



GÖTEBORGS  
UNIVERSITET

DEPARTMENT OF POLITICAL SCIENCE

# CORPORATE SUSTAINABILITY AND EU LEGISLATION

An Analysis of the Influence of the CSRD and the  
CSDDD on Environmental Collective Action by  
Companies in the Netherlands

Donna van Eerd

---

Master's Thesis:	30 credits
Programme:	Master's Programme in Political Science: Environmental Governance and Behavior
Date:	21 May 2024
Supervisor:	Olof Larsson
Words:	19.549

## Abstract

In recent years, the role of companies in climate change mitigation has gained significant attention, yet motivating companies to undertake environmental actions remains challenging. This study examines corporate sustainability from the theoretical perspective of large-scale collective action. Within this theory, stressors counteracting opportunities for collective action and facilitators enhancing such efforts have been identified, and it has been argued that third-party intervention is needed to mitigate stressors and amplify facilitators. In the literature, the influence of EU legislation on environmental collective action by companies has so far been overlooked. This research addresses this gap by analyzing the influence of two recently adopted EU directives, the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), on corporate sustainability. The study consists of two separate parts. First, through document analysis, five main ways in which the CSRD and the CSDDD address large-scale collective action are identified: standardization, transparency, communication, power and punishment, and accountability. Second, semi-structured interviews with 13 large Dutch companies explore companies' perspectives on how these directives influence relevant stressors and facilitators of corporate environmental action. The results show that companies perceive a largely positive influence on the influence of the CSRD and the CSDDD on the themes identified from the document analysis, even though there are important limitations to the directives' influence that need consideration. In addition, competition, legal uncertainty, resources, and personal and social norms are newly identified themes regarding the influence of the CSRD and the CSDDD on corporate sustainability.

**Keywords:** CSRD, CSDDD, corporate sustainability, collective action, the Netherlands

## Glossary

Council - Council of the European Union

CSDDD - Corporate Sustainability Due Diligence Directive

CSRD - Corporate Sustainability Reporting Directive

EC - European Commission

ECJ - European Court of Justice

EGD - European Green Deal

EP - European Parliament

EU - European Union

NFRD - Non-Financial Reporting Directive

SME - small- and medium-sized enterprise

## Table of contents

<b>1. Introduction</b>	<b>6</b>
1.1. Research gap and research aim	7
1.2. Chapter outline	7
<b>2. Literature review</b>	<b>9</b>
2.1. Collective action in general	9
2.2. Large-scale collective action	10
2.2.1. Defining large-scale collective action problems	10
2.2.2. Climate change as a large-scale collective action problem	11
2.2.3. Stressors and facilitators influencing large-scale collective action	11
2.3. Collective action in the corporate context	12
2.4. European climate governance	13
2.4.1. Corporate Sustainability Reporting Directive	15
2.4.2. Corporate Sustainability Due Diligence Directive	15
2.4.3. Effectiveness of legislation	16
2.5. Research questions	17
<b>3. Document analysis - methodology</b>	<b>18</b>
3.1. Research design	18
3.2. Results and analysis	18
<b>4. Document analysis - results</b>	<b>19</b>
4.1. Results	19
4.1.1. Standardization	19
4.1.2. Transparency	19
4.1.3. Communication	19
4.1.4. Power and sanctioning	20
4.1.5. Accountability	20
4.2. Summary and answer to research question 1	21
<b>5. Interview study - methodology</b>	<b>23</b>
5.1. Research design	23
5.1.1. Respondent selection	23
5.1.2. Study design	23
5.2. Data collection	24
5.3. Results and data analysis	24
5.4. Ethics, validity and reliability	25
5.4.1. Ethical considerations	25
5.4.2. Validity and reliability	25
5.5. Strengths and limitations of data	26

<b>6. Interview study - results and analysis</b>	<b>27</b>
6.1. Deductive results	27
6.1.1. Standardization	27
6.1.2. Transparency	28
6.1.3. Communication	29
6.1.4. Power and sanctioning	31
6.1.5. Accountability	32
6.2. Inductive results	33
6.2.1. Competition	33
6.2.2. Legal uncertainty	35
6.2.3. Resources	36
6.2.4. Personal and social norms	37
6.3. Summary and answer to research question 2	39
<b>7. Conclusion and discussion</b>	<b>41</b>
7.1. Theoretical contributions	41
7.2. Main takeaways	42
7.3. Limitations and suggestions for future research	43
<b>8. References</b>	<b>45</b>
<b>9. Appendix</b>	<b>52</b>
Appendix A. Request email to respondents	52
Appendix B. List of respondents	53
Appendix C. Interview guide	54
Appendix D. Coding tables	57

## 1. Introduction

In order to mitigate harmful impacts from climate change, a change in activities in all parts of society is needed (Ostrom, 2010). In recent years, attention to the business sector's role in aggravating or mitigating climate change has increased, both because of the impacts companies' activities have on the environment and because of the role that companies play in inducing an environmental transition (Hsueh, 2016). The role of companies in climate change adaptation and mitigation mainly consists of providing technological services and business models needed for more sustainable investments and business practices (Biagini & Miller, 2013). However, an issue encountered by both researchers and policymakers is how to motivate companies to change their business practices in order to minimize their harmful impacts on the environment (Hsueh, 2016; Seelos, 2004; Löfgren & Rootzén, 2021; Johansson et al., 2021).

Climate change mitigation can be described as a large-scale collective action problem (Jagers et al., 2020). Collective action problems are characterized by a conflict between long-term collective interests and actors' short-term self-interests (Olson, 1965). As actors are tempted to act in their self-interest, it is difficult to establish cooperation and thus achieve collective goals. Even though there are various suggestions to overcome collective action problems and achieve cooperation, most of these focus on local problems (Hardin, 1968; Smith, 1981; Welch, 1983; Ostrom, 1990). Because of the specific characteristics of large-scale collective action problems, such as spatial and temporal distances and high complexity, solutions that work in local contexts cannot be automatically translated to the large scale. Jagers et al. (2020) have identified a framework outlining several stressors counteracting large-scale collective action and facilitators enhancing prospects for large-scale collective action (Jagers et al., 2020). This framework will be explained in more detail in Chapter 2.2.3. In a large-scale context, it is more likely that the negative effects of the stressors outweigh the positive effects of the facilitators, which entails that spontaneous emergence of collective action is unlikely. Therefore, it is often argued that third-party interventions are needed to mitigate the stressors or strengthen the facilitators (Ibid.; Ostrom, 1998; Mansbridge, 2014).

An example of third-party intervention is EU governance. In the face of large-scale collective action problems, it can be argued that EU climate governance is the most effective route towards environmental action in companies. The EU is seen as a suitable level for addressing complex large-scale issues such as climate change, because of its multi-level nature (Jänicke, 2017). Within multi-level governance, global efforts are combined with action on lower governance levels to ensure the most effective outcome (Ostrom, 2010). Not only does the EU aim to adopt such an approach, it has also always taken a leadership role regarding climate governance on the global level (Rayner & Jordan, 2013). The most important framework guiding climate governance within the EU is the European Green Deal (EGD), in which various policy interventions aimed at achieving a sustainable transition are combined (Bloomfield & Steward, 2020). Recently, two directives have been adopted within the EGD that establish environmental obligations for companies within the EU. The Corporate Sustainability Reporting Directive (CSRD) obliges companies to provide extensive reports on their environmental impacts, whereas

the Corporate Sustainability Due Diligence Directive (CSDDD) imposes due diligence requirements on companies, and prioritizes a reduction of companies' harmful impacts. Even though implementation of these directives is not yet in place, the CSRD and the CSDDD can be seen as the main mechanisms for shaping corporate sustainability within the EGD. Therefore, it can be assumed that the directives will shape companies' environmental strategies, which is why they are taken as the starting point for this research.

### 1.1. Research gap and research aim

In the existing literature on large-scale collective action, the influence of EU climate governance on environmental action by companies has so far been overlooked. This study aims to fill this research gap by looking into the effects of the CSRD and the CSDDD, as these directives specifically address corporate sustainability within the EU. Therefore, the directives form important interventions through which the EU aims to enhance corporate climate action.

The aim of this research is to investigate in what ways the CSRD and the CSDDD influence large-scale environmental collective action by companies in the Netherlands. To this end, first the main ways in which the directives address large-scale collective action stressors and facilitators are identified through a document analysis. Afterwards, perspectives of large Dutch companies on the influence of the CSRD and the CSDDD on environmental collective action by companies are analyzed in an interview study. Specific research questions guiding this thesis will be given in Chapter 2.5. From a theoretical perspective, this research contributes to an enhanced understanding of large-scale collective action mechanisms in the corporate context. In addition, looking into the influence of EU governance on companies' environmental action has practical relevance, as companies' efforts are essential in achieving the global climate goals (Hsueh, 2016). This study can therefore help in designing more effective policies and strategies to achieve corporate environmental action.

For this study, the Netherlands is used as a case study. One of the reasons for this choice is that the Netherlands is known to be a forerunner within the EU when it comes to sustainability (Loorbach et al., 2010). In addition, the Netherlands is home to many large multinational companies, and is therefore one of the main business hubs within Europe. Large companies form a relevant case study, since they have the capabilities to create global change through their value chains (Biagini & Miller, 2013). Thirdly, a relatively high percentage of companies within the scope of the CSRD and the CSDDD are headquartered in the Netherlands.

### 1.2. Chapter outline

The rest of this study will be structured as follows. In Chapter 2, a literature review will be provided, in which previous research about collective action, the corporate context, and EU governance will be analyzed. Afterwards, as this research relies on two separate empirical studies, and the interview study is based on results from the document analysis, this thesis will be divided into two parts. The first part concerns the document analysis. The methodology for this study will

be given in Chapter 3. Then, the results from the document analysis, together with an answer to the first research question, will be presented in Chapter 4. The second part of the study is the interview analysis. For this, the methodology will be presented in Chapter 5. The results from the interviews will be presented and analyzed in Chapter 6, together with an answer to the second research question. In the discussion and conclusion in Chapter 7, the theoretical contributions from this study will be summarized, and the main takeaways will be discussed.



## 2. Literature review

In this chapter, existing literature on collective action will be reviewed. First, a general overview of collective action theory will be presented. Afterwards, the chapter will look into large-scale collective action more closely, by defining large-scale collective action problems, looking into climate change as a specific large-scale collective action problem, and explaining the framework by Jagers et al. (2020) on stressors and facilitators influencing collective action on the large scale. Furthermore, large-scale collective action theory will be applied in a corporate context. Here, European climate governance will be considered as the most promising way for achieving corporate collective action. An overview of the CSRD and the CSDDD, the most relevant European initiatives concerning corporate sustainability, is presented. Lastly, a short consideration on the effectiveness of legislation is made, and the research questions guiding this study are formulated.

### 2.1. Collective action in general

Achieving collective action has been a topic of interest among scholars for years. The basis of collective action problems can be found in the theory of social dilemmas. A social dilemma is a situation in which pursuing self-interests leads to suboptimal outcomes for the group as a whole. However, as actors possibly receive higher personal payoffs if they act in their self-interest instead of in the interest of the group, the outcome in these situations is often non-cooperation (Dawes, 1980). This creates a collective action problem: as rational actors pursue their own goals, it is unlikely that collective action is achieved (Olson, 1965).

The theory of the ‘tragedy of the commons’ illustrates the relationship between collective action and social dilemmas, by looking into common pool resources. A common pool resource is a resource that is accessible by all individuals in a community without regulations, such as a lake or clean air. It would be in the common interest to preserve these resources, as everyone within the community benefits from sustainable use of the resource for a longer period of time. However, individuals face a social dilemma, and are therefore often tempted to act in their self-interest and take more of the resource for themselves, which eventually depletes the resource (Hardin, 1968). A key issue within social dilemmas is free-riding. As actors cannot be excluded from the resource and from the benefits of preservation efforts from others, free-riding instead of cooperating is a tempting option (Ostrom, 1990).

In order to preserve resources for a longer period of time, collective action is needed, which entails that individuals work together to generate outcomes that benefit the whole group. To achieve collective action, the social dilemma needs to be solved, meaning that at least some actors need to act contrary to their self-interest (Jagers et al., 2020). In addition, the issue of free-riding needs to be overcome, so that all actors contribute to collective action.

Because of the logic of social dilemmas and free-riding, many have argued that achieving collective action without institutional solutions is unlikely. Some state that the only way to ensure sustainable use of a resource is by installing a strong coercive power and establishing harsh state

regulations (Ophuls, 1973; Hardin, 1968). Others argue that privatization of the resource, through a system of property rights, is necessary to prevent depletion of resources (Smith, 1981; Welch, 1983). A third way of achieving collective action is provided by Ostrom (1990). She argues that self-organization and self-governance are possible, if groups have either formal or informal rules that individuals obey to. This way, resources can be managed in a sustainable manner without external interventions (Ibid.).

## 2.2. Large-scale collective action

The classic collective action literature centers around small-scale, local collective action problems, like governing a specific resource. As discussed above, much has been written on overcoming these small-scale issues through various mechanisms, and on factors contributing to successful collective action on the local level. A less extensive body of research exists on large-scale collective action problems. Jagers et al. (2020) aim to fill this gap by establishing a framework of factors enhancing and hindering opportunities for large-scale collective action.

### 2.2.1. Defining large-scale collective action problems

In their framework, Jagers et al. (2020) identify various characteristics that constitute the nature of large-scale collective action problems. The first characteristic is the number of actors, meaning that a large group of people is involved in large-scale collective action problems. Although it has been proven that large groups can work productively (Carpenter, 2007), collective action is usually less likely to occur on the large scale because of coordination problems, resulting in less cooperation (Jagers et al., 2020).

Secondly, large-scale collective action problems are characterized by spatial distance. This entails that the issues reach far beyond the local level, and can span across multiple countries or even affect the entire world. However, the local level still impacts the issues, and this discrepancy makes it hard to manage large-scale collective action problems (Ibid.).

A third characteristic is temporal distance. As there is a delay between the causes of large-scale collective action problems and their effects, actors need to “cooperate with the future” (Hauser et al., 2014, p. 220). As actors predominantly aim to satisfy their self-interest, taking the future into account is difficult, meaning that temporal distance increases the likelihood of large-scale collective action problems to occur (Jagers et al., 2020).

Fourthly, large-scale collective action problems are usually highly complex. Because “boundaries are unclear, the evidence is patchy, and the scientific underpinning of both the problem and the solution is often debatable” (Ibid., p. 1286), it is difficult for actors to understand the problems and their consequences. The interconnectedness of various large-scale collective action problems also increases the level of complexity (Ibid.).

Examples of large-scale collective action problems are migration, climate change, antibiotic resistance and the depletion of natural resources (Ibid.). This research will focus on the problem of climate change, and the next section will explain climate change as a large-scale collective action problem in more detail.

### 2.2.2. Climate change as a large-scale collective action problem

Climate change satisfies the characteristics of a large-scale collective action problem. The environment can be viewed as a resource that will suffer from depletion if all actors act in their self-interest. Therefore, the case of climate change fits the basic premise for collective action problems that Jagers et al. (2020) identify, being that at least some actors need to act against their self-interest to solve the issue. Climate change also fits the four characteristics for large-scale collective action problems from Jagers et al.. Because of its global nature, there is a large group of actors involved, and there is a high level of spatial distance. In addition, the effects of many of the efforts we make today will only be seen in the future (Hauser et al., 2014), which means that there is temporal distance as well. Lastly, climate change is a complex issue, as it is a multifaceted problem with many interacting dimensions, such as emissions, biodiversity, and human health. Additionally, there is not always consensus on the evidence and science on climate change, for example regarding the impacts of specific activities on global climate change (Jagers et al., 2020). The large-scale collective action problem of climate change forms the basis for this study.

### 2.2.3. Stressors and facilitators influencing large-scale collective action

Based on the characteristics that constitute large-scale collective action problems, Jagers et al. (2020) identify five factors that negatively impact the likelihood of collective action taking place on the large scale. These stressors are anonymity, lack of accountability, heterogeneity, risk and uncertainty, and emotional detachment and cognitive limitations. Firstly, anonymity decreases possibilities for collective action. As actors are less likely to know each other on a large scale, more opportunities for free-riding arise. Free-riding in turn hinders collective action, as actors can contribute from the benefits of collective action without cooperating themselves. Furthermore, the large-scale nature of issues makes it more difficult to observe both actions from others and the impacts from one's own actions on the problem. This leads to a lack of accountability, which is a second stressor counteracting large-scale collective action. Thirdly, a large group of actors usually means a high level of heterogeneity, as there are differences in aspects like identity, power, and culture. This heterogeneity again decreases the likelihood of large-scale collective action. In addition, the degree of risk and uncertainty is generally high in large-scale collective action problems, which provides a fourth stressor. For example, within the climate change problem, the complexity of the issue and the lack of consensus on many aspects creates a lack of knowledge on environmental issues. Lastly, emotional detachment and cognitive limitations negatively influence opportunities for collective action, as the large scale creates a certain psychological distance to the problem and an inability to perceive the issue and possible solutions (Jagers et al., 2020).

In addition, Jagers et al. identify several facilitators that can counteract the stressors and foster opportunities for large-scale collective action. These factors can be grouped into three main groups: intra-actor facilitators, inter-actor facilitators, and societal facilitators.

Intra-actor facilitators concern one's personal preferences, values, norms, and beliefs and a perception of fairness. These influence collective action tendencies on the personal level, as one's

intrinsic values and the feeling that having to cooperate is fair positively influence actors' likelihood to engage in collective action (Ibid.).

Secondly, inter-actor facilitators concern dynamics between actors. Here, trust and reciprocity play a role, since actors are more likely to cooperate if they trust that others will and if there is a reciprocal relationship. Also, conditional cooperation, meaning that an actor is more likely to engage in collective action if others cooperate, is important. Furthermore, communication is important. If there is coordination and information exchange between actors, collective action is more likely. Another facilitator within this group is power, since power asymmetries and veto player tendencies can lead to more cooperation. Lastly, punishment plays a role: sanctioning non-cooperative behavior creates a higher possibility of collective action (Ibid.).

Within the group of societal facilitators, firstly social norms have an influence. Both descriptive norms, referring to what other actors do, and prescriptive norms, indicating what should be done, positively influence collective action opportunities. In addition, local institutions play a role, as certain institutional designs can act as support for other facilitators. Ostrom (1990) provides a definition of institutions that is followed in this research. According to her, institutions are rules that determine what procedures to follow, what actions to take, and what information to provide (Ostrom, 1990). Furthermore, the third factor, technology, also acts as support for other facilitators, through providing technological solutions (Ibid.).

The characteristics and stressors and facilitators that have been discussed in the previous paragraphs concern large-scale collective action problems in general. Most of the literature about the large-scale collective action problem of climate change so far has focused on the role of either states (Aldy, Orszag & Stiglitz, 2001; Cole, 2007) or civil society (Adger, 2009; Pendergraft, 1998) in achieving collective action. However, in order to mitigate the global climate crisis, environmental action from companies is essential, as a large part of global emissions can be attributed to firms, and especially large firms have the power to make substantial changes (Biagini & Miller, 2013). As this study focuses on corporate sustainability, it is relevant to discuss literature concerning the role of companies within environmental collective action in more detail, which will be done in the next section.

### 2.3. Collective action in the corporate context

In the last decades, global trends such as globalization and deregulation of markets have empowered companies to engage in global governance (Hsueh, 2016). More specifically within global climate governance, there is increased attention for the role of companies as agents contributing to climate change mitigation. This role can be described as fundamental in setting a green transition in motion (Ibid.). The view of companies as essential agents within global governance aligns with the 'varieties of capitalism' approach by Hall & Soskice (2001). This approach to institutional variation across countries is actor-centered, meaning that political economy is viewed as being based on actors, like individuals, companies and governments. In their framework, companies constitute the main actors within a capitalist economy. In interaction with others, all actors aim to satisfy their self-interest (Hall & Soskice, 2001). This creates a social

dilemma, as there is tension between actors' self-interest and collective goals. Based on collective action theory, Hall & Soskice argue that an approach needs to be found in which at least some self-interested goals need to be given up in order to solve collective problems (Ibid.).

Thus, both within capitalist societies as such and within global climate governance, companies can be seen as key actors, and their climate mitigation efforts are essential to counteract environmental problems. The literature has paid attention to factors influencing voluntary environmental initiatives by companies, such as the political and institutional context in which companies operate (Berliner & Prakash, 2014; Kollman & Prakash, 2001) or internal factors offering micro-level explanations for companies' environmental efforts (Hsueh, 2016). However, because of the social dilemmas that companies face, combined with the characteristics of large-scale collective action problems, it is unlikely that voluntary collective action will emerge to a sufficient extent (Jagers et al., 2020). Therefore, relying on voluntary initiatives by markets is not enough to tackle climate change (Gans & Hintermann, 2013; Johansson et al., 2021; Seelos, 2004). In addition, achieving a sustainable transition requires structural changes that cannot be achieved through efforts from individual companies (Loorbach et al., 2010).

Instead, it is often argued that third-party interventions by an external authority are needed to induce large-scale collective action (Jagers et al., 2020; Ostrom, 1998; Mansbridge, 2014). These interventions could either alleviate stressors or strengthen facilitators. A form of third-party intervention relevant in the field of corporate sustainability is European climate governance.

#### 2.4. European climate governance

According to Seelos (2004), in order to coordinate and encourage sustainability initiatives from companies, strong democratic institutions are needed (Seelos, 2004). Through climate governance, policies and regulations are set up that oblige actors to undertake environmental collective action. Climate governance can take place on multiple levels, from the local level to the global level. Because of the size of the problem of climate change, cooperation of national governments on the global level is necessary to reduce the threats. As states are usually reluctant to take climate action if there is uncertainty about whether other states will do the same, global agreements are necessary to ensure collective action from states (Wiener, 2007). However, Ostrom (2010) argues that global agreements will not work in achieving collective action if they are not supported by actions on lower levels. Therefore, she advocates for adopting a polycentric system, in which global agreements are paired with local, national or regional efforts, in order to facilitate environmental collective action (Ostrom, 2010). Such a system would have considerable benefits, as multiple actors can experiment, monitor each other, and learn from each other, leading to more effective and sustainable policies (Ibid.). Polycentricity also has its risks, as it could cause "major leakages, inconsistent policies, inadequate certification, gaming the system, and free riding" (Ibid., p. 551). Therefore, a central authority is still crucial to oversee this polycentric system (Ibid.).

The EU has such a polycentric, or multi-level, nature, as there are various governing authorities at different scales. Acting as a central authority, the various EU institutions propose and adopt legislation that is binding for all member states. In the legislative process,

representatives from national governments have a say through the Council, meaning that approval from both the member states and the European Parliament (EP) are needed in order to pass legislation. Once adopted, the European Court of Justice (ECJ) has the power to ensure correct implementation of EU legislation in the member states, and sanction states in case of free-riding or non-compliance (Rayner & Jordan, 2013; Tallberg, 2002).

By acting as an external authority, the EU forms an important actor in developing interventions aimed at increasing environmental collective action by companies. The EU takes a leadership role within climate governance on the global level, both in setting up ambitious climate policies within the EU and in taking an active role in the creation of global climate agreements (Ibid.). Within European climate governance, multi-level governance can be seen as an essential component, because it ensures cooperation between various levels and actors, it allows for the spreading of best practices, and it is easy to scale-up policies to higher levels or offer policy support from high levels to lower levels (Jänicke, 2017). The framework underlying current climate governance initiatives within the EU is the EGD. The EGD was approved in 2020, and consists of a collection of policy initiatives, aimed at setting a green transition in motion. The main goal of the EGD is to achieve climate neutrality within Europe by 2050 (European Council & Council of the European Union, 2024). Solidifying this goal, the EGD incorporates a legal framework, European Climate Law, which sets emissions reduction targets of 55% in 2030 and climate neutrality in 2050 (Gheuens & Oberthür, 2021). The EGD is described by Pūķis et al. (2023) as “multilevel governance in action” (Pūķis et al, 2023, p. 1), as it aims to involve a variety of actors, on multiple levels, in order to provide various types of policy interventions (Bloomfield & Steward, 2020). The establishment of the EGD can be seen as a major step in EU climate governance as the EGD aims to achieve sustainability transitions (Ibid.).

Emissions reductions in the economic sector form an important part of the EGD. The EGD includes, among other interventions, policies supporting the shift to a circular economy and creating an industrial strategy with the aim to transition towards climate neutrality (European Council & Council of the European Union, 2024). Recently, two important directives targeting environmental impacts from companies have been adopted, both of which are part of the EGD. Together, the CSRD and the CSDDD force companies to take more environmental and social responsibility, and increase transparency about their environmental and social impacts (Directive Proposal 2022/0051/COD, 2024; Directive (EU) 2022/2464, 2022). The content of both directives will be summarized in the next sections.

#### 2.4.1. Corporate Sustainability Reporting Directive

The CSRD was adopted by the EP and the Council at the end of 2022. This directive obliges large companies to disclose information on the risks and opportunities that their company is facing regarding social and environmental issues, and on the sustainability impacts of their business operations. This reporting is done through set reporting standards and guidelines for companies to follow (Directive (EU) 2022/2464, 2022). The reports by companies will be publicly accessible for stakeholders, such as investors. With this, the directive aims to create opportunities for better

assessments by stakeholders of companies' sustainability impacts. Another goal is that companies improve their sustainability strategies, because of this forced transparency (Ibid.). According to the EU, disclosure of "relevant, comparable, and reliable sustainability information" (Ibid., p. 16) by companies is essential to ensure meeting the sustainability objectives laid out in the EGD. For this, a common framework for companies throughout the EU is essential, of which a sufficient version did not exist prior to the CSRD (Ibid.).

The CSRD forms a replacement of the Non-Financial Reporting Directive (NFRD) of 2014. The goal of the NFRD was to enhance transparency in companies' activities relating to sustainability, but its scope proved to be inadequate (Baumüller & Grbenic, 2021). Therefore, the CSRD is meant as an improvement of the NFRD. The guidelines on sustainability reporting within the CSRD are more extensive, allowing for more comparability of the reported information between companies. Especially within sectors, companies' impacts on the environment and the sustainability risks they face are usually similar. Having access to sustainability information therefore increases the potential of comparison between companies, which is valuable for both investors and companies themselves (Ibid.).

The CSRD has come into effect in January 2024, when the rules started applying to large public-interest companies with over 500 employees that were already subject to the NFRD. A year later, in January 2025, the rules will also apply to companies that currently do not fall under the NFRD. Companies meeting at least two of the following conditions will then need to oblige: a number of employees of over 250, a worldwide turnover of 40 million euros, and a total amount of assets of over 20 million euros. After this step has been taken, the CSRD will gradually include more companies, such as small- and medium sized enterprises (SMEs) (Directive (EU) 2022/2464, 2022).

#### 2.4.2. Corporate Sustainability Due Diligence Directive

The CSDDD forms an addition to the CSRD, as it obliges companies to undertake environmental action, next to merely reporting on environmental impacts. By doing so, the directive aims to promote sustainable and responsible behavior from companies. The CSDDD creates the obligation for companies to integrate due diligence in their business policies and pay attention to social and environmental impacts in their corporate governance. Furthermore, companies are required to create a transition plan. In this plan, they have to align their business strategies with the limit of 1,5°C global warming that the Paris Agreement prescribes. The CSDDD also obliges companies to identify their harmful impacts, and prevent, mitigate or end these. Furthermore, the CSDDD prescribes member states to set up supervisory authorities overseeing compliance with the directive. These authorities can carry out investigations into companies' practices and impose sanctions in case of non-compliance, such as fines or naming and shaming. Also, if companies do not live up to their due diligence obligations, they can be held liable for damages (Directive Proposal 2022/0051/COD, 2024).

The CSDDD was first proposed in February 2022 by the EC. Even though the EP and the Council reached a provisional deal on the final text of this directive in December 2023, the CSDDD

faced some pushback from member states. In order to reach a majority, the scope of the directive has changed and a narrower definition of supply chain has been adopted. Therefore, the CSDDD now applies to fewer companies than previously intended and companies are only obliged to exercise due diligence on their direct business partners, instead of on the entire chain. Finally, the Council agreed on the CSDDD proposal in March 2024, and the EP followed this decision in April 2024 (European Parliament, 2024; EPSU, 2024).

Eventually, the CSDDD will apply to companies with over 1000 employees and a worldwide turnover above 450 million euros. However, one of the outcomes of the pushback against this directive is a gradual implementation. This means that the CSDDD will first be applicable to companies with over 5000 employees and a worldwide turnover higher than 1500 million euros in 2027. After this, the thresholds will lower each year, and the final scope of 1000 employees and a 450 million euro turnover will be reached in 2029 (Directive 2022/0051/COD, 2024).

#### 2.4.3. Effectiveness of legislation

To what extent the CSRD and the CSDDD will contribute to increased environmental action by companies depends on the effectiveness of legislation. Mousmouti (2012) defines effectiveness as the extent to which legislation is capable of generating the intended effects, and views effectiveness as the main indicator for measuring the quality of legislation (Mousmouti, 2012). Legislation does not always create the desired outcomes. A study by Wilson, Williams and Kemp (2012) on environmental legislation in the UK showed that businesses generally did not perceive the legislation as effective or leading to increased environmental protection (Wilson, Williams & Kemp, 2012). Furthermore, research by Mousmouti (2014) looking into the effectiveness of EU legislation shows that the EU legislative process does not pay adequate attention to real life outcomes of legislation, and that this limits the effectiveness. More specifically, limitations to legislative effectiveness within the EU arise because of a lack of clarity of the purpose of legislation, policy designs with vague definitions, and insufficient efforts on measuring the progress and impacts of legislation (Mousmouti, 2014). Thus, as the goals of directives are not always realized as intended, it is relevant to examine the real life influence of the CSRD and CSDDD in enhancing corporate climate action.

#### 2.5. Research questions

As stated in the introduction, the broad aim of this study is to investigate in what ways the CSRD and the CSDDD influence large-scale environmental collective action by companies. Based on the literature review, two more specific research questions are identified that guide this thesis:

1. In what ways do the CSRD and the CSDDD address the large-scale collective action facilitators and mitigations to stressors as identified by Jagers et al. (2020)?



2. How do large Dutch companies perceive the influence of the CSRD and the CSDDD on environmental collective action by companies?

The first research question applies collective action theory, specifically the large-scale collective action framework by Jagers et al., to the field of corporate sustainability within the EU. The aim of this first research question is therefore to understand the theoretical implementation of the framework in the CSRD and the CSDDD. This is achieved through a document analysis of the directives, analyzing in what ways the CSRD and the CSDDD address stressors and facilitators for large-scale collective action. From this analysis, the main ways in which the directives pay attention to the stressors and facilitators, and thus aim to enhance environmental collective action, will be identified.

The second research question aims to investigate the perceptions of companies on the influence of the CSRD and the CSDDD on environmental collective action. This is done through interviews with 13 large Dutch companies. By looking into companies' perspectives on the CSRD and the CSDDD, this study aims to investigate if and how the main ways of addressing stressors and facilitators from the document analysis actually influence environmental collective action by companies. In addition, an inductive approach will be taken to investigate whether companies perceive other ways in which the directives influence corporate climate action.

Through looking into both how the CSRD and the CSDDD theoretically address the stressors and facilitators and how companies perceive the practical influence of these directives on environmental collective action by companies, the main factors contributing to environmental action by companies can be identified. By doing so, this study aims to add to the literature by applying the large-scale collective action framework provided by Jagers et al. to the case of corporate sustainability in the EU, and to contribute to this framework with practical insights.

### 3. Document analysis - methodology

In this chapter, the methodological framework for the first part of this study will be presented. First, an overview will be given of the research design adopted for investigating the first research question. Furthermore, the methods used for generating and analyzing results are described.

#### 3.1. Research design

For the first part of the study, a qualitative thematic document analysis is carried out. Often, document analysis is used as a supporting method in a larger qualitative study, which is also the case within this research. Bowen (2009) has identified various purposes of document analysis in qualitative research, two of which have relevance for this study. First of all, document analysis can serve as an inspiration for interview questions, as it becomes clear what aspects within the topic need further attention (Bowen, 2009). Secondly, document analysis can supplement collected data from other sources, and therefore add to the base of knowledge (Ibid.). In this study, the analysis of documents is used partly to provide an answer to the first research question, and thus add to the knowledge base. In addition, the document analysis forms the basis for the interview questions.

Two documents are analyzed: the text of the CSRD as published in the Official Journal of the European Union on 16 December 2022, and the amended proposal for the CSDDD by the Council of 15 March 2024. As this amendment is recent, there has not been a publication in the Official Journal of the European Union yet. Thus, this proposal forms the most recent, relevant, and complete text for this document analysis.

#### 3.2. Results and analysis

The process of document analysis consists of three parts: skimming, reading, and interpretation. The process is iterative, meaning that the researcher goes back and forth between the different steps in order to create a cohesive and complete analysis (Ibid.).

As stated, a thematic document analysis is carried out. Within thematic analysis, the information in the document is coded, after which it can be categorized into themes (Bowen, 2009). As a first step, the documents are skimmed, in order to get a general overview of the content. Secondly, the documents are thoroughly examined and coded. The stressors and facilitators as identified by Jagers et al. (2020) are used as codes, meaning that the analysis has a deductive nature. The last step is an interpretation of the data and the codes. In this step, the documents are thoroughly read again, and the identified codes are combined into general themes. The identified themes from the document analysis will inspire the interview questions for the second part of this study. In addition, these results will provide an answer to the first research question.

## 4. Document analysis - results

In this section, the results from the document analysis of the CSRD and the CSDDD are presented. First of all, these will serve as a theoretical basis for the main part of this research: the interview study. Secondly, an answer to the first research question will be formulated based on these results.

### 4.1. Results

The corporate sustainability directives address environmental collective action by companies in different ways. Five main themes have been identified that the CSRD and the CSDDD pay attention to: standardization, transparency, communication, power and sanctioning, and accountability. Within this part, the results from the document analysis for each theme will be described and linked to the stressors and facilitators identified by Jagers et al. (2020).

#### 4.1.1. Standardization

Both directives aim to create a standardized framework. In the case of the CSRD, this is a framework of sustainability reporting standards, specifying what and how companies need to report (Directive (EU) 2022/2464, 2022). In the case of the CSDDD, a framework of obligations for companies regarding due diligence and identifying and mitigating adverse impacts is put into place (Directive Proposal 2022/0051/COD, 2024). Within this theme, the facilitator of local institutions is relevant, as the directives function as institutional frameworks. Furthermore, the directives aim to counteract the stressor of heterogeneity, by homogenizing the regulations regarding corporate sustainability in the EU.

#### 4.1.2. Transparency

Within the CSRD, transparency is one of the main mechanisms in achieving corporate sustainability. The CSRD obliges companies to provide insights into their business operations, through sustainability reports that are made available through publicly accessible means (Directive (EU) 2022/2464, 2022). In the CSDDD, transparency can be found as a theme well, since companies are obliged to publicly communicate on their due diligence efforts, for example by publishing an annual statement on their website, and by submitting this statement to the European Single Access Point (Directive Proposal 2022/0051/COD, 2024). Transparency addresses the stressor of anonymity, as the aim is to increase the visibility of companies by forcing them to be transparent. In addition, the facilitator of technology plays a role, as the digital reporting tools facilitate the availability of information.

#### 4.1.3. Communication

Within the CSRD, stakeholder communication is the main form of communication present. Before companies carry out the assessments of their business operations, they have to take into account the “expertise and balanced participation of relevant stakeholders” (Directive (EU) 2022/2464,

2022). The CSDDD addresses both stakeholder and inter-company communication. In order to gather information on their harmful impacts, companies have the obligation to put in place effective stakeholder engagement as well. In addition, the CSDDD states that companies should share resources and information with other companies, and collaborate with them, both in carrying out assessments of their impacts and in coming up with a plan to decrease harmful impacts (Directive Proposal 2022/0051/COD, 2024). This theme addresses the facilitator of communication.

#### 4.1.4. Power and sanctioning

The CSRD mainly covers powers of authorities, by describing the responsibilities of member states, the powers of national authorities supervising sustainability reports and those of assurance providers auditing the reports (Directive (EU) 2022/2464, 2022). The CSDDD also mentions powers of authorities, by laying out the powers of member states and EU supervisory authorities. These supervisory authorities have the power to do investigations, and also to impose penalties if companies do not comply with the obligations from the directive. Therefore, next to power, the CSDDD also prescribes two forms of sanctions that can be used as punishment in case of non-compliance: pecuniary penalties based on net worldwide turnover, and “a public statement indicating the company responsible and the nature of the infringement” (Directive Proposal 2022/0051/COD, 2024), in case the company does not comply with the pecuniary penalty. This last sanction relates to the theme of transparency, as this ensures that a company’s harmful impacts are made visible. Furthermore, the CSDDD mentions the powers of companies. This is mainly about the power that companies have over their value chain; they can for example take measures to verify compliance from their business partners, and eliminate or suspend business relationships with partners that do not comply (Ibid.). The facilitators of power and punishment are clearly linked to this theme.

#### 4.1.5. Accountability

Although accountability cannot be observed in the CSRD, it is a main part of the CSDDD. Under the CSDDD, companies are held accountable through due diligence. Companies are required to conduct environmental due diligence, to take measures to prevent potential harmful impacts, to end their actual harmful impacts, and to provide remediation in case of adverse effects of their operations. In order to do so, companies are to "adopt and put into effect a transition plan for climate change mitigation" (Directive Proposal 2022/0051/COD, 2024). If the directive is violated, companies can be held liable. This theme addresses the stressor of lack of accountability. Also, the stressor of cognitive limitations and emotional detachment plays a role. According to Walenta (2018), knowledge about a company’s adverse impacts leads to more sense of ownership and therefore accountability for their operations (Walenta, 2018).

## 4.2. Summary and answer to research question 1

Summarizing the results from the document analysis, the CSRD and the CSDDD address environmental collective action by companies in five main ways: standardization, transparency, communication, power and sanctioning, and accountability. Within these themes, various stressors and facilitators are relevant. Based on the document analysis, an answer to the following question can be formulated: *In what ways do the CSRD and the CSDDD address the large-scale collective action facilitators and mitigations to stressors as identified by Jagers et al. (2020)?*

Concerning the stressors, the directives firstly aim to reduce anonymity, through increased transparency and creating visibility of companies' actions. In addition, the setting up of a standardized framework would decrease the negative influence of heterogeneity on collective action, as all large companies have to oblige to the same standards. Thirdly, mostly the CSDDD addresses lack of accountability. Through mandatory due diligence and liability for harmful impacts, companies are held accountable in case they do not engage in collective action. Lastly, the directives pay attention to the stressor of cognitive limitations and emotional detachment, as companies are obliged to increase their knowledge about their own harmful impacts.

In addition, the directives aim to create opportunities for environmental collective action by companies through addressing various facilitators. Intra-actor facilitators do not play a role within the directives. However, this result was to be expected, as the directives provide external obligations for companies to follow, and do not aim to increase intrinsic motivation for environmental action. Also, mechanisms addressing the facilitators of trust, reciprocity, conditional cooperation, and social norms have not been found. Again, this result is not surprising, since these directives provide a legal framework and do not influence social mechanisms. The facilitator of communication is addressed by the directives, both in terms of communication with stakeholders and communication between companies. Through information sharing, cooperation, and getting input from stakeholders, environmental collective action is encouraged. In addition, the facilitators of power and punishment play a role. The directives outline the powers of authorities, together with sanctioning mechanisms. Also, companies have the power over their value chain to set good corporate behavior in motion. Lastly, the societal facilitators of local institutions and technology are addressed. Through the creation of standardized obligations, institutional frameworks are used as a mechanism to motivate environmental collective action. Additionally, technology serves as a facilitator, since companies' reports are made transparent through a digitized format. This way, technology strengthens the influence of the other facilitators.

However, as has been concluded from the literature, the goals of legislation are not always realized as intended (Mousmouti, 2014; Wilson, Williams & Kemp, 2012). Therefore, it is relevant to investigate how the five identified themes influence environmental collective action in practice. The second part of this research, the interview study, serves this objective, by looking into companies' perspectives on the influence of the CSRD and the CSDDD on environmental collective action by companies. The table below outlines the theoretical basis for the interview study. Here, the results from the document analysis are summarized, incorporating both the

stressors and facilitators from the framework by Jagers et al. (2020) and other relevant components.

**Table 1**  
*Theoretical basis*

Theme	Components
Standardization	<ul style="list-style-type: none"> <li>- Standards</li> <li>- Framework</li> <li>- Homogeneity</li> <li>- Guidelines</li> <li>- Measurability</li> <li>- Comparability</li> </ul>
Transparency	<ul style="list-style-type: none"> <li>- Reduced anonymity</li> <li>- Visibility</li> <li>- Monitoring</li> <li>- Technology</li> </ul>
Communication	<ul style="list-style-type: none"> <li>- Inter-company communication (involvement, input)</li> <li>- Stakeholder communication (information exchange, best practices, learning)</li> </ul>
Power and sanctioning	<ul style="list-style-type: none"> <li>- Power of authorities</li> <li>- Power of companies</li> <li>- Sanctioning</li> </ul>
Accountability	<ul style="list-style-type: none"> <li>- Accountability</li> <li>- Due diligence</li> <li>- Liability</li> </ul>

## 5. Interview study - methodology

In this chapter, the methodology for the second part of this research, the interview study, will be presented. First, an overview will be given of the research design, which concerns the selection of respondents and the design of the study. Afterwards, the methods for collecting the data and for analyzing the results will be described. Lastly, considerations about ethics, validity, and reliability will be covered, and strengths and limitations of the methods and the data used will be presented.

### 5.1. Research design

A qualitative interview study forms the main part of this research. As this research concerns companies' perceptions, an interview study is a suitable approach. More specifically, in-depth, semi-structured interviews are used. Semi-structured interviews make use of an interview guide, which provides an outline of the structure of the interview. However, there is room for flexibility, in order to be able to adapt to what the respondent says (Knott et al., 2022). As the research aim is to gain insight into companies' perceptions and experiences, this flexibility is needed.

#### 5.1.1. Respondent selection

The group in which participants are selected is quite broad. As this study focuses on the largest Dutch companies, a list of 67 big companies with their headquarters in the Netherlands has been set up. Based on the Industry Classification Benchmark, which is a tool categorizing companies into different sectors (FTSE, 2012) these companies were grouped in sectors, with the aim of selecting respondents in a way that gains insights from various sectors. The companies all satisfy the criteria of the CSRD and the final criteria of the CSDDD, meaning that they are companies with over 1000 employees and a worldwide turnover of 150 million euros. At the time of the respondent selection, it was not yet decided that the CSDDD would have a higher threshold at the start, which is why the available information at the time was used. Furthermore, debate was going on about whether or not the CSDDD would include financial institutions in the scope of the directive. For this reason, financial institutions have been excluded from this study. Via both email and phone, the 67 potential companies were contacted and asked whether a representative with knowledge in the field of corporate sustainability would be available for an online interview. The request email to respondents can be found in Appendix A.

#### 5.1.2. Study design

The amount of interviews needed for a study is usually based on saturation, meaning that a state is reached in which no new or surprising information comes forward from the interviews. As an estimation, research has suggested that conducting between 12 and 20 interviews generally leads to saturation (Knott et al., 2022). From the requests to companies, 14 respondents from 13 different companies agreed to an interview, which falls within the range for saturation. All interviews were individual, except for one interview. This interview was held with two representatives from the same company, who were able to complement information from each other. The list of respondents

can be found in Appendix B. Three of the interviews were in English, whereas the other ten were done in Dutch. Conducting these interviews in the native language of the respondents allowed for more attention to certain nuances in their answers.

## 5.2. Data collection

As stated before, this study makes use of an interview guide, which can be found in Appendix C. The insights that emerged from the document analysis form the basis for this interview guide, together with the general structure for interview guides given by Knott et al. (2022). The interview guide starts with opening questions, which are relatively broad and give the respondent the opportunity to get used to the interview. After, the guide goes into each theme identified from the content analysis. For each theme, both more specific and more abstract questions are used, in order to gain a complete insight into the perspectives of participants. The interview guide ends with closing questions, giving respondents the chance to repeat their main points or bring in something that has not been mentioned yet (Knott et al., 2022).

The interviews have all been conducted using MS Teams, as this was the option that was both most feasible and most comfortable for respondents. The interviews were recorded and afterwards transcribed. The transcription method used is the method of intelligent verbatim, meaning that the aim is to capture what has been said in a simplified manner. To that end, certain details, such as multiple repetitions of the same word and non-verbal sounds, are deleted from the transcripts (Ibid.).

## 5.3. Results and data analysis

For analyzing the interview data, a thematic analysis is carried out. Through thematic analysis, patterns in the data can be found. The data analysis in this study takes an abductive approach. This means that a deductive and an inductive approach are combined (Knott et al., 2022). Firstly, from a deductive point of view, the transcripts are analyzed with the five themes that have been identified in the document analysis as a theoretical basis. Secondly, the inductive part of the analysis has the aim to find new themes or patterns that do not correspond to any of the five themes. The data analysis is done through coding. Coding is a process in which parts of the transcript are highlighted and given a label conveying their meaning. This way, common themes are easily identifiable. The process of coding is iterative, which means that codes can be refined or changed various times until a coherent set of codes is found that shows the main themes (Ibid.). In the case of this research, the five themes from the content analysis form the basis for the deductive coding scheme that has been used. The inductive codes are used to capture common experiences or perspectives outside of the five predefined themes. The final coding tables can be found in Appendix D. Afterwards, the results are analyzed, and codes are given meaning. Through direct quotes from the interviews, insights from the data can be formulated. These insights relate to the research question, and will pay attention to similarities and differences, both between interviews and between the interviews and the document analysis.



## 5.4. Ethics, validity and reliability

### 5.4.1. Ethical considerations

Two important ethical considerations that need to be made regarding interviews are informed consent and anonymity (Knott et al., 2022). These are guaranteed in this study by firstly informing the participants about the research aims and what the interview will be used for. After, their consent for participation and recording of the interview is asked in an oral manner. This way, it is ensured that respondents participate in this research on a voluntary basis, and that they agree to their words being used for academic purposes. Another consideration is anonymity. In order to guarantee a high level of anonymity, respondents' names and the names of the companies are kept anonymous, as these are irrelevant for the study.

### 5.4.2. Validity and reliability

Validity firstly concerns internal validity. This type of validity is about the appropriateness of the tools used in the study, and it is important to consider if the study accurately measures what it aims to measure (Andrade, 2018). Also, an internal validity consideration is whether the methods are suitable for answering the research questions (Leung, 2015). In this study, the focus is on measuring companies' perceptions. Therefore, carrying out a thematic analysis of semi-structured interviews is an appropriate method, as it creates enough opportunities for identifying how companies perceive the directives. A second type of validity is external validity, which concerns the extent to which the findings of a study can be generalized to other contexts (Andrade, 2018). Representativeness is important here, which this study partly guarantees by interviewing companies from various sectors. Because of this, it can be assumed that the conclusions from the interviews are generalizable to other large Dutch companies. However, it cannot be guaranteed that the findings can be translated to other European countries. As the sample only includes Dutch companies, the institutional context of the Netherlands could influence the results. Therefore, the generalizability of the results of this study to companies outside of the Netherlands is limited.

Typically, reliability of results is measured through replicability. However, Knott et al. (2022) argue that replicability compromises anonymity, and is not entirely meaningful in the context of interview studies. Instead, other measures are important to guarantee reliability of interview research. First of all, transparency about methodology is needed, meaning that it is documented who was interviewed and what was asked (Knott et al., 2022). Here, consistency plays an important role, meaning that the methods create results that are similar in their basis, even though the content differs (Leung, 2015). This is done in this study by providing a list of respondents (Appendix B) and the interview guide that has been used (Appendix C). Secondly, reliability can be ensured by grounding interpretations in the data (Ibid.). By providing quotes, the data behind the interpretations is provided, in order to provide a sound justification for the interpretations made. A last measure for reliability is to relate specific findings back to theory. This shows the significance of the study in a more general sense, and pays attention to limitations

of the research (Ibid.). The step of transferring the findings to theory will be done in Chapter 6, by linking the results to theory.

### 5.5. Strengths and limitations of data

A strength of interview data is the richness and depth that the answers provide. Especially in complex issues, such as climate change, interviews allow for nuances and detailed insights into respondents' experiences and perspectives (Knott et al., 2022). The depth of interviews also creates a context of interaction, in which respondents can be more open, honest, and complete in their answers. Another strength is that, as not much research has yet been done about the CSRD and the CSDDD, interviews allow for an exploration of the topic. By identifying important themes and patterns on this topic, the knowledge from this study can be used to build on existing literature.

An important limitation of the data collected is that it only conveys the perceptions of the companies that agreed to be interviewed. It can be assumed that this indicates that these companies are at least a bit concerned with corporate sustainability, as they are willing to share what actions they are undertaking. In addition, it needs to be noted that the interviews were conducted with representatives from the sustainability departments of the companies interviewed. Even though this ensures that the respondents have the needed expertise for answering the questions, a certain bias in favor of environmental legislation cannot be eliminated. This could also lead to social desirability bias, meaning that respondents give answers they believe are acceptable. Lastly, it needs to be noted that interpretation of interview data is subjective. Although the study aims to guarantee reliability of the results, interpretation bias cannot be ruled out.

## 6. Interview study - results and analysis

In this chapter, the results from the interview study will be presented and analyzed. The first part of this chapter focuses on the deductive results, which concern companies' perspectives on the influence of the CSRD and the CSDDD on the five main themes that were identified by the document analysis. The second part of this chapter presents inductive results. Here, four new ways in which the directives influence environmental action by companies are identified and analyzed. The chapter ends with a summary of the findings and an answer to the second research question.

### 6.1. Deductive results

On all five themes that emerged from the document analysis, the majority of the coded statements was positive about the influence of these factors on environmental collective action by companies. Respondents agreed that environmental collective action would be increased by standardization, through creating more homogeneity, measurability, and comparability. Furthermore, transparency is seen to have a positive influence on companies' sustainable behavior, as it decreases anonymity and increases honesty about impacts. Both stakeholder communication and inter-company communication were also seen as useful in creating collective action. Stakeholder dialogues can provide input to companies, and communication with other companies also has considerable benefits, since cooperation and learning from best practices are seen as essential within a green transition. Regarding the influence of power and punishment on collective action, respondents were also generally positive, and agreed that rule enforcement by the EU and member states is needed in achieving environmental action by companies. Lastly, respondents generally agreed that increased accountability and responsibility for one's impacts would generate more environmental action, as this creates a sense of urgency. However, the results about respondents' perspectives on the influence of the CSRD and the CSDDD on strengthening these factors were more mixed. These results are presented in the next sections.

#### 6.1.1. Standardization

86% of the coded statements on standardization indicated the sentiment that the CSRD and the CSDDD would have a positive influence on levels of standardization, as opposed to 14% of the statements portraying no or a negative influence on standardization. The positive influence on standardization mostly comes from increased opportunities for measuring impacts and comparing between companies. As stated by Industrial company 4: "What I appreciate is that results become comparable between companies, especially if it is on a more factual level, instead of on a marketing level". Another positive influence of the directives is the application of a standard structure, which can be illustrated by a quote from Consumer services company 2: "CSRD aims to create more structure [in our sustainability initiatives]. We really see it as a tool to apply focus and to be critical about whether things give us the desirable results". This function as a tool to see what is needed is also described by Industrials company 4: "CSRD absolutely helps to provide a structure to do analysis [in our environmental impacts], so it gives us a lot of insights".

However, not everyone is as positive about the influence on standardization coming from the CSRD and the CSDDD. The main reason for this is that a lot is left to companies to figure out. Although general standards are provided, the specifics are lacking. Therefore, the directives do not create clear guidelines for companies on what exactly they need to do. An example of this is given by Consumer goods company 4: “For example, what we need to do is create a living wage. Well, there are ten different ways to do this, ten different standards on how to achieve living wages. I would say that that needs to be standardized, because now it still does not really lead to more comparability”. In addition, a risk of the CSRD is having too much attention for reporting, instead of on making a company’s business practices more sustainable. As Consumer services company 2 said: “You can compare results, but the behavior that is behind it, that is something you cannot capture. I am worried that we will have a complete focus on achieving goals, and forget to look at changing behavior”. This aligns with a worry from Energy company 1: “All these guidelines on how to do a risk assessment and which metrics to disclose and harnessing it that specific... I think that sometimes leads to, I would say, academic exercises”. Or, as Industrials company 4 said: “CSRD has the tendency to create an enormous paper tiger, and that cannot be the goal”.

These results partly substantiate the framework by Jagers et al. (2020), which states that setting up institutional frameworks facilitates collective action, and that heterogeneity counteracts this. Most respondents agreed that the directives serve as useful institutional frameworks and create more homogenous standards and guidelines for every company. In this way, the CSRD and the CSDDD increase standardization levels, and therefore help in achieving environmental collective action by companies. However, careful consideration of the risks of increased standardization by the directives is needed. A sole focus on standardization could lead to a situation in which reporting and following standards become more important than actually reducing harmful impacts. In addition, in order to truly set up standardized frameworks, more attention is needed for creating specific steps and guidelines for companies to follow.

### 6.1.2. Transparency

Within this theme, 89% of the coded statements indicated that the CSRD and the CSDDD positively influence transparency from companies, whereas 11% indicated no or a negative influence. Industrials company 2 described the positive influence of reporting: “CSRD means you have to be open, and as ‘good corporate citizens’ we all want that story to be good, and we want people to see that we are doing our best and that we are mitigating risks.” The CSRD focuses a lot on transparency, but it was mentioned multiple times that the CSDDD serves as an addition in creating transparency. “I think that transparency on reporting is good, but it is even better that due diligence, and transparency about the entire chain, is being emphasized [in the CSDDD]”, as Industrials company 1 said. Another positive influence of the directives is that they can serve as leverage, both within the company and over their chain. This was mentioned various times, for example by Telecommunications company 1: “With the leverage of the CSRD or the CSDDD we can ask the suppliers: hey, we have to do this now. So please tell us where your facilities are”.

However, others are less optimistic about the influence of mostly the CSRD on transparency. The CSRD obliges companies to carry out an assessment to identify their most important environmental impacts, on which they will then have to provide a report. However, this allows companies to choose what they find important, and thus what they want to show to the world. Because of this, not all companies are convinced that the CSRD will really enhance transparency. As Industrials company 3 said: “There is no right or wrong in how to report”. According to Technology company 1, this can lead to cherry-picking: “I worry that companies think: okay, I would rather not report on these details, so what you will get is a nice report with all the best things”.

Within the theme of transparency, a newly identified facilitator is reputation. As companies are reliant on people buying their goods or services, threats to reputation or a negative public opinion concerning the company act as incentives to engage in environmental collective action. As Industrials company 2 explains it: “The idea within the CSRD is that you will get punished by the public, by the stakeholders reviewing your information, and that is way worse than sanctions, if your reputation is affected”. Even though many companies argue that an incentive from public opinion and reputation threats is good, some respondents also worry. As Energy company 1 said: “It is a binary opinion and there is a risk of naming and shaming and not allowing room for improvement. If you are related with oil and gas, you have a negative reputation already. But there are companies, like our company, that are trying to make the oil and gas we produce as clean as possible. But oil is oil, and even though we are in the transition to more sustainable alternatives, we are not given the opportunity to prove that”.

The results concerning transparency are generally in line with the framework by Jagers et al. (2020). Although the facilitator of technology was not mentioned in the interviews, the findings do show that the directives counteract the stressor of anonymity through forced transparency. However, the influence of the CSRD and the CSDDD on transparency is limited, as companies have freedom to choose topics they report on. Within this theme, the facilitator of reputation can be identified as an addition to the framework by Jagers et al.. This facilitator is specifically important within the business sector, as companies are reliant on reputation or public opinion for doing business. On the one hand, transparency gives companies the opportunity to show the environmental efforts they are engaging in. However, a bad reputation of either a company or a sector can also create a negative bias. Therefore, a risk of increased transparency is naming and shaming, and that companies will not get the chance to improve their sustainability actions.

### 6.1.3. Communication

Firstly, 71% of the coded statements regarding stakeholder communication indicated a positive influence of the CSRD, and the remaining 29% indicated no influence of the directive. The positive influence of the CSRD entails that companies’ communication with stakeholders has increased because of the directive, or that the CSRD has even started this process, like with Industrials company 4: “I think [stakeholder communication] has only occurred because CSRD prescribes it. And it has led me to the insights that it helps to create a support base, but without the CSRD we

would not have taken that step”. Another benefit of the CSRD is that it provides a push to inform stakeholders more. As Industrials company 3 stated: “I think [the CSRD] is a good way to include stakeholders, like clients, in the process of making more sustainable choices. That way, we can also explain that it does not have to cost more, and even if it does, that it will pay off”. The respondents did not mention a decrease in stakeholder communication because of the CSRD, but it was mentioned that the CSRD did not influence the level of involvement of stakeholders. As Consumer services company 1 mentioned: “I do not think it changes much. Yes, it becomes more structured and there is more emphasis on the importance of involving stakeholders, but those discussions were already going on”.

Secondly, 56% of the coded statements about inter-company communication mentioned a positive influence of the CSDDD. This mostly concerned the push that the CSDDD provides to cooperate. As Consumer goods company 2 said: “I think the CSDDD can be a really good facilitator, because I do not believe that companies will cooperate and share information voluntarily. My experience is that, in this industry, everyone sees each other as competition and does not want to share and expose information”. The remaining 44% mentioned no influence of the CSDDD on inter-company communication. According to Energy company 1: “I think it will happen anyways, and I think you will not see an increase”. Another reason for this pessimism is that companies question whether the EU has the abilities to support inter-company communication. As Industrials company 1 said: “It would be great if the CSDDD could assist [in increasing inter-company communication], but I do not see that happening, because I have no idea how they would want to do that”.

The results regarding stakeholder communication largely substantiate the Jagers et al. (2020) framework. A majority of the respondents agreed that the CSRD is useful in generating more stakeholder communication, which facilitates opportunities for collective action. The results on inter-company communication are more ambiguous. Whereas part of the respondents states that the CSDDD pushes inter-company information sharing and cooperation, almost half of the statements do not show an influence because of the CSDDD. Two main reasons are given for this. On the one hand, communication between companies happens out of necessity, with or without legal obligation. On the other hand, respondents are skeptical about the EU’s ability to motivate companies to communicate with others, but also do not believe that information sharing will happen voluntarily. This disparity can be attributed to a difference in companies and sectors: whereas some sectors have a culture of not sharing any information with competitors, others see information sharing about issues such as sustainability as useful and do not fear a competitive disadvantage stemming from this.

#### 6.1.4. Power and sanctioning

Within this theme, all coded statements about the power of authorities indicated a positive influence of the directives. This can be illustrated by a quote from Consumer goods company 4: “We need laws to take care of basic principles. Through this legislation, the EU and the Dutch government can enforce the rules and provide facilitation for companies to oblige”.

Furthermore, 77% of the coded statements concerning power of companies mentioned a positive influence of the directives, whereas the remaining 23% did not indicate an increase in companies' power. One form of power companies have is power over the value chain. Most respondents stated that this has increased because of the directives, because companies now have the power to push SMEs in their value chain towards more sustainable behavior. "We have to stimulate our chain to act more sustainable", as Consumer goods company 3 said. However, a risk of power of large companies over the value chain is illustrated by Consumer goods company 4: "Some companies will just pass off responsibility to their suppliers and tell them: you have to make sure to provide all this information". Another form of power of companies is their power over consumer behavior. Some argued that the directives have increased this power, and that they have made it clear that companies should play a role in motivating consumers to act more sustainably. As Industrials company 4, a producer of yachts, said: "We should push consumers, whether or not aggressively, towards sustainable choices. So we have to limit the options and say: here you can only buy a boat with a sustainable fuel mechanism, and if you want something else, you have to look elsewhere". However, not everyone agreed that the directives have given companies the power to influence consumer behavior. As Industrials company 3 stated: "In the end, we also have to make money. And we try to inform our clients about sustainable options as much as possible, but it is just not always the wish of the client to use the most sustainable materials. So it is a balance, and sometimes we have to choose to use other materials, because clients ask us to".

A second factor within this theme is sanctioning. 63% of the coded statements regarding sanctioning showed a positive influence of the CSDDD. Here, it was often stated that sanctioning is a necessary part of the directive, as this will increase compliance. As Industrials company 2 stated: "If there would not be a sanctioning mechanism, I think the directives will not reach their goals. Because if you do not have sanctions, companies will not take action". Consumer goods company 1 supported this argument: "Generally I think penalties are a necessary requirement in order to enforce compliance with these laws." The remaining 37% of the coded statements did not perceive an influence of the CSDDD on sanctioning. Some companies do not believe that they will truly be sanctioned, meaning that the threat of possible sanctions does not really work in ensuring compliance. As Consumer goods company 2 stated: "What I am hearing right now is that companies are not intimidated by sanctions. They are like: we will see if these sanctions will even happen, because for now the EU has not even published guidelines for how to assess companies' efforts. So a sanction is not that relevant". Others stated that the form of sanctioning proposed in the CSDDD is a problem. As Consumer goods company 1 said: "It seems like they propose penalties by just pulling it out of a hat. And one of the concerns I have is that under the CSDDD, I think the penalty refers to 10% [of revenue], but it doesn't indicate for what kind of violations. It kind of leaves it up to whoever to decide that". Others mention downsides of penalties in general, and suggest other ways to ensure compliance, like Energy company 1: "I would like to see a rewarding of good behavior, rather than penalties. By providing incentives, or a carbon tax for

example... Sanctions are a bit of a slippery slope, where there is a big risk of ruling out entrepreneurial risk taking and pushing companies out of the EU”.

These results firstly show that, even though the general sentiment is that the directives increase companies’ power over their value chain, the question is whether this is beneficial. Through this power, large companies can push and support SMEs in their chain to make their business operations more sustainable, but they can also simply push off their own responsibility. This shows a tension between the power of companies and accountability, as increased power of companies over their value chain can lead to them taking less accountability for the operations in this chain, by putting this burden on less powerful companies. Furthermore, the influence of the directives on the power of companies over consumers is ambiguous. Some argue that large companies have the power to force sustainable decisions onto their consumers, whereas others state that in the end, they serve their consumers’ wishes. Sanctioning is generally seen as positively influenced by the CSDDD, although some do not believe that penalties will actually be put in place. In addition, respondents see important downsides to both the ways of sanctioning that the CSDDD adopts, and sanctioning more generally. These downsides are important limitations to the influence of the facilitators of power and punishment from the Jagers et al. (2020) framework. In the case of corporate sustainability, other compliance mechanisms deserve attention as well, such as incentive schemes. Because of the characteristics and goals of companies, these might prove to be more effective in ensuring compliance with the CSRD and the CSDDD.

#### 6.1.5. Accountability

76% of the coded statements about the influence of the directives on accountability were positive. It was mentioned multiple times that a legislative push is needed for companies to take responsibility for their impacts. As Telecommunications company 1 said: “Without the push from the EU, from these directives, companies won’t take responsibility”. Another positive influence from the CSDDD on companies’ level of accountability is the obligation to undertake mitigation or prevention efforts, instead of only reporting, as is the case in the CSRD. A quote from Industrials company 1 illustrates how this influences accountability: “Due diligence and the obligation to really take action do work. Because now as a company you cannot say: I am buying products from a mine and I know the working conditions there are terrible, but I’m not going to do anything about it. Well, in that case you can be held liable”. This liability over the entire value chain is an incentive for companies to take action, according to Consumer goods company 4: “In principle, you can be held liable for your entire chain, and of course that leads to more risk analysis and working hard to get more insights in the chain and fixing violations and that kind of stuff”. Thirdly, the directives help companies reduce their cognitive limitations. As Consumer goods company 2 said: “There are things that companies did not know what to do with before, and now they get concrete examples they can act on”.

The other 24% saw no or a negative effect on accountability. Firstly, some respondents said that they do not believe the CSDDD will add anything in terms of accountability mechanisms, such as Consumer services company 1: “I do not think it is going to change just because another



legislation also says you have to have a reduction plan for your harmful impacts”. Furthermore, an issue that is mostly present in the CSRD, but is mentioned about the CSDDD as well, is the discrepancy between compliance and accountability: being compliant with the directives does not automatically mean that companies really take their responsibility. As Energy company 1 mentions: “It is adding a lot of effort without real impact. And it takes a lot of time to go from the regulation to really seeing the impact in real life”. In addition, there are worries about the limits of accountability. As Technology company 1 stated: “To what extent can you hold the highest man accountable for what is happening on the lowest level?”

These results show that the directives have a largely positive influence on accountability levels. Most of the respondents state that a legislative push is needed for companies to be held accountable. Also, there is an interaction between the stressors of lack of accountability and cognitive limitations and emotional detachment. Carrying out due diligence reduces companies’ cognitive limitations, as they are forced to identify social and environmental impacts from the entire chain. This in turn increases avenues for taking responsibility for a company’s actions. This ties in with findings of Walenta (2018), who argues that more knowledge on a company’s adverse impacts helps in taking accountability for these impacts (Walenta, 2018). These findings show the interconnectedness of different stressors, as reducing the negative effects of one stressor can mitigate another stressor as well. Lastly, there are some limitations to the directives’ influence on accountability. Some did not believe that companies would take responsibility for their impacts because of these directives, and that the CSRD and the CSDDD would not generate real impacts.

## 6.2. Inductive results

Next to the themes discussed above, four other themes of influence of the CSRD and the CSDDD can be identified from the interviews: competition, legal uncertainty, resources, and personal and social norms. These themes were not mentioned as stressors or facilitators influencing collective action in the directives. However, based on the interviews, it can be concluded that these themes are important to consider in assessing the influence of the CSRD and the CSDDD on environmental collective action.

### 6.2.1. Competition

The theme of competition concerns the facilitators of trust and conditional cooperation. Regarding trust, all coded statements were positive. This means that all respondents feel like other companies will comply with the directives, or as Consumer goods company 4 put it: “Every company is working hard, and it is a topic that is very much alive”. Furthermore, conditional cooperation played a role as well. Whereas some respondents mentioned that other companies’ environmental efforts did not influence their own, most companies saw these as an incentive to undertake more action. As Telecommunications company 1 stated: “It would be kind of embarrassing to be the only company, or one of the only ones, who did not make it. Every company is in competition all the time, and no one wants to be the embarrassment, I guess”.

Next to trust and conditional cooperation, market position is also important within this theme. All respondents stated that market position positively influences environmental action, as a better market position serves as an incentive to take action. 54% of the codes concerning market position indicated a positive influence of the directives. The directives can lead to a better market position for companies within the EU that are working on their sustainability efforts, as these efforts serve as a reason to choose to do business with a company over another. According to Consumer goods company 3, this can happen “when that is being pushed by either consumers or investors. In that case it will bring you advantages and value to act in a more sustainable way”. Another positive influence of the directives is the creation of a level playing field within the EU, as obligations for companies are similar. As Consumer goods company 4 said: “What is good about these directives is the idea of a level playing field and that everyone will have to fulfill the same obligations and report in the same way. For now it is only the big companies, but that will expand, and that makes it better because it is just that everyone is doing the same, and not that some companies are losing money by trying to be more sustainable”.

However, 46% of the codes indicated a negative influence of the directives on market position in the global sphere. A reason for worsened market positions because of the directives is that the EU puts stricter obligations on companies than other parts of the world do. A quote from Industrials company 2 explains this: “Sometimes I wonder if it will be possible to compete with companies from other continents. Our biggest competitor is based in the United States, and they do not have the obligations that we have to fulfill here in the EU”. Or, as Energy company 1 put it: “There is a risk of an unlevel playing field with other parts of the world, as the directives bring significant burdens for companies in the EU”. These worsened market positions can lead to companies choosing to leave the jurisdiction of the EU, which is an outcome that should be avoided. An illustration was given by Consumer goods company 1: “Regulation should not become so onerous that you render the market uncompetitive and everybody moves”.

These results show that the facilitators of trust and conditional cooperation play a role in influencing environmental collective action by companies, even though the CSRD and the CSDDD do not address these. The theme of competition is not new in collective action literature, as competition is at the heart of collective action problems. Within a social dilemma, each actor is competing with others to satisfy their self-interests (Olson, 1965). For example in the case of resource management, competition over the use of this resource hinders cooperation and thus collective action. Therefore, this result is in line with the classic collective action dynamics. The theme of competition also relates to the reasons for a limited positive influence of the directives on inter-company communication described before. Regarding communication between companies, it has been found that rivalrous tendencies and a fear of competitive disadvantages form part of the reason why companies remain reluctant to communicate with other companies. Furthermore, within this theme market position is identified as a new facilitator, specific to the corporate field. Even though respondents unanimously agreed that market position has a positive influence on environmental action, the results for the influence of the directives on market position are mixed. On the one hand, a level playing field is created within the EU because of the directives,

in which all companies have to oblige to the same rules and standards. This relates to the theme of standardization, as this level playing field emerges because of increased homogeneity. However, the opposite happens in the global sphere, in which European companies face a competitive disadvantage because of the more stringent EU legislation. In the global sphere, the CSRD and the CSDDD aggravate the stressor of heterogeneity, which decreases opportunities for collective action. A significant risk is therefore that companies choose to leave the EU's jurisdiction. This concern is shared by Claeys, Tagliapietra and Zachmann (2019), who state that the risk of an ambitious EGD is that companies leave the EU and move elsewhere. Thus, the EU needs to find a balance in which climate policies are stringent enough, but do not cause "carbon leakage" (Claeys, Tagliapietra & Zachmann, 2019, p. 5), meaning that companies do not lower their emissions, but simply move elsewhere.

### 6.2.2. Legal uncertainty

Within the theme of uncertainty, risk and uncertainty forms an important stressor. It was mentioned various times that decreasing risk and uncertainty would motivate companies to engage in environmental collective action, and that guidance from both the EU and member states is needed to do so. Although risk and uncertainty has been defined as a stressor by Jagers et al. (2020), this is specified in this study as legal uncertainty. Legal uncertainty can be divided into two subthemes: uncertainty about legal texts and uncertainty about coherence with other laws and regulations.

Concerning legal uncertainty about the texts of the CSRD and the CSDDD, virtually all companies agreed that the texts were unclear. As Industrials company 4 stated: "The wording is really inaccessible, and it is written in a very complex way for something that does not have to be complex. And that is a waste, because if no one takes action because no one can make sense of what is needed, you do not reach the goal".

In terms of uncertainty about coherence with other laws and regulations, it was mentioned various times that this coherence is missing. As Technology company 1 said: "What I would want is that there is a better link with for example the goals from the Paris Agreement. The Green Deal is in line with the Paris Agreement, but it is not interwoven in the directives. That would be a good addition, I think".

In addition, a new facilitator can be identified from the interviews, which is guidance. Guidance from both the EU and member states would provide a solution to the issues concerning legal uncertainty. However, 88% of the respondents mentioned that guidance is currently lacking. Companies do not feel supported by the EU and member states in complying with the directives and in setting up the reporting and due diligence systems that the directives ask for. This can be illustrated by a quote from Consumer goods company 4: "I really want to report on what damage we are doing to the environment. But tell me: how should I do that? And how do I find out what exactly is the damage I am responsible for? And then [the EU and the Dutch government] say: 'I do not know either, we are still thinking about that, but go ahead and just do it'. You cannot just dump everything on the companies. You also have to make sure that there are underlying systems, that there are underlying agreements, in order to support us. Now everything is on us and we just

have to find out how to comply”. Or, put more concretely by Industrials company 4: “In the end there is no roadmap, so what I am missing is the translation from the legal texts to what we have to do”.

These results show that there is legal uncertainty about both the texts of the directives and the coherence of this legislation with other laws and regulations. This decreases companies’ ability and motivation to comply with the directives and undertake environmental action. These results tie in with previous findings, as other studies have concluded that the effectiveness of regulations largely depend on how specific and clear these interventions are (Baldwin, Cave & Lodge, 2012), and that legal certainty thus constitutes one of the basic conditions that legislation needs to incorporate (Mousmouti, 2012). Chayes & Chayes (1993) have also identified legal ambiguity as a central problem for compliance. Since legislation cannot capture all possible scenarios, contexts or applications of the rules, it becomes difficult to view these rules in the light of specific events (Chayes & Chayes, 1993). Guidance could serve as a facilitator in counteracting legal uncertainty, and the rules could be made more clear and unambiguous with effective guidance. However, most companies agree that this guidance is currently lacking. A translation from the obligations in the directives to clear guidelines and a roadmap is missing, which negatively impacts companies’ environmental efforts. This result has also been found in research on UK companies’ perspectives on sustainability legislation by Wilson, Williams and Kemp (2012), where companies perceived the guidance for new legislations to be poor (Wilson, Williams & Kemp, 2012). The findings on guidance relate to the results within the theme of standardization, where it was also found that specific guidelines and roadmaps limit the positive influence of the directives on increasing standardization. In addition, the issues arising with sanctioning relate to this theme. The results indicated that it is unclear which sanctions will be given for which infringements, which intersects with the theme of legal uncertainty as well.

### 6.2.3. Resources

The theme of resources was mentioned various times in the interviews. Two main types of resources play a role within environmental collective action by companies: monetary resources and human resources. Firstly, compliance with the directives costs money. Thus, the directives have a negative influence on companies’ monetary resources, and the amount of environmental action a company is willing and able to take largely depends on how much money there is available. As Consumer goods company 1 put it: “These due diligence requirements will increase costs, in terms of hiring more people and in terms of setting up systems to gain insights into what is happening in the value chain. And it is not just the due diligence directive, for the CSRD we have also had to put money towards being able to comply. And then of course there are still other types of regulations we have to deal with”.

The second type of resources is human resources, which concern the time and energy of employees that is put towards fulfilling the directives’ obligations. Consumer services company 2 stated: “We really need time and space to coordinate this and set up the right mechanisms. And because it still needs to be developed, it usually means a lot of extra work for people”. A risk of

investing all of this time and energy into compliance with the directives is that it distracts from other tasks. As Consumer goods company 4 said: “It costs so much time to fill out all these requirements, and I have a small team, so in the meantime we do not even have time anymore for the projects where we can actually make a difference in terms of sustainability. And all these different questionnaires and lists... it is just not feasible”.

As the results show, both monetary and human resources affect compliance with the CSRD and the CSDDD, and thus the extent to which companies engage in environmental action. As the main goal of companies is to make profits, they cannot put all their monetary resources towards sustainable efforts. In addition, the directives put a significant burden on human resources, in terms of the time and energy employees need to spend on compliance. Chayes and Chayes (1993) have identified capacity as one of the main reasons for non-compliance. Although a state might formally follow international laws, achieving the objectives from these laws largely depend on states’ scientific, bureaucratic, and fiscal capacities (Chayes & Chayes, 1993). Johansson and Larsson (2024) add to this claim by stating that capacity issues mainly play a role in compliance with affirmative obligations, in which states have the obligation to undertake action (Johansson & Larsson, 2024). Both of these studies focus on states’ compliance with international agreements, but the results of this thesis show that capacity also influences corporate environmental action in the case of the affirmative obligations that the CSRD and the CSDDD put on companies. Furthermore, Baumüller and Grbenic (2021) have identified a risk of overburdening companies’ resources. Based on the initial proposal for the CSRD, they argued that European companies have to bear the costs that come with corporate sustainability and transparency. This is because companies have to make significant investments, both monetary and in terms of human resources, into setting up systems and structures to comply with the reporting standards (Baumüller & Grbenic, 2021).

#### 6.2.4. Personal and social norms

A fourth theme that came up from the interviews is the theme of personal and social norms. This theme includes the facilitators of personal beliefs, norms, and values and social norms, as identified by Jagers et al. (2020). Firstly, the results indicate that personal values, norms, and beliefs play an important role in generating collective action in companies. Many stated that their company was already concerned with being more sustainable before the directives, from their company’s own beliefs that sustainability is important. As Industrials company 4 said: “A while ago, there was a personal wish from the board to make our operations more sustainable. That was a strong intrinsic goal, but it was not made very concrete yet”. The directives can assist in generating concrete steps in becoming more sustainable, but having a personal belief as a company is a necessary condition to want to take action. A quote from Technology company 1 illustrates this: “For us, the CSRD has much more effect than merely reporting, but that is because that is our personal wish, that is something we want”. Another aspect of norms is the concept of social norms. Both prescriptive and descriptive norms can have an influence on the level of action of companies. Consumer goods company 3 illustrates the importance of prescriptive norms, which are norms about something

people should do: “What we all hope is that there will be a change in mindset, in culture, that sustainability is something we all should do. That will really push more companies, I think”. Descriptive norms concern what people are actually doing, and these can influence environmental action as well. As Industrials company 3 said: “What needs to happen is that it becomes normal within markets that we are asking each other about our sustainability practices”. Although an influence of the directives on personal norms has not been observed, the respondents were generally positive about the influence of the directives on social norms. Most respondents argued that there is a development going on in which corporate sustainability becomes more relevant for companies. Partly, this can be attributed to the CSRD and the CSDDD. As Consumer goods company 4 stated: “I think it is a general trend that people care about more than their financials, and I think it is important. And yes, things like these directives absolutely support that movement”.

Although personal and social norms were not addressed by the CSRD and the CSDDD, the results show that these factors do play a role in influencing environmental collective action by companies. Firstly, a certain personal belief in the importance of sustainability is helpful or even necessary in order to undertake action. The directives can be used as structure and guidelines, but it can be concluded that the influence of the directives on environmental action is heavily affected by companies’ own goals, values, and norms. This relates to the findings within the theme of transparency, where the results showed that the fact that companies can choose what information they are willing to report on limits the effect of the directives on transparency. Also, in the theme of accountability it was argued that compliance with the directives does not mean that companies actually take responsibility for their harmful impacts. Therefore, personal norms play an important role in influencing environmental efforts by companies, as these influence the levels of transparency and accountability that companies adopt. In addition, social norms form a facilitator as well. Companies agree that both prescriptive and descriptive norms can induce a behavioral change in companies. This importance of social norms is substantiated by Hall & Soskice (2001), who argue that formal institutions are not sufficient in creating cooperation between companies and thus achieving collective action. Instead, “a set of shared understandings” (Hall & Soskice, 2001, p. 9), both on what other actors are doing and on which actions are appropriate, also play a role. Through these shared understandings, informal rules, and experiences, actors use social norms to decide which actions to take (Ibid.).

### 6.3. Summary and answer to research question 2

Based on the results from the interview analysis, an answer to the following research question can be formulated: *How do large Dutch companies perceive the influence of the CSRD and the CSDDD on environmental collective action by companies?*

In order to answer this question, it is firstly important to note that the results from the interviews show that respondents agree that the five themes of stressors and facilitators that were identified from the document analysis, standardization, transparency, communication, power and punishment, and accountability, indeed increase opportunities for environmental collective action by companies. From the interview analysis, conclusions are drawn about the influence of the

CSRD and the CSDDD on each of these themes. The results show an overall positive influence of the CSRD and the CSDDD on standardization, through structure and guidelines, transparency, by obligated openness and honesty about companies' impacts, stakeholder communication, as the CSRD obliges companies to gain input from stakeholders, power and sanctioning, by increased power of companies over their value chain and installing sanctioning mechanisms, and accountability, since companies are now legally obliged to carry out due diligence and can be held liable. The results are mixed on the subtheme of inter-company communication: half of the coded statements mentioned an increase of communication and cooperation between companies because of the CSDDD, whereas the other half did not share this view.

However, even though the overall sentiment on the directives' influence on these themes of stressors and facilitators is positive, there are important limitations to the positive influence of the directives on environmental collective action. Firstly, the directives lack specific standards or a detailed roadmap, which limits their effects on standardization. In addition, as companies can choose what they report on and which aspects of their practices they are open about, the positive effect of the directives on transparency is weakened. Regarding communication, no negative influence of the directive was observed, but the results show that the directives do not have any effect on both types of communication in some cases. Partly, this is because companies already engage in communication with both stakeholders and other companies. Furthermore, rivalrous tendencies play a role, as companies fear a competitive disadvantage by sharing information with others. For the fourth theme, a limitation to the influence of sanctions is that the directives do not make explicitly clear which sanctions will be given for which infringements. Lastly, the positive influence of the directives on accountability is limited, as the question remains whether compliance with the directives actually leads to companies taking responsibility for their impacts.

In addition to these five themes, the interview results show four other themes influencing environmental collective action by companies. Even though the CSRD and the CSDDD do not explicitly address these themes, they prove to be important in achieving corporate environmental action. Furthermore, the CSRD and the CSDDD influence each of these themes, either positively or negatively. The theme of competition mostly concerns companies' market position. It can be concluded that within the EU, a level playing field is created because of the directives, which benefits companies' market position and therefore motivates them to engage in environmental action. However, within the global sphere, European companies face a competitive disadvantage because of the more stringent EU obligations. Therefore, this poses a risk of companies choosing to leave the jurisdiction of the EU, instead of complying with the directives. Secondly, companies experience legal uncertainty, both in terms of the texts of the directives and concerning coherence with other laws and regulations. This uncertainty creates a stressor to environmental collective action, for which guidance can provide a solution. However, guidance from both the EU and member states is currently lacking. There is no clear translation from the obligations of the directives to a roadmap with concrete guidelines, which negatively impacts companies' efforts. A third newly identified theme is resources, which concerns monetary as well as human resources. Compliance with the CSRD and the CSDDD asks a lot of companies in terms of money and time

and energy of employees. Thus, the directives pose a risk of overburdening companies, which hinders cooperation. Fourthly, personal and social norms influence corporate environmental action. Intrinsic motivation is beneficial or even necessary for companies to undertake environmental action, and a change in social norms influences corporate sustainability efforts as well. If engaging in environmental action becomes standard practice, more companies will be motivated to do so. The directives are a step towards corporate sustainability becoming the norm.



## 7. Conclusion and discussion

In this chapter, firstly the theoretical contributions of this study are presented, by summarizing the answers to the guiding research questions and the contributions to the framework by Jagers et al. (2020). Afterwards, the broad takeaways from the results and analysis are discussed. Finally, this chapter will address limitations of this study and suggestions for future research.

### 7.1. Theoretical contributions

The aim of this research was to analyze in what ways the CSRD and the CSDDD influence environmental collective action by companies. To this end, two main research questions were formulated that guided this study:

1. In what ways do the CSRD and the CSDDD address the large-scale collective action facilitators and mitigations to stressors as identified by Jagers et al. (2020)?
2. How do large Dutch companies perceive the influence of the CSRD and the CSDDD on environmental collective action by companies?

In order to provide an answer to the first question, the framework by Jagers et al. (2020) identifying large-scale collective action stressors and facilitators has been applied to the CSRD and the CSDDD. It can be concluded that the CSRD and the CSDDD address stressors and facilitators within five main themes: standardization, transparency, communication, power and sanctioning, and accountability.

For answering the second research question, an interview analysis has been carried out. This way, the perceptions of 13 large Dutch companies of the influence of the CSRD and the CSDDD on each of these themes have been looked into. Companies generally perceive the two directives as positively influencing each of the themes, and thus as increasing opportunities for environmental collective action by companies. Nonetheless, there are important limitations to the influence of the directives that need to be considered. In addition, the results from the interviews provided four new themes in which the directives influence companies' environmental collective action efforts: competition, legal uncertainty, resources, and personal and social norms. The positive influence of the CSRD and the CSDDD on enhancing the facilitators and mitigating the stressors within these themes is more ambiguous.

This study contributes to the framework of large-scale collective action stressors and facilitators of Jagers et al. by firstly adding stressors and facilitators relevant within the field of corporate sustainability to this framework. In table 2, a summary of the Jagers et al. framework as it has been used in this study is provided, supplemented with newly identified stressors and facilitators from this research.

**Table 2***Factors influencing environmental collective action in companies*

Theme	Stressors/facilitators Jagers et al.	New stressors/facilitators
Standardization	Local institutions	
	Heterogeneity	
Transparency	Anonymity	Reputation
	Technology	
Communication	Communication	
Power and sanctioning	Power	
	Punishment	
Accountability	Lack of accountability	
	Cognitive limitations and emotional detachment	
Competition	Trust	Market position
	Conditional cooperation	
	Heterogeneity	
Legal uncertainty	Risk and uncertainty	Legal uncertainty
		Guidance
Resources		Monetary resources
		Human resources
Personal and social norms	Pro-social preferences, values, personal norms and beliefs	
	Social norms	

## 7.2. Main takeaways

Generally, companies agree that the CSRD and the CSDDD are useful third-party interventions in achieving more corporate environmental action. This positive influence of the directives mainly concerns structure and guidelines for corporate sustainability, increased openness and honesty about impacts, an incentive to engage stakeholders, mandatory due diligence and accountability, and the threat of sanctions in case of non-compliance.

However, several limitations to the influence of the directives on environmental collective action by companies need to be taken into account, leading to two main takeaways of this study. The first takeaway is specific to the corporate sector, and concerns limitations to the directives' influence based on competition. Because companies operate on a market, competition dynamics can weaken the influence of the CSRD and the CSDDD on environmental collective action. Rivalrous tendencies lead to a reluctance in information-sharing between companies. Also, stringent environmental legislation within the EU puts European companies at a competitive disadvantage on the global market, which limits the positive influence of the directives on collective action and can even result in these companies leaving the jurisdiction of the EU.

Second, the results identify limitations to the directives' influence on collective action that apply to large-scale collective action in a more general sense. This firstly concerns legal uncertainty. A lack of specific guidelines and roadmaps and uncertainty about sanctioning mechanisms limits the effects of the CSRD and the CSDDD on companies' environmental efforts. Guidance from both the EU and member states could solve this uncertainty, but this is currently lacking. Ambiguity about rules proves to be a common issue in the literature on effectiveness of and compliance with regulations, and therefore deserves consideration within the field of large-scale collective action in general. Another limitation of the directives is the risk to overburden companies' monetary and human resources. Limited capacity can then lead to non-compliance. Again, this is an issue that has been identified as a common problem in the compliance literature, and is thus not only relevant within the field of corporate sustainability. Furthermore, this study proves the importance of personal and social norms in achieving collective action. Although previous collective action literature already identified these factors as relevant facilitators, this study shows that the extent to which legislation actually results in increased climate action largely depends on intrinsic motivation and informal rules. The importance of norms in the effectiveness of formal institutions in creating collective action again constitutes a relevant finding for large-scale collective action in general. Lastly, it is important to mention the broader importance of the risk of leaving jurisdictions. From the results, it has been concluded that a relevant risk of stringent legislation on corporate sustainability is moving one's business, so that the rules do not apply anymore. In this case, the company still contributes to climate change, but does not engage in collective action to solve this problem. Thus, the issue of 'foot voting' should be considered more broadly within large-scale collective action problems, especially in a situation where it is possible to leave a community engaging in collective action while still contributing to the problem.

### 7.3. Limitations and suggestions for future research

It is relevant to note some of the limitations of this study, and avenues for future research. First of all, this research has only looked into Dutch companies. As these companies operate in a specific institutional context, the results cannot be generalized to other EU countries. This provides opportunities for future research, as it would be relevant to investigate whether or not similar conclusions can be drawn in other EU countries. A second limitation is that the legislative process around the CSDDD was still going on while this thesis was written. There was uncertainty on the

specific scope and content of this directive during the interview study, which could have had a negative effect on the completeness of respondents' insights. Again, this provides an avenue for future research, as it would be useful to gain companies' insights after the CSDDD comes into force. Lastly, it was beyond the scope of this thesis to look into differences in perspectives between sectors. This study has provided a general overview of companies' perspectives, but it would be relevant to look into whether views differ between sectors.

## 8. References

- Adger, W. N. (2009). Social Capital, Collective Action, and Adaptation to Climate Change. *Economic Geography*, 79(4), 387–404.  
<https://doi.org/10.1111/j.19448287.2003.tb00220.x>
- Aldy, J. E., Orszag, P. R., & Stiglitz, J. E. (2001). *Climate Change: An Agenda for Global Collective Action*. Conference on “The Timing of Climate Change Policies”, 1–37.
- Andrade, C. (2018). Internal, external, and ecological validity in research design, conduct, and evaluation. *Indian Journal of Psychological Medicine*, 40(5), 498–499.  
[https://doi.org/10.4103/IJPSYM.IJPSYM\\_334\\_18](https://doi.org/10.4103/IJPSYM.IJPSYM_334_18)
- Baldwin, R., Cave, M., & Lodge, M. (2012). *Understanding regulation : theory, strategy, and practice*. Oxford University Press.
- Baumüller, J., & Grbenic, S. O. (2021). Moving from Non-Financial to Sustainability Reporting: Analyzing the EU Commission’s Proposal for a Corporate Sustainability Reporting Directive (CSRD). *Facta Universitatis, Series: Economics and Organization*, 4(1), 369.  
<https://doi.org/10.22190/fueo210817026b>
- Berliner, D., & Prakash, A. (2014). Public Authority and Private Rules: How Domestic Regulatory Institutions Shape the Adoption of Global Private Regimes. *International Studies Quarterly*, 58(4), 793–803. <https://doi.org/10.1111/isqu.12166>
- Biagini, B., & Miller, A. (2013). Engaging the private sector in adaptation to climate change in developing countries: importance, status, and challenges. *Climate and Development*, 5(3), 242–252. <https://doi.org/10.1080/17565529.2013.821053>
- Bloomfield, J., & Steward, F. (2020). The Politics of the Green New Deal. *The Political Quarterly*, 91(4), 770–779.
- Bowen, G. A. (2009). Document Analysis as a Qualitative Research Method. *Qualitative Research Journal*, 9(2), 27–40.
- Carpenter, J. P. (2007). Punishing free-riders: How group size affects mutual monitoring and the provision of public goods. *Games and Economic Behavior*, 60(1), 31–51.  
<https://doi.org/10.1016/j.geb.2006.08.011>
- Chayes, A., & Chayes, A. H. (1993). On compliance. *International Organization*, 47(2), 175–205. <https://doi.org/10.1017/s0020818300027910>

- Claeys, G., Tagliapietra, S., & Zachmann, G. (2019). How to make the European Green Deal work. *Bruegel Policy Contribution*, 13. <https://hdl.handle.net/10419/237632>
- Cole, D. H. (2007). Climate Change and Collective Action. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.1069906>
- Dawes, R. M. (1980). Social Dilemmas. *Annual Review of Psychology*, 31(1), 169–193. <https://doi.org/10.1146/annurev.ps.31.020180.001125>
- Directive (EU) 2022/2464 . (2022). *Directive of the European Parliament and of the Council amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting*. <https://eur-lex.europa.eu/eli/dir/2022/2464/oj>
- Directive Proposal 2022/0051/COD. (2024). *Proposal for a Directive of the European Parliament and of the Council on Corporate Sustainability Due Diligence and amending Directive (EU) 2019/1937 and Regulation (EU) 2023/2859*. <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52022PC0071>
- EPSU. (2024). *EU Directive on Corporate Sustainability Due Diligence passes council vote*. <https://www.epsu.org/article/eu-directive-corporate-sustainability-due-diligence-passes-council-vote>
- European Council & Council of the European Union. (2024). *European Green Deal*. <https://www.consilium.europa.eu/en/policies/green-deal/#what>
- European Parliament. (2024, April 24). *Due diligence: MEPs adopt rules for firms on human rights and environment | News | European Parliament*. <https://www.europarl.europa.eu/news/en/press-room/20240419IPR20585/due-diligence-meps-adopt-rules-for-firms-on-human-rights-and-environment#:~:text=The%20European%20Parliament%20approved%20with>
- FTSE. (2012). *The Industry Classification Benchmark*.
- Gans, W., & Hintermann, B. (2013). Market Effects of Voluntary Climate Action by Firms: Evidence from the Chicago Climate Exchange. *Environmental and Resource Economics*, 55(2), 291–308. <https://doi.org/10.1007/s10640-012-9626-7>
- Gheuens, J., & Oberthür, S. (2021). EU Climate and Energy Policy: How Myopic Is It? *Politics and Governance*, 9(3), 337–347. <https://doi.org/10.17645/pag.v9i3.4320>

- Hall, P. A., & Soskice, D. (2001). An Introduction to Varieties of Capitalism. In Hall, P. A. & Soskice, D. (Eds.), *Varieties of Capitalism: The Institutional Foundations of Comparative Advantage*. Oxford University Press.
- Hardin, G. (1968). The tragedy of the commons. *Science*, *162*, 1243–1248.
- Hauser, O. P., Rand, D. G., Peysakhovich, A., & Nowak, M. A. (2014). Cooperating with the future. *Nature*, *511*(7508), 220–223. <https://doi.org/10.1038/nature13530>
- Hsueh, L. (2016). Transnational Climate Governance and the Global 500: Examining Private Actor Participation by Firm-Level Factors and Dynamics. *International Interactions*, *43*(1), 48–75. <https://doi.org/10.1080/03050629.2016.1223929>
- Jagers, S. C., Haring, N., Löfgren, Å., Sjöstedt, M., Alpizar, F., Brülde, B., Langlet, D., Nilsson, A., Almroth, B. C., Dupont, S., & Steffen, W. (2020). On the preconditions for large-scale collective action. *Ambio*, *49*. <https://doi.org/10.1007/s13280-019-01284-w>
- Jänicke, M. (2017). The Multi-level System of Global Climate Governance - the Model and its Current State. *Environmental Policy and Governance*, *27*(2), 108–121. <https://doi.org/10.1002/eet.1747>
- Johansson, M., Langlet, D., Larsson, O., Löfgren, Å., Haring, N., & Jagers, S. (2021). A risk framework for optimising policies for deep decarbonisation technologies. *Energy Research & Social Science*, *82*, 102297. <https://doi.org/10.1016/j.erss.2021.102297>
- Johansson, M., & Larsson, O. (2024). *Explaining State Violations of International Rules: The Lost Distinction Between Affirmative and Negative Obligations*. Swedish Network for European Studies (SNES) Conference, Lund, Sweden.
- Knott, E., Rao, A. H., Summers, K., & Teeger, C. (2022). Interviews in the Social Sciences. *Nature Reviews Methods Primers*, *2*(1), 1–15. Nature. <https://doi.org/10.1038/s43586-022-00150-6>
- Kollman, K., & Prakash, A. (2001). Green by Choice? Cross-National Variations in Firms' Responses to EMS-Based Environmental Regimes. *World Politics*, *53*(3), 399–430. <https://doi.org/10.1353/wp.2001.0010>
- Leung, L. (2015). Validity, reliability, and Generalizability in Qualitative Research. *Journal of Family Medicine and Primary Care*, *4*(3), 324–327. NCBI. <https://doi.org/10.4103/2249-4863.161306>

- Löfgren, Å., & Rootzén, J. (2021). Brick by brick: Governing industry decarbonization in the face of uncertainty and risk. *Environmental Innovation and Societal Transitions*, 40, 189–202. <https://doi.org/10.1016/j.eist.2021.07.002>
- Loorbach, D., van Bakel, J. C., Whiteman, G., & Rotmans, J. (2009). Business strategies for transitions towards sustainable systems. *Business Strategy and the Environment*, 19, n/a–n/a. <https://doi.org/10.1002/bse.645>
- Mansbridge, J. (2014). The role of the state in governing the commons. *Environmental Science & Policy*, 36, 8–10. <https://doi.org/10.1016/j.envsci.2013.07.006>
- Mousmouti, M. (2012). Operationalising Quality of Legislation through the Effectiveness Test. *Legisprudence*, 6(2), 191–205. <https://doi.org/10.5235/175214612803596686>
- Mousmouti, M. (2014). Effectiveness as an Aspect of Quality of EU Legislation: Is it Feasible? *The Theory and Practice of Legislation*, 2(3), 309–327. <https://doi.org/10.5235/12050-8840.2.3.309>
- Olson, M. (1965). *The Logic of Collective Action: Public goods and the theory of groups*. Cambridge: Harvard University Press.
- Ophuls, W. (1973). Leviathan or Oblivion. In H. E. Daly (Ed.), *Toward a Steady-State Economy* (pp. 215–230). W.H. Freeman.
- Ostrom, E. (1990). *Governing the Commons: The Evolution of Institutions for Collective Action*. Cambridge: Cambridge University Press.
- Ostrom, E. (1998). A behavioral approach to the rational choice theory of collective action. *The American Political Science Review*, 92, 1–22.
- Ostrom, E. (2010). Polycentric systems for coping with collective action and global environmental change. *Global Environmental Change*, 20(4), 550–557. <https://doi.org/10.1016/j.gloenvcha.2010.07.004>
- Pendergraft, C. A. (1998). Human Dimensions of Climate Change: Cultural Theory and Collective Action. *Climatic Change*, 39, 643–666.
- Pūķis, M., Bičevskis, J., Gendelis, S., Karnītis, E., Karnītis, Ģ., Eihmanis, A., & Sarma, U. (2023). Role of Local Governments in Green Deal Multilevel Governance: The Energy Context. *Energies*, 16(12), 1–22. <https://doi.org/10.3390/en16124759>



- Rayner, T., & Jordan, A. (2013). The European Union: the polycentric climate policy leader? *Wiley Interdisciplinary Reviews: Climate Change*, 4(2), 75–90.  
<https://doi.org/10.1002/wcc.205>
- Seelos, C. (2004). Finding a Path in the Sustainability Jungle: A Framework for Corporate Action. *RePEc: Research Papers in Economics*.
- Smith, R. J. (1981). Resolving the Tragedy of the Commons by Creating Private Property Rights in Wildlife. *Cato Journal*, 1(2), 439–468.
- Tallberg, J. (2002). Delegation to Supranational Institutions: Why, How, and with What Consequences? *West European Politics*, 25(1), 23–46. <https://doi.org/10.1080/713601584>
- Walenta, J. (2018). The Limits to Private-sector Climate Change Action: The Geographies of Corporate Climate Governance. *Economic Geography*, 94(5), 461–484.  
<https://doi.org/10.1080/00130095.2018.1474078>
- Welch, W. P. (1983). The political feasibility of full ownership property rights: The cases of pollution and fisheries. *Policy Sciences*, 16(2), 165–180.  
<https://doi.org/10.1007/bf00138349>
- Wiener, J. B. (2007). Think Globally, Act Globally: The Limits of Local Climate Policies. *Social Science Research Network*, 155, 1961–1979.
- Wilson, C. D. H., Williams, I. D., & Kemp, S. (2012). An Evaluation of the Impact and Effectiveness of Environmental Legislation in Small and Medium-Sized Enterprises: Experiences from the UK. *Business Strategy and the Environment*, 21(3), 141–156.  
<https://doi.org/10.1002/bse.720>

## 9. Appendix

### Appendix A. Request email to respondents

Dear [Company name/recipient name],

Hopefully this email finds you well. My name is Donna van Eerd, and I am currently pursuing a Master's degree in Political Science at Gothenburg University (Sweden). I am reaching out to you because I am conducting research for my master's thesis.

My thesis is about the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD). More specifically, I am researching the perspectives and opinions of big Dutch firms on these directives. As your company falls within the scope of the CSDDD and the CSRD, I believe that your insights and experiences could significantly contribute to the depth and quality of my research. Therefore, I am kindly requesting the opportunity to interview a representative from your organization who has expertise in corporate sustainability. The interview will take around 30-60 minutes and will be conducted using Teams or a similar platform.

The interview would cover different aspects of the CSDDD and the CSRD, and my aim is to gain insights into your company's perspective on various aspects, advantages and disadvantages of these directives.

Please let me know if someone from [Company name] would be available for a brief interview. Preferably, this interview would be between the 11th and the 29th of March 2024, but I am willing to accommodate your schedule. I assure you that the information obtained through the interview will be handled with utmost confidentiality and will be used exclusively for academic purposes.

Thank you very much for considering my request. I look forward to the possibility of discussing my research with [Company name] and hearing your thoughts on this subject.

Please feel free to contact me at [email] or [phone number] to discuss this further or to schedule a convenient time for the interview.

Thank you for your time and consideration.

Best regards,  
Donna van Eerd  
Gothenburg University  
[Email]  
[Phone number]

## Appendix B. List of respondents

**Table 3**

*List of respondents grouped per sector (Industry Classification Benchmark)*

Company name	Type of company
Consumer goods	
Consumer goods company 1	Coffee and tea seller
Consumer goods company 2	Grain-handling business
Consumer goods company 3	Starch-based products seller
Consumer goods company 4	Lingerie seller/producer
Consumer services	
Consumer services company 1	Facility services and care
Consumer services company 2	Facility services and care
Industrials	
Industrials company 1	Railway company
Industrials company 2	Paint and coatings producer
Industrials company 3	Construction company
Industrials company 4	Luxury yacht builder/designer
Energy	
Energy company 1 (two representatives)	Offshore energy (oil, gas, wind, wave)
Telecommunications	
Telecommunications company 1	Telecommunications and ICT-services
Technology	
Technology company 1	Copy/printing machine manufacturer

## Appendix C. Interview guide

### **OPENING**

Thank you again for meeting with me. The purpose of this interview is to get an insight into your company's perspective on the EU CSDDD and CSRD. I am interested in which challenges and opportunities you foresee with this directive, and how this directive influences your company's environmental policies. Is it okay that I record this interview? All the information from this interview will be treated with confidentiality, and it will only be used for academic purposes.

### **GENERAL**

1. Could you briefly explain your position at [company] and what kind of business [company] is?
2. What is your overall experience with EU sustainability regulations affecting your company?
3. How is [company] currently addressing sustainability in its operations?
4. Are you familiar with the CSDDD and the CSRD?
  - *If yes:* Can you provide a brief overview of your understanding of the CSDDD and the CSRD and their implications for [company]?
  - *If no:* I explain CSDDD and CSRD in short + implications for businesses in general.
5. How do you perceive the alignment of your current practices with CSDDD and CSRD requirements?
  - *Follow-up:* What challenges or opportunities do you foresee in implementing CSDDD or CSRD within [company]?

### **STANDARDIZATION**

Both the CSDDD and the CSRD aim at creating a standardized framework with clear guidelines (CSRD: standardized reporting, CSDDD: guidelines on identification/mitigation of adverse impacts).

6. How do you perceive this move towards more standardized frameworks?
7. What are, in your opinion, benefits and challenges of this standardization for your company?
  - *Follow-up:* Are there specific aspects that are particularly beneficial or particularly challenging?

### **TRANSPARENCY**

Both the CSDDD and the CSRD aim at decreasing anonymity (CSRD: more visibility/transparency of business practices, CSDDD: liability)

8. How does your company perceive the increased visibility and transparency introduced by the CSRD reporting obligations?

→ *Follow-up*: Do you foresee challenges and opportunities for your company in meeting these obligations?

9. In your opinion, would the CSDDD add to transparency?

## **COMMUNICATION**

The CSRD focuses on stakeholder engagement (shareholders, customers, employees, NGOs...). Reporting serves as a basis for better dialogue with stakeholders, and companies need to report on ways in which stakeholders interests are involved in their policies.

10. How does your company perceive stakeholder engagement in the context of the CSRD?

→ *Follow-up*: How has your company engaged with stakeholders regarding sustainability reporting?

11. In your opinion, in which ways does the CSRD hinder or benefit your company's communication with stakeholders regarding sustainability reporting?

The CSDDD focuses on communication and collaboration between companies, and aims to increase coordination and information exchange between companies. Firms can collaborate in identifying and reducing their actual or potential adverse impacts. The EC and member states can facilitate information exchange between companies.

12. How does your company perceive the CSDDD's aim to increase collaboration and information exchange between companies on sustainability matters?

→ *Follow-up*: In your opinion, is collaboration between companies in order to identify and mitigate harmful impacts on the environment beneficial?

13. Do you think the CSDDD's focus on information exchange creates benefits or challenges for your company?

## **POWER AND SANCTIONING**

The CSDDD addresses power dynamics through supervisory authorities (per member state, oversee compliance and can do inspections and impose sanctions). These sanctions/punishment tools for non-compliance can be: to order the cessation of infringements, pecuniary sanctions, or to adopt interim measures.

14. How do you view the role of the supervisory authorities and other power tools within the CSDDD?

15. To what extent do you think the CSDDD's punishment tools would influence compliance with the directive?

16. In what ways do you perceive the powers of companies?

→ *Follow-up*: Do you foresee any challenges or opportunities in using those powers, for example over the value chain or over consumers?

## **ACCOUNTABILITY**

The CSDDD aims to increase companies' accountability for their harmful impacts, through setting up a prevention action plan and due diligence.

17. How does your company perceive the due diligence/duty of care obligations introduced by the CSDDD?

→ *Follow-up*: Do you foresee challenges and opportunities for your company in meeting these obligations?

18. To what extent does the CSDDD influence your company's sense of responsibility for harmful impacts on the environment?

## **OTHER FACTORS**

19. Do you think that other firms will fulfill the obligations set by both directives?

→ *Follow-up*: Does this influence your company's willingness to fulfill the obligations yourself?

20. To what extent do you think the directives will influence your competition position positively or negatively?

21. Do you perceive any other ways in which the CSDDD and CSRD would facilitate or hinder your environmental efforts?

22. In your opinion, are these directives enough in encouraging environmental action in companies, or do you perceive other mechanisms that would be needed?

## **CLOSING**

Is there anything else you would like to share with me or ask me? Thank you for sharing your insights and perspectives with me.

## Appendix D. Coding tables

**Table 4**

*Deductive coding table*

Theme	Codes	Sub codes
Standardization	Standardized framework <ul style="list-style-type: none"> <li>- Guidelines</li> <li>- Measurability</li> <li>- Comparability</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
	Homogeneity <ul style="list-style-type: none"> <li>- Homogenous standards</li> <li>- Homogenous expectations</li> </ul>	
Transparency	Anonymity <ul style="list-style-type: none"> <li>- Visibility of actions</li> <li>- Honesty</li> <li>- Monitoring</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
	Technology <ul style="list-style-type: none"> <li>- Digitization</li> <li>- Digital platform</li> </ul>	
Communication	Stakeholder communication <ul style="list-style-type: none"> <li>- Involving stakeholders</li> <li>- Input from stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
	Inter-company communication <ul style="list-style-type: none"> <li>- Information exchange with other companies</li> <li>- Best practices/learning</li> </ul>	
Power and sanctioning	Power of authorities <ul style="list-style-type: none"> <li>- European Union</li> <li>- Member states</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
	Power of companies <ul style="list-style-type: none"> <li>- Over supply chain</li> <li>- Over other companies</li> </ul>	
	Sanctioning <ul style="list-style-type: none"> <li>- Punishment</li> <li>- Fines or other measures</li> </ul>	

**Table 4** (continued)

---

Accountability	Accountability <ul style="list-style-type: none"><li>- Responsibility for impacts</li></ul> Due diligence <ul style="list-style-type: none"><li>- Risk assessment</li><li>- Duty of care</li><li>- Liability</li></ul> Cognitive limitations <ul style="list-style-type: none"><li>- Abstractness of climate change</li><li>- Knowledge gap on environmental issues</li></ul>	<ul style="list-style-type: none"><li>- Positive influence of directives</li><li>- Negative influence of directives</li></ul>
----------------	---	---

---



**Table 5**  
*Inductive coding table*

Theme	Codes	Sub codes
Transparency	Reputation <ul style="list-style-type: none"> <li>- Public opinion</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
Competition	Trust <ul style="list-style-type: none"> <li>- Reliance on others to follow rules</li> </ul> Conditional cooperation <ul style="list-style-type: none"> <li>- Influence of other company's actions on own</li> </ul> Competition <ul style="list-style-type: none"> <li>- Level playing field</li> <li>- Market</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
Legal uncertainty	Legal uncertainty <ul style="list-style-type: none"> <li>- Text</li> <li>- Coherence</li> </ul> Guidance <ul style="list-style-type: none"> <li>- European Union</li> <li>- Member states</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
Resources	Monetary  Human <ul style="list-style-type: none"> <li>- Time</li> <li>- Energy</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>
Personal and social norms	Personal values, beliefs, norms <ul style="list-style-type: none"> <li>- Intrinsic motivation</li> <li>- Belief in sustainability</li> </ul> Social norms <ul style="list-style-type: none"> <li>- Prescriptive</li> <li>- Descriptive</li> </ul>	<ul style="list-style-type: none"> <li>- Positive influence of directives</li> <li>- Negative influence of directives</li> </ul>