



Sveriges lantbruksuniversitet
Swedish University of Agricultural Sciences

Department of Economics

Assuring sustainability information

- a study on the role of the independent third-party auditor in sustainability reporting assurance

Simon Jonsson

Degree project ▪ 30 hec ▪ Advanced level
Environmental Economics and Management
Degree thesis/SLU, Department of Economics,
No 1287 ▪ ISSN 1401-4084
Uppsala 2020

Measuring and assuring the immeasurable

- a study on the independent third-party auditor's role in sustainability reporting assurance in Sweden

Simon Jonsson

Supervisor: Per-Anders Langendahl, University of Swedish Agricultural Sciences, Department of economics

Assistant supervisor: Jenny Gustafsson Backman, Uppsala University, Department of Business Studies

Examiner: Richard Fergusson, University of Swedish Agricultural Sciences, Department of economics

Credits: 30 hec

Level: A2E

Course title: *Master thesis in Business Administration*

Course code: EX0904

Programme/Education: Environmental Economics and Management, Master's Programme

Responsible dep.: Department of Economics

Faculty: Faculty of Natural Resources and Agricultural Sciences

Place of publication: Uppsala

Year of publication: **2020**

Name of Series: Degree project/SLU, Department of Economics

Part number: 1287

ISSN: 1401-4084

Online publication: <http://stud.epsilon.slu.se>

Keywords: *assurance, sustainability assurance, sustainability reporting, environmental reporting, NFRD, GRI, triple bottom line*

Swedish University of Agricultural Sciences

Faculty of Natural Resources and Agricultural Sciences

Department of Economics

Acknowledgements

I want to thank my supervisors Per-Anders Langendahl and Jenny Gustafsson Backman. Your guidance and support helped me throughout the thesis project, and this thesis would not have been the same without it. I also want to thank my seminar colleagues for insightful comments and feedback. Lastly, I wish to thank the interview respondents for their participation and all their interesting answers and thoughts. All of you contributed in making this thesis possible.

Abstract

This thesis aims to provide a better understanding on the phenomenon of assurance of sustainability reports (SR) in Sweden by studying the role of the auditor through the lens of institutional theory. The subject is specifically relevant to sustainability managers, auditors and accountants as well as policy makers. The thesis gives an insight into the role of the auditor today and the possible role of this professional in the future, through studying why and how auditors work to establish and maintain themselves as assurance providers of non-financial information.

The research question is answered through an empirical, qualitative study of the phenomenon of third-party assurance of sustainability reports communicated to external stakeholders. Empirical data has been collected through semi-structured interviews with experts in the field, i.e. sustainability auditors and company sustainability managers.

The empirical findings of this study show that auditors use a set of institutional work types to establish them as assurers of information in SRs, including advocacy of their own established assurance standard, mimicry of existing financial audit practices and education of company actors in how to develop internal sustainability reporting practices. Based on the results of this study, it seems that auditors proactively try to create and maintain a role as assurance provider in hope to constitute a central part in the development of both external corporate reporting and actual internal corporate practices involving the aspect of sustainability.

Abbreviations

SR: Sustainability report

SA: Sustainability assurance

NFRD: The Non-Financial Reporting Directive, *Directive 2014/95/EU*

AAC: Annual Accounts Act

GRI: Global Reporting Initiative

FAR: Föreningen Auktoriserade Revisorer

ISAE3000: The globally used assurance standard by professional auditors

RevR6: The Swedish assurance standard, developed by FAR. An application of ISAE3000.

RevR12: The Swedish guideline on the auditor's statement on the statutory sustainability report, developed by FAR

Contents

1. INTRODUCTION	1
1.1. BACKGROUND AND RESEARCH PROBLEM	1
1.2. AIM AND DELIMITATIONS	4
1.3. STRUCTURE OF THE THESIS.....	5
2. SUSTAINABILITY REPORTING AND THE ASSURANCE OF IT	6
2.1. SUSTAINABLE DEVELOPMENT	6
2.2. ANNUAL REPORTS AND SUSTAINABILITY REPORTS	6
2.2.1. <i>The Global Reporting Initiative (GRI)</i>	7
2.3. STATUTORY SR ACCORDING TO NFRD AND AAC.....	8
2.3.1. <i>The Non-Financial Reporting Directive (NFRD)</i>	8
2.3.2. <i>Swedish implementation of NFRD</i>	8
2.4. AUDITING AND ASSURANCE OF SUSTAINABILITY INFORMATION.....	10
2.4.1. <i>The role of the auditor</i>	10
2.4.2. <i>The assurance engagement</i>	11
2.4.3. <i>Assurance standards – ISAE3000, AA1000AS & FAR’s recommendations</i>	12
2.4.4. <i>Previous research on assurance of SR</i>	13
3. THEORETICAL FRAMEWORK	15
3.1. INSTITUTIONAL THEORY	16
3.2. ANALYTICAL FRAMEWORK BASED ON INSTITUTIONAL WORK THEORY	16
4. METHOD.....	19
4.1. RESEARCH DESIGN	19
4.1.1. <i>Qualitative study</i>	19
4.1.2. <i>Unit of analysis</i>	20
4.2. LITERATURE SEARCH AND REVIEW	20
4.3. SAMPLING STRATEGY	21
4.3.1. <i>Sustainability auditors</i>	21
4.3.2. <i>Company representatives</i>	22
4.4. DATA COLLECTION AND ANALYSIS.....	23
4.4.1. <i>Interviews</i>	23
4.4.2. <i>Interview guide</i>	24
4.4.3. <i>Analysis of interview data</i>	24
4.5. QUALITY OF THE RESEARCH	25
4.5.1. <i>Reliability, replicability and validity</i>	25
4.5.2. <i>Reflexivity</i>	25
4.6. ETHICAL CONSIDERATIONS	26
5. EMPIRICAL FINDINGS	27
5.1. EXISTING INFLUENCES AND CONSTRAINTS	28
5.2. TYPE OF INSTITUTIONAL WORK	31
5.2.1. <i>Mimicry</i>	31
5.2.2. <i>Advocacy</i>	32
5.2.3. <i>Educating</i>	32
5.2.4. <i>Policing</i>	33
5.2.5. <i>Embedding and routinizing</i>	34

5.3. MECHANISM(S) USED	35
5.4. NEW OR EXISTING INSTITUTIONS	36
5.5. AUDITOR’S INSTITUTIONAL OBJECTIVES	37
5.6. SUMMARY OF FINDINGS AFTER ANALYSIS	38
6. DISCUSSION AND ANALYSIS.....	40
6.1. HOW IS THE ROLE OF THE AUDITOR SHAPED BY THE AUDITORS AND THEIR SURROUNDING?	40
6.2. HOW DO COMPANIES AND AUDITORS PERCEIVE THE ROLE OF THE AUDITOR, TODAY AND IN THE FUTURE?.....	41
7. CONCLUSION.....	43
7.1. FURTHER RESEARCH.....	43
8. BIBLIOGRAPHY	45
8.1. LITERATURE AND PUBLICATIONS	45
8.2. INTERNET	49
9. APPENDIX 1: INTERVIEW GUIDE	51

List of figures

<i>Figure 1. Model of the formal role of auditors in the context of statutory sustainable reporting in Sweden</i>	11
<i>Figure 2. Model of the abductive research method used in the study</i>	20
<i>Figure 3. Illustration of applicable part of analysis model</i>	28
<i>Figure 4. Illustration of applicable part of analysis model</i>	31
<i>Figure 5. Illustration of applicable part of analysis model</i>	35
<i>Figure 6. Illustration of applicable part of analysis model</i>	36
<i>Figure 7. Illustration of applicable part of analysis model</i>	37

List of tables

<i>Table 1. Model for the analysis of auditors' institutional work. Revised from Farooq and de Villiers' (2019) "New model for the analysis of institutional work"</i>	17
<i>Table 2. Summary of key words used in literature search</i>	21
<i>Table 3. Summary of sustainability auditor interviews</i>	21
<i>Table 4. Summary of company representative interviews</i>	22
<i>Table 5. Analysis model based on institutional theory</i>	27
<i>Table 6. Summary of findings and implications according to the analysis model</i>	39

1. Introduction

Chapter 1 provides a background to the area of sustainability reporting as well as the assurance of it. The overall objective of this study and associated research question is then presented, followed by an outline of the thesis.

1.1. Background and research problem

As the world in the last decades has seen a steady increase in awareness and debate regarding sustainability, the issue of sustainable development has become engraved in the public mind. A growing general concern in society about the impacts of economic activity on the natural and social environment has called for organizations to communicate performance information that encompasses a broader accountability, not only toward financial stakeholders but also toward society as a whole.

The issue of corporate sustainability is nothing new. It has been in development for decades, and has had a steady increase in the general awareness as well as an increase in application by companies. Sustainability is defined in the Brundtland report (WCED, 1987, p. 8) as when we “ensure that development meets the needs of the present without compromising the ability of future generations to meet their own needs”.

The idea that a company is responsible on an environmental and social level toward its stakeholders and environment, that its responsibility exceeds that of just the financial, is the foundation of sustainable economies and societies. At the 2020 World Economic Forum in Davos, the overarching theme was “stakeholder capitalism”, a move from a focus on the traditional shareholder towards all stakeholders (WEF, 2020). *The Davos Manifesto* was presented, which declares that the purpose of any business today is extended from just being an economic unit generating wealth into being a responsible actor for both environmental and societal issues, that itself is a stakeholder towards its surrounding (ibid.). That is accompanied by an increased general awareness about environmental and social issues as well as regulatory changes (Gillet-Monjarret and Rivière-Giordano, 2017; Mori et al., 2014).

The inclusion of non-financial information in company reporting is increasing on a global level and in 2017, as much as 78% of the world’s largest corporations integrated a sustainability report (SR) in their annual report (KPMG, 2017). A sustainability report issued by a company has an underlying intent of providing information, a voluntary disclosure of information, that otherwise stakeholders or the market would not have had access to (Gillet-Monjarret and Rivière-Giordano, 2017; Hahn and Kühnen, 2013; Simnett et al., 2009). The general rule regarding voluntary disclosure is that companies are to disclose what ever information that is material to its stakeholders, may they be investors, suppliers, customers or government (Heitzman et al., 2010; Mori et al., 2014). It is also in many cases based on a cost-benefit analysis by the management, that they choose to disclose information when the benefit exceeds the cost for it, with the cost being future market risks and a lack of legitimacy towards the society (Deegan et al., 2006; Gillet-Monjarret and Rivière-Giordano, 2017).

Since 2017, it is in Sweden regulated in the Annual Account Act (AAC) that companies meeting a set of requirements regarding turnover and number of employees are to report on their sustainability operations in a statutory sustainability report, either separate or included in their annual report (SFS 1995:1554). The regulations are in large an extension of the *Directive 2014/95/EU* (the Non-Financial Reporting Directive, henceforth called NFRD), implemented by the European Commission in 2014 as a way to stimulate regulations regarding non-financial reporting (EC, 2014). NFRD act as a guideline for domestic regulations, for example the AAC in Sweden, and it is up to each country to implement it into their legislation.

When Swedish legislation implemented the NFRD, the criteria were set so that also smaller-sized companies are now obliged to provide external stakeholders with a SR. From the pre-works of the law change, it can be found that they did this with the argument that it would lead to a broader implementation of internal sustainability practices among companies (Prop. 2015/16:193). The legislators also identified that a possible effect of this implementation was increased costs for reporting and assurance services, which is why they also chose to adopt a lower level of reporting, equivalent to “comply or explain”, meaning that companies have to either disclose relevant sustainability information or explain why they don’t disclose what could be relevant (Håkrek and Wolniak, 2013; Prop. 2015/16:193).

The regulations, both the NFRD and ACC, are clear on the fact that companies are to produce a report, but they are fairly sparse in their requirements about what this report should encompass or on what basis the content of the report must rest. It is stated that an SR is to be published containing information about risks and possibilities relevant to the entity’s operations as well as non-financial key performance indicators (KPIs) relevant to the operations (EC, 2014; SFS 1995:1554). Still, the lack of specified descriptions on what risks or KPIs to be reported, leads in practice to a substantial amount of discretion for the producers of these reports.

In the implementation of the NFRD, the legislators also chose a lower level of assurance of the disclosed information, where the responsible auditor of each company is obliged to make a statement as to whether or not a statutory report has been produced (Prop. 2015/16:193). This means that the auditor does not do an audit of the actual information in the report, but merely a sign off that the report is produced according the legal requirements in AAC (PwC, 2019). This can be set in relation to the higher level of assurance, a reasonable assurance, in which the auditor is reviewing the actual content of the report, more in line with a traditional financial audit (IAASB, 2013).

A recent study show that in a sample of 124 middle-sized Swedish companies that all was in a development phase regarding sustainability reporting, 9% of those companies did not even publish the statutory SR in the Annual report or on the web page (KPMG, 2019). There is thus an on-going development of the sustainability reporting practices among Swedish companies and still challenges facing the acceptance and implementation of the regulatory changes in AAC.

The communication of information from a company in form of annual reports, as it exists in a business context made up of companies striving for profit, needs to be legitimized towards it’s receivers (Deegan et al., 2006; Gray et al., 1996, p. 38). The traditional way to legitimize and give credibility to information is to have it audited or assured by a third party, for example an auditor (DeFond and Zhang, 2014). This has traditionally been a way to ensure that management of the company acts in the interest of the shareholders, i.e. a way of enabling control and accountability (ibid.). As of today though, the purpose of having the information audited and assured extends from the relationship between management and shareholder, to

apply to the relationship between the company and all its stakeholders (Hahn and Kühnen, 2013).

Auditing and third party assurance as a guarantee of reliability and credibility of the reported financial information is thus essential in annual reports. As communicating information regarding sustainability has become increasingly integral in these corporate reports, a natural step seems to have been to include the sustainability reporting in this auditing and third party assurance. This is reflected in the increasing global prevalence in both publishing and assuring the SR (Mori et al., 2014; O'Dwyer, 2011). The practice of both publishing as well as assuring the SR is spreading and increasing among the world's economies, both in developed and emerging economies (Mori et al., 2014). Since the publication of SRs has been voluntary, the assurance by a third party has been a way to increase the credibility of it, which in turn is important to the stakeholders (Park and Brorson, 2005; Simnett et al., 2009). Furthermore, (Park and Brorson, 2005) shows that the motives for assuring sustainability information concerns credibility of information, a response to stakeholder demands and an improvement of internal reporting and corporate performance. Also it is of interest to include the idea of assurance of reported sustainability information as a driver of transparency, thus putting the subject of sustainability of companies' agenda and facilitating organizational change (Gray et al., 1995).

As described above, from 2017 it is stated in AAC that for companies obliged to present a statutory SR, an auditor is to leave a written statement attached to the SR regarding whether or not the report is produced and presented according to the legal requirements (SFS 1995:1554). This statement is the minimum level of assurance of an SR when complying with Swedish laws and regulations. Companies also have the option to provide a more extensive assurance of the SR, but this action is entirely voluntary in Sweden. This stand in contrast to other countries, for example France, chose to adopt NFRD in another way, as they have regulated that a statutory reasonable assurance is to be done of the SR, thus leaving less room for discretionary actions regarding third-party assurance (Mnif et al., 2019).

In Sweden, companies thus have the decision between different levels of assurance of SR, in which the assurance process is more thorough or more limited. A *limited* assurance is an assurance process where the third-party assurer, the auditor, conducts only a brief review of the report, whereas a *reasonable* assurance is extended to a deeper review of the whole report or certain selected parts (IAASB, 2013). A *reasonable* assurance could be described as being equivalent to the level of certainty of a traditional financial audit. This implies that the term *limited assurance* will allude to more limited assurance engagements, while the term *reasonable assurance* will allude to the more thorough practices of a voluntary assurance engagement.

There are regional and cultural differences in sustainability reporting in the world, where, according to Zorio et al. (2013), Sweden is a country in the forefront of the development of SRs and therefore interesting to study in the perspective of SR assurance. Also, as shown by a study by the auditing company PwC (2019) on 100 middle-sized Swedish companies, 65% of the studied companies didn't add the statutory assurance statement by the auditor in the SR. This further warrants a discussion on the usage of assurance and how the concerned parties regarding production of SRs, the company and the auditor, perceive the usage of it.

In terms of the demand and need of it, assurance of SRs could be argued to be equivalent to assurance of financial reports. In reality though, as research show, the practice of assurance of SR is varying from different contexts and even from different companies in the same industries (Gillet, 2012; Kolk and Perego, 2010; Mori et al., 2014; Simnett et al., 2009). As for research

on the area, there is a significant amount of studies on the phenomenon of SR assurance, both globally and on a European level (Gillet-Monjarret and Rivière-Giordano, 2017; Mori et al., 2014; Simnett et al., 2009). For the Swedish context though, and particularly in today's situation of both voluntary as well as mandatory assurance practices, there is a lack of knowledge and insights. Park and Brorson (2005) studied third-party assurance of voluntary reports in Sweden, although that study was on circumstances before the law change of 2017, thus only on voluntary assurance engagements.

So, the situation in Sweden today is a unique one, with both a minimum mandatory assurance level and a higher voluntary audit level, when it comes to sustainability information. In that situation, the auditor is a key player, working both as a controlling party as well as a driver and developer of sustainability practices, routines and standards.

The role of the auditor is something that researchers have studied to some extent. Farooq and de Villiers (2019) showed that there is a will among assurance providing auditors to be the one and only provider of sustainability assurances. They also showed that there is a critique toward financial auditors and their preferred assurance standard for being inflexible and out of touch with sustainability objectives. That goes in line with other researchers pointing out that it's complex and challenging to construct new sustainability assurance services, and that auditors have a key role as they are facilitating transformation of practices from the financial to the sustainable area (Deegan et al., 2006; Farooq and de Villiers, 2019; O'Dwyer, 2011; O'Dwyer et al., 2011).

From the research about auditor's role in sustainability assurance and auditing, there is an apparent gap in knowledge about the role of auditors and their effect on sustainable development. No research has taken the approach to in-depth study the case in the Swedish context, one with both wide-spread mandatory sustainability assurance as well as voluntary sustainability audit. Studying the phenomenon of SR assurance in this setting is necessary to understand the challenges and possibilities facing the audit profession as well sustainability assurance. From the auditor's role in the Swedish context, with a framework of regulations and standards that are in rapid development, the following research question can be phrased:

- What is the role of the auditor in the assurance process of sustainability information?

1.2. Aim and delimitations

The aim of the study is to empirically investigate the role of the auditor in SR assurance. Through the above stated research question we can seek to understand what the role of auditors is, how the role has been established and how the role is developing.

Studies regarding SR and assurance of SR has in some part focused on what is reported and what is assured, i.e. the quality of the content in the SR (Hahn and Kühnen, 2013). That approach is certainly of interest and of relevance as to understand the content of non-financial information as well as its effect on the receiver. The quality of sustainability information is however not in the scope of this study. While assurance and auditing of SR may lead to a sense of quality for the reported information (Cho et al., 2014; Park and Brorson, 2005; Simnett et al., 2009), this study tries to address the role of the third-party auditor. Furthermore, the other side of the spectra, the actual assurance, is also subject to different levels of perceived quality (DeFond and Zhang, 2014; Zorio et al., 2013). While assurance quality could be important to explore further when applied to SR, the focus of this thesis is not to engage in that area, but rather use it as one of the tools in the analysis.

1.3. Structure of the thesis

The rest of the thesis is structured as following: Chapter 2 contains a presentation of the area of sustainability reporting and the applicable assurance of it. In chapter 3, the theoretical basis is presented with an analytical framework applicable to the aim of the thesis. Chapter 4 presents the choice of method to answer the research question, including some methodological reflections. Chapter 5 presents the empirical findings using the analysis model presented earlier. Chapter 6 provides a discussion on the findings, and chapter 7 offers the conclusions of this study.

2. Sustainability reporting and the assurance of it

Chapter 2 gives a presentation of the sustainable development and the idea of annual and sustainable reporting. Thereafter, the circumstances of the Swedish context is presented, followed by a walkthrough of the concept of sustainability assurance along with a review of previous research.

2.1. Sustainable development

Sustainability is the key term when speaking about mankind's future interactions with environment (Gray and Bebbington, 2001, p. 294). In previous decades there was an idea that societal and environmental responsibility on one hand and company growth on the other, were two separate and opposing ideas, that there is a zero-sum game where companies who choose to be socially and environmentally responsible do that on the cost of growth (Porter and Kramer, 2006). In reality, as economic development has shown, the concept of being a responsible actor towards society, environment and stakeholders is interconnected to financial growth and a necessity for success today (Gray and Bebbington, 2001, p. 220; Hahn and Kühnen, 2013; Porter and Kramer, 2006).

The idea of sustainable development has been a concept that has influenced accounting theory for some time (Frostenson, 2015, p. 114). The area of sustainability reporting is located in the broader field of accounting theory and could be said to have its own field of research, although based upon the theories of accounting (ibid.). Accounting and accountability theories are about the duty and the need of providing accounts and information on what one is held responsible for (Gray et al., 1996, p. 38), for example sustainability information from a company to its stakeholders.

In the accounting research, within which the area of sustainability reporting is set, there is the question of paradigms. One paradigm is the economic paradigm, in which we perceive knowledge about accounting to be acquired through studying quantitative data and making advanced quantitative models (Frostenson, 2015, p. 52). An alternative paradigm is the critical one, in which we assume that there are deep structural settings and conflicts in society, of which one need to be aware in order to analyse the subject existing there, for example accounting practices (Frostenson, 2015, pp. 53–54). The latter paradigm is of interest to have in mind when looking at sustainability reporting, as it is based upon qualitative aspects and developed from a societal need of non-financial information (Gray and Bebbington, 2001, pp. 11–15).

2.2. Annual reports and sustainability reports

Financial accounting and financial reporting is about the information, according to law, regulation or voluntary, that a company gives to its external stakeholder, and which stakeholder bases their financial decisions upon (Frostenson, 2015, p. 26). As the financial accounting has been standardised and formalized throughout decades of application, the more recent development of the sustainability reporting is harder to explain. There is difficulties in applying the financial framework of operations to the sustainability operations, and the complex nature

of sustainability data, with in large degrees qualitative data, is hard to fit in the traditional financial model (O'Dwyer, 2011).

The development of SRs could be argued to be driven by companies and its stakeholders (Hahn and Kühnen, 2013). As stakeholders identify specific areas on which they perceive the companies should report on or present information about, the companies thus feel obligated to meet those demands and perceptions (Kolk and Perego, 2010). What areas in the SRs that are developed differs from case to case, as different stakeholders have different demands, and different companies identify differently what stakeholders that are of most importance to satisfy. When it thus develops, the possible lack of regulations is identified by actors, may they be government, companies or perhaps NGOs. One example of an implemented regulation like that is NFRD and the Swedish regulation of statutory SR publication in the AAC.

The development of sustainability reporting practices can also be viewed as being a case of normative isomorphism, meaning that units, in this case companies, that exist in the same setting and under the same structure tend to adopt the operations and actions from one another (DiMaggio and Powell, 1983). In the case of SR development, it is reflected in the ways the professional accounting and reporting principles of the financial data are spreading to the non-financials, as well as among different companies (Kolk and Perego, 2010). (DiMaggio and Powell, 1983) further argues that isomorphism enhances the companies' long-time survival and stability and that it facilitates institutional legitimacy and political power. By this reasoning, companies can modify its operations and behaviour regarding sustainability practices, disclosures and the assurance of it, according to the environment and social settings it exists in as well as the social surrounding that is created (Kolk and Perego, 2010; Martínez-Ferrero and García-Sánchez, 2017).

There could be both advantages and disadvantages in regulating SR publication, with advantages being increased standardisation, comparability and transparency (Hąbek and Wolniak, 2013). The disadvantages could be a lack of knowledge and understanding between the regulatory party and the companies responsible of implementing the regulations, that a broad standard may not fit all organisations and operations (Hahn and Kühnen, 2013).

2.2.1. The Global Reporting Initiative (GRI)

The GRI GSSB (Global Sustainability Standards Board) is an organisation that offers standards on non-financial reporting (GRI, 2020a). The division in GRI 200 Economic, GRI 300 Environment and GRI 400 Social follows the three parts of the classic triple bottom line and the standards are applicable for the beginning of year 2018 and forward (GRI, 2020b). The Global Reporting Initiative (GRI) is by far the most common guideline for sustainability reporting on a global scale, used by 75% of the 250 biggest companies in the world (KPMG, 2017).

The GRIs are used by companies as guidelines on what to report, depending on the specific areas that they have identified as material to their operations and stakeholders. The guidelines are extensive and offers guides on all areas relating to non-financial information by a company (GRI, 2020b).

2.3. Statutory SR according to NFRD and AAC

2.3.1. The Non-Financial Reporting Directive (NFRD)

The Directive 2014/95/EU, called the Non-Financial Reporting Directive (NFRD), regulates the disclosure of non-financial and diversity information. In EU, with beginning for periods on or after 1 January 2017, public interest entities with over 500 employees, approximately 6000 companies, are required to report non-financial information annually (EC, 2014). The Article 19a section 1 in the directive contains directions for how the reporting should be conducted, for example the following set of points:

“(a) a brief description of the undertaking's business model;

(b) a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented;

(c) the outcome of those policies;

(d) the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;

(e) non-financial key performance indicators relevant to the particular business.”

In the same article as above, the following sections are included regarding how the information is to be assured:

“5. Member States shall ensure that the statutory auditor or audit firm checks whether the non-financial statement referred to in paragraph 1 or the separate report referred to in paragraph 4 has been provided.

6. Member States may require that the information in the non-financial statement referred to in paragraph 1 or in the separate report referred to in paragraph 4 be verified by an independent assurance services provider.”

From section 5 above, it can be understood that member states, for example Sweden, shall ensure that the minimum level of assurance is one where the auditor states whether or not the SR is provided. Section 6 also adds that member states have the possibility to demand a higher level of assurance of the SR (a reasonable assurance), where the report is *verified*, meaning that the actual content of the report is assured.

2.3.2. Swedish implementation of NFRD

As an extension to, and as a national implementation of the regulations stated in the *NFRD*, it was added in AAC that Swedish public companies are to present an SR if a certain set of requirements are fulfilled. Every entity that for each and every of the last two years lived up to at least one of the following three requirements are to present a SR: 1) the average number of employees during the year was more than 250; 2) the net balance was 175 million; 3) the net turnover was more than 350 million SEK (6th chapter 10§ AAC).

The Swedish legislators have interpreted NFRD in a broader way than other member countries and have chosen to lower the threshold and requirements for what companies that are affected by the legislation, from an average of 500 employees to 250 (Prop. 2015/16:193). That means that more and smaller companies are affected by the regulations than in other EU countries. Of the approximately 6000 affected companies overall in the EU at the time of the implementation of the directive, around 1600 were Swedish (EU, 2019; KPMG, 2019). The Swedish legislators argued that this lowered threshold would mean more companies are affected by the requirement to publish SR, which in turn leads to a broader implementation of sustainability practices throughout all industries (Prop. 2015/16:193).

The legislators further identified that the lowered threshold will lead to higher costs for more companies in terms of reporting and assurance costs, which is why they chose to accept a lower level of assurance, i.e. one where the auditor only is obliged to state whether or not a statutory sustainability report has been produced (PwC, 2019). Sweden thus chose not to adopt the demand of reasonable assurance of sustainability reports (section 6, article 19a of NFRD),

The regulations in AAC are in large similar to the NFRD in the description of how the reporting is to be conducted. The 6th chapter, 12th § in Annual Accounts Act (1995:1554) states:

“The Sustainability Report should include the sustainability information needed to understand the company's development, position and results and the impact of the business, including information on issues related to the environment, social conditions, personnel, respect for human rights and anti-corruption. The report should state

1. the company's business model;

2. the policy that the company applies to the issues, including the review procedures that have been carried out;

3. the result of the policy;

4. the material risks related to the issues and are linked to the business of the company including, where relevant, the business relationships, products or services of the company that are likely to have adverse consequences;

5. how the company manages the risks, and

6. key performance indicators that are relevant to the business.”

At a study of what is actually said in the regulations, one can understand that entities are to report on non-financial matters, but it does not say how to do it. It says though under (6) that the entities are to report on “key performance indicators that are relevant to the business.”, but not what these indicators are. There is thus a large amount of discretion on the matter and much is left to the standard setters to make up the accounting and reporting standards.

In the pre-works for the law change in AAC, it is also open for interpretation on what is meant by “in accordance to legal requirements” in regard to what information is to be included in the SR, which could be experienced as blurry or unclear. It is though stated that the assessment is not be based on what is material to the company, but to the stakeholders of it (Prop. 2015/16:193).

In the AAC it is also stated that if a statutory sustainability report is published, the company's auditor is to make a statement as to whether or not a statutory sustainability report has been presented in accordance to the regulations in AAC. This statement is what is meant when talking about an assurance statement. As noted before, the company can choose to do a more extensive audit or assurance on the SR, but this assurance statement is the minimum requirement when complying to the Swedish laws and regulations.

The requirement regarding a statement from the auditor means that the SR, along with the corporate governance report, is exempt from the audit that the rest of the annual report is subject to. The statement is therefore only a sign off that the report is according to what is stated AAC. Any other review, for example a more thorough assurance or a review from a third-party that is not the auditor, is thus voluntary.

2.4. Auditing and assurance of sustainability information

The process of providing reports from a company is to create accountability in the relationship between the giver and the receiver of the information (Gray et al., 1996, p. 38). In social and environmental accounting, the reporting entity is creating accountability by providing information to the party with the right to access the accounts (Gray et al., 1997). It is the same idea as in traditional financial accounting, except that instead of the shareholder, the proposed receivers are the stakeholders (ibid.). The third party assurer in turn needs to be independent in order to assure, towards the stakeholders, that the report gives a fair and true picture of the company (Deegan et al., 2006; Hahn and Kühnen, 2013).

2.4.1. The role of the auditor

From the literature on the phenomenon of SR assurance in Sweden, the role of the auditor in this context can be illustrated as below in *Figure 1*. The independent auditor get it's guidelines for how to conduct an assurance through the standards established by the standard setting organisations, IASB and FAR. The assurance is done on the reported sustainability information from the company through the SR, with the assurance report being the formal product going back to, and being added to, the SR. From literature on the auditor's role though, including research articles (Farooq and de Villiers, 2019; Gillet, 2012; Park and Brorson, 2005), regulations (FAR, 2020a; IAASB, 2013) and pre-works (Prop. 2015/16:193), one can identify that the auditor also work as a mediator of feedback and improved practices, both towards the reporting entity as well as to the standard setters. The auditors can provide feedback to the company on accounting practices, measuring tools and guidance on how to improve and make the sustainability and reporting practices more effective (Farooq and de Villiers, 2019; Fernandez-Feijoo et al., 2012; Perego, 2010). They also provide feedback and insights of improvement to FAR and IASB, for the standards to be better adapted to the current circumstances.

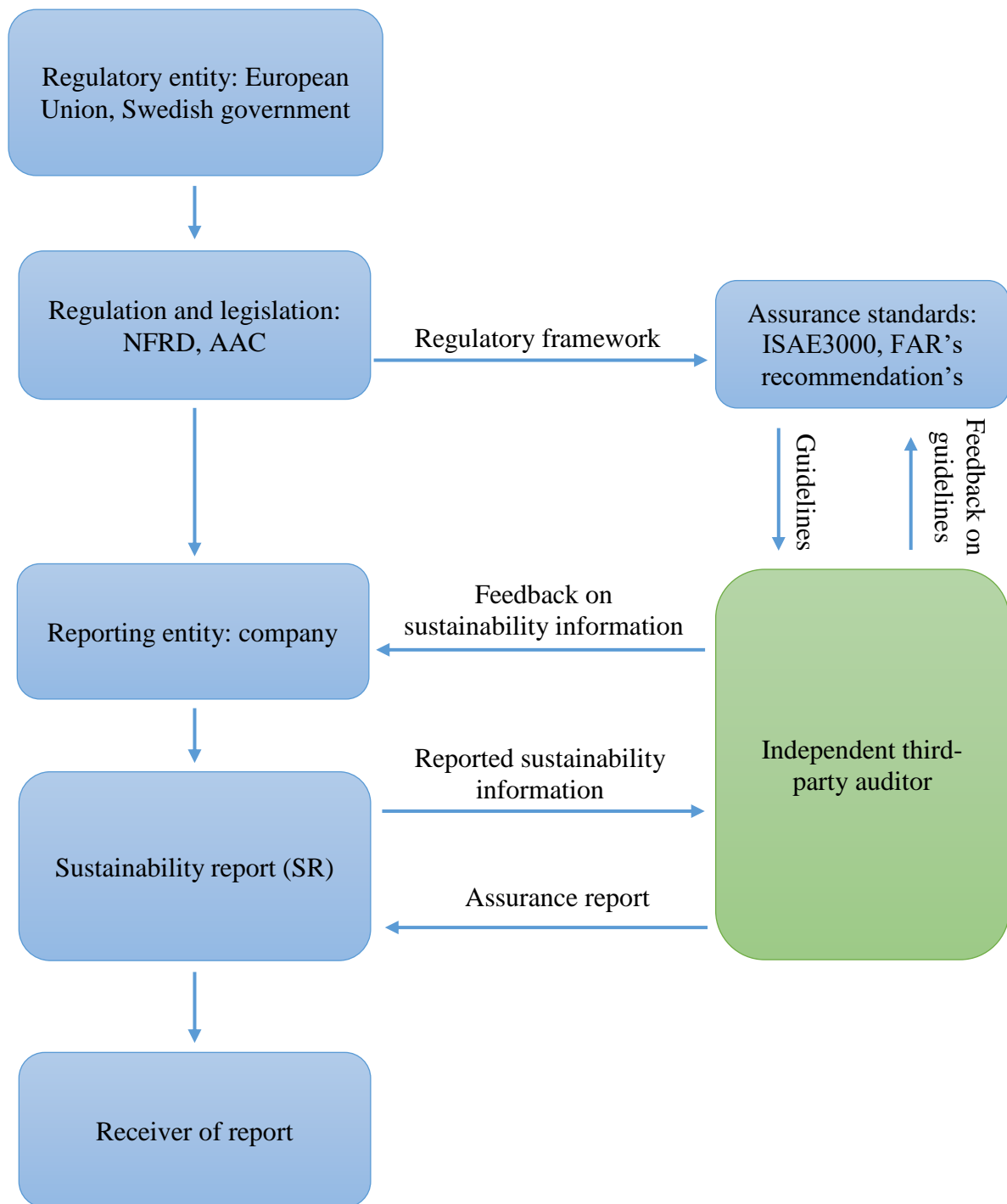


Figure 1. Model of the formal role of auditors in the context of statutory sustainable reporting in Sweden

2.4.2. The assurance engagement

According to ISAE3000, an assurance assignment is an assignment where an auditor has the ambition of collecting sufficient and relevant evidence to be able to leave a statement designed to increase the degree of trust among parties other than the one responsible for the result or the assured object (IAASB, 2013).

For assurance statements there are different levels of scope, a reasonable assurance and a limited assurance, with the first one being more extensive in its process while the other is less extensive and leaves room for a higher degree of uncertainty in the final statement (IAASB, 2013). A limited assurance statement is used in many SRs in Sweden today and is designed as a process in which the auditor reviews the evidence of the assured object to the extent that a statement can be made about whether or not the auditor has any reason to believe that the object is not according to legal requirements (FAR, 2020a).

In auditing, when deciding on the boundaries of when an audit or assurance is complete, or the undertaken auditing commitment is fulfilled, it is spoken of in terms of comfort (Carrington and Catasús, 2007). As sustainability assurance is an underdeveloped discipline, in relation to financial auditing, there are difficulties for auditors to define comfort in their engagements, which is a challenge in the development of the standards and the practices used (Edgley et al., 2010).

2.4.3. Assurance standards – ISAE3000, AA1000AS & FAR's recommendations

ISAE3000 (International Standards on Assurance Engagements) is a standard set out by IAASB (International Auditing and Assurance Standards Boards), containing a framework of how to conduct auditing and assurance on non-financial information (IAASB, 2013). The ISAE3000 is the globally most used standards by professional accounting assurance providers, i.e. auditors, and it aims at setting an international standard and thus reducing variability in the assurance procedures and statements (IAASB, 2013). Although the ambition to being a uniform standard, studies have shown that there is variability in ISAE3000 assurance statements, mainly in emerging economies where there is a lack of underlying sustainability assurance standards and procedures, despite the recommendations and intention of ISAE3000 (Janggu et al., 2013; Mori et al., 2014).

AA1000AS (the AccountAbility AA1000 Assurance Standards) is the other commonly used standard by assurance providers, set out by the organization AccountAbility (AccountAbility, 2020). It is preferably used by non-accounting assurance providers and is more focused on practical sustainability practices and processes in different organisations, not necessarily companies (Kolk and Perego, 2010).

The Swedish standards on assurance of non-financial information, developed by FAR, is based on the ISAE3000 framework, although adjusted to the Swedish context (FAR, 2020a). All Swedish professional auditing firms comply with these standards.

What information the auditor is to give in his report/statement is depending on the type of assurance engagement, whether it's the statement regarding the statutory SR or if it's an assurance or audit of voluntary sustainability information exceeding that of the minimum legal requirements. FAR offers auditing recommendations and standards for both types of engagements: *RevR12*, regarding the statutory SR according to AAC and *RevR6*, regarding sustainability accounting and information exceeding that of the minimum legal requirements in AAC. In practice, *RevR6* is an application of ISAE3000, working as an explanation on how to conduct an assurance engagement in a Swedish context (FAR, 2020b).

From 2017 and forward, applicable to the law change in AAC regarding mandatory SR publication, the standard *RevR12 The auditor's report on the statutory sustainability report* is used (FAR, 2020c). It is a guideline on how the assurance should be conducted as well as how it should be presented in form of an official statement added to the SR. The level of assurance

in this engagement is described as following: “*This means that my (our) examination of the statutory sustainability report is substantially different and less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden.*” (FAR, 2020c). It can be understood that this standard is aimed towards the statutory SR, for companies living up to the minimum legal requirements.

In a simplified explanation of the Swedish context, it can be said that sustainability information included in the report is: a) limitedly assured through RevR12; b) reasonably assured through RevR6 or; c) a combination of both. In *RevR6 Assurance of sustainability information*, it is stated that it is not applicable on SRs according to AAC 6:10, i.e. it’s not applicable to statutory reports that companies meeting the requirements on employees and turnover are to produce (FAR, 2020b). RevR6 is thus applicable on assurance engagements of sustainability information generally, and offers a deeper assurance than RevR 12, which is more off a sign off. Companies can though give their auditor the mission of reviewing their sustainability information according to RevR6, leading to a combined statement by the auditor, including both a reasonable assurance according to RevR6, as well as a the statutory statement according to RevR 12 (FAR, 2020c).

2.4.4. Previous research on assurance of SR

The reasons for assuring sustainability information include responses to various forms of normative and mimetic pressure, in order to obtain legitimacy and credibility (Dando and Swift, 2003; Farooq and de Villiers, 2019; Gillet-Monjarret, 2018). Park and Brorson (2005) studied the drivers of sustainability assurance in Sweden and found that companies want to assure sustainability information in order to get guidance on how to develop internal reporting practices as well as to increase the credibility of the information. The authors also found that reasons for not assuring was the costs of assurance as well as lack of evidence that assurance increases credibility. Research since has though given evidence on the fact that sustainability assurance do increase credibility (Gillet-Monjarret and Rivière-Giordano, 2017; Hahn and Kühnen, 2013; Simnett et al., 2009; Zorio et al., 2013). The overall perceived quality of the SR is also increased when assurance is applied (Moroney et al., 2012).

Researchers have found that there is greater credibility of the SR when it’s assured by a professional accountancy firm (Cho et al., 2014; Pflugrath et al., 2011). There is also results showing that professional accountancy firms and auditors issue better assurance statements than non-accounting consultants (Fernandez-Feijoo et al., 2012). O’Dwyer (2011) studied the evolvement of assurance procedures and the tensions between accountants and non-accountants, and found that there are difficulties in transferring practices and techniques from the financial area to new assurance areas, such as sustainability information. The development of assurance practices for SR is a case of transformation of practices and rules from the financial auditing area, giving space for accountants and auditors to shape the process (Kolk and Perego, 2010).

Hodge et al. (2009) found that a high level of assurance of SRs, a reasonable in comparison to a limited one, affects the reader’s perception of the reported information positively. The authors also found that when the assurance level is reasonable (high), the readers put more trust in the reported information if the assurance provider is a top accountancy firm rather than a consultant, while in the case of limited level assurances (low), there were no difference whether it were provided by an accountancy firm or not (ibid.). Perego (2010) found similar results, that the usage of Big 4 accounting firms as assurance providers positively affect the quality of assurance in terms of assurance procedures and reporting format.

For international assurance standards, such as ISAE3000, it has been found that these should include better specific guidelines for assurance providers, in order to facilitate introduction and usage of assurance practices on sustainability information (Manetti and Becatti, 2009). In emerging economies, there is also still variability in the assurance statements, despite international standards like ISAE3000 trying to formalise the process (Janggu et al., 2013; Mori et al., 2014).

The assurance statement itself is also an object worth to study. Gillet-Monjarret (2018) shows that the assurance statements are sometimes poorly documented and lack details from the assurance procedure, which sometimes cast doubts on the trustworthiness of it. This is in line with other research findings, pointing out a lack of information about the scope and extent of assurance procedures as well as about the applicable standards (Deegan et al., 2006). In assurance statements there has also been found a tendency of using scope limitations to downplay expectations and thus excusing not including certain information of the process (O'Dwyer and Owen, 2005).

The presence of a Chief Sustainability officer or a sustainability committee in the company increases the likelihood of having the SR assured and positively affects the quality of the assurance (Peters and Romi, 2013; Rossi and Tarquinio, 2017). There is thus a level of discretion depending on the responsible actors in each company. As voluntary assurance engagements are initiated by the management, they may thus restrict the process as they wish, resulting in sustainability assurance processes in large being under managerial capture (Fonseca, 2010; Gillet-Monjarret, 2018; O'Dwyer and Owen, 2005).

Researchers have found ambiguous results on the question of value relevance of assurance of SRs, i.e. whether or not assurance can positively affect the valuation of a company in the eyes of investors. Coram et al. (2009) found in their study that assurance only had an effect on professional investors company stock price valuation when the assurance was perceived positive, i.e. a lack of assurance did not affect the valuation. In a more recent study by Reimsbach et al. (2018), the assurance of SRs showed to positively affect valuation of sustainability performance, but only when a separate report was presented instead of an integrated one, further giving merit to the fact that the valuation and motivation of assurance of SRs is dependent on the context.

Farooq and de Villiers (2019) did a study on the role and competition between accounting assurance providers and non-accounting assurance providers in Australia and New Zealand and found that professional auditors use a range of tools in order to maintain and establish their position as the main assurance providers. The study showed that auditors advocate that their assurance standard is superior to the alternatives and that they are better suited as they have a natural connection to the traditional financial auditing, something that is embedded and linked to quality in the eyes of companies.

3. Theoretical framework

In this chapter, the theoretical framework is presented. The study uses institutional theory to explain the role of the auditor. Furthermore, an analytical framework is presented, containing an analysis model applicable to the aim of the thesis.

In prior research on the subject of assurance of sustainability information, researchers have used different theoretical approaches to explain the phenomenon. In this study, institutional theory is used. It is suitable when wanting to create an understanding of the role of the auditor in the perspective of them being an actor in a certain situation, with abilities to both affect, as well as being affected by, the institutional setting they are in. This theory is presented further in the section below.

Other theories used in previous research are the agent theory, in which one can include positive accounting theory and signalling theory, stakeholder theory and legitimacy theory. The agent theory focuses on the relationship between the agent (management) and the principal (owner), in which there is an information asymmetry and thus a need for information between the parties, on the basis of the principal needing to control that the agent is acting in the best interest of the principal (Frostenson, 2015, pp. 63–65). From this basic relationship one can expand it to normative accounting theory, in which we look closer at the costs that occur in the contractual relationship between actors, giving us a tool to understand different actors' accounting decisions (Frostenson, 2015, pp. 65–67). Signalling theory surrounds the idea that announcements and publications from companies signals that the company is acting or behaving in a certain way, thus explaining why companies tend to report, or not report, on certain information (Frostenson, 2015, pp. 67–69).

When studying the reasons and incentives for publishing SRs and having them assured, the research is often framed around the stakeholder theory, both when it comes to the perception of the stakeholders themselves as well as the company (Cho et al., 2014; Mnif et al., 2019; O'Dwyer and Owen, 2005; Park and Brorson, 2005; Zorio et al., 2013). The stakeholder theory focuses on the actors and parties that surrounds a company, both internally and externally, such as employees, customers, suppliers, government, shareholders, NGOs etc., and their subsequent power and abilities to affect, as well as being affected by, the company (Freeman and Reed, 1983). This approach is functional in describing and analysing what external and internal forces that drives companies to act in certain ways and take certain decisions (Frostenson, 2015, p. 71).

The legitimacy theory is defined as the process in which companies act, operate or adopt practices in order to legitimise themselves as vital parts of the society which they are in, like a moral mandate to exist and operate (Frostenson, 2015, pp. 71–73). In sustainability practices this can be seen as when companies adapt by changing or adopting practices that is more in line with what is expected from them by the surrounding society.

All of the theories above are more or less well equipped to explain the area of assurance of SR. Although, as this study is focused on the role of the auditor and to understand it's role internally in the context of the assurance process as well as externally in the surrounding macro level, the institutional theory provides an applicable framework. Below, this theory is presented, along with an applicable analytical framework according to the context and scope of this study.

3.1. Institutional theory

In organizational theory, the usage of institutional analysis has gotten an increased usage in the last decades, with the emergence of social, political and economic institutions in the organizational literature (Powell and DiMaggio, 1991, pp. 2–3). The “new institutional theory” takes into account not only the actor’s decisions as an extension of benefits and costs, but extends it to also include the institutional context that it exists in (Frostenson, 2015, pp. 73–75; Powell and DiMaggio, 1991, p. 5). It can explain why actors choose to act in a certain way by explaining the pressures and influences that they are both affected by as well as affecting (Lawrence et al., 2011). This theoretical approach could be applied to accounting and reporting circumstances, as one can get an understanding of the actors’ roles in the context they are in, rather than just the strict focus on every actor’s strive to maximize their utility that is found in many other theoretical approaches. For example, through an institutional lens, we can try to understand the auditor in the specific context of SR assurance in Sweden, and the drivers and pressures that affect and are affected by them.

Lawrence and Suddaby (2006) writes about institutions and institutional work in terms of creating, maintaining and disrupting institutions. They argue that there has been an emergence in the institutional studies to understand the role of actors, in how they affect, transform and maintain institutions and institutional change. Lawrence et al. (2011) further points out that institutional work could give insights into the specific actions and mindsets of certain actors in certain contexts, thus explaining how and why they act in certain ways. In relation to the illustration of the auditor’s role in *Figure 1* in section 2.4.1., one can use institutional theory to identify that the interlinkage and communication between the different parties in the model is something that defines each party’s role. As institutions are shaped and generated by the social actors who influence them (Lawrence and Suddaby, 2006), so is the auditor’s role an institution shaped by social actors, i.e. the auditors themselves. There is thus value in studying the institutional motives and actions that drives auditors in their role in SR assurance.

3.2. Analytical framework based on institutional work theory

In order to understand the role of the auditor in SR assurance, we can devise an analytical model based on institutional theory. The model, presented in *Table 1*, is based on Farooq and de Villiers' (2019) “New model for the analysis of institutional work”, but adapted to this study’s circumstances and scope. They studied the competitive relation between accounting sustainability assurance providers and non-accounting sustainability assurance providers in Australia and New Zealand, while this study focuses on the auditor as main sustainability assurance provider in a Swedish context.

The model, adapted to this study, contains five kind of element to consider in analysing institutions. It contains existing influences and constraints, mechanism(s) used, types of institutional work, new or existing institutions and the auditor’s institutional objectives. The existing influences and constraints give a picture of what could drive or slow down the development of an institution, for example regulatory pressure and actor’s self-interests. The types of institutional work is presented in-depth below. Mechanism(s) used could be exemplified as different kinds of strategies to influence or affect the institution or its actors, for example rhetoric, argumentation and analogies. New or existing institutions allude to the actual institutions that certain actors are trying to influence or affect, for example an auditor could try to influence how companies handle their internal reporting practices. Actor’s institutional objectives are the goals that the actors are trying to achieve, for example a legislator trying to influence how companies report by changing the regulations regarding it.

From the works of Lawrence and Suddaby (2006) on the types of institutional work performed by actors in order to create and maintain institutions, we can identify 5 types of work relevant to our study. Those are presented below under point 2 in *Table 1*, with short descriptions. These types of work are applicable to the role of the auditor in order to understand its role in the Swedish context of SR assurance. By applying these work types to our study subjects we can try to understand how auditors work to create a situation of them being the main assurer and how they work to develop and maintain that role.

Table 1. Model for the analysis of auditors' institutional work. Revised from Farooq and de Villiers' (2019) "New model for the analysis of institutional work"

Elements to consider	Description
1. Existing influences and constraints	Institutions and pressures that influence actors
2. Type of institutional work	
<i>A. Mimicry</i>	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
<i>B. Advocacy</i>	Mobilization of political and regulatory support through direct and deliberate techniques of social suasion
<i>C. Educating</i>	Educating actors in skills and knowledge necessary to support the new institution
<i>D. Policing</i>	Ensuring compliance through enforcement, auditing and monitoring
<i>E. Embedding and routinizing</i>	Actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices
3. Mechanism(s) used	For example discursive strategies such as analogies, metaphors and rhetoric
4. New or existing institutions	Institution(s) the actors are trying to influence
5. Auditor's institutional objectives	Overarching goals of the actors

When creating institutions, as in auditors setting up frameworks and assurance practices for sustainability information, one can use the three work types *mimicry*, *advocacy* and *educating*. *Mimicry* is about how social actors work to associate and leverage existing taken-for-granted practices with new ones, in order to ease adoption of the new institution (Lawrence and Suddaby, 2006). In the case of SR assurance, it could be exemplified by auditors associating already established practices, such as the financial auditing framework, onto the new situation, the assurance process of sustainability information. As the SR assurance process is relatively

new compared to the traditional financial audit, it could perhaps easier gain support among the affected actors if they perceive it to be linked with what they are already familiar with, i.e. the financial audit.

Advocacy is described as different kinds of actions taken to mobilize support to a new institution in order to provide legitimacy to it (Lawrence and Suddaby, 2006). It can be exemplified by lobbying, advertising, developing alliances with key actors and mobilizing key players. The idea is that one have to mobilize support among certain actors and perhaps use agents to mobilize resources necessary to established the new institution. *Educating* handles the need of making sure that actors have the necessary skills and knowledge for the establishment of the new institution (Lawrence and Suddaby, 2006). For example, in order to implement new reporting practices for sustainability information, one must make sure that reporting actors, the companies, have the necessary skills and knowledge. They must for example know how to measure and collect relevant data and have to have the tools to analyse it.

When one want to maintain already established institutions, as in auditors wanting to ensure themselves as the main assurance provider of SR assurance, one can use *policing* and *embedding and routinizing*. *Policing* implies that actors use different kind of sanctions and enforcement tools to ensure that the other actors act according to the settings of the actual institution (Lawrence and Suddaby, 2006). In auditing and assurance this can be seen as auditors having a function of controlling the company, with a sanction based on legal requirements, that the auditor need to review the reported information and sign the auditor's report in the annual report.

As for *embedding and routinizing*, it could be described as actively embedding how things should be conducted by involving the participants in for example the decision making process, giving them a sense of comfort in the application of the institutions foundations (Lawrence and Suddaby, 2006). In assurance processes, it could for example be that auditors work to build a normative and shared view of how all actors, including the companies, should conduct their sustainability businesses and practices.

4. Method

In this chapter, the methodological framework is presented. The chapter begins with the scientific approach of the study, followed by explanations of the method that has been used. Semi-structured interviews was done to collect data, on which a thematic analysis was done according to the themes identified in the analytical model.

4.1. Research design

When defining and deciding on the research design approach and the applicable method of the study, one must consider the ontological and epistemological views (Guba and Lincoln, 1994). These are connected to the method and the assumptions made. Ontology is described as the nature of reality and what we count as real and what we know about it, while epistemology can be described as the idea of knowledge and what we know or not know of it (Guba and Lincoln, 1994). In this study, regarding the ontological view, the assumption will be made upon the constructivist approach, which means that one assumes that individual actors have the capability of affecting the institution and setting there in, that culture and organizational structures are not pre-given (Bryman and Bell, 2015, pp. 32–35). This assumption is necessary in order to be able to understand how the study object, the auditors, are affected as well as actively affecting the environment there in, and what the subsequent implications of that is. As for the epistemological approach, this study uses the assumptions of the interpretivism strategy, in which the understanding of a phenomenon must be based on the experience of the actors who work with it (Bryman and Bell, 2015, pp. 35–38), i.e. auditors in the context of SR assurance.

4.1.1. Qualitative study

When studying a complex phenomenon with defined boundaries and functions, such as assurance of sustainability information, one can use qualitative method, such as a case study, in order to get an in-depth understanding of it (Bryman and Bell, 2015, p. 68). A case study can facilitate the usage of different methods, such as interviews and documentary data collection of different sources, which in turn gives the researcher the ability to get a detailed and intensive examination of the case (ibid.). For this study, when the study object is the sustainability auditor and the institutional situation they are in, one can apply a case study technic, in terms of in-depth interviews with experts in the area in combination with documentary data collection of legislator and regulatory documents. This will give the ability to gain in-depth insights into the phenomenon.

The literature study and the subsequent first draft of the theoretical background worked as the foundation on which interview questions were phrased. During the data collection and analysis an open-ended strategy was used, which gave room for modification of the theoretical framework, during and after data collection and analysis. This method suggests that the approach were a combination of both inductive and deductive reasoning, implying that it might be preferred to as an abductive approach (Bryman and Bell, 2015, p. 27). The applied method is illustrated in *Figure 2* below.

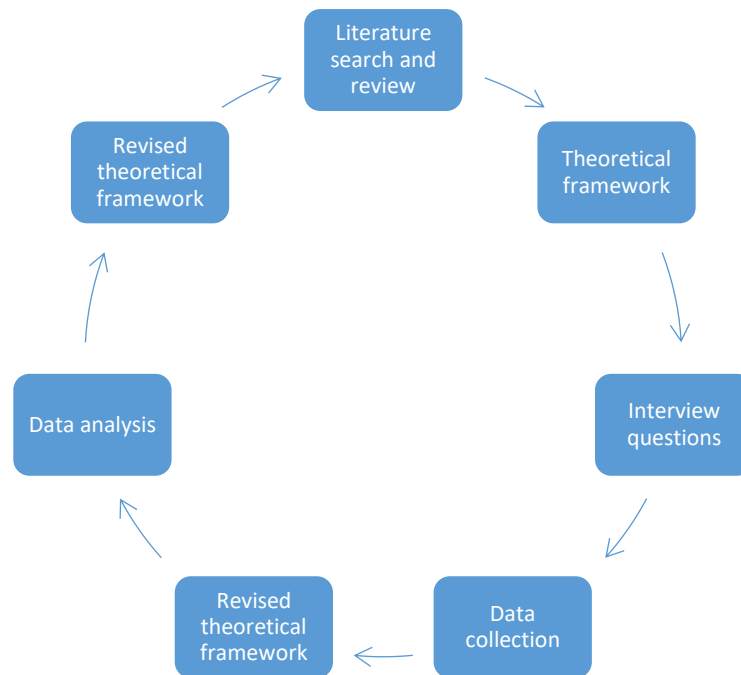


Figure 2. Model of the abductive research method used in the study

For the empirical gathering of the thesis, semi-structured interviews were done with experts in the field of sustainability reporting, in order to gain a deeper understanding of the studied topic. Those experts were auditors with special knowledge and experience in assuring SRs and sustainability experts and managers from companies.

4.1.2. Unit of analysis

The unit of analysis in this study, in order to answer the research questions, was the actors involved in the process of SR assurance, i.e. the auditors who assure and the companies who produce the information. In order to answer how and why the role of the auditor is what it is today and in the future, we must look at these specific actors in the context which they are in, the assurance process of sustainability reports in Sweden.

4.2. Literature search and review

Literature reviews have the purpose of functioning as a foundation for the study, to identify what is already known about the area, what concepts and theories that are relevant and what kind of previous research that has been conducted about it (Bryman and Bell, 2015, pp. 100–102). In this study, using an abductive method in terms of continuously revising and adjusting the aim and method according to both the literature review and the collected data, a narrative review is best suitable (Bryman and Bell, 2015, pp. 110–111). A narrative review is also suitable, as the purpose of this study is not to accumulate knowledge, but rather to generate understanding of an already existing phenomenon.

A literature search was done in order to get knowledge about the previous research in the field of SR assurance. The search engines that was used were Google Scholar, Scopus and SLU Library's search engine Primo. Focus were on highly cited articles on SR assurance in combination with newer, up-to-date articles, to capture and frame the studied phenomenon and to narrow down the research field. In order to gain relevant articles for the research question and the topic, a number of key search words were used. These words were used separately as well as in combinations. The words are according to *Table 2* below.

Table 2. Summary of key words used in literature search

Search words
<i>Sustainability report</i>
<i>Assurance</i>
<i>Sustainability assurance</i>
<i>Auditing</i>
<i>Sustainability auditing</i>
<i>ISAE3000</i>
<i>RevR6</i>
<i>RevR12</i>

4.3. Sampling strategy

For the interviews, the sample population was of two parties, the auditor and company representative. They are presented below.

4.3.1. Sustainability auditors

As for the auditors, in order to gain knowledge about the issue of SR assurance and their role in it, auditors with experience from SR assurance was chosen. Auditors from the Big 4 auditing firms (Deloitte, Ernst & Young (EY), KPMG and PwC), especially experienced in the subject, were contacted and requested to participate as interview respondents. Of the four firms, auditors from three of them were able to participate. Those were EY, KPMG and PwC. *Table 3* below shows the auditors, their auditing firm affiliation and the mode of interview.

Table 3. Summary of sustainability auditor interviews

Designation of respondent	Audit firm	Interview mode
Sustainability auditor	EY	Telephone
Sustainability auditor	KPMG	Skype
Sustainability auditor	PwC	Telephone

The selection of interview participants was based on the identification of these auditing firms as leading assurers of sustainability information in the Swedish context. Through the auditing firms' web sites, it was identified what persons that had a managerial role in sustainability

assurance, who then were contacted via email with a request for interview. They either agreed to participate or referred to a colleague who agreed to participate.

The interviewed auditors are all specialists in SR assurance and they are all involved in the standard setting process and development of assurance standards through a specialist group on sustainable reporting in FAR. They thus have the role of providing feedback and developing the assurance standards in Sweden, a part of the auditor's role as illustrated in *Figure 1* in section 2.4.1. above. They have experience as well as special knowledge about the subject of production and assurance of SR, and were therefore relevant to interview in order to get a deeper knowledge.

4.3.2. Company representatives

As for the company representatives, the main purpose was to gain an understanding of how they perceive the role of the auditor in SR assurance in practice, i.e. in their production and publication of the SR. To get an understanding on what companies that would be of interest for this study, a document study was conducted on published SRs from companies on the Swedish Nasdaq OMX Large cap list. Since these companies are all compliant to the regulations on statutory SR publication as well as being the largest companies measured in market value and thus having large resources, they were assumed to be in the forefront of SR assurance development, in line with previous findings on the area (Fernandez-Feijoo et al., 2012; Perego and Kolk, 2012). The interviewed company representatives are presented in **Error! Reference source not found.** below, with working title, company affiliation, industry classification and mode of interview. In the presentation of the findings, all company actors' eventual quotes will be presented as "Company representative", in order to avoid the possibility of deriving certain quotes to certain individuals. Anonymity regarding quotes was also requested from several of the respondents, which makes it suitable to have all of them anonymous.

Table 4. Summary of company representative interviews

Designation of respondent	Company	Industry	Interview mode
Head of investor relations and sustainability information	Avanza	Bank & financials	Telephone
Head of group sustainability	Swedbank	Bank & financials	Telephone
Sustainability coordinator	SEB	Bank & financials	Telephone
Group environmental manager	Ericsson	Technology	Telephone

The companies were selected from the *Bank & Financials* and *Technology* classification, according to Nasdaq's own classification, to get an as fair and comparable view as possible between the interviewed company representatives. 3 of them were banks and 1 was in technology. The selection was made to give a picture of the views on the role of auditors in SR assurance for companies in industries that are subject to financial regulations and who work with risk management in their daily operations. The companies were all compliant to the regulations of the statutory SR publication in AAC. Banks are also designated as public-interest entities in the NFRD (EC, 2014), as well as subject to extended disclosure requirements according to a newly implemented EU regulation (EU, 2019). The reason for including Ericsson, the technology company, was because they had parts of their SR assured on a reasonable level, something that no bank had, and which could give insights into the perspective of a company with a higher materiality level assurance. Ericsson's Sustainability report of 2018

were also awarded best sustainability report by FAR (FAR, 2019), which further gives merit to the company being interesting for this study.

When selecting companies, the purpose was to gain an overall picture on how companies affected by the legal requirements on statutory SR perceive the role of the auditor. One can argue that, to gain enough data to draw general conclusions, one must look at many companies, perhaps more than in this study. The idea here was though to gain an in-depth understanding of the phenomenon of SR assurance and the role of the auditor in it, and as a proxy for that, the views of sustainability managers in banks were of relevance. As argued in above paragraph, these are subject to special regulations and they are scrutinized at a high level. Since they work with investments and capital allocation, often in various kinds of other business, they are naturally subject to many of the risks associated with sustainable business. The risk of an investment, may it be in another company or different kinds of securities, automatically affects the bank who made the investment, making them suitable to study in a risk and sustainability perspective. The fact that there are a total of only four interviewed company representatives also facilitates the possibility of truly going in-depth with each respondent.

4.4. Data collection and analysis

4.4.1. Interviews

The data was collected through semi-structured interviews with experts in the field of SR assurance. Semi-structured interviews is fitting to contexts in which the interviewer wants to get in-depth answers and knowledge about a specific area, since it allows for further questions and variation of the sequence of questions (Bryman and Bell, 2015, pp. 213–215). Since this study sought to create a deep understanding of an already researched area, the semi-structured interviews were suitable. Respondents were selected according to above section 3.4. *Sample and population*, and thereafter contacted via email. Once the respondents' participation was confirmed, they were sent an email presenting the aim and scope of the study, the rights of the participants and a participant consent form. In advance of the interview they were also sent an interview guide, on which the interview would be based, and from which they could prepare answers and reflections.

The interviews were all conducted in the time period 30/3-2020 to 29/4-2020. Because of circumstances relating to the Covid-19 virus outbreak, none of the respondents were able to do the interview face-to-face, so all of them were either by telephone or skype. There are limitations when comparing telephone interviews with face-to-face interviews, such as a lack of observation, that the interviewer cannot observe the respondents physical expressions to certain questions, as well as telephone interviews having a shorter time frame in which they are sustainable (Bryman and Bell, 2015, pp. 215–217). There are though possible advantages to telephone interviews as well, with respondents not being affected as much by the interviewer's characteristics and that it is also quicker and simpler to administrate (ibid.). For this study, it was a suitable method, because all respondents were able to communicate adequately through telephone and all agreed to being recorded.

4.4.2. Interview guide

An interview guide were done for the two types of respondents: auditors and company representatives. It was broad and allowed for usage on both types of respondents. The guide were centred around a set of main questions which then were supported by sub-questions, also allowing for follow-up questions when necessary. The questions were open-ended to facilitate the respondent to elaborate according to their own perspective and perception. This kind of interview guide is especially suitable when wanting to get in-depth understanding of an area and when the specific knowledge and experience of the respondent is the main focus (Bryman and Bell, 2015, pp. 486–489). It also gives the opportunity to refocus during the interview into specific areas identified by the respondents answers (Rowley, 2012). This kind of interview guide is thus especially suitable when wanting to understand the complex area of SR assurance and when the respondents are experts in the area, as in this study.

The interview guide were based on the developed analysis model found in *Table 1*. It was built up on a set of themes. The themes were the role of the auditor, the assurance process, existing standards and regulations and the future development of the auditor's role. In these themes, there was sub-questions corresponding to what the study wanted to find out, namely how and why auditors act in certain ways to affect their own role. During the interview process, the guide were adjusted according to the respondents' answers, giving the opportunity to conduct each interview in a more effective way. The interview guide is found in *Appendix 1: Interview guide*.

4.4.3. Analysis of interview data

All interviews were recorded in order to facilitate transcription and to ensure that eventual quotations are according to what was actually said. Of the total number of interviews, 1 were in English and 6 were in Swedish. For the 6 Swedish interviews, the transcripts were processed, after which they were translated into English, in order to be used in this study. There are possible problems relating to translation of interview data, including linguistic issues when a word or expression has no equivalent in English and when there are historical and cultural meanings to a word that cannot be expressed through a translation (Bryman and Bell, 2015, p. 500). In this study, the interviews were translated through Google docs' translation tool, after which an extra process were done where the translated text were controlled against the original transcript to eradicate any errors and misinterpretations.

The data from the interview transcriptions were then coded. A thematic analysis method was used according to the specific identified themes of the interview guides. Thematic analysis is useful when one wants to identify and analyse specific themes and patterns within the data (Braun and Clarke, 2006). This kind of coding, when structuring the data into broader themes, is necessary when wanting to conduct further analysis (Bryman and Bell, 2015, pp. 594–601). The thematic analysis is specifically applicable to this study, using an abductive approach, as it facilitates for searching and identifying themes in the data while at the same time continuously reviewing the identified themes and the coding schedule (Braun and Clarke, 2006).

4.5. Quality of the research

4.5.1. Reliability, replicability and validity

Reliability is about whether the results of a study are repeatable and whether the measures of the concepts are consistent (Bryman and Bell, 2015, p. 49). In a qualitative study like this, it is not particularly applicable, because of the nature of the empirical data, i.e. the interviews. The measurements is adjusted to the actual data, which could be hard to apply on other data sets. The method chapter although provides a detailed overview of all decisions and choices that were done regarding the collection and analysis of the data, making the results reliable in a research perspective.

Replicability concerns the idea of someone else replicating the conducted research (Bryman and Bell, 2015, p. 50). It would be difficult for someone outside to replicate the exact surrounding and environments of the conducted interviews, although the study in terms of applied analysis framework is repeatable since it is well described in the method section. All the decisions and choices has been clearly stated in the method chapter, thus facilitating for someone else to apply it to their own data.

For qualitative studies, perhaps the most important criterion is validity, in which we can identify several other aspects such as credibility, transferability and objectivity (Bryman and Bell, 2015, pp. 50–52). Credibility is how believable the findings are, transferability is whether the findings apply to other contexts and confirmability is whether the researcher has allowed his/her/ own values to interfere in the study (ibid.).

In terms of credibility, which could be described as internal validity, one can conclude that the findings are believable in the context of it. An initial literature review was conducted, giving insights into other research findings, thus giving an idea of this study's findings in a larger context. The variables in the analysis framework are based on previous research, making the findings believable and credible. As for transferability, the results of this study could be applicable to other contexts or surroundings. Although, it should be noted that the aim of it is to study the specific contexts of Sweden, with its certain characteristics, which requires that consideration needs to be taken towards the specific circumstances. Confirmability, which parallels objectivity, is dealt with by using a reflexive approach to the study in its whole. The author is aware of the knowledge and values from beforehand and has constantly reflected on these issues throughout the study.

4.5.2. Reflexivity

In qualitative studies, reflexivity is one of the main approaches to think on. It relates to the authors reflecting about the implications of their methods, values, biases and decisions based on the knowledge and the social context of which they are in, at any given time of the study (Bryman and Bell, 2015, pp. 714–715). It also relates to the author being aware of the assumptions made and any cultural and political positions (ibid.). One could said that it means that the author needs to take these things in consideration and being reflexive in the moment, and not just being reflective afterwards. In this study, considerations has been made on the situation and the context that the author exists in. A reflexive approach has been constantly used throughout this study, by reflecting on each and every decision and choice in the study.

4.6. Ethical considerations

In a study like this, the ethical issues is important to take into consideration (Bryman and Bell, 2015, pp. 129–130). The ethical issues in business research is identified in several principles: if there is any harm to participants, if there is lack of informed consent, if there is an invasion of privacy and whether deception is involved (Bryman and Bell, 2015, pp. 134–145) As for the respondents in this study, their name has been left out and their working titles are presented in a way that it cannot be attributed to a specific person. The name of the company was stated, after approval by the respondent, although it was made clear that this study is about the respondents personal reflections and views, not the company's. The respondents were all informed about the anonymity and that the thesis would be made public. When asked about approval of the recording of the interviews before publication, only one respondent wanted to approve it. Another respondent wanted to approve the usage of eventual quotations related to their interview answers. They were sent the requested transcripts and drafts and had no remarks. Furthermore, the respondents were informed of the aim and method of the study in advance, to avoid any misunderstandings regarding the boundaries and scope of the study.

In ethical consideration, there are also other issues to account for, of legal characteristics. Those are data management, copyright, reciprocity and trust, and finally, affiliation and conflicts of interest (Bryman and Bell, 2015, pp. 145–149). As for data management, all the used data is publicly accessible, except for the interview transcripts. The thesis will also be publicly available after being approved. As for copyright, the interviews and the transcription is owned by the author and the respondent, and will at no time be public. The study was also conducted in a transparent way, that the respondents were aware of the process at all times, so that a level of reciprocity and trust throughout were maintained.

5. Empirical findings


In this chapter, the findings from the conducted interviews are presented. The presentation is according to the analytical framework, with inclusion of a preliminary analysis of the findings in relation to the applicable analysis model. In the end of the chapter, a comparative summary of the findings is presented in accordance with the applied analysis model.

The findings from the data are presented in accordance to the developed analysis model of institutional work, found below in *Table 5*. Under each heading, in *Figure 3-6*, it is illustrated which part of the analysis model that is applied. The arrow marks the applicable element.

Table 5. Analysis model based on institutional theory

Elements to consider	Description
1. Existing influences and constraints	Institutions and pressures that influence actors
2. Type of institutional work	
<i>A. Mimicry</i>	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
<i>B. Advocacy</i>	Mobilization of political and regulatory support through direct and deliberate techniques of social suasion
<i>C. Educating</i>	Educating actors in skills and knowledge necessary to support the new institution
<i>D. Policing</i>	Ensuring compliance through enforcement, auditing and monitoring
<i>E. Embedding and routinizing</i>	Actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices
3. Mechanism(s) used	For example discursive strategies such as analogies, metaphors and rhetoric
4. New or existing institutions	Institution(s) the actors are trying to influence
5. Auditor's institutional objectives	Overarching goals of the actors

5.1. Existing influences and constraints



Elements to consider	Description
1. Existing influences and constraints	Institutions and pressures that influence actors
2. Type of institutional work	
<i>A. Mimicry</i>	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
<i>B. Advocacy</i>	Mobilization of political and regulatory support through direct and deliberate techniques of social suasion
<i>C. Educating</i>	Educating actors in skills and knowledge necessary to support the new institution
<i>D. Policing</i>	Ensuring compliance through enforcement, auditing and monitoring
<i>E. Embedding and routinizing</i>	Actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices
3. Mechanism(s) used	For example discursive strategies such as analogies, metaphors and rhetoric
4. New or existing institutions	Institution(s) the actors are trying to influence
5. Auditor's institutional objectives	Overarching goals of the actors

Figure 3. Illustration of applicable part of analysis model

As for external and internal pressures that influence actors and institutions, the findings point out several key areas. One of them is the internal and external demand from stakeholders on SR assurance and its effect on the decision to assure information as well as the usage of auditors. The companies all described stakeholder demand as being a primary reason of having the information assured, something that is also pointed out by all of the auditors. For example described by one of the company representatives:

“The rationale behind our decision on assurance is because we have seen that many stakeholders are focusing on this topic.” (Company representative)

The auditors all pointed to increased pressure from stakeholder on credibility and quality control of the reported information as a reason for assuring it.

“The Sustainability Report serves as an information and governance object. It should contain essential information about the company, which then in turn stakeholders take decisions from, both internally and externally. Therefore, it should of course also be quality assured.” (Sustainability auditor)

As companies have identified this demand, they therefore demand assurance services from the assurance providers, the auditors, who are seen as independent and fair assurance providers.

“A large number of our customers, the companies, want the assurance as they feel it as a guarantee that the information is correct, which is something that our stakeholders value.” (Sustainability auditor)

Another influence discussed by the companies were the existence of external ratings and surveys based on the reported sustainability information, in which they receive a higher score for assured information. The result from those could then influence stakeholder, such as investors or consumers, to invest or not in the company and its products.

“You are also judged on the basis of the report in different surveys and ratings, where you get a better result if you have it assured.” (Company representative)

Another existing influence identified by the respondents were the existing regulations, for example the AAC regarding statutory SR assurance and the effects it has on the role of the auditor. The respondents identified that besides other pressures, there are actual legal requirements on the auditor to assure at least the SR.

“...they have a legal function according to the Swedish AAC, basically coming from the European Union directive on financial reporting.” (Company representative)

The implementation of the statutory regulations in AAC were something that was especially identified as affecting the situation and communication with the auditors.

“The implementation of the law in AAC helped in some way to narrow down what we were to report on and what we then had to improve in terms of internal practices. Through the mandatory assurance statement, the auditors have been implemented in the reporting.” (Company representative)

From the interview, one can understand that there are several influences that affect the role of the auditor and the SR assurance practices, of which some are stakeholder demand, the reputation and status of auditors and existing regulations.

As for institutions and pressures that constraints the actors involved and thus the role of the auditor, the respondents identified issues in the relation between companies' internal reporting practices and the demand for reported information. The auditors noted that many companies don't have the necessary internal information systems in place and that the sustainability reporting responsibility are spread among different actors in the companies and not on those who are best fit for it.

“In some companies, there are not enough resources to create a good sustainability report. It varies which departments within the company that handle the sustainability report. [...] Then it can be a limited product, they do not have the whole picture of the sustainability practices.” (Sustainability auditor)

This gives light to the fact that the auditor's ability to conduct its work is based on the available object information, i.e. that insufficient reporting and measuring practices internally in the companies constraints the assurance process and thus the role of the auditor. As for internal responsibility, the auditors specifically identified that the company boards are not dealing with the sustainability reporting in the way they should.

“If it have to be assured, the board is responsible for writing the report. In many cases, however, this is missed. In many cases, the voluntary reporting comes from a function other than the board and the finance function.” (Sustainability auditor)

Another constraint relating to the auditor's role, was the companies' identification of other assurance providers than auditors, e.g. independent consultancy firms assuring and validating certain complex data sets, such as carbon emissions data etc.

"Some data may need validation and verification by an expert who is not an auditor."
(Company representative)

"Consultants can support companies in collecting the data, in order to improve their processes, in order to provide solutions to companies." (Company representative)

Furthermore, both companies as well as auditors mentioned the cost relating to assurance services as something that affects the willingness to engage an assurance, thus constraining the auditor in its role.

"It is a substantial cost related to having your report assured." (Company representative)

Furthermore, a major constraint that influences the role of the auditors, was identified by the respondents to be the lack of sufficient regulations as well as the shortcoming of the nature of the statutory assurance regulations in AAC. The auditors pointed out the fact that there are different assurance levels with different degrees of materiality depending on the type of sustainability information, and that this leads to confusion among the reporting companies.

"As for the boundary between the different levels of assurance of voluntary sustainability reporting and the statutory sustainability report, it is not very clear. Perhaps the framework could be criticized." (Sustainability auditor)

They also pointed out that the regulation of today regarding statutory SR assurance only requires a sign off from the auditor and no actual audit is conducted, which further adds to the confusion.

"Auditor's reports are very difficult to read today. You have to be quite familiar to the area to read them. There is an expectation gap between readers and what the auditor does. This has been exacerbated by the statutory sustainability report in that it does not have an audit requirement." (Sustainability auditor)

In addition to what is stated above on the auditors' views on the regulations, one of them also added that they are a little bit too easy to go around, that they are not as forcing in its nature as they could have been.

"One shortcoming of the legal requirement is that it is a "comply or explain" legislation, where you can quite easily get away with saying that you have no key figures to report."
(Sustainability auditor)


Lastly, from the interviews, it was also put forth by companies as well as auditors, that there are difficulties in speaking about the phenomenon of SR assurance in general terms, since there is large variations between companies and industries. As the Swedish regulations in AAC has low thresholds for what companies that are object of the statutory SR, there is naturally a high degree of variety and maturity among the reporting companies.

“There are different degrees of development and different maturity between countries and markets, making it difficult to establish and implement a broad set of standards.” (Sustainability auditor)

One can summarize from the interviews that there are a set of constraints affecting the role of the auditor and the SR assurance process. They are: underdeveloped internal reporting practices, the need of other assurers than auditors, assurance related costs, insufficient regulations and variations in presumptions and circumstances for the companies.

5.2. Type of institutional work

The types of institutional work identified in the interviews are presented under each type. The arrow marks the applicable element in the analysis model.



Elements to consider	Description
1. Existing influences and constraints	Institutions and pressures that influence actors
2. Type of institutional work	
<i>A. Mimicry</i>	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
<i>B. Advocacy</i>	Mobilization of political and regulatory support through direct and deliberate techniques of social suasion
<i>C. Educating</i>	Educating actors in skills and knowledge necessary to support the new institution
<i>D. Policing</i>	Ensuring compliance through enforcement, auditing and monitoring
<i>E. Embedding and routinizing</i>	Actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices
3. Mechanism(s) used	For example discursive strategies such as analogies, metaphors and rhetoric
4. New or existing institutions	Institution(s) the actors are trying to influence
5. Auditor's institutional objectives	Overarching goals of the actors

Figure 4. Illustration of applicable part of analysis model

5.2.1. Mimicry

Mimicry means “associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption”. The interviewed auditors highlighted the fact that a reasonable assurance according to ISAE3000 is in large similar to a financial audit in its general principles and components. They argued that an assurance engagement in fact should be equivalent to a financial audit in level of importance, and that it should be a natural part of it, as the components are much alike.

“...we have different frameworks. We follow a framework of assurance. In principle, however, from a helicopter perspective, the process and function are quite similar. It's the same components involved.” (Sustainability auditor)

They further highlighted that there are obvious similarities in the assignment process. Also, they noted that one should look at the sustainability report as a part of the annual report, that it naturally should be an object of assurance.

When we talk about the assignment process, an assurance according to ISAE3000 is quite similar to that of a regular audit. [...] The statutory sustainability report is actually part of the annual report, it must be prepared. You cannot sign the audit report without checking that the sustainability report has been prepared. (Sustainability auditor)

From the interviews, it can be identified that auditors tend to highlight and emphasize the similarities between a financial audit and a sustainability assurance. They thus try to associate an existing set of practices (that of the financial audit) to the newer and more underdeveloped area of SR assurance, in order to ease the adoption of their own assurance practices.

5.2.2. Advocacy

Advocacy means “mobilization of political and regulatory support through direct and deliberate techniques of social suasion”. From the interviews, it was shown that the auditors tend to want to argue that their method and standard is the best suited for the purpose of assuring sustainability information. They argue that their method and experience make them suitable to handle risks, which in large parts the sustainability reporting is based upon. In relation to other eventual parties, they argue that they have the tools needed.

“...the reason why companies have third party assurance is to distribute part of the risk. I think it will be difficult to distribute it to parties other than auditors. In cases where you are to take over some of the risk, you are required to be relatively large in terms of resources, so that you are financially independent and that you have some kind of sanction based on ethical rules and quality control.” (Sustainability auditor)

There was also obvious from the interviews that the auditors wanted to point to the fact that there is a need for further regulations on the area, although they did not present how it should be regulated. They pointed out that the demand for SR assurance will increase, but that it's unclear whether the market itself or the legislators will be the one driving the development. One could see this as opening up to the possibility that auditors see a need of themselves as drivers of further development and regulations regarding SR assurance.

“The market over time will regulate this based on the reader's demand. Readers and investors will require some information. However, it is very unclear how long this will take and whether regulation will still be required by law to achieve change.” (Sustainability auditor)

5.2.3. Educating

In terms of educating actors in skills and knowledge necessary to support the development of SR assurance, the interview respondents gave examples of how auditors act. The companies acknowledged that auditors, in their role, act to guide and educate the responsible actors in the companies.

“We always acknowledge our auditors and ask them for support. We are given the chance to experience how they see the challenges and potential solutions, because they have a lot of expertise, they have resources, et cetera.” (Company representative)

The interviewed auditors also highlighted that they are more than just a control function, that they have a role of looking at internal processes and practices in order to improve those areas. They specifically point at the internal perspective as being of interest and an area of development, in which they can help the company in its practices and decision-making.

“As for the internal perspective, we are also a support. We look at processes and areas of improvement that the company can use internally in its decision-making. We can, for example, find faults or areas of improvement that the company adapts to.” (Sustainability auditor)

Furthermore, in the process of developing sustainability reports, the auditors emphasized on them having the role of educators and providers of inspirations and good examples. The auditors noted that they can’t give advice on a report that they will later assure, but in general terms they try to give advice on areas of improvement from year to year.

“...there is much we can do in terms of giving advice. To give advice and tips on which areas to work with, how to measure, what to measure, etc. For example, we can tell about others who have made good reports, inspiration, etc. We also have workshops and study material on what are essential areas and risks” (Sustainability auditor)

5.2.4. Policing

With policing, it’s meant “ensuring compliance through enforcement, auditing and monitoring”. Regarding this, company representatives highlighted that auditors, in their main purpose, are a control function that ensures that the data are correct and valid. The purpose of this is to ensure that the stakeholders are not mislead or receiving invalid data.

“We interact with external auditors in order to ensure that the data that we employed is accurate enough and that the statements are accurate, not to mislead the stakeholders.” (Company representative)

The auditors noted that SR assurance is, and should be, linked to financial audit. If that is so, then they can use the linkage to enhance their position as the controlling and policing party. One of them gave the example of SR assurance becoming a natural part of the larger audit engagement of the annual report in the planning and request process.

“It is becoming more and more common that when we receive a request for a financial audit, the assurance of the sustainability report is also included.” (Sustainability auditor)

As for using policing as a tool of establishing their position and role in relation to the companies, the auditors although noted that in assurance of the statutory SR, the regulations are a bit soft. One of them gave the example that they don’t have the mandate to actually question the materiality analysis by the company, that they can merely control but not question the materiality decisions when it comes to the statutory SR.

“The auditors can only control, and cannot question the materiality analysis. If a company chooses to define certain things as essential to their business, even though they may not be,

because they are in a very specific industry, the auditors cannot do much about it. Not how it is right now. There is no follow-up from the regulators.” (Sustainability auditor)

The materiality analysis was also discussed by one of the company representatives. The representative mentioned that their auditors have never questioned the materiality analysis, even though they perhaps could have, which illuminates what the auditor above spoke about.

“Our auditors have never questioned or disagreed with our materiality analysis.” (Company representative)

5.2.5. Embedding and routinizing

The title means “actively infusing the normative foundations of an institution into the participant’s day to day routines and organizational practices”. The interviewed companies stated that auditors can be used as a tool to change existing routines and practices, by having them controlling certain areas of the companies. One of them mentioned that the auditors can look at certain operation areas and deep dive into the employees routines in order to find improvements and to infuse change.

“...the auditors are also an additional tool or a mean to implement changes to spread and create awareness. It's a powerful tool. Auditors can visit certain company operations and then interview employees randomly and find improvement areas.” (Company representative)

In terms of infusing normative foundations, that auditors highlighted the fact that companies should measure more in order to be able to report more. One saying that came up several times were the fact that one needs to measure to report, and what gets measured gets done, in terms of having proof of improvement areas. All of the auditors promoted increased measuring practices from companies.

“If you measure, you will probably see a change, hopefully an improvement.” (Sustainability auditor)

Furthermore, the interviewed auditors put forth normative arguments for their role as being more than just a control function of the SR, but rather to extend into the traditional financial auditing, with all its methods and practices. One auditor, for example, talked about the role of the financial auditor as a generalized expert, thus applicable also to non-financial assurance.

“I recommend that the auditor take the role of assuring not only financial but also non-financial information. The auditor is a generalized expert, and the auditor always takes the help of specialists who know other areas better. You build a team of different competencies to be able to assure an object that has different themes. [...] So I think auditors will be assuring sustainability reports in the future. It will become natural, since non-financial information will be implemented in a larger way in traditional reporting.” (Sustainability auditor)

5.3. Mechanism(s) used


Elements to consider	Description
1. Existing influences and constraints	Institutions and pressures that influence actors
2. Type of institutional work	
<i>A. Mimicry</i>	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
<i>B. Advocacy</i>	Mobilization of political and regulatory support through direct and deliberate techniques of social suasion
<i>C. Educating</i>	Educating actors in skills and knowledge necessary to support the new institution
<i>D. Policing</i>	Ensuring compliance through enforcement, auditing and monitoring
<i>E. Embedding and routinizing</i>	Actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices
 3. Mechanism(s) used	For example discursive strategies such as analogies, metaphors and rhetoric
4. New or existing institutions	Institution(s) the actors are trying to influence
5. Auditor's institutional objectives	Overarching goals of the actors

Figure 5. Illustration of applicable part of analysis model

Actors can in their role use discursive strategies such as metaphors, analogies and rhetoric to affect and enhance the position of themselves as assurance providers. In terms of analogies, the interviewed auditors pointed out the apparent similarities between an SR assurance and a financial audit, that the basic rationale behind it is the same.

“Anyone who makes decisions as an external party assesses that information in the same way as financial information. Therefore, there should be the same quality control requirements.” (Sustainability auditor)

The auditors further showed proof or using rhetoric, such as examples and rhetoric questions, to prove the necessity of them as the main assurer of all published information from companies.

“What kind of insurance do you have from third-party auditors? You have to decide on that. Does an assurer who is not an auditor have the same security function when something serious happens?” (Sustainability auditor)

The auditors thus seem to use a set of mechanisms in their institutional work, of which rhetoric, analogies and examples are some.

5.4. New or existing institutions


Elements to consider	Description
1. Existing influences and constraints	Institutions and pressures that influence actors
2. Type of institutional work	
<i>A. Mimicry</i>	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
<i>B. Advocacy</i>	Mobilization of political and regulatory support through direct and deliberate techniques of social suasion
<i>C. Educating</i>	Educating actors in skills and knowledge necessary to support the new institution
<i>D. Policing</i>	Ensuring compliance through enforcement, auditing and monitoring
<i>E. Embedding and routinizing</i>	Actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices
3. Mechanism(s) used	For example discursive strategies such as analogies, metaphors and rhetoric
 4. New or existing institutions	Institution(s) the actors are trying to influence
5. Auditor's institutional objectives	Overarching goals of the actors

Figure 6. Illustration of applicable part of analysis model

In this study's analysis model, when we speak about the institutions the actors(auditors) are trying to influence, we mean the phenomenon of SR assurance. Evidently, according to the aim of the study, the role of the auditor is depending on the context surrounding it, i.e. the context of SR assurance in Sweden. This is also highlighted in the interviews with the auditors, in which the respondents identified the SR assurance practices and the regulations on it as key factors affecting their role. There is thus both the regulatory side, as shown in the quote below, as it is the company side, i.e. their perception of the auditor's role.

“If you had set requirements for assurance of all sustainability reports, we would have seen better reporting. Then the auditors would have the opportunity to act to improve operations in a different way.” (Sustainability auditor)

The institution that the auditors are trying to influence is thus the phenomenon of assurance of sustainability information. It is as much an existing institution as a new one, since there are constant developments in the circumstances regarding it.

5.5. Auditor's institutional objectives


Elements to consider	Description
1. Existing influences and constraints	Institutions and pressures that influence actors
2. Type of institutional work	
<i>A. Mimicry</i>	Associating new practices with existing sets of taken-for-granted practices, technologies and rules in order to ease adoption
<i>B. Advocacy</i>	Mobilization of political and regulatory support through direct and deliberate techniques of social suasion
<i>C. Educating</i>	Educating actors in skills and knowledge necessary to support the new institution
<i>D. Policing</i>	Ensuring compliance through enforcement, auditing and monitoring
<i>E. Embedding and routinizing</i>	Actively infusing the normative foundations of an institution into the participant's day to day routines and organizational practices
3. Mechanism(s) used	For example discursive strategies such as analogies, metaphors and rhetoric
4. New or existing institutions	Institution(s) the actors are trying to influence
 5. Auditor's institutional objectives	Overarching goals of the actors

Figure 7. Illustration of applicable part of analysis model

The overarching goals of the actors in this study, the auditors, are clear when reading the literature and when interviewing the companies and auditors. It's about achieving a state of more regulation, uniform standards throughout industries and that the auditor is the main party responsible for assuring non-financial information. The interviewed auditors all pointed to the fact that there is a need of a large uniform standard, both on reporting as well as assurance of it, in order for it to be as natural as financial reporting, which is what is needed in order to drive the sustainable development forward. This is, as they put forth in the interviews, probably in line with the demand for it.

"A lot is happening. Hopefully, there will be increased demands. Increased demands will lead to changed work processes at the companies. [...] I think it is important to have to, and to be able to, report on the journey you do." (Sustainability auditor)

The interviewed auditors were though open for the fact that the main driver of the development have to be the demand for it by stakeholders.

"If the market demands it, I think it will go towards more scrutiny of the statutory sustainability report." (Sustainability auditor)

One of the company representatives also added that further regulations on the area in terms of a higher degree of materiality of the assurance, a reasonable assurance instead of a limited one, would facilitate better development of many sustainability areas.

"It would probably be better with a deeper level regarding the assurance. It would probably help to develop many areas if would be examined more in-depth. If we had a comment from the

auditor on something, it would probably be easier to motivate changing that for the better.”
(Company representative)

The auditors in their role today, in where SR assurance are developing at a fast rate in terms of demand, standards and regulations, are facing the fact they are one assurance provider among others. There are independent consultancy firms focusing on assuring and validating certain sustainability data, thus offering competition for auditors and auditing firms in terms of being the natural assurer of sustainability information. All auditors were though clear on the fact their method is superior to any other assurers, and that with a basis in the financial auditing, they have an established experience on the procedures of assurance. One of the companies also added that auditors are most likely best suitable to assure entire reports with external consultants being merely a tool to some specific areas.

“Consultants can support companies in collecting the data, in order to improve their processes, in order to provide solutions to companies. But in terms of assurance, I don't see them having that mandate. I think that in the future the sustainability reporting is more going to be more tightly connected to the financial auditing.” (Company representative)

The interviewed auditors all actively answered that they believe in auditors being the best possible actor to assure sustainability information, today and in the future. They all pointed to the established method of a financial audit, that the linkage between that and sustainability assurance provides them with a depth that cannot be reached by an actor who is not a professional auditor.

“I have seen examples when external consultants have reviewed the information in sustainability reports, but I cannot believe that they have a better overview and the same method as an audit firm. It is an overall level and a method level that ensures an examination at a completely different depth.” (Sustainability auditor)

In summary, there are two main objectives that the auditors work towards. The first is that they try to connect the sustainability assurance practices with that of the financial audit, and the second is that they aim to ensure that they are the main assurance provider of all sustainability information also in the future.

5.6. Summary of findings after analysis

From the presentation of the findings and the following analysis, a summary of it can be presented as below in *Table 6*.

Table 6. Summary of findings and implications according to the analysis model

Analysis model elements	Findings
1. Existing influences	<ul style="list-style-type: none"> - Stakeholder demand on credibility and reliability - External ratings and surveys based on SR - Reputation and status as assurance experts - Existing regulations
2. Existing constraints	<ul style="list-style-type: none"> - Underdeveloped internal reporting practices - Eventual need of other assurers than auditors - Assurance related costs - Insufficient regulations - Variety in presumptions and circumstances
3. Type of institutional work <i>- Mimicry</i> <i>- Advocacy</i> <i>- Educating</i> <i>- Policing</i> <i>- Embedding and routinizing</i>	<ul style="list-style-type: none"> - Point out similarities between financial audits and sustainability assurance - Argue that demand will increase for SR assurance - Point out auditors as suitable to handle risk - Educate and give advice to company actors internally on sustainability reporting practices and systems - SR being part of annual report, thus a part of the larger audit of the annual report - Argue in normative terms for establishing measurement practices and using the auditor as a control function
4. Mechanism(s) used	<ul style="list-style-type: none"> - Analogies, examples and rhetoric on need of SR assurance, how auditors are suitable to assess risk and sharpened regulations
5. New or existing institutions	<ul style="list-style-type: none"> - SR assurance
6. Auditor's institutional objectives	<ul style="list-style-type: none"> - SR assurance as a natural extension of financial audit - Promotion of existing standards and development of new and more rigor standards and regulations

6. Discussion and analysis

In this chapter, the findings from the previous section is discussed and analysed in accordance to the aim of the study and the research question.

6.1. How is the role of the auditor shaped by the auditors and their surrounding?

Both interviewed parties identified that SRs are assured with the motivation of it bringing credibility and improved quality to the reported information, which is also strongly emphasised by previous research (Cho et al., 2014; Moroney et al., 2012). The idea of stakeholder demand being a driver of seeking assurance of the sustainability information for companies is in line with previous research findings (Cho et al., 2014; Mnif et al., 2019; Zorio et al., 2013). Companies seem to be wanting to meet the demand for credibility of the information, thus having their SR assured by an auditor, as proven by Park and Brorson (2005).

Sustainability auditors tend to adopt the financial auditing methodologies and promote the usage of a uniform standard, ISAE3000, when engaging in SR assurance, according to both the findings of this study and the existing literature (O'Dwyer, 2011). This tactic could help auditors in strengthening their position as assurance providers, as they then associate themselves with the idea of a proven and well-tested method, which in turn gives credibility in the eyes of the stakeholders. Auditors use for example mimicry, in which they point to the similarities of SR assurance and financial audit. They thus try to associate an existing set of practices (that of the financial audit) to the newer and more underdeveloped area of SR assurance, in order to ease the adoption of their own assurance practices. This correlates with the findings of Farooq and de Villiers (2019), that assurance providers that are accounting professionals, i.e. auditors, want to highlight this to enhance their position. It is also a type of institutional isomorphism, as described by DiMaggio and Powell (1983), in which an existing set of practices is transferred from one setting to another. This transfer of practice could also be beneficial to auditors, as it gives discretion to them in the application of the practices that they have established themselves for the financial area (Kolk and Perego, 2010).

In the establishment of the SR assurance practices in Sweden, as in a global setting, the auditors want to, and need to, educate other parties in the usage of their standards and guidelines on reporting. This is highlighted throughout the interviews, in which the respondents identified one of the main functions of the assurance as being a tool to improve internal company reporting practices. This function is proved by other researchers as well (Park and Brorson, 2005). That is interesting in the sense that assurance engagements as of now is in large in the hands of the company, as shown in research (Fonseca, 2010; Gillet-Monjarret, 2018; O'Dwyer and Owen, 2005). Education of company actors is thus an important factor in order to achieve a change to better reporting and in the end to improve the sustainable development generally.

When auditors have established a situation of them being the assurer of sustainability information, also put in terms of them as a social actor creating and establishing an institution, it's only natural that they work towards maintaining that situation and institution. As the result of the study shows, auditors use for example embedding and routinizing in order to ascertain their role. That is in line with the findings of Farooq and de Villiers (2019), in which they

showed that professional auditors tend to use different ways of routinizing the established assurance practices and embed them in the idea of them being a natural part of sustainability in businesses.

The auditors in their role have an underlying reputation and status as being experts in assuring information, and they tended to want to emphasize on that in the interviews. That is only natural, as actors in certain situations, for example auditors in assurance processes, tend to want to enhance their position as an authority on the subject (Fernandez-Feijoo et al., 2012; O'Dwyer, 2011). Sustainability auditors specifically emphasize on the connection to financial audits, as the financial audit has a proven and respected method (Farooq and de Villiers, 2019). In an institutional perspective, that is not surprising, as institutions are made up by social actors who in turn are affected by, and affects, the social institution they are in (Lawrence et al., 2011). The role of the auditor is in itself an institution made up by all the social actors and components in it, making it complex and not easy to just simplify down into an actor that assures information. We can't, at least not in this study, define what constitutes good financial auditors, but we can at least conclude that financial auditors are perceived as good at assuring information. That fact is what sustainability auditors take advantage of, as they try to adopt and emulate the practices of the financial audit.

6.2. How do companies and auditors perceive the role of the auditor, today and in the future?

It is clear from the interviews that the auditors want to see themselves as the main assurer of sustainability information and SRs. They all point towards it being a natural extension of the traditional financial auditing practices. In a theoretical perspective, it is only natural that a set of standards and practices of one setting is transferred and adopted to another setting, like a normative isomorphism facilitated by auditors moving from financial auditing to sustainability assurance (DiMaggio and Powell, 1983). There are the possibilities that this also gives further discretion to company managers, as discussed by Kolk and Perego (2010), but that could be seen in the light of the notion that all kind of increased measuring is positive, as it puts sustainability on the agenda.

The findings further show that variation among companies and industries constrain the development of sustainability reporting and assurance of it. There are obvious difficulties in setting a base line of assurance when the circumstance of each company differs. Some companies have reported on sustainability for a couple of decades while some basically had no reporting prior to the law change in 2017. From the findings though, there are strong support of having higher demands on companies from the legislative side. All respondents mentioned that further regulations could have positive effects on internal sustainable practices in companies, but they all also mentioned that that it is difficult due to all companies having different maturity in their sustainability and reporting practices.

So, is the auditors' goal, and the work they do to achieve it, promoting sustainable development? As the interviewed auditors themselves would argue, a better possibility of them assuring sustainability information and at a higher level of materiality, a reasonable one, would be positive in terms of forcing companies to act on sustainability issues. It would also promote improvement of internal sustainability reporting practices, thus leading to a higher awareness of sustainability practices. As several of the respondents also mentioned, the regulations surrounding the area is under constant development. For example the NFRD is, at the time of this study, under review with the aim of potentially revising it to include a higher materiality

level. That is though yet to see, depending on the response on the review initiative. There is obviously very special circumstances to work within, and the auditor thus has a key role as applicable experts.

When the companies seek to meet the demand of the stakeholders on reported information, as shown by this study, the materiality principle is of importance in selecting what information is to be published, in accordance with findings by Simnett et al. (2009). The materiality analysis is subject to what is regulated in the AAC and NFRD, thus giving discretion to the interpreters of it, i.e. the company who report. The amount of discretion in the decision to assure sustainability information is a problem that is identified in earlier studies as a potential weak spot, in terms of internal sustainable practice development (Fonseca, 2010; Gillet, 2012; O'Dwyer and Owen, 2005). That could perhaps be one of the problems with the phenomenon as of today, that the low demands on materiality assurance slows down the process of developing sustainable practices in some companies, or at least it leads to a skewed development, where some companies in highly stakeholder oriented industries perform better than other. Perhaps the legislators could be criticized for being too unclear in how to both report and assure the reported information.

In setting the role of the auditor as the key player in assurance, and having them as the main assurer of all information according to legal requirements, one should also remember that it is in the self-interest of the auditors. A reasonable assurance leads to many times more work than a limited assurance, thus implying larger assurance engagements and higher assurance related costs for companies. One can conclude that in the very dynamic field of assurance of sustainability information, not only in Sweden, the auditor has an important part to play. The auditors in this study are all involved in the standard setting process in Sweden, and based on the findings, there is reason to believe that auditors will be involved in the process also in the future.

7. Conclusion

In this chapter, the conclusion based on the research question is presented, including an outline of how this study makes a knowledge contribution in terms of understanding the area of SR assurance.. Finally, some ideas on further research is presented.

Based on the research questions, this study sought to understand the following: *What is the role of the auditor in the assurance process of sustainability information?*

From this study it can be concluded that auditors has a role in which they work to ensure that the information provided by companies is in line with the legal requirements. They also sometimes assure information on a deeper level and often work proactively in the communication with companies to improve the internal sustainability reporting practices. They actively work towards setting themselves as the natural assurance provider of sustainability information and to develop the assurance practices and regulations, and subsequently their role in it. An overarching goal that they are working towards, is to get assurance of sustainability information more closely linked to financial audit.

The findings of this study contribute to the understanding of the phenomenon of SR assurance and the role of the auditor in a couple of ways. Firstly, the study gives insight into how auditors work to develop and enhance their role and their practices in relation to SR assurance. They use different institutional work tools to affect their relation to the reporting company, the assured object and the applicable standards. It expands on the limited amount of previous research that has used direct engagement with auditors and company sustainability managers (Farooq and de Villiers, 2019; Gillet, 2012; O'Dwyer et al., 2011; Park and Brorson, 2005). Lastly, this study contributes with the development of an analysis model based on institutional theory that can be used to analyse the auditor's role in the Swedish SR assurance context. The model is general and can be applied to other circumstances in order to gain insights into the institutional characteristic of a certain actor or institution.

One should note that the Covid-19 pandemic, which had its outbreak at the time of this study, affected the results of this study. For example, some actors that were initially contacted with an interview request declined participation due to the pandemic outbreak. When applying the result of this study, one must therefore be aware of the possible effects the mentioned circumstances had on the result.

7.1. Further research

The findings of this study shows that the area of SR assurance in Sweden, and the role of auditors in it, is under constant development. This thesis has shown that the auditor uses different types of institutional work in order to create and maintain the institution of SR assurance in Sweden as well as their own role in it. The theoretical framework, with a basis in institutional theory, along with applicable analysis model, can provide further insights if applied to other contexts. It would be of interest to apply it to a larger sample of auditors, from more and smaller auditing firms, as well as to include other assurance providers that are not professional auditors. That could give a broader picture of the area of SR assurance practices in Sweden. The situation regarding regulations on the area is also something to consider.

Perhaps the analysis model in this study could be applied to another country, with other regulations, in order to get further insights. Furthermore, there would be interesting to apply the findings of this study to a longitudinal perspective over time, to see how the institution and its actors change.

Lastly, the circumstances of this study is fairly new, as the regulation in AAC regarding statutory SR was implemented for the year 2017 and forward. There is thus still an immaturity among the actors affected by it, which could be interesting to study over time. It should also be noted that, at the time of this study, there is a review of the NFRD out on referral. The review aims to get insights from stakeholders on possible revisions to the NFRD, which, if found suitable, will be implemented in the years to come (EC, 2020). This further shows that the area is very dynamic and is subject to possible changes in the near future.

8. Bibliography

8.1. Literature and publications

- Braun, V., Clarke, V., 2006. Using thematic analysis in psychology. *Qualitative Research in Psychology* 3, 77–101. <https://doi.org/10.1191/1478088706qp063oa>
- Bryman, A., Bell, E., 2015. *Business research methods*, Fourth edition. ed. Oxford University Press, Cambridge, United Kingdom ; New York, NY, United States of America.
- Carrington, T., Catasús, B., 2007. Auditing Stories about Discomfort: Becoming Comfortable with Comfort Theory. *European Accounting Review* 16, 35–58. <https://doi.org/10.1080/09638180701265846>
- Cho, C.H., Michelon, G., M. Patten, D., W. Roberts, R., 2014. CSR report assurance in the USA: an empirical investigation of determinants and effects. *Sustainability Accounting, Management and Policy Journal* 5, 130–148. <https://doi.org/10.1108/SAMPJ-01-2014-0003>
- Coram, P.J., Monroe, G.S., Woodliff, D.R., 2009. The Value of Assurance on Voluntary Nonfinancial Disclosure: An Experimental Evaluation. *Auditing: A Journal of Practice & Theory* 28, 137–151. <https://doi.org/10.2308/aud.2009.28.1.137>
- Dando, N., Swift, T., 2003. Transparency and Assurance: Minding the Credibility Gap. *Journal of Business Ethics* 44, 195–200.
- Deegan, C., Cooper, B.J., Shelly, M., 2006. An investigation of TBL report assurance statements: UK and European evidence. *Managerial Auditing Journal* 21, 329–371. <https://doi.org/10.1108/02686900610661388>
- DeFond, M., Zhang, J., 2014. A review of archival auditing research. *Journal of Accounting and Economics* 58, 275–326. <https://doi.org/10.1016/j.jacceco.2014.09.002>
- DiMaggio, P.J., Powell, W.W., 1983. The Iron Cage Revisited: Institutional Isomorphism and Collective Rationality in Organizational Fields. *American Sociological Review* 48, 147–160. <https://doi.org/10.2307/2095101>
- Edgley, C., Jones, M., Atkins, J., 2010. Stakeholder inclusivity in social and environmental report assurance. *Accounting, Auditing & Accountability Journal* 23, 532–557. <https://doi.org/10.1108/09513571011041615>
- EU, 2019. Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Text with EEA relevance), OJ L.
- Farooq, M.B., de Villiers, C., 2019. The shaping of sustainability assurance through the competition between accounting and non-accounting providers. *Accounting, Auditing & Accountability Journal* 32, 307–336. <https://doi.org/10.1108/AAAJ-10-2016-2756>

- Fernandez-Feijoo, B., Romero, S., Ruiz Blanco, S., 2012. Measuring quality of sustainability reports and assurance statements: Characteristics of the high quality reporting companies. *Int. J. of Society Systems Science* 4, 5–27. <https://doi.org/10.1504/IJSSS.2012.045371>
- Fonseca, A., 2010. How credible are mining corporations' sustainability reports? a critical analysis of external assurance under the requirements of the international council on mining and metals. *Corporate Social Responsibility and Environmental Management* 17, 355–370. <https://doi.org/10.1002/csr.230>
- Freeman, R., Reed, D., 1983. Stockholders and Stakeholders: A New Perspective on Corporate Governance. *California Management Review* 25. <https://doi.org/10.2307/41165018>
- Frostenson, M., 2015. Redovisningsteori. Studentlitteratur, Lund.
- Gillet, C., 2012. A study of sustainability verification practices: the French case. *J Acc & Organizational Change* 8, 62–84. <https://doi.org/10.1108/18325911211205748>
- Gillet-Monjarret, C., 2018. Assurance reports included in the CSR reports of French firms: a longitudinal study. *Sustainability Accounting, Management and Policy Journal* 9, 570–594. <https://doi.org/10.1108/SAMPJ-09-2017-0098>
- Gillet-Monjarret, C., Rivière-Giordano, G., 2017. Sustainability Assurance: a Literature Review. *Comptabilité - Contrôle - Audit* 23, 11. <https://doi.org/10.3917/cca.232.0011>
- Gray, R., Bebbington, J., 2001. *Accounting for the environment*, 2nd ed. ed. Sage Publications, London ; Thousand Oaks, Calif.
- Gray, R., Dey, C., Owen, D., Evans, R., Zadek, S., 1997. Struggling with the praxis of social accounting: Stakeholders, accountability, audits and procedures. *Accounting, Auditing & Accountability Journal* 10, 325–364. <https://doi.org/10.1108/09513579710178106>
- Gray, R., Owen, D., Adams, C., 1996. *Accounting & accountability: changes and challenges in corporate social and environmental reporting*. Prentice Hall, London.
- Gray, R., Walters, D., Bebbington, J., Thompson, I., 1995. The Greening of Enterprise: An Exploration of the (NON) Role of Environmental Accounting and Environmental Accountants in Organizational Change. *Critical Perspectives on Accounting* 6, 211–239. <https://doi.org/10.1006/cpac.1995.1021>
- Guba, E.G., Lincoln, Y.S., 1994. Competing paradigms in qualitative research, in: N. K. Denzin & Y. S. Lincoln (Eds.), *Handbook of Qualitative Research*. Sage Publications, Inc, pp. 105–117.
- Håbek, P., Wolniak, R., 2013. European Union regulatory requirements relating to Sustainability Reporting. The case of Sweden. *Zeszyty Naukowe* 8.
- Hahn, R., Kühnen, M., 2013. Determinants of sustainability reporting: a review of results, trends, theory, and opportunities in an expanding field of research. *Journal of Cleaner Production* 59, 5–21. <https://doi.org/10.1016/j.jclepro.2013.07.005>

- Heitzman, S., Wasley, C., Zimmerman, J., 2010. The joint effects of materiality thresholds and voluntary disclosure incentives on firms' disclosure decisions. *Journal of Accounting and Economics, Conference Issue on Current Issues in Accounting & Reassessing the Regulation of Capital Markets* 49, 109–132. <https://doi.org/10.1016/j.jacceco.2009.10.002>
- Hodge, K., Subramaniam, N., Stewart, J., 2009. Assurance of Sustainability Reports: Impact on Report Users' Confidence and Perceptions of Information Credibility. *Australian Accounting Review* 19, 178–194. <https://doi.org/10.1111/j.1835-2561.2009.00056.x>
- IAASB, 2013. International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information [WWW Document]. IFAC. URL <https://www.ifac.org/iaasb/publications/international-standard-assurance-engagements-isae-3000-revised-assurance-engagements-other-audits-or-0> (accessed 3.26.20).
- Jangu, T., Darusi, F., Sawani, Y., Zain, M.M., 2013. Assurance of CSR and Sustainability Reports: Empirical Evidence from an Emerging Economy. *Journal of Energy Technologies and Policy* 3, 390–396–396.
- Kolk, A., Perego, P., 2010. Determinants of the adoption of sustainability assurance statements: an international investigation. *Business Strategy and the Environment* 19, 182–198. <https://doi.org/10.1002/bse.643>
- Lawrence, T., Suddaby, R., 2006. Institutions and institutional work, in: *Handbook of Organization Studies*. pp. 215–254. <https://doi.org/10.4135/9781848608030.n7>
- Lawrence, T., Suddaby, R., Leca, B., 2011. Institutional Work: Refocusing Institutional Studies of Organization. *Journal of Management Inquiry - J MANAGE INQUIRY* 20, 52–58. <https://doi.org/10.1177/1056492610387222>
- Manetti, G., Becatti, L., 2009. Assurance Services for Sustainability Reports: Standards and Empirical Evidence. *J Bus Ethics* 87, 289–298. <https://doi.org/10.1007/s10551-008-9809-x>
- Martínez-Ferrero, J., García-Sánchez, I.-M., 2017. Sustainability assurance and assurance providers: Corporate governance determinants in stakeholder-oriented countries. *Journal of Management and Organization* 23, 647–670. <https://doi.org/10.1017/jmo.2016.65>
- Mnif, S.Y., Dammak, B.H.N., Jarboui, A., 2019. An empirical investigation of determinants of sustainability report assurance in France. *Journal of Financial Reporting and Accounting* 17, 320–342. <https://doi.org/10.1108/JFRA-02-2018-0019>
- Mori, R., Best, P.J., Cotter, J., 2014. Sustainability Reporting and Assurance: A Historical Analysis on a World-Wide Phenomenon. *Journal of Business Ethics* 120, 1–11.

- Moroney, R., Windsor, C., Aw, Y.T., 2012. Evidence of assurance enhancing the quality of voluntary environmental disclosures: an empirical analysis. *Accounting & Finance* 52, 903–939. <https://doi.org/10.1111/j.1467-629X.2011.00413.x>
- O'Dwyer, B., 2011. The Case of Sustainability Assurance: Constructing a New Assurance Service*. *Contemporary Accounting Research* 28, 1230–1266. <https://doi.org/10.1111/j.1911-3846.2011.01108.x>
- O'Dwyer, B., Owen, D., Unerman, J., 2011. Seeking legitimacy for new assurance forms: The case of assurance on sustainability reporting. *Accounting, Organizations and Society* 36, 31–52. <https://doi.org/10.1016/j.aos.2011.01.002>
- O'Dwyer, B., Owen, D.L., 2005. Assurance statement practice in environmental, social and sustainability reporting: a critical evaluation. *The British Accounting Review* 37, 205–229. <https://doi.org/10.1016/j.bar.2005.01.005>
- Park, J., Brorson, T., 2005. Experiences of and views on third-party assurance of corporate environmental and sustainability reports. *Journal of Cleaner Production*, 10th Anniversary of the International Institute for Industrial Environmental Economics (IIIEE): Management and policy for sustainable consumption and production 13, 1095–1106. <https://doi.org/10.1016/j.jclepro.2004.12.006>
- Perego, P., 2010. Causes and Consequences of Choosing Different Assurance Providers: An International Study of Sustainability Reporting. *International Journal of Management* 26.
- Perego, P., Kolk, A., 2012. Multinationals' Accountability on Sustainability: The Evolution of Third-party Assurance of Sustainability Reports. *Journal of Business Ethics* 110, 173–190. <https://doi.org/10.1007/s10551-012-1420-5>
- Peters, G., Romi, A., 2013. The Association between Sustainability Governance Characteristics and the Assurance of Corporate Sustainability Reports. *AUDITING: A Journal of Practice & Theory* 34. <https://doi.org/10.2139/ssrn.2198068>
- Pflugrath, G., Roebuck, P., Simnett, R., 2011. Impact of Assurance and Assurer's Professional Affiliation on Financial Analysts' Assessment of Credibility of Corporate Social Responsibility Information. *Auditing: A Journal of Practice & Theory* 30, 239–254. <https://doi.org/10.2308/ajpt-10047>
- Porter, M.E., Kramer, M.R., 2006. The Link Between Competitive Advantage and Corporate Social Responsibility. *Harvard Business Review* 17.
- Powell, W.W., DiMaggio, P. (Eds.), 1991. *The New institutionalism in organizational analysis*. University of Chicago Press, Chicago.
- Reimsbach, D., Hahn, R., Gürtürk, A., 2018. Integrated Reporting and Assurance of Sustainability Information: An Experimental Study on Professional Investors' Information Processing. *European Accounting Review* 27, 559–581. <https://doi.org/10.1080/09638180.2016.1273787>

- Rossi, A., Tarquinio, L., 2017. An analysis of sustainability report assurance statements: Evidence from Italian listed companies. *Managerial Auditing Journal* 32, 578–602. <https://doi.org/10.1108/MAJ-07-2016-1408>
- Rowley, J., 2012. Conducting research interviews. *Management Research Review* 35, 260–271. <https://doi.org/10.1108/01409171211210154>
- Simnett, R., Vanstraelen, A., Chua, W.F., 2009. Assurance on Sustainability Reports: An International Comparison. *The Accounting Review* 84, 937–967. <https://doi.org/10.2308/accr.2009.84.3.937>
- WCED (Ed.), 1987. *Our common future*, Oxford paperbacks. Oxford University Press, Oxford ; New York.
- Zorio, A., García-Benau, M.A., Sierra, L., 2013. Sustainability Development and the Quality of Assurance Reports: Empirical Evidence. *Business Strategy & the Environment* (John Wiley & Sons, Inc) 22, 484–500. <https://doi.org/10.1002/bse.1764>

8.2. Internet

- AccountAbility, 2020. AA1000 Assurance Standards [WWW Document]. AccountAbility. URL <https://www.accountability.org/standards/> (accessed 5.12.20).
- EC, 2020. Consultation document: Review of the non-financial reporting directive [WWW Document]. European Commission - European Commission. URL https://ec.europa.eu/info/files/2020-non-financial-reporting-directive-consultation-document_en (accessed 5.12.20).
- FAR, 2019. Ericsson tar hem FAR:s Bästa redovisning av hållbarhet. FAR. [WWW Document] URL: <https://www.far.se/nyheter/2019/juni/ericsson-tar-hem-fars-basta-redovisning-av-hallbarhet/> (accessed 5.11.20).
- FAR, 2020a. Internationellt ramverk för bestyrkandeuppdrag [WWW Document]. FAR Online. URL: <https://www.faronline.se/dokument/i/isaramverk/> (accessed 3.18.20).
- FAR, 2020b. RevR 6 Assurance of sustainability information [WWW Document]. FAR Online. URL: <https://www.faronline.se/dokument/r/revr0006/> (accessed 3.27.20).
- FAR, 2020c. RevR 12 The auditor's report on the statutory sustainability report [WWW Document]. FAR Online. URL: https://www.faronline.se/dokument/a/auditors_reports_eng/ (accessed 3.18.20).
- GRI, 2020a. GRI and the GSSB [WWW Document]. GRI. URL <https://www.globalreporting.org/standards/gssb-and-standard-setting/> (accessed 3.26.20).
- GRI, 2020b. GRI Consolidated Set of Standards [WWW Document]. GRI. URL <https://www.globalreporting.org/standards/gri-standards-download-center/> (accessed 3.26.20).

- IAASB, 2013. International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information [WWW Document]. IFAC. URL <https://www.ifac.org/iaasb/publications/international-standard-assurance-engagements-isae-3000-revised-assurance-engagements-other-audits-or-0> (accessed 3.26.20).
- KPMG, 2019. I vilken riktning går hållbarhetsrapporteringen? - KPMGs årliga undersökning om hållbarhetsrapportering i Sverige [WWW Document]. URL <https://home.kpmg/content/dam/kpmg/se/pdf/komm/2019/undersokning-om-hallbarhetsrapportering-2019-fran-kpmg.pdf> (accessed 6.5.20).
- KPMG, 2017. The KPMG Survey of Corporate Responsibility Reporting 2017 [WWW Document]. URL <https://assets.kpmg/content/dam/kpmg/xx/pdf/2017/10/kpmg-survey-of-corporate-responsibility-reporting-2017.pdf> (accessed 6.5.20).
- PwC, 2019. Oroväckande brister i rapporteringen av företagens hållbarhetsarbete [WWW Document]. PwC. URL <https://www.pwc.se/sv/hallbar-utveckling/hallbarhetsrapportering.html> (accessed 2.7.20).
- WEF, 2020. World Economic Forum Davos Manifesto 2020: The Universal Purpose of a Company in the Fourth Industrial Revolution. [WWW Document] URL: <https://www.weforum.org/agenda/2019/12/davos-manifesto-2020-the-universal-purpose-of-a-company-in-the-fourth-industrial-revolution/> (accessed 5.11.20).

9. Appendix 1: Interview guide

Interview guide themes and questions.

A. The function of assurance of sustainability reports

1. What is the function of the assurance of sustainability report?
2. Why does sustainability reports need to be assured?
3. How is the assignment process in relation to traditional auditing of financial information?

B. The role of the auditor

1. How is the auditor assisting in the preparation of the sustainability information?
2. How do auditors work to ensure their position as assurers?
3. Are auditors well equipped for the task of assuring sustainability information?

C. Standards and guidelines

1. What standards and guidelines do you use?
2. Are existing standards well designed for the purpose?

D. Future and development

1. Will we see an increased / decreased materiality scope for assuring sustainability information?
2. Will it be more common in the future with third-party auditors who are not auditors?
3. How will the development be in terms of reviewing entire reports or only essential parts (individual indicators, etc.)?