

"Everyone Needs to Breathe the Green Air"

Recommendations for Implementing the EU Taxonomy



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EVERYONE NEEDS TO BREATHE THE GREEN AIR

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Abstract

Title: "Everyone Needs to Breathe the Green Air" **Authors**: Felix Ahrås and Johanna Lindqvist **Supervisors**: Madeleine Englund and Rick Middel **Date**: 2022-06-05

Background and Purpose:

As a consequence of the newly admitted EU taxonomy directive, organizations covered by the reporting criteria have been required to interpret the EU taxonomy and implement new working practices. The purpose of this thesis is to propose recommendations for how Investment AB Latour can implement the EU taxonomy by using project management practices so the directive is implemented consistently in their wholly-owned holdings, which will give a more transparent view for the Group of Investment AB Latour. The recommendations aim to contribute in filling the gap in literature on how organizations can use project management practices to implement the EU taxonomy. The recommendations are based on benchmarking interviews with organizations subject to the EU taxonomy that have implemented the directive by using project management processes, to identify a best practice.

Methodology:

A qualitative research strategy with an iterative abductive approach has been followed throughout the study. First, unstructured interviews with relevant employees at Latour were conducted to understand the organization of Latour. Then, existing literature and relevant theories were reviewed. Additionally, semi-structured interviews with EU taxonomy experts were held to set the context of the directive, as it is recently admitted and still in development. The empirical data were collected through semi-structured benchmarking interviews with twelve organizations subject to the EU taxonomy. The purpose of the benchmarking interviews was to get an understanding of how organizations have implemented the EU taxonomy by using project management practices and what obstacles they encountered. The empirical findings were then analyzed through a thematic coding.

Main Findings:

The findings from this research indicate that an agile project management approach while working in interdisciplinary teams is an appropriate approach for implementing the EU taxonomy. The sustainability and finance department are the primary ones involved of the interdisciplinary teams working with the project of implementing the EU taxonomy. In addition to the sustainability and finance departments, support from top management is required in the project in assigning resources and influencing the organization. While implementing a process for taxonomy-reporting, the findings further indicate both internal and external drivers of executing the project. The external drivers consist of stakeholders in terms of investors and analysts from banks, while the strive of achieving competitive advantages could be considered as an internal driver for implementing the EU taxonomy.

Key Words: EU taxonomy, EU Governance, Project Management, Implement Sustainability

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Definitions

Taxonomy Eligible - Economic activities covered by the European Union (EU) taxonomy directive article 8. Until now, only the first delegated act in the EU taxonomy regulation applied and it targets the first two environmental goals out of six, 1) Climate change mitigation, 2) Climate change adoption. The first delegated act targets economic activities in sectors with the highest contribution to CO2 emissions and hence have high possibility for delivering climate change mitigation and adaptation. The identified sectors include forestry, energy, transport, manufacturing and buildings. Businesses with economic activities covered by the EU taxonomy have to report the percentage of their business turnover that is taxonomy eligible in 2022 (European Commission, n.d.).

Taxonomy Aligned - For an economic activity to be considered aligned it first has to be taxonomy eligible. Thereafter, it has to comply with the three technical screening criterias, 1) make a substantial contribution to at least one environmental objective, 2) do no significant harm to any other environmental objective, 3) meet minimum social safeguards. Businesses with economic activities covered by the EU taxonomy have to report the percentage of their business turnover that is taxonomy aligned in 2023 (European Commission, n.d.).

Abbreviations

CapEx - Capital Expenditure
DNSH - Do No Significant Harm
EU - European Union
ESG reporting - Environmental, Social, Governance reporting
OpEx - Operating Expense
TEG - Technical Expert Group

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1. Introduction

This chapter aims to present the thesis partner company, Investment AB Latour, and give an overview of the research subject: The European Union Taxonomy directive, henceforth mentioned as EU taxonomy. Further, the implementation of the EU taxonomy from a project management perspective is problematized which anchors the purpose and research question of the thesis.

1.1 Background

The Brundtland Commission's report from 1987 expressed the first common definition of sustainable development. It explains the relationship between economic development and environmental degradation with the aim to unite the environmental and sustainability movement with a common concept of sustainable development (FN-förbundet, 2012).

"Sustainable development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs"

As a global emergency, climate change has since been further acknowledged and action needs to be taken beyond national borders requiring international cooperation. To reach this, The European Green Deal was presented by the European Commission, which acts as a tool combining policy initiatives enabling the green transformation. The European Commission president Ursula von der Leyen entitled The European Green Deal the following statement, emphasizing the novelness of the policy initiative (Tamma et al., 2019).

"This is Europe's man on the moon moment"

The European Green Deal is vital for promoting financing and investments in sustainable businesses and activities to achieve long-term sustainability. Although, a common language that clarifies and defines what is considered sustainable has been lacking. To overcome this, the EU taxonomy directive was presented in 2020. The EU taxonomy includes a common classification system for what is defined as sustainable economic activities and an action plan for financing sustainable growth. By obligating organizations to visualize their extent of sustainable economic activities, the directive aims to shift money from what is most polluting to greener alternatives and minimize greenwashing (European Commission, n.d.). The EU taxonomy directive is mandatory by legal compliance and could hence be considered as an external driver for sustainable development (Oertwig et al., 2017). Moreover, for organizations to comply with and implement the EU directive, project management practices could be appropriate (Todorovic et al., 2018).

The EU taxonomy comprises the following six environmental objectives. Although, when this research was conducted, the EU had approved only the first two environmental objectives, namely The First Delegated Act. The remaining four environmental objectives, known as The Second Delegated Act, are expected to be approved and implemented later in 2022 (European Commission, n.d.):

- 1. Climate change mitigation
- 2. Climate change adaptation
- 3. The sustainable use and protection of water and marine resources
- 4. The transition to a circular economy
- 5. Pollution prevention and control
- 6. The protection and restoration of biodiversity and ecosystems

For an economic activity to be recognized as sustainable, further mentioned as taxonomy aligned, the activity must meet four conditions. First, making a substantial contribution to at least one environmental objective. Second, do no significant harm (DNSH) to any other environmental objective. Third, complying with minimum social safeguards. Fourth, complying with the technical screening criteria (European Commission, n.d.).

The EU taxonomy includes reporting criteria for what organizations are subject to the EU taxonomy, thereby required to report its eligibility and alignment. The reporting criteria are based on which economic activities the organization undertakes, the number of employees and turnover, for instance. As of now, relatively few organizations are subject to the EU taxonomy. Though, it is expected that The Second Delegated Act will include more economic activities, which will increase this number. The following information needs to be disclosed and presented in the non-financial report by organizations subject to the EU taxonomy (European Commission, n.d.):

- EU taxonomy eligible share of turnover
- Capital expenditure (CapEx) aligned with the EU taxonomy
- Operating expenses (OpEx) aligned with the EU taxonomy

In the beginning of 2022, organizations subject to the EU taxonomy completed its first taxonomy report, based on the eligibility criteria, and aim to report based on the alignment in 2023. Yet, for the EU taxonomy to fulfill its potential and reach the objective of steering finance to more sustainable investments, all organizations subject to the EU taxonomy need to implement the directive and find a best practice.

1.1.1 Problem Discussion

As aforementioned, 2022 is the first year for organizations to undertake the EU taxonomy reporting and thus, a best practice for how to manage the implementation of the EU taxonomy directive has not yet been formed. To overcome the lack of previous experience and best practices, a project management approach could be appropriate for the implementation according to Todorovic et al., (2018).

Torbjörn Westman, partner at KPMG, and Frida Ottow, assistant manager of assurance and sustainability services at KPMG, state that the EU taxonomy brings extensive challenges. At first, Westman and Ottow argue for the challenge of managing the implementation of the EU taxonomy. For instance, interpreting the directive in your industry and business, especially in how it should be interpreted and by who or whom. Further, according to Westman and Ottow, all organizations make their own interpretations of the EU taxonomy, and there is thus far no consistent approach (T. Westman and F. Ottow, personal communication, 10th of February, 2022). This is strengthened by an anonymous expert, who states that since everyone makes their own interpretations level even between organizations within the same industry is low. However, this might be the result as most organizations do not yet have an understanding of how the process of collecting the taxonomy data should be managed nor how to interpret it (Anonymous expert, personal communication, 17th of February, 2022).

On the other hand, Westman and Ottow describe the advantages of the EU taxonomy as it contributes with a common language and definition of sustainability and depict that products and services that are taxonomy aligned potentially will reach a higher level of trust among consumers. Besides, Westman and Ottow believe the EU taxonomy has the possibility to contribute to reaching the climate goals by allocating investment to green and sustainable organizations. However, they question the degree in which the EU taxonomy will affect investment decisions, since there are additional key figures to consider (T. Westman and F. Ottow, personal communication, 10th of February, 2022). The anonymous expert speculates that banks and insurance companies in the future might link their customers' terms to their taxonomy reporting and level of alignment, stressing the importance for organizations of implementing the EU taxonomy (Anonymous expert, personal communication, 17th of February, 2022).

From interviewing experts within the EU taxonomy and performing a desktop analysis, it has been clear that there are few documented processes for how to implement the EU taxonomy. The main reason for the lack of existing processes could be considered to be that the EU taxonomy is still developing and unaccustomed. Thus, leading to a lack of common processes for implementing the EU taxonomy and a low level of comparability between organizations. To overcome this and reach a best practice, the directive has to be fully implemented (Saarinen, 2003), which can successfully be achieved by using a project management approach (Todorovic et al., 2018).

1.1.2 Company Description

This thesis has been conducted together with the thesis partner company Investment AB Latour, further mentioned as Latour. Latour is a Swedish investment public company founded in 1984 and listed on the Nasdaq OMX Stockholm since 1995. The company's business strategy is to invest long-term in companies that have their own products and brands with the potential to evolve and become internationalized. Latour's business is conducted through two business lines, a wholly-owned industrial operation that consists of six business areas and a portfolio of listed holdings. The wholly-owned business areas in Latour Industries (Latour, n.d.). Anders Mörck, CFO at Latour, states that Latour is built on delegated leadership, transparency, freedom, and a strong company culture. Furthermore, Latour have a long-term horizon in their investment philosophy and believe that active and careful ownership result in a stable and independent development of the holdings. To achieve this, Latour follows a

delegated decision-making process for each of its wholly-owned holdings (A. Mörck, personal communication, 8th of February 2022).

Katarina Rautenberg, group finance director at Latour, describes that two of Latour's six wholly-owned holdings have turnover that is taxonomy eligible as of now, namely Bemsiq and Swegon. Latour as a Group is required by law to report according to the EU taxonomy. Their taxonomy reporting consists of the taxonomy eligible share of turnover, the capital expenditure (CapEx) eligible with the EU taxonomy, and the operating expenses (OpEx) eligible with the EU taxonomy. Today, the wholly-owned holdings of Latour do not have a common process for implementing the EU taxonomy. Hence, each wholly-owned holding of Latour has created their own project management processes for implementing the EU taxonomy. Thereby, Bemsiq and Swegon have separately made their own unique interpretations of the EU taxonomy and separate processes for collecting and reporting the taxonomy data. Consequently, the comparability between the two taxonomy eligible holdings is relatively low as they have implemented the EU taxonomy differently (K. Rautenberg, personal communication, 20th of January 2022).

Since Latour employs an active yet decentralized leadership structure, their ability to influence the implementation of a homogeneous process for the EU taxonomy in their wholly-owned holdings is limited. Therefore, a more holistic view of the project management process of implementing the EU taxonomy is taken. Accordingly, Latour rather seizes the opportunity to construct a proposition of a common process for implementing the EU taxonomy and develop guidelines that can be transmitted to the business areas managers. It is then the business area manager's responsibility to anchor the process and guidelines within each of the wholly-owned holdings, where they can develop their own way of managing the taxonomy independently that suits their organization the best. However, the process and outcome of the wholly-owned holdings must be homogeneous and comparable (K. Rautenberg, personal communication, 20th of January, 2022).

The problem discussion and problem statement of Latour has culminated into the purpose and research question of this thesis.

1.2 Purpose and Research Question

The purpose of this thesis is to form recommendations for how Latour can implement the EU taxonomy by using project management practices so the EU taxonomy is identified, interpreted, and reported consistently in their wholly-owned holdings. By ensuring all wholly-owned holdings implement the EU taxonomy identically contributes to a higher transparency of the Investment AB Latour Group. The recommendations are based on benchmarking interviews with organizations subject to the EU taxonomy that have implemented the directive by using project management processes, to identify a best practice. The recommendations aim to fill the gap in literature on how organizations can use project management practices to implement the EU taxonomy. The findings will principally be of importance for the thesis partner company, Investment AB Latour, however, the findings are found significant for all organizations required to comply with the EU taxonomy. With regards to this, the thesis aims to answer the following research question:

• What are the key considerations for an organization implementing the EU taxonomy?

To facilitate the process of answering the research question and consider different aspects of it, the research question has been divided into two subquestions:

- What project management practices are appropriate for implementing the EU taxonomy?
- What drivers for sustainability should be considered when implementing the *EU* taxonomy ?

1.3 Limitations

The EU taxonomy is still developing and thus far only the first two of the total six environmental objectives have been admitted. Audit criteria for the remaining four environmental objectives are expected to be announced later in 2022 (European Commission, n.d.). Therefore, this thesis is limited to examining the EU taxonomy on the two first environmental objectives, known as the first delegated act. Additionally, the thesis is limited to interviewing organizations subject to the EU taxonomy and operating within Sweden.

1.4 Disposition

The thesis is divided into six chapters, each covering a specific focus. The first chapter, introduction, gives the reader a foundation of the research topic EU taxonomy, and the emergence of sustainability. Further, the first chapter introduces the thesis partner company Investment AB Latour, the purpose of the research and the research questions. Thereafter, the second chapter provides a theoretical framework of existing literature to help answer the research question. The following chapter is the methodology, which serves to describe the research process and research design to help the reader get a better understanding of the execution of the thesis and argue for the methodological choices. Chapter four presents the findings from the data collection, which is based on 12 semi-structured interviews and presented through thematic coding. The next chapter is the analysis of the findings from the empirical data. The findings are discussed in relation to the theoretical framework and research questions. Finally, the answer to the research question is presented in the sixth chapter, conclusion, which proposes recommendations for implementing the EU taxonomy from a project management perspective. Additionally, limitations and guidelines for future research within the field are presented, as the EU taxonomy is still developing. Figure 1 below visualizes the disposition of the thesis in chapter and focus.

| Chapter | Focus |
|---------|--------------------------|
| 1 | Introduction |
| 2 | Theoretical Framework |
| 3 | Methodology |
| 4 | Empirical Data |
| 5 | Analysis |
| 6 | Conclusion |

Figure 1 - Disposition of the Report

2. Theoretical Framework

This chapter aims to present the theoretical framework that serves to structure the research and review existing literature within project management, managing the implementation of EU governance and managing sustainability projects.

2.1 Presentation of Theoretical Framework

The theoretical framework reviews theories and literature applicable to the research question to generate a holistic view of how to implement the EU taxonomy from a project management perspective. First, the theoretical framework reviews theory in project management for different management approaches. Secondly, literature concerning managing the implementation of EU governance is reviewed. As the EU taxonomy is a new directive stemming from the EU, it is further considered EU governance. Another recent EU governance is the GDPR which shares the same characteristics as the EU taxonomy in that organizations had no previous experience in complying with such governance. Because of the similarities between implementing the GDPR and EU taxonomy, the theoretical framework further explores how organizations managed the implementation of GDPR from a project management perspective by looking deeper into organizational structure and key activities. It is believed that project management theory related to the implementation of GDPR could be aligned with implementing the EU taxonomy. Lastly, the theoretical framework examines theories related to managing sustainability projects and particularity drivers of corporate sustainability and sustainability project processes. By reviewing these theories, starting with a broader perspective of project management followed by narrower perspective of project management in implementing EU governance and managing sustainability projects, a foundation for implementing the EU taxonomy is formed.

2.2 Project Management

Traditional project management aims to help solve a problem, achieve a vision or complete business goals within a set deadline (Tonnquist, 2018). Besides, many organizations structure their work into projects (Bakker, 2010) and manage organizational development through projects (Winter et al., 2006). According to Tuman (1983), Cleland and Kerzer (1985) and

Cleland and King (1983), what defines project management is set deadlines, clear deliverables, specified budget, limited scope and complex series of interrelated activities. Furthermore, Kerzner (2022) stresses that implementing and accepting a project management methodology may be challenging if resistance from the organization is high. To overcome this, strong executive leadership is vital. Additionally, due to potential changes in work structure from the project and project objectives, employees may be required to leave their comfort zone and engage in new internal and external social groups (Kerzner, 2022).

Life cycles are used to explain many different phenomena in organizations, although it has also been shown to be applicable to project management (Adams and Barndt, 1983; King and Cleland, 1983). The project life cycle is described differently among researchers, although it typically involves three to five phases in which a project passes. These phases often relate to the initiation, development or execution, and project termination (Pinto and Prescott, 1988). Pinto and Prescott (1988) argue that one of the most accepted project life cycles is suggested by Adams and Barndt (1983) and King and Cleland (1983). Their project life cycle involves four phases: Conceptualization, Planning, Execution and Termination (Adams and Barndt, 1983; King and Cleland, 1983). Each phase is crucial for the project's success and is executed linearly. The initial phase, Conceptualization, refers to the strategic need to recognize and identify resources needed to accomplish the objectives. The following phase, Planning, refers to investigating and planning for what activities are crucial to accomplish due the project's objectives. This phase also includes ensuring support by the top management in order to be granted vital organizational resources. In the third phase, Execution, the work of the project is accomplished aiming to contribute to the result of the project and meet its objectives. Termination, as the final phase, serves to hand over the complete project to the intended user and release used resources (Adams and Barndt, 1983; King and Cleland, 1983). Except for these phases, Burke (2013) stresses the importance of subject-related knowledge, tools and techniques to manage a project effectively.

Traditional project management theories have remained relatively static (Koskela and Howell, 2002) and are dominated by a rationalistic viewpoint (Morris et al., 2011; Packendorff, 1995). Due to this, criticism has emerged for traditional project management having shortcomings in its applicability in practice (Koskela and Howell, 2002; Sahlin-Andersson and Söderholm, 2002). Svejvig and Andersen (2014) present an alternative

project management approach, namely rethinking project management, as a more recently emerged approach. Winter et al., (2006) describe rethinking project management as contributing to a more holistic and pluralistic understanding that expands the current knowledge in project management theory. For example, traditional project management defines the process of a project as linear with a well-defined plan for phases, governance and evaluation (Adams and Barndt, 1983; King and Cleland, 1983). On the other hand, rethinking project management follows an iterative process, with focus on phases for expectation setting, execution and learning (Packendorff, 1995).

Similar to rethinking project management, agile project management is developed as a reaction to the criticism of traditional project management (Fernandez and Fernandez, 2008). Agile project management responds to complex and uncertain projects requiring adaptability and responsiveness (Schwaber, 2004). Additionally, agile project management is preferred for projects inheriting unclear goals and solutions with high volatility (Fernandez and Fernandez, 2008). Agile project management originates from the IT industry but has emerged in other businesses as well (Gustavsson, 2016). Furthermore, agile project management originates from the agile manifesto, stating the following four values (Beck et al., 2001).

"Individuals and interactions over processes and tools, Working software over comprehensive documentation, Customer collaboration over contract negotiation, Responding to change over following a plan."

While traditional project management is based on well-defined plans, agile project management relies on iterativeness, which brings higher flexibility to adjust to changes in the project requirements (Wysocki, 2010). In addition, traditional project management is more suitable for distributing work to others since the project phases and execution are well-defined from project initiation to termination. Although, an agile project team requires higher commitment as they are required to embrace change and take more compressive roles than traditional project management teams (Wysocki, 2010; Fernandez and Fernandez, 2008). Gustavsson (2016) has identified the main advantage of agile project management as better team collaboration, though it brings the challenge of changing mindset to allow flexibility. Boehm and Turner (2005) has identified additional barriers to agile project management as challenging in resource loading, timekeeping and capital estimation.

2.3 Managing the Implementation of EU Governance

With the above starting point in project management, the theoretical framework further acknowledges the implementation of an EU regulation or EU directive, where both are considered EU governance. Thereby, this section aims to contribute to a more comprehensive view to the theoretical framework by adding a more practical project management perspective to the above theoretical project management perspective.

As previously stated, the EU taxonomy is a directive stemming from the EU, requiring companies active in the region to comply and taxonomy subject organizations to report accordingly (European Commission, n.d.). Another recent governance from the EU is the GDPR, which aims to secure the integrity of EU citizens with consent and protection of personal data by offering comprehensive and uniform rules (Zarsky, 2016). All companies active in the EU region were required to implement structures and processes to comply with the GDPR from May 2018 (Tankard, 2016). Before GDPR, there was no uniform compliance with the laws for personal data protection in the EU member states, but the member states had rather adopted local regulations (González et al., 2016; Tankard, 2016). The GDPR seeks to substitute these local regulations to be more comprehensive and uniform laws for personal data protection and usage (Albrecht, 2016). Besides, Tankard (2016) argues that GDPR makes it more manageable for companies active in EU member states only to stay informed in one regulation and hence easier to operate beyond borders. Although most organizations now have implemented GDPR, one of the main problems associated with complying was that neither the member states nor organizations had experience in implementing such EU governance when it first was into force (Todorovic et al., 2018; González et al., 2016). To explore the implementation of the GDPR from a project management perspective, organizing and key activities for implementing EU governance have been further reviewed.

2.3.1 Organizing for Implementing EU Governance

Acknowledging the wide scope of aspects covering the EU governance GDPR, Todorovic et al., (2018) argue that an interdisciplinary team is required to understand the regulatory framework and manage the implementation. Cross et al., (2008) further stress the importance of teams for generating business value and especially managing changes in organizational structures and work practices. When the GDPR was admitted, many organizations realized

their need for change in work practices for how they collected personal data (Tankard, 2016). To comply with the new regulation, organizations designated teams to manage the implementation of the GDPR (Campbell and Johnson, 2020).

Besides emphasizing teams for implementing the GDPR, Todorovic et al., (2018) further stress the importance of having full support from the organization's top management. Support from top management is vital to ensure a successful team in managing the implementation of the GDPR (Todorovic et al., 2018), assigning resources, exceptional business skills and knowledge of business models as success factors (Cross et al., 2008). Additionally, there is a high risk of failure if the top management does not understand nor provide support for the project due to their influence on the organization (Todorovic et al., 2018).

To further engage in the implementation of the GDPR, Magnusson and Iqbal (2017) argue that training sessions are recommended for an organization to increase the awareness and familiarity with GDPR. Engaging in this ensures that everyone in the organization follows the internally determined rules, resulting in lower risk and higher compliance (Magnusson and Iqbal, 2017; Teixeira et al., 2019). Perry (2019) agrees and adds that as more employees are aware, a higher level of compliance is achieved. This argument is strengthened by Rico et al., (2019) stressing the advantages of transferring task-relevant knowledge to the team as a result of education and the natural ability. Task-relevant knowledge increases the team's ability to deliver business value and manage complexity (van Der Vegt et al., 2006; Rico et al., 2019).

The European Commission (2016) states that some organizations are required to designate a data protection officer (DPO) to comply with GDPR, bringing privacy and security expertise. However, designating a DPO is not consistent enough by itself (Drewer and Miladinova, 2018), but the awareness among employees of the DPO's expertise is vital to maximize its contribution (Presthus et al., 2018). This argument is strengthened by Cross et al., (2008) stressing the importance of awareness of teammates' expertise. Emphasizing the usefulness of teammates in problem-solving only if awareness of teammates' expertise is leveraged when a new opportunity or problem arises. Teams aware of what expertise the organization holds have easier to respond seamlessly, whereas a lack of awareness hurts the team's collaboration (Cross et al., 2008; Hutchins, 1991). Besides, Cross et al., (2008) stress the importance of trust in teammates' abilities, which signifies whom a person trusts and listens to when a new

situation occurs. Additionally, trust increases knowledge exchange (Cross and Prusak, 2002) and liability of knowledge acquired between colleges, especially in interdisciplinary teams, to be effectively understood and absorbed correctly (Mayer et al., 1995; Cross et al., 2008).

2.3.2 Key Activities for Implementing EU Governance

When implementing EU governance in the organization, the context of achieving the business objectives needs to be considered (Tzolov, 2018). When the GDPR was admitted, Teixiera et al., (2019) found that many organizations perceived it with uncertainty, leading to divided approaches by organizations for the implementation (Sirur et al., 2018). Besides, as GDPR is not prescriptive nor provides specific guidelines for achieving compliance (Tikkinen-Piri et al., 2018) organizations were required to identify and implement the GDPR based on their business strategy, organizational and technological measures (Tikkinen-Piri et al., 2018; Freitas and Mira da Silva, 2018). Despite companies' diverse approaches to implementing the GDPR, Tzolov (2018) has identified key resources for the implementation to be technological, human, financial, and infrastructural. However, organizations require different emphasis on these resources to fit their implementation plan. Depending on what competencies and resources available in the organization, the management should focus on staff training, introducing new technologies, and infrastructure development (Tzolov, 2018).

Todorovic et al., (2018) have identified five key activities for the project management of implementing the GDPR, visualized in figure 2 below. In the first key activity, Preliminary analysis, the project team is established and relevant organizational information concerning the GDPR is mapped. Mapping includes identifying activities for compliance, such as the collection of personal data. Todorovic et al., (2018) further recommend organizations to remove all personal data not necessary to ease the future liability and implementation.

The following key activity, System evaluation, refers to executing a preliminary audit and determine the legal basis for the data. This stage involves conducting a state analysis which will serve as a basis for the following activities. The state analysis determines to what extent the organization is already in line with the new regulation (Todorovic et al., 2018).

The third key activity, Request analysis, demarcates the legal basis adequacy and purpose of data processing in relation to GDPR. Additionally, advancement of methods, determining the

need for assessment, application of principles, and testing possibilities for realization are conducted in this stage according to Todorovic et al., (2018). When these key activities are accomplished, the lack of compliance with GDPR should be identify by the organization.

The fourth key activity, Design and development, aims to prepare an action plan for how to comply with the new regulation and to prepare the organizational and technical measures relevant. The action plan should align with the new principles, organizational changes, and restructuring of the existing flow to implement adequate organizational and technical compliance measures of existing and new policies, self-regulatory codes of conduct, and mandatory business rules. Further, Todorovic et al., (2018) stress organizations need to restructure the inflow of data within the existing infrastructure, and to develop and test a new infrastructure or system suitable for complying with the new regulation.

The fifth and last key activity, Integration and testing, involves training and informing employees of the new work structures and keeping a dialogue when a lack of compliance is discovered (Todorovic et al., 2018).



Figure 2: Key Activities and Stages in the Project of Making Business Compliant with GDPR (Todorovic et al., 2018)

2.4 Managing Sustainability Projects

While the above literature emphasizes theoretical general project management and practical project management in implementing EU governance, the theoretical framework further acknowledges the sustainability aspect of project management. The following sections highlight the aspect of managing sustainability projects in terms of drivers of corporate sustainability and sustainable project management. Additionally, since the EU taxonomy originates from the EU's ambition for organizations to put higher emphasis on sustainability, the implementation of the EU taxonomy could be considered a sustainability project.

2.4.1 Drivers of Corporate Sustainability

According to Oertwig et al., (2017) corporate sustainability is influenced by motivational factors and drivers within an organization. Motivational factors include both external and internal drivers. The external drivers refer to for instance legal compliance, while internal drivers are exemplified by the aim to achieve competitive advantages, reducing costs or increasing quality management. In order to achieve and maintain market shares, the corporate reputation as well as social and environmental responsibility are important, which are considered as connecting drivers (Oertwig et al., 2017). On the other hand, Hemingway and Maclagan (2004) stress individual managers' personal values and interests as impactful drivers of corporate sustainability.

Additionally, according to Oertwig et al., (2017) there are motivating factors and hindering factors which affect these drivers. In order to gain competitive advantages and ensure quality management, organizational learning and knowledge in sustainability plays a vital role. Management control together with transparency and communication are two additional key factors important for integrating sustainability into corporate strategy. During the process of improving the organization's sustainability performance, communication with stakeholders are of key importance. In order to communicate effectively, transparency in both internal and external communication is crucial (Oertwig et al., 2017). This is further supported by Esptein and Buhovac (2014), arguing that the importance of sustainability for stakeholders is increasing. Based on that, Esptein and Buhovac (2014) highlight the importance for organizations to identify those stakeholders who are aware of the sustainable considerations. The stakeholders interest in corporate sustainability is further supported by Wagner (2015)

and Kassinis et al., (2006) stressing that stakeholders are considered as one of the main drivers of organizations sustainability initiatives.

Moreover, Esptein and Buhovac (2014) argue for the importance of including sustainability within the whole organization in order for it to reach out to the stakeholders. Integrating sustainability in the whole value chain and all business areas is crucial to achieve long-term objectives of the incorporation. Successfully implementing sustainability is further proven to correlate with competitive advantages (Henriksson and Grunewald, 2020).

2.4.2 Sustainability Project Processes

Organizations are increasingly focusing on including sustainability in their current business environment. To achieve this, project management can work as a tool to include sustainability in the core activities (Marcelino-Sádaba et al., 2015). As defined by Amini and Bienstock (2014), projects are used as a link between the organizations' business and sustainability strategies. Marcelino-Sádaba et al., (2015) suggest that sustainable project processes are among the most critical factors for sustainable projects. Sustainable project processes cross boundaries over the supply chain (Seuring and Gold, 2013). Additionally, sustainable project processes are dependent on stakeholders and stakeholders' participation has an important impact on the outcome of sustainable project processes (Achterkamp and Vos, 2006). On the other hand, Tam et al., (2007) recognize internal project participants' impact affecting the outcome of the sustainable project processes.

Further, Tam et al., (2017) stress communication and collaboration within the organization as the primary focus. This statement is strengthened by Tonnquist (2018), stating that during the project's execution phase, communication with the stakeholders is of crucial importance for the success of the project. A communication plan is thus a helpful tool to ensure effective communication by visualizing the infrastructure for communication, both internally and externally (Tonnquist, 2018). Executing a successful sustainability project is facilitated if the project team keeps the project owner and stakeholders updated concurrently. To conclude, Maletic et al., (2014) identify project management as the recommended method of implementing sustainability in organizations' businesses.

2.5 Summary of Theoretical Framework

The theoretical framework structures the research and reviews existing literature relevant to the research question, which has been done through a funnel approach. First, literature in traditional project management, rethinking project management and agile project management has been examined. A more theoretical viewpoint of project management is brought forward in this section. To create a more holistic view of project management, literature on how to practically manage the project of implementing EU governance has been reviewed. According to the funnel approach, the perspective of project management focus. The EU governance narrows down the above general project management focus. The EU governance section reviews organizational structure and key activities. Finally, literature in managing sustainability projects has been reviewed. From the funnel approach, it could be argued that the EU taxonomy is EU governance, but it could also be considered a sustainability project. Therefore, the theoretical framework has been narrowed down further. The last section highlights drivers of corporate sustainability and sustainability project management to serve as a base for implementing the EU taxonomy as a sustainability project and determining which drivers, hinders, and motivational factors need to be considered.



Figure 3: Own Illustration of the Theoretical Framework

3. Methodology

This chapter aims to guide the reader throughout the execution of the thesis in how the research has been conducted together with the methodological choices, which are profoundly explained in the following sections.

3.1 Research Strategy

Since this thesis aims to examine how Latour should implement the EU taxonomy from a project management perspective, a complete understanding of the concept of the EU taxonomy is required. Therefore, a qualitative approach was chosen to build an understanding of the EU taxonomy and form a benchmark of how other companies have implemented the EU taxonomy. This approach was chosen since, according to Bell et al., (2019) and Saunders et al. (2007), a qualitative research approach emphasizes words while analyzing data. Emphasizing the interviewees' words is essential to understand the concept of the EU taxonomy and how to implement it from a project management perspective. Furthermore, a qualitative research strategy induces a descriptive approach, which is considered beneficial for answering the specific research question, as the answer is of descriptive nature (Bell et al., 2019; Saunders et al., 2007). For this thesis, the qualitative data relies on interviews. First, interviews with relevant people at Latour, followed by interviews with experts within the EU taxonomy directive. Lastly, benchmarking interviews with organizations subject to the EU taxonomy was conducted for the data collection.

When conducting the qualitative research, the focus has been to settle a contextual understanding (Bell et al., (2019) of the subject of EU taxonomy from a project management perspective. This has allowed the authors to track patterns and insights from the interviewees, emphasizing their words. Another advantage of the qualitative research strategy is its flexibility, allowing adjustment in the data collection during the interview process (Bell et al., 2019). On the other hand, Bell et al., (2019) stress that a quantitative research strategy would lead to more generalizable insights. However, since this research aims to examine a holistic perspective of the EU taxonomy, extracting rich and deep data was propounded, which led to the choice of conducting a qualitative approach (Bell et al., 2019). Although, the purpose of the expert interviews was to bring additional value and increase the level of generalizability

as their thoughts were considered not to be influenced from an industry point of view but rather from an EU taxonomy point of view. Besides, qualitative research needs to assess the risk of subjectivity bias (Bell et al., 2019). This could be evident in the interpretation of the collected data from the interviews, potentially influencing the outcome of the research (Bell et al., 2019). To minimize this risk, the authors have jointly discussed the empirical data with each other and with the supervisor to achieve increased objectivity.

As this thesis aims to contribute to the theoretical perspective on implementing the EU taxonomy from a project management perspective, an iterative abductive research approach was selected. For an abductive approach, theory generation is the outcome of the research together with analyzing existing theories (Bell et al., 2019; Saunders et al., 2007). An abductive approach is further described as a mix of inductive and deductive approaches where empirical data and theoretical frameworks have been coextending (Bell et al., 2019). For this thesis, existing literature on project management, implementation of EU governance, and managing sustainability projects have been reviewed for the theoretical framework. Additionally, the theory was revised concurrently as empirical findings from the interviews were collected to best correspond, following an iterative approach. The data analysis then compared the empirical results with existing approaches to identify the most appropriate explanation for the examined subject. Furthermore, as the EU taxonomy is a newly admitted EU directive, theory is absent in this field. Therefore, this research emphasizes theory generation by combining reviewing existing literature and analyzing it with the empirical findings based on an iterative approach (Bell et al., 2019).

3.2 Research Design

As the empirical data was collected at one point in time and from different organizations subject to the EU taxonomy, the thesis could be considered a cross-sectional research. A cross-sectional research aims to find correlations that can be examined further and to investigate variation between the different cases examined (Bell et al., 2019), which in this thesis are different organizations subject to the EU taxonomy. Conducting cross-sectional research is advantageous as it is less time-consuming than longitudinal research, which seeks to collect data repetitively over time (Collis and Hussey, 2013). Furthermore, as the EU taxonomy is expected to expand from two to six environmental objectives, a cross-sectional

research allows the authors to examine how far the implementation of the EU taxonomy has gone thus far, only considering the first two environmental objectives. However, one disadvantage of cross-sectional research is the timing of the snapshot the research covers (Collis and Hussey, 2013). In this research, it could imply an unrepresentative behavior of the interviewees in their implementation of the EU taxonomy. Further, this could be avoided in long-term research, such as longitudinal research, according to Collis and Hussey (2013).

3.3 Research Process

The research process of this thesis is visualized below and has been adopted with inspiration from Collis and Hussey (2013). Since the research followed an iterative process, the research process has not been linear but some of the below stages have rather been conducted subsequently or reexamined (Collis and Hussey, 2013)



Figure 4: Own Illustration of The Research Process

3.3.1 Frames of the Research

This research was initiated in agreement with the partner company Investment AB Latour. In agreement, the research purpose and research question were formulated, which together construct frames for the research.

3.3.2 Process Planning

A process planning was formed to set up the essential steps of the research (Collis and Hussey, 2013). In order to set up a process for implementing the EU taxonomy from a project management perspective, it was first necessary to evaluate: 1) how Latour is organized, 2) the current state of the EU taxonomy, 3) benchmark the implementation of the EU taxonomy from a project management perspective in relation to other organizations.

1. To be able to form recommendations for how Latour should implement the EU taxonomy from a project management perspective, it was first vital to assess how Latour as a Group is organized. This was examined by reviewing internal documents and interviewing employees at Latour. Unstructured interviews were conducted with Anders Mörck, CFO at Latour, and Katarina Rautenberg, group finance director at Latour.

2. The current state of the subject EU taxonomy has been investigated through reviewing existing secondary data about EU taxonomy. Yet, as the EU taxonomy was newly adopted, existing literature on the subject was considered insufficient. Therefore, expert interviews have been conducted with individuals working as sustainability auditing and assurance advisors at accounting firms to set the context. The first two experts were interviewed together since they work at the same company as colleagues. The other expert requested to remain anonymous in the research, hence the expert is referred to as "anonymous expert" from company X. The interviewed experts are presented in the below table.

| Expert | Company | Title | Department | Date | Duration |
|---------------------|---------|-----------------------------------|---|------------|----------|
| Torbjörn Westman | KPMG | Partner & Head of Assurance | Assurance Services | 2022-02-10 | 00:41:12 |
| Frida Ottow | KPMG | Assistant Manager | Assurance & Sustainability Services | 2022-02-10 | 00:41:12 |
| Anonymous expert | Х | Х | Х | 2022-02-17 | 00:39:23 |

3. Benchmarking interviews were conducted with 12 respondents at different organizations subject to the EU taxonomy. The findings from these interviews served as a benchmark and empirical data when answering the research question and formulating the recommendation for how Latour should implement the EU taxonomy from a project management perspective. The list of the respondents from the benchmarking interviews is presented in chapter 3.4.1.2.

3.4 Data Collection

The data collection for this thesis includes both primary and secondary data. Primary data was gathered from the original source, which in this research refers to interviews. The secondary data collection stems from existing sources, such as internal records and publications (Bell et al., 2019; Collis and Hussey, 2013). In this study, it refers to internal records, for instance how Lator is organizationally structured, and publications regarding the development of the EU taxonomy. Most of the publications originate from the European Commission, which are used to set the context.

3.4.1 Primary Data Collection

As mentioned previously, the primary data collection of the thesis refers to interviews with relevant employees at Latour, interviews with EU taxonomy experts, and benchmarking interviews with organizations subject to the EU taxonomy. However, the empirical data solely

rely on the benchmarking interviews. The rest of the interviews serve to set the context of the research and help answer the research question. The interviews have generated rich and deep data valid for the descriptive research approach (Bell et al., 2019).

3.4.1.1 Interview Preparations and Interview Design

Different interviews have followed different approaches based on Collis and Hussey (2013) recommendations on interview design. First, interviews with the CFO and the group finance director at Latour were designed as unstructured interviews. None of these questions were prepared in advance for the unstructured interviews but were rather developed throughout the interview. To develop an understanding of the organizational structure at Latour, open questions were used to allow the interviewees to talk freely about the organization (Bell et al., 2019; Collis and Hussey, 2013). The expert interviews, likewise the benchmarking interviews, were conducted as semi-structured. Thus, the authors had prepared some questions in advance to encourage specific topics during the interviews, while other questions developed from the interviewees' answers. This allowed the authors to follow up on interesting aspects that arose during the interviews (Bell et al., 2019; Collis and Hussey, 2013) argue for unstructured or semi-structured interviews as appropriate for situations that encourage the development of understanding of a topic requiring descriptive analysis.

Semi-structured interviews are suitable for examining the interviewees' perceptions (Bell et al., 2019). On the one hand, structured interviews are preferred to increase comparability, as all interviewees receive identical questions (Collis and Hussey, 2013). On the other hand, as the main questions in the semi-structured interview guide were constant for all interviewees, it contributed to the possibility of comparison and comparability between the different interviewees' answers and their perceptions (Bell et al., 2019). However, Bell et al., (2019) stress the risk of asking leading follow-up questions in a semi-structured interview setting, which might affect the credibility of the data collected. To reduce this risk, the authors have to consider its objectivity. In this research, the comparability aspect was vital for answering the research question since the conclusion is partly based on a benchmark of how organizations have implemented the EU taxonomy. However, as the authors valued the possibility of following up on interesting aspects of the interviewees' answers, a semi-structured approach was chosen.

Two interview guides have been formulated, one for each semi-structured interview design. These serve to specify which topics the interviews will cover and the main questions it inherits (Bell et al., 2019). The first interview guide was directed to the experts to set the context of the EU taxonomy. The experts' answers served as a basis for understanding the complexity of the EU taxonomy. The second interview guide was directed to the benchmarking interviews. Hence, these questions were directed to how the specific companies had implemented the EU taxonomy from a project management perspective. The main questions stemmed from the interview guide and included mostly open questions and probes for increased clarity and depth (Collis and Hussey, 2013). The interview guides were divided into three categories covering introduction questions, company-specific questions and taxonomy-reporting specific questions. However, all main questions were not always covered, for instance, if the interviewer considered the question non-relevant or already covered (Collis and Hussey, 2013).

Ahead of the interviews, the authors sent an email to the interviewees, including the interview guide, to allow preparation. It is believed that a higher degree of preparation gives more exhaustive answers to the interview questions (Bell et al., 2019). The interviews followed a silo approach, starting broader with more detailed questions succeeding. Further, the interviews began with the introduction questions, which, according to Patel and Davidsson (2011), are recommended in order to receive more honest answers.

3.4.1.2 Interviewee Selection

The primary data has been collected through semi-structured interviews, and according to Lind (2019), qualitative research should focus on collecting as rich and usable evidence as possible. With this in mind, the interviewees have been selected carefully. Thus, the selection was not random but was initially dependent on which organizations that were found subject to the EU taxonomy. The motivation for only interviewing organizations subject to the EU taxonomy stems from Lind (2019), aiming to gather as rich and usable evidence as possible. The authors found that most organizations not yet subject to the EU taxonomy have not initiated the implementation of the EU taxonomy in their business. Instead, the interview selection focused on organizations and individuals with relevant knowledge to answer the research question. Besides, the availability of the interviewees has been considered, and thus,

early in the thesis process, potential organizations were contacted to book interviews in advance.

The interviewees are primarily working at the Group level and hold roles within sustainability or finance. These roles were found to often be responsible for implementing the EU taxonomy and executing the reporting. Further, as the research question concerns the implementation of the EU taxonomy from a project management perspective, these roles were found to be relevant to participate in the interviews. Table 2 below shows an overview of the interviewees with their roles and industry, without compromising their anonymity. The interviewees were further mentioned with their numbers in the empirical findings to ensure anonymity, for instance "Interviewee 1" and "Interviewee 2".

As described above, potential companies to be interviewed were contacted early in the thesis process by email with a short introduction on the purpose of the thesis and the settings of a potential interview. Since one of the criteria in the sampling process was to identify organizations subject to the EU taxonomy, the authors clarified in the emails that this was a requirement to participate. The potential interviewees from companies subject to the EU taxonomy were then encouraged to suggest a date and time for the interview.
| Interviewee | Role | Industry | Date | Duration |
|-------------|--|---------------|------------|----------|
| 1 | Sustainability officer | Real Estate | 2022-03-01 | 00:40:35 |
| 2 | Director of ESG-reporting | ICT | 2022-03-02 | 00:41:36 |
| 3 | Director of sustainability & external relations | Manufacturing | 2022-03-08 | 00:47.20 |
| 4 | Head of sustainability governance | Real Estate | 2022-03-08 | 00:44:46 |
| 5 | Sustainable finance manager | ICT | 2022-03-10 | 00:42:53 |
| 6 | Senior sustainability advisor | Energy | 2022-03-11 | 00:35:27 |
| 7 | Sustainability controller | Real Estate | 2022-03-18 | 00:39:38 |
| 8 | Sustainability controller | Transport | 2022-03-18 | 00:43:45 |
| 9 | Business controller | Public Sector | 2022-03-18 | 00:36:57 |
| 10 | Head of sustainability | Energy | 2022-03-22 | 00:40:13 |
| 11 | Head of sustainability | Real Estate | 2022-03-23 | 00:37:51 |
| 12 | Head of sustainability | Steel | 2022-04-01 | 00:39:46 |

Table 2: List of Benchmarking Interviewees

3.4.1.3 Interview Setting

Approximately one week before the interview dates, the authors emailed the interview guide to the interviewees in order for them to be prepared. The reason for sending the interview guide in advance was that some of the interviewees needed to collect information from colleagues in other departments. All interviews were conducted digitally through Microsoft Teams or Zoom. The reason for this was the ongoing Covid-19 pandemic during the time of the research. In addition, several respondents were located in other locations than the authors, and thereby digital interviews facilitated the interview process. The authors decided to conduct all interviews in the same condition, hence digitally. Bell et al., (2019) mention that it is possible that the authors' perception of the interviewees could affect the outcome of the interviews. The perception can be steered by how and where the interviewers and interviewees meet (Bell et al., 2019) and therefore, although some interviewees could meet in person to conduct the interviews, the decision was made to conduct all digitally. This decision allowed the respondents to participate under identical conditions, minimizing bias (Bell et al., 2019). Using digital tools such as Microsoft Teams or Zoom inhere limitations since the interviewers are not able to judge the interviewees' body language or offline environment (Bell et al., 2019). This limitation has to some extent been overcome by using webcam features during the interviews, so the interviewees have been able to see the interviewers and vice versa. However, as the focus of this research lies in the interviewees' answers, their tone of voice, body language, and environmental analysis are not as relevant for the legitimacy of this thesis. The most common complication from the digital interviews was unstable internet connection and technical issues such as access to the digital interviewing tools since some organizations were restricted from using Zoom.

According to Guest et al., (2006) empirical saturation is the condition where the ongoing research no longer gives any new insights. In the case of in-depth interviews, data saturation is achieved when the interviewees answers are considered not to bring any further information. During the eleventh interview, the authors experienced a lack of new insights, and that the responses were similar to the previous interviews. In order to confirm that it was not an exception, a twelfth interview was held where the authors' experience of data saturation was confirmed. Hence, as data saturation was experienced, the decision was made to determine the sample size to twelve interviews.

3.4.2 Secondary Data Collection

The secondary data collection consists of research papers, books, and journals (Bell et al., 2019; Collis and Hussey, 2013). First, documents from the European Commission regarding the EU taxonomy have been reviewed to gain a more comprehensive understanding of the subject and set the context of the research. The European Commission deployed a technical expert group (TEG) to develop the EU taxonomy, which consists of individuals with industry-specific and sustainable finance-specific knowledge. By reviewing TEG's documents increased the understanding of the EU taxonomy's development. Secondary data was also gathered from Latour's website and internal documents.

3.5 Literature Review

Since the thesis employs an abductive approach, the theoretical framework is used to structure the research and review existing literature (Bell et al., 2019). Additionally, as the thesis aims to generate theory and recommendations for implementing the EU taxonomy from a project management perspective, a literature review helps identify what is already known in the subject (Bell et al., 2019). Thereby, the reviewed literature has played an essential role for the research's theoretical framework. Patel and Davidsson (2011) motivate the need to comprehend previous knowledge in connection to the thesis's subject to reach a higher understanding of methodologies and theoretical approaches behind existing theories. According to Bell et al., (2019) a literature review helps to develop an analytic framework and interpret the findings.

When performing a literature review, it is of importance to determine suitable keywords to identify what is most accurate. In addition, snowball sampling has been applied to find complementary articles (Collis and Hussey, 2014). To separate accurate literature, inclusion and exclusion criteria are employed and visualized below in table 3. The inclusion criteria defines the characteristics of the literature included in the theoretical framework while the purpose of the exclusion criteria is to limit the research (Bell et al., 2019). The literature review is primary conducted from the following databases:

- Gothenburg University Library
- Emerald Insight
- Google Scholar

Table 3: List of Inclusion and Exclusion Criteria

| Inclusion Criteria | Exclusion Criteria | |
|--|--|--|
| Peer-reviewed articles | Articles in other languages than English or Swedish | |
| Articles about strategy process and implementation | Articles with few quotations | |
| Literature written in English and Swedish | Literature concerning sustainability in general | |

Keywords: EU taxonomy, implementation, project management, GDPR, EU governance, sustainability project management, implementing sustainability, sustainability stakeholders.

For the literature review, both combined and specific keywords were used which is visualized in appendix A. Further, "sustainability" was determined not to be used alone as a keyword since the concept of sustainability was considered too broad and resulted in a vast number of articles unrelated to the research topic.

3.6 Data Analysis

Patel and Davidsson (2011) advise performing analysis along the interview process, which has been followed as the authors have discussed interesting aspects and findings after each interview. Concurrently as the interviews were conducted, they were transcribed and the data analysis was performed from the transcripts in combination with the literature review and research question (Bell et al., 2019).

Patel and Davidsson (2011) argues for a thematic analysis to interpret soft data, known as qualitative data, as it requires thorough analysis and interpretation. This research relies on thematic analysis to identify, interpret, and analyze the qualitative data gathered from interview transcripts. Moreover, thematic analysis is a method for finding patterns in qualitative data that is useful while interpreting and understanding thoughts and experiences in the analyzed data set (Kiger and Varpio, 2020). During the process of thematic analysis, one of the key activities is to identify concepts, which is the most important criteria, referring to topics that are identified several times (Bell et al., 2019).

Since the benchmarking interviews were conducted semi-structured, all respondents had the same questions from the interview guide, except for different follow-up questions. This allowed the possibility to analyze and compare thoughts and experiences, which benefits thematic analysis. However, the disadvantage of thematic analysis is the risks of emphasizing repeating topics instead of focusing on the most relevant findings (Bell et al., 2019). To overcome this, the themes have been derived in relation to the thesis research question rather than only emphasizing the data. As thematic analysis lacks a clear structure for setting up the themes and codes, the authors risk identifying incorrect themes based on their own perception rather than what the transcripts holds (Bell et al., 2019). To reduce the risk of bias from one's own perceptions, the authors conducted the thematic analysis and coding collectively. A visualization of the coding chart used for the thematic analysis can be found at Appendix D.

3.7 Ethical Principles

Due to ethical considerations, the research was conducted in line with the ethical principles of the Swedish Research Council (Vetenskapsrådet, 2015). Thereby, all interviewees were informed of the purpose of the research before participation to ensure informed consent and prevent deception. The respondents had the right to suspend their participation in the research at any time without further questions. Since the interviewees were guaranteed anonymity in the research, the authors ensured that no one other than themselves could take part in any information about the interviewees to ensure privacy and avoidance of harm (Bell et al., 2019). In accordance with the requirements from the Swedish Research Council, the collected data from the interviews were only used for the purpose of the research, which the respondents were informed about. Additionally, all interviewees gave consent to be recorded in advance of the interview (Vetenskapsrådet 2015).

3.8 Research Quality

While evaluating the quality of a research, the concepts of reliability and validity are generally considered (Bell et al., 2019). These concepts are strongly rooted in quantitative research, and therefore, an alternative method of evaluating the research quality in qualitative research is considered appropriate. Instead, the method presented by Lincoln and Guba (1985) consisting of authenticity and trustworthiness in qualitative research will be applied to

evaluate the quality of the research. The concept of trustworthiness is divided into four subcategories consisting of credibility, transferability, dependability and confirmability. According to Lincoln and Guba (1985), authenticity seeks to confirm that the interviewees' responses are treated fairly and not influenced by social or political factors. In order to ensure that this research is authentic, all of the interviewees have participated under the same conditions. This implies that all of their data have been treated equally. In addition, conducting semi-structured interviews allows the interviewees to go off-topic and thereby express their full opinions. To further strengthen the authenticity, the theme of the research was explained to all of the participants prior to the interviews (Lincoln and Guba, 1985). interviews, the interviewers avoided theoretical During the terms to prevent misunderstanding if the interviewees were not familiar with the terms.

According to Bell et al., (2019), *credibility* is related to internal validity. Further, Lincoln and Guba (1985) argue that credibility measures the degree of trustworthiness of the implementation of the research. In order to ensure credibility, all of the interviews were recorded and transcribed. During the sampling of the potential interviewees, the authors ensured that all interviewees represented organizations subject to the EU taxonomy to confirm that they are in a situation where they can contribute with knowledge.

Transferability refers to the extent in which the research can be applied to other contexts (Lincoln and Guba, 1985). In this research, implementing the EU taxonomy applies for several organizations subject to the EU taxonomy, thereby, the findings from this research is considered useful for others. In addition, the project management process of implementing a new EU governance might be suitable for other directives than the EU taxonomy or upcoming ones.

To ensure *dependability* of the research, the research process is presented in chapter 3.3, which serves to be transparent in how the research has been conducted. In order to further strengthen the dependability, the research process is documented methodically. Since dependability refers to the research being consistent over time (Lincoln and Guba, 1985), the documented process aims to ensure that the research in the future can be repeated with the same quality.

The final criteria, *confirmability*, refers to the researchers' objectivity during the research process (Lincoln and Guba, 1985). Since the researchers in a qualitative research must interpret the empirical material, a common criticism of qualitative studies is that they are subjective (Bell et al., 2019). In order to strengthen the objectivity of this research, the researchers have been aware of this risk and tried to prevent their personal values or preconceptions. For instance, subjectivity bias has been decreased since the authors have discussed the material and data with each other and with the supervisor. Also, by interviewing experts in the pre-research, whose information is considered objective since they have different perceptions. Further, by recording and transcribing the benchmarking interviews, the authors could ensure that the empirical material was reproduced correctly. Finally, conducting a literature review with inclusion and exclusion criteria strengthened the confirmability.

4. Empirical Data

The empirical data chapter presents the result of the 12 benchmarking interviews and concludes with the findings in three chapters based on the structure of the theoretical framework. At first, 4,1 focuses on the project management of the implementation of the EU taxonomy. Thereafter, 4.2, examines the organizational structure and key activities for organizations implementing the EU taxonomy. Lastly, 4.3, describes the management of sustainable projects in terms of drivers of sustainability and sustainable project management.

4.1 Project Management

The majority of the interviewees expressed that their organization was engaged in sustainability long before the introduction of the EU taxonomy. Yet, most of the respondents expressed a vision to emphasize sustainability further and had explicit business goals for the purpose. For instance, interviewee 1 and 7 mention how they operate an integrated green framework that stresses sustainability throughout the whole organization.

Most interviewees perceived the implementation of the EU taxonomy challenging since it is not yet finished and involves high volatility with no common interpretations. This is exemplified by interviewee 4 stating:

"Many of the EU taxonomy objectives are hard to interpret. For instance, it is not yet determined what will be required to comply, nor proof of alignment with the EU taxonomy. So, if an economic activity is aligned - how do we prove it? - Interviewee 4

As a consequence of the volatility and uncertainty of the current state of the EU taxonomy, interviewee 7 believes that it is not advantageous to be among the first to implement and commit to the EU taxonomy fully. Instead, interviewee 7 describes that their organization prefers to be thoughtful and thus follow the development of the EU directive from distance. Hence, not implementing the EU taxonomy further than necessary. By following this approach, they believe that fewer changes will be needed, as the EU taxonomy is still developing. Contrary, interviewee 11 argues for initiating the implementation of the EU taxonomy as early as possible to create internal structures and stress collaboration in the

organization. Additionally, interviewee 11 argues for the importance of flexibility and responsiveness in the implementation of such a new directive by stating:

"Much of the taxonomy is still open to interpretation. It is still developing and can change based on what the main party says. Early, we needed to form an internal group and structure for the collaboration between finance controlling and sustainability to navigate quickly." - Interviewee 11

Interviewee 3 describes their sustainability department as divided into project groups, each with a specific sustainability focus. Above the project groups, a sustainability manager monitors and steers the work through business values and deliverables. For instance, one project group focuses on sustainability from a strategic perspective, while the other project group focuses on life cycle analyses and climate declarations. Interviewee 12 mentions how their sustainability function traditionally works with emission issues and climate in general, with their head of sustainability responsible for setting and following up on climate goals.

Some of the interviewees state that their sustainability department has been operating separately from the finance department. Although, some interviewees describe that these two departments have rarely spoken and had a limited collaboration in advance of the EU taxonomy. Nonetheless, there is a joint agreement among the interviewees that the collaboration between the sustainability and the finance department has deepened since of the implementation of the EU taxonomy, which is exemplified by interviewee 6:

"We had some cooperation between the sustainability and finance department before as well. Although, the EU taxonomy has required a more exhaustive collaboration resulting in a development of a rather deep and extensive project, which we have not done before." -Interviewee 6

The level of resistance from the organization has overall been reported as low. Three interviewees identify commitment to the EU taxonomy as vital to future-proof the organization, thus, a low level of resistance as it is indisputable. Further, interviewee 10 states that they have not met any resistance in implementing the EU taxonomy, yet they have experienced a lack of resources. The perception of lacking resources is strengthened by interviewee 4, who elaborate that:

"As everyone in the organization already is working full time, implementing the EU taxonomy has been challenging as it is both resource and time demanding. Despite this, it just has to be done." - Interviewee 4

Interviewee 3 expands this statement further with the following statement:

"If the EU taxonomy had not been obligated by law, it would have been difficult to motivate the finance department and make them understand the need to conduct their part of the work needed to report the taxonomy." - Interviewee 3

The process for how organizations have implemented the EU taxonomy differs among the respondents to some extent. Most describe that the implementation and creation of a structure for the taxonomy reporting have been managed as a project between the finance and sustainability departments at Group level, without any significant interaction with other departments or levels. In some organizations, discussions regarding interpreting the taxonomy and identifying eligible economic activities have been held solely at the Group level. On the other hand, some organizations delegated the interpretation of the EU taxonomy to business areas and product owners at lower levels in the organizational hierarchy. Those who delegated the interpretation away from the Group level argue that those working at business area level inhere more specific expertise in their products and services which potentially could simplify the interpretation and understanding of the directive.

Some organizations describe that a clear structure for how the reporting aims to be done has been formed at the Group level. Then, they transmitted the execution and collection of the taxonomy data to those departments identified as responsible for the economic activities, mostly business areas, business area managers or product owners. Thereafter, each business area forwarded their audit of the taxonomy eligible economic activities to the Group level. This process is further elaborated by interviewee 4:

"Each business area collects data and reports to the Group level while The Group level is responsible to ensure everyone follows instructions and complies. The business areas has struggled to acquire the skills they need in finance and sustainability to conduct the taxonomy reporting" - Interviewee 4

On the other hand, two organizations mention that they have formed a structure for the implementation of the EU taxonomy which enabled the organization to interpret, identify and collect the taxonomy data solely at Group level, without assistance from other departments. For instance, interviewee 11 believes that the Group level solely will be involved in the implementation of the EU taxonomy. Further stating that when the Group level maps investments as taxonomy eligible, it will not affect the project managers at business area level. Interviewee 10 has implemented a similar structure for the EU taxonomy and describes:

"Here, it is just me and the CFO involved in the EU taxonomy. This directive is very challenging for a small organization compared to larger ones with more staff. The two of us get ahead, but we do have all our regular tasks, too" - Interviewee 10

However, the EU taxonomy is yet in its beginning stages and is constantly developing, as experienced by the interviewees. Despite this, all organizations subject to the EU taxonomy have shown dedication to the directive and have ongoing discussions on the topic. The project of implementing the EU taxonomy is still in its initial stage where organizations have, and still are, investigating the effects of the EU taxonomy and what possibilities it brings.

4.2 Managing the Implementation of EU Governance

4.2.1 Organizing for Implementing EU Governance

When asked about the responsible roles for implementing the EU taxonomy within the organization, the majority of the interviewees state that the sustainability department is primarily involved. This is highlighted by interviewee 8, defining the sustainability department as coordinators of the EU taxonomy:

"Our sustainability department is the project coordinator for implementing the EU taxonomy, yet, representatives from the finance department are also involved." - Interviewee 8

The majority of the interviewees stress, as interviewee 8, the essential role of the sustainability and finance departments for the project of implementing the EU taxonomy. Interviewee 8 further highlights the importance of ensuring that the coordinators of the EU taxonomy have the right contacts within the organization as awareness allows access to the

right information. Besides, interviewee 8 believes extended resources might not be worth assigning if the level of awareness is low.

Moreover, interviewee 2 believes that working cross-functional between the sustainability and finance departments is vital in order to implement the EU taxonomy. Some interviewees withhold other roles necessary in the EU taxonomy, where interviewee 1 mentions the importance of business controllers and environmental officers. Further, interviewee 7 mentions the importance of involving a system developer in the EU taxonomy process to be able to create a suitable tool for the taxonomy reporting. The purpose of the tool is to minimize manual work and ease the process. Interviewee 5 argues for the treasury department to be involved in the reporting in order to screen risks. However, even though interviewee 7 and interviewee 5 mention the vitality of supporting roles, the most common key roles identified from the interviews are the sustainability department with support from finance.

Interviewee 7 operates as a sustainability controller and is primarily responsible for the taxonomy reporting within the organization. The role as sustainability controller was described to be established during the previous year as a result of the upcoming work with the EU taxonomy. Interviewee 7 further believes that other organizations might employ it this role too by the following statement:

"I believe that this role will be established in even more organizations. I believe that this role is the beginning of something bigger and that in the long run, we will have more resources working with this" - Interviewee 7

Some of the interviewees mention an ongoing discussion on whether the EU taxonomy is the sustainability department's responsibility or the finance department's responsibility. Interviewee 6 describes how those within sustainability consider the taxonomy as a financial report while the finance department argues for it being a sustainability report.

Besides the sustainability department acting as a coordinator for the taxonomy reporting, the sustainability department is also responsible for staying up to date with the development of the taxonomy. However, most of the interviewees state that they have stayed updated with help from industrial associations and auditors. This is highlighted by interviewee 6, discussing how the organization stayed up to date with the EU taxonomy since they first heard of it:

"We have had external discussions within the industry and internal discussions in the organization to prepare. However, the EU taxonomy directive has been fuzzy and is still developing" -Interviewee 6

Interviewee 2 further confirms this statement:

"We believe that keeping updated with the EU taxonomy requires a shared responsibility in the organization and external help has been necessary for us" -Interviewee 2

The interviewees mention several roles which have been active in staying updated with the taxonomy. The most commonly mentioned roles are the sustainability department, finance department, external advisors, auditors and public affairs. Interviewee 9 differs as they mention having an office in Brussel for public affairs whose purpose is to stay a-jour to identify new governance from the EU and how to implement it, well in advance.

Moreover, most of the interviewees state that they found their industry associations helpful during the process and especially for interpreting the EU taxonomy and the screening of economic activities. The majority of the interviewees argue that the purpose of involving the industry organizations is that all organizations subject to the EU taxonomy share the same situation. The importance of the industry associations is highlighted by interviewee 4 stating:

"From the history of the industry, we want the industry associations to organize this cooperation to avoid potential speculation and questions if we collaborate with others within the industry for the wrong purpose" -Interviewee 4

Except for the industry associations, banks and auditors are other vital supporting roles for the taxonomy reporting mentioned in the interviews. Interviewee 4 mentions that it has involved audit firms both in Sweden and abroad for interpreting the EU taxonomy. Further, they stress how these auditing firms have different answers to questions regarding the EU taxonomy, which is considered challenging. Moreover, interviewee 11 stresses the importance of involving auditing firms early in the EU taxonomy discussions to set up a structure for what is needed to focus on. Besides, interviewee 3 withholds auditing as an important supporting role since they are the ones responsible for the third party review.

Even though all interviewees stress the importance of collaboration between the sustainability and finance departments for the EU taxonomy, collaboration between these departments is unusual in some organizations. Interviewee 10 states that their sustainability and finance departments have been separated until now when they started working together with the EU taxonomy. This is supported by interviewee 4, highlighting the lack of collaboration between the departments before the implementation of the EU taxonomy:

"Our sustainability and finance department were barely talking to each other earlier" -Interviewee 4

While the majority of the interviewees claim that the sustainability and finance departments were not collaborating earlier, interviewee 6 states that they were collaborating in their organization but that the collaboration and communication have increased due to the EU taxonomy. The level of communication with other departments concerning the EU taxonomy has been claimed as low by most interviewees. However, most organizations state that they have prioritized keeping the top management informed. Though, some organizations engaged in workshops to educate other departments as well.

4.2.2 Key Activities for Implementing EU Governance

From the interviews, it is seen that the organizations have applied different approaches to implement the EU taxonomy. According to interviewee 1, their organization has been able to create keys in the current financial system to map taxonomy eligible economic activities. Still, it is not able to pinpoint taxonomy aligned economic activities due to the need for interpretation. Interviewee 2 states that the taxonomy eligible economic activities are manageable in their current system, but are discussing implementing a new system to automate the taxonomy process. Although, before implementing a new system, interviewee 2 stresses the necessity to make a cost-benefit analysis. Interviewee 3 describes the need to ask product owners for interpretation of the taxonomy and to collect taxonomy data as following:

"I need to talk to product owners, controllers, and others to create an overall picture and be able to execute the assessment. It is not possible to fulfill that taxonomy at top-level in our sector and the way we are organized." -Interviewee 3

Further, interviewee 3 mentions that they are still able to operate in their existing systems and have created templates for summarizing the taxonomy eligible economic activities. However, the assessment needs to be done correctly and manually to obtain the correct taxonomy data.

Interviewee 4 describes their process for taxonomy reporting as that respective business area collects the taxonomy data and reports it to the Group level. It is further stated that:

"Group level is responsible for creating detailed instructions for the taxonomy reporting for each business area, ensuring that the instructions are followed, and lastly to compile the reported data from the different business areas" - Interviewee 4

Interviewee 4 continues and describes that in their organization, the business areas are responsible for following the instructions for the EU taxonomy reporting. Additionally, the business areas were required to obtain the necessary knowledge within finance and sustainability to comply with the taxonomy and report to the Group level. Interviewee 4 perceives that the taxonomy is not adapted for project-based organizations. Further describing how their organization is able to collect taxonomy data in their existing system from business area level, though they lack ability to collect taxonomy data from project level which is needed for them to align with the taxonomy requirements.

Interviewee 5 describes their process of implementing the EU taxonomy as following:

"At first, we reviewed the taxonomy criteria and developed definitions. Then, we have studied what is relevant for us and discussed it with our controllers before we have requested reporting locally from each business area" - Interviewee 5

The existing financial systems, together with Excel, were used by interviewee 5 for this year's taxonomy reporting. According to interviewee 5, a new template needs to be implemented in the existing financial system in the future, to ease the reporting process and ability to map economic activities. Interviewee 6 states that they use their current financial system but have set up more codes to manage the classification of their economic activities. Interviewee 6 further stresses the need for more codes in the future to classify taxonomy alignment further. In the organization which interviewee 6 operates, the sustainability department is responsible for the taxonomy objectives, while the finance department is responsible for the taxonomy reporting.

Interviewee 7 were found unique as they described their process of implementing the EU taxonomy by including a system developer with the purpose to build a new system to manage the taxonomy. Interviewee 7 further argues that they want to develop their own system built

on their individual interpretations and want to keep internal control. The new system aims to map taxonomy eligible and taxonomy aligned economic activities. Interviewee 8 discusses their intention to evaluate their taxonomy implementation process. They further describe that there are many specific questions for the taxonomy in their industry. This has obligated them to include not only the finance and sustainability departments in the implementation, but also technical operations as they are the ones with the specific knowledge requested. Interviewee 8 further stress their inability to use the existing financial system but need a new system to gather more specific and detailed taxonomy data. Further, interviewee 8 discusses their approach to the EU taxonomy:

"It is the finance department who makes the interpretations of the EU taxonomy while the sustainability department supports with necessary data" -Interviewee 8

Interviewee 9 stresses the need to create a structure and strategy for implementing the EU taxonomy. Furthermore, they emphasize the need of a common knowledge base and the vitality for the whole organization to move in the same direction. Despite the advantages of having the whole organization moving in the same direction, they found it important that the organization's different departments are able to influence the taxonomy processes in their part of the organization. According to interviewee 9, mapping of economic activities will be done by the business areas and reported to the Group level, who will compile the taxonomy data.

Interviewee 10 describes their process of taxonomy implementation as that their head of sustainability, together with their head of auditing and technical department, interprets the EU taxonomy. By making the interpretations together, they believe to achieve a higher understanding of the EU taxonomy. Additionally, interviewee 10 describe the aim for the whole organization to achieve a higher understanding of the taxonomy, exemplified by:

"We have informed many employees within the organization about the EU taxonomy and mainly the DNSH criteria. This has been found significant for our technical network organization and their management team but we have also educated our purchasing team to increase their knowledge and how they can contribute" - Interviewee 10

Interviewee 11 describes the EU taxonomy as uncertain and still developing which results in the need for an agile process for analyzing the taxonomy. Therefore, they deploy a small internal group consisting of the finance, controlling, and sustainability departments to make responsive analyses of the taxonomy and stress the importance of collaboration between these departments. Interviewee 11 describes the current process of the taxonomy reporting is conducted through combining two books with how the taxonomy cuts the economic activities by how they are cut in the current financial system.

4.3 Managing Sustainability Projects

4.3.1 Drivers of Corporate Sustainability

The main stakeholders identified by the interviewees are investors and banks. Although all interviewees mention investors as stakeholders, some interviewees give further insights. Interviewee 3 believes that their main stakeholders are investors in their industry who likely will compare the level of alignment between different companies within the same industry. Interviewee 4 believes that various sectors will be affected to a different extent and that some business areas are keener to the taxonomy reporting than others. Interviewee 5 stresses that sustainability funds might consider the taxonomy when making investment decisions. Interviewee 8 further discusses how governments and authorities might respond to the different levels of alignment within organizations. Interviewee 11 further confirms the discussions from the majority of the interviewees:

"Our stakeholders are banks and analysts, which might affect the terms for green financing and credit markets" -Interviewee 11

All of the interviewees discuss the purpose of the taxonomy reporting and how it is supposed to attract investors to greener sectors and businesses. Although, some interviewees question whether the EU taxonomy is the answer to sustainable development since the direction the EU taxonomy cuts sometimes loses its aim by being too specific. Nevertheless, the need for taxonomy reporting is more significant than solely for legislated purposes. Interviewee 1 stresses the importance of implementing the EU taxonomy for market expectations and that their stakeholders expect nothing less from them than being transparent with how sustainable their business is. Further, interviewee 5 argues that they want to keep a high green profile and that presenting their taxonomy eligibility, and upcoming alignment, is in line with their profile and helps to avoid greenwashing. Besides, interviewee 7 describes that they are

ambitious within sustainability and therefore will implement the EU taxonomy, even though they are not yet obligated by the reporting criteria.

Furthermore, interviewee 9 agrees and stresses that they are investigating how to implement the EU taxonomy in their organizations, since they believe it will be a quality indicator. Thereby, one objective for them to implement the EU taxonomy is to brand their organization with a quality remark. Interviewee 11 stresses that since the EU taxonomy is imperative by law and going green is vital for sustainable development, the objective of taxonomy reporting is to future-proof the organization:

"Since we are covered by the EU taxonomy based on the number of employees, we are in a special process to secure the future and build the organization, which will require an in-depth collaboration with finance and data for controlling numbers." - Interviewee 11

Taxonomy reporting is required once every year in the non-financial report for organizations subject to the EU taxonomy. However, three of the interviewees state that they will present their taxonomy reporting numbers for eligibility and alignment quarterly or monthly. This is exemplified by interviewee 10:

We aim to report our taxonomy alignment quarterly. It is too rare to present it annually, especially if you wish the EU taxonomy to act as a tool to achieve greener operations" - Interviewee 10

4.3.2 Sustainability Project Processes

During the interviews, some of the interviewees highlighted that they find it crucial for everyone in the organization to understand the importance of the EU taxonomy, especially the top management. Interviewee 9 points out that even though an individual within the organization does not work daily with these questions, they might end up in discussion with a stakeholder or client. Thereby, that person must understand how the organization reports according to the EU taxonomy since it might be an essential question for the other party. This is strengthened by interviewee 10:

"We believe that all employees in the organization that in any way can affect the outcome of the taxonomy-report in their everyday work must be aware of that" - Interviewee 10

In order to involve the rest of the organization and not only the main responsible departments, there are several suggested solutions. Three interviewees mentioned that they are going to have internal workshops and webinars to involve a larger number of employees in the process of implementing the EU taxonomy.

Further, interviewee 3 discusses the potential solution to transmit the responsibility of making the interpretations of the taxonomy-eligibility to the respective business areas. This since each business area is insightful in their economic activities, investments, products and services. While discussing this, interviewee 3 states that it would require communication in terms of education:

"We will probably let the business areas make the assessment themselves, but before that can happen, we need to ensure that they have all the information they need. Therefore, we will hold training and workshops with them during this year" -Interviewee 3

When asked about internal channels of communication within the EU taxonomy project team, the respondents operate differently. Four of the interviewees highlight Microsoft Teams as their main communication channel while working together with the taxonomy reporting. Interviewee 5 stated:

"We operate a primarily by using Microsoft Teams, which works well because it allows you to both chat and share documents, but of course email is also used for communication" -Interviewee 5

The majority of the respondents agree with interviewee 5 and withhold that emails are used for communication between the project members even though none of them mention it as the primary source of communication for numbers. Interviewee 6 exemplifies how emails are used as a complement to the financial reporting system while working with figures:

"Of course, we send figures by email, but it is often side information and for understanding alongside or reconciliations before the formal reporting. But basically, the figures are in the reporting system where everyone involved can access them." -Interviewee 6

Further, interviewee 1 highlights common project portals where most of the communication is performed, and exemplifies World Favor.

5. Analysis

This chapter analyzes the empirical data in relation to the research question and theoretical framework. The first section of the analysis seeks to examine project management literature with how the interviewed organizations have managed the project of implementing the EU taxonomy. The second section is divided into two subsections, where the first examines the organizational structure, and second examines key activities for managing the implementation of the EU governance. Thus, the implementation of GDPR and the EU taxonomy is contrasted. The last section analyzes managing sustainability projects with drivers of corporate sustainability and sustainability project processes.

This thesis aims to guide the thesis partner company Investment AB Latour in how to implement the EU taxonomy from a project management perspective. However, the analysis is performed from a holistic perspective and will therefore not consider company-specific aspects of Latour. What is found exceedingly advantageous and applicable at Latour from the analysis chapter has the formed recommendations for Latour. Recommendations for Latour are presented in chapter 6.2.

5.1 Project Management

From the interviews it was identified that most of the organizations have been engaged in sustainability for a longer time and have designated resources and sustainability departments to emphasize sustainability further. The sustainability departments have established business goals and visions for how the organization can decrease its climate impact. Tonnquist et al., (2018), state project management as advantageous for achieving a vision or completing a business goal. Furthermore, the interviewees stress the increasing importance of sustainability for organizations, which is now profoundly rooted in the development of the organization. This goes in line with Bakker (2010) and Winter et al., (2006), who declare that organizational development is often undertaken in project form, which emphasizes project management practices for sustainable development.

All interviewees share the perception of high volatility and uncertainty related to the EU taxonomy, as the directive is yet not complete. As a result of the EU taxonomy being non

compete, one interviewee argues that they do not consider it advantageous to be among the first to create a clear structure for implementing it. Further, stressing the risk of having to remake the structure later to comply with the final and complete EU taxonomy directive. Based on this argument, it could be claimed that this organization prefers traditional project management, which relies on a linear process (Adams and Barndt, 1983; King and Cleland, 1983). Consequently, this organization rather awaits the final taxonomy directive over following an iterative process for implementing the EU taxonomy based on the First Delegated Act and making changes concurrently until the EU taxonomy is final.

On the other hand, one interviewee argues for the advantages of being early in implementing the EU taxonomy, emphasizing flexibility and responsiveness. By initiating the project of implementing the EU taxonomy immediately, the finance and sustainability departments had adequate time to prepare and are now able to navigate the directive quickly. This viewpoint aligns with the agile project management approach, which is suitable for complex and uncertain projects requiring adaptability and responsiveness (Schwaber, 2004). Furthermore, to navigate quickly follows the fourth value in the Agile Manifesto stating "responding to change over following a plan" (Beck et al., 2001). Based on the interviewees' shared view of high volatility and uncertainty related to the EU taxonomy, agile project management is preferred (Fernandez and Fernandez, 2008).

There is a joint agreement among the interviewees that the sustainability and finance departments hold the primary responsibility for implementing the EU taxonomy. Although the taxonomy directive requires close collaboration between these departments, that has not always been. Some of the interviewed organizations state that these two departments have rarely communicated with each other before. Kerzer (2022) stresses this phenomenon, claiming that employees might be required to leave their comfort zone and engage in new social groups due to potential changes or project objectives. Moreover, for the project objective of implementing the EU taxonomy, employees were required to engage in new social groups, such as the collaboration between the finance and sustainability departments. Employees engaging in new social groups indicate high commitment and ability to embrace change (Wysocki, 2010). According to Fernandez and Fernandez (2008), high commitment is the key in agile project management since it demands team members to hold more compressive roles.

Moreover, Wysocki (2010) and Fernandez and Fernandez (2008) stress the disadvantage of agile project management in the difficulty of transmitting work to others, since there is no linear process to follow as in traditional project management. Despite this, some of the interviewed organizations describe that they divided the work of implementing the EU taxonomy among different departments and levels in the organization. They argue that more explicit expertise related to the organization's economic activities, which the EU taxonomy emphasizes, exists subordinate the Group level, which could facilitate the interpretation of the directive. This argument follows Todorovic et al., (2018) assertion, emphasizing the need for an interdisciplinary team to implement EU governance.

Some organizations interpret the taxonomy and build structures for its implementation solely at the Group level and thereafter transmit the execution of the implementation and reporting to different business areas and divisions. This approach could be argued to follow traditional project management and especially a linear process and the project life cycle (Adams and Barndt, 1983; King and Cleland, 1983). The project life cycle includes the phases of 1) Conceptualization, 2) Planning, 3) Execution, and 4) Termination. By analyzing the interviews, it may be argued that the conceptualization and planning phases have been performed by the responsible team of finance and sustainability managers at the Group level. Thereafter, the execution phase has been transmitted to different business areas. The execution phase has consisted of collecting taxonomy data for its respective department and reporting it back to the Group level. Finally, the termination phase has been conducted by the responsible team of finance and sustainability managers at the Group level.

Burke (2013) argues for subject-related knowledge, tools, and techniques as success factors for managing a project effectively. Since the EU taxonomy still is a new directive, the level of subject-related knowledge could be considered low. Despite this, it is clear from the interviews that all organizations are thoughtful and closely follow the development of the EU taxonomy to gather more insights. Hence, it could be believed that the level of subject-related knowledge will increase. Additionally, the importance of tools and techniques to successfully manage the project of implementing the EU taxonomy (Burke, 2013) is mentioned by most interviewees. Further, organizations stress the lack of tools, such as suitable software, to obtain the correct taxonomy data from their systems since the EU taxonomy "cut in another direction" compared to other reports. To solve this, many organizations hope to have

appropriate tools ready soon and are investigating different systems. The last success factor mentioned by Burke (2013) is techniques. This success factor could be translated to structures and frameworks in the EU taxonomy. From the interviews, it is seen that some organizations already have defined structures for implementing the taxonomy. These structures include designing teams, determining what economic activities are engaged, what taxonomy data to gather and where to find this. Yet, some organizations mention how they stressed out this year's taxonomy report and aim to structure the implementation further before the next report. Few organizations possess all the success factors Burke (2013) stresses for effective project management. Nonetheless, most organizations comprehend what is lacking and have a plan for solving this. When all success factors are established, it is believed that the implementation of the EU taxonomy will be managed more effectively.

Kerzer (2022) mentions the risk of resistance when implementing a new working structure. However, according to the interviewees, the level of resistance has been relatively low. The prominent reason for this is believed to stem from the EU taxonomy being a directive, in which companies are required by law to comply, hence affecting the motivation. It could be elaborated if a strong executive leadership, which Kerzer (2022) states is needed to overcome resistance, could be equivalent to obeying the law.

5.2 Managing the Implementation of EU Governance

5.2.1 Organizing for Implementing EU Governance

From the interviews, it is evident that the organizations have operated in teams to interpret and implement the EU taxonomy. According to Cross et al., (2008) teams generate business value and are effective in managing changes in organizational structure and work practices. Further, many interviewees stress that the EU taxonomy has induced new ways of working with sustainability and has required new work practices for collecting taxonomy data. To handle this and effectively manage the change, Cross et al., (2008) argue for designating teams, which the interviewed organizations have followed. Correspondingly, Campbell and Johnson (2020) found that many organizations assigned teams to implement GDPR and ensure compliance. Todorovic et al., (2018) argue for the vitality of an interdisciplinary team in understanding and implementing the GDPR. Accordingly, this could be considered accurate for implementing the EU taxonomy since many organizations relied on teams, especially including the sustainability and finance departments, requiring collaboration in an interdisciplinary team setting. However, some interviewees mention additional departments for interpreting and implementing the EU taxonomy. For instance, business controllers, system developers and treasury departments were engaged in some interdisciplinary teams. Besides emphasizing these roles, different business areas and departments have been involved in the execution.

Since the taxonomy directive was admitted, the responsibility aspect has been deliberated. On one hand, most organizations have identified the sustainability department as ultimately responsible for the EU taxonomy, arguing that it stems from emphasizing sustainability. On the other hand, some organizations consider the EU taxonomy as the finance department's responsibility, arguing that it stems from reporting economic activities and turnover. Todorovic et al., (2018) stress the importance of support from top management in assigning resources and influencing the organization, to successfully implement EU governance. Based on this, it is believed that top management can influence the sustainability and finance departments. For instance by assigning more recourse to the department identified as responsible for implementing the EU taxonomy or by exhibiting business skills in negotiating the responsibility aspect (Todorovic et al., 2018).

As aforementioned, the EU taxonomy is a new directive where organizations must stay updated. According to the interviewees, several roles in the organization have been active in staying informed, such as the sustainability department, external advisors, auditors and public affairs. Additionally, industry associations have played a vital role in exchanging knowledge and discussing interpretations among organizations in the same industry, according to the interviewees. Cross and Prusak (2003) claim trust as an essential factor in knowledge exchange. However, some interviewees mark trust as low in the industry associations. For instance, one interviewee stresses that industry associations only listen to the most prominent member organizations. On the other hand, one interviewee implies a high degree of trust in their industry association and stresses the advantage of discussions in this setting rather than between separate organizations. Moreover, trust is essential in interdisciplinary teams for

knowledge to be effectively understood and exchanged (Mayer et al., 1995; Cross et al., 2008). Hence, organizations benefit by increasing trust in interdisciplinary teams and teams across the industry association.

Except arguing for knowledge sharing between organizations and industry associations as significant, Magnusson and Iqbal (2017) stress the importance of internal knowledge sharing as key for implementing EU governance. By engaging the internal organization in training sessions for a new directive, the familiarity and awareness will increase (Magnusson and Iqbal, 2017). An increased familiarity and awareness ensure that everyone in the team follows the internally determined rules, resulting in lower risk and higher compliance (Magnusson and Iqbal, 2017; Teixeira et al, 2019). Some of the interviewees state that they to some extent have engaged in training sessions. Yet, most organizations state they only educated top management which could originate from the vitality of top management support to ensure a successful project. However, by following Magnusson and Iqbal's (2017) recommendation, more employees within the organization should be informed of the EU taxonomy as it could potentially lead to higher commitment and alignment.

Moreover, Rico et al., (2019) and van Der Vegt et al., (2006) stress the advantages of transferring task-relevant knowledge to the team, since education and natural ability will increase the potential of the team to deliver business value and answer to complexity. Since the EU taxonomy is described as complex by the interviewees, training sessions are found appropriate. Further, the aim of the training sessions is not for the employees to gain expert knowledge but for fundamental understanding. Cross et al., (2008) and Hutchins (1991) emphasize awareness of who holds expertise as important to maximize each employee's contribution. Therefore, the team implementing the EU taxonomy must be aware of other teammates' expertise, to designate a successful interdisciplinary team. For instance, this awareness is essential when determining when and how expertise is leveraged when a new opportunity or challenge arises (Cross et al., 2008). According to the interviews, some of the organizations transmitted the project's execution from the Group level to business areas and other departments. To assign the gathering of taxonomy data to others, the project managers must be aware of what expertise the organization holds. If there is a lack of awareness of teammates' expertise, the collaboration between teammates suffer (Cross et al., 2008; Hutchins, 1991).

5.2.2 Key Activities for Implementing EU Governance

During the interviews, it is observed that different organizations have applied different approaches for implementing the EU taxonomy. Tzolov (2018) stresses that organizations need to consider their own unique business objectives and current strategy when implementing a new working structure, which could be one reason for the interviewed organizations' different approaches. For instance, the interviews indicate that some organization approaches the choice of approach for implementing the EU taxonomy. This argument is strengthened by Tikkinen-Piri et al., (2018) who discuss that organizational and technological measures. Further, when analyzing the interviews, it is seen that the approaches to implementing the EU taxonomy are affected by the organization's technological resources. For instance, some organizations perceive that they already have technological resources, such as systems, suitable for complying with the EU taxonomy. Therefore, no considerable changes in their working structure were demanded.

Texiera et al., (2019) found that many organizations perceived the GDPR as vague and uncertain, which is claimed to be one reason for organizations' divided approaches to the implementation of GDPR (Sirur et al., 2018). Further, since the EU taxonomy directive shares the characteristics of vague and uncertain, it could likewise be one reason for organizations' divided approaches for implementing the EU taxonomy.

Tzolov (2018) identified four key resources for implementing the GDPR: technological, human, financial, and infrastructural. When analyzing these resources in relation to implementation of the EU taxonomy, it is found that many organizations lack technological systems suitable for the EU taxonomy. To manage this, some organizations mentioned having an intention of buying a new system to automate the taxonomy process. Other organizations stated a need of adding a new template or codes to the existing system to be able to comply with the taxonomy directive. One organization was unique in that it included a system developer throughout the implementation of the EU taxonomy well enough to build an internal system for its purpose of complying with the taxonomy directive and automate the taxonomy process.

Further, Tzolov (2018) states human resources as key for successfully implementing the GDPR. Regarding the implementation of the EU taxonomy, human resources are seen as key during all interviews. One of the most complex tasks of implementing the EU taxonomy is to interpret its definitions and apply them to the organization's own economic activities. Human resources, in terms of knowledge and understanding, have been extensive especially in this task. Additionally, human resources were key during the collection of taxonomy data from different business areas and departments and reporting it to Group level. The third key resource identified by Tzolov (2018) for implementing the GDPR is financial. Many interviewees stated that they believe the implementation of the EU taxonomy will bring additional costs. Despite this, financial resources have not been mentioned by the interviewees as key for implementing the EU taxonomy. It could be speculated that all organizations interviewed are large ones that possess significant financial resources and, therefore, might not consider financial resources as key for implementing the EU taxonomy compared to their other investments.

The fourth key resource for implementing the GDPR is infrastructural resources (Tzolov, 2018). When implementing the EU taxonomy, infrastructural resources refer to coordination of resources, processes and operational tools. To achieve successful implementation of the EU taxonomy based on this, an engaged project manager and support from top management is vital. To summarize, the identified key resources for implementing the EU taxonomy are technological, human, and infrastructural, while financial resources were not heavily emphasized by the interviewees. For instance, technological resources in terms of suitable systems, human resources to signify organizational structure and managing the project. Depending on what competencies and resources are available in the organization, it is recommended to focus on staff training to increase human resources and introducing new systems to improve the technological resources (Tzolov, 2018).

Todorovic et al., (2018) present five key activities for implementing GDPR: 1) Preliminary analysis, 2) System evaluation, 3) Request analysis, 4) Design and implementation, 5) Integration and testing. Comparing these activities to the activities described by the interviewees when implementing the EU taxonomy, similarities and differences are

distinguished. In the first key activity, Preliminary analysis, Todorovic et al., (2018) mention three sub-activities 1) establishing the project team, 2) mapping all existing sets of personal data, and 3) defining the role of the organization in each data set. In relation to the EU taxonomy, all organizations state that they have designated interdisciplinary teams, following the first sub-activity of Todorovic et al., (2018). Further, all interviewed organizations stress the requirement of mapping economic activity, similar to the second sub-activity of mapping personal data. The last sub-activity is not found applicable for the EU taxonomy.

The second key activity, System evaluation, includes the following sub-activities 1) conducting a preliminary audit and 2) determining the legislative framework necessary to be applied (Todorovic et al., 2018). From the perspective of the EU taxonomy, all organizations interviewed have been active in conducting a preliminary audit by screening their economic activities and what is needed to comply. Thus, the first sub-activity could be considered followed. Then, most organizations claim the need to determine a legislative framework by reviewing its current systems suitableness. However, not all organizations interviewed had yet finished their work with determining a clear structure with work structures for implementing the EU taxonomy.

The third key activity, Request analysis, includes the following sub-activities 1) determining the adequacy of legal basis and purpose of data processing, 2) advancement of methods of data exchange, determining the need to assess the impact on privacy and appointment of a DPO. None of these sub-activities were followed in implementing the EU taxonomy. Instead, the interviewed organizations stress the focus on interpreting and understanding the EU taxonomy and how it can apply to their organization and specific economic activities.

The fourth key activity, Design and development, includes two sub-activities 1) preparing an action plan for compliance with new regulations, 2) preparing organizational and technical measures for personal data protection. Both these sub-activities have been identified as conducted at the interviewed organizations. Preparing an action plan for compliance with the EU taxonomy has been performed at Group level in most organizations while the execution of the EU taxonomy was transmitted to business areas. For implementing the EU taxonomy, many organizations stress the need for a new system to manage and automate the taxonomy process. Thus, designing and developing a new system is highlighted.

According to Todorovic et al., (2018) the fifth and final key activity is Integration and testing. This activity includes three sub-activities 1) education of employees through training and seminars, 2) testing of applied measures within the organization, and 3) monitoring and re-compliance. Most of the interviewed organizations keep the top management informed of the EU taxonomy through seminars and workshops. However, few organizations educate their employees on the topic. As aforementioned, educating employees on EU taxonomy will facilitate the implementation and increase the commitment (Magnusson and Iqbal's, 2017). The second sub-activity could be argued as conducted in early 2022 by many organizations, since this was the first time for many organizations to conduct a taxonomy report. However, the majority of the interviewees aim to clarify and revise the structure for the subsequent taxonomy report. The third sub-activity, monitoring and re-compliance, is considered followed as the EU taxonomy is yet not final, resulting in organizations' need of monitoring the development and re-compliance.

5.3 Managing Sustainability Projects

5.3.1 Drivers of Corporate Sustainability

Oertwig et al., (2017) define legal compliance as an external driver of corporate sustainability. Since the EU taxonomy is mandatory for EU taxonomy subject organizations, it could be considered as an external driver of incorporating sustainability. Concurrently, Oertwig et al., (2017) define internal drivers for corporate sustainability as organizational aims, such as achieving competitive advantages through sustainability. The aspect of internal drivers were highlighted during the interviews and organizations expressed their thoughts and hypotheses of how high alignment to the taxonomy might give competitive advantages by for instance customer satisfaction and superior terms for financing. To further emphasize the internal drivers of corporate sustainability, one interviewee described that they have implemented the EU taxonomy although they are not yet obligated. This interviewee believes that it will contribute to having their customers understand that they are serious in sustainability and believe it to bring competitive advantage.

Moreover, high ambition within sustainability could be considered an internal driver within the organization. This implies that there are further incentives with complying with the EU taxonomy than solely the external drivers of legal compliance. From the interviews it is clear that the interviewed organizations have identified several purposes of taxonomy-reporting than legal compliance. The internal drivers of sustainability within the interviewed organizations could be an explanation of the mentioned advantages of implementing the EU taxonomy. Another explanation presented by Hemingway and Maclagan (2004) is that the managers' individual values are the basis of the organizations' interests of taxonomy-reporting.

5.3.2 Sustainability Project Processes

The implementation of the EU taxonomy is a project that emphasizes corporate sustainability, regardless of whether it stems from internal or external drivers. Amini and Bienstock (2014) highlight projects as a link connecting organizations' business and sustainability strategies. The processes of incorporating sustainable projects are according to Seuring and Gold (2013) dependent on the ability to cross boundaries over the supply chain. This is aligned with Tam et al., (2017) highlighting communication within the organizations as the key to successful sustainable projects. Several interviewees emphasized the urge of involving employees that are not in the project team of implementing the EU taxonomy, stressing these employees' opportunity to affect the outcome taxonomy alignment. When designating an interdisciplinary team and involving representatives from different business areas within the organizations to implement the EU taxonomy, boundaries are crossed over the supply. This goes in line with Seuring and Gold (2013) for how to incorporate sustainability.

Further, Achterkamp and Vos (2006) argue for sustainable project processes as dependent on stakeholders. The interviewees have identified several stakeholders interested in their taxonomy report such as banks, investors and analysts. Some of the interviewees further believed the taxonomy to be determining future financing, terms and conditions. Since the EU taxonomy is yet newly adapted and incomplete, the organizations stress that there is high uncertainty regarding the effects of the taxonomy and other possible stakeholders. The identified stakeholders could be considered as external drivers, which together with the internal drivers shape the outcome of the taxonomy-reporting within organizations.

6. Conclusion

This chapter aims to conclude the thesis by answering the research question and give recommendations for Investment AB Latour in how to implement the EU taxonomy from a project management perspective. Additionally, the limitations of the study and future research is presented.

6.1 Answering the Research Question

Through benchmarking interviews, expert interviews and analysis of existing literature, this research has provided insights for the implementation of the EU taxonomy from a project management perspective. The following research question and subquestions aims to be answered thoroughly:

- What are the key considerations for an organization implementing the EU taxonomy?
 - What project management practices are appropriate for implementing the EU taxonomy?
 - What drivers for sustainability should be considered when implementing the *EU* taxonomy ?

Concluding the first subquestion, it is found appropriate applying project management practices for the implementation of the EU taxonomy, based on the conducted research. From the interviews, it is found that the majority of the organizations have used an agile project management approach during the implementation of the EU taxonomy. The main reason for following this approach is the adaptability and responsiveness which the EU taxonomy demands as it is still developing. Based on the shared characteristics of the GDPR and the EU taxonomy, designating an interdisciplinary project team is found advantageous for implementing the EU taxonomy. The sustainability and finance departments are the primary ones involved in the interdisciplinary team operating the project of implementing the EU taxonomy. The collaboration between these two departments is key and if collaboration is lacking, managers must intervene. Besides being required to collaborate, defining the main responsible one early in the project process is a crucial success factor. Otherwise, the project of implementing the EU taxonomy risks being perceived as someone else's responsibility. Additionally, support from top management is required, for instance by assigning resources and influencing the organization. It is further concluded that the chosen approach of

implementing the EU taxonomy should be based on the organization's business strategy, together with organizational and technological measures. Besides, having different emphasis on the technological, human and infrastructural resources unique for the organization. Additionally, external resources such as industry associations, advisors and auditors are found essential to stay updated in the EU taxonomy and to make joint interpretations.

Concluding the second subquestion, to implement the EU taxonomy, there are both external and internal drivers of executing the project. The EU taxonomy is a directive stemming from the EU, thus considered an external driver. Beside, most of the identified stakeholders, such as banks, investors and analysts, are also referred to as external drivers. However, the organizations need to consider internal drivers for incorporating sustainability. For instance, reporting and complying with the EU taxonomy could bring competitive advantages according to the interviewed organizations. To improve the organization's degree of taxonomy alignment, more employees in the organization should be informed, concurring the more aware, the higher commitment. Despite the project members of the interdisciplinary team, there are additional employees which have the possibility to affect the degree of taxonomy alignment. A conclusion derived from this is that everyone needs to "breathe the green air".

6.2 Recommendations for Investment AB Latour

Based on the findings of the research, practical recommendations for Investment AB Latour are provided. First, it is recommended by Latour to designate an interdisciplinary project team to seize expertise from different departments. From the complexity and development of the EU taxonomy, agile project management is recommended, facilitating responsiveness and adaptiveness. However, traditional project management could also be considered suitable, especially for dividing work between different departments which is eased by the project life cycle. If traditional project management is practiced by Latour for implementing the EU taxonomy, clear instructions from the Group level are key. It is further recommended that top management in Latour, early in the project, determines who and which department is responsible for implementing the EU taxonomy in their different wholly-owned holdings to avoid uncertainty and assign appropriate resources where needed. Furthermore, it is recommended that Latour increase its technological, human and infrastructural resources to be prepared for the development of the EU taxonomy and to report taxonomy alignment. Engaging in training sessions is recommended to increase human resources since it contributes in making the interpretations of the EU taxonomy and collecting taxonomy data from different business areas and forward it to the Group level. To increase technological resources, it is recommended that Latour consider a new system or implementing new features in its current system to automate and ease the taxonomy process.

6.3 Limitations

The methodology of the thesis has inherent limitations. Initially, the subject of the research is still in development and the final version of the EU taxonomy directive is not yet presented. Due to this, the findings of the thesis risk lower validity when the final version of the EU taxonomy is admitted, especially if it includes major changes for how to implement the EU taxonomy. Furthermore, as the EU taxonomy is a new directive, the interviewed organizations recently implemented the EU taxonomy and have only reported accordingly once. The benchmarking could hence be criticized as the project management of implementing the EU taxonomy is not deeply rooted in the organization but has rather emerged recently. However, the EU taxonomy was discussed for years before it was admitted and organizations subject to the EU taxonomy were required to stay updated. Therefore, it could be argued that organizations have been thoughtful of the EU taxonomy and how to implement it for longer than the directive has been applied.

Additionally, the thesis inherits limitations from the anonymity of the interviewed organizations. Hence, all information which potentially could disclose the organizations has been excluded. By excluding information about the organizations, some findings risk being seen without the context of how the organization is structured. This information could for instance be of relevance for the organization's chosen approach for implementing the EU taxonomy. To reduce this risk, organizations in different industries and with different organizational structures have been interviewed with the aim to create a more holistic view and generalizable benchmark. Yet, all organizations need to consider its unique business strategy when implementing the EU taxonomy as this might affect what practices and drivers are found appropriate for the specific organization.

6.4 Future Research

This research has provided insights for the implementation of the EU taxonomy from a project management perspective. However, with regards to future research within the subject, several suggestions are provided.

As the EU taxonomy directive was implemented and reported for the first time concurrently as this research was conducted, existing literature in the subject was limited. Throughout the research, interesting aspects in challenges and possibilities of the EU taxonomy were found, although it was out of the thesis scope. For instance, internal drivers of corporate sustainability through competitive advantages from the EU taxonomy was mentioned by many of the interviewed organizations. This aspect could be examined further and suggested as future research. However, to be able to examine this, the EU taxonomy first needs to be fully implemented and reach greater awareness in order to see the reactions of the market.

When the Second Delegated Act of the EU taxonomy is applied, an increased number of organizations will potentially be eligible, and hence subject to the taxonomy. Research could then be conducted as a case study for how Latour adapts the new taxonomy environmental objectives. Additionally, future research could be conducted on how other organizations are adapting to the second delegated act, for instance by a cross-sectional study using benchmarking interviews.

In this research, samping was restricted to organizations subject to the EU taxonomy, regardless of industry. In the coming years, when more organizations are taxonomy eligible, an interesting aspect would be to examine industry-specific patterns. Research could then examine potential correlation between industries and internal taxonomy processes. Similarly, it would be interesting to investigate if the implementation of the EU taxonomy differs between organizations in terms of organizational structure and number of employees.

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8. Appendices

Appendices include:

- A) Key search words used in the literature review for theoretical framework
- *B)* The expert interview guide
- *C)* The benchmarking interview guide
- D) The thematic coding

Appendix A - Key Words Used in the Literature Review for the Theoretical Framework

| First Keyword | Second Keyword | Third Keyword |
|-----------------------------------|-----------------------------|--------------------|
| | | |
| EU taxonomy | | |
| EU taxonomy | Implementation | |
| EU taxonomy | Implementation | Project management |
| EU taxonomy | Project management | |
| GDPR | Implementation | |
| GDPR | Implementation | Project management |
| GDPR | Project management | |
| EU governance | Implementation | |
| Sustainability project management | | |
| Sustainability project management | Implementation | |
| Sustainability project management | Implementing sustainability | |
| Project management | Implementing sustainability | |
| Sustainability stakeholders | | |
| Sustainability stakeholders | Project management | |

Appendix B - Interview Guide Experts

Introductory Questions:

- Where do You work?
- What position do You have?
- How long have You held this position and been in this company?

EU Taxonomy Specific Questions:

- Can You describe the development of the EU taxonomy?
- What challenges does the EU taxonomy pose to companies?
- What benefits does the EU taxonomy bring to companies?
- What impact do You think the EU taxonomy will have on achieving the climate goals?
- How will the EU taxonomy affect investors' perspectives?
- What does the future hold for the EU taxonomy in the coming years?
- How well would You say that companies, in general, can interpret the EU taxonomy
- today?
- Do companies receive any notification that they are relevant to the EU taxonomy?
- Are there any penalties for companies that do not report according to EU taxonomy?
- How much of the figures reported in the EU taxonomy can be estimated?
- How do You think this will affect companies' administrative costs?
- What processes do You think companies should use to collect and interpret taxonomy data?
- How do You think outsourced economic activities will affect companies and their ability to achieve climate goals?

Appendix C - Interview Guide Benchmarking

Introductory Questions:

- Can you tell us a little about the company you work for?
- Can you tell us briefly about what your role entails and your experiences?

Company-specific Questions:

- What does the company's organizational structure look like?
- Are you part of a group?

EU Taxonomy Specific Questions:

- When did you first hear about EU taxonomy?
- How have you kept up to date since then?
- How many of you are currently working partly with the EU taxonomy?
- How do you experience the company's relationship with the EU taxonomy at the moment?
- How do you expect to work with the EU taxonomy in the future?
- Do you experience any difficulties in interpreting which of your economic activities are currently covered by the EU taxonomy?
- Do you map economic activities against the taxonomy in the financial reporting system, or is it reported in a parallel system?
- How do you plan to conduct a deeper analysis of your own taxonomy eligible activities to determine if they are taxonomy aligned?
- Which people or roles in your company are active in reporting, collecting and interpreting taxonomy data?
- What internal factors do you think are important for meeting taxonomy compliance?
- What processes will you use to collect and interpret taxonomy data?
- Which stakeholders have you identified who are keen on your taxonomy report?
- How do you communicate internally about the taxonomy?
- Have you held any workshops or education about the EU taxonomy with the employees?
- How do you motivate employees to work with this?
- Do you work with this continuously during the year?

Appendix D - Examples of Thematic Coding

| Concepts | Themes | Theoretical framework |
|---|--|--|
| Volatility and uncertainty | | |
| Awareness and trust | Adaptability and responsiveness as project | |
| Complex | management practices | Project Management |
| Interpretations from Group level | Clear instructions for implementation | |
| Project group | | |
| Cooperation between sustainability and finance department | Interdisciplinary team | |
| Defined responsibility | setting | Managing the implementation of EU governance |
| Supporting roles | | |
| External advisors and industry associations | | |
| Engage in training sessions | Human and technological resources | |
| Systems | | |
| Competitive advantages | | |
| Future-proof the organization | Internal drivers | Managing sustainability projects |
| Investors and analysts from banks | External drivers | |
| Legal compliance | | |