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STRENGTHENING STAKEHOLDER ENGAGEMENT WITHIN CORPORATE SUSTAINABILITY REPORTING

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ABSTRACT

Creating value for stakeholders and responding to their interests and needs is a fundamental corporate responsibility. With the Corporate Sustainability Reporting Directive entering into force, companies are expected to disclose more comprehensive information on their stakeholder engagement practices in their sustainability reports, encouraging companies to review and improve their engagement methods. This study addresses the issue of stakeholder engagement in corporate sustainability reporting and examines ways for companies to enhance their engagement processes. Through a qualitative case study of a German Transmission System Operator involving interviews with both internal and external stakeholders, this study classifies the company's stakeholder engagement methods and investigates stakeholders' preferences and needs towards engagement processes. The study's results contribute to stakeholder engagement theory in the context of corporate sustainability reporting by incorporating the perspectives of stakeholders. Given the high practical relevance, the findings may guide companies in reviewing their engagement processes, building better relationships with their stakeholders, and enabling more effective decision-making. The results are based on the Transmission System Operator industry and ideally serve as a valuable reference for companies across the sector.

Keywords: stakeholder engagement, stakeholder needs, corporate sustainability reporting, sustainability reporting standards, double materiality

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INTRODUCTION

In December 2019, the European Commission announced its goal to become the first climate-neutral continent (1). The means to this end is the European Green Deal, which bundles various different European sustainability targets. The Green Deal is intended to transform the European economic model through, inter alia, achieving net-zero greenhouse gas emissions by 2050 and decoupling economic growth from resource use (1).

Businesses play a key role in meeting Europe's sustainability goals and are increasingly required to report on their sustainability performance (2). Broadly speaking, sustainability reporting is a way for companies to publicly disclose information about their economic, environmental and social impact, both positive and negative, towards sustainable development (3). Sustainability reporting is meant to enhance transparency for stakeholders and thus provide a better understanding of a company's opportunities and risks (3). Thereby, companies can demonstrate their value creation beyond their financial performance and strengthen their legitimacy (4). So far, companies above a certain size were obliged to report on sustainability by the European Non-Financial Reporting Directive (5). With the Green Deal, the European Commission committed to reviewing the current non-financial reporting requirements. The outcome is the so-called Corporate Sustainability Reporting Directive (CSRD), which will mandate disclosure of environmental, social, and governance performance by significantly more companies – i.e. 50,000 companies in total – starting in 2024 (6). Its goal is to simplify and standardise corporate sustainability reporting through one coherent set of reporting standards, namely the European Sustainability Reporting Standards (ESRS) (7). The ESRS are intended to provide clear guidelines amidst the numerous existing reporting standards and consolidate them into a single annual report. (8).

One critical aspect of sustainability reporting according to the ESRS is the involvement of and engagement with stakeholders. Sustainability issues are wicked problems, characterised by a high degree of complexity, that require considering multiple perspectives when addressing them. (9). According to the ESRS, companies will be expected to disclose more detailed information on their stakeholder engagement practices, including how they identify their stakeholders, the methods used to engage stakeholders, and the outcomes of these engagement efforts (10). While the CSRD may bring benefits, it may also pose challenges for stakeholder relationships by possibly increasing stakeholders' workload and straining their capacities, assuming those capacities are limited. This study addresses the issue of stakeholder engagement within corporate sustainability reporting, by posing the question:

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

Using a single case study approach of a German Transmission System Operator (TSO), this study explores stakeholders' preferences and needs towards engagement processes to uncover

potential areas of improvement. The case company 50Hertz Transmission GmbH (hereinafter referred to as 50Hertz) is a subsidiary of the Belgian Elia Group and one out of four TSOs in Germany. Under European law, TSOs are defined as “an organisation which is responsible for the transport of energy at national or regional level using fixed infrastructure” (11). As in most countries, German TSOs build natural monopolies and are therefore subject to regulation by the German Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (BNetzA) (12). 50Hertz operates and maintains the transmission grid in northern and eastern Germany, which connects, e.g., power plants and wind farms to distribution grids and provides a reliable power supply for about 18 million people in the grid area (13). With an employee base of around 1400 across multiple locations, including its headquarters in Berlin, the company aims on expanding the grid where needed to support the German energy transition (13,14). As more renewables are integrated into the grid, the system’s complexity increases, necessitating the development of new infrastructure (15). A comprehensive stakeholder approach is of particular importance for TSOs to create an understanding of the need for expansion and to address community concerns on grid development projects.

This study enriches the theory of stakeholder engagement within corporate sustainability reporting and presents two main contributions. Firstly, the study contributes to stakeholder engagement theory in the context of corporate sustainability reporting. Although there is a considerable body of literature on corporate stakeholder engagement, less research attention has been paid to the perspectives of stakeholders on these engagement efforts (16–22). By the use of semi-structured interviews, the study captures internal and external stakeholders’ preferences and needs along the environmental, social and governance impact areas of the case company to participate in corporate sustainability reporting and what they expect from companies in this regard. Secondly, the study’s findings may provide a research-based foundation to guide companies in reviewing their engagement processes, building better relationships with their stakeholders, and enabling more effective decision-making. The results are based on the TSO industry and ideally serve as a valuable reference for companies across the sector. Given the high practical relevance, this study could have a real-world impact on how organisations engage with their stakeholders and ultimately benefit society.

In the following, the literature review presents the developments in European corporate sustainability reporting standards, specifically focusing on stakeholder engagement. The research is situated within established theories on stakeholder engagement and frameworks for varying levels of engagement. The methodology chapter outlines the selected qualitative case study approach before the results are discussed in relation to the research question, suggesting practical implications. Lastly, the conclusion summarises the main findings, discloses the study’s limitations and highlights opportunities for future research.

THEORETICAL FRAMEWORK

Corporate Sustainability Reporting

By the time the CSRD and the corresponding ESRS come into force, multiple sustainability reporting frameworks have emerged addressing the environmental, social, and governance (ESG) aspects of companies, partly driven by the growing investor demand for such information (23,24). ESG succeeded Corporate Social Responsibility (CSR) as the primary sustainability reporting term (23–26). While CSR pertains to a company's social responsibility, ESG explicitly includes governance concerns in addition to environmental and social factors, by examining a company's internal management and control systems, including its board structure, and the protection of investors and stakeholders (26).

One of these frameworks is provided by the Global Reporting Initiative (GRI), whose GRI standards constitute the most used sustainability reporting framework worldwide (27). According to European Financial Reporting Advisory Group (EFRAG), the body responsible for developing the European standards, the ESRS are closely aligned with the GRI standards (28). Yet, because the ESRS are legally binding on the respective companies through the CSRD, and some requirements that are optional in the GRI standards are mandatory, the ESRS approaches companies with stricter and more detailed requirements. Just as customary in financial reporting, the sustainability reports of companies covered by the CSRD must be subject to an external audit (7).

The ESRS will follow the concept of double materiality, which requires companies to provide a full picture of how sustainability matters influence the company, modelled on the IFRS Sustainability Disclosure Standards, and how the company influences matters of sustainability, given by the GRI standards (29). This approach establishes a two-pillar framework, with the first pillar encompassing sustainability-related financial considerations and the second pillar addressing a company's externalities on society, the environment, and hence its contributions to sustainable development (30). The concept of materiality originates in financial reporting and involves determining the importance of various pieces of information (31). Therefore, information is considered material if its omission or misrepresentation could influence the economic decisions of relevant stakeholders (32). Within the ESRS, materiality is considered the criterion for the inclusion of information in sustainability reports and reflects its capacity to meet the needs of stakeholders for them to make informed decisions (10). In terms of sustainability, the concept of materiality is highly context-dependent and influenced by key actors and discourses (2). As emphasised by Nicholls, the involvement of stakeholders in deciding what an organisation should be accounted for has been shown to be crucial for establishing materiality and as an act of empowerment for stakeholders (2).

Stakeholder Engagement

The European Union aims to create reporting guidelines that cover multi-stakeholder needs on the full sustainability spectrum (30). The previous drafts of the ESRS define a company's stakeholders as "those who can affect or be affected by the undertaking's decisions and actions" (3,10). Furthermore, it divides the stakeholders of a company into affected stakeholders, who have interests that may be positively or negatively impacted by the company's activities and value chain, and users of sustainability reporting (10). The standards require that the impact on all affected stakeholders is considered by the materiality assessment, not just the needs of report users (10). The ESRS encourage companies to report more coherent on their sustainability impacts and to adopt a more comprehensive stakeholder engagement approach. Therefore, companies should transparently report on the identification of relevant stakeholders, potentially including employees, customers, suppliers, investors, local communities and civil society organisations (10). The reporting must contain the methods and frequency of stakeholder engagement, how stakeholder feedback is solicited and what actions are taken in response (33). This engagement should be ongoing and regular to understand stakeholders' needs and concerns regarding environmental, social and governance issues and should serve substantially for the materiality assessment of companies (33). Furthermore, companies should describe how stakeholder views, interests, and expectations inform their strategies and business models (33).

The understanding of an organisation's stakeholders is rooted in stakeholder theory and the management for stakeholders approach (20). According to Freeman, whose works have significantly shaped the academic literature around stakeholder engagement and business ethics (20–22,34), a stakeholder is defined as "any group or individual who can affect or is affected by the achievement of the organisation's objectives" (21). The Management for Stakeholders approach has evolved from the former Management *of* Stakeholders approach, which focuses solely on generating value for the organisation and often comes at the cost of disregarding other stakeholders (22). In contrast, the Management for Stakeholders approach implies that an organisation's fundamental purpose is to provide value for all stakeholders outside of its immediate internal stakeholder groups (22). Essentially, with the Management for Stakeholders approach, a more holistic view of organisational value creation has developed that goes beyond the instrumentalised Management of Stakeholders through a neoclassical lens (22).

From a procedural point of view, Hummels described the engagement of stakeholders as an iterative problem-solving process, where internal stakeholders establish objective standards for engagement, take into account external stakeholders' interests, measure the effectiveness of the engagement, and communicate the outcomes (35). Thereby, organisations would continuously strive to enhance their engagement efforts (35). Within the ESRS, stakeholder engagement is defined as "an ongoing process of interaction and dialogue between an undertaking and its stakeholders that enables the undertaking to hear, understand and respond to their interests and concerns." (33).

This study adopts an understanding of stakeholder engagement as an ongoing problem-solving process which requires the participation of both internal and external stakeholders to comprehend their interests and concerns and respond accordingly.

Levels of Engagement

Since no organisation makes sense in isolation, it is important to understand how companies attempt to engage with their stakeholders. Gioia and Chittipeddi introduced the term “sensemaking” from an intra-organisational perspective to describe the process of understanding others' needs and assigning meaning to them (36). Thereafter follows the process of “sensegiving” which can include actions like creating a shared vision and promoting it to stakeholders (36). From that perspective, an organisation's ability to incorporate others' sensemaking affects its ability to establish productive relationships with stakeholders.

Morsing and Schultz later extended this idea with an outwards-facing approach, including external stakeholders in an organisation's sustainability efforts. In their framework, they distinguish between three types of stakeholder relations, on how organisations engage with their stakeholders via their CSR communication. Firstly, the information strategy aims at the dissemination of information and is characterised by one-way communication from the organisation to its stakeholders, reflecting the concept of sensegiving only (16). Secondly, the response strategy is intended to consult or support stakeholders and is marked by two-way asymmetric communication (16,19). Lastly, the involvement strategy leads to an actual influence of stakeholders on the organisation's activities by means of collaborations and partnerships, using two-way but symmetric communication (16,19). Both the response and the involvement strategy embody the idea of sensemaking and sensegiving, whereas only the involvement strategy causes change (16). However, stakeholder engagement processes generally require dedication from both companies and stakeholders, by spending time and resources, and also raising their vulnerability to risks while attempting to collaborate (18).

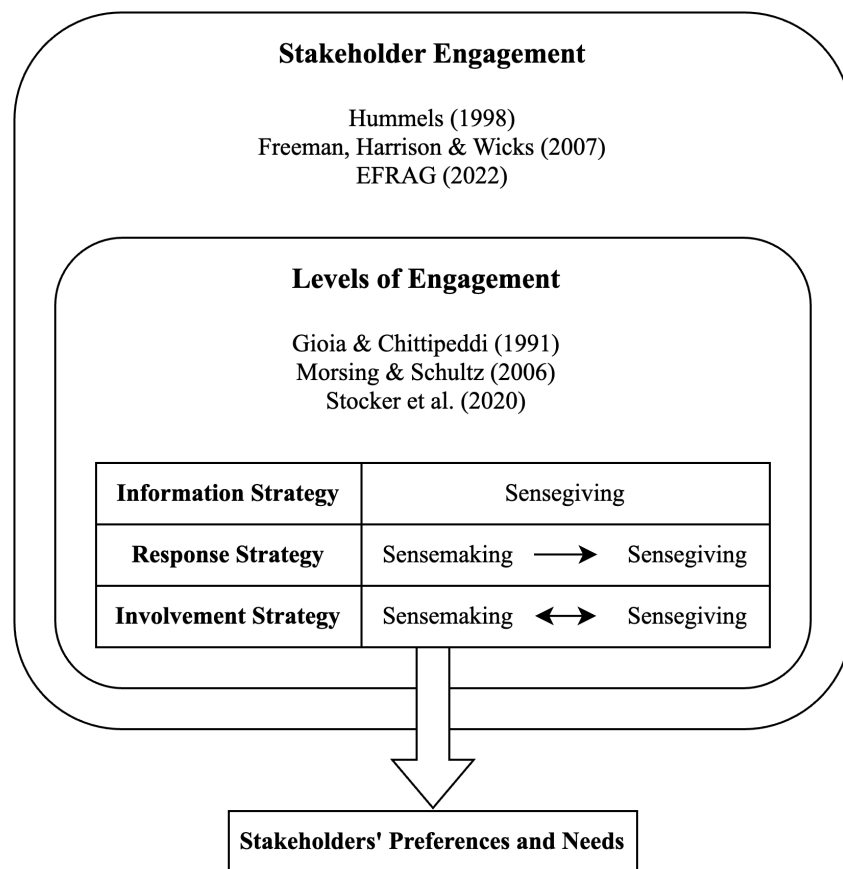
In line with the notion of sensemaking and sensegiving within the context of stakeholder engagement, this study follows that perspective to understand the preferences and needs of stakeholders to get involved in a company's sustainability reporting efforts.

As the field continued to gather momentum, recent studies have developed methods to classify and evaluate stakeholder engagement activities, by investigating the nature and level of stakeholder engagement strategies. By advancing the framework of Morsing and Schultz, Stocker et al. analysed 119 GRI reports from companies in the energy sector on their stakeholder engagement activities, with the result that companies tend to develop strategic engagement processes with external stakeholders that are linked to their external impact and dependence (17). Whereas internal stakeholders are most often addressed using the information or response strategy, external stakeholders such as communities and governments are primarily addressed using the involvement strategy (17). Stocker et al. highlight the importance of transparently disclosing engagement strategies since these stakeholders engaged ultimately have an impact on

a company's decision-making and potentially come at the cost of certain stakeholders groups being less engaged than others.

In summary, previous research on stakeholder engagement paid increasing attention to the significance of integrating stakeholders in corporate decision-making processes, by translating “stakeholder talk” into “stakeholder walk” (37). Yet, legally binding regulations add another layer to the management for stakeholders, requiring companies to consider the interests of stakeholders in their decision-making processes. In view of the practical relevance of the research topic, there is a need to comprehend the complex spectrum of stakeholders' perspectives towards corporate engagement methods. The study draws on the work of Gioia and Chittipeddi, Morsing and Schultz, and Stocker et al., using the framework of different engagement strategies and the notion of sensemaking to understand stakeholder needs and derive potential practical implications from them (Figure 1).

FIGURE 1
Theoretical Framework of Stakeholder Engagement within Corporate Sustainability Reporting



METHODOLOGY

The energy sector is responsible for approximately 75 % of direct greenhouse gas emissions within the EU when taking into account energy production and consumption (38). Thus, the transformation of the energy sector is seen as the most effective lever in decarbonising the European economy (39), which makes it particularly interesting for the purpose of this study. As a TSO, the case company plays a central role in facilitating the energy transition in Germany by operating and developing the electricity grid infrastructure (40). Owing to their core business, TSOs carry social, economic, and environmental responsibilities that are of high interest to external stakeholders. The fact that TSOs operate in highly regulated markets leads to significant homogeneity within the sector and may favour the potential transferability of the study results to other TSOs.

Research Design

For the purpose of this research, a qualitative case study approach has been adopted, following the grounded theory framework. Grounded theory seeks to generate a theory from the data collected in a specific context and thereby builds a close relationship between the data collection, the analysis and the resulting theory in an iterative process (41). This approach derives from the exploratory nature of this thesis' research aim, focusing on the previously understudied stakeholders' perspectives on corporate engagement methods. A case study approach can facilitate the development of grounded theory by generating rich and detailed data. According to Yin, a case study involves the investigation of a new phenomenon within its context using various forms of evidence (42). As the legal framework poses new requirements to the case company and all organisations that fall under the extended scope of the CSRD, a single case study is an appropriate approach to gain an in-depth understanding and multiple perspectives from within and outside the company.

Data Collection

The primary data for this study has been acquired through semi-structured interviews with a research sample consisting of eight stakeholders in direct relation to the company's sustainability reporting. The use of semi-structured interviews is particularly useful for exploring a complex issue since it allows for flexibility in an open-ended questioning and probing process, while still ensuring that the research is focused and targeted (43). The interviewees were selected purposively based on their relevance to the leading research question (43). The criteria for the inclusion of units of analysis correspond to the ESG areas and require one internal and one external stakeholder affected by the company's environmental, social and governance issues (see Table 1). Accordingly, the case company proposed the most suitable participants.

All interviews were conducted exclusively within the scope of the master's thesis in May 2023 by a video call lasting for 30 to 45 minutes. The interviews were always conducted in the

afternoon, during participants' working hours, to reduce situational biases and maintain a coherent approach. To minimise literacy biases, the interviews were conducted in the respective participants' native languages, either German or English. The interview guide structured the interviews, starting with an introduction that explained the research topic and the conditions of participating in the study with an additional request for verbal consent (Appendix A and B). Subsequently, the interview questions covered stakeholders' relationships with the case company, including the methods of engagement used and their participation in the company's sustainability reporting. Furthermore, the interviews included detailed questions to explore stakeholders' preferences and needs regarding these methods, as well as their overall desired situation for stakeholder engagement practices (Appendix A, Table A1). The interviews ended with an opportunity for the interviewees to ask questions.

TABLE 1
Overview of Interview Participants

Stakeholder relationship		Company
Environmental area	Internal stakeholder	50Hertz Transmission GmbH
Environmental area	External stakeholder	Renewable Grid Initiative
Social area	Internal stakeholder	50Hertz Transmission GmbH
Social area	Internal stakeholder	50Hertz Transmission GmbH
Social area	External stakeholder	Trade Union – Industriegewerkschaft Bergbau, Chemie, Energie (IG BCE)
Governance area	Internal stakeholder	50Hertz Transmission GmbH
Governance area	External stakeholder	Distribution system operator – Stromnetz Hamburg GmbH
Governance area	External stakeholder	German Energy Agency (dena)

Data Analysis

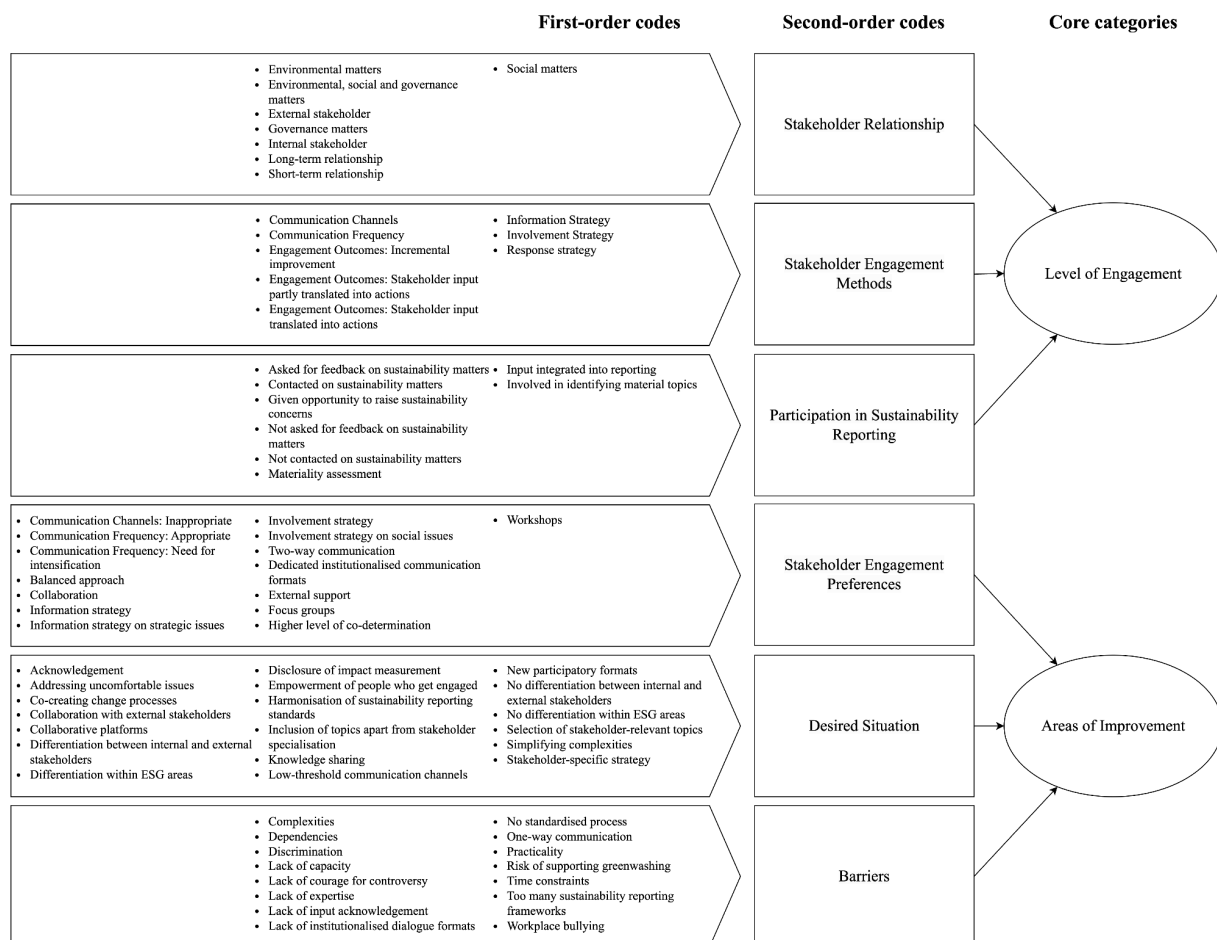
The acquired data were audio-recorded, transcribed and coded following an abductive method of analysis. An abductive analysis approach is a combination of the two streams of inductive and deductive methods in that it starts from a selection of theoretically expected codes but remains equally open to additions and modifications, working iteratively between theory and data (44). This approach seeks to identify conditions which would make a given phenomenon less puzzling and contribute to theories by uncovering new insights (45).

Seven of the eight interviews took place in German and were partly translated into English afterwards using the translation software DeepL Translator for the use of illustrative quotations

in the results. The interviews were audio-recorded with the author's smartphone and temporarily saved in the secured OneDrive folder, which link is to be found in Appendix C. Subsequently, the data were transcribed with *Word Transcribe* and coded using the software *ATLAS.ti*. The coding procedure was carried out in three stages according to Strauss and Corbin: open, axial and selective coding. Firstly, the data was broken down into smaller parts and analysed for relevant topics in order to openly form descriptive first-order codes. Subsequently, relationships between the codes were identified by axial coding and put into context to establish comparability between the different interviews until broader second-order codes were formed. Lastly, core categories that emerged from the data were selected as central issues and captured by a coding tree (Figure 2) (46). For the sake of space and clarity, only a selection of the most relevant first-order codes is presented in the coding tree. A complete overview of all codes and exemplary quotations can be found in Appendix D. The coding process was highly iterative with the progression of the interviews, leading to multiple reformulations of second-order themes. After completion of the coding process, the results were classified in light of the underlying theory and research question. The author re-examined the coding procedures for accuracy to ensure intra-coder reliability. Furthermore, triangulation was applied as the author used secondary data from the GRI sustainability report of the case company and the LinkedIn profiles of the interviewees for comparison to improve the internal validity and credibility of the case study (47).

All ethical considerations comply with the Code of Ethics of the University of Groningen. The participants of this study were fully informed about the purpose, including explanations of topics crucial to the study as well as potential risks and benefits of participation. Prior to the interview, participants received an extensive information sheet and signed an informed consent form, explaining that their participation is entirely voluntary (Appendix C). In addition, participants were assured of their anonymity and confidentiality, and their personal data is kept secure and protected throughout the research process.

FIGURE 2
Data Structure



RESULTS

This thesis has fundamentally addressed the topic of stakeholder engagement in corporate sustainability reporting. The guiding research question of this study raised the issue of “*How can companies enhance their stakeholder engagement processes within corporate sustainability reporting?*”. The study results were expected to classify the different stakeholder engagement methods used by the company from a stakeholders' point of view and to explore the stakeholders' preferences and needs towards these processes. Ideally, this created a reality check between how stakeholders were addressed and how they actually preferred to be addressed, to derive potential improvements from them.

In the following, the results derived from the abductive analysis are presented in a code hierarchy, underlined by illustrative quotes. In accordance with the underlying research question, the results were sorted into the core categories *Level of Engagement* and *Areas of Improvement*.

The following second-order themes are subordinate to the core category *Level of Engagement: Stakeholder Relationship, Stakeholder Engagement Methods and Participation in Sustainability Reporting*. Concerning the core category *Areas of Improvement*, the analysis has yielded the corresponding second-order codes: *Stakeholder Engagement Preferences, Desired Situation and Barriers*. Based on the diversity of the interview participants, differentiations between their affiliations could be identified. Therefore, the analysis results are divided into the perspectives of the internal and external stakeholders of the case company and further broken down into the core categories deduced from the analysis. The interview transcripts can be found in the exclusively shared OneDrive folder (Appendix C).

Internal Stakeholders

The interview participants of the internal stakeholder group all came from different corporate divisions covering all ESG impact areas. Environmental stakeholders were primarily concerned with strategic corporate development, corporate environmental protection measures and internal sustainability programmes. Social stakeholders advocated for minorities within the company or had experience in the company's public participation activities. Governance stakeholders were responsible for the group's investor relations and ESG ratings. Notably, most of the internal stakeholders spoke of very long-term experience in their work field and employment with the case company.

Level of engagement.

All of the internal stakeholders interviewed stated that they were contacted about sustainability issues and have been asked for their feedback as well as given the opportunity to raise their sustainability concerns. All participants spoke of a high contact frequency on sustainability topics and, concerning specific topics, sometimes only at monthly or quarterly intervals. This communication most often took place via meetings, personal communication and online communication or social media. The internal stakeholders interviewed unanimously confirmed their prior participation in the identification of the company's material topics. Additionally, the interviewees were aware that their input had been integrated into the sustainability reporting. The analysis suggests that all of the internal stakeholders were most often addressed using the involvement strategy and three of them additionally by the information strategy.

“More to be informed. And because I need to know what's the latest that is happening. So it's more informing. I was actively involved two years ago, with integrated report more because it was the beginning of our journey.” (Interviewee 2)

“I think we do have a very good section on our intranet where I can read up on this.” (Interviewee 4)

Areas of improvement.

While all interviewees were engaged by either the involvement strategy or partially combined with the information strategy, half of the interviewees preferred the information strategy or a more balanced approach. Nevertheless, for social issues, several internal stakeholders felt an involvement strategy to be more appropriate. Rather than expressing a specific preference for one strategy, some perceived the different levels of engagement as a phase model and emphasised the need to follow a more selective approach.

“I think it would be good if there were a balance, for example, many social things are about actually being active yourself. As long as you're not active, it doesn't work.” (Interviewee 3)

“I would say that it is a step-by-step process. So first of all the information, because you want to form an informed opinion when you are consulted, and then depending on how meaningful it is thematically, involvement is of course also good and right. [...] What doesn't make sense, of course, is to be consulted or involved in every single aspect of sustainability, that would be nonsense, so you certainly have to be very selective, because you overload the staff with such questions.” (Interviewee 1)

The communication frequency on sustainability reporting was generally considered appropriate, yet there was a need for institutionalised formats like focus groups or workshops to effectively address social issues, possibly with external support. Furthermore, there was a desire to promote social engagement and empower those who get involved through targeted initiatives.

“It's different when you meet for a round of talks than when you sit down for a workshop or in a focus group and actually develop topics together and are also aware of the process character [...]” (Interviewee 3)

“Putting more focus on when someone actually gets involved, also more empowerment for the people who get involved and institutionally it would already be possible, as other companies also do, for example, that you can donate or use working hours for certain activities or if you volunteer, you can use so and so many days for it.” (Interviewee 3)

If stakeholders were free to shape the stakeholder engagement of companies, most of the internal stakeholders interviewed would have followed the stakeholder engagement strategies of the case company. By intuition, most interviewees felt that a differentiation should be made between internal and external stakeholders in the choice of engagement methods. Half of them also believed that differentiating between stakeholders from different ESG areas was appropriate. For adopting an individual approach it was noted to carefully consider overlapping ESG areas and also encompass topics beyond stakeholder specialisation. Moreover, internal stakeholders considered a more collaborative approach between the company and external stakeholders to be

desirable. Building alliances with industry stakeholders on sustainability issues was a recurring idea, including the use of platforms to bring diverse groups together for knowledge sharing.

“I wouldn't say that you only have to talk about environmental issues with environmental NGOs, so to speak, so certainly you have to focus on that, it's in the nature of things, but I wouldn't rule out at least touching on the other issues, not in the same depth, but yes.” (Interviewee 1)

“That's why I find such forms of cooperation within a platform, within which, for example, we also engage in exchange with other TSOs, with NGOs, with other stakeholders. I find that very valuable, because it simply brings together even more ideas.” (Interviewee 4)

In line with the practical background of this study, there was a strong desire for future harmonisation of sustainability reporting standards. It was hoped that consolidation would provide a more effective and universally understandable way of reporting on sustainability issues.

“We have so many different standards coming up. You have CSRD, the taxonomy, TCFD, then you have all the non-financial rating agencies and it's like one massive mix of different agencies, regulation standards. I'm looking forward to the moment they're harmonising that a bit.” (Interviewee 2)

Some of the described ideals were derived from perceived barriers that hinder engagement within corporate sustainability reporting. The desire to consolidate reporting standards simultaneously highlighted the obstacle posed by the myriad of different standards. While some respondents did not perceive any obstacles, others encountered serious barriers like discrimination and workplace bullying. Related to that, there was a call for more courage in discussing uncomfortable topics and creating safe spaces by fixed communication formats.

“And yes, in many cases, people stick to the topics that do not cause so much trouble. But it is important to cause this trouble in order to discuss openly because that is the only way to actually set us thinking. [...] Only if we actually address those, admit that there is discrimination, yes, also in our company, we can become aware that we have to do something about it.” (Interviewee 3)

More generally, time constraints and a lack of capacity were seen as barriers for internal stakeholders to engage more intensively in corporate sustainability reporting issues. It was found that employee participation in the materiality assessment was generally minimal. Moreover, the company lacked a standardised process for conducting its materiality assessment. To foster

employee engagement, low-threshold internal communication channels were needed for easy issue-raising and feedback.

“But, as I said, we don't ask about any sensitivities or opinions in a structured and regular way, so we simply don't have the time. [...] Everyone has enough to do and it all takes time, so of course one is always happy to be involved and to participate, so to speak, but one also has to see the time factor.” (Interviewee 1)

“Well, if I now think again of staff members, you have to make the hurdle as low as possible in order to interact, in other words, you have to provide an opportunity outside of this ‘we're asking you now, we want feedback now’, but simply to offer a permanent channel of dialogue that is very low-threshold, so that you have the opportunity to quickly throw something over the fence, a concern or something, without much preparation, without making any appointments or I don't know. That's important and that you promote this constant interaction.” (Interviewee 1)

Looking beyond company borders, complexity at the sector level was mentioned as a barrier to stakeholder engagement. In particular, the role of TSOs and the need for grid expansion was difficult for the public and many stakeholders to understand, which affected the willingness to engage in the company's sustainability issues or to support the grid expansion.

“I think the energy sector is a complex sector and often people don't understand enough of the matter and we like to explain things in a very complicated way and it's not always easy for somebody that one doesn't know what a TSO transmission system operator does. [...] But you also need to educate people probably more than in any other industry.” (Interviewee 2)

External Stakeholders

The external stakeholders interviewed all represented different organisations related to the ESG impacts of the case company. These included an association of European nature conservation groups and TSOs, a sector-specific trade union, a state institution, and a distribution system operator. Close relationships were observed between the case company and some external stakeholders, such as being a founding member of the environmental association and having the trade union's executive director on its supervisory board.

Level of engagement.

Among the external stakeholders, only one of the interviewed persons stated that they were contacted by the case company on sustainability issues. Thus, feedback on sustainability matters primarily came from social external stakeholders. Nonetheless, all stakeholders had the opportunity to raise their sustainability concerns. In most cases, collaborative projects were initiated by the stakeholders themselves. Regular communication on sustainability matters

occurred in monthly or quarterly intervals through events, meetings, and online channels. None of the external stakeholders interviewed was actively involved in the case company's materiality assessment, but their input may have been included in the sustainability reporting. While some felt very well listened to and taken seriously, others emphasised only a gradual implementation of their input.

“[...] I do believe that we are accepted, that we are taken seriously and that when we bring in ideas, positions and opinions, that they are taken up and yes considered.” (Interviewee 5)

“Is there a scale or something? Maybe like a 3 out of 5?” (Interviewee 6)

The analysis showed that all external stakeholders were engaged through the involvement strategy, with some also by the response strategy. The involvement was often reciprocal, such as in collaborative projects, the mutual use of networks, and knowledge exchange. It became evident that the level of engagement strongly depends on the contact person within the company.

Areas of improvement.

All interviewees expressed satisfaction with their level of engagement and contact frequency with the case company regarding sustainability issues, with a preference for collaborations. Still, some suggested intensifying the involvement through new participatory dialogue formats and increased exchange initiatives by the case company.

“So yes, that they should just maybe try out new things and think about real participatory formats where they can really create participation.” (Interviewee 6)

The question about the stakeholders' ideal conceptions confirmed their preference for a generally higher level of engagement on matters of sustainability, with one interviewee viewing it as a progressive model that should increase over time based on trust as previously described by an internal stakeholder. A differentiation between internal and external stakeholders was mostly deemed appropriate and half of the respondents considered a differentiation within the ESG areas as necessary. In this context, the practicality of differentiation was highlighted, with one interviewee desiring a consistent approach across all stakeholder groups but acknowledging its impracticality based on their own experience.

“[...] from a scientific point of view, both should be able to set it freely, that's what I would say. From a purely pragmatic point of view, I would proceed as we are doing at the moment, because otherwise you will somehow have apples and oranges and that might not fit together afterwards.” (Interviewee 8)

Therefore, many of the interviewees called for a stakeholder-specific approach. Most ideals mentioned related to greater collaboration between companies and stakeholders and the use of collaborative platforms to bring diverse interests together, facilitate knowledge sharing and foster understanding of stakeholder interests. In line with a more collaborative rather than competitive approach, one stakeholder specifically advocated for sharing experiences through a higher level of transparency, in particular disclosure of impact measurement.

“And if you notice that there are organisations or sometimes individuals who can simply help you to better understand how you have to act as a company in order to advance your own goals in harmony with the interests of the stakeholders, then you should bring them in as systematically and actively as possible. [...] And a fit company has to research sensibly what the stakeholders can contribute and use that constructively.” (Interviewee 7)

“There are platforms where they come together and try to resolve differences. To reconcile differences. But why not sit down and say, I am this company and I have this strategy for sourcing? You can't disclose everything, but somehow, that's how we want to develop. In this strategy process, we should actually consider whether we should perhaps add a climate or environmental NGO, ask citizens, ask other companies that are not competitors but are somehow stakeholders in my value chain? I think that can be done, why not? I believe that we would then have better corporate worlds.” (Interviewee 6)

As potential barriers to increased engagement in corporate sustainability reporting a lack of time and expertise was repeatedly highlighted. It was mentioned to require significant time and knowledge to understand whether corporate sustainability efforts are genuine or greenwashing, which stakeholders aim to avoid participating in. Thus, interviewees expressed feeling unsuitable for greater involvement due to a lack of sector-specific knowledge.

“A big issue is time, it all requires a super amount of time if you want to get involved everywhere.” (Interviewee 6)

“Well, which is generally an obstacle, I think you have to understand a company very well to be sure that you are not participating in greenwashing, but in something sensible. And I simply don't have the time or the energy to get to grips with other companies.” (Interviewee 7)

“I've also been involved by companies where I couldn't say that much about the day-to-day business. Does that make that much sense? I don't know.” (Interviewee 8)

Another reason given was the one-sided communication on the part of companies and thus the lack of a say on the part of stakeholders, especially if they assumed that they would have more influence.

“Too much frontal, so if information is only given frontally via the Internet, then that would definitely take away motivation. [...] I think that's also demotivating when you go to these things and you don't have enough influence, so you don't have the influence that you were promised, so to speak.” (Interviewee 6)

DISCUSSION AND CONCLUSION

The purpose of this study was to uncover ways for companies to enhance their stakeholder engagement processes. In view of the theoretical background, the level of engagement of different stakeholder groups within the company's sustainability reporting was examined based on the framework proposed by Morsing and Schultz. The framework distinguishes between three strategies: the information strategy, which focuses on disseminating information through one-way communication from the company to stakeholders; the response strategy, which involves consulting or supporting stakeholders through two-way asymmetric communication; and the involvement strategy, which enables stakeholders to have an actual impact on the company's activities through collaborations and partnerships, using two-way symmetric communication (16). Following the notion of sensemaking, of understanding others' needs and assigning meaning to them (36), this study aimed to understand stakeholders' preferences and needs towards corporate engagement processes within sustainability reporting.

Interpretation of Findings

As a result, all internal stakeholders interviewed were actively engaged in the company's sustainability reporting through the involvement strategy. In contrast, the analysis showed that this group would prefer a more balanced approach with a tendency towards the information strategy. The social impact area emerged as an exception, where active involvement was seen as vital. Similarly, a sense of being overwhelmed emerged in this area.

Conversely, previous research found that internal stakeholders are predominantly engaged through the information strategy (17). This disparity may be explained by the fact that all internal stakeholders interviewed are very close to the company's sustainability reporting due to their job positions. Interestingly, the identified preferences and needs of internal stakeholders advocating for increased use of the information strategy align with earlier findings.

Surprisingly, all external stakeholders interviewed stated that they had never been actively involved in the company's sustainability reporting. However, they mentioned being involved or

consulted in the company's sustainability activities and expressed their contentment with the level of engagement, particularly emphasising a preference for collaborations.

This pattern of results is consistent with the previous literature, indicating that external stakeholders are primarily engaged using the involvement strategy, particularly the ones linked to their external impact and dependence (17). The study's results obtained confirming evidence that relationships with those stakeholders where there exist sector-specific dependencies are characterised by high-quality engagement methods, most often collaborations.

Overall, most of the stakeholders interviewed, both internal and external, felt that it is the responsibility of companies to respond to the interests of their stakeholders and therefore to adopt an individual approach that is tailored to the stakeholder group, their interests, needs and expertise. By means of a stakeholder-specific approach, interviewees believed it would be appropriate to distinguish between internal and external stakeholders. Half of all respondents would make a distinction between stakeholders affected by different ESG areas of the company. Taken together, these findings indicate an individual stakeholder-specific approach could potentially improve corporate stakeholder engagement within sustainability reporting.

Practical Implications

The study findings further suggest certain potential intervention implications for enhancing stakeholder engagement processes. These are outlined below, subdivided into issues that particularly concern internal stakeholders and external stakeholders.

Implications for internal stakeholder engagement.

Among internal stakeholders, particularly critical needs emerged that should be addressed by the company, including measures to empower employee engagement and the establishment of fixed dialogue formats on sensitive issues.

In line with Nicholls's work on social impact accounting, the involvement of stakeholders in deciding what an organisation should be accounted for was considered an act of empowerment for the social stakeholders interviewed (2). The interviews revealed that the case company has not yet established a consistent standardised process for their materiality assessment. Yet, the interviewees' ideals underline the desire for increased employee involvement in decision-making and therefore support standardisation of the materiality assessment, considering closer employee involvement. To facilitate this, companies should set up particularly low-threshold internal communication channels, that make it effortless for employees to raise sustainability concerns and participate in the reporting process. These channels should be prominently positioned and actively promoted to ensure constant interaction.

Moreover, there was a strong demand to encourage social participation and empower those engaged. In order to create practical incentives, companies should consider offering the option for employees to dedicate working hours to community service or to donate working hours.

Furthermore, from a social point of view, significant barriers were highlighted, including workplace discrimination, which were not adequately addressed. One recommendation in this regard could be the establishment of fixed dialogue formats that provide a secure environment for open and constructive discussions on socially sensitive issues, perhaps with external professional support. In this respect, it is vital to strive for sustainable solutions and address problems transparently, even if it means the admission of weaknesses within companies.

Implications for external stakeholder engagement.

Concerning external stakeholder engagement, the findings revealed possible intervention implications for addressing perceived barriers such as a lack of resources for greater engagement in corporate sustainability reporting. Dominant needs expressed also refer to the engagement in collaborative initiatives and simplifying complexities specific to the TSO sector.

Recurrent and mostly interrelated barriers identified were a lack of time, capacity and expertise to engage in corporate sustainability reporting. This interplay was reported to lead to a feeling of being overwhelmed and abstaining, or else the general risk of inadvertently engaging in greenwashing. In this regard, adopting a qualitative rather than quantitative approach to engagement, where stakeholders are carefully selected and interviewed based on their expertise and the relevant issues, could be a potential solution. Furthermore, pooling feedback processes might offer a way for external stakeholders for managing time constraints and limited capacities when engaging with multiple companies. In the future, the establishment of an industry-wide platform of national TSOs to solicit feedback from relevant stakeholder groups might provide a facilitating solution in this regard.

In terms of levels of engagement, the analysis has shown that stakeholders feel generally inhibited when communication is one-sided and lacks interaction. This barrier was explicitly not related to the case company. Nevertheless, it appears as generally essential for companies to offer a genuine opportunity for stakeholders to express their concerns and exert an influence through their input. A majority of stakeholders expressed the desire for companies to form alliances with external stakeholders. The notion of collaboration emerged as a prominent theme, with stakeholders seeking co-creation, knowledge sharing, and meaningful influence. To facilitate such collaborations, it is recommended that companies make use of stakeholder platform approaches or develop new participatory formats that offer networking opportunities for stakeholders, as this can incentivise engagement.

Finally, the interviews revealed intriguing findings regarding potential Meso-level barriers. Thus, not only was the overall complexity of sustainability issues emphasised, but specifically within the industry of TSOs. The complex context in which TSOs operate appears to be difficult to grasp from the outside and might lead to stakeholders' disengagement. Therefore, there

appears to be a distinct requirement for industries characterised by high levels of complexity, such as TSOs, to build a foundational understanding of their scope of action and their role in the energy transition in their communication with stakeholders. Following an educative approach towards stakeholders on the rationale behind sustainability measures could hence be seen as a measure to improve stakeholder engagement. More than that, companies are recommended to enhance transparency by disclosing their specific impact measurements.

Across both stakeholder groups, the multitude of existing sustainability reporting frameworks posed challenges for internal stakeholders to bring up the necessary capacities to navigate them as well as for external stakeholders to essentially comprehend a company's sustainability performance. With a positive outlook, the introduction of the ESRS holds promise in addressing the demand for harmonisation of sustainability reporting standards and in this regard, simplifying complexities.

Conclusion

As outlined in the ESRS, stakeholder engagement is central to sustainability reporting (10). So far, common reporting frameworks focused primarily on engagement outcomes rather than the preceding dialogue and involvement with stakeholders (17). With the ESRS, the disclosure of this preceding stage is gaining more importance with companies being expected to provide more comprehensive information on their stakeholder engagement practices, including stakeholder identification, engagement methods, and outcomes. The requirement for external audits of ESG reports could potentially encourage companies to review and enhance their engagement practices and to systematise their materiality assessment. While the CSRD is primarily anticipated to come with numerous advantages to corporate sustainability reporting, there is also a risk that it may introduce additional time and capacity constraints for external stakeholder groups, particularly.

This study aimed to identify ways in which companies can enhance their engagement practices through a case study of a German TSO. Previous research highlighted the importance of assessing and differentiating how firms engage with their stakeholders and the quality of those relationships (17). By understanding and fostering effective relationships between organisations and stakeholders, businesses can coordinate interests and generate value for all parties involved. As stated in its sustainability report, the case company aims to embrace a stakeholder capitalism model and consider the genuine interests and needs of its stakeholders (47).

To answer the underlying research question, this study classified the company's stakeholder engagement methods and explored stakeholders' preferences and needs towards engagement practices. Reflecting on the role of business in society, stakeholders felt that it is the responsibility of companies to create value for their stakeholders by responding to their interests and, therefore, to adopt an individualised approach that is tailored to the stakeholder group, their interests, needs and expertise. The study's findings indicate, such a stakeholder-specific strategy has the potential to enhance stakeholder engagement in sustainability reporting with a qualitative

rather than quantitative approach to engagement. Stakeholders are seeking collaborations, which offer the opportunity for co-creation, knowledge sharing, and meaningful influence. Platform approaches have emerged as desirable in many respects, such as facilitating participatory formats with networking opportunities, but also for potentially bundling feedback processes across the sector, thus alleviating the time and capacity constraints of stakeholders. Internally, companies are recommended to empower social engagement and establish accessible communication channels for employees to raise sustainability concerns effortlessly and participate in the reporting process.

The study results contribute to stakeholder engagement theory in the context of corporate sustainability reporting and shed light on stakeholders' perspectives, preferences and needs. Given the high practical relevance, the findings provide a research-based foundation for the case company to review its engagement processes, build better relationships with its stakeholders, and enable more effective decision-making. The results are based on the TSO industry and ideally serve as a valuable reference for companies across the sector.

Limitations and Future Research

Qualitative case study research carries inherent limitations, including the risk of social desirability bias and limited generalisability due to the subject-specific nature of semi-structured interviews and the small sample size. Although the interviewees were assured full anonymity, it was noticeable that internal stakeholders experienced difficulties in distancing themselves from their roles within the company and objectively evaluating the company's engagement processes. As a result, some interviewees seemed to react defensively to critical issues concerning the case company, which might have influenced their responses and consequently, the study's findings. Related to that, the selection process may have introduced bias, as the case company chose the most suitable interviewees in line with the author's inclusion criteria. Furthermore, unexpected interdependencies were uncovered among external stakeholders, particularly those reliant on the case company as a critical infrastructure operator, and vice versa for the company's network on political matters. The distinct nature of the regulated TSO industry, which has limited comparability to other sectors, may further compromise the generalisability of the results. Additionally, the ESG regulatory landscape is constantly changing, and this study's findings may only reflect a snapshot in time.

Given the limitations of this study, future research examining the needs of stakeholders in other industries using a larger sample size may shed light on a bigger picture and complement the findings accordingly. Furthermore, the results could serve as a basis for the development of a platform-based approach to consolidate feedback processes at the industry level and facilitate greater engagement of external stakeholders, such as NGOs, in corporate sustainability reporting.

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APPENDICES

Appendix A

Hello [INTERVIEWEE], thank you so much for offering your time today. My name is Josina, and I am a master's student in Sustainable Entrepreneurship at the University of Groningen. I am writing my master's thesis in cooperation with the Transmission System Operator 50Hertz about the topic of "Strengthening Stakeholder Engagement within Corporate Sustainability Reporting".

The reason for today's interview is that I would like to attain your perspective as a stakeholder of 50Hertz on the company's stakeholder engagement activities. Underlying this study is a new EU directive, the Corporate Sustainability Reporting Directive, which sets standards for corporate ESG reporting. One important requirement is for companies to disclose their stakeholder engagement practices. Companies can use various methods to positively engage different stakeholders which can be broadly divided into three categories: the information strategy, the response strategy, which is used to consult or support, and the involvement strategy which can take the form of collaborations or partnerships.

Some of the topics we will discuss today will ask you to reflect on your relationship with 50Hertz. We will cover topics related to different engagement methods, which will require your opinion about these. More specifically, I am looking at what motivates you to participate in corporate sustainability reporting, and how you expect to be involved in it.

Nonetheless, I would like to assure you that answering the questions is on a voluntary basis, meaning that you can refrain from answering anytime. You are also free to stop the interview at any point. Moreover, your participation in this study is strictly confidential. The transcripts, the analysis, and the final report will be anonymised. That said, I would also like to inform you that this interview will be recorded to keep track of information more accurately. Is this alright with you?

(wait for reply)

Thank you. In total, the interview will take approximately 30 to 45 minutes. In case you should have any concerns or questions after the interview, you can simply call me or contact me via LinkedIn or EMail.

TABLE A1
Interview Guide (English)

Topic	Main Questions	Follow-up Questions	Probes
Relationship to the Company	Could you please describe your relationship with 50Hertz?	Which of the company's environmental, social or governance issues are you most likely to be affected by your relationship with the company?	<p>Could you further explain in which ways you are affected in that regard?</p> <p>How long have you been in this relationship with the company?</p>
Stakeholder Engagement Methods	<p>Does the company contact you for sustainability matters?</p> <p>Through which channels does the communication take place in those cases, e.g., surveys, workshops, focus groups, meetings, social media platforms?</p> <p>According to you, are you most often contacted to be informed, to be consulted or to be actively involved in the company's sustainability issues?</p> <p>Have you ever actively participated in defining</p>	<p>For which topics does the company contact you in these cases?</p> <p>Have you ever had or would you potentially have the opportunity to raise your sustainability concerns or issues in this communication?</p> <p>At what frequency does the company contact you for those purposes?</p> <p>Do you usually prefer to be informed, consulted or actively involved by the company on sustainability issues?</p> <p>Could you please describe the process?</p>	<p>Does the company solicit your feedback in those regards?</p> <p>Do you perceive the communication frequency as appropriate?</p> <p>In which cases and why?</p> <p>Have you ever found out afterwards that your input was</p>

substantial (material) sustainability topics of the company?

included in the company's materiality assessment without active participation?

Do you think your engagement outcome is translated into action by the company?

Could you please give an example of that?

Stakeholder Expectations and Desired Situation

According to your past experiences or common knowledge, how do you think stakeholders should ideally be engaged?

Would you distinguish between internal and external stakeholders?

Would you distinguish between stakeholders that are affected by different ESG areas?

Motivations and Incentives

Are there personal or professional reasons that motivate you to engage with the company on sustainability issues?

Are there personal or professional reasons that lower your motivation to engage with the company on sustainability issues?

Could you please explain in further detail?

What do you think could the company do better to encourage stakeholders to engage more with the company on sustainability reporting issues?

Could you please explain why?

Finishing Up

To sum up, is there anything you would like to add that we haven't talked about yet?

Do you have any questions for me?

Appendix B

Hallo [INTERVIEWEE], ich danke Ihnen vielmals, dass Sie sich heute die Zeit nehmen. Mein Name ist Josina und ich studiere Sustainable Entrepreneurship an der Universität Groningen. Ich schreibe meine Masterarbeit in Zusammenarbeit mit dem Übertragungsnetzbetreiber 50Hertz zum Thema “Strengthening Stakeholder Engagement within Corporate Sustainability Reporting”.

Der Grund für das heutige Interview ist, dass ich gerne Ihre Perspektive als Stakeholder von 50Hertz zu den Beteiligungspraktiken des Unternehmens kennenlernen möchte. Dem Thema dieser Arbeit liegt eine neue EU-Richtlinie zur Nachhaltigkeitsberichterstattung von Unternehmen zugrunde, die Corporate Sustainability Reporting Directive, mit welcher neue Standards für das ESG-Reporting von Unternehmen einhergehen. Ein wichtiger Bestandteil derer ist die Berichterstattung über die Stakeholder-Engagement-Aktivitäten von Unternehmen. Unternehmen können unterschiedliche Anspruchsgruppen mittels verschiedenster Methoden einbinden, welche in grob in drei Kategorien unterschieden werden können: die Informationsstrategie, die Reaktionsstrategie, die zur Beratung oder Unterstützung eingesetzt wird, und die Einbindungsstrategie, in Form von Kooperationen oder Partnerschaften.

Während des folgenden Interviews möchte ich Ihnen Fragen über Ihre Beziehung zu 50Hertz stellen und über Ihre Haltung zu verschiedenen Beteiligungspraktiken. Darüber hinaus möchte ich über Ihre Beweggründen sprechen, sich an der Nachhaltigkeitsberichterstattung von Unternehmen zu beteiligen und wie Sie sich die Beteiligungspraktiken idealerweise vorstellen.

Ich möchte Ihnen nochmals versichern, dass die Beantwortung der Fragen auf vollkommen freiwilliger Basis erfolgt, d.h. Sie können jederzeit von der Beantwortung zurücktreten. Es steht Ihnen frei, das Interview zu jedem Zeitpunkt abubrechen. Außerdem ist Ihre Teilnahme an dieser Studie streng vertraulich. Die Transkripte, die Auswertung und der Abschlussbericht werden anonymisiert. Ich möchte Sie jedoch darauf hinweisen, dass dieses Gespräch aufgezeichnet wird, um die Informationen besser verfolgen zu können. Ist das für Sie in Ordnung?

(Antwort abwarten)

Vielen Dank. Das Interview wird etwa 30 bis 45 Minuten dauern. Sollten Sie nach dem Gespräch noch jegliche Bedenken oder Fragen haben, können Sie mich jederzeit anrufen oder über LinkedIn oder EMail kontaktieren.

TABLE B1
Interview Guide (German)

Thema	Hauptfragen	Nachfragen	Steuerungsfragen
Beziehung zum Unternehmen	Wie würden Sie Ihre Beziehung zu 50Hertz beschreiben?	Sind Sie am ehesten von Umwelt-, Sozial- oder Governance-Themen des Unternehmens betroffen?	Könnten Sie näher erläutern, inwiefern Sie in dieser Hinsicht betroffen sind? Wie lange stehen Sie schon in dieser Beziehung zu dem Unternehmen?
Stakeholder Engagement Methoden	Nimmt das Unternehmen zu Nachhaltigkeitsthemen Kontakt mit Ihnen auf? Über welche Kanäle findet die Kommunikation in diesen Fällen statt, z. B. Umfragen, Workshops, Fokusgruppen, Sitzungen, soziale Medien? Werden Sie Ihrer Meinung nach am häufigsten kontaktiert, um informiert zu werden, um konsultiert zu werden oder um aktiv in Nachhaltigkeitsfragen des Unternehmens involviert zu werden?	Um welche Themen geht es dabei konkret? Hatten Sie in der Vergangenheit oder hätten Sie potentiell die Möglichkeit, in diesem Rahmen Ihre Bedenken oder Probleme zu Fragen der Nachhaltigkeit zu äußern? Wie regelmäßig nimmt das Unternehmen zu diesen Zwecken Kontakt mit Ihnen auf? Ziehen Sie es in der Regel vor, zu Nachhaltigkeitsfragen des Unternehmens informiert, konsultiert oder aktiv einbezogen zu werden?	Bittet das Unternehmen Sie in diesen Fällen um Ihr Feedback? Empfinden Sie die Kommunikationshäufigkeit als angemessen? In welchen Fällen und warum?

	Waren Sie schon einmal aktiv an der Identifikation wesentlicher Nachhaltigkeitsthemen des Unternehmens beteiligt?	Wie würden Sie das Verfahren hierzu beschreiben?	Haben Sie schon einmal im Nachhinein erfahren, dass Ihr Beitrag in die Wesentlichkeitsanalyse des Unternehmens eingeflossen ist, ohne dass Sie aktiv daran beteiligt waren?
	Glauben Sie, dass die Ergebnisse Ihres Engagements von dem Unternehmen in die Tat umgesetzt werden?	Was wäre ein Beispiel hierzu?	
Erwartungen der Interessengruppen und gewünschte Situation	Wie finden Sie, sollten Stakeholder idealerweise eingebunden werden?	Würden Sie zwischen internen und externen Stakeholdern unterscheiden?	
		Würden Sie zwischen Stakeholdern, die von verschiedenen ESG-Bereichen betroffen sind, unterscheiden?	
Motivationen und Anreize	Gibt es persönliche oder berufliche Gründe, die Sie dazu motivieren, sich für die Nachhaltigkeitsthemen des Unternehmens zu engagieren?	Gibt es persönliche oder berufliche Gründe, die Ihre Motivation mindern, sich für die Nachhaltigkeitsthemen des Unternehmens zu engagieren?	Könnten Sie das bitte näher erläutern?
	Was denken Sie, könnte das Unternehmen tun, um das Engagement von Stakeholdern im Kontext der Nachhaltigkeitsberichterstattung weiter zu fördern?	Könnten Sie bitte erklären warum?	

Abschluss

Gibt es etwas, das Sie
hinzufügen möchten und über
das wir noch nicht gesprochen
haben?

Haben Sie sonstige Fragen an
mich?

Appendix C

The following link provides exclusive access to the full interview transcripts, audio files, information sheets, and signed consent forms for the academic supervisor and co-assessor.



Appendix D

TABLE D1
Data structure (Complete)

Core Category	Second-order Codes	First-order codes	Exemplary Quotes
Level of Engagement	Stakeholder Relationship	Dependence on platform network	“That depends on the topic. It is definitely the case that some of what 50Hertz is doing now has been possible because RGI exists.” (Interviewee 7)
		Environmental matters	“Well, because my role is cut in the way that it is cut, actually all sustainability topics with a special focus perhaps on the topic of climate protection [...]” (Interviewee 1)
		Environmental, social and governance matters	“No, we do the whole rating analysis. So on any kind of ESG topics, on environment, social and governance.” (Interviewee 2)
		External stakeholder	“Well, we are an in-house company that was funded by the federal government, by the BMWK, and that means that 80% is financed by the federal budget. So through projects that come directly from the government, various ministries, it doesn't really matter which one, and 20% privately [...]” (Interviewee 6)

	Founding member of association	“[...] but 50Hertz was a founding member and I have been involved with 50Hertz for all these years.” (Interviewee 7)
	Governance matters	“Governance, because we are working on how energy policy is structured and that can also have an impact on 50Hertz and the way they are structured. It is a regulated company. That means that we do talk about what the governance of transmission system operators looks like and how that will be changed in some way.” (Interviewee 6)
	Internal stakeholder	“50Hertz is my employer.” (Interviewee 3)
	Long-term relationship	“Since 2010, so exactly 13 years now almost.” (Interviewee 1)
	Short-term relationship	“Since 21 beginning of 2020.” (Interviewee 2)
	Social matters	“The social issues definitely affect me in internal communication, but also in my voluntary work as a Representative for Severely Disabled People.” (Interviewee 3)
	Trade union's executive director is member of the supervisory board	“From our higher political level is also a member of the supervisory board at 50Hertz.” (Interviewee 5)
Stakeholder Engagement Methods	Communication Channels: Assemblies	“[...] the intensive contact is still with the co-determination bodies, the works council and so on. And I also regularly take part in their discussions or assemblies.” (Interviewee 5)
	Communication Channels: Employee Surveys	“And beyond that, of course, there is always a survey on individual sustainability topics on the intranet [...]” (Interviewee 1)

Communication Channels: Events	“There have been series of events on the whole topic of energy transition, where, for example, <i>name</i> was together with the chairperson of the organisation with <i>name</i> in such discussion rounds with various stakeholders, where people could get involved, engage and then topics were also worked on, analysed assessments were collected and so on and what has been done quite consciously, so to speak, together with us.” (Interviewee 5)
Communication Channels: Intranet	“I think we do have a very good section on our intranet where I can read up on it very well.” (Interviewee 4)
Communication Channels: Meetings	“[...] via meetings, or appointments with several colleagues [...].” (Interviewee 1)
Communication Channels: Online communication	“Exchange online like here now also, yes.” (Interviewee 6)
Communication Channels: Personal communication	“[...] also for lunch, for coffee meetings, where you talk about such focused topics.” (Interviewee 6)
Communication Channels: Phone calls	“[...] phone call exchange culture, yes.” (Interviewee 3)
Communication Channels: Social Media	“[...] or we post something on the internet from time to time on individual sustainability topics, which we also partly link to surveys or the comment function on the internet.” (Interviewee 1)
Communication Channels: Webinars	“We do webinar events where we also invite 50Hertz as a speaker if the topic fits.” (Interviewee 7)
Communication	“Yes, exactly so workshops in any case [...].” (Interviewee 6)

**Channels:
Workshops**

**Communication
Frequency: High**

“Daily, hourly, minutely.”(Interviewee 1)

**Communication
Frequency:
Increasing**

"I do not really know exactly, every 2 or 3 months and now that we know each other better and we know better who is working on which topics, the contact is naturally more frequent when you know exactly what topic I can ask about." (Interviewee 8)

**Communication
Frequency: Monthly**

“In the course of this, which is the last thing I just touched on, the debate is called Stromnetze Gestalten, there is a monthly journal fix in the calendar [...].” (Interviewee 7)

**Communication
Frequency:
Quarterly**

"That doesn't mean that there aren't contacts in between, but at that level, I would say three to four times a year." (Interviewee 5)

**Engagement
Outcomes:
Incremental
improvement**

"I also realise that not everything can always be done immediately, it just has to fit together, but yes." (Interviewee 4)

**Engagement
Outcomes:
Stakeholder input
partly translated into
actions**

“Is there a scale or something? Maybe like a 3 out of 5?”
(Interviewee 6)

**Engagement
Outcomes:
Stakeholder input
translated into**

“And so yes definitely we have influence.” (Interviewee 7)

actions**Level of
Engagement:
Collaboration**

"[...] it is a collaboration, a collaboration that has existed for many years." (Interviewee 7)

**Level of
Engagement:
Dependent on the
person acting**

"We have exchange and of course there is a difference between the two, which often depends on the people involved [...]."
(Interviewee 5).

**Level of
Engagement:
Information Strategy**

"More to be informed. And because I need to know what's the latest that is happening. So it's more informing." (Interviewee 2)

**Level of
Engagement:
Involvement Strategy**

"To be actively involved definitely." (Interviewee 3)

**Level of
Engagement:
Knowledge sharing**

"Yes, I would say it's such an enriching exchange, so we can talk about some topics where we are further along and 50Hertz is further along than we are on other topics. So I think it's always pleasant when it's a give and take. You know it's not so one-sided." (Interviewee 8)

**Level of
Engagement:
Response strategy**

"[...] at the annual strategy meeting, so what are the burning issues that 50Hertz is working on and what is our assessment of them and where can we intervene and support them through our contacts and our networks." (Interviewee 5)

**Level of
Engagement:
Two-way
involvement strategy**

"Either we analyse something for them or all kinds of things, but where we come into contact with 50Hertz the most are stakeholder processes that we conduct ourselves on various topics and which are then partly incorporated into reports,

Participation in Sustainability Reporting	Level of Engagement: Use of networks	analyses and so on that we do." (Interviewee 6)
	Asked for feedback on sustainability matters	"[...] these networks are also important, that you can also use each other's ideas, common or parallel networks, in order to influence certain developments or whatever". (Interviewee 5)
	Contacted on sustainability matters	"Yes, for sure, so then it is also clear how I assess certain things or how certain things are done, yes, of course, I am also asked about that." (Interviewee 5)
	Environmental matters	"Yes. Because we work together on the integrated report also." (Interviewee 2)
	Given opportunity to raise sustainability concerns	"On The Ground projects that are organised as a collaboration between national nature conservation organisations or NGOs and one or more transmission system operators. For example, we have a project called the Vogel Fund Portal, which is a collaboration that brings together Nabu as an NGO representative under the umbrella of RGI with the 4 TSOs and now also 3 distribution system operators, and that is simply a standing project." (Interviewee 7)
	Governance matters	"So, there are several thematic contact points and I think there is always the possibility to talk to superiors, to talk to colleagues. So, I think that is given, yes." (Interviewee 1)
	Not asked for feedback on sustainability matters	"But basically, we are probably more connected in that governance area." (Interviewee 6)
	Political matters	"Okay, so they don't contact us explicitly about that." (Interviewee 6)
		"That includes, if you now take the keyword consultation, also reacting jointly to consultation requests from the European

	policy side [...]" (Interviewee 7)
Social matters	“Yes, we talk about issues such as actual employee participation, inclusion, but also diversity and so on. Then the company contacts me, yes.” (Interviewee 3)
Materiality Assessment: Broad range of stakeholders involved	“So within the framework of this materiality analysis that we have now carried out, we have spoken with very different stakeholders [...].” (Interviewee 1)
Materiality Assessment: External advisors	“We had advisors on board who supported us, [...].” (Interviewee 1)
Materiality Assessment: Inclusion of topics apart from stakeholder specialisation	“And we deliberately did not limit ourselves to their very own issues, but also opened up the colourful bouquet and looked at what they actually think as a trade union on any environmental issues or so.” (Interviewee 1)
Materiality Assessment: Input integrated in reporting	“My input is they listen to the inputs we give, they value that.” (Interviewee 2)
Materiality Assessment: Investor input	“[...] we asked our investors as being one of the key stakeholders, an update on our material topics and hence we did an update of the materiality matrix at that time and then I was heavily involved now for the update that we have just published in the annual report.” (Interviewee 2)
Materiality	"So, we have actively contributed, so to speak, both in terms of

Assessment: Involved in identifying material topics	quantity and quality of the various participation formats." (Interviewee 4)
Materiality Assessment: Involvement uncertain	"On the sustainability issues? Well, I'm not sure to what extent these issues played a role, for example at the level of the supervisory board where my colleague is represented, as a member of the supervisory board, to what extent such issues played a role, I can't assess that now but I could imagine that they did." (Interviewee 5)
Materiality Assessment: Little employee involvement	"In terms of employee involvement, well, there wasn't that much difference, because ultimately you have so many stakeholder groups that you can only involve the employees selectively in such a formal process, so there's no other way." (Interviewee 1)
Materiality Assessment: Management survey for validation of material topics	"Right, there was the management survey where the issues that had basically tumbled in from all this analysis were to be validated." (Interviewee 1)
Materiality Assessment: No focus groups	"As I said, we don't have any focus groups at the moment with which we monitor certain topics or also discuss controversial issues." (Interviewee 3)
Materiality Assessment: No regular employee surveys	"But, as I said, we don't ask about any sensitivities or opinions in a structured and regular way, so we simply don't have the time." (Interviewee 1)
Materiality Assessment: No standardised process	"So we don't have a standard process that we always carry out." (Interviewee 1)

**Materiality
Assessment: Not
involved in
identifying material
topics**

"Yes, well, it's hard to say, let's say that I have not yet been involved in this classic stakeholder survey, which also takes place for sustainability reports." (Interviewee 8)

**Materiality
Assessment: Once a
Year**

"No, so if we talk about this topic of materiality assessment or this structured stakeholder management, then of course the tone is different. Then I would say we are talking about once a year at most."

**Materiality
Assessment: Process
improvement**

"I think, because we are also subject to the CSRD, as you said, and since we also have to develop further, one has to take a very stringent approach, which we have of course also pursued." (Interviewee 1)

**Motivations:
Acknowledgement**

"[...] that you also have the feeling that you are taken seriously and accepted and because you have the feeling that you are seen with pleasure, not as the strange person from the trade union again." (Interviewee 5)

**Motivations: Care for
children and future
generations**

"[...] also the aspect that I have children and would like to somehow set an example for them and leave them something". (Interviewee 3)

**Motivations:
Co-creation**

"It is enough when I see that there is a process where you can really, also because participation presupposes that you can change something, influence something. They are serious about it. Then it's reason enough for me to say that we can do something together." (Interviewee 6)

**Motivations:
Creating positive
impact**

"[...] because the impact we have on society, the positive impact that we have, the fact that we are part of the energy transition which makes you really feel that the job you're doing is, yeah,

			what it create gives you, yeah, a positive feeling also.” (Interviewee 2)
		Motivations: Good interpersonal relations with acting persons	"But I would also say that we have now reached a level where we can talk to each other bilaterally.” (Interviewee 8)
		Motivations: Identification with the company	“I would say that I identify very strongly with this company, [...].” (Interviewee 5)
		Motivations: Improving efficiency	“Not so much idealistically driven, like somehow we have to become a better company, but rather because I came from consulting, it was somehow more of an optimisation thought.” (Interviewee 1)
		Motivations: Personal interest	“[...] because that's important for me personally to work on something like that.” (Interviewee 7)
		Motivations: Responsibility	“Certainly the certain social feelings, the social responsibility.” (Interviewee 3)
		Motivations: Socially driven	“Yes, so of course it is my view of society and my behavioural preference [...].” (Interviewee 3)
Areas of Improvement	Stakeholder Engagement Preferences	Communication Frequency: Appropriate	“Yes, definitely for sure. And very, very big supporter, of everything we do.” (Interviewee 7)
		Communication Frequency: Need for intensification	“Yes now that I'm talking to you, I think they might ask us more.” (Interviewee 6)
		Engagement	“So in an ideal world, you would have to find a way to be able to

Preferences: Balanced approach	strike a balance between these questions, so that on the one hand you can present a scientifically valid stakeholder survey and on the other hand you avoid the situation where companies are over-asked because they can't say anything about it.” (Interviewee 8)
Engagement Preferences: Collaboration	“[...] I think I would be happy about more such exchanges. That we could perhaps also shape the future together.” (Interviewee 6)
Engagement Preferences: Information strategy	“[...] I think that information is the be-all and end-all and the most important thing.” (Interviewee 1)
Engagement Preferences: Involvement strategy	“So I personally always find active involvement the best.” (Interviewee 6)
Engagement Preferences: Involvement strategy on social issues	“Yes, typically I would say all topics that directly affect employees. Of course, they are somehow more relevant, so the participation is naturally higher and it is also logical that if you are personally affected, you have a different level of commitment and it makes more sense to somehow use the consultation or involvement.” (Interviewee 1)
Engagement Preferences: Two-way communication	“Yes, because it's based on dialogue and I mean, everybody has to inform somehow, but I think it's good when it's possible.” (Interviewee 6)
Levels of engagement as phase model	“Maybe you start at a basic level. And then develop further over the years and then, ideally, move on to the kind of workshop you described, so I imagine that makes a lot of sense.” (Interviewee 8)

	Dedicated institutionalised communication formats	“So with the internal ones, I would wish for more courage and actually fixed formats.” (Interviewee 3)
	External support	“Yes, and I also think that we actually need external support for many things.” (Interviewee 3)
	Focus groups	“It's different when you meet for a round of talks than when you sit down for a workshop or in a focus group and actually develop topics together and are also aware of the process character [...]” (Interviewee 3)
	Higher level of co-determination	“[...] because it's a measure that is often used to strengthen the relationship with the company, and since it's already so high here, we don't need all that, and I think that's a fallacy.” (Interviewee 3)
	Initiative for exchange	“Yes, it's actually just invite us over and we'll talk about it.” (Interviewee 6)
	Workshops	“[...] if you had workshops or a procedural approach, then that would come about.” (Interviewee 3)
Desired Situation	Addressing uncomfortable issues	“But it is important to cause this trouble in order to discuss openly, because that is the only way to actually set us thinking.” (Interviewee 3)
	Aligned performance reporting internal and external	“I think the top ones need to be internal as external because otherwise I can't influence them, I mean it needs to be aligned for me.” (Interviewee 2)
	Building alliances with external	“Together, it's simply more powerful, so I think it is, not as a TSO, but more powerful together as a platform.” (Interviewee 4)

stakeholders

Co-creating change processes

“That you have to co-create these changes and for us, there is always the question of how the people are taken along in these processes of change.” (Interviewee 5)

Collaboration with external stakeholders

“I believe that we can do this better if we do it together with our stakeholders. That doesn't mean that we take every step together, but that we exchange experiences about requirements, for example, that arise from society or from new target formulations.” (Interviewee 4)

Collaborative platforms

“There are platforms where they come together and try to resolve differences. To reconcile differences.” (Interviewee 6)

Contentment with current methods

“This exchange of 50Hertz is on a good level on eye level and, yes, based on mutual respect so that is indeed an extraordinary company, I would say, if all were on the same level that we had to deal with. So I wouldn't describe myself as an unhappy person, but I would say I'd be happier.” (Interviewee 5)

Corporate responsibility to operate in line with stakeholder interests

“And a fit company has to research sensibly what the stakeholders can contribute and use that constructively.” (Interviewee 7)

Differentiation between internal and external stakeholders

“So, when I now enter into an exchange with my stakeholders and with the external parties, then I think it needs a bit of a different format.” (Interviewee 4)

Differentiation within ESG areas

“Yes, I think you have to make a distinction.” (Interviewee 8)

Disclosure of impact measurement

“But why not sit down and say, I am this company and I have this strategy for sourcing? You can't disclose everything, but

Empowerment of people who get engaged	somehow, that's how we want to develop.” (Interviewee 6)
Harmonisation of sustainability reporting standards	“Putting more focus on when someone actually gets involved, also more empowerment for the people who get involved [...]” (Interviewee 3)
Inclusion of topics apart from stakeholder specialisation	“I'm looking forward to the moment they're harmonising that a bit [...]” (Interviewee 2)
Involvement of stakeholders with relevant relationship	“I wouldn't say that you only have to talk about environmental issues with environmental NGOs, so to speak, so certainly you have to focus on that, it's in the nature of things, but I wouldn't rule out at least touching on the other issues, not in the same depth, but yes.” (Interviewee 1)
Knowledge sharing	“I would say it depends a bit on the company and on the contact or the extent to which you are related to each other.” (Interviewee 8)
Low-threshold communication channels	“We have operational requirements, and we would do well to take into account the requirements, for example, from the societal and nature conservation perspective, and to exchange ideas with others.” (Interviewee 4)
Low-threshold communication channels	“Well, if I now think again of staff members, you have to make the hurdle as low as possible in order to interact, in other words, you have to provide an opportunity outside of this "we're asking you now, we want feedback now", but simply to offer a permanent channel of dialogue that is very low-threshold, so that you have the opportunity to quickly throw something over the fence, a concern or something, without much preparation, without making any appointments or I don't know.” (Interviewee 1)

New participatory formats	“So yes, that they should just maybe try out new things and think about real participatory formats where they can really create participation.” (Interviewee 6)
No differentiation between internal and external stakeholders	“No, I think we should have a same dashboard internally as externally.” (Interviewee 2)
No differentiation within ESG areas	“So probably the theoretical answer would be that you shouldn't necessarily make a difference.” (Interviewee 8)
Possibility to donate working hours	“[...] institutionally it would already be possible, as other companies also do, for example, that you can donate or use working hours for certain activities or if you volunteer, you can use so and so many days for it.” (Interviewee 3)
Possibility to use working hours for voluntary work	“[...] institutionally it would already be possible, as other companies also do, for example, that you can donate or use working hours for certain activities or if you volunteer, you can use so and so many days for it.” (Interviewee 3)
Selection of stakeholder-relevant topics	“They are also active in other sectors and there were questions that made me wonder what the answer would be. That was difficult.” (Interviewee 8)
Simplifying complexities	“But given that the topic is also so complex, it's not easy to think about sustainability, CO2 emissions and how we as a company contribute to that is often not really understood by the market, which makes it hard. That's the challenge I think that we have in being clear enough in a language that's understandable for those that aren't operating in it.” (Interviewee 2)
Stakeholder-specific strategy	“Yes, and then I think you have to pursue a stakeholder-specific strategy. And that can also look very different, depending on

		which stakeholder group it is. I think it's difficult to generalise.” (Interviewee 1)
Barriers	Complexities	“I think the energy sector is a complex sector and often people don't understand enough of the matter.” (Interviewee 2)
	Dependencies	“So we also have to make sure that our supply chains reflect sustainable behaviour, and we don't have enough suppliers, which means what happens if we expand the list of criteria here to include more sustainability? Will people still supply us with steel or not?” (Interviewee 4)
	Discrimination	“Only if we actually address those, admit that there is discrimination, yes, also in our company, we can become aware that we have to do something about it.” (Interviewee 3)
	Feeling overwhelmed	“[...] the feedback from the stakeholder group is that they no longer have the opportunity to give structured feedback because they are simply overrun [...].” (Interviewee 1)
	Lack of capacity	“And I mean where you only have so many people that can work on these topics internally in a company, this methodologies change all the time.” (Interviewee 2)
	Lack of courage for controversy	“And yes, in many cases people stick to the topics that do not cause so much trouble.” (Interviewee 3)
	Lack of expertise	“I've also been involved by companies where I couldn't say that much about the day-to-day business. Does that make that much sense? I don't know.” (Interviewee 8)
	Lack of input acknowledgement	“I think that's also demotivating when you go to these things and you don't have enough influence, so you don't have the influence that you were promised, so to speak.” (Interviewee 6)

Lack of institutionalised dialogue formats	“Otherwise, unfortunately, it is not so institutionalised. We don't have a focus group and we just have one-on-one or via email or in teams [...]” (Interviewee 3)
Loss of entire industries through sustainable development	“Questions of sustainability can also always be linked to the fact that, for example, jobs are lost through digitalisation processes or other things.” (Interviewee 5)
No barriers perceived	“So honestly, I personally can't think of anything.” (Interviewee 5)
One-way communication	“Too much frontal, so if information is only given frontally via the Internet, then that would definitely take away motivation.” (Interviewee 6)
Perseverance required	“You always have to ask for three things to get one, but this one you get.” (Interviewee 3)
Resistance against grid expansion	“Yes, we have an impact on society, meaning nobody wants to pile on in their backyard.” (Interviewee 2)
Risk of supporting greenwashing	“Well, which is generally an obstacle, I think you have to understand a company very well to be sure that you are not participating in greenwashing, but in something sensible.” (Interviewee 7)
Time constraints	“A big issue is time, it all requires a super amount of time if you want to get involved everywhere.” (Interviewee 6)
Too many sustainability reporting frameworks	“So I think there's still a lot of things that will have to change. To get to one kind of a common standard that's understood by everybody.” (Interviewee 2)

Workplace bullying	“Yes, so clearly discrimination experience and bullying experience, definitely.” (Interviewee 3)
Communication Channels: Inappropriate	“So I think the frequency is quite appropriate, I don't think the format is always right.” (Interviewee 3)
Materiality Assessment: No standardised process	“So we don't have a standard process that we always carry out.” (Interviewee 1)
