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Non-financial reporting by an international corporation in the light of new mandatory regulations

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Abstract

Purpose: Directive 2014/95/EU gave the EU Member States a certain flexibility when transposing it into national law. Each Member State could, therefore, decide to introduce regulations of varying degrees of stringency. Thus, the purpose of the article is: 1) to indicate the main differences in the implementation of the Directive and the national provisions in countries selected for the study; 2) to determine and compare the range of non-financial indicators published by branches of an international corporation that operates in the selected countries, after the introduction of changes to the reports; 3) to determine differences in the reporting of non-financial ratios existing between entities operating within one capital group in the EU and outside of it. **Methodology/approach**: Comparative analysis and content analysis were used to achieve the objectives of the article. **Findings**: The results suggest that countries should adopt into their national laws various items, including the definition of a large entity that is required to make non-financial disclosures, the need for external verification of this type of information, and the adoption of sanctions for failing to publish such information. The content analysis of individual branches' non-financial reports also revealed a wide range of non-financial indicators. What is more, significant differences were found between the scope of the non-financial indicators published by the capital group and those of its subsidiaries. **Originality/value**: To date, little research has been done on the impact of this regulation on the practice of non-financial reporting. Our research, therefore, expands the knowledge on the subject, despite the fact it does not cover a large number of enterprises. It constitutes a new approach to non-financial disclosure analysis since the study covers non-financial reports of a capital group and its subsidiaries that operate in different countries.

Keywords: non-financial reporting, new mandatory regulation, international corporation, content analysis.

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Streszczenie

Raportowanie informacji niefinansowych przez korporację międzynarodową w świetle nowych obowiązujących przepisów

Cel: Dyrektywa 2014/95/UE zapewniła członkom UE pewną elastyczność w transpozycji do prawa krajowego. W związku z tym każdy kraj członkowski mógł podjąć decyzję o wprowadzeniu bardziej bądź mniej rygorystycznych przepisów. Biorąc to pod uwagę celem artykułu jest: 1) wskazanie głównych różnic we wdrażaniu dyrektywy 2014/95/UE do przepisów prawa krajowego wybranych do badania krajów, 2) ustalenie i porównanie zakresu wskaźników niefinansowych opublikowanych po wprowadzeniu zmian w raportach oddziałów korporacji międzynarodowej funkcjonującej w badanych krajach, 3) ustalenie różnic w raportowaniu wskaźników niefinansowych między jednostkami prowadzącymi działalność na terenie UE i poza nią, ale w ramach jednej grupy kapitałowej. **Metodyka/podejście**: Do realizacji przyjętych w artykule celów wykorzystano analizę porównawczą oraz analizę zawartości. **Wyniki**: Otrzymane rezultaty wskazują na przyjęcie w prawie krajowym poszczególnych krajów różnych rozwiązań dotyczących: definiowania dużej jednostki mającej obowiązek dokonywania ujawnień niefinansowych, konieczności weryfikacji zewnętrznej tego typu informacji oraz przyjęcia sankcji za brak ich opublikowania. Analiza zawartości raportów niefinansowych poszczególnych oddziałów również wskazała na różny zakres opublikowanych wskaźników niefinansowych. Ponadto wykazano znaczące różnice między zakresem opublikowanych wskaźników niefinansowych grupy kapitałowej i jej spółek zależnych funkcjonujących w różnych krajach. **Oryginalność/wartość**: Do tej pory przeprowadzono niewiele badań dotyczących wpływu tej regulacji na praktykę raportowania niefinansowego. Badania przedsawione w artykule stanowią wkład w poszerzenie wiedzy na ten temat, chociaż nie obejmują dużej liczby przedsiębiorstw. Jednakże są nowym podejściem do analizy ujawnień niefinansowych ze względu na objęcie badaniem raportów niefinansowych grupy kapitałowej oraz jej jednostek zależnych funkcjonujących w różnych krajach.

Słowa kluczowe: raportowanie niefinansowe, nowe obowiązkowe przepisy, korporacja międzynarodowa, analiza zawartości.

Introduction

The publication of selected social or environmental information by enterprises has been around since the beginning of the 20th century. It is, therefore, not a new phenomenon. The last twenty years, however, have seen a huge increase in public interest regarding non-financial-information reporting from companies, international organizations, government institutions, and the academic community. This is indicated not only by the growing number of reports containing this type of information and the guidelines developed for such reporting, but also by the research on the scope and form of the disclosures, the reasons behind such disclosures, and increasingly often by the quality of the non-financial information published. One of the main reasons for this is the need to conduct business sustainably, i.e., taking into account economic efficiency, environmental protection, and emerging social needs.

What is more, as Henriques (2010, p. 69) states, for enterprises to develop sustainably, they must act responsibly towards their stakeholders, including the environment in which they operate. As such, in the face of a revised approach to assessing business activity, the publication of non-financial information in external reports becomes particularly significant.[1] These kinds of disclosures help measure, monitor, and manage the performance of enterprises as well as their impact on society (MSI, 2017, p. 6).

However, the voluntary nature of non-financial disclosures in most countries[2] resulted in them varying in scope, form and, above all, quality, as confirmed by the results of many empirical studies carried out in different countries (see, e.g., Gray, Bebbington, 2010; Deegan et al., 2000; Boiral, Henri, 2015; Hąbek, 2015; Dyduch, 2017; Braam et al., 2016; Hąbek, Wolniak, 2016; Hoffmann et al., 2018). It should also be added that despite the numerous market incentives and regulatory activities introduced in the EU, the comparability and transparency of the non-financial information published by companies have not improved significantly (Summary Report, 2011).

What is more, as a result of consultations carried out by the European Commission with reporters, users of these documents, and various NGOs, it was found that only 6% of large EU companies publish non-financial information annually, but the scope of this information does not meet the growing needs of stakeholders (Proposal for a Directive of the European Parliament and of the Council 2013, p. 5).[3] Therefore, the transposition of Directive 2014/95/EU – on the disclosure of non-financial and diversity information by certain large enterprises and groups – into the legal regulations of all EU Member States was a breakthrough towards harmonizing the non-financial reporting practices of all European Member States (La Torre et al., 2018, p. 599) and formalizing the transparency requirements (MSI, 2017, p. 7).

Starting with the 2017 reporting year, this regulation imposed new mandatory rules regarding the reporting of non-financial information on all large public interest entities, with the intention of increasing the consistency and comparability of such disclosures in all EU countries. At the same time, this Directive gave the EU Member States some flexibility when transposing it into national law. It did not, however, indicate any specific standards that contained unified solutions to measure and include non-financial information in reporting, nor did it impose any obligation to verify such disclosures externally. Each Member State, therefore, could decide to introduce regulations of varying degrees of stringency. Moreover, as Aureli et al. (2018, p. 49) stated, the fact it left many options open to the Member States implies that individual national interest may prevail over the achievement of harmonization. Given the above, the purpose of the article is:

- to determine the main differences in the implementation of the Directive and the national provisions of the following EU countries: Croatia, Poland, Lithuania, Italy, and Great Britain;

[1] In business practice, reports containing non-financial information take names such as a balanced report, an integrated report, a social responsibility report, a CSR report, a triple-bottom-line report, an ESG report, a social and environmental report, a sustainability report and also recently, a non-financial report or non-financial information statement.

[2] These issues have been discussed more broadly in the works of Szadziewska (2013, pp. 194–196), Pahuja (2009, pp. 52–53) and Kobiela-Pionnier (2012, p. 78).

[3] As per Śnieżek et al. (2018, p. 95).

- to determine and compare the range of the non-financial indicators published after the introduction of changes to the reports published by branches of an international corporation operating in the countries selected for the study;
- to determine whether the scope of the non-financial indicators published by a capital group with experience in non-financial reporting is the same as in its subsidiaries, where such disclosures have been a recent practice;
- to determine differences in the reporting of non-financial ratios that exist between entities that operate within one capital group in the EU and outside of it.

The 2017 transition from voluntary to compulsory non-financial reporting raised the need for research aimed at checking whether such a change had brought benefits in the form of increased consistency and comparability of the non-financial disclosures published by enterprises. The first papers presenting the non-financial reporting practices used by companies have already been published (e.g., Waniak-Michalak et al., 2018; Aureli et al., 2018; Meeh-Bunse et al., 2019; Mion, Loza Adaui, 2019; Caputo et al., 2020). Our research also contributes to the expansion of knowledge on the subject, despite only covering a small number of enterprises. It constitutes a new approach to the analysis of non-financial disclosures as it explores the non-financial reports of a capital group and its subsidiaries that operate in different countries. Additionally, our article provides information on the non-financial reporting solutions introduced as part of the harmonization process provided for in Directive 2014/95/EU, into the national legislation of the countries surveyed.

The results suggest that countries should adopt into their national laws various items, including the definition of a large entity that is required to make non-financial disclosures, the need for external verification of this type of information, and the adoption of sanctions for failing to publish such information. The content analysis of individual branches' non-financial reports also indicated a wide range of non-financial indicators. What is more, significant differences were found between the scope of the non-financial indicators published by the capital group and its subsidiaries. One should, therefore, agree with La Torre et al. (2018, p. 602), who state that introducing the obligation to make non-financial disclosures does not mean better (including more reliable) reporting.

The following research methods were used to achieve the objectives adopted in the article, namely:
- content analysis, which allowed us to determine the scope of the non-financial indicators published in the integrated report of an international corporation and the non-financial reports published by that company's subsidiaries;
- comparative analysis, which allowed us to indicate the differences both in the transposition of the Directive into the national law of selected countries as well as in the scope of the non-financial reporting practices applied.

The article is divided into six sections. Following the introduction, the second section discusses the changes introduced at the level of national regulations, in relation to the implementation of Directive 2014/95/EU, as well as the Ukrainian law in this area. The third section describes main studies that address non-financial disclosures in selected European countries. The next part presents the research methodology. The fifth part contains a description of the results of the content analysis of non-financial reports. The conclusions and future research directions are presented in the last part of the article.

1. The existing legal regulations in selected European countries – a comparative analysis of new, non-financial reporting obligations

Directive 2014/95/EU is the first document of the European Parliament and the Council of the EU to introduce the obligation to publish non-financial information by selected large entities that operate in the EU. The solutions it proposes are designed to increase the consistency, transparency, and comparability of the non-financial information published, as well as to expand the corporate responsibility for making such disclosures. This regulation, however, gave the EU Member States some flexibility when transposing it into national law. This means that state-specific requirements can diverge when it comes to acceptable reporting frameworks, accounting standards, and the format of the disclosures (La Torre, 2018, p. 601). Moreover, consideration of the Member States' national law has an impact on the occurrence of differences in the definition of a large public interest entity, the need for external verification of the non-financial information reported, and the adoption of sanctions for non-publication. Details regarding the selected EU countries are presented in Table 1.

Table 1. Differences in the transposition of Directive 2014/95/UE into national law of selected EU countries

Country	The definition adopted
Definition of a Large Public Interest Entity	
United Kingdom	over 500 employees Listed entities, Credit institutions, Insurance undertakings
Lithuania	over 500 employees and net turnover over EUR 40 million or a balance sheet total over EUR 20 million Banks and the central credit union; a credit union if its assets exceed EUR 20 million on the last day of the financial year for at least two consecutive financial years; Pension funds; Large public or private limited liability companies, which are owned by the State and/or a municipality. The following provision supplements this point: Large state enterprises and/or municipal enterprises, Listed companies, Insurance and reinsurance undertakings, Investment undertakings, Central Securities Depository and Vilnius Securities Exchange, Brokerage firms, Management companies

cont. tab. 1

Country	The definition adopted
Poland	over 500 employees and a net turnover exceeding PLN 170 million or a balance-sheet total of PLN 85 million Listed companies, Insurance undertakings, Banks, Investment undertakings, Pension funds, National payment institutions, Electronic money institutions, Entities intending to be admitted or with a pending admission to one of the EEA (European Economic Area) regulated markets
Croatia	over 500 employees and a net turnover exceeding HRK 30 million or a balance sheet total exceeding HRK 15 million Listed companies, Credit institutions, Insurance and reinsurance companies, Electronic money institutions, Leasing companies, UCITS, AIF, Pension undertakings, Factoring companies, MTP operators, Central depository clearing companies, Operators of central register, Settlement system operators, Investor protection fund operators, Companies of strategic interest
Italy	over 500 employees and a net turnover exceeding EUR 40 million or a balance sheet total exceeding EUR 20 million Listed companies, Banks, Insurance and reinsurance undertakings, Companies issuing financial instruments, which, although not listed on regulated markets, are widely distributed among the public in a significant way, Management companies of regulated markets, Companies that manage clearing and guarantee systems, Centralised financial instrument management companies, Securities trading companies, Asset management companies, investment companies with variable capital, Payment institutions under EC Directive 2009/64, Electronic money institutions, the financial intermediaries referred to in Art. 107 of the Consolidated Law on Banking
Form of non-financial reporting	
United Kingdom	A strategic report
Lithuania	An annual report or a separate report published within three months of the last day of the financial year, made available via the company's website and referenced in the annual report
Poland	A management report or a separate report published alongside the management report or within six months of the balance sheet date, made available via the company's website and referenced in the management report
Croatia	A consolidated annual report or a separate report in conjunction with the management report, or a separate report published within six months of the balance sheet date, via the website of the enterprise, for at least five years
Italy	A management report or a separate report, approved by the administrative body, at disposal of the supervisory body and the auditor, published within the deadline for financial statements via the company register and alongside the management report

cont. tab. 1

Country	The definition adopted
External verification	
United Kingdom	Obligatory. Strategic reports must be audited for compliance with the legal requirements and any material misstatements. Auditors are required to state in their reports whether the information in the strategic report audited (including the non-financial information statement) is consistent with the company's accounts for the same period; thus, the non-financial information statement should be closely linked with the company's other reporting
Lithuania	Voluntary. Checking for its presence in the report
Poland	Voluntary. Checking for its presence in the report
Croatia	Voluntary. Checking for its presence in the report
Italy	Obligatory external and internal audit
Penalties for a lack of non-financial information	
United Kingdom	Fines, determined on a case-by-case basis and imposed on the people responsible
Lithuania	Responsibility is specified in the Law on Financial Reporting by Undertakings, while the fines are specified in the Administrative Offences Code
Poland	Punishments are specified in the Accounting Act (a fine or imprisonment, or both – in accordance with Article 77 of the Accounting Act)
Croatia	HRK 10,000–100,000 for failure to submit a report
Italy	Non-compliance is an offense punishable by a fine for each of the directors, auditors, and/or individuals responsible for verification/control. Fines of EUR 20,000–150,000 for omitting relevant information, non-compliance, or failure to submit within the timeframe
Legal act (national legislation)	
United Kingdom	The Companies, Partnerships, and Groups (Accounts and Non-financial Reporting) Regulation No. 1245
Lithuania	The Law of the Republic of Lithuania on Financial Reporting by Undertakings. (2001, November 6). No. IX–575, as amended on 14 May 2015 – No. XII–1696, Vilnius; The Law of the Republic of Lithuania on the Consolidated financial statements of the Groups of Companies. (2011, November 16). No. IX–576, as amended on 27 May 2015 – No. XII–1697, Vilnius. The Republic of Lithuania Accounting Law
Poland	The Accounting Act, Article 49 paragraph 2a, Article 49b. Pursuant to this document, large public-interest entities (as per Article 3, paragraph 1e, points 1–6) and capital groups in which the parent entity is a public interest entity are required to publish a statement containing non-financial information in a separate part of the report on operations and diversity policy

cont. tab. 1

Country	The definition adopted
Croatia	The Accounting Act, Article 21, paragraph 1, introduced the obligation to publish a Non-Financial Report (Article 21, paragraph 2) by all entities of public interest, to increase the transparency of operations and following Directive 2014/95/EU. If the Company does not publish a Non-Financial Report as part of the Management Report, it may be produced separately and published via the company website (Article 21a, paragraph 8). The content of the Non-Financial Report is defined by Article 21a) and should include, among other things, key non-financial performance indicators
Italy	Legislative Decree 30 December 2016, n. 254, in force since 25 January 2017

Source: authors' own elaboration based on MSI (2017); Jeffery et al. (2017).

As the information presented in Table 1 indicates, in all analyzed Member States, the obligation to publish non-financial information applies to public interest entities that employ over 500 people. One additional criterion that should be taken into account in each country (except Great Britain) when making this classification is the balance-sheet total and the value of net sales revenues. It should also be added that the obligation to verify non-financial information published only occurs in two of the five countries specified in Table 1, Great Britain, and Italy. In Great Britain, external auditors check whether such disclosures have been intentionally distorted. In Italy, an external and an internal audit should be carried out, and information about it should be provided in the non-financial report, while coherence of the information published in this reports with the information presented in the annual management report is required (Jeffery et al., 2017, p. 6). Furthermore, the independent auditors appointed to audit financial statements are required to:
1) verify the effective preparation of the non-financial statement by the directors, and
2) issue a dedicated report (separate from the financial statement and published together with the non-financial statement) on the conformity of the environmental, social and governance (ESG) information provided with the provisions of the Decree as well as on the methodology and the key indicators adopted by the company.[4]

In the absence of the publication of non-financial information, each Member State provides different solutions, i.e., specific fines imposed on those responsible for making such disclosures, or even the possibility of imprisonment (see Table 1). A similar situation occurs regarding the reporting of non-financial information. In countries such as Lithuania and Croatia, information in this area should be disclosed in the annual report or in a separate report prepared for that purpose. Poland and Italy have indicated the possibility of including such disclosures in the management report (in a separate part of this report), in addition to the separate report. In the UK, however, non-financial

[4] Legislative Decree 30 December 2016, no. 254, in force since 25 January 2017.

information should be published in the strategic report. It is also worth adding that similar solutions regarding the following issues have been adopted in all the countries surveyed:

- the issues covered by the reporting obligation, such as environmental matters; social and employee-related matters; the respect for human rights; as well as anti-corruption and anti-bribery matters;
- the minimum scope of the information presented, which should include a description of the enterprise's business model, policies related to nonfinancial matters, as well as the outcomes of those policies, the principal risks related to nonfinancial matters, and business activities, and any non-financial KPIs which are used. Only Lithuania has added an extra element, namely the explanation of the corporate social responsibility (CSR) – relevant sums indicated in the financial statement; moreover, the scope of the disclosures made should be "necessary for an understanding of the undertaking's development, performance, position and impact of its activity";
- guidelines that are usable for non-financial reporting (the international, national or EU-based reporting framework);
- adoption of the "comply or explain" principle, which means that companies (in each of the countries surveyed) may omit the disclosure of certain non-financial information if they provide a clear and substantiated explanation for this.

Although it does not belong to the EU, Ukraine has also introduced changes to its legislation, aimed at adapting the national accounting and reporting standards to EU laws, including Directive 2014/95/EU. This is influenced by the country's efforts to become a member of the EU. Amendments have been adopted to the Law "On Accounting and Financial Reporting in Ukraine," regarding the concept of a management report as a document that contains financial and non-financial information that characterizes the state of and prospects for an enterprise's development. It also reveals the major risks and uncertainties associated with its operations (The Law of Ukraine – amendments). The obligation to publish non-financial information applies to large entities employing over 250 people. Solutions similar to those in EU law have been adopted regarding the form and the scope of disclosures. External verification of the information disclosed is also voluntary, as is the case in some Member States (see Table 2). The obligation to report non-financial information also applies to large entities, but those employing over 250 people on an annual basis, not over 500 employees, as in the EU countries.

Table 2. The non-financial-information reporting obligations adopted in Ukraine

Issue	Solution adopted
Companies covered by the reporting obligation	According to Article 2 of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine," large enterprises that are required to prepare management reports with non-financial information are those which, at the date of the

cont. tab. 2

Issue	Solution adopted
	preparing the annual financial statements for the year preceding the reporting, meet at least two of the following criteria: over 250 employees and a net turnover exceeding EUR 40 million or a balance sheet total exceeding EUR 20 million
Form of non-financial reporting	A management report
The scope of non-financial information	– A brief description of the enterprise's model of activity; – A description of the enterprise's policy regarding these issues; – The result of such a policy; – The main risks associated with the issues related to the entity's activities, including (in appropriate cases) its business relationships, products, or services that may have adverse effects in these areas, as well as information on how the entity manages those risks; – The main non-financial indicators that characterize the enterprise's activity
External verification	Voluntary
Penalties for lack of non-financial information	No fines are provided for failure to submit a management report
Legal act (national legislation)	The Law of Ukraine "On Amendments to the Law of Ukraine 'On Accounting and Financial Reporting in Ukraine' regarding the Improvement of Some Provisions," dated 05.10.2017 "The Financial Reporting Procedure" approved by the Cabinet of Ministers of Ukraine, Decree No. 419, as amended on 17.07.2018 Decree of the Ministry of Finance of Ukraine No 982, dated 07.12.2018

Source: authors' own elaboration based on The Law of Ukraine.

In the context of the overview of the solutions introduced into the legal regulations of individual countries, the question of whether implementing Directive 2014/95/EU will increase the coherence and comparability of the non-financial information that companies disclose becomes more significant. As La Torre et al. (2018, pp. 613–614) state, the absence of unified standards for non-financial reporting, as well as the lack of an obligation to verify it externally in many EU countries, constitute the main barriers associated with achieving the objectives set out in this regulation. What is more, directly adopting an undefined concept of the materiality of non-financial information into national law may lead to the usefulness of such disclosures being questioned.

2. Literature review and research questions

There has been a huge increase in the public's interest in corporate non-financial information in Europe since the end of the 20th century. It is indicated by the growing number of companies reporting non-financial information, the initiatives that promote corporate social responsibility, as well as the many conferences and seminars addressing this subject (Śnieżek et al., 2018, p. 85). The results of research carried out in Great Britain played a particularly significant role in the international discussion on the importance of non-financial reporting for assessing company activity. The results concerned not only the environmental and social disclosures, but also the role of accounting in the acquisition of useful and reliable information in this field. The works published include studies containing new concepts, theoretical models, and empirical studies. The dominant research in this area was developed by Bebbington (1997), Bebbington and Gray (2001), Gray (2006, 2008, 2010, 2013), O'Dwyer and Unerman (2016), Unerman et al. (2018), and Bebbington and Unerman (2018).

Gray's (2008) comprehensive overview of the 20 years of research on Social and Environmental Accounting and Reporting can also constitute a key contribution to the research area. His studies sought "to offer a substantive challenge to conventional accounting. The re-invention of wheels, the ignoring of prior work and the entirely unjustified claims of territory and/or originality are all significant issues in the development of environmental accounting agenda. So, it is optimism which keeps the project moving whilst it is the pessimism – or realism – that makes it so very necessary". Gray (2010) developed an in-depth overview and analysis of the sustainability notion from an epistemological perspective, indicating that "sustainability is a systems-based concept and, environmentally at least, only begins to make any sense at the level of ecosystems and is probably difficult to really conceptualize at anything below planetary and species levels". Moreover, "… if we are to consider narratives of sustainability at the organizational level, then it is accounts – in the broadest sense of the term – at the organizational level that we need to embrace".

Brown and Dillard (2014) linked the ideas and findings derived from science and technology studies with the literature on dialogic/polylogic accountings, to engage in the debate on "the merits of integrated reporting as a change initiative that can contribute to sustainability".

Bebbington and Unerman (2018) published their first paper "to explore the roles academic accounting can play in furthering achievement of the SDGs through enhanced understanding, critiquing and advancing of accounting policy, practice and theorizing".

Unerman et al. (2018) developed insights into the "accounting for, and reporting of, externalities that are intended to improve the use of externalities information in breaking down silos between the traditionally discrete domains of financial reporting and sustainability reporting, and between silos within sustainability reporting".

In Italy, as in Great Britain, the issues related to corporate social responsibility and the reporting of such information have been in the spotlight since the end of the 20th century. Three research currents can be distinguished (Del Baldo, 2015). In the first, researchers deal with the dissemination of CSR practice in Italian enterprises. These studies mainly focused on private and large to medium-sized companies, but more recently, they have also looked at other types of organizations (SMEs, non-profit, foundations, public sector), e.g., Del Baldo and Demartini (2012), and Perrini, (2006).

In the second research current, the research results made it possible to identify the roots of good entrepreneurial practice, and they made it possible to trace the features of a territorial model of a socially responsible orientation, based on excellent examples of family enterprises that are strongly rooted in their territory. Works addressing these issues include, e.g., Bagnoli and Catalano (2005), Del Baldo (2010, 2013), and Marcuccio and Steccolini (2015).

The third research current encompasses works on accountability, in terms of the widespread use of social reporting with the intention of presenting the remarks concerning CSR aims, content, and methodologies (e.g., Hinna, 2004; Mio, 2010; Cardamone et al., 2012; Monfardini et al., 2013; Nardo, Siboni, 2018).

Many studies analyzed sustainable development reporting, integrated reporting, the importance of environmental accounting in entities, and, more recently, issues related to the process of implementing Directive 2014/95/EU (e.g., Pollifroni, 2010; Busco et al., 2013; Gherardi et al., 2014; Costa, 2014; Guthrie et al., 2017; Giacomini et al., 2018; Doni et al., 2019, Speziale, 2019).

In countries such as Lithuania, Poland, Croatia, and Ukraine, the beginning of the 21st century can be considered the beginning of an increase in the interest in non-financial information reporting, both in terms of practice and scientific research. In Lithuania, research initially covered the disclosure of additional information in annual reports (e.g., Legenzova, 2008; Dagiliene, 2009; Dagilienė, Mykolaitienė, 2015). Then, social responsibility reporting began to be analyzed (e.g., Dagiliene, Bruneckiene, 2010; Dagiliene et al., 2014), as well as the impact of institutional factors on making such disclosures in this area. For instance, the results of the research carried out by Dagiliene and Nedzinskiene (2018) reveal that if companies are likely to voluntarily disclose one non-economic aspect in their reports, they are also likely to disclose more about other non-economic issues.

In addition to institutional factors, research has also covered the relationship between the scope of non-financial reporting and company size as well as its stock-exchange value (e.g., Dagiliene, 2013, 2017). In the last decade, the quality of the information presented in reports, as well as the significance that the development of accounting systems has had for the provision of reliable non-financial information, have been studied as well (e.g., Speziale, Klovienė, 2014; Leitoniene, Sapkauskiene, 2015; Waniak-Michalak et al., 2018; Dagiliene, Stukiene, 2019).

In Poland, due to the political and economic transformations, there has been an increase in interest in non-financial-information reporting among the academic community since the beginning of the 21st century. The issues related to non-financial disclosures in the external reporting of enterprises became the subject of many scientific studies.

Initially, the projects dealt with the presentation of environmental information in financial reports (e.g., Stępień, 2004; Paszkiewicz, Szadziewska, 2011; Szadziewska, 2013). Then, in addition to environmental disclosures, the studies also covered the publication of social information in separate reports prepared for this purpose. The analysis of annual reports and CSR reports published by the companies listed on the Warsaw Stock Exchange in 2013 carried out by Macuda et al. (215, pp. 115–137), for instance, confirmed both the varying forms of the disclosures made in this area as well as their different scope. Similar research results were also obtained by Szadziewska (2013), Krasodomska (2014), Szadziewska (2015), Matuszak and Różańska (2017), and Walińska et al. (2018).

In the 2010s, many researchers analyzed the relationship between the scope of the non-financial information published by enterprises and the company size, the industry in which it operates, and its profitability. The research conducted by Bek-Gaik and Rymkiewicz (2015), for instance, indicated a statistically significant relationship between non-financial reporting and the level of revenues, the operating profit, and the size of assets, although no correlation between social reporting and profitability rates was found. Dyduch and Krasodomska (2017) obtained similar results. The analysis carried out by Szadziewska et al. (2018) also indicated that entities of larger size and/or greater market value, or those that have a negative impact on the environment, publish more non-financial information.

Due to the emerging criticism regarding the usefulness of the non-financial information disclosed for stakeholders, the qualitative attributes of this information, i.e., its reliability and usefulness, began to be analyzed. The research by Hąbek (2015) and Hąbek and Wolniak (2016), for instance, confirmed the low quality of the non-financial reports published in Poland, which results from the lack of external verification for this type of documents. It is also worth adding that the analysis of 27 integrated reports published by listed companies between 2013 and 2016 carried out by Krajewska and Chłapek (2018) indicated the use of non-financial information to shape the image of the companies they surveyed. What is more, the research conducted by Sikacz (2017) confirmed the vagueness and brevity of the non-financial disclosures contained in this type of report, the selective treatment of indicators, and the incomplete reporting thereof, as well as the lack of comparability with the preceding period.

In Croatia, interest regarding the publishing of non-financial information increased among the academic community only in the 2010s. This resulted from the lack of obligation to make such disclosures. As Galant and Černe (2017, pp. 48–55) note, under the Accounting Act, information on environmental protection and employees has to be published in the management board report, and only if it is needed to understand the entity's (the entrepreneur's) development, business results, and position. Moreover, they indicated that only a small portion of Croatian publicly listed companies discloses non-financial reports and that larger, more profitable, and more efficient companies are more likely to publish non-financial statements. The different scope and form of the non-financial information published were also indicated by Dečman (2016), Peršić and Halmi (2016), and Meeh-Bunse et al. (2019).

The reasons for reporting non-financial information, i.e., the company size, its profitability, or the industry in which it operates, have also constituted the subject of scientific research. For example, Kundid and Rogošić (2011) analyzed the reports of 32 banks in Croatia and found that size and profitability are factors that influence the making of non-financial disclosures. The research conducted by Kvasić et al. (2016) also indicated the existence of a positive relationship between the size of a bank, measured by market share, and the level of its CSR disclosures.

In Ukraine, although it is not a member of the EU, interest in non-financial-information reporting has also increased among the academic community in the past decade. It is related to the concept of intellectual capital and its reflection in the accounting system. Since all the components of intellectual capital, in particular, human intellectual capital, cannot be estimated reliably as to fully reflect it, researchers proposed developing separate Intellectual Capital Reports (assets) that include financial and non-financial indicators (Legenchyk, 2005; Davydiuk, 2010).

Over time, the disclosure of non-financial information has become increasingly associated with social reporting. Lazorenko and Kolyshko (2008) analyzed the global experience regarding the compilation of social (non-financial) reporting. They determined its most common formats and identified the strategic steps to implement social reporting in Ukraine. Zhigley (2010) conducted a thorough study of how the social components of annual reporting are formed. They analyzed the practices associated with compiling various types of social reporting in Ukrainian entities and suggested the principles of social report preparation and submission. They also identified directions for improving the structure of such reports.

Important publications that present non-financial reporting also include the works of Vorobei and Zhurovska (2010), Zamula (2010), Hrytsyshen and Dykyi (2011), Korol (2011), and Makarenko (2017). One important stream of research carried out in the last decade involves the use of integrated reporting in enterprises. Kostyrko (2013; 2015), for instance, identified the problems associated with and the prerequisites for implementing the integrated reporting model as a tool for ensuring sustainable development of Ukrainian companies. He substantiated the need to develop tools for adapting the national standards of corporate responsibility to the regulations approved in the world practice and formulated strategic-audit recommendations regarding the quality of non-financial reporting indicators.

Lokhanova (2012) substantiated the feasibility of compiling an integrated report as the main area to improve corporate reporting. She identified the main issues associated with integrated corporate report compilation in the current environment and formulated further ways of overcoming those issues. Evdokymov et al. (2014) considered integrated reporting as the means of promoting sustainable development and enhancing corporate social responsibility, disclosing its features based on the application of “AA 1000,” “Global Compact UNO,” “The Sunshine Standards for Corporate Reporting,” and “GRI”. It is worth adding that Nesterenko (2018) explored the methodological provisions of integrated reporting implementation in the accounting practice of Ukrainian entities. She considered the features of integrated accounting policy implementation with regard to formulating integrated reporting indicators, analyzed the elements of enterprise capital in the conceptual basis of integrated reporting, and suggested prospects for the development of integrated-reporting control.

The above-presented review of the literature addressing non-financial reporting indicates a huge increase in the popularity of the research in this area since the beginning of the 21st century. Most of the results concern voluntary non-financial disclosures. Directive 2014/95/EU and its transposition into the national law of individual countries imposed the obligation to report this type of information on large entities. The regulation aims to increase the usability, consistency, and comparability of the non-financial information disclosed by companies throughout the EU. However, as La Tore et al. (2018, p. 606) state, "the regulation is flexible in terms of how it can be transposed into different local contexts by the States". This means there is the possibility of solutions of varying degrees of stringency being adopted in the national law of a given EU country regarding the disclosure of non-financial information, as part of the obligations imposed by Directive 2014/95/EU.

Considering both the comparison of the non-financial reporting obligations introduced in the countries examined as well as the literature review carried out, the following research questions were formulated:

RQ1: Was the scope of published non-financial indicators in non-financial reports of individual branches within one corporation the same?

RQ2: Is the scope of the non-financial ratios published by the capital group – which is experienced in non-financial reporting – the same as in its subsidiaries, where making such disclosures has been a relatively recent practice?

RQ3: Did the introduction of new regulatory requirements by Directive 2014/95/EU increase the comparability of the non-financial ratios presented in the non-financial reports published by branches operating in different countries?

RQ4: Are there differences in the non-financial ratio reporting of the entities that operate within one capital group in the EU and outside it?

3. Research methods

The research was carried out in two stages. The first involved reviewing the solutions introduced into the legal regulations of individual countries regarding non-financial disclosures of large entities. To determine the differences in the transposition of Directive 2014/95/EU into national law, comparative analysis was used. The second stage involved determining the scope of the non-financial indicators published in the reports of the Coca Cola HBC capital group and its subsidiaries, which operate in various countries, using content analysis.

In our study, the content analysis of the non-financial reports published by the corporations that operate in the countries selected for the study was focused on two groups of disclosures, namely:

1) general information, which describes the functioning of a given company, i.e., the profile of its activity, the mode of its operation, the objectives and the strategy adopted for implementation, the market connections, and the factors affecting its

development. This group additionally includes information on ethics, corporate governance, external verification of the report, as well as information on the approaches to the management of significant aspects regarding the organization's activities;
2) KPIs (Key Performance Indicators), which are necessary to determine the impact of an entity's operations on the environment, are divided into environmental performance, social and employee-related matters, respect for human rights, as well as anti-corruption and anti-bribery matters.

In the non-financial reports, a total of 104 indicators were checked using dummy variables (0 – when the company did not publish the indicator and 1 – when the indicator was included in the report). GRI 102-56 was an exception, where the company could receive one point if an external audit of the report was carried out, and 0 if this was not the case. For the management approach disclosures, we checked whether the non-financial reports discussed how a given entity manages the significant environmental and social impacts identified. Each company could receive a total of 104 points. Details regarding the definition of individual categories covered by the analysis are presented in Table 3.

Table 3. The categorization keys adopted for the non-financial disclosure analysis

Categorization keys	**The categories adopted for the study – indicators of the GRI Standards**
General Information – Strategy and analysis; Entity profile; Stakeholder engagement; Management approach – 48 indicators	
Key I	**Information on the nature of an organization and its economic, environmental and social impact** 1. Organization's profile 2. Strategy and analysis 3. Stakeholder engagement 4. Management approach **GRI 102** – information on an organization's profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. **GRI 103** – disclosures enable an organization to explain how it manages the economic, environmental, and social impacts related to material topics. 1. **Organizational profile – 13 indicators**: GRI 102-1; GRI 102-2; GRI 102-3; GRI 102-4; GRI 102-5; GRI 102-6; GRI 102-7; GRI 102-8; GRI 102-9; GRI 102-10; GRI 102-11; GRI 102-12; GRI 102-13 2. **Strategy – 2 indicators**: GRI 102-14; GRI 102-15 3. **Stakeholder engagement – 5 indicators**: GRI 102-40; GRI 102-41; GRI 102-42; GRI 102-43; GRI 102-44 **4. Management approach –3 indicators:** GRI 103-1; GRI 103-2; GRI 103-3

cont. tab. 3

Categorization keys	**The categories adopted for the study – indicators of the GRI Standards**
Key II	**Ethical and integrity aspects – 2 indicators:** GRI 102-16; GRI 102-17
Key III	**Governance – 22 indicators:** GRI 102-18; GRI 102-19; GRI 102-21; GRI 102-21; GRI 102-22; GRI 102-23; GRI 102-24; GRI 102-25; GRI 102-26; GRI 102-27; GRI 102-28; GRI 102-29; GRI 102-30; GRI 102-31; GRI 102-32; GRI 102-33; GRI 102-34; GRI 102-35; GRI 102-36; GRI 102-37; GRI 102-38; GRI 102-39
Key IV	**External verification – 1 indicator:** GRI 102-56
KPI Indicators (Environmental performance, Social and employee matters, Respect for human rights, Anti-corruption and anti-bribery matters) – 56 indicators	
Environmental performance – 28 indicators	
Key V	**1. GRI 301 – Materials – indicators:** GRI 301-1; GRI 301-2; GRI 301-3 **2. GRI 302 – Energy – indicators:** GRI 302-1; GRI 302-2; GRI 302-3; GRI 302-4; GRI 302-5 **3. GRI – 303 – Water – indicators:** GRI 303-1; GRI 303-2; GRI 303-3; GRI 303-4; GRI 303-5 **4. GRI – 305 – Emissions – indicators:** GRI 305-1; GRI 305-2; GRI 305-3; GRI 305-4; GRI 305-5; GRI 305-6; GRI 305-7 **5. GRI – 306 – Effluents and Waste – indicators:** GRI 306-1; GRI 306-2; GRI 306-3; GRI 306-4; GRI 306-5 **6. GRI – 307 – Environmental Compliance – indicators:** GRI 307-1 **7. GRI – 308 – Supplier Environmental Assessment – indicators:** GRI 308-1; GRI 308-2
Social and employee matters – 20 indicators	
Key VI	**Employment practices and decent work – 12 indicators** **1. GRI – 401 – Employment – indicators:** GRI 401-1; GRI 401-2; GRI 401-3; **GRI – 403 – Occupational Health and Safety – indicator:** GRI 403-1; GRI 403-2; GRI 403-3; GRI 403-4 **2. GRI – 404 – Training and Education – indicators:** GRI 404-1; GRI 404-2; GRI 404-3 **3. GRI – 405 – Diversity and Equal Opportunity – indicators:** GRI 405-1; GRI 405-2 **Society – 8 indicators** **1. GRI – 413 – Local Communities – indicators:** GRI 413-1; GRI 413-2

cont. tab. 3

Categorization keys	**The categories adopted for the study – indicators of the GRI Standards**
	2. GRI – 416 – Customer Health and Safety – indicators: GRI 416-1; GRI 416-2 **3. GRI – 417 – Marketing and Labeling** GRI 417-1; GRI 417-2; GRI 417-3 **4. GRI – 419 – Socioeconomic Compliance** GRI 419-1
Respect for human rights – 4 indicators	
Key VII	**1. GRI – 406 – Non-discrimination – indicator:** GRI 406-1 **2. GRI – 407 – Freedom of Association and Collective Bargaining – indicator:** GRI 407-1 **3. GRI – 408 – Child Labor – indicator:** GRI 408-1 **4. GRI – 409 – Forced or Compulsory Labor – indicator:** GRI 409-1
Anti-corruption and anti-bribery matters – 4 indicators	
Key VIII	**1. GRI – 205 – Anti-corruption – indicators:** GRI 205-1; GRI 205-2; GRI 205-3 **2. GRI – 206 Anti-competitive Behavior – indicator**: GRI 206-1

Source: authors' own elaboration based on Szadziewska (2013, pp. 267–268); GRI Standards (2016).

After the number of points received by each subsidiary was determined (broken down into individual categories), the share of these points in the total points to be obtained was calculated. The results were then compared. Based on these results, conclusions were drawn regarding the non-financial reporting obligations introduced by legal regulations. The content analysis was not only intended to indicate the number of non-financial indicators published in the reports (as such, it was not only quantitative), it was also important to determine the differences between the range of the non-financial indicators published in individual reports in the entire corporation and its subsidiaries.

Our study has a number of limitations. Firstly, the analysis covered the disclosure of selected indicators presented in the non-financial reports of selected branches of only one corporation from the food industry. Narrative information and its context were not examined. Secondly, the non-financial disclosures analyzed concerned only one year. Moreover, in two cases, due to the lack of reports from 2018, non-financial statements from 2017 were analyzed. Thirdly, all entities published non-financial information according to the GRI guidelines. Finally, only five countries were selected for the study.

4. The scope of the non-financial ratios presented in the non-financial reports examined – content analysis results

To examine the content of the reports and the differences in non-financial-information reporting, the Coca-Cola HBC corporation, listed on the London Stock Exchange and the Athens Exchange, was selected for the study. This group operates in 28 countries, employing a total of 22884 persons, as of the end of 2018. CSR reports of five branches operating in such countries as Poland, Lithuania, Croatia, Italy, and Ukraine were analyzed. The non-financial disclosures included in the group's integrated report, which a listed entity is required to disclose, were examined as well. Details regarding employment, assets, and the net revenues from sales of individual branches are presented in Table 4.

Table 4. Selected information on the activity of the branches surveyed

Specification	United Kingdom	Lithuania*	Poland	Croatia***	Italy	Ukraine
Average employment	22884	153	1798	473	about 2000	1326
Balance sheet total	EUR 6,854.3m	EUR 25.9m	PLN 1,328.7m	HRK 534m	None**	UAH 336.7m
Net sales revenues	EUR 6,657.1m	EUR 50.8m	PLN 2,302.9m	HRK 1,068m	None**	UAH 278.8m
Number of pages	260	61	around 60	52	88	51
Form of report	Integrated report	Sustainability report	Sustainability report	Sustainability report	Sustainability report	Sustainability report

* The report was prepared in 2018, including information for the 2017 reporting period; it additionally contained information from the branches operating in Estonia and Latvia (The Coca Cola HBC Baltics Sustainability Report).

** There is no obligation to publish financial information; for this reason, the branch does not include such information in the non-financial report (absence of GRI 201-1 Economic performance).

*** The report was prepared in 2018, including information for the 2017 reporting period.

Source: authors' own elaboration.

Taking employment into account, the Coca Cola HBC branches surveyed are considered large companies, apart from the ones operating in Lithuania and Croatia. It can also be assumed that the requirements regarding the balance-sheet total and the value of net sales revenues were met by five units (also in the Italian branch, due to its high number of employees). Nevertheless, according to the legal regulations, the branch operating in Italy is not obliged to publish information on economic results, which reduces the comparability of the disclosures made. It is also worth adding that the Coca-Cola capital group is listed on the London stock exchange, which is why entities within this corporation are obliged to publish non-financial information.

The results of the content analysis of the non-financial reports are presented in accordance with the division adopted in Table 3. First, the disclosures from the first group of disclosures, i.e., the general information, were examined. The results indicate that the smallest number of indicators, i.e., 17 (35.42%), was published in the Coca Cola HBC Baltics Sustainability Report prepared for three countries, including Lithuania. It primarily lacked those indicators that explain the company's approach to managing the economic, social, and environmental impact associated with significant aspects of the company's business operations, as well as the indicators related to corporate governance, except for one, i.e., "GRI 102-18 Governance structure".

The GRI-103 Management Approach disclosures were not disclosed in the sustainability report of the branch operating in Croatia, unlike the reports from other countries. By contrast, all the indicators that allow for the assessment of the corporate-governance principles applied in the entity were included in the document. It is also worth adding that the entire group's integrated report contained all the indicators under examination that belong in "General information". They were presented either for the entire corporation or in a division into three groups of countries, i.e., Established markets, Developing markets, and Emerging markets, without consideration of the results for individual countries. This means it is not possible to compare the results for individual branches, both in the given and the previous period (sustainable development reports for 2017 were published for each branch).

What is more, the integrated report was subject to external verification, under the applicable law, such as the Italy Sustainability Report. In the other countries, however, the non-financial information published is not subject to external auditing, which brings into question the reliability of the non-financial information published. It should also be added that the entire group's integrated report includes all the non-financial indicators adopted for the study. Details regarding this group of rations are presented in Table 5.

Table 5. The general information contained
in the non-financial reports of individual branches

Indicator number	United Kingdom	Lithuania	Poland	Croatia	Italy	Ukraine
GRI 102 – Organizational profile (from 102-1 to 102-13)						
GRI 102-1	1	1	1	1	1	1
GRI 102-2	1	0	1	1	1	1
GRI 102-3	1	0	1	1	1	1
GRI 102-4	1	0	1	1	1	1
GRI 102-5	1	0	1	1	1	1

cont. tab. 5

Indicator number	United Kingdom	Lithuania	Poland	Croatia	Italy	Ukraine
GRI 102-6	1	0	1	1	1	0
GRI 102-7	1	0	1	1	1	1
GRI 102-8	1	1	1	1	1	1
GRI 102-9	1	1	1	1	1	1
GRI 102-10	1	1	1	1	1	1
GRI 102-11	1	1	1	1	1	1
GRI 102-12	1	1	1	1	1	1
GRI 102-13	1	1	1	1	1	1
GRI 102 – Strategy (from 102-14 to 102-15)						
GRI 102-14	1	1	1	1	1	1
GRI 102-15	1	1	1	1	0	1
GRI 102 Stakeholder engagement (from 102-40 to 102-44)						
From GRI 102-40 to 102-44	5	5	5	5	5	5
GRI 103 – Management approach						
GRI 103-1	1	0	1	0	1	1
GRI 103-2	1	0	1	0	1	1
GRI 103-3	1	0	1	0	1	1
GRI 102 – Ethical and integrity aspects (from 102-16 to 102-17)						
GRI 102-16	1	1	1	1	1	1
GRI 102-17	1	1	1	1	0	0
GRI 102 – Governance (from 102-18 to 102-39)						
GRI 102-18	1	1	1	1	1	1
From GRI 102-19 to 102-39	21	0	0	21	0	0
GRI 102-56 – External verification						
GRI 102-56	1	0	0	0	1	0
TOTAL NUMBER OF POINTS						
	48	**17**	**26**	**44**	**25**	**24**
The share of points obtained in the total number of points						
	100%	**35.42%**	**54.17%**	**91.67%**	**52.08%**	**50.00%**

Source: authors' own elaboration based on the Coca-Cola HBC reports in selected countries.

The examination of the KPIs first involved environmental issues. The results indicate that a different number of indicators that are related to the environmental aspects of business operations in individual departments are published. As in the previous group, the smallest number of environmental indicators (i.e., 9) was presented for Lithuania in the Coca Cola HBC Baltics Sustainability Report. Primarily, the indicators associated with greenhouse gas emissions (despite their high importance), supplier environmental assessment, and environmental compliance have been omitted. It should also be added that among all sustainable development reports, the smallest number of indicators published were those belonging to the "Effluents and Waste" category (see Table 6), which prevents the correct identification of each entity's activities that are related to the treatment and disposal of sewage and waste.

Information on environmental costs, environmental commitments, expenditures on environmental protection, or environmental penalties is also of great importance in the assessment of both the entity's impact on the natural environment and the effectiveness of the measures taken to protect it. No such disclosures were found in any of the reports prepared by the branch, whereas in the integrated report for the entire group, only the share of environmental taxes in total taxes was briefly discussed, and the value of the energy consumed was disclosed along with selected investments related to reducing this consumption. Consequently, the environmental information published is less useful for assessing the effectiveness of the protective measures carried out both in individual branches and in the entire corporation. Detailed information regarding the environmental indicators published in the reports is presented in Table 6.

Table 6. Environmental performance in the non-financial reports of individual branches

Indicator number	United Kingdom	Lithuania	Poland	Croatia*	Italy	Ukraine
GRI 301 – Materials						
GRI 301-1	1	1	1	1	1	1
GRI 301-2	1	1	1	1	1	1
GRI 301-3	1	0	1	0	0	0
GRI 302 – Energy						
GRI 302-1	1	1	1	1	1	1
GRI 302-2	1	1	0	0	0	0
GRI 302-3	1	0	1	1	1	1
GRI 302-4	1	0	1	1	0	1
GRI 302-5	1	0	0	0	0	0
GRI 303 – Water						
GRI 303-1	1	1	1	1	1	1

cont. tab. 6

Indicator number	United Kingdom	Lithuania	Poland	Croatia*	Italy	Ukraine
GRI 303-2	1	1	1	1	0	1
GRI 303-3	1	1	0	0	1	1
GRI 303-4	1	0	0	1	0	1
GRI 303-5	1	0	0	1	0	1
GRI 305 – Emissions						
GRI 305-1	1	0	1	1	1	1
GRI 305-2	1	0	1	1	1	1
GRI 305-3	1	0	1	1	1	1
GRI 305-4	1	0	1	1	1	1
GRI 305-5	1	0	1	1	0	1
GRI 305-6	1	0	0	0	0	0
GRI 305-7	1	0	0	0	0	0
GRI 306 – Effluents and Waste						
GRI 306-1	1	1	0	0	0	0
GRI 306-2	1	1	1	1	1	1
GRI 306-3	0	0	0	0	0	1
GRI 306-4	1	0	0	0	0	1
GRI 306-5	1	0	0	0	0	0
GRI 307 – Environmental Compliance						
GRI 307-1	1	0	0	1	1	1
GRI 308 – Supplier Environmental Assessment						
GRI 308-1	1	0	0	0	1	1
GRI 308-2	1	0	0	0	0	1
TOTAL NUMBER OF POINTS						
GRI 300	**27**	**9**	**14**	**16**	**13**	**21**
The share of the points obtained in the total number of points						
GRI 300	**96.43%**	**32.14%**	**50.00%**	**57.14%**	**46.43%**	**75.00%**

* The report notes that disclosures from 301 to 307 refer to the GRI standards but do not follow them entirely.

Source: authors' own elaboration based on the Coca-Cola HBC reports in selected countries.

The second category of KPIs that we examined included indicators associated with social and employee-related matters. They illustrate the organization's approach to issues related to employment and the provision of decent working conditions. This group also includes indicators pertaining to the organization's impact on the social systems in which it operates. The results indicate that no indicators for Lithuania from this category were published in the Coca Cola HBC Baltics Sustainability Report. The report for Croatia also lacked GRI 413, GRI 416, GRI 417, and GRI 419 indicators. The non-financial reports for Poland, Ukraine, and the entire group presented the highest number of such indicators. At the same time, it may be surprising that only the report for the branch operating in Italy published information on the indicator "GRI-419 – non-compliance with laws and regulations in the social and economic area". If the organization found no non-compliance with the applicable regulations, such information only needed to be noted. The information contained in Table 7 also indicates the existence of significant differences between the scope of the non-financial indicators published in the integrated report and the scope of the indicators included in the reports of three subsidiaries, namely Lithuania, Croatia, and Italy. The remaining details regarding the disclosure of this group of ratios are presented in Table 7.

Table 7. Social and employee-related matters

Indicator number	United Kingdom	Lithuania	Poland	Croatia	Italy	Ukraine
Employment and decent-work-conditions practices						
GRI 401 – Employment						
GRI 401-1	1	0	1	1	1	1
GRI 401-2	1	0	1	1	0	1
GRI 401-3	1	0	1	1	1	0
GRI 403 – Occupational Health and Safety						
GRI 403-1	1	0	1	1	1	1
GRI 403-2	1	0	1	1	0	1
GRI 403-3	1	0	1	1	1	1
GRI 403-4	1	0	1	0	0	1
GRI 404 – Training and Education						
GRI 404-1	1	0	1	1	1	1
GRI 404-2	1	0	1	1	1	1
GRI 404-3	1	0	1	1	0	1
GRI 405 – Diversity and Equal Opportunity						
GRI 405-1	1	0	1	1	1	1
GRI 405-2	1	0	0	0	0	1
Society						
GRI 413 – Local Communities						
GRI 413-1	1	0	1	0	0	1
GRI 413-2	1	0	0	0	0	0

cont. tab. 7

Indicator number	United Kingdom	Lithuania	Poland	Croatia	Italy	Ukraine
GRI 416 – Customer Health and Safety						
GRI 416-1	1	0	1	0	0	1
GRI 416-2	1	0	1	0	1	1
GRI 417 – Marketing and Labeling						
GRI 417-1	1	0	1	0	0	1
GRI 417-2	1	0	1	0	1	1
GRI 417-3	0	0	1	0	1	1
GRI 419 – Socioeconomic Compliance						
GRI 419-1	0	0	0	0	1	0
TOTAL NUMBER OF POINTS						
	18	**0**	**17**	**10**	**11**	**17**
The share of the points obtained in the total number of points						
	90.00%	**0%**	**85.00%**	**50.00%**	**55.00%**	**85.00%**

Source: authors' own elaboration based on the Coca-Cola HBC reports in the selected countries.

The indicators that provide information about avoiding any forms of discrimination against employees, clients, or other stakeholders and about undertaking anti-corruption measures were also examined as part of the KPIs. It should be noted that in all the reports analyzed, apart from Ukraine, indicators associated with anti-corruption practices were published. However, these reports lacked indicators associated with child labor (GRI 408 and GRI 409) and freedom of association (GRI 407). It is, therefore, the least reported group of indicators. The reason for this is because this information is less relevant for the development and future results of the companies. The research conducted by Meeh-Bunse et al. (2019, pp. 55–56) on German and Croatian companies also confirmed that disclosures regarding the respect for human rights and combating corruption and bribery were found to occur at a low level. It should, therefore, be stated that the level of the non-financial disclosures contained in the reports is affected by the level of materiality of this type of information that has been adopted by the individual entities (i.e., the capital group and its subsidiaries). This is affected by the lack of a clear explanation as to the materiality of non-financial reporting, both in Directive 2014/95/EU and in individual countries' regulations. For this reason, the companies themselves decide on the scope of the non-financial information published. Details on the disclosures in this area are provided in Table 8.

Table 8. Respect for human rights and Anti-corruption and anti-bribery matters

Indicator number	**United Kingdom**	**Lithuania**	**Poland**	**Croatia**	**Italy**	**Ukraine**
Respect for human rights						
GRI 406 – Non-discrimination						
GRI 406-1	0	0	1	0	0	1
GRI 407 – Freedom of Association and Collective Bargaining						
GRI 407-1	0	0	0	0	0	0
GRI 408 – Child Labor						
GRI 408-1	0	0	0	0	0	0
GRI 409 – Forced or Compulsory Labor						
GRI 409-1	0	0	0	0	0	0
Anti-corruption and anti-bribery matters						
GRI 205 – Anti-corruption						
GRI 205-1	1	1	1	1	1	0
GRI 205- 2	1	1	1	1	1	1
GRI 205- 3	1	1	1	1	1	1
GRI 206 Anti-competitive Behavior						
GRI 206-1	1	1	0	1	1	0
TOTAL NUMBER OF POINTS						
	4	**4**	**4**	**4**	**4**	**3**
The share of the points obtained in the total number of points						
50.00%	**50.00%**	**50.00%**	**50.00%**	**50.00%**	**37.50%**	**50.00%**

Source: authors' own elaboration based on the Coca-Cola HBC reports in selected countries.

A comparison of the indicators belonging to all the categories under examination published in individual non-financial reports (i.e., the branches and the entire Coca Cola HBC corporation) is presented in Table 9.

Table 9. Indicators of the share of the non-financial information reported, expressed in %

Country	**General information**	**Environmental performance**	**Social and employee matters**	**Respect for human rights and Anti-corruption and anti-bribery matters**	**The share of the points obtained in the total number of points**
UK	100.00	96.43	90.00	50.00	37.50
Lithuania	35.42	32.14	0.00	50.00	28.85

cont. tab. 9

Country	General information	Environmental performance	Social and employee matters	Respect for human rights and Anti-corruption and anti-bribery matters	The share of the points obtained in the total number of points
Poland	54.17	50.00	85.00	50.00	58.65
Croatia	91.67	57.14	50.00	50.00	71.15
Italy	52.08	46.43	55.00	50.00	50.96
Ukraine	50.00	75.00	85.00	37.50	62.50

Source: authors' own elaboration.

The content analysis of the Coca Cola HBC non-financial branch reports adopted for the examination indicates a varying range of indicators published. The fewest non-financial disclosures were found for Lithuania in the Coca Cola HBC Baltics Sustainability Report, while the most disclosures were presented by the report for the branch operating in Croatia. Nevertheless, as noted in this report, there was no full compliance with the GRI standards in terms of indicators 301–307. It should also be added that in 2018, the form of non-financial disclosures was changed to include information on these branches in the integrated report prepared for the entire group; it presents aggregate results broken down into three groups of countries. This was due to the lack of requirements addressing the comparability and consistency over time of non-financial disclosures in the regulations of all the countries examined. As such, the effectiveness of the environmental and social activities undertaken in the branches operating in Lithuania and Croatia cannot be compared and assessed.

Moreover, the number of the indicators disclosed in the report for Ukraine was higher than in the non-financial reports for Poland and Italy, even though this country does not belong to the EU. This resulted from the changes introduced to the national law that were aimed at conducting business in a socially responsible manner (taking into account the principles of sustainable development). It should also be added that the largest range of non-financial indicators was published in the integrated report of the entire corporation, which has been preparing such reports since 2014. The same scope of reporting non-financial indicators, however, has not been adopted in individual subsidiaries' reports, despite the transposition of Directive 2014/95/EU into the national-law regulations of these countries.

Conclusions

Our research indicates that the solutions introduced to non-financial reporting and adopted in the national law of the countries examined were not the same. Based on the comparison of the provisions on non-financial disclosures in force in selected European countries (within the EU and outside it), differences have been noted in the form of non-financial-information reporting as well as in external verification and the penalties set for the lack of such disclosures.

What is more, the direct adoption of the "comply or explain" principle and of the general provisions regarding the materiality of non-financial reporting into the national law of the countries examined means that companies themselves decide about the extent of non-financial disclosures. This indeed occurred concerning the non-financial reports we examined. Our analysis of the non-financial indicators disclosed in the reports of a large food-industry corporation and its subsidiaries confirmed that a different number of non-financial indicators are published, even though the entities surveyed declared they had adopted the same level of reporting, following the GRI guidelines. Knebel and Seele (2015) also obtained similar results in their research.

We additionally found a change in the 2018 reporting of two branches, i.e., Lithuania and Croatia. These companies' non-financial information was disclosed collectively in the entire group's report, without showing the details pertaining to these countries. This prevents comparison over time. The research conducted by Waniak-Michalak et al. (2018) also indicated that it was not possible to compare information published (including the indicators) with the previous period. However, this does not result from the modification of the GRI reporting standards.

In accordance with the solutions adopted during the transposition of Directive 2014/95/EU into the law of selected Member States, we confirmed the lack of external verification of the non-financial information reported. Italy and the United Kingdom were exceptions, where the obligation to externally audit non-financial reports was introduced. We additionally found significant differences between the scope of the non-financial indicators published by the capital group and those of its subsidiaries that operate in different countries.

Considering the above, it should be stated that the need for further changes in the field of non-financial-information reporting still exists. As indicated by Mion and Loza Adaui (2019, p. 9), the introduction of Directive 2014/95/EU "is only a part of a larger process aimed at creating an increasingly transparent European economic zone to guarantee the interests of all stakeholders who are concerned with corporations' behavior". Nevertheless, it is important to determine the direction for further changes. Will the effectiveness of Directive 2014/95/EU and its transposition into national law be greater if more stringent non-financial reporting provisions are introduced, or should the minimum requirements allowing high flexibility of the measures introduced by the Member States be maintained? The answer to this question requires further research that would expand the knowledge on the reporting obligations introduced so far by Directive 2014/95/EU.

Further research should also include other international corporations (from other sectors and other countries). It is also important to discover what non-financial-disclosure practices were used before and after the introduction of the EU regulation, taking into account a longer period. A comparison of the differences in the non-financial indicators published according to different guidelines, the reliability and consistency of the non-financial information reported, and an analysis of non-financial disclosures in other non-EU countries are also important topics for future research.

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