (2024). Further, for regulations which have a wide reach and touch many people within a company, it is important to have clear lines of governance, as well as, communication. This will avoid confusion regarding these two later on in the process. These implications should be considered by large companies and SMEs who must comply with the CSRD in the coming years.

As a small disclaimer as of this week the EU has modified the scope of the CSRD and discarded the sector specific dimensions which were meant to be added to the current ESRSs. Further, the companies who must report has been significantly been decreased. Therefore, it is important for companies to stay up to date on all modifications.

6.2 Limitations

The limitations of this research can be categorised into two groups: methodological limitations and limitations of the researcher. The former, methodological limitations refers to shortcomings regarding the methodology used, the latter is regarding flaws of the researcher. The first methodological limitation is regarding the sample and the cases. Not all cases had the same number of participants giving a skewed view of some cases compared to others. This is also tied to the job roles. Some cases might have noticed the same phenomena, however, since some cases were lacking samples it was not included in the data. Further, with the lack of research on both the reporting process within companies and the CSRD, it was difficult to compare the results to previous findings. The last methodological limitation is regarding the chosen method of interviews. Perhaps to identify different levels of learning within a company there are better or preferred methods to detect this. Possibly by longitudinal observations to not only rely on interview participants but to also observe if learning occurs. Argyris (1976) mentioned that employees cannot always identify if they are single- or double-loop learning.

This is accompanied by the fact that it was maybe too early to detect learning from the CSRD which was also mentioned by several respondents.

Another methodological limitation is the focus on the financial sector. All cases mention that the applicability of the CSRD to their company differs from other sectors. The scope 1 and 2 impacts of the financial sector (the direct emissions from their offices and the indirect emissions from their energy use) are often insignificant when compared to their scope 3 impact which includes all of their investments and clients. For this reason, actors in the financial sector are rather intermediaries and must engage with their clients to reduce their overall impact (Weber et al., 2014). Creating an extra challenge for these companies. Further, many financial institutions have faced increased scrutiny over the last years regarding their role (NOS, 2018, 2024). As a result, the same companies have also invested in creating a sustainability policy and setting ambitious goals (NOS, 2019). It is possible that due to this criticism, the average sustainability maturity level of companies in the financial sector is higher than in other sectors.

The limitations of the researcher are related to the time constraints of the thesis and the self-efficacy of the researcher. The period of six months did not allow for extra time to wait for more respondents of each case to respond to even out the skewed data. This resulted in some cases with more well-rounded than others. Furthermore, the researcher interpreted the results and assigned maturity levels and signs of learning to each case based on their definitions and the codes. This was done as objectively as possible, to the best of the researcher's ability. Since this thesis was conducted as an individual research project, all analyses were carried out by a single researcher. Working within a larger research team could have allowed for discussion and verification of the findings, such as data analysis, coding, and the interpretation of maturity and learning for each case. A larger team would have helped reduce subjectivity and enhance the reliability of the research.

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Appendix A: Interview Guide

1. Introduction

Introduce myself and the purpose of the research, emphasise confidentiality and the estimated duration of the interview.

1. Can you describe your role in your company and how it relates to the CSRD implementation?
2. Can you describe your company's approach to sustainability?

2. The Implementation Process

3. Who/which department is responsible for leading and managing the CSRD (implementation process) and who has the final responsibility for the CSRD?
4. Governance structure for CSRD?
5. Were external experts consulted or hired? *(big four, consultant, etc.)*
6. Which departments are actively involved in the CSRD implementation and how is collaboration coordinated across these departments
7. Have there been challenges in coordinating efforts or managing the implementation process?

3. Level of Learning from CSRD

8. Prior to the CSRD, what was the company's approach to sustainability reporting? *(GRI, NFRD, etc.)*
9. What is your/the company's attitude towards the CSRD? What do you expect to learn/gain from it?
10. Have you noticed any specific outcomes or benefits from the CSRD process beyond compliance thus far?
11. How does your company respond to outcomes of results found during the process of the CSRD?
12. Has the CSRD implementation prompted broader reflections or changes in the company's (sustainability) strategy? Could you give an example(s)?
13. Are there examples of new initiatives, policies, or partnerships that were directly inspired by the CSRD process?

4. Closing Questions

14. What lessons has your company learned from the CSRD implementation so far?
15. Would you give any advice to companies just starting the CSRD implementation process?
16. Is there anything else you'd like to add about the implementation process or learning outcomes?
17. *Snowball.* Anyone else in your company or your network that I could interview?

Appendix B: Complete Data Structure

Table B1: Data structure of all dimensions, themes and codes.

Second-aggregate dimensions	Second-order themes	First-order codes
Implementation process	Preparatory actions	Felt confident, initiate CSRD, needed more capacity, preparing for the CSRD, set governance structure, started earlier
	Data for CSRD	Advanced data platform, central database, data more extensive, data quality important, external database
	Processes & procedures	Data collection, develop new metrics, double materiality, educating departments, identifying gaps, lots of topics, material topic, new topics and metrics, phase in CSRD, software for CSRD, solving gaps
	Scope and metrics	CSRD report, different metrics, financial sector different, strict standards, topics aligned with strategy
	Stakeholder engagement	Consultants hands-on support, external accountant, external consultant understanding regulation, inter-banking meeting, involve external consultants, no consultants
	Challenges during implementation	Balancing top down/bottom up, balancing standards and stories, cant go beyond compliance, communication challenge, data collection challenge, data quality challenge, difficult determining topics, hard getting limited assurance, have smaller capacity, regulation strict but broad
Responsibility and collaboration	Assigning responsibility	Board responsible for CSRD, board responsible for legislation, CSRD responsibility, delegate tasks, uncertain responsibility
	Team roles and collaboration	Board involvement in CSRD, collaboration with other teams/departments, CSRD working group/project team, finance reporting lacking expertise, meetings with departments, policy responsibility of specific department, reporting ream, topic ownership, topic-specific teams, wide reach CSRD
	Departments involved	Communications departments, financial department, HR department, legal compliance department, mortgage department, people organisations department, policy department, risk department, strategy department, sustainability department
	Challenges with responsibility and collaboration	Business unit representation, its not their job to learn, lack of understanding, organisational challenges, resistance
Learning process	Early phase and immediate effects	Changed how sustainability prioritised, CSRD speeding things up, formalising what we had, have a roadmap, needs time to develop, report differently
	Insights and learning	First reports will show what can be learnt, fundamental change not necessary, learning depends on maturity, no easy fixes, no learning, potential to learn, self reflect, too early to learn

	Compare within financial sector	Compare reports with others, learn by comparing, race of sustainability egos, ranking (compare)
Sustainability maturity	Reporting before CSRD	Already reporting, did get assurance, had existing procedures, NFRD less strict, no limited assurance, overlap with previous, pre-CSRD
	Sustainability before CSRD	Already a front-runner, already were sustainable, no ashamed of policies
	Sustainability approach	Business-as-usual, compliance, di-vest/no engage, front-runner, general/context, have policies, have vision beyond CSRD, high ambition, intrinsic motivation, middle pack, part of alliance/group, set priorities/targets, shift in approach, transition bank, voluntary commitments and information
Views on CSRD	Negative view	A lot of work, don't need the CSRD, miss information in the report, negative view CSRD, not solution to sustainability, standards are the same, take time away from other actions, will be difficult to compare
	Positive view	Benefits from auditing, business opportunity, EU taxonomy positive, Europe ahead of the rest, improves transparency, increase comparability, increase data availability, one building block, positive view CSRD, push investors, quality of reporting increases
	Potential long-term effects	Expect change will come, good for laggard companies, good in long term, new tactics, next phase more steering, transformative power/potential, years to come easier
Case information	Company information	Role description, role in CSRD
	Respondent information	Additional firm details, firm size, firm type/business activity