



Motivations for Sustainability Reporting

A Case Study in a Textile Company

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Received: February 10, 2023; **Accepted:** June 27, 2023; **Published:** June 30, 2023.

Citation: Pires, A., & Rodrigues, F. (2023). Motivations for Sustainability Reporting: A Case Study in a Textile Company. *International Journal of Business Innovation*. 2(2). e31188. <https://doi.org/10.34624/ijbi.v2i2.31188>

Abstract: The disclosure of information within the scope of corporate sustainability is particularly directed towards companies of public interest, a reason that is particularly pointed out for the low adherence rate and for considering that reporting practices within this scope are mostly voluntary. On the other hand, there are also those who argue that larger companies and those operating in activity sectors that are more sensitive to environmental and social issues tend to show greater awareness and concern for future generations. It is within this scope that this research is developed, although particularly directed towards answering the following question: what leads companies to disclose in the scope of sustainability and how do they do it? To answer this question, the research comprises a literature review and a case study, developed in a company of the textile sector. It was possible to conclude that, globally, there is a greater tendency to disclose in companies that are bigger and/or belong to activity sectors that are more sensitive to social and environmental issues. The results also allow presenting the textile industry as a paradigmatic example around sustainable development and reinforce the thesis that the activity sector presents itself as a motivational element to disclose in this context, regardless of size.

Keywords: Corporate Sustainability; Reporting; Sustainability; Sustainability Pillars; Textile Industry.

1 Introduction

The efforts of transition to more sustainable business models are one of the key issues for competitiveness and that have been posing companies the challenge of having to identify risks, opportunities and impacts for all stakeholders. An issue that forces them to integrate and value in all their decisions the different dimensions of sustainability, understood as the capacity of an organisation to adapt, create and maintain conditions of medium- and long-term balance between human and business needs and the objective of improving life styles. Considering that sustainable development comprises economic

(focused on profit), social (based on people) and environmental (based on the planet) objectives (Lans et al., 2014) raises, due to the diversity of expectations and interests involved, significant difficulties, so this issue cannot be solved overnight. It represents a challenge that requires companies to stop looking only at shareholders and start being concerned with the environment, promoting socio-environmental, socio-economic and eco-efficiency conditions that are essential to meet the expectations and needs of all stakeholders and within which profit remains possible. It presupposes a much more responsible and committed behaviour with the interests of the collective, in an attempt to align the objectives of the organisation with those of the environment in which it operates (Maon et al., 2009).

Although this is a difficult challenge to achieve, due to the diversity of interests involved, companies are beginning to show signs of change and are seeking to establish a certain interconnection between the different stakeholders. In this context, Corporate Social Responsibility (CSR) practices have been growing (Carroll, 2016) and with them, the reporting structure has been readapted to provide companies with the possibility to make them known (Lans et al., 2014). In other words, as organizations have recognized that the adoption of environmental and social practices had a decisive impact on their competitiveness (Barbieri, 2004), they began to give greater importance to their role and contributions to sustainable development (Osagie et al., 2016), adhering increasingly to CSR practices and, with them, to changes at the level of the information produced and disclosed (Lans et al., 2014; Larrinaga & Bebbington, 2021; Stolowy & Paugam, 2018).

A new attitude that resulted from a broader perception, in relation to the traditional vision, and that made us realize that to achieve sustainable development the decision-making process should combine different pillars (Luciatti et al., 2018), seeking the maximization of efficiency in production and consumption with the saving of natural resources (Stanitsas & Kirytopoulos, 2021). Although different approaches to the concept of sustainability can be found in the literature, the most widespread model of sustainable development is the Triple Bottom Line (TBL), so called because it is based on profits, planet and people (Stanitsas & Kirytopoulos, 2021) to seek to combine economic, environmental and social factors to meet the interests of all stakeholders (Luciatti et al., 2018). However, achieving this goal has not proved to be an easy task, either because of the subjectivity involved in defining an acceptable degree of satisfaction, admitting the diversity of stakeholders and their interests, or because greater disclosure represents costs. If it is true that there are companies that start to show signs of change and to present a greater concern with the information they prepare and disclose and, even, to manifest a greater care with how they communicate and what they communicate (Carini et al., 2018; Matuszak & Róžańska, 2017), in order to meet all stakeholders, as it is implied from the stakeholder theory (Guthrie et al., 2004), it is theoretically acceptable that the management body can choose, depending on the alternatives available to it, as is achieved from contingency theory (Major & Vieira, 2009) or cost-benefit balancing (Oliveira et al., 2006; Vergauwen & Alem, 2005). Thus, and even though it is argued that once it is understood that economic growth is complementary with environmental and social quality and that this leads to a virtuous

circle of sustainable development, the adoption of sustainable practices in all its dimensions is still an important challenge in the business sphere (Nambiar & Chitty, 2014).

Considering that the path to corporate sustainability is based on an understanding that comprises a set of actions that include initiatives aimed at promoting the objectives and interests of different stakeholders (Waldmam & Siegel, 2008) and that to travel it requires a way of being capable of enabling it to act within a framework of creating economic, social and environmental value for all stakeholders (Freeman & Dmytriyev, 2017), expecting a company to give the same level of attention and express equal concern for all dimensions of CSR is a long-term goal. They will start by recognising concerns of an environmental nature, whose impacts are more visible to, only with the passage of time, manage to recognise in the social dimension an important source of sustainable impacts (Nambiar & Chitty, 2014). Thus, and even if at the level of the reporting structure there are signs of change by companies, a change with this dimension requires a more integrated, more cohesive and most likely, coercive reporting structure. The disclosure of information in the scope of sustainability has been emerging in a disjointed and disconnected way and particularly directed to public interest companies, which allows considering that these practices are, within most companies, mostly voluntary (Carini et al., 2018; Romão et al., 2018), a reason commonly pointed out for the low adherence (Pistoni et al., 2018). Considering that the legislation in force is based on voluntary practices in "soft law" (Carini et al., 2018; Romão et al., 2018) and that, in the field of sustainability, some argue that companies that are environmentally conscious and that take measures to reduce their impacts feel the need to disclose them, as a way to legitimize themselves (Guziana & Dobers, 2013), raises the following research question: What leads companies to disclose in the field of sustainability and how do they do it? To answer it, the work to be carried out, which begins with this introduction, is developed from two sections. The first one is a discussion and reflection on the determinants of disclosure, although with particular emphasis on the scope of sustainability reporting, and the second one, which embodies an exploratory case study developed in a textile company, Sourcetextile, to understand "how" discloses and "why" it discloses. It ends with the presentation of the main conclusions to be drawn from the work developed, limitations found and clues for future research.

2 Theoretical Framework

2.1 What to disclose and why: an interpretation from theory

Overall, the information that each company prepares can be mandatory or optional. It is of a mandatory nature when prepared to meet legal requirements and optional or voluntary when it represents the exercise of an option that, in each case, is exercised to meet the informational needs of stakeholders (Dumay & Dai, 2017). In an exclusive and/or complementary manner, information disclosure can be used by companies to legitimise themselves (Guziana & Dobers, 2013; O'Donovan, 2002) or arise from recognition regarding the existence of non-financial gains (Maroun, 2017; Phan et al., 2020). In this particular, the disclosure of information with a voluntary nature can be understood as an essential element

of the companies' communication policy (Matuszak & Róžańska, 2017), once it is assumed that the act of disclosure translates into greater notoriety and legitimization (Maroun, 2017; Phan et al, 2020), which contributes to reducing informational asymmetries or capturing investors (Zattoni et al., 2017; Safari & Areeb, 2020), or can be seen as the result of the firm assuming its responsibilities towards society at large (Maqbool Bakr, 2019). Regardless of the motivations the company should, in each case, offer the possibility of being able to make an assessment from a sufficiently broad perspective that will tend to be considered relevant for investors and non-investors (Stolowy & Paugam, 2018). It is in this context that the information that has been provided in the context of sustainability reporting is inserted, i.e., seen as of interest to the reporting entity and necessary for the stakeholders (Larrinaga & Bebbington, 2021).

The institutional theory, based on the widespread perception that the actions taken by a company are adapted to a social framework of values (Major & Vieira, 2009; Suchman, 1995) or understood as a kind of contract that represents the expectations that society deposits, can help explain how the company develops its activities (Guthrie et al., 2004; Watson et al., 2002). Within the scope of corporate sustainability, companies end up disclosing the degree of involvement with the actions that at this level they have been implementing in order to reduce their negative impacts and expand the positive ones in society and the environment, by a purely strategic option, in an attempt to seek to improve their reputation or the level of retention and customer satisfaction (Guziana & Dobers, 2013). Behind the disclosure of information of social and environmental nature is often the desire of organizations to legitimize themselves, seeking, from the set of norms and values that society has, influence the perception that the outside has about them (Guziana & Dobers, 2013; O'Donovan, 2002). Considering that companies establish social appreciation practices to ensure their continuity, legitimizing themselves before society (Eugénio, 2010), the disclosure practices will be seen here to achieve it (Guziana & Dobers, 2013). Thus, the disclosure of sustainable practices arises in a context in which companies feel the need to demonstrate to stakeholders that their actions are in line with the values shared by society, of which they are also part (Gavana et al., 2017), manifesting that their concern with obtaining profit is exercised in a context of search for environmental and social results (Guziana & Dobres, 2013; Pless et al., 2012), emphasizing the importance of all and responding to their pressures and those of the environment in general.

In fact, as organisations came to recognise that the adoption of environmental and social practices would have a decisive impact on their competitiveness (Barbieri, 2004), they began to give greater importance to their role and respective contributions to sustainable development (Osagie et al, 2016), a new attitude that resulted from a broader perception that made them realize that to achieve sustainable development the decision making process should seek to combine different pillars, to meet the interests of all stakeholders (Luciatti et al., 2018; Stanitsas & Kirytopoulos, 2021), based on a tripartite model that would eventually become known as TBL (Luciatti et al., 2018), as illustrated in Figure 1 below.

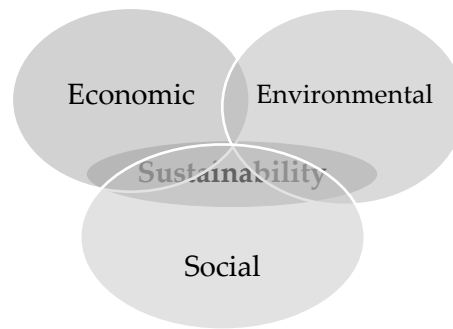


Figure 1. Pillars of sustainability. Source: Lucietti et al. (2018).

The existence of a greater awareness of society towards environmental and social issues has been exerting greater pressure on companies, leading them to consider the expectations of the stakeholders in general (Guthrie et al., 2004), although in a contingency's scenario (Major & Vieira, 2009). In this context, and considering that organizations are part of a broad social system and that they exist according to the legitimacy that society confers on them, they seek to validate their status before society through the disclosure of information, whereby the options that companies take at the level of the reporting structure, besides seeking to manage the expectations of all stakeholders (Maon et al, 2009) concerning the way they expect the company to react at this level (Cosby, 2014), contain, in themselves, a reality in which everything or almost everything depends on a set of factors of the environment (Major & Vieira, 2009). In this sense, the larger the organization and/or the more sensitive the sector where it operates to environmental and social issues the greater will be its predisposition to disclose (Gibault & Filho, 2016). For example, to respond to societal pressures in the textile sector and gain legitimacy is to create environmental quality with economic growth and social equity, enabling the well-being of future generations (Kirchherr et al., 2017). To do so, companies should make good environmental resource management, based on circular economy practices (Islame t al., 2021), and reduce and/or eliminate social risks throughout the value chain (Köksal et al., 2017). Let us say that legitimacy is a state or way of trying to explain the aspects related to corporate social behaviour throughout the legitimation process (O'Donovan, 2002), producing an increase or decrease in the level of disclosure at a given moment (Villiers & Sharma, 2017). From this perspective, there is the cost-benefit ratio, pointed out in the literature as one of the constraints to the preparation and disclosure of information, to the extent that the company will only disclose more if it recognizes that this will bring it advantages (Oliveira et al., 2006; Vergauwen & Alem, 2005). Thus, whilst for some, the path is to disclose, viewing the process of communicating this information as an opportunity that enables companies to offer their stakeholders information that might be used to pressure them to improve from an environmental and social perspective, for others, this will be a very difficult mission to accomplish since most companies will not be able to provide this kind of information (Pelemberg et al., 2006) given the fact that they do not have adequate material and/or human resources to do so.

2.2 Sustainability reporting: how the company acts and shares this information with stakeholders

Corporate sustainability presupposes the use of monitoring and evaluation systems for the way companies manage their capital and treat stakeholders. They comprise a set of indicators related to economic and non-economic value (GRI, 2016) to monitor the company's investment and monitor and promote the development of the economy, contributing to more sustainable production models and to more and better working conditions (Freise & Seuring, 2015; Islam et al., 2021). The management of these indicators should lead to non-financial gains through increased customer awareness and loyalty, employee well-being or corporate reputation, which in the long term may translate into financial gains (Maroun, 2017; Phan et al., 2020). To this extent, providing the evaluation of the company from performance dimensions that go beyond the traditional will tend to be considered relevant also for investors (Stolowy & Paugam, 2018) so it is important to understand how the company acts and how it shares this information to stakeholders (Bubicz et al., 2021).

The commitment of companies to society - CSR - in the sense of starting to implement strategies compatible with sustainable value creation models, has been happening, along with other changes, as the necessary conditions for the implementation of practices with impacts at different levels (CSR) have been created, an approach that, in itself, represents the willingness of a company to implement measures that protect the environment and people's well-being (Carroll, 2016). The discussion of this issue has arisen both in terms of its usefulness and potential - implementation of CSR practices - and in terms of its dissemination, arising from the need for companies to make their business strategy known and the relevance it entails. In other words, a greater corporate awareness of environmental and social issues has led to an equally growing trend of information disclosure within the scope of their activities and respective impacts, from a tripartite perspective, which is equivalent to saying that as CSR practices have been conquering their space, companies have started to include non-financial information in their reporting structure (Lans et al., 2014; Larrinaga & Bebbington, 2021; Stolowy & Paugam, 2018).

The understanding of corporate sustainability in all its dimensions happens in stages, following the growth of the perception that, at each moment, the company can have about the impact of the adoption of environmental and social practices in its competitiveness (Barbieri, 2004; Osagie et al., 2016). By this we mean that the company will only diversify its levels of concern as it is able to recognize the different impacts, so the concern of companies for the different dimensions of CSR will only be achieved when it is able to recognize that each of these dimensions is an important source of sustainable impacts. It is therefore a difficult goal and achievable only in the medium and long term (Maon et al., 2009; Nambiar & Chitty, 2014). In turn, as they diversify their levels of concern, they will feel the need to make them known. In this sense, companies will incorporate new references in their reporting structures, starting by disclosing, alongside the economic dimension, information on their impacts at the environmental level and, over time, also at the social level. Once this stage is reached, it can be said that there is a conjugation of the

company's interests with the interests of the collective (Maon et al., 2009), i.e., that the company is able to act within a framework of value creation for all stakeholders (Freeman & Dmytriiev, 2017; Waldmam & Siegel, 2008). When this moment is reached, the reporting framework will now include environmental, social, and corporate governance aspects (Brooks & Oikonomon, 2018; Carini et al., 2018; Matuszak & Róžańska, 2017). The growth in the incorporation of more and different types of information presupposes the existence of a broader, but also more articulated and integrated reporting structure to enable companies to communicate what they are doing and what the impacts of these measures are in the medium and long term (Bonson & Bednárova, 2015), making known the impacts of their measures on society and the respective contributions to a sustainable development model (Baker & Schaltegger, 2015).

The growth of CSR, the proliferation of environmental, social, and anti-corruption standards, along with the impact that large companies cause in the different Member States, created the circumstances for standards to be defined to offer fairer and more comprehensive disclosure conditions (Georgiana-Loredana, 2018), a need that, within the EU, would eventually be met with the publication of Directive 2014/95/EU. We recall that, with the evolution of this process, the need to regulate the preparation and disclosure of this information has grown, so that several countries have made efforts in this direction, contributing with legislation for the disclosure of information from environmental and social perspectives (Ernest & Young, 2014) and, in Europe, Directive 2014/95/EU, published by the European Commission (EC) on 22 October, to regulate the disclosure of non-financial information and information on diversity by certain large companies and groups, is presented as a good example. However, and despite its positive side, which is the basis for its publication, by only addressing large companies of public interest and public interest entities that are parent companies of an economic group, with an average number of employees in each case exceeding 500, it would end up defining parameters for disclosure of non-financial information that would leave out, by choice, SMEs.

With this, and even if there is no doubt about the importance in disclosing in the CSR scope, the fact that the regulation leaves out most companies (Carini et al., 2018; Romão et al., 2018), the degree of adherence is quite low (Caputo et al., 2019; Mion & Adauí, 2019) and the impact of the Directive has fallen short of expectations. At the European level, the available studies point to an impact that is limited to a small number of companies within listed companies. Only the largest companies, in number of employees, turnover and total assets, and the most profitable, show a higher propensity to disclose this type of information (Galante & Cerne, 2017). These results were confirmed by Caputo et al. (2019) and Mion and Adam (2019), by concluding that the size and the sector in which companies operate exert a positive and significant effect on the quality of sustainability reports, in line with the results presented by Sierra-Garcia et al., (2018), who also concluded that with the entry into force of the Directive companies operating in sectors of activity that are more sensitive to environmental and social issues are the ones that disclose. In this context, it is found that companies choose to disclose the non-financial information in a separate report, using the CSR/Sustainability report (Geets & Dooms, 2020; Larrinaga & Bebbington, 2021; Stolyow &

Paugam, 2018) and that companies belonging to more sensitive activity sectors had already been doing so before the publication of the Directive (Rancci & Tarquino, 2020), which allows us to highlight the size of the company and the activity sector where it operates as determinants of disclosure in the field of corporate sustainability. These results can be extended to other continents. A more recent study by KPMG (2020) indicates that 80% of companies worldwide are concerned with sustainability, although 90% of these are in North America, where the largest percentage of the world's large companies are located. In one form or another, since the end of the 20th century, the reports of large companies in the industrialised world have begun to incorporate non-financial information, whether voluntarily or to comply with one or another piece of legislation that has been published (Case, 2005). Thus, and even though there is more or less consensus that CSR reporting practices will tend to grow (Pelembert et al., 2006), the trend will be more accentuated within the scope of larger companies and/or those that are obliged to respond to greater pressure from stakeholders and, within these, tend to be greater in those that are obliged to respond to a specific body of regulations. The reference to indicators of an environmental and social nature has become a trend particularly associated with large companies, as they are subject to a greater level of pressure from society, which has been obliging them to adopt a more responsible behaviour (KPMG, 2005). Although this attitude can and should be extended to any company, the fact that reporting is not compulsory will certainly not help companies recognize the return from this disclosure (Oliveira et al., 2006; Vergauwen & Alem, 2005; Vogel, 2005).

From the point of view of the relevance of the information thus disclosed, it can be seen that the content of the information made available essentially involves the importance attributed to the measurement of value from a perspective that is not eminently financial (Altman et al, 2010 ; De Villiers & Sharma, 2017; Wadhwa, 2017), not allowing obtaining a global perspective of the company's operations or the understanding of its performance in a comprehensive and integrated way (Sierra-García et al., 2015), which has fueled the discussion to call for the need to develop applicable regulations and ensure greater harmonization of guidelines for the preparation of non-financial reports (Galante & Cerne, 2017). It should be recalled that, in this context, we have witnessed the proliferation of a set of non-binding guidelines that would end up translating, for the time being, into information that lacks objectivity and impartiality (Diez-Cañamero et al., 2020), which deprives it of its capacity to help analysis and, fundamentally, to impose itself as it would be expected (Pistoni et al., 2018). In fact, as regards the relevance of the information thus disclosed, there are studies that point to distortions and some lack of depth and consistency that, among others, are due to the diversity of existing guidelines to guide how to prepare the CSR/Sustainability report, ranging from the Global Reporting Initiative (GRI) guidelines, in its different versions, to the structures offered by the International Integrated Reporting Council (IIRC) Framework or the Sustainability Accounting Standards Board (SASB) Guidelines (SASB, 2017). Although the GRI guidelines, which are already in their fourth generation, have given a significant boost to the disclosure of non-financial information, contributing decisively to revolutionize the reporting process in this area (Patten & Zhao, 2014), and present themselves as the dominant benchmark in the field of

sustainability reporting (KPMG, 2020), the content of the information disclosed has clearly fallen short of expectations, something that the IIRC sought to improve through the Integrated Report (Romero et al, 2018) but ultimately failed to achieve (Pistoni et al., 2018). In this particular, the diversity of guidelines with no binding capacity stands out (Busco et al., 2020), which, in addition to compromising comparability and relevance, has translated into low adherence (Dumay et al., 2019; La Torre et al., 2018). In this sense, the path that is recommended is the convergence to a single referential, supported by a normative construction that contemplates a more integrated reporting structure and of mandatory application for a wider set of companies. In this sense, the approval of a new Directive is in course, whose changes essentially involve increasing its scope of application. It aims to require the presentation of information on environmental and social impacts and to offer a body of standards for sustainability reporting that will include sector-specific standards and standards for listed SMEs.

3 Case study at the company Sourcetextile

3.1 Methodology and data collection process

We recall that this research was conducted to answer the following question: What leads companies to disclose within the scope of sustainability and how do they do it? To answer it, the research started by trying to identify, based on theory, the motivations and/or determinants of disclosure and how it has been done to, in a complementary way, and using an exploratory case study, try to understand "why" to disclose and "how" disclosure has been done at Sourcetextile, a company operating within the textile sector. Because we propose to evaluate a reality in concrete, to understand the "why" and "how", the use of the case study allows us to develop a set of ideas and understandings based on a methodology that, being of the inductive and descriptive type, is sufficiently deep and rigorous (Yin, 2014). The information collection process will be based exclusively on secondary data sources (Creswell, 2009; Yin, 2014), more specifically the documental analysis, supported in the Sustainability Report prepared and disclosed by the company (Wolcott, 1994) on its website (<https://sourcetextile.pt/sustentabilidade/>). The analysis period ranges from 2017, the year in which Sourcetextile prepared its first sustainability report, to 2021, the last year for which the report is available.

We recall, by the way, that Directive 2014/95/EU and Decree-Law No. 89/2017, which transposes it into national law, limit its scope of application to companies of public interest, which makes Sourcetextile, for not being obliged to disclose, as we will have the opportunity to demonstrate, integrates the group of companies that prepare and disclose this information on a voluntary basis (Pistoni et al., 2018). We recall in this regard that, although for different reasons, most of the companies that do so are either large or are operating in activity sectors where sustainability presents itself as a particularly sensitive area (Caputo et al., 2019; Carine et al., 2018; Galante & Cerne, 2017; Mion & Adauí, 2019; Rancci & Tarquino, 2020; Sierra-Garcia et al., 2018). In this context, Soucetextile, not being a large company, as we will have the opportunity to demonstrate, operates in the textile sector,

globally classified as not sustainable, which makes it a paradigmatic example in sustainable development and sustainability in one of its great challenges (Pessôa, et al., 2015). The socio-environmental and socio-economic problems that are generated within the activities that it develops justify the existence of a certain pressure to implement changes, leading some companies in the sector to adhere to sustainability (Turker et al., 2014). In this context, a first specific objective is defined:

- (i) What leads the company Sourcetextile to draw up the Sustainability Report.

In turn, when companies show greater concern with the information they prepare and disclose (Carini et al., 2018; Matuszak & Róžańska, 2017) it is because they have reached a level of understanding that allows them to combine their interests with the interests of the collective (Maon et al., 2009). When a company adopts practices in all dimensions of sustainability it is because it can look at the environment (Freeman & Dmytryev, 2017; Waldmam & Siegel, 2008) and, when it does, it tends to communicate its actions (Larrinaga & Bebbington, 2021), even if it is not obliged to do so. In this context, the second specific objective is raised:

- (ii) What is Sourcetextile's level of understanding of corporate sustainability and what practices it has been adopting and their impacts, taking the TBL model (figure 1) as a starting point.

Having as a guiding thread the research question and the specific objectives that were defined within this scope, we collected the information considered pertinent, available on its website (<https://sourcetextile.pt>; <https://sourcetextile.pt/sustentabilidade/>), and proceeded to the respective treatment and interpretation to develop a characterisation of Sourcetextile and interpret its reporting practices, more specifically the structure and content of its Sustainability Report.

3.2 Characterisation of the company

Sourcetextile is a national company that operates in the textile sector, specifically in the production of sportswear and casualwear articles, since 2006. It started its activity with 5 collaborators with the "mission of giving a sustainable contribution to the textile ecosystem", which allows us to deduce that sustainability is part of its DNA. Present in various markets, although mainly in Nordic countries such as Denmark, Germany, the Netherlands and Sweden, and operating in a very demanding medium-high segment, with customers who seek differentiation, quality and efficiency in all operations, it offers a manufacturing model that seeks to maximize efficiency in production to offer the international market, to which all its production is destined, the "From Portugal" based on the concept of timelessness and the best value for money.

Within the scope of the reporting obligations, where the main objective of this research is inserted, it should be noted that, according to the regulations in force, the obligation or not to disclose non-financial information is determined by size. Thus, and although the classification of companies can be made based on different criteria, it is, for

this purpose and based on the regulations in force (Directive 2013/34/EU and Decree-Law 98/2015), determined based on the indicators and limits presented in Table 1 below.

Table 1: Classification of companies for the purpose of applying accounting standards.

Category	Micro	Small	Average	Great
Balance Sheet Total (BST)	350.000€	4.000.000€	20.000.000€	>20.000.000€
Sales	700.000€	8.000.000€	40.000.000€	>40.000.000€
Average Number of Employees (ANE)	10	50	250	>250

Source: Own elaboration.

For the set of three indicators presented (Table 1), the regulations determine that the two highest are to be chosen, according to the limits established for each one, in two consecutive years (the last two years in each case). Considering this, information was collected from the company's reports and accounts for the years 2020 and 2021, and their combination, for each of the indicators and respective limits (Table 1). Although Sourcetextile defines itself as a medium-sized company, the results obtained place it in the group of small-sized companies, as confirmed by the average values found for the period and presented in table 2 below.

Table 2: Characterisation of Sourcetextile in terms of size

Dimension	ANE	Sales	BST
Small Business	76	5.333.000€	3.862.365€

Source: Own elaboration.

The results (Table 2) place Sourcetextile outside the scope of application of Directive 2013/34/EU and Decree-Law 98/2015, which transposed it to Portugal, which is the same as saying that non-financial information is, in the context of this company, prepared and disclosed by choice, i.e. in a completely voluntary way. Although in theory it is assumed that all information disclosed seeks to respond to some informational need of stakeholders (Dumay & Dai, 2017; Guthrie et al., 2004), this does not invalidate the fact that it should be interpreted as the exercise of an option (Major & Vieira, 2009; Oliveira et al., 2006; Vergauwen et al., 2005). The disclosure of information beyond what is compulsorily required can be understood as an essential element of the communication policy of companies (Matuszak & Róžańska, 2017), which does not fail to represent a considered choice from the recognition of the existence of non-financial gains (Maroun, 2017; Phan et al, 2020), translated into greater notoriety and legitimisation (Maroun, 2017; Phan et al., 2020; Safari & Areeb, 2020; Zattoni et al., 2017; Safari & Areeb, 2020). Considering that Sorcetextile aims to be an example in the area of sustainability, as we will have the opportunity to demonstrate, the disclosure of this information is believed to be justified as a result of the assumption of its responsibilities towards society at large (Maqbool Bakr, 2019).

Soucetextile, not being a large company, as the results confirm (Table 2), operates in the textile sector, a paradigmatic example in the area of sustainable development (Caputo et al., 2019; Carine et al., 2018; Galante & Cerne, 2017; Mion & Aduai, 2019; Pessôa, et al.,

2015; Rancci & Tarquino, 2020; Sierra-Garcia et al., 2018). Being aware of this, the present sustainability as the "key that allows opening the doors of the Fashion industry to let in a less black and greener future", self classifies itself as "we are not the fashion revolution, but we are the collective that wants to contribute to a better world". To this end "we define our strategy and guide our conduct taking into account the sustainable context", a way of being and acting that we support in the way "we create and produce our products, the responsible management of resources and waste we generate, good working conditions and commitment to our surroundings, resulting in a set of certificates that represent our good practices".

With the mission of "making a sustainable contribution to the textile ecosystem", something it has assumed since its creation in 2006, today it holds several certifications that prove it has been fulfilling this mission. In terms of its relations with the customer and supplier market, it has the seal ISO 9001, which determines its concern with improving the quality of management with the aim of customer satisfaction, and ISO 14001, which ensures greater visibility, strengthening its credibility with customers and suppliers and facilitating the possibility of export, where all its production is aimed. In terms of working conditions, it holds ISO 45001 certification, a seal which provides it with criteria that provide a framework for improving the safety and health of workers, reducing workplace risks, and creating better and safer working conditions. As a GOIS certified company, it is recognised as a training provider. In the environmental field, it has the STEP by Oeko-Tex certification, representing prerequisites which imply compliance with certain conditions and require it to regularly update the STeP criteria, related to the continuous improvement of the environmental performance and social responsibility. It also has the OEXO-Tex Standard 100, which is materialized, from the very first moment, in the adoption of first-rate raw materials, favouring the refinement of the yarns used and which helps it in its mission to offer lasting collections with quality, and the OEKO-TEX Standard 100 certification, one of the proofs of this constant concern. Finally, the GRS - Global Recycled Standard certification, an international seal entirely dedicated to the textile sector, and which favours the use of recycled and organic material, covering the entire value chain, from production, through the finishing and manufacturing processes to the final product and distribution, confirms its environmental concerns and helps to pursue this commitment.

As part of these concerns, it also has the "2nd Round Project" underway, which, with the aim of recycling, has challenged the brands with which it works to "develop capsule collections with over 50% recycled raw materials and with GRS certification from their own pre and post consumption waste".

A clear trajectory that speaks for itself, with an effort that would end up being recognised in 2019, with the awarding of the "Business Excellence Award", in the "Circular Economy" category, attributed by CENIT (Textile Intelligence Centre), together with ANIVEC (National Association of Clothing and Apparel Industries) and APPICAPS (Footwear Sector Association).

The information collected allows us to highlight a set of elements that lead us to present Sourcetextil as a representative company in the area of corporate sustainability, namely:

- i. With the mission of making a sustainable contribution to the textile ecosystem;
- ii. With a defined strategy and oriented towards the context of sustainability;
- iii. Sustainability is included, more or less explicitly, in the company's mission, vision and values; and
- iv. Its reporting structure comprises the disclosure of sustainability indicators, more specifically, the preparation of the Sustainability Report since 2017, inclusive.

It is thus acknowledged that Sourcetextile is concerned with the environment, which means that it understands that economic growth can be reconciled with environmental and social quality. A perspective that allows it to look at sustainability from all its dimensions and, in these areas, to promote socio-environmental, economic-social, and eco-efficiency conditions that are essential to meet the expectations and needs of all stakeholders and within which profit remains possible. It works day by day believing that the little that is done today may represent a lot tomorrow. An awareness of the problem that, most likely, comes from the sector where it operates and that leads it to look at sustainability as a challenge that belongs to all of us and that we can all overcome, as is reached from the literature (Kirchherr et al., 2017; Pessôa, et al., 2015; Turker et al., 2014). By making its practices an exercise in pedagogy, "educating and encouraging" by example, it has been achieving greater legitimacy in society and, fundamentally, within the sector where it operates, where it aims to make a difference.

Thus, and in relation to the first specific objective, we can conclude that what leads Sourcetextile to prepare the sustainability report is related to its mission, to give a sustainable contribution to the textile ecosystem, which, naturally, is related to its understanding of the concept of sustainability and the problems that exist at this level within the activity sector where it operates. These results are in line with the literature, which has been pointing out the search for notoriety and legitimization (Guziana & Dobers, 2013) or the activity sector where companies operate as some of the determinants of the disclosure of non-financial information (Caputo et al., 2019; Galante & Cerne, 2017; Georgiana-Loredana, 2018; Mion & Adauí, 2019; Raucci & Tarquinio, 2020; Sierra-Garcia et al., 2018).

In continuation, we move on to analyse the Sustainability Report prepared by Sourcetextile for the years 2017 to 2021 inclusive.

3.3 The Sourcetextile Sustainability Report: analysis and discussion of the results

When the reporting structure comprises non-financial information (Carini et al., 2018; Matuszak & Róžańska, 2017) it is because a level of understanding has been reached such that the company is able to combine its interests with the interests of the collective in which it operates (Maon et al., 2009). The motivations to disseminate these actions can be various, as we have already had the opportunity to discuss, and the way to do it can also

vary. Sourcetextile, aspiring to make a difference, has, within the scope of its mission, been communicating the actions developed and their impacts to all interested parties (stakeholders). It has chosen to do so in a separate report, through the Sustainability Report, a practice that began in 2017, so we will now analyse all the reports made available by the company so far, from 2017 to 2021, inclusive.

Considering that there is no single and binding model for the disclosure of this type of information (Dumay et al., 2019; La Torre et al., 2018), we begin by analysing the reporting structure presented to identify the main guidelines and the existence of a possible evolution over the period under analysis. The results are presented in Table 3 below.

Table 3: Structure of the Sustainability Report presented by Sourcetextile

Category	2017	2018	2019	2020	2021
No. of sections	11	11	11	7	7
Content					
Common	I - About this Report				
	It situates the report in time (reporting period and comparability) and highlights, as its main message, its mission: to continue the commitment to be accountable to all stakeholders for the involvement and performance of the company in the three pillars of sustainability - economic, social, and environmental.				
	II - Message from the Administrator				
	Show what we have achieved in terms of sustainability	Communicating our economic, social, and environmental performance	We intend to grow our business, or rather, improve our profitability, while caring for the environment and not neglecting social responsibility	In the firm belief that our responsibility and commitment are never-ending, we renew our commitment to the environment and to society in general, continuing to aim for sustainable growth	It reaffirms sustainability as a way of being and acting with a great sense of responsibility. They aim to be a reference in sustainability
	III - Presentation of Sourcetextile				
	History Mission (to create economic and social value)	History Vision and Mission (to create economic and social value)	History Vision and Mission (to increase the competitiveness of its customers in harmony with the interests of other stakeholders)	Values, Vision, and Mission History (dialogue with stakeholders; areas of activity and strategic priorities; distinctions and certifications)	Values History (dialogue with stakeholders; areas of activity and strategic priorities; distinctions and certifications)
IV - Dialogue with stakeholders V - Areas of Action vs. Strategic Priorities			IV - Social Performance V - Environmental Performance		

Two moments	VI - Commitments to employees	VI - Economic Performance
	VII - Commitment to Customers	VII - Final Reflection
	VIII - Commitment to Suppliers	
	IX - Environmental Responsibility	
	X - Social Responsibility	
	XI - Responsibility, Safety and Health at Work	

Source: Own elaboration.

The results (Table 3) show that the company presents a report structure that has evolved over the period, between its first edition, in 2017, and the last one analysed here (2021). Notwithstanding the evolution registered, in terms of structure it is possible to identify a common body, which respects the first three sections, and a body that registers changes that can be divided into two moments, before and after 2019, the moment from which the company, although committed to sustainability since its constitution, managed to reach a level of understanding of the concept and the different interconnections between all its dimensions capable of allowing it to better identify each action and respective impact. In this sense, it can be seen that Sourcetextile develops its business in harmony with the sustainability model (figure 1), for which its entire trajectory is defined and oriented, as can be seen from the analysis of the topic "1- About this report", but that it only managed to measure all its aspects, offering a full understanding of all its dimensions, in 2019, as can be seen from the analysis carried out of the topics "2-Message from the Director" and "3 - Presentation of Sourcetextile". These results are in line with the literature, which presents sustainability reporting as a continuous process and an important challenge in the business environment (Nambiar & Chitty, 2014).

Even though the literature points out that sustainability disclosure is particularly directed towards public interest companies (Carini et al., 2018; Pistoni et al., 2018; Romão et al., 2018), Sourcetextile contradicts this trend. Its clear concerns about corporate sustainability, expressed in the information it prepares and discloses (Carini et al., 2018; Matuszak & Rózańska, 2017) through its Sustainability Report, which it has been preparing on a voluntary basis since 2017, confirm that its vision is beyond the merely traditionalist perspective and any constraints (Oliveira et al., 2006; Vergauwen & Alem, 2005). Their reporting model matches the way society expects any company to react in terms of corporate sustainability (Cosby, 2014), responding to a reality where the main factors of the environment leave no room for doubt (Major & Vieira, 2009). A to act without further delay!

Additionally, and after a careful and more detailed analysis of the content disclosed for each of the three pillars of sustainability and their respective interrelations, it was possible to identify the main lines of intervention and respective impacts (table 4).

As can be seen (Table 4), Sourcetextile acts from a defined strategy oriented towards the sustainability context, supported by a "philosophy that seeks to increase competitiveness and obtain maximum return in harmony with all stakeholders". Accordingly, it plans its actions with the intention of "integrating the group of companies that strive to make the world a better place". This is how it wants to be seen and what it considers its most precious

value, for which it uses "raw materials from natural, organic and recycled fibres and chemical-free finishes, such as natural dye", to offer its customers garments made with natural or sustainable raw materials and low-polluting finishes, favouring timeless design, durability and free-gender. She is proud to say that she has exceeded the expectations of her clients, who "acknowledge her ability to choose the materials she uses, and the care taken in producing her collections", season after season. In this sense, and although it has the production capacity to produce clothes of all kinds, it channels all its efforts into optimising processes and the use of resources (technological and human) to achieve an efficient production that favours the concept of timelessness of the clothes it offers in each collection. The focus on timeless and more durable collections is essential to ensure a good management of resources and a cleaner manufacturing process, as can be seen from the literature (Islam et al., 2021).

Table 4: Pillars for corporate sustainability: lines of action and results

Pillar	Guiding principles	Lines of action	Results
Social		Better working conditions/fair wages	(i) Recognition
	Social Responsibility	Health and safety at work	(ii) Certifications: ISO 45001, De GOIS, STEP, OEXO-Tex
	Reduce/eliminate social risks	Reduction of occupational risks	
	Human rights	Training Equal opportunities	(iii) Sourcetextile Academy
Environmental	Cleaner manufacturing process	Saving resources (energy and water)	(i) Awards: "Business Excellence" Award
	Act in a preventive manner through internal and external mobilisation to reduce waste production and ensure appropriate environmental management	More recycling	(ii) Certifications: STEP by Oeko-Tex, STEP, OEXO-Tex and GRS
		Increasing the weight of recycled materials	
		Preference for organic material Use of natural dyes	
Economic	Open and transparent relationship with its clients;	Differentiated offer	(i) Results + Sales; + EBITDA
	Investment policy directed towards product innovation and loyalty	Export	
		Satisfaction and loyalty	(ii) Certifications ISO 14001
	Code of conduct in the relationship with its suppliers		OEXO-Tex

Source: Own elaboration.

Furthermore, it has a highly qualified and skilled multidisciplinary team, which works day after day with determination and perseverance, which represents satisfaction and happiness at work. It states that it has "a work system that adds social practices, due to the working conditions it provides", which means that it is concerned with reducing the social risks originating throughout the value chain (Köksal et al., 2017). A way of thinking and acting that has been translating into a combination of good practices, designed to create environmental quality and with social responsibility, to ensure economic growth without compromising the well-being of future generations, in line with what is reached from the

literature (Kirchherr et al., 2017), and which allow it to be classified as a company with clear concerns for the environment.

Its guiding principles, lines of action and results already achieved (table 4) confirm that business sustainability is not only part of Sourcetextile's strategy but also of the organisational culture itself, which is equivalent to saying that the strategy is clearly defined, communicated and understood by all. And so much so that we were able to achieve that the company develops it based on an integrated approach and maximized efficiency, as we seek to demonstrate with the strategic map that we drew up (figure 2).

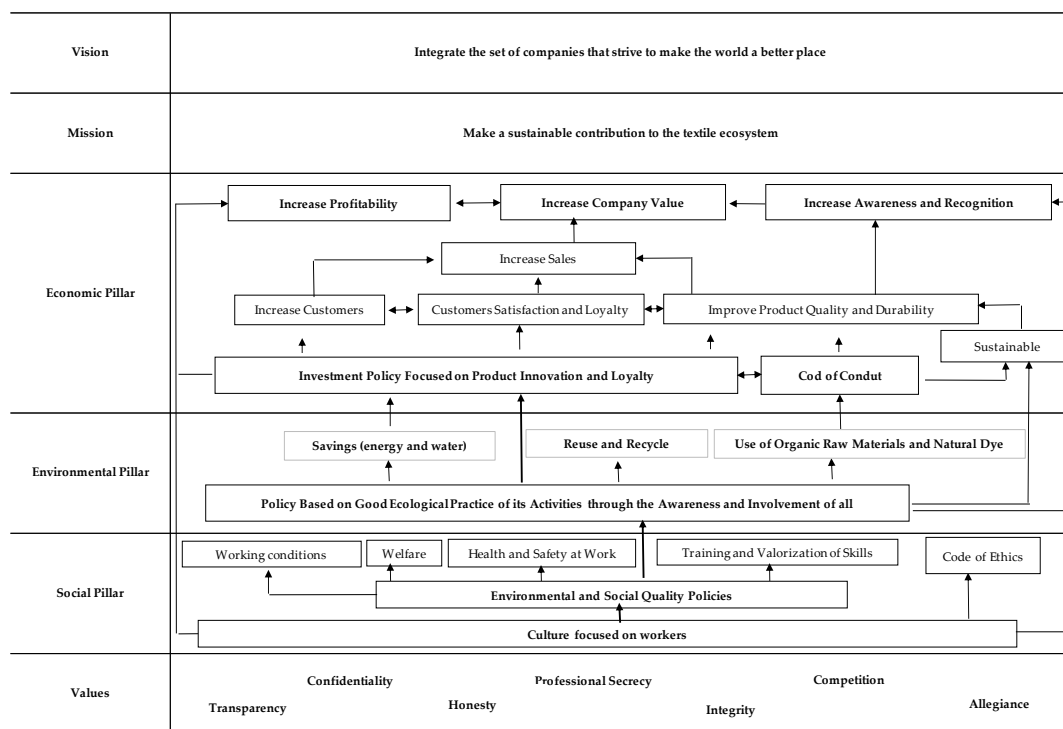


Figure 2: Sourcetextile's Strategic Map. Source: Own elaboration.

The analysis of the results (figure 2) allows us to conclude that Sourcetextile does not only produce a Sustainability Report. It uses, although without explicitly acknowledging it, a strategic map that allows it to translate the strategy into strategic objectives for each of the pillars of corporate sustainability. A strategy that has allowed to obtain recognition and notoriety, as proven by the distinction obtained in 2019, with the award of the "Business Excellence" prize in the "Circular Economy" category, granted by CENIT (Textile Intelligence Centre), together with ANIVÉC (National Association of the Clothing and Apparel Industries) and APPICAPS (Footwear Sector Association), and a set of certifications that has been accumulating and that have helped it to fulfil its mission within the framework of the values it has defined.

Although its impacts are more visible at the socio-economic and eco-efficiency level, as a result of greater ease in identifying and measuring such impacts, it is also possible to identify its concerns at the level of the socio-environmental dimension (Freeman & Dmytriiev, 2017; Nambiar & Chitty, 2014), allowing us to conclude that Sourcetextile acts

in a framework of value creation for all stakeholders in a medium and long term perspective (Freeman & Dmytriiev, 2017), i.e., it develops its business in harmony with the sustainable development model, as we seek to illustrate with figure 3 presented below, thus responding to the second specific objective.

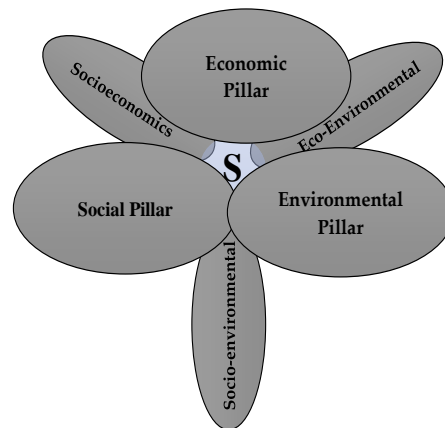


Figure 3: Sustainable development model adjusted to Sourcetextile. Source: Adapted from Lucietti et al. (2018).

4 Conclusion

We recall that this research was conducted with the objective of understanding what leads companies to disclose within the scope of sustainability and how they do it. The literature review allowed us to conclude that the reporting process tends to be understood as an essential element of the corporate communication policy, which is why they disclose mandatory information, responding to legal requirements, but also complementary or voluntary information. In this context, we conclude that the disclosure of information beyond the mandatory economic and legal requirements emerges as a complement that tends to be seen as of interest to the company and necessary for stakeholders. In this sense, the act of reporting may be justified by various reasons, which include the search for legitimization, greater notoriety or, in the field of sustainability, the expression of the assumption of responsibilities that the company has and recognizes it has towards the environment where it operates.

In this context, in which companies no longer look only to investors but also to the environment as a whole, promoting socio-environmental, socio-economic and eco-efficiency conditions that are essential to meet the expectations and needs of all stakeholders and in which profit is still possible, the concerns with sustainability and sustainable development stand out and, when this is the case, companies also tend to feel the need to communicate it. The adoption of practices in all dimensions of sustainability presupposes that companies can look at the environment as a whole, that they act in that sense and that they make it known, disclosing their actions and respective impacts. However, this has not been an easy path to follow, either because of the subjectivity in defining an acceptable degree of satisfaction, given the diversity of stakeholders and interests involved, or because a greater disclosure represents costs that many companies do not want to or are not able to

bear, so the implementation of corporate sustainability in all its dimensions and respective report is still an important challenge in the business environment.

Let us say that, even if it is understood that economic growth is compatible with environmental and social quality, it is theoretically acceptable that a company will only be willing to disclose more if the cost to be borne with that additional disclosure is worthwhile. In this sense, and although we are witnessing a growing number of companies showing greater concern with social and environmental issues and, accordingly, also with the information they prepare and disclose, expecting all of them to do so presupposes that a combination of the company's interests with the interests of the collective has been achieved, which has not yet been achieved. It should be noted, incidentally, that it is not expected that it would be either, since the disclosure of non-financial information with a binding nature covers a reduced number of companies. Within the scope of sustainability reporting, the regulations in force are globally directed towards large companies of public interest, which means that most companies are not obliged to prepare and disclose information in this context, a fact that has been pointed out as one of the main reasons to justify that the number of companies that do so is still quite reduced.

We thus conclude that the universe of companies that include non-financial information in their reports, either voluntarily or to comply with the legislation in force, are large companies and/or operate in activity sectors where sustainability is a particularly sensitive area. In this context, it should be noted that companies operating in certain sectors of activity had already been disclosing sustainability information even before they were required to do so, which allows us to highlight that the literature identifies company size and the sector of activity in which it operates as the main determinants of sustainability disclosure, whether mandatory or voluntary.

It was also possible to conclude that the textile industry can be presented as a paradigmatic example in the area of sustainable development and sustainability as one of its greatest challenges. In this context, and in the context of the Sourcetextile company, where an exploratory case study was developed, the results obtained allowed us to conclude that, although it is not a large company, it operates based on a philosophy that seeks to increase competitiveness and obtain the maximum return in harmony with all stakeholders, which still reflects the assumption of responsibilities that the company has and recognizes it has towards the environment where it operates and that, most likely, comes from the sector where it operates. A perspective that allows it to promote socio-environmental, economic-social and eco-efficiency conditions essential to the satisfaction of the expectations and needs of all stakeholders, translated into greater legitimacy in society and, fundamentally, within the sector where it operates, where it aims to make a difference. In this sense, we may conclude that what leads Sourcetextile to prepare the sustainability report, on a voluntary basis since 2017, is related to its own mission, to make a sustainable contribution to the textile ecosystem and that it does so in a framework of value creation for all stakeholders in a medium and long-term perspective, developing its business in harmony with the sustainable development model, in a tripartite perspective. Thus, and although the literature points out that the disclosure of information in the context of

sustainability is particularly directed to large companies, Sourcetextile contradicts this trend, but reinforces the thesis regarding the activity sector, as a motivational element to disclose in this context, regardless of size.

Notwithstanding the important contributions that this study is considered to bring to the literature, the truth is that the main conclusions were drawn in the context of a single company, a single example, and therefore limited to the context, even though it can be presented as an exemplary case. Since they cannot be extrapolated, they must be confirmed and tested with other studies. It is suggested, for instance, that the strategic map presented here be taken as an example for other companies in the textile sector, where it may be tested, and as a starting point for the elaboration of others for other activity sectors.

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