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**DEVELOPMENT OF SUSTAINABILITY REPORTING IN FINLAND – THE ROLE
OF VISION AND GOALS, MANAGEMENT APPROACH, AND PERFORMANCE
INDICATORS**

Examiners: Associate Professor Laura Albareda
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ABSTRACT

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This study investigates Finnish companies’ sustainability reporting and how companies use three information types – vision and goals, management approach, and performance indicators when reporting sustainability disclosures. A longitudinal approach is adopted to assess the development through 2013, 2016, and 2019.

The content analysis framework follows the GRI Standards 2016 and studies economic, environmental, and social disclosures. The adopted framework makes it possible to assess the completeness of reporting and the comprehensiveness of reported information.

The findings reveal that while disclosing more information types has developed positively, companies still mainly report using only performance indicators. Further, the amount of used information types varied a lot between different sustainability areas.

While the completeness and comprehensiveness developed positively, providing comprehensive information by reporting all three information types remains low. Based on the results, companies resort to “tick-the-box” reporting instead of reporting disclosures with more information.

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Tässä tutkimuksessa tarkastellaan suomalaisten yritysten vastuullisuusraportteja ja sitä kuinka kattavasti yritykset käyttävät kolmea informaatiotyyppiä – visio ja tavoitteet, konkreettiset teot ja tulosindikaattorit raportoidessaan vastuullisuudesta. Kehityksen arvioimiseksi vuosina 2013, 2016 ja 2019 lähestymistavaksi valittiin pitkittäistutkimus.

Käytetty tutkimuskehitys sisällönanalyysiin seuraa GRI-standardeja (2016) ja tutkii taloudellisia, sosiaalisia sekä sekä ympäristöindikaattoreita. Käytetty kehys antaa mahdollisuuden arvioida raportoinnin laajuutta sekä raportoitujen tietojen kattavuutta.

Tuloksien perusteella useamman informaatiotyypin raportoiminen on kehittynyt myönteisesti, mutta yritykset raportoivat edelleen pääasiassa käyttäen ainoastaan tulosindikaattoreita. Lisäksi käytettyjen informaatiotyyppien määrä vaihteli paljon eri vastuullisuusalueiden välillä.

Vaikka laajuus ja kattavuus kehittyivät myönteisesti, kaikkien kolmen informaatiotyypin käyttö on edelleen vähäistä. Tulosten perusteella yritykset turvautuvat "rasti ruutuun" raportointiin sen sijaan, että raportoisivat kattavasti käyttäen useampaa informaatiotyyppiä.

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As this chapter of my life has to come to an end, I am left with mixed feelings. I'm feeling relieved and happy it to be over, proud to have accomplished another degree, sad to leave the student life behind, and also feeling uncertainty about the future due to the world situation. However, I'm optimistic about the future and excited to start a new chapter in life.

Now is the time to give thanks.

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To new beginnings!

In Helsinki, 24.2.2021

Jenni Salo

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LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
SR	Sustainability Report
IR	Integrated Report
CAR	Combined Annual Report
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Council
IFRS	International Financial Reporting Standards
IASC	The International Accounting Standards Committee
IASB	International Accounting Standards Board
UNEP	The UN Environmental Programme
SRI	Socially Responsible Investment
EU	European Union
VG	Vision and goals
MA	Management approach
PI	Performance indicators

1 Introduction

While corporate social responsibility (CSR) was introduced already in the 1950s (Carroll 1999, 269), it remains a relevant topic and a point of ever-growing interest. CSR refers to organizations' responsibility for their impacts on society, and organizations are also expected to integrate concerns relating to topics such as environmental and human rights into their operations and strategy (European Commission 2011, 6). Companies are growingly reporting about these impacts with sustainability reports.

This thesis studies how Finnish companies are using three information types of vision and goals, management approach, and performance indicators in their sustainability reports and how the usage of these has developed from 2013 to 2019. The following chapters will provide the background for this study by presenting the research gap, objectives and goals, limitations and scope, and explaining the research structure.

1.1 Background of the study

Exxon Valdez oil spill, BP oil spill, Volkswagen "Dieselgate", Nike's labor scandal, Enron's accounting scandal, and the collapse of Rana Plaza – these events are just the tip of the iceberg of negligence and unethical actions by companies. Events such as these have increased the stakeholder pressure and demand for information about organizations' impacts on the economy, environment, and society.

Nowadays, communicating about these impacts with sustainability reporting is considered a standard practice alongside traditional financial reporting, at least in larger organizations (Higgins et al. 2020, 396). A sustainability report can be a separate report or a distinctive section in an annual report (Baboukardos & Rimmel 2016, 438), and it can be a hard-copy or available online (Wensen et al. 2011, 14). Regardless of the form, it must contain quantitative and qualitative information about the organization's economic, environmental, and social performance (Daub 2007, 76).

While the regulation and standard-setting concerning sustainability reporting have increased in recent years (Tschopp and Huefner 2015, 570), and the overall reporting rates have been

recorded to increase (KPMG 2011, 9; KPMG 2013, 26; KPMG 2017, 16; KPMG 2020, 15), the reporting remains largely voluntary and lacks harmonization (Abernathy et al. 2017, 33). The lack of harmonization has left room for companies to narrate their own stories in sustainability reports (Abernathy et al. 2017, 33), which has led to accusations that companies are using sustainability reports as an impression management tool (Abernathy et al. 2017, 33; García-Sánchez et al. 2019, 359; Sandberg & Holmlund 2015, 678) and a way to “greenwash” (Lyon & Maxwell 2006, 1). Additional accusations include companies engaging in organized hypocrisy and building organizational façades (Cho et al. 2015, 91; Higgins et al. 2020, 404).

What is similar to all these accusations is that a gap between talk and action seems to exist (Robertson and Nicholson 1996, 1105; Cho et al. 2015, 79). Therefore, in this study, the focus will be on the different information types and how these co-occurrence in sustainability reports. More precisely, when reporting about sustainability, do companies communicate their concrete actions and current progress related to a specific goal. Alternatively, as Robertson and Nicholson (1996, 1095) frame it, ‘how likely are firms to “walk the talk?”’

1.2 Research gap

Sustainability reporting has been a widely studied topic in academia from multiple perspectives and viewpoints using a large scale of different methods. Especially reporting quantity, as well as quality, has been widely researched areas in the past.

Research on the completeness, or in other words, the extent of reporting, focuses typically on examining the volume of reporting (Hahn & Kühnen 2013, 10), by counting, for example, words (e.g., Campbell 2004), pages per disclosure (e.g., Unerman 2000; Gray et al. 1995) or sentences (e.g., Perrini 2005). The main limitation of these studies is that they do not reveal the meaning of what companies are reporting, actually saying, or reveal any characteristics of the information (Michelon et al. 2015, 65; Beck et al. 2010, 210).

Therefore, many studies have combined analyzing the extent as well as quality in the same study. As an attempt to evaluate the quality of disclosures, a usual approach is to use a scale

to assign values for each disclosure, where a higher value indicates better quality and hence better quality of reporting. The quite common scale is from 1 to 3, where 3 indicates that a specific disclosure has been described with quantitative information, 2 indicates non-quantitative but still precise information, and 1 implies basic qualitative data (Bouten et al. 2011, 190).

However, Bouten et al. (2011, 190) criticize studies that assign different values for disclosures for the lack of presenting the full context of the disclosure because, in theory, a disclosure could get the highest score of 3 with disclosing everything mentioned on the scale (quantitative, non-quantitative precise data, and basic qualitative data), or by disclosing *only* quantitative performance data. Therefore, it “*remains impossible to judge whether companies mainly elaborate on aims and intentions or on real actions taken*” (Bouten et al. 2011, 190).

To address this limitation, Bouten et al. (2011) developed a content analysis framework to investigate three information types that would provide full context for sustainability disclosures. The information types are vision and goals, management approach, and performance indicators, and Bouten et al. (2011) referred to this as *comprehensive reporting*. This definition is also adopted in this thesis to refer to sustainability disclosures that are reported with these three information types.

Previous studies have recognized the importance of using these three information types (Comyns et al. 2013, 241; Adams 2004, 732; Robertson & Nicholson 1996;1105) or have already studied the information types’ occurrence (de Grosbois 2012; Rashidfarokhi et al. 2018). However, to the authors knowledge, the study by Bouten et al. (2011) is the single research conducted about the occurrence of information types in sustainability reports that also reveals what type of information combinations exist.

Vuontisjärvi (2006, 338) studied human resource management related themes and indicators in Finland. These indicators were then classified as a principle indicator, if the indicator stated aim or value, as a process indicator, if it described action or practice, and as a performance indicator, if the indicator reflected a result from action or practice. (Vuontisjärvi 2006, 338, 344)

An additional study conducted in Finnish setting is by Rashidfarokhi et al. (2018) as they adopted these three categories presented by Vuontisjärvi (2006) when analyzing sustainability reporting issued by real estate sector. However, the limitation of both of these studies is that they only divide the studied disclosures into three different categories based on the information attribute. Hence they do not provide information about the context of the disclosures. After all, it is quite presumable that some disclosures would be reported with two or more information types.

In this study, the framework developed by Bouten et al. (2011) will be adopted to analyze the Finnish companies' sustainability reports, as it enables the collection of detailed data about the disclosed information types and information type combinations. With the adopted framework, it is possible to identify the volume of vision and goals, management approach, and performance indicators in reports. Additionally, it is possible to assess the different information type combinations and discover whether information types vary between economic, environmental, and social disclosures.

As Finland is constantly performing well on global sustainability indices (Olkkonen & Quarshie 2019, 77), it was considered an interesting target country to study the comprehensiveness of sustainability reports. As this study will also assess the development by analyzing the years 2013, 2016, and 2019, this study will provide novel information in a new country setting as well as reveal data about the development trends.

1.3 Definitions and key concepts

Before going any further, it is essential to define the different terms used in this study. The range of terminology used in sustainability reporting research is often fragmented, and terms are used interchangeably, which creates confusion. Consequently, terms get varying definitions in research, and hence it is essential to present what are the adopted definitions.

Corporate Social Responsibility (CSR) "*encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time*" (Carroll 1979, 500). To support this definition, the European Commission (2011, 6) defines CSR as

"the responsibility of enterprises for their impact on society". The European Commission (2011, 6) continues that *"enterprises should have in place a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy."*

Sustainability, also referred to as sustainable development (Robinson 2004, 370; Strand et al. 2015, 2), means *"development that meets the needs of the present without compromising the ability of future generations to meet their own needs"* (World Commission on Environment and Development 1987, 41).

Terms CSR reporting and sustainability reporting are commonly used interchangeably, and also terms such as triple bottom line reporting or corporate responsibility reporting are used at times when referring to a company's efforts communicating about corporate social responsibility (Wensen et al. 2011, 14; Thijssens et al. 2016, 87; GRI 2019; Moravcikova et al. 2015, 332). In this study, **sustainability reporting** is used solely in this study to refer to these actions.

The definition that is adopted here is by Daub (2007, 76), who defines that a **sustainability report** must *"contain qualitative and quantitative information on the extent to which the company has managed to improve its economic, environmental and social effectiveness and efficiency in the reporting period and integrate these aspects in a sustainability management system"*.

Companies quite usually adopt some framework or standard when preparing sustainability reports. The Global Reporting Initiative (**GRI**) is an international organization that aims to help organizations to be transparent and take responsibility for their economic, environmental, and social impacts (GRI 2020a, GRI 2020b, 3) by publishing **GRI Standards**, which are the most well-known and adopted framework globally for sustainability reporting (KMPG 2020, 25).

The **annual report** refers to a document that is published annually to shareholders and typically includes financial information from the year, the strategic report, and a director's report but is not limited to these (Rice 2015, 240).

When speaking of an **Integrated Report (IR)**, the definition presented by Integrated Reporting Council (IIRC 2013, 7) is most commonly referred to as:

“a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value over the short, medium, and long term.”

The IIRC (2013, 7) also states that the integrated report should always be prepared following the IR Framework.

However, on a more general level, integrated reporting refers to reporting that combines previous individual documents, such as the sustainability report and financial report, together to one document, usually published as one, the annual report (Rowbottom & Locke 2016, 84). To avoid confusion with the definition of Integrated Report by IIRC, in this thesis, the term **Combined Annual Report (CAR)** will refer to a report that combines sustainability and financial information into one document.

Sustainability disclosures are information about companies' strategic, financial, environmental, and social topics (Michelon & Parbonetti 2012, 479) and hence, can be in both qualitative or quantitative form. These disclosures usually provide additional information about companies' sustainability impacts and activities towards the environment and society (Michelon & Parbonetti 2012, 478; Songini & Pistoni 2015, 1). In this thesis, the term **disclosure** refers to this same definition. The sustainability report consists of these disclosures (Bernow et al. 2019).

Comprehensive reporting is a scientific approach towards reporting that Bouten et al. (2011) proposed, and this is also adopted in this study. Bouten et al. (2011, 188) argue that each sustainability disclosure should be reported by three information types of *“(i) vision and goals, (ii) management approach, and (iii) performance indicators.”* This is also referenced with the wording **“comprehensive sustainability reporting”**.

The level of comprehensive reporting is a measure that describes the percentage of sustainability disclosures reported by targets, actions, and performance in contrast to the sustainability disclosures that are only reported partially. (Bouten et al. 2011, 195)

OMXH15 is a stock market index that includes companies that are most exchanged in the Helsinki Stock Exchange. At the time of this thesis, eight industries are represented, and a total of 15 companies are listed.

A **stakeholder** is “*any group or individual who can affect or is affected by the achievement of the firm’s objectives*” (Freeman 1984, 46). These include, for example, “*employees, customers, suppliers, shareholders, management, governments, NGOs, media, and the general public*” (Tschopp & Huefner 2015, 570).

1.4 Research objectives and questions

This paper aims to review how the comprehensiveness of sustainability reporting has developed in Finnish companies. As earlier defined, comprehensiveness of reporting is a scientific approach towards reporting, which proposes that each sustainability disclosure should be reported by three information types of vision and goals, management approach, and performance indicators (Bouten et al. 2011, 188). It will be assessed how comprehensiveness has developed as an information type, how it has developed with economic, environmental, and social disclosures, and development between different industries will be compared. Therefore, to be able to investigate this topic further, the following research questions were formed.

RQ: How the comprehensiveness of sustainability reporting has developed in Finnish listed companies during the period 2013-2019?

The main goal is to find out how the overall comprehensiveness has developed during 2013-2019. This will be done by adopting a measure. The *level of comprehensive reporting* will reveal the percentage of sustainability disclosures reported by all three information types in contrast to the sustainability disclosures that are only reported partially. (Bouten et al. 2011,

195) This measure will reveal whether the companies are reporting comprehensively, i.e., reporting high quality or only reporting many disclosures.

Additionally, to gain a fuller picture of the development, the following sub-questions were formed:

sQ1: How Finnish listed companies have reported about vision and goals, management approach, and performance indicators in key sustainability areas, including Economic, Environment, Labor practices and decent work, Human rights, Society, and Product responsibility during the period 2013-2019?

With this question, the aim is to discover how the amount of disclosures reported with all three information types has developed in each sustainability area. Additionally, this question will reveal possible differences between the sustainability areas.

sQ2: What has been the most used information type or information type combination in key sustainability areas, including Economic, Environment, Labor practices and decent work, Human rights, Society, and Product responsibility during the period 2013-2019?

In addition to using all three information types in combination, there are other possible information type combinations. Hence, this study also aims to identify what information type or information type combinations are the most used when reporting disclosures in different areas.

sQ3: How comprehensiveness of sustainability reporting has developed during the period 2013-2019 in environmentally sensitive industries in key sustainability areas, including Economic, Environment, and Social, compared to non-environmentally sensitive industries?

With this question, the goal is to compare environmentally sensitive and non-environmentally sensitive industries. This question helps to answer how the comprehensiveness of sustainability reports has developed between these industries. Additionally, each sustainability area of Economic, Environment, and Social is studied more

closely to compare whether environmentally sensitive or non-environmentally sensitive industries report more comprehensively.

For practice, this study will highlight the importance of providing context for sustainability disclosures. As this study will reveal possible gaps in sustainability reporting, it will raise awareness for stakeholders to demand more precise information and signal companies what should be improved in their sustainability reporting.

Furthermore, this study will offer additional information, especially for investors. Companies that report comprehensively about sustainability will provide greater transparency and signal how the company is managing sustainability. This is valuable information to investors, as they can analyze the company's future outlooks and make judgments about management's ability to accomplish targets. Achieving sustainability targets will send positive signals to investors as it communicates about the company's ability to meet other financial objectives (EY 2014, 10).

The study will shed light on how well different reporting areas, e.g., environmental, human rights, or product responsibility, are covered. Therefore this study will help companies identify possible gaps in their current reporting practices. Additionally, it will be discovered if companies are reporting numerous disclosures but not offering the relevant context for the disclosure, which could be seen as a sign of "greenwashing."

1.5 Limitations and scope

This thesis aims to discover how companies disclose vision and goals, management approach, and performance indicators for sustainability disclosures and to what extent. As this thesis benefits from Bouten et al. (2011) work, some similar limitations can be found in this thesis.

First, while it can be argued that using all three information types will increase the quality of sustainability reporting, this study does not evaluate the quality of the sustainability disclosures. Rather, this thesis focuses on identifying the extent to which companies have used these three information types. Additionally, this study does not take into account the

credibility of these disclosures. (Bouten et al. 2011, 201) Consequently, the limitation of this thesis is that the purpose is only descriptive, as the goal is to describe how reporting has developed. Therefore this study does not aim to explain why reporting practices have developed.

The scope of the used content analysis framework is based on GRI Standards. Therefore, companies may report some sustainability disclosures that are not covered in the adopted content analysis framework. Hence, the content analysis framework follows GRI Standards, a list of sustainability disclosures, and it should not be considered a *full* set of sustainability disclosures. (Bouten et al. 2011, 201) However, adopting the GRI standards is justified, as GRI Standards are the most well-known and adopted framework globally (KMPG 2020, 25), and are most likely to offer a complete view of companies' sustainability reporting practices. Additionally, as this study aims to study the development of comprehensive sustainability reporting, it is more fitting that the framework is the same in each analyzed year to increase the comparability of the results.

The researched sample is Finnish companies listed at OMXH15, a stock market index that includes most exchanged companies in the Helsinki Stock Exchange. At the time of this thesis, eight industries are represented, and a total of 15 companies are listed. Therefore, the results cannot be generalized to present the stage of reporting in Finland. Additionally, while one goal is to compare environmentally and non-environmentally sensitive industries, it must be noted that some sectors are overrepresented in the sample and some correspondingly underrepresented. Therefore the findings from industry differences must be interpreted with caution.

1.6 Research structure

The overall structure of the study takes the form of 6 chapters. As this thesis's goal and background have been presented, the theoretical background is presented next. The following chapter 2 reflects the development of corporate reporting practices introducing paradigm shifts from financial to sustainability reporting, continuing to the newest trend of integrated reporting. Simultaneously, the development of CSR and sustainability are discovered.

Following, sustainability reporting is studied in more detail by discussing regulatory circumstances and sustainability reporting standards, focusing on the GRI Standards. Also, determinants that have been found to affect sustainability reporting practices, such as firm size, media visibility, and industry membership, are studied. The chapter proceeds by presenting the cultural backdrop for sustainability reporting in Finland and discussing trends. Lastly, the concept adopted in this research, comprehensive reporting, is studied in more detail, and previous studies are examined.

Lastly, the theoretical underpinnings for sustainability reporting are presented. In this thesis, the reporting practices are studied through legitimacy and stakeholder theory, and finally, chapter 2 summarizes these theories to the theoretical framework of this thesis.

Chapter 3 is concerned with the methodology used for this study. The adopted method for the analysis is content analysis, and the coding content and structure will benefit from the work of Bouten et al. (2011). Additionally, the sample is presented, and the reliability and validity of this study are discussed.

After the content analysis framework is presented in chapter 3, chapter 4 will continue to present the findings from the adopted content analysis framework, continuing with a discussion of the results in chapter 5. In the final chapter 6 of this thesis, a conclusion will be presented, including implications made for theory and practice, and future research is suggested.

2 Theoretical background

This chapter reviews the theoretical background of this thesis and consists of three main parts. First, the development of company reporting practices is examined, and the rise of sustainability reporting is explained. The second part focuses on further investigating sustainability reporting. The reporting standards and regulation affecting sustainability reporting practices are reviewed and the determinants found in previous research to affect reporting practices, such as firm size, media visibility, and industry membership, are studied. Additionally, sustainability reporting in the Finnish context is reviewed, and the adopted scientific concept of comprehensive reporting will be presented, and the findings from relevant previous studies are exhibited. The third part examines sustainability reporting practices through the lenses of legitimacy and stakeholder theory, and finally, the theoretical framework of this thesis is presented.

2.1 Development of corporate reporting practices

History has shown that too often, corporate controversies act as a force for change (Lessambo 2018, 3). This has also reflected in the development of corporate reporting, as the aftermath of many corporate scandals has acted as a force to create new organizations that monitor company activities and create guidelines for reporting. As can be found in the following chapters, many factors have influenced the growing popularity of sustainability and corporate governance topics, such as:

“the accounting scandals that have highlighted the limits of the international regulation about governance and disclosure, the economic crisis that has changed the way organizations run their business and a general lack of investor confidence in companies’ disclosure system and in the effective relevance of traditional financial statements. (Izzo & Fiori 2016, 156)”

The following chapters will introduce how corporate reporting has developed from traditional financial reporting to the rise of non-financial information and towards the newest trend of integrated reporting. This chapter will also offer explanations as to why reporting practices vary in the corporate world. Additionally, origins of the terms sustainability and

CSR are discovered, which in turn offer explanations as to why these and other terms are commonly used interchangeably when referring to sustainability reporting.

2.1.1 Financial reporting

The Great Depression that followed the 1929 stock market crash in the USA was an event that pointed to the issues in financial reporting (Higson 2003, 61). As a result, the US Congress founded The Securities and Exchange Commission (SEC) in 1934 to oversee that companies publish accurate and reliable information about their businesses (Higson 2003, 61; The US Securities and Exchange Commission 2013).

However, the first steps towards modern financial reporting were taken in 1950 when the idea of harmonization was introduced as a way to minimize differences in accounting practices (Lessambo 2018, 4). In 1960, the paradigm shift continued as the attention moved towards users' needs and information availability. It became essential to users that they could base their economic decisions on relevant and trustworthy financial information. (Higson 2003, 60)

The International Accounting Standards Committee (IASC), nowadays known as the International Accounting Standards Board (IASB), was founded in 1973, and it was the first organization to set international standards (Lessambo 2018, 4). IASB introduced the first International Financial Reporting Standards (IFRS) in 2003, which have been renewed, with the newest standards published in 2018 (IFRS 2020). The IFRSs were adopted by the European Union in 2002 and have been in use since 2005. Therefore it is mandatory for all listed companies in the EU to prepare their financial statements following the IFRSs (European Commission 2020).

Financial reporting refers to external reports that companies publish, which contain financial, so in other words, numerical information about the company's financial activities. This information is addressed to external users such as potential capital providers, investors, shareholders' and lending institutions, or others planning on making investment decisions (Tschopp & Huefner 2015, 569; Palea 2013, 250). These reports include four main statements: the balance sheet, the income statement, the statement of cash flows, and the

statement of changes in equity (Lessambo 2018, 16-17). However, it must be noted that financial reporting is not limited to only these four statements and combines other information, too, such as management discussion (Lessambo 2018, 17). These together will offer information about the company's financial performance, financial position, and information about the changes in this position in a specific period, which is essential for users to make economic decisions. (Greuning et al. 2011, 18; Schaltegger et al. 2006, 3)

2.1.2 The emergence of non-financial information and sustainability reporting

As with accounting and financial reporting, early developments in sustainability reporting were also motivated by global pressures (Rupley et al. 2017, 172). To describe today's sustainability reporting, we need to go back to the 1950s when terms sustainability and CSR first emerged to explain the variety of existing terms (Dragu 2019, 77).

From the 1950s, both terms started to gain growing interest, yet by 1970 the term sustainability was already strongly associated with environmental problems (Dragu 2019, 77; Giovannoni & Fabietti 2013, 24). The first signs of growing concerns about environmental issues were addressed in 1972 at the UN Conference on Human Environment in Stockholm. The conference led to the creation of the UN Environmental Programme (UNEP), which still encourages cooperation and leadership in managing environmental issues (Giovannoni & Fabietti 2013, 24).

As globalization progressed, the conflict between economic growth and businesses' impacts on the environment escalated. Issues such as water, air pollution, and resource scarcity worked as pressing forces in creating the Brundtland report in 1987. (Dragu 2019, 78) This report introduced the most well-known definition of sustainable development as "*development that meets the needs of the present without compromising the ability of future generations to meet their own needs*" (World Commission on Environment and Development 1987, 41). In 1992 this work was continued in the Rio Earth Summit, where a global action plan was introduced as Agenda 21, which advised how sustainable development can be achieved. (Giovannoni & Fabietti 2013, 25)

Giovannoni & Fabietti (2013, 25) conclude that only after the 1990s companies started to see the business advantage of managing environmental performance and started integrating indicators such as energy efficiency, material efficiency, and emissions into their operations. Earlier environmental issues were handled reactively, meaning that action was taken after environmental harm had happened. A more proactive approach was adopted, and hence, the company focus started to shift from an earlier focus on social reporting to mainly environmental reporting (Fifka 2013, 2). (Giovannoni & Fabietti 2013, 25)

While the origins of the term corporate social responsibility (CSR) can be traced back to the 1930s, the steps towards the modern definition were taken in the 1950s (Carroll 1999, 269). In 1953 Howard R. Bowen, the “Father of Corporate Social Responsibility,” as Carroll (1999, 269-270) declares, published a landmark book called *Social Responsibilities of the Businessman*. At this time, social responsibility was the dominant term. However, later in the 1960s, corporate social responsibility was established as a term when the efforts trying to define CSR started to grow.

During the 1970s, large corporations started to publish information about their social efforts, such as information about their product quality, equal opportunities, and social benefits for their employees (Fifka 2013, 2). However, Tschopp & Huefner (2015, 575) view that reports from this period were merely for marketing purposes and lacked comparability, consistency, and reliability.

Starting from the 1980s, research on CSR was expanding, and new alternative terms and concepts were developed. Corporate social responsiveness, corporate citizenship, business ethics, and stakeholder theory were only a few of the new emerging terms, which all shared common elements with CSR. Additionally, maybe one of the most cited definition for corporate social responsibility was introduced, which argued that CSR “*encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time* (Carroll 1979, 500).” (Carroll 1999, 284; Giovannoni & Fabietti 2013, 26)

One of the main events that acted as a pushing force towards the form of nowadays sustainability reporting was the Exxon Valdez oil spill in 1989. Socially responsible

investment (SRI) funds and environmental groups joined forces and demanded more transparency about companies' environmental risks. Later in the same year, SRI professionals founded the Coalition for Environmentally Responsible Economies (CERES). (Rupley et al. 2017, 173)

A couple of years later, CERES founded The Global Reporting Initiative (GRI) in 1997. GRI's mission was to create harmony on a global level, guiding what sustainability characteristics should be measured and how they should be reported. As a result, the first GRI Guidelines were introduced in 2000. The guidelines have been evolving ever since, and new guidelines were published as G2 in 2002, G3 in 2006, G4 in 2013, and the latest GRI Standards in 2016 (GRI 2020a). (Rupley et al. 2017, 173)

In the early 2000s, the separate environmental and social reports were replaced with one broader report that combined these two topics into one. These non-financial reports, covering environmental, social, and governance topics (Kannenberg & Schreck 2019, 516), were commonly published with names such as sustainability report, corporate (social) responsibility report, or corporate citizenship report. (Fifka 2013, 2) Consequently, from 2000 to 2010, these terms, CSR and sustainability, started to merge as they started sharing common goals related to social and environmental issues (Dragu 2019, 78). While financial reporting is backward-looking as it focuses on past performance (Fasan 2013, 44), sustainability reporting widens the reporting frame to the present and near future. Sustainable Development Goals set in 2015 and EU's Climate and Energy framework set in 2014 have both set their targets to the year 2030 (United Nations 2015; European Commission 2014). As companies tend to follow international and national guidelines, it is logical that companies adopt the same timeframes (KPMG 2015, 18).

Figure 1 below presents how these two terms have developed and what have been the motivations and main events affecting the development. Figure 1 also illustrates a few events on the same timeline that contributed to the development of financial reporting and integrated reporting. Next, the newest trend of integrated reporting is presented.

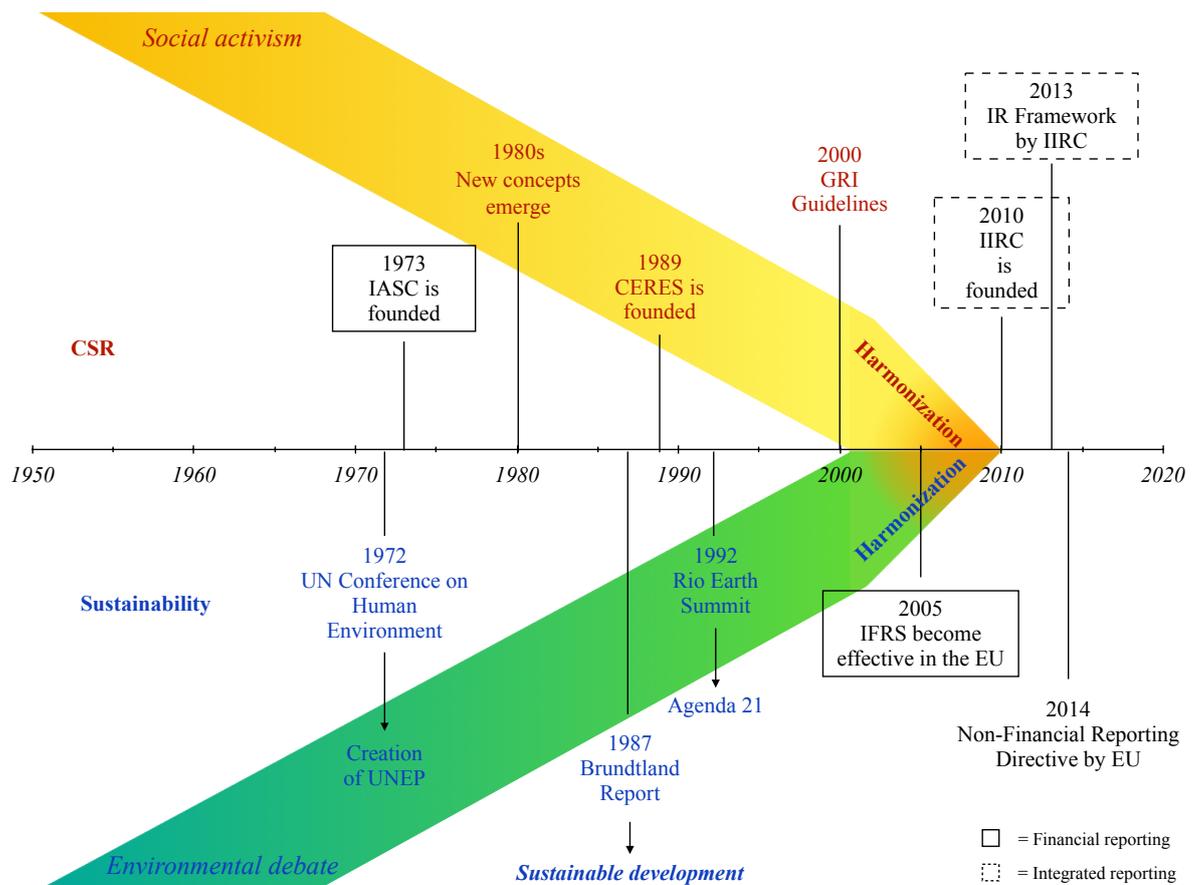


Figure 1 Historical review on events affecting sustainability reporting (adapted after Dragu 2019, 78-79; Loew et al. 2004, 8-9)

2.1.3 Towards Integrated reporting

The aftermath of the financial crisis in 2007-2008 confirmed that existing reporting practices were limited and did not present an adequate picture of companies' activities (Rowbottom & Locke 2016, 92). Consequently, Deloitte (2015, 5) found that over two-thirds of investors lost their trust in corporate reports after the crash. As in the past, crisis provided momentum for development as problems with narrow corporate reporting were again on the surface, and more extensive and complete reporting was needed (Rowbottom & Locke 2016, 92).

Some companies have been publishing early versions of integrated reports already in the early 2000s, but as can be assumed, the content, size, and nature have been in varying degrees. These early versions combined the financial and sustainability reports into one, commonly published in the form of an annual report. (Rowbottom & Locke 2016, 84, 90)

The annual report refers to a document that is published annually to shareholders and typically includes financial information from the year, the strategic report, and a director's report but is not limited to these (Rice 2015, 240).

In 2010, GRI and The Prince's Accounting for Sustainability Project (A4S) joined forces, and the International Integrated Reporting Committee (IIRC) was founded (Rowbottom & Locke 2016, 84). IIRC's goal was to create a framework that "*brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format - put briefly, in an "integrated" format*" (IIRC 2010, 1). Later in 2013, IIRC published its first official Integrated Reporting (IR) Framework, which is based on seven guiding principles and eight content elements (Kannenberg & Schreck 2019, 520).

IIRC (2013, 7) defines an integrated report as a "*concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.*" The IIRC (2013, 7) also states that the integrated report should always be prepared following the IR Framework.

While the IR Framework is the most well-known approach to integrated reporting, other approaches share the same goal of integrating financial and non-financial information (Kannenberg & Schreck 2019, 518). Integrated reporting, on a more general level, refers to reporting that combines previously individual documents, such as the sustainability report and financial report, together to one document, intending to provide a more holistic overall picture of the company's activities (Rowbottom & Locke 2016, 84).

However, IIRC (2019) strongly advises not to use the term integrated report of a document not prepared following the IR Framework. Therefore, to avoid confusion with Integrated Report by IIRC, this thesis will use the term Combined Annual Report (CAR) to refer to a report that combines previously individual documents.

Kannenberg & Schreck (2019, 520) state that one major step towards integrated reporting is the Non-Financial Reporting Directive by the EU set in 2014. This new directive concerns only large companies that have over 500 employees and a net turnover of over 40 EUR

million or a balance sheet total of over 20 EUR million (GRI & CSR Europe 2017, 20). Also, public interest entities, such as listed companies, creditors, and insurance undertakings, are expected to follow this directive (GRI & CSR Europe 2017, 20). The directive recognizes the IR Framework by IIRC, but it does not command to publish only combined reports but also allows separate financial and sustainability reports (Kannenberg & Schreck 2019, 520). In other words, issuing IR in the European Union is still voluntary (Rupley et al. 2017, 174).

The different paradigm shifts in corporate reporting have now been presented. This contributes to explaining why reporting practices still differ significantly, not only internationally but also domestically. However, as this thesis focuses on sustainability reporting, the next chapter will discuss the topic in more detail.

2.2 Sustainability reporting

As was discovered in the previous chapter, the debate around definitions of CSR and sustainability origins from different historical viewpoints. While sustainability originated from environmental concerns and CSR from social issues, these two concepts merged between 2000 and 2010 towards common goals. (Dragu 2019, 77) While some will see these terms as distinctively different terms, they are often used interchangeably (Stand et al. 2015, 2). As a result of this debate and the emergence of other similar terms in the 1980s, it is no surprise that this has also influenced the wide range of reporting terminology. Terms such as CSR reporting, sustainability reporting, triple bottom line reporting, or corporate responsibility reporting are used when referring to organizations' efforts to communicate about social and environmental impacts (Wensen et al. 2011, 14; Thijssens et al. 2016, 87; GRI 2019; Moravcikova et al. 2015, 332).

However, Strand et al. (2015, 2) state that the term sustainability is gaining more momentum over CSR and argue the reason to be that the terminology for sustainability is more rational and therefore is more understandable by company executives. Further, there are already practical implications to be seen. KPMG publishes extensive global studies on the development of sustainability reporting, and for 2011, 2013, and 2017, the name of the publication has been "Survey of *Corporate Responsibility Reporting*", but as of the latest,

the newest report for 2020 is named “Survey of *Sustainability Reporting*” (KPMG 2011; KPMG 2013; KPMG 2017; KPMG 2020).

In this study, CSR reporting and sustainability reporting are seen as interchangeable terms. However, for clarity, the term sustainability reporting is adopted, and from now on will be used solely. Daub (2007, 76) explains that a sustainability report must “*contain qualitative and quantitative information on the extent to which the company has managed to improve its economic, environmental and social effectiveness and efficiency in the reporting period and integrate these aspects in a sustainability management system.*”

Another definition provided by GRI (2016a), the provider of the predominant global sustainability framework (KPMG 2020, 25), reflects this theoretical definition of Daub (2007) by defining sustainability report as:

“a report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. The report also presents the organization’s values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy.”

As was presented earlier, a sustainability report can be a separate report or a distinctive section in an annual report (Baboukardos & Rimmel 2016, 438), and it can be a hard-copy or available online (Wensen et al. 2011, 14). The number of companies that integrate responsibility information in their annual reports has been growing distinctly based on KPMG’s survey. KPMG (2017, 2) evaluated annual reports, sustainability reports, and websites of 4 900 companies in 49 countries to assess the global reporting rate. In 2017, 78% of the world’s top 250 companies included sustainability information in their annual reports, which significantly increased from 2011 when the amount was only 44%. This signals a development that companies find sustainability information important and relevant. (KPMG 2017, 21)

2.2.1 Reporting standards and regulation

While it is evident that sustainability reporting has gained momentum, it is not without challenges. One of the main challenges with sustainability reporting is the lack of harmonization with standards, which leaves room for companies to narrate their own story by, for example, focusing only on the positive aspects (Abernathy et al. 2017, 33). It is also evident from the number of available standards, as there are over 300 different codes, standards, and frameworks aiming to help companies integrate environmental and social matters as a part of business activities (Ligteringen & Zadek 2005, 1). The most well-known include tools such as the United Nations (UN) Global Compact, ISO 14001, the Global Reporting Initiative (GRI), and OECD directory for multinational enterprises, to name a few (Marimon et al. 2012, 132).

Further, the amount of available sustainability tools signals the reality that sustainability reporting is not very regulated, and therefore, sustainability reporting is still mainly performed on a voluntary basis (Ligteringen & Zadek 2005, 1; Thijssens et al. 2016, 86). However, some progress has occurred, as regulation is one of the key methods to increase sustainability reports' credibility (Abernathy et al. 2017, 34).

The European Union (EU) Non-Financial Reporting Directive (Directive 2014/95/EU) was already launched in 2014, but the first deadline for transposition for member states was still missed by nearly half in December 2016 (KPMG 2017, 12). While the first reporting cycle was bound to happen in 2018 (GRI & CSR Europe 2017, 14), KMPG (2017, 12) did not expect to see any real progress until 2019 or even 2020.

This new directive concerns large companies with over 500 employees and a net turnover of over 40 EUR million or a balance sheet total of over 20 EUR million (GRI & CSR Europe 2017, 20). Also, public interest entities, such as listed companies, creditors, and insurance undertakings, are expected to follow this directive (GRI & CSR Europe 2017, 20). Therefore, in this thesis, all the companies included in the sample are affected by the directive.

The Directive 2014/95/EU obliges these companies to prepare a statement covering information relating to at least environmental, social and employee-related matters, human rights, anti-corruption, and bribery matters. When preparing this statement, companies may rely on national frameworks, Union-based frameworks, or internationally recognized frameworks, such as UN Global Compact, ISO 26000, or GRI. (European Commission 2014)

PwC has published Corporate Responsibility Barometer's, which have followed the development of corporate responsibility and sustainability reporting practices. In Finland, GRI has been one of the most adopted frameworks, as in 2015, 57% of the studied companies reported in accordance with GRI, in 2016 59% and 2017, 60% of companies used GRI Standards. As GRI Standards have established its position as the primary reporting framework in Finland, which is also evident in this study's sample companies (Table 4), the GRI guidelines are next presented in more detail. (PwC 2016, 14; PwC 2018, 19)

2.2.2 The GRI Standards

Besides the GRI guidelines being the most adopted framework in Finland, it is also the most well-known and adopted framework globally (KMPG 2020, 25). GRI seeks to help organizations by providing free guidelines so that organizations can be "*transparent and take responsibility for their impacts so that we can create a sustainable future*" (GRI 2020a). Organizations of any size, type, sector, or geographic location can use the GRI Standards to communicate their impacts on climate change and human rights, among many others. Hence, the standards increase not only transparency but also enable global comparability of reports. (GRI 2020c, GRI 2020d)

The standards consist of three universal standards and three topic-specific standards. While the standards are planned to be used together, the standards are structured in modular form. Hence, the standards are applicable to use in situations where an organization wants to report only on specific impacts, such as its impacts on biodiversity to a specific set of stakeholders, or when preparing a full sustainability report according to the standards. (GRI 2020b, 5, 24)

The universal series compile of GRI 101: Foundation, GRI 102: General Disclosures, and GRI 103: Management Approach. The GRI 101 Foundation is the starting point when using the GRI Standards. It sets out the Reporting principles for both report content and report quality, both essential in pursuing a high-quality sustainability report. The reporting principles for defining report content are stakeholder inclusiveness, sustainability context, materiality, completeness, and for defining report quality, accuracy, balance, clarity, comparability, reliability, and timeliness. (GRI 2020b, 7, 10)

The GRI 102: General Disclosures requires organizations to report on contextual topics such as an organization's strategy, governance, and reporting process. GRI 103: Management Approach is used to report how material topics are managed. Additionally, the GRI Standards include topic-specific standards, from which the organization selects the ones based on material topics (GRI 2020d). These consist of 200 series (economic topics), 300 series (environmental topics), and 400 series (social topics). (GRI 2020b, 7)

When reporting according to the standards, organizations can choose to report with Core or Comprehensive option. Organizations can only report the minimum information about material topics, impacts, and management (core), or on top of this, include additional disclosures and more extensive information (comprehensive). However, it is necessary to highlight that the difference between the core and the comprehensive option is not related to the quality of reporting but merely reflects the degree of reporting. (GRI 2020b, 21)

The GRI guidelines are not without critics. While the GRI guidelines consist of economic, environmental, and social disclosures, Moneva et al. (2006, 131) point out that the distribution between these is not balanced as more than 50% of indicators are social indicators and, therefore, claim the GRI guidelines to be biased. Additionally, while the modular form of GRI guidelines creates flexibility, it also enables companies to “cherry-pick”, as Moneva et al. (2006, 130) point out, and allow organizations to choose indicators for their benefit. Further, Dumay et al. (2010, 543, 545) express concerns that GRI guidelines are mainly a form of managerial practice with reporting and measuring and could be used only as an outlet for “greenwashing.”

However, using any acknowledged standard when preparing a sustainability report is essential for companies if they wish the information reported in their sustainability report is seen as credible. The credibility of information can be gained through auditing, which is impossible if an organization has not adopted any recognized sustainability standards. (Abernathy et al. 2017, 34)

2.2.3 Determinants of sustainability reporting

Multiple studies have analyzed the determinants of sustainability reporting, some in a more general level (e.g., Hahn and Kühnen 2013; Ali et al. 2017; Fifka 2013), and some studies have focused on studying determinants on a specific country level (e.g., Gamerschlag et al. 2011; Reverte 2009; Muttakin & Khan 2014). However, the primary research referred to here is a qualitative systematic review of previous literature concerning sustainability reporting by Dienes et al. (2016, 156). The reasoning for this is that Dienes et al. (2016, 155) included only papers that studied sustainability reports that covered all three economic, social, and environmental dimensions, which also differentiates Dienes et al. (2016, 156) study from other similar ones. This resulted in 316 studies from the years between 2000-2015, and 48 of these focused on the determinants of sustainability reporting. (Dienes et al. 2016, 155-156)

Industry and country-of-origin are commonly used determinants for explaining companies' sustainability reporting, but Dienes et al. (2016, 166) decided to rule research regarding these out due to lack of common measurements. Eventually, Dienes et al. (2016, 167) analyzed seven different determinants that they identified from the remaining 33 previously conducted studies – firm size, profitability, capital structure, media visibility, corporate governance structure, ownership structure, and firm age. From these, firm size, media visibility, and ownership structure were emphasized as the most critical factors affecting companies' sustainability disclosures (Dienes et al. 2016, 154).

Firm size was operationalized with variables such as market capitalization, balance sheet total, and the number of employees, only to name a few. As all of the studies Dienes et al. (2016, 168) analyzed found a positive size or no size effect at all to sustainability reporting, it is safe to say that firm size is a significant determinant. Multiple reasons can explain this.

First, the cost of reporting is typically lower for larger companies due to economies of scale (Ho & Taylor 2007, 129). Additionally, larger companies typically have more audience because of the numerous stakeholders interested in companies' actions as well as the general public (Cowen et al. 1987, 113). Therefore these companies are more likely to have a higher motivation to report voluntary information to demonstrate that their actions are legitimate (Brammer & Pavelin 2006, 1173). (Dienes et al. 2016, 168)

This leads to the second factor driving sustainability reporting, which is often associated with firm size – media visibility. As described before, larger companies have larger audiences, and therefore, their visibility not only in society but also in media is greater. The company's motivation for reporting is related to the concerns of negative exposure in media or, worse, loss of reputation. Therefore, companies providing complete and detailed reports of their actions can act as a preventive measure. (Dienes et al. 2016, 170)

Likewise, to firm size, Dienes et al. (2016, 172) could not find any research that had observed that the ownership structure of a firm affected sustainability disclosures negatively. Ownership structure was studied with variables such as the percentage of ordinary shares held by shareholders other than the top 20, the percentage of shares held by the largest shareholder, and by free float (Dienes et al. 2016, 167). The percentage of shares held by the largest shareholders and the top 20 describes the ownership concentration. When the number of shares is distributed to a larger group of stakeholders, each owning a stake, the company is called a widely held company. This is opposite to a concentrated structure, where a few large shareholders hold all the company stakes. When the larger public owns the stakes, public accountability is demanded, and therefore, these companies are more likely to disclose further sustainability information (Gamerschlag et al. 2011, 238). (Mohd Ghazali 2007, 255)

While Dienes et al. (2016) excluded industry membership from their research due to lack of common measurement techniques, it has nevertheless been persistently found to be a contributing factor (e.g., Reverte 2008; Brammer & Pavelin 2008; Cowen et al. 1987). Sweeney & Coughlan (2008, 120) go even further and state “*a clear industry effect in the reporting of CSR.*” Different industry allocations have been proposed, such as distribution to high profile industries (e.g., Dilling 2010, 21), environmental sensitive industries (e.g.,

Branco & Rodrigues 2008, 689), and different sectors based on stakeholder pressure (customers, employees, environment, and investors) (Fernandez-Feijoo et al. 2014, 58).

While different scholars have used different classifications, it is still commonly recognized that companies with more significant environmental or social impacts on society are under higher pressure and hence, more likely to report environmental and social disclosures (Branco & Rodrigues 2008, 689). The results of KMPG's (2017, 20) survey also support academia as sectors like oil and gas, and mining, which are considered to have high environmental and social impacts, had the highest sustainability reporting rates.

In addition to oil and gas and mining, other industries that have been recognized to have a higher risk of environmental impacts include construction and building materials, forestry and paper, steel and other metals, and electricity. Therefore these industries have a higher risk of being criticized for their activities and are commonly referred to as “more sensitive” or environmentally sensitive industries. They are commonly found to disclose more sustainability information, especially environmental and health and safety disclosures. Ergo, other industries are hence considered as “less sensitive” industries. For example, Financials has been found to report more on social disclosures, such as product responsibility and society disclosures (Line et al. 2002, 77). (Branco & Rodrigues 2008, 691; Reverte 2009, 355)

The goal of this thesis is not to explain why reporting possibly differs in the sample companies. Nevertheless, it can be noted that the factors that Dienes et al. (2016, 154) found to be most influential – firm size, media visibility, and ownership structure – ensure a similar background for sample companies. All sample companies are publicly listed companies and therefore widely held that gain a lot of media visibility besides being large companies. Therefore, hypothetically, industry membership remains as the main explaining factor if differences occur.

2.2.4 Sustainability reporting in Finland

The overall state of sustainability reporting in Finland is at a good level. While Finland's sustainability reporting rate was in 2020 higher than the global average of 77% by 90%, the

development has not been quite steady, as can be noted from Figure 2 below. (KPMG 2020, 15)

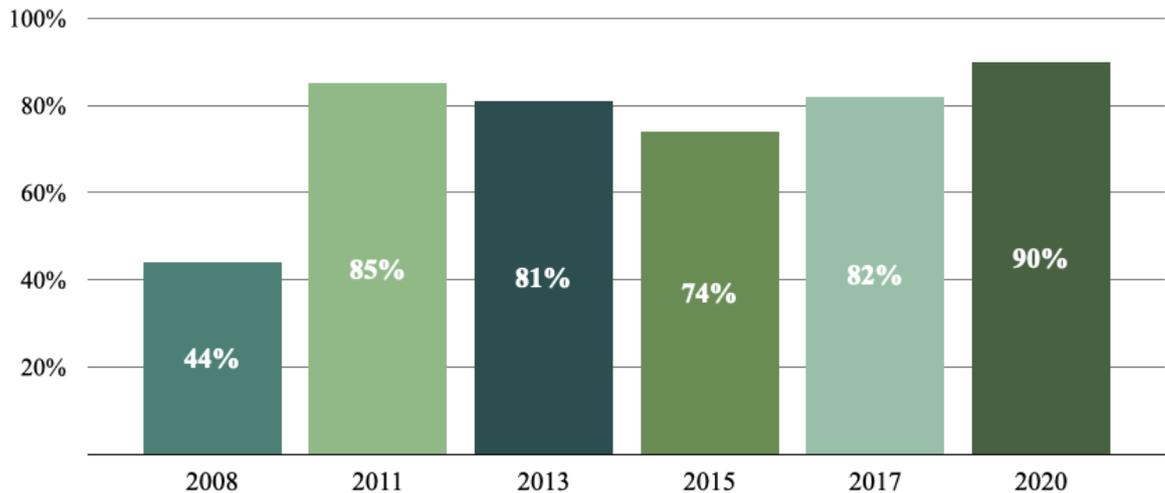


Figure 2 Sustainability reporting rates in Finland (KPMG 2011, 9; KPMG 2013, 26; KPMG 2017, 16; KPMG 2020, 15)

Table 1 below presents sustainability performance measured by four different global indices of the Nordic countries and presents that Finland is in the top five in three of these indices. This indicates that Finland's sustainability performance is consistent since these indices cover up to 200 countries. The specific areas where Finland is constantly performing well are equality, stability, good health, and education that can be partly explained by the Nordic welfare state model in Finland. On the contrary, the poorer placement on the Environmental Performance Index implies that the environmental dimension, such as maintaining biodiversity and cutting down emissions, has some shortcomings. The cause can be found from the already large and ever-growing carbon foot-prints of Finnish consumers' lifestyles. Therefore, it must be highlighted that while Finland performs well on these indices, it does not necessarily mean that the actions are sufficient enough. (Olkkonen & Quarshie 2019, 2, 18, 78-79, 82, 104) After all, the placement on these indices is truly dependent on the chosen selection criteria and measurement techniques, which Böhlinger & Jochem (2007, 2) finds *"inherently inconsistent and therefore useless if not misleading."*

Table 1 Ranking of the Nordic countries in sustainability-related indices (Olkkonen & Quarshie 2019, 78)

	<i>Country Sustainability Ranking 2018 (October)</i>	<i>Global Sustainable Competitiveness Index 2017</i>	<i>Environmental Performance Index 2018</i>	<i>The SDG Index 2018</i>
Denmark	2	5	3	2
Finland	4	4	10	3
Iceland	n/a	3	11	10
Norway	5	2	14	6
Sweden	1	1	5	1

Further on, Olkkonen & Quarshie (2019, 37) give an overview of so-called hard and soft regulations that guide companies towards corporate responsibility in Finland, which also affects sustainability reporting practices. While the Nordic countries are stated to be the top performers regarding social and environmental regulations and programs (Strand et al. 2015, 10), there are no national hard laws concerning CSR (Olkkonen & Quarshie 2019, 38). Mikkilä et al. (2015, 216) explain that the reason for this is probably the welfare status and advanced social legislation. Further, tripartite negotiations are unique to Nordic societies, and their goal is to negotiate about matters of common interest. Businesses, trade unions, and the state have negotiated and regulated nation-wide agreements about matters such as minimum wage, paid leaves, and also about the business environment for the private sector (Mikkilä et al. 2015, 216; Olkkonen & Quarshie 2019, 18). Furthermore, as discussed before, since Finland is a member state of the EU, various laws affect Finnish businesses (Olkkonen & Quarshie 2019, 38).

The declaration by the Finnish Ministry of Economic Affairs and Employment is an example of soft law guidance (Olkkonen & Quarshie (2019, 38). In 2012, the Ministry announced its support towards international CSR-related norms and guidelines such as OECD Guidelines for Multinational Enterprises, UN Global Compact, and ISO 26000 (Mikkilä et al. 2015, 216; Ministry of Economic Affairs and Employment of Finland 2019). The goal of such a

declaration was to push Finnish businesses towards voluntary actions. (Mikkilä et al. 2015, 216; Olkkonen & Quarshie 2019, 38)

The main reason why Finnish companies are engaging in CSR is top management, customers, owners, and investors. The results have been developing from viewing CSR as a short-term business opportunity towards seeing CSR as a long-term goal. (FIBS 2017, 7) While the legislation has not been the main driver for businesses, tighter regulations are expected in the future (Olkkonen & Quarshie 2019, 41-42). Especially regulation concerning environmental topics such as climate change and biodiversity are expected to tighten, as EU level legislation and international guidelines such as UN's Convention on Biological Diversity, Sustainable Development Goals of 2030, and 2030 Climate Target Plan also affect the government's policies in Finland and hence, also concerns Finnish organizations (Olkkonen & Quarshie 2019, 37, 41, 105).

2.2.5 Comprehensive reporting – a scientific approach

Bouten et al. (2011, 188) introduced a scientific approach towards sustainability reporting by developing a content analysis framework that can be used to analyze the comprehensiveness of sustainability reporting. Definition of comprehensive reporting demands that companies disclose all sustainability disclosure by reporting “*i) vision and goals (VG), (ii) management approach (MA), and (iii) performance indicators (PI)*” (Bouten et al. 2011, 188). This framework also analyzes the completeness (i.e., the number) of disclosed sustainability disclosures. (Bouten et al. 2011, 188)

While Bouten et al. (2011) introduced this concept of comprehensive reporting, the idea of reporting sustainability disclosures with vision and goals, management approach, and performance indicators is not new. For example, Adams (2004, 732) addressed this topic by calling companies to demonstrate accountability “*through a clear statement of values with corresponding objectives and quantified targets with expected achievement dates.*” Additionally, Adams (2004, 732) recognized the importance of completeness.

Bouten et al. (2011, 193-194) compiled their interpretation for the term comprehensive reporting from the work of Robertson & Nicholson (1996) and Vuontisjärvi (2006). The

summary of information types from all three studies can be found in Table 2, and it also shows how these reflect Bouten et al. (2011) definition.

Table 2 Information types (Bouten et al. 2011; Robertson & Nicholson 1996; Vuontisjärvi 2006)

<i>Bouten et al. (2011)</i>	<i>Robertson & Nicholson (1996)</i>	<i>Vuontisjärvi (2006)</i>
Vision and goals	General rhetoric	Principle indicators
Management approach	Specific endeavor level	Process indicators
Performance indicators	Implementation and monitoring	Performance indicators

Robertson & Nicholson (1996, 1095) studied UK based firms and the sustainability disclosures found from the corporate publications. Based on their results, Robertson & Nicholson (1996, 1098) discovered that the studied companies disclosed sustainability information on three hierarchical levels. While the first level, “General rhetoric”, shows that companies are interested in responsibility issues and give value to it, it is “*meaningless if not backed by specific objectives and actions*” (Robertson & Nicholson 1996, 1105). In the second level, “Specific Endeavor”, companies already communicate about specific initiatives, and at the last level, “Performance indicators”, progress is also reported. Robertson & Nicholson (1996, 1105) do not present specific results on the coverage of each hierarchy level. However, they simply state that most companies communicate only on a general level without specific indicators or progress update. (Robertson & Nicholson 1996, 1099, 1101)

While Robertson & Nicholson (1996) focused on studying the social and environmental disclosures, Vuontisjärvi (2006) takes an even narrower view by focusing on only human resource disclosures. The results revealed a lack of comparability and unbalanced reporting of disclosures based on the content analysis conducted to Finnish companies’ annual reports. Vuontisjärvi (2006, 338) identified human resource management related themes and indicators corresponding to these themes. These indicators were then classified as a principle

indicator, if the indicator stated aim or value, as a process indicator, if it described action or practice, and as a performance indicator, if the indicator reflected a result from action or practice. The majority of the measured indicators were not disclosed at all, and in few cases where quantitative performance indicators were disclosed, they were not comparable. (Vuontisjärvi 2006, 338, 344)

In comparison to studies conducted by Robertson & Nicholson (1996) and Vuontisjärvi (2006), Bouten et al. (2011) included all three dimensions of sustainability (economic, environmental, social), while Robertson & Nicholson (1996) and Vuontisjärvi (2006) only studied social or environmental disclosures. Additionally, Robertson & Nicholson (1996) and Vuontisjärvi (2006) merely identified that companies disclose sustainability disclosures in three different ways, as summarized in Table 2, while Bouten et al. (2011) also studied the co-occurrence of different information types.

Bouten et al. (2011, 188) study aimed to develop a content analysis framework that could be used to assess the comprehensiveness and completeness of sustainability reports. Bouten et al. (2011) demonstrated the framework's feasibility by analyzing Belgium listed companies and their annual reports from 2005. The developed framework studied economic, environmental, and social disclosures, where social disclosures were further divided into four categories of labor practices and decent work, human rights, society, and product responsibility. (Bouten et al. 2011, 188, 193)

The findings indicate a low level of sustainability reporting, as 27% of the companies did not report any sustainability disclosures in their annual reports. Additionally, 59% of the companies who did report some sustainability information did not provide all three information types for *any sustainability disclosure*. It can be easily questioned, does this kind of information satisfies the information needs of stakeholders. Overall, the results also indicated that the majority of disclosed items were only in a narrative form. However, Bouten et al. (2011) revise and remind that despite the poor results, some information about disclosures might be time-lagged, and therefore longitudinal study would achieve better results. (Bouten et al. 2011, 190, 201-202)

When first looking only at the three information types and how they are distributed, most disclosures were covered by the information type of management approach by 75%, while vision and goals covered 45,7% and performance indicators by 36,1%. Bouten et al. (2011, 197) also analyzed the combinations of different information types, and still, reporting sustainability disclosures with only using management approach was the most popular way of reporting with 32,6%. The results are also repeated in different areas, as management approach was also most disclosed information type, excluding human rights, where using only vision and goals was the most popular information type. Summarizing, the Belgium companies tend to report using only isolated information types (i.e., reporting with only one information type) instead of using two or more information types in combination. The results indicate a low level of comprehensive reporting, as only 12,7% of reported items were disclosed using all three information types. Therefore, Bouten et al. (2011, 202) argue that stakeholders' accountability demand stays widely unanswered. (Bouten et al. 2011, 195, 197)

While the concept of comprehensive reporting was defined by Bouten et al. (2011), there have been other studies related to the topic of comprehensiveness, while these studies have not necessarily defined this concept in their studies nor studied the information types.

De Grosbois (2012, 896) found out that the world's largest hotel companies mainly disclose only their commitment towards sustainability but rarely report on concrete actions taken. The achieved performance, which de Grosbois (2012, 904) argues to be the most informative information to stakeholders, was reported even more rarely. In rare cases where performance was reported, the quality of information needs to be questioned since, based on the finding, it was hardly comparable. (de Grosbois 2012, 904)

Font et al. (2012) continued to study hotel companies, and their conclusion supports de Grosbois (2012) findings. While de Grosbois (2012, 896) based their study only to external information in the form of companies websites and reports, Font et al. (2012, 1548) also included primary data in the form of a questionnaire and also site visits to sample hotels to confirm companies claims about their CSR policies and practices. Font et al. (2012, 1552) concluded that the disclosure-performance gap exists, meaning that companies' claims do not match their practices. Findings conclude that from the six studied themes, environmental

issues and customer engagement revealed the biggest disclosure-performance gaps while the gap with labor issues was small. (Font et al. 2012, 1550)

de Villiers & van Staden (2006, 763) studied South African companies and their annual reports over nine years to discover how environmental disclosures have developed during that time. De Villiers & van Staden (2006, 779) learned that the number of disclosures in annual reports started to decrease after a longer period of increase, which is contrary to trends observed in developed countries. Findings also implicated that companies were more likely to disclose general, i.e., symbolic, disclosures than more specified information that could potentially threaten company legitimacy (de Villiers & van Staden 2006, 779).

General, i.e., symbolic, information referred to items in annual reports that indicated that the company was concerned about the environment but did not reveal its impacts on the environment. For example, naming environmental policies and targets was identified as general, but if the company disclosed these targets' achievements, it was identified as specific items. Accordingly, quantifying environmental information, providing monetary data, or disclosing achieved performance against goals was considered specific. (de Villiers & van Staden 2006, 773).

2.3 Theoretical framework

Sustainability reporting practices have been the subject of empirical investigations, and as a result, diverse literature on different theoretical perspectives of these practices exists (Reverte 2009, 352). Economic theories, such as agency theory and positive accounting theory, mainly focus on monetary outcomes by explaining that sustainability disclosures might be useful when determining, for example, debt contractual obligations or managerial compensation contracts (Reverte 2009, 352; Cormier et al. 2005, 7). The main limitation of these theories is that they concentrate on wealth maximization and mainly pay attention to financial stakeholders without considering other potential users of social and environmental information (Cormier et al. 2005, 7; Liu & Anbumozhi 2009, 594; Fernando & Lawrence 2014, 152). As socio-political theories, such as legitimacy theory and stakeholder theory, offer more insightful perspectives (Gray et al. 1995, 52) and consider a broader range of stakeholders (Deegan 2002, 295), these are commonly seen as more appropriate theories.

Socio-political theories, such as legitimacy theory and stakeholder theory, recognize that organizations are part of a broader social system where many social, political, and institutional frameworks exist (Deegan 2002, 292). Gray et al. (1995, 52) point out that a problem arises when these are treated as competing theories, while a more beneficial alternative is to see legitimacy theory and stakeholder theory as overlapping theories. Hence, these two are adopted as complementing theories in this thesis. Next, legitimacy theory and stakeholder theory are investigated in more detail to explain why companies engage in sustainability reporting, and after this, the theoretical framework is presented.

“Social contract” is in the essence of legitimacy theory (Branco & Rodrigues 2006, 236), as according to legitimacy theory, companies do not have an inherent right to exist in society, but companies need to continually seek society’s acceptance to obtain their “license to operate” (Deegan 2002, 290, 292).

Gray et al. (1996, 39) explain further that society can be viewed as a set of social contracts between members of a society and the society itself, where various power conflicts occur (Deegan 2002, 292). Social contacts can be driven by legal requirements or by ethics, values, and principles of society. These contracts also provide information about the rights and responsibilities accounting for information flows. (Gray et al. 1996, 39)

However, if society, i.e., stakeholders, believe that the organization is not operating acceptably and has infringed these contracts, legitimacy is threatened or, worse, lost entirely (Hahn & Kühnen 2013, 14; Deegan 2002, 293). In practical terms, this might mean boycotting products and services, reductions in labor supply, or even public demand for increased taxes, stricter laws, and increased regulations (Deegan 2002, 293). Therefore, legitimacy can also be considered to be a resource (Dowling and Pfeffer 1975 as cited by Deegan 2002, 293).

There have been multiple real-life examples of situations like this. The well-known Volkswagen “Dieselgate” when the company got caught manipulating emission data led to stricter regulations and laws, or Nike’s labor scandal in 1996 led to broad boycotts of the brand (Klebaner 2018, 120; DeTienne & Lewis 2005, 361). Maybe the most extreme example of a company losing its legitimacy is Enron’s case, when its unethical actions led

to bankruptcy (Chiu & Sharfman 2011, 1562). As these examples demonstrate, companies need to seek society's acceptance, as society has the power to revoke companies' "license to operate" anytime (Hahn & Lülfs 2014, 404).

Deegan (2002, 297) refers to the work by Lindblom (1994) explaining that organizations can adopt different strategies when trying to obtain or maintain legitimacy in these kinds of situations. Each of the following strategies can be implemented by disclosing public information, for example, in annual reports. When the legitimacy is threatened due to the organization's actual failure, the organization can try to educate and inform its "relevant publics", i.e., stakeholders, about (actual) changes in the organization's performance and activities. Organizations can also seek to change the perceptions of stakeholders, for example, after negative information was made public in the media. However, implementing this kind of strategy rarely leads to any actual changes. Organizations can also seek to manipulate the stakeholders' perceptions by focusing on their strengths, for example, by emphasizing the environmental awards won and ignoring information about pollution performance. Lastly, organizations can also try to change the external perceptions of their performance if they feel that the stakeholders have unrealistic expectations of their responsibilities. (Lindblom 1994, as cited by Deegan 2002, 297; Gray et al. 1995, 54)

While studies based on legitimacy theory usually expect that the disclosure levels will increase or be maintained and that information will change from more general to specific, changes and reductions can also be explained with legitimacy theory. For example, some reasons to report fewer disclosures are when managers see that a subject has turned into a "sensitive" topic or when disclosure is not seen to help the company gain legitimacy anymore. When a company changes its legitimacy strategy as it has already gained legitimacy and wants to maintain it, or trying to mitigate the importance of the topic can also be reasons to report fewer disclosures. Also, when the suspicions or concerns towards a certain topic decrease or disappear, the company can decide not to report on this topic anymore. (de Villiers & van Staden 2006, 765-767,779)

While stakeholder and legitimacy theory are seen as overlapping theories, they do offer slightly different viewpoints. Legitimacy theory focuses on expectations of society as a whole, as opposed to stakeholder theory, which recognizes that various stakeholder groups

have different views of how an organization should operate. (Deegan & Blomquist 2006, 350) A stakeholder is defined by Freeman (1984, 46) as “*any group or individual who can affect or is affected by the achievement of the firm’s objectives.*”

Stakeholder theory offers an alternative view in contrast to a more traditional view, where only stockholder’s views are seen as notable. The fundamental idea of stakeholder theory is that an organization should be managed in all of its stakeholders’ interests. (Laplume et al. 2008, 1153). However, as can be predicted, these multiple stakeholder groups most likely have conflicting interests (Fernando & Lawrence 2014, 158). Additionally, not all stakeholder groups have the same power to influence an organization (Deegan 2002, 295). Some groups are seen as more influential due to their power over resources that the company requires for its operations (Deegan & Blomquist 2006, 349). Therefore, organizations are more likely to disclose information trying to maintain or gain support from groups seen as powerful while overlooking the information need of less powerful stakeholder groups (Deegan & Blomquist 2006, 349).

Another aspect closely linked to stakeholder theory is accountability. Accountability is defined as “giving of an account” (Adams 2014, 732) of actions or the impacts from those actions that one is responsible for (Gray et al. 1996, 38; Unerman & O’Dwyer 2006, 349). Nowadays, the financial account is no longer enough for stakeholders, but they additionally require an ethical, social, and environmental account. This account should be balanced with both positive and negative aspects of the main issues the company is facing to gain a clear and complete understanding of the company’s status. Generally, such an account is presented via reporting practices, for example, with sustainability reports. (Adams 2004, 732) Reports should also include “*a clear statement of values with corresponding objectives and quantified targets with expected achievement dates*” since this confirms that companies have recognized that they have responsibilities towards society (Adams 2004, 732).

However, reporting can hardly ever offer a full view of the company’s actions, not to mention that reporting is still selective despite increasing regulations, as companies can still strongly determine what and how to report (Gray 2005, 181). Additionally, as stakeholders do not have open access to sustainability information or the access is costly (Schaltegger

1997, 87), they are dependent on the information that the company provides. Therefore, a situation of information asymmetry arises (Schaltegger 1997, 87).

There are multiple ways that information asymmetry between a company and stakeholders can manifest. The information asymmetry is considered high if information cannot be understood or verified by the reader. For example, Comyns et al. (2013, 240) claim that if a reader requires to pay unreasonable costs or needs expert knowledge to evaluate information quality, the information asymmetry between the reader and company is high. As an example, Comyns et al. (2013, 238) refer to the company's potential impacts on biodiversity or possible connections to child labor. A stakeholder does not have the resources to verify this type of information by themselves about the company's impact on biodiversity, as they cannot be aware of the company's operations and procedures (Comyns et al. 2013, 238).

However, nowadays, especially publicly listed companies are increasingly using external verification for sustainability reports to increase sustainability reporting credibility (KPMG 2020, 23; Dando & Swift 2003, 195). Hence, information asymmetry is more likely to occur due to inevitable situation, as the companies are going to have more information and knowledge than stakeholders about their own operations (Schaltegger 1997, 89; Kulkarni 2000, 218). Consequently, companies will have access to this information earlier and therefore have the option to decide whether to publish information and how it is published (Kulkarni 2000, 234). This has usually led to unbalanced reporting, as prior research has found that sustainability reports are usually covered with overly optimistic information while lacking negative information that could harm public image (Deegan & Rankin 1996, 62).

Next, Figure 3 below presents the research framework for this study, which combines the above-explained theories. This Figure aims to present the studied concept of comprehensive sustainability reporting in a broader context and show how it connects to the previously studied theories.

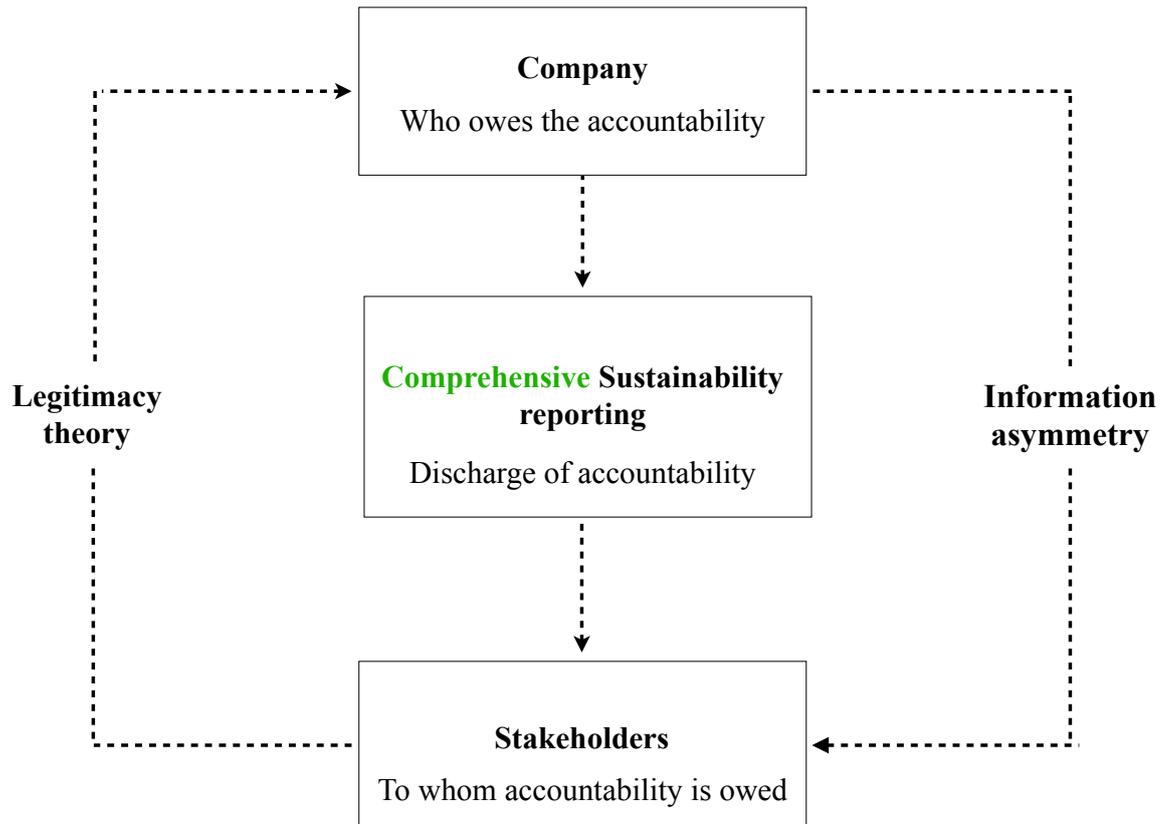


Figure 3 Research framework

When companies aim to fulfill stakeholders' accountability demands, this requires that companies are reporting about sustainability in a comprehensive manner. As earlier discussed, companies are expected of "giving of an account" (Adams 2014, 732) of actions or the impacts from those actions that the company is responsible for (Gray et al. 1996, 38; Unerman & O'Dwyer 2006, 349). As Adams (2004, 732) explained, a report should include "a clear statement of values with corresponding objectives and quantified targets with expected achievement dates". Hence, these can be understood as the three information types of vision and goals, management approach, and performance indicators. Therefore, when a company reports in a comprehensive manner using all three information types when providing sustainability reports, the stakeholders' accountability demand is more easily fulfilled.

Using *only* one information type when reporting sustainability disclosures has limitations. For example, if a company discloses only vision and goals, it is next to impossible for stakeholders to tell, is the company genuinely committed to the goal or if the company is

using exaggerated statements as a marketing tool to gain competitive advantage (de Grosbois 2012, 903-904).

Companies could convince stakeholders of their genuine commitment to the stated goals by providing information about the initiatives, projects, or practical actions the company is implementing to achieve these goals. However, disclosing the management approach is not without limitations, as a stakeholder cannot be sure that the actions are actually implemented. For example, a company could inform about adopted waste recycling practices. However, a stakeholder cannot be sure whether these practices are utilized throughout the operations and what percentage of the materials are recycled. (de Grosbois 2012, 904) After all, it is quite different does the company recycle 1% or 50% of materials. Therefore, performance indicators are needed.

While it is argued that performance indicators are the most useful information type from stakeholders' perspective (de Grosbois 2012, 904), it is not without limitations. Although companies, especially publicly listed companies, are increasingly using assurance reports to prove the accuracy of the data (KPMG 2020, 23; Dando & Swift 2003, 195), it is still questioned do the stakeholders have the needed knowledge to interpret the data and assess the quality of these disclosures. As Comyns et al. (2013, 238) stated, sometimes experience from the specific sustainability topic or company and industry knowledge is needed to evaluate the quality and how well the company is performing.

Hence, when a company uses a combination of vision and goals, management approach, and performance indicators when reporting sustainability disclosures, the limitations of these different information types can be overcome. Consequently, providing comprehensive sustainability reports provides stakeholders with the full context of the sustainability disclosures, which helps decrease information asymmetry between stakeholders and the company.

As discussed earlier, legitimacy theory can explain increases, decreases, or changes in both extent and information quality the companies disclose in sustainability reports (de Villiers & van Staden 2006, 765-767, 779). As previously discussed, providing stakeholders with more comprehensive sustainability reports will better fulfill stakeholders' accountability

demands and decrease information asymmetry, making it easier for stakeholders to grant legitimacy to the company in the form of a “license to operate.” Therefore, companies’ purpose of reporting in a comprehensive manner is also to strengthen the legitimacy of organizations.

As this study examines the development of comprehensive reporting on a general level and further studies the development of the key sustainability areas of economic, environmental, and social, it is expected that these areas could have different development paths. Therefore, if the development, for example, decreases or stays steady, it is suggested that the company probably sees disclosing more information as a legitimacy threat and hence does not report comprehensively. Consequently, it is more beneficial to consider companies reports mixed quality rather than poor or good quality (Comyns et al. 2013, 241).

3 Research Methodology

In this chapter, the research methodology is presented and explained. This thesis aimed to discover how reporting of Vision and goals, Management approach, and Performance indicators have developed in sustainability reporting from 2013 to 2016 to 2019. Therefore, the purpose of this thesis to conduct descriptive research to gain an understanding of these events and situations (Saunders et al. 2016, 175). Consequently, a longitudinal timeframe was chosen as the goal was to evaluate development. This thesis benefitted from the work of Bouten et al. (2011) by adopting a content analysis framework for the analysis. Content analysis can be understood as a method that combines both qualitative and quantitative aspects when analyzing the content, and therefore a mixed-method research approach was taken in this thesis. A documentary research strategy was seen as the most efficient option to collect document secondary data to analyze companies' sustainability reports.

The following Figure 4 summarizes the step-by-step process of the adopted choices for the research method. Next, content analysis as a method is described in more detail, and justifications for the choices discussed above are made. Following, steps in the content analysis process are described, and the chapter continues by introducing the framework used for the analysis. Before presenting the results, the reliability and validity of this research are addressed.

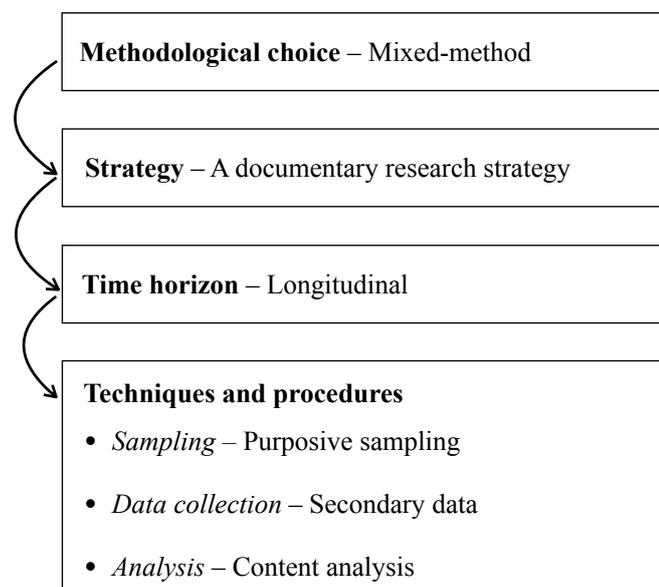


Figure 4 Step-by-step process of the research method

3.1 Content analysis

Generally, everything that can be categorized into categories or themes can be regarded as content analysis (Tuomi & Sarajärvi 2002, 6). However, the method itself is under debate. The lack of clear definitions and rules has created flexibility, but at the same time, limited the possible utilization of the method. Nevertheless, the aim of discovering the underlying meanings from qualitative data is commonly understood. (Hsieh & Shannon 2005, 1277; Duriau et al. 2007, 6) Data can be anything from interviews to newspaper headlines and books to even pictures (Krippendorff 2004, 21).

The lack of a clear definition has led to the debate on is the method qualitative or quantitative. While Zhang & Wildemuth (2009) and Hsieh & Shannon (2005) recognize quantitative and qualitative content analysis as different methods, Krippendorff (2004, 16) questions the usefulness of such distinction. Thus, Krippendorff (2004, 16) states that “*all reading of texts is qualitative, even when certain characteristics of a text are later converted into numbers.*”

However, Tuomi & Sarajärvi (2018, 101) argue that quantifying qualitative data links the research method to the mixed-method category. Mixed method research combines qualitative and quantitative data collection and analysis techniques in one or more steps in the research process (Saunders et al. 2016, 169-170). Tuomi & Sarajärvi (2018, 89) explain further that qualitative content analysis should be identified as a method to describe the content of analyzed documents verbally. Quantifying qualitative data, i.e., counting frequencies in qualitative data, should be seen as a separate method or a supportive one (Tuomi & Sarajärvi 2018, 89). As can be seen, the definitions are somewhat diverse. In this thesis, a mixed-method research approach was adopted, as content analysis will be understood as a method that combines both qualitative and quantitative aspects when analyzing the content.

Choosing content analysis as the method is justified as it is consistent with previous studies conducted in the field, where it has been applied to analyze sustainability-related topics through annual reports (e.g., Bouten et al. 2011; Vuontisjärvi 2006), sustainability reports (Tsalis et al. 2018; Sepasi et al. 2019), and websites (e.g., Moreno & Capriotti 2009; Rolland

& O’Keefe Bazzoni 2009). Accordingly, systematic literature reviews support that content analysis is the prominent method when analyzing sustainability reporting (e.g., Dienes 2016, 164). Hahn & Kühnen (2013, 5, 9-10) also provided a systematic review of 178 articles on sustainability reporting and discovered that in 2011, document analysis was the most dominant method by 58%. Furthermore, the meta-analysis conducted by Fifka (2013, 24) supports that content analysis is the dominant approach also on a global level.

Document secondary data endures the same form during the time, making it possible to analyze it later, even in a different period (Saunders et al. 2016, 319). Although many studies also examine companies’ websites because companies, to a greater extent, also publish sustainability information online, this was not appropriate for this study as the adopted timeframe was longitudinal. Websites do not save old information and cover particularly the most updated news, and therefore it is impossible to analyze the development of sustainability reporting. Therefore, published sustainability, combined, or annual reports served as valid data.

Figure 5 below presents the step-by-step process of the conducted content analysis. The chosen sampling technique is next introduced and justified, as well as the data collection. The next step is to devise the analytical categories and determine the unit of analysis. As this thesis follows an already existing content analysis framework, the adopted choices mimic Bouten et al. (2011) choices. After the coding process is explained, the results will be then examined in Chapter 4. Next, each step is illustrated in more detail to give an overview of how the actual study was conducted.

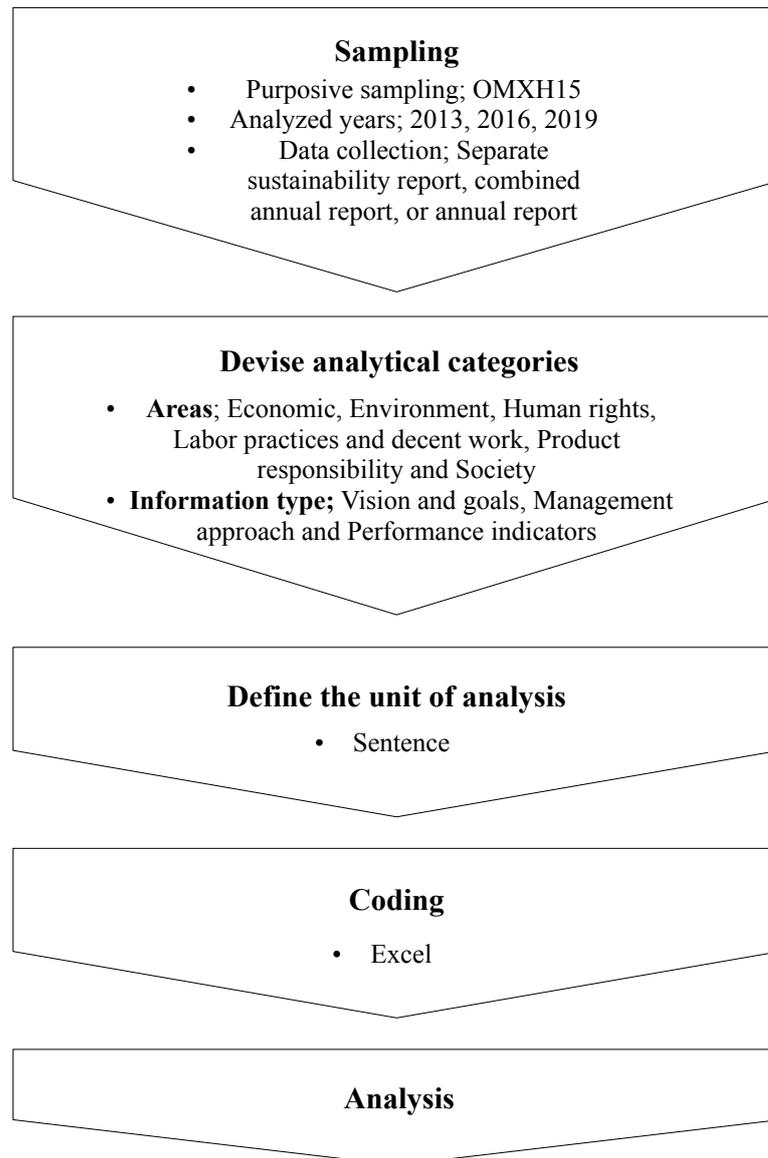


Figure 5 Process of content Analysis (Saunders et al. 2016, 611)

3.1.1 Sampling

The chosen sample covers 15 Finnish listed companies that, on 7th October 2020, were included in the OMXH15 index. OMXH15 is a stock market index that includes companies whose stocks are most exchanged on the Helsinki Stock Exchange. When a sample is chosen like this, based on subjective judgment, a non-probability sampling strategy is adopted (Saunders et al. 2000,170).

There are different non-probability sampling techniques to choose from. However, purposive sampling was adopted since these companies will presumably provide the best chance to answer research questions (Saunders et al. 2000,174). Therefore the small sample size is justified as the goal was to choose a sample that would be most informative (Neuman 2005, 272). Additionally, a small sample size is acceptable, as a larger number of studied companies would have been out of reach in terms of available time and the degree's scope.

The reasoning for this particular choice of sample is that these companies are large, well-known (i.e., media visibility) companies in Finland, and it is more likely that these companies report more sustainability-related disclosures than, for example, smaller companies. Additionally, since these companies' shares are the most exchanged stocks in Finland, guarantee that these companies are widely held and therefore have a broad audience of stakeholders. While sustainability reporting is gaining popularity, it is also more likely that these companies have started sustainability reporting already in the early days, and therefore assessing development is possible. If random sampling had been used, the ability to answer research questions could have been compromised.

However, two companies, Sampo Group and Neles needed to be left out of the sample. The reasoning for this was that Sampo Group consists of the parent company Sampo plc and three of its subsidiary companies. Sampo Group (2017, 37) states that corporate responsibility work is carried out mainly at the subsidiary level. Sampo Group had not conducted sustainability reporting at a group level at all, not until 2017, when the Group published its first non-financial report. (Sampo Group 2017, 37) As the goal of this thesis is to discover how sustainability reporting has developed, based on this fact, the company is not suitable for analysis and the purpose of this thesis.

Additionally, Neles was founded only in 2020, when Metso Flow Control was separated in a demerger of Metso Minerals and Outotec and started operations under the new name (Metso Corporation 2019, 17). As the company has no sustainability reports nor annual reports of its own, but only reports from Metso origins, it is not suitable for the sample. This resulted in a decision to leave these companies from the sample, as assessing development would not have been feasible.

The final sample companies were broken down into environmentally sensitive and non-environmentally sensitive industries. Following Branco & Rodrigues (2008, 691) and Reverte (2009, 358), the system to classify industries is based on industries' being either "more sensitive" or "less sensitive" based on the risk of being criticized for their operations. As described earlier, industries seen with more impacts cover Energy, Basic Materials, Industrials, Utilities. All other industries are seen as "less sensitive" and hence, non-environmentally sensitive industries. These cover Health care, Telecommunications, Consumer discretionary, and Financials. The final 13 companies and the industries these companies represent are shown in Table 3 below.

Table 3 The final sample companies

<i>Environmentally sensitive companies (n=8)</i>	<i>Industry</i>
Neste	<i>Energy</i>
Outokumpu	<i>Basic materials</i>
Stora Enso	<i>Basic materials</i>
UPM-Kymmene	<i>Basic materials</i>
Kone	<i>Industrials</i>
Valmet	<i>Industrials</i>
Wärtsilä	<i>Industrials</i>
Fortum	<i>Utilities</i>
<i>Non-environmentally sensitive companies (n=5)</i>	
Nokian Tyres	<i>Consumer discretionary</i>
Orion	<i>Health care</i>
Elisa	<i>Telecommunications</i>
Nokia	<i>Telecommunications</i>
Nordea	<i>Financials</i>

The content analysis framework developed by Bouten et al. (2011, 190) can be applied to analyze any written text, which is crucial in this situation as the corporate reporting practices alter plenty. Indeed, three types of documents were used for the analysis, and Figure 6 points out the selection process. The analyzed data consisted of secondary data in the form of separate sustainability reports, combined reports, or annual reports collected from the company websites.

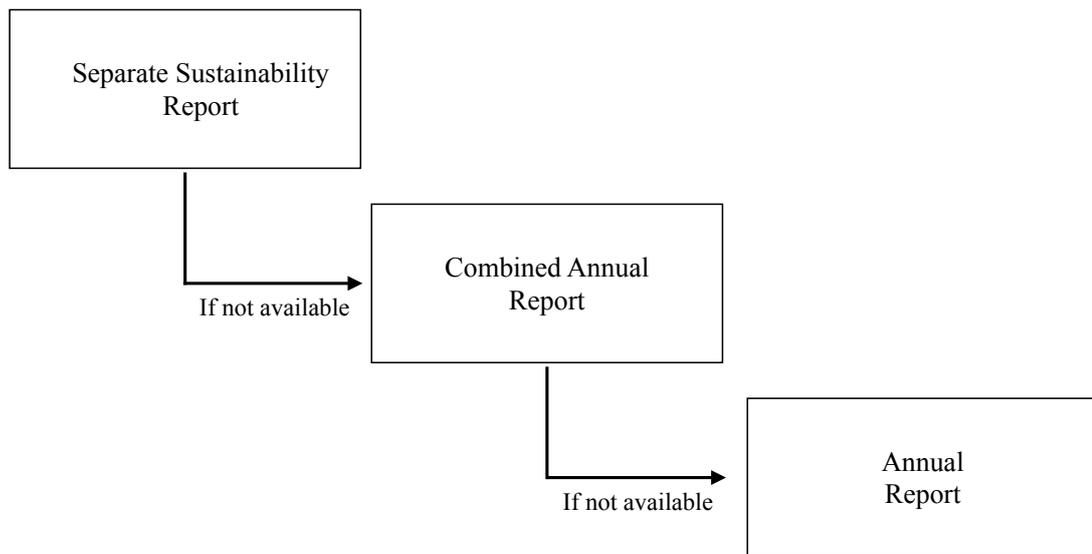


Figure 6 Used documents in analysis

While Bouten et al. (2011) used annual reports from 2005 as their main source of data for the analysis, this thesis aimed to use separate sustainability reports as the primary source. Bouten et al. (2011, 190-191) argued that annual reports are the most useful data source as annual reports are the most important communication tool and that separate sustainability reports are not as popular as combined annual reports. However, as this thesis analyzes years starting from 2013, GRI Guidelines have gained global popularity, and therefore separate sustainability reports are more common than before. This is also evident in Table 4, which covers what document was used per company per year in the analysis. Therefore, as separate sustainability reports are more likely to disclose more sustainability information than annual reports and grant a better chance to answer the research questions, they are used as the first choice of data in this thesis.

If a company did not publish a separate sustainability report, an combined annual report was used instead. It is essential to separate these two documents from each other, as in some cases, companies published both of these documents. The company's annual report was considered combined if it had a distinctive sustainability portion included in the report and included financial information. Of course, judging what a distinctive portion of the report is, depends on the reader. In this thesis, a distinctive portion pointed to a chapter of sustainability-related information covering the areas of economic, environmental, and

social. As stated in Figure 6, a separate sustainability report was preferred over a combined annual report.

Finally, if neither of these was available, a regular annual report covering mainly financial data was used. Therefore, the goal of Table 4 is to demonstrate what documents were used for the analysis on a company level and illustrate how reporting practices vary between companies.

Table 4 Company reporting practices and used data

	2013			2016			2019		
	SR	CAR	AR	SR	CAR	AR	SR	CAR	AR
<i>Neste</i>		X			X			X	
<i>Outokumpu</i>	X			X			X		
<i>Stora Enso</i>	X			X			X		
<i>UPM-Kymmene</i>		X			X			X	
<i>Kone</i>	X			X			X		
<i>Valmet</i>	X			X			X		
<i>Wärtsilä</i>		X			X			X	
<i>Nokian Tyres</i>	X			X			X		
<i>Orion</i>	X			X			X		
<i>Fortum</i>	X			X			X		
<i>Elisa</i>			X ^a		X		X		
<i>Nordea Bank</i>	X			X			X		
<i>Nokia</i>	X			X			X		
Total	9	3	1	9	4	0	10	3	0

SR = Sustainability Report CAR = Combined Annual Report AR = Annual Report

All reports are prepared in accordance with the GRI guidelines.

Note^a: Elisa published its first online responsibility report in 2013. However, as it was an online version, it was not available for the analysis. Instead, Annual Report, which included minimal sustainability information, was used for the analysis for the year 2013.

3.1.2 Devising analytical categories

This step is critical in the process of using content analysis, as the chosen categories should capture the essence of the researched topic (Saunders et al. 2016, 611). Bouten et al. (2011) based their framework on the GRI version G3 published in 2006. In this thesis, the first analyzed year is 2013, making the GRI version G3 from 2006 outdated. Therefore the content of the coding framework was updated.

The years studied were 2013, 2016, and 2019. As the guidelines have been developing over the years, there were different versions of published GRI standards the coding framework in this research could follow. As mentioned, the coding structure by Bouten et al. (2011) was based on the G3 published in 2006. Other options were G4 in 2013, GRI Standards 2016, and GRI Standards 2018. Hence, a cross-reference of the different versions was done, and it is available in Appendix 1.

After cross-referencing, the coding content was updated to follow the GRI Standards topic-specific standards 2016. It was seen as the most unbiased version for the analysis. For example, GRI G4 from 2013 covered some disclosures that have been discontinued from the more recent versions. In contrast, GRI Standards 2018 included some new disclosures, and it was assumed that the companies might not have adopted the newest standards yet. Hence the GRI Standards 2016 offered a great middle ground.

While the GRI Standards 2016 do not divide social topics into subcategories of Labor practices and decent work, Human rights, Society, and Product responsibility anymore, it was done for the sake of this study to see development trends more clearly. Otherwise, the *coding structure* follows Bouten et al. (2011, 191-192) framework, excluding one item. In GRI Standards 2016, there is an item “economic performance” in the area of Economic, but following Bouten et al. (2011, 193), this was changed to “direct economic impacts.” As reporting on topics such as revenues and operating costs are already covered in mandatory IFRS, this item was narrowed down to cover the company’s economic impact on non-financial stakeholders, such as donations to charities, and risks and opportunities expected by the company’s social and environmental topics. (Bouten et al. 2011, 193)

Another change was made to the content. Bouten et al. (2011, 194) included an item “Residual” to each area because they argued that analyzed documents could contain additional sustainability disclosures that were not included in their framework. Therefore, if an item was not covered in the framework, it was coded to the “Residual.” Despite this, Bouten et al. (2011) did not include the item “Residual” in their analysis since they argued it should be analyzed separately. As this thesis is only interested in the areas presented in Figure 7, “Residual” is not included in this thesis as a coding item.

As “Residual” was excluded from the framework for the sake of this thesis, the coding process will focus only on identifying and coding the mentioned categories. Meaning, even if the companies reported additional sustainability-disclosures and the studied information types, these disclosures were not coded and therefore not analyzed as a part of this thesis. This will be understood as a limitation in this study, as the results only describe the studied categories.

The final coding categories consist of two dimensions: *content and information type*. The first dimension, content, covers a total of 33 items distributed to 6 areas of Economic (6), Environment (8), Labor practices and decent work (5), Human rights (7), Society (3), and Product responsibility (4). The second dimension, information types, covers Vision and goals, Management actions, and Performance indicators combined with these categories mentioned above. The final coding categories are presented in Figure 7 below.

Dimension 1: Content

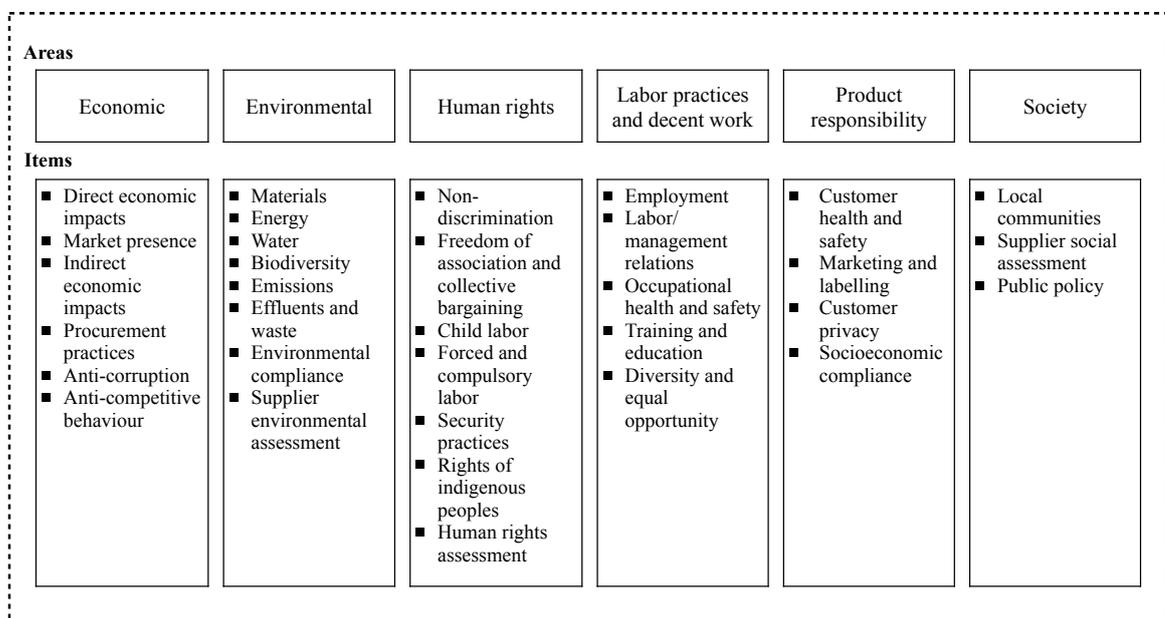


Figure 7 Coding categories (adapted from Bouten et al. 2011, 193)

3.1.3 Defining the unit of analysis

Unit of analysis (Saunders et al. 2016, 611) or, in other words, a recording unit, are units “that are distinguished for separate description, transcription, recording, or coding” (Krippendorff (2004, 99). Words are considered the smallest recording units, but words were not adequate to communicate the full meaning to answer research questions. Therefore a larger unit was needed, and similar to Bouten et al. (2011), a sentence was chosen as a recording unit. (Krippendorff 2004, 100; Saunders et al. 2016, 611) Additionally, Milne and Adler (1999, 243) support this by stating that sentences are the most reliable recording units.

However, sometimes even a sentence is not sufficient enough and fails to present full meaning. Therefore context units are also necessary as context units set the boundaries when considering recording units. Contrary to recording units, context units are not counted and may also include multiple recording units. (Krippendorff 2004, 101) In this study, a paragraph was chosen as a context unit. In practice, this means that a situation could occur where a sentence on its own does not qualify as any of the studied information types, but when the sentence is read in context, here one paragraph, the sentence takes on a new meaning. Therefore it was necessary to define context units.

3.1.4 Coding

Commonly, before actual coding can start, a trial run is performed to test are the coding categories and units sufficient to see are modifications needed (Saunders et al. 2016, 611). As this thesis adopted an already existing framework, where only the content was updated to more up-to-date, it was unnecessary to test these categories and units’ functionality.

Figure 8 below presents the coding structure. As discussed earlier, the content framework consists of two dimensions: *content and information*, and content is further divided into *areas* and *items*. In practice, the first step in coding is identifying the area to which a sentence belongs, i.e., Economic or Environment. Next, identifying the item, for example, market presence or anti-corruption, and lastly, determining the information type for the sentence.

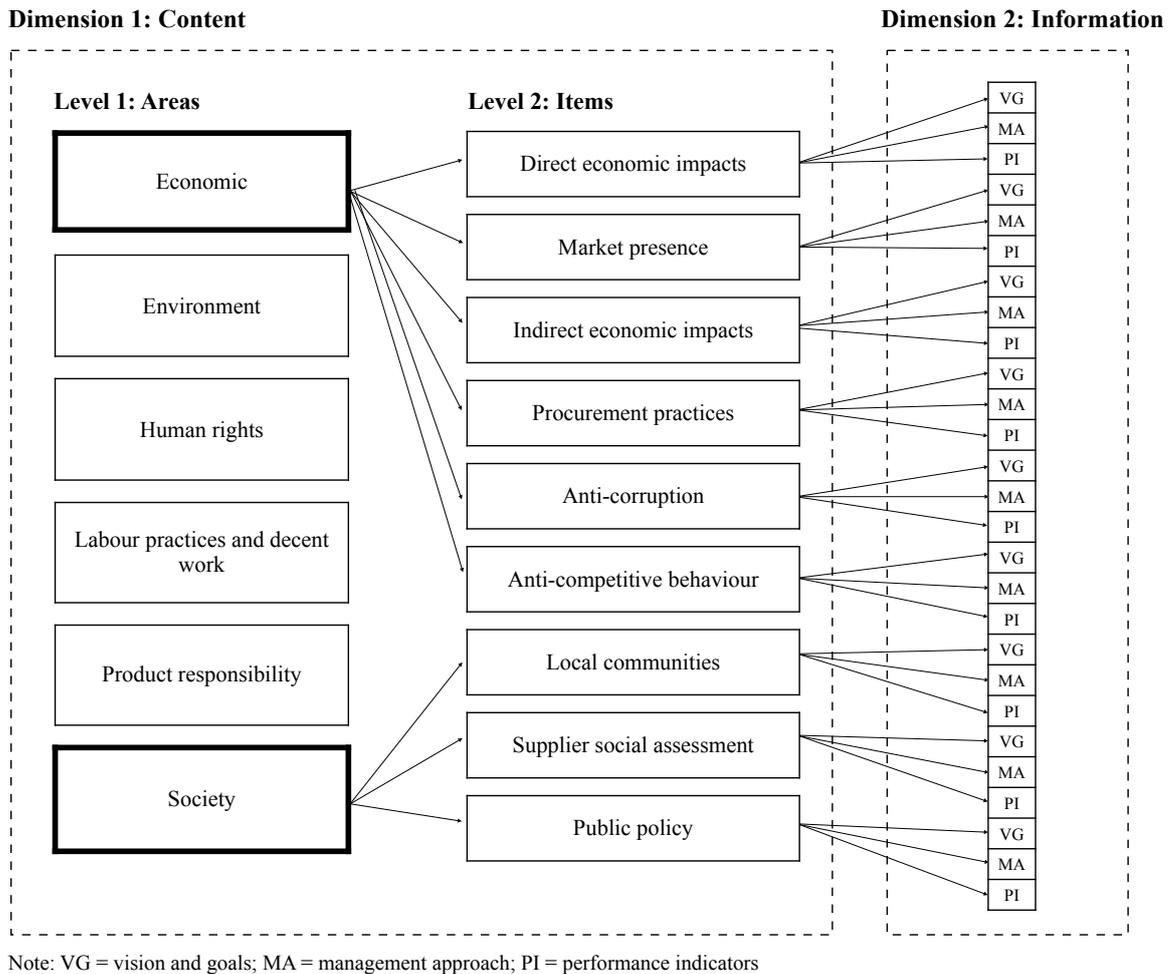


Figure 8 The coding structure (Bouten et al. 2011, 192)

The most important part is to identify the different information types of Vision and goals (VG), Management approach (MA), and Performance indicators (PI). Vision and goals, and management approach are both mainly narrative categories, in other words, qualitative categories, performance indicators remaining as the only quantitative category. However, both VG and MA can also include quantitative information but it is not required. As can be expected, Vision and goals refer to the stated aims or values, management action to the concrete actions or adopted practices that the company takes to address specific sustainability issues, and performance indicators cover the achievements or progress. For example, for an item “emissions,” these information types could be the following; First, a company could state a goal to reduce emissions (VG), next state what are the concrete actions the company is planning to implement to achieve the said goal (MA), and the actual reductions achieved (PI). (Bouten et al. 2011, 188, 193- 194, 196). However, analyzing these sentences is out of the scope of this research, and the goal is merely to record whether the

company reported these information types or not. Table 5 below presents few examples for the coded sentences to understand the different information types better.

Table 5 Examples of coded sentences

<i>Coded sentence</i>	Area	Item	Information type
<i>"GHG emissions (scope 1 and 2) reduction by 75% by end of 2025 (baseline 2016)." (Orion 2019, 17)</i>	Environment	Emissions	VG
<i>"We are committed to equal pay for the same position and we will take the necessary action to start closing the part of the gender pay that remains unexplainable after adjustments based on the above mentioned variables." (Nordea 2016, 17)</i>	Labor practices and decent work	Diversity and equal opportunity	VG
<i>"100% of new direct suppliers gone through supplier approval process." (Valmet 2019, 14)</i>	Society	Supplier social assessment	VG
<i>"Our key programs to protect and identify critical data include critical information protection program, focused assessments, company privacy program, supply chain security program, customer security requirements program, common security controls program, and selected ISO 27001 certifications." (Nokia 2019, 61)</i>	Product responsibility	Customer privacy	MA
<i>"Wärtsilä arranged, as it has earlier, a number of competition law training seminars in 2019 for relevant personnel in order to further promote their knowledge of competition laws, and thus ascertain full compliance with such laws." (Wärtsilä 2019, 78)</i>	Economic	Anti-competitive behaviour	MA
<i>"In the coming years, the energy efficiency of refineries will be improved through several measures requiring significant investments, an example of which is the solvent deasphalting unit (SDA) to be built in Porvoo, which will also improve resource efficiency and enhance the circular economy in the Kilpilahti area once complete." (Neste 2016, 33)</i>	Environment	Energy	MA
<i>"In 2013 we were not involved in any violations of indigenous peoples' rights." (Stora Enso 2013, 46)</i>	Human rights	Rights of indigenous peoples	PI
<i>"In 2016, Fortum paid fines totalling RUB 1.782 million (EUR 24,120) for permit violations involving exceeding the wastewater emission limits and RUB 136,000 (EUR 1,840) for permit violations involving heavy oil use in Russia." (Fortum 2016, 43)</i>	Environment	Environmental compliance	PI
<i>"Out of a total spend of EUR 3.3 billion for UPM primary raw materials — wood, pulp and recovered paper — 68% was purchased from local suppliers." (UPM 2016, 61)</i>	Economic	Procurement practices	PI

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

The information types Vision and goals, and Management approach are relatively straightforward, but information type Performance indicators require further explaining. The *items* covered in GRI Standards 2016 usually incorporate multiple disclosures. For example, the item Water (303) covers three different disclosures: Water withdrawal by

source (303-1), Water sources significantly affected by withdrawal of water (303-2), and Water recycled and reused (303-3) (GRI 2016b, 173). In this study, the coding process is the same regardless of whether the company reports performance data about *all* of the three disclosures or only about *one* covered in Water (303-1, 303-2, or 303-3). Further explaining, item Water is only coded once in both instances, and the coding process would be the following; Area: Environment, Item: Water, Information type: PI.

Accepting the wide range of disclosures was motivated by the fact that the sample companies present different industries. Not limiting coding to strict scope will provide a more accurate view of the companies than only accepting certain, tightly delimited disclosures.

In their study, Bouten et al. (2011, 192) stated that the coding content follows GRI Guidelines (G3). However, it remains unclear how performance indicators were coded in practice and if their coding process followed the same reasoning as presented here, or did they possibly limit the coding of performance indicators to *only* one disclosure, for example, water withdrawal by source (303-1). Therefore, this thesis will contribute to theory by improving this framework by updating the content and clarifying the coding process.

The actual coding process was conducted using Excel. In practice, the coding framework was created in an Excel worksheet for each company and each year. As reading the company documents, relevant sentences were copied and pasted to the Excel spreadsheet. After all company documents were read and coded, the worksheets were combined. An example of the coding worksheet is in Table 6 below.

Table 6 Example of the coding in Excel

Year	Company	Industry	Area	Item	Information type	Disclosed (1 = YES, 0 = NO)	Coded sentence
			Society	Local communities	VG		
			Society	Local communities	MA		
			Society	Local communities	PI		
			Society	Public policy	VG		
			Society	Public policy	MA		
			Society	Public policy	PI		
			Society	Supplier social assessment	VG		
			Society	Supplier social assessment	MA		
			Society	Supplier social assessment	PI		

A small change was done during the analysis phase of the thesis. Bouten et al. (2011) eliminated 29 companies from their original sample because they did not disclose even one sustainability item mentioned in the framework. If this would happen to be the case with any of the sample companies, they would still be included. This is justified since the goal of this thesis is to study how reporting has developed.

3.2 Reliability and validity

If consistent findings, observations, and conclusions can be achieved under different conditions with the same research methods, high reliability is assured (Saunders et al. 2016, 726; Krippendorff 2004, 212). The main concern when assessing the reliability of this study is that the theory of content analysis assumes as a premise that two or more coders analyze data. Additional criteria used to assess the reliability of this method is examined through stability, reproducibility, and accuracy, and these criteria can be used to achieve different levels of reliability. The weakest level can be achieved through coding the same data again at a different time, and if results are the same, stability is obtained. (Krippendorff 2004, 214-215)

More robust reliability is secured with reproducibility, which is also commonly referred to as intercoder reliability. This refers to the degree of how multiple coders following the same process and instructions can gain similar results. The highest form of reliability, accuracy, refers to the “*degree to which a process conforms to its specifications and yields what it is designed to yield*” (Krippendorff 2004, 215). In practice, this would be achieved by comparing the coding process to an already existing standard. (Krippendorff 2004, 215- 216)

Using multiple coders was not possible, nor was testing against a commonly agreed standard, and therefore, this thesis’s reliability lies on the stability criteria. However, to improve reliability, the focus was on intra-rater reliability, which refers to the “*reliability of coding by a single researcher over time*” (Saunders et al. 2016, 612). A consistent coding process was practiced throughout the analysis process, and each document was analyzed separately, one at a time with concentration. After all reports were coded, a set of random documents were chosen for the second round of coding to double-check for possible inconsistencies to

gain stability. Additionally, the coding process and the achieved results are presented transparently to increase the possibility of replicating the study.

Krippendorff (2004, 314) debates that face validity is more critical when conducting a content analysis as it is with other methods. Saunders et al. (2016, 726) explain it to be an *“agreement that a question, scale, or measure appears logically to reflect accurately what it was intended to measure”* while Krippendorff (2004, 313) presents face validity to be understood as the “obvious” or “common truth.” Knowing what written text, symbols, or what is shown in a picture are things that we agree on in consensus, and therefore it is essential when analyzing content. (Krippendorff 2004, 314)

As the coding framework used in this study is based on the globally recognized framework of GRI Standards, it can be agreed that the coding framework measures what it is supposed to measure. Additionally, the framework is based on the previous work of Bouten et al. (2011), who have already proved that the coding framework provides accurate results, which also supports the validity of this study.

Another aspect of validity is linked to the generalizability of results (Saunders et al. 2016, 202), which in this thesis does not occur as the sample size is only 13 companies. Therefore the results cannot be generalized to apply to all Finnish companies.

4 Findings

This chapter will present the results of the content analysis, starting with an overview of the data. This will reveal some basic information of the sample, such as how many companies reported disclosures in each of the studied sustainability areas, distribution of information types, and how many disclosures were reported overall. This thesis aimed to evaluate how comprehensiveness of sustainability reporting developed by assessing the used information types and different combinations of information types. After the overview of the data, the results from each studied area, economic, environmental, and social, will follow. Lastly, a comparative analysis between environmentally sensitive and non-environmentally sensitive industries is presented before discussing the results.

4.1 Overview of the data

Data was collected from 13 different companies from three different years, and as can be found from Table 7 below, a positive development can be discovered. Table 7 presents how many companies disclosed *at least one item per area*. As can be discovered, Environment is the only area where all sample companies have managed to disclose at least some information each year. On the contrary, in 2013, 30,8% of companies failed to provide any information on Human rights. In 2019, Product responsibility was the only category where one company failed to provide any information. Otherwise, each company in the sample provided at least some information in all areas in 2019.

Table 7 Overview of data

2013						
Discloses information in the area	Number of disclosing companies		Number of non-disclosing companies		Total number of companies	
	n	%	n	%	n	%
Economic	10	76,9	3	23,1	13	100,0
Environment	13	100,0	0	0,0	13	100,0
Human rights	9	69,2	4	30,8	13	100,0
Labor practices and decent work	12	92,3	1	7,7	13	100,0
Product responsibility	10	76,9	3	23,1	13	100,0
Society	10	76,9	3	23,1	13	100,0
2016						
Discloses information in the area	Number of disclosing companies		Number of non-disclosing companies		Total number of companies	
	n	%	n	%	n	%
Economic	12	92,3	1	7,69	13	100,0
Environment	13	100,0	0	0,00	13	100,0
Human rights	12	92,3	1	7,69	13	100,0
Labor practices and decent work	13	100,0	0	0,00	13	100,0
Product responsibility	12	92,3	1	7,69	13	100,0
Society	13	100,0	0	0,00	13	100,0
2019						
Discloses information in the area	Number of disclosing companies		Number of non-disclosing companies		Total number of companies	
	n	%	n	%	n	%
Economic	13	100,0	0	0,0	13	100,0
Environment	13	100,0	0	0,0	13	100,0
Human rights	13	100,0	0	0,0	13	100,0
Labor practices and decent work	13	100,0	0	0,0	13	100,0
Product responsibility	12	92,3	1	7,7	13	100,0
Society	13	100,0	0	0,0	13	100,0

Each company had the opportunity to disclose information on 33 different items, totaling 429 separate sustainability items yearly. As can be found from Table 8 below, from these 429 items, companies have reported on more than half of the possible items. While the number of reported items increased slightly each year, still in 2019, 39,9% of the items remained not disclosed. In other words, companies did not report any information on 39,9% of items.

Table 8 Number of items disclosed

	Number of items disclosed		Number of items not disclosed		Total number of items	
	n	%	n	%	n	%
2013	227	52,9	202	47,1	429	100,0
2016	238	55,5	191	44,5	429	100,0
2019	258	60,1	171	39,9	429	100,0

However, as this study focused only on the disclosed items, Table 9 presents the distribution of different information types.

Table 9 Distribution of information types

2013 Information types	Number of items covered by		Number of items not covered by		Total number of items	
	n	%	n	%	n	%
	Vision and goals	115	50,7 %	112	49,3 %	227
Management approach	75	33,0 %	152	67,0 %	227	100,0 %
Performance indicators	188	82,8 %	39	17,2 %	227	100,0 %

2016 Information types	Number of items covered by		Number of items not covered by		Total number of items	
	n	%	n	%	n	%
	Vision and goals	124	52,1 %	114	47,9 %	238
Management approach	77	32,4 %	161	67,6 %	238	100,0 %
Performance indicators	186	78,2 %	52	21,8 %	238	100,0 %

2019 Information types	Number of items covered by		Number of items not covered by		Total number of items	
	n	%	n	%	n	%
	Vision and goals	131	50,8 %	127	49,2 %	258
Management approach	116	45,0 %	142	55,0 %	258	100,0 %
Performance indicators	204	79,1 %	54	20,9 %	258	100,0 %

The findings are relatively consistent in all years of 2013, 2016, and 2019. Each year the most used information type was performance indicators, as nearly 4 out of 5 companies disclosed quantitative information on disclosed items. Vision and goals were reported by half of the companies, while the management approach was only disclosed by one-third of the companies each year. After giving an overview of the data, the next chapter will focus on the main findings by presenting how the comprehensiveness of sustainability reporting has developed and what kind of information type combinations the companies reported.

4.2 Development of the comprehensiveness of sustainability reporting

This thesis aimed to assess how the comprehensiveness of sustainability reporting developed in Finnish companies over the years. Comprehensiveness referred to disclosing information

in the form of vision and goals, management approach, and performance indicators for each sustainability disclosure (Bouten et al. (2011, 187). Next, a measure for the level of comprehensive reporting will be presented following Bouten et al. (2011, 195):

$$\text{Level of comprehensive reporting} = \frac{\text{number of items for which all 3 information types (VG, MA, PI) are disclosed}}{\text{number of items reported by the company}}$$

This measure, level of comprehensive reporting, “reveals the extent to which a company discloses all three information types for the items they report on “(Bouten et al. 2011, 195). For example, a company could disclose all 33 items listed in the content framework. However, if the company does not disclose all three information types *for at least one item*, the level of comprehensive reporting would be 0. On the contrary, if a company would disclose only one item from the list of 33 items but disclose all three information types for this item, the result would be 1 (100%). Therefore, this measure reveals the comprehensiveness of sustainability reports.

Table 10 Level of comprehensive reporting

Level of comprehensive reporting (x)	VG, MA and PI					
	2013		2016		2019	
n = 13	n	%	n	%	n	%
x = 0	2	15,4	1	7,7	1	7,7
0 < x ≤ 0.1	2	15,4	3	23,1	2	15,4
0.1 < x ≤ 0.2	7	53,8	7	53,8	5	38,5
0.2 < x ≤ 0.3	1	7,7	2	15,4	2	15,4
0.3 < x ≤ 0.4					3	23,1
0.4 < x ≤ 0.5	1	7,7				
x = 0.5						
0.5 < x ≤ 0.6						
0.6 < x ≤ 0.7						
0.7 < x ≤ 0.8						
0.8 < x ≤ 0.9						
0.9 < x < 1						
x = 1						
Total	13	100,0	13	100,0	13	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

As can be discovered from Table 10, two companies in 2013, and one in 2016 and 2019, fail to provide all three information types, i.e., report comprehensively, for any disclosure. These companies (Elisa, Valmet, Nordea) did disclose some items (Appendix 2, Table 19), but as they failed to provide all three information types for any reported items, the level of comprehensive reporting is 0. Not one company succeeded in disclosing all three information types for all of the items they disclosed. As a matter of fact, the best result occurred in 2013, when one company managed to disclose the three information types for nearly half of the disclosed items (Nokia). While this study's purpose is not to compare company differences but rather to study the comprehensiveness of sustainability reporting on a more general level, Figure 9 below presents the comprehensiveness in relation to the number of disclosed items (completeness). As Bouten et al. (2011, 196) argue, considering only comprehensiveness without studying completeness could lead to misleading interpretations. Although the levels of comprehensive reporting were low, as presented in Table 10, Figure 9 below confirms that companies reported more in terms of quantity of disclosures.

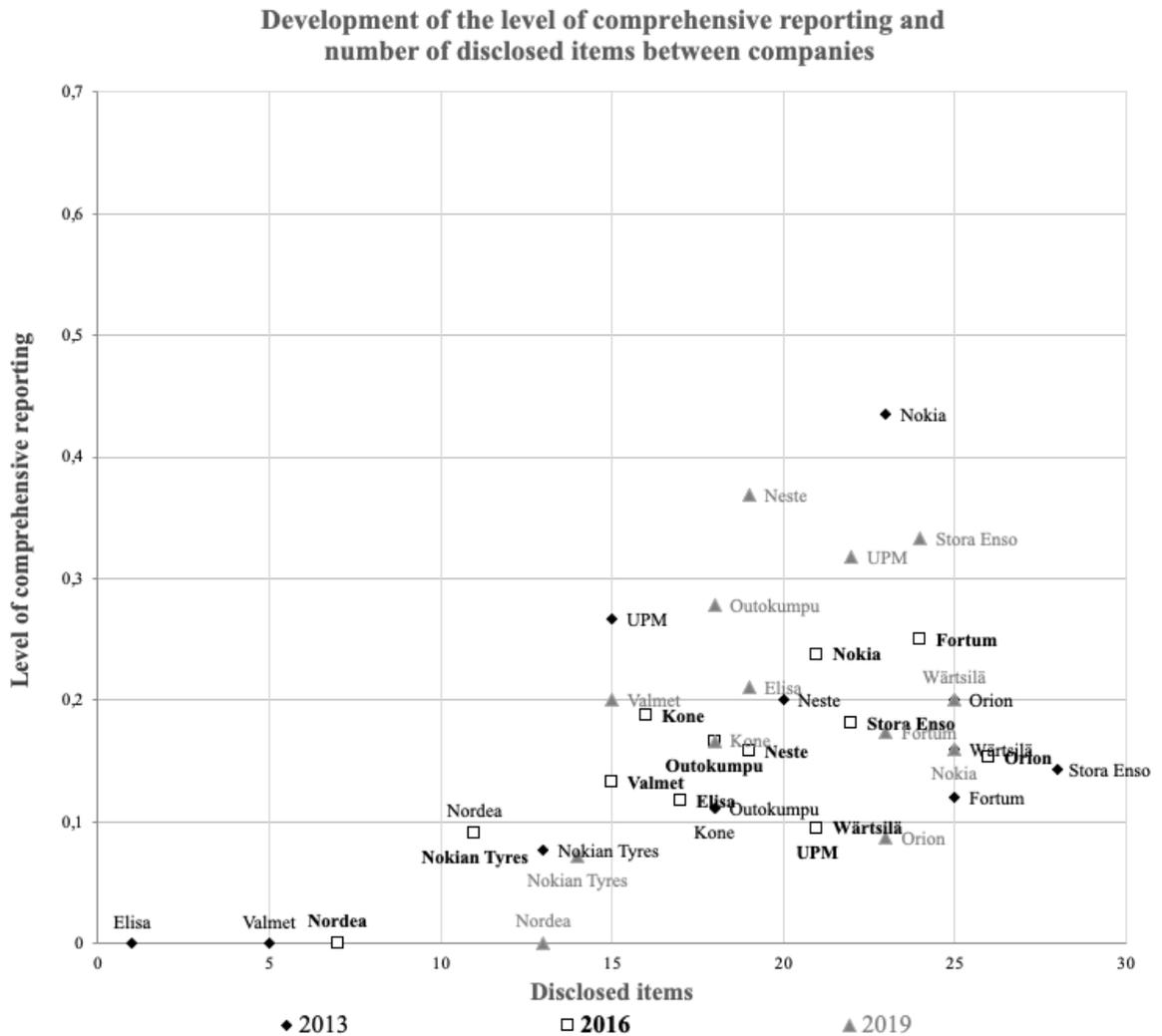


Figure 9 Development of the level of comprehensive reporting and number of disclosed items between companies (Appendix 2, Table 19)

Turning now to see how the different information types and combinations co-occurrence in the data. Table 11 presents the overall trend on a yearly level for *all disclosed items*. As the primary goal of this thesis was to assess how comprehensiveness has developed in sustainability reports, the most important information in the following Tables is the first line (VG, MA, and PI), which reveals how many disclosures were reported using all three information types. However, as we are also interested in finding out the most popular information type or combination used in different sustainability areas, the following Tables will also reveal this.

Table 11 Overview of the used information types and their combination

Item is covered in the following way	2013		2016		2019	
	Total (n = 227)		Total (n = 238)		Total (n = 258)	
	n	%	n	%	n	%
VG, MA and PI	40	17,6	37	15,5	53	20,5
VG and MA	5	2,2	3	1,3	8	3,1
MA and PI	16	7,0	15	6,3	34	13,2
VG and PI	50	22,0	57	23,9	45	17,4
Only VG	20	8,8	27	11,3	25	9,7
Only MA	14	6,2	22	9,2	21	8,1
Only PI	82	36,1	77	32,4	72	27,9
Total	227	100,0	238	100,0	258	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

When looking at the overall picture, it is clear that companies disclosed most of the information using *only* performance indicators (PI). While there has been a decrease, it remains the most used information type in all studied years. As can be found, only roughly 20% of the disclosures were disclosed in a comprehensive manner (2013: 17,6%, 2016: 15,5%, 2019: 20,5%). Next, each area of Economic, Environmental, Human rights, Labor practices and decent work, Product responsibility, and Society is studied in more detail, to see how each area has developed and what are the most used information combinations per area. Additionally, some thoughts of the results are already presented in this chapter to make it easier to interpret the results.

4.2.1 Economic

As can be discovered from Table 12 below, the number of disclosed Economic items has increased positively throughout the years. Regarding the used information types, it is clear that disclosing items with *only* performance indicators is the most common way for companies to report. This can be explained as many companies tended to disclose the monetary amount of given donations, which translates as a performance indicator. As it was earlier discovered in Table 11, the overall trend of disclosing all three information types was positive. However, the trend was the opposite with Economic items, as can be discovered from Table 12 below. Disclosing all three information types when reporting decreased by over half from 2013 19,2% to 7,7% in 2019. Hahn & Kühnen (2006, 7) stated that GRI is

more focused on environmental and social topics, and economic mainly covers general topics. This and also the omissions made by companies explain the low level of comprehensiveness with Economic disclosures partly. Companies tended to refer to different documents, such as financial reports or websites, where more information about Economic disclosure could be located, and therefore, the information was out of the scope of this study.

Table 12 Used information types and their combination in the area of Economic

Item is covered in the following way	2013		2016		2019	
	Economic (n = 26)		Economic (n = 27)		Economic (n = 39)	
	n	%	n	%	n	%
VG, MA and PI	5	19,2	2	7,4	3	7,7
VG and MA	1	3,8	0	0,0	2	5,1
MA and PI	1	3,8	2	7,4	3	7,7
VG and PI	2	7,7	6	22,2	11	28,2
Only VG	2	7,7	1	3,7	0	0,0
Only MA	2	7,7	5	18,5	4	10,3
Only PI	13	50,0	11	40,7	16	41,0
Total	26	100,0	27	100,0	39	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

When looking more closely at the disclosures included in the Economic area, Anti-corruption has continuously been the most disclosed item, while Market presence, Procurement practices, and Indirect economic impacts have been the least disclosed items (Appendix 3).

4.2.2 Environment

When comparing to the development of Economic disclosures, the number of Environmental disclosures remained notably steady throughout the analyzed years. However, Environmental disclosures were disclosed with more information than Economic disclosures. While performance indicator was the most used information type in 2013 by 27,5%, at the same time, 25% of the disclosures were covered with all three information types, offering a comprehensive view of the Environmental disclosures. Overall, the development of reporting sustainability disclosures comprehensively was positive.

While there was a drop in comprehensive reporting from 2013 to 2016, in 2019, 33,8% of Environmental disclosures were reported with all three information types of vision and goals, management approach, and performance indicators. In 2019, this was at the same time the most popular way for companies to disclose environmental information in their sustainability reports.

Table 13 Used information types and their combination in the area of Environment

Item is covered in the following way	2013		2016		2019	
	Environment (n = 80)		Environment (n = 79)		Environment (n = 80)	
	n	%	n	%	n	%
VG, MA and PI	20	25,0	16	20,3	27	33,8
VG and MA	3	3,8	2	2,5	2	2,5
MA and PI	7	8,8	3	3,8	12	15,0
VG and PI	21	26,3	25	31,6	16	20,0
Only VG	3	3,8	5	6,3	0	0,0
Only MA	4	5,0	3	3,8	1	1,3
Only PI	22	27,5	25	31,6	22	27,5
Total	80	100,0	79	100,0	80	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

The increasing regulation, including domestic and international initiatives (Olkkonen & Quarshie 2019, 37-38), could explain the trend of disclosing more information on Environmental disclosures. Again, looking more closely at the most disclosed items included Energy, Effluents and Waste, and Emissions, and the least disclosed items were Supplier environmental assessment, Materials, and Biodiversity (Appendix 3).

4.2.3 Human rights

While the number of disclosures stayed quite steady, the development of disclosing different information types has fluctuated the most with Human rights disclosures compared to other areas. In 2013, the most common way to disclose Human rights disclosures was to use a combination of VG (vision and goals) and PI (performance indicators) by 40,5%. In 2016, companies mostly disclosed only performance indicators for 37,1% of the items, and in 2019, most items were reported *only* by vision and goals by 33,3%. Additionally, the comprehensiveness of reported Human rights disclosures has decreased from 2013 to 2019.

Therefore, it is safe to say that the development regarding Human rights disclosures has been overall negative.

Table 14 Used information types and their combination in the area of Human rights

Item is covered in the following way	2013		2016		2019	
	Human rights (n = 37)		Human rights (n = 35)		Human rights (n = 42)	
	n	%	n	%	n	%
VG, MA and PI	4	10,8	2	5,7	4	9,5
VG and MA	0	0,0	0	0,0	2	4,8
MA and PI	4	10,8	1	2,9	0	0,0
VG and PI	15	40,5	11	31,4	10	23,8
Only VG	5	13,5	8	22,9	14	33,3
Only MA	1	2,7	0	0,0	3	7,1
Only PI	8	21,6	13	37,1	9	21,4
Total	37	100,0	35	100,0	42	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

Some reasons for poor reporting of Human rights disclosure include the large extent of the topic and uncertainty. As Human rights cover large entities, it is challenging and costly to collect data about these topics. Consequently, as companies do not have full and accurate data, the companies may not know, for example, which of its operations and suppliers are at risk of using child or forced labor. As a result, companies dismiss reporting of these topics. (Morhardt 2009, 152-153)

While the reasons mentioned above have presumably influenced the development of disclosing less information, the most likely explanation is the “*self-damning nature of some of the data*” (Morhardt 2009, 152-153), as this would explain the shifts of using different information type combinations over the studied timeframe. As companies do want to take care of their reputation, it is not surprising that companies would not inform, for example, about the violations of indigenous people’s rights. (Morhardt 2009, 153) As a matter of fact, the Rights of indigenous peoples and Security practices were the least reported disclosures, while Non-discrimination and Forced and compulsory labor were covered well in the sustainability reports each year (Appendix 3).

4.2.4 Labor practices and decent work

With Labor practices and decent work, the number of disclosed items stayed quite steady. In 2013, disclosing *only* performance indicators was the most dominant information type by 45,2%, but by 2016 this had decreased to 21,7%. In 2016, 23,9% of items were reported comprehensively, and in 2019 36,4% were reported comprehensively, being the most popular way to disclose information in this area.

Vuontisjärvi (2006, 344) argued that tripartite negotiations could explain good reporting practices for some disclosures, such as employee health and well-being. As Labor practices and decent work was covered well and with more information types, i.e., companies reported Labor practices and decent work disclosures comprehensively, this is accepted as an explaining factor. Item Occupational health and safety was also the most disclosed item in all years, and it was mostly reported with all information types. Additionally, Training and Education was also one of the most commonly reported disclosure, but Employment and Labor/ management relations did not receive much coverage (Appendix 3).

Table 15 Used information types and their combination in the area of Labor practices and decent work

Item is covered in the following way	2013		2016		2019	
	Labor practices and decent work (n = 42)		Labor practices and decent work (n = 46)		Labor practices and decent work (n = 44)	
	n	%	n	%	n	%
VG, MA and PI	9	21,4	11	23,9	16	36,4
VG and MA	1	2,4	0	0,0	1	2,3
MA and PI	1	2,4	8	17,4	8	18,2
VG and PI	7	16,7	9	19,6	5	11,4
Only VG	2	4,8	3	6,5	3	6,8
Only MA	3	7,1	5	10,9	2	4,5
Only PI	19	45,2	10	21,7	9	20,5
Total	42	100,0	46	100,0	44	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

4.2.5 Product responsibility

The number of reported Product responsibility disclosures has increased slightly each year. As can be seen from Table 16, there has been a noticeable decrease with items that

companies report *only* with performance indicators in the area of Product responsibility. However, it still maintains its position as the most popular information type in all studied years. In 2013, as much as 73,1% of reported items were only covered by performance indicators.

Viewing the comprehensiveness, the development has been shifting, as in 2013, only 3,8% of items were reported with all information types, following an increase to 14,3% in 2016 and ending to 0% of disclosures reported with VG, MA, and PI. Customer health and safety were frequently covered in sustainability reports, while Customer privacy was not (Appendix 3).

Table 16 Used information types and their combination in the area of Product responsibility

Item is covered in the following way	2013		2016		2019	
	Product responsibility (n = 26)		Product responsibility (n = 28)		Product responsibility (n = 29)	
	n	%	n	%	n	%
VG, MA and PI	1	3,8	4	14,3	0	0,0
VG and MA	0	0,0	1	3,6	1	3,4
MA and PI	2	7,7	0	0,0	7	24,1
VG and PI	1	3,8	3	10,7	2	6,9
Only VG	1	3,8	0	0,0	0	0,0
Only MA	2	7,7	5	17,9	7	24,1
Only PI	19	73,1	15	53,6	12	41,4
Total	26	100,0	28	100,0	29	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

4.2.6 Society

Similar to Product responsibility disclosures, also the number of disclosed Society items developed positively each year. Opposite to other areas, disclosing only vision and goals (VG) was the most used information type in all studied years, as shown in Table 17. Further, in this area, companies tended to use *isolated* information types, in other words, disclosing only VG, only MA, or only PI. While there was a small increase in reporting social disclosures comprehensively, the number of items covered in this way was only 12,5% in 2019. There were only three disclosures covered in the coding framework for the area of Society, and when looking at these, Supplier social assessment was the most reported

disclosure following with Public policy, leaving the Local communities disclosure least reported item (Appendix 3).

Table 17 Used information types and their combination in the area of Society

Item is covered in the following way	2013		2016		2019	
	Society (n = 16)		Society (n = 23)		Society (n = 24)	
	n	%	n	%	n	%
VG, MA and PI	1	6,3	2	8,7	3	12,5
VG and MA	0	0,0	0	0,0	0	0,0
MA and PI	1	6,3	1	4,3	4	16,7
VG and PI	4	25,0	3	13,0	1	4,2
Only VG	7	43,8	10	43,5	8	33,3
Only MA	2	12,5	4	17,4	4	16,7
Only PI	1	6,3	3	13,0	4	16,7
Total	16	100,0	23	100,0	24	100,0

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

4.3 Development of environmentally sensitive and non-environmentally sensitive industries

As was already discussed in Chapter 2.2.3, industry membership remains the main explanatory factor in the scope of this study, if differences in reporting practices occur. However, it should be noted that the sample size was small, and some industries were represented by only one company. Therefore, the results cannot be generalized. However, the comparison between environmental sensitive and non-environmentally sensitive industries will provide some indication of possible trends.

The following Figure 10 presents industry means for the level of comprehensive reporting and number of disclosed items. As can be discovered, Industrials is the only industry with a clear positive development throughout the years regarding both the number of disclosed items and level of comprehensiveness. All other industries show inconsistent progress. For example, Financials, Energy, and Basic materials decrease in both the number of disclosed items and level comprehensiveness from 2013 to 2016. However, when comparing the findings between 2013 and 2019, all industries improved their positioning in either the

number of disclosed items or comprehensiveness. The only exception is Health care, which had better positioning in 2013 than in 2019.

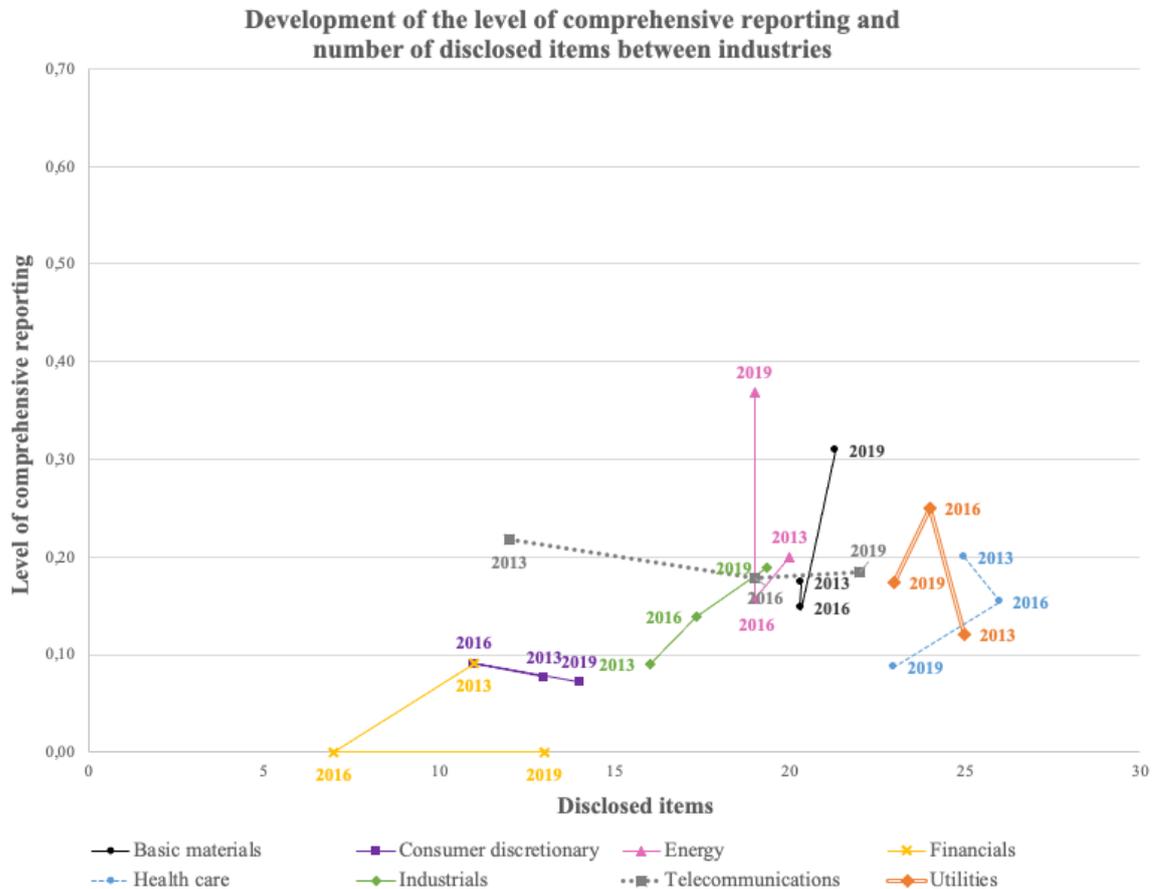


Figure 10 Development of the level of comprehensive reporting and number of disclosed items between industries (Appendix 2, Table 20)

In 2013 Telecommunications and Health care had the highest industry averages in the level of comprehensive reporting and Health care also reported the highest amount of disclosures in addition to Utilities. On the contrary, Industrials and Consumer discretionary had the lowest level of comprehensiveness while Telecommunications and Financials reported the least amount of disclosures.

Both in 2016 and 2019, Consumer discretionary and Financials had the lowest industry averages in both levels of comprehensiveness and number of disclosures. In 2016 Utilities had the highest level of comprehensiveness and most disclosed items. Further, Utilities disclosed the highest number of items also in 2019 along with Health Care. Energy and Basic materials had the highest mean level of comprehensive reporting in 2019.

When comparing the non-environmentally sensitive industries (Health care, Telecommunications, Consumer discretionary, Financials) to environmentally sensitive industries (Energy, Basic Materials, Industrials, Utilities), there is no apparent difference between these two groups. However, Financials and Consumer discretionary performance is more unsatisfactory compared to other industries and even to other non-environmentally sensitive industries.

While above Figure 10 presented the industry means including all six disclosed areas, the following Figures 11, 12, and 13 present in more detail how these industries have developed in key sustainability areas, including Economic, Environment, and Social. First, Figure 11 below displays the industry averages for the level of comprehensive economic reporting and the number of economic disclosures. Detailed information about the level of comprehensive reporting and the number of disclosed items can be discovered in Appendix 2.

4.3.1 Economic

As can be discovered from Figure 11 below, the level of comprehensive reporting for the economic disclosures was 0 for many industries throughout the studied timeline. However, more specifically, Consumer discretionary, Financials, and Utilities failed to report any economic disclosures in a comprehensive manner in any studied year. Basic materials and Energy were able to improve their level of comprehensiveness from 2013 to 2019, while Health care and Telecommunications decreased. Considering completeness, companies disclosed on average from 0-4 economic disclosures per year (from 6 possible economic disclosures). Overall, no apparent differences between environmentally and non-environmentally sensitive industries can be discovered.

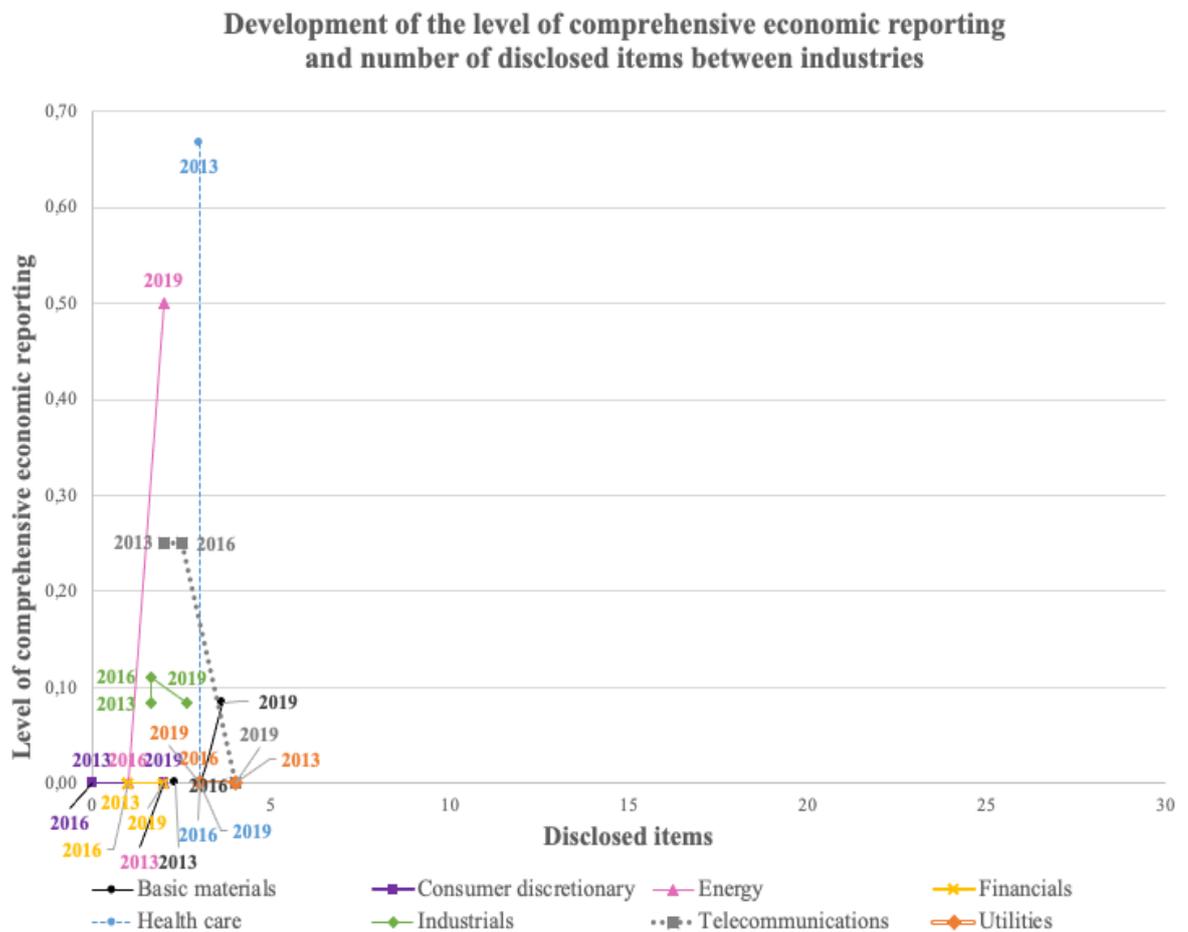


Figure 11 Development of the level of comprehensive economic reporting and number of disclosed items between industries (Appendix 2, Table 21)

Next, Figure 12 below displays the industry averages for the level of comprehensive environmental reporting and the number of environmental disclosures.

4.3.2 Environmental

With environmental disclosures, the differences between environmentally and non-environmentally sensitive industries are more evident as the level of comprehensiveness is clearly lower for non-sensitive industries, as can be discovered from Figure 12. However, Industrials did not achieve the same level of comprehensiveness as its industry peers, while in comparison, Telecommunications performed better than other non-sensitive industries. The more significant environmental impacts of environmentally sensitive industries lead to higher pressure from stakeholders (Branco & Rodrigues 2008, 689), explaining better performance when reporting environmental disclosures.

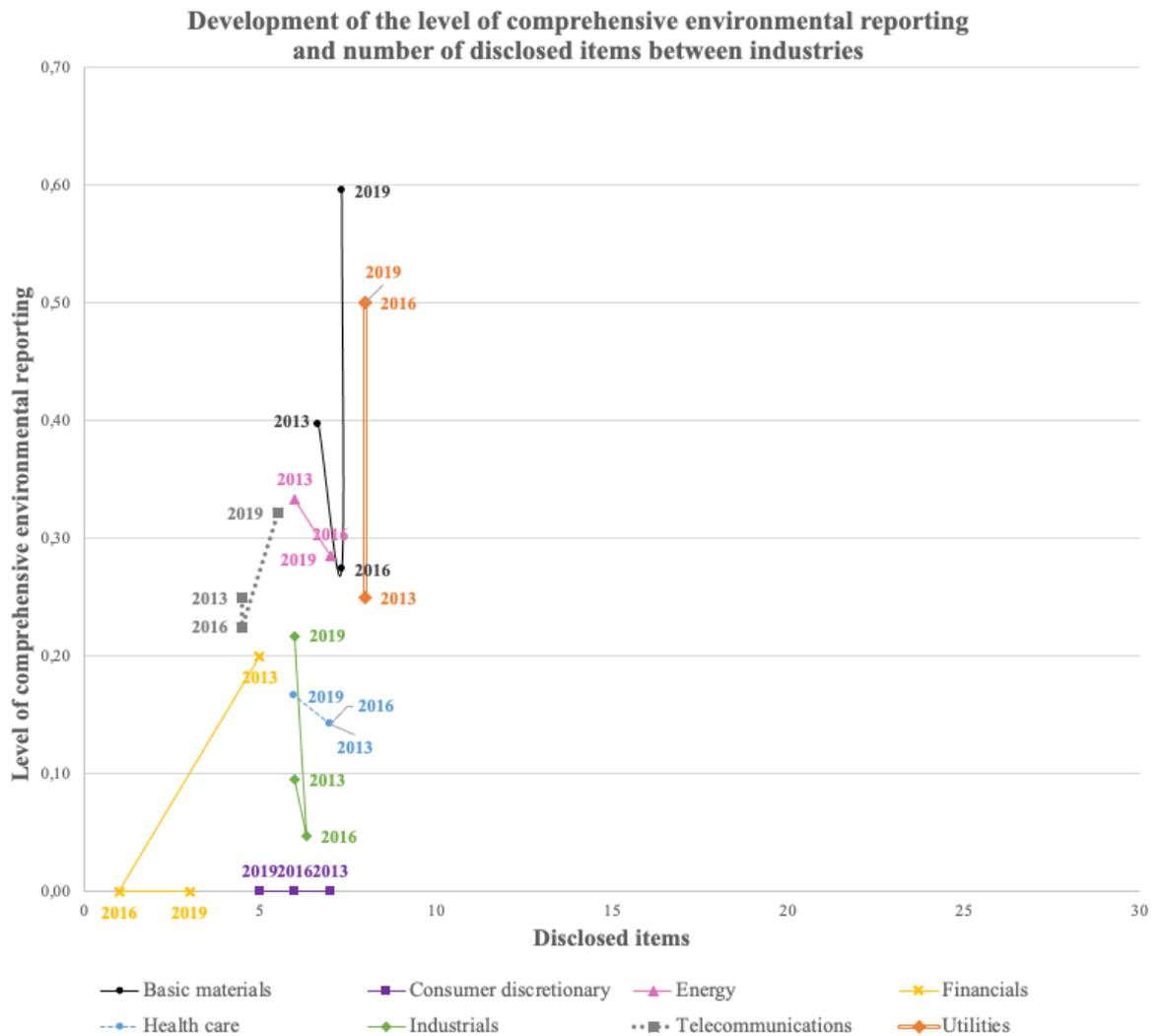


Figure 12 Development of the level of comprehensive environmental reporting and number of disclosed items between industries (Appendix 2, Table 22)

Basic materials, Industrials, and Utilities reported the same amount of environmental disclosures each year on average but managed to improve the level of comprehensiveness from 2013 to 2019. For example, Utilities reported eight environmental disclosures and achieved a result of 0.5 for the level of environmental comprehensiveness for 2016 and 2019 meaning, that half of the disclosures in this area were covered with all three information types. With Financials and Consumer discretionary being exceptions, all industries improved their positioning in either the number of disclosed items or comprehensiveness from 2013 to 2019. Financials reported the least amount of disclosures, and while Consumer

discretionary reported some environmental disclosures, it failed to provide all three information types for any disclosures.

4.3.3 Social

For the sake of presenting results, the four Social subcategories of Human rights, Labor practices and decent work, Product responsibility, and Society have been combined to one graph in Figure 13. As can be seen, with Social disclosures, the level of comprehensiveness remained relatively similar, while the main differences occurred with the number of disclosed items.

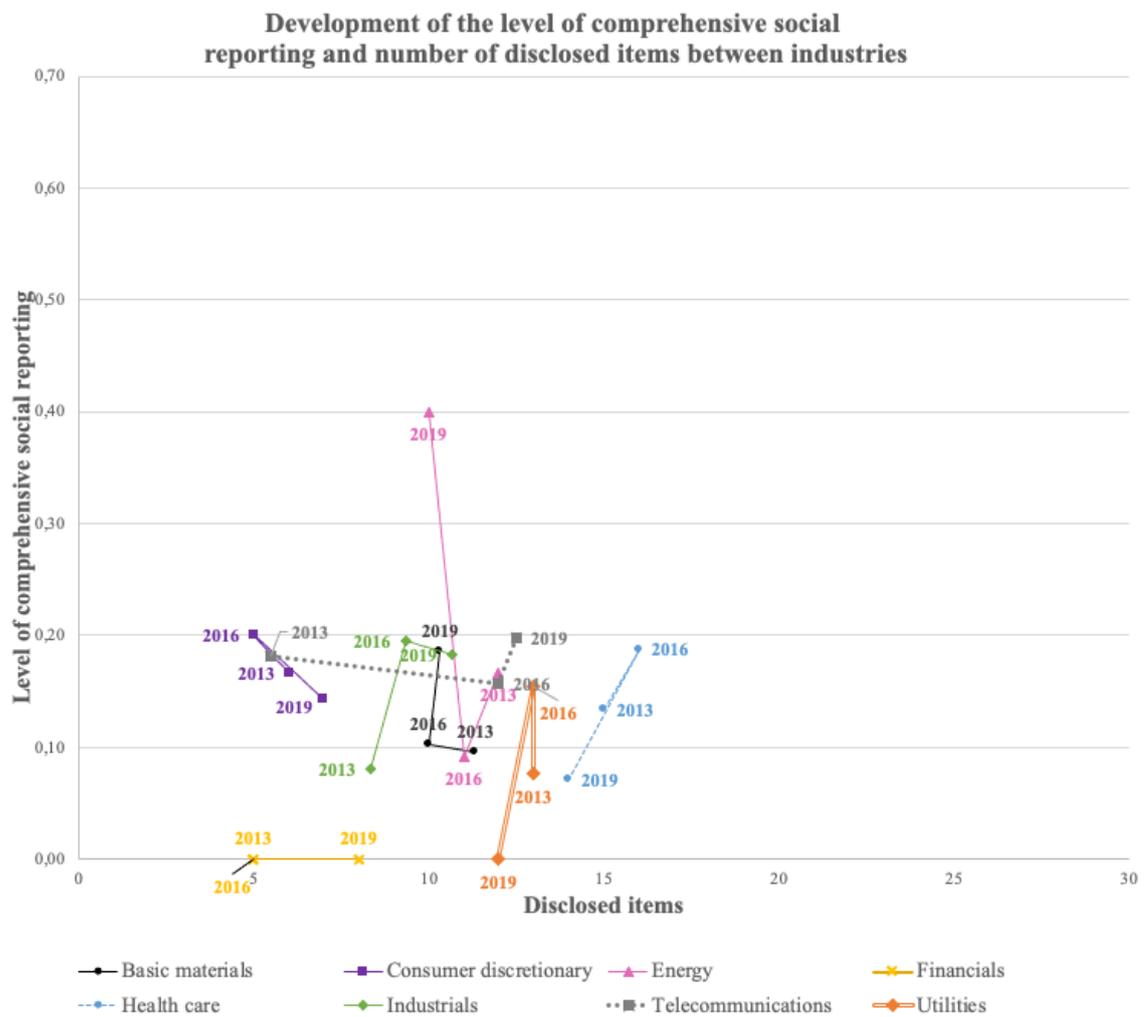


Figure 13 Development of the level of comprehensive social reporting and number of disclosed items between industries (Appendix 2, Table 23)

Following the same trend as before, Financials failed to report any social disclosures comprehensively. Additionally, Financials reported the least amount of social disclosures with Consumer discretionary. However, with social disclosures, Consumer discretionary managed to report some of the reported disclosures comprehensively and archived the same level of comprehensive reporting as most other industries (level of comprehensive reporting between 0.1-0.2). When considering the development of social disclosures, Industrials and Telecommunications have improved in both the level of comprehensiveness and increased the number of reported disclosures from 2013 to 2019. On the contrary, Health care decreased in both categories but still reported the highest number of disclosures on average (14-16 from a full list of 19 disclosures).

While the results of Social disclosures between the two industry groups were mixed, they still followed a similar trend as with environmental disclosures. Again, Industrials performed poorer compared to other industry peers, while in contrast, Telecommunications followed the performance of environmentally sensitive industries. However, as was already discovered, the best performer was Health care, which disclosed the largest number of disclosures. Therefore with social disclosures, the industry membership to environmentally or non-environmentally sensitive grouping does not seem to be such a strong indicator of better reporting practices.

5 Discussion

In this chapter, results will be gone through and discussed, and this will be done by first answering each sub-question. This thesis aimed to determine how the comprehensiveness of sustainability reporting has developed in 2013, 2016, and 2019. This was done by assessing how comprehensiveness developed as an information type combination and how it developed in different sustainability areas, as well as how the measure of comprehensiveness developed. Additionally, the development of environmentally sensitive industries was compared to non-sensitive industries. Next, each sub-question is discussed in connection with previous literature, leading to an answer to the main research question.

The overall findings showed inconsistent development. As detailed information about results from 2013 to 2016 and 2019 was already presented, the development will be interpreted mainly by assessing the development comparing results from 2013 to 2019 to gain an overall view.

sQ1: How Finnish listed companies have reported about vision and goals, management approach, and performance indicators in key sustainability areas, including Economic, Environment, Labor practices and decent work, Human rights, Society, and Product responsibility during the period 2013-2019?

Overall, the number of reported sustainability disclosures increased from 2013 to 2019 in all areas, excluding Environment, which stayed steady. Therefore, the increase in extent follows previous literature, as it has been discovered that over time there is an increase in disclosures in developed countries (de Villiers & van Staden 2006, 763). However, the comprehensiveness decreased with Economic, Human rights, and Product responsibility disclosures but increased with Environmental, Labor practices and decent work, and Society. Next, each area is discussed in more detail.

The number of Economic disclosures increased the most compared to other areas, but the comprehensiveness also declined the most. In 2013, 19,2% of 26 disclosures were reported with all information types, but in 2019 only 7,7% of 39 disclosures were reported comprehensively. Based on this, it appears that companies have shifted their focus from

quality to quantity. However, as was discussed earlier, the omissions made by companies partly explain the low level of comprehensiveness with Economic disclosures. Companies tended to refer to different documents, such as financial reports or websites, where more information about Economic disclosure could be located. Additionally, as was mentioned, the GRI Standard's emphasis on social and environmental topics also contribute (Hahn & Kühnen 2006, 7).

Bouten et al. (2011, 197) found that Economic, Environment, and Labor practices and decent work were the areas most reported by all three information types, i.e., comprehensively. It was argued that especially Environment and Labor practices and decent work are more embedded in Belgian companies, therefore explaining better performance. (Bouten et al. 2011, 197)

A similar argument can be made based on the findings presented here, especially with Labor practices and decent work disclosures. As Olkkonen & Quarshie (2019, 38, 2, 78) discussed, Finnish companies tend to report well on Social issues due to the welfare tradition, which is also evident here. Vuontisjärvi (2006, 344) argued that tripartite negotiations could explain better reporting practices for some disclosures, such as employee health and well-being. As the comprehensiveness increased with Labor practices and decent work, this is arguably the reason. Item occupational health and safety was also the most disclosed item in all studied years, and it was mostly reported with all information types.

However, as it was discovered, not all subcategories of social disclosures were covered comprehensively. For example, while the comprehensiveness of Society disclosures developed positively, these disclosures were still mostly covered by isolated information types in all years (disclosure by *only one* information type). With Human rights disclosures, the most popular information type on a yearly level shifted the most compared to other areas. Additionally, the comprehensiveness developed negatively from 2013 to 2019.

As was already discussed, the main reasons for poor reporting with Human rights disclosures are the large extent of the topic, uncertainty, costs, and challenges with data collection. (Morhardt 2009, 152-153). While the reasons mentioned above have presumably influenced the development of disclosing less information, the most likely explanation is the "self-

damning nature of some of the data" (Morhardt 2009, 152-153), as this would explain the fluctuations of using different information types over the studied timeframe. As companies do want to take care of their reputation, it is not surprising that companies would not inform, for example, about the violations of indigenous people's rights. (Morhardt 2009, 153)

Additionally, the regulation concerning human rights is estimated to increase in the upcoming years. Olkkonen & Quarshie (2019, 41-42) present an example where the human rights organization Finnwatch and other organizations are calling for national legislation that would force companies with global supply chains to monitor human rights impacts and, of course, reduce negative impacts. Therefore, it is expected that companies will report more in both extent and with more information types in the future.

Olkkonen & Quarshie (2019, 79) stated that typical shortcomings in Finland exist with environmental action. This is not occurrent in this data, as Environmental disclosures were reported the most comprehensively and to a greater extent with two information types. Also, disclosing vision and goals, management approach, and performance indicators increased positively so that in 2019 33,9% of disclosures were reported comprehensively. However, Olkkonen & Quarshie (2019, 79) explained that these shortcomings exist mostly with climate change actions, such as maintaining biodiversity and cutting down emissions. While item Biodiversity was the least reported item in all studied years, Emissions was one the most disclosed items and usually was covered with all three information types. Lastly, comprehensiveness also decreased with Product responsibility disclosures.

While Finnish companies do not see the legislation as the main driver when engaging in CSR (Olkkonen & Quarshie 2019, 41), these results challenge this statement. As KPMG (2017, 12) stated, transposing Directive 2014/95/EU into national laws has been slow, as nearly half of the member states missed the deadline in December 2016. While the first reporting cycle was bound to happen in 2018 (GRI & CSR Europe 2017, 14), KPMG (2017, 12) did not expect to see any progress before 2019 or even 2020. When considering the comprehensive sustainability reporting from 2016 to 2019, it has increased overall and also in all studied sustainability areas (excluding Product responsibility). While the effect of Directive 2014/95/EU on the comprehensiveness would need some further examination and statistical testing, it is quite presumable that regulation has been a driver for better reporting.

Next, answering the second sub-question to discover what has been the most predominant information type for companies to use during the studied timeline.

sQ2: What has been the most used information type or information type combination in key sustainability areas, including Economic, Environment, Labor practices and decent work, Human rights, Society, and Product responsibility during the period 2013-2019?

When first discussing the distribution of different information types, the results revealed mixed results with previous research. As it was discovered, performance indicator was the most popular information type as around 80% of all disclosures each year were reported using performance indicators. Around half of the disclosures were covered by vision and goals, and the coverage stayed relatively steady each year. The least reported information type was the management approach used in only 33% of disclosures in 2013. However, it increased as in 2019, already 45% of disclosures were covered with the management approach.

This is entirely in contrast with Bouten et al.'s (2011, 202) findings, as performance indicators were the least disclosed information type in Belgium. In contrast, Bouten et al. (2011) discovered that disclosing management approach was the most used information type. Further, when assessing the different information type combinations, Bouten et al. (2011, 197) revealed that using *only* the management approach was still the predominant way to report for Belgium companies. Here, when all possible information type combinations were considered, disclosing *only* performance indicators was still the most usual way to report during the whole timeline.

Also, de Grosbois (2012, 896) found that performance indicators were rarely reported, but hotel companies usually reported goals and commitment to sustainability. Additionally, while de Grosbois (2012, 904) stated that performance indicators are the most useful information to stakeholders, it is questioned here that using *only* performance indicators can offer enough information to stakeholders. The high amount of disclosures reported using performance indicators can be partly explained by the fact that performance indicators that denoted zero, such as "no incidents during the reporting year," were accepted to the data.

For example, extreme examples cover Human rights disclosures such as Child labor and Forced and compulsory labor. Many companies stated that they had not identified operations or suppliers considered to have significant risk for incidents. Arguably, this does not offer very relevant information to stakeholders, and additionally, it is hard to keep the company accountable. While it is assumed that companies have a management approach in place internally, the worst-case scenario is that the company does not, and therefore, the companies cannot identify risky operations or suppliers. However, a more likely situation is, as legitimacy theory suggests, that companies see disclosing more information as a legitimacy threat and therefore refrain from disclosing more information.

Additionally, while companies, especially the public listed companies, do use third-party assurance reports to increase the credibility of sustainability reports, it can be questioned, do stakeholders have the necessary expertise to interpret performance indicators. For example, it takes expert knowledge to be able to assess biodiversity impacts or CO₂ emissions, not to mention the need for industry and company knowledge to interpret these disclosures (Comyns et al. 2013, 238). Therefore, it is argued that if the company reports *only* performance indicators, the information asymmetry between the company and stakeholders is the highest (Comyns et al. 2013, 239).

Overall, the management approach was the least disclosed information type. It signals that companies do not report their actions or policies what they are doing to being sustainable or responsible. As companies in this sample followed the GRI Standards, one explanation for the shortcoming of this information type arises from this.

The Standards are a way for companies to report their impacts on the economy, the environment, and society (GRI 2020b, 3). Impact can refer to "*positive, negative, actual, potential, direct, indirect, short-term, long-term, intended, or unintended impact*" (GRI 2020b, 30). Simply put, it is a performance indicator. The Standards also cover the management approach, but companies need to discuss management approach only with topics that the company has identified as material (GRI 2020b, 86). Additionally, due to the modular form of Standards, companies can easily handpick disclosures to report performance data, but as it is not necessary to report the management approach, the disclosures' informativeness can be considered to be low.

As was discussed, the most popular information type combination for companies to report sustainability disclosures remained to use *only* performance indicators through the studied timeline. However, the trend had been decreasing from 36,1% in 2013 to 27,9% in 2019. Otherwise, the development of using different information types was inconsistent between different sustainability areas. Table 18 below summarizes the most predominant information type combinations per area. As can be discovered, with Economic, Product responsibility, and Society, there were no changes with the most used information type combination over the timeline. Therefore, it is assumed that these disclosures are not the main concerns for the companies.

Table 18 The most predominant information type combinations per sustainability area

	2013	2016	2019
Economic	Only PI	Only PI	Only PI
Environment	Only PI	<ul style="list-style-type: none"> • Only PI • VG and PI 	VG, MA, and PI
Human rights	VG and PI	Only PI	Only VG
Labor practices and decent work	Only PI	VG, MA, and PI	VG, MA, and PI
Product responsibility	Only PI	Only PI	Only PI
Society	Only VG	Only VG	Only VG

VG = Vision and goals, MA = Management approach, and PI = Performance indicators

In contrast, the predominant information type combinations have shifted over the studied timeframe with Environment, Labor practices and decent work, and Human rights disclosures the most. These are arguably the main interest for companies, as companies have changed what information they disclose, and hence, it is assumed that companies changed the communication approaches. Additionally, it is assumed that stakeholder pressure is higher for these topics. Also, academia has focused on studying specifically these topics. Great majority delimit studying only environmental reporting (see e.g., de Villiers & van

Staden 2006; Campbell 2004; Cormier et al. 2005), but also human rights (see e.g. Morhardt 2009), and occupational health and safety (see e.g. Tsalis et al. 2018), to mention few.

sQ3: How comprehensiveness of sustainability reporting has developed during the period 2013-2019 in environmentally sensitive industries in key sustainability areas, including Economic, Environment, and Social, compared to non-environmentally sensitive industries?

Before interpreting the results, it is important to remember that the sample size was small, and some industries were only presented by one company. Hence, the differences between industries should be interpreted with caution.

First, it was discovered that the *level of comprehensiveness* developed positively from 2013 to 2019 in all environmentally sensitive industries. In contrast, it decreased with all non-environmentally sensitive industries. Based on previous literature, it was expected that environmentally sensitive industries report better in extent (Gamerschlag et al. 2011; Amran & Haniffa 2011) and quality (Brammer and Pavelin 2006; Brammer & Pavelin 2008). As comprehensive reporting can be considered to increase reporting quality, the results follow previous findings. However, the decrease in the level of comprehensiveness of non-environmentally sensitive industries is a surprising finding. Based on previous literature, non-environmentally sensitive industries were expected to have lower performance. Therefore, the development was expected to be steady or only slightly positive. While the data cannot explain the decrease in non-environmentally sensitive industries in this research, one interpretation could be explained with legitimacy theory. Managers could see that disclosing more specific information is turning into a legitimacy threat, and hence, the company moves to disclose only general information on disclosures instead of specific (de Villiers & van Staden 2006, 767).

However, while the level of comprehensiveness decreased in each non-sensitive industry, the *number* of disclosed items increased from 2013 to 2019 with all, excluding Health Care. From environmentally sensitive industries, Basic Materials, Industrials, and Utilities reported more disclosures comparing 2013 and 2019, but Energy disclosed fewer disclosures.

Next, discussing in more detail how comprehensiveness developed with economic, environmental, and social disclosures between environmentally and non-environmentally sensitive industries. With economic disclosures, the differences between environmentally sensitive and non-environmentally sensitive industries were not visible.

Bouten et al. (2011, 200-202) studied only the differences between environmentally sensitive and non-environmentally sensitive industries with environmental disclosures. The discovery was that environmentally sensitive industries did report more disclosures, but the results from the comprehensiveness of these disclosures were more mixed. (Bouten et al. 2011, 200-202)

Here, the results between environmentally sensitive and non-environmentally sensitive industries were quite evident. The environmentally sensitive industries disclosed most environmental disclosures, but more importantly, they had a higher level of comprehensive reporting than non-sensitive industries. If companies perceived as environmentally sensitive did not report environmental disclosures, stakeholders could interpret this as weak environmental performance (da Silva Monteiro & Aibar-Guzmán 2010, 188). Therefore, this explains the excellent results of reporting environmental disclosures. The only exceptions were Utilities and Telecommunications. As Utilities reported a high level of disclosures, the level of comprehensiveness was low and at the same level as non-sensitive industries. On the contrary, Telecommunications held high levels of comprehensive reporting.

With social disclosures, the results were a bit more mixed. From environmentally sensitive industries, all had a positive development in the level of comprehensiveness, excluding Utilities. From non-sensitive, Consumer discretionary and Health care developed negatively, while Telecommunications improved in comprehensiveness. While earlier theory found that Financials is usually a prime reporter of social disclosures (Line et al. 2002, 77), these results do not support this. Additionally, Bouten et al. (2011, 202) found that banks were the best reporters when considering all disclosures, which is the opposite here. Financials was the worst-performing industry both when considering all disclosures as well as taking into consideration only the social disclosures.

This study's main goal was to find out how the comprehensiveness of sustainability reports developed in Finland. As sub-questions have been answered, they can be summarized to answer the main research question.

RQ: How the comprehensiveness of sustainability reporting has developed in Finnish listed companies during the period 2013-2019?

Studying the overall development, using all three information types when reporting disclosures developed positively, excluding the minor decrease in 2016. In 2013, 17,6% of disclosures were reported comprehensively, leading to a decrease to 15,5% in 2016 and ending to a positive development of 20,5% of disclosures reported comprehensively in 2019. This is consistent with previous literature, as de Villiers & van Staden (2006, 764) stated that usually information changes from general to specific over time. However, as 45,7% of reported disclosures remained to be covered with isolated information types (using *only* PI, *only* MA, or *only* PI) in 2019, it can be widely questioned whether the accountability demand of stakeholders fulfills.

The results demonstrated better results than Bouten et al. (2011, 197), in which findings from the 2005 Belgium annual reports indicated that only 12,7% of disclosures were reported comprehensively. While the country of origin could explain the better results from Finland, it is more likely, that the ever-increasing pressure for companies to be responsible and the growing popularity of GRI Standards and regulation is the main explaining factor for better results.

However, the most important measure in this study was the *level of comprehensive reporting*, as it revealed the extent to which the company disclosed all three information types for the reported sustainability disclosures (Bouten et al. 2011, 195). It was discovered that the level of comprehensiveness developed positively, but only slightly. The level of comprehensiveness remains low, as all companies failed to report all three information types for half of the reported disclosures. While it has been already implied, now at the latest, it is sufficient to state that companies focus more on quantity than quality.

The most likely cause for this is stakeholders. As companies are trying to fulfill the demands of multiple different stakeholder groups, which all have differing views of what the company should do, companies often indulge in an abundance of disclosures rather than reporting quality. To avoid this information overflow, companies should focus on identifying the target groups and provide well-balanced reports to fulfill their information needs (Herzig & Schaltegger (2006, 309-310).

While the overall level of comprehensiveness remained at a low level, a more fruitful conclusion is, what also Comyns et al. (2013, 241) suggest, that companies reporting is *mixed* quality rather than poor quality. Based on the finding, it is clear that companies are more focused on Environment and Labor practices and decent work disclosures, as these were, to an increasing extent, reported comprehensively. Therefore, it can also be considered that the information asymmetry is the lowest with these disclosures. All other areas can be considered poorly reported based on the low use of additional information types. However, while the Human rights disclosures were poorly reported and the number of used information types decreased over time, these disclosures are also in high interest for companies, as companies have seemingly shifted their communication strategies.

6 Conclusion

This study aimed to discover how Finnish companies use three information types – vision and goals, management approach, and performance indicators when reporting sustainability disclosures. Additionally, development through 2013, 2016, and 2019 was studied.

Theoretical background explained the development of reporting practices, and at the same time, the origins of the term CSR and sustainability were discovered. Additionally, determinants found to influence organizations' sustainability reporting practices were introduced, and theoretical underpinnings for reporting practices were discussed.

The adopted research methodology was mixed-method and chosen timeframe longitudinal to support assessing the development of sustainability reporting. The sample covered 13 Finnish companies listed in OMXH15. For the analysis, documentary secondary data was used in the form of a sustainability report, combined annual report, or the annual report based on the availability. The coding structure was adopted from Bouten et al. (2011), and the coding content followed GRI Standards 2016.

The adopted framework made it possible to assess the completeness and comprehensiveness of sustainability reporting. The coding categories covered Economic, Environmental, Labor practices and decent work, Human rights, Society, and Product responsibility disclosures.

While reporting with all three information types developed positively, disclosing *only* performance indicators when reporting sustainability disclosures remained the predominant way of disclosing information. On the other hand, the management approach was the least reported information type throughout the studied timeline. As all sample companies followed GRI Standards, the unbalance with reported information types was assumed to be due to the Standards. The Standards emphasize reporting about impacts, i.e., sustainability performance, and reporting about how the company *manages* these impacts is required only for material topics.

In conclusion, reporting more information types has developed positively while it is still at a low level. Overall, companies adopt quantity over quality, which indicates that the

companies focus more on "tick-the-box" sustainability reporting rather than providing informative quality reports. Consequently, the information asymmetry is considered to remain high between the company and the stakeholders. Further, sustainability reports are of mixed quality, as there were apparent differences between the different sustainability areas and how many information types were used. Next, theoretical and practical contributions are discussed, followed by the closing chapter, which discusses this study's limitations and suggests future research avenue.

6.1 Theoretical contributions

This study strengthens the idea that sustainability reporting practices are influenced by industry membership. Environmentally sensitive industries were found to report more comprehensively as these industries developed positively through the studied timeline, while non-sensitive industries developed negatively. Additionally, environmentally sensitive industries reported strongly on environmental disclosures, which is also in agreement with previous literature. The findings also support previous literature that suggests that the trend in developed countries is to report more sustainability disclosures and report more specific information instead of general information over time.

Contrary to previous studies, which have suggested that performance indicators are the least disclosed information type, findings revealed they were reported nearly 80% of the time. Additionally, it should be noted that the results from Belgium were entirely in contrast with the findings presented here, which raises a question about how the country of origin affects the use of different information types.

The most significant contribution to theory is the unique data on the different information type combinations, which is not a particularly investigated area in academia. The findings present very detailed knowledge about how companies use different information types and combinations on a general level. Also, economic, environmental, and social disclosures were examined in more detail, which revealed that not all areas are as informative as others. The findings also recorded the shifts in information type combinations through the studied timeline, which suggests that companies change reporting practices to gain legitimacy from stakeholders.

This thesis also contributed to the methodology by improving the adopted content analysis framework. As discussed in Chapter 3, the content analysis framework was updated with newer content from GRI Standards, and the coding process was refined.

6.2 Practical implications

For practice, this study offers some insights to both reporting practitioners as well as stakeholders. For reporting practitioners, as in the companies, this study revealed some reporting gaps. As it was already argued, it is assumed that regulation with Human rights disclosures will increase in the near future, and currently, there lies a gap as the majority of disclosures were reported using only one information type.

Considering the different information types reported, it was revealed that the management approach was to a greater extent missing, as companies did not report what the concrete actions, plans, or policies were regarding the impacts on the economy, environment, and society. Therefore, companies are encouraged to report more information in addition to the impacts.

Consequently, for stakeholders, the results revealed the lack of information that companies report, as nearly half of the disclosures were reported using only one information type. As argued, companies tended to focus on quantity over quality, presumably, to distract stakeholders with the number of sustainability disclosures rather than comprehensively reporting disclosures.

While the performance indicators were reported well, it was questioned do stakeholders have the knowledge and expertise to interpret this information. Further, disclosing *only* performance indicators was argued to increase the information asymmetry between the company and stakeholders. Therefore, the results revealed that the accountability demand towards stakeholders is hardly fulfilled. To conclude, stakeholders should focus on requiring more information, especially about how the company manages impacts. This way, stakeholders would have more information to assess companies' actions and keep them accountable for their impacts and actions.

6.3 Limitations and future directions

The main limitations of this study concern the chosen method, the sample size, and the descriptive nature of this thesis. As mentioned in the introduction, this thesis's shortcoming is the used content analysis framework that only included preselected sustainability disclosures. While GRI Standards are the most adopted sustainability framework globally (GRI 2020c), it is possible that the studied companies disclosed more sustainability information. Therefore, the first suggestion for future research arises from this, and a data-driven coding process is proposed. This way, all reported sustainability disclosures could be identified. Additionally, the use of a second coder is highly recommended to increase the reliability of the results.

While the sample size was small, and therefore, the results cannot be generalized to concern the state of comprehensive sustainability reporting in Finland, the sample does present the largest and well-known companies in Finland. Additionally, the sample included a few sustainability reporting leaders in Finland, such as Stora Enso and Fortum (Aalto University 2019). Therefore, it can be assumed that this sample presents the best performers in sustainability reporting. However, another interesting future research approach would be to study the comprehensiveness of sustainability reporting in unlisted Finnish companies.

Further, while the goal of this thesis was fulfilled by describing how sustainability reporting has developed, the results do not offer much perspective on why the disclosure of different information types and combination varies. Therefore, this thesis serves as a basis for more explanatory research.

For example, studies regarding the role of country of origin would be beneficial, as the findings from a Belgium setting were in notable contrasts with findings presented here. While the results from Belgium presented the situation from 2005, and the popularity and regulation concerning sustainability reporting have increased later, a more recent country comparison should be undertaken to explore why using different information types differs in different countries.

Additionally, further studies need to examine more closely the links between information types and information asymmetry. While it is suggested here that comprehensive sustainability reporting will decrease information asymmetry, this requires further statistical testing and including examination of stakeholders' responses.

Further studies should be undertaken to explore the comprehensiveness of sustainability topics the company has identified to be material. As the findings indicated, the companies are trying to fulfill the demands of multiple stakeholder groups, leading to sustainability reports being overflowed with information and lacking in precision. Material topics are usually identified with materiality analysis, which aims to identify the most important sustainability issues to the organization and its stakeholders. Therefore, it would be interesting to examine, are these disclosures reported more comprehensively than other disclosures included in the companies sustainability reports.

An additional interesting area of research would be to conduct a longitudinal study to see has the sustainability-related targets that company has stated materialized. While this thesis's goal was not to evaluate this, it was noted in a few instances that, for example, the company had a target in 2013, but in 2016 there were no goals concerning the same matter anymore. Therefore, studying this in more detail would reveal the actual progress towards sustainability goals and the management approach's effectiveness.

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Appendices

Appendix 1 Cross comparison of GRI Standards

	G4 2013 (GRI 2013)	GRI Standards 2016 (GRI 2016b)	GRI Standards 2018 (GRI 2018)	Bouten et al. (2011) based on G3	Coding used in this thesis
ECONOMIC	<ul style="list-style-type: none"> o Economic Performance o Market Presence o Indirect Economic Impacts o Procurement Practices 	<ul style="list-style-type: none"> o Economic Performance o Market Presence o Indirect Economic Impacts o Procurement Practices o Anti-corruption o Anti-competitive Behavior 	<ul style="list-style-type: none"> o Economic Performance o Market Presence o Indirect Economic Impacts o Procurement Practices o Anti-corruption o Anti-competitive Behavior 	<ul style="list-style-type: none"> o Direct economic impacts o Market presence o Indirect economic impacts o Compliance o Residual 	<ul style="list-style-type: none"> o Direct Economic impacts o Market Presence o Indirect Economic Impacts o Procurement Practices o Anti-corruption o Anti-competitive Behavior
ENVIRONMENTAL	<ul style="list-style-type: none"> o Materials o Energy o Water o Biodiversity o Emissions o Effluents and Waste o Products and Services o Compliance o Transport o Overall o Supplier Environmental Assessment o Environmental Grievance Mechanisms 	<ul style="list-style-type: none"> o Materials o Energy o Water o Biodiversity o Emissions o Effluents and Waste o Environmental Compliance o Supplier Environmental Assessment 	<ul style="list-style-type: none"> o Materials o Energy o Water & Effluents o Biodiversity o Emissions o Effluents and Waste o Environmental Compliance o Supplier Environmental Assessment 	<ul style="list-style-type: none"> o Materials o Energy o Water o Biodiversity o Emissions, effluents and waste o Products and services o Compliance o Transport o Overall o Residual 	<ul style="list-style-type: none"> o Materials o Energy o Water o Biodiversity o Emissions o Effluents and Waste o Environmental Compliance o Supplier Environmental Assessment
LABOR PRACTICES AND DECENT WORK	<ul style="list-style-type: none"> o Employment o Labor/Management Relations o Occupational Health and Safety o Training and Education o Diversity and Equal Opportunity o Equal Remuneration for Women and Men o Supplier Assessment for Labor Practices o Labor Practices Grievance Mechanisms 	<ul style="list-style-type: none"> o Employment o Labor/Management Relations o Occupational Health and Safety o Training and Education o Diversity and Equal Opportunity 	<ul style="list-style-type: none"> o Employment o Labor/Management Relations o Occupational Health and Safety 2018 o Training and Education o Diversity and Equal Opportunity 	<ul style="list-style-type: none"> o Employment o Labour /Management relations o Occupational health and safety o Training and education o Diversity and equal opportunity o Employee satisfaction o Compliance o Residual 	<ul style="list-style-type: none"> o Employment o Labor/Management Relations o Occupational Health and Safety o Training and Education o Diversity and Equal Opportunity
HUMAN RIGHTS	<ul style="list-style-type: none"> o Investment o Non-discrimination o Freedom of Association and Collective Bargaining o Child Labor o Forced or Compulsory Labor o Security Practices o Indigenous Rights o Assessment o Supplier Human Rights Assessment o Human Rights Grievance Mechanisms 	<ul style="list-style-type: none"> o Non-discrimination o Freedom of Association and Collective Bargaining o Child Labor o Forced or Compulsory Labor o Security Practices o Rights of Indigenous Peoples o Human Rights Assessment 	<ul style="list-style-type: none"> o Non-discrimination o Freedom of Association and Collective Bargaining o Child Labor o Forced or Compulsory Labor o Security Practices o Rights of Indigenous Peoples o Human Rights Assessment 	<ul style="list-style-type: none"> o Investment and procurement practices o Non-discrimination o Freedom of association and collective bargaining o Child labor o Forced and compulsory labor o Security practices o Indigenous rights o Compliance o Residual 	<ul style="list-style-type: none"> o Non-discrimination o Freedom of Association and Collective Bargaining o Child Labor o Forced or Compulsory Labor o Security Practices o Rights of Indigenous Peoples o Human Rights Assessment
SOCIETY	<ul style="list-style-type: none"> o Local Communities o Anti-corruption o Public Policy o Anti-competitive Behavior o Compliance o Supplier Assessment for Impacts on Society o Grievance Mechanisms for Impacts on Society 	<ul style="list-style-type: none"> o Local Communities o Supplier Social Assessment o Public Policy 	<ul style="list-style-type: none"> o Local Communities o Supplier Social Assessment o Public Policy 	<ul style="list-style-type: none"> o Community o Corruption o Public policy o Anti-competitive behaviour o Compliance o Residual 	<ul style="list-style-type: none"> o Local Communities o Supplier Social Assessment o Public Policy
PRODUCT RESPONSIBILITY	<ul style="list-style-type: none"> o Customer Health and Safety o Product and Service Labeling o Marketing Communications o Customer Privacy o Compliance 	<ul style="list-style-type: none"> o Customer Health Safety o Marketing and Labeling o Customer Privacy o Socioeconomic Compliance 	<ul style="list-style-type: none"> o Customer Health Safety o Marketing and Labeling o Customer Privacy o Socioeconomic Compliance 	<ul style="list-style-type: none"> o Customer health and safety o Product and service labelling o Marketing communications o Customer privacy o Compliance o Customer satisfaction o Residual 	<ul style="list-style-type: none"> o Customer Health Safety o Marketing and Labeling o Customer Privacy o Socioeconomic Compliance

Appendix 2 Level of comprehensive reporting

Table 19 Level of comprehensive reporting and number of disclosed items per company

Company	Year	Level of comprehensive reporting	Disclosed items
Elisa	2013	0,00	1
Fortum	2013	0,12	25
Kone	2013	0,11	18
Neste	2013	0,20	20
Nokia	2013	0,43	23
Nokian Tyres	2013	0,08	13
Nordea	2013	0,09	11
Orion	2013	0,20	25
Outokumpu	2013	0,11	18
Stora Enso	2013	0,14	28
UPM	2013	0,27	15
Valmet	2013	0,00	5
Wärtsilä	2013	0,16	25
Elisa	2016	0,12	17
Fortum	2016	0,25	24
Kone	2016	0,19	16
Neste	2016	0,16	19
Nokia	2016	0,24	21
Nokian Tyres	2016	0,09	11
Nordea	2016	0,00	7
Orion	2016	0,15	26
Outokumpu	2016	0,17	18
Stora Enso	2016	0,18	22
UPM	2016	0,10	21
Valmet	2016	0,13	15
Wärtsilä	2016	0,10	21
Elisa	2019	0,21	19
Fortum	2019	0,17	23
Kone	2019	0,17	18
Neste	2019	0,37	19
Nokia	2019	0,16	25
Nokian Tyres	2019	0,07	14
Nordea	2019	0,00	13
Orion	2019	0,09	23
Outokumpu	2019	0,28	18
Stora Enso	2019	0,33	24
UPM	2019	0,32	22
Valmet	2019	0,20	15
Wärtsilä	2019	0,20	25

Continues

Appendix 2 continued

Table 20 Average of the level of comprehensive reporting and number of disclosed items per year and per industry

Industry	Year	Average of the level of comprehensive reporting	Average of disclosed items
Basic materials	2013	0,17	20
Basic materials	2016	0,15	20
Basic materials	2019	0,31	21
Consumer discretionary	2013	0,08	13
Consumer discretionary	2016	0,09	11
Consumer discretionary	2019	0,07	14
Energy	2013	0,20	20
Energy	2016	0,16	19
Energy	2019	0,37	19
Financials	2013	0,09	11
Financials	2016	0,00	7
Financials	2019	0,00	13
Health care	2013	0,20	25
Health care	2016	0,15	26
Health care	2019	0,09	23
Industrials	2013	0,09	16
Industrials	2016	0,14	17
Industrials	2019	0,19	19
Telecommunications	2013	0,22	12
Telecommunications	2016	0,18	19
Telecommunications	2019	0,19	22
Utilities	2013	0,12	25
Utilities	2016	0,25	24
Utilities	2019	0,17	23

Continues

Appendix 2 continued

Table 21 Average of the level of economic comprehensive reporting and number of disclosed items per year and per industry

Industry	Year	Average of the level of economic comprehensive reporting	Average of Disclosed Economic items
Basic materials	2013	0,00	2
Basic materials	2016	0,00	3
Basic materials	2019	0,08	4
Consumer discretionary	2013	0,00	0
Consumer discretionary	2016	0,00	0
Consumer discretionary	2019	0,00	2
Energy	2013	0,00	2
Energy	2016	0,00	1
Energy	2019	0,50	2
Financials	2013	0,00	1
Financials	2016	0,00	1
Financials	2019	0,00	2
Health care	2013	0,67	3
Health care	2016	0,00	3
Health care	2019	0,00	3
Industrials	2013	0,08	2
Industrials	2016	0,11	2
Industrials	2019	0,08	3
Telecommunications	2013	0,25	2
Telecommunications	2016	0,25	3
Telecommunications	2019	0,00	4
Utilities	2013	0,00	4
Utilities	2016	0,00	3
Utilities	2019	0,00	3

Continues

Appendix 2 continued

Table 22 Average of the level of environmental comprehensive reporting and number of disclosed items per year and per industry

Industry	Year	Average of the level of environmental comprehensive reporting	Average of Disclosed Environmental items
Basic materials	2013	0,40	7
Basic materials	2016	0,27	7
Basic materials	2019	0,60	7
Consumer discretionary	2013	0,00	7
Consumer discretionary	2016	0,00	6
Consumer discretionary	2019	0,00	5
Energy	2013	0,33	6
Energy	2016	0,29	7
Energy	2019	0,29	7
Financials	2013	0,20	5
Financials	2016	0,00	1
Financials	2019	0,00	3
Health care	2013	0,14	7
Health care	2016	0,14	7
Health care	2019	0,17	6
Industrials	2013	0,10	6
Industrials	2016	0,05	6
Industrials	2019	0,22	6
Telecommunications	2013	0,25	5
Telecommunications	2016	0,23	5
Telecommunications	2019	0,32	6
Utilities	2013	0,25	8
Utilities	2016	0,50	8
Utilities	2019	0,50	8

Continues

Appendix 2 continued

Table 23 Average of the level of social comprehensive reporting and number of disclosed items per year and per industry

Industry	Year	Average of the level of social comprehensive reporting	Average of Disclosed Social items
Basic materials	2013	0,10	11
Basic materials	2016	0,10	10
Basic materials	2019	0,19	10
Consumer discretionary	2013	0,17	6
Consumer discretionary	2016	0,20	5
Consumer discretionary	2019	0,14	7
Energy	2013	0,17	12
Energy	2016	0,09	11
Energy	2019	0,40	10
Financials	2013	0,00	5
Financials	2016	0,00	5
Financials	2019	0,00	8
Health care	2013	0,13	15
Health care	2016	0,19	16
Health care	2019	0,07	14
Industrials	2013	0,08	8
Industrials	2016	0,19	9
Industrials	2019	0,18	11
Telecommunications	2013	0,18	6
Telecommunications	2016	0,16	12
Telecommunications	2019	0,20	13
Utilities	2013	0,08	13
Utilities	2016	0,15	13
Utilities	2019	0,00	12

Appendix 3 Information types per item

Table 24 Information types per item, year 2013

2013	Total	VG, MA & PI		VG & MA		MA & PI		VG & PI		Only VG		Only MA		Only PI	
		n	%	n	%	n	%	n	%	n	%	n	%	n	%
Economic															
Direct economic impacts	6	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	1	16,7	5	83,3
Market presence	3	0	0,0	0	0,0	0	0,0	0	0,0	2	66,7	0	0,0	1	33,3
Indirect economic impacts	3	1	33,3	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	2	66,7
Procurement practices	2	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	2	100,0
Anti-corruption	7	3	42,9	1	14,3	1	14,3	2	28,6	0	0,0	0	0,0	0	0,0
Anti-competitive behaviour	5	1	20,0	0	0,0	0	0,0	0	0,0	0	0,0	1	20,0	3	60,0
Environment															
Materials	8	0	0,0	0	0,0	0	0,0	3	37,5	1	12,5	1	12,5	3	37,5
Energy	13	8	61,5	0	0,0	0	0,0	2	15,4	0	0,0	0	0,0	3	23,1
Water	11	1	9,1	2	18,2	1	9,1	2	18,2	1	9,1	0	0,0	4	36,4
Biodiversity	9	1	11,1	0	0,0	3	33,3	1	11,1	0	0,0	2	22,2	2	22,2
Emissions	12	6	50,0	0	0,0	0	0,0	4	33,3	0	0,0	0	0,0	2	16,7
Effluents and waste	12	3	25,0	1	8,3	0	0,0	5	41,7	0	0,0	0	0,0	3	25,0
Environmental compliance	9	0	0,0	0	0,0	2	22,2	2	22,2	0	0,0	0	0,0	5	55,6
Supplier environmental assessment	6	1	16,7	0	0,0	1	16,7	2	33,3	1	16,7	1	16,7	0	0,0
Human rights															
Non-discrimination	8	0	0,0	0	0,0	0	0,0	2	25,0	3	37,5	0	0,0	3	37,5
Freedom of association and collective bargaining	7	1	14,3	0	0,0	1	14,3	0	0,0	0	0,0	1	14,3	4	57,1
Child labor	9	1	11,1	0	0,0	1	11,1	6	66,7	1	11,1	0	0,0	0	0,0
Forced and compulsory labor	8	2	25,0	0	0,0	1	12,5	5	62,5	0	0,0	0	0,0	0	0,0
Security practices	0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0
Rights of indigenous peoples	2	0	0,0	0	0,0	0	0,0	1	50,0	0	0,0	0	0,0	1	50,0
Human rights assessment	3	0	0,0	0	0,0	1	33,3	1	33,3	1	33,3	0	0,0	0	0,0
Labor practices and decent work															
Employment	7	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	7	100,0
Labour/ management relations	7	0	0,0	0	0,0	0	0,0	2	28,6	0	0,0	2	28,6	3	42,9
Occupational health and safety	12	6	50,0	0	0,0	0	0,0	2	16,7	2	16,7	0	0,0	2	16,7
Training and education	9	3	33,3	1	11,1	1	11,1	1	11,1	0	0,0	1	11,1	2	22,2
Diversity and equal opportunity	7	0	0,0	0	0,0	0	0,0	2	28,6	0	0,0	0	0,0	5	71,4
Product responsibility															
Customer health and safety	7	0	0,0	0	0,0	2	28,6	0	0,0	1	14,3	1	14,3	3	42,9
Marketing and labelling	7	1	14,3	0	0,0	0	0,0	1	14,3	0	0,0	0	0,0	5	71,4
Customer privacy	3	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	1	33,3	2	66,7
Socioeconomic compliance	9	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	9	100,0
Society															
Local communities	3	0	0,0	0	0,0	0	0,0	1	33,3	0	0,0	2	66,7	0	0,0
Supplier social assessment	5	1	20,0	0	0,0	1	20,0	3	60,0	0	0,0	0	0,0	0	0,0
Public policy	8	0	0,0	0	0,0	0	0,0	0	0,0	7	87,5	0	0,0	1	12,5

Continues

Appendix 3 continued

Table 25 Information types per item, year 2016

2016	Total		VG, MA & PI		VG & MA		MA & PI		VG & PI		Only VG		Only MA		Only PI	
	n	%	n	%	n	%	n	%	n	%	n	%	n	%	n	%
Economic																
Direct economic impacts	6	0	0,0	0	0,0	0	0,0	0	0,0	1	16,7	1	16,7	4	66,7	
Market presence	2	0	0,0	0	0,0	1	50,0	0	0,0	0	0,0	0	0,0	1	50,0	
Indirect economic impacts	3	1	33,3	0	0,0	0	0,0	0	0,0	0	0,0	1	33,3	1	33,3	
Procurement practices	2	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	2	100,0	
Anti-corruption	10	1	10,0	0	0,0	1	10,0	5	50,0	0	0,0	2	20,0	1	10,0	
Anti-competitive behaviour	4	0	0,0	0	0,0	0	0,0	1	25,0	0	0,0	1	25,0	2	50,0	
Environment																
Materials	8	2	25,0	0	0,0	0	0,0	1	12,5	1	12,5	0	0,0	4	50,0	
Energy	12	6	50,0	1	8,3	1	8,3	3	25,0	0	0,0	0	0,0	1	8,3	
Water	10	0	0,0	0	0,0	0	0,0	3	30,0	1	10,0	0	0,0	6	60,0	
Biodiversity	6	1	16,7	1	16,7	1	16,7	0	0,0	0	0,0	1	16,7	2	33,3	
Emissions	12	5	41,7	0	0,0	0	0,0	4	33,3	1	8,3	0	0,0	2	16,7	
Effluents and waste	12	0	0,0	0	0,0	0	0,0	10	83,3	0	0,0	0	0,0	2	16,7	
Environmental compliance	11	0	0,0	0	0,0	0	0,0	3	27,3	0	0,0	0	0,0	8	72,7	
Supplier environmental assessment	8	2	25,0	0	0,0	1	12,5	1	12,5	2	25,0	2	25,0	0	0,0	
Human rights																
Non-discrimination	10	1	10,0	0	0,0	1	10,0	3	30,0	1	10,0	0	0,0	4	40,0	
Freedom of association and collective bargaining	2	0	0,0	0	0,0	0	0,0	0	0,0	1	50,0	0	0,0	1	50,0	
Child labor	7	1	14,3	0	0,0	0	0,0	2	28,6	3	42,9	0	0,0	1	14,3	
Forced and compulsory labor	8	0	0,0	0	0,0	0	0,0	4	50,0	2	25,0	0	0,0	2	25,0	
Security practices	1	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	1	100,0	
Rights of indigenous peoples	3	0	0,0	0	0,0	0	0,0	0	0,0	1	33,3	0	0,0	2	66,7	
Human rights assessment	4	0	0,0	0	0,0	0	0,0	2	50,0	0	0,0	0	0,0	2	50,0	
Labor practices and decent work																
Employment	6	0	0,0	0	0,0	0	0,0	1	16,7	0	0,0	0	0,0	5	83,3	
Labour/ management relations	5	0	0,0	0	0,0	1	20,0	0	0,0	1	20,0	1	20,0	2	40,0	
Occupational health and safety	12	8	66,7	0	0,0	1	8,3	1	8,3	1	8,3	1	8,3	0	0,0	
Training and education	12	2	16,7	0	0,0	5	41,7	2	16,7	0	0,0	2	16,7	1	8,3	
Diversity and equal opportunity	11	1	9,1	0	0,0	1	9,1	5	45,5	1	9,1	1	9,1	2	18,2	
Product responsibility																
Customer health and safety	8	2	25,0	0	0,0	0	0,0	0	0,0	0	0,0	4	50,0	2	25,0	
Marketing and labelling	6	1	16,7	0	0,0	0	0,0	2	33,3	0	0,0	1	16,7	2	33,3	
Customer privacy	6	1	16,7	1	16,7	0	0,0	1	16,7	0	0,0	0	0,0	3	50,0	
Socioeconomic compliance	8	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	8	100,0	
Society																
Local communities	5	0	0,0	0	0,0	0	0,0	1	20,0	2	40,0	2	40,0	0	0,0	
Supplier social assessment	10	2	20,0	0	0,0	1	10,0	2	20,0	2	20,0	2	20,0	1	10,0	
Public policy	8	0	0,0	0	0,0	0	0,0	0	0,0	6	75,0	0	0,0	2	25,0	

Continues

Appendix 3 continued

Table 26 Information types per item, year 2019

2019	Total	VG, MA & PI		VG & MA		MA & PI		VG & PI		Only VG		Only MA		Only PI	
		n	%	n	%	n	%	n	%	n	%	n	%	n	%
Economic															
Direct economic impacts	9	0	0,0	0	0,0	0	0,0	1	11,1	0	0,0	2	22,2	6	66,7
Market presence	3	0	0,0	0	0,0	0	0,0	1	33,3	0	0,0	0	0,0	2	66,7
Indirect economic impacts	3	0	0,0	0	0,0	0	0,0	1	33,3	0	0,0	1	33,3	1	33,3
Procurement practices	5	0	0,0	0	0,0	0	0,0	1	20,0	0	0,0	0	0,0	4	80,0
Anti-corruption	13	3	23,1	0	0,0	2	15,4	7	53,8	0	0,0	1	7,7	0	0,0
Anti-competitive behaviour	6	0	0,0	2	33,3	1	16,7	0	0,0	0	0,0	0	0,0	3	50,0
Environment															
Materials	8	2	25,0	0	0,0	2	25,0	1	12,5	0	0,0	0	0,0	3	37,5
Energy	13	5	38,5	1	7,7	2	15,4	4	30,8	0	0,0	0	0,0	1	7,7
Water	11	2	18,2	1	9,1	1	9,1	2	18,2	0	0,0	0	0,0	5	45,5
Biodiversity	4	2	50,0	0	0,0	1	25,0	0	0,0	0	0,0	0	0,0	1	25,0
Emissions	13	8	61,5	0	0,0	1	7,7	3	23,1	0	0,0	0	0,0	1	7,7
Effluents and waste	12	5	41,7	0	0,0	2	16,7	3	25,0	0	0,0	0	0,0	2	16,7
Environmental compliance	10	0	0,0	0	0,0	0	0,0	2	20,0	0	0,0	0	0,0	8	80,0
Supplier environmental assessment	9	3	33,3	0	0,0	3	33,3	1	11,1	0	0,0	1	11,1	1	11,1
Human rights															
Non-discrimination	12	2	16,7	0	0,0	0	0,0	2	16,7	4	33,3	0	0,0	4	33,3
Freedom of association and collective bargaining	4	0	0,0	1	25,0	0	0,0	0	0,0	1	25,0	0	0,0	2	50,0
Child labor	7	0	0,0	0	0,0	0	0,0	2	28,6	4	57,1	1	14,3	0	0,0
Forced and compulsory labor	7	1	14,3	0	0,0	0	0,0	2	28,6	3	42,9	0	0,0	1	14,3
Security practices	1	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	1	0,0
Rights of indigenous peoples	2	1	50,0	0	0,0	0	0,0	0	0,0	1	50,0	0	0,0	0	0,0
Human rights assessment	9	0	0,0	1	11,1	0	0,0	4	44,4	1	11,1	2	22,2	1	11,1
Labor practices and decent work															
Employment	8	1	12,5	0	0,0	0	0,0	1	12,5	1	12,5	0	0,0	5	62,5
Labour/ management relations	2	0	0,0	0	0,0	0	0,0	0	0,0	1	50,0	1	50,0	0	0,0
Occupational health and safety	12	7	58,3	0	0,0	2	16,7	2	16,7	1	8,3	0	0,0	0	0,0
Training and education	11	3	27,3	1	9,1	3	27,3	0	0,0	0	0,0	1	9,1	3	27,3
Diversity and equal opportunity	11	5	45,5	0	0,0	3	27,3	2	18,2	0	0,0	0	0,0	1	9,1
Product responsibility															
Customer health and safety	10	0	0,0	0	0,0	3	30,0	0	0,0	0	0,0	4	40,0	3	30,0
Marketing and labelling	6	0	0,0	0	0,0	1	16,7	2	33,3	0	0,0	1	16,7	2	33,3
Customer privacy	7	0	0,0	1	14,3	3	42,9	0	0,0	0	0,0	2	28,6	1	14,3
Socioeconomic compliance	6	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	0	0,0	6	100,0
Society															
Local communities	5	0	0,0	0	0,0	1	20,0	0	0,0	2	40,0	2	40,0	0	0,0
Supplier social assessment	11	3	27,3	0	0,0	3	27,3	1	9,1	0	0,0	2	18,2	2	18,2
Public policy	8	0	0,0	0	0,0	0	0,0	0	0,0	6	75,0	0	0,0	2	25,0