Account and Financial Management Journal e-ISSN: 2456-3374
Volume 7 Issue 12 December 2022, (Page No.-3000-3018)
DOI: 10.47191/afmj/v7i12.01, Impact Factor: 6.839

The Sustainability Assurance: Rigidity, Boundaries and Labour Division

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ABSTRACT: This article uncovers a source of rigidity in sustainability assurance, which goes beyond institutional arrangements and is centred on the assurors' approach to disclosure. Such rigidity appeared independently of the standard or level of assurance applied. This rigidity tends to drive a division of responsibilities between groups of assurors, affecting the quality and transparency of assurance reports produced by these groups. Different approaches to disclosure on sustainability assurance tend complement each other and their co-occurrence are not exclusive. However, the absence of one of these two perspectives of disclosure tend to commit the quality of assurance report as well as the potential for stakeholder engagement. These findings were reached after conducting an in-depth as well as content analysis of assurance reports produced by a sample of listed companies in a Brazilian stock market. Implications of this research are not only of the interest of policy makers, who can reflect on the types of incentives to improve quality of assurance produced by listed companies, but also to those interested in the quality of non-financial information as well activities in emerging economies.

KEY WORDS: Sustainability assurance, Capital Market, Institutional Pressures.

1. INTRODUCTION

This paper contributes to the literature on sustainability assurance (hereafter SA). This literature has emphasised the relevance of SA as a mechanism to enhance credibility of information as well as peer review performance on environmental, governance and social aspects (Caglio et al., 2020; Kolk & Perego, 2010; Perego, 2009; Perego & Kolk, 2012). Despite SA benefits, there is a broad range of criticisms which varies from low quality of assurance reports (Cuadrado-Ballesteros et al., 2017; Martínez-Ferrero & García-Sánchez, 2017a; O'Dwyer et al., 2011; Smith et al., 2011; Zorio et al., 2013) to underestimation of the relevance of stakeholders engagement (Olivier Boiral et al., 2019a; Farooq & de Villiers, 2019a).

SA practices remain unregulated and voluntary, but the literature has highlighted that companies are influenced by different institutions to engage with SA. For example, those organisations that operate in similar institutional settings tend to adopt an homogeneous behaviour to gain stability and sustainability of the business (Martínez-Ferrero & García-Sánchez, 2017b; Ruiz-Barbadillo & Martínez-Ferrero, 2020). Thus, the decision to provide SA can be influenced not only by "political, social and economic systems" but also by local dynamics, such as norms and regulations (Simoni et al., 2020).

For example, the SA literature showed evidence of the impact of institutional forces exerted by the capital markets in SA practices, which tended to differ by institutional settings (Ackers, 2017; Ackers & Eccles, 2015; Gillet-Monjarret, 2018; Gillet-Monjarret & Rivière-Giordano, 2017). However, the effect of these institutional forces showed limited influence on SA and there was no clear explanation on the constraints involved in different contexts. Thus, this study complements the above literature by exploring the limitations of institutional pressures to promote an effective impact on the quality SA reports in the context of the Brazilian capital markets. The empirical site of this paper comprises companies listed in the Corporate Sustainability Index of the São Paulo/Brazil Stock Exchange (B3 former BM&F BOVESPA) called Índice de Sustentabilidade Empresarial (hereafter ISE). This research used content analysis to explore SA reports produced by ISE portfolio of companies over a 10-years period by exploring four points in time (2005, 2010, 2012 and 2015). This paper also involved an in-depth analysis of high-quality SA reports to understand the constraints of institutional forces to enhance the quality of SA reports.

Of importance is that the results of our in-depth analysis uncovered a rigidity in SA reports leading to a division of responsibilities, which are associated with the type of assuror. This rigidity tends to appear independently of the standard and level of assurance used. This pattern is of relevance because it reveals factors that influence the quality of SA, which goes beyond institutional arrangements and is being related to the approach of assurors to disclosure and transparency. Furthermore, the results of the content analysis showed competing coercive institutional forces set by the stock markets and capital markets regulator which tend to be unproductive. Finally, our analysis revealed that soft law implemented by stock markets had a successful and positive effect on the incidence of SA but felt short in terms of enhancing the quality of assurance reports. This result has the potential to inform policy makers allowing an evaluation of different alternatives to improve SA practices. This article can also be of interest to auditors, listed companies and other SA users who seek a qualitative insight of the quality of SA reports and are interested to learn about the context of emerging economies.

The rest of the paper is organised as follows. Next, we cover the context of this research and explore isomorphism applied to understanding SA practices. Then, we describe the research methods used followed by the results and discussion.

2. LITERATURE REVIEW AND RESEARCH CONTEXT

Sustainability reporting and assurance can be a relevant information in the context of responsible investments (Birkey, 2016; Cuadrado-Ballesteros et al., 2017; Kreander et al., 2015; Kreander et al., 2004; Perego & Kolk, 2012). This is because assurance can improve completeness and transparency of non-financial information (Boiral & Gendron, 2011; Boiral et al., 2020; Fernandez-Feijoo et al., 2015; O’Dwyer, 2011; O’Dwyer et al., 2011) which, in turn, is used to support decision-making process (Boiral et al., 2020; Farooq & de Villiers, 2019a, 2019b).

Thus, it is not surprising that there is an emergent phenomenon in which the stock markets set norms with the aim to encourage corporate reporting and assurance (Ackers & Eccles, 2015; Chelli et al., 2018; Gillet-Monjarret, 2018). As an illustration, Ackers (2017) and Ackers and Eccles (2015) explored how the provision of SA by large companies listed in Johannesburg Stock Exchange was influenced by the requirements of applying the King III principles 2009, which made SA a mandatory requirement of “apply or explain” (soft law) by the stock market in 2011. Ackers and Eccles (2015) found that there was an increase in the number of reports assured but the total number of assured reports remained low after the requirements of “apply or explain”. Their final conclusion was there is a need of stricter regulation on this area to drive higher quality SA.

Similarly, Gillet-Monjarret (2018) analysed the context of French companies and explored the evolution of SA as a result of regulation in this field. This was the Grenelle II law which made compulsory assurance of sustainability and environmental information to listed companies since 31st December 2011 and to certain unlisted companies since 31st December 2016. This regulation led to standardization of SA reports, which improved certain aspects of discourse, comparability and clarity. The authors concluded that there are institutional aspects related to each country which can influence practices on SA, leading to isomorphic behaviour to gain legitimacy.

In the Brazilian context, initiatives on corporate disclosure and assurance are also highly influenced by the capital markets (Kassai, 2013a, 2013b; KPMG, 2017; MZ Group, 2013a, 2013c). This influence gained relevance when the São Paulo Stock Exchange (B3 former BM&F BOVESPA) launched an initiative called “Report or Explain for sustainability report or Integrated Reporting” (MZ Group, 2013a, 2013c) which was in place from 2011 until 2016. Annually, listed companies were advised to provide an explanation on whether or not they produced these reports and if not, to provide reasons (MZ Group, 2013c). In combination with this recommendation, there were training sessions in partnership with Global Reporting Initiative (GRI) in order to instruct companies on corporate reporting activities since many answers provided by companies indicated their lack of knowledge on this topic (MZ Group, 2013c).

The leading approach of the Brazilian stock markets in influencing corporate disclosure can also be justified by the fact that stock markets is a source of financing and growth so, sustainable development should be part of investment alternatives in order to embrace aspects of social, environmental and corporate governance (MZ Group, 2013c). Another justification was the fact that stock markets can engage with international initiatives on sustainability issues because the stock market is an institution in itself. For example, B3 engage with the United Nations Global Compact, Principles of Responsible Investment (PRI), UN Sustainable Stock Exchange (SSE) and it is a member in the council of GRI (Kassai, 2013a, 2013b; MZ Group, 2013c). Thus, stock markets’ mission can expand its responsibility to become a driver for sustainable development to companies that operates within its platform. In turn, parameters learned in the external and international environment are mimicked internally to companies via educational activities (e.g. workshops) as well as other requirements/soft law (e.g. “report or explain” initiative).

Moreover, recent studies showed that firms have been attracted to take part in sustainability index in Brazil to increase their reputation and to gain financial value (Cunha & Samanez, 2013; Orsato et al., 2015). Thus, it is expected that listed companies would increase their observance of social and environmental responsibilities (Cunha & Samanez, 2013; Orsato et al., 2015) to consequently improve their chances of being part of the portfolio selection processes (Jones & Solomon, 2010; Mock et al., 2013). SA is part of such responsibilities (Junior et al., 2014; Mock et al., 2013) and some articles have studied SA produced by a portfolio of companies part of the B3 stock exchange sustainability index, called Índice de Sustentabilidade Empresarial (ISE) (Borçato et al., 2011; Nascimento et al., 2015; Silveira et al., 2017; Vasconcelos et al., 2015; Zaro et al., 2015). However, these papers provided only an overview of SA incidence and discussed few aspects of quality assurance on one specific point in time, making it difficult to understand the longitudinal impact of Brazilian stock markets initiatives on reporting and assurance practices.

Another relevant initiative of capital markets in Brazil to improve reporting and assurance practices, was the the instruction n. 552, approved in 2014, by the Security and Exchange Commission of Brazil (Comissão de Valores Mobiliários - CVM). The item 7.8 of this instruction made compulsory for listed companies to inform annually the following: (i) if the company publishes social and environmental information; (ii) the methodology followed to elaborate this information; (iii) if this information is audited or revised by an independent entity and (iv) webpages where this information can be found[i]. It is important to highlight that this compulsory regulation not only reinforced the importance of social and environmental information, but it also stressed the relevance of SA as well as the accessibility of audited information online.

As per the discussion above, it is evident the presence of institutional pressures in the Brazilian capital market to enhance sustainability disclosure and assurance. However, there is little evidence that explains, in details, the relevance and limitations of such pressures over time. This lack of research confirms the importance of a call made by many authors to enhance the international literature on corporate disclosure in the context of developing and emerging economies (Denedo et al., 2019; Momin, 2013; Nwagbara & Belal, 2019). In addition, to the best of our knowledge, there is a lack of literature that explores the differences of institutional pressures set by stock markets and the capital markets regulator in the Brazilian context to enhance sustainability disclosure and assurance practices. Thus, this study aims to address these gaps in the literature.

3. SUSTAINABILITY ASSURANCE: A PERSPECTIVE FROM INSTITUTIONAL THEORY

New Institutional Sociology emphasises isomorphic change which is the process that can best describe homogeneity in organisations' behaviour (DiMaggio & Powell, 1991). There are three main mechanisms that influence the process of isomorphic change: (i) Coercive which comprehends formal or informal pressures; (ii) Mimetic which represents the tendency that organisations must compare themselves and to copy from each other and (iii) Normative which signifies the influence of education and/or professional networks in the organisations' decision-making. The literature has found evidence of patterns in SA driven by these three different isomorphic mechanisms.

In terms of coercive mechanism, for example, there is evidence that compulsory regulations (Gillet-Monjarret, 2018) and soft law implemented by the capital markets can increase the numbers of sustainability assurance provided by organisations over the years as well as its quality (Ackers, 2017; Ackers & Eccles, 2015). Moreover, SA patterns at the local level were found to be related to the following: capital markets initiatives; local environmental regulations; local companies act and sectorial guidance (de Villiers & Alexander, 2014; Fernandez-Feijoo et al., 2015; Fernandez-Feijoo et al., 2018; Kolk & Perego, 2010).

The influence of normative mechanism is also discussed in the literature, especially with regards the use of the standard in SA procedures, such as ISAE 3000 and AA1000AS which were designed by institutions which represents different professional backgrounds (financial accounting and sustainability, respectively) (Gürtürk & Hahn, 2016; Kolk & Perego, 2010; O'Dwyer et al., 2011; Perego & Kolk, 2012). Thus, as put forth by Aigner et al (2022) the content of SA reports is, normally, portrayed as being influenced by the type of standards adopted, which in turn has significant normative roots. Furthermore, the literature stressed that professional influence from financial auditing in SA reports tends to intensify in the future, while the BIG 4s have taken a prominent part of the SA market around the world (Ackers, 2017; Boiral & Gendron, 2011; Gillet-Monjarret, 2018; Hassan et al., 2020; Kolk & Perego, 2010; O'Dwyer et al., 2011; Perego & Kolk, 2012).

Finally, in terms of mimetic mechanisms, some articles have reported a tendency towards imitating the leaders in the field (Gürtürk & Hahn, 2016). In addition, there was some evidence of similar behaviours found in sustainability assurance in terms of the following: (i) "stagnation" of engagement with stakeholders (Gürtürk & Hahn, 2016; O'Dwyer, 2011), (ii) imitation of patterns originated at financial accounting assurance (Olivier Boiral et al., 2019b) (iii) as well as a tendency towards a limited assurance level and the use of ISAE 3000 as standard for sustainability assurance (Gürtürk & Hahn, 2016).

Considering the influence of institutional forces, the literature sustains the possibility that sustainability assurance is socially constructed and not a neutral practice (Boiral, 2009, Boiral and Gendron, 2011). The literature also stresses the limitations of institutionalization of SA preventing its full potential in terms of transparency, accountability, and protection of social interests (Boiral, 2009, Boiral and Gendron, 2011). This is because there are "misconceptions" on the way sustainability assurance is being developed. One of these misconceptions is the overreliance on parameters set in financial accounting, such as rigour, objectivity, independence, and professionalism. SA work with a very different topic, if compared to financial accounting, which is multidisciplinary, dynamic, context-oriented and not yet well defined. Thus, these differences should be fully acknowledged.

For example, standardization of the sustainability assurance practice may drive a "*paradox"* (Boiral & Gendron, 2011). This is because standardisation in financial accounting may symbolises trust but in sustainability, this may actually prevent engagement, transparency and accountability (Boiral & Gendron, 2011). However, standardization may be desirable by companies because it will provide similar levels of assurance for legitimacy purposes (Boiral & Gendron, 2011). Thus, sustainability assurance is being portraited as result of "*rational myths",* which overlook the ambiguity of the concept of sustainability, rely on opacity of measurements related to sustainability and operates without regulation of professional practices as well as absence of constant professional development requirements (Boiral & Gendron, 2011).

This paper presents two different but complementary contributions to the above literature. First, this paper identified a rigidity on the SA format that was related to the type of assuror and appeared independently of institutionalised structures such as, application of standards for verification or the level of assurance. Thus, we stress the fact that SA quality goes beyond institutional influence, becoming closely related to the political approach that different groups of assurors posit on disclosure and transparency. Second, this paper evaluated constraints of institutional structures set to influence SA and implemented by the capital markets. More specifically, this article provides a longitudinal analysis of the limitations of institutional structures/pressures to the quality of SA of a particular field (ISE portfolio of companies) located in a specific emerging economy (Brazil). Institutional structures can change rational myths related to SA, so understanding how these structures varies among different fields can raise awareness of potential constraints and it can also signal alternative solutions.

4. RESEARCH METHODS

4.1 Content analysis of SA quality

4.1.1 Data selection and collection

This research analyses secondary data, which comprehends SA reports produced by companies that took part in the São Paulo Stock Exchange (B3 former BM&F BOVESPA) sustainability index, called Índice de Sustentabilidade Empresarial (ISE). The ISE was implemented in 2005, becoming the fourth sustainability index in the world and a pioneer in South America (Marcondes & Bacarji, 2010). The ISE offers a comparison between companies that presented the highest movement in the B3 (BM&F BOVESPA, 2016). In 2021/22, the ISE involved 27 activity sectors and approximately R$ 1.7 trillion in market value[ii]. Every year, a maximum number of 40 companies is selected to take part in the annual ISE portfolio out of a sample of companies that issue the 200 most liquid shares listed at B3 stock markets (BM&F BOVESPA, 2015).

Assurance reports produced by ISE portfolio of companies were analysed in four points in time covering a time horizon of 10-years. The four points selected were the following: (i) 2005 – the year ISE was implemented; (ii) 2010 – five years after ISE implementation and the year before "Report or Explain" initiative; (iii) 2012 - the year after the stock market "Report or Explain" initiative; and (iv) 2015 – the year ISE completed 10 years and the year of compliance to the formal CVM regulation in stable capital markets (time period before the political scandals hit Brazil significantly affecting the Brazilian economy).

Corporate reports produced by ISE portfolio were collected using the Corporate Register webpage. Companies' webpages were also consulted when corporate reports could not be found on the Corporate Register webpage. The priority was to find standalone reports (e.g. sustainability report) for each company listed in the ISE portfolio. In the absence of a standalone report, annual reports were considered as a substitute. A total of 140 companies were part of the ISE portfolio over the period studied. This number is the entire population of ISE portfolio of companies for the years selected and this total of companies is distributed as follows: 28 organisations in 2005; 34 organisations in 2010; 38 organisations in 2012 and 40 organisations in 2015[iii]. Please, note that a maximum of 40 companies can be selected by B3 every year to become ISE portfolio but in some years, this maximum was not achieved. That is the reason why there were different number of organisations in each period of this study, but this variation is in line with the decision of B3 in terms of ISE portfolio selection and it represents the entire population.

4.1. 2 Method

Content analysis was used as a research method (Krippendorff, 1980) to measure the quality of the assurance report. This research used an instrument created by O'Dwyer and Owen (2005) which was empirically applied by Perego and Kolk (2012:187-188) (Please, see appendixes 1 and 2, including decision rules on small adjustments of this instrument to the Brazilian context). The coding instrument suggested by Perego and Kolk (2012:187-188) evaluates the quality of assurance reports using 19 ranking criteria[iv], which are measured using a scale of points. The total of points per report can vary from 0 points to a maximum of 27 points (the highest level of quality). There was a pilot coding process in which all authors/coders analysed independently the same sample of reports and afterwards, discussed the differences in the analysis conducted to establish a common interpretation of the instrument and decision rules. The reliability of this study was achieved by having the analysis of every (all) SA reports (the entire population) done by two coders independently (Milne & Adler, 1999). The analysis of two coders was crosschecked and, in the case of differences, agreed amendments were done accordingly. Having all assurance reports analysed independently by two different coders and differences crosschecked/corrected is an accepted procedure in the literature to secure reliability in content analysis (Bebbington et al., 2012; Milne & Adler, 1999).

In addition to the quality of assurance, the authors also collected data on: (i) the type and title of the corporate report analysed; (ii) the name of audit firm and (iii) the audit standard used (Gürtürk & Hahn, 2016; O’Dwyer & Owen, 2005). SPSS version 26 was used to produce descriptive statistics that are presented as the results of reporting analysis. The following section presents the results obtained and discussions.

4.2 In-depth analysis of SA quality

4.2.1 Sample

A sample of reports were selected in order to exemplify, in more detail, the quality of assurance provided in ISE context by accounting sustainability assurance providers (ASAP) and non-accounting sustainability assurance providers (NASAP). This sample was selected using the following procedure. A sample of SA reports with highest quality at the cut point of the first 15% range in terms of quality criteria – e.g. the ones that achieved 85% or more of the total quality assurance which is a maximum of 27 scores as per Perego and Kolk (2012). There were 9 reports within this cap criteria and six of them were produced by two companies in multiple years. For example, company 1 (Even) had a NASAP during 2010 and 2012 and shifted to an ASAP in 2015. Company 2 (Itaú Unibanco) had both a NASAP and an ASAP during 2010 and 2012 and shifted to an ASAP only in 2015. These two companies produced 6 reports out of the sample of 9 reports selected. The other 3 reports were produced by different companies (Fibria/2015, Telefónica/2010 and Vale/2012).

4.2.2 Method

The in-depth analysis of SA quality was conducted exploring qualitative aspects of SA reports, using thematic analysis (Boyatzis, 1998; Joffe & Yardley, 2004). Themes were selected based on aspects of SA quality that lead a standardized approach to SA as per Boiral and Gendron (2011). Concepts of New Institutional Sociology was also used as themes of analysis, allowing an in-depth identification and evaluation of isomorphic mechanisms in SA reports.

5. RESULTS

5.1 Content analysis of SA quality

5.1.1 Overview of SA quality by origin country and activity sector

ISE portfolio of companies involves a diverse range of organisations. The majority of ISE portfolio were originally from Brazil (67%) and other companies (33%) had affiliation to European countries (such as Portugal, Italy and France) and the USA (see table 1). Brazilian companies presented lower average of SA quality and higher standard deviation if compared to international companies. This can reflect that international companies tend to show a more homogeneous practices in relation to SA.

Table 1: Quality of assurance reports by organizations’ origin country

Origin country	Mean (*)	Maximum	Minimum	Standard Deviation	*n (**)*
Brazil	18.83	25	8	3.42	41
Other (**)	19.15	23	16	1.84	20
Total assurance reports	***18.93***	***25***	***8***	***2.98***	***61***

(*) Quality of assurance measured by a research instrument created by O’Dwyer and Owen (2005) and applied by Perego and Kolk (2012). This instrument uses 19 ranking criteria, measured by quality scale points with a maximum of 27 scores. Thus, in total, the quality for each assurance statement can vary from 0 to 27 points.

(**) This total includes the portfolios for 2005, 2010, 2012 and 2015. Results in this table include audit, verification and certification reports.

(***) Affiliation to countries, such as: USA, Portugal, Italy and France.

In terms of industry (Table 2), the sectors that presented a higher incidence of SA reports were: Electricity (n =18; 29% of the total), Banks (n=13; 21% of the total), and Forestry & Paper (n=5; 8% of the total). However, there were different sectors that presented the highest average of SA quality, which were: Real Estate & Construction, Mining, and Telecommunication Services. This result can confirm that mimetic forces originated in some activities sectors can drive SA practices. For example, Electricity and Forestry & Paper, which in this study are leading in terms of incidence of SA reports, can be considered controversial sectors in some Western countries but in Brazil, companies in these sectors tend to be examples in some aspects of sustainability (e.g. use of renewable energy[v] and use of sustainably grown wood[vi]). Furthermore, results on Table 2 show evidence that SA can be used as legitimacy purposes since companies in controversial sectors in Brazil are taking the lead in terms of quality of assurance (e.g.: Mining[vii]). For example, SA reports produced by a mining sector company differentiated from others due to the attention to stakeholders in SA reports, use of publicly available criteria/standards to conduct SA, and presentation of a detailed conclusion in SA reports.

Table 2: Quality of assurance reports by activity sector

Activity sector	Mean	Maximum	Minimum	Standard Deviation	*n*
Electricity	18.83	22	17	1.43	18
Bank	19.00	23	12	3.24	13
Forestry & Paper	17.60	23	8	5.68	5
Telecommunication Services	20.00	23	18	2.45	4
Transport	19.00	20	18	1.00	3
Real Estate & Construction	24.00	25	23	1.00	3
Personal Care & Household Products	19.50	20	19	0.71	2
Mining	21.50	23	20	2.12	2
Diversified Industrials	17.00	17	17	0.00	2
Construction & Building Materials	18.50	19	18	0.71	2
Steel & Other Metals	17.00	17	17		1
Specialty & Other Finance	19.00	19	19		1
Other	9.00	9	9		1
Insurance	19.00	19	19		1
Household Goods & Other Textiles	19.00	19	19		1
Health	18.00	18	18		1
Chemicals	18.00	18	18		1
Total assurance reports	***18.93***	***25***	***8***	***2.98***	***61***

5.1.2 Institutional pressures: Profession, stock market, and regulator

Table 3 shows the type of assurors in the context of ISE. It can be noticed that there is a presence of ASAP and NASAP and that they, generally, worked separately. There was a considerable increase in the numbers of assured reports in 2012, which was the year after the initiative from stock market called "Report or Explain" (see table 3). Also, in 2012, KPMG gained the leading reports assuror position for the ISE companies (40%) and sustained this position in 2015 (52%). This was also the year when KPMG became ISE assurance partner and responsible to assure the process of portfolio selection but no information submitted by companies is audited by KPMG as part of its role as ISE assurance partner.

Table 3: Statistics on assurors of reports/year

Assuror	2005 The year ISE was implemented *(n=3)*	2010 The year before "Report or Explain" *(n=11)*	2012 The year after "Report or Explain" *(n=22)*	2015 Compliance year for CVM regulation *(n=25)*
KPMG	1	2	9	13
Other BIG 4	0	3	7	6
Verification Certification organisation /	2	5	5	6
BIG 4s and VerificationCertification / organisation	0	1	1	0
Total reports assured by ISE	***3***	***11***	***22***	***25***
Total reports produced by ISE	***18***	***28***	***36***	***39***

Table 4 indicated that the quality of assurance reports increased on average if comparing 2005 (when the ISE was implemented) and 2015 (10 years later and the year of compliance with the formal CVM regulation). In 2010, the average quality of reports almost doubled compared to 2005. This was when there was a certain balance between ASAP and NASAP. However, careful consideration might be taken when reading this result since there is a significant increase in the incidence of reports from 2005 to 2010, which might have reflected on the average of SA quality. If comparing 2010 and 2012, the quality of SA reports slightly decreased. This period was when there was a shift towards ASAP and KPMG became the preferred assuror. Again, this result should be taken with a certain precaution since the SA quality of first-time assurance adopters might have influenced the average of SA quality. Results above might also have been influenced by the type of SA standard adopted which emphases different aspects of quality included in the research instrument.

Table 4: Statistics on quality of assurance statement/year

Year	No. reports assured	Mean	Standard Deviation	Maximum	Minimum
2005	3	9.67	2.08	12	8
2010	11	20.36	2.38	25	17
2012	22	19.05	2.08	23	16
2015	25	19.32	1.97	24	17

Supporting documentary data can also shed some light to the above results. For example, in Brazil, ASAP were identified as the ones who set SA boundaries in order to concentrate assurance on the analysis financial statements and accounting standards (MZ Group, 2013b). An analogy was done to ‘segmentation’ and ‘parallelism’ between financial and non-financial information (Bronstein et al., 2014; Report Sustentabilidade, SN; Terreo et al., 2014). It was noted that this ‘polarised’ notion from ASAP has changed with the advent of integrated reporting.

For example, it was discussed that one of the biggest tasks for an ASAP in Brazil, nowadays, is to establish communication with other areas of auditing to promote the integration of financial and non-financial information (MZ Group, 2013a). This is due to a lack of clarity on how to conduct an audit of integrated reporting, since there are many intangible figures that need to be measured and this is a challenge for a financial accounting auditor (MZ Group, 2013a). This is relevant because the analysis of SA reports produced by ISE portfolio shows a mimetic behaviour towards the adoption of the IIRC framework, which increased from 2012 (19%) to 2015 (46%) (Table 5). This may reflect the influence of coercive and normative pressures from the “Report or Explain for sustainability report or Integrated Reporting” initiative implemented by B3 with the GRI support (MZ Group, 2013c). It is also important to highlight that while the incidence of integrated reports increased, the percentage of companies that produced SA reports remained practically unchanged if compared 2012 (61%) and 2015 (64%).

Table 5: Reports characteristics per year

	2005 The year ISE was implemented *(n=3)*	2010 The year before “Report or Explain” *(n=11)*	2012 (*) The year after “Report or Explain” *(n=22)*	2015 Compliance year for CVM regulation *(n=25)*
Assurance reports	3	11	22	25
IIRC	0	0	7	18
Total ISE reports	***18***	***28***	***36***	***39***
Total ISE companies	***28***	***34***	***38***	***40***

(*) Companies that mentioned the intention to engage with an integrated perspective to reporting and/or IIRC.

An interesting context, in Brazil, is the fact that discussions on integrated reporting and assurance tend to portray SA of non-financial information as redundant process since financial information is already being assured (Terreo et al., 2014). An illustration of potential change in SA pattern with the advent of integrated report was identified in a company called Natura, which is well known for utmost transparency and as a leader in sustainability reporting. In 2015, Natura did not publish an assured sustainability report and only an annual report with no sustainability assurance. The annual report produced by Natura, in 2015, followed the IIRC framework.

Furthermore, the year 2015 was the compliance period to the soft law implemented by CVM/regulator, which required a “report or explain” approach on the adoption of SA reports. Since this instruction was approved, at the end of 2014, companies had to start to report about their 2015 position in 2016. It would be expected this coercive pressure would have caused more significant impact on SA practices of ISE companies which are considered the leaders of sustainability, especially in terms of providing SA since this information was not required before by the soft law implemented by B3. However, this was not the case.

One of the reasons that can explain the result above is the fact that different coercive forces were applied in the Brazilian capital markets. On the one hand, CVM emphases the relevance of SA. On the other hand, the stock markets B3 partnered with GRI to implement the soft law on “Report or

Explain for sustainability report or Integrated Reporting" that emphasises the relevance of integrated reporting which, in turn, tend to focus on an integrated view of the annual report and assurance with a potential impact on the perception of the relevance of SA.

This result confirms the literature that capital markets can exert coercive pressures that change SA patterns (Ackers, 2017; Ackers & Eccles, 2015; Gürtürk & Hahn, 2016). However, our results complement the literature by highlighting that a coordinated approach to institutional pressures is necessary in order to influence, effectively, SA in the field of ISE. For example, once coercive pressures (soft law by B3) were combined with normative pressures (training provided by GRI) was when the most influential results were achieved. A similar approach can be taken by the regulator to join forces with stock markets and other normative institutions to raise the awareness towards SA.

Table 6 descriptive statistics in terms of SA standards applied and level of assurance. Limited assurance was the preferred level of assurance by ISE portfolio. Table 7 showed that ISAE 3000 and AA1000 AS were the most used standards by ISE portfolio in combination with GRI guidelines. However, the most frequent combination over the years was the ISAE 3000 and GRI, which can confirm normative pressures of financial accounting in the field (Gürtürk & Hahn, 2016; Kolk & Perego, 2010; O'Dwyer et al., 2011; Perego & Kolk, 2012). Despite the fact that ISAE 3000 and GRI is the preferred combination, AA1000 AS is the type of standard that most emphasise relevant aspects to SA, such as stakeholder engagement, materiality and competence of the assuror.

Table 6: Statistics on level of assurance/assuror

Level of assurance	KPMG	Other BIG 4	Verification / Certification organisation	BIG 4s and Verification/Certification organisation
Not mentioned			3	
Limited	24	16	11	2
Reasonable	1		4	
Total	***25***	***16***	***18***	***2***

Table 7: Statistics on the type of standard/assuror

Standard/Guidelines (*)	KPMG	Other BIG 4	Verification / Certification organisation	BIG 4s and Verification/ Certification organisation
Not mentioned	1		3	
AA1000AS only				
ISAE3000 only		1		
GRI only			2	
AA1000 AS + ISAE 3000				
ISAE3000 + GRI	20	12	7	
AA1000 AS+ ISAE3000 + GRI	3	3	2	2
AA1000 AS + GRI	1		4	
Total	***25***	***16***	***18***	***2***

(*) This analysis excludes specific standards stablished by industry sector (e.g. energy and mining sectors). Assurors also used auditing internal protocols combined with GRI and/or ISAE 3000, such as: Bureau Veritas Protocol for the Independent Assurance of Sustainability Reports and the SGS Group Sustainability Assurance Communication Protocol.

This is particularly important if considering the results of the evolution of quality assurance criteria in tables 8 and 9. For example, in 2005, there was very poor disclosure in terms of the following criteria: (c.2) addressee of the SA report; (c.9) impartiality of assuror towards stakeholder; (c.11) objective of assurance engagement; (c.13) criteria to assess evidence; (c.14) assurance standard; (c.16) materiality; (c.17) completeness and (c.18) responsiveness to stakeholders. In 2010, there were considerable progress of these criteria but in 2012, (c.9) impartiality of assuror towards stakeholder as well as (c.18) responsiveness to stakeholders were the two criteria that mostly decreased in terms of quality. In 2015, these two criteria were still very low in terms of incidence in SA reports. The literature tend to emphasise the notion that standards and level of assurance are the main drivers of the quality of SA report (Gürtürk & Hahn, 2016). However, in the Brazilian case, this premise needs to be analysed further since segregation of assurance responsibilities by different groups of auditors was made evident in our documental analysis. A detailed evaluation of this issue will be made using an in-depth analysis of SA reports which is described below.

Table 8: Quality of assurance reports by-criteria (measured by percentage of reports containing each disclosure criteria)

	Ranking criteria	2005 The year ISE was implemented *(n=3)*	2010 The year before "Report or Explain" *(n=11)*	2012 The year after "Report or Explain" *(n=22)*	2015 Compliance year for CVM regulation *(n=25)*
C.1	Title	100.0	100.0	100.0	100.0
C.2	Addressee	33.3	63.6	77.3	80.0
C.3	Name of assuror	100.0	100.0	100.0	100.0
C.4	Location of assuror	66.7	72.7	95.5	92.0
C.5	Report date	100.0	81.8	100.0	96.0
C.6	Responsibilities of reporter	66.7	90.9	100.0	100.0
C.7	Responsibilities of assuror	100.0	100.0	100.0	100.0
C.8	Independence of assuror from reporting organisation	66.7	100.0	95.5	100.0
C.9	Impartiality of assuror towards stakeholders	0.0	27.3	9.1	24.0
C.10	Scope of the assurance engagement	66.7	100.0	100.0	100.0
C.11	Objective of the assurance engagement	33.3	100.0	95.5	100.0
C.12	Competencies of assuror	0.0	90.9	95.5	100.0
C.13	Criteria uses to assess evidence and reach conclusion	33.3	100.0	100.0	100.0
C.14	Assurance standard (*)	0.0	100.0	95.5	100.0
C.15	Summary of work performed	100.0	100.0	100.0	96.0
C.16	Materiality	0.0	90.9	59.1	60.0
C.17	Completeness	0.0	90.9	68.2	60.0
C.18	Responsiveness to stakeholders	0.0	72.7	31.8	28.0
C.19	General conclusion/opinion	100.0	100.0	100.0	100.0

(*) In 2005, there was only check of implementation of control systems, internal procedures and policies to verify consistency and reliability of the information disclosed.

Table 9: Descriptive statistics of scores for criteria of report quality

	2005 The year ISE was implemented *(n=3)*	2010 The year before "Report and Explain" *(n=11)*	2012 The year after "Report or Explain" *(n=22)*	2015 Compliance year for CVM regulation *(n=25)*
Mean (*Standard Deviation*)				
Incidence of criteria (max.19)	**9.67** *(2.08)*	**16.82** *(1.33)*	**16.23** *(1.07)*	**16.36** *(1.29)*
Total criteria's scale (max. 27)	**9.67** *(2.08)*	**20.36** *(2.38)*	**19.05** *(2.08)*	**19.32** *(1.97)*

5.2 In-depth analysis of SA quality

5.2.1 Company 1

Company 1 had the 2010 and 2012 SA report audited by a NASAP, moving in 2015 to an ASAP. As can be seen on table 10, the standards and level of assurance used by ASAP and NASAP were the same. However, there were signals of different approach to SA, showed by ASAP and NASAP in terms of disclosure and transparency. For example, the ASAP reports were addressed to managers and shareholders whereas NASAP's report was not addressed to any particular group. The NASAP emphasised on professionalism by discussing educational affiliation status as well as experienced and qualified professionals specialised in sustainability. On the other hand, ASAP concentrated on their expertise on verification procedure. In terms of independence, NASAP clearly stressed the independence of their work whereas ASAP did not provide a clear statement on other existent contracts with the assured company. Thus, there is a divergence and a rigid approach while addressing institutionalised characteristics of assurance, such as independence, expertise on sustainability as well as on the perceptions of the SA audience.

The depth of SA report also varied between ASAP and NASAP. As can be seen on Table 10, SA report produced by NASAP involved not only the positive characteristics identified but also recommendations on how to improve reporting practices, embedding sustainability assurance into organisational practices to maintain the notions of constant improvement and long-term perspective. Despite using a similar methodological procedure, the SA report produced by the ASAP showed a rigid description emphasising the verification process carried by the auditor and the comments provided were not up to the same critical and analytical level as NASAP. For example, the quotations below are an illustration of that.

"In 2012, [company 1] showed an evolution in its engagement strategy through specific consultation with two groups of priority stakeholders with whom the dialogue was difficult in previous processes: customers and shareholders. For the next period, it is important to keep and expand the consultation processes and define criteria viewing to prioritize stakeholders" (2012 NASAP report)

"In 2015, the engagement with the Company's stakeholders was carried out through different channels that [company 1] offers. Each area of [company 1] stablishes its engagement process individually and has the Sustainability area of support for the theme inclusion in dialogues with stakeholders." (2015 ASAP report)

Table 10: Company 1 summary of in-depth analysis

COMPANY 1	**NASAP 2010 and 2012**	**ASAP 2015**
Addressee	No specific group of stakeholders. However, constant mention to stakeholders in the body of SA report.	Board of directors and shareholders.
Competence	NASAP was licensed by AccountAbility. The assurance work was conducted by experienced and qualified professionals specialised in sustainability.	Team with the expertise in independent verification with experience on the assured company's sector.
Independence	NASAP had no other consultancy or commercial ties with the company assured	Procedures were implemented to secure independence but nothing was clearly said about other contractual relations between the ASAP and the company assured. ASAP licensed by AccountAbility.
Methodology	• Survey of public information on the sector and about the company; • Interview with executives, managers and employees; • Confirmation of information on sustainability performance with the board of directors; • Sampling test to contrast report with support documentation.	Similar methodology as NASAP in previous years.
Information on the report assured	Balance between positives/negative aspects of the audit findings and recommendation to improve disclosure in areas of materiality, inclusion and response capabilities.	Superficial depth. The text concentrated on the description of the processes adopted. There were no clear discussions of the results/findings from the work conducted. Some recommendations were provided.
Level of assurance	Moderate	Moderate
Standard	AA1000 AS +GRI	AA1000 AS + GRI

In sum, in the particular case of the above analysis, the type of standard and the level of assurance were same to ASAP and NASAP. Thus, these institutionalised structures cannot be considered as the ones that influenced the differences in

SA disclosure boundaries presented of ASAP and NASAP's SA reports.

5.2.2 Company 2

As explained above, company *2 had two simultaneous SA reports* to the years 2010 and 2012; one produced by an ASAP and the other by a NASAP. On table 11, it can be identified that there was a rigid separation/division in terms of responsibilities between ASAP and NASAP which can be related to the assuror background. The auditors embraced the grassroots boundaries of disclosure which tended to be associated to their professional conceptualisation of responsibilities in auditing process, resulting the production of two different SA reports in terms. For example, ASAP adopted ISAE 3000 as standard and addressed the report to managers/board of directors whereas NASAP adopted AA1000 AS with no addressee. On the one hand, ASAP SA report showed a rigid format by describing the auditing procedures and verification of qualitative and quantitative information included in annual and sustainability report. On the hand, the NASAP was centred in detailing the nature of decisions and actions on stakeholders' engagement as well as materiality.

The ASAP 2010 SA report finished with section allocated for additional considerations in which ASAP made a statement, which contrasted with the analysis presented in the NASAP report. The quotations below exemplify this practice, in which ASAP applied normative pressures from the profession (e.g. GRI principles) to justify the lack of stakeholder engagement and unsatisfactory principles related to materiality, which was highlighted in the NASAP SA report.

> *"With regards to the content of the sustainability report, in line with the GRI-G3 principles, the Annual Sustainability Report 2010 presents more clarity with regards to the challenges recognised in 2010 and respective results, as well as position with regards to challenges recognised for 2011." (2010 ASAP report)*

> *"In the [name of NASAP] evaluation, [company 2] could respond to challenges raised in the area of sustainability, satisfying the expectations of the most relevant stakeholders and showing positive results in several key areas, such as customer services. However, the inclusion of relevant topics in the management process still needs a more solid basis than the sustainability essence [which is the information on the main challenges of the holding]. This, in its natural form, still does not include satisfactorily the principles related to materiality and inclusion. Follow some conclusions summarised in relation to the tree AA 1000AS principles."(2010 NASAP report)*

As can be seen in the quotations above, the NASAP pushed for more fundamental changes towards broader notions of materiality and inclusion, whereas ASAP maintained a rigid approach to use a reporting framework (e.g. GRI) to justify that company 2's routines should remain unchanged. This result shows that ASAP SA reports are, somehow, constrained by the rigidity in interpreting reporting guidelines and tend to emphasise on verification cycles (e.g. one year) instead of the evolution of reporting practices to the long run, which is a characteristic required by sustainable development (e.g. definition in Brundtland Report). Thus, this finding confirms that reporting frameworks can be applied as a frame to legitimise parameters of materiality, which reinforces the current *status quo* (Boiral et al., 2019; Canning et al., 2019; O'Dwyer & Owen, 2007).

Table 11: Company 2 summary of in-depth analysis

COMPANY 2	**NASAP during 2010 and 2012**	**ASAP during 2010 and 2012**	**ASAP only in 2015 (*)**
Addressee	No specific group of stakeholders. However, constant mention to stakeholders in the body of SA report.	Managers in 2010 and Board of Directors in 2012.	Management and stockholders.
Competence	NASAP was licensed by AccountAbility. The assurance work was conducted by experienced and qualified professionals, specialised in sustainability as well as external verification.	N/A	N/A
Independence	Clear statement that NASAP had no other consultancy or commercial ties with the company assured.	N/A	N/A
Methodology	• Evaluation of the SA content and understanding of stakeholder engagement; • Review of information in the media and other specialized sources;	Mimicking somehow the process for financial auditing, such as analysis of internal control, understanding calculations methodologies	Mimicking somehow the process for financial auditing, such as analysis of internal control, understanding

	• Interview with employees and analysis of internal documentation; • Analysis of the information considering the auditee's sustainability policies.	via interviews and contrasting between financial and non-financial information.	calculations methodologies via interviews and contrasting between financial and non-financial information.
Information on the report assured	Evaluation of the information disclosed with sustainability policies in place as well as analysis of actions taken to respond to stakeholders' demands.	Very short SA report with an emphasis on the procedures taken to conduct the auditing. There was no detailed information on the auditee. Preformatted conclusions.	Very short SA report with an emphasis on the procedures taken to conduct the auditing. There was no detailed information on the auditee. Preformatted conclusions.
Level of assurance	Moderate	Limited	Limited
Standard	AA 1000 AS	GRI + ISAE 3000 equivalent (NBC TO 3000)	AA 1000 AS GRI + ISAE 3000 + ISAE 3000 equivalent (NBC TO 3000)

(*)Note: In 2015, NASAP only assured Greenhouse Gas inventory

In 2015, company 2 only presented an ASAP report, which was addressed to managers and investors. The standards used were AA1000 AS, local standards equivalent to ISAE and GRI-G4. The methodology applied mimicked financial assurance and the SA report was mostly written to explaining the scope and limitations of a limited level of assurance used. There were no recommendations and there was no critical evaluation of the companies' position in terms of stakeholders' engagement, which is a topic emphasised by the AA1000 AS. This was a rigid and static assurance report with no impact in the long-term prospects of the firm. This approach was somehow justified by the ASAP due to the limited level of assurance as illustrated by the quotation below.

> *"The procedures applied in a limited assurance engagement are substantially less detailed than those applied in a reasonable assurance engagement, the objective of which is the issuance of an opinion on the sustainability information of the 2015 Consolidated Annual Report, included in the "Sustainability" chapter and the Attachments to this report, and the compliance with the principles of AA1000APS. Consequently, we were unable to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement, the objective of which is the issuance of an opinion. If we had performed an engagement with the objective of issuing an opinion, we might have identified other matters and possible misstatements in the sustainability information in the 2015 Consolidated Annual Report, included in the "Sustainability" chapter and the Attachments to this report or instances of non-compliance with the principles of AA1000APS. Therefore, we do not express an opinion on these matters."* (ASAP, 2015)

In sum, the way SA reports were produced by the ASAP observed disclosure boundaries, following a rigid format if compared to a NASAP. ASAP tended write on methodologies/processes and give a preformatted opinion rather than providing a critical analyse of findings during the auditing process with the aims to identify good practices and recommendations to future improvements. The boundaries were evident even using AA 1000 AS which is considered to encourage a broaden approach to disclosure and stakeholder engagement.

5.2.3 Company 3

Company 3 SA report was provided by a NASAP different from the two companies above. The level of verification was reasonable according to ISAE 3000. However, even using a standard that does not emphasise on inclusivity and responsiveness, there was an opinion on a range of stakeholders' related topics, such as (please see table 12): materiality, human rights in the supply chain, communities as well as an analysis of compliance with recommendations from previous reports. Competence of the assuror was also provided even though it is not required by ISAE 3000. Recommendations were provided and conclusions praised the disclosure of a balanced range of information in the sustainability report. Again, this shows an specific approach taken by this NASAP to disclosure and transparency which emphased on detailed and critical evaluation of qualitative information accessible and transparent to all (not only experts). This is a democratic approach which makes reports approachable. Considering the findings above, the notion of information accessibility in SA reports is not related to the type of SA standard used but to the assuror's approach on disclosure.

Table 12: Company 3 summary of in-depth analysis

COMPANY 3	**NASAP 2015**
Addressee	No specific group of stakeholders. However, constant mention to stakeholders in the body of SA report.
Competence	The assurance work was conducted by multidisciplinary staff with expertise in non-financial data.
Independence	It was clearly stated that the assessment team had no links to the organisation assured. The NASAP advocated its 185 years of experience in independent assessment and highlighted the fact that the quality management of the firm was certified by a third party as well as by its internal code of ethics based on principles of integrity, objectivity, confidentiality and competence/professional attitude.
Methodology	• Interview with personnel responsible to material issues included in the report; • Checking sources of information disclosed; • Verification of the performance data; • Analysis of stakeholders' engagement activities; • Evaluation of methods to define materiality.
Information on the report assured	Opinion on a range of topics, including materiality and stakeholders' engagement which are not well emphasised by ISAE 3000. Recommendations were also presented asking to consider the evaluation of suppliers in terms of human rights.
Level of assurance	Reasonable
Standard	ISAE 3000 +GRI

5.2.4 Company 4 and 5

Company's 4 2010 SA report and company 5 2012 SA report were also assured by ASAP using AA1000 AS, ISAE 3000 and the local standard equivalent to the ISAE 3000. These reports presented same rigid disclosure, which was centred on describing standards used as well as the process of assurance applied, lacking of an evaluation of the progress of sustainability reporting of the company assured.

5.2.5 Remarks of the in-depth analysis

The analysis above showed approaches to SA disclosure and transparency that differed by groups of assurors. For example, reports produced by an ASAP offered an emphasis on investors, showing a short run perspective and delineating the boundary of the information to including only procedure of assurance and a preformatted opinion that meant to be accepted as true and fair view. The analysis of the information assured, and the knowledge acquired about the company's practices during the assurance process are not of the general public's remit and it is left to the expertise of qualified professionals. However, as illustrated above, these characteristics in SA reports produced by ASAP appeared independently from standard used and level of SA applied.

We theorize this characteristic of ASAP's report as being a rigid approach to SA, which goes beyond to common institutional arrangement such as type of standard and level of assurance. In turn, this rigid approach tended to be related to ASAP's approach to disclosure and transparency. This result chimes Brown and others (Brown & Dillard, 2013, 2015; Brown et al., 2015) who stressed on a political transition from the monological approach of accounting that emphases the short run, the use of technical language and the consideration of investors as the main users of information. The desirable transition requires a dialogic perspective which is centred on a democratic access of information that fulfils the interest of a broader range of stakeholders and within a format that can be understood not only by the elites/experts but by the masses, considering a long-term perspective. Thus, these results call for an approachable SA that allow a democratic disclosure in SA context which should be in line with concepts of sustainable development.

An approachable SA could, for example, include the simultaneously the disclosure perspectives of both ASAP and NASAP since they tend to complement each other while addressing different audiences and look at different aspects of sustainability information withing different time scales. This alternative would allow to contrast different SA views and providing a space to trigger a constructive evaluation of disclosure and engaging a broader audience.

6. DISCUSSIONS AND CONCLUDING COMMENTS

The analysis presented in this paper showed evidence of normative, coercive and mimetic institutional forces originated from different institutions which influenced SA practice in ISE context. For example, coercive forces in a format of soft law (report or explain) and normative forces (education/training) were identified to be played by the stock markets in partnership with professionalization institutions (e.g. GRI). These institutional pressures had a relevant impact on the incidence of SA reports. However, the quality of SA reports decreased over time, especially in terms of stakeholder engagement. This result chimes Kolk and Perego (2010) who concluded that capital markets, which enable sustainability practices, drive the demand for SA. This result is also in line with Martínez-Ferrero and García-Sánchez (2017b) who stressed that isomorphism enhances organisations’ stability so, global markets can influence institutional pressures towards homogeneity.

However, our result disputes the notion that standards and level of assurance are the main drivers of the quality of SA report (Gürtürk & Hahn, 2016). Our in-depth analysis illustrated the relationship between the quality/transparency of SA reports and the type of assuror, showing a tendency to a change towards ASAP as a supplier of SA, which was inclined to be less centred in stakeholder engagement (Boiral & Gendron, 2011) and more focused in a rigid approach to disclosure and transparency. In the particular case of our in-depth analysis, SA report produced by ASAP showed a rigidity characterized by an overreliance on templates/guidance, verification procedures and short-term approach. This characteristic appeared independently of the type of standard and the level of assurance applied.

Another prominent characteristic found in our in-depth analysis, confirming the literature, was the fact that NASAP tended to concentrate in qualitative disclosure (soft data) (Farooq & De Villiers, 2017) leading them to produce an approachable SA reports. Our analysis adds to the literature by identifying that this approachable and dynamic pattern tended to be independent from the type of standards and level of assurance. Our analysis showed that NASAP concentrated on a critical analysis, praising good practices and suggesting clear recommendations on a broad range of areas within a long-term perspective. The transparency of SA reports produced by NASAP is engaging and triggers discussions in the public domain, emphasising a democratic approach to disclosure. This is an important characteristic because barriers to stakeholders’ engagement can distance organizations from their realities (Brown & Dillard, 2013, 2015; Brown et al., 2015) as well as from the concept of sustainable development (Boiral & Gendron, 2011). O’Dwyer (2011) also reinforced the importance of stakeholder engagement to address limitations of relevance and completeness of SA, especially when SA is influenced by financial auditing standard.

Finally, our results also showed evidence of little impact of coercive pressures stablished by the CVM/regulator. The regulator approach was very basic, lacking clear guidance on the quality of assurance. Normative pressures exerted by the stock markets appeared to be more appealing since it reached organisations by reinforcing the need of mimetic behaviour via education that, in turn, emphasised on the acceptable parameters of reporting and SA required by the international capital markets to attract funds. This normative influence was also attached to professionalization of reporting practices (e.g. Integrated reporting) with an indirect impact on SA. Normative forces by stock market were soft but engaging.

The above discussion shows that stock markets tend to influence locally in order to uniformize/homogenize sustainability reporting and consequently, SA practices in line to what the market is accepting as “desirable” globally. Stock markets seek for legitimacy globally to attract international funds. This search for legitimacy is passed to companies which are exposed to normative professional parameters that they have to imitate in order to show leadership in the sustainability of their business. In another words, ISE companies seem to be driven to use the language, procedures and patterns that the market would understand as efficient internationally. However, coercive forces by the stock markets may need to be recalibrated and aligned with coercive forces implemented by the regulator if higher parameters of quality are desirable in the field of SA practices in the Brazilian context.

One limitation of this article is the fact that it concentrates on a portfolio of companies related to one specific sustainability index, making generalizations difficult. However, this study contributes to the literature by exploring institutional pressures set by a capital market that constrained the quality of SA reports. In addition, corporate reporting and assurance practices in Brazil are not well discussed in international literature so, this article also contributes to fill this gap. Thus, the results of this research can be of relevance to policy makers that are interested in using institutional pressures to enhance SA. Investors, assurors, and other users of non-financial information would also find this research to be of interest since it brings to light the potential of enhancing a democratic perspective to SA. As future research, it would be relevant to explore good practices in democratising SA disclosures taken by different groups of assurors, incorporating concepts of sustainable development in their SA reports. This venue could also be explored by contrasting practices different countries, sectors and stock markets.

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i https://capitalaberto.com.br/canais/b3/relate-ou-explique-para-relatorio-de-sustentabilidade-ou-integrado-um-case-brasileiro-de-sucesso/
http://www.b3.com.br/en_us/news/sustainability-8AE490C96612E51F016633B102A63260.htm
https://conteudo.cvm.gov.br/legislacao/instrucoes/inst552.html

ii http://iseb3.com.br/carteiras-e-questionarios

iii http://iseb3.com.br/carteiras-e-questionarios
2005: 1st portfolio 1st December 2005 to 30th November 2006;
2010: 5th portfolio 1st December 2009 to 31st December 2010;
2012: 7th portfolio 2nd January 2011 to 31st December 2012;
2015: 10th portfolio 5th January 2015 to 2nd January 2016.

iv The 19 ranking criteria are: (1) Title; (2) Addressee; (3) Name of assuror; (4) Location of assuror; (5) Report date; (6) Responsibilities of reporter; (7)Responsibilities of assuror; (8) Independence of assuror from reporting organisation; (9) Impartiality of assuror towards stakeholder; (10) Scope of the assurance engagement; (11) Objective of the assurance engagement; (12) Competencies of assuror; (13) Criteria used to asses evidence and reach conclusion; (14) Assurance standard used; (15) Summary of work performed; (16) Materiality; (17) Completeness; (18) Responsiveness to stakeholders; (19) General conclusion/opinion.

v https://olc.worldbank.org/content/where-brazilian-electricity-sector-heading-observations-four-issues

vi https://www.ft.com/content/e1c7d5e7-61da-4c20-a99b-b89826e5994d

vii https://www.ft.com/content/2a393038-0cdb-4401-8fad-23439d6d72ea