

# STRENGTHENING STAKEHOLDER ENGAGEMENT WITHIN CORPORATE SUSTAINABILITY REPORTING



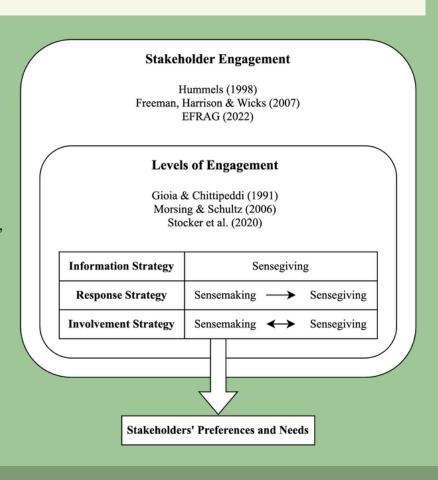
# INTRODUCTION

- Corporate Sustainability Reporting Directive (CSRD) mandates disclosure of environmental, social, and governance performance by more companies starting in 2024
- European Sustainability Reporting Standards (ESRS) require detailed disclosure of stakeholder engagement practices
- CSRD may bring benefits but also pose challenges for stakeholder relationships
- This study classifies the stakeholder engagement methods of the German Transmission System Operator 50Hertz and investigates its stakeholders' preferences and needs

can companies enhance their stakeholder engagement processes within corporate sustainability reporting?

## THEORETICAL FRAMEWORK

- Stakeholders are those who can affect or are affected by the achievement of an organisation's objectives (Freeman, 1984)
- Stakeholder engagement is an iterative problem-solving process that involves interaction, dialogue, and response to stakeholders' interests and concerns, aiming for continuous improvement (Hummels, 1998; EFRAG 2022)



# **METHODOLOGY**

- Qualitative case study approach
- Eight semi-structured interviews in a video-call setting lasting 30 to 45 min
- Purposive sampling: internal and external stakeholders affected by the case company's ESG impact areas

**RESULTS** 

Methods

Participation in

Sustainability Reporting

Barriers

Abductive method of analysis

#### First-order codes Second-order codes Core categories External stakeholder Internal stakeholder ESG matters Duration of the relationship Stakeholder Relationship



Given opportunity to raise sustainability

Asked for feedback on sustainability

Communication Channels

- Involved in identifying material topics Not asked for feedback on sustainability
- Balanced approach Involvement strategy on social issues
- Two-way communi
- Collaboration with external stakeholders Disclosure of impact meas
- Empowerment of people who get engaged Knowledge sharing Low-threshold com New participatory formats
- Simplifying complexities
  Stakeholder-specific strategy ComplexitiesDiscrimination
- Lack of expertise Lack of institutionalised dialogue formats No standardised process One-way communication
- Practicality Risk of supporting greenwashing Time constraints

# Stakeholder Engagement Preferences Desired Situation Areas of Improvement

Level of Engagement

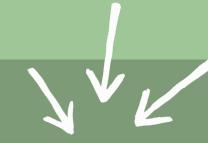
## **DISCUSSION AND CONCLUSION**

#### **INTERNAL STAKEHOLDERS**

- All interviewees actively involved in corporate sustainability reporting
- Preference for a balanced or informative approach
- Only in the social impact area, active involvement is seen as vital
- Standardising materiality assessment with closer employee involvement through lowthreshold internal communication channels
- Encouraging social engagement by offering to dedicate working hours to community service or donate working hours
- Establishing fixed dialogue formats for open and constructive discussions on socially sensitive issues with external professional support

#### **EXTERNAL STAKEHOLDERS**

- No interviewee actively involved in corporate sustainability reporting
- Most interviewees consulted on and involved in corporate sustainability activities
- Contentment with current methods with a preference for collaborations
- Adopting a qualitative approach with carefully selected stakeholders, interviewed based on their expertise and relevant issues
- Developing stakeholder platforms to alleviate resource deficiencies
- Building alliances through collaborations and knowledge sharing
- Creating new and genuine participatory formats with networking opportunities
- Following an educative approach and enhancing transparency



A stakeholder-specific approach tailored to the stakeholder group, their interests, needs, and expertise might enhance corporate stakeholder engagement within sustainability reporting. Using stakeholder platforms could facilitate stakeholders' desire for co-creation and knowledge sharing while tackling time and capacity constraints.