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Master Degree Project in Accounting and Financial Management

**A directive to change the wor(l)d of
sustainability reporting**

*An initial examination of non-financial disclosure by Swedish companies in
light of the Directive 2014/95/EU*

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Abstract

In 2014 the European Union officially announced the Directive 2014/95/EU concerning disclosure of non-financial and diversity information, and consequently as of the financial year 2017, certain large undertakings are required to annually report information concerning the impact of their business activities related to the thematic categories '*environmental matters*', '*social & employee-related matters*', '*respect for human rights*' and '*anti-corruption & bribery matters*'. Motivated by the desire to facilitate non-financial reporting practices for disclosure to enhance more sophisticated decision-making by stakeholders, the Directive allows for significant flexibility to capture the multidimensional nature of social and environmental issues for increased relevance, consistency and comparability of disclosures by undertakings in all sectors and across Member states. The purpose of this study is therefore to determine the consequences of the Directive on non-financial information by outlining the regulatory effect on the level of disclosure on the thematic categories, and to examine the objective of 'comparability' among Swedish companies with 250-500 employees. For this reason, content analysis of quantitative and qualitative character was conducted on the non-financial disclosure by Swedish firms presented in written reports for 2016 and 2018. The results of this study demonstrate a positive change in the level of disclosure on the thematic categories between 2016 and 2018, illustrating the regulatory effect of the newly implemented regulation on non-financial information in Sweden. Moreover, based on the results of the qualitative content analysis it could *not* be concluded that non-financial disclosures on 'respect for human rights' was comparable as a result of the flexibility given by the Directive. Overall, results indicate that the flexibility given to foster materiality might hinder the comparability of non-financial disclosure. Findings of this study raises questions about the very design of the Directive and its ability to achieve its intended objective of enhanced decision-making for stakeholders.

Key words: Directive 2014/95/EU, non-financial information, regulatory effect, comparability, mandatory disclosure, flexibility

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1. Introduction

1.1 Background

In support of sustainable development, the European Union officially announced the Directive 2014/95/EU (hereon also referred to as the Directive) concerning disclosure of non-financial and diversity information in 2014, which amends the ‘*Accounting Directive*’ 2013/34/EU regarding annual financial statements, consolidated financial statements and related reports (European Union, 2014). Consequently, as of 2018, i.e. the financial year of 2017, certain large undertakings and groups are required to annually report on sustainability related issues. Sustainability (non-financial) reporting as a phenomenon is, however, neither new, nor unexplored within business practice and research, and has been widely debated since the mid 1990s (Christofi, Christofi & Sisaye, 2012). Over time, the concept of corporate sustainability has advanced and translated into voluntary reporting initiatives accepted by an increasing number of companies. Nevertheless, to end “the age of irresponsibility”, represented by several incidents of market disruptions, among others, the most recent global financial crisis (2007-2008), governments, regulatory authorities and policy makers agreed to engage in the compilation of regulation and guidelines on sustainability related issues. A course of events stemming from a need to consider the increased concern of corporate sustainability among investors and public citizens (ibid.). Accordingly, the European Parliament, acknowledged the need for businesses to report non-financial information on sustainability by combining long-term profitability measures, environmental protection and social justice to manage change towards sustainable development (European Union, 2014.). The underlying logic, as recognized by the European Union (2014), is that social and environmental disclosures serve as an important source of information to aid investors, consumers, policy makers and other stakeholders’ evaluation of large company’s sustainability activities. Therefore, if non-financial information assist in monitoring, managing and measuring firm performance and social impact (ibid.), it would further arguably enhance decision making both internally and externally (Zsoka & Vajkai, 2018). For this purpose, the importance of companies presenting a fair and comprehensive picture of their performance, and reporting practices to be constructed correspondingly, has been heavily emphasized (Dillard & Vinnari, 2017).

Nonetheless, non-financial reporting practices have historically repeatedly been criticized for their failure in fulfilling the overall aim to “*[...] provide comprehensive, relevant, balanced, comparable, accurate, timely, clear and reliable information for society about the corporation’s sustainability performance [...]*” (Zsoka & Vajkai, 2018. p. 20). One of the main reasons for the criticism is the information asymmetry between organizations and their stakeholders, resulting in questions of whether organizations deliver on their (sustainability) commitments or simply use non-financial information as a Roberts & Rodrigue, 2015). The ‘gap’ between organizations’ talk (*what they report*) and actions (*what*

they do) is commonly referred to as ‘greenwashing’ (Pope & Wæraas, 2016), a phenomenon hindering stakeholders’ ability to accurately evaluate organizations sustainability related activities (Cho et al., 2015). Moreover, the effectiveness of voluntary non-financial reporting practices has been questioned as they have been shown to create grey zones of undesirable behavior, including withholding critical information and disclosure of misleading information, further leading to stakeholders undermined trustworthiness of reported information (Gatti, Seele & Rademacher, 2019). The very nature of environmental and social information furthermore adds a dimension of complexity because of the difficulties with performance measurements, as well as industry specific issues and preferences to be considered. For information to serve as a foundation for stakeholders’ decision-making, disclosure must consider their interests and needs in relation to operational features. However, the needs of stakeholder groups could vary significantly and as a result, different stakeholders might consider different information relevant, creating a challenge of prioritizing what issues to disclose. For the sake of reinforce stakeholders’ trust, as stated by Venturelli, Caputo, Cosma, Leopizzi and Pizzi (2019), the need of organizations to provide high quality non-financial information is crucial.

Based on the identified need to reinforce stakeholder trust, the European Union (2014) issued the Directive 2014/95/EU. Motivated by the desire to facilitate non-financial reporting practices for disclosure to enhance stakeholders’ sophisticated decision-making, objectives were initiated as a means for improved transparency on social and environmental issues. The objectives consequently came to include increased relevance, consistency and comparability of disclosures by undertakings in all sectors and across Member States. To fulfill these, the Directive states minimum requirements of concerned companies to, at least, disclose non-financial information on the business model, policies and outcomes of those policies, as well as risks and performance indicators (ibid.). For non-financial disclosure to be considered as material, the information should be presented in relation to the thematic categories of: ‘*environmental matters*’, ‘*social & employee-related matters*’, ‘*respect for human rights*’, ‘*anti-corruption & bribery matters*’ (European Union, 2014; European Union, 2017). Following the issuing of the Directive, Member States carried out the transposition into national regulation, and thus, as in the case of Sweden, the Directive was implemented into Årsredovisningslagen (1995:1554, heron also referred to as ÅRL). The Directive has received a great deal of attention as it is predicted to radically change reporting practices, and in the long run support sustainable development (Doni, Bianchi, Mazzoni & Corvino, 2019). Nonetheless, as recent as last year, the European Commission recognized that “*there are still significant gaps, and further improvements in the quantity, quality and comparability of disclosures are urgently required to meet the needs of investors and other stakeholders*” (p. 1, European Union, 2019).

1.2 Problem discussion

Although the Directive 2014/95/EU is a legally binding act, with defined guidelines on the procedures for the achievement of objectives, high flexibility of action is allowed in terms of national implementation and the non-financial reporting content (European Union, 2014). The motivation for the flexibility is, according to the European Union (2014), to capture the “*multidimensional nature of corporate social responsibility (CSR) and the diversity of the CSR policies implemented by businesses*” (p. 1). In other words, the flexibility is given to allow for company specific circumstances and preferences to be considered when determining what information is of essence in a particular context, i.e. what information is material. Consequently, stated by the European Union (2017), flexibility is fundamental to facilitate the fulfilment of the objective of increased comparability across companies and industries, as comparable information should be evaluated in relation to the context in which it is produced. However, flexibility potentially allow for more disclosure on company specific non-financial information, which could impose a hinder for comparability if the variety of disclosed information become more widespread. Material and comparable non-financial information is, according to the European Union (2014), essential for investors and other stakeholders’ ability to evaluate businesses performance, and in turn, to hold businesses accountable for their society. Based on the above arguments, the underlying motives for regulating the non-financial reporting practices appears to be twofold; firstly, a desire to enable comparison of non-financial information across undertakings, and secondly, to link organizations business practices (*what they do*) to sustainability reporting policies (*what they report*) (European Union, 2014; La Torre, Sabelfeld, Blomkvist, Tarquinio & Dumay, 2018). Accountable information is about accurately disclosing business performance, i.e. “*provide an account of its activities to those to whom it has responsibilities*” (Hopwood, Unerman & Fries, 2010. p. 243), and therefore requires an understanding of *actual* actions if to draw any conclusion regarding the information disclosed. In contrast, the evaluation of comparability is limited to what is explicitly disclosed, and thus tell nothing about actual actions. By reason of this, research solely based on reported non-financial information tell nothing about whether that information is to be considered accountable or not.

In the ‘*Accounting Directive*’ (Directive 2013/34/EU) material information is defined as “*the status of information where its omission or misstatement could reasonably be expected to influence decisions that users make [...]*” (European Union, 2013. p. 28). The concept of materiality therefore represents a cornerstone in fulfilling the general purpose of reported information to aid decision making (ibid.). In 2011, the European Commission conducted a study on the materiality of sustainability reports, with results of users’ perception of non-financial information to be selectively reported in favor for aspects of positive performance (Wensen, Broer, Klein & Knopf, 2011). This type of behavior could, according to Baumüller and Schaffhauser-Linzatti (2018), represent an obstacle for users to make an accurate evaluation of businesses activities and is one of the reasons for stakeholders undermined trust in

sustainability reporting. Consequently, to disclose material information is explicitly stated as one of the key principles of the Directive 2014/94/EU (European Union, 2017), although an additional element for the assessment is included. As stated in the Guidelines of the Directive (2017/C 215/01) should information be disclosed “*to the extent necessary for an understanding of the [...] impact of (the company's) activity*” if to be considered material (European Union, 2017. p. 5). Material information thus needs to be assessed in a context, where the impact of sustainability activities, in relation to company specific circumstances and industry characteristics constitute the prerequisites for the determination of material information. The Guidelines further state that “*the non-financial statement is expected to reflect a company's fair view of the information needed by relevant stakeholders*” (European Union, 2017. p. 5), indicating that the Directive applies to the protection of stakeholders. Accordingly, the term ‘materiality’ should concern what stakeholders perceive as material. Dependent on the organizations interpretation of ‘relevant stakeholders’, what is considered as material issues and disclosures can therefore vary significantly (European Court of Auditors, 2019).

Baumüller and Schaffhauser-Linzatti (2018) argue that the “*concept of materiality is not consistently used throughout the requirements of the Directive 2014/95/EU*” (p. 106), as a result of existing differences in the conception of materiality for financial, sustainability and integrated reporting purposes. The authors further argue that the assessment of material non-financial information under the Directive builds on requirements of materiality for financial reporting, i.e. information on material issues should be of financial relevance for stakeholders (ibid.). Hence, dependent on the company’s interpretation of the concept of materiality, disclosures might differ. In addition, it is worth highlighting the existing terminology confusion of ‘*non-financial information*’ among practitioners, where research on the matter indicates that the root of the problem is that there is no generally accepted meaning of the term (Baumüller & Schaffhauser-Linzatti, 2018; Haller, Link & Groß, 2017; Doni et al., 2019). In the case of the Directive, non-financial information is explicitly included in its title, although no detailed definition of the term is declared, leaving room for interpretation (Haller et al., 2017). Dependent on the organizations interpretation of the term ‘non-financial information’, disclosures can vary significantly and reduce the effectiveness of non-financial reporting (ibid.). As stated by Haller et al. (2017), “*different companies will, most likely, disclose different types of information as ‘non-financial information’ or, even worse, the same kind of information in different ways*” (p. 414).

According to IASB “[...] *materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates in the context of an individual entity’s specific report*” (IASB, 2018). In other words, information has to be contextually relevant if to be considered material, and consequently, what is considered relevant in one setting might not be in another (European Union, 2017). The Guidelines (2017/C 215/01) state that entity-specific factors needed to be taken into account for the determination of material information includes; 1. Business model, strategy

and principal risks, 2. Main sectoral issues, 3. Interests and expectations of relevant stakeholders, 4. Impact of the activities and 5. Public policy and regulatory drivers (European Union, 2017). Moreover, as companies operating within an industry or in a certain geographical location are likely to face similar challenges, industry-specific issues as well as country-specific issues needs to be included in the assessment of contextual factors (ibid.). Therefore, dependent on the organizations contextual setting and the interpretation of material information, disclosures can vary significantly between firms or industries (Baumüller & Schaffhauser-Linzatti, 2018).

Given that accounting information aims to enhance decision making, it is essential to enable evaluation of one set of information in relation to another (Zsoka & Vajkai, 2018). Hence, because of the recognized need to ensure stakeholders' access to adequate non-financial business information for an accurate evaluation of related activities, comparability came to constitute one of the fundamental objectives of the Directive 2014/95 (European Union, 2014). Comparable information has been defined as information that can be compared *between companies* and *over time* (IASB, 2018), and is not to be confused with uniformity as “[...] *like things must look alike and different things must look different*” if to be comparable (Runesson, Samani & Marton, 2018. p. 120-121). However, the Directive itself does not define what is to be considered comparable non-financial information or how it is ought to be achieved (European Union, 2014; European Union 2017).

Research on non-financial disclosure highlights how difficulties with performance measurements and how to account for company/industry specific issues and preferences, potentially create obstacles for achieving comparability (Runesson et al., 2018). Harmonization of core performance metrics and schemes for systemized reporting processes have therefore been emphasized as a resolution (Murphy, 2000). To be noted is, however, the complex relationship between the degree of defined bounds (degree of flexibility) for reporting practices and a company's ability to account for its activities in a representative way (Runesson et al., 2018). On the one hand, by setting strict bounds for reporting, limited diversity is allowed in *what, how, and where* to report on non-financial information. Information should therefore be more consistent across industries and over time, thus promoting comparability. Although, ‘too’ strictly defined bounds have been criticized for serving a “ticking the box”-approach with little judgements about relevance involved, hence promoting uniformity rather than comparability (Gatti et al., 2019; La Torre et al., 2018). On the other hand, loosely defined bounds have been argued to allow for more judgements on what should be reported on and promote materiality. However, ‘too’ loosely defined bounds with a low level of details for reporting could create gray zones for *what, how and where* to report, which in turn potentially threatens comparability (ibid.).

The Directive 2014/95/EU has been argued to represent an important shift in accounting regulation, making reporting on non-financial information mandatory as opposed to the previously voluntary practices (La Torre et al., 2018). Nevertheless, although the Directive stipulates mandatory reporting requirements and establishes a minimum level of disclosure, it still allows for significant flexibility to enhance the comparability and materiality of information disclosed. The relationship between the concepts of flexibility, materiality and comparability is complex and as discussed above, highly intertwined within the area of non-financial information, where one might have to be abstained in order to obtain another. As the three concepts are explicitly stated objectives of the Directive, it becomes a question if companies are able to disclose non-financial information under the Directive that fulfill the requirements of all three.

As a result of the novelty of the Directive 2014/95/EU, only a limited number of studies have been conducted up to date, primarily with an ex-ante perspective on the potential effects of the new regulations (Carini, Rocca, Veneziani & Teodori, 2018; Matuszak, & Róžańska, 2017; Venturelli, Caputo, Cosma, Leopizzi & Pizzi, 2017; Venturelli et al., 2019). The studies have investigated the ex-ante state of non-financial information in Europe and the probable consequences on national reporting practices resulting from the Directive. Studies with an ex-post perspective are however beginning to emerge, where country-specific changes in reporting practices, the evolution of level of disclosure and initial identification of the Directives' impact is in focus (Carini, Rocca, Veneziani & Teodori, 2019; Doni et al., 2019; Sierra-Garcia, Garcia-Benau & Bollas-Araya, 2018). Hence, with the sparse number of studies investigating the matter of the Directive, there is an urgent need to examine the potential effects on non-financial reporting practices and the level of disclosure. For the purpose of investigating the potential effects, the previous and current state of financial reporting should be assessed urgently, as highlighted by Doni et al., (2019). This study will therefore outline the effects of the Directive on non-financial disclosures made by Swedish companies. In addition, Erkens, Paugam, and Stolowy (2015) argue that one of the most interesting areas of research on non-financial reporting is "*the determinants and consequences of NFI after major regulation changes*" (p. 49), motivating an examination the Directives' effects on non-financial information disclosed by Swedish companies reporting under Årsredovisningslagen. Additionally, non-financial disclosure under mandatory reporting practices, as opposed to voluntary practices, requires extensive research as this is a rather new phenomena that needs to be understood and constitutes a dimension of the Directive that needs to be examined (Carini et al., 2018). As Member states and relevant undertakings adapt to the new Directive, the field of mandatory reporting on non-financial information requires initial outlining of the current situation.

1.3 Purpose

The overall goal of this study is to determine the consequences of the Directive 2014/95/EU on non-financial information and to examine the objective of ‘*comparability*’ among Swedish companies with 250-500 employees. For this reason, the aim is to outline the regulatory effect of the Directive on non-financial information disclosed by Swedish companies, in terms of comparing the amount of information disclosed in 2016 and 2018. Furthermore, by examining the disclosed information within one selected thematic category for 2018 within one selected industry, this study aims to determine the comparability of disclosure within that industry.

1.4 Research question

Based on the abovementioned purpose of this study, the following research questions have been formulated:

- *What are the regulatory effects of the Directive 2014/95/EU on non-financial disclosure reported by Swedish companies?*
The effects is ought to be investigated by outlining the level of disclosure on the thematic categories stated in the Directive; ‘environmental matters’, ‘social & employee matters’, ‘respect for human rights’ and ‘anti-corruption & bribery matters’.
- *Could the non-financial disclosure under the requirements of the Directive be considered to achieve the intended objective of comparability?*

1.5 Contribution

The novelty of the Directive 2014/95/EU urgently calls for research to examine its potential impact and consequences. Therefore, this study seeks to contribute to the currently limited research on the effects stemming from the implementation of the Directive, as well as provide an initial overview of the implications of the new regulation in Sweden on the level of non-financial information. The study furthermore seeks to shed a light on whether the flexibility given in the Directive potentially fosters or hinders the objective of ‘*comparability*’ to be achieved, which in turn might influence stakeholders’ ability to evaluate businesses and make well-informed decisions. Consequently, results could serve as an indicator of the Directives’ ability to serve as a solution to stakeholders undermined trust for non-financial information.

2. Theoretical background

2.1 Literature review

2.1.1 Voluntary versus mandatory non-financial reporting

Historically, non-financial reporting practice has a tradition of being based on a voluntary approach, especially within western countries such as the United States and Europe (Songini, 2015). The voluntariness of disclosing information on social and environmental issues can be seen throughout the development of sustainability reporting, where companies often disclose information in the absence of regulation, and that the term ‘corporate social responsibility’ in itself leans towards a voluntary approach (Venturelli et al., 2017; Dahlsrud, 2008). Advocates of the voluntary approach have, in some cases, argued that CSR issues (social and environmental) are favored to remain as a voluntary choice precisely because it represents the company’s take on ‘responsibility’, and thus is part of the ‘ethical space’ of companies (Doni et al., 2019). Hence, up until today, a majority of the research on non-financial information has examined disclosure presented on a voluntary basis through various perspectives. A voluntary approach to non-financial reporting has been found to be preferred by companies, whereas the perception of users’ preference is less clear (ibid.). One stream of research has been determinants for voluntary CSR disclosure, where results indicate that firm size, ownership structure and industry membership influence the amount of CSR disclosure (Gamerschlag, Möller & Verbeeten, 2011; Matten & Moon, 2008). Another stream has focused on companies’ incentives for voluntarily disclose social and environmental information, resulting from managers’ recognition of the strategic value of non-financial disclosure serving as a decision-making tool for both internal and external stakeholders (Venturelli et al., 2017; Razaee & Tuo, 2017; Schaltegger & Burritt, 2010). Research on incentives for voluntary disclosure of non-financial information has, among others, focused on legitimacy theory, signaling theory and institutional pressure (Archel, Husillos, Larrinaga & Spence, 2009; Chauvey, Giordano-spring, Cho & Patten, 2015; Martínez-Ferrero & García-Sánchez, 2017). Accordingly, a study by Hummel and Schlick (2016) found that firms with superior sustainability performance chose to present high-quality sustainability disclosures as a means to signal their superior sustainability performance, results in correspondence with signaling theory. In contrast, firms with poor sustainability performance presented incomplete or superficial sustainability disclosure to protect their legitimacy, consistent with legitimacy theory (ibid.). Prior research has moreover highlighted the relationship between disclosure of non-financial information and the financial market, where results indicate that poor CSR performance and weak operational performance is associated and further that firms may report good CSR (and ESG) disclosure in a current period if anticipating stronger future financial performance (Jain, Jain & Razaee, 2016; Razaee & Tuo, 2017). Studies have moreover found an association between the individual components of sustainability disclosure (social and environmental information) and financial/market information (Jain et al., 2016; Clarkson, Richardson & Vasvari, 2011). Furthermore, significant research has been devoted to the characteristics of voluntary non-financial disclosure in terms

of content, compliance with relevant frameworks, as well as the use of visual content (images and photos) in sustainability reports (Boiral, Henri, Hahn, Figge, Aragón-Correa & Sharma, 2017; Boiral, 2013; Rämö, 2011). The content of non-financial disclosure has been investigated through various studies, including research on the level of detail in the sustainability disclosure and the use of performance indicators in sustainability reports (Roca & Searcy, 2012) the most emphasized topics in sustainability disclosure (Idowu & Towler, 2004), as well as the quality of disclosure on non-financial information (Hąbek & Wolniak, 2016; Sethi, Martell & Demir, 2017). As shown above, significant research has been devoted to disclosure reported under a voluntary approach within the field non-financial information. Although, alongside the evolution of voluntary non-financial reporting, there has been a prominent discussion regarding if the voluntary approach should pertain or if mandatory reporting practices are preferable (Venturelli et al., 2017).

Arguments both in favor of and against mandatory reporting practices for non-financial information have been presented in the literature. Arguments in favor of regulation state that mandatory requirements could improve the comparability and quality of non-financial information, as opposed to voluntary reporting which rather lead to lacked completeness of the disclosed information, reduced control for accountability and the use of non-financial disclosures in symbolic manner (Cho et al., 2015; Gatti et al., 2019; Michelon, Pilonato & Ricceri, 2015). By reason of this, obligations to report on social and environmental issues have, over time, been introduced for companies in some European countries, including Spain, France, Portugal, Finland, Sweden, and Denmark (Venturelli et al., 2017). Perrault Crawford and Clark Williams (2010) conducted a cross-country study with results demonstrating that countries with regulation (France) present non-financial disclosure of higher quality as compared to countries without regulation (USA). Moreover, a European cross-country study by Hąbek and Wolniak (2016) found that CSR reports (reports on social and environmental matters) produced under mandatory requirements had disclosures of higher quality as compared to voluntary reports, indicating that legal requirements for non-financial reporting has a positive impact on the quality of CSR reports.

However, other studies have found contrasting evidence, indicating that regulation does not necessarily foster non-financial disclosure of better quality or ensure an improvement in the transparency of disclosure (Lock & Seele, 2016; Costa & Agostini, 2016). A study by Vormedal and Ruud (2009) on Norwegian companies following the introduction of legal requirements on non-financial disclosure declared that a vast majority of the companies failed to comply with the new regulation. Moreover, Luque-Vílchez and Larrinaga (2016) found that in an attempt to regulate non-financial reporting in Spain, the regulation had little effect on the number of companies presenting sustainability reports although small improvements could be found in the quality of disclosure. Results further indicated that changes in the regulation does not always guarantee better disclosure levels and needs to be accompanied by changes in structural elements, e.g. existing norms, design of the regulation, or patterns of

expectations (ibid.). Although it can be concluded that previous literature present contradictory evidence concerning the potential effects of introducing mandatory requirements for non-financial reporting practices, the Directive 2014/95/EU represent an important shift from voluntary to mandatory reporting and are expected to lead to radical changes in disclosure of non-financial information (Doni et al., 2019).

2.1.2 The Directive 2014/95/EU

By reason of the novelty of the Directive 2015/95/EU, to the best of our knowledge, only a limited number of studies have been devoted to the subject so far. Thus, up to date, little research can be found on the process of transposition carried out by Member States as well as the Directive's potential effects on non-financial information within countries and across the Union. Furthermore, examining the existing studies, the vast majority is conducted from an ex ante perspective, i.e. the state of non-financial reporting previous to the introduction of mandatory requirements by the Directive.

Carini et al. (2018) assessed non-financial information disclosed within the oil and gas industry before the implementation of the Directive 2014/95/EU to distinguish the potential impact of a mandatory approach. The study specifically focused on the degree of completeness and structure (*'what'* and *'where'*) of non-financial information prior to the implementation of the Directive, as well as expected improvements to be made for meeting the requirements of the new regulation (ibid.). Findings concluded that there were a fair degree of completeness with regards to non-financial information within the oil and gas industry, however, information on certain topics were still poorly disclosed (not complete or absent) and only by utilizing both the financial and sustainability report a somewhat comprehensive picture of the businesses' activities could be obtained (Carini et al., 2018). A study on CSR (social and environmental) disclosure made by Polish-listed companies, conducted by Matuszak and Róžańska (2017), concluded that even though a majority of companies communicated their CSR activities through at least one communication channel, greater importance was given to annual reports (and the Internet) compared to CSR reports. The study further concluded that the extent and quality of voluntary CSR disclosure differ depending on the form of communication, and that the Directive could foster increased comparability. The reason for this, as stated by the authors, would be that companies are required to present complete CSR information in at least one communication channel when reporting under the Directive. Matuszak and Róžańska (2017) further concluded that significant effort was needed within certain areas, e.g. human rights and anti-corruption, for an improvement of the current state of non-financial reporting among listed Polish companies. Venturelli et al. (2017) examined the non-financial information reported by Italian firms, taking an ex-ante perspective, to assess the level and quality of disclosure among companies enforced to report under a new domestic regulation following the Directive. Findings indicated that the Directive potentially could have a significant impact on the level and quality of non-financial disclosure among Italian firms (ibid.), findings consistent with previous

studies on the ex-ante state of non-financial information among European firms. Venturelli et al. (2019) moreover conducted a cross-country analysis of non-financial disclosure by listed firms in Italy and the United Kingdom which demonstrated results indicating that the effects of the Directive and the extent of non-financial disclosure improvement partly will depend on the state of national non-financial reporting before the introduction of mandatory requirements.

Nonetheless, studies on the Directive 2014/95/EU with an ex-post perspective has begun to emerge. Sierra-Garcia et al. (2018) examined the effects on non-financial information published by Spanish listed firms as a result of the Directive, by focusing on the level of compliance in mandatory disclosure. Findings included that the level of compliance is associated with the industry in which the company operates and that the highest level of disclosure of non-financial information was presented in sustainability reports as compared to other forms of reports (ibid.). Doni et al. (2019) conducted a study comparing the ex-ante and ex-post disclosure of non-financial information to examine how Italian companies has adapted to the new regulatory demands. Findings indicated that the level of compliance among Italian firms to a certain extent is dependent on previous expertise on sustainability issues and that there is room for improvement in the disclosure, especially in terms of risk assessment and key performance indicators (ibid.). Lastly, Carini et al. (2019) repeated a previous study on completeness and structure (*what* and *where*) of non-financial disclosure to compare the ex-ante analysis with the ex-post results. The findings included an increased degree of disclosures and a reduction of overlap of information, due to more companies choosing to produce an integrated report as a result of the Directive (ibid.).

2.2 Theoretical foundation

Because of the overall aim, to determine the consequences of the Directive 2014/95/EU on non-financial information and to examine the objective of '*comparability*' among Swedish companies, the Directive, the Guidelines (2017/C 215/01), and in turn ÅRL chapter 6, will serve as the theoretical foundation of this study. This further serves as the basis for an analysis of the Directive's characteristic of flexibility, in relation to comparability and materiality, so as to understand the Directive's potential to enhance stakeholders' ability to make well-informed decisions.

2.2.1 The European Union & the role of Directives

The European Union, former European Economic Community, was initially created in 1958 to foster economic cooperation between countries. Today 27 European countries are Member States, and the Union has evolved into an economic and political organization (European Union, 2020a), with an aim of defending the fundamental values of; respect for human dignity, freedom, democracy, equality, the rule of law and human rights, which are realized by translating politics into practice through legislation

(European Commission, 2020). Legislation within the European Union can take on various forms of design, including the European treaty, regulations, directives, decisions, recommendations, opinions, delegated acts and implementing acts. The legislative act of a directive is a binding act defined by stated objectives to be fulfilled by one, several or all Member States, without dictating the procedures of its achievements (European Union, 2020b). Put differently, in comparison to regulation, directives are not self-executing and requires the objectives to be transposed into relevant national legislation to give effect to the terms of the directive (ibid.). Although there is some leeway in how to apply the rules of a directive, minimum or maximum harmonization requirements are specified, where the former type allows for higher national standards and the latter does not (European Union, 2018).

2.2.2 The Directive 2013/34/EU and 2004/109/EC

In 2013 the Directive 2013/34/EU, regarding *'the annual financial statements, consolidated financial statements and related reports of certain types of undertakings'*, was adopted and thereby replaced the former directives 78/660/EEG (*'on the annual accounts of certain types of companies'*) and 83/349/EEG (*'on consolidated account'*) (European Union, 2013). Motivations for the transition was to facilitate cross-border investments, increase comparability within the Union and, by mechanisms for improved and consistent information, strengthen the general trust in financial accounting and reports. The Directive 2013/34/EU is commonly referred to as *'the Accounting Directive'* and emphasizes the importance of harmonized national regulations related to the arrangement and the content of information provided in annual and management reports for the protection of investors and other stakeholders. For this reason, information about the balance sheet, consolidated statement of income and notes constitute the declared minimum requirements on information to be presented in the annual financial statements, including the management report. The Directive 2013/34/EU further highlights the importance of the management report for understanding the financial information, which should comprise an overview of the yearly operational development with respect to the characteristics of the business, as well as disclosures on vital risks and any element of uncertainties. Non-financial information, including social and environmental aspects, should be included where appropriate (ibid.).

The Directive 2004/109/EC on *'the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market'*, originated from an identified relationship between efficient, transparent and integrated security markets, investor protection and an effective capital market (European Union, 2004). Consequently, the Directive 2004/109/EC states that appropriate transparency (accurate, timely and comprehensive information) constitute crucial conditions under which investors can assess businesses performances and make well-informed investment decisions. Therefore, the fundamental idea of the Directive 2004/109/EC is that

timely presented information about the company's activities will make it easier for investors to compare annual reports of companies in the market (ibid.).

2.2.3 The Directive 2014/95/EU

In 2014, the European Parliament established the legislative act of Directive 2014/95/EU regarding '*disclosure of non-financial and diversity information by certain large undertakings and groups*' (European Union, 2014). As of 2018, i.e. the financial year of 2017, the Directive amends the existing "*Accounting Directive*" 2013/34/EU, with the intention to increase transparency of undertakings information on social and environmental matters. The European Union (2014) have recognized that disclosure on non-financial information "*helps the measuring, monitoring and managing of undertakings' performance and their impact on society*" (p.1), thus is essential for increased investor and consumer trust as well as a sustainable global economy (European Union, 2014). Hence, as a virtue of the Directive, undertakings are required to disclose information that allow for an evaluation of businesses impact on society (European Union, 2017). Consequently, the overall objective, as stated in the Directive, is to "*increase the relevance, consistency and comparability of information disclosed by certain large undertakings and groups across the Union*" (European Union, 2014). The European Union (2014) argues that this objective cannot be sufficiently achieved by Member States alone but requires actions on Union level through a legislative act. With the transposition of the Directive into national regulation, Member States are obliged to ensure that effective and appropriate national procedures are constructed, to guarantee disclosure of non-financial information in compliance with the Directive (ibid.).

In 2017, the European Commission announced the non-binding Guidelines (2017/C 215/01) for the Directive 2014/95/EU, known as the '*Guidelines on non-financial reporting (methodology for reporting on non-financial information)*' (European Union, 2017). The Guidelines emphasize the importance of transparency for better financial and non-financial performance of companies, which further is expected to foster economic growth, employment and reinforce stakeholder trust (European Union, 2017). For this purpose, the objectives of increased relevance, consistency and comparability comprise the building blocks in how the Guidelines are formulated. The purpose of the Guidelines is therefore to provide companies with guidance on non-financial reporting based on current best practices, international developments and other Union-related initiatives, to foster the production of high quality, useful, consistent and comparable information (ibid.). The Guidelines moreover aims to assist companies in determining what information is relevant through six stated key principles, namely; 1. Disclose material information, 2. Fair, balanced and understandable, 3. Comprehensive but concise, 4. Strategic and forward-looking, 5. Stakeholder oriented, and 6. Consistent and coherent (European Union, 2017).

The Directive 2014/95/EU is applicable to ‘*certain large undertakings*’, defined as public-interest companies that, on the balance sheet date, fulfill the criteria of exceeding an average number of 500 employees during the financial year (European Union, 2014). For the transposition into domestic regulation, the Directive states that Member States should define the scope of disclosure requirements by; the average number of employees, balance sheet total and net sales of companies. In addition, undertakings defined as subsidiaries could be exempted from the obligation of disclosing non-financial information, if covered by the non-financial information provided in a consolidated report presented by the parent company. The undertakings should as a minimum disclose information necessary for an understanding of the company’s development, performance, position and impact of its activity, as well as provide a fair and comprehensive view of their policies, outcomes, and risks (ibid.). As stated in the Directive, this includes:

- (a) a brief description of the undertaking’s business model;
- (b) a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented;
- (c) the outcome of those policies;
- (d) the principal risks related to those matters linked to the undertaking’s operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;
- (e) non-financial key performance indicators relevant to the particular business.

In addition to the aforementioned aspects to be covered, information should at least be disclosed on four explicitly stated thematic categories; ‘environmental matters’, ‘social & employee matters’, ‘respect for human rights’ and ‘anti-corruption & bribery matters’ (European Union, 2014). What issues and topics to report on regarding the thematic categories should be evaluated in terms of what could be considered as material disclosure. Moreover, wherever other information (e.g. the supply chain or conflict minerals) is considered material, that information should also be included (ibid.). The following are examples on disclosures on the thematic categories provided by the Directive and its complementary Guidelines (2017/C 215/01):

- (a) environmental matters (e.g. pollution prevention, energy use, use of natural resources, waste)
- (b) social and employee matters (e.g. diversity issues, health and safety, community relations, consumer impact)
- (c) respect for human rights (e.g. rights of children, women, disabled people, workers)
- (d) anti-corruption and bribery matters (e.g. internal control processes, whistleblowing mechanisms)

In addition, disclosures regarding diversity policies concerning the members of administrative, management and supervisory bodies should be provided and cover for instance age, gender,

competences or educational/professional backgrounds. Lastly, the non-financial information should be prepared as a statement and be included in either the management report or presented as a separate report. This non-financial statement could be prepared in accordance with national, Union-based or international reporting frameworks.

2.2.4 Årsredovisningslagen (1995:1554)

As a result of the transposition of the Directive 2014/95/EU into Swedish national regulation, Årsredovisningslagen (1995:1554), has been adjusted to implement the regulation into Chapter 6 concerning the management report. For Swedish entities, the obligation to report on non-financial and diversity information accrues to those that, during the two most recent financial years, fulfill two or all three of the following qualifications; 1. Exceeding an average number of 250 employees, 2. A balance sheet total larger than 175 million SEK, 3. A total of net sales more than 350 million SEK (Årsredovisningslagen 1995:1554). To be noted is the differences in requirements stated in the ÅRL as compared to those in the Directive, where Swedish regulation impose stricter requirements to include a larger number of companies obligated to disclose non-financial information (Svenskt Näringsliv, 2016). The requirement in terms of average number of employees state a minimum of 250 employees as compared with the Directives minimum requirement of 500 employees (Årsredovisningslagen 1995:1554). Similarly, to what is stated in the Directive, Årsredovisningslagen requires entities to disclose non-financial information vital for understanding the company's development, position and results as well as information about the entity's business model, policies, risks, and essential performance indicators. Conclusively, the requirements stated in ÅRL are close to the Directives' content-wise, and information should at least cover the thematic categories of 'environmental matters', 'social & employee-related matters', 'respect for human rights' and 'anti-corruption & bribery matters' (ibid.).

The non-financial and diversity information can be presented either as a part of the management report in the annual report (integrated report) or in a separate sustainability report, either way, it should be clearly communicated where the information can be found (Årsredovisningslagen 1995:1554). Similar to the exemption in the Directive, ÅRL stipulates that for subsidiaries covered by a consolidated report by the parent company fulfilling all the legal requirements, no individual report have to be produced. Under such circumstances, the subsidiary is only legally obligated to disclose information in its individual annual report about where the consolidated report is to be found, as well the name, organizational number and residence of the parent company who prepared the consolidated report in question (ibid.).

3. Research methodology

3.1 Research design

By reason of the purpose of this study, the item of interest was written reports including non-financial information prior and post the implementation of the Directive 2014/95/EU. Therefore, a content analysis was deemed appropriate, and the research design constituted a mixed approach of both quantitative and qualitative character. The methodological approach of a content analysis is suited for determining the occurrence of certain words, themes and concepts in the data (i.e. the texts in written reports), by quantifying the content in terms of presence and appearance of a certain phenomenon (Bergström & Boréus, 2012). Therefore, the motivation for conducting a content analysis of quantitative character for *RQ 1* is its usefulness as a tool for determine the existence of different categorical content in data, e.g. the level of or frequency of different content categories existing in texts (Bergström & Boréus, 2012; Esaiasson, Gilljam, Oscarsson, Towns & Wängnerud, 2017). As *RQ 1* seek to outline the regulatory effect of the Directive 2014/95/EU, a quantitative content analysis could be used for the quantification of words to compare the occurrence of disclosures on thematic categories between the two years. Moreover, a content analysis of qualitative character is preferable if certain themes and concepts within a text is considered to be of more interest than others (Esaiasson et al., 2017). This is the case for *RQ 2*, where disclosure related to one thematic category within one industry is the primary focus, as opposed to all non-financial information being of interest for the first research question. A qualitative approach is motivated by the aim of examining the comparability of disclosure and seek to thematically arrange the content into categories in order to bring clarity on the ways in which a phenomenon is represented and what kinds of representation exists in the data (Esaiasson et al., 2017).

The process of conducting a content analysis should be matched to the formulated research question, hence could be designed differently depending on the focus of the study (Bergström & Boréus, 2012). However, it is common to apply the following steps and research tools throughout the process; defining the sampling units (the relevant text documents), a word list for the quantitative analysis and a coding framework for identifying themes/concepts for the qualitative analysis (ibid.). For this study, information about the application of these research tools can be found in section 3.3 (Data collection), 3.4 (Quantitative analysis) and 3.5 (Qualitative analysis).

3.2 Sample

As a result of the transposition of the Directive 2014/95/EU into national regulation, companies operating within diverse nations could potentially report under different contextual and cultural conditions, which could have an effect on what and how non-financial information is disclosed. By reason of the aim of this study, it is therefore motivated to focus on a single Member State instead of investigating companies on a European level, to be able to consider the contextual setting when

comparing companies. Hence, for this study, Sweden has been selected as the country of focus, as the requirements stated in ÅRL surpass those of the Directive to include a larger number of companies than the minimum level suggested by the European Union. By delimiting this study to solely examining non-financial disclosure by Swedish firms, the effects of the domestic implementation of the Directive as well as country-specific cultural and contextual conditions would arguably constitute less of an obstacle for comparing disclosure between companies as intended by the objective of ‘comparability’ of the Directive.

Based on the above, the requirements stated in the Swedish regulation Årsredovisningslagen therefore served as the point of departure for the sample selection this study. In accordance with the requirements of ÅRL, Swedish companies fulfilling either two out of three, or all three, requirements were included in the sample. However, the requirement concerning average number of employees, used as a proxy for company size, served as the foremost selection criteria and only companies with an average number of employees between 250 and 500 was considered for this study. The decision to exclude larger companies (i.e. companies with more than 500 employees) is based on the assumption that these companies likely have reported on sustainability related issues before it became mandatory, and that it therefore would be hard to identify and determine what, and if, their disclosures have changed due to the new regulation. Hence, the motivation for a restricted sample criteria based on numbers of employee is to only include companies exactly fulfilling the requirements, as it can be assumed that these companies previously have presented limited non-financial information and that changes in their disclosure of non-financial information arguably could be seen as a result of the Directive. The sample criterion of only Swedish companies is further motivated by the desire to maintain control for national differences in the contextual setting. As larger companies tend to operate on a global scale they are influenced by multi-national contexts, which would make the analysis of disclosure on non-financial information, and in turn comparability, even more complex, thus hinder the fulfillment of this study’s aim. Lastly, only limited companies (aktiebolag), private and public, was included in the sample because of potential deviations in disclosures made between different legal forms and to allow for a more accurate comparison between companies.

Table 1: Summary of sample

Panel A: Sample	
Initial Sample	No. of Companies
Employees 250-499, Balance sheet total >175mSEK, Net sales >350mSEK	392
Employees 250-499, Balance sheet total >175mSEK (adjusted for duplicates)	406 (14)
Employees 250-499, Net sales >350mSEK (adjusted for duplicates)	425 (33)
Total number of companies	439
Excluded Companies	

Bankruptcy	-5
Unavailable reports	-43
Total number of companies after exclusion	391
Parent Companies 2018	15
Total number of companies for each year	
2016	391
2018	406

Panel B: Consolidated reports 2018

	No. of Companies	% of the 391 companies
Reference, non-Swedish residency	107	27%
Reference, Swedish residency (adjusted for duplicates)	104 (88)	27% (23%)
Total referencing to parent company	211	54%
Swedish parent companies, employees 250-499	19	
Swedish parent companies, English reports	4	
Total number of parent companies with Swedish residency included in the sample	15	

Panel C: Type of report

	2016 (% of 391 companies)	2018 (% of 406 companies)
Disclosure in annual report	377 (96%)	295 (73%)
Disclosure in integrated report	14 (4%)	54 (13%)
Disclosure in separate report	-	57 (14%)

3.3 Data collection

To outline the regulatory effect of the Directive 2014/95/EU, a comparison of disclosure made post and prior the implementation of the Directive is required in order to examine the previous and current state of non-financial information. Companies are required to disclose non-financial information as of the fiscal year 2017, and annual, integrated and separate reports presented one year prior to the new regulation came in force (2016) and one year after (2018) was therefore selected for this study. By reason of the aim to outline the potential effects of the Directive, to ensure that the potential regulatory effects had been materialized this study used reports published in 2018 rather than 2017 where companies had limited time to adapt to the new regulation. Moreover, the use of reports from 2016 was motivated by a desire to limit the time span between the compared disclosure in order to minimize the risk for ‘other’ market factors to be captured between the years, e.g. macro-economic circumstances affecting a certain industry or the whole sample. To the best of our knowledge, no radical changes in the Swedish market has occurred within the chosen time span, and it can arguably be assumed that the potential changes in non-financial disclosure solely capture the regulatory effect of the Directive. Today, companies communicate environmental and social information through various different channels, e.g. websites and social media, however, with respect to the requirements of the Directive and for the purpose of this study, the data used only contained written reports.

The initial sample, extracted via the database Retriever Business, consisted of 439 Swedish companies. For each company (and year), annual reports were downloaded and served as the basis for identifying what type of report was relevant for the company in question, and whenever a company had an existing separate sustainability report, the annual report was replaced. Companies referring to a sustainability report that was not readily available on their website were contacted by either phone or email. If reports for either 2016 or 2018 could not be obtained, the company was excluded from the sample. Adjusted for companies referring to unavailable data, companies filing for bankruptcy during the selected time period and companies presenting reports in English, the sample equaled 391 companies. For 2018, parent companies responsible for reports referred to in accordance with the exception stated in ÅRL was included. By reason of the scope of the study, only the sustainability or integrated reports by parent companies with Swedish residency was included in the sample. After excluding reports presented by parent companies with international residency, duplicates (references to the same Swedish parent company by companies constituting a business group), reports in English and companies with more than 500 employees, the remaining number of consolidated reports was 15 in total. Therefore, the final sample consisted of 391 companies, for both 2016 and 2018, as well as 15 parent companies for 2018 (Table 1). In total, 797 text documents were therefore used for the quantitative content analysis of this study. A list of the companies constituting the sample is presented in Appendix 1.

3.4 Quantitative content analysis

3.4.1 Data preparation

To enable an initial investigation of the non-financial disclosure prior and post the Directive to outline the regulatory effects of the Directive, through a quantitative text analysis, the documents were converted into .txt-files via Adobe Acrobat DC Pro. In the case of annual and integrated reports, financial information (income statement, balance sheet, changes in equity and cash flow statement) was edited out manually in the .txt-files, to only contain non-financial information equaling the management report, notes on diversity and sections distinguished as ‘sustainability report’. In contrast, no alterations were made in the case of separate sustainability reports made.

3.4.2 Creation of word list

As a point of departure for the quantitative content analysis, a word list based on the thematic categories; ‘environmental matters’, ‘social & employee matters’, ‘respect for human rights’ and ‘anti-corruption & bribery matters’ stated in the Directive 2014/95/EU, was created. For this purpose, information and examples provided in the Guidelines (2017/C 215/01) was utilized. Furthermore, for concrete examples, formulations and phrases on information of relevance for the thematic categories, frameworks emphasized in the Directive (e.g. Global Reporting Initiative, International Integrated Reporting Framework, UN Sustainable Development Goals, ISO 26000) were utilized in the creation process. The

concepts and elements applied in creating the word list can be found below in a classification scheme (Table 2).

Table 2: Classification scheme for Word list

Concept	Definition	Elements
Non-financial statement	<i>"[...] shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity [...]"</i> (European Union, 2017).	Annual report, Management report including a non-financial statement (integrated report), Separate report, Consolidated management report (integrated report or separate report)
Thematic categories of disclosure	<i>"Companies concerned 'shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters [...]"</i> (European Union, 2017).	Environmental matters, Social matters Employee matters, Respect for human rights, Anti-corruption and bribery matters, General matters
Key words	Words referring to the thematic aspects considered in the guidelines on 'content' stated in the Guidelines (2017/C 215/01).	Business model, Policies and Due diligence processes, Outcomes of policies, Principal risks and risk management, Key Performance Indicators
	Words specified in frameworks related to the thematic aspects, as stated in the Guidelines (2017/C 215/01).	Union-based frameworks, International frameworks, National frameworks

When determining the keywords for each category, it became evident that the matter of social and employee-related issues is strongly interlinked with that of 'respect for human rights', while other categories ('environmental matters', 'anti-corruption & bribery') are more independent and therefore easier to identify associated representative thematic keywords. For each thematic category, approximately 20 keywords were identified, able to capture and representative of the field of disclosures of the related thematic category. Aside from the thematic categories stated in the Directive, one additional category named 'general matters', representing the field of sustainability as a whole, was included. The aim of the created word list was to include words representative of a variety of issues and topics to avoid biased focus on certain topics or industries, and to validate the word list and the appropriateness of the words included, it was compared to data output on all the unique words existing within the text documents.

After finalizing the word list, the .txt-files were processed using computerized analysis in Python (by our supervisor). The word list was translated into 'tokens' to be captured when processing the data, so as to understand the occurrence of a single word within the text. Motivated by the desire to capture different versions of the same word and thereby all related words to the most present issues of disclosure, only the stem of the word was used for the data processing, i.e. the stem 'föroren' was used as it can be

found in various forms, for example *'förorening'*, *'förorena'* and *'förorenat'*. The final word list and the 'tokens' used in the computerized analysis can be found in Appendix 2. By applying the word list to the .txt-files, the 'tokens' could be identified within the data, resulting in the first step of this study, a quantitative word count on disclosure related to the thematic categories. This output served as the basis for the content analysis aiming to outline the regulatory effects of the Directive 2014/95/EU, by examining the level of disclosure concerning the thematic categories for 2016 and 2018 respectively as well as collectively.

3.4.3 Analysis of word count

The examination of the level of disclosure was made based on proportion of thematic categorical disclosure in relation to total words, proportion of thematic categorical disclosure weighted by company disclosure and number of times thematic categorical tokens were disclosed. To accurately make a comparison over the years, adjustments for the difference in sample size, 391 companies for 2016 and 406 companies for 2018, was made. Moreover, a binary variable was used as a means to avoid capturing the effect of disproportionately disclosure occurring across companies, thus solely focusing on the emphasis given to each thematic category. A binary variable was assigned to a 'token' based on its word count, i.e. if a token had a word count larger than zero, it was assigned 1, otherwise 0. Moreover, this limits the influence of words unrelated to a thematic category although shown as represented by the 'token', e.g. *'lön'* which potentially could capture the word *'lönsamhet'*. To further strengthen the analysis, a statistical analysis was conducted to identify whether the changes in level of disclosure was statistically significant. For this reason, a paired t-test was conducted on the disclosures within each respective thematic category made by the 391 companies included in the sample for both years (not including the disclosures by parent companies in 2018), using 'Stata SE 16'.

3.5 Qualitative content analysis

3.5.1 Sample

The results of the preceding quantitative content analysis served as the foundation for the second part of this study, a qualitative content analysis of the non-financial disclosure related to one thematic category within one industry. Based on the results, the thematic category 'respect for human rights' were selected for an in-depth investigation. The choice of 'respect for human rights' was founded on it being the thematic category revealing the greatest change in level of disclosure between 2016 and 2018. Furthermore, based on the low proportion of disclosure before the implementation of the Directive 2014/95/EU, if compared to the other thematic categories, 'respect for human rights' was found to be of great interest.

To identify an industry of interest for the in-depth analysis, the Swedish standard for industrial classification (SNI) 2007 was used to categorize the companies included in the sample (Appendix 3). The distinction of industry was made on a first level basis of the classification standard, which include 21 different industries. Based on the results of the quantitative content analysis, the industry selected to represent the sample for the qualitative analysis was industry M '*Businesses in Law, Economy, Science and Technology*', consisting of 38 companies. The results concerning thematic categorical disclosure within different industries are elaborated in section 4.1.4. Although industry M do not consist of the highest number of companies or disclose the highest proportion of non-financial information related to 'respect for human rights', it lies close to the median and mean of disclosure by all industries associated with the thematic categories, therefore potentially serving as a representative industry.

The motivation for focusing on companies within the same industry is linked to the concept of materiality, as material issues within one industry should be more homogenous in contrast to those among of various industries (Carini et al., 2018). This is further emphasized in the Guidelines, stating that, "*Similar issues are likely to be material to companies operating in the same sector, or sharing supply chains*" (European Union, 2017. p. 6). The Guidelines also state that "*It may [...] be appropriate to directly compare relevant non-financial disclosures among companies in the same sector*" (European Union, 2017. p. 5). Hence, based on the assumption that the information disclosed is considered as material by a certain company, by closely examining the non-financial information disclosed by a number of companies within the same industry, one should be able to make a statement about the comparability of the reported information within that industry. In other words, if material issues are similarly reported on among companies then those issues can be considered as more comparable, in contrast, to if disclosures on issues are scattered across topics and vary significantly within the industry (less comparable).

The reason for exploring non-financial information related to one thematic category within one industry was to examine the comparability of disclosure made under the prerequisites of the Directive 2014/95/EU. It is essential to highlight that this study do not compare the comparability of disclosure between 2016 and 2018, as disclosure prior and post the implementation of the Directive are not produced under the same prerequisites. An investigation of comparability over time falls outside the scope of this study as the Directive seek to change disclosure practices. Thus, only non-financial information disclosed by companies in 2018 are included in the qualitative analysis due to it being produced under the identical mandatory requirements and prerequisites for reporting, and therefore should be of more comparable character (based on the objectives of the Directive).

3.5.2 Creation of coding framework

For the construction of a coding framework on the thematic category ‘respect for human rights’, the word list created for the quantitative analysis served as the starting point. The United Nations Universal Declaration of Human Rights was further used to identify themes on different aspects of human rights, resulting in three overarching themes; ‘*Human rights in the workplace*’, ‘*Human rights in the society*’, and ‘*Human rights in the supply chain*’. The initial stage of coding was applied to the sample (reports by the 38 companies in industry M), by using the program *nVivo*, where pieces of the texts was extracted and coded if representative of a theme. The references extracted in the first step was thereafter used as the empirical data to identify categories within the themes, and the references within a specific theme was further coded to a category if represented in the disclosure. The procedure was once again repeated, references within each category was used as the empirical data to identify subcategories within the categories (Table 3). The three dimensions of the material (themes, categories and subcategories) all together comprise the final coding framework, which can be found in Appendix 4.

Table 3: Classification scheme for Coding framework

Concept	Definition	Elements
Respect for human rights	<i>“[...] rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status. Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more. Everyone is entitled to these rights, without discrimination.”</i> (United Nations, 2020).	
Non-financial reporting on respect for human rights	<i>“Companies are expected to disclose material information on potential and actual impacts of their operations on right-holders.”</i> (European Union, 2017).	
Main themes	Based on the United Nations ‘Universal Declaration of Human Rights’ (UDHR).	Human rights in the workplace, Human rights in the supply chain, Human rights in the society
Categories	Disclosure mentioning similar issues as identified within the three main categories.	
Subcategories	Disclosure mentioning similar issues as identified with the categories.	

3.5.3 Analysis of material

The similarity (or scatteredness) of disclosures on the themes, categories and subcategories was used as a proxy for comparability, and thus served as the basis for the analysis. The identification of topics within the coded disclosure was based on an inductive method, meaning that the disclosed information itself was the point of departure for this analysis. No distinction of what information to be considered as material was made, since this was assumed to be already made by the company’s choice to include an

issue in its disclosure. The identified themes, categories and subcategories represent different dimensions of the disclosure, each reflecting a level of detail in the information. The relationships of references to themes in relation to total references, references to each of the categories in relation to the theme it is related to, and references to each subcategories in relation to the category it is related to, was calculated to enhance the understanding of the findings, i.e. quantifying the qualitative results. Consequently, no analysis was conducted on “*how*” companies disclose their non-financial information, e.g. qualitative or quantitative, but rather “*what*” topics are covered, and the comparability of the disclosures identified covering the thematic category ‘respect for human rights’.

4. Results

4.1 Outlining the effects of the Directive on non-financial reporting

To outline the non-financial reporting before (2016) and after (2018) the implementation of the Directive 2014/95/EU results is presented on; '*type of report*', to identify changes in how companies chose to present the non-financial statement, and '*consolidated reports 2018*' to identify the effects of the exception in referring to a parent company stated in the regulation. Moreover, the '*proportion of thematic categorical disclosure*' determine the regulatory effect on disclosure, as well as '*proportion of disclosure on thematic categories by industry in 2018*' and '*disclosure on respect human rights by industry*' to outline the regulatory effect on disclosure in different industries.

4.1.1 Type of report

Table 1 (Panel C) '*type of report*' demonstrate results on changes in the use of report containing the non-financial statement between the years. In 2016, a vast majority of the companies disclosed non-financial information in their annual report, a small proportion presented an explicitly separate section (integrated report) and none published a separate report. In comparison, although a majority of the companies still included the non-financial statement in their annual report in 2018, 13% reported in an integrated report and 14% created separate reports. This result represents a shift in the *form*, i.e. type of report, of non-financial reporting. However, as "unavailable reports" in Table 1 (Panel A) mainly consist of separate reports for 2018, the above distribution would have been different if they were included.

4.1.2 Reference to parent company

Table 1 (Panel B) summarize results on the number of companies invoking the exception of referring to a non-financial statement presented by a parent company in 2018. In total, 211 (54%) companies referred to a consolidated report prepared by its parent company, 107 of those refer to a parent company with international residency, and 104 refer to a parent company with residency in Sweden. Out of the 88 individual Swedish companies (adjusted for duplicates), only 19 had an average number of employees between 250-499. After excluding reports in English, 15 companies fall within the scope of this study. For the 69 companies that did not have an average number of employees between 250-499, *every* company had more than 500 employees.

4.1.3 Level of disclosure per thematic category

Results on the *level* of disclosure on non-financial issues related to each of the six thematic categories are presented in Table 4, where the regulatory effect of the Directive 2014/95/EU is reflected by the change in the level of disclosure between the years of 2016 and 2018. For *all* categories in *all* tables the change is positive, representing an increased level of disclosure on all thematic categories in 2018 as

compared to 2016. Results on the level of disclosure related to an individual thematic category demonstrate, for *all* tables, the greatest change in ‘respect for human rights’, followed by ‘anti-corruption & bribery matters’, and these are therefore the thematic categories where the greatest regulatory effect has been captured. In Panel A and Panel B, the order of results in terms of change in level of disclosure slightly differ for the thematic categories ‘environment matters’, ‘social matters’ and ‘employee matters’, which is explained by the fact that different relationships between disclosures are examined. The positive change in the thematic category ‘general matters’, information not related to a specific category defined by the Directive, indicate that the non-financial disclosures about general sustainability matters has increased as well.

Table 4 (Panel A) illustrates the change in proportion of disclosure related to each thematic category in relation to total words. The proportion of words associated with a certain thematic category in relation to ‘total number of words’ represent the amount of disclosure devoted to certain issues in each year, i.e. the total emphasis given to an individual thematic category. Altogether, results in Panel A show that the change is positive for all categories, where the thematic category ‘respect for human rights’ (168%) exhibit the largest change in level of disclosure, while the thematic category ‘employee matters’ (4%) has had the smallest change in level of disclosure. In contrast, the proportion of disclosure devoted to ‘employee matters’ is larger than the disclosure devoted to ‘respect for human rights’ for both years.

Table 4 (Panel B) present results on the proportion of thematic categorical disclosure weighted by company disclosure, i.e. the average proportion of disclosure for the sample based on the proportion of disclosure for each company. Results inform on the change in emphasis given to a certain thematic category considering differences in the amount of disclosure by each company. Even though there is a positive change in the average level of disclosure for all categories, ‘employee matters’ and ‘social matters’ exhibit the smallest increases of 3% and 1% respectively, indicating a relatively constant level of disclosure by the companies between the years. In contrast, the thematic categories ‘respect for human rights’ and ‘anti-corruption & bribery matters’ exhibit the largest change with 184% and 104% respectively, thus an even greater change when adjusting for the average amount of disclosure by each company compared to the change in proportion of disclosure in Panel A. Panel B further show the distribution of average proportion of disclosure among the thematic categories for 2016 and 2018. It is worthy to highlight that ‘employee matters’ is the only thematic category with a minimum value larger than zero (0.2%), indicating that out of all the thematic categories in 2018, all companies disclose at least something on issues related to their employees. The distribution further shows an increase in all values except for the maximum values for ‘social matters’ and ‘employee matters’, implying an overall increase in disclosure.

Table 4: Outlining the regulatory effects of the Directive 2014/95/EU

Panel A: Proportion of thematic categorical disclosure, in relation to total words

	2016	2018	Change in proportion of disclosure (%)
Respect for human rights	0.2%	0.5%	168%
Anti-bribery & corruption matters	0.2%	0.3%	84%
Environmental matters	1.0%	1.7%	64%
General matters	1.8%	2.6%	39%
Social matters	1.5%	1.8%	18%
Employee matters	1.3%	1.4%	4%

Panel B: Summary statistics

	2016				2018				Change in average proportion of disclosure (%)
	Min	Median	Max	Mean	Min	Median	Max	Mean	
<i>Proportion of thematic categorical disclosure, weighted by company disclosure</i>									
Respect for human rights	0%	0%	1.1%	0.1%	0%	0.2%	2.5%	0.3%	184%
Anti-bribery & corruption matters	0%	0%	0.6%	0.1%	0%	0.1%	1.0%	0.2%	104%
General matters	0%	1.3%	4.3%	1.4%	0%	2.1%	7.3%	2.2%	50%
Environmental matters	0%	0.7%	6.1%	0.9%	0%	1.1%	7.0%	1.3%	46%
Social matters	0%	1.1%	3.4%	1.2%	0%	1.2%	3.0%	1.2%	3%
Employee matters	0%	1.8%	5.4%	1.9%	0.2%	1.8%	4.1%	1.9%	1%
<i>Number of times thematic categorical tokens are disclosed</i>									
General matters	0	11	1036	27	0	23	1308	71	
Employee matters	0	14	384	22	2	19	442	49	
Environmental matters	0	6	365	15	0	12	841	48	
Social matters	0	8	559	19	0	12	726	38	
Respect for human rights	0	0	122	3	0	2	241	14	
Anti-bribery & corruption matters	0	0	102	2	0	1	191	8	
Total number of words	124	799	30859	1468	151	1069	40259	2768	

Panel C: t-tests comparing disclosure of the thematic categories 2016 and 2018

	Mean 2016	Mean 2018	Diff.		t-stat.
Environmental matters	15.394	43.358	-27.964	***	(-7.024)
Social matters	19.429	35.508	-16.079	***	(-6.598)
Employee matters	21.987	44.680	-22.693	***	(-7.830)
Respect for human rights	2.828	13.127	-10.299	***	(-7.257)
Anti-bribery & corruption matters	2.283	7.363	-5.079	***	(-7.316)
General matters	26.905	65.429	-38.524	***	(-8.358)
Total number of words	1467.55	2599.39	-1131.84	***	(-7.456)

*** significant at 99%

The distribution of number of times thematic categorical ‘tokens’ are disclosed is found in Table 4 (Panel B). For all thematic categories, the average number of ‘tokens’ disclosed as well as in the maximum value have increased. Moreover, the minimum value for ‘employee matters’ (0.2%), discussed above, is a result of the disclosure of two ‘tokens’ in 2018, while all other thematic categories has a minimum value of zero. The ‘total number of words’ represent the total amount of words disclosed in a report by a company, and the increase in all values of distribution indicate more extensive reports in 2018 as compared to 2016. Table 4 (Panel C) present results from a paired t-test, conducted on the 391 companies included in both years, showing that the differences in average number of ‘tokens’ disclosed are statistically significant at 99% for all thematic categories.

Table 5: Binary Variable for thematic categories

	2016	2018	Change in level of disclosure (%)	Change in level of disclosure, adjusted (%)
Respect for human rights	391	1313	236%	223%
Anti-bribery & corruption matters	363	1061	192%	181%
Environmental matters	1502	2652	77%	70%
General	2030	3592	77%	70%
Social matters	1571	2449	56%	50%
Employee matters	2371	3487	47%	41%
Total Binary Score	8228	14554	77%	70%

Table 5 declare results on the change in level of disclosure for each thematic category when assigned a binary variable, thus reflecting the emphasis given to each thematic category. Results on each thematic category should be interpreted as an increase in the number of individual ‘tokens’ associated with athematic category captured by the disclosure made in reports 2018 as compared to reports 2016. Thus, it does not reflect the amount of times a certain ‘token’ is disclosed but rather if the ‘token’ is included in the disclosure or not. Consequently, the results tell little about what category is reported on the most (or the least). The greatest change can be identified in disclosure associated with the thematic category ‘respect for human rights’, which has increased by 223%. On average does this change represent 1 of the ‘tokens’ disclosed on in 2016, compared to 3 in 2018. The smallest change of 41% is found in disclosures on ‘employee matters’, reflecting average ‘tokens’ disclosed of 6 in 2016 and 9 in 2018. ‘Total Binary Score’, represented by an increase of 70%, should be interpreted as an overall increase in the number of ‘tokens’ included in the disclosure.

4.1.4 Disclosure on the thematic categories per industry

To further investigate results declared in Table 4 and 5, the regulatory effects of the Directive per thematic category and industry is outlined in the following section (Table 6). Moreover, since the above

results demonstrated the largest change in level of disclosure associated with the thematic category ‘respect for human rights’, this thematic category was further examined in relation to type of industry (Table 7).

Table 6: Proportion of disclosure on thematic categories by industry in 2018

SNI Code		Respect for human rights	Environmental matters	Social matters	Employee matters	Anti-corruption & bribery matters	General matters	Total
R	Culture, Entertainment and Leisure	0.52%	1.07%	1.16%	1.73%	0.32%	2.77%	7.57%
M	Businesses in Law, Economy, Science and Technology	0.47%	1.15%	1.25%	2.20%	0.22%	2.36%	7.64%
L	Real estate businesses	0.46%	1.62%	1.55%	1.34%	0.36%	2.67%	8.00%
D	Supply of electric, Gas, Heat and Cooling	0.43%	2.65%	1.60%	2.07%	0.27%	2.68%	9.72%
G	Trade; Motor vehicle repair and Motorcycles	0.41%	1.16%	1.22%	1.87%	0.19%	2.05%	6.91%
K	Financial and Insurance businesses	0.40%	1.45%	1.57%	1.81%	0.34%	3.02%	8.61%
J	Information and Communication businesses	0.36%	0.68%	1.35%	1.86%	0.18%	2.05%	6.49%
Q	Health and social care; Social services	0.35%	0.72%	1.02%	1.74%	0.23%	2.20%	6.26%
F	Construction	0.34%	1.19%	1.17%	2.23%	0.18%	2.04%	7.14%
I	Hotel and Restaurants	0.28%	1.12%	1.27%	2.05%	0.19%	2.12%	7.03%
E	Water supply; Sewage, Waste disposal and Decontamination	0.26%	3.15%	1.03%	1.70%	0.26%	1.80%	8.20%
P	Education	0.26%	0.27%	1.28%	2.81%	0.00%	3.38%	7.99%
C	Manufacturing	0.25%	1.76%	1.04%	1.76%	0.14%	2.26%	7.20%
N	Rentals, Property services, Travel services and Other support services	0.20%	0.53%	1.57%	1.83%	0.13%	2.05%	6.31%
H	Transport and Storage	0.13%	1.03%	0.98%	1.83%	0.17%	1.59%	5.73%
A	Agriculture, Forestry and Fishing	0.12%	1.03%	0.53%	1.45%	0.02%	2.07%	5.22%
S	Other services	0.00%	1.08%	2.33%	1.80%	0.36%	1.08%	6.64%
B	Extraction of Minerals	-	-	-	-	-	-	-
O	Public administration and defense, Compulsory social insurance	-	-	-	-	-	-	-

T	Home acquisition, Household production of various goods and services for own use	-	-	-	-	-	-	-
U	Activities of international organizations, Foreign embassies O.D.	-	-	-	-	-	-	-
Median		0.34%	1.12%	1.25%	1.83%	0.19%	2.12%	7.14%
Mean		0.31%	1.27%	1.29%	1.89%	0.21%	2.25%	7.22%

Table 6 presents the average proportion of disclosure designated to each thematic category in 2018 per industry. Overall, results demonstrate that the proportion of disclosure differ between the thematic categories and between industries. Results declare that the three industries D, E and K, represented by a small number of companies, has the highest level of total disclosure (9.72%, 8.30% and 8.61% respectively) in 2018. The industry with the highest proportion of disclosure related to the thematic category ‘respect for human rights’, is industry R (*Culture, Entertainment and Leisure*) with 0.52%, consisting of four companies. The industry with the second highest level of disclosure concerning human rights issues (0.47%) is industry M (*Businesses in Law, Economy, Science and Technology*), including 38 companies. This can be seen in relation to the proportion of disclosure related to human rights issues for all industries, exhibiting an average level of disclosure of 0.31% and a median of 0.34%. Furthermore, the level of disclosure for industry M (*Businesses in Law, Economy, Science and Technology*) lies closely to the average and median disclosure level for all thematic categories, it was therefore selected as the industry for further in-depth examination.

Table 7: Disclosure on ‘respect for human rights’ by industry

Industry	2016	2018	Change in level of disclosure (%)	Change in level of disclosure, adjusted* (%)
	Score Binary Variable	Score Binary Variable		
Water supply; Sewage, Waste disposal and Decontamination	4	26	550%	550%
Construction	11	62	464%	464%
Culture, Entertainment and Leisure	6	31	417%	417%
Businesses in Law, Economy, Science and Technology	22	171	677%	400%
Trade; Motor vehicle repair and Motorcycles	91	337	270%	270%
Hotel and Restaurants	5	17	240%	240%
Information- and Communication businesses	30	101	237%	237%
Health and social care; Social services	16	43	169%	169%
Manufacturing	100	264	164%	162%
Transport and Storage	16	40	150%	150%
Real estate businesses	53	127	140%	140%
Supply of electric, Gas, Heat and Cooling	8	19	138%	138%
Financial and Insurance businesses	12	48	300%	100%
Rentals, Property services, Travel services and Other support services	8	16	100%	100%

Education	3	5	67%	67%
Agriculture, Forestry and Fishing	6	6	0%	0%
Extraction of Minerals	-	-	-	-
Public administration and defense, Compulsory social insurance	-	-	-	-
Other services	0	0	-	-
Home acquisition, Household production of various goods and services for own use	-	-	-	-
Activities of international organizations, Foreign embassies O.D.	-	-	-	-

* Adjusted for differences in the number of companies present within the same industry between the two years.

As presented in Table 7, there is a positive change in disclosure on ‘respect for human rights’ between 2016 and 2018 for all industries, although, the increased emphasis given to the thematic category vary across industries. The change in emphasis given to human right matters span from an increase of 67% for industry P (*Education*) to 550% for industry E (*Water supply; Sewage, Waste disposal and Decontamination*). Examining the industries with the three greatest changes (*industry E, F and R*), all represented by a small number of companies, the increases in the focus given to human rights matters is significantly larger than the increase for the thematic category overall. An explanation for this outcome is that a small increase in the number of assigned binary variables have a larger impact on the change for a small sample industry compared to a large sample industry. Industry M (*Businesses in Law, Economy, Science and Technology*) exhibit the fourth largest increase by 400% with a sample of 38 companies, followed by a small leap in results to the next industry in line, industry G (*Trade; Motor vehicle repair and Motorcycles*) with an increase of 270%.

4.2 Respect for human rights within Businesses in Law, Economics, Science and Technology

For an analysis of the comparability of disclosure on ‘respect for human rights’ within industry M (*Businesses in Law, Economics, Science and Technology*), results on the relationships between disclosures on the themes, categories and subcategories is presented. The relationships are represented by results on the ‘*number of reports*’, i.e. number of companies disclosing on an issue, and ‘*mentions*’, defined as the number of references to an issue. Results are to be found in Table 8 and 9.

For an accurate interpretation of the results displayed in Table 8 and 9, an understanding of the relationship between ‘number of reports’ and ‘mentions’ (including the degree of scatteredness) is necessary. The difference between ‘number of reports’ and ‘mentions’ provide information on whether references to a certain category (subcategory) is made multiple times by the companies. Based on the assumption made, that *what* is disclosed by the companies is to be considered as material, the number of reports referring to an issue on ‘respect for human rights’ is seen as representation of what issues is emphasized by the largest (smallest) number of companies included in the sample. ‘Number of reports’ therefore serve as an indicator of what could be considered to represent the most (least) material issues

within the industry. Accordingly, ‘diversity and equality’ (38 reports) and ‘societal good’ (9 reports) is the categories considered to include the most, respectively the least material issues. Results on a subcategory level should be interpreted likewise. Results on ‘*proportion of total mentions*’ outline the categories relative importance in comparison to the other categories (Table 9). Hence, out of the defined categories, ‘diversity and equality’ (22%) and ‘policy in the value chain’ (2%) constitute the categories of issues emphasized the most respectively the least. Therefore, because of the assumptions made above, categories referred to the most (least) are considered to cover the most (least) material issues *within the industry*. However, results on what is material tell nothing about whether the references of information (mentions) is to be considered comparable. For that reason, results on the degree of scatteredness in the references to categories and subcategories has to be considered.

4.2.1 Comparability of themes

Categories included in the theme ‘human rights in the workplace’ is referred to by a large number of companies, indicating that issues in the workplace is to be considered material for the *Businesses in Law, Economics, Science and Technology*. Furthermore, it is also the theme including categories with the highest proportion of references (64%), followed by ‘respect for human rights in the society’ and lastly ‘respect for human rights in the supply chain’ (Table 8). Results on ‘*% of mentions dedicated to a theme*’, indicate what category is to be considered the most (least) material, *within a theme*. This hierarchy of categorial importance for all themes is presented in Table 8. Accordingly, as an example, within the theme ‘respect for human rights in the workplace’, results imply that issues on ‘diversity and equality’, followed by issues on ‘governance’ are the most material, whereas ‘health & wellness’ is the least material. However, results on the degree of scatteredness in ‘*% of mentions dedicated to a category*’, further serves as an indicator for the comparability of disclosures on issues related to a theme. The less the scatteredness in references the more comparable disclosures, and vice versa. Overall, the results indicate a rather equal distribution of references to issues on categories within the themes ‘respect for human rights in the workplace’ (31%, 28%, 22% and 18%) and ‘respect for human rights in the society’ (31%, 28%, 22% and 18%). In contrast, results on the theme ‘respect for human rights in the supply chain’ declare a somewhat less scattered distribution of proportions in references, where ‘conditions in the value chain’ equals 60% of the total theme references, and ‘policy in the value chain’ corresponds to 12%. Put differently, results on the former themes demonstrate more scatteredness, therefore less comparable disclosures on the related categories than in case of the latter theme. The result does, however, only reveal a theme’s comparability in relation to another theme, and for a determination of the comparability on a more detailed level, results on the degree of scatteredness in the references to subcategories has to be considered.

Table 8: Human rights in industry M

	Reports (with disclosure)	Mentions	% of mentions dedicated to a theme	% of mentions dedicated to a category*
	<i>Total number of reports = 38</i>	<i>Total number of mentions = 638</i>		<i>*as proportion of mention dedicated to the theme</i>
Human rights in the workplace			64%	
	<i>Diversity & equality</i>	38	138	34%
	<i>Governance</i>	20	95	23%
	<i>Work environment</i>	20	84	20%
	<i>Policy in the workplace</i>	19	55	13%
	<i>Health & wellbeing</i>	17	40	10%
Human rights in society			20%	
	<i>Frameworks & regulation</i>	15	39	31%
	<i>Initiatives</i>	10	35	28%
	<i>Fundamental rights</i>	12	28	22%
	<i>Societal good</i>	9	23	19%
Human rights in the supply chain			16%	
	<i>Conditions in the value chain</i>	18	61	60%
	<i>Governance</i>	14	28	28%
	<i>Policy in the value chain</i>	10	12	12%

4.2.2 Comparability of categories

For the determination of the comparability of disclosures referring to a certain category within a theme, results on the degree of scatteredness in references made to subcategories within a category as a proportion to total categorical references is presented. Results are presented as ‘% of mentions dedicated to a subcategory’ in Table 9. Likewise, the assumptions made in the above section, the degree of scatteredness in the proportion of references to subcategories serve as an indicator of the comparability of categories. As an example, out of the total disclosures referring to the category ‘diversity and equality’, the largest proportion of disclosures (64%) refers to the subcategory ‘distribution by gender’, whereas the remaining proportion of references is rather equally distributed among the other four subcategories (approximately 10% each). The relatively large proportion of references devoted to ‘distribution by gender’ reveal that companies included in the sample to a large degree disclose alike information on the category ‘diversity and equality’ and thus is to be considered comparable. The category ‘health & wellness’ exhibit a similar case, where the subcategory ‘sick leave’ represents 65% of the references dedicated to the category. Within the category ‘conditions in the value chain’ contrasting results can be identified, where the references dedicated to the category is scattered across the seven subcategories, thus considered as less comparable disclosures.

Worth mentioning for the above discussion is that a subcategory 'other' is included in each of the categories, except for 'policy in the supply chain'. References included in these subcategories are disclosures on issues that do not include information corresponding to any of the other subcategories, and hence is not comparable. A large proportion of references made to a subcategory defined as 'other' indicate that a large proportion of the references made to a category is not to be considered as comparable. Results reveal that for 'fundamental rights' and 'initiatives' as well as 'conditions in the value chain', the subcategory 'other' represents 75%, 46% and 23% respectively, and thus should be interpreted as a large proportion of the information within the category is not to be considered as comparable.

Table 9: Disclosure on 'respect for human rights' within industry M

	Reports (with disclosure) <i>Total number of reports = 38</i>	Mentions <i>Total number of mentions = 638</i>	Proportion of total mentions (%)	% of mentions dedicated to a subcategory* <i>*as proportion of the mentions dedicated to the category</i>
Panel A: Human rights in the workplace				
<i>Diversity & equality</i>	38	138	22%	
Distribution by gender	37	88		64%
<i>Qualitative disclosure</i>	8	10		
<i>Notes</i>	28	45		
Definitions of concept	11	18		13%
General mentions	10	15		11%
Other	9	9		7%
Distribution by age	4	8		6%
<i>Governance</i>	20	95	15%	
Other	15	21		22%
Compliance	11	18		19%
Incident reporting systems	11	17		18%
Division of responsibilities	11	16		17%
Monitoring & evaluation	6	12		13%
Risks	8	11		12%
<i>Working conditions</i>	20	84	13%	
Discrimination & equal treatment	11	25		30%
Work-related accidents	10	18		21%
General workplace conditions	6	14		17%
Wages & collective agreements	11	12		14%
Other	5	8		10%
Work life balance	7	7		8%
<i>Policy in the workplace</i>	19	55	9%	
Code of Conduct	10	15		27%
Diversity & discrimination	9	14		25%
Work environment	10	11		20%
Other	7	8		15%
Sustainability	5	7		13%
<i>Health & wellbeing</i>	17	40	6%	
Sick leave	14	26		65%
Health & wellness	5	6		15%
General mentions	5	5		13%
Other	3	3		8%
Panel B: Human rights in the society				
<i>Frameworks & regulation</i>	15	39	6%	
UN Convention	10	14		36%
Other	8	13		33%
Agenda 2030	5	7		18%
Swedish regulation	3	5		13%
<i>Initiatives</i>	10	35	5%	
Other	8	16		46%
Vulnerable groups abroad	5	8		23%
General mentions	4	6		17%
Segregation in society	4	5		14%
<i>Fundamental rights</i>	12	28	4%	
Other	9	21		75%
Respect	5	7		25%
<i>Societal good</i>	9	23	4%	
Operations	3	8		35%
Society	3	6		26%
Other	4	5		22%
General mentions	3	4		17%

Panel C: Human rights in supply chain				
<i>Conditions in the value chain</i>				
		18	61	10%
	Other	10	14	23%
	Supplier	6	11	18%
	Union rights	7	8	13%
	Violations	7	8	13%
	Responsibilities	4	7	11%
	Risks	3	7	11%
	Working conditions	3	6	10%
<i>Governance</i>				
		14	28	4%
	Monitoring & evaluation	7	9	32%
	Risks	7	8	29%
	Compliance	4	7	25%
	Other	4	4	14%
<i>Policy in the supply chain</i>				
		10	12	2%
	Code of Conduct	10	12	100%

4.2.3 Materiality and comparability

By combining results on; ‘*number of reports*’, ‘*% of mentions dedicated to a category*’ and ‘*% mentions dedicated to a subcategory*’ it is possible to analyze the relationship between materiality and comparability. The same procedure to make sense of the results as presented in the following examples could be applied for an understanding of the relationship between *all* themes, categories and subcategories.

The theme ‘respect for human rights in the workplace’ is reported on in all reports (by all companies). 38 reports (100% of the companies) disclose information referring to the category ‘diversity and equality’, indicating that these issues are considered material within the industry. It is further the category disclosed on the most (22%) in relation to all categories and the category reported on the most within its corresponding theme. Within the category ‘diversity and equality’, 37 reports (companies) refer to the subcategory ‘distribution by gender’ with 88 (64%) of the total references dedicated to the category, demonstrating comparability of these issues across the industry. Moreover, 28 reports (out of those 37) disclose information on ‘diversity by gender’ in a note, making a comparison of disclosures in the note rather comparable across the companies.

In contrast, the theme ‘respect for human rights in the supply chain’ is reported on the least in terms of references (16%), and the categories are represented by low proportions (10%, 4% and 2%), if compared to the other categories. References on issues related to the theme (and its categories) is thus to be considered less material within the industry. A small proportion of references is dedicated to the category ‘policy in the supply chain’ (2%), and therefore is not to be considered material for the industry. However, all of those references are made to the subcategory ‘code of conduct’, making the *disclosures on the category* comparable.

5. Discussion

5.1 The regulatory effects of the Directive

The Directive 2014/94/EU was initiated to change reporting practices across Member States to facilitate non-financial disclosure of improved transparency and increased relevance, consistency and comparability, for stakeholders enhanced decision-making (European Union, 2014). Hence, comparing the disclosure made prior and post the implementation of the Directive provide an initial indication of the regulatory effects. By reason of the European Union's emphasis for transparency, a regulatory effect in terms of an increase in overall amount of non-financial disclosure therefore, in this case, represent a greater transparency.

By reason of the transposition of the Directive 2014/95/EU into domestic regulation, the implementation process of Members States and the design of national regulation could differ and therefore have an influence on the regulatory effects among undertakings. As shown by Luque-Vílchez and Larrinaga (2016), changes in regulations need to be accompanied by changes in existing norms and expectations as well as an appropriate design of the regulation. In the case of Sweden, the Directive was implemented into ÅRL and the regulatory effects within Sweden should not be seen as a general representation of the consequences of the Directive for all European countries, as the regulatory effects could be different within another country due to contextual factors.

5.1.1 Form of reporting

Table 1 (Panel C) declare that a vast majority of companies, after the implementation of the Directive, still include the non-financial statement within an annual report. This finding on the preferred form of reporting by Swedish companies is in line with the results on Polish companies, assigning a greater importance to annual reports as compared to CSR reports (Matuszak & Róžańska, 2017). However, a greater presence of sustainability reports (14%) can be acknowledged in 2018, in contrast to 2016 (0%). This result is likely to have affected the change in level of disclosure between the years, as results by Sierra-Garcia et al. (2018) conclude that the highest level of disclosure on non-financial information is presented in sustainability reports (in comparison to other forms of reports). Therefore, based on the same argument, if the 43 excluded companies, primarily providing their non-financial statement in a separate report, had been included in the sample, not only would the allocation of 'type of reports' be different, but the results on the change in level of disclosure as well.

Furthermore, it is noteworthy that more than half of the companies, in 2018, invoke the exception of the Directive 2014/95 and refer to the non-financial statement of a parent company (Table 1). As consolidated reports often include information about several subsidiaries (operating within diverse markets), it would be difficult to distinguish the information relevant for the specific company included

in our sample. However, if possible, more disclosures would have been included in the data, and thus presumably would have had a positive effect on the change in level of disclosure.

5.1.2 The effect of the Directive on the thematic categories

Overall, results display an increase in disclosures on all the thematic categories after the implementation of the Directive 2014/95/EU, represented by a positive change in Table 4 and 5. Based on the assumption made about equivalent market conditions in 2016 and 2018, except for the implementation of the Directive, the change in thematic disclosure represents a measure of the regulatory effect. Hence there is a positive regulatory effect on all thematic categorical disclosure in terms of increased level of disclosure of non-financial information. Although results indicate a regulatory effect, the quantitative approach used does not consider the context in which issues are reported on and therefore tells nothing about the characteristics of the disclosures made under the new requirements. As stated by Gatti et al. (2019), *more information* because of regulatory requirements does not equal information of *higher quality*. Consequently, questions arise regarding the underlying reason for an increase in the level of disclosure under the requirements of the Directive. On the one hand, the increase could stem from more specific requirements on *what* and *how* to report information on the thematic categories, which according to advocates of a mandatory non-financial reporting approach would result in more complete, comparable and accountable information (Cho et al., 2015; Gatti et al., 2019; Michelon, Pilonato & Ricceri, 2015). On the other hand, the increase could be a result of a so-called ‘ticking the box’-approach, where little judgement about relevance is made and information is disclosed for the sake of fulfilling the requirements of the Directive. Disclosure presented under such an approach would impede the materiality of the information, a concern raised by several authors on mandatory reporting (Gatti et al., 2019; La Torre et al., 2018). In other words, it might not be the case that there are new and unreported material issues within all thematic categories in 2018, but rather that the mandatory requirements only lead to more disclosure concerning previous issues or simply report information for the sake of reporting. However, if the case being one way or the other cannot be concluded through this study.

Nevertheless, results presented declare differences in the regulatory effect among the thematic categories (Table 4 and 5). An explanation for this discrepancy in results could be the underlying reason for disclosure presented in the section above. Moreover, the differences in the change of disclosure associated with a certain thematic category could further be a result of contextual circumstances in which some thematic categories are perceived as more material than others, in agreement with the very definition of material information (European Union, 2017). The delimitations made in this study regarding the sample, including nationality and size, constitute such contextual circumstances. Although the greatest change is captured by ‘respect for human rights’ followed by ‘anti-corruption & bribery matters’, the thematic categories can be considered as having a relatively small proportion of disclosure

as compared to the thematic category ‘employee matters’ (Table 4). Because of this, an equal increase in the number of disclosures on the thematic categories will be represented as a smaller change in the level of disclosure for ‘employee matters’ than for the other two. The difference in level of disclosure could be explained by a Swedish tradition of reporting on issues related to ‘employee matters’ in terms of e.g. working conditions and gender distribution. In contrast, the large change, yet low proportion, of disclosures on ‘respect for human rights’ could presumably be an effect of the companies’ size and national operations. These results are thus in line with results presented by Venturelli et al. (2019), concluding that the effects of the Directive and the extent of improvements in non-financial disclosure will partly depend on the state of national non-financial reporting before the introduction of mandatory requirements.

Although the Directive 2014/94/EU stipulates requirements to disclose non-financial information on the thematic categories (as a minimum), what issues and topics to disclose should be evaluated in terms of what could be considered as material (European Union, 2014). Results on ‘number of times thematic categorical tokens are disclosed’ in 2018 (Table 4, Panel B) reveal that the minimum value for all thematic categories equals zero, except for the thematic category ‘employee matters’. Despite the fact that the Directive explicitly require disclosure on all thematic categories, for 2018, ‘employee matters’ is the only one included in the disclosure by all companies. It should be highlighted that as the Directive stipulate that disclosure needs to be considered as material, the omission of disclosure by some companies regarding one or several thematic categories could be interpreted as they do not consider the thematic category as material and use the flexibility given as a reason for not reporting on related issues.

5.1.3 The effect of the Directive on industry disclosure

Results presented in Table 6 declare that the change in level of disclosures on thematic categories vary significantly among different industries. A potential explanation for the differences in level of disclosure could be provided by results from Sierra-Garcia et al. (2018), where the level of regulatory compliance in terms of non-financial disclosure is associated with the industry in which the company operates. Moreover, Gamerschlag et al. (2011) stated that industry membership influences the amount of CSR disclosure under a voluntary approach and Doni et al. (2019) found that the level of compliance among Italian firms prior and post the Directive partly was dependent on previous expertise on sustainability issues. Hence, the manifested spread in the level of disclosure associated with different thematic categories among industries in Sweden after the implementation of the Directive 2014/95/EU, could be a result of diverse expertise on sustainability issues acquired prior to the Directive. As an example, it could be assumed that previous experience of environmental issues among companies operating within industry E (*Water supply; Sewage, Waste disposal and Decontamination*) has influenced their ability to disclose non-financial information on these issues, resulting in their high level of compliance (3.15%)

on ‘environmental matters’ in 2018. Moreover, the spread in the level of disclosure on thematic categories among the industries could represent results on the relationship between context and materiality. The variation would then be explained by the fact that companies within the same industry operate within alike contextual settings and therefore consider similar issues as material. It is explicitly stated in the Guidelines that material information needs to be assessed in a context, and hence, what is considered as material information in one context might not be considered material in another, contributing to the industry difference.

Demonstrated in Table 7 is that the binary score for disclosure on the thematic category of ‘respect for human rights’ for the industries were higher in 2018 as compared to 2016, indicating that the emphasis given to the thematic category has increased as a result of the Directive 2014/95/EU. Although there has been a significant change in the level of disclosure related to ‘respect for human rights’ in all industries, results presented in percent should not be overstated. As a consequence of some industries only consisting of a small number of companies, a company could significantly influence the change in the level of disclosure between the two years by including a small amount of disclosure in 2018, i.e. small actions could be misinterpreted as large changes.

The binary score for industry C (*Manufacturing*) and industry G (*Trade; Motor vehicle repair and Motorcycles*) declare that both exhibited a high level of disclosure in 2016, as well as a significantly higher level of disclosure in 2018 as compared to other industries (Table 7). Similar to earlier discussions on industry differences, this is likely a result of contextual factors and characteristics of their businesses, as the aforementioned industries presumably engage in activities dependent on diverse global supply chains. On the other hand, the industries K (*Financial and Insurance businesses*) and I (*Hotel and Restaurants*) have low binary score for both years, potentially a result of the former being a heavily regulated sector while the latter is a sector with strong local connections. However, as a consequence of the design of this study, no conclusions regarding the underlying motive for increased disclosure on human right issues can be drawn. Hence, by solely examining what is explicitly stated as disclosure, no statement can be made about whether the changes in disclosure associated with the thematic category ‘respect for human rights’ is a result of more comprehensive reporting or simply a wish to adhere the new regulatory requirements.

5.2 Comparability of disclosure on ‘respect for human rights’

Stated in the Directive 2014/95/EU is that flexibility is given to allow for businesses to consider the context in which they operate to enhance the materiality of non-financial information disclosed. The Guidelines further declare that since companies within the same industry are likely to share the same issues and have similar impact on social and environmental matters, they should probably disclose

information on the same issues and could therefore be appropriate to compare. Accordingly, *Businesses in Law, Economy, Science and Technology* in Sweden should reasonably disclose alike information on ‘respect for human rights’ and pose as a suitable example for assessing the comparability of information disclosed under the Directive.

The analysis on comparability is dependent on how the concept of materiality is interpreted. For this study, the interpretation of materiality is based on what is explicitly stated in the Directive 2014/95/EU; “*Issues to be considered for inclusion in the non-financial statement are specific to the company circumstances [...]*” (p. 5), and thus, what companies have disclosed on the thematic category ‘respect for human rights’ is to be considered material. Comparability is hence investigated by the spread in the information disclosed, as shown in Table 8 and 9. Overall, findings indicated a scatteredness in disclosure by companies, and results therefore represent the problem highlighted by Runesson et al. (2018), that disclosures on *company specific issues and preferences* could create an obstacle for obtaining comparability. Put differently, results on the scatteredness of disclosure under the regulatory requirements of the Directive indicate that the flexibility given has been utilized to report on company specific issues and preferences. Therefore, the results of this study support previous findings in the literature, that flexibility might create grey zones for *what, how* and *where* to disclose, and as a result are too specific to compare within the industry (Gatti et al., 2019; La Torre et al., 2018).

5.2.1 Comparability within industry M

Potential explanations for the distribution of references within the industry of *Businesses in Law, Economy, Science and Technology*, is similar to the discussion presented in section 5.1.3. Accordingly, reasons for the difference in regulatory compliance among themes, categories and subcategories include characteristics of the industry (Sierra-Garcia et al., 2018) and companies’ previous expertise on issues (Doni et al., 2019). By reason of the sample only including Swedish companies with a maximum of 500 employees, and to mainly consist of businesses within consulting and advisory services, it is reasonable to assume that the businesses are human capital intensive and mainly operate nationally. Consequently, information disclosed primarily include employee matters and internal working conditions, issues within the theme ‘respect for human rights in the workplace’, rather than issues on the theme ‘respect for human rights in the supply chain’. The characteristics mentioned above may further have had an effect on the previous expertise of companies on certain issues. As an example, that Swedish companies have a tradition of reporting on ‘diversity and equality’, indicating a high level of compliance on the issue even after the implementation of the Directive.

Based on the assumption made about the scatteredness of references serving as an indicator of comparability, *Businesses in Law, Economy, Science and Technology*, in general, present scattered

disclosure regarding the thematic category ‘respect for human rights’ on all levels of detail, indicating limited comparability of disclosure on themes and categories. This is represented by results on the scatteredness of disclosure in ‘% of references dedicated to a category’ for the themes and ‘% of references dedicated to a subcategory’ for the categories. The scatteredness of references in categories indicate that the disclosure should be considered as having limited comparability, e.g. ‘human rights in the workplace’ and ‘human rights in the society’. Nevertheless, even though a theme is regarded as having limited comparability, a category within that theme might exhibit a low degree of scatteredness in references and therefore could be considered to include comparable disclosure, despite the results for overarching theme. Hence, a category might be regarded as more comparable than the theme it is associated with, due to low scatteredness in references among its subcategories. As an example, the categories ‘diversity & equality’ and ‘health & wellbeing’ could be seen as rather comparable based on the high concentration of references in a certain subcategory. This finding could be explained by the themes representing a significant proportion of the disclosure on a less detailed level, whereas the categories and subcategories represent more detailed levels and constitute more specific topics for references. Therefore, for this study, conclusions regarding the comparability of disclosure attributed to more detailed levels of categories/subcategories are possible, however it has little to do with the comparability of disclosure for the industry as a whole.

5.2.2 Contextual factors and concept interpretation

Although it is stated in the Guidelines that *industries* potentially should be considered comparable, one potential explanation for the limited comparability of themes/categories could be the overarching industry classification of the sample. Considering that the industry classification of this study was based on the first level of the SNI standard, the companies classified as ‘*Businesses in Law, Economy, Science and Technology*’ could still be of various character, as the SNI standard include more detailed levels for classification of industries. Hence, the sample include, among others, the companies Polarbrödsgruppen Aktiebolag and Atteviks Bil AB, engaging in highly different business activities. Accordingly, it can be assumed that the differences in company characteristics will influence the non-financial disclosure considered material. Because companies, according to the Directive 2014/95/EU, should include information specific for its business, it could therefore be argued that the comparability of an industry’s disclosure to a large extent will depend on the *companies* constituting the industry in question. The example of Polarbrödsgruppen Aktiebolag and Atteviks Bild AB clearly support this statement. However, it is worthy to mention that limited comparability of disclosures between two companies with large differences in their business activities should not be problematic if considering the statement [...] *like things must look alike and different things must look different*” (Runesson et al., 2018. p. 120-121). Consequently, the differences in business activities for Polarbrödsgruppen Aktiebolag and Atteviks Bil AB should ultimately lead to differences in their non-financial disclosure, which is desirable for an

accurate evaluation of the two companies. The issue of diverse and unlike companies classified within the same industry is likely to be present in the other industries as well. For example, the sample of industry C (*Manufacturing*) is highly unlikely to include 98 companies engaging in manufacturing of the same type of products or operate within the same markets. Thus, as discussed above, a lack of comparability in disclosure should therefore be preferable if comparing on a firm-level while creating issues for industry-level comparison. This dilemma might to some extent be remedied through the use of a more detailed level of industry classification of companies, however, research has found that factors other than industry membership, such as firm size and ownership structure, influence the disclosure of non-financial information (Gamerschlag et al., 2011). Therefore, because of the many factors influencing what issues is disclosed by companies, the determination of comparability should consider company specific issues and preferences, rather than issues and preferences of an industry. The statements made in the Directive regarding, on the one hand flexibility for ‘*disclosures on company specific issues*’, and on the other hand ‘*ability to compare companies within the same industry*’, thus is not always compatible.

Moreover, in contrast to the definitions and explanations stated in the Guidelines regarding the other thematic categories, the information concerning how to prepare disclosure on ‘respect for human rights’ is rather limited. The primary explanation is as follows; “*Companies are expected to disclose material information on potential and actual impacts of their operations on right-holders*” (European Union, 2017. p. 16), thus implying flexibility to allow for differences in companies operations and stakeholders when disclosing on the matter. However, the concept of materiality has been criticized in previous research for the existing differences in the conceptions (Baumüller & Schaffhauser-Linzatt, 2018), indicating that disclosures could vary across and within industries. In addition, it is emphasized that disclosure on ‘respect for human rights’ is considered best practice for companies (European Union, 2017), and with no further definition on what should be considered as ‘human rights’, the Directive 2014/95/EU leave significant room for interpretation of the concept by companies. Put differently, dependent on the interpretation of what constitutes material human rights issues across industries, as well as between companies within industries, disclosure on this thematic category might vary significantly, thus influencing the comparability of disclosures. Furthermore, how human rights issues are interpreted will also be dependent on the interpretation of the term ‘right-holders’, as the Directive do not define whom should be considered as a ‘right-holder’. Dependent on which ‘right-holders’ are identified as relevant, disclosure on human rights issues could differ across and within industries. The problem of concept interpretation becomes ever so problematic for *research* on the Directive, as the researchers’ interpretation will determine how the thematic category of ‘respect for human rights’ should be defined and distinguished from the other thematic categories, potentially influencing the results.

Another potential explanation for the results on comparability is the results from the first part of this study, indicating that the Directive 2014/95/EU has had an effect on the type of report used for presenting a non-financial statement. The analysis of comparability was made on an aggregated level of disclosure by the *Businesses in Law, Economics, Science and Technology*, and therefore tell nothing about the distribution of disclosure among the companies, e.g. the amount of non-financial information a company disclose or what type of report is used. This would have required an examination of disclosure on firm-level, and as stated by Sierra-Garcia et al. (2018), the level of disclosure differ depending on what type of report is used. Therefore, if investigating comparability of disclosure on a company level, it is worth highlighting that the form of reporting most likely would have had an effect on the comparability. Moreover, a similar argument can be applied to the results found on companies invoking the exception of referring to a parent company, as this type of flexibility allows for non-financial disclosures to be presented in different ways, potentially hinder the achievement of comparability. A parent company might include non-financial information about several subsidiaries in their consolidated report, and therefore it might be difficult to distinguish the relevant information attributable to the subsidiary in question, thus influencing the ability of a stakeholder to obtain a comprehensive picture of the business through the disclosure of a parent company. By reason of this, the flexibility given by the Directive constitute an obstacle for comparable information, as what is considered material for the subsidiary might not be considered as material for the business group as a whole.

In conclusion, the potential explanations for the identified high degree of scatteredness in references on the thematic category ‘respect for human rights’, and therefore the limited comparability within the industry, include; the industry classification, company characteristics (e.g. operations, size and ownership structure), the very definition of the concepts ‘materiality’ and ‘respect for human rights’ and the relationship between those, dependent on the determination of ‘right-holders’, as well as the type of report. The identified explanations all spur from the flexibility given in the Directive 2014/95/EU, where material issues are stated to be defined by the individual company, based on its specific circumstances (European Union, 2017). Although it is assumed that companies within the same industry potentially should report on the same issues (European Union, 2017), it is worth highlighting that the aforementioned explanations may be legitimate reasons for differences in disclosure among companies in the industry, as *“like things must look alike and different things must look different”* (Runesson et al., 2018. p. 120-121). If that is the case, they *should* not be comparable.

6. Conclusions and suggestions for future research

6.1 Conclusions on the Directive 2014/95/EU

The results of this study demonstrate that the level of disclosure on the thematic categories stated in the Directive 2014/95/EU (*'environmental matters'*, *'social & employee-related matters'*, *'respect for human rights'* and *'anti-corruption & bribery matters'*) exhibit a positive change between 2016 and 2018. By reason of the delimitations made in terms of country, firm size and time horizon for disclosure, this change illustrates the effect of the newly implemented regulation on non-financial information in Sweden, derived from requirements stated by the European Union. It can therefore be concluded that the Directive has had a regulatory effect on disclosure of non-financial information on issues related to the stated thematic categories reported by Swedish companies (*RQ 1*). However, dependent on the state of non-financial reporting prior to the implementation of the Directive, the extent of regulatory effect varies between the thematic categories and among industries. The differences in the extent of regulatory effect among thematic categories and industries is concluded to be a result of the flexibility given in the Directive to, as stated by the European Union (2014), allow for the *"multidimensional nature of corporate social responsibility (CSR)"*. On the one hand, because of increased non-financial disclosure on the thematic categories as consequence of the Directive, it is assumed to have fostered transparency, one of the Directive's objectives for enhanced decision-making. On the other hand, by reason of the design of this study, no conclusions can be made regarding the characteristics of the information, and in turn whether the non-financial information disclosed under the mandatory requirements is better suited for stakeholders' decision-making. Furthermore, it can be concluded that the flexibility in terms of how to present the non-financial statement has been utilized, represented by results on variations in 'type of report'. Likewise, conclusions about the flexibility can be made regarding the exception of referring to the non-financial statement of a parent company, invoked by a large number of companies. For this study, it was assumed that the Directive would have a significant impact on smaller companies considering their limited disclosure of non-financial information on the thematic categories prior to the implementation. However, to be concluded from the results is that the full effect of the Directive did not materialize as almost half of the companies included in the sample invoked the exception, and hence did not present their own statement of non-financial information. In addition, approximately 10% of the initial sample was excluded because of unavailable reports, which raises questions about what impact this had on the results, and even more importantly, the accessibility of non-financial information. If information is to be used for stakeholders' decision-making it needs to be easily accessible, as emphasized by the Directive, which the results indicate was not the case. Overall, it can be concluded that the regulatory effect on non-financial disclosures reported by Swedish companies likely stem from changes in the type of report being used, i.e. an increase in the number of separate sustainability reports presented in 2018, and/or higher level of disclosure related to issues on the thematic categories as a result of more specified mandatory requirements content wise.

Results on whether the non-financial disclosures produced under the mandatory requirements of the Directive 2014/95/EU could be considered comparable, i.e. if the Directive achieve one of its intended objectives (*RQ 2*), demonstrate an example of the complex relationships between the concepts of flexibility, materiality and comparability. On the one hand, the Directive regulate the content of non-financial statements to enhance the comparability of non-financial reporting (European Union 2017). On the other hand, flexibility is given to allow for disclosure tailored to the company's circumstances, hence enhance the materiality of information. In accordance with the statement "*It may therefore be appropriate to directly compare relevant non-financial disclosures among companies in the same sector*" (European Union, 2017. p. 5), the industry of *Businesses in Law, Economics, Science and Technology* was assumed to disclose similar issues on the thematic categories. However, based on the overall results of the qualitative content analysis it could *not* be concluded that non-financial disclosures on 'respect for human rights' covered similar issues, on any level of detail of information. Consequently, due to the assumption made regarding that information disclosed by the companies was to be considered material, results indicate that the flexibility given to foster materiality might hinder the comparability of non-financial disclosure.

Based on the idea that material information is a product of the context in which it is produced, and the context is dependent on several factors combined, material information is dependent on the specific combination of contextual factors constituting the company's individual operational environment. This indicate that factors other than industry membership influence entity-specific issues and preferences in disclosure on non-financial information, and to make a statement about the comparability solely considering the industry factor may thus be misleading. In the case of this study, other potential contextual factors suggested to influence non-financial disclosure, include size and type of report. The Directive 2014/95/EU further allows for flexibility in the process of implementation into domestic regulation within all Member States, hence, various national characteristics constitute contextual factors relevant for companies to consider when determining what issues concerning the thematic categories is material. Based on the difficulties of comparing companies within one industry in Sweden, it can arguably be assumed that the ability to compare companies and industries from different countries within the European Union will be challenging, as non-financial disclosure likely will be influenced by national contextual factors, contextual aspects of the industry as well as company-specific factors. Therefore, the explicitly stated desire by the European Union (2014), to "[...] *enhance the consistency and comparability of non-financial information disclosed throughout the Union*" is not likely to be easily obtained.

Altogether, findings of this study question of the very design of the Directive 2014/95/EU, including flexibility on the one hand, and the ability to achieve the stated objective of comparability on the other

hand. If comparability is defined as “[...] *like things must look alike and different things must look different*” (Runesson et al., p. 120-121), it should not be a key issue in the debate on non-financial reporting as companies themselves to a large extent is not comparable and will disclose non-financial information dependent on its individually unique combination of contextual factors. Although the Directive argue that comparability is essential to reinforce the trust of stakeholders and enhance decision-making, there are numerous contextual factors to take into consideration when evaluating the non-financial information of companies, which might be crucial for the understanding of entity-specific circumstances. A final observation; the results of this study may show that there still is desirable improvements to be made in the non-financial information disclosed by Swedish companies, however, we argue that there is significant room for improvements in the design of the Directive 2014/95/EU, if the European Union is serious fostering transparency for enhanced decision-making within and across the Union. At this point, it truly has become a question of, if the flexibility of the Directive rather is a hindrance than a help in achieving non-financial information with characteristics of materiality *and* comparability.

6.2 Suggestions for future research

Given the novelty of the Directive 2014/95/EU and the limited research, so far, in the literature concerning non-financial disclosure under a mandatory approach, this study contributes to the literature by an initial outlining of the effects of the Directive in a Swedish context. Although this study present findings on the regulatory effects and comparability of information disclosed by Swedish companies under mandatory requirements, it is essential that additional research is conducted to fully understand the implications and consequences of the Directive across Members States of the European Union. The scope of this study, non-financial disclosure concerning the thematic category ‘respect for human right’, calls for further investigation of the other thematic categories, as well as the inclusion of larger companies. As the primary focus was the objective of comparability, one of the two-folded motives for the initiation of the Directive, research is further required on the objective of accountability for an investigation of whether disclosure under a mandatory approach can aid stakeholders in holding companies accountable for their actions. Moreover, as the analysis of comparability was based on the assumption that the information disclosed was material, there is a need for further research on what constitutes material issues within different industries and within different thematic categories in a Swedish context, as this should serve useful for a continued discussion of comparability and transparency in relation to the thematic categories.

One area of interest for research, based on the difficulties faced within this study, is the very definition of the thematic categories stated in the Directive 2014/95/EU, especially the distinction between thematic categories that are highly interlinked, e.g. ‘social & employee-related matters’ and ‘respect for

human rights'. The interpretation of issues related to the thematic categories is likely to influence the non-financial information presented by companies, and it is therefore essential to examine how the thematic categories materialize within disclosure by different companies and within different industries. Furthermore, for an accurate evaluation of the effects of the Directive, it is essential to have a universal understanding of the meaning of the thematic categories. Likewise, arguments apply to other concepts used within the Directive, e.g. materiality and accountability, where research could investigate how the concepts are interpreted. Based on the finding of large changes in the amount of separate sustainability reports in 2018 as compared to 2016, another interesting area of research would be the effect of diverse presentations of the non-financial statements, and the effects on comparability and transparency.

Furthermore, concluded from the results of this study is that contextual factors constitute a crucial determinant for disclosure of non-financial information. Hence, questions could be raised about how the contextual factors of different countries could have influenced the transposition of the Directive 2014/95/EU into domestic regulation. Lastly, the initiation of the Directive represents a unique opportunity to bring clarity to the discussion about if non-financial disclosure should be made under a voluntary or mandatory approach, as it now will be possible to compare disclosure made under both approaches, i.e. disclosure ex-ante and ex-post the implementation of the Directive. It would especially be of interest to investigate the consequences of the flexibility given by the Directive in terms of the characteristics of disclosure post the implementation as compared to the disclosure prior to the new regulation. Research could then examine whether the flexibility facilitate the achievement of the desired objectives of the Directive, or if the flexibility leads to little improvements in non-financial disclosure, i.e. if the disclosure under mandatory requirements has the resemblance of those based on a voluntary approach.

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Appendix

AAK Sweden AB
AB Gavlegårdarna
Addtech Nordic AB
Aditro Logistics AB
Admenta Sweden AB
Advania Sverige AB
Advokatfirman Vinge Stockholm AB
Aftonbladet Hierta Aktiebolag
Aimo Park Sweden AB
Akademiska Hus Aktiebolag
Aktiebolag Lindex
Aktiebolaget Familjebostäder
Aktiebolaget Nya Grand Hotel
Aktiebolaget Stockholmshem
Aktiebolaget Svenska Bostäder
Aktiebolaget Tingstad Papper
Aktiebolaget Trav och Galopp
Aktiebolaget Åbro Bryggeri
AKWEL Sweden AB
Akzo Nobel Decorative Coatings AB
AKZO Nobel Industrial Coatings Aktiebolag
Albany International Aktiebolag
Alimak Group Sweden AB
Aller Media AB
AlOffice Nordic AB
ALSTOM Transport AB
Andritz Aktiebolag
Anebyhusgruppen AB
AP&T Sweden Aktiebolag
APM Terminals Gothenburg AB
ApoEx AB
Apotea AB
Apotek Produktion & Laboratorier AB
Apple Aktiebolag
Arbetslivsresurs AR AB
Arctic Paper Grycksbo AB
Arctic Paper Munkedals Aktiebolag
Arken Zoo Nord AB
Ascom (Sweden) AB
Assemblin Ventilation AB
Attendo Individ och familj AB
Attends Healthcare AB
Atteviks Personvagnar Aktiebolag
AVL MTC Motortestcenter AB
Axess Logistics Sweden AB
Axfood Snabbgross AB
Azets Insight AB
BAB bygg AB
Babcock Scandinavian Air Ambulance AB
Backer AB
BAE Systems Bofors AB
Ball Beverage Packaging Fosie AB
Ballingslöv Aktiebolag
Barilla Sverige AB
BDO Mälardalen AB
BE Group Sverige AB
BELSTROJ AB
Benders Byggsystem AB

Appendix 1: List of Companies

Berners Person - och Transportbilar AB
BESTSELLER Stores Sverige AB
BEVEGO Byggplåt & Ventilation Aktiebolag
Bharat Forge Kilsta AB
Bilbolaget Nord AB
Bilia Center Metro AB
Bilia Group AB
Bisnode Sverige AB
Bjering AB
Bokhandelsgruppen i Sverige AB
BoKlok Byggsystem AB
Bonliva AB
Bonnierförlagen Aktiebolag
BorgWarner Sweden AB
Borås Energi och Miljö AB
Bosch Thermoteknik AB
Bostadsaktiebolaget Poseidon
Botrygg Bygg AB
Bring E-commerce & Logistics AB
BRING FRIGO AB
BRO MÖBLER Aktiebolag
Bröderna Brandt Personbilar Aktiebolag
BSH Home Appliances AB
Bulten Hallstahammar AB
Byberg & Nordins Busstrafik Aktiebolag
Bygg Partner i Dalarna Aktiebolag
Bygma AB
Calderys Nordic AB
Cambrex Karlskoga Aktiebolag
Camfil Svenska Aktiebolag
Candidator AB
Canon Svenska Aktiebolag
Capio Geriatrik AB
Capio Läkarhus AB
Cargotec Sweden Aktiebolag
Carlsberg Sverige Aktiebolag
Cementa Aktiebolag
Centigo AB
Cepheid AB
Cervera AB
Cisco Systems (Sweden) Aktiebolag
Cloetta Sverige AB
Columbus Sweden AB
Consid AB
Contiga AB
Coop Mitt AB
Coop Sverige AB
Copenhagen Malmö Port Aktiebolag
Coromatic AB
Crane AB
Cubus AB
CWS-boco Sweden AB
Daloc AB
DEKRA Industrial AB
Departments & Stores Europe AB
Derome Timber Aktiebolag
Destination Gotland AB

DHL Global Forwarding (Sweden) AB
Dustin Aktiebolag
Dynapac Compaction Equipment AB
Däckia Aktiebolag
E.ON Kundsupport Sverige AB
Egencia Sweden AB
El-Giganten Logistik Aktiebolag
Electrolux Professional AB (publ)
Elite Hotels of Sweden AB
Ellevio AB
Ellos AB
Emhart Glass Sweden AB
Emil Lundgren AB
Enfo Sweden AB
Engströms Bil AB
Enterprise Services Sverige AB
ESAB Aktiebolag
Eskilstuna Kommunfastigheter Aktiebolag
Etteplan Sweden AB
Euromaster Aktiebolag
EVRY AB
Fagersta Stainless Aktiebolag
Falck Ambulans AB
Fazer Sweden AB
Feelgood Företagshälsovård AB
Ferruform Aktiebolag
Filmstaden AB
Finnvedens Lastvagnar AB
First Rent A Car Aktiebolag
Fiskeby Board AB
Fitness 24Seven AB
Flexbuss Sverige AB
FLIR Systems Aktiebolag
Flügger Sweden AB
FM Mattsson Mora Group AB
Folktandvården Gävleborg AB
Folktandvården Sörmland AB
Forefront Consulting Group AB
Formbetong Anläggning i Katrineholm AB
Fridaskolorna AB
Gamla Uppsala Buss Aktiebolag
Gate Gourmet Sweden AB
GBT Sweden AB
Geberit Production AB
GEODIS Sweden AB
Gestamp HardTech Aktiebolag
Getinge Sterilization Aktiebolag
Gina Tricot Försäljnings AB
Gnotec Sweden AB
Google Sweden AB
Gothenburg Ro/Ro Terminal AB
Green Landscaping AB
Gränges Sweden AB
Grönsakshallen Sorunda Aktiebolag
Guldfågeln Aktiebolag
Gunnar Karlens Sverige AB
Gunnebo Industrier Aktiebolag
Göteborgs stads bostadsaktiebolag
Götene Kyltransporter Aktiebolag
Helsa Primärvård Sverige AB

HemoCue Aktiebolag
Hemtex Aktiebolag
Hewlett-Packard, Sverige,
Aktiebolag
Hilti Svenska Aktiebolag
HiQ Göteborg AB
HiQ Stockholm AB
HMB Construction AB
HMSHost Sweden AB
Holmgrens Bil AB
ICA Maxi Special AB
IFS World Operations AB
IKEA Communications AB
IKEA Industry Hultsfred AB
IMI Hydronic Engineering AB
Indiska Magasinet Aktiebolag
Inera AB
Infor (Sweden) AB
Infratek Sverige AB
Ingka Services AB
INOVYN Sverige AB
Inter IKEA Systems Service AB
Intertek Semko AB
Intrum Sverige AB
IVL Svenska Miljöinstitutet AB
JENSEN education college AB
Jeppesen Systems AB
JM Entreprenad AB
JOBmeal AB
JOE & THE JUICE NG AB
Jollyroom AB
JSB CONSTRUCTION AB
Jämtkraft Aktiebolag
Kemira Kemi Aktiebolag
KG Knutsson Aktiebolag
Kinnarps Sverige Försäljning AB
Kolmårdens Djurpark AB
Konecranes Liftrucks AB
Kongsberg Automotive AB
Kubikenborg Aluminium AB
Kuehne & Nagel AB
Lager 157 AB
Landro AB
Lantmännen Unibake Sweden AB
Last & Terräng Häggroths Traktor
Aktiebolag
Liljas Personbilar AB
Lindab Profil Aktiebolag
Lindab Sverige AB
Lindab Ventilation Aktiebolag
Linde Material Handling AB
LOCUM Aktiebolag
Lund Fashion AB
Lärande i Sverige AB
Malmö Mejeri AB
Maquet Critical Care AB
Martin & Servera Restauranghandel
AB
Martinsons Såg Aktiebolag
Max Matthiessen AB
MECA Sweden AB
Mekonomen Detaljist Aktiebolag
Mercedes-Benz Sverige AB
Mertz Transport Aktiebolag
Mio Försäljning AB
MKB Fastighets Aktiebolag
Momentum Industrial AB

Mondi Dynäs Aktiebolag
MTR Tech AB
Munters Europe Aktiebolag
MVB Syd AB
Nestlé Sverige Aktiebolag
Newsec Property Asset
Management Sweden AB
Nexans Sweden AB
NKT (Sweden) AB
Nolato MediTech AB
NorDan AB
Nordic Paper Bäckhammar AB
Nordic Sugar AB
Nouryon Functional Chemicals AB
Nouryon Surface Chemistry AB
Novartis Sverige Aktiebolag
Nowaste Logistics AB
NWT Gruppen AB
Nåiden Bygg Aktiebolag
Office Depot Svenska AB
OneMed Sverige AB
Onninen Aktiebolag
Optik Smart Eyes AB
Oracle Svenska Aktiebolag
Orica Sweden AB
Oriflame Cosmetics AB
Oriola Sweden AB
Orkla Care AB
Panduro Hobby Aktiebolag
Paroc Aktiebolag
PayEx Sverige AB
Peab Bostadsproduktion AB
Perido AB
Perstorp Aktiebolag
Perstorp Specialty Chemicals AB
Philips Aktiebolag
Plantagen Sverige AB
Polarbröd Aktiebolag
Pon Equipment Aktiebolag
PostNord Group AB
PostNord Strålfors AB
Presto Brandsäkerhet AB
ProfilGruppen Extrusions AB
Q-MATIC Group AB
Q-Med Aktiebolag
QSC Restauranger AB
Radiator VVS Aktiebolag
Ragn-Sells Treatment & Detox AB
Relacom AB
Renova Miljö AB
Resia AB
Rituals Cosmetics Sweden AB
Rosemount Tank Radar AB
RUAG Space AB
Ryds Bilglas AB
S:t Eriks AB
Sabis Aktiebolag
Saferoad Sverige AB
Saint-Gobain Ecophon Aktiebolag
Sallén Elektriska Aktiebolag
Samariten Ambulans Aktiebolag
Samsung Electronics Nordic
Aktiebolag
Santa Maria AB
SBAB Bank AB (publ)
SBC Sveriges BostadsrättsCentrum
AB

SCA Logistics Aktiebolag
SCA Munksund AB
SCA Obbola AB
SCA Skog AB
Schindler Hiss AB
Scorett Footwear AB
Selecta AB
SFDC Sweden AB
Sherwin-Williams Sweden AB
Shiloh Industries AB
SJR in Sweden AB
Skanska Rental AB
SKF Mekan Aktiebolag
Skruf Snus AB
Smålandsvillan Aktiebolag
Sony Mobile Communications
International AB
SOPRA STERIA SWEDEN AB
Specma AB
Stadium Outlet Aktiebolag
Stampen Lokala Medier Aktiebolag
Staples Sweden AB
Stockholms Stadsteater Aktiebolag
Stoneridge Electronics AB
Stora Enso AB
Stora Enso Packaging AB
Stora Enso Pulp Aktiebolag
Stora Enso Skog Aktiebolag
Stora Enso Timber AB
Strömsholmen Aktiebolag
SVEAB Anläggning AB
Svenska Foder Aktiebolag
Sveriges Utbildningsradio
Aktiebolag
SWECO Energy AB
SWECO Industry AB
SWECO Management AB
SWECO Structures AB
SYNLAB Analytics & Services
Sweden AB
Systemair Sverige AB
TeamOlmed AB
TeknikMagasinet Sweden
Aktiebolag
Teracom AB
Thage i Skåne Aktiebolag
Thomas Betong AB
Thule Sweden AB
Tibnor Aktiebolag
Ticket Privatesor Aktiebolag
Tieto Sweden Support Services AB
Tikkurila Sverige AB
Tommy Nordbergh Åkeri AB
TOOLS Sverige AB
Toveks Personbilar AB
Toyota Material Handling Sweden
AB
Trimble AB
Trioplast AB
TUI Sverige AB
TUIfly Nordic AB
Unilever Sverige AB
UNIT4 AB
Uponor AB
Ur & Penn AB
URBASER AB
Vardaga AB

Vasakronan AB (publ)
Vattenfall Kundservice Aktiebolag
Veolia Recycling Solutions Sweden
AB
Verisure Innovation AB
Verisure Sverige AB
Vestas Northern Europe AB
Vianor AB
Viking Rederi Aktiebolag
Villeroy & Boch Gustavsberg AB
Visma Enterprise AB
Visma Spcs AB
Visolit Sweden AB
Voestalpine Precision Strip AB
Volkswagen Group Sverige AB

Volvo Bil i Göteborg AB
Volvo Business Services
Aktiebolag
Vy Tåg AB
Västrafik AB
Wisby Shipmanagement AB
Wist Last & Buss AB
Würth Svenska Aktiebolag
Yara AB
Zara Sverige Aktiebolag
Zinkgruvan Mining Aktiebolag
Åhlin & Ekeröth Byggnads AB
Örebrostäder Aktiebolag
Atteviks Bil Aktiebolag

ProfilGruppen AB
Holmgren Group AB
Volvo Personvagnar Norden
Aktiebolag
Martinson Group AB
Feelgood Svenska Aktiebolag
RESIA Travel Group Aktiebolag
MVG Hoding AB
Polarbrödsgruppen Aktiebolag
Coromatic Group AB
Sveab Holding Ab
Teracom Group AB
TempCon Group AB
Akademibokhandeln Holding AB
Jukkasjärvi Holding AB

Appendix 2: Word list for the thematic categories

Environmental matters		Social matters		Employee matters		Respect for human rights		Anti-bribery and corruption matters		General matters	
<i>Original word</i>	<i>Token</i>	<i>Original word</i>	<i>Token</i>	<i>Original word</i>	<i>Token</i>	<i>Original word</i>	<i>Token</i>	<i>Original word</i>	<i>Token</i>	<i>Original word</i>	<i>Token</i>
Miljö	Miljö	Social	Social	Personal	Personal	Rättighet	Rättighet	Korruption	Korrupt	Hållbar	Hållbar
Utsläpp	Utsläpp	Förening	Förening	Frånvaro	Frånvaro	Jämlik	Jämlik	Mutor/muta	Muta	Klimat	Klimat
Avfall	Avfall	Arbetsvillkor	Arbetsvillkor	Jämställd	Jämställd	Likabehandling	Likabehandling	Mutor/muta	Mutor	Mångfald	Mångfald
Förening/ förenera	Förener	Samhälle	Samhälle	Lön	Lön	Uppförandekod	Uppförandekod	Visselblås	Visselblås	Ramverk	Ramverk
Återvinning/ återvinna	Återvinn	Lokal	Lokal	Kön	Kön	Code of Conduct	Code of Conduct	Whistle (blow)	Whistle (blow)	Rapport	Rapport
Förbrukning/ förbruka	Förbruk	Diskriminering	Diskriminering	Ålder	Ålder	Leverantör	Leverantör	Jäv	Jäv	Intressenter	Intressent
Förnybar	Förnybar	Arbetsgivare	Arbetsgivar	Etnicitet	Etnicitet	Värdekedja	Värdekedj	Representation	Representation	Policy	Policy
Energi	Energi	Engagemang	Engagemang	Säkerhet	Säkerhet	Rättvis	Rättvis	Efterlevnad	Efterlevnad	Risk	Risk
Resurs	Resurs	Gemenskap	Gemenskap	Hälsa	Hälsa	Barnarbete	Barnarbet	Otillbörlig	Otillbörlig	Indikator	Indikator
Transport	Transport	Konsument	Konsument	Förmån	Förmån	Tvång	Tvång	Gåva/Gåvor	Gåva	Framtid	Framtid
Vatten	Vatten	Kund	Kund	Olycka/ olycksfall	Olyck	Ursprung	Ursprung	Gåva/Gåvor	Gåvor	Utveckling	Utveckling
Grön	Grön	Konflikt	Konflikt	Föräldraskap/ föräldraledighet	Föräldra	Religion/ religiös	Religi	Förtroende	Förtroende	Aktivitet	Aktivitet
Natur	Natur	Välfärd	Välfärd	Kompetens	Kompetens	Sexuell	Sexuell	Etik	Etik	Ansvar	Ansvar
Biologisk	Biologisk	Marknad	Marknad	Rekrytering/ rekrytera	Rekryter	Funktionsnedsättning	Funktionsnedsättning	Bolagsstyrning	Bolagsstyrning	Dialog	Dialog
Material	Material	Sysselsättning	Sysselsättning	Medarbetare	Medarbetare	Konvention	Konvention	Bedrägeri	Bedrägeri	Certifiering/ certifiera	Certifier
Kemikalie	Kemikalie	Arbetslöshet	Arbetslöshet	Utbildning/ utbilda	Utbildn	Våld	Våld	Missbruk	Missbruk	Standard	Standard
Luft	Luft	Trygg	Trygg	Anställd	Anställd	Kränkning/ kränka	Kränk	Konkurrens	Konkurrens	Utvärdering/ utvärdera	Utvärder
Gas	Gas	Välbefinnande	Välbefinnande	Kunskap	Kunskap	Frihet	Frihet	Oegentlighet	Oegentlighet	Åtgärd	Åtgärd
Råvara/ Råvaror	Råvar	Kvalitet	Kvalit	Arbetsmiljö	Arbetsmiljö	Arbetsförhållanden	Arbetsförhållanden	Avvikelse	Avvikelse	Initiativ	Initiativ
Koldioxid	Koldioxid	Sponsring	Sponsr	Kollektivavtal	Kollektivavtal	Demokrati	Demokrati	Upphandling	Upphandling	Transparens/ transparent	Transparen
						Respekt	Respekt	Penningtvätt	Penningtvätt		
								Moral	Moral		

Appendix 3: Industry Classification

SVENSK NÄRINGSGRENSINDELNING (SNI)

SNI Code	Industry	No. of companies 2016	No. of companies 2018 (inc. parent companies)
A	Agriculture, Forestry and Fishing	3	3
B	Extraction of Minerals	-	-
C	Manufacturing	117	118
D	Supply of electric, Gas, Heat and Cooling	2	2
E	Water supply; Sewage, Waste disposal and Decontamination	7	7
F	Construction	19	19
G	Trade; Motor vehicle repair and Motorcycles	93	93
H	Transport and Storage	25	25
I	Hotel and Restaurants	8	8
J	Information- and Communication businesses	34	34
K	Financial and Insurance businesses	4	8
L	Real estate businesses	14	14
M	Businesses in Law, Economy, Science and Technology	28	38
N	Rentals, Property services, Travel services and Other support services	16	16
O	Public administration and defence, Compulsory social insurance	-	-
P	Education	3	3
Q	Health and social care; Social services	13	13
R	Culture, Entertainment and Leisure	4	4
S	Other services	1	1
T	Home acquisition, Household production of various goods and services for own use	-	-
U	Activities of international organizations, Foreign embassies O.D.	-	-

Appendix 4: Coding Framework Qualitative analysis

Human rights in the workplace		Human rights in the supply chain		Human rights in the society	
<i>Working conditions</i>	General workplace conditions Work life balance Discrimination & equal treatment Wages & collective agreements Work-related accidents Other	<i>Conditions in the value chain</i>	Responsibilities Working conditions Union rights Violations Suppliers Risks Other	<i>Fundamental rights</i>	Respect Other
<i>Health & wellbeing</i>	General mentions Health & wellness Sick leave Other	<i>Policy in the supply chain</i>	Code of Conduct	Initiatives	General mentions Segregation in society Vulnerable groups abroad Other
<i>Diversity & equality</i>	General mentions Definitions Distribution by gender <i>Qualitative disclosure</i> <i>Notes</i> Distribution by age Other	<i>Governance</i>	Compliance Risks Monitoring & evaluation Other	Frameworks & regulation	Agenda 2030 UN Convention Swedish regulation Other
<i>Policy in the workplace</i>	Working environment Sustainability Diversity & discrimination Code of Conduct Other			Societal good	General mentions Society Operations Other
<i>Governance</i>	Division of responsibilities Compliance Incident reporting systems Risks Monitoring & evaluation Other				