



GRI Reporting

A study of Listed Companies' GRI Reporting on Corruption

FANNY BENGTTSSON & OLIVIA DAGERUD, 2014

Supervisor: Kristina Jonäll

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Fanny Bengtsson

Olivia Dagerud

Abstract

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Authors: Fanny Bengtsson and Olivia Dagerud

Supervisor: Kristina Jonäll

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Background and Problem: Earlier studies have indicated discrepancies regarding companies' ability to report in line with the GRI guidelines. Also, corruption has become a prominent managerial issue to handle, thus it is of interest to investigate whether a company's context regarding media exposure, company's locations of operations, and business industry, is reflected in the corruption disclosures.

Purpose: The aim is to assess whether large companies listed on Nasdaq OMX Stockholm meet the guidelines of reporting in accordance with the GRI G3.1 guidelines regarding corruption. The outcome of the evaluation is compared with the findings of media exposure and put in relation to companies' locations of operations and business industry.

Methodology: Ten large companies listed on Nasdaq OMX Stockholm were selected in order to assess the disclosures on corruption according to the G3.1 guidelines. This was accomplished by constructing two evaluation systems. Two indices made by Transparency International were used in order to identify high-risk countries and high-risk industries. News articles concerning media exposure were collected through databases of national and international press.

Analysis and Conclusions: The thesis found that there is a lack of completeness of disclosures on corruption amongst the investigated companies, and that several companies embellish their own assessment of fulfilment of GRI's indicators. The included companies meet the guidelines to varied extent, which indicates there is room for more detailed and expanded corruption reporting amongst some companies. Issues of materiality or external pressure, such as media and stakeholders, explain the observed differences in reporting of corruption.

Keywords: Global Reporting Initiative, GRI, CSR, Corruption, Bribery, G3.1 Guidelines, Management Approach, Performance Indicators, Locations of Operations, Business Industry, Media Exposure, Transparency, Stakeholders, Legitimacy, Information Asymmetry, Interpretation

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1. Introduction

This part aims to introduce the subject of the thesis and to present relevant background to the issue in question, together with a problem discussion. Further, the thesis' contribution is presented, followed by a presentation of the purpose and the research questions. Finally, a disposition is given of how the thesis is structured.

One of the most current issues companies have to deal with is the responsibility for sustainability. In Sweden, the pressure on companies to act socially responsible has grown, as well as the focus on sustainability and the expectations of this from stakeholders (Porter & Kramer, 2006). Along with an evolution of different ways of reporting sustainability, several frameworks have been developed in order to facilitate the sustainability reporting. One of the organisations promoting the sustainability reporting is the Global Reporting Initiative (hereinafter referred to as GRI). GRI has become the most widely used framework for voluntary corporate social reporting (GRI, 2014c). However, several articles have found discrepancies regarding the inability of GRI reporters to fully report in accordance with the guidelines (see for example Moneva, 2006; Boiral, 2013). With this as a starting point, the aim of this study is to assess whether listed companies meet the guidelines of reporting in accordance with the GRI G3.1 guidelines.

1.1. Background and Problem Discussion

In recent years, society's interest in Corporate Social Responsibility (hereinafter referred to as CSR) has grown to become an important element for companies when disclosing voluntary information. Companies are expected to act responsibly, not only to stakeholders but also to society as a whole (CSR Europe, 2013). For a long time, there has been a discussion about what responsibility companies have for the surrounding, and for the last decade, companies have often been held accountable for actions affecting the environment and society (Crane & Matten, 2007).

The decision whether a company shall report on CSR matters may have the same drivers as the financial information, i.e. to maintain their relations with stakeholders (Neimark, 1992). However, the evaluation of the CSR reporting of the companies is difficult to assess since no regulation or standard exist concerning CSR reporting. As the non-financial information has been hard to assess, several rating agencies have developed ranking systems in order to interpret the information (Cho *et al.*, 2012). Also, several organisations that promote CSR reporting have been established in order to facilitate the

reporting. One of them, GRI, aims for organisations to become more sustainable and contribute to a sustainable global economy (GRI, 2014c). Its mission is to increase transparency and make sustainability reporting standard practice and has grown to become the most widely used framework globally (Ibid), but has also become an important instrument for companies to communicate with their stakeholders (Willis, 2003 p. 237). To enable all companies and organisations to report their economic, environmental, social and governance performance, GRI produces free guidelines (GRI, 2014a). However, there is no compliance or mandatory obligation to join this kind of system of reporting (Harig, 2013). Notwithstanding this fact, nowadays several stock exchanges, for example NYSE and NASDAQ in the US, demand companies to produce sustainability reports in order to get listed (Vijayaraghavan, 2011).

Even though the GRI framework is globally accepted and commonly used (GRI, 2014c), several studies have noticed some discrepancies and effects regarding the companies' way of reporting according to the GRI guidelines. For example, some organisations that label themselves GRI reporters, do not behave in a responsible way concerning sustainability (Moneva, 2006). Moreover, it has been found that some companies use GRI as a simulacrum to camouflage real sustainability development problems (Boiral, 2013). Amongst the companies included in the study by Boiral, it was found that a total of 90 percent of the negative events were not reported. Further, one of the main findings was that this is not in line with GRI's principles of balance, completeness and transparency (Ibid).

Further, Fernandez-Feijoo *et al.* (2013) discuss the role of transparency. The authors' study investigated the effect of stakeholders' pressure on transparency of sustainability reports within the GRI framework. It was shown that transparency of companies is affected by the relationship the companies have with their stakeholders in different industries. Results show the pressure of some groups of stakeholders, such as customers, employees, and environment, improves the quality of transparency of the reports. Also, the authors studied the effect of stakeholder group pressure on transparency when reporting sustainability; the results show that transparency is affected by ownership structure, along with size and global region.

Besides the pressure from stakeholders, the media is argued to be an increasing reason for revealing information (Hawkins, 2006; Deegan & Islam, 2010). Media can focus on negative aspects of companies, and consequently report events that earlier were externally unknown (Deegan & Islam, 2010). Consequently, the directed attention towards CSR has created a need for information some companies did not consider as their responsibility to report (Porter & Kramer, 2006). Since the media acts as a

supervisor to hold companies responsible for their social and environmental impact, several corporate scandals have been exposed. Porter and Kramer (2006) bring up the company Nike, which in the early 1990s faced accusations for abusive labour practices in Indonesia, whilst the Swedish company Stora Enso was accused of child labour in Pakistan in 2014 (Stora Enso, 2014). Both events were exposed highly negatively in the media and there were strong reactions from stakeholders in both cases, whereas Nike also was exposed to a consumer boycott (Porter & Kramer, 2006).

With this in mind, there still seems to exist a gap between the stated intentions from business leaders and the actual behaviour and the impact in the real world (Frynas, 2005). This occurrence seems mostly to be due to the lack of standards and regulation regarding sustainability (Öhrlings – PriceWaterhouse-Coopers, 2008 p.31). The companies are seldom clear about what is measured, how it is measured and if the information relates to the whole company or just parts of it (Ibid).

This leads to questioning whether companies may use the CSR reporting of other reasons than those it was aimed for originally. These circumstances could deteriorate comparability between companies that label themselves GRI reporters, but could also confuse stakeholders since relevant information seems to be left out. Thus, this increases information asymmetry and harm the confidence of stakeholders. To summarise, voluntary reporting in the form of GRI, does not seem to be applied in the way the framework is intended to be used, that is to say, to report in accordance with the framework. Further, it seems some stakeholders have the effect to improve the quality of transparency in the GRI reports, and it seems the size of companies and global regions in which companies operate affect transparency in sustainability reporting. Also, it seems the media plays an important role in the revealing of information. Thus, one can also question whether these factors affect the intentions behind the companies' disclosures. With all this given, it is of interest for stakeholders to investigate whether companies' disclosures meet the GRI guidelines.

Earlier studies have investigated whether companies report according to the GRI guidelines as a whole or in the aspects of transparency, balance, materiality, and inclusiveness or in aspect of other principles (see for example Moneva, 2006; Boiral, 2013; Fernandez-Feijoo *et al.*, 2013; Morhardt *et al.*, 2002). To be able to accomplish this study in a contributory manner and with relevance, this thesis focuses on one of GRI's specific indicators. This thesis concentrates on the indicator *corruption*. This indicator was chosen since the area of studies on corruption disclosures is limited. As the GRI reporting framework is very extensive and requires information on many subjects from companies applying the framework, this thesis concentrates on corruption in the form of disclosures on the GRI areas Performance Indicators

and Management Approach. These two areas feature guidance on what should be reported. Performance Indicators are indicators provided from GRI, which should be reported on. Performance Indicators are means for measurement; they are used to evaluate success, goals or activities in which the company is engaged. Management Approach supplements Performance Indicators on profound information. Management Approach is designed to provide sustainability report users with information on the implementation of organisational strategy, and provide context for the reported Performance Indicators and performance trends (GRI, 2011a, RG, p.5).

Corruption has become one of the most prominent managerial issues to handle both nationally and internationally (Seleim & Bontis, 2009). The idea to focus on this area in the study evolved from the recent exposure in the media of the bribery scandal revolving the telecommunication company TeliaSonera. The company was accused for involvement in bribery and money laundering, and of paying bribes in exchange for protection from government agencies in Uzbekistan (Dagens Nyheter, 2012). Furthermore, the company was later again accused for paying a large amount of money to American businessmen with reference to acquisition of a company in Azerbaijan (Cervenka, 2012). Susanne Sweet, associate professor at the University of Stockholm, concludes that the scandal was an evidence of the gap between existing policies and the actual implementation of such in the organisation (Svenska Dagbladet, 2012c). All the same, TeliaSonera is far from the only company being accused for these kinds of events. Chiquita, the world's biggest producer of bananas, has been accused of funding Colombian terrorists (CBS News, 2011). Chiquita itself claimed the company was extorted in Colombia and company officials believed that the payments were necessary to prevent violent retaliation against employees. Further, the company's spokesman contends that such payments are "costs of doing business in Colombia" (Ibid).

Johan Florén, chairman at Amnesty Business Group, points out the importance of the journalistic findings of deficient sustainability information from companies (Öhrlings - PriceWaterhouseCoopers, 2008 p.23-25). He contends that the media exposure of insufficient and incorrect sustainability reporting affects the reporting in a positive manner by putting more pressure on companies to improve their sustainability work. Florén continues to argue in favour of increased transparency, which he claims would facilitate the abilities of consumers to purchase goods in line with their values. He concludes that the vision of increased transparency would be fortunate for both the society and the companies themselves (Ibid).

Together with the recent years' increased economic volatility, offshore investments and alliances

between companies, the risk of facing problems with corruption has increased remarkably (Anthony & O'Toole, 2012). The risk is dependent on what country the company is cooperating with, but also what type of transaction is being made, in what industry the firm operates, the relationship to the other part and what business opportunities there are (Ibid). The European Commission (2014) states corruption deserves more attention and remains a great challenge for EU. Although GRI requires disclosures on corruption matters, Hess (2012) contends that few companies provide disclosures on this matter, and those who do, do not provide stakeholders with relevant information.

Again, voluntary reporting, in the form of GRI, does not seem to be applied in the way the framework is intended to be used, that is to say, to report in accordance with the framework. With regard to the discussion above, this seems to also be true for disclosures on corruption. It also seems both CSR reporting as a whole, and issues regarding corruption, can be linked to media exposure, location of operations and business industry. To conclude, it is of interest for stakeholders to investigate whether companies' disclosures on corruption meet the GRI guidelines. Further, it is of interest to examine whether companies' context regarding media exposure, the company's locations of operations, and business industry, are reflected in their disclosures.

1.2. Thesis Contribution

As mentioned above, several studies exist on application of the GRI guidelines. For example, investigations have been carried through concerning the choice of how many and which Performance Indicators to include. However, this thesis do not only examine the choice of Performance Indicators related to corruption, it also thoroughly examines the content of the disclosures and the fulfilment of the content of the guidelines of GRI. Since the study includes disclosures on Management Approach, it provides the reader with a broader picture of the corruption disclosures, as many studies have not looked into this part before. In this aspect, this thesis contributes with additional results of how listed companies meet the G3.1 guidelines on the specific aspect of corruption, concerning the content on both Performance Indicators and Management Approach. Also, the thesis contributes to highlight the differences in companies' interpretation of the guidelines, which could indicate the existence of information asymmetry between companies and stakeholders. Finally, when put in context to companies' exposure of corruption, the study questions whether companies report enough details in their disclosures.

1.3. Purpose and Research Questions

The purpose of this study is to *assess whether listed companies on Nasdaq OMX Stockholm meet the guidelines of reporting in accordance with the GRI G3.1 guidelines regarding corruption*. This is carried through by construction of two evaluation systems in order to assess each company's reporting and compare this with the GRI G3.1 guidelines. The outcome of the evaluation is compared with the findings of media exposure and put in relation to companies' locations of operations and business industry. In order to proceed with the thesis and to fulfil the purpose, two research questions were constructed. The questions are:

1. To what extent do the disclosures of the included companies regarding corruption correspond to the guidelines of *Performance Indicators* and *Management Approach*?
2. To what extent do the disclosures of the included companies reflect the companies' circumstances regarding media exposure, the companies' locations of operations and, business industry?

1.4. Disposition

The study firstly presents the methodology. This part gives relevant information about how the study was approached through the selection of companies, collection of data and an explanation of how the companies' reports were evaluated. Secondly, the theoretical framework is presented. This part explains the development of CSR together with motives to disclose such information. Also, different theories regarding motives to disclose CSR are presented along with a discussion about GRI. Additionally, corruption as a phenomenon is explained. Afterwards, the empirical findings of the study are presented. Further, an analysis is submitted of the findings supported by theories. Furthermore, a conclusion and suggestions for further research are presented. Afterwards, there is a list of references, in which a separate part contains all documents used when collecting the empirical data. Lastly, attached appendices can be found.

2. Methodology

The methodology presents how the purpose of this study was realised. This part explains how the study was carried through, how the GRI framework is designed and approached in this thesis, how the companies were selected and how they were evaluated according to Management Approach and Performance Indicators. In order to facilitate the understanding of Management Approach, the assessment of Management Approach can be found in Appendix 7. Finally, an explanation is given of how high-risk countries and high-risk industries were identified, along with how relevant media exposure of the included companies, was found.

It is important to highlight that the main focus of the study is to assess the companies' disclosures, which is done through using *corruption* as an indicator for measuring. Empirical data can be collected through either a qualitative or quantitative approach, whereas the main difference is based on the type of the collected information (Blumberg *et al.*, 2011 p.144). Quantitative studies refer to numbers and figures, whereas qualitative studies imply collection of words, sentences and narratives (Ibid). This study is based on the latter.

2.1. Research Approach

Today, many listed companies have extensive and rather detailed information in either their annual reports or in separate sustainability reports. One of the most prominent and effective ways for companies to communicate their social responsibility is through computer-mediated-communications (Esrock & Leighy, 1998); therefore technologies such as the Internet are outstanding sources for gathering information (Ibid). Since this study is focused on whether the published information meet the guidelines, the information provided to the public was gathered from the websites of the companies. Thereby, an examination was carried through of annual reports, sustainability reports and other separate reports in which information about GRI was found. This is also true for the collection of information concerning media exposure, locations of operations and business industry. The study is based on the GRI G3.1 guidelines, which were launched in 2011. In May 2013, a new version, G4, was published. Since these guidelines have not yet been fully applied by the companies at the time of writing, the G3.1 guidelines were selected in order to form the basis of the study.

The collected information was assessed through two self-constructed evaluation systems, in which the companies' reporting was scored on their fulfilment of the guidelines of GRI, regarding *Management*

Approach and Performance Indicators. Management Approach and Performance Indicators were evaluated separately. In order to interpret and code the empirical data in an objective, systematic and replicable way, content analysis (Bryman & Bell, 2013) was applied in the study. The approach is suitable when examining annual reports and other text documents, and is carried through by quantifying the content into predecided categories (Ibid). The evaluation systems and explanations of both Management Approach and Performance Indicators are further described below.

2.2. The GRI Framework

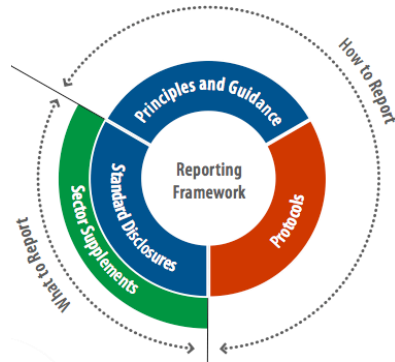
In order to evaluate companies' disclosures on corruption, it is of importance to be fully aware of what the GRI framework implies. The GRI framework is originally intended to serve as a framework for reporting on economic, environmental, and social performance - independent of geographical dispersion, size or sector of the company (GRI, 2011a, RG p.3). When reporting according to the framework, companies should obtain an objective approach. This is regulated by certain principles; materiality, stakeholder inclusiveness, sustainability context, and completeness. Also, other principles exist with the aim to keep an overall quality of the report. The principles defining the quality of the report are balance, comparability, accuracy, clarity, timeliness, and reliability, but are not further stressed in this thesis.

The GRI framework consists of the Sustainability Reporting G3.1 Guidelines and these are divided into two parts: *how* to report and *what* to report. The part regarding *how* to report consists of *Reporting Principles* and *Protocols* for each performance indicator implied by GRI, for the purpose of defining report content and ensuring the quality of the reported information. The two evaluation systems are based on the part defining *how* to report. The part regarding *what* to report concerns *Standard Disclosures* and *Sector Supplements*¹, and serves as a framework for how to structure the GRI reporting. *Sector Supplements* are excluded from this study since none of the included companies are required to take these into consideration. Consequently, the focus is on *Standard Disclosures*. This part is further divided into three parts: *Strategy & Profile*, *Management Approach* and *Performance Indicators*. *Strategy & Profile* aims for companies to disclose information in an overall context of the companies' GRI performance (GRI, 2011a, RG p.19). As the nature of this part is a general approach and an overall

¹ The Sector Supplements contain interpretations and guidance on performance indicators in specific sectors (GRI, 2011a, RG p.4). It also contains additional sector-specific indicators. Sector Supplements are mandatory to apply for companies reporting on level A.

context, it makes it difficult to relate the content directly to corruption. As a consequence, it would be difficult to measure the amount of disclosures related to corruption when it is not explicitly related to the subject. A future analysis based on those measures would thus not be credible. Therefore, disclosures on *Strategy & Profile* are excluded from the study and the focus is concentrated on *Management Approach* and *Performance Indicators*.

Figure 1: The GRI Reporting Framework



Source: GRI, 2011a, RG p.3

Companies can choose to report on three different levels - A, B and C. Level C is excluded from the study since this level does not require disclosures on Management Approach is required to be included on level A and B, but not on level C. As a consequence, companies reporting on level C were excluded from the study. The difference between level A and level B concerns the choice of what Performance Indicators to include in the report. Level A requires full commitment, i.e. to report every Core Indicator². However, level B requires full reporting on a minimum of any 20 of the total 84 Performance Indicators, where there is at least one from each of: economic, environment, human rights, labour, society and product responsibility (GRI, 2011b, p.2). See Appendix 1 for further understanding of the division into categories. This could in practice mean that a company reporting on level B chooses to exclude disclosures on corruption, but still fulfil the requirements of level B. Since the focus of the study is the Performance Indicators regarding corruption, the actual choice of Performance Indicators will be a finding itself, but the focus is again on the fulfilment of the GRI parameters. Since disclosures on Management Approach are required on both level A and B, the study focuses on if the companies meet the guidelines of what information to include. It is of importance to understand that application of GRI's guidelines is voluntary, and none of the reporting parts are mandatory. However, disclosures on

² Indicators that are generally applicable and assumed to be material for most organisations. Companies should report on these unless they are deemed not material on the basis of the Reporting Principles (GRI, 2011c, RG p.26).

Management Approach are mandatory for firms reporting according to both level A and B. Consequently, the companies are by assumption expected to include all the required information.

GRI's guidelines contain an abundance of Performance Indicators organised in three different categories; *Economic, Environmental* and *Social*. The category *Social* is further categorised into *Indicator Categories*, where *Society* represents one of these categories. The *Indicator Categories*, on their parts, are composed of different *Aspects*, whereas *Corruption* is one aspect of *Society*. A table was constructed in order to get a better understanding of the categorisation; see Appendix 1. The aspects should include disclosures on *Management Approach* and a corresponding set of *Performance Indicators*, which are divided into *Core Indicators*, and *Additional Performance Indicators* (GRI, 2011c, RG p.24). Further, since GRI's guidelines are very extensive, two evaluation systems were constructed in order to interpret the procured information in a useful and understandable way. One system was constructed for Performance Indicators (see Appendix 2) and one system for Management Approach (see Appendix 3). The systems were set up in order to maintain a consistent and objective approach, but also to facilitate the analysis and the evaluation according to the companies' level of application. The evaluation systems are further described in part 2.4.

2.3. Selection of Companies

The study focuses on listed companies, since they are more expected to provide readers with more information than non-listed companies. Further, large companies are chosen since studies show a positive relationship between firm size and amount of disclosures (Eslock & Leighy, 1998). Companies were selected from NASDAQ OMX Stockholm, and the study focuses on the documents for the financial year of 2012. For companies to be selected, certain factors had to be fulfilled. First, the company had to belong to Large Cap, meaning companies with a market capitalization exceeding one billion euro. Secondly, the company had to apply GRI's G3.1 guidelines and third, the company had to apply the guidelines on level A or B. Consequently, companies on level C were rejected since this level does not require disclosures on *Management Approach*. Moreover, companies were included independent of if the reports are externally assured or self-declared. The guidelines of GRI define the external assurance as either let the GRI organisation check the self-declaration or have a third party offering an opinion on the self-declaration (GRI, 2011a, AL, p.1). Since the latter option is not described any further, in theory this would make it possible to have basically anyone offer an opinion on the self-declaration. Therefore, both externally assured and self-declared reports are included. Moreover, the study only includes large

companies listed on OMX Stockholm, and thus only represents a very small part of companies reporting, according to GRI.

Ten companies listed on NASDAQ OMX Stockholm Large Cap fulfilled the requirements, consequently all these were selected. Thus, the study is not performed on a sample, but on all companies fulfilling the criteria described above. Worth noticing, the study does not take into account earlier application levels of GRI reporting, the starting point of CSR and GRI reporting, or progress of GRI reporting. For seven of the companies, the residence of the highest governance body is situated in Sweden, two companies in Finland and one company in Switzerland. Specified below are also the industries in which the companies are operating in and each company's application level.

Table 1: Included Companies

Company	Reporting level	Externally assured GRI report	Location of residence for highest governance body*	Industry**
Holmen	A	Yes	Sweden	Basic Resources
Stora Enso	A	Yes	Finland	Basic Resources
Tieto	A	Yes	Finland	Technology
ABB	B	No	Switzerland	Industrial Goods & Services
Electrolux	B	Yes	Sweden	Personal & Household Goods
H&M	B	No	Sweden	Retail
Hexpol	B	No	Sweden	Chemicals
ICAguppen³	B	Yes	Sweden	Retail
Nibe	B	No	Sweden	Construction & Materials
TeliaSonera	B	Yes	Sweden	Telecommunications

* Solidinfo (2014)

**Nasdaq OMX Group, Inc. (2014)

³ In 2013, ICA changed name to ICAgruppen. In the Annual Report of 2012, the company refers to ICA. This thesis uses the new name, ICAgruppen (ICAguppen, 2014).

2.4. The Evaluation Systems

To get an understanding of each company's structure of sustainability reporting, each companies' website was first read through to locate the information and to understand how each company presents its reporting. Further, the GRI index was located in order to get an overview of the GRI reporting. The index was used to identify and locate the Performance Indicators. Sometimes, these referred to information in other separate reports, documents or online websites, which were used as sources of information. A problem with online information is the eventuality of frequent updates. However, since the vast majority of the documents used in the study are policies and different code-of-conduct documents with a publishing date prior to the annual report of 2012, this remains only a minor issue. Further, materiality is not taken into account when scoring the companies. This means companies can chose to not include information due to their opinion of not being material for the organisation. Lastly, the two evaluation systems should not be compared regarding the points.

2.4.1. Area 1: Performance Indicators

Regarding corruption, three Performance Indicators occur (GRI, 2011a, RG p.159-161). These three indicators: S02, S03 and S04 are used when analysing and scoring the companies' reporting. The evaluation system of Performance Indicators (see Appendix 2) is based on the description of each one of the three Performance Indicators (GRI, 2011a, IP p.8-10), i.e. what information that should be included. An explanation of each indicator can be found below, derived from the G3.1 guidelines. All three of the Performance Indicators are classified as Core Indicators, which means that they are generally applicable and are assumed to be material for most organisations (GRI, 2011a, RG, p.26). A description of the three Performance Indicators can be found below, derived from the G3.1 guidelines. The evaluation system of Performance Indicators can be found in Appendix 2.

S02: Percentage and total number of business units analysed for risks related to corruption

Report the total number and percentage of business units analysed for risks related to corruption.

S03: Percentage of employees trained in organisation's anti-corruption policies and procedures

Report separately the percentage of total number of management and non-management employees who have received anti-corruption training during the reporting period.

S04: Actions taken in response to incidents of corruption

Report actions taken in response to incidents of corruption, including: (1) total number of incidents in which employees were dismissed or disciplined for corruption, (2) the total number of incidents when contracts with business partners were not renewed due to violations related to corruption and, (3) any concluded legal cases regarding corrupt practices brought against the reporting organisation or its employees during the reporting period and the outcomes of such cases.

2.4.1.1. Scoring of Performance Indicators

In order to maintain an objective approach and to succeed with a fair coding of the empirical data, the evaluation of the empirical data was first performed individually by the two authors. The starting point of the individual coding was to locate the GRI Index and find out if the companies had reported on the three included Performance Indicators. The second step was to note if the companies had reported their own assessment of the fulfilment of each one of the three Performance Indicators. Further, in order to score the fulfilment of the GRI requirements, individual assessments of the Performance Indicators were carried through. Afterwards, a comparison between the two individual coding sessions was made. In order to secure the same approach had been kept during the evaluation of all companies, the first two evaluated companies were remade at the end.

The companies were evaluated on their fulfilment of each indicator, and were graded on as to whether the indicators were 'fully included', 'partly included' or 'not included,' which all are explained below. The Performance Indicator S04 is constituted of three parameters, unlike S02 and S03 which both are constituted of a single one. When scoring S04, all three parameters had to be scored as 'fully included' in order for S04 as a whole to be scored fully included. If one or two were fully or partly included, S04 was scored as partly included. In order to present the information in a useful and understandable way, the results were scored on a scale from 0 to 2 points. This was done to facilitate the construction of diagrams and charts of the results later. The maximum achievable points are 6. Below, S02 is used to exemplify how the assessing was carried through.

Fully included (2 points): In order to fulfil this criterion, the Performance Indicator has to be fully disclosed. For example, if company A has disclosed information about the percentage of business units that has been investigated for any risks of corruption, the company fulfils the 'fully included' criterion.

Partly included (1 point): In order to get assessed as partly included something implied by the GRI has been left out or is missing in the information. For example, if company B has disclosures on how they organise the analysis of risks of corruption but do not mention any numbers of how many business units have been analysed, then it is assessed as ‘partly included’.

Not included (0 points): In order to fulfil this criterion, the specific information required by the GRI is ‘not included’ in the disclosures.

Worth noticing, four of the ten companies have made their own assessment on how well the Performance Indicators are reported. These companies were Stora Enso, Electrolux, ICAgruppen and TeliaSonera. The rest of the companies did not disclose any information about how they have assessed their reporting on Performance Indicators, therefore an assumption was made that these companies consider their Performance Indicators as fully reported.

2.4.2. Area 2: Management Approach

According to GRI (GRI, 2011a, RG p.24), the disclosures on Management Approach should provide an overview of the company’s management approach to the concerned Aspects (here: corruption), and is intended to give detailed information about the companies’ approach to manage the specific indicators from a risk- and opportunity perspective. When doing so, reporting is based on six topics; Goals and performance, Policy, Organisational responsibility, Training and awareness, Monitoring and follow-up, and Additional Contextual Information. Each *Indicator Category* (here: Society) has different conformed topics for all its *Aspects* (here: corruption). Each topic has been put in a corruption context for the evaluation in the study and contains different parameters. In this study, the companies are evaluated on the fulfilment each parameter, thus not on every topics as a whole. An explanation of each topic is found below, derived from the G3.1 Guidelines. In these explanations, the parameters are integrated in the text, but can be found separately in Appendix 3. The aim has been to include as many parameters as possible. However, during the performance of the scoring, it was decided to exclude the topic Additional Contextual Information, along with one parameter from Policy, due to their complex nature. The excluded parameters are marked as red in Appendix 3.

Topic 1: Goals and Performance

This topic refers to goals of the organisation concerning relevant performance to corruption. The company can base this information on the Performance Indicators but can also add organisation-specific indicators to demonstrate the results. Companies should also state to what extent these goals contribute or interfere with the collective rights of local communities. Additionally, organisation-specific indicators can be used to communicate performance in relation to set goals.

Topic 2: Policy

Policy is explained to be a brief definition of the overall commitment by the organisation in the corruption matter; if not defined in the report, it should be stated where it could be found, e.g. separate reports. The policies should be related to assessing the risks to local communities, and managing impacts on local communities. Further, they should cover the life cycle of the organisation by disclosing information about entering, operating and exiting. One of the parameters of this topic was excluded from the study, since it could not be related to corruption.

Topic 3: Organisational Responsibility

This topic explains the division of the operational responsibility at senior level regarding corruption. This section explains the division of responsibility for impacts on local communities in the highest governance body. If no policy regarding this exists, the company should explain the roles of different departments and their ability of managing the impacts. Additionally, information should be provided of employee representation bodies empowered to deal with impacts on local communities.

Topic 4: Training and Awareness

Training and Awareness focuses on processes related to training and increasing awareness of corruption, both formal and informal training. It also focuses on processes regarding raising awareness to employees and contractors for handling impacts on local communities.

Topic 5: Monitoring and Follow-up

This topic refers to procedures related to monitoring, corrective and preventive actions, including those related to the supply chain. Further, it is explained to include an overview of all the certifications regarding performance, certification system or other methods in order to audit the organisation or the supply chain. Additionally, it should include processes concerning the evaluation of risks and handling

impacts on local communities. Furthermore, information should also be included regarding how data of this is collected, and also the process for selecting the local community members.

Topic 6: Additional Contextual Information

Additional contextual information could be any information in addition to the information required in the other topics. The aim is for the company to include any important information that is not covered by any other part, in order to facilitate the understanding of performance in the specific organisation.

Due to the complexity of the evaluation of this topic, this part has not been scored since it was found difficult to identify what information to assess. Since companies disclose a large amount of organisation-specific additional information, the definition of what information that is contextual would be very complex. Therefore, this topic was not taken into consideration when collecting data.

2.4.2.1. Scoring of Management Approach

Like Performance Indicators, the two authors first performed the evaluation of Management Approach individually. The starting point of the individual coding of Management Approach was the GRI Index of the companies. When references could be found to related documents, policies and other online information, these were also used. In many cases references could not be found in the GRI Index, thus the sustainability reports was used as a starting point. All sources used during the collection of empirical data can be found in the List of References. This first individual phase was followed by a collective coding session where the two authors together compared and discussed the individual scoring results of the companies' disclosures. This eventually resulted in one united evaluation system where the scoring was made, and this can be found in Appendix 6. In order for the two authors to interpret the signification of each parameter similarly and constantly, discussions took place during the evaluation. Also, the first two evaluated companies were remade at the end, in order to keep the objective approach and to secure all parameters had been assessed similarly.

The companies were scored on each parameter according to if it was 'fully included', 'partly included' or 'not included'. In order to present the information in a useful and understandable way, the results were scored on a scale of 0 to 2 points. This was made in order to facilitate the construction of diagrams and charts of the results later on. In total, 16 parameters were assessed, which implies that the maximum achievable points are 32. Below the parameter *the most senior position with operational responsibility for corruption or explanation of how operational responsibility is divided at the senior level for corruption* is used to exemplify how the assessments were carried through.

Fully included (2 points): In order to fulfil this criterion, the company had to disclose information that covers the whole aspect of the parameter. For example, suppose that company A has defined who is responsible for corruption matters, thus, it would be assessed as 'fully included'.

Partly included (1 point): In order to receive 'partly included', the information disclosed is included but does not cover the whole aspect of the parameter. For example, suppose that company B discloses information about who is responsibility for ethical issues or sustainability as a whole and not directly to corruption, the parameter would be assessed as 'partly included'.

Not included (0 points): If the company has not covered the requested information in the disclosures, it would be assessed as 'not included'.

2.5. Media Exposure

In order to answer research question two, the media exposure on corruption matters of the included companies were investigated. The starting point of the investigation of news articles and relevant media exposure of the companies is online articles. 'Retriever' and 'Factiva' are used as databases to search through both national and international press. The focus has been upon finding relevant reports concerning accusations, suspicions or legal cases of the included companies related to corruption in recent years. The chosen articles were published both before and after 2012. Adding each company's name in addition to different words related to corruption, such as bribery, bribing, bribes, scandal, accusations, misappropriations, allegations and, suspicions facilitated the searching. The relevant articles and reports found are presented in the empirical data and then analysed along with the other findings in the analysis.

2.6. Locations of Operations and Business Industry

In order to complete research question two, possible relations to high-risk countries of the companies were mapped. The study based the identification of high-risk countries on the Corruption Perceptions Index by TI (2013), which can be found in Appendix 4. The index scores 177 countries on the scale from 100, which equals very clean public sector, to 0, which equals highly corrupt public sector. Using this index, an evaluation of the locations of operations of companies in high-risk countries was made. Worth noticing is that the information about the international business relations of the companies were compiled from websites and different reports available. Therefore, there might be information left out

on what countries companies have relations to that are not published in these forums. Finally, to clarify, business relations include all relations of a company, such as production units, suppliers, sales units, et cetera.

In order to identify certain high-risk industries in which the included companies are operating, the study based the identification and mapping on the Bribe Payers Index by TI (2011), which can be found in Appendix 5. More specifically, the index where the results were divided by industry was the one used in this study. Each company were evaluated on their business industry. In the index, the industries are ranked on a scale of 1-10 where 10 corresponds to the view that companies in that sector are never involved in bribery, and 0 corresponds to the view that they always are.

3. Theoretical Framework

In only a couple of years, the literature and research of sustainability reporting have developed on a large scale. In order to give a contributory analysis of the findings, a theoretical framework must be established. This theoretical framework provides a theoretical background of relevant research in the area and includes definitions of certain words and concepts. The theoretical framework of the study first introduces voluntary and mandatory disclosures and continues to explain the concept of CSR and companies motives to disclose voluntary information. In order to give further support to the findings, well-known theories and other concept are presented, such as GRI. Lastly, the definition and signification of corruption are brought up.

3.1. Corporate Reporting and Voluntary Information

In the 1960-1970s, the effect of humans' environmental impacts and companies' corporate activities were acknowledged (Brown *et al.*, 2009). Until this point, the majority of companies had only reported information in their annual reports that was regulated by law and standards, i.e. mandatory disclosures (Eccles & Saltzman, 2011, p.57). Starting from here, companies were exposed to external pressure from governments, stakeholders and the media (Porter & Kramer, 2006). The exposure mostly concerned responsibilities of companies for their actions (Ibid). Suddenly, a new type of information was demanded from externals. This is referred to as voluntary information, but is also associated with non-financial information. This information concerned the responsibility of companies for the environment and has developed to extend over areas such as human rights, economic performance and sustainability practices (Moir, 2001). Eccles and Saltzman (2011, p.58) recognise, as a result, an increasing number of companies producing sustainability reports or CSR reports.

The evolution of voluntary information seems to have its roots in globalisation (Frynas, 2005; Webb *et al.*, 2008) and as a result from globalisation, CSR evolved. The concept of social reporting was first introduced in the middle of 20th century, but Milton Freeman first introduced the concept of sustainability reporting in 1970 (Crane & Matten, 2007 p.43), whilst the term CSR was in common use at the same time. Today, Hawkins (2006) contends that CSR has become one of the most common concepts in the area of voluntary information. The development of CSR has generated great commitment in businesses, and sustainability responsibilities have also become an important issue for many companies (Hawkins, 2006), not the least since companies nowadays not only are evaluated on

the financial returns, but also on the contribution to society (KPMG, 2010). CSR represents, together with other related conceptions, such as triple-bottom-line, social reporting and corporate social performance (Carroll, 1991; Wood, 1991), a concept for companies to report economic, environmental and social aspects of the company (Frostenson *et al.*, 2012, p.8-9).

Today, the voluntary information regarding CSR is often found in extensive sustainability reports, and studies show that annual social reports are considered to improve the accountability of a company to external stakeholders (Graafland *et al.*, 2003). The decision whether a company shall report on CSR matters may have the same drivers as the financial information, i.e. to maintain their relations with stakeholders (Neimark, 1992). Several ways exist for companies to establish these kinds of reports. The company can independently choose how to establish the report, but could also find guidance from organisations that promote CSR practices. Examples of such organisations are GRI and UN Global Compact, but there are also other organisations specialised in certain areas, such as human rights, corruption or labour rights. The most recent trend in CSR reporting is to integrate the reporting into the annual report (KPMG, 2010). Several organisations have started to do this by integrating both financial and non-financial performance in order to create a sustainable strategy (Ibid). They believe it is through this kind of reporting a company can understand the relationship between their financial and non-financial performance (Ibid).

However, no standard for environmental or social reporting exists. Since the law does not regulate CSR reporting, the company itself decides the amount of disclosures to include in their reports, and also what to include (Hassan & Marston, 2010, p.7). Because of this, it is difficult to compare companies' CSR reporting due to the qualitative nature of the data (Cho *et al.*, 2012). Studies in the area of CSR have often faced difficulties measuring CSR performance due to its complexity. As an outcome of the measurement problem, rating institutions have developed special valuation techniques to evaluate the CSR reporting, e.g. Dow Jones Sustainability Index, MSCI ESG and Calvert Investments (Cho *et al.*, 2012). There has been a growth of CSR rating agencies in the last years, but CSR ranking appears to do little to encourage companies to acknowledge and address problems related to their social and environmental performance (Scalet & Kelly, 2010). Further, companies appear to focus on and publicly discuss their "positive" CSR activities independent of if the company was well or poorly ranked (Ibid). How CSR is used when communicating to stakeholders is further described in the next section.

3.2. CSR as a Tool for Communication

Companies' motivation to report CSR have been studied by several authors and the studies show there are many reasons for companies to include voluntary information. For example, companies seem to disclose more to increase their competitive advantage (Bebbington *et al.*, 2007) but also because of moral obligation to do so (Porter & Kramer, 2006 p.3). The authors also claim other arguments for companies to disclose CSR. These are sustainability, manage reputation (see also O'Dwyer, 2002) and reasons to do with a licence to operate. Further, they argue CSR could answer for a source for opportunity, innovation and competitive advantage. Supervision from the media is an increasing reason for revealing information (Hawkins, 2006; Deegan & Islam, 2010). The media can focus on companies' negative aspects, and consequently report events that earlier were externally unknown (Deegan & Islam, 2010). Consequently, the directed attention towards CSR has created a need for information some companies did not consider as their responsibility to report (Porter & Kramer, 2006). Not the least, companies disclose more because of external pressure from stakeholders (Graafland *et al.*, 2003). One effect of the emerging interest in CSR is the increasing recognition of shareholders as not the most prominent stakeholder in an organisation (Norris & Innes, 2005). The authors state stakeholders in companies nowadays include customers, employees, society, suppliers as well as shareholders.

Besides the above-mentioned motives for companies to disclose more, there are other incentives that trigger companies to increase the amount of disclosures. One of these triggers could be companies' aim to reduce information asymmetry, i.e. a condition in which some information is known to one part, but not to another (Akerlof, 1970). Information asymmetry is argued to make markets inefficient because all parties do not have access to all information needed in decision-making processes. Akerlof first introduced the concept of information asymmetry in 1970 and he explains the outcomes in his theory 'market of lemons' (Ibid). In his study, which focused on the car market in the US. He found an asymmetry in knowledge between sellers and buyers of the cars, and an uncertainty of the quality of the information given. He contended that the bad quality cars would drive out the good quality cars because of the difficulties in separating the two. Furthermore, both positive and negative CSR performance is found to reduce information asymmetry (Cho *et al.*, 2013). It was found that the influence of negative CSR performance appears to be stronger than the positive CSR performance in reducing information asymmetry (Ibid). Also, the results of the same study suggest that CSR performance plays a positive role for investors by reducing information asymmetry. Regulatory actions are also discussed to be appropriate in order to mitigate the adverse selection problem faced by less-informed investors.

Herzig and Schaltegger (2006) have taken the motives for reporting CSR to another level, stressing the importance of credibility in the sustainability reporting activities of an organisation. They argue that low credibility is created between the stakeholders and the organisation when it is hard to access information for the first mentioned. The difficulties in accessing information then result in information asymmetry. Additionally, the authors consider it essential to not only create a system of corporate activities for show, but to create these for the improvement of the corporate sustainability. Besides the findings of several researchers, motives to report CSR could also be described with theories as basis. Below, the stakeholder theory and the legitimacy theory are brought up in an attempt to discuss the motives for companies to report CSR.

3.2.1. The Stakeholder Theory

Ullmann (1985) and Roberts (1992) used the stakeholder theory in order to understand why organisations report CSR, which has been a useful tool in order to understand the responsibility of an organisation and its relation to different groups of individuals (Mitchell *et al.*, 1997 p.855-856). The starting point of the theory is that an organisation is part of a social system, which means the organisation needs to interact with its stakeholders and fulfil their interests, in order to achieve its targets (Deegan & Unerman, 2009). This means that the organisation cannot take any decision without taking the stakeholders interest into account (Ibid). However, the choice of which stakeholders to prioritise in CSR is up to the organisation. Freeman (1984) has developed a well-known version of the stakeholder theory, and the author defines a stakeholder as *“any group or individual who can affect or is affected by the achievement of the organization's objectives”*. Freeman's definition is also well recognised, but in the intervening years, the signification of stakeholders has developed to a broader extent since the first publication, meaning there is a lot of literature discussing what different kinds of stakeholder there are, and how their interests differ (Donaldson & Preston, 1995). From the literature, it is clear that it is difficult to determine how many groups should be considered as stakeholder groups. Mitchell *et al.* (1997) have identified 27 different definitions of stakeholders in academic literature between 1963 and 1995, which is an example of in how many ways it is possible to define stakeholders, and how many groups should be considered as stakeholders.

3.2.2. The Legitimacy Theory

Campbell *et al.* (2003 p.559) explain it is likely that the legitimacy theory is the most common theory used to explain why companies choose to report CSR (see for example Adams *et al.*, 1998; Deegan & Gordon, 1996). In the field of CSR, it seems like the legitimacy theory has become the most prominent theory to explain these circumstances (Deegan, 2006). The legitimacy theory is used to explain why a company must consider the interests of stakeholders and why companies need to engage in certain actions. It is considered to be a system-oriented theory (Gray *et al.*, 1995), which means that the company is supposed to have influence on society, but also that society has influence on the company.

The legitimacy theory presumes the existence of a social contract between parties. These parties are often referred to 'a society' and to 'an organisation' (Donaldson, 1982). The legitimacy theory supposes that if a social contract breaks, a legitimacy gap arises (Savage *et al.*, 2000). The gap consists of how the society thinks the company should act and the society's apprehension of the company's actual behaviour (Ibid). A gap could also arise, if someone else than the company itself publishes information about the company (Deegan & Unerman, 2011). If a legitimacy gap arises, the theory presumes that the company will try to regain its legitimacy through certain strategies. Lindblom (1994) proposes strategies for an organisation to obtain or maintain legitimacy. For example, the company can try to educate and inform its stakeholder about changes in the performance of the organisation and other activities. This would imply that expectations of stakeholders and actions of the company would become more congruent. Also, the company can try to manipulate the stakeholders by deflecting attention from one issue to another. For example, this can be done by enlightening stakeholders about how successful the organisation has been within another specific area. Besides these theories explaining what motivations there are for companies to engage in CSR, it is also essential to understand the negatives sides of the CSR reporting. In the next section, criticism toward CSR is discussed.

3.3. Criticism of CSR

In spite of all reasons for disclosing more, there has been an on-going discussion for decades of what role companies play in society, and to what extent companies have to report their responsibility (Grafström *et al.*, 2008). The authors discuss the existence of a gap between what companies consider to be obligating to include in their CSR reports, and what stakeholders expect companies to include. This is in line with the concern whether financial reports do not represent a true and fair view of a company, due to the lack of completeness concerning the nonfinancial information (Eccles & Saltzman, 2011 p.58).

This is also discussed by Tilt (2007, p.115) who noticed that scepticism exists towards CSR amongst stakeholders. The criticism mainly concerns the current level of reporting which is considered to be insufficient. The author describes a point of view seeing the reporting as a way to improve the reputation of the organisation without any real interest in the environment or society. This could be linked to Unerman *et al.* (2007 p.3) who claim CSR is used as a public-relation tool to win or maintain the approval of stakeholders.

3.3.1. Impression Management

Several studies have investigated how companies use disclosures in order to manage the image or the reputation of the company, often referred to as impression management. Several researchers (see for example Hooghiemstra, 2000; Branco & Rodrigues, 2006) have found evidence of this. Also, the findings of the study by Cho *et al.* (2010) confirm this argument. They found that companies performing poorly on environmental issues tend to emphasize the good news, conceal bad news, being selective on what information to communicate and to use a more optimistic language. This is also in line with the result of the study by Deegan and Rankin (1996) of environmental information, which showed that the positive disclosures significantly outweighed the negative. Fleming and Jones (2013 p.15-16) argue CSR practice involves highlighting the positive events and at the same time exclude the negative events of companies.

Furthermore, a study by Cho and Patten (2007) concerning environmental disclosures show another aspect: an organisation with poor environmental performance leads to a higher level of environmental disclosures. Although one can argue that more disclosures facilitate the understanding of an organisation, it can be seen as problematic and lead to risks of information overload (Herzig & Schaltegger, 2006). Cho and Patten (2007) also found that the worse environmental performers tended to disclose more 'non-monetary' information, such as statements and discussions, than the better performers. This is in line with the study by Cho *et al.* (2010) mentioned above, which claimed companies conceal bad news and instead focus on good achievements and optimistic statements. These recent findings all confirm the result of Adams' (2004) case study of the company Alpha, where she identified a lack of completeness in the reporting of environmental, social and ethical issues.

All the above-mentioned studies could be summarised by the findings of Frynas (2005), who contends that there still seems to exist a gap between the stated intentions from business leaders and the actual behaviour, and the impact in reality.

Further, Krzus (2011, p.274) does not think the financial reporting provides sufficient and relevant information for decision-making today. Porter and Kramer (2006) highlight one of the problems related to the issues of CSR reporting; they recognise the philanthropic initiatives taken by organisations measured in dollars or hours spent, but it is rarely measured by impact. The authors argue that the confusion of what to report has led to a situation where corporate leaders seek guidance from consultants, standard setters and other experts. GRI is one of those standards setters giving guidance on the sustainability reporting. Studies regarding the implementation and use of GRI are described below.

3.4. GRI as a Framework for Reporting

GRI has the goal of providing standardised measures of performance indicators for firms' environmental, social and economic impacts (GRI, 2014c). GRI was created to fill the gap between stakeholders demand for companies' environmental and social performance information, and companies' lack of such reporting (Willis, 2003), but was also created to enhance comparability between reports. Companies adopting the GRI guidelines have the possibility to improve the quality and usefulness of their information, and thus increase the value of the information to their stakeholders (Ibid). Consequently, GRI emphasises the importance of stakeholder engagement in determining the contents of CSR reporting (Reynolds & Yuthas, 2008). Also, companies are free to choose from the guidelines in almost any way they prefer, which contributes to the difficulty of assessing CSR quality (Morhardt *et al.*, 2002). One of GRI's key challenges is to adjust the broad variety of disclosure needs and expectations of a wide range of report users and company stakeholders (Willis, 2003). If wanting to measure the quality of a CSR reporting system, Romolini *et al.* (2014) refer to GRI's indicators of quality in sustainability reports. This is defined in GRI's framework as Application Levels A, B, or C, depending on the number and set of disclosures addressed by the organisations. By obtaining an Application Level Check from GRI, one can also add '+' to any of the three levels. This certifies that the GRI Content Index in the report demonstrates a valid representation of required disclosures. However, Application Levels only provide information about the quality of information and not about sustainability performance (Romolini *et al.*, 2014).

In 2002, Morhardt *et al.* (2002) created a scoring system in order to evaluate the extent to which voluntary corporate environmental reports met the requirements of the GRI guidelines and ISO 14031. This evaluation was made on the GRI guidelines launched in 2000. The authors converted both the GRI guidelines and ISO to scoring systems. Afterwards, GRI and ISO, along with three existing scoring

systems, were used to evaluate reports of 40 of the largest global industrial companies. The authors found that many of the reports scored highly with the earlier systems used at the time of writing, but due to the fact that the GRI and ISO guidelines were much more detailed and comprehensive, the companies scored much lower on these. In particular, the economic and social topics only scored 42 percent of the potential GRI score. The authors contend there is a great gap between what large companies think is appropriate to report and what GRI's objective is with the reporting. On the other hand, the study was made in 2002 and the GRI reporting has since then generated greater commitment amongst companies. The study earlier mentioned by Romolini *et al.* (2014) concerned Italian companies' CSR reporting. The authors found that these companies have an overall good level of disclosures, but stress the concern of CSR being a "fashion" phenomenon.

Hedberg and Malmborg (2003) have analysed Swedish companies applying the GRI guidelines. The authors summarise their findings by concluding that companies apply the GRI guidelines mainly to seek organisational legitimacy (see also O'Dwyer 2002). Dowling and Pfeffer (1975) suggest that an entity needs legitimacy for survival, but it is also something an organisation has a desire to obtain. Hedberg and Malmborg (2003) also conclude that the main reason for the use of the GRI guidelines is an expectation of increasing credibility of the CSR, but also that it provides a template for how to design a report. Further, companies use the guidelines for external and internal communication, and that GRI reporting could help the companies to learn more about themselves (*Ibid*).

Even though GRI's framework is globally accepted and widely used (GRI, 2014c), there still exist discrepancies regarding how companies choose to report. Amongst organisations that label themselves GRI reporters, previous research show that there is a lack of balance between what companies should report according to GRI, and what they actually report. Moneva (2006) found in his study that some organisations that label themselves GRI reporters do not behave in a responsible way concerning sustainability. Moreover, Boiral (2013) published a research paper, the purpose of which was to examine the mining industry's sustainability reporting according to GRI, and to what extent it could be viewed as a simulacrum used to camouflage real sustainability development problems by presenting an ideal image of the company. The author found that a total of 90 percent of the negative events were not reported. One of the main findings in Boiral's study is that this is not in line with GRI's principles of balance, completeness and transparency. Boiral also noticed signs of organisational narcissism in terms of emphasis on positive achievements and virtuous statements by managers, which also are in line with the findings of Duchon and Drake (2009). The authors state that extreme narcissistic organisations are

unable to behave ethically because of the lack of a moral identity and consequently, although they might create ethics programs, it will only have little effect on the actual behaviour.

As in many other reporting frameworks, GRI encourages companies to use materiality when including or excluding certain information (GRI, 2011a, RG p.8). Thus, since previous research shows shortcomings concerning what companies should report and what actually is reported, one can question whether the signification of materiality differs amongst stakeholders and companies. Lo (2010) claims that since materiality is related to decision usefulness, it is dependent on the decision context, i.e., information that could be irrelevant for a certain decision, can be important for another company. Also, Zhou and Lamberton (2011) argue that the GRI's materiality definition implies for companies to take all stakeholders as a group into account. By doing so the authors argue that the materiality of sustainability information is merged into an overall view of all stakeholders and thereby ignoring their separate interests. Having explained both positive and negative outcomes of CSR and GRI, the theoretical framework now continues to elucidate corruption.

3.5. The Phenomena of Corruption

To be able to explain if organisations are somewhat exposed or involved in corruption, an explanation and definition of corruption is needed. There are plenty of studies investigating the relationship between corruption and economic outcomes, corruption and management incentives, corruption and personal gain and so forth. This will not be further discussed, since it is not in line with the purpose of this thesis. Instead, the focus is to explore previous research about how one can identify corruption risks, and how one can identify counteraction against corruption.

To understand the concept of corruption and what it includes, a definition of the concept is presented according to different legitimate sources. Firstly, one should be aware of that there is no universally accepted definition of corruption (Gorta & Forell, 1994). Secondly, actions considered corrupt in one country, can be regarded as part of doing business in another country (Gorta, 2006).

In the GRI guidelines, corruption is explained to *“involve such corrupt practices as bribery, fraud, extortion, collusion, conflict of interest, and money laundering”* (GRI, 2011a, IP, p.2). In 2012, Ernst & Young⁴ made a survey of the Swedish apprehension of what corruption is. In this survey, 31 percent of the respondents answered “bribery” to the question of what corruption signifies for each one of them,

⁴ From 2013 known as E&Y (E&Y, 2013).

whereas 25 percent answered “give certain advantage to a friend”, 22 percent answered “blackmailing” and 21 percent answered “circumstantial representation”. Another survey from Ernst & Young (2010, p.8) also showed that the definition of corruption is somewhat unclear amongst the respondents. The result indicated that the respondents had some problems to interpret whether a certain action was to be regarded as corrupt or not. In spite of this, the respondents considered bribery as an unacceptable behaviour, which always be considered as corruption.

3.5.1. The Characteristics of Corruption

Companies are exposed to corruption in different ways. This part presents the characteristics of corruption in companies and how one can identify organisations that are in risk zones of corruption. Firstly, there are certain areas and countries that are more exposed to corruption than others. TI is a global society organisation against corruption, which has made several studies in the area. They have ranked all countries and published a perception index on their website. Below is an extract from their findings. See Appendix 4 for full ranking.

Figure 2: Extract of Corruption Perception Index

RANK	COUNTRY/TERRITORY	SCORE	RANK	COUNTRY/TERRITORY	SCORE
1	Denmark	91	160	Cambodia	20
1	New Zealand	91	160	Eritrea	20
3	Finland	89	160	Venezuela	20
3	Sweden	89	163	Chad	19
5	Norway	86	163	Equatorial Guinea	19
5	Singapore	86	163	Guinea-Bissau	19
7	Switzerland	86	163	Haiti	19
8	Netherlands	83	167	Yemen	18
9	Australia	81	168	Syria	17
9	Canada	81	168	Turkmenistan	17
11	Luxembourg	80	168	Uzbekistan	17
12	Germany	78	171	Iraq	16
12	Iceland	78	172	Libya	16
14	United Kingdom	76	173	South Sudan	14
15	Barbados	75	174	Sudan	11
15	Belgium	75	175	Afghanistan	8
15	Hong Kong	75	175	Korea (North)	8
18	Japan	74	175	Somalia	8
19	United States	73			

Source: TI, Corruption Perceptions Index, (TI, 2013)

Besides the risk of operating in a country with high corruption, one can also find evidence of other corruption indicators, such as operating in certain sectors. In 2011, TI presented their fifth index of bribe payers (TI, 2011), see Appendix 5. The findings show that bribery seems to occur in all sectors, but is more likely to occur in the *public works contracts & construction sector*. These findings are not surprising since the sector has been regarded as vulnerable to bribery for a long time (Ibid). This is due to the fact

that the sector often is characterised by long projects, which makes cost and time difficult to benchmark (TI, 2011, p.20). Sectors such as *Utilities, Real estate, property, and legal and business services* are also ranked as vulnerable to bribery (see Appendix 5). Besides this, the report identifies a couple of key findings. For example, the finding showed that bribery abroad is strongly related to perceptions of corruption in the public sector in the home country. In addition to factors like sector-belonging and country-specific factors, studies also show that risk for corruption is higher during economic crises, most likely due to pressure on managers to achieve financial goals (Ernst & Young, 2010).

3.5.2. Implications of Corruption

There are several studies discussing issues related to corruption. Amongst them, Hess (2012) discusses how enforcement activities can work to improve transparency and support initiatives, such as GRI. The author contends that few companies are reporting corruption, and those who do, do not include relevant information to stakeholders. Further, he claims there is a strong need for production and dissemination of new types of information related to the challenges of combating corruption. Hess (2012) contends that government needs information about the value of corporate efforts made towards compliance. Also, he continues to stress companies' need for knowledge about anti-bribery programs, so that they can adopt anti-bribery practices. He contends that if some companies start to adopt such practices, they will act as surrogate regulators and others will imitate. He suggests a slight modification of criminal and civil law enforcement would result in strong incentives for companies to disclose more information required by GRI or other standard setters. Further, Seleim and Bontis (2009) claim cultural practices and cultural values should be distinguished as they relate to corruption. For example, the authors contend that two firms from different countries can agree on that corruption is unacceptable, but there may exist a difference as to what characterises corruption behaviour. It is found that an occurrence in one country could be seen as completely normal due to the cultural values of the nation, whereas the same event could be an obvious corrupt action in another country (Hooker, 2009). Moreover, even though some companies have well-developed strategies, they may still face difficulties regarding the implementation in certain problematic countries (Frynas, 2005). The author explains that Shell, present in the oil industry, had excellent strategies and skilful staff in Nigeria, but still the Nigerian subsidiary of the company suffered from corruption. The author explains that large companies, which are present on markets with high corruption, sometimes have triggered disturbances and conflicts amongst the inhabitants, particularly guerrillas and other inter-ethnic groups.

4. Empirical Data

This section accounts for our empirical data, which is presented thematically. First, the findings of the companies' reporting of corruption are presented. This is divided into two sections, where the findings of Performance Indicators firstly are presented, followed by the findings of Management Approach. For further understanding of the assessment of Management Approach, see Appendix 7. Second, articles and relevant information about corruption-related issues are discussed. Lastly, a presentation of what geographical areas the companies are operating in is presented, along with the corruption risk of the concerning business industries.

4.1. Findings of Performance Indicators

The scoring of Performance Indicators resulted in several findings. To begin with, some general findings were made from the results of the evaluation system. Firstly, it was found that all companies included in the study have a GRI index in which it was specified what documents contained the information about each Performance Indicator. Using these cross-references, information could easily be found and accessed. Secondly, some of the companies had made own assessments of if the Performance Indicators were fully, partly or not included. In many cases, it was noticed that the companies' assessments of the completeness of the Performance Indicators differed as to the evaluation in this study. Performance Indicators were found to be easily interpreted and clear in its nature. However, a lack of concrete measures in the disclosures was noticed. This was often recognised through shortcomings of specific percentages, numbers or concrete descriptions of the Performance Indicators. Last, the findings show that some companies, which reporting on level B (which have the possibility to choose what indicators to include) have chosen not to include all of the Performance Indicators related to corruption. The specific findings of each company are further described and visualised below.

Stora Enso and **Tieto** chose to include all three Performance Indicators, but their scoring of S04 did not correspond to all aspects of the indicator, thus it was scored as 'partly included'.

Table 2: Assessed Performance Indicators, Stora Enso

Stora Enso	S02	S03	S04
Company - reported level	Fully included	Fully included	Fully included
Study - assessed level	Fully included	Fully included	Partly included

Table 3: Assessed Performance Indicators, Tieto

Tieto	S02	S03	S04
Company - reported level	Fully included	Fully included	Fully included
Study - assessed level	Fully included	Fully included	Partly included

H&M also chose to disclose all three Performance Indicators and the results below show a difference in the company's view of information included in Indicators S02 and S04.

Table 4: Assessed Performance Indicators, H&M

H&M	S02	S03	S04
Company - reported level	Fully included	Fully included	Fully included
Study - assessed level	Partly included	Fully included	Partly included

Holmen disclosed all three Performance Indicators but only S04 fully corresponded to the guidelines.

Table 5: Assessed Performance Indicators, Holmen

Holmen	S02	S03	S04
Company - reported level	Fully included	Fully included	Fully included
Study - assessed level	Partly included	Partly included	Fully included

ABB also chose to disclose all three Performance Indicators, but a gap was found between ABB's idea of the inclusiveness of the disclosed information on Indicators S02 and S04 and the guidelines.

Table 6: Assessed Performance Indicators, ABB

ABB	S02	S03	S04
Company - reported level	Fully included	Fully included	Fully included
Study - assessed level	Not included	Fully included	Partly included

Electrolux was the only company in the study with an entirely corresponding perception of what all the Performance Indicators included, compared to the evaluation of the study. Electrolux considered all the Indicators to be partly included and that is the result of the evaluation as well.

Table 7: Assessed Performance Indicators, Electrolux

Electrolux	S02	S03	S04
Company - reported level	Partly included	Partly included	Partly included
Study - assessed level	Partly included	Partly included	Partly included

TeliaSonera chose to include all three Performance Indicators but only S02 corresponded to the guidelines.

Table 8: Assessed Performance Indicators, TeliaSonera

TeliaSonera	S02	S03	S04
Company - reported level	Fully included	Fully included	Fully included
Study - assessed level	Fully included	Not included	Partly included

ICAggruppen chose to include S02 and S03 in their disclosures. However, it was found that only S02 corresponded to the evaluation of the company in this study.

Table 9: Assessed Performance Indicators, ICAgruppen

ICAggruppen	S02	S03	S04
Company - reported level	Partly included	Fully included	Not included
Study - assessed level	Partly included	Partly included	-

Both Hexpol and Nibe chose to only include Indicator S03. However, as can be seen below, the results show that their evaluations of S03 did not correspond to the evaluation in the study.

Table 10: Assessed Performance Indicators, Hexpol

Hexpol	S02	S03	S04
Company - reported level	Not included	Fully included	Not included
Study - assessed level	-	Not included	-

Table 11: Assessed Performance Indicators, Nibe

Nibe	S02	S03	S04
Company - reported level	Not included	Fully included	Not included
Evaluation of the study	-	Not included	-

Another approach to present the findings of the Performance Indicators is to exclude the companies' own consideration of inclusiveness of the Indicators. Consequently, the study also measures the total numbers of fully, partly and not included indicators. Worth noticing is that those Performance Indicators that were chosen to not be disclosed do affect the proportion of the indicators *not included*. The percentage of each one of the three Performance Indicators that were assessed to be fully included according to the GRI guidelines were 30 percent for S02, 40 percent for S03 and 10 percent for S04 as can be seen below in Figure 3.

Figure 3: Scoring of Performance Indicators

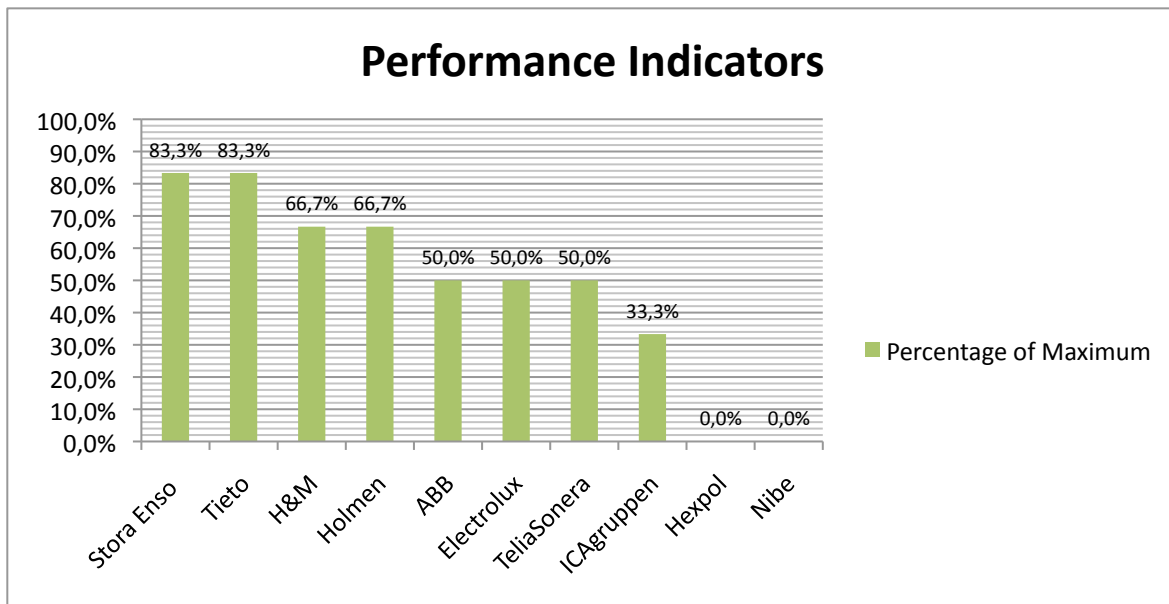


Lastly, all companies received a total score of the reporting of Performance Indicators. Measured in percentage of maximum points, Tieto and Stora Enso scored highest with 83.3 percent whilst the lowest scorers were Nibe and Hexpol with zero percent. ICAgruppen got 33.3 percent and TeliaSonera, Electrolux and ABB all got 50 percent of the maximum points. Lastly, H&M and Holmen both got 66.7 percent. For a compiled table of full scoring of all companies, see table 12 and 13.

Table 12: Total Scoring of Performance Indicators

Company	Reporting level	S02	S03	S04	Total points	Percentage of Maximum
Stora Enso	A	2	2	1	5	83,3%
Tieto	A	2	2	1	5	83,3%
H&M	B	1	2	1	4	66,7%
Holmen	A	1	1	2	4	66,7%
ABB	B	0	2	1	3	50,0%
Electrolux	B	1	1	1	3	50,0%
TeliaSonera	B	2	0	1	3	50,0%
ICAgruppen	B	1	1	0	2	33,3%
Hexpol	B	0	0	0	0	0,0%
Nibe	B	0	0	0	0	0,0%

Table 13: Percentage of Maximum, Performance Indicators



4.2. Findings of Management Approach

First of all, it should be stated that many differences were identified between the sustainability reports of the assessed companies. The supply of information differs appreciably in terms of integrated reports, sustainability reports, separate documents and continuous updates on websites of the companies. One of the main findings regarding Management Approach was the difficulty to identify where the information concerning Management Approach was to be found. Also, the reports contain a lot of information, which made it even harder to locate the needed information. The information regarding Management Approach was included in the companies' reports to varied extent, sometimes found through cross-references, sometimes without cross-references and sometimes not at all. Unlike Performance Indicators, the interpretation of Management Approach was found to be rather difficult due to the complexity of terms and lack of explanations of how it was integrated. As can be seen in the Methodology, the GRI framework contains rather clear process descriptions of how to apply and implement the guidelines. However, a few shortcomings were recognised regarding the performance in practice. In several cases, the word "Management Approach" did not occur in the GRI Index of the companies, which made the information of Management Approach more difficult to find than the information of Performance Indicators. Also, a lack of concrete descriptions of the topics and parameters was noticed. Unlike Performance Indicators, companies do not themselves assess the Management Approach reporting as fully, partly or not included.

Amongst the investigated companies, the study has identified deficiencies of goals concerning corruption. Even though some companies report well, a lack of clear goals of how the companies work to prevent corruption specifically are identified to a certain extent. It was noticed that one of the parameters of Goals and performance seemed mostly to be interpreted generally by the companies, and it was noticed some organisation-wide goals often were related to the industry of the company or to certain events, which had occurred during the financial year. For example, TeliaSonera explains in the annual report of 2012 that the company was accused of corruption. Consequently, a lot of corruption related information was found in the reports of TeliaSonera. The study also found that several companies have a separate anti-corruption policy (this being TeliaSonera, ABB, Holmen, and Electrolux. TeliaSonera's anti-corruption policy was prepared during 2012 and was not yet launched when their report 2012 was published), whilst five other companies have included a chapter or a part of their anti-corruption work in their Business Ethics, Codes of Conduct or similar documents. The information in these documents mostly concerns what is forbidden in term of gifts, bribes et cetera, what is expected

from employees, suppliers and other business partners. Moreover, it was noticed the companies often describes what is expected from employees and business partners regarding corruption matters, but it is seldom defined how the company work to implement the values into the company.

The findings further show companies report general risk assessments, which in many cases are concentrated on performance of the companies. Thus, several of them have risk procedures but these are seldom related to corruption or the whole life cycle of the company. In some cases risk assessments are made initially in establishing business relations, but do not continue to be assessed during the operations. Further, in nearly all the investigated cases, companies had a well-reported section of how the company is governed and how the responsibility is divided through the organisational structure, but few report specific responsibility areas, such as corruption. In addition, it was found that almost all companies have implemented training throughout the organisations and these seem to usually take the form of general training of the code-of-conduct, in which corruption often is included. Even though companies include information about the existence of training, not all of them report how they work with the training internally, i.e., present if certain personnel is more exposed than others, or specified if certain levels within the organisation get more training than others. For example, several companies report that they are aiming at training all employees but do not report the actual amount of employees who undergo training in reality, how often the training take place or what the training actually implies.

In total, 16 parameters were assessed on all companies. Since the maximum points of each parameter are two points, the total possible score a company could get was 32 points. The findings show TeliaSonera was the best performer of Management Approach and scored 31 points. The second best performer was H&M, which scored 28 points. Hexpol and Nibe answered for the lowest scores, 13 respectively 12 points.

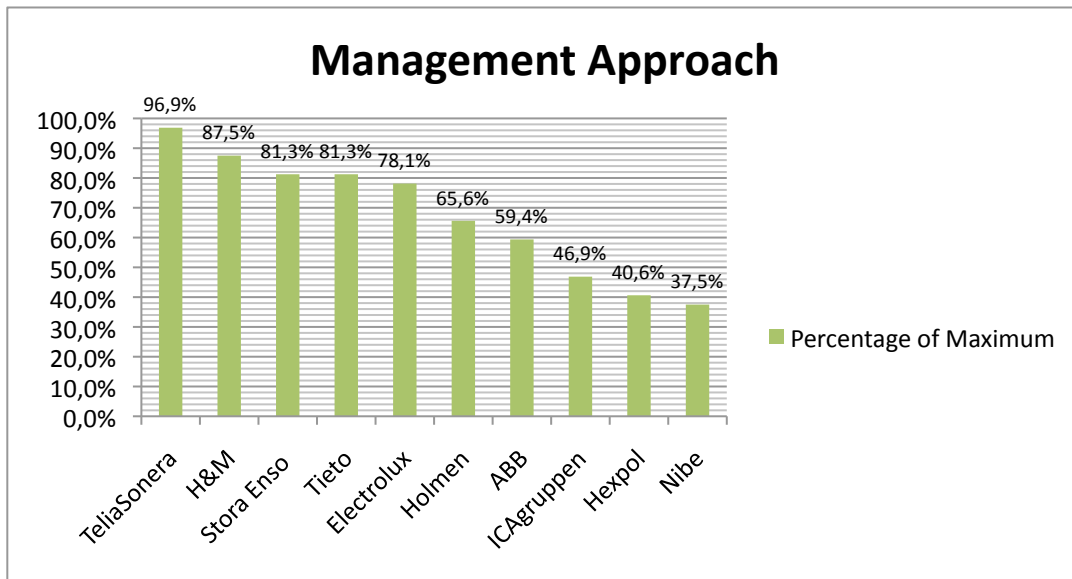
Table 14: Total Scoring of Management Approach

Company	Reporting level	Points	Percentage of Maximum
TeliaSonera	B	31	96,9%
H&M	B	28	87,5%
Stora Enso	A	26	81,3%
Tieto	A	26	81,3%
Electrolux	B	25	78,1%
Holmen	A	21	65,6%
ABB	B	19	59,4%
ICAguppen	B	15	46,9%
Hexpol	B	13	40,6%
Nibe	B	12	37,5%

Assessed parameters: 16

Maximum points: 32

Table 15: Percentage of Maximum, Management Approach



4.3. Findings Related to Corruption Risk and Media Exposure

4.3.1. Media Exposure

The media has in recent years made several exposures of international companies' involvement in corruption and bribery. Some of the included companies have been exposed in the media for questionable business decisions related to corruption and the results are presented below. In the study, the same method of searching for relevant media exposure has been carried out for all of the included companies, but with varied findings to present.

Since 2012, TeliaSonera been accused of involvement in questionable payments for telecommunication licenses in Uzbekistan and Kazakstan (*Svenska Dagbladet*, 2012a; *Svenska Dagbladet*, 2013). The first mentioned article concerns payments for license to operate in Uzbekistan, where the payments were tracked to end up in control of the daughter of the dictator of Uzbekistan. The second mentioned source concerned an article claiming that TeliaSonera used similar methods in the case of buying a strategically important company in Kazakstan. The Swedish public service television company, SVT, first brought up the subject by broadcasting a documentary (SVT, 2012.) The purpose was to investigate the real destination of the billions paid by TeliaSonera for the license to operate in Uzbekistan. At the end of 2012, another article reported on a TeliaSonera manager accused of, and investigated for bribery and embezzlement (*Svenska Dagbladet*, 2012b). The latest exposure in media concerned two companies in the Netherlands owned by TeliaSonera, which were reported being under investigation for bribery and money laundering (*Svenska Dagbladet*, 2014).

Further, ABB has also been frequently discussed in the media recent years, whereas several times in relation to corruption. In 2002, *Affärsvärlden* (2002) reported on how German police were investigating ABB for corruption and bribery related crimes. Later that same year, *Dagens Nyheter* (2002) reported on accusations towards ABB revolving corrupt payments in Lesotho, Africa. Additionally, *Svenska Dagbladet* (2009) reported on bribery accusations concerning a former manager in Mexico for bribing officials in a governmental owned company, in order to secure future contracts. This article also refers to several cases of ABB's involvement in investigations of corruption related crimes around the world during 2007. Worth noticing is this occurrence in Mexico, resulted in a 6th place on Forbes' (2010) list of the biggest corporate bribery scandals published in 2010.

The media has also accused Stora Enso of accusations in the media revolving corruption. *Dagens Industri* (2013) published information about Stora Enso's Chinese subsidiary Inpac, which was accused of bribing representatives of Motorola in order to maintain good business relations. Also, during the last decade, Stora Enso faced accusations of corruption and bribery for the companies' operations in Uruguay (*Veckans Affärer*, 2013).

ICAgruppen has also been involved in accusations of involvement in questionable business relations. Recently, *Aftonbladet* (2014) published an article concerning suspicions of a one of ICAgruppen's contractors - a company controlled by the Italian mafia, which was accused of money laundering and corruption involvement. The report revolved around ICAgruppen's lack of risk analysis, which did not include analysis of these kinds of business relations. Additionally, H&M faced accusations of bribing Swedish prominent fashion journalists by offering free trips to New York during 2005 (*Dagens Industri*, 2005).

The other included companies did not have any relevant media exposure related to corruption to be presented.

4.3.2. Locations of Operations in High-Risk Countries

Based on the Corruption Perceptions Index by TI (2013), the included companies have been evaluated on any involvement in high-risk countries, see Appendix 4. The companies included in this thesis are Swedish, Finnish and Swiss, and all three countries are ranked amongst top seven countries with lowest corruption. All of the included companies are involved in different kinds of international business relations. The findings are presented below and the table shows that all companies have relations to high-risk countries. The three countries with the lowest score found at each company's website/report are presented below in table 16. The number in brackets refers to the score of the country in TI's Corruption Perceptions Index (TI, 2013).

Table 16: Operations in Countries Ranked as High-Risk for Corruption

	Locations of Operations
ABB	Venezuela (20), Zimbabwe (21), Angola (23)
Electrolux	Venezuela (20), Paraguay (24), Ukraine (25)
HM	Cambodia (20), Myanmar (21), Bangladesh (27)
Hexpol	Mexico (34), Sri Lanka (37), China (40)
Holmen	Algeria (36), Italy (43), Saudi Arabia (46)
ICAgruppen	Production units worldwide, for example 780 units in Asia, 90 in Africa
Nibe	Russia (28), Mexico (34), China (40)
Stora Enso	Laos (26), Pakistan (28), Russia (28)
TeliaSonera	Uzbekistan (17), Tajikistan (22), Kazakhstan (26)
Tieto	Russia (28), Philippines (36), India (36)

4.3.3. High-Risk Business Industries

Based on TI's Bribe Payers Index (2011) the included companies are ranged in the scheme below according to the extent of corruption in the industries they operate in. The index has the interval of 0-10, and high scoring equals lower risk of corruption, whereas low scoring equals higher risk of corruption. The findings show that two of the included companies, Nibe and ABB belong to a low scoring industry, 6.4. The company belonging to the highest scoring industry is Tieto with 7.0. The other companies in the study are ranged from 6.5 to 6.9. See table below.

Table 17: Ranking of Risk of Corruption in Business Industries

Industry	Score	Companies
1 Agriculture	7.1	
1 Light manufacturing	7.1	
3 Civilian aerospace	7.0	
3 Information technology	7.0	Tieto
5 Banking and finance	6.9	
5 Forestry	6.9	Holmen, Stora Enso
7 Consumer services	6.8	HM, ICAgruppen, Electrolux
8 Telecommunications	6.7	TeliaSonera
8 Transportation and storage	6.7	
10 Arms, defence and military	6.6	
10 Fisheries	6.6	
12 Heavy manufacturing	6.5	Hexpol
13 Pharmaceutical and healthcare	6.4	
13 Power generation and transmission	6.4	Nibe, ABB
15 Mining	6.3	
16 Oil and gas	6.2	
17 Real estate, property, legal and business services	6.1	
17 Utilities	6.1	
19 Public works contracts and construction	5.3	
Average	6.6	

5. Analysis

Having presented the empirical findings from Performance Indicators, Management Approach, media exposure and high-risk countries and high-risk industries, the path now opens up for discussing the problem statement - to assess whether listed companies meet the guidelines of reporting in accordance with GRI's G3.1 guidelines regarding corruption.

This part starts with discussing the observed interpretation difficulties, followed by a discussion about materiality. Afterwards, stakeholder's expectations of the reporting will be discussed along with other possible explanations to why the companies' reporting differ. Some companies are brought up more thoroughly than others, due to prominent findings.

5.1. Interpretation Difficulties

The empirical findings showed that the companies' reporting do not entirely meet the G3.1 guidelines regarding corruption. Firstly, the study showed several shortcomings between the reporting of the companies and the GRI guidelines. For example, companies were noticed to not fulfil their own assessment of Performance Indicators. Sometimes, companies tended to only mention parts of the Performance Indicators or described something related to the subject, and considered this as being fully reported. Also, empirical findings showed companies have interpreted the guidelines in different ways, which in turn made it rather difficult to assess, especially the information regarding Management Approach. One reason for the difficulty in assessing the information related to Management Approach was because the topics are used for all *Aspects of Society*, which made them rather imprecise. Also, it seems difficult for companies to cover all indicators fully. The observed difficulties in interpretation of the guidelines could be argued to show signs of information asymmetry between the company and the stakeholders, since the study indicates a difference in interpretation between the companies and GRI.

Further, all of the above-mentioned findings could be linked to the findings by Mordhardt *et al.* (2002) who mean there is a gap between what companies think is appropriate to report and what GRI's objective is with the reporting. With this in mind, it is possible to discuss whether the GRI guidelines are difficult to interpret. From the empirical findings, the following example of the difficulties in the interpretation, is rather clear; only one company was scored 'fully included' on the Performance Indicator S04 in the study, whereas six companies had assessed S04 as 'fully included'. A probable explanation for this finding is that the GRI guidelines are very extensive, and thus maybe too extensive

for companies to include all Performance Indicators. On the other hand, S04 requires rather detailed numbers and percentages, and as a consequence, lack of access to data could be another explanation for not providing the readers with the required numbers. Further, these findings should not be seen as true for the whole GRI report, but could be seen as a sign of different interpretations of the guidelines. Thus, one can argue a facilitation of the guidelines would improve the comparability between companies. Because of the requirements of detailed information, it is further reasonable that one could not expect companies to include detailed information on all areas. This would lead to very extensive reports and could imply a risk of information overload.

Another finding concerned the companies' application level, which was found to not be linear with the scoring of Management Approach. Despite the use of the application levels of GRI as measurement of quality of information (Romolini *et al.*, 2014), it was noticed that those reporting on level A, did not score appreciably better than those reporting on level B. For example, TeliaSonera scored highest on Management Approach, but reports on level B and was thus better than those reporting on level A. On the other hand, the correlation between application level and scoring of Performance Indicators seems to exist since the three companies reporting on level A are among the top four scorers. This could be explained by the fact that the content of each Performance Indicator is concrete and easy to understand. Thus, Performance Indicators are easier to interpret and implement, due to their uncomplicated nature. However, these findings are only true for the corruption aspect, and should not be assumed to be true for the whole GRI report.

5.2. Materiality Issues

Furthermore, companies have issues determining what is material for the company to report (Lo, 2010; Zhoue & Lamberton, 2011), which could be an explanation to the lack of disclosures of certain Performance Indicators and information regarding Management Approach. One can argue this being true for companies reporting on level B, since they to some extent are free to choose what Performance Indicators to include. Three companies had made the active choice to exclude at least one of the three Performance Indicators. In the study, Nibe and Hexpol scored lowest on both Management Approach and Performance Indicators. This could be due to the fact that the companies might not consider corruption as material (Lo, 2010). However, both companies belong to industries with relatively low scoring in the Bribe Payers Index, meaning they are rather exposed to corruption, and both companies have operations in high-risk countries. This indicates the subject to be material, thus a more profound reporting on corruption could be expected. Also, another reason may be that both Nibe and Hexpol are

Swedish companies, and Sweden is a country fairly spared from corruption. Thus, the companies might not consider corruption as an important risk area. On the other hand, all the included companies have operations in countries with risk of corruption, which can be argued to be a motive to include more profound and specific disclosures. This argument is also true for the industries. The Bribe Payers Index showed that the industry scoring highest scored 7.1, which indicates that bribery occurs to some extent in all industries. This implies all included companies should regard corruption as material, and thus one could argue the above-mentioned findings being reasons for the companies to improve communication with stakeholders.

Additionally, another view of materiality issues concerns the existing stakeholder groups. The stakeholders who seek the financial information are often investors, whereas the stakeholders seeking the voluntary information do not necessarily have to be the same stakeholders as for the financial information. Thus, the users of sustainability information are generally also several other stakeholder groups. This points towards the difficulty for companies to satisfy all stakeholders, but also points at the difficulty to determine materiality. What stakeholders expect companies to include in their reports could be discussed ceaselessly. In the next section, some of the findings in relation to theories regarding the stakeholders are discussed, together with other possible explanations.

5.3. Expectations from Stakeholders

In the theoretical framework, different explanations were given to companies' inability to fully report in line with the expectations from different stakeholders or organisations, such as moral obligation, media supervision and management of reputation. From the empirical findings, ICAgruppen's locations of operations were rather unclear. As a consequence, one could not find and identify operations in high-risk countries in a specific manner. The information was disclosed in forms of 'amount of production units' in different continents of the world, and thus unspecified. The company seems to have operations in countries all over the world, and it is understandable that the company has not prioritised to explain their relation to all the countries. Still, regarding all these operations, more profound disclosures on corruption could be expected, as it seems ICAgruppen have relations to many of the high-risk countries. This can be argued to be in line with earlier studies about the existence of a gap between what companies consider obligate to include, and what the stakeholders expect the companies to include (Grafström *et al.*, 2008). Still, one could discuss what stakeholders actually expect companies to include, but in aspect of relevance, it is possible to claim that this information could be more detailed.

Further, Eccles and Saltzman (2011) mean incomplete reporting could confuse stakeholders because it does not represent a true and fair view of the company, due to lack of the completeness of the reporting. This is also in line with Herzig and Schaltegger (2006), who mean an environment of insufficient reporting and incomplete reporting create low credibility between the stakeholders and the organisation. On the other hand, the discussion concerning what *complete* reporting is may well be long, but Tilt (2007) contends the current level of CSR reporting is considered to be insufficient. For example, ABB has operations in several high-risk countries and the industry is ranked as 6.4, meaning the industry is rather exposed to bribery. Also, several articles were found concerning accusations of corruption. All of the articles were published prior to the sustainability reports of 2012, which would imply ABB to include more information about corruption and score higher than they did. The reasons for this could of course be many. For instance, during the evaluation, it was noticed companies tended to focus on specific events that had occurred during the financial year, whereas one explanation could be that ABB has not prioritised the area, and the company instead had put focus on other areas. Whether this is an act of enlightening success in other areas and does so in order to deflect attention, as the legitimacy theory supposes, could only be discussed, not stated. Another reason, which is in line with the findings of Tilt (2007), is that CSR reporting sometimes is used as a way to improve the image of the company without any real interest in the society.

According to Deegan and Unerman (2011), the situation when someone else than the company publishes information about the company, creates a legitimacy gap. This study cannot confirm the existence of such a gap, since this study is not specifically focused on how society and the company have reacted after the media exposures. Although, one could imagine the existence of a legitimacy gap, given that ABB, in recent years, has appeared a lot in the media, because of accusations of involvement in corruption matters. Seeing the facts in total, it could be argued ABB might not seek to reduce the legitimacy gap (Savage et al., 2000). The same theory could also be used to explain TeliaSonera's circumstances. TeliaSonera scored highest on Management Approach, and has appeared frequently in the media the recent years on matters related to corruption, which clearly permeated through the annual report of 2012 and is an example of the pressure media has put on companies to reveal information (Hawkins, 2006). TeliaSonera's high scoring in Management Approach could be explained by the use of the GRI guidelines as a communication tool towards stakeholders, in order to seek organisational legitimacy (Hedberg & Malmborg, 2003). Further, the correlation between high scoring and media exposure could be explained by the legitimacy theory in the same way as ABB, but TeliaSonera responds by trying to inform the stakeholders about changes in the company (Lindblom,

1994). This notion could also be linked to the stakeholder theory. The stakeholder theory contends that organisational decisions cannot be made without taking the stakeholders into account, and that the company will aim to fulfil the expectations of its stakeholders, which the company has done by informing the stakeholders about the anti-corruption work in their reports.

5.4. Other Explanations to Differences in Reporting

As have been explained in the theoretical framework, there were discrepancies in the CSR reporting before the GRI, and the GRI Framework was developed as a response to improve the reporting. It is inevitable to consider that the differences in reporting also could be due to earlier reporting routines. Thus, routines and practices that already had been established in companies when the GRI was launched could have impact on how the companies choose to report. Naturally, all the included companies did not start to report on CSR matters at the exact same time. Thus, it is probable that the completeness of a CSR report improves during time, which could be one explanation to the difference in the companies' reporting. Moreover, because of the increased use of the GRI guidelines, the comparability between companies' CSR reporting has improved remarkably. Nevertheless, because of the observed differences in interpretation of the guidelines, it still seems comparability is an issue in the area of non-financial information.

Also, there has been an observed pressure on companies to report CSR, and the intentions behind the reporting could be due to the pressure from stakeholders, and maybe some companies report CSR because they feel an expectation they have to. Consequently, the moral obligation (Porter & Kramer, 2006) to report CSR seems to be the prominent reason for disclosing in certain cases. This could lead to companies being selective on what information to communicate (Cho et al., 2010) or simply that companies exclude the negative events in the reporting (Fleming & Jones, 2013). Further, it was noticed that almost all companies have a policy that discusses corruption matters and the majority also have procedures related to training. This can be seen as an indicator to companies' attempts in trying to prevent corruption. But even though several companies scored highly on both these parameters in Management Approach, it is possible to argue that this does not have a remarkable effect on the actual behaviour of employees and suppliers (Duchon & Drake, 2009). Furthermore, the corruption related articles that were found, only concerned some of the included companies. Also, the amount of articles per company differed remarkably. What this indicates could also be discussed. The amount of articles could be argued to be due to that some of the companies are under more supervision from the media than others, or simply because they have been more exposed to corruption or been accused of

corruption several times. On the other hand, literature claim companies which have well-developed strategies, still can face difficulties regarding the implementation in certain problematic countries (Frynas, 2005). Whatever the reasons are, one can argue there exists a gap between the stated intentions of the business leaders of the companies, and the actual behaviour (Ibid). In spite of all possible explanations there might be, it could be just as simple as Hess (2012) claims, which is that the corruption aspect is found to not be a priority to disclose, and only few companies report on corruption and those who do, do not include relevant information to stakeholders. To conclude, it should be stated that CSR reporting has improved remarkably since the establishing of GRI, but the evolution towards better reporting has required more extensive guidelines, thus the details and aspects to include by the companies are many. One should have this in mind when assessing companies' disclosures, however, this study indicates a need for improvements of the GRI guidelines.

6. Conclusion

This section aims to fulfil the purpose and answer the research questions of the study, by presenting the main findings and the conclusions. Suggestions for further research are found at the end of the chapter.

6.1. Main Findings

The investigated companies' reporting on corruption is in line with the guidelines to a varied extent. Some companies report thoroughly and include detailed disclosures on corruption matters. Other companies report poorly, lacking explanations and detailed data. Even though the GRI guidelines seem clear and concrete, it still seems to exist a gap between what the GRI's objective is with the reporting, and what the companies report. The thesis found that there is a lack of completeness of disclosures on corruption amongst the investigated companies. For example, companies often tend to mention some information without covering the whole aspect of the subject, and this incomplete reporting could confuse stakeholders and create an environment of low credibility between the stakeholders and the organisation. Also, several companies in the study have embellished their own assessment of fulfilment of GRI's guidelines. One finding showed that there are difficulties in the interpretation of the guidelines, and this could be one reason for the differences in what companies consider to be reported and what the results of the study showed. These results show signs of information asymmetry between the company and the stakeholders, since the study indicates a difference in interpretation between the companies and GRI. The fact that the guidelines are extensive and very detailed, must however be taken into consideration when drawing conclusions about the results. Companies cannot be expected to disclose every detail in the GRI guidelines – this would have created a situation of information overload in form of too extensive reports. With regard to the discussion above, one can argue a facilitation of the guidelines would improve the comparison between companies' reporting.

Differences in the reporting were noticed amongst the companies. The results showed that Stora Enso and Tieto received the highest score of Performance Indicators, while TeliaSonera received the highest score of Management Approach. TeliaSonera's high score could be explained by a lot of media exposure in recent years due to corruption related accusations. Through extensive corruption disclosures, TeliaSonera might seek organisational legitimacy. This seems to be in contrast to ABB, which has appeared a lot in media concerning corruption accusations. The company also belongs to an industry ranked as relatively exposed to corruption. ABB did not perform as well as TeliaSonera in the evaluation systems, and reasons for this could be that ABB do not seek organisational legitimacy to the same extent

as TeliaSonera, or simply because they have not prioritised the area.

The lowest scorers of both Performance Indicators and Management Approach were Hexpol and Nibe. The reasons for this could be many whereas one could be that the companies might not consider the aspect as material. However, both these companies have operations in high-risk countries and operate in industries with relatively high exposure to corruption, which can be argued to be a motive for more profound and more disclosures on the subject.

Further, mixed results were noticed on the reporting regarding the companies' locations of operations and business industries. Some companies report thoroughly, whilst others do not. Moreover, a clear relation between high scoring in the evaluation systems regarding corruption disclosures, and companies operating in high-risk countries and high-risk industries, could not be mapped. The discussed reasons for this can be based on the materiality principle, meaning the companies do not consider this area as an important priority for the organisation. It could also be explained by a theory meaning CSR activities only are used in order to improve the image of the company. To conclude, all included companies have operations in countries exposed to high-risk of corruption, which indicates there is room for more detailed and expanded reporting of corruption amongst several companies.

6.2. Suggestions for Further Research

Even though this study has deeply investigated the use of the GRI guidelines on a specific indicator, other approaches could help to understand how companies choose to use the guidelines. It would be of interest to perform interviews on the companies scoring low in this study, in order to further understand the reasons to the results. In order to focus on the evolvement of the implementation of the GRI guidelines in the company, case studies on specific companies could be carried out. For example, it would be of interest to accomplish a case study on TeliaSonera and investigate how the disclosures regarding corruption have evolved in regard to the corruption scandals of 2012-2013. This could also be put in relation to the board of directors.

This thesis could also be used as a base for similar studies but on another aspect, for example 'child labour', which has been the subject of many corporate scandals in recent years. Stora Enso was recently accused of using child labour, and the media exposure could be used as a starting point in order to see the development of the disclosures regarding this aspect in the GRI guidelines.

With the recent transition to G4 guidelines there would also be of interest to perform a similar study on companies that already have chosen to report according to these guidelines. Regarding the results of

the difficulties in the interpretation of the G3.1 guidelines, it would be of interest to examine what companies consider being difficult with implementing the new guidelines in the reporting.

With inspiration from the study by Boiral (2013), it is of interest to investigate whether companies balance the GRI reporting with both positive and negative events. Another interesting approach is to compare what companies disclose and how they actually behave, in order to see if there exists a gap between the intentions from management and the actual behaviour. Since there seems to exist many incentives to disclose according to the GRI guidelines, it would be of interest to explore the motivations behind how companies choose to include certain Performance Indicators and how the companies have chosen to present the information. Do companies report ten indicators because it is enough or do they report fifteen indicators because they are relevant?

Finally, since the reports that are established according to GRI often are expected to be of good quality, another suggestion could be to focus on the 'external assurers' of the GRI reporting, in order to explore if they share the same apprehension about what to include in the report, and to examine if there are differences in the assurance.

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This chapter contains a complete list of the references used in the thesis. All reports and separate documents that were used in order to collect the empirical data to the evaluation systems, can be found in the end of the chapter.

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Appendices

Appendix 1: The Categorisation of GRI

Category	Indicator Category	Aspects
Economic		Economic Performance
		Market Presence
		Indirect Economic Impacts
Environment		Materials
		Energy
		Water
		Biodiversity
		Emissions, Effluents and Waste
		Products and Services
		Compliance
		Transport
		Overall
Social	Labour	Employment
		Labour/Management Relations
		Occupational Health and Safety
		Training and Education
		Diversity and Equal Opportunity
		Equal Remuneration for Women and Men
	Human Rights	Investment and Procurement Practices
		Non-Discrimination
		Freedom of Association and Collective Bargaining
		Child Labour
		Forced and Compulsory Labour
		Security Practices
		Indigenous Rights
		Assessment

		Remediation
	Society	Local Communities
		Corruption
		Public Policy
		Anti-Competitive Behaviour
		Compliance
	Product Responsibility	Customer Health and Safety
		Product and Service Labelling
		Marketing Communications
		Customer Privacy
		Compliance

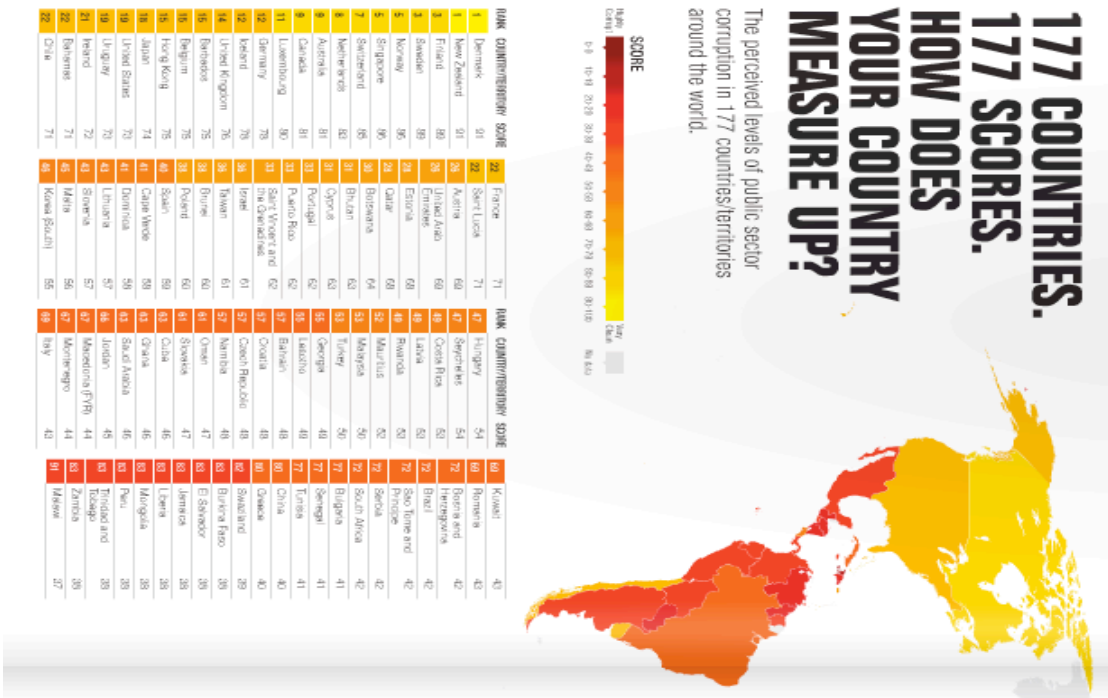
Appendix 2: Evaluation system, Performance Indicators

<i>Performance Indicators</i>	The name of the company	Fully Included	Partly Included	Not Included
S02: Percentage and total number of business units analyzed for risks related to corruption	Report the total number and percentage of business units analyzed for risks related to corruption			
S03: Percentage of employees trained in organization's anti-corruption policies and procedures	Report separately the percentage of total number of management and non-management employees who have received anti-corruption training during the reporting period			
S04: Actions taken in response to incidents of corruption	Report actions taken in response to incidents of corruption, including: (1) the total number of incidents in which employees were dismissed or disciplined for corruption, (2) the total number of incidents when contracts with business partners were not renewed due to violations related to corruption and, (3) report any concluded legal cases regarding corrupt practices brought against the reporting organization or its employees during the reporting period and the outcomes of such cases			

Appendix 3: Evaluation system, Management Approach

Management Approach	The name of the company	Fully Included	Partly Included	Not Included
TOPICS	PARAMETERS			
Goals and Performance	Organization-wide goals regarding performance relevant to corruption			
	Use organization-specific Indicators as needed in addition to the GRI Performance Indicators to demonstrate the results of performance against goals			
	Address the extent to which organization-wide goals contribute to or interfere with the collective rights of local communities			
Policies	Brief, organization-wide policy (or policies) that define the organization's overall commitment relating to corruption or state where this can be found in the public domain			
	Organization-wide policy or policies, or standards, related to assessing the risks to local communities, and managing impacts on local communities. Address the areas listed below covering the whole life cycle of the organization's operations (including entering, operating, and exiting):			
	*References/statements regarding the collective rights of local communities;			
	*Risk assessment for impacts on local communities through the whole life cycle;			
	*Mitigation of impacts on local communities			
	*Engagement with both women and men in local communities; and			
	*Application of the policy within different levels of the organization			
Organizational Responsibility	The most senior position with operational responsibility for corruption or explain how operational responsibility is divided at the senior level for corruption			
	Explain the division of responsibility for impacts on local communities in the highest governance body. For organizations that do not have a single policy or standard, explain the roles of different departments in the overall process of managing the impacts. Indicate the extent to which the impacts are addressed in the organizational structures identified in the Governance section (Disclosure 4.1), and in the mechanisms for employees and shareholders to provide direction to the highest governance body (Disclosure 4.4). Inform if and how works councils, occupational health and safety committees and/or other independent employee representation bodies are empowered to deal with and have dealt with impacts on local communities			
Training and Awareness	Procedures related to training and raising awareness in relation to corruption			
	Refer specifically to formal and informal training that addresses impacts on local communities including, but not limited to, parties that are trained or with whom the organization communicates its policy or policies, including those external to the organization.			
	Procedures directed at the training and awareness of employees and contractors (including security personnel) for managing impacts on local communities.			
Monitoring and Follow-up	Procedures related to monitoring and corrective and preventive actions, including those related to the supply chain.			
	List of certifications for performance or certification systems, or other approaches to auditing/verifying the reporting organization or its supply chain.			
	Procedures related to assessing the risks and managing impacts on local communities, including entering, operating and exiting. This could include information on how data was collected and the process for selecting the local community members (individual or group) from whom information was gathered.			
Additional Contextual Information	Additional relevant information required to understand organizational performance, such as:			
	*Key successes and shortcomings;			
	*Major organizational risks and opportunities;			
	*Major changes in the reporting period to systems or structures to improve performance; and			
	*Key strategies and procedures for implementing policies or achieving goals.			

Appendix 4: Corruption Perceptions Index



HIGH CORRUPTION/TERITORY SCORE			MID CORRUPTION/TERITORY SCORE			LOW CORRUPTION/TERITORY SCORE		
1	Denmark	91	22	Saint Lucia	71	69	Kuwait	43
2	Netherlands	91	23	Switzerland	71	69	Bahrain	43
3	Finland	89	24	Austria	69	67	Hong Kong	42
4	Sweden	89	25	United Arab Emirates	69	66	Singapore	42
5	Norway	89	26	Ecuador	69	65	Thailand	42
6	Singapore	86	27	Chile	68	64	Sao Tome and Principe	42
7	Belgium	82	28	Bahrain	63	63	Senegal	42
8	Latvia	81	29	Costa Rica	62	62	South Africa	41
9	Canada	81	30	Portugal	62	61	Dubai	41
10	Luxembourg	80	31	Paraguay	62	61	Georgia	41
11	Lithuania	79	32	Spain	62	61	Chad	41
12	Iceland	78	33	Denmark	62	61	Uganda	41
13	Ireland	78	34	France	61	61	Kenya	40
14	United Kingdom	75	35	Italy	61	60	Guatemala	40
15	Denmark	75	36	Poland	60	60	China	40
16	Belgium	75	37	Portugal	60	60	China	40
17	Hong Kong	75	38	Spain	60	60	China	40
18	Japan	74	39	Canada	60	60	China	40
19	United States	73	40	United States	60	60	China	40
20	United States	73	41	United States	60	60	China	40
21	Iceland	72	42	United States	60	60	China	40
22	Ethiopia	71	43	United States	60	60	China	40
23	China	71	44	United States	60	60	China	40

91	Morocco	37	114	Yemen	32	157	Zimbabwe	21
92	Sri Lanka	37	115	Yemen	31	158	Cameroon	20
93	Algeria	35	116	Yemen	31	159	Ethiopia	20
94	Armenia	35	117	Yemen	31	160	Yemen	20
95	Bahrain	35	118	Yemen	31	161	Yemen	20
96	Chad	35	119	Yemen	31	162	Yemen	20
97	Chad	35	120	Yemen	31	163	Yemen	20
98	Chad	35	121	Yemen	31	164	Yemen	20
99	Chad	35	122	Yemen	31	165	Yemen	20
100	Chad	35	123	Yemen	31	166	Yemen	20
101	Chad	35	124	Yemen	31	167	Yemen	20
102	Chad	35	125	Yemen	31	168	Yemen	20
103	Chad	35	126	Yemen	31	169	Yemen	20
104	Chad	35	127	Yemen	31	170	Yemen	20
105	Chad	35	128	Yemen	31	171	Yemen	20
106	Chad	35	129	Yemen	31	172	Yemen	20
107	Chad	35	130	Yemen	31	173	Yemen	20
108	Chad	35	131	Yemen	31	174	Yemen	20
109	Chad	35	132	Yemen	31	175	Yemen	20
110	Chad	35	133	Yemen	31	176	Yemen	20
111	Chad	35	134	Yemen	31	177	Yemen	20
112	Chad	35	135	Yemen	31	178	Yemen	20
113	Chad	35	136	Yemen	31	179	Yemen	20
114	Chad	35	137	Yemen	31	180	Yemen	20

Appendix 5: Bribe Payer's Index

RANK	SECTOR	SCORE	NUMBER OF OBSERVATIONS	STANDARD DEVIATION	90% CONFIDENCE INTERVAL	
					LOWER BOUND	UPPER BOUND
1	Agriculture	7.1	270	2.6	6.8	7.4
1	Light manufacturing	7.1	652	2.4	7.0	7.3
3	Civilian aerospace	7.0	89	2.7	6.6	7.5
3	Information technology	7.0	677	2.5	6.8	7.1
5	Banking and finance	6.9	1409	2.7	6.8	7.0
5	Forestry	6.9	91	2.4	6.5	7.3
7	Consumer services	6.8	860	2.5	6.7	6.9
8	Telecommunications	6.7	529	2.6	6.5	6.9
8	Transportation and storage	6.7	717	2.6	6.5	6.9
10	Arms, defence and military	6.6	102	2.9	6.1	7.1
10	Fisheries	6.6	82	3.0	6.0	7.1
12	Heavy manufacturing	6.5	647	2.6	6.4	6.7
13	Pharmaceutical and healthcare	6.4	391	2.7	6.2	6.6
13	Power generation and transmission	6.4	303	2.8	6.1	6.6
15	Mining	6.3	154	2.7	5.9	6.6
16	Oil and gas	6.2	328	2.8	6.0	6.5
17	Real estate, property, legal and business services	6.1	674	2.8	5.9	6.3
17	Utilities	6.1	400	2.9	5.9	6.3
19	Public works contracts and construction	5.3	576	2.7	5.1	5.5
Average		6.6				

Source: TI's Bribe Payers Index (TI, 2011)

Appendix 6: Compiled Scoring Results, Management Approach

Management Approach	Compilation (amount of companies)	Fully included	Partly included	Not included
TOPICS	PARAMETERS			
Goals and Performance	Organization-wide goals regarding performance relevant to corruption	6	3	1
	Use organization-specific Indicators as needed in addition to the GRI Performance Indicators to demonstrate the results of performance against goals	3	3	4
	Address the extent to which organization-wide goals contribute to or interfere with the collective rights of local communities	1	6	3
Policies	Brief, organization-wide policy (or policies) that define the organization's overall commitment relating to corruption or state where this can be found in the public domain	9	1	
	Organization-wide policy or policies, or standards, related to assessing the risks to local communities, and managing impacts on local communities. Address the areas listed below covering the whole life cycle of the organization's operations (including entering, operating, and exiting):			
	*References/statements regarding the collective rights of local communities;	3	5	2
	*Risk assessment for impacts on local communities through the whole life cycle;	5	2	3
	*Mitigation of impacts on local communities	2	7	1
	*Engagement with both women and men in local communities; and *Application of the policy within different levels of the organization	9	1	
Organizational Responsibility	The most senior position with operational responsibility for corruption or explain how operational responsibility is divided at the senior level for corruption	2	8	
	Explain the division of responsibility for impacts on local communities in the highest governance body. For organizations that do not have a single policy or standard, explain the roles of different departments in the overall process of managing the impacts. Indicate the extent to which the impacts are addressed in the organizational structures identified in the Governance section (Disclosure 4.1), and in the mechanisms for employees and shareholders to provide direction to the highest governance body (Disclosure 4.4). Inform if and how works councils, occupational health and safety committees and/or other independent employee representation bodies are empowered to deal with and have dealt with impacts on local communities	3	7	
Training and Awareness	Procedures related to training and raising awareness in relation to corruption	7	3	
	Refer specifically to formal and informal training that addresses impacts on local communities including, but not limited to, parties that are trained or with whom the organization communicates its policy or policies, including those external to the organization.	4	5	1
	Procedures directed at the training and awareness of employees and contractors (including security personnel) for managing impacts on local communities.	3	7	
Monitoring and Follow-up	Procedures related to monitoring and corrective and preventive actions, including those related to the supply chain.	7	3	
	List of certifications for performance or certification systems, or other approaches to auditing/verifying the reporting organization or its supply chain.	5	3	2
	Procedures related to assessing the risks and managing impacts on local communities, including entering, operating and exiting. This could include information on how data was collected and the process for selecting the local community members (individual or group) from whom information was gathered.	4	5	1
Additional Contextual Information	Additional relevant information required to understand organizational performance, such as:			
	*Key successes and shortcomings;			
	*Major organizational risks and opportunities;			
	*Major changes in the reporting period to systems or structures to improve performance; and *Key strategies and procedures for implementing policies or achieving goals.			

Appendix 7: Guidance on the Assessment of Management Approach

This appendix aims to give an understanding of how the assessments were made on each parameter, and to give more detailed information and examples of how companies received points. All examples with references in brackets in this appendix can be found in the list of references. All documents used for the scoring of Management Approach are specified in the end of the list of references.

The evaluation system has the following system:

2 points: Fully Included

1 point: Partly Included

0 points: Not included

Topic 1: Goals and Performance

Parameter 1: *Organization-wide goals regarding performance relevant to corruption.*

For a company to receive ‘partly included’ on this parameter, it had to mention how the company works on improvements in areas such as ethics and policies, but the information did not have to be stated as a goal. To be scored ‘fully included’, the assessed goals are only needed to be *relevant* to corruption, meaning companies that had stated goals related to training on anti-corruption work for employees, social audits in high-risk countries, improvements of code-of-conduct et cetera. Tieto was scored ‘fully included’ on goals relevant to corruption, the company writes:

“In addition to reinforcing internal communication and establishing new practises for monitoring the Code of Conduct and compulsory Anti-Corruption e-learning, Tieto will increase promotion of our whistleblowing process to make it more visible for employees” (Tieto, 2012a, p.17).

Six companies received ‘fully included’, three have been scored to partly include such goals and one company has been scored to not include such goals.

Parameter 2: *Use organization-specific Indicators as needed in addition to the GRI Performance Indicators to demonstrate the results of performance against goals.*

This parameter seeks to identify indicators that are set on the company’s own initiative. For a company to receive ‘partly included’, the goals had to be in an overall perspective, meaning the indicator had to concern for example ethics, code-of-conducts or policies in which information about anti-corruption work could be found. To be fully included, at least one indicator had to specifically be related to

corruption. Three companies were scored 'fully included' on this parameter, four companies had not included this at all, and three had partly included such indicators. ABB was scored 'partly included' on this parameter. In the sustainability performance report 2012 (ABB, 2012 p.7), the company report goals related to how they work with suppliers in high-risk countries, for example, one goal for 2012 was "110 audits in high-risk countries in 2012", and the company reports the outcome, "121 audits in high-risk countries in 2012" and a chart shows the progress of the goal.

Parameter 3: *Address the extent to which organization-wide goals contribute to or interfere with the collective rights of local communities.*

This parameter is linked to parameter one, but should be put in context to local communities. None of the companies except from TeliaSonera have specific goals relevant to corruption that address how they interfere or contribute to local communities. It was found difficult to relate this parameter to corruption since it seemed companies chose to give more detailed information about other goals than those found which related to corruption. Many have reported interference with and contribution to local communities in other ways, such as helping communities to access water, improving labour rights and supporting local charities. TeliaSonera (TeliaSonera, 2012 p.19) was scored 'fully included' since the company describes the importance and effects of local partnerships in relation to corruption when entering new markets. To receive 'partly included', companies had to describe, on a local level, how the company works on improvements in areas such as ethics and policies. Six companies received 'partly included' and three received 'not included'.

Topic 2: Policy

Parameter 4: *Brief, organization-wide policy (or policies) that define the organization's overall commitment relating to corruption or state where this can be found in the public domain.*

Nine of out of the ten companies received 'fully included', thus all these nine companies had a policy related to corruption. Many companies had a separate anti-corruption policy whilst the other companies have included a chapter or a part of their anti-corruption work in their Business Ethics, Codes of Conduct or similar documents. The information in these documents mostly concerns what is forbidden in term of gifts, bribes et cetera, what is expected from employees, suppliers and other business partners. The tenth company, ICAgruppen, received 'partly included', since the company only mentions gifts and bribes briefly in its Policy of Business Ethics, but does not explain thoroughly for the reader to get an understanding of how the company works with corruption (ICAgruppen, 2009).

Parameter 5: *References/statements regarding the collective rights of local communities.*

When the scoring was made on this parameter, it occurred problematic to put collective rights in a corruption context. Thus, the companies were assessed on if the parameter was *relevant* to corruption. None of the companies received 'fully included', since none was found to put it in a corruption context. To receive partly included, the companies had to relate the parameter to ethics, code-of-conduct or similar documents in which information about corruption could be found. Hexpol received 'partly included' and writes in the company's Business Ethics (Hexpol, 2013 p.6):

"We will involve ourselves in the local community in which we operate and endeavour to recruit and develop local employees and managers. The Group's ethical guidelines recognise the employee's right to be represented by trade unions or other employee representatives, as well as the right to collective bargaining and agreements".

Parameter 6: *Risk assessment for impacts on local communities through the whole life cycle.*

When scoring this parameter, companies have been scored 'partly included' if they have identified risk countries or risk zones in which they operate. Further, they have been scored 'fully included' if they have identified risk countries or risk zones, plus have reported how they work with the risk of corruption in local communities. For example, Holmen (2012, p.1) have made risk assessments for high-risk countries, but do not put the risk in relation to local communities and do not specify how the company manage corruption risks. Therefore, the company scored 'partly included'. Five companies received 'fully included', two companies received 'party included' and three received 'not included'.

Parameter 7: *Mitigation of impacts on local communities.*

To receive 'partly included' on this parameter, companies had to put mitigation of impacts in relation to their code-of-conduct, or in relation to a policy or similar references, and thus not directly to anti-corruption work. To receive 'fully included', the company had to put such mitigation in relation to the anti-corruption work. This parameter is in many cases included, but is often related to each companies' industry and countries of operations, and not to corruption. Only two companies have received 'fully included', and seven companies received 'partly included'. Consequently, one company received 'not included'.

~~**Parameter 8:** Engagement with both women and men in local communities.~~

Excluded from the study since the parameter could not be related to corruption.

Parameter 9: Application of the policy within different levels of the organization.

This parameter was assessed on the policy in which information about corruption could be found. The criterion for 'partly included' required an "aim" stating that the policy should be followed, but it was not necessary to specify the application of the policy within different levels of the organisation. To receive 'fully included' on this parameter, companies had to specify to whom the policy was addressed, for example all employees, all suppliers or a certain group of employees or suppliers. Companies often referred to managers receiving more information and training of the policy. Nine companies received 'fully included'. ICAgruppen received 'partly included', since the information regarding anti-corruption work in parameter one was not thoroughly described, and because of unclear guidance on how the policy is used (ICAgruppen, 2009). Electrolux (2012a) received 'fully included' and writes: *"The Policy is written particularly for, but not limited to, Group employees responsible for sales, marketing and procurement. They are also trained in of the policy. In addition, the Ethics Program includes training and information relating to this area"*.

Topic 3: Organisational Responsibility

Parameter 10: The most senior position with operational responsibility for corruption or explain how operational responsibility is divided at the senior level for corruption.

This parameter has been assessed on the ultimate position for responsibility. To receive 'partly included', companies had to mention who is responsible for ethical issues or sustainability as a whole. This was often referred to the CEO or the person responsible for CSR. To receive 'fully included', the company had to specifically refer to a person responsible for corruption matters. This could be the same person as mentioned above, but the company had to specifically relate the position to corruption. Two companies had done so, whereas eight received 'partly included'.

Parameter 11: Explain the division of responsibility for impacts on local communities in the highest governance body. For organizations that do not have a single policy or standard, explain the roles of different departments in the overall process of managing the impacts. Indicate the extent to which the impacts are addressed in the organizational structures identified in the Governance section (Disclosure 4.1), and in the mechanisms for employees and shareholders to provide direction to the highest governance body (Disclosure 4.4). Inform if and how works councils, occupational health and safety

committees and/or other independent employee representation bodies are empowered to deal with and have dealt with impacts on local communities.

When assessing this topic, the aim was to find out how the organisation is structured in the aspect of handling corruption matters. In nearly all the investigated cases, companies had a well-reported section of how the company is governed and how the responsibility is divided through the organisational structure, but few report specific areas of responsibility, such as corruption. Seven of the companies mention who/what group is responsible for Business Ethics/Codes of conduct; these have been scored 'partly included'. Those three, who in detail have specified the responsibility of corruption matters, were scored 'fully included'. Tieto (2012b, p.17), scored 'fully included' on both parameter 10 and 11, and writes:

"Responsibility for the Anti-Corruption Policy lies with the Head of Corporate Responsibility (CR). Managers are responsible for implementing the policy and e-learning in business operations Corruption risks are monitored throughout the group, as they represent one of the biggest challenges in the international community".

Topic 4: Training and Awareness

Parameter 12: *Procedures related to training and raising awareness in relation to corruption.*

To receive 'partly included' on this parameter, companies were required to mention training or procedures of raising awareness as part of the anti-corruption work. To receive 'fully included', the training could take the form of general training of the code-of-conduct or business policy, since corruption often is included in such a code, but the procedures had to be described, otherwise the company was scored 'partly included'. Amongst those companies that received 'fully included', all applied to the ten principles of UN Global Compact⁵, which for example suggests companies to include policies and programs to fight corruption. Electrolux has described how they handle corruption matters in their anti-corruption policy, and the company scored 'fully included'. In their anti-corruption policy, the company writes:

"As an important step in building a strong corporate culture, Electrolux initiated the roll-out of a global Ethics Program in 2011. The program encompasses both ethics training for employees and the implementation of a whistle-blowing system – the Electrolux Ethics Helpline" (Electrolux, 2012b).

⁵ The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption (UN Global Compact, 2013).

Parameter 13: *Refer specifically to formal and informal training that addresses impacts on local communities including, but not limited to, parties that are trained or with whom the organization communicates its policy or policies, including those external to the organization.*

On this parameter, companies that received 'partly included' on parameter twelve, also had to distinguish between formal and informal training and put in relation to local communities, or to externals, in order to receive 'partly included' on this parameter as well. In order to receive 'fully included', companies had to both distinguish between informal and formal training, and include externals. Four companies received 'fully included', five received 'partly included' and one received 'not included'. H&M (2012, p. 48-50) received 'fully included', the company writes:

"corruption continues to be a challenge in some of the countries where we operate and particularly where many suppliers are located. We have made it mandatory for all our suppliers and business partners to sign a tailor made version of our Code of Ethics as a minimum requirement of any business relationship with H&M. 100 percent of our commercial goods suppliers have received related training ... 100 percent of our commercial goods suppliers and 47 percent of all concerned colleagues received dedicated training in our Code of Ethics and we aim to reach 100 percent for both by the end of 2013".

Parameter 14: *Procedures directed at the training and awareness of employees and contractors (including security personnel) for managing impacts on local communities.*

This parameter refers to how the company train and raise awareness of employees and contractors for managing impacts. In order to receive 'partly included', companies had to mention that they have certain procedures, for example "all suppliers must sign the code of conduct", but did not have to specifically relate them to different levels within the company, or to local communities. To receive 'fully included', companies had to be more specified and describe how they work. For example, H&M (2012, p.48-50) scored 'fully included' for explaining how they adjust the extent of training and raising awareness to different high-risk markets. Also, they have made it mandatory for business partners to sign the Code of Ethics as a minimum requirement for establishing any business relationship.

Topic 5: Monitoring and Follow-up

Parameter 15: *Procedures related to monitoring and corrective and preventive actions, including those related to the supply chain.*

As earlier mentioned, several companies apply to the UN Global Compact, which for example suggests that companies implement a whistle-blowing system. Having a whistle-blowing system has been

regarded as a monitoring/corrective function. The findings show eight companies have a whistle-blowing system. Those companies that at least have an implemented whistle-blowing system have been scored 'partly included' on this parameter. Also, companies have been scored 'partly included' if they have included any information of any of the monitoring or preventive functions. Procedures that have been regarded as monitoring concern implementation of a code-of-conduct, audit co-operations and anti-corruption work. New systems, e-learning tools or further anti-corruption work have been regarded as preventive functions. If companies have included at least one of each of the three functions and also have related any of those to the supply chain, they have been scored as 'fully included'. Here, seven of the ten companies scored 'fully included' and three scored 'partly included'.

Parameter 16: List of certifications for performance or certification systems, or other approaches to auditing/verifying the reporting organization or its supply chain.

Having a list of certifications increases the credibility of the report, and all companies included in the study have some kind of certification or verification of their sustainability work, but two companies have been scored 'not included' since the certifications or approaches were not related to corruption in any matter. Application of the UN Global Compact has been interpreted as an approach to verify the anti-corruption work. A dialogue with TI, aiming to evaluate the anti-corruption work has been regarded as an approach to verify the reporting. If the company have both or any of these, they have been scored 'partly included'. In order to receive 'fully included', the company was expected to, in addition to the criteria of 'partly included', include external social audits or, for example, to have received and disclosed certifications relevant to corruption. Electrolux appears on the list of World's Most Ethical Companies. With this in regard along with the above-mentioned criteria, Electrolux was scored 'fully included'. Five companies received 'fully included', three received 'partly included' and two received 'not included'.

Parameter 17: Procedures related to assessing the risks and managing impacts on local communities, including entering, operating and exiting. This could include information on how data was collected and the process for selecting the local community members (individual or group) from whom information was gathered.

This parameter concerns how the company handle risks associated with corruption when entering, operating and exiting markets. If the company says it uses risk analyses, but does not put it in a local context nor in an entering, operating and exiting context relevant to corruption, the company was scored 'not included'. In order to receive 'partly included', the company had to mention how risks of corruption are managed in local communities, but it was not necessarily to put it in relation to entering,

operating or exiting. The information did not have to specifically mention corruption, but it had to be related to corruption in the form of business policy, code-of-conduct, business ethics et cetera. In order to receive 'fully included', the company had to, additionally, include information of any of entering, operating and exiting. Four companies received 'fully included' and five received 'partly included'.

Topic 6: Additional Contextual Information

~~**Parameter 18:** Key successes and shortcomings~~

~~**Parameter 19:** Major organizational risks and opportunities~~

~~**Parameter 20:** Major changes in the reporting period to systems or structures to improve performance~~

~~**Parameter 21:** Key strategies and procedures for implementing policies or achieving goals~~

This topic, were excluded from the study due to the complexity of the evaluation of this topic. Since companies disclose a large amount of organisation-specific additional information, the definition of what information that is contextual would be very complex. Therefore, this topic was not taken into consideration in the collection of data.