

ESG reporting is a type of corporate disclosure that details an organisation's environmental, social and governance (ESG) promises, as well as its efforts and progress in putting them into practice. For many organisations worldwide, reporting on ESG has become an accepted method of addressing corporate social responsibility (CSR) expectations from society and corporate stakeholders. This project is motivated by four primary reasons. Firstly, in line with the 2004 Corporate Sustainability Reporting Directive, the ESG reporting obligation will apply to specific large EU and EU-listed companies. All in-scope companies will have been covered by this obligation by January 1, 2028. Secondly, from the EU perspective, the quality of the information provided in previous CSR reports raises serious concerns. Thirdly, organisations apply different reporting standards, using varying forms of language. Learning about the impression management strategies used in ESG reporting will allow a better understanding of the organisation's communication language and CSR behaviour. Fourthly, the practice of presenting an organisation's social, environmental or corporate governance activities is seen as an effective tool to increase social legitimacy. In this context, it is important to determine to what extent mandatory ESG reports are objective and to what extent impression management strategies impact social legitimacy and companies' value.

The central aim of this study is to determine how companies manage the impressions of stakeholders in ESG reports through rhetoric and whether this is cost-effective for them. Specific objectives of the project: 1) identify the strategies and rhetorical tools used in ESG reporting; 2) determine to what extent the use of rhetoric supports public perception and legitimacy of the organisation; 3) determine how the disclosure of manipulations in reporting changes perceptions of the organisation; 4) uncover whether manipulations in ESG reporting ease financial access.

The study consists of four tasks. During task one - analysis of rhetoric in ESG reporting - the content of ESG reports will be analysed regarding the use of rhetoric. Ethos, pathos, logos, judicial speech, advisory speech and ceremonial speech will be identified and assessed. In the second task, the impact of rhetoric on the perception and legitimacy of the organisation will be determined. Assessment of the organisation's perception will be carried out in relation to: 1) beliefs about the organisation's social, 2) attitudes towards the organisation; 3) the organisation's legitimacy. Especially we will focus on impression management tactics that corporate management uses in the corporate narratives to create a positive image for the company. In the third task, we will answer the questions of how customer perceptions of organisations have changed when rhetoric is revealed in ESG reports, and how perceptions of organisational rhetoric are subject to socio-psychological biases. Finally, we will analyse the effects of rhetoric in ESG reporting on investors' judgments. In this, participants will be asked to make a stock price assessment and indicate their willingness to invest in the company in light of financial information only, additional ESG-related information and information confirmed by a third party to be manipulated.

The project is interdisciplinary, combining knowledge from management science (business ethics, corporate social responsibility), communication theories and philosophy. It expands knowledge of business ethics through an in-depth study of how companies use impression management strategies, particularly rhetoric tools, to expose and legitimise their ESG actions, and by investigating whether external stakeholders penalise these tools. From a sustainability perspective, the project deepens the understanding of how customers assess an organisation's ESG performance and the value of such performance for investors.