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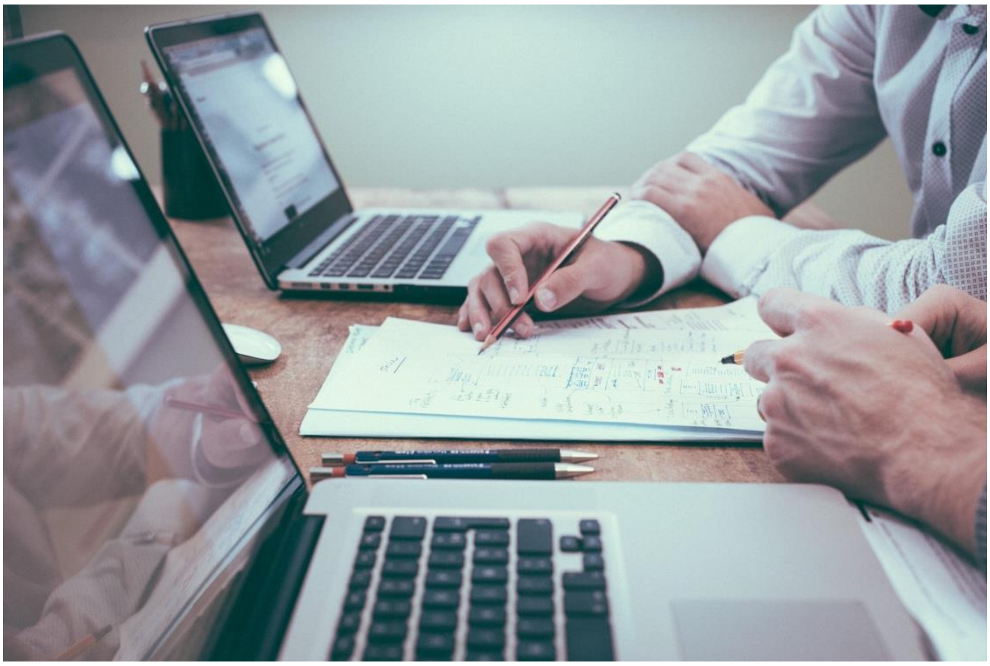
Department of Economics

Sustainability Indices and ESG-ratings, the Impact on Corporate Sustainability

- a case study using the perspective of a fast-growing Swedish bank

Sofia Magnér



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Sustainability Indices and ESG-ratings, the Impact on Corporate Sustainability
Hållbarhetsindex och ESG-ratings potentiella påverkan hos företag

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Sofia Magnér
Uppsala, June 2020

Abstract

The sustainability indices and ratings have expanded over the past decade. Due to the growing perception of social responsibility and environmental issues, measurement of the non-financial performance of corporations has become essential and pressure from stakeholders has resulted in new business strategies. Several rating agencies have provided measurements instrument and the market seem to be a smorgasbord of alternatives. The question is, how do companies perceive this development, and do they share similar values?

Processes used to assess corporations' sustainability performance are not consistent (Delmas & Blass, 2010). Since there are no standardised processes, it entails numerous interpretations considering Corporate Sustainability, which has caused heterogeneity of Corporate Sustainability Assessment. This has in turn resulted in a vast and chaotic universe of services that qualify companies in terms of sustainability and ESG-factors (Diez-Canamero *et al.*, 2020).

This study provides an insight into what impact sustainability indices may have on Corporate Sustainability standards, and how companies adapt to the requirements. To accomplish a deeper understanding of this dilemma, a comparison between the indices and a chosen company is discussed. The study aims to contribute to the literature in the field of Corporate Sustainability, using the perspective of both sustainability indices and a fast-growing company.

In order to fulfil the aim, the research was conducted by a qualitative method, in which empirical data was gathered by ethnography, in combination with a semi-structured interview. The data collection was carried out based on a theoretical framework including Standards, Corporate Sustainability, Created Shared Value (CSV), Corporate Sustainability Assessment (CSA), and the Stakeholder theory.

The conclusions of this study suggest that the number of sustainability indices may cause an obstacle for sustainable development rather than improved sustainability. At present, the number of sustainability indices and ESG-ratings provides an overflow of measurements which tends to create a diminished commitment in the evaluated organisation.

Abbreviations

CS (Corporate Sustainability) – A business strategy approach, where to adopt sustainable practices that consider ethical, social, environmental and, economic scopes.

CSA (Corporate Sustainability Assessment) – The SAM Corporate Sustainability Assessment help investors to make decisions by forming the foundation of integrating financially material sustainability information (Robeco SAM, n.d.).

CSR (Corporate Social Responsibility) – A term with focus areas such as local development, human rights, and sustainable environmental actions which are of significant importance in companies marketing and image (Carroll, 1999).

CSV (Creating Shared Value) –defined by Porter & Kramer (2011, p. 66) as *“policies and operating practices that enhance the competitiveness of a company while simultaneously advancing the economic and social conditions in the communities in which they operate”.*

DJSI (Dow Jones Sustainability Indices) – A family of indices evaluating the performance of companies in terms of sustainability.

ESG (Environmental Social Governance) – Measuring sustainability and societal impact of an investment referring to environmental, social and, governance factors (Nasdaq, 2019).

ESG Ratings – The estimation of an organisation based on a comparative assessment of their performance considering ESG issues (Wong & Petroy, 2020).

GRI (Global Reporting Initiative) – An internationally independent standardization body that helps companies, governments, and other organizations and communicates their environmental, social, and economic impacts (Global Reporting, n.d.).

IPCC – *Intergovernmental Panel of Climate Change*

SRI (Socially Responsible Investment) - One, among other definitions, is involving the following: *“Integrating personal values and societal concerns with investment decisions”* (Schueth, 2003, p.190)

TBL (Triple bottom line) – A framework that advocates organisations to include the three responsibilities - the social, environmental, and economic (Elkington, 2007).

UNDV – *United Nations Development Programme*

UNFCC – *United Nations Framework Convention on Climate Change*

WCED – *World Commission on Environment and Development*

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1 Introduction

In this first chapter, an introduction of the study is presented followed by the problem statement. Based on the problem statement, the aim and research questions of the study are presented. Finally, to give the reader an overview regarding the content and process, the research delimitations and outline are presented.

1.1 Problem background

Climate change, a widespread topic in today's society, is without doubt one of the largest challenges of our time (Europe Environment Agency, 2018). Our planet is witnessing rising temperatures and increasing sea levels with ecosystems under stress, and the world is changing fast due to the ongoing climate crisis (ibid.). The rapid loss of nature and biodiversity is a threat to humanity as well as the human-caused greenhouse gas emission (WWF, 2018).

To cope with the challenges of moving towards a more sustainable world, the United Nations (UN) has provided a basis for sustainable, low-carbon and resilient development under a changing climate (UNFCCC, n.d.). The 2030 Agenda for Sustainable development (SDG) is developed by the UN and has 17 goals and a target to achieve each goal by 2030 (UN, 2019). The UN's SDGs address challenges towards a more sustainable future that involves environment degradation, climates, and inequality all around the world (ibid.).

To meet climate change and fight problems with rising temperatures, our society needs more sustainable businesses (UNEP Finance, n.d.). Significant investments will be required in order to make the transition towards a sustainable future with low carbon emissions, (IPCC, 2018). The financial market is highly important for the agenda of a sustainable future, including social and environmental development (Stephens & Skinner, 2013). The financial market may be described as intermediaries in our society while providing diverse services: prices and value financial assets, manage financial risks and monitor borrowers (Greenbaum & Thakor, 2016: Jeucken, 2004). However, the financial markets are affected by the pressure of sustainability, proven by the growing volume of socially responsible investment (SRI) and an increasing interest in sustainability among investors (Riedl & Smeets, 2017).

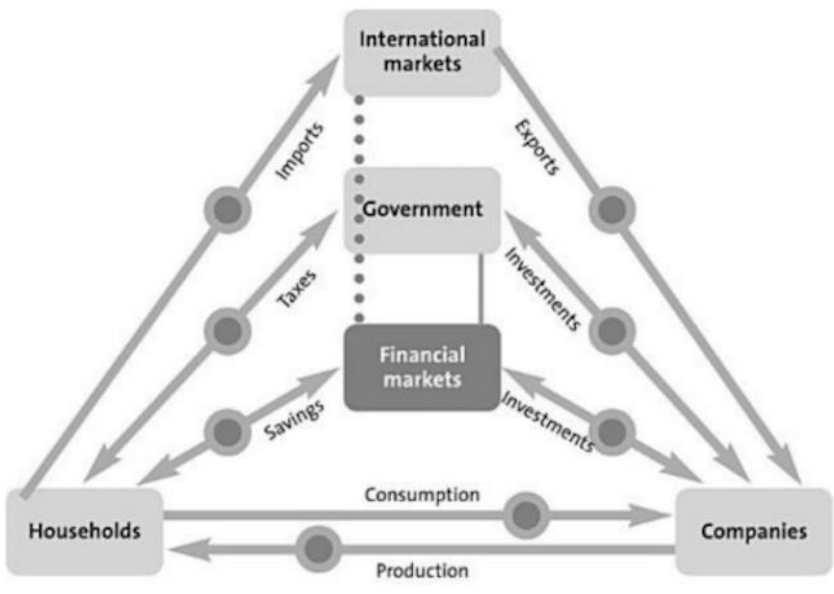

Figure 1. Roles of financial actors within the economic system (Jeucken, 2004)

The growing awareness has led to increased pressure on corporations in terms of how they address these issues. Many companies are interested to incorporate sustainability into their business strategy for various reasons (Carroll, *et al.*, 2012). This may include the desire to perform responsibly, pressure from legislation, demand from several stakeholders (i.e. investors, customers, and shareholders), and in the self-interest of the business (*ibid*.). Corporate social responsibility (CSR), has gained plenty of attention during recent years and implies:

> *"adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future" (Steurer et al., 2005, p. 274).*

In the past, several stakeholders considered secondary by managers, such as non-governmental organisations (NGOs) and international regimes (i.e. the IPCC) have become more salient in assessing the social and ecological impacts of business (Sharma & Henriques, 2005). Numerous initiatives have been launched by international organisations to promote Corporate Sustainability (Lourenco & Castelo Branco, 2013). It embraces the United Nations Global Compact (UNGC), the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, and the International Organization for Standardization's (ISO). Besides, sustainability indicators have become increasingly popular as an effective tool for policy-making and communication in transferring information regarding several dimensions like environmental, economic, and societal development, with emphasis on technology solutions (Borglund *et al.,* 2017). Moreover, sustainability indicators are used to, among other things: assess and evaluate the performance of companies, advise on improvement but also warn about declining trends for diverse dimensions of sustainability aspects and advocate strategies to decision-makers and thus communicate the achievements to the stakeholders (Lundin, 2003). The ability to summarize and simplify the complexity of environmental issues, the sustainability indicators have been accepted by many countries and branches.

As a result, a growing number of environmental and social strategies where initiatives and data collection mechanisms are being developed and implemented in organisations, in order to act sustainable and achieve certain goals and objectives (Engert & Baumgartner, 2016). However, Corporate Sustainability constitutes an ambiguous concept, despite formal definitions of the term being founded in the literature, where many actors endeavour to define and circumscribe it by their interest (Archel *et al.,* 2011).

1.2 Problem

Diverse definitions of sustainability create multiple interpretations and different assessment approaches (Tanguay *et al.*, 2010). Numerous assessment approaches are founded at the market, still, no method is generally accepted and supported by convincing data collection, analysis, and theory (Parris & Kates, 2003). Hence, the sustainability benchmark becomes more important (Durand *et al.*, 2019), where the number of ESG standards, frameworks, data providers ratings, and rankings has expanded over the last decade (Wong & Petroy, 2020). More than 600 ESG ratings existing globally in 2018 and continuing to grow ever since (*ibid*.).

Several years after the SDG:s adoption, some structural flaws have been revealed. Targets and indicators, developed to monitor the implementation of these goals, have a macro approach. At a business level, companies find it difficult to apply, evaluate, and measure their actual contribution to the SDG:s (Diez-Canamero *et al.*, 2020). Since companies are using indices, ratings, and rankings to measure corporate sustainability performance, several agencies have produced sustainability ratings in order to more easily measure sustainability performance (Scalet & Kelly, 2010). Although there are several agencies aiming to produce sustainability ratings, Chelli & Gendron (2013) conclude that there exists heterogeneity in regard to the methods of measurements being used by these agencies. This has resulted in a vast and chaotic universe of services that qualify companies in terms of ESG (Diez-Canamero *et al.*, 2020).

Information that verifies companies' sustainability strategies and standards may be difficult for stakeholders to provide (Ramus & Montiel, 2005). The limited access, in combination with the loss of a commonly accepted method of measuring Corporate Sustainability, tends to generate information asymmetries (López et al., 2007; Windolph, 2011). Therefore, external organisations, such as rating agencies, that are capable of gathering applicable information become key players (Healy & Palepu, 2001). The stakeholders tend to end up in a dependent position in relation to the rating agencies (*ibid*.)

Theorization, produced by rating agencies, is the conceptual discourse that will help companies to associate their actions with outcomes and (1) achieve better rating from changes in behaviour and (2) the accompanying benefits from these changes (Chatterji *et al.*, 2015). According to Rao *et al.*, (2003), "theorization" defines what rating agencies assess and why it matters. When there is a clear theorization, rated corporations can adjust their behaviours – or choose not to (*ibid*.). However, several complications may arise when externally using results they have been provided by intermediaries.

Notwithstanding, formal definitions of Corporate Sustainability are founded in the literature, there is no substantial consensus of the concept (Camacho, 2015). Many actors endeavour to define and circumscribe it per their interest (Archel *et al.*, 2011). Methodologies used to evaluate firms' sustainability performance are not standardized (Delmas & Blass, 2010) since the environmental performance indicators are quite heterogeneous in comparison with the financial indicators. Furthermore, the proliferation of agencies' overwhelming data requests where these requests can be so numerous and non-uniform (Scalet & Kelly, 2009). The process of creating and collecting data may lack meaningful replication since raw data from corporate surveys may diverge depending on who responds to the survey and non-response rates are high (Chatterji & Levine, 2006). Chatterji *et al.*, (2009) consider sustainability indices as rarely estimated since they have been criticized for their lack of transparency. Hence, it remains unclear whether sustainability ratings are providing transparency that helps stakeholders identify environmentally responsible companies (*ibid*.).

The banking system appears to have an important role in economic development, as well as sustainable development (Stephens & Skinner, 2013; Levine, 2004; Scholtens, 2009). Since banks acting as financial intermediaries, it may emphasize the importance of the values of stakeholders. Therefore, current activities should be beneficial for both the corporation itself and its stakeholders and not be harmful to the environment and society from a long-term perspective. Alongside this, the banking and financial sector has become an object of widespread public distrust, verging on distrust (Stephens & Skinner, 2013). However, the sustainability work within the bank sector has not been emphasized due to the difficulty of delimiting the banking market's responsibility with environmentally destructive activities (Jeucken, 2004).

By introducing ESG criteria, the financial market has been a major driver of CSR since ESG agencies have begun to give credibility to Corporate Sustainability ratings (Diez-Canamero *et al.*, 2020.). The ESG rating agencies do not only affect the return of retirement savings and other investments, but they are also influencing companies' strategic decisions and how they report on and disclose ESG performance (Wong & Petroy, 2020). Some studies show that inquiries from sustainability agencies have even formed a company's overall business strategy (SICM, 2016.).

In the field of sustainability indices and ratings, little academic research has been conducted (Searcy & Elkhawas, 2012; Fowler & Hope, 2007). Similarities studies that address sustainability agencies impact have been made, but these studies are focusing on other branches and have been performed in other countries (Clementio, & Perkins, 2020: Ricart, Rodríguez & Sánchez, 2005). However, there is a limited understanding of how sustainability indices may add value to the improvement of sustainability and how extensive the impact truly is (Windolph, 2011). Despite the growing number of sustainability rating agencies, and thus measuring firms according to ESG criteria, comparatively few studies have been made about the companies' responses (Clementio & Perkins, 2020).

1.3 Aim and research questions

The study aims to investigate how the requirements of sustainability indices are perceived by a company, operating in the bank sector.

To achieve the aim, this thesis has following research questions:

- How do sustainability indices value Corporate Sustainability according to economic, social, and environmental factors?
- How does the perception of Corporate Sustainability differ between sustainability indices and an indexed company?

This study is a result of a collaboration with the chosen company, Avanza Bank AB, and inspiration from the Master thesis's of Sadovska (2016) and Broman (2017). Sadovska (2016) compares two sustainability indices and suggests further research to analyse the impact of sustainability indices from the perspective of a company. Simultaneously, Avanza Bank AB is actively evolving their Corporate Sustainability and encourages inputs that may help the work further. An opportunity I realized during my employment in the company.

1.4 Research delimitations

To create a deeper understanding of the subject, but also to provide meaningful answers to the research questions, the delimitations in this study will be necessary to present and give the reader a more accurate picture. Therefore, the delimitations are presented below.

In this study, the primary goal is to broaden the academic knowledge on the field with new research on how Corporate Sustainability will be the influence of sustainability ratings, taking a company perspective. Theoretically, this study has its basis in Corporate Sustainability – a business approach aiming to create long-term stakeholder value with a strategy of focusing on environmental, social, and governance/economic factors (Steurer *et al.*, 2005). Corporate Sustainability is an ambiguous concept and will be analysed by the stakeholder theory.

Several terms and indicators are used to refer to the measures utilize by investors to assess Corporate Sustainability performance (Searcy & Elkhaws, 2012). In combination with words such as 'sustainability', 'social responsibility' and 'environmental', do the terms of "indices", indicators", "ratings" or "rankings" appear. However, in this study, those terms will be considered as synonyms and refer to;

"measures that serve to systematically, accurately, consistently, and transparently assess the environmental, social, and economic performance of corporations", (adapted from Searcy & Elkhaws, 2012, p.81).

Furthermore, among a selection of ratings and indices, four indices and ratings were chosen, which will be presented in chapter four. Both DJSI and FTSE4Good covers companies worldwide and are considered to be the most extensive, comprehensive, and accepted indices among investors (Chatterji *et al.*, 2015). Those two have a long history and emphasizes the insights of sustainability indices contemporary phenomena.

The methodology delimitations of this study will be presented and problematized in chapter three.

1.5 Structure of the report

The outline of this thesis is presented below, in order to create an overview of how the report is structured (see figure 2).

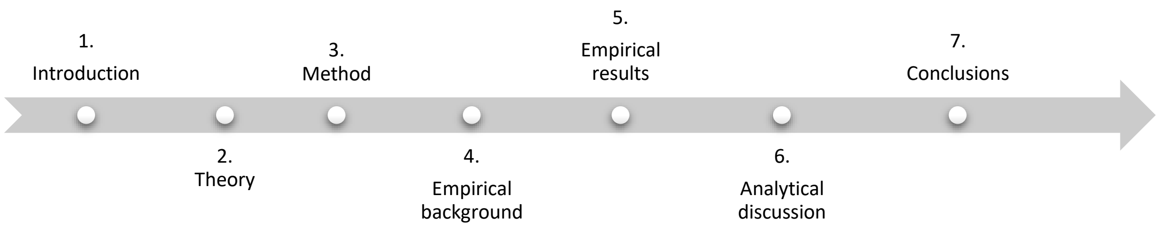

Figure 2. The outline of this study.

The first chapter (1) gives an introduction to the subject and an explanation of the problem, the purpose, research questions, and delimitations. Chapter two (2) presents a brief literature review of existing research within the same field followed by the theoretical framework which will be used in this thesis. In chapter three (3), the research approach and the methodological choices are explained. Chapter four (4), the empirical background, covers an overview of sustainability ratings together with a description of the chosen company, to create a contextual understanding of the study. Thereafter, in chapter five (5), the empirical results are presented related to the theoretical framework. Chapter six (6), an analysis of the results is discussed relative to the research questions, ended with a reflection of the findings. The final chapter (7) presents the conclusions composed of contributions and suggestions for future researches.

2 Theory

Chapter two will present relevant concepts and theories to give the reader a better understanding of the studied field. The chapter will end with a theoretical synthesis illustrated by the theoretical framework.

In order to develop the view of Corporate Sustainability, it may be necessary to discuss the concept from several perspectives. This study defines sustainability based on the Triple Bottom Line (TBL) and CSR, where Create Shared Value (CSV) is supposed to extend the field. From the investment perspective, in which this study refers to, concepts such as ESG and SRI are discussed which gives this thesis an even broader theoretical basis.

2.1 Standards

Values define or direct us to targets, frame our attitudes, and provide standards against which the behaviour of organisations can be judged (Leiserowitz *et al.*, 2006.). Stigzelius & Mark-Hebert (2009, p 48) describe standards as:

"a form of voluntary regulation directed towards social actors, individuals or organisations"

Social and environmental standards emerge from concretes issues faced by businesses in societies with increased critics of corporate business practices (*ibid*.). Beschorner & Müller (2007) consider standard as not produced as political or scientifically results.

Cargill (2019) presents standards as a hallmark of an industrialized society since they provide the necessary interconnections. Standards have never thrived as much as in modern society. Nowadays, they are more widely used, addresses problems areas and, cover several areas such as children's education to financial reporting and environmental policies, etc. (Brunsson & Jacobsson, 2000). Borglund *et al.* (2017) mentioned environmental standards as an example of communication and thus a way for corporations to show their responsibility. In a broad sense, the concept "standards" can be defined to

"generic concepts and normal ways of thinking" (Larsen & Häversjö, 2001, p. 461).

Additionally, standards may also be described as a collection of agreed solutions regarding problems. According to SIS (n.d.), standards may be used to create structure and determine requirement levels in which products and services can be measured. However, standardization is a fundamental practice within governance, coordination, and regulation in societies (Timmermans & Epstein, 2010).

Standards may have some perceived benefits and entail positive effects, however, the challenges associated with standards will not be neglected. In the following table are some of the advantages but also the disadvantages presented.

Table 1. Standards advantages and disadvantages - based on different authors (Borglund et al., 2017; Brunsson & Jacobsson, 2002; Stigzelius & Mark-Hebert, 2009)

Identified advantages	**Identified disadvantages**
Legitimacy Benchmarks Simplification Competitive advantage	Standards fatigue Questionnaire fatigue

2.2 Definition of sustainability

The idea of sustainability was debated during the United Nations Conference on the Human Environment in 1972 and has been on the global agenda ever since. An early definition of sustainability by then was

"An economy in equilibrium with its basic ecological support system" (Nightingale et al., 2019 p. 3).

Another well-known definition, which is nowadays accepted by many, was created 1987 in the report of the World Commission on Environment and Development (WCED): Our Common Future, also known as Brundtland Report. Brundtland's definition of Sustainable Development is:

"development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987, p. 43).

According to Nightingale *et al.* (2019), the concept 'Sustainability' is depicting the relationship between society and the biophysical environment, while 'Sustainable development' includes the realization of sustainability and commonly involves investment to improve both societies and their environments. Today, sustainability is a hot topic all around the world, in the societies as well as the businesses performance (Chouinard, Ellison & Ridgeway, 2011). The external demand has led to that companies to consider Corporate Sustainability as a part of their business (Ammenberg, 2012).

The triple bottom line (TBL), emerged at the beginning of the 21st century, is a framework that advocates businesses to focus on the social and environmental issues simultaneously as focusing on the economic value (Elkington, 2007). When referring to TBL. Elkington (2007, p XI) describe it as:

"*Future market success will often depend on an individual company's (or entire value chain's) ability to simultaneously satisfy not just the traditional bottom line of profitability but also two emergent bottom lines; one focusing on environmental quality, the other on social justice. As a result, companies and their boards will need to think in terms of the triple bottom line*".

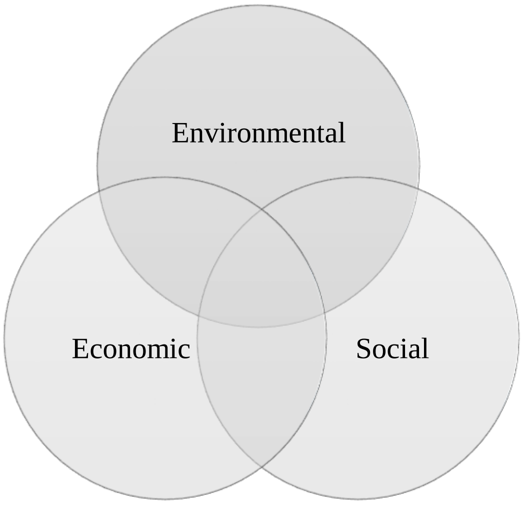

Figure 3. Triple Bottom Line. Based on Elkington (2007).

2.3 Corporate Sustainability (CS)

During recent years, the concept of sustainable development has grown with an attempt to combine concerns with environmental and socio-economic issues (Hopwood *et al*., 2005). Consequently, in addition to the economic profits, companies have an interest in focusing on their value for society (Ammenberg, 2012). Sustainable performances are gradually becoming more embedded in business models and strategies. In both academia research and business fields, numerous concepts and definitions have been presented stating how companies will conduct their business more ethically and transparently (Marrewijk, 2003). The abstract level of sustainability, besides the complexity, may entail different interpretations and values. The value of Corporate Sustainability can be distinguished by the influence of the stakeholder theory. One conceivable interpretation is to view Corporate Sustainability as;

"a business and investment strategy that seeks to use the best business practices to meet and balance the needs of current and future stakeholders" (Artiach et al., 2010, p. 31).

Further, Marrewijk (2003, p.102) present Corporate Sustainability as;

"demonstrative the inclusion of social and environmental concerns in business operations and in interaction with stakeholders",

while Dyllick & Hockerts (2002, p.131) present Corporate Sustainability as;

"*meeting the needs of the firm's direct and indirect stakeholders (such as shareholders, employees, clients, pressure groups, communities, etc.), without compromising its ability to meet future stakeholder needs as well".*

The last mentioned may be seen as a transposing of the Brundtland report (1987) into the business level.

Corporate Sustainability and CSR are broadly used, and well-known concepts when talking about sustainable development at a business level (Steurer *et al*., 2005). However, confusion and ambiguity may occur since these concepts often are used as synonyms. According to

Steurer *et al.*, (2005), sustainable development, Corporate Sustainability, and CSR are applied to different levels of specification *(see figure 4).* To get a comprehension - wheatear they differ or are linked together - a clarification of the concepts, and its different conceptual nuances will be crucial.

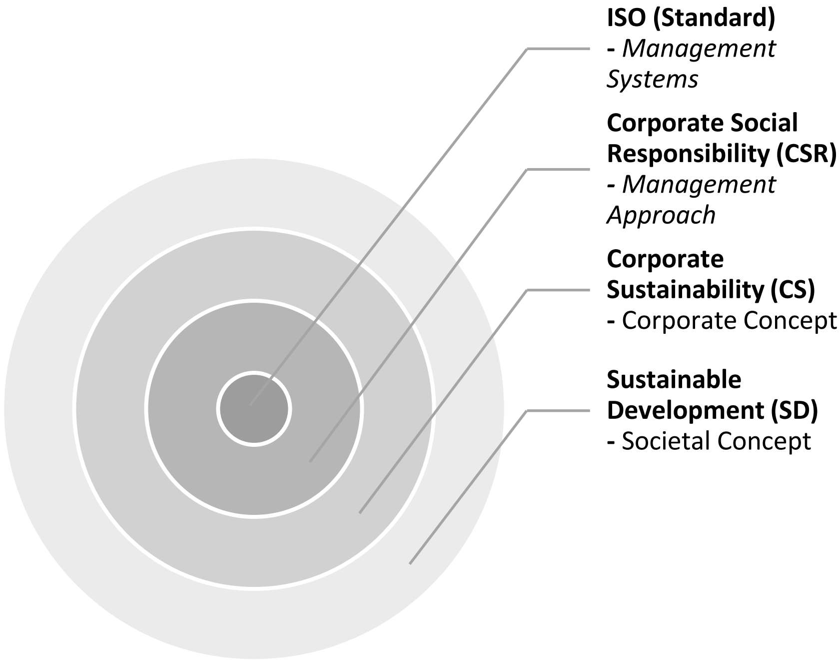

Figure 4. Concepts of sustainable developments. Based on Steurer et al., (2005)

According to Steurer *et al.,* (2005), sustainable development can be regarded as a societal concept, still the concept is emergent under the corporate concept 'Corporate Sustainability' as well. Several researchers clearly show an adequate interest in integrating social and societal aspects into corporate sustainability (Marrewijk, 2003). However, in this approach, sustainable development can be defined as the normative societal concept, following by Corporate Sustainability as a corporate concept together with CSR as a management approach (Steurer *et al.,* 2005).

Corporate Social Responsibility (CSR) was defined by Bowen (1953) and is a concept within sustainability that differs slightly from 'Sustainability'. Initially, CSR was more often referred to social responsibility (SR) than CSR. In 1999, Carroll (1999, p. 288) state:

"the CSR concept served as the base point, building block, or point-of-departure for other related concepts and themes".

CSR is a broad concept and addresses the impact of all aspects in corporate performance regarding society, including economic, environmental, and social (Steurer *et al.*, 2005). Thus, CSR are quite similar and often commonly referred to the TBL. Furthermore, Wempe & Kaptein (2002) put CSR as an intermediate stage under Corporate Sustainability to balance the TBL.

The demand for Corporate Sustainability is not only driven by push factor, (e.g. societal and political expectations), it is also affected by the pull factor such as cost reduction and thus the potential for internal organisational improvements (Schaltegger & Wanger, 2006). Hence, corporations that accomplish their sustainability activities might improve competitive advantages in their businesses (Steurer *et al.,* 2005).

Nevertheless, in the academic field an ongoing discussion whether Sustainable Development truly applies to the corporate world (Gray, 2010). However, an increasing number of companies discourse sustainability-related issues in their business strategies. One of the central driving forces for the interest in Corporate Sustainability is the legislation (Azapagic, 2003).

To investigate the concept of Corporate Sustainability, numerous theoretical ideas have been used. Stakeholder theory (Freeman, 1984) is one of the most noticeable, but also other examples of used theories used to define Corporate Sustainability is the institutional theory (DiMaggio & Powell, 1983), legitimacy theory (Suchman, 1995) and resource-based theory (Barney, 1991). In this study, the stakeholder approach will be used in this thesis to study the connection between corporation and their stakeholders, which will be in line with the purpose of sustainability indices.

Businesses' role within society has been debate for a long time where Freeman (1984) highlight the discussion from two points of view. One is grounded in neoclassicism, the ethical foundation for which is utilitarianism and the other are based in stakeholder theory and thus reflects a socio-economic perspective (Freeman, 1984). Freemans (1984) definition of what a stakeholder is, concerning the organisation has had a major impact in both the academic and professional fields and is consider as a well-established theory (Mitchell *et al.,* 1997). Its definitions are as follows:

"A stakeholder in an organisation is any group or individual who can affect or is affected by the achievement of the organisation's objectives" (Freeman, 1984, p. 40)

The stakeholder theory purpose to describe the management environment and thus widen the view and responsibility towards all stakeholders connected to the organisation. (Mitchell *et al.*, 1997). Furthermore, the theory enables an identification of which stakeholders that are more important than others. For instance, increasing stakeholder preferences for responsible and sustainable corporate behaviour (Greene, 2003) has led to a developed interest of SRI investments. It is directed to those who also operate a business on a reliable, sustainable and desirable basis that respects ethical values, people, communities and environment (Finch, 2004).

2.4 Creating Shared Value (CSV)

By using the lens of shared value while making decisions and looking at opportunities, new approaches will create innovations and growth for firms – at the same time, greater benefits for society will develop (Porter & Kramer, 2011). The principle of shared value is to create economic value in a way that also creates value for society by adopting its needs and challenges. The purpose of businesses must be redefined to creating shared value, not just profit per se (*ibid*.). The same researchers encourage a reshape of capitalism to be reshaped and the relationship towards the society, that will entail legitimization of corporations again. However, the concept 'Share value' has the power to generate innovations and drive the next wave of global economic growth, by focusing on the connections between societal and economic development (*ibid*.).

Porter & Kramer (2011) consider CSR as lacking in several aspects and therefore introduce Created Shared Value (CSV) as a substitute to CSR. In earlier studies, Porter & Kramer (2006) believe that many companies have done much to improve the social and environmental impact of their activities, but the actions could be even more efficient as they are. To create economic value by creating societal value, Porter & Kramer (2011) are mention three distinct ways for companies to do it. Those are presented in table 2.

Table 2. Three keys to creating shared value (Porter & Kramer, 2011), own processing.

By reconceiving products and markets	Companies need to provide a supply of products/services that are good for their customers. Demands for products and services are instantly increasing in advanced economies since the society's needs are huge (Porter & Kramer, 2011). For example, by focusing on environmentally friendly products, which are good for society, new avenues for innovations open up and shared value is created (*ibid*.).
By redefining productivity in the value chain	A value chain includes different activities that are vital for companies to examine their products or services. A company's value chain is thus inevitably affecting several societal issues (e.g. natural resources use, health, working conditions, etc.). The societal problems can create economic costs that arise the opportunities to create shared value (Porter & Kramer, 2011).
By enabling local cluster development	Every company is surrounded by supplementary companies and infrastructure. Clusters, a geographic concentrations of interconnected companies and/or institutions, have the ability to increase the productivity and innovation among companies. Firms are creating shared value while building these clusters and addressing gaps or failures (Porter & Kramer, 2011).

Despite that CSV may be seen as a progress of CSR, Porter & Kramer (2011) raise significant differences between those two concepts. The main characteristics of CSR and CSV and its differences are presented below, in figure 5.

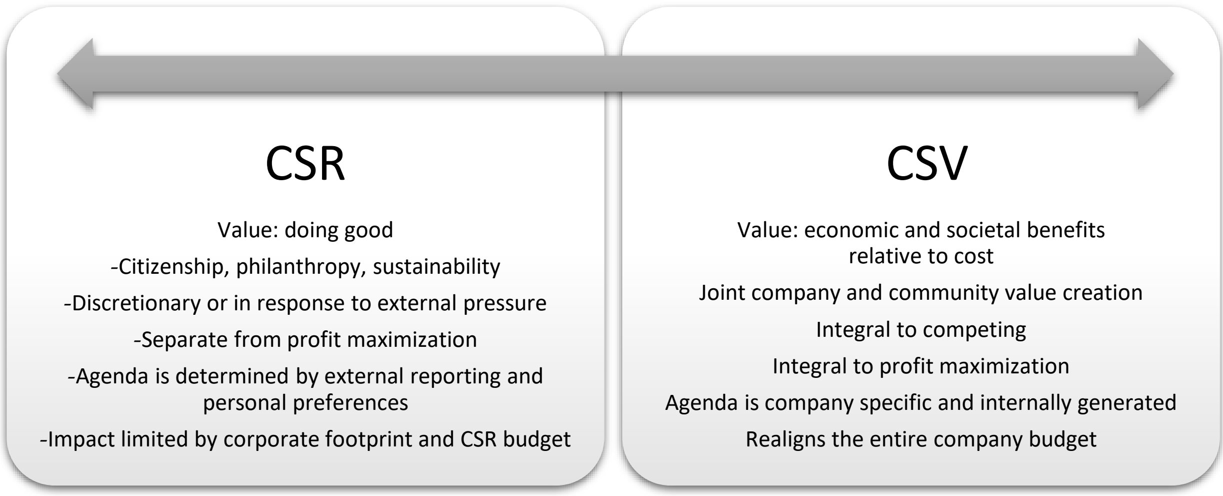

Figure 5. How CSR differs from CSV (Porter & Kramer, 2011).

The idea of CSV, where companies improve conditions both in social and economic terms and at the same time creating economic value, might create a competitive advantage in the areas where they operate (Porter & Kramer, 2011).

Different opinions are circulating in the research field regarding 'Shared Value' (Dembek *et al.,* 2016). Initially, the critical analysis includes how CSV is compared to the already established sustainability work, CSR. Crane *et al.,* (2014) critiques the concept and claims that it suffers from some serious shortcomings since it is unoriginal, ignores the tensions inherent to responsible business activity, is naïve about business compliance and is based on a shallow conception of the corporation's role in society.

2.5 Ethical investments

Ethical investments refer to the practice of using ethical principles as a primary filter in the selection of investment. The area of ethical investing has been characterized as a lack of consensus about definitions where similar terms such as social, divergent, creative, green investing, or investment are fluctuating in the literature (Sparkes & Cowton, 2004). However, the most common terms are Socially Responsible Investment (SRI) and ethical investment, where the latter is referred to as an older term.

Over the past decade, SRI, a financial investment process that takes social, environmental, and corporate governance impacts into consideration, has grown significant (SIF, 2009). In the financial sector, SRI has become a more common term for social responsibility work (Sandberg & Nilsson, 2017). The concept of Environmental, Social, and Governance (ESG) is closely connected to SRI where many investors look to incorporate ESG-factors into the investment methodologies alongside traditional financial analysis (MSCI, n.d.). ESG is referred to as a broad set of the three central factors measuring sustainability and creates considerations that may have an impact on companies' ability to execute its business strategy and generate value in the long term (Nasdaq, 2019). According to Financial Times Lexicon, ESG is defined as

> "*as a generic term used in capital markets and used by investors to evaluate corporate behaviour and to determine the future financial performance of companies".*

However, those companies that do not proactively communicate their sustainability strategy, and thus do not integrate ESG factors into their business strategy, nor present their performance, are missing the opportunity to attract long-term investors (Dornau, 2019).

Nevertheless, in order to invest in more socially responsible companies and change behaviours among them, investors need more exact information regarding social, environmental, and corporate governance (Escrig-Olmedo *et al.,* 2010). Sustainability indices and ESG agencies are a result of that and have an inevitable appearance (*ibid*.).

2.6 Corporate Sustainability Assessment

Assessing Corporate Sustainability performance is gradually practice-relevant due to markets, primary the capital market, and has been paying growing attention lately (Windolph, 2011). The assessment of sustainability measures the extent to which a corporation embraces the following factors; economic, environmental, social, and governance into its business and the affect it has on the society in the ultimately (Artiach *et al.,* 2010). Formerly, key sustainability topics include human capital development, human rights, and tax transparency (Dornau, 2019).

Several distinct methodologies for assessing sustainability performance have been developed (Sadowski *et al.,* 2010). The process of assessment requires the collection of data, standards of assessment, and a process of applying the statistics to the standards for creating specific ratings (Scalet & Kelly, 2009). This system contains a complex interaction of institutions, which combine or specialize in one or more of the activities (*ibid*.).

Rating agencies conduct their data in several ways, such as administering voluntary corporate surveys, engaging in independent investigations, and actively communicating with the management of rated organisations (Scalet & Kelly, 2009). Typically, rating agencies make their evaluation based on publicly available information (e.g. mandatory non-financial disclosures), sustainability reports, third-part research, and information from corporate websites (Jackson *et al.,* 2019). The source of information must be appropriate to achieve a trustworthy corporate sustainability assessment. Windolph (2011) claims that those interested in sustainability assessment depend on self-disclosure of companies, to some extent, due to the low level of available public data.

Furthermore, to access unbiased information considering companies' sustainability performance, raters do refer to governmental agencies, NGOs, academia reports, industry organizations, and other stakeholders (Folwer & Hope, 2007). Otherwise, many companies will participate in surveys and questionnaires that rating agencies propose them. However, since companies are not willing to harm their reputation, information gathered by surveys may be doubted and credibility lacking (Healy & Palepu, 2001).

Commonly, among all sustainability ratings and indices that assess companies' sustainability performance, is the requirement of the companies' sizes but also the form of ownership. The majority of the sustainability ratings and indices aim to select sustainability leaders and therefore emphasis on larger companies (Folwer & Hope, 2007: Wong & Petroy, 2020). Small or even medium enterprises will therefore end out excluded. As a result of not including the sample of eligible companies, sustainability leaders might not be recognized (Fowler & Hope, 2007). Further, companies that may be included in sustainability indices are frequently selected from the existing equity index (Windolph, 2011), where the only stock traded companies are included. This sample does limit the results of rating agencies.

Sustainable Asset Management (SAM) was founded in 1995, focusing exclusively on sustainable investing (Jus, 2019). Corporate Sustainability Assessment (CSA) is the proprietary methodology and database which is underlying the popular sustainability indices, such as the Dow Jones Sustainability Index. Thus, CSA has become synonymous with the DJSI and is seen as the most comprehensive assessment of non-financial and sustainability indicators – ESG (Jus, 2019).

Indicators
Scholtens (2009) has provided a framework to assess CSR in international banks. This approach is quite similar to 'official' rating agencies with respect of both social and environmental indicators. To assess the sustainability performance, the framework is based on 29 different indicators which in turn are divided into four different groups: (1) codes of ethics, sustainability reporting, and environmental management system; (2) environmental management; (3) responsible financial products and (4) social conduct (*ibid*.). Those four groups are in line with the definition of sustainable development (see also WCED, 1987) at the business level.

The first group is about ethical rules, sustainability reporting and environmental systems in how banks adopt these aspects. To achieve that, banks commits itself to socially responsible behaviour (Scholtens, 2009). The second group shows how a bank truly cares about environmental issues through indicators like policy and/or management of its supply chain, where the transparency of environmental performance environmental makes it possible to assess how they operates in this field (*ibid*.). This will also reflect in what ways banks report for environmental risks. The group named 'financial products', highlights what sustainable products the banks offers. The supply, and their development regarding more sustainable, socially responsible financial products will signals their commitment to sustainable development (*ibid*.). There is great potential where example could be microcredits (finance for poor and deprived), socially responsibility investing, financial products with an aim of reduction energy use and greenhouse gases etc. The last group are focusing on social conduct where the mission is to assess the internal and external social commitment of the bank (see appendix 2).

2.7 Conceptual framework

Theories, models, and concepts presented in chapter two are in this section complied into a conceptual framework. The theoretical synthesis provides a basis for collecting empirical material, analyse empirical data, and answer the research questions.

Pressures from regulations and societies have involved corporations, taking responsibility and actions on how they are compliant and good corporate citizens. The interest of Corporate Sustainability has increased and is the theoretical foundation of this study. A definition of Corporate Sustainability, with its several dimensions, is presented to provide a basis when analysing the sustainability indices impact on corporate sustainability standards. The Corporate Sustainability-model by Steurer *et al*. (2015) includes sustainable development, CSR, and standards which give a comprehensive view of sustainability from a corporate perspective. However, questioning CSR is a relatively hot topic and has provided new models such as CSV (Porter & Kramer, 2011). The CSV-theory is included in this study to broaden the perspective of sustainability within businesses, also with the vision of a contribution to the literature since comparative few studies have been made in that area (Wójcik, 2016).

Since the sustainability indices primarily are aimed for investors, a background concerning ethical investment will be crucial to understand its origin. Concepts such as SRI and ESG will be described and give the reader an overview of what sustainable investments are and different criteria regarding sustainability work at a corporate level.

In summary, to answer this study's research questions and understand how companies relate to the requirements, a theorization of what rating agencies values, and assess will be vital. Indirect this will reflect the view of Corporate Sustainability from the rating agencies' perspective. To support the analysis further, sustainability will be analysed with the environmental, social and economic perspectives. The study will use the perspective of the stakeholder theory.

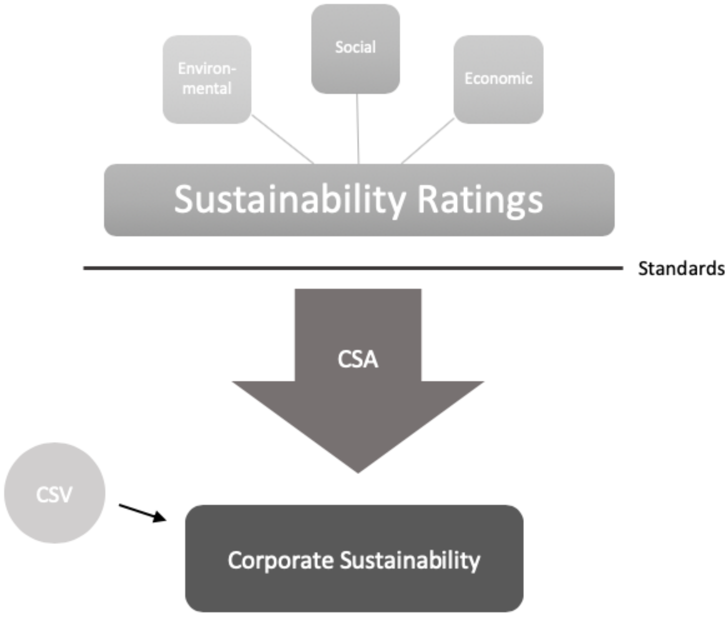

Figure 6. Theoretical framework. (Own processing).

3 Method

In this chapter, the study's method and approach are described. Further, a discussion is presented whether the method is relevant regarding the aim and research questions. This, to increase the study's credibility, authenticity and transparency.

3.1 Research design

In business research, two different research strategies are dominant; qualitative and quantitative (Bryman & Bell, 2015). Many researchers see quantitative and qualitative approaches as having different epistemological foundations. Positivism is the epistemological orientation in the quantitative research strategy while interpretivism is characterized in a qualitative research strategy (*ibid*.). A quantitative approach mostly focuses on numbers instead of words and has, more commonly, a deductive approach concerning the relationship between theory and empirics. Qualitative research, on the other hand, is focusing on the collection of words, often provided through interviews with respondents or observations participations. The connection between theory and empirics has more often an inductive approach in a qualitative research.

To answer this thesis research questions, a qualitative strategy has been applied, which is a frequently used approach in social research (Greener, 2008). This research strategy is based on observations where the researcher wants to find out complex contextual relationships with subjects in their natural environments. The researcher attempts to understand the significances of the collected empiric material, gathered from the interactions (Kirk & Miller, 1986). The qualitative method may be seen as a broad concept where a central criterion is to analyse ambiguous empiricism (Alvesson & Sköldberg, 2008).

In this study, empirics and theory have been alternated, which has resulted in the selection of an abductive research strategy. An abductive approach is described as an interaction between the deductive and the inductive approach (Alvesson & Sköldberg, 2008). An anchor, in theory, is not necessary before the collection of empirics, which creates the opportunity for the development of both theoretical and empirical material during the course of the study (*ibid*.).

Likewise, the research philosophy, i.e. the ontological and epistemological view, are important aspects when deciding methodology in a study (Guba & Lincoln, 1994). Those are connected to what methodology is used and which assumptions that are provided by different perspectives. The ontological position of this study, the view on the external reality – what counts as real and what can known about it, is based on subjectivism and may be described as constructionist as the study assumes that social phenomena are a result of interaction between individuals (Bryman & Bell, 2015: Guba & Lincoln, 1994). These phenomena are studied based on an interpretation perspective where the researcher is given a subjective role. For the epistemological position, this study will use the interpretive approach, which allows social reality to be studied in different ways. The involvement by the researchers, to understanding relationships, roles, and their influence on what is to be studied, is seen as a cornerstone of interpretivism (Saunders *et al*., 2009). However, social reality is discursive and under constant change which means that the researcher can interpret reality from different perspectives (Bryman & Bell, 2015).

3.2 Literature review

The purpose of a literature review is to create an image of pre-existing literature which entails a significant part in future research. Bryman & Bell (2015) highlight the importance of a literature review to find a research gap. A review of previous research enables analysis of gaps but also the possibility to create a foundation of understanding through theoretical background and conceptual framework.

There are varying methods to use when searching for previous studies and collecting information for a literature review (Bryman & Bell, 2015). When searching for literature, either a narrative review or a systematic review can be used. A systematic review is often preferred when the researcher knows what he or she is looking for and will therefore become more focused (*ibid*.). With a narrative review, the researcher is less focused and has a broader search spectrum. In this study, a narrative literature review has been used to create a wide understanding of the field. According to Bryman & Bell (2015), this method is best suited for a qualitative study when it is more flexible and allows the empirics to control the choice of theory. Consequently, the author has the opportunity to choose interesting literature based on what was considered as relevant based on the aim and results of the study.

This literature review is primarily based on scientific articles founded in databases at SLU's library network. Web of Science, Google Scholar and Primus are databases that have been used. Also, in specific article searches, Google has been used as a further complement. The idea has been to find previous research regarding Corporate Sustainability, linked to sustainability indices. To find relevant and useful articles for this thesis purpose, following keywords have been used: "Corporate Sustainability", "Sustainability indices", "DJSI", "CSR", CSV". Those have been found in individual searches, but also in combination with each other.

The literature review show that a common topic in many studies is the relationship between corporate social performance and corporate financial performance (Soana, 2011: Lee & Faff, 2009). Others purpose to assess the quality of ratings agencies (Chatterji & Levine, 2006; Chatterji *et al.,* 2015), and other attempts to describe different approaches for measuring CSR. Past research has also explored company's reactivity of ESG-ratings (Clemention & Perkins, 2020), likewise studies about how companies may conform or transform to respond to multiple rankings (Pollock *et al.,* 2018). However, studies that investigate the relationship between rankings and firm behaviour (Scalet & Kelly, 2009) but also concerning the sustainability ratings impact from an organisation's perspective are still lacking (Durand *et al.,* 2019). This paper purposes to shed light on that gap.

3.3 Data collection

This study has several methods for data collection, to provide a broad and detailed picture of the case.

3.3.1 Case study

Case studies are commonly used in all business research and more often associated with a qualitative methodology (Bryman & Bell, 2015). In a case study, the researcher wants to highlight unique phenomena where great consideration is given to the context and culture that characterizes the object. The choice of case studies is an alternative when the purpose of this paper is to investigate complex social phenomena that are relevant to the research questions (Yin, 2009).

3.3.2 Selection of case

In a qualitative study, researchers tend to emphasize the importance of purposive sampling (Bryman & Bell, 2015). This is a form of non-probability-based selection where participants are selected with direct reference to the research questions being asked. In this study, the company was selected due to the researcher's employment and good access. Therefore, the researcher has already observed the organisations culture, code of conduct, and other valuable information over time. An in-deep understanding of the problem became easier. Since the sustainability indices and ratings have different preferences in different industries, it will be easier to draw conclusions and thus avoid industry specific variations when picking one company. Furthermore, four indices were selected due to their recognition as the most credible among investors (Wong & Petroy. 2020).

3.3.3 Primary data and secondary data

Interviews have gained abundant impact and are a frequently used method in qualitative research. One explanation, according to the researchers, is the flexibility that interviews entail and becomes an attractive alternative while collecting qualitative data (Bryman & Bell, 2015). However, the data is primarily gathering from a participatory observation in combination with semi-structured interviews. To complement the primary data, secondary sources were gathered from the annual report, sustainability report, website and internal documents of the company. Multiple sources of evidence are useful to achieve a higher quality of the results while using a case study approach. Therefore, all the methods, i.e. ethnography, semi-structured interviews and the secondary data, contributes to a stronger triangulation since the outcomes will be more convincing if it is supported by various sources (Yin, 2009).

3.3.4 Ethnography

Ethnography, sometimes synonyms with participatory observation, is one of the main research methods associated with qualitative research and usual in case studies when gathering data (Bryman & Bell, 2015). The researcher wants to be a part of the perceived phenomena by undertaking various roles within the case situation (Robson, 2011). In some cases, the researcher may even participate in the activities that are studied (*ibid*.). It entails to get entrance to otherwise unreachable information that may contribute to the understanding of case.

Gathering data through ethnography have its benefits, but also some limitations. One major problem is that the observer may disturb the situation that is observed or in somehow influence the participants (Yin, 2009). To avoid that, the reactivity concerns are addressed in this study by making the actors as comfortable as possible by showing interest in their process.

Table 3. Summary of the observations (Own processing).

Observation	***Description***	***Location***	***Date***	***Duration***
The general monthly meeting	Presentation of the sustainability work in the organisation*	Head office, Stockholm	2020-01-22	45 min
Sustainability analysis within the line positions.	Participatory in the CSR-group monthly meeting, discussed challenges and upcoming regulations	Head office, Stockholm	2020-02-19	60 min
Ordinary work activities	*Part-time worker*	*Head office, Stockholm*	*Start in 2017-08*	*3 yrs*

3.3.5 Semi-structured interviews

To collect data, another frequently used method in qualitative research is interviews and thus a flexible way of sharing the interviewee's point of view to gain rich and detailed answers (Bryman & Bell, 2015). Thus, interviews have great potential to highlight important details, ideas and explanations of problem (Yin, 2009). For conducting interviews, there are different strategies where they can be either structured or unstructured. Interviews that are based on pre-defined questions and alternatives for answers, are categorized as structured interviews. Unstructured interviews, on the other hand, are more similar to a normal conversation where the outcome of the interview is harder to forecast. However, semi-structured interviews are mix of both the unstructured and structed strategies since some themes of interest are pre-defined. To provide a depth of the subject, but also avoid leading questions, semi-structured interviews should be conducted with open ended questions (Creswell, 2012). The purpose of the interviews in this study was to investigate how the bank perceive the impact of sustainability indices and how they may have affected the corporate sustainability strategy. Hence, since semi-structured interviews are categorized as a more flexible data collection, with the possibility of depth and thus enable good explanations, they were chosen for this project to complement the ethnography.

Table 4. Information regarding the conducted interviews. (Own processing).

Person	*Position*	*Type*	*Duration*	*Date*
A	Head of Investor Relations	Telephone	20 min	2020-05-15
B C A	Chief Business Lawyer Chief Risk Officer Head of Investor Relations	Face-to-face /telephone[1]	45 min	2020-05-19

3.3.6 Data analysis

Authors that utilizing a quantitative approach, may often find themselves with an extensive amount of data after the conduction of empirical material needed for the study (Bryman & Bell, 2015). Since the data forms the basis of this study, the authors need to sort the empirical material by relevance. Before the conduction of empirical material, there were already established research-questions, and thus a way of sorting the empirical information.

3.4 Quality assurance

To maintain a high quality of the study and a better credibility, several quality criteria need to be considered. In quantitative research, criteria such as reliability and validity are provided (Bryman & Bell, 2015). There have been discussions whether these concepts are applicable in qualitative research, particularly case studies, where Stake (1995) thinks that those concepts are hardly applicable to a case study. Some researcher advocates a translation of the concepts for better adaptation in this kind of approaches (Lincoln & Guba, 1994). However, Yin (2009) suggest methods of how case studies can achieve the criteria of reliability and validity instead. According to Lincoln & Guba (1994), there are two primary criteria in assessing qualitative study; authenticity and trustworthiness where the second one is divided into subcategories which consists of credibility, transferability, dependability and confirmation. Riege (2003) has given examples of techniques that may enhance the credibility and reliability of the study which are stated based on of constructed, internal and external validity and reliability. From foregoing

[1] Due to COVID-19, one person was interviewed via telephone and two face-to-face.

studies, techniques and quality criteria that are considered essential have been complied to demonstrate credibility and note any biases and deficiencies.

Table 5. Techniques for evaluating validity and reliability in case studies (inspired by Riege, 2003: 78-79; Shenton, (2004): modified by the author).

Classification	**Examples of relevant qualitative- and case study techniques**	**Strategy employed in this thesis**
Credibility (intern validity)	Explanation building Triangulation (sources, investigators and methods)	Models and illustrations from literature/theoretical framework are used for analysis. Information is collected by using different methods and sources
Transferability (external validity)	Define the scope and limitations of the study Compare evidence with existing literature in the analysis	Detailed description of context and method. Analysing the results with the existing literature
Dependability (reliability)	Use peer review/examination Record observations and actions as concrete as possible Clarify researcher's theoretical position and biases Ensure meaningful comparability above multiple data sources	Half-time seminar, opposition and record Notes have been conducted during the observations. A meeting is recorded Detailed method description
Confirmability	Use multiple references of evidence Acting in good faith	Different persons have been involved Interview guide were prepared and shared to respondents in advance

3.4.1 Ethical considerations

In studies where the research obtains the empirical basis from outside persons, ethical aspects are important to take into consideration. Some common occurrences rules regarding ethics may be consent, anonymity, privacy, sufficient information, and volunteerism (Bryman & Bell, 2015). In order to fulfil the information and consent requirements, the participants have been concerned about the study's purpose.

The author has chosen to anonymize the participants by name since it was considered to not add any value. Besides, it avoids disclosure of sensitive information. Notwithstanding, all participants have signed the formal consent for GDPR to not omit anything since the title is specified.

3.4.2 Unique circumstances in 2020

In March 2020, the World Health Organization (WHO) announced a pandemic regarding a new coronavirus (COVID-19) progression. The pandemic was defined as the most challenging global health crisis of our time (UNDP, 2020). Moreover, COVID-19 has not only affected health, but it has also created more crises within the social, economic, and political fields and hence, left deep scars in the entire society (*ibid.*). In Sweden, this coronavirus has caused quarantine and the authority has requested people to take distance from social activities where, among other things, numerous people have worked from home. Also, a general concern has been spread in the community with changing focus. The author of this study has chosen to notice this incident since it may affect the thesis in several ways, for instance:

- The physical half-time seminar was cancelled and replaced by the written opposition.
- One interview was held by telephone instead of face-to-face.
- Some dialogues have been carried over mail instead of physical meetings.
- The final seminar was presented via digital sources

3.5 Critical reflection

In a qualitative study, when the researcher herself is an instrument for compiling and drawing conclusions from the empiricism, there is always a risk for misinterpretation (Bryman & Bell, 2015). Consequently, a common argument against the qualitative methodology is the embossing of subjectivism and thus risks minimizing replicability as well as reliability (*ibid*.). This study is to some extent directed by the researcher's own interest and which generates difficulty to be completely objective. The empirical material in this study is primarily based on ethnography, which reduces the possibility of generalizing the results. In addition, the specific situation and its context are of great importance which complicates a generality even further (Bryman & Bell, 2015).

Another important aspect to consider is the author's employment in the chosen company. A possible argument may be the risk that presented findings are biased. For example, as an employee, the author could avoid presenting negative findings in order to not give devastating consequences for the company. Since the study aims to provide a comprehensive view of the sustainability indices, with materials that would help Avanza further, see the author a minimalist risk of material disclosure. Also, employment may contribute to better transparency since there is an already existing awareness regarding culture in the company and code of conduct. However, a comparison between different companies, and thus an including of competitors, could have had unintended consequences and became a conscious choice to avoid eventual bias. Furthermore, as an ambassador for the company, the ambition to achieve high quality and deliver a decent result becomes more essential. In addition, the subject is chosen after the authors' genuine interest in the matter with the vision to generate in a more well-made study.

4 Empirical background

This chapter gives the reader information about the sustainability indices, with a short background and its assessment methodology, followed by the background about the company in order to provide a contextual understanding of the corporation and its environment.

4.1 Sustainability indices

Due to the increased interest of Corporate Sustainability, initiatives to define, quantify, and measure sustainability have also grown (Artiach *et al.*, 2010; Mori & Christodoulou, 2012). Sustainability indices may be defined as a system that measures different organisations' performance considers sustainability, and thus create sustainability rankings between them (Fowler & Hope, 2007). However, it has seemed as a response to transformation in attitudes concerning responsible behaviour, limited resources and concern for sustainability in society (Finch, 2004).

The methodology within sustainability indices has different approaches where the main distinction is made by positive and negative screening (Fowler & Hope, 2007). The major approach is the negative screening, where exclusion of companies that operate in areas that are deemed unethical is applied *(see table 6).* In addition, some indices focus on the positive aspects instead, some with the purpose of including the best companies from all industrial sectors. *(ibid.).* Moreover, distinguish between different indexes may be considered since some are more akin to an ethical or moral index than a sustainability index (Lee & Faff, 2009). Table 6 is just presenting an overview of major sustainability indices, its screening approach, and benchmark indexes.

Table 6. Overview of different sustainability indices, based on Fowler & Hope (2007, p. 246)

Sustainability Indices	**Index tracked**	**Methodology**
Calvert Group	*Benchmark Index*	***Negative Screening Criteria***
The Calvert Group Social Index	None	Exclude companies with bad environmental records and those operating in nuclear power, weapons, tobacco, alcohol or gambling
Dow Jones/SAM	*Benchmark Index*	***Positive Screening Criteria***
Dow Jones Sustainability Index	Dow Jones Global Index	Includes companies that score highest on a comprehensive list of sustainability criteria.
Ethibel/S&P	*Benchmark Index*	***Positive Screening Criteria***
Ethibel Sustainability Index	S&P Global 1200	Evaluates companies according to four main criteria: internal social policy; environmental policy; external social policy; and ethical economic policy
FTSE	*Benchmark Index*	***Mixed Screening Criteria***
FTSE4Good	Fortune 500	Excludes companies operating in: tobacco, nuclear systems, weapons systems, and uranium. Includes companies based on qualitative judgement about environmental sustainability, relations with stakeholders, and human rights.
KLD Analytics	*Benchmark Index*	***Negative Screening Criteria***
Domini 4000 Social Index	Fortune 500	Excludes companies operating in: weapons, alcohol, tobacco, nuclear power, and gaming. Also excludes companies based on qualitative judgements about the

		environment, diversity, employee relations and product.
Viego	*Benchmark Index*	***Positive Screening Criteria***
Advanced Sustainability Performance Indices	DJ EURO STOXXSM	Rewards companies for introducing sustainability criteria.

Besides the methodology, it is possible to distinguish ratings in other ways. For instance, some ratings focus on specific sectors while others rate organisations across the sectors (Scalet & Kelly, 2009). Some offer numerical ordering and others provide "best-in-class" or other benchmarks in order to signal "socially responsible" certification. Also, some are specific to a region of the world, and others are global. Furthermore, most of the ratings have the origins in the area of SRI, but some agencies are running by non-profits and others through media outlets (*ibid*.).

The communication between the companies and rating agencies is typically very specific and transparent. For instance, the rating agencies demand corporations present comprehensive information, collected from questionnaires, interviews, and supporting documents, which are related to several sustainability activities such as employee relations, environmental activities, etc. (Peloza, *et al.* 2012). Additionally, rating agencies make their evaluation based on the publicly available information (e.g. mandatory non-financial disclosures), sustainability reports, third-part research, and information from corporate websites (Jackson *et al.,* 2019).

In the following sections, the researcher has primarily used information available on the sustainability agencies' websites, to provide the findings.

4.1.1 Dow Jones Sustainability Indices (DJSI) - Family

In 1999, the Dow Jones Sustainability Index (DJSI) was launched, and thus the world's first-ever global sustainability benchmark (RobecoSAM, n.d.). The DJSI is a collaboration between S&P Dow Jones Indices and asset manager RobecoSAM, specialized in sustainable investment. This index was made by companies presented in the Dow Jones Global Indexes (DJGI), and Corporate Sustainability were assumed to increase long-term value for shareholders. Presently, the DJSI is a family consisting of several indices evaluating the sustainability performance of thousands of companies, connected to the financial market. They measure stock performance, in certain businesses, industries and geographical regions, by tracking their activity regarding Corporate Sustainability through the economic, environmental, and social aspects. The indices serve as benchmarks and have become an important reference source in sustainability investing for investors and firms alike (RobecoSAM, n.d.). Above that, ambition is to encourage companies to improve their Corporate Sustainability practice since the indices provide an effective engagement platform among investors (*ibid*.).

Initially, the world index (DJSI world) was published and the DJSI family has grown ever since and today contains several indices based on geographic areas - Europe, Nordic, North America, and the Asia Pacific. Additionally, the DJSI family includes global and regional wide-ranging market indices, country benchmarks indices, and industry-specific indexes, i.e. "blue-chip indexes".

The SAM Corporate Sustainability Assessment (CSA) is the proprietary methodology and database which is underlying the popular sustainability indices, such as DJSI. The DJSI World strives to use a transparent and rules-based module selection, grounded on the total sustainability scores resulting from CSA in every company (SPGlobal, n.d.). The results are derived from the analysis of financially material ESG factors, alongside S&P DJ's robust index methodology, form the foundation of the construction and maintenance of the entire DJSI series. After applying a range of financially relevant and industry specific ESG criteria, a Total Sustainability Score is assigned to each corporation.

Each year, the world's largest 3 500 publicly traded companies are invited to participate in SAM Corporate Sustainability Assessment (CSA) for potential inclusion in DJSI. SAM's rules-based assessment methodology pursues a 'best-in-class' approach where the top 10% of the companies, within each sector, are selected for inclusion in the DJSI World. Thus, the threshold for inclusion in the regional, local, and DJSI Diversified Indices will vary.

4.1.2 FTSE4Good Index Series

In 2001, the FTSEGood Index was launched by the FTSE Group and is a series of ethical investment stock market indices. It is designed to measure the performance of organisations demonstrating strong ESG practices (FTSERussell, n.d.). When assessing sustainable investment products, transparent management and well-defined ESG criteria make FTSE4Good indexes sustainable tools to be used by a wide variety of market participants. The FTSE4Good indexes can be used in several different ways with four main focus, see table 7.

Table 7. The four main uses of FTSE4Good. (FTSERussell, n.d.)

Areas	***Explanation***
Financial products	As a tool in the creation of index-tracking investment, financial instrument or fund products focused on sustainable investment
Research	To identify environmental and socially companies
Reference	As a transparent and evolving global ESG standard against which organisations can assess their progress and achievement.
Benchmarking	As a benchmark index to track the performance of sustainable investment portfolios.

The FTSE4Good collection criteria have been established to reflect a widespread agreement on corporate responsibility best practice mainstream socially responsible investment thinking. The ESG ratings and data model allows investors to understand an organisations exposure to, and management of ESG issues in multiple dimensions (FTSERusell, n.d.). The ESG ratings are embraced of an inclusive rating that breaks down into underlying pillar, theme exposures and, scores. Over 300 individual indicator assessments are applied to each company's unique circumstances, see appendix 5.

4.1.3 MSCI ESG Ratings

MSCI Inc. (formerly Morgan Stanley Capital International) is an American finance company, serving as a global provider of several tools such as equity, stock market indexes, and multi-asset portfolio analysis. Indices through MSCI, risk management

MSCI ESG Ratings measure a corporation's resilience to long-term, financially relevant risks connected to ESG. They define ESG as:

“the consideration of environmental, social, and governance factors alongside financial factors in the investment decision-making process”.

Also, MSCI ESG Ratings provide insights into potentially substantial ESG Risks to make better decisions. Additionally, these indices are designed to represent the performance of organisations that achieve high ESG ratings relative to their sector peers, to confirm the inclusion of the ‘best-in-class’.

From October 2019, MSCI rate 7 500 companies (13 500 issuers including subsidiaries) globally. Thousands of data points are collected for each company, but only 37 ESG key issues are considered as financially relevant (see appendix 2). The methodology used by MSCI ESG Ratings is rules-based where they identify industry leaders and laggards. Corporations will be rated on a ‘AAA to CCC’ scale according to their exposure to ESG risks and how well they cope with those risks relative to peers (see figure 9). The ESG - analysts do not engage with the organisations, since o audits or questionnaires are conducted. All sectors are reviewed every year.

4.1.4 Sustainalytic

Sustainalytics’ ESG Risk Ratings are designed to support investors to identify and understand financially material ESG risks at the security and portfolio level. It is based on a two-dimensional materiality structure that measures a company’s exposure to industry-specific material risks and how well a company is managing those risks (Sustainalytics, n.d.). The ratings are categorized across five risk levels: negligible, low, medium, high, and severe. The ratings scale is designed from 0-100, where 100 is the most severe (*ibid*.).

4.2 Avanza Bank

Avanza Bank is a digital platform for savings and investments, founded in 1999 by a merger of several banks, brokers, and fund companies[2]. Avanza Bank Holding AB (publ) is the parent company, listed on the Stockholm Stock Exchange, within the corporate group consisting of four wholly-owned operating subsidiaries – Avanza Bank AB (publ), Avanza Pension, Avanza Fonder AB and Placera Media Stockholm AB (see figure 7). All operations are conducted in Sweden with two head offices located in Stockholm.

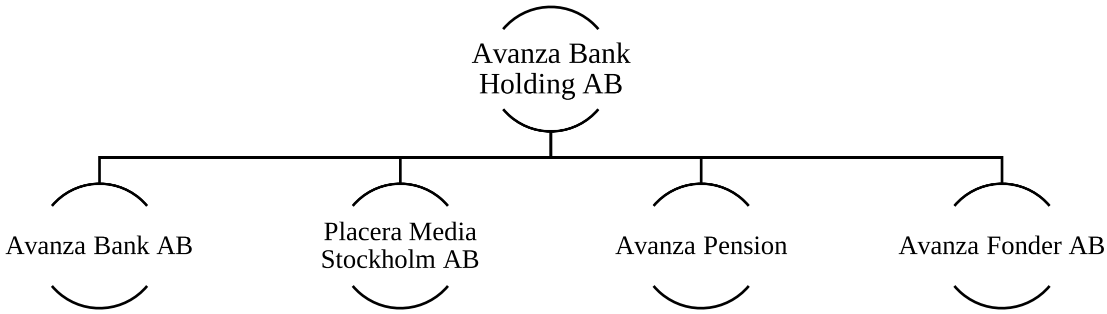

Figure 7. Organisational structure. (Avanza, n.d.)

Avanza has the vision to offer digital equity trading for private customers at competitive prices. The primary business is to be a bank for savings and investments, including pension savings, but have during recent years broadened the operations with home mortgage loan (Avanza, 2019). Hence, the organisation is constantly growing and challenging the traditional banks[3] with new innovative solutions and ideas. For instance, in 2018 Avanza launched the cheapest global fund in the world and during 2019, Avanza introduced Open Banking, a function which enables the costumers to view their accounts and loan in other institutions in their account summary at Avanza. Moreover, Avanza is classified under financial technology (fintech), a collective concept for all technological innovation in the financial sector. Fintech is used by several players in the financial sector who, through innovation and modern technology, digitize automate or tailor their products and services (PWC, n.d.).

Based on the role of financial intermediary, Avanza has a significant impact on the communities in which they operate. The most important stakeholders are customers, employees, and owners, followed by partners, suppliers, media, authorities, and legislators (Avanza, 2019). Hence, the opinion of the stakeholders plays a significant role in the strategy and development work (*ibid*.).

At Avanza, there is an ambassador group for sustainability issues (pers. with Avanza, 2020). However, most of the work is running by employees from several departments and teams. In order to develop and concretise the corporate sustainability, Avanza has established a more clarified sustainability strategy during 2019. This strategy is provided with inputs from several stakeholders such as employees and customers. With inspiration from UN:s Sustainable Development Goals (SDG), Avanza's sustainability has identified in three focus areas.

[2] Including: HQ.se, Avanza, Aktiespararna fondkommissionen and Aktiespar

[3] Avanza does not provide every service as a traditional bank, i.e. bank card, regular loans, transaction account linked to payment solutions, etc.

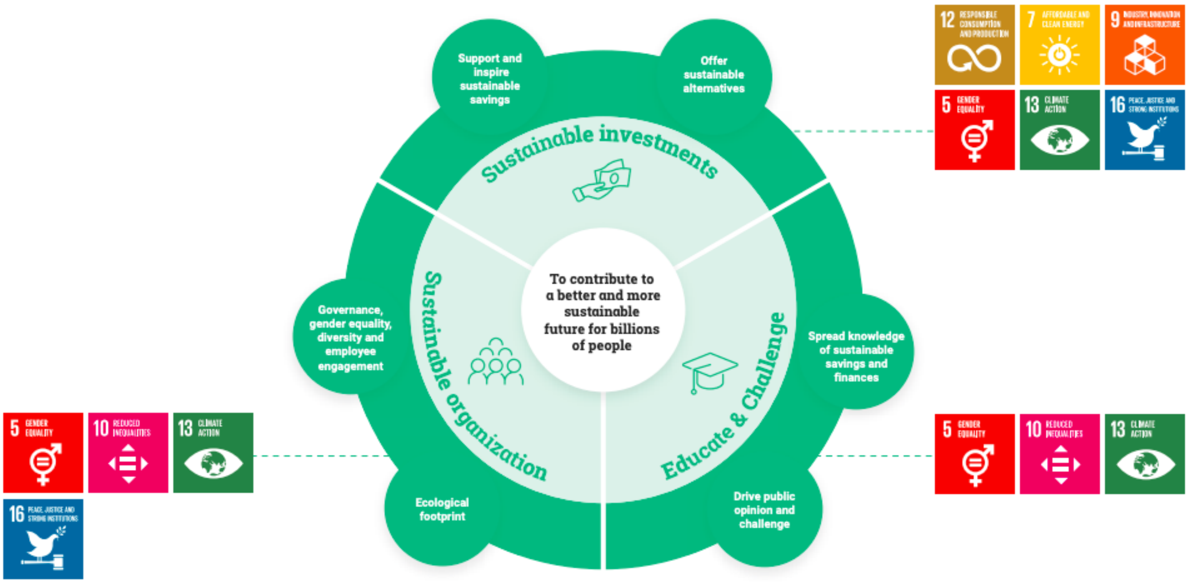

Figure 8. Avanza's sustainability strategy (Avanza, 2019).

Figure 10 is presenting Avanza's sustainability strategy that are dived into 'Sustainable investments', 'Sustainable organisation' and 'Educate & Challenge'. Every category has underlaying goals

5 Empirical result

In this chapter, empirics from the previous chapter are analysed based on the theoretical framework for this study. The chapter is divided into two parts. The first will cover the sustainability indices and the second will present the corporate sustainability assessment. The chapter will be ended with a summary.

5.1 Standards

Values provide standards against which the behaviour of organisations can be judged reflect and shared beliefs considering things that are truly important (Leiserowitz *et al.,* 2006). Sustainability are described as abstract ideals that has a value (*ibid*.).

5.1.1 Sustainability Indices

The values of sustainability that agencies adopt in the assessment process are emphasized within the methodological documentation, produced by the rating agencies. Following terms are used by the analysed sustainability indices in order to discuss values that reflect their understanding of corporate sustainability (SPGlobal, n.d.; FTSE4Good n.d.; MSCI, n.d. Sustainalytics, n.d.):

- Ability to generate long-term shareholder value
- Unlock long-term value by incorporating ESG criteria into the investment decisions
- Attention to financial indicators that are significant in terms of sustainability
- Concentrating on sustainability issues that are directly connected to a company's business achievement
- The integration of ESG concerns into investment analysis, policymaking, and stewardship
- Assist in managing exposure to ESG
- Identifying companies with decent ESG approaches
- Consistency with market expectations and signs of progress in ESG practice
- Reflection of ESG factors alongside financial factors in the investment decision-making process
- Aim to measure a corporation's resilience to long-term, financially relevant ESG risks.

RobeccoSAM's philosophy considered sustainability as it should bring a positive effect on the performance of a business (Folwer & Hope, 2007). Standards may be pronounced as a collection of agreed solutions regarding problems (SIS, n.d.). All sentences above might be interpreted as suggestions for improvement.

All indices provide similar topics, many including the three ESG-pillars. Standards may be used to create structure and determine requirement levels in which products and services can be measured (SIS, n.d.). Further, this may prove that each indices and rating provide its standard. In table 8 are all the indicators presented.

Table 8 Sustainability indices indicators. Based on Diez-Canamero et al., (2020, p. 23-24)

Name	*Indicators*
DJSI World	38 criteria: Criteria of CSA process of the Sustainability Yearbook.
FTSE4Good Developed Index	3 ESG Pillars 14 ESG Themes 300+ Indicators; 125 average indicators per company; each theme containing 10 to 35 indicators.
MSCI World ESG Leaders Index	3 ESG Pillars 10 ESG Themes 37 ESG Key Issues 1000+ Data points on ESG polices, programs and performance. 600 policy/programs metrics 240 performance metrics 96 Governance Key Metrics
Sustainalytics' ESG Risk Rating	3 central building blocks 20 Material ESG Issus (MEIs); 10 MEIs per sub-industry 40 industry-specific indicators approx. Criteria (the number is not specified).

5.1.2 Avanza Bank

Avanza's overall vision reads as follows:

> *"We want to contribute to a better and more sustainable future for millions of people. This means creating opportunities for a better financial situation for each and every one and encouraging more sustainable investments. We also work actively for gender equality and diversity in the labour market and in savings." (Avanza, 2019, p 25).*

Further, Avanza is valuing sustainability as taking controlled risks, explore new business opportunities, create value, and strengthen the cohesion to secure long-term value creation. The view of Sustainable Development is in line with Brundtland's report, i.e:

> "*development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987, p. 43)."*

According to Stigzelius & Mark-Hebert (2009) may standards be defined as a system of voluntary regulation directed towards organisations, for instance. Avanza's sustainability strategy is permitted in the entire firm and based on three main categories; 'Sustainable investment', 'Sustainable organisation', and 'Educate & Challenge'. In every category are some SDGs represented.

5.2 CSR and CSV

Steurer *et al.*, (2005) describes CSR as a term, addresses the economic, environmental, and social levels of corporate performance. This is similar to the TBL which also is an interpretation of sustainable development, including the economic, social, and environmental perspective, aiming to adopt the complexity of sustainability (Wise, 2016). For instance, Wempe & Kaptein (2002) put CSR as an intermediate stage under Corporate Sustainability to balance the TBL. At the same time, new approaches will create growth for firms and innovations, when using the lens of shared valued while making decisions and looking at opportunities (Porter & Kramer, 2011). 'Shared value' is about to create economic value, at the same time it creates value for society by adopting its needs and challenges (*ibid.*).

5.2.1 Sustainability Indices

Sustainability rating agencies evaluate economic, environmental, and social aspects within the firm's performance and thus works as a link between corporations and stakeholders (Schäfer *et al.,* 2005). RobeccoSAM has confirmed that there is no obligation to keep an equilibrium crosswise the three dimensions of TBL in the valuation criteria that it relates to companies in DJSI (see appendix 1). Further, RobeccoSAM emphasizes the economic dimension which appears to be consistent with Dow Jones' stated ambition of 'best-in-class', i.e. including leading corporations in their industries.

FTSERussell's ESG ratings consists of three underlying pillars, (i.e. environmental, social and governance), followed by 14 themes (five environmental, five social and four governance) and 300+ indicators. FTSERussell has support alignment with the all 17 SDGs, reflected in the 14 themes. Whether there is a balance between the three pillars does not appear.

According to MSCI ESG Rating does different companies be faced with dissimilar ESG risks and opportunites and thus evaluated on the key issues specific to their respective industry. When exploring MSCI ESG key topics, they mention: Climate change, natural resources, pollution & waste, environmental opportunities, human capital, product liability, stakeholder opposition, social opportunities, corporate governance and corporate behaviour.

Considering the values, there is an agreement among rating agencies in terms of broad high-level components of sustainable development, i.e. environmental, social, and economic (Chatterji *et al.,* 2015). The analysed indices cover topics of social and environmental performance, where some tend to have a more vital focus on the financial factors than other indices.

5.2.2 Avanza Bank

Since the start, Avanza has focused on the social aspects, such as education in investment, lower prices, and equality (Avanza, 2019). Technology and innovation are permeated throughout the entire organisation, in line with the definition of a fintech company. Avanza strives to be a climate-smart organisation that monitors the carbon footprint, where minimising the climate impact is part of the sustainability work. As an online bank, Avanza has a limited impact on the environment and therefore, does not have a formal environmental management system (*ibid*.).

5.3 Corporate Sustainability Assessment

The growing interest of sustainability indices has resulted in various ways of calculating sustainability scores that are assigned to each company (Mori & Christodoulou, 2012). In differ from financial performance indicators, which are well-defined and very structured, the sustainability indicators are rather heterogeneous (Delmas & Blass, 2010). Even if agencies refer to various respected guidelines and principles in the field of Corporate Sustainability, such as PRI and GRI, their collections of indicators utilizing their vision and opinions. Still, chosen sets of indicators risks being dictated by the availability of data where the databases do not provide applicable material (Chatterji & Levine, 2006).

5.3.1 Sustainability Indices

The rating agencies have frequently similar technique of construct and develop ratings where they collect raw quantitative and qualitative data on specific information (Chatterji *et al.*, 2015). Typically, rating agencies make their evaluation based on publicly available information (e.g. mandatory non-financial disclosures), sustainability reports, third-part research and information from corporate websites (Jackson *et al.,* 2019). Even this study proves that most of the information are obtained from secondary sources. The SAM Corporate Sustainability Assessment uses a consistent policy to convert an average of 600 data points per organisations. To conduct information, RobeccoSAM use industry-specific questionnaires containing approximately 80-100 questions, sending to all companies.

Sustainability reports are the primary mechanism through which organisations share information about their sustainability performance (Searcy & Elkhaws, 2012). However, some rating methodology consist of participation in surveys, something that may require significate time (Wong & Petroy. 2020). In table 9, the methodology of obtaining information are summarized.

Table 9. Summary of the indices' assessment (Diez-Canamero et al. 2020, p.28)

Sustainability indices	***Typology***	***How information is obtained***
DJSI World	Index	Publicly available information
FTSE4Good Developed Index	Index	Information collected by public sources: voluntary sustainability reports, mandatory accounting disclosures, regulatory filings, media NGOs, stock exchanges. Every company is individually contacted to check the publicly information, but no privately submitted information is accepted.
MSCI World ESG Leaders Index	Index	The data is conducted from academic, government, NGO datasets; company disclosure (e.g., sustainability report); and government databases (media, NGO, other stakeholders, sources regarding specific companies). Firms are invited to participate in a formal data verification process before the publication of their ESG Ratings report; companies may provide additional ESG information.
Sustainalytics' ESG Risk Rating	Index	Information from public sources: corporate publications, i.e. annual reports and corporate sustainability reports, news and other media; NGOs reports/websites; and multi-sectors information sources (GRI, CDP). CSS contacts with the companies to solicit feedback on her research before the ESG Risk Rating Report is published.

The chosen indices prove that the majority are conducted by secondary sources. Additionally, contacts with the companies are also common.

5.3.2 Avanza Bank AB

The long-term view of Avanza's business is closely linked to the ability to meet the demand from stakeholders (Avanza, 2019). Avanza claims that their success is dependent on the stakeholders where they capture their opinions, needs, and expectations in order to develop to organisation further. Avanza claims that sustainability is strengthening the brand and is an important part of further development. Avanza's innovative capability, to be in the frontline and listen to the customers are what they are striving for. Furthermore, in the dialogue do they say:

"The sustainability work is an important part to have a selection of modern products and show that we take responsibility, which improves the engagement among our customers as well."

The most important stakeholders for Avanza are customers, employees, and owners, followed by partners, suppliers, media, authorities, and legislators.

In Avanza's annual report, the sustainability performance is reported. Avanza's sustainability report has been prepared in accordance with GRI standards (Avanza, 2019). In addition, it is also arranged with the GRI's specific guidelines for the industry (Financial Services Sector Supplement). Avanza is also conducting a climate analysis to calculate emissions. The independent tool is provided by the methodology used in the Greenhouse Gas Protocol (GHG Protocol), a methodology recommended by the GRI. Also, the Principles of Responsibility Investment (PRI) were signed by Avanza Funds in 2018.

5.4 Summary of the results

Corporate Sustainability aims to implement a business strategy, focusing on CSR and the triple bottom line dimension in order to create long-term stakeholder value. According to Avanza, a variety of stakeholders are fundamental to develop the organisation further (Avanza, 2019). The increasing interest of sustainability requires meeting the needs and expectations of several stakeholders (*ibid*.). Further, Avanza values sustainability as taking controlled risks, explore new business opportunities, create value, and strengthen the cohesion to secure long-term value creation. The sustainability indices prove to have similar values with a core focus of integration of ESG to achieve long-term value. Furthermore, numerous international standards are the basis for the development of the indices, where the indices approve various structures. The most common standards are GRI, PRI, and ISO. Also, the majority of stakeholders in the indices point clearly at shareholders, investors and executives. Additionally, the results proved that sustainability indicators are quite heterogeneous since there was considerable variation of the criteria. The Corporate Sustainability assessment seems to have a similar technique of construct and develop ratings, i.e. conduct information from publicly available information. Nevertheless, the majority of indices are using their own methodology.

6 Analytical discussion

Chapter six provides a discussion with a critical reflection of the results and a critical reflection. The analytical discussion is based on the results from previous chapter and how it is related to existing literature. The chapter starts with the aim and research questions, followed by a discussion and a critical reflection.

The main purposes of this study are to investigate how the requirements of sustainability indices are perceived by a company. To create a perception of the sustainability indices and its measurements, the values of Corporate Sustainability will be crucial.

Following research questions were formulated:

- How do sustainability indices value Corporate Sustainability according to economic, social, and environmental factors?
- How does the perception of Corporate Sustainability differ between sustainability indices and an indexed company?

This study examines four sustainability indices and its impact, from a company's perspective. Sustainability rating agencies evaluate ESG-aspects and may be seen as a link between corporations and stakeholders (Schäfer *et al.,* 2005). From the perspective of a company, Avanza always wants to engage and provide stakeholders with information and achieve great transparency. For instance, sustainability reporting is an important part to mediate Avanza's position, activities, and results within certain fields, in an open and balance mind (Avanza, 2019). To meet the expectations and needs of the stakeholder, continuous dialogues are held. Both one-way communication, such as annual report, website, news, but also through surveys and questionnaires to collect information from the stakeholders.

In addition, inquiries from various sustainability rating agencies occur, yet most agencies rate the company based on information founded by secondary sources (Jackson *et al.,* 2019). Avanza claims that majority of evaluations conducted by the ratings agencies are not even noticed. Thus, information is obtained from secondary sources and publicly available documents. Hence, the researcher of this study found, during the observation, that the inquiries and the valuation afterward, possibly create a dialogue. Since every index provides different results, it seems difficult to decide what is right and wrong, in terms of sustainable development. This strengthens the statement that the indefinite definition of sustainability creates multiple interpretations and thus different assessment approaches (Tanguay *et al.,* 2010).

Moreover, the incentives to adopt the requirements of sustainability indices and ESG ratings may be perceived as inadequate. Collison *et al.,* (2009) prove that the inclusion of indices and ratings has a significant effect on a firm's reputation and relationships with certain stakeholders. Yet, the membership of the indices does not have any significant influence on their companies (*ibid*.). At present, Avanza has not experienced that any stakeholders have questioned neither a high ranking nor a non-inclusion of indices. In terms of direct environmental impact, Avanza may be considered quite neutral and thus less questioned than manufacturing companies and companies in more vulnerable industries such as oil, gas, tobacco, etc? For instance, Chatterji *et al.,* (2015) claim that sustainability ratings and indices may affect a corporations' reputation since poor ratings, considering social and environmental factors, can harm their performance. Therefore, the results might not affect business such as Avanza to the same extent.

Comparing companies from across different sectors and geographies with a common set of criteria is a challenge, feasibly meaningless (Sadowski *et al.*, 2010). Even comparing the three on a single issue, i.e. climate change, for instance, is problematic, as the issue manifests itself differently (in terms of the level of importance) for each industry. One size does not fit all. This study confirms the difficulty of measure sustainability across various contexts, such as countries, geographical locations, type of business, etc. Avanza find it difficult to answer some surveys and questionnaire since they are not fully adaptable to the business they actually operate. Although Avanza is a bank, the business description is rather a digital platform where the core business may be distinguished from more traditional banks. Surveys tend to request information about services they not provided which may result in an inferior ranking. In addition, the managers of the more well-known indices have the origin in other countries, even continents. Even if sustainability indices are influenced by the same international standards, still they seem to be differences in laws and regulations. Therefore, this study indicates that ratings become more robust and useful when they emerging to address specific issues or sectors, limited geographies, and thus in line with Sadowski *et al.*, (2010.).

Corporate Sustainability has been affected by the sustainability indices influential strength with its assessments of companies' sustainability performance. In contrast to the neoclassical principle of profit maximization (Friedman, 1970), Corporate Sustainability is not only looking at shareholders and returns but instead includes stakeholders and value generation in a broader sense (Thedéen, 2019). In line with this announcement, Avanza includes several stakeholders when developing and implementing its sustainability strategy. In Avanza, there is an ambassador group for sustainability issues, but most of the work is run by employees from several different departments and teams. It entails various orientations and ideas for the bank's future strategies regarding sustainability. Additionally, the sustainability strategy is based entirely on stakeholders' opinions and thus in line with Avanza's overall philosophy of the stakeholder dialogues.

In line with the definitions of CSR, any strategy that is related to Corporate Sustainability should create satisfaction among all stakeholders in terms of interests, needs, and expectations (Diez-Canamero *et al.*, 2020). However, several indices tend to have investors as the major stakeholder, where different stakeholders may have different purposes. Besides, the rating agencies have their way of interpreting, assess, and value material. Furthermore, if the sustainability indices and ratings aim to measure the company's sustainability performance, why do the assessment results differ? Thus, adapting the business model based on the criteria of sustainability indices can be risky.

However, the ability to measure and compare sustainability performance creates awareness among companies and may give valuable guidelines in order to constantly develop sustainability work. Borglund *et al.*, (2017) mentioned environmental standards as an example of a communication tool and a way for corporations to show their responsibility. Sustainability indices do have their own standards can, therefore, see as a communication tool. Yet, the market has too many indices it risks eroding the legitimacy of standards.

Furthermore, sustainability indices may cause the potential to mitigate diversity among companies. In turn, the indices may not reflect the best performance among all companies and thus give bias results. Avanza that is a fast-growing company, with a business idea based on innovations, may achieve sustainability in other ways and does not necessarily communicate their sustainability in the same way. Therefore, the CSV-theory gives new perspective on Corporate Sustainability which may be necessary due to new innovative companies that entering the market.

This analysis created a better understanding of how Corporate Sustainability are valued among different rating agencies, by using the aspects of economic, social and environmental. Initially, the sustainability indices were intended to meet the investor's request but have gained a broader audience. Due to the high abstraction level of valuing sustainability, it was founded that similar values were permeated by the analysed sustainability indices. Avanza is defining sustainability in a quite similar way. The long-term perspective was founded, both in the company but also in the sustainability indices. However, the massive growth of sustainability indices and ratings indicates that sustainability is a complex concept. The abundance of different indicators and terms proves differences when standardise and measure Corporate Sustainability. However, whether it is crucial to be included and reviewed by sustainability ratings and indices are still unclear. Avanza considers that questions or comments from stakeholders, regarding sustainability ratings or inclusion of indices, never have arisen.

6.1 Reflecting on findings

Despite the insights provided by this thesis, qualitative studies do always entail some limitations (Lincoln, 1995). The study is conducted with a qualitative research approach that may be criticized for objectivity, reliability, and generalizability (Robson, 2011). This means that qualitative studies are difficult to replicate, and the conclusions rarely reflect a general truth. Interpretivism is based on that the researchers must understand the subjective reality of social action (Bryman & Bell, 2015) where the researcher's involvement is crucial in the interpretive approach. Moreover, the empirical findings are dependent on the author's own interpretations of the observations.

This study was conducted in collaboration with Avanza, which to some extent contributed with input to research questions and provided meetings and respondents. The fact that the respondents are provided by the company means that there are no opportunities for external auditors to confirm reliability by replicating the exact study. In order to avoid eventual bias, and keep the study as objective as possible, it is important as the researcher to be aware of this problem. Contact with the supervisor and external classmates may have mitigated this problem of objectivity. Furthermore, the collected empirical material is based on numerous sources partly from observations, but also through published documents, i.e. sustainability reports and the website.

Initially, were more indices supposed to be analysed, but due to the limitation of available data, the number of indices became reduced. That in turn, may show inaccessibility information or even a lack of transparency. However, during this study, Diez-Canamero *et al.,* (2020) were published their research, to present indices, ranting and ranking as authentic corporate ESG indicators available for any stakeholder such as academics. This gave this study a great basis and strengthen the information even further that was founded at the rating agencies' websites.

Furthermore. the area of sustainability indices is relatively new phenomena where new studies continuously arise. The author has come across several studies that have been published in parallel with this thesis, which prove the growing interest in research in this field. Supplementary studies may have the ability to strengthen the results even further, but also find other approaches and thus broadened the area. Moreover, sustainability indices and ratings are facing a constant transformation due to the rapid changes in society.

Regarding the confirmability and the strive to acting in good faith, there is still a risk that this study might have been biased by personal expectations and desires during the conduction of data.

7 Conclusions

This chapter addresses the aim of this study which is to examine what impact sustainability indices cause on corporate sustainability strategies and potential risks and opportunities affected by them.

Concluding this study, it can be argued that the grown number of sustainability indices and ESG-ratings provide an overflow of measurements. This tends to create a diminished commitment in the evaluated organisation. Thus, one could argue that the grown number of indices and ESG-ratings might result in an obstacle for ESG-development rather than improved sustainability.

The interest of measuring corporate sustainability, and benchmark the sustainability performance, has become more essential (Durand, 2019). Since the majority of sustainability agencies collect their empirical data through secondary sources, this study indicates that sustainability indices rather emphasize the communication of Corporate Sustainability than actual sustainability performance.

The study finds risk in small and mid-size companies not managing sustainability and ESG-ratings. This is due to the lack of capacity in both time and resources. Even if the majority of the sustainability agencies conduct their information in a passive approach i.e. finding information through secondary sources, the evaluated companies still have to verify the information, and perhaps develop further. This could be time-consuming, a problem for companies that already lack capacity in time and resources. Furthermore, smaller companies may find it difficult to provide the same amount of information, and also present it in the way sustainability agencies demand.

A feature consequence of standards is the risk of mitigating diversity. Several indices impose high requirements of the companies for inclusion, such as adequate forms of business, ownership, and size. Companies that do not achieve these criteria are not accepted by the indices and ratings. New companies, such as fin-tech and start-ups, where the business idea is based on sustainability (i.e. create a shared value) risks to not be included.

At present, the sustainability indices and ratings do not tend to have a significant effect on the relationships with certain stakeholders. One could argue that it may be more crucial for companies that are considered to have a more significant negative impact on the environment. A firm’s reputation does not necessarily appear to depend on a high rating but rather to provide stakeholders with great transparency.

To conclude this study, neither sustainability indices nor the ESG-ratings have any significant impact on the Corporate Sustainability strategy in the company analysed. To some extent, different ratings may create awareness in the company, thus the amount is still overwhelming and complicates the delimitations of what is truly important and not. Although there is some criticism directed at the sustainability indices and its complexity, there is still a value of integrating ESG. The spread of rating agencies may have created potentially useful information.

7.1 Contributions

Still, sustainability indices are relatively new phenomena where the research continues to flourish. In terms of the study’s empirical contribution, the focus is on a particular company, but can nevertheless be applied in a variety of companies. Simultaneously, this study covers a few numbers of sustainability indices and do not give an accomplished picture of the entire market. Ultimately, there is potential to use this study's result to reflect on the value of sustainability indices and ratings, from a serval perspective. The conceptual framework aims to differentiate the concept of corporate sustainability by analysing sustainability indices and then compare with the chosen company. This study contributes to the research with the perspective of an organisation.

7.2 Future research

The findings of this study indicate that smaller companies experiencing sustainability indices and ratings as overwhelming and complex. Several studies in the area of sustainability indices and ratings have been made, however with the focus of comparisons and from the perspective of investors. Still, there is a gap from the perspective of consumers and employees, whether they attach importance to the sustainability indices or not. Preferably, this analysis could be executed through a quantitative approach. Another interesting view, and a suggestion for future research, is the perspective of how the share price would be affected by inclusion or non-inclusion of the sustainability indices. Furthermore, it would be interesting to study the consequence of corporate sustainability strategies due to the pandemic COVID-19. Has the sustainability work taken further momentum or, on the contrary, completely stopped?

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Appendix 1: SAM Corporate Sustainability Assessment 2019.

Appendix 1 shows SAM Corporate Sustainability Assessment 2019.

Environmental Dimension	**%**	**Social Dimension**	**%**	**Economic Dimension**	**%**
Environmental Reporting	4	Social reporting	4	Corporate Governance	10
Operational Eco-efficiency	3	Labour Practice Indicators	4	Materiality	3
Climate Strategy	6	Human Rights	2	Risk & Crisis Management	6
		Human Capital Development	6	Codes of Business Conduct	8
		Talent Attraction & Retention	6	Customers Relationship Management	2
		Corporate Citizenship and Philanthropy	3	Policy Influence	3
		Occupational Health and Safety	3	Tax strategy	3
		Financial inclusion	4	Information security, Cybersecurity & System Availability	3
				Sustainability Finance	9
				Anti-crime Policy & Measures	4
				Financial Stability and Systemic risk	2
				Privacy Protection	2

Criterion Weights by SAM Industry – updated as per 25 March 2019.

Appendix 2: CSR Indicators

Appendix 2 shows an overview considering assess CSR in international banks (Scholtens, 2009, p.164-165).

Groups	#	**Indicators**
1. Codes of ethics, sustainability reporting, and environmental management system	**1**	Sustainability report
	2	ICC Business Charter Sustainable Development
	3	UNEP FI
	4	Equator Principles
	5	Global Compact
	6	‘Who Cares Wins’
	7	Certified environmental management system*
	8	Certified environmental management system**
2. Environmental management	**9**	Environmental policy
	10	Supply chain management
	11	Quantitative environmental management targets
	12	Transparency of environmental performance
	13	Environmental risk management in leading policy
	14	Exclusion of specific sectors
	15	World Bank guidelines environmental risk management
	16	OESO guidelines environmental risk management
3. Responsible financial products	**17**	Socially responsible investing
	18	Socially responsible saving
	19	Sustainable financing
	20	Microcredit
	21	Environmental advice services
	22	Climate products
	23	Other sustainability products
4. Social conduct	**24**	Sponsoring
	25	Community involvement
	26	Training and education
	27	Diversity and opportunities
	28	Feedback from employees
	29	Business ethics

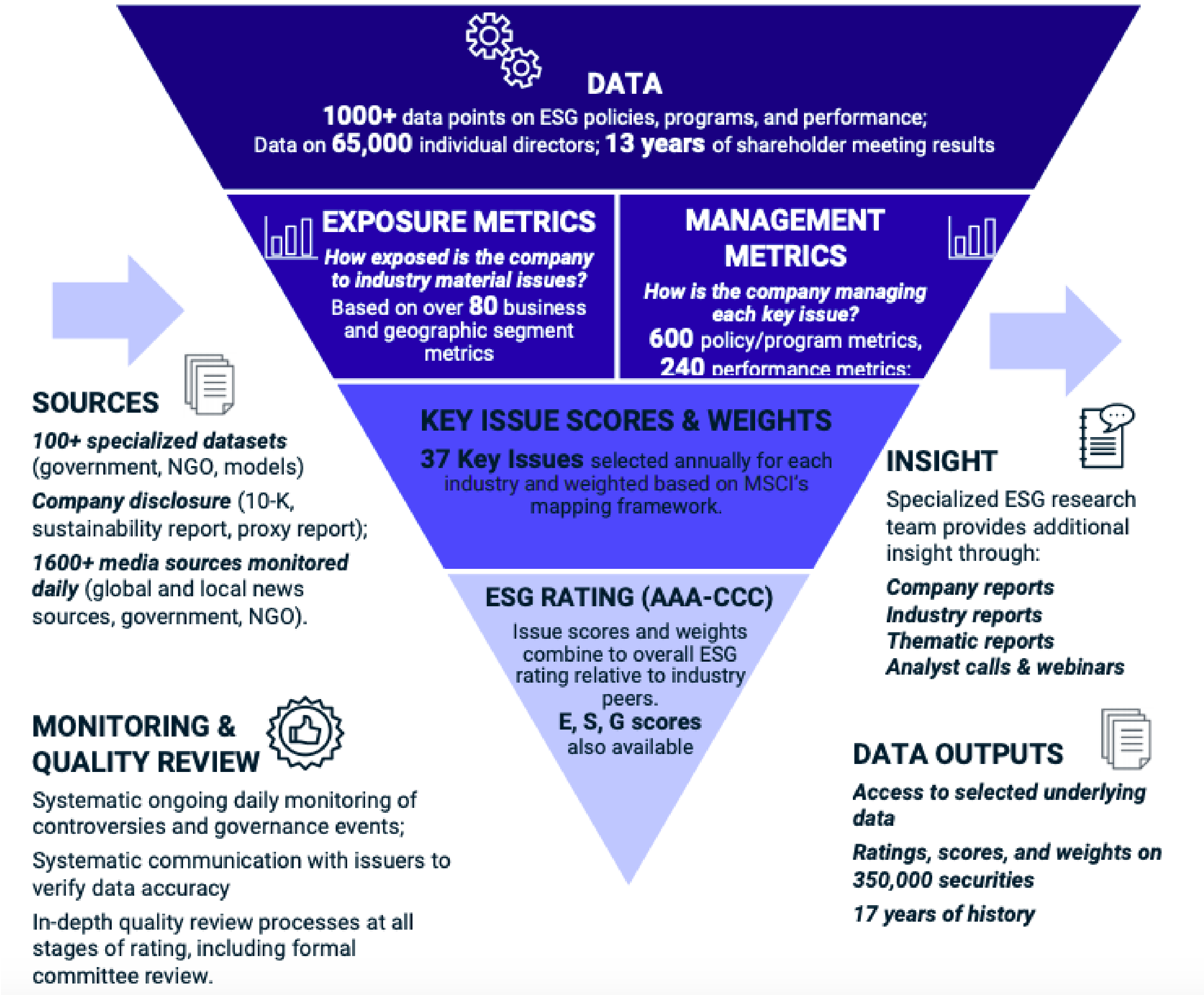
Appendix 3: MSCI ESG Key Issue Hierarchy

Appendix 3 shows MSCI ESG Key Issue Hierarchy

3 Pillars	10 Themes	37 ESG Key Issues	
Environment	**Climate Change**	Carbon Emissions Product Carbon Footprint	Financing Environmental Impact Climate Change Vulnerability
	Natural Resources	Water Stress Biodiversity & Land Use	Raw Material Sourcing
	Pollution & Waste	Toxic Emissions & Waste Packaging Material & Waste	Electronic Waste
	Environmental Opportunities	Opportunities in Clean Tech Opportunities in Green Building	Opp's in Renewable Energy
Social	**Human Capital**	Labor Management Health & Safety	Human Capital Development Supply Chain Labor Standards
	Product Liability	Product Safety & Quality Chemical Safety Financial Product Safety	Privacy & Data Security Responsible Investment Health & Demographic Risk
	Stakeholder Opposition	Controversial Sourcing	
	Social Opportunities	Access to Communications Access to Finance	Access to Health Care Opp's in Nutrition & Health
Governance	**Corporate Governance***	Board* Pay*	Ownership* Accounting*
	Corporate Behavior	Business Ethics Anti-Competitive Practices Tax Transparency	Corruption & Instability Financial System Instability

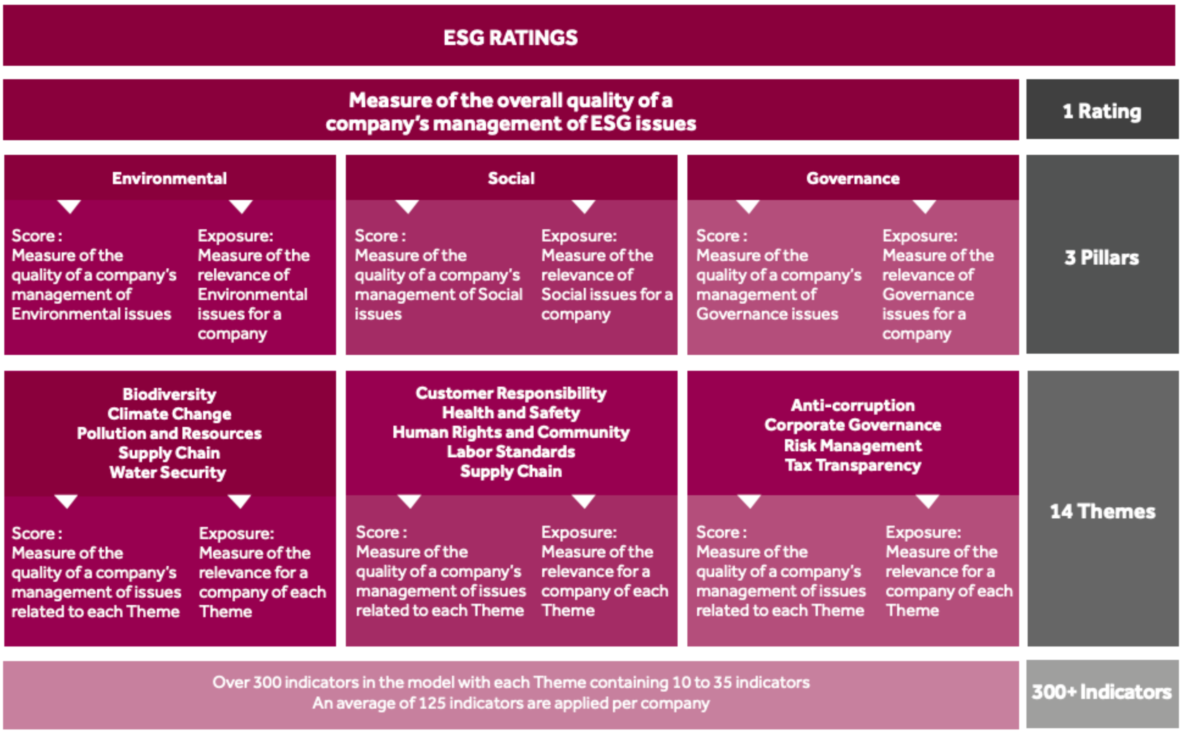
Appendix 4: MSCI ESG

Appendix 4 shows MSCI ESG Key Issue Hierarchy



Appendix 5: ESG RATINGS FTSE4Good

Appendix 5 shows FTSE4Good ratings



Appendix 6: Interview guide

Appendix 6 shows the written interview guide.

Sustainability Strategy

- Hur kommer det sig att Avanza tog hjälp av en extern part för att fastställa sin hållbarhetsstrategi?

- Vilka faktorer influerade/influerar hållbarhetsstrategin mest?

- Skulle ni saga att det utvecklade hållbarhetsarbetet har stärkt relationen med diverse intressenter (kunder, investerare, leverantörer etc.)?
    - I så fall, på vilket sätt?

Sustainability Indices

- Vad tycker du om antalet hållbarhetsindex/rankings som finns på marknaden idag?
    - Mätningarna skiljer de sig åt?
    - I så fall, på vilket sätt?

- Finns det något incitament hos Avanza att inkluderas i några hållbarhetsmätningar, så som hållbarhetsindex och ESG-rankingar?

- Skulle du säga att Avanzas hållbarhetsstrategi har påverkats/påverkas av denna typen av mätningar?
    - Om ja, hur i sådana fall?