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CSR-disclosures in the banking industry

A dive into the Swedish development

by

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Abstract

With little social and environmental effects caused directly by its operations, corporate social responsibility (CSR) in the banking industry and the corresponding disclosures deviate from other industries. For the past two decades, there has been a rapid growth of CSR-disclosures in the global banking industry and research in the field is increasing. However, few researchers have investigated the characteristics and the development of banks' CSR-disclosures within a specific country. This report contributes to the research area by developing and applying a model especially designed for CSR-disclosures in the banking industry. The model allows for multiple layers of analysis and a deeper understanding compared to conventional content analysis. The study covers disclosures made by the four major Swedish banks from 2010 to 2019 and the findings show that social and environmental disclosures more than doubled over the period. We can show that there are significant differences among the banks in terms of areas covered and volume disclosed and that the increase in disclosures over the period was made with a preserved level of detail. The findings suggest that CSR-disclosures made in the Swedish banking sector to a large extent go beyond what is required by principles and regulations and the development is more likely explained by stakeholder pressure and legitimacy gaps.

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Introduction

Corporate social responsibility (CSR) is a theme increasingly covered both in research and in the public debate. With a broad variety of actors linked to the firms, there are many types of information that could be requested by the stakeholders as the disclosures presented could be relevant for their decision-making. CSR-disclosures published by firms in the banking sector differ from other industries as the social and environmental effects caused directly by banks' operations are very limited. This, in combination with little legal requirements regarding CSR-disclosures makes it less obvious what type of information to include in banks' CSR-disclosures.

Even though the Scandinavian countries are seen as global leaders in CSR (Strand, Freeman & Hockerts, 2015), both Scandinavian and global banks have had the quality of their CSR-efforts questioned. This has led to significant efforts from the banks to regain its trustworthiness (Jin, Drozdenko & DeLoughy, 2013), which is reflected by the increased disclosure volume in their non-financial reporting over the last two decades (e.g. Scholtens, 2009; Laidroo & Sokolova, 2015). Even though the issue of CSR-reporting in the banking industry has been subject for research, there is little knowledge regarding the characteristics and the level of detail provided in the non-financial disclosures, especially so in the Swedish banking sector. We have little knowledge about what subjects the banks focus their reporting on, and whether these have changed over time. However, a logic used in previous research is that firms of similar size acting in the same industry should have similar CSR-disclosures as they most likely face similar sustainability-related issues (Buhr & Freedman, 2001). In an industry in which the issues related to sustainability are less tangible, the question arises about how similar the disclosures actually are. Previous research studying banks in a global context have shown that the information included in the CSR-reporting vary among banks from different countries (Scholtens, 2009), but whether the disclosures among the actors within the Swedish banking sector are similar and how these have developed over time is a field less covered in research (Alexius, Furusten & Löwenberg, 2013).

The development of CSR-disclosures and the complexity of banks' CSR-activities has led to a need for a method allowing for deeper analysis in order to detect potential changes and patterns of the disclosures. The methods used in previous research covering the topic have rarely allowed for much comparison between different banks other than differences in terms of what is referred to as "quality", which is most often based on a binary measure of what is included in the disclosures and what is not. By using a more sophisticated method allowing for deeper analysis, we seek to detect potential variances in disclosures not found in previous studies and to also introduce a measure of the level of detail provided in the CSR-disclosures of the four major Swedish banks.

1.1 Problem discussion

By allocating funds between savers and borrowers, organizing the payment system and managing financial risks, banks are not only an important actor in the global economy but in society overall. The importance of banks' role in the economy is widely covered in research and are shown to be crucial for economic development (Levine, 2005), but after the 2008 financial crisis a more critical debate about banks' role in society gained speed (Jin et al., 2013). Today, there is an accepted understanding that the public sector does not carry the full responsibility for the transformation towards a sustainable future, but also the private sector plays a key role in this shift, not least the banking sector (Global Reporting Initiative, 2020). The pressure on the banking industry has increased since the 2008 crisis while at the same time the concern regarding climate change has grown and is now perceived as the number one security threat among the public (Poushter & Huang, 2019).

Apart from the environmental concerns, the issue of compliance-related matters such as money laundering has received increased attention. The latest example widely covered in the media in the Swedish context was a money laundering scandal in Swedbank (Magnusson et al., 2019). Even though there are guiding principles such as GRI, the way in which sustainability reporting is applied varies among different organizations as both legislation and guiding principles open up for a high degree of freedom in terms of how and what to disclose (De Villiers & Marques, 2016). However, CSR-disclosures are shown to be of importance in investors' decision-making processes (Carnevale & Mazzuca, 2014) and the disclosures have increased since the 2008 financial crisis (Laidroo & Sokolova, 2015). The fact that voluntary CSR-disclosures have increased even though regulatory bodies are not forcing firms to make these is of interest, and researchers have provided suggestions about why firms choose to make these disclosures. Nevertheless, little emphasis has been put on the actual development of banks' disclosures in a specific country, which could provide new knowledge in the field of CSR-reporting. We seek to contribute to the research area by applying a new model in the context of the Swedish banking industry.

1.2 Aim of research

Through the lenses of previous research, legitimacy theory and stakeholder theory, our aim is to study and explain the development of the major Swedish banks' sustainability disclosures by applying a model partly developed in this paper. The chosen period covered in the study is based on an aim to investigate the development of the disclosures after the financial crisis. 2010 is used as a starting point as this is the first year in which all of the banks in the sample published explicit sustainability disclosures. In doing so, we strive to contribute to previous research and reduce the research gaps identified. An additional aim of the paper is to test the functionality of the developed model by applying it in this study.

Research question 1
How have the sustainability disclosures developed in the Swedish banking sector over the period 2010-2019?

Research question 2
What separates the disclosures and why?

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Theory

In this section, the focus is to provide tools for analysing the findings. The chapter starts with a brief description of the term CSR and relevant disclosure guidelines (GRI) and regulation (NFR Directive). This is followed by related theories and previous research. The chapter aims to enable answers to the question regarding why potential changes have occurred over the period studied.

2.1 Corporate Social Responsibility

Corporate social responsibility has been used in organizations and subject for research for many decades. Even though CSR has been adopted widely, there is no clear definition of the term which has led to significant variances in methods used when studying the field (Arvidsson, 2010). Dahlsrud (2008) made an attempt to clarify the definition by using content analysis in which the frequencies of different CSR dimensions were counted in a large variety of previous literature. He concluded that CSR is often not about the definition itself but rather about how it is perceived in different social constructs, resulting in a wide and highly circumstantial definition. The most common definition found in the study was:

> *"A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis." (Dahlsrud, 2008, p. 7)*

Waldman et al. (2006) performed a longitudinal study including 15 countries from 561 firms to determine how top management perceive CSR. Similar to Dahlsrud (2008), they emphasize that what is included in CSR depends on multiple circumstances and provide the following definition:

> *"[...] actions on the part of the firm that further the needs or goals of an identifiable stakeholder group, or a larger societal collective. We further delineate CSR as actions that go beyond the immediate legal requirements of the firm." (Waldman et al., 2006, p. 2)*

Both of the definitions provided above emphasize the voluntary element of CSR and the actual CSR-reporting has to a large extent been based on voluntary disclosures as well, as there have been little legal requirements in the field over the years. The highlighted voluntary element of CSR-reporting opens up for further investigation as to how the banks have shaped its disclosures with little regulation involved. The issue of the extent and the quality of CSR-reporting has not only led to a broad field of research papers, but has also raised the question about introducing legal requirements of CSR-reporting (Cowan & Gadenne, 2005). The banks included in this study provide no short explicit definition of corporate social responsibility, and the core of the term CSR varies both over years and the banks, in line with the voluntary element emphasized in the two definitions above.

2.2 GRI

Developed in the US by the non-profit organizations the Coalition for Environmentally Responsible Economies and the Tellus Institute in cooperation with the United Nations, the Global Reporting Initiative (GRI) was formed in 1997 in order to develop a framework aiming to achieve higher grade of consistency in sustainability reporting. Originally, the target audience of the framework was investors and its focus was on environmental issues. Not long after the organization was founded, the target audience included not only investors but multiple stakeholders and the focus initially including only environmental aspects was widened, including also social, economic and governance issues (Global Reporting Initiative, 2020a). As of 2019, 92% of the world's 250 largest corporations disclosed their sustainability performance out of which 74% based their sustainability reporting on the GRI standards. With the help of the GRI framework, corporations get assistance in what and how to report on their sustainability-related activities (Global Reporting Initiative, 2020b). All of the reports covered in this study comply with the GRI guidelines.

Since the birth of the organization in 1997, the guidelines developed have been frequently updated and expanded. In 2008, GRI released its first sector specific guidelines for the financial sector. The aim of this was to include areas specifically relevant for firms acting in the financial industry which were not captured in the then acting G3 guidelines. In 2011, the G3.1 guidelines were released, adding the areas gender, community and human rights (Global Reporting Initiative, 2020a). The fourth generation of the guidelines, G4, was released in 2013 with the aim of being applicable on all types of organizations with an enhanced focus on materiality. The enhanced focus on materiality was made as a consequence of feedback from users pointing towards difficulties in filter for essential information in sustainability disclosures due to inclusion of too much information (Global Reporting Initiative, 2015). The current generation is named GRI Standards and was released in 2016. This updated version is based on G4 and the main changes were made in order to make the standards easier to apply by making overall clarifications (Global Reporting Initiative, 2020c). When investigating the areas covered in the CSR-disclosures of the Swedish banks, it is of interest to see whether the guidelines function as a strict framework as to what the banks choose to include in their reports, or whether the actors differ significantly from each other. The CSR-reports included in this study allows for an insight as to how the G3.1, G4 and GRI Standards have affected the disclosures of the major Swedish banks. If the banks differ from each other in terms of areas covered in the reports, that could imply that the guidelines do not function as a strict framework but that some of the banks choose to disclose more than what is required by the guidelines.

2.3 NFR Directive

CSR-reports have traditionally been disclosed on a voluntary basis, but since 2018, large firms operating in Europe are required to disclose information regarding environmental, social, human rights and anti-corruption issues as a consequence of a new EU-law based on the Non-financial Reporting Directive (NFR Directive). One purpose of the new law is to direct capital flows to sustainable investments by enrichening investors' information in these matters, thus forming a better foundation for their decision-making. The law also aims to make firms disclose information about CSR-related matters that does not directly affect the firms' bottom line, such as environmental externalities (Alliance for Corporate Transparency Project, 2019). The law has been criticised for having insufficient details of what information and KPIs the firms are to disclose or to what issues they relate. This critique also comes with a concern that sustainability reporting quality will keep varying significantly going forward, despite the efforts made by introducing this law (Alliance for Corporate Transparency Project, 2019). In the Swedish banking context, it is interesting to see whether this new regulation has had any significant impacts on the disclosures by comparing the individual banks.

2.4 Legitimacy theory

To analyse and explain firms' engagement in CSR, legitimacy theory has often been used as the theoretical foundation (Gray, Kouhy & Lavers, 1995). While the primary aim for a business is to make profit, a key argument in legitimacy theory is that it is becoming increasingly important for firms to fulfil what is expected from society (O'Donovan, 2002). This would mean that firms pay more attention to CSR-related activities if this is what's expected from society. Legitimacy is gained if the business is conducted in accordance with social norms and expectations, thus achieving acceptance from society (Deephouse & Carter, 2005). Noteworthy in this context is that it is not the firms' actual actions that are of importance in order to gain legitimacy, but rather whether the firms' behaviour is perceived to be in accordance with society's expectations. It is, with the same reasoning, possible for an organization acting in accordance with society's expectations to have its legitimacy threatened due to a failure in disclosing its legitimate behaviour (Deegan, 2006).

Crucial for a firm to survive is to gain support from not only its primary stakeholders (shareholders, customers etc.) but also from its secondary stakeholders (media, special interest groups etc.) (Clarkson, 1995). The support from the stakeholders can be gained and lost via multiple forms of actions, but in terms of legitimacy, it is of great importance that firms ensure that their actions are in accordance with the norms of society. A term frequently used in research is "legitimacy gaps", which refers to the discrepancy occurring if an organization's behaviour isn't perceived as being in line with society's beliefs of how an organisation should act (Deegan, 2006). Sethi (1978) refers to two major possible situations in which legitimacy gaps can be developed. One such situation is when society's expectations of how an organization should act changes, making the previously accepted behaviour deviate from the new norms. The second situation creating legitimacy gaps raised by Sethi (1978) is when the public becomes aware of new information about the organization, thus changing society's perception of the organization's behaviour.

The reasoning about legitimacy theory in the context of CSR-reporting is related to the conclusions made by Gamerschlag, Möller & Verbeeten (2010), who connected their study about why firms choose to release CSR-disclosures to political cost theory. Their argument is that the reason for firms to make these disclosures is explained by the fact that it is in their economic interest to do so. A legitimacy gap poses a threat for negative economic consequences, making the firms react in order to close these gaps. Legitimacy theory and the reasoning about legitimacy gaps will be part of the explanatory model in our analysis section, as it is often used in similar studies in the area and we expect this to provide value in our study as well.

2.5 Stakeholder theory

Oftentimes also stakeholder theory is used in research when studying CSR-disclosures. As with legitimacy theory, this is expected to be used as a tool facilitating the analysis of our findings. Stakeholder theory views the organization as part of a larger social system in which several participants are involved, and not only the owners' or the shareholders' interests are of importance for the organizations' success (Freeman & Reed, 1983). Stakeholder theory assumes that organizations must always consider the interest of its stakeholders in their decision-making processes in order for them to be able to continue working in the same context going forward. For the same reason, organizations take actions aiming to conform to the expectations and desire from powerful stakeholders (Deegan, 2009). Another way to put it is that firms have an obligation towards its stakeholders because of their relationship described above (Stieb, 2009). Freeman (2002) chose to define stakeholder theory as *"to redistribute benefits to stakeholders and to redistribute important decision-making power to stakeholders"* (p. 405). With this reasoning, it is also said that different stakeholders are of more or less importance, as the ones who can have an impact on the firm receive more attention (Stieb, 2009). In the view of stakeholder theory, CSR-disclosures made by a firm are therefore made in order to show the stakeholders that the firm acts in a way which is in line with the interests of its stakeholders.

2.6 Previous research

In this section, a variety of research in the field of CSR within the banking industry will be presented. Emphasis will be put on the methods used in these studies in order to provide a better understanding of our choice of method used in this study.

The perception of the concept of CSR within the European banking sector was investigated by Viganò & Nicolai (2009). This was done both through a review of previous literature and a questionnaire with a multitude of banks. From vetting the literature they could see that the issue of CSR and sustainability was something that the banks conformed to slowly during the period 1990-2000 and that the perception of sustainability and responsibility changed over time. In the beginning of the period, the banks focused on the direct risks associated with lending and the most obvious threats such as pollution and turned into a more holistic approach over time, taking indirect and social risks into consideration when granting loans. They also highlight measurement problems when it comes to how banks measure different CSR-related activities, strategies or processes. Whether the same pattern is the case in the Swedish banking sector will be part of this study.

The development of the quality of banks' CSR-disclosures was investigated by Laidroo & Sokolova (2015), including 35 international banks over the period 2005-2013. The method was based on the work by Scholtens (2009) in which the disclosures were assessed with a quality score based on whether certain topics were included in the disclosures or not. One of the aims with their paper was to detect potential changes in terms of CSR-disclosure quality, and their result showed a significant general increase in quality over the period, which mainly was explained by the legitimacy gap following the crisis and that the disclosures became institutionalised from isomorphic pressures. An additional interesting finding is that their result showed significant differences among the European countries. Laidroo & Sokolova (2015) called out for future research in the area to include methods allowing for deeper analysis of the disclosures. In addition to this, Alexius et al. (2013) found that Swedish banks' sustainability efforts have close ties with the core business of the firm and are thus very much connected to economic incentives and gains. The authors also highlight the fact that Swedish banks' CSR reports have not been overlooked and analysed as much as other larger foreign banks' have been over the years, which in combination with Laidroo & Sokolovas' (2015) request for studies including methods allowing for deeper analysis makes the question of investigating Swedish banks even more relevant.

The actual value of providing CSR-disclosures was studied by Carnevale & Mazzuca (2014), investigating in what way disclosures made by banks affect their market value. They also studied the difference in value relevance between the sampled countries to see if there were any differences in how sustainability was perceived between the countries. It was found that disclosures of sustainability reports have a positive impact on share prices, but a negative impact on the booked value per share due to the costs involved. However, the analysis of value relevance between countries in Europe showed that it varies across the different countries, connecting this to different institutional settings and contexts in different countries. The value relevance of Swedish banks' CSR-disclosures is less covered in research.

Another approach in the research field is to study specific themes covered in the disclosures. One such study was conducted by Saleh, Zulkifli & Muhamad (2010). They included publicly listed Malaysian firms in their sample and found employee relations to be the most covered CSR-theme in the annual reports of the 200 largest firms in 2000-2005. A finding made in the same study was that there is a positive relationship between firms disclosing CSR and institutional ownership, meaning that institutional investors put value in CSR-disclosures. Especially was this found to be true for firms making disclosures about their employee relations. The finding that employee-related CSR-disclosures is one of the most covered in the reports is supported by Mohamed & Arafa (2016), who studied a sample of global banks over the period 2012-2015. It is also found that banks seem to put more focus on employee-related disclosures than firms in the manufacturing industry (Adelopo, Moure and Obalola, 2013). Jain, Keneley & Thomson (2015) emphasize that disclosures regarding firms' employees are strategically important as it is perceived as a way to attract and retain the best people in the organization. The same study found a significant increase of CSR-disclosures regarding employees when investigating annual reports of Asia-Pacific banks. There are also studies suggesting that employee-related CSR-activities should be highly prioritized in order for the CSR-strategy as a whole to be successful, as the employees' participation in the CSR-efforts is essential (Szelagowska-Rudzka, 2016). The level of detail connected to employee-related disclosures has also been subject for research, in particular disclosures concerning equality and gender diversity. Adams & Harte (1999) argued that research in the field of CSR-disclosures tend to focus only on the extent of disclosures and ignore how disclosures are made. They studied disclosures regarding equality in British firms and emphasized that there was a lack of comparable data in the area of these disclosures but more of disclosures describing the firms' policies etc. in the area. This subject was revisited a decade later by Grosser & Moon (2008), investigating whether improvements had been made in disclosures in terms of higher degree of comparability of performance measures. They found some minor improvements and highlighted that these improvements had been made without any new regulations forcing this to be disclosed.

Prado-Lorenzo, Gallego-Alvarez and Garcia-Sanchez (2009) investigated if dispersed ownership and shareholder power have any impact on decisional factors that affect the outcome of disclosure related to CSR. The methodology used was of a quantitative approach where they analyzed CSR reports of 116 firms listed on the stock exchange. The results showed that firms with stockholders that are heavily invested in a personal, social reputational and financial manner affect the information provided in the CSR report by increasing the disclosures related to social, environmental and economic terms. They also found that the contrary goes for firms where the stockholders of the firm are dispersed or do not identify with the company as the previously mentioned stockholders, hence resulting in disclosure with lesser information regarding CSR. They also found that when investors, owners and other stakeholders strive for the long-term survival of the business, they often endorse activities that are beneficial for the social, environment and economic flourishment. With this kind of activities, CSR is often deeply rooted within the organization and its strategy. Furthermore, Bova, Dou and Hope (2015) investigated how employee ownership affects the voluntary disclosure of the firm. They found that employee ownership with leverage had a positive impact on voluntary disclosures and could improve governance within the firm.

One thing that separates banks from other industries is that the major sustainability-related effects are not directly caused by the business, but indirectly by the debtors and the firms invested in. Viganò & Nicolai (2009) found that banks often neglect to distinguish between direct and indirect impacts and emphasize that it would be of interest to investigate this further. In an earlier paper, the same authors found a lack of disclosures relating to indirect effects in the banking industry even though the firms are aware of the importance of these, concluding that there is a gap between the formal commitment to address these issues and the capability to monitor and manage the actual impact (Viganò & Nicolai, 2009). There are also findings pointing towards an insufficient knowledge and understanding among the actors in the banking industry about their indirect effects, but that the firms are well informed about CSR apart from the indirect aspect (Thien, 2015). Naheem (2016) investigated how globalization has impacted banks and their function, especially regarding compliance-related matters and concludes that globalization has had implications for governance and management in the sense that it is more difficult to conduct business for financial institutions today. In order to combat these issues it is argued that measures must be taken to prevent the ongoing fraudulent behaviour. Prorokowski & Prorokowski (2014) investigate the change in compliance within the banking industry due to factors such as policy frameworks, rules and laws. As banks are required to follow an increased number of rules and conform to new regulations, the environment in which they operate has become increasingly complex. They found that banks have been required to adjust to new reforms following the financial crisis which has led to an increased pressure on banks' compliance functions. In addition to this, the increase in fines for violating certain regulations was highlighted. Griffith (2015) states that compliance is the new era of governance and that compliance of today is characterized by a lot more than regulations, it also includes pressure from a large variety of stakeholders.

Another area closely connected to the banking industry is green products, which has been found to be a proxy for firms' environmental profiling, meaning that firms that engage in green products often do so in order to be seen as environmentally friendly. It is also found that issuing green bonds can boost media exposure and thereby have a positive impact on the reputation (Tang & Zhang, 2018). This is in line with the finding that green bond issuing is often associated with CSR signalling (Li, Tang, Wu, Zhang & Lv, 2019). In addition to this, Hamid (2004) found that one of the most common disclosures in the banking industry is connected to products or services that promote or aid environmental and other types of concerns. The author also argues that a high level of disclosures related to products affects the perception of firms' performances, meaning that it is important for firms to promote product disclosure to demonstrate good performance. The interpretation of the result provided in the later sections of this report will be based on the above studies.

3

Methodology

3.1 Sample

The sample in this study consists of sustainability reports and annual reports released by the four major banks in Sweden for the years 2010, 2015 and 2019. As our aim is to study and explain the development of the sustainability disclosures, we base our research on the published reports and additional data such as information provided on the banks' webpages will not be included as it is difficult or impossible to get hold of older stored versions of information previously available online.

In the aftermath of the 2008 financial crisis, there was a significant increase in disclosures in the area following the growing pressure on the financial sector and previous research in the field has to a large extent mainly been interested in the period post-2008 (e.g. Laidroo & Sokolova, 2015; Haji, 2013). This makes the disclosures covering 2010 a relevant starting point for our study, which was also the first year in which all of the four banks either published a stand-alone sustainability report or dedicated a specific chapter in the annual reports to sustainability disclosures. The reason for including 2015 in our sample is to add one additional point of reference, enabling findings of whether a change has taken place prior to or after 2015 and to what extent disclosure guidelines introduced in 2011 and 2013 have impacted the reports. This is interesting to know since it helps to pinpoint a more exact point of reference in our findings and analysis. The four specific banks presented in the following section constitute the vast majority of the Swedish credit market and are all noted on a public exchange. To include also the smaller Swedish banks would not provide any guarantees for the consistency in sustainability reporting over the period. One important factor as to why we decided this specific sample is further supported by Mia & Al Mamun (2011) who concluded that the size of the firm is an important factor as larger firms tend to disclose more information compared to smaller firms.

3.2 Banks

Nordea, Skandinaviska Enskilda Banken (SEB), Svenska Handelsbanken (SHB) and Swedbank are the four largest Swedish banks with a combined market share of roughly 70% of the Swedish credit market during the period 2010-2019 (Svenska bankföreningen, 2019). The table below provides an overview of the banks as of 2019.

Bank	Total assetts (SEK, billion)	Corporate lending	Corporate deposit	Private lending	Private deposit
Nordea	5,548	12%	13%	13%	12%
SEB	2,856	18%	24%	11%	13%
SHB	3,069	21%	22%	18%	20%
Swedbank	2,406	18%	13%	19%	22%

Table 1: Total assets and market shares for each segment per bank (Statistiska centralbyrån, 2020)

Nordea operates in all of the Nordic countries and is the largest bank in the region with a market share of 12-13% in Sweden as shown in the table above. Nordea moved its corporate headquarter from Stockholm to Helsinki in October 2018 but even though Nordea since 2018 is no longer a Swedish bank defined as where it is headquartered, we chose to include this in the sample in order to be able to present a result which is as up to date as possible. The fact that Nordea is still one of the four largest actors in the Swedish banking sector is seen as a factor of higher relevance than in which country they are headquartered and the regulations and recommendations connected to their CSR-disclosures are the same as for the other banks even after moving to Finland. Nordea carries total assets of SEK 5,500 billion, making it the largest bank in our sample based on total balance sheet. The largest owner of the bank is the Finnish insurance firm Sampo, amounting to roughly 20% of the capital (Nordea abp, 2020a) and the disclosures consist of both separate sustainability reports and annual reports in all of the years included.

SHB is the second largest bank in our sample with total assets of around SEK 3,000 billion. In 2015, the disclosures consist of an integrated report, including the sustainability-related disclosures. In 2010 and 2019, a separate sustainability report was published. The largest owners are the investment company Industrivärlden and The Oktogonen Foundation, a profit-sharing foundation in which the employees of SHB are beneficiaries, each controlling 10% of the capital (Svenska Handelsbanken AB, 2020a). As presented in the table above, SHB and SEB have market shares in the corporate segment exceeding their market share in the private segment. Nordea's and Swedbank's corresponding market shares in the corporate segment are smaller than SHB's and SEB's.

SEB and Swedbank have slightly smaller balance sheets. The largest stockholder in SEB is the investment company Investor with 21% of the capital. Swedbank's largest owner is regional savings banks, controlling 11% of the capital. While SEB published a separate sustainability report in 2010 and in 2015, the sustainability disclosures were included in the annual report in 2019, which was also the case for Swedbank for each of the years included in the study. Apart from the ownership mentioned for each of the banks above, the remaining owners consist mainly of institutions, funds and the general public (Skandinaviska Enskilda Banken AB, 2020; Swedbank AB, 2020).

3.3 Research design

Previous studies investigating CSR-disclosures have used different approaches depending on the aim of the studies. However, the most frequently used method in the field is content analysis which has been applied in various ways (Milne & Adler, 1999). While content analysis allows for an understanding of a text, the method is sometimes insufficient in providing an understanding of the underlying meaning of the content. In such cases, the approach can be used in combination with other methods (Mayring, 2004), which was made in a study conducted by Beck, Campbell and Shrives (2010) in which mechanistic content analysis and a quantitative narrative approach was combined. The study investigated environmental disclosures and the content was categorized in 12 different categories and assessed with a grading based on the level of detail provided, scaling from 1 to 5. The purpose of the grading was to provide a deeper understanding of the underlying meaning of the disclosures, combined with the mechanistic content analysis, which was used for presenting volumetric measures for each category included.

Due to the objective of investigating the gaps in previous literature, we have developed a new model which will be applied on the sample. The new model is especially designed for investigating the banking industry and is based on an existing model. The existing model was developed in a study by Beck et al. (2010) in which environmental disclosures in a variety of industries were investigated into greater detail than previously made in studies using content analysis methods. The existing model is described below, followed by a walkthrough of the adjustments made in order for it to especially fit the banking industry.

3.3.1 CONI

Beck et al. (2010) identified a need for a method combining mechanistic and interpretative content analysis when analysing environmental reports in order to provide a better understanding of the underlying meanings of the investigated disclosures. They argue that the vast majority of previous studies using content analysis have based the research on mechanistic methods only, resulting in little understanding of the meaning of the disclosures but more about benchmarking to frameworks such as GRI. Neither has trends and changes of disclosure themes been a common area in previous research. Their arguments are in line with what is observable if studying the more recent field of research in CSR disclosures mentioned in this report, which mainly focus on ranking the reports in relation to a framework based on what is included in the disclosures and what is not and thereby assess these with a quality score.

Instead of only focusing on volumetric and binary measures as the mechanistic content analysis is often used for, Beck et al. (2010) developed a method named CONI (consolidated narrative interrogation) allowing to capture not only this, but also to measure the characteristics and the level of detail of environmental disclosures by including interpretative content analysis in the method. The interpretative content analysis aims to understand the underlying meaning of a text and is viewed as a more complex version of content analysis (Baxter, 1991). As opposed to the previously mentioned studies assessing a quality score to the disclosures based on binary measures, the CONI model allows for a broader understanding of the disclosures by including different variables of the content in the disclosures. Not only does this method provide a deeper understanding of the disclosures by categorizing the captured disclosures, but it makes a more extensive analysis possible due to the wider information collected. The model is divided into three different steps, each described further down this section.

This study will by large be based on CONI but the model used here will be modified to meet our aims of the study and to better fit a study focusing on the banking industry. CONI consists of multiple categories representing the disclosure themes to be captured by the model. The model captures all disclosures ("mentions") related to any of the categories and it is thereafter possible to make comparisons between the categories and to detect trends and changes. Below is one example of how the findings from CONI can be presented, illustrating the total number of mentions captured in each category divided by year where the numbers on the x-axis represent the categories.

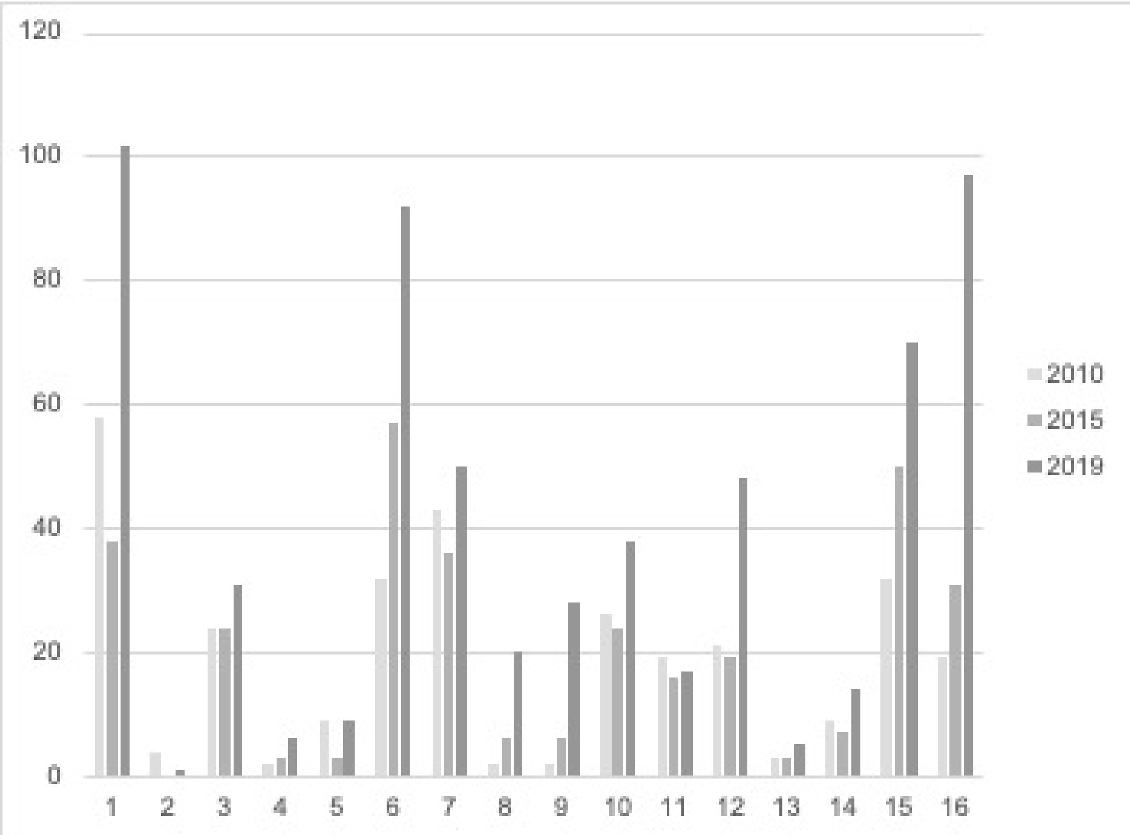

Figure 1: Number of mentions per year for each category.

In order to facilitate comparisons of even greater detail, there are sub-categories related to each category. The categories and sub-categories used in CONI are presented in detail in appendix 1. In table 3 further down this chapter, the categories and sub-categories used in the model used in this study are presented. While the original CONI model only covers environmental aspects of disclosures, we have included social categories and banking-specific areas in the model used in our study, CONIBI (consolidated narrative interrogation for the banking industry). The added categories represent aspects frequently covered in banks' sustainability disclosures of today and allows for a deeper analysis of the disclosures covered in this study. The coding of the environmental narratives analysed in CONI captures mentions that reveal information about the environmental impact caused by the firms studied. With CONIBI, not only this is included, but mentions revealing information about social issues and bank-specific areas are captured in the added categories as well. A more detailed description of the development of CONIBI is provided further down this chapter.

Step 1: Coding content diversity

The first step is to code each mention to its related category and sub-category and thereby divide these into the ones that illustrate the expressed message as accurately as possible. One such example is the category Employees, as a mention captured in this category will be matched with one of the sub-categories Diversity/Equality, Safety/Health, Compensation and Other. This is the first step in which a deeper understanding of the disclosures is made possible using this method.

Step 2: Coding the level of detail

In the second step, the level of detail of each mention from the previous step is evaluated and ranked from 1 to 5. The aim of this step is to rank the level of information provided based on the disclosures' depth and detail. The different levels of disclosures are presented below and the levels used in this study will be the same as the ones developed by Beck et al. (2010), as the adjustments made by including additional categories don't have any impact on the usefulness of this step. The framework provided in table 2 is used when determining the disclosure type of the disclosures captured. The framework consists of five different disclosure types defined by its level of detail provided.

DT	Definition	Example
1	Disclosure addresses issue related to category definition, pure narrative.	The corporate culture should be characterised by transparency, compliance and risk awareness. (Swedbank Integrated Report, 2019)
2	Disclosure addresses issue related to category and provides details, pure narrative.	Banking operations in themselves have a relatively small direct impact on the environment and climate. Nonetheless, striving to constantly reduce our own impact is important for both our employees and our customers. (SHB Sustainability Report, 2019)
3	Disclosure addresses issue related to category in numerical way, purely quantitative.	SEB enhanced its largest mutual fund so that its investments that amounted to more than SEK 40bn conform to the sustainability criteria. (SEB Integrated Report, 2019)
4	Disclosure addresses issue related to category in numerical way, including qualitative explanations, narrative and quantitative	We launched 11 new sustainability funds included in the Sustainability Selection and I was also pleased to see an almost 87% increase in Assets under Management (AuM) in Sustainable Selectionduring the year. In 2020, I expect this green trend to continue and accelerate further. (Nordea Annual Report, 2019)
5	Any numerical disclosure to the category including qualitative statements demonstrating year comparisons, narrative, quantitative and comparable.	Our total CO2 emissions were reduced by 18 per cent to 38,598 tonnes (47,320) in 2010. (SEB Sustainability Report, 2010)

Table 2: Definitions of the disclosure types including examples from the sample

Disclosure type (DT) 1 is purely narrative and a mention captured is defined as DT 1 if the information provided lacks details, coverage and motivation. However, this type is still useful since it is often an indicator of the breadth of the different subjects covered in the report. DT 1 includes only non-numerical information, which is also the case for DT 2. DT 2 does on the other hand include explanations, details and/or motivations as opposed to DT 1. DT 3 includes only numerical information and provides no motivation or detailed explanation connected to the numbers. DT 4 includes both numerical and detailed non-numerical information. Disclosures with numerical information including yearly comparisons are defined as DT 5. It is also worth mentioning that for DT 5 we also include purely annual numerical comparisons, providing only a small amount of non-numerical information.

The disclosure types facilitate a deeper understanding and a more nuanced picture of the disclosures than a pure mechanistic approach would do. By this additional dimension of the method, an element of narrative analysis is included in the data collection and opens up for an even deeper analysis of the data both when comparing banks and years, either on an aggregated level or when investigating a specific category.

Step 3: Volumetric measurement

After coding the content diversity and the level of detail, the total number of mentions captured and the total number of words for each category and sub-category are counted. This enables comparisons over time and between the banks in terms of number of mentions captured per category and opens up for analysis regarding trends and changes of what is emphasized in the banks' reports.

Note that what is investigated in this study are the disclosures related to the categories included in the model. The volume of text included in one single mention captured by the model can vary a lot. If a whole section in a report covers one single category in a coherent way, that whole section will be captured as one single mention, while some mentions will consist of no more than one sentence. The model will thus present the number of mentions for each category divided into the fitting sub-category and disclosure type. Including all these parameters together with the volumetric measurement will thereby open up for multiple levels of comparisons and thereby enable both a wide range of presentations of the data and facilitate findings not possible to capture using methods provided in previous studies in the field.

3.3.2 CONIBI

Based on findings and identified gaps in previous research, we argue that the categories included in the original CONI-model do not fully provide the information that we want to investigate. Since CONI is developed aiming to investigate a wide range of industries' environmental reporting and our research is specifically interested in the CSR-disclosures made in the banking industry, we chose to add categories covering social aspects of the disclosures and adapt existing categories to better fit disclosures made within the banking sector. This makes a wider result possible and increases the accuracy of the study in terms of bank specific sustainability disclosures. CONIBI is based on CONI and the adjustments are based on bank-specific areas frequently covered in previous studies in the field, in the GRI-standards and not least based on areas frequently covered in the investigated banks' sustainability reports.

The five disclosure types used in CONI will, as stated earlier in the report, not be adjusted for as these fill their purpose as well in the banking industry as in any other sector. Some of the categories and its sub-categories have on the other hand been adjusted, mainly based on two major limitations to the model identified when applying it on disclosures made only within the banking sector. The first limitation identified is that since CONI is exclusively made to investigate environmental factors, we had to adjust it to also include social aspects, as this is a field of interest for this study. The other limitation identified is the lack of separation between direct and indirect effects of the operations. One example of this is the separation between direct and indirect emissions, two separate categories included in CONIBI, which would add little value if investigating the sustainability disclosures of manufacturing companies, but arguably an important distinction in the banking industry and in this study. The importance of this separation is based on the fact that the main part of a bank's environmental footprint is not caused by the operation itself, but by its debtors and the firms invested in. Not only is it clear that indirect emissions is an area covered in the disclosures, but it is also a sector-specific disclosure in GRI G4 for the financial sector, and is therefore considered as crucial to distinguish in this study.

The separation of indirect and direct effects has been made in previous studies, which also support the inclusion of the category Compliance into CONIBI, as this is an important area to highlight when investigating banks' disclosures (Viganò & Nicolai, 2009). Supported by a wide range of previous studies, also the category Employees is included (e.g. Saleh et al., 2010; Adelopo et al., 2013). The majority of previous studies investigating certain categories in CSR-disclosures have not used as many categories as in CONIBI (e.g. Campbell, Craven & Shrives, 2003; Goodman, Branco & Rodrigues, 2006). The reason for us to include such an extensive list of categories into CONIBI is to enable more detailed comparisons, thus facilitating findings of potential changes over time or between the banks, in line with the development of CONI by Beck et al. (2010).

1. General	*Captures all mentions relating to environmental sustainability within the sub-categories presented. If a mention fits both in any of the "general" categories and in a subsequent category, it will be registered in the latter.*	oAims oProcesses oDisclosure guidelines (such as GRI) adopted oIniatives oResults (e.g. awards won, results due to a policy) oAny mention of long-term policy
2. General - Direct	*Same as above, but clearly stated that the mention is referred to internal issues.*	oAims oProcesses oDisclosure guidelines (such as GRI) adopted oIniatives oResults (e.g. awards won, results due to a policy) oAny mention of long-term policy
3. General - Indirect	*Same as above, but clearly stated that the mention is referred to external issues.*	oAims oProcesses oDisclosure guidelines (such as GRI) adopted oIniatives oResults (e.g. awards won, results due to a policy) oAny mention of long-term policy
4. General - Social	*Same as above, but clearly stated that the mention is referred to social sustainability issues.*	oAims oProcesses oDisclosure guidelines (such as GRI) adopted oIniatives oResults (e.g. awards won, results due to a policy) oAny mention of long-term policy
5. Responsibility	*Captures mentions dealing with who is responsible for the implementation of the sustainability behaviour.*	oTop management and board oResults oAnybody working with the organization
6. Compliance	*Captures mentions regarding compliance, including anti-money laundering, know your customer, regulations etc.*	oAny general mention oAims oProcess oInitiatives oAny mention of long-term policy oActual incidents
7. Emissions - Direct	*Captures mentions regarding emissions directly connected to the banks' internal operations.*	oEmissions caused oActions undertaken oAims
8. Emissions - Indirect	*Captures mentions regarding emissions indirectly connected to the banks' lendings, investments etc.*	oEmissions caused oActions undertaken oAims
9. Sustainability	*Captures mentions covering any of the sub-categories.*	oCommitment to UNCD, Kyoto, Paris agreement oConservation of nature habitat/species
10. Activities - Environmental	*Captures mentions regarding the banks' environmental activities.*	oTraining of staff oProject involvement oAwards oSponsoring
11. Activities - Social	*Captures mentions regarding the banks' social activities.*	oTraining of staff oProject involvement oAwards oSponsoring
12. Risk - Environmental	*Captures mentions where the banks' identified environmental risks.*	oSpecific risk related to the business oAttempts to reduce/manage risks oCosts involved
13. Risk - Social	*Captures mentions where the banks' identified social risks.*	oSpecific risk related to the business oAttempts to reduce/manage risks oCosts involved
14. Pressure	*Captures mentions in which specific pressure groups are covered regarding environmental and social issues.*	oShareholders oOther stakeholders oGovernment
15. Employees	*Captures mentions regarding the banks' employees.*	oDiversity/Equality oSafety/Health oCompensation oOther
16. Green products	*Captures explicit mentions regarding sustainable products.*	oAims oSales oExisting products oProcesses

Table 3: Definitions of the categories including associated sub-categories.

4

Analysis

The first section of this chapter consists of broad observations made from reading the reports in order to provide a general understanding of how sustainability has been perceived in the Swedish banking industry over the period 2010-2019. As the sample consists of four banks in three different years and CONIBI includes multiple layers of information, there are many ways in which the data can be presented. The two sections following the broad observations below intend to facilitate answering each research question respectively based on findings made when applying CONIBI on our sample.

4.1 Observations

Overall, there is a clear increase in disclosures over the period included in the study, which is presented into detail in the following sections. The increase of mentions between the years is reflected in the CEO-letters in the annual reports in which there was little space given for disclosures regarding social or environmental sustainability in 2010. The most evident sustainability disclosure in the CEO-letters of 2010 was SHB's CEO Pär Boman mentioning the education provided for their employees. In 2019 on the other hand, social and environmental sustainability were areas covered widely in all of the CEO-letters, in which for example SHB referred to the global climate change in the very first section. The increase of sustainability issues covered in the CEO-letters in combination with the increased volume disclosed could be an indication of an increased importance of sustainability disclosures among the banks.

When reading the reports, it also seems as the way in which the term sustainability is referred to has changed over the period. While the 2019 reports mostly covered environmental and social aspects, the reports of 2010 tended to be more focused on the banks' responsibility in terms of providing credits to the market and minimizing the risk of their own insolvency when referring to sustainability. This finding is similar to the conclusions made by Viganò & Nicolai (2009), stating that the perception of the term sustainability among banks shifted towards a more holistic approach in the beginning of the 2000's. It seems as if this development has continued in the Swedish banking industry during the decade covered in our study. In the early aftermath of the financial crisis, it seems as if the banks put a lot of attention into their own survival and their own financial sustainability when making disclosures about sustainability, as a weak banking sector could be a threat to the world economy. This can be exemplified with the very beginning of SEB's CEO-letter in the 2010 sustainability report with the headline "Applying a sustainable perspective":

> *"Modern society cannot function without its financial institutions. Banks are at the centre of the credit intermediation process, through our role as lenders, investors, payment and savings providers, and serve as guarantors for sound risk management. This means that financial stability, trust and relationships are crucial success factors for a bank." (Skandinaviska Enskilda Banken AB, 2011b, p. 2)*

A lot changed until 2019 where the term sustainability to a high degree was connected to environmental and social issues. Under the headline "Sustainability at Handelsbanken", SHB included these aspects in its sustainability report of 2019:

> *"Important building blocks are our continuous work on our environmental and climate impact, both directly and indirectly, that we have demands regarding sustainability when buying goods and services, that we take responsibility for our work environment being characterised by respect, and that we engage with the local communities to which our branches belong." (Svenska Handelsbanken AB, 2020b, p. 4)*

Another aspect widely covered in the reports with regards to sustainability is the banking sector's role in society in general, for example the banks' role in providing capital to the market through its lending. Note that this is not neglected in the reports from 2019, but there was, relatively speaking, a greater emphasis put on this issue in 2010 than in the later reports, which also goes for the above-mentioned financial sustainability. An aspect which will be further investigated later in this section is the banks' indirect environmental impact, which is a type of disclosures that increased in volume over the period.

4.2 First level analysis

The first level analysis aims to provide answers to the first research question: "How have the sustainability disclosures developed in the Swedish banking sector over the period 2010-2019?". First off, general findings made in the whole sample will be provided, focusing on how the disclosures have developed over time in terms of mentions captured in CONIBI and the corresponding development of the five disclosure types. Following the general findings, four specific categories will be investigated into detail.

4.2.1 General findings, whole sample

Comparing the years, it is found that the number of mentions captured in the model increased significantly from 2010 to 2019 (106%), while the number of mentions was almost the same in 2010 and 2015 (increase of 6%). What is illustrated in figure 2 is thus the number of mentions captured for the whole sample included in CONIBI divided per year and does not take the word count per mention into consideration.

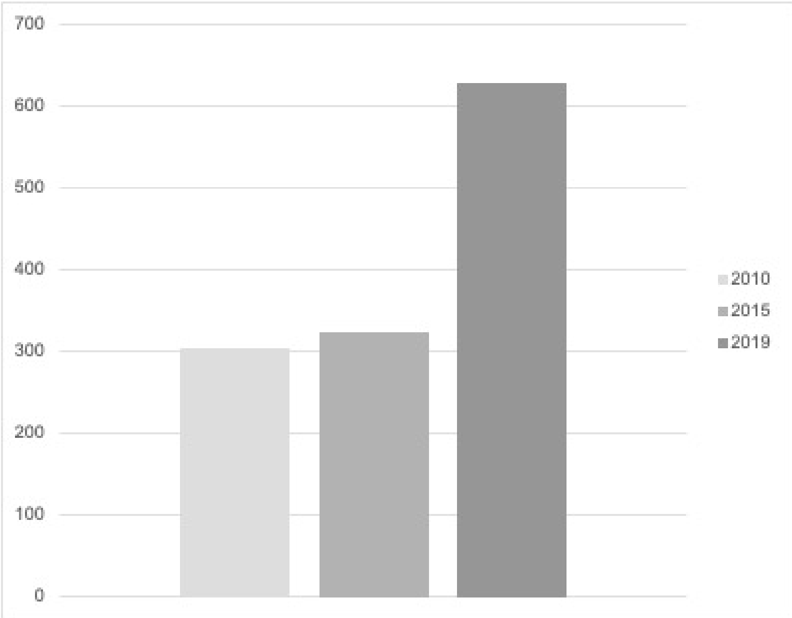

Figure 2: Total number of mentions per year, whole sample.

The findings shown in figure 2 tells us that there is a huge difference in the increase of mentions captured between the period 2010-2015 and the period 2015-2019. The fact that there is an increase over the whole period was expected, and in line with previous research (e.g. Scholtens, 2009; Laidroo & Sokolova, 2015), but the different increase between the two periods is more surprising. We seek to find answers as to why the development looks the way it does by investigating certain categories in greater detail since our data show significant differences among the categories in terms of increase in number of mentions captured. The categories we choose to investigate are based on findings regarding specific categories addressed in previous literature and based on ocular findings regarding the development shown in CONIBI, meaning that large discrepancies in the data between the years or between the banks could be a motive for analyzing a specific category further. The total number of mentions captured per category and year is presented in figure 3 below and will not be commented further here as the categories found to be of greatest interest will be analysed into detail further down this chapter. The categories chosen for deeper investigation are Green products (category 16), Indirect effects (3, 4 and 8 combined), Employees (15) and Compliance (6).

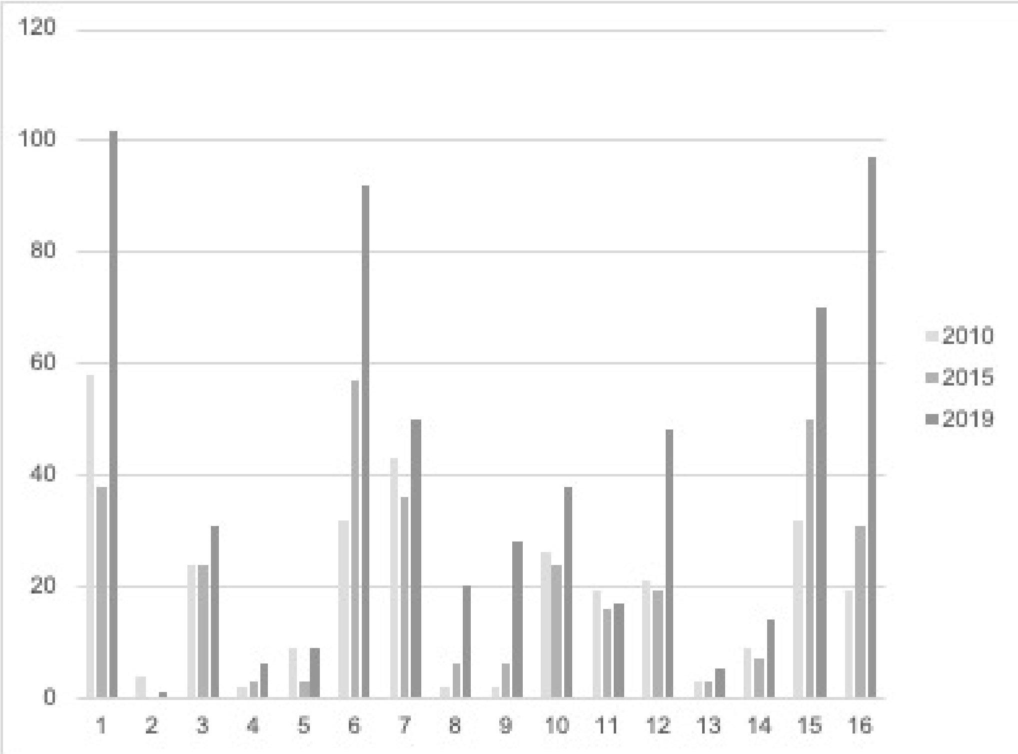

Figure 3: Number of mentions per year for each category.

When observing the findings of the disclosure types (DT), comparing the three years, it is shown that the distribution between the DTs is rather similar over the period, as shown in figure 4:

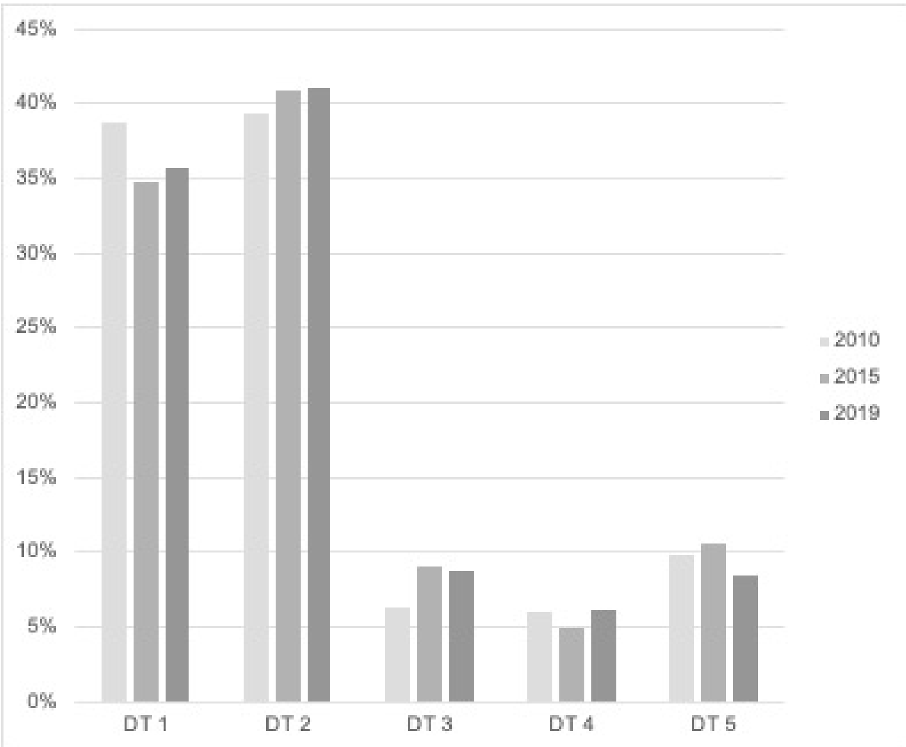

Figure 4: Distribution of total number of mentions per year for each disclosure type, whole sample (%).

In all of the three years, DT 1 and DT 2 were the most used types, and numerical information (DT 3-5) was included in about 20-25% of the disclosures both in 2010, 2015 and in 2019. Important to note here, which is not illustrated in figure 4 but will be elaborated further on later in this chapter, is that the distribution of the disclosure types within some of the categories has altered significantly over the years. Shown in this picture is a slight increase of DT 2 compared to DT 1 in 2015 and 2019 compared to 2010. This indicates an increase in the level of detail provided in the non-numerical disclosures in general, but the most striking finding illustrated in this picture is rather the similarities when comparing DTs over the years. While the number of mentions increased with 106% from 2010 to 2019, there was little change in the distribution between the disclosure types.

4.2.2 Green products

The definitions of the term green products are many and can be rather confusing, we have however chosen to use one presented by Sdrolia & Zarotiadis (2019) who conducted a meta-analysis of how the term Green products have been defined and used over the past 40 years. They propose a definition that is accurate and reasonably in line with our perception of green products. They define it as follows:

> *"[...] a product (tangible or intangible) that minimizes its environmental impact (direct and indirect) during its whole life cycle" (Sdrolia & Zarotiadis, 2019, p. 164)*

This definition is the one we have had in the back of our heads when reading the reports. It should be noted however, that the disclosures captured by the model used in this study is to no extent dependent on whether the products are labelled as "green products" or if alternative labels are used.

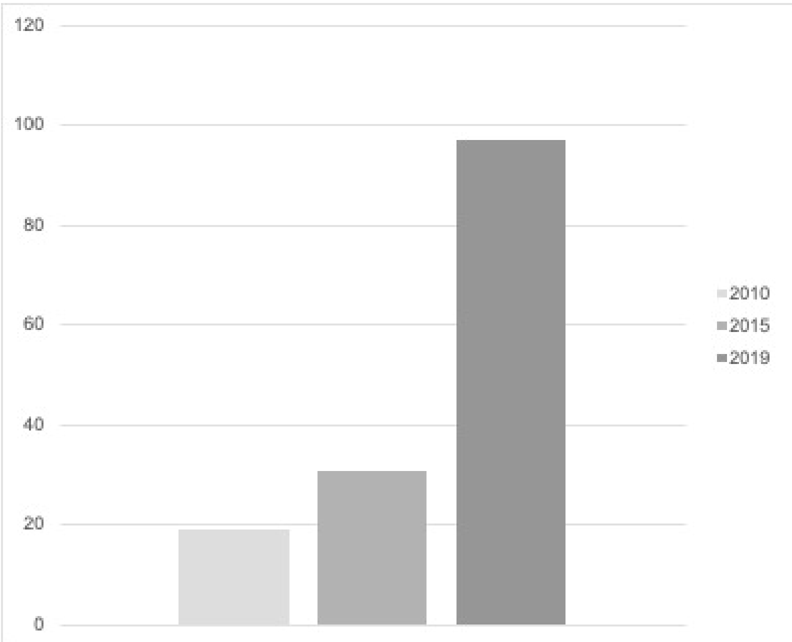

Figure 5: Total number of mentions per year, Green products.

Observable in figure 5 is the significant increase in disclosures related to Green products in 2019 and the somewhat meagre development between 2010 and 2015. By comparing this graph with figure 2 above, including the whole sample, it is shown that the increase in disclosure from 2010 to 2015 is larger for Green products than for the sample as a whole. As the phenomenon of green products is fairly new and was rather unestablished previous to 2010, there is little research made in the field. The increase in the amount of mentions captured could be explained by Tang & Zhang's (2018) findings, that green bond disclosures function as a proxy for CSR-engagement. Hence, firms with green bond issuance benefit from disclosing and providing stakeholders with as much information about it as possible. This is also in line with Li et al. (2019) who state that disclosures related to green bonds often work as a means for firms to signal their CSR-activities.

Figure 6 shows how the disclosure types are distributed over the years for the category Green products. The large discrepancy between the years discussed above is not addressable to one single DT, but the increased disclosure is rather distributed between all five DTs.

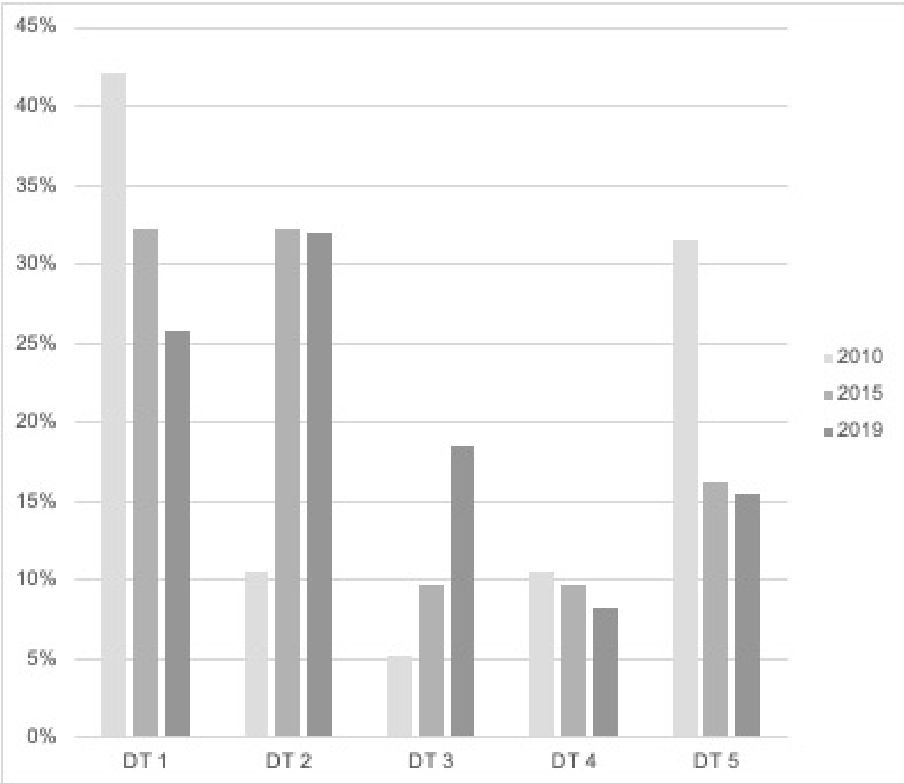

Figure 6: Distribution of total number of mentions per year for each disclosure type, Green products (%).

Note that, as previously shown in figure 5, the number of mentions captured in 2010 is very low, which makes the comparison in percentage somewhat problematic for this specific year. However, by studying the distribution among the DTs in this category illustrated in figure 6, it stands clear that this category stands out when compared to the whole sample as the proportion of the numerical disclosures is higher in this category than in the sample as a whole. Hence, DT 3-5 is noteworthy and could mean that this category is out of the ordinary as it provides a higher level of comparable information with a higher level of detail. One reason for why this category deviates from the rest could be motivated by the finding of Hamid (2004) who states that products are of high importance to disclose, which means that banks have incentives to disclose their new range of products for their stakeholders.

4.2.3 Indirect effects

Figure 7 illustrates the total number of mentions for Indirect effects, which consists of a combination of the three categories General - Indirect, General - Social and Emissions - Indirect. The reason for consolidating these three categories is to be able to present all mentions captured that are included in categories exclusively related to indirect effects. The development of the number of mentions captured for each year is similar to the development for the sample as a whole, with a significant increase from 2015-2019.

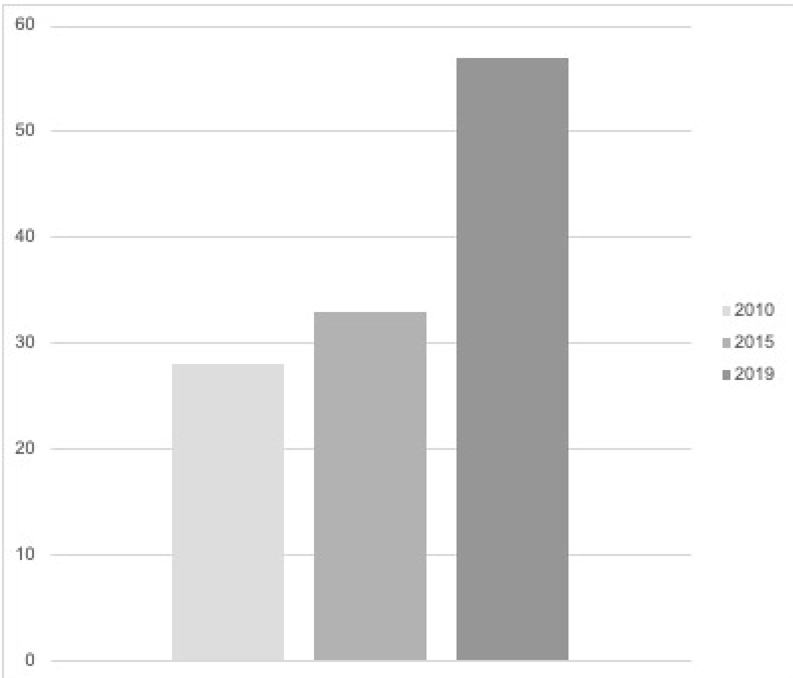

Figure 7: Total number of mentions per year, Indirect effects.

Viganò & Nicolai (2009) found that banks have increased their focus on indirect aspects of their operations, a pattern that is reflected in our data as well, considering absolute numbers. However, in relation to the total mentions captured in the whole sample, the share of mentions in the categories including indirect effects included in figure 7 has stayed at the same level (11-12%), indicating an unaltered focus on these issues relatively speaking. However, when investigating the category Emissions - Indirect in isolation we find that this category has received a significantly increased attention during the period. With 2 mentions in 2010, 6 in 2015 and 20 mentions in 2019, the steep increase is striking and shows that indirectly caused emissions were a subject of little importance in the earlier years compared to 2019. What seems to have happened is that the observation made by Viganò & Nicolai (2009), that banks lack capability to monitor and manage indirect impacts, is something that has been true for the Swedish banks but also an area in which they have improved over time.

The level of detail provided in the above-mentioned categories are shown in figure 8, and the most striking finding shown when analysing this data is the low amount of numerical information. While the whole sample, including all categories, consists of approximately 20% in DT 3-5 for each year, the corresponding figure for indirect effects was 3% in 2010, 9% in 2015 and 12% in 2019.

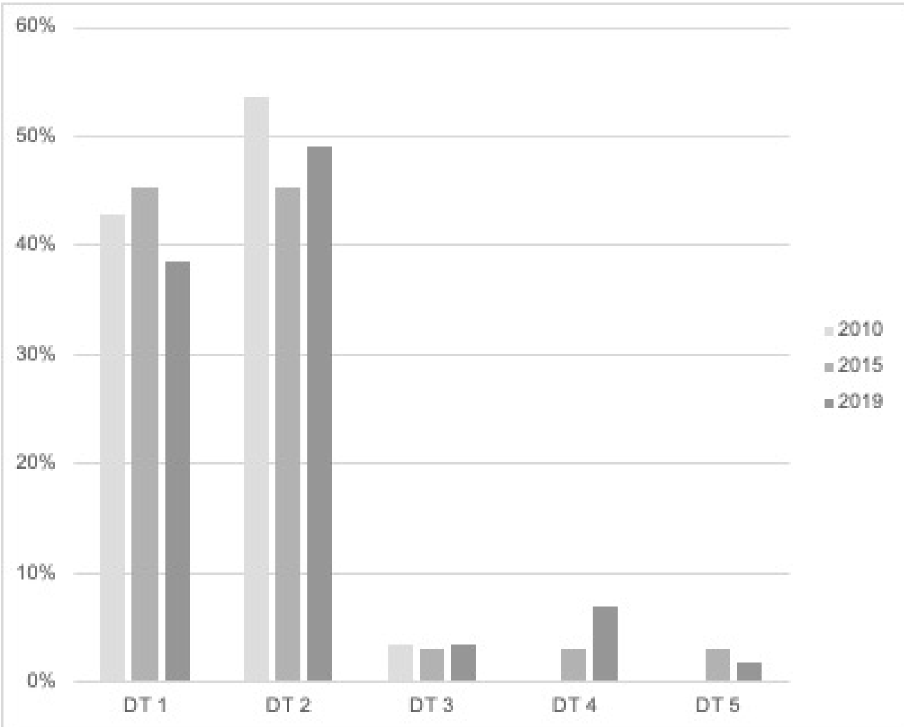

Figure 8: Distribution of total number of mentions per year for each disclosure type, Indirect effects (%).

Once again, we see patterns in our data confirming the findings of Viganò & Nicolai (2009), suggesting that banks struggle to measure the indirect impact of their operations. The non-numerical disclosure types (1 and 2) dominate this category and consist in 2010 and 2015 mainly of reasoning about the banks' indirect impact in the sense that they are aware of the importance of this and have identified the need to improve their way of managing these effects. What happened in 2019, except from an increase in mentions captured, is that the disclosures made regarding indirect emissions were increasingly covering actual actions made in the area. From more or less only focusing on acknowledging the issue in the subsequent years, the disclosures made in 2019 included also information such as how the banks had reallocated investments to firms with less negative climate impact. In line with the issue of measuring, it is not very surprising to see little disclosures qualifying into DT 3-5, but what is of interest is the increase of numerical mentions captured by the model over the period. As discussed above, it seems as if the banks have improved in terms of monitoring and managing indirect effects, and the DTs shows that the banks also have improved in terms of measuring their indirect effects, as they have increased the numerical information provided during the period. The insufficient knowledge about indirect effects in the banking industry as suggested by Thien (2015) thus seems to have improved slightly since 2010, as more information in the area is now available and presented.

4.2.4 Employees

The category Employees is of interest because of several reasons. In line with findings of previous studies of banks on a global level (e.g. Saleh et al., 2010; Mohamed & Arafa, 2016), our data shows that Employees is one of the most covered categories in our sample, showing that employee-related disclosures seem to be of high importance in the Swedish banking sector as well, and has been so for all the investigated years.

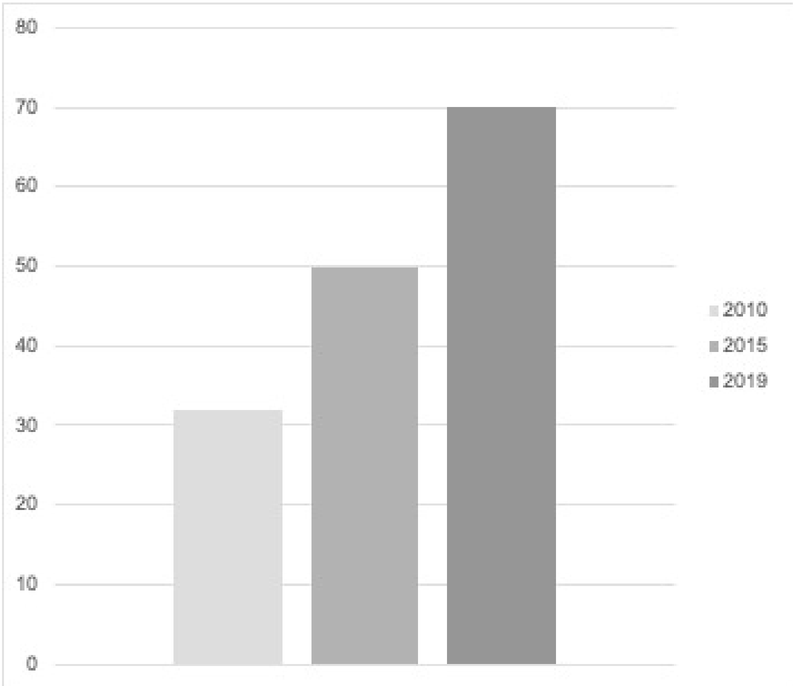

Figure 9: Total number of mentions per year, Employees.

We can also observe that the development of the number of mentions captured in this category differ from the whole sample including all categories, especially in 2015, where this category experienced an increase of 56% from 2010 while the whole sample increased by 6%. The number of mentions captured in this category increased by 119% in 2019 compared to 2010, which is more in line with the total sample (106%). When observing this data, the most striking finding is the large increase from 2010 to 2015 compared to the relatively small increase for the whole sample in the same period.

In terms of level of detail provided, the distribution between the disclosure types in figure 10 shows us yet another pattern in this category that deviates from the sample as a whole. While the whole sample has remained quite similar in terms of the distribution among the DTs, the mentions captured in the category Employees have changed remarkably over the period.

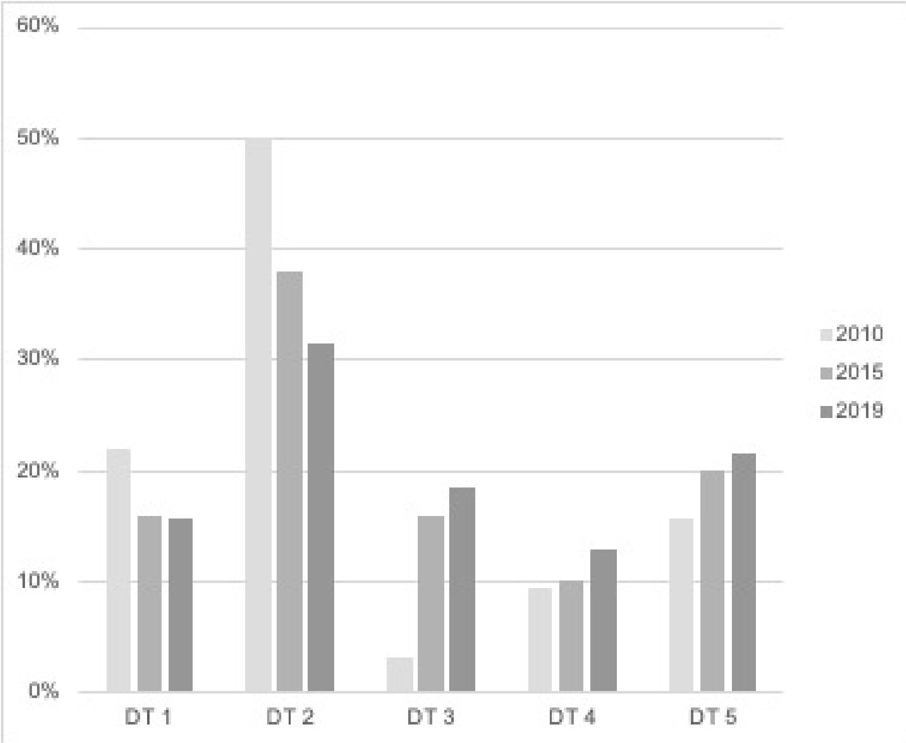

Figure 10: Distribution of total number of mentions per year for each disclosure type, Employees (%).

The data shows that disclosures made within this category have increasingly offered quantifiable information, and the share of non-numerical disclosures have decreased. We observe similar findings as Adams & Harte (1999) and Grosser & Moon (2008) in the sense that disclosures in 2010 were more focused on policies and general guidelines than on comparable data. However, the level of detail increased in the latter periods and became therefore more comparable. While Grosser & Moon (2008) did not find any significant improvements over a decade in terms of comparable data provided since the mid 90's, the Swedish banking sector seems to have improved quite a lot in that sense over the period covered in this study. There is, in other words, not only significantly more mentions captured per year studied in the Employees category, but the disclosures provide a higher level of detail, thus a significantly higher grade of comparable information.

4.2.5 Compliance

In figure 11 below, it is shown how the number of mentions related to compliance has changed over the years. From this it stands evident that the increase is rather linear over the years even though the increase is slightly higher from 2015-2019.

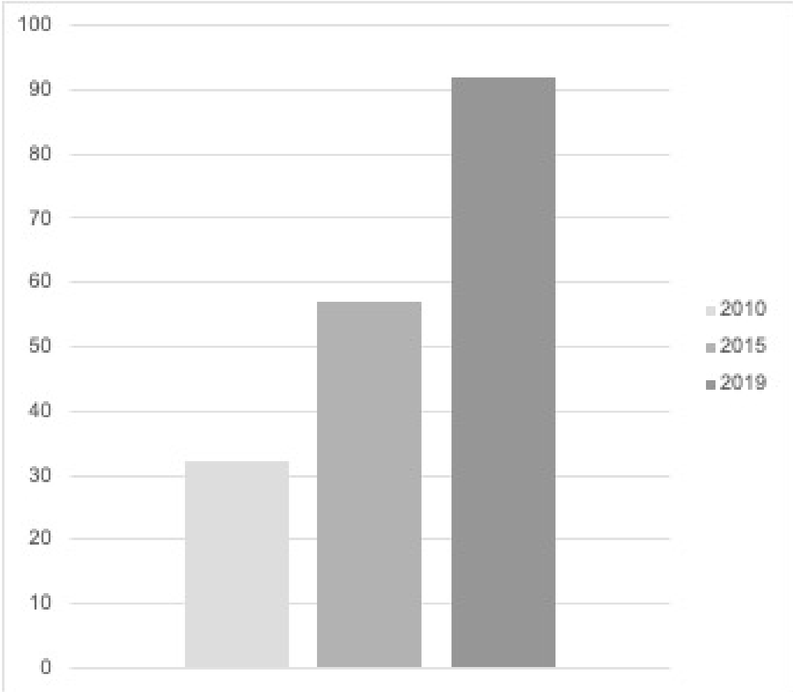

Figure 11: Total number of mentions per year, Compliance.

Worth mentioning is that this differs from the sample as a whole previously shown in figure 2, which does not show a similar linear increase. Compliance is one of the categories in which we expected to see a significant increase in volume over the years. It has been shown that there is a need for addressing compliance with greater measures in order to combat the increased pressure from a more globalised industry and its surroundings (Naheem, 2016). One could argue that the increase in compliance disclosures between the years can be attributed to an increase in compliance and anti-money laundering breaches, which is further discussed in the second level analysis. An additional explanation for this could be the findings of Prado-Lorenzo et al. (2009) who state that some compliance-related issues have the tendency to be difficult to measure and capture. However, their study was done in the years leading up to 2009 and one could argue that the technological transformation over the past years have been a significant factor when it comes to measuring and detecting AML and compliance issues. One could also make a case for Prorokowski & Prorokowski's (2014) findings about the increased complexity and diversity in compliance and that it has spurred an increased demand for compliance-related disclosures.

When studying the level of detail shown in figure 12, the increase in DT 2 is significant. This means that there is an increase of narrative disclosures in which the disclosed information is accounted and motivated for with a higher level of detail. Hence one could argue that the disclosures for the latter years provide more information that could be useful to stakeholders as the share of DT 1 decreased and DT 2 increased over the period.

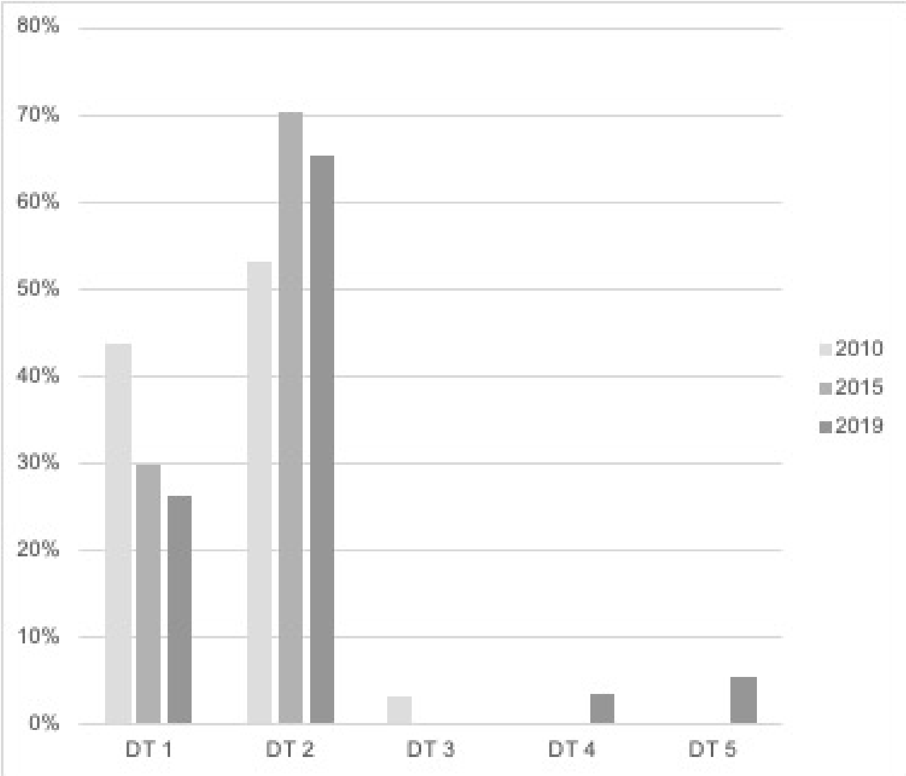

Figure 12: Distribution of total number of mentions per year for each disclosure type, Compliance (%).

This detailed and more elaborative kind of disclosure is in line with Prorokowski & Prorokowski's (2014) findings, showing that the increased pressure by the surrounding environment requires a more complex and exhaustive explanation with the backing of clear motives and incentives for their actions. The low bars representing DT 3-5 show that the numerical information in this category is scarce, which is in line with previous findings suggesting that compliance-related issues are difficult to measure (Prado-Lorenzo et al., 2009).

4.3 Second level analysis

Based on the observations made in the previous section, this part includes findings of greater detail in combination with established theories and previous research in order to not only show how the disclosures differ and have developed over time but aims also to provide explanations of why this is. In this section, findings on a bank-specific level will also be presented in order to enable answers to the second research question: "What separates the disclosures and why?". The categories investigated into greater detail below will be the same as presented above: Green products, Indirect effects, Employees and Compliance.

4.3.1 General findings, whole sample

Comparing the banks, all years included, it is found that the total number of mentions included in the data varies significantly between the four banks. SHB is found to have the highest number of mentions captured by our model, representing 31% of the total sample, followed by Nordea (27%), SEB (24%) and Swedbank (18%).

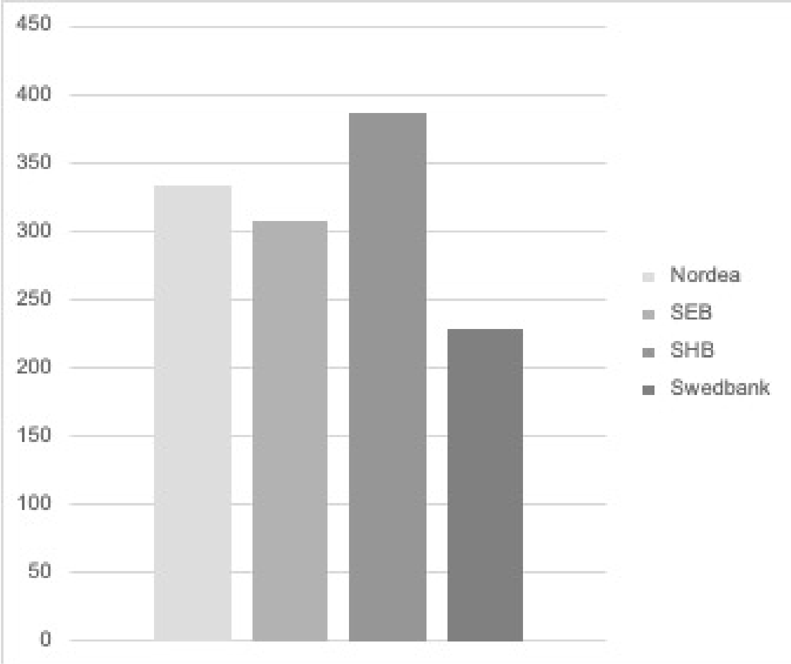

Figure 13: Total number of mentions per bank, whole sample.

When investigating the data, one can also note that there are some categories in which the spread between the banks is remarkable, which could be part of the answer as to why the total number of mentions captured differs in the whole sample as shown in figure 13 above. Not least are there clear differences among the banks in the categories Emissions - Direct, Employees and Green products, all of which are subject for deeper investigation in this chapter. Important to note with regards to the above reasoning is that similar information could be captured in a less complicated manner using other content analysis methods. However, with the method developed and applied here, we are able to further investigate the development of the disclosures, which facilitates a wider explanation possible as to how the disclosures have developed and why.

An interesting finding when comparing the disclosure types among the banks is that there is a clear difference in the level of detail provided in the non-numerical disclosures (DT 1 and DT 2) between SHB and Swedbank. Figure 14 shows that SHB presents a significantly higher share of DT 2 than DT 1, and the opposite is true for Swedbank. This indicates that SHB provides a higher level of detail in their non-numerical information than Swedbank does. As mentioned earlier, and interesting in this context, is that not only did SHB provide more detailed non-numerical disclosures, but the number of mentions captured by our model was 69% higher in SHB than in Swedbank in total. In other words did SHB provide more disclosures both in terms of volume and in terms of detail, at least when disclosing non-numerical information.

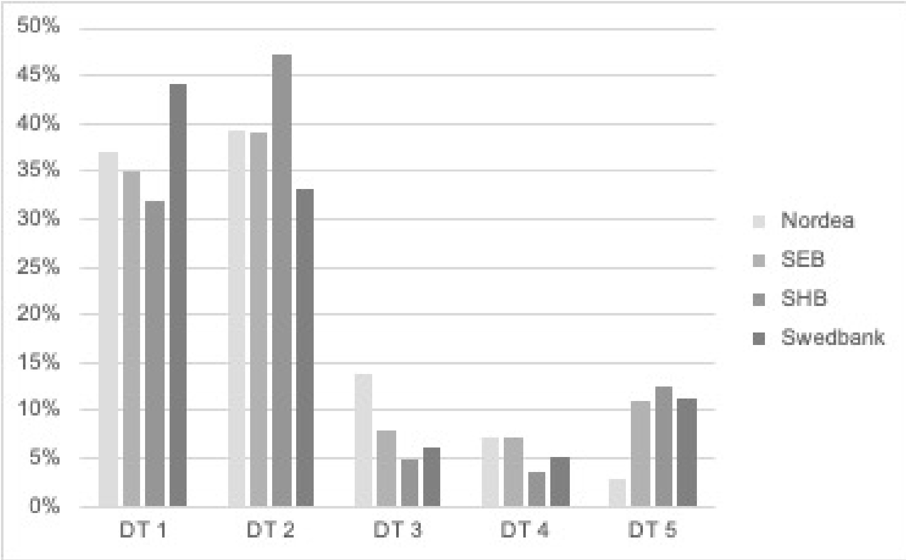

Figure 14: Distribution of total number of mentions per bank for each disclosure type, whole sample (%)

While DT 3 includes purely quantitative information, DT 5 includes yearly comparisons and is thus classified as a more detailed disclosure type than DT 3. Comparing these two disclosure types, it is found that Nordea tends to provide less detailed disclosures when including numerical information than the other banks, which is reflected by the relatively low share of DT 5 in Nordea's disclosures. The finding that Nordea disclosed fewer yearly comparisons (DT 5) than the other banks and a higher degree of purely quantitative disclosures (DT 3) is the case in all of the three investigated years and SHB provides a higher share of DT 5 all of these years. These differences can through our data be traced to be even more striking when investigating the categories Emissions - Direct and Emissions - Indirect.

4.3.2 Green products

When comparing the general perception of green products between the banks, the difference is quite striking. Starting with 2010, SEB was the bank who put the most emphasis on green products and the other three banks seemed to lack interest in environmental factors when making disclosures about their bonds and financial services to some extent. While SEB mainly focuses its disclosures in this category on green bonds, the other banks rather disclose information regarding responsible investments when it comes to how their funds are avoiding investing in oil, coal and other polluting businesses. One explanation as to why SEB has this focus could be that in 2008, SEB was the world's first bank to issue green bonds, an issuance made in collaboration with the Swedish pension funds (The World Bank, 2019). It is evident that SEB represents the vast majority of the disclosures related to green products in 2010 and it is especially the sub-category Sales that is well represented for this year. As mentioned above, the explanation for this is most likely that SEB was the only bank at this time that was able to provide green bonds.

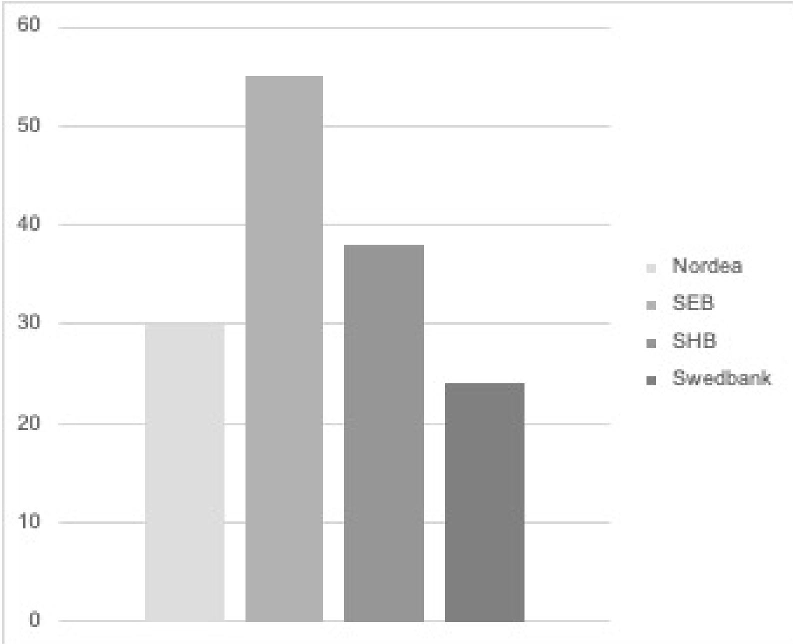

Figure 15: Total number of mentions per bank, Green products.

SEB continued to be the dominant force in disclosures about green products for all of the years covered in this study. When investigating the data further, it is found that there is a discrepancy between the banks in this category for each year studied, but all of the banks provide increased disclosures over the period. In 2019, some of the banks even address green products in their CEO-letters, which is a remarkable difference compared to the previous years in which there were little disclosures made in this category overall. A reason for the exceptional growth in disclosure regarding green products could be related to how rapidly the green bond market has been growing. The market of green bonds has grown from $3.5 billion in 2010 to $263 billion in 2019 and SEB is the 7th largest issuer of green bonds in the world (Climate Bond Initiative, 2020). Compared to the other banks, SEB has a large share of its operations focused towards corporate banking, which could function as an explanation as to why they early on developed green bonds and has kept their focus on green products overall as stakeholders that can have a real impact on the firm receive more attention (Stieb, 2009). The logic here is that the stakeholder pressure from a bank's customers could differ based on the composition of the customers, as a bank more oriented towards private customers faces different, and in some circumstances less evident, stakeholder pressure. The growth of the green bond market is significant and could be a motivation for the increasing number of green product disclosure in their reporting for the latter years.

The distribution of the disclosure types in this category was presented in percentage in the first level analysis. However, if instead translating these figures into absolute numbers, the most significant increase in number of mentions captured between 2010-2019 is shown to be in DT 2 and DT 3. The development in the number of mentions within DT 2 indicates that the banks have increasingly disclosed information regarding green products that are of a narrative type with a higher level of detail compared to DT 1.

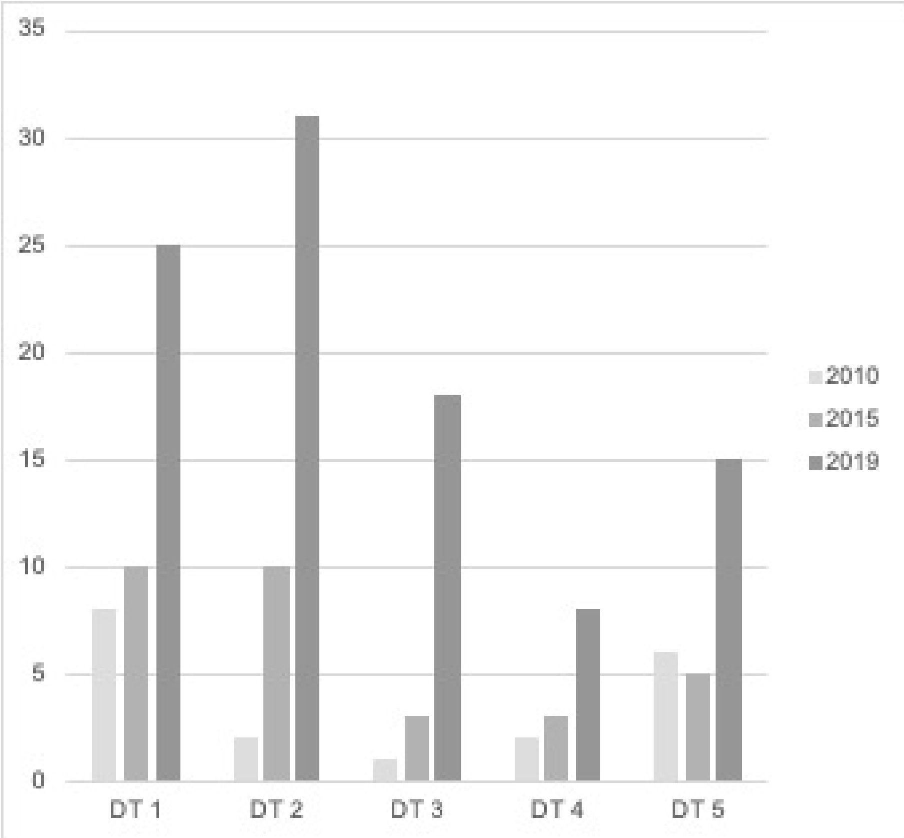

Figure 16: Total number of mentions per year for each disclosure type, Green products.

Disclosure type 3-5 include numerical information and out of these, the most significant increase is for DT 3. DT 3 is purely quantitative and as the banks have increased the disclosures of both sales and the number of products, it is not very surprising to see these disclosures increase as these sub-categories naturally provide more numerical information to disclose in terms of revenue, number of products sold etc. The data shows that SEB deviates from the other banks in the sense that a higher share of their disclosures are qualified for DT 4 and DT 5, meaning that they include a narrative and provide a higher level of detail when presenting numbers than their competitors. In other words, while all of the banks have more numerical information available, SEB is characterised as being the bank that extends this information and to a higher degree includes detailed information related to the figures.

It is expected of organizations to conform to the expectations of the stakeholders (Deegan, 2009) and an argument could be made that it is in line with the expectations of the stakeholders to develop and promote green products. It then becomes a natural step to increase the disclosures in relation to the increase in both sales of green bonds and loans. In a business climate in which all sorts of companies faced increased expectations to act sustainable, the demand for green products increased, resulting in the fast development of green products available and the corresponding disclosures made and shown in our data. An argument could be made for the increased disclosure being a way for the banks to remain legitimate in response to the contemporary increase in stakeholder pressure and vice versa. In order to get to the bottom of this, more research regarding disclosures about green products is required, also suggested by Laidroo & Sokolova (2015).

4.3.3 Indirect effects

As with Indirect effects in the first level analysis, the three categories merged here are General - Indirect, General - Social and Emissions - Indirect. Except from the finding that the disclosures related to the merged category and the corresponding level of detail have increased significantly over the period, another interesting finding when digging deeper is the difference among the banks as the data shows that 40% of the mentions captured within Indirect effects stem from the reports released by SHB.

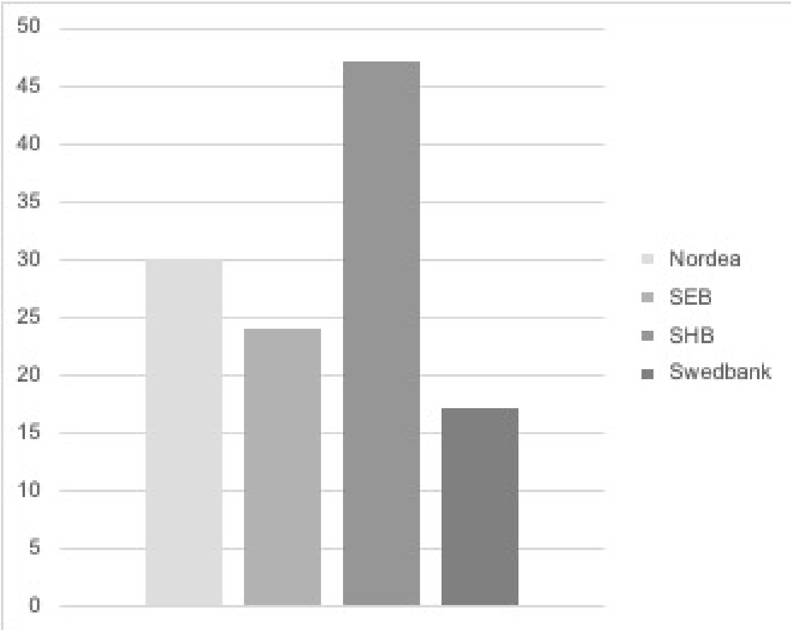

Figure 17: Total number of mentions per bank, Indirect effects.

Not only does SHB by far provide most disclosures in this category of the banks studied, but they also provide a higher level of detail in the disclosures made. 91% of all mentions made in this category is attributable to either DT 1 or DT 2 and more than 55% of all mentions coded in DT 2 comes from SHB, which shows that their disclosures related to indirect effects provide a significantly higher level of detail than the other banks. Note that SHB provides both the highest level of detail and the highest number of mentions captured in this category, which is true not only when including all years, but is true for each year separately as well. It is difficult to determine why the banks have increased their disclosures related to indirect effects based on our data, but there are a few different possible explanations based on established theories and previous studies.

While the banks were well aware of the importance of their negative indirect impacts in 2010, there were few ways for them to monitor these, and the tools to manage them were scarce. One explanation for the increased number of disclosures related to indirect effects could simply be that the corresponding increase of green products enabled the firms to manage the indirect effects in a way not possible before. The introduction of green bonds, ESG funds etc. provided not only the banks' customers green products, but provided the banks new ways to communicate their indirect emissions etc. Reallocation of funds to green investments was a theme increasingly noticed in 2019, thus captured by CONIBI, which provided an apparent way to communicate a reduced indirect climate impact, in which cases sometimes also a corresponding numerical disclosure was made in terms of reduced emissions. The link between increased disclosure about indirect emissions and the corresponding increase of disclosures related to green products is further proven when investigating the findings from 2019 in isolation. 2019 was the investigated year in which both Green products, Emissions - Indirect and Indirect effects spiked, and the data shows that SHB was the bank disclosing most in all of these categories. The lack of available data regarding indirect in the beginning of the period is portrayed in the SHB 2010 sustainability report:

> *"A bank's direct environmental impact is fairly limited, even though Handelsbanken endeavours to minimise the carbon dioxide emissions, etc. generated by our operations. External analysts often highlight banks' indirect environmental impact, i.e. their ability to influence customers' actions in environmental matters, etc. when credit is granted. In Handelsbanken's assessment, however, the Bank's ability to influence customers' actions is normally relatively limited." (Svenska Handelsbanken AB, 2011a, p. 2)*

While SHB in 2010 concluded their indirect influence to be limited, there was increased focus put on this area in 2019, when their attempts to influence the indirect effects were not as hopeless as in 2010:

> *"With significant lending to the property sector, we have particular responsibility in terms of sustainable cities. In our corporate lending we want to contribute by reducing our indirect impact on the climate and by financing companies leading the way in the transition to a more sustainable economy" (Svenska Handelsbanken AB, 2011a, p. 54)*

An additional explanation could be that the development identified by Viganò & Nicolai (2009) has continued, meaning that banks increasingly have taken a more holistic approach to CSR, closing the gap between the formal commitment and the capability to monitor and measure the impact identified a few years earlier (Viganò & Nicolai, 2009). This would also be in line with legitimacy theory as there seems to exist a legitimacy gap in terms of the difference by the banks' outspoken (thus publicly known) identified significant indirect impact and the obvious lack of related information. We have also reason to believe that the public's expectations on the banks in terms on reducing their negative indirect effects have increased during the period, as it is publicly known that the banks' indirect effects are significantly more evident than the direct effects and that climate change during the period has become the number one perceived security threat (Poushter & Huang, 2019). The increased awareness of the climate crisis among the public is yet another sign of a growing legitimacy gap in the banking industry. Whether or not the increased disclosures related to indirect effects have led to a shrinking legitimacy gap or not is difficult for us to answer based on our findings, as this increase in disclosures has occurred during a period in which also the pressure from the public, and the banks' stakeholders, have increased as well. However, the attempts to close this gap by increasing the related disclosures would be in line with the conclusion made by

Alexius et al. (2013), stating that changes will only be made when the disclosures are no longer legitimized by the stakeholders. On the other hand, the way in which Viganò & Nicolai (2009) describe a general change in how sustainability is perceived is necessarily not the reason for these disclosures to increase since, as discussed above, the capability to provide these disclosures were scarce earlier in the period covered.

4.3.4 Employees

Figure 18 below shows the number of mentions captured in the category Employees per bank. This is the category in which the biggest spread between the banks has been found, and SHB is shown to provide the highest amount of disclosures in this category as well. It is also found that the average number of words per mention is the highest in SHB's disclosures, making the difference even more obvious. This striking difference makes it interesting to investigate SHB's disclosures in this category further. SHB's disclosures about their employees are not only covered in the dedicated sections, but are mentioned in the very beginning of their sustainability report of 2019 in which they elaborate on their employees with regards to diversity under the headline "Sustainability at Handelsbanken". It seems as if SHB has chosen to put more focus into its employees in the CSR-disclosures, and emphasizes that taking good care of the employees is an important part of their social responsibility. While SHB provides more extensive sustainability disclosures in general, the Employees-category stands out as one where the gap between SHB and the other banks is even bigger.

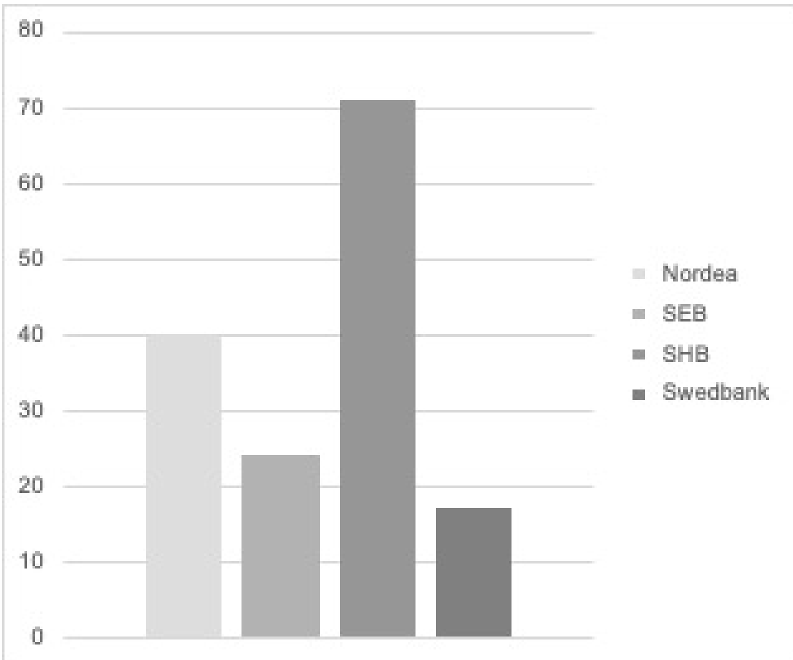

Figure 18: Total number of mentions per bank, Employees.

One explanation for SHB's bar to reach such heights in this category could be connected to The Oktogonen Foundation, the profit-sharing foundation in which the bank's employees are beneficiaries. The foundation consists of provisions made by the bank over the years and each employee receives an equal part of the allocated amount per year, regardless of salary or position in the firm. Employees are allowed to start the payments no sooner than at the age of 60 and the allocated amount in 2019 was about SEK 830 million. The foundation mainly invests its funds in SHB shares, and has done so over the years which has made The Oktogonen Foundation the second largest shareholder in SHB totalling 10.3% of the capital next to the largest owner Industrivärlden (10.5%) (Svenska Handelsbanken AB, 2020a). In other words, the employees are not only an important stakeholder in their role as employees but also as major shareholders of the bank, making it a possible explanation as to why SHB has chosen to disclose more information in this category than the other banks.

While there are reasons to believe that the employees are perceived as important stakeholders in all of the banks, the employees of SHB are most likely to be of even greater importance, as they are also powerful shareholders. In line with Deegan (2009), there are signs of SHB making these extensive disclosures in order to conform to the expectations of the employees, as they are perceived as such powerful stakeholders. Employees was the most covered category in SHB both in 2015 and 2019, and the second most covered category in 2010 (following General). The employee ownership in SHB could also be an explanation as to why this bank provides the highest amount of mentions overall, not only in this specific category. As found by Prado-Lorenzo et al. (2009), firms that to a large extent are owned by actors heavily invested in a personal manner tend to have richer CSR-disclosures. With this reasoning, an argument could be that in their role as employees, a large share of SHB's owners are personally invested in the bank in a way that separates them from the other banks, which is also supported by Bova et al. (2015).

As seen in figure 18 above, the other banks also make disclosures regarding their employees, but not near the extent in which SHB makes their disclosures. All of the four banks have identified their employees as one of the most material matters in their materiality analysis, but the way they make the disclosures in this area differ significantly. As identified by our data, SHB provides more disclosures about the employees, and to a higher degree of detail. When observing the reports closer, it is found that SHB elaborates on the employees and the bank's responsibilities towards them not only in the dedicated chapters of the reports but in other contexts of the reports as well, not least in its CEO-letter.

If only comparing DT 1 and DT 2 between the banks, it is found that SHB is not only providing a lot more information about their employees, but when they make non-numerical disclosures (DT 1 and DT 2), they tend to do so in a more detailed fashion as they have a larger share of DT 2 than the other banks, as shown in figure 19 below.

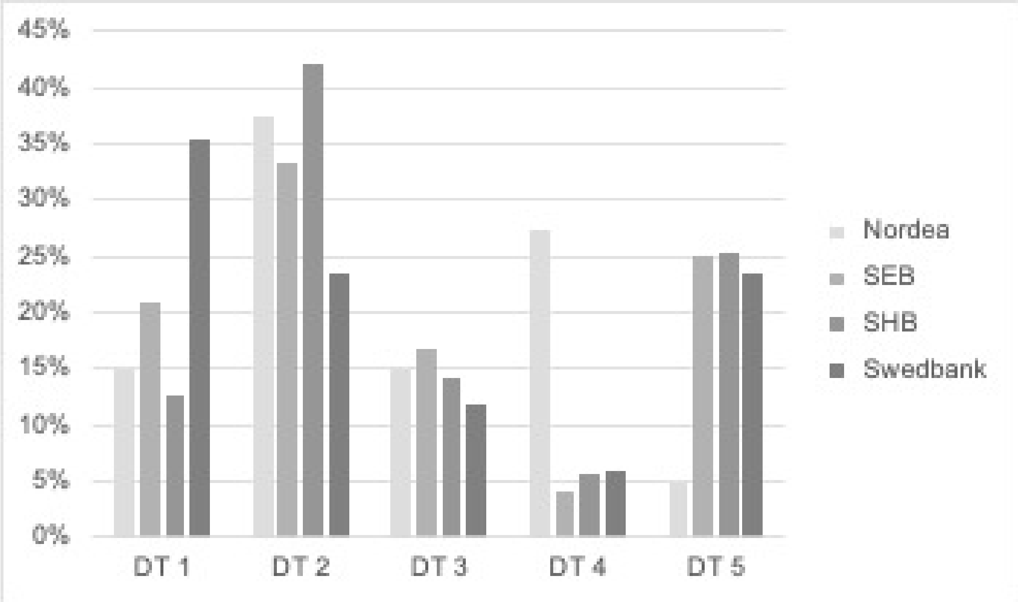

Figure 19: Distribution of total number of mentions per bank for each disclosure type, Employees (%).

Digging deeper into the data, we find that the main part of the total increase in mentions captured in Employees both between 2010-2015 and between 2015-2019 is related to the sub-category Diversity/Equality. In 2010, this was devoted little space when making disclosures about the employees, and the majority of the disclosures were directed at employee satisfaction and safety at the workplace. The areas covered in the employee-sections of 2010 were not neglected in 2015 but were updated with relevant information for the period. However, the overall narrative when making disclosures about the employees in 2015 clearly shifted in the sense that gender diversity among the employees was highlighted as a key area in the banks' sustainability efforts in 2015 and thus included increased information both in text and in numbers.

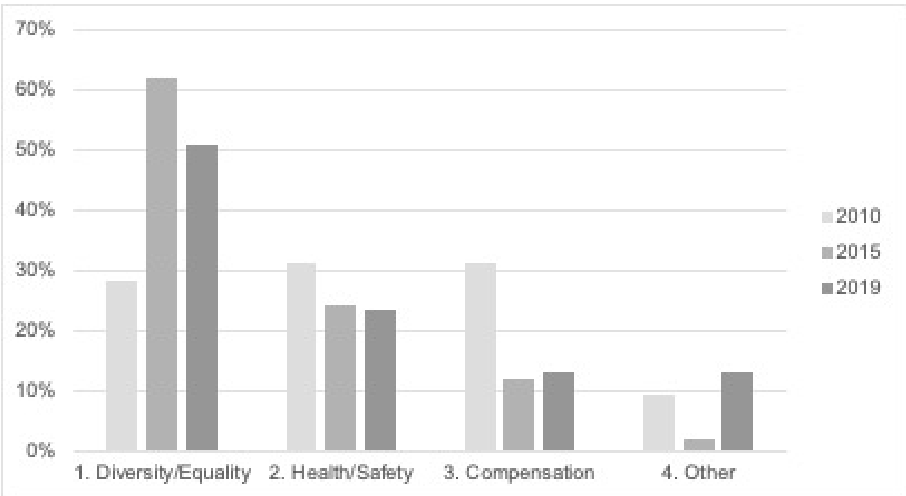

Figure 20: Distribution of total number of mentions per year for each sub-category, Employees (%).

Figure 20 above, illustrating the share of the mentions captured in each sub-category shows the increased attention put on Diversity/Equality when making disclosures about employees. The figure indicates that the sub-category Diversity/Equality is less emphasized in 2019 than in 2015, but important to note here is that the sub-category Other exclusively includes disclosures about discrimination in 2019, many of which could aswell have been categorized as Diversity/Equality. When investigating the sub-category Diversity/Equality further, we find that the distribution among the disclosure types has shifted over time. There was more numerical information provided in 2019 than in the previous years, forming a basis for a generally higher level of detail in the disclosures, not least within DT 4.

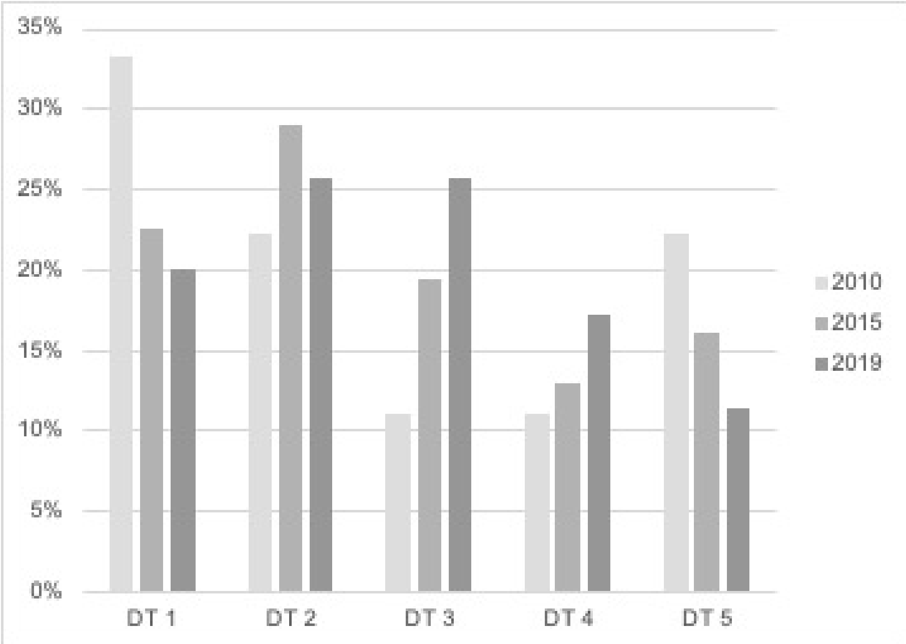

Figure 21: Distribution of total number of mentions per year for each disclosure type, Diversity/Equality (%)

The higher level of detail is also reflected in the change in the distribution between the non-numerical disclosure types (DT 1 and DT 2) as the share of the least detailed disclosure type, DT 1, decreased both in 2015 and 2019. The change in distribution between the disclosure types deviates from the corresponding changes for the whole sample in which the distribution between the disclosure types stayed almost the same over the period covered. The most striking difference between the disclosure types in the sub-category Equality/Diversity and the whole sample is the increased share of numerical information provided. This could partly be explained by a lack of data in 2010 compared to the later years, which can be exemplified by the explicit statement in Nordea's 2010 report in which they mentioned that they lacked data for presenting ethnic diversity in the bank due to legal constraints. In 2015 however, they had started to measure this by collecting data of their employees' spoken languages and thereby found ways to measure information which was not provided in 2010. Apparently, numbers that had never been included in their disclosures became important to present in the beginning of the 2010's. The presence of the words diversity ("mångfald") and equality ("jämställdhet") in Swedish press increased by 55% and 138% respectively over the period 2010-2019 (Mediearkivet, 2020a; Mediearkivet, 2020b), and a possible explanation for the increase of disclosures to happen is the increased attention these matters got over the period.

It does not seem as if the inclusion of the area diversity in the G3 guidelines in 2011 can fully explain the increase of mentions captured in this sub-category between 2010 and 2015 since SHB and Nordea provide more than twice as many mentions within Diversity/Equality than Swedbank in 2015. This implies that at least those two banks disclose more in this area than demanded by the guidelines. The increase in disclosures could be a reaction to the shifting norms of society, as the banks struggle to keep the support from its stakeholders and not lose their legitimacy, as reasoned by Clarkson (1995). The relatively low level of detail for the whole category in 2010 is in line with the findings made by Grosser & Moon (2008), who found that there was a low grade of comparability among British banks in terms of equality-related disclosures. While they found little improvements in this area when comparing their results with the study made by Adams & Harte (1999) a decade earlier, our data shows significant improvements in this field in the Swedish banking sector over the period 2010-2019. Grosser & Moon (2008) found that the minor improvements made in disclosures in the field had been made without any new legislative pressure, but that these improvements had been made on a voluntary basis. The same seems to be the case for the banks included in our study, as no additional legislation forcing the banks to disclose more extensively or into greater detail in the area than was made in 2010 has been introduced over the period.

4.3.5 Compliance

When further investigating compliance-related disclosures, external events covered by the media will be included in order to get an understanding of why the development and changes have occurred. The data shows that there are small differences among the banks in terms of total number of mentions captured over the whole period. However, it becomes interesting when investigating each year separately. Swedbank is by far the most prominent bank in 2019 as nearly 80% of the total compliance-related mentions this year were captured from Swedbank's report. As presented in the first level analysis, the majority of the disclosures made in this category is of a narrative characteristic with motivations and reasonings to back up the actions. One of the most direct and distinct events that could function as an explanation for the increase in disclosures of Swedbank in 2019 is the money laundry scandal of 2018 (Magnusson et al., 2019).

In order to get a better understanding of how significant the change in compliance-related disclosures was for this year, a brief comparison between the years will be presented. In 2010, 11% of Swedbank's total mentions captured consisted of mentions in the category Compliance, while the average for all of the banks this year was 10%. The same goes for 2015 when 17% of Swedbank's mentions were captured in this category, and the corresponding figure for the whole sample was 18%. However, a total of 29% of the mentions captured for Swedbank in 2019 falls under the category Compliance, with an average of 15% for the whole sample. Interestingly, this is not a one-off event. Nordea was caught in a similar but slightly less substantial money laundering scandal in 2014 which had a significant impact on the compliance-related disclosures for 2015. When comparing Nordea to its peers, the same pattern arises as for Swedbank in 2019. Nordea's compliance-related disclosures amounted to 8% out of the total disclosed for 2010 but in 2015, following their money laundering scandal, roughly 25% of the mentions were captured in this category. In 2019, the compliance-related disclosures fell to 8% which was the same level as for 2010.

The fact that we have two separate events in two different banks provides a lot of information regarding how the banks react and deal with these kinds of setbacks. In order to explain why these peaks could have occurred, the theoretical lenses of legitimacy theory will be used. Legitimacy theory assumes that when such a scandal is revealed and the public becomes aware of new information about the organization, a legitimacy gap can occur (Sethi, 1978). In order to close this gap, the firm starts to address the issue, thus improving the perception of the firm. This is also a way to show the stakeholders that the business is run in a legitimate way and that precautions are taken to deal with the shortcomings. The argument could be made that Nordea's increased disclosures in 2015 are made in order to give the appearance of being legitimate and to satisfy their stakeholders, in line with Griffith (2015), stating that compliance is not only related to regulations, but includes pressure from a broad range of stakeholders. This becomes noteworthy since the share of compliance-related disclosures drops to the below-average level in 2019, even though they had this history of compliance breaches and even though Swedbank experienced a similar event in 2019. It seems as if Nordea only presents disclosures that are in conjunction with actual events directly connected to their own activities. However, the question still remains as to why the banks do not respond with increased disclosures in the area when a competitor has been involved in such a scandal. One would assume that the public's perception of the banking industry as a whole is negatively affected by these scandals, which would be an argument for not only the bank directly involved in a scandal to increase its disclosures, but all of the actors in the market in order to handle the legitimacy gap. To conclude, this area requires more research in order to understand how investors and stakeholders view compliance as a legitimacy matter.

5

Concluding discussion

The aim of this thesis is to study and explain the development of the major Swedish banks' CSR-disclosures by applying a model partly developed in this report. Two research questions are investigated:

> *-How have the sustainability disclosures developed in the Swedish banking sector over the period 2010-2019?*
>
> *-What separates the disclosures and why?*

The findings of this study indicate that the social and environmental disclosures among the major Swedish banks have increased during the period 2010-2019, thus supporting previous similar findings of banks on a global level. Previous studies have called out for further research in the area of specific themes in banks' CSR disclosures and our results provide new knowledge about disclosure volume of specific areas, indicating that the increase in disclosure volume consists especially of disclosures related to green products, indirect effects, employees and compliance, all of which have been investigated into detail. It is also found that the Swedish banks have incorporated a more holistic approach in their CSR-reporting in the sense that what is referred to as "sustainability", and what is included in the disclosures, have increasingly been widened during the period, partly as a result from an increased capability of measuring effects previously not measurable. During the period studied, the term sustainability has increasingly been linked to the banks' social and environmental responsibility, and less about the banks' own survival, which was a common theme when referring to sustainability in the reports of 2010.

Apart from measuring the disclosure volume, we have also managed to measure the level of detail provided in the disclosures. The results suggest that while the disclosure volume related to the categories included in the model has more than doubled during the period, the average level of detail of the disclosures has remained practically unchanged. This implies that the huge increase in disclosure volume between 2010-2019 is not only a result of the banks' extending the number of pages with non-comparable information, but that the increase of disclosure volume has been made with a preserved level of detail. However, the findings also suggest that the average level of detail provided in the disclosures of the highlighted categories (green products, indirect effects, employees and compliance) increased during the period while at the same time, as mentioned above, being the ones experiencing the most significant increase in disclosure volume.

A logic used in previous research is that similar firms acting in the same industry should face similar challenges, thus having similar disclosures. However, our research shows significant differences among the banks in disclosure patterns and suggests that a crucial factor determining what to disclose is the composition of stakeholders, not least the composition of the banks' owners and customers. The picture provided is incomplete in the sense that we have not investigated the stakeholder pressure specifically, but the stakeholder composition seems to be one explanation as to why the banks' disclosures differ the way they do. One example of this are the extensive disclosures made by SHB and SEB, which partly could be linked to their large share of corporate clients which potentially leads to a more evident stakeholder pressure. There have been discussions regarding increased regulation in the field of CSR-reporting, and new legislation and recommendations have been introduced to the actors.

However, as our findings show huge differences among the banks' disclosures even though they all act under the same regulations, it is evident that at least some of the banks disclose more than they are obliged to do and it seems likely that the total increase in disclosure is not explained by legislation introduced. While our study has limitations in finding precise explanations as to why the specific changes have occurred the way they have, it seems more likely that the development among the banks is explained by differences in the stakeholder compositions and events creating legitimacy gaps in the specific banks than by increased legislation. It seems likely that the huge increase in disclosure between the years 2015 and 2019 partly could be explained by an attempt to reduce the increased legitimacy gap occurred during the period in which the climate movement grew stronger and climate change became perceived as the number one security threat in the world, which increased the pressure on the banking industry, among others. As the expectations from the public increase in terms of corporate social responsibility, the banks are more or less forced to improve the perception of themselves as a responsible actor in the market in order to not be seen as illegitimate. An additional sign of the banks reacting to legitimacy gaps is the dramatic increase in compliance-related disclosures made by two of the banks the year following extraordinary compliance breaches. Our result shows a remarkable spike in disclosures related to compliance in Nordea's reports in 2015, the year after a scandal which received a lot of attention. In 2019, the share of compliance-related disclosures was back on the same level as in 2010. In the report covering 2019, the year in which a money laundering scandal in Swedbank unfolded, a similar pattern is observed in Swedbank's disclosures as the share of compliance-related disclosures in the report increased from 17% in 2015 to 29% in 2019. The observation that these disclosures increased in the aftermath of the compliance breaches was expected, as they act as a response to a legitimacy gap. However, when such a compliance breach is unfolded in one bank, we would also expect the rest of the banks' disclosures in the area to increase as these scandals most likely have changed the public's expectations regarding money laundering etc. Such an increase in disclosure among the banks not involved in the scandals has not been identified and could be subject for further investigation.

The findings presented in this report were made possible using a model partly developed in the frame of the study. The model (CONIBI) combines multiple variables of the content investigated and measures both the disclosure volume in 16 different categories and includes also an element of grading the level of detail provided in each disclosure. The model is specifically designed to investigate disclosures made by firms in the banking industry as previous research has emphasized the need for such a tool since banks' CSR-issues differ significantly from other industries'. The model also has the advantage of facilitating findings for further research, as disclosure patterns previously not found opens up new areas to study. For the findings made in this study, future research should aim at investigating the actual actions made by the banks in the area of CSR and to investigate whether the differences among the banks in terms of disclosures is reflected by their actions. Another area for future research is to investigate the highlighted categories of this study into greater detail in order to get an even better understanding of why the disclosure patterns look the way they do. Our study provides knowledge in this aspect, but it has to a large extent been focused on explaining the actual development of the disclosures. A more detailed study into some of the categories would thus be of interest.

5.1 Limitations

A limitation in a conventional content analysis is that it often lacks the ability to capture the underlying meaning of the content. This limitation is less evident in our study, as the data collection was made manually and the disclosures included in the data were not collected based on whether specific words were included or not. However, as the data collection was made manually, each disclosure included in the data was chosen based on judgements from the user which opens up for less reliable results. This was on the other hand mitigated by reviewing the disclosures four times as part of the data collection process in which little changes were made. It should thus be noted that the method is rather time consuming.

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Appendix

GEN	*General Environmental related disclosures: any mention dealing with environmental policy and concern for the environment*	1. Any general mention 2. Aims 3.Management system and processes 4. (Disclosure) guidelines such as the ACCA guidelines adopted 5. Initiatives (e.g. Responsible care) 6.Results e.g. Awards won, Results resulting from the Policy 7. Long-term - any mention of long-term policy
RES	*Who is responsible for the implementation anc*	1. Top-management - top management or board a. Committee/audit - any committee or group b. Membership c. Aims and objectives 2. Results 3. Anybody working with the organisation e.g. reference to each employee.
POLL	*Pollution related disclosures*	1. Air a. Emissions b. Actions/targets undertaken 2.Water c. Emissions d. Actions/targets 3. Waste e. Situation f. Control /reduction g. Recycling 4. Land h. Emissions i. Action /targets 5. Results 6. Products j. Product related disclosures k. Product development
SUSTAIN	*Disclosures related to sustainability*	1. Any mention of sustainability 2. Involvement/Commitment to UNCED, Brundtland, Rio, Kyoto 3. Conservation of natural habitat/species
LIAB	*Environmental liabilities*	1. Financial disclosure 2. Balance sheet within voluntary section 3. Justification for no disclosure
ACT	*Environment-related activities*	1. Training of staff 2. Project involvement 3. Awards 4. Sponsoring
BRR	*Business related risk*	1. Specific environmental risks related to the business 2. Attempts to reduce/manage these risks 3. Costs involved
PRESS	*Pressure Groups*	1 .Shareholders 2. Other Stakeholders 3. Government
SER	*Separate Environmental Report*	1. Available 2. Reference within annual report 3. Contact details
ENE	*Energy related disclosures*	1. Conservation/saving attempts 2. Use, development, exploration of alternative energy sources
IRP	*Information retrieval processes to obtain feedback from stakeholders*	
Other	*Any other environmental disclosure not fitting the categories above*	