AN EXPLORATION OF THE INFORMATION NEEDS OF SELECTED STAKEHOLDERS OF INTEGRATED REPORTING

BE HEARD.
BE RECOGNISED.

CPA AUSTRALIA

Final Report prepared for CPA Australia

Assoc Prof Wendy Stubbs, Assoc Prof Colin Higgins and Prof Markus Milne

15 December 2016

ABOUT THE AUTHORS

Associate Professor Wendy Stubbs

Wendy Stubbs is an associate professor in the School of Social Sciences at Monash University. Her research explores the transformation of business through sustainability. Research projects include sustainable business models, sustainability reporting, integrated reporting and education for sustainability.

Associate Professor Colin Higgins

Colin Higgins is an associate professor in the Deakin Business School at Deakin University. His research focuses on the role of social and environmental reporting in shaping the broader social understandings and acceptability of responsible and sustainable business.

Professor Markus Milne

Markus Milne is a professor of accounting in the School of Business and Economics at the University of Canterbury. Over the past 25 years he has developed a critical research agenda investigating the social and environmental impacts of organisations, and the means by which they account for and communicate those impacts.

ACKNOWLEDGEMENTS

We would like to acknowledge the work of our research assistant, Dr Erin Castellas, who made an invaluable contribution to the project.

We sincerely thank CPA Australia for funding this research study and the organisations and individuals who agreed to be interviewed.

LIST OF ACRONYMS

CDP	Carbon Disclosure Project
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
ESG	Environmental, Social and Governance
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
MNC	Multi-National Company
NFP	Not-For-Profit
NGERs	National Greenhouse and Energy Reporting
NGO	Non-Governmental Organisation
SDGs	Sustainable Development Goals

CONTENTS

EXECUTIVE SUMMARY

It is now six years since the International Integrated Reporting Council released its discussion paper about a new type of company reporting. Integrated reporting purports to offer a new way to capture organisational value creation and to communicate the integrated nature of company performance. Considerable experimentation has occurred around the globe with this new reporting framework. This study explores the information needs of company stakeholders and their perspectives on integrated reporting. The objectives are to explore what stakeholders claim they need and expect from an integrated report, assess the level of alignment between stakeholders' expectations information needs, and to understand the usefulness of integrated reporting to their decision-making.

The study involved interviews with companies producing integrated reports (4), civic (7), financial (6) and environmental (7) stakeholders[1]. A key contribution of this study is that it uses a real, current report of a large Australian company to explore different stakeholders' perspectives on integrated reporting. The study canvasses stakeholders' views about integrated reporting in the abstract, as a phenomenon, as well as the very concrete reactions to a selected integrated report in order to reveal nuances in the issues that matter.

Key findings include:

- Stakeholders seek information relevant to the work they do (e.g. environmental stakeholders are interested in environmental issues of significance). They have extensive, but varied information needs that are not necessarily or sufficiently addressed by a single, static, annual integrated report.
- Most stakeholders use reports as background information prior to engaging directly with a company or to cross-check other information sources in order to conduct research on a company.
- The primary source of information is through direct engagement with companies.
- Although reports, including integrated reports, do not appear to be the primary source to meet stakeholders' information needs, producing reports is still seen as a necessary part of company disclosure.
- Integrated reports do not meet the information needs of civic and environmental stakeholders. Stakeholders described problems related to: comparability; quality; and 'spin.'
- Stakeholders held mixed views about the usefulness of integrated reporting.
- More than half of stakeholders wanted to see more sustainability/ESG issues discussed in the integrated report, and they felt that particular material issues, such as climate change, had been omitted or insufficiently discussed.
- There was significantly more consensus amongst the civic and environmental stakeholders about the target audience (investors) than the financial stakeholders, who had quite disparate views. Producers of integrated reports felt the integrated report is, and should be, targeted at institutional investors.
- The intended audience of integrated reporting, investment stakeholders, did not perceive themselves as the intended audience.

Company reporting now sits in the context of much greater availability of dynamic information about companies, and more complex information needs that increasingly rely on 'on demand' access and more current information than can be delivered through an annual report. Much more thought needs to be given to understanding stakeholder needs to inform the ways in which companies communicate. It was particularly evident that none of the stakeholder groups felt that integrated reporting met their information needs.

The critical challenge for the accounting profession is to assist companies in communicating effectively, while also ensuring transparency and accountability.

[1] Civic stakeholders include organisations that act on behalf of the interests of civil society, including addressing issues of social welfare, justice, and ethics. Financial stakeholders include organisations that operate in the finance sector and seek to maximise financial returns on investment in their own portfolios and/or the portfolios of their clients. Environmental stakeholders include organisations that act on behalf of the natural environment and its constituents to benefit ecosystem health and/or advocate for natural environmental health.

1. INTRODUCTION

The International Integrated Reporting Council (IIRC) published the International <IR> Framework in December 2013, following multi-stakeholder input. The International <IR> Framework aims to simplify company reporting and improve its effectiveness by focusing on value creation "as the next step in the evolution of corporate reporting" (IIRC, 2015). The primary purpose of an integrated report is to explain to providers of financial capital "how an organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term" (IIRC, 2013, p. 7).

The aims of integrated reporting are to (IIRC, 2013, p. 2):

- Improve the quality of information available to providers of financial capital to enable a more efficient and productive allocation of capital;
- Promote a more cohesive and efficient approach to corporate reporting that draws on different reporting strands and communicates the full range of factors that materially affect the ability of an organization to create value over time;
- Enhance accountability and stewardship for the broad base of capitals (financial, manufactured, intellectual, human, social and relationship, and natural)[2] and promote understanding of their interdependencies; and,
- Support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long-term.

Environmental, social and governance (ESG) factors are integrated as part of the six capitals, which recognises their importance through related disclosures, of, for instance, social and relationship capital and natural capital to users of integrated reports (Slack and Campbell, 2016).

Past research has focused on the preparers of integrated reports (see, for e.g., Frías-Aceituno *et al.*, 2013a, 2013b, 2014; Higgins *et al.*, 2014; Jensen and Berg, 2012; Lodhia, 2015; Stent and Dowler, 2015; van Zyl, 2013; Wild and van Staden, 2013), with little research on the usefulness of integrated reporting to users. While more recent studies have sought the perspectives of financial users (e.g., Atkins & Maroun, 2015; Babourkardos & Rimmell, 2016; Slack and Campbell, 2016; Stubbs and Higgins, in press), there is no research on civic and environmental stakeholders' perspectives on integrated reporting to date.

The aim of this research study is to explore the information needs of this wider group of stakeholders. The study engaged with a range of Australian organisational stakeholders including civic groups, environmental ('green') groups, investment ('financial') stakeholders as well as companies producing integrated reports ('reporters').

The objectives were to:

1. Explore what information company stakeholders need and want from an integrated report;
2. Assess the level of alignment between different stakeholders' expectations of integrated reporting and their information needs; and,
3. Understand stakeholders' perspectives on the usefulness of integrated reporting to decision-making.

In the section that follows, we provide a brief overview of integrated reporting, which provides the context for the research study. We then discuss our research design and methods, before presenting our research findings. Finally, we discuss the implications of the research findings and offer some recommendations.

[2] Financial capital: The pool of funds that is available to an organization for use in the production of goods or the provision of services. Manufactured capital: physical objects (as distinct from natural physical objects) that are available to an organization for use in the production of goods or the provision of services. Intellectual capital: Organizational, knowledge- based intangibles. Human capital: People's competencies, capabilities and experience, and their motivations to innovate. Social and relationship capital: The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Natural capital: All renewable and non-renewable environmental resources and processes that provide goods or services that support the past, current or future prosperity of an organization.

2. BACKGROUND AND LITERATURE REVIEW

There is widespread acknowledgement that current approaches to company reporting have shortcomings that limit its usefulness for external audiences (Robertson & Samy, 2015). Annual Reports do not describe all risks associated with business, including social/environmental risks (Cotter, Najah, & Wang, 2011; Guthrie & Petty, 2000). They also fail to adequately describe opportunities that companies pursue in an environment of relationships, knowledge and services (Eccles & Krzus, 2010). While sustainability reporting has attempted to address these challenges (Gray, Owen, & Adams, 1996), the reports have been criticised as being disconnected from the strategy and value-creation activities of the firm, and partial in their coverage of performance (Stent & Dowler, 2015; Turcu, 2015). The drivers of value creation in business have changed over the past twenty years or so with intangible assets accounting for an increasing proportion of the market value of companies (Ocean Tomo, 2015), but reporting has failed to keep pace (Chersan, 2015).

Attempts to improve company reporting have ebbed and flowed through the academic (Gray, 2001) and practitioner (Elkington, 1997; KPMG, 1993; WBCSD, 2002) literature for decades – and several leading companies have experimented with new ways to report (e.g. Novo Nordisk). Most have sought to supplement financial reporting with greater detail about an organisation's environmental and social performance (Mathews, 1985). For the most part, attempts at reform have failed because they have failed to secure regulatory/political support (Gray *et al.*, 1996).

Integrated reporting (IR) is the latest attempt in a long line of initiatives to improve how companies report (Dumay, Bernardi, Guthrie, & Demartini, 2016; Perego, Kennedy, & Whiteman, 2016). It has been pitched as cleaning up the "patchwork of laws, regulations, standards, codes, guidelines and stock exchange listing requirements" (Frías-Aceituno, Rodríguez-Ariza, & García-Sánchez, 2013, p. 45) that characterises the reporting landscape. Unlike previous attempts, it appears to enjoy the support of regulators, interest groups, and credible business associations. IR is positioned as reporting of the future in terms of a shift away from retrospective financial reporting to a future-oriented focus on strategy, risk, opportunity and value creation (Adams, 2015; Huggins, Simnett, & Hargovan, 2015; Wild & van Staden, 2013). It is intended to capture a holistic view of a company's strategy and performance, and articulate the relationships between financial and non-financial performance (Eccles & Krzus, 2010).

Commentary by KPMG reveals a gradual shift to incorporating more financial information into sustainability reports (although not yet widespread use of the IR nomenclature, see KPMG, 2015), and analyses by GRI show similar trends towards integration of financial and non- financial information in one or a few closely-related external reports (GRI, 2011, 2013).

More than 80 companies participated in the IIRC's pilot project, and case studies in Australia (ACCA and Net Balance Foundation, 2011) and South Africa (Haji & Anifowose, 2016) showed early interest by other leading firms.

Most IR literature focuses on what IR is, the need for it, and views about aspects of the framework (Dumay *et al.*, 2016; Velte & Stawinoga, 2016). A variety of literature has emerged that touts the prospective benefits of an IR approach to reporting: the focus on how organisations create and sustain value (Hampton, 2012; Watson, 2013) can lead to an increase in profitability in the long-term and new opportunities for competitive differentiation (Eccles & Armbrester, 2011). Its integrated nature is claimed to reduce reputational risk and enables companies to make better financial and non-financial decisions (Hampton, 2012), and it is argued can drive organisational change toward more sustainable outcomes (Eccles & Krzus, 2010). Integrated thinking may transform corporate processes (Phillips, Watson, & Willis, 2011) by breaking down operational and reporting silos in organisations. IR purportedly offers benefits beyond stand-alone sustainability reporting because it enables companies to understand and articulate the link between corporate social responsibility (CSR) and their value-creation activities (Velte & Stawinoga, 2016). This type of 'integrated thinking' leads to improved systems and processes (Roberts, 2011), resource allocation (Frías-Aceituno *et al.*, 2013; Park & Ravenel, 2015), and strategic decision making (Velte & Stawinoga, 2016).

Compared to previous attempts at company reporting reform, and following the IIRC's <IR> Framework, IR focuses more specifically on the most material aspects of organisational performance, including both narrative and quantitative metrics, and attempts to shift from compliance-based disclosures to commitment-based disclosures (Adams & Simnett, 2011). It also emphasises future directions rather than past performance (Hampton, 2012), which requires a shift in thinking from a backward-looking compliant mindset (Eccles & Krzus, 2010). IR leads to a better understanding of value creation, resulting in better decision- making; better conversations across the business, leading to better understanding of what the organisation is trying to achieve; and better measurement of what the company is doing (Burke & Clark, 2016).

Despite these claimed benefits, IR has not been without its critics. Commentators have challenged how sustainability is considered, the privileging of financial stakeholders over others, and the changed view of IR that occurred between the discussion paper and the release of the IIRC <IR> Framework (Alexander & Blum, 2016; Brown & Dillard, 2014; Flower, 2015; Tweedie & Martinov-Bennie, 2015; Velte & Stawinoga, 2016). The liability that directors could face from forward looking statements has also been controversial (Huggins *et al.*, 2015; Kennedy & Perego, 2016). Indeed, exactly how IR may be effectively implemented remains challenging and contested (Perego *et al.*, 2016; Reuter & Messner, 2015; Tweedie & Martinov-Bennie, 2015).

Empirical studies of the early adopters suggest some of the benefits are being realised (Lodhia, 2015). In the South African context, where IR is mandatory, Haji and Anifowose (2016) show that integrated reports are considerably more 'connected' (in terms of the information provided), supported by more robust materiality processes and are more reliable than what firms were reporting previously. There has also been a qualitative difference in what companies are reporting – with a marked increase in disclosure of human, social, relational, natural and intellectual capital (Setia, Abhayawansa, Joshi, & Huynh, 2015). More broadly, Adams, Potter, Singh, and York (2016)'s analysis of four MNCs shows that IR has led to improved discussion of the purpose and outcomes of social investments in these organisations, particularly in the context of the company's progress, risk and strategy. A few commentaries have surfaced, providing pointers to best practice (Chersan, 2015; Havlová, 2015).

The early empirical literature also shows that there is some way to go if IR is to become the new reporting norm – and if it is to overcome the difficulties that currently exist. Analyses of the first integrated reports, and interviews with reporting managers, suggest the low hanging fruit has been picked – with most companies incorporating new discussions about strategy and the relationship between the capitals (Robertson & Samy, 2015). More work is needed, however, on material issues and verification (Ruiz-Lozano & Tirado-Valencia, 2016), linkages in the reports (Robertson & Samy, 2015), and closing the loop between how attention to social/environmental issues drives value creation (Adams *et al.*, 2016). This work is necessary if IR is to deliver on transparency and accountability expectations (Ruiz-Lozano & Tirado-Valencia, 2016), drive integrated thinking (Kennedy & Perego, 2016; Robertson & Samy, 2015), and deliver substantial change in how companies operate (Stubbs & Higgins, 2014).

Australian early adopters are puzzled about whether IR is about strategic 'story telling' or a new approach to corporate accountability (Higgins, Stubbs, & Love, 2014) – causing some ambiguity in what should be reported. Doubt also exists about whether managers really understand the business value of IR (Perego *et al.*, 2016). Technically, conciseness is a challenge (Atkins & Maroun, 2015), as is comparability across reporting companies – even amongst companies in the same sector (Ruiz-Lozano & Tirado-Valencia, 2016) – and the complexity of the capital measurement process is also problematic (Robertson & Samy, 2015). Some have found that what is reported is biased toward the positive (Stacchezzini, Melloni, & Lai, 2016), and largely ceremonial in nature (Haji & Anifowose, 2016) – and perhaps even less useful that existing sustainability reports (Maniora, 2015).

Despite IR being pitched as a way to bring the various company reports together, there is confusion about the number of reports that are/should be produced by companies, the different accounting and sustainability bodies and their standards (Chersan, 2015; Robertson & Samy, 2015), and the audience of IR. Some of this confusion has been laid at the feet of the IIRC itself. As Flower (2015) points out IR was originally intended to be the 'one report' that companies would use to communicate with their constituencies – but this changed as the IIRC released its 2013 Framework. Similarly, the IIRC originally canvassed wide stakeholder involvement, pointing to a broad stakeholder constituency for integrated reports, but this too changed as the <IR> Framework was released (perhaps in response to lobbying by business interests, see Reuter & Messner, 2015). While the <IR> Framework specifies an integrated report is primarily targeted at providers of financial capital (Tweedie & Martinov-Bennie, 2015) – confusion prevails about this (Burke & Clark, 2016; Perego *et al.*, 2016; Robertson & Samy, 2015; Stacchezzini *et al.*, 2016). Not only are other stakeholders assumed to derive value from IR, but institutional investors access detailed ESG and other performance information through direct engagement with companies (Atkins, Solomon, Norton, & Joseph, 2015).

This study focuses on how stakeholders use company reports and the extent to which IR addresses their information needs. While a small number of studies have considered the perspectives of institutional investors and the providers of debt capital (Atkins & Maroun, 2015; Baboukardos & Rimmel, 2016; Stubbs & Higgins, in press), none have canvassed the views of civic, environmental and other stakeholders (Cheng, Green, Conradie, Konishi, & Romi, 2014).

3. RESEARCH DESIGN AND METHODS

To investigate the information needs of stakeholders of integrated reporting, this study conducted in-depth semi-structured interviews with 24 stakeholders of integrated reporting in Australia. The interviews first explored the information needs of stakeholders followed by a discussion of an integrated report produced by a leader in integrated reporting in Australia. It was considered that stakeholders could more carefully articulate their information needs and the extent to which integrated reporting could fulfil them, or otherwise, if they consulted a real integrated report. The report was selected as an exemplar of an integrated report in consultation with representatives of the IIRC in Australia (Technical Director Framework Development and Technical Director Projects and Stakeholder Support).

3.1 SELECTION OF RESEARCH PARTICIPANTS

We reviewed the integrated reports of Australian organisations to understand who their stakeholders were and engaged with members of the IIRC and the Global Reporting Initiative (GRI) Stakeholder Council to identify relevant stakeholder groups.

We then used snowball[3] sampling to engage further field experts in identifying relevant organisations representing the civic and environmental stakeholders. We consulted with field experts involved in the GRI Stakeholder Council, the Global Compact, Australian representatives of the IIRC, and prominent environmental groups. Financial stakeholders were identified from the IIRC Investor Network and the Integrated Reporting Pension Fund Network. In total, we identified 19 civic organisations, 10 environmental organisations, and eight financial organisations. In consultation with the IIRC, six organisations were identified in Australia who present their annual report as an integrated report[4]. We included reporters as a stakeholder group representing the producers of integrated reports so as to contrast their views on the usefulness of integrated reporting with the views of the users of reports.

[3] Asking key informants to put the researcher in touch with people in their networks who meet the research criteria, then asking those people to be informants and in turn asking them to put the researcher in touch with people in their networks and so on.

[4] Seven Australian companies now produce an integrated report but the seventh company was not included in this research study as the report was released after all the interviews had been completed.

Table 3.1 summarises the number of organisations approached and the number of acceptances. In two organisations (a financial stakeholder and a reporter), two people participated in the interview, representing different job functions related to integrated reporting.

Table 3.1 Summary of participating organisations

GROUP	NO. INVITED	NO. ACCEPTED	NO. INTERVIEW PARTICIPANTS
Companies producing integrated reports (Reporters)	6	4	5
Civil society stakeholders (Civic)	19	7	7
Environmental stakeholders (Environmental)	10	7	7
Investment stakeholders (Financial)	8	6	7
TOTAL	43	24	26

The civic groups represented global and Australian not-for-profit (NFP) organisations, unions, and non-governmental-organisations (NGOs) covering issues such as business ethics, bribery and corruption, human rights, indigenous engagement, gender equality and community groups. The environmental stakeholders represented environmental advocacies, activists and membership based organisations that engage with major environmental issues, such as climate change, biodiversity, conservation, energy and water. The intention was to canvass the views of those that represent the six capitals.

All the financial stakeholders except one (an equities analyst) represented ESG investment professionals; however, these stakeholders work closely with conventional investment teams and non-ESG analysts. Table 3.2 provides details of the participants.

The interviews were undertaken in Sydney and Melbourne and lasted between 45-75 minutes. All interviews were face-to-face, except for one conducted by telephone. All interviews were taped (with permission) and transcribed.

Table 3.2 Details of research participants

PARTICIPANT ROLE	GROUP	CODE
Manager	Civic	C1
Executive Manager	Civic	C2
Group MD	Civic	C3
CEO	Civic	C4
CEO	Civic	C5
Lead Researcher	Civic	C6
National Research Director	Civic	C7
Manager Research and Engagement	Financial	F1
Investment Manager ESG	Financial	F2
Head of Responsible Investment	Financial	F3
ESG Engagement Manager	Financial	F4
Head of Australian equities	Financial	F5
Head of ESG	Financial	F6
Head of ESG	Financial	F7
Director	Environmental	G1
Executive Director	Environmental	G2
Investment and Governance Manager	Environmental	G3
Business Engagement Manager	Environmental	G4
Economist	Environmental	G5
Director Research	Environmental	G6
CEO	Environmental	G7
Manager Corporate Affairs	Reporter	R1
General Manager Corporate Affairs	Reporter	R2
General Manager Investment Communications	Reporter	R3
Manager Planning and Risk	Reporter	R4
Manager Corporate Responsibility	Reporter	R5

3.2 ANALYSIS OF DATA

Using the Nvivo software package, the transcribed interviews were analysed and coded. Qualitative analysis techniques were used to guide the coding process and draw out key themes (Strauss and Corbin, 1998). Codes were derived from the interview data based on the actual words or terms used by the interviewees (in vivo codes) or by summarising the concepts discussed by the interviewees (constructed codes). Coding included chunks of text at the phrase, sentence and paragraph level. Codes were grouped into categories and then classified into themes as patterns emerged within the data (Neuman, 2003; Patton, 2002). The key themes emerging from the analysis are discussed in the next section.

4. RESEARCH FINDINGS

In order to understand how corporate reporting is evolving to meet the information needs of various stakeholder constituencies, we first asked the stakeholders a series of questions about the reporting context: the type of information they need about companies, how they source this information, and the role of company reporting in fulfilling these needs. We then asked the stakeholders for their impressions of a specific company's integrated report published in 2015 (referred to as 'COMPANY' throughout this report) to probe the usefulness of integrated reporting in meeting their information needs. A summary of COMPANY's report is provided in Table 4.1.

This section reports the findings from the interviews with stakeholders and is structured into three parts. Section 4.1 discusses the reporting context. This is followed by the stakeholders' general impressions of the selected report (section 4.2) and their feedback on specific sections in the report (section 4.3).

Table 4.1 Summary of COMPANY report structure and content

SECTION	DESCRIPTION
2015 at a glance	This section provides a high level summary of key statistics and a timeline of milestones over the past financial year.
Chairman's message	Message from the Chairman provides a narrative account of the year's highlights, notable global trends and personal reflections.
CEO's message	Message from the CEO provides a narrative account of the year's highlights, performance and results, future focus and personal reflections.
Business	This section provides a description of what COMPANY does and then discusses how COMPANY creates value and how key business activities relate to different types of financial impact. It then outlines who its key stakeholders are, how COMPANY engages with these stakeholders, COMPANY's materiality process and how it identifies prioritised topics to address.
Strategy	This section describes COMPANY's vision, objectives and goals and highlights key strategic areas of focus, such as focusing on customer experience, priority customer segments, and flawless execution.
People	This section describes COMPANY's values, how COMPANY is investing in training people, key diversity statistics such as gender and age, and gender pay equity breakdown for staff, and employee engagement scores. It then shows the board of directors and executive team.
Foundations & governance	This section provides a governance chart, descriptions of how COMPANY perceives important elements of governance, including effective leadership and remuneration policies. It then focuses on its foundations, including focusing on the strength of its balance sheet. Finally, it presents a discussion of risk management, including a small section on ESG risk and a larger full page section on the role of technology.
Performance	This section provides both financial (net operating income, cash earnings etc.) and non-financial (net promoter score, % women in workforce, etc.) performance statistics.
Shareholder information	This section provides a 2016 financial calendar and notes to shareholders, including contact information.
Assurance report	This section provides an EY letter of assurance on the process of reporting.
Additional information	This section provides disclaimers and definitions.

4.1 REPORTING CONTEXT

KEY FINDING **STAKEHOLDERS SEEK INFORMATION RELEVANT TO THE WORK THEY DO (E.G. ENVIRONMENTAL STAKEHOLDERS ARE INTERESTED IN ENVIRONMENTAL ISSUES OF SIGNIFICANCE).**

Stakeholders primarily need information about companies that is most relevant to the work that they do. Civic and environmental stakeholders are more focused on specific social and/or environmental issues and found integrated reporting's streamlined format did not have enough data to be meaningful to them. The financial stakeholders required a broader view of the risks and issues that impact company value.

Predominantly the environmental stakeholders want companies to disclose information about their environmental and social impacts and performance, particularly disclosure of carbon emissions and climate change. They want companies to disclose the materiality of their impacts (where the biggest impacts occur), for example:

"most of the big companies will have a lot of information about their own operations. It's not really that important unless they're an actual power generator or big power user or big energy user, or miner… I guess their operational emissions and commitments are not that much interest to me because that's only a very small part of what they're contributing in terms of emissions or mitigation." [G3]

Environmental stakeholders use the reports to gain background information on companies to inform their stakeholders about companies' performance and responses to issues, to provide information on potential members/signatories, to support their campaigning and to pressure companies to be transparent and respond to the issues. The reports also provide information for environmental stakeholders to inform their discussions with companies.

Rather than read the whole report, many environmental and civic stakeholders search the reports ("control F" for example) for specific issues directly related to their own organisation's charter. However, they feel that sustainability reports provide more information than integrated reports. Some concern was expressed that if sustainability reporting was discontinued these stakeholders will not get what they need from integrated reporting:

"I would consider it to be quite an aggressive move if people shift away from [sustainability reporting]. I have heard businesses say that you either do a GRI Report or you do integrated report. And I'm feeling of the view that maybe should be doing both. Or if you've got a choice, then I'd do the GRI Report, as it's more comprehensive, more useful, to me, and to other stakeholders." [C7]

Similar to the environmental stakeholders, the civic stakeholders require information on specific ESG issues, social and environmental impacts (positive and negative) and risks. A number of different issues were raised, including, culture, labour practices, human rights, climate change, diversity and environmental impacts of supply chains.

The civic stakeholders use information to score companies' performance and disclose this information to other stakeholders, to inform discussions about partnering with a company (feeds into the due diligence process), and to sense-check with other sources.

Financial stakeholders want information on the companies' view of their material issues and risks. They want to know if companies understand their key risks and are addressing the "right issues", particularly with respect to intangible assets.

"If companies are not considering what their risks are then that's a risk to investors… We use the lack of reporting as a leverage to try to get them to look at risks more carefully and… move towards disclosing what their key risks are and how they're managing them because we think that influences long term shareholder value." [F1]

The reports are also used to research how companies address specific issues, such as climate change, conduct and culture, and to inform discussions and meetings with companies.

4.1.1 SOURCES OF INFORMATION

KEY FINDING **MOST STAKEHOLDERS USE REPORTS AS BACKGROUND INFORMATION PRIOR TO ENGAGING DIRECTLY WITH A COMPANY OR TO CROSS-CHECK OTHER INFORMATION SOURCES IN ORDER TO CONDUCT RESEARCH ON A COMPANY.**

Most stakeholders use reports for background information before engaging with a company. Many use these as a sense-check to screen for areas of risk or to verify that what they are reporting lines up with other information sources. If there are asymmetries or incomplete information, the reports are a starting place to look for further information in other reports, data packs or to probe in meetings.

"We more use it as a cross check on what they're saying in site negotiations. Because often they'll be saying one thing to the workers and they'll be saying something quite different to investors… We'll be told that everything's going to rack and ruin, but they've issued no notices to the Stock Exchange that there's any problems at all… So it is a cross check rather than original information." [C7]

Company reports (annual reports, sustainability reports, integrated reports) are not the primary source of information for any of the stakeholders. It is one source of information amongst a wide range of other sources.

"I would still take the view that almost, no matter how good their integrated report is, or how good the GRI Report is, I would still need to go elsewhere as well. It's just a fundamental view that you don't rely simply on what is any organisation's own view of themselves. You've always got to go to other sources of information." [C7]

KEY FINDING **THE PRIMARY SOURCE OF INFORMATION IS THROUGH DIRECT ENGAGEMENT WITH COMPANIES.**

The primary source of information is from direct engagement with companies. Stakeholders will call the company and/or arrange meetings as required. Financial stakeholders regularly meet with companies during reporting season and throughout the year on an ad-hoc basis as issues arise. However, one civic stakeholder suggested the reports are important for other stakeholders who do not have direct access to companies:

"So I think they're important to other stakeholders. I can get the information because I know to ask the questions, and I know who to ask, but these, if these are material issues I feel like that they should be given a bit more prominence for this to be a complete report… I do feel like you shouldn't have to call a company to find out information about what's apparently a material issue. It should be easy to find." [C2]

While meetings and direct engagement are the primary sources of information, websites, information subscriptions and external providers of information and the media are also important sources of information for all stakeholders. Other sources include stock exchange disclosures, company announcements and stakeholders' networks of contacts. One financial stakeholder highlighted that there is a continuous flow of information from companies:

"we don't see reporting as being here's your report this year and then that's it. Like there's a continuous flow of information that goes between companies and their investors and companies and their other stakeholders and all of that is important… if you get to the annual review and it's a massive departure from what you were expecting, then that's a real alarm bell type of thing." [F3]

4.1.2 ROLE OF REPORTING

KEY FINDING **ALTHOUGH REPORTS, INCLUDING INTEGRATED REPORTS, DO NOT APPEAR TO BE THE PRIMARY SOURCE TO MEET STAKEHOLDERS' INFORMATION NEEDS, PRODUCING REPORTS IS STILL SEEN AS A NECESSARY PART OF COMPANY DISCLOSURE.**

Even though stakeholders engage directly with companies to source the information they need, they believe that companies do need to produce annual reports, integrated reports and/or sustainability reports for transparency and accountability. Financial ESG stakeholders find integrated reports to be more useful than the environmental and civic stakeholders, particularly if they are analysing a company for the first time. However, the equities analyst did not find integrated reports useful, citing that they do not provide any new information. They also noted that reports provide an additional information source that, in conjunction with other sources, informs investment decision-making.

KEY FINDING **INTEGRATED REPORTS DO NOT MEET THE INFORMATION NEEDS OF CIVIC AND ENVIRONMENTAL STAKEHOLDERS. STAKEHOLDERS DESCRIBED THE PROBLEMS OF NOT MEETING INFORMATION NEEDS TO BE RELATED TO: COMPARABILITY; QUALITY; AND 'SPIN.'**

Integrated reports do not generally provide the specific information required by the civic and environmental stakeholders. Sustainability reports are more useful than integrated reports for these stakeholders. The major arguments raised by stakeholders about the usefulness of integrated reports were comparability of reports, quality of the reports and whether the reports were "spin".

COMPARABILITY

Comparability between companies within a sector is important for environmental stakeholders, although two environmental stakeholders felt that comparability across years was also important. The different data points and report formats exacerbate the issue of lack of comparability that the environmental stakeholders find frustrating:

"our experience is that a lot of those reports…are often very difficult to compare, structured in entirely different ways…I think standardised reporting, like the approach the CDP [Carbon Disclosure Project] has or the NGERs [National Greenhouse and Energy Reporting] has, can play a really useful role if the data that is being requested and disclosed is meaningful and is comprehensive and comparable." [G1]

Civic stakeholders were less concerned about comparability than environmental stakeholders; however, two civic stakeholders did note comparability issues, including the inability to compare data over time and the lack of a benchmark to compare across companies. This may be more reflective of the lack of interest in integrated reports as a source of useful information for civic stakeholders. While integrated reports may provide a *"useful reference point" [C7]*, they need more data to be perceived as transparent and accountable.

Comparability was less of an issue for financial stakeholders although they are interested in comparing performance over time as they look for trends in the data, or changes in trends. Comparability across companies is too difficult as companies use different indicators, methodologies and classifications of issues. For e.g., *"some company will record a paper cut, others won't, so you're not comparing apples and apples" [F5].*

QUALITY OF REPORTS

Environmental stakeholders raised issues about reports not including the "right indicators" such as the amount of lending to fossil fuel projects; they lack specificity; and provide "headline" information that generally means a smaller amount of information on specific issues.

Websites and sustainability reports are cited as more useful than integrated reports as they provide more information. In addition, the environmental stakeholders are critical of the information in integrated reports as it is backward looking and is out of date by the time the report is issued, which means stakeholders need to go to other sources or call companies to get more current info. As one environmental stakeholder stated: *"I did think it was a lot of writing to not say very much" [G6].*

One civic stakeholder suggested that any company reporting is of value and is informative, but the reports need to be meaningful, credible and relevant. Like with environmental stakeholders, civic stakeholders find integrated reports are too general and overloaded with too much information, which is hard to make sense of and digest. As one civic stakeholder argued:

"it's fluffier and wordier … more words doesn't mean that it's any more meaningful. So there's more effort on my side required to get to the core of the rhetoric." [C6]

While the reports may demonstrate transparency, they are not useful and meaningful, as they do not provide "substantive" information. The reports do not provide information of primary interest to civic stakeholders who would prefer to engage directly with the companies to get information relevant and meaningful to them. As with environmental stakeholders, integrated reports would be more useful if they addressed the issues of importance to them, such as ESG issues:

"So I think something is missing from integrated reporting, and I think maybe they deemed that from the stakeholders discussions that they had, that their ESG impacts are not sufficiently material to include in an integrated report. But that seems a bit crazy to me… And I haven't yet seen an integrated report that I think that meets what I'm looking for." [C2]

As a result, sustainability reports are more important to civic stakeholders. The trend toward integrated reporting and the move to providing more detailed sustainability information online means it is harder for civic stakeholders to find the information that they're looking for which concerns them:

"And when it's on a website it can be updated at any time, and you can't guarantee that you're seeing all of that historical information, it's not necessarily archived." [C2]

Financial ESG stakeholders generally believe that integrated reporting is useful, if done well. If not done well, it's counterproductive:

"the huge volume of information that comes at your average analyst about each and every company, if they see that it's just spin and green-wash then they're going to go and look at something else… it seems like all the banks are number one in customer satisfaction and that just can't really be… the cynicism comes in with the indicators." [F3]

The financial stakeholders find that the quality of integrated reporting varies significantly. They expressed concerns about reports not focusing on the material issues, reports that use lots of case studies, don't set targets and don't have a narrative on why these issues are important to the business.However, the equities analyst was definitive and did not see the reports as useful:

"The roles of the reports I would suggest to you for most institutional investors and people that are buying and selling stocks provide very little use … So before this document's produced they would have had a strategy presentation to the stock market, we would have had the chance to talk to them, so if I learnt anything new from these pages I wouldn't have been doing my job properly." [F6]

However, even though a company may not be telling the investors anything they didn't already know, two ESG managers compare their views on a company's material risks and opportunities to the company's view. If it is consistent then they can have confidence that these risks are being managed and that these opportunities are being pursued.

The equities analyst expressed concerns if reporting was providing in-depth information on how a company creates value as this constitutes its competitive advantage and could negatively impact company value.

"It's a trite example but the secret herbs and spices that KFC have secret are secret for a reason. And so if you've got to think that what we're trying to do is pick under- valued companies where the broader market hasn't understood or hasn't fully valued it. If they're telling everyone everything, return on equity drops to the cost of equity and value is not created for anybody. That just seems to me to be just totally in a purely theoretical way destroys what the process of creating value is you don't give away your secrets. So that aspect of it I have a real problem with because we're giving away the secrets, I wouldn't do it." [F6]

This view was challenged by an ESG manager who felt that this line of argument could compromise the level of disclosure. She referred to this as a grey area, where some of the market may think that an issue is not material and some of it does. Once an issue is regarded as material it has to be included in reports so that everybody has access to information.

SPIN

Half of the stakeholders expressed concerns about "spin" in integrated reports or choosing metrics that paint the rosiest picture. Five civic stakeholders were sceptical about the focus on presenting companies in a "positive light", although one acknowledged that COMPANY was doing a better job than others:

"I would expect all companies to put out material that is making them look good. The issues is, to what extent are they putting extra effort in to have a more credible report, a more genuine report. And I would form the view that COMPANY is trying harder than some others in this area." [C7]

One civic stakeholder strongly felt that integrated reporting was a complete waste of time: *"I think community groups just hate the corporates, it's not authentic. They read that and they say it's all bull" [C3].*

The financial stakeholders expressed some concerns that integrated reporting is fluff, marketing, a public relations exercise, spin or greenwash. Reports that focus on the positives only provide "part of the truth" [F7] and don't address what investors deem to be important issues. For e.g.

"And that's the feedback I generally get in terms of the frustrations from our investment teams is just that [companies] don't talk about the things that are actually important in terms of, so how many of the Big Four banks actually spend a lot of time talking about conduct even though there's threats of a Royal Commission?" [F3]

Ten stakeholders questioned the reliability of integrated reports, but assurance or verification of the report provides some level of confidence to a few stakeholders (see section 4.3.3 "Assurance Report"). A financial stakeholder found that the level of reliability varies a lot, especially in smaller companies, and considered developing a "reliability score" to feed into its assessment process. However, another financial stakeholder stated that *"either the data is there or it isn't, you've got to assume it's right" [F5].*

4.2 GENERAL IMPRESSIONS OF THE SELECTED INTEGRATED REPORT

In order to probe stakeholders' expectations of integrated reporting and its usefulness, we asked them to review a specific integrated report. We first asked stakeholders for their general impressions of the report before drilling down to specific sections. Overall, five stakeholders thought the report was useful for their information needs, five did not find it particularly useful and the remainder (16) had mixed views. Generally, the stakeholders suggested that the report could be improved by integrating more numbers throughout the report to better tie it all together and by providing more information on material ESG issues (section 4.2.1).

To help us to understand stakeholders' perspectives on the usefulness of integrated reporting in their decision-making, we asked stakeholders if they thought the report was targeted at them and their thoughts on the target audience. While the IIRC states that integrated reporting is targeted at "providers of financial capital"[5], this did not necessarily correlate with the stakeholders' views of the target audience for the selected report (section 4.2.2).

4.2.1 USEFULNESS OF REPORT

KEY FINDING STAKEHOLDERS HELD MIXED VIEWS ABOUT THE USEFULNESS OF COMPANY'S INTEGRATED REPORT.

The COMPANY report was variously described as easy to navigate, providing useful insights, particularly at a high level, helpful but not necessarily complete, providing a sufficient level of detail and one of the better integrated reports. One financial stakeholder thought it was the best Australian report they had seen:

"I'm really happy with this report. I think it's the best integrated report COMPANY has ever produced by a long way… I think that this is probably the best Australian one so far because it's genuinely integrated. Because it's bringing together why they do what they do, it's not heavy-handed or false in that, it's clear that customers matter, customers matter, customers matter, it's all the way through because that's simply true. I'm finally happy to use it as a good practice example." [F4]

Stakeholders who felt it didn't meet their needs thought the report did not delve into specific issues and it didn't illuminate how COMPANY is performing relative to the industry. While a environmental stakeholder thought the report was *"beautifully laid out"*, they found it hard to read due to the small font and the key points weren't clear [G6]. For example,

"It said go to Page 8, 9 to see what they were doing for sustainability for example, and when you go to Page 8, 9 it's really not clear what they're doing for sustainability at all. And then when they say there's more information on the next page, but the information on the next page is actually the stuff that they'd already talked about on the Strategic Plan earlier." [G6]

The reporters largely thought the COMPANY report was an example of a good integrated report. They praised its conciseness (at 35 pages), but also its level of detail: *"It's way briefer than ours is and it's probably got more information" [F2].*

However, one Reporter felt that due to the level of detail, it was hard to find information. They, and another Reporter, did recognise the challenge of keeping the report concise and including all the right information, especially for complex businesses such as COMPANY. Five stakeholders thought the report was too wordy and text-heavy and primarily descriptive.

While there is a section summarising performance, five stakeholders suggested that the report could be improved by integrating more numbers throughout the narrative in the report:

[5] The IIRC (2013, p. 33) defines 'providers of financial capital' as: "Equity and debt holders and others who provide financial capital, both existing and potential, including lenders and other creditors. This includes the ultimate beneficiaries of investments, collective asset owners, and asset or fund managers".

"I think it could be clearer or you could put some numbers around it like in terms of what proportion of those stakeholder groups raise those particular issues so it could be a bit more clear… So like the idea of integration is to integrate and so if you only talk about your stakeholders on the stakeholder page and then never again then that's a problem. Indicators [should be used] to tie back into how they create value, who are their key stakeholders, what are the issues that they care about… it's obviously good to have a section [for the numbers] but you'd hope that the numbers would come up in a narrative throughout the report when they're talking about what they do, how they do it." [F3]

Two reporters had similar views that the report did not feel particularly integrated as the financial impacts were not linked to the discussions throughout the report. Six other stakeholders also felt that the report could be more tightly "tied together."

"I would like to see a truly integrated report that has a more sophisticated understanding of the issues and also draws the issues together. So if you're going to talk about ATMs, you need to be talking about the context…Yeah and the same with why are you doing a carbon risk assessment, like what's that got to do with anything, sort of tying it together and how that links to the value of the company." [F6]

KEY FINDING **MORE THAN HALF OF STAKEHOLDERS WANTED TO SEE MORE SUSTAINABILITY/ ESG ISSUES DISCUSSED IN COMPANY'S INTEGRATED REPORT, AND THEY FELT THAT PARTICULAR MATERIAL ISSUES, SUCH AS CLIMATE CHANGE, HAD BEEN OMITTED OR INSUFFICIENTLY DISCUSSED.**

Over half of the stakeholders (7 environmental, 5 civic, 2 financial, 1 reporter) wanted to see more sustainability/ESG information, particularly issues that they thought were material to COMPANY. One environmental stakeholder suggested that the Sustainable Development Goals (SDGs)[6] provided a good framework to identify and report on material ESG issues.

"if I think about sustainability, and you relate it back to the sustainable development goals as an example, and an organisation picked a portion of those goals to report against, that would make perfect sense to me. Here's how we're fulfilling our obligations to contribute to the sustainable development goals, for example." [C5]

Two key issues raised were natural capital and climate change. An environmental stakeholder referred to a speech by the current COMPANY chairman where he stated that natural capital was an important issue that COMPANY had to understand and address due to its large exposure to the agricultural sector. COMPANY is a signatory to the Natural Capital Declaration which reinforces the importance of creating a financial system that "reports on and ultimately accounts for the use, maintenance, and restoration of natural capital in the global economy"[7] .

Fifteen stakeholders, including all the financial stakeholders, expected climate change to be discussed in the COMPANY report as it is perceived as a key risk to the financial sector:

"So for me though this systemic climate change risk, it's a longer term but a high priority issue… of the issues that are on my mind when I'm thinking about this company it's the one that I can't find the information in this report about." [F4]

There is still a very important role for sustainability reporting to address ESG issues. Unprompted, and significantly, seventeen stakeholders referred to the importance of COMPANY's sustainability report, which provides more detailed ESG information utilising the GRI G4 Sustainability Reporting Guidelines.

6 The Sustainable Development Goals (SDGs) are a universal call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity. The 17 Goals build on the successes of the Millennium Development Goals, while including new areas such as climate change, economic inequality, innovation, sustainable consumption, peace and justice, among other priorities. (http://www.undp.org/content/undp/en/home/sustainable-development-goals.html)

7 The Natural Capital Declaration (NCD) is a finance sector initiative, endorsed at CEO-level, to integrate natural capital considerations into loans, equity, fixed income and insurance products, as well as in accounting, disclosure and reporting frameworks. The NCD defines natural capital as the stock of ecosystems that yields a renewable flow of goods and services that underpin the economy and provide inputs and direct and indirect benefits to businesses and society. Natural capital is a subset of environmental, social and governance (ESG) factors that can be material to financial institutions, mainly through their allocations of capital to companies through loans and investments or premiums as part of insurance contracts. http://www.naturalcapitaldeclaration.org/about-the-natural-capital-declaration/

4.2.2 TARGET AUDIENCE

KEY FINDING **THERE WAS SIGNIFICANTLY MORE CONSENSUS AMONGST THE CIVIC AND ENVIRONMENTAL STAKEHOLDERS ABOUT THE TARGET AUDIENCE (INVESTORS) THAN THE FINANCIAL STAKEHOLDERS, WHO HAD QUITE DISPARATE VIEWS.**

The civic and environmental stakeholders by and large felt that the COMPANY integrated report was not targeted at them, even though many felt that they were stakeholders of the organisation as they were involved in COMPANY's stakeholder engagement process or had a strong relationship with the organisation. Ten of the 14 civic and environmental stakeholders thought the COMPANY report was targeted at investors. Four specifically identified institutional investors and one also thought it was targeted at retail investors. Two stated that they didn't know who the target audience was, one identified customers and three speculated the report was for internal stakeholders (employees, the Board).

One environmental stakeholder queried whether investors did actually receive the report, and therefore how useful it was:

"it's not always clear who is actually receiving them and whether they're just being pumped out onto the website and made available there or are they actually being sent to shareholders and being used to educate shareholders about the broader considerations that a company has to take into account in its decision-making…" [G1]

Even if investors do receive the report, a financial stakeholder raised the question: *"if you asked COMPANY do they think institutional investors read the annual report, I'd be interested to know what the response would be" [F7].*

KEY FINDING **THE INTENDED AUDIENCE OF INTEGRATED REPORTING, THE INVESTMENT COMMUNITY, DID NOT PERCEIVE THEMSELVES AS THE INTENDED AUDIENCE.**

While the IIRC states that integrated reporting is targeted at the investment community, which aligns with the civic and environmental stakeholders' perspectives, four of the six financial stakeholders stated that the report was not targeted at them and one was not sure. This is an interesting finding as, in this study, apart from one stakeholder, the IIRC's stated audience (investment community) did not see themselves as the main recipients for these types of reports. Three stakeholders thought that the report may be more valuable for retail investors who *"don't get to speak to CEOs six times a year"* [F5] rather than institutional investors. After much prevarication, one person suggested that the report could be targeted at the institutional investor community and another thought that integrated reporting was definitely targeted at institutional investors. However, the equities analyst was quite definitive that the report is not targeted at the institutional investor community:

"There's nothing that any institutional investor would learn from that. No bank analyst would learn a thing from that. I don't know who they should be telling but not me." [F5]

Five financial stakeholders suggested the report is targeted at a range of stakeholders including analysts, NGOs, customers, government and agencies, employees and future employees.

The reporters also had varying views on the target of the COMPANY report. It is interesting to note that of the six Australian organisations issuing integrated reports at the time of the study, only two are publicly listed companies with shareholders. Three are member-based organisations and one is customer-owned, so their own reports were targeted towards members and customers respectively. Two reporters felt that the COMPANY report was targeted at institutional investors, although one specifically suggested superannuation funds. One thought it may also be targeted at retail investors. One Reporter suggested that customers were the target audience while two suggested employees.

4.3 COMPANY REPORT SECTIONS

After asking the participants about their general impression of the COMPANY report, we then asked for feedback on the sections of the report. We were interested to understand how stakeholders navigated the report and what they found most important to read. We asked all stakeholders, except the reporters, which sections of the report they would, or had, read first. Some flicked through the whole report while others went straight to specific sections (section 4.3.2). We then walked through the report with the stakeholders asking how useful they found the report sections (section 4.3.3).

To provide context, we summarise how the COMPANY report addresses the content elements in the IIRC's International <IR> Framework (section 4.3.1).

4.3.1 INTEGRATED REPORTING FRAMEWORK

While the <IR> Framework does not specify the structure of integrated reports, it offers guidance on the elements and principles that an integrated report should contain. Table 4.2 summarises the content elements in the <IR> Framework and maps these to each of COMPANY's 2015 integrated report sections. This table illustrates that the COMPANY integrated report is broadly addressing each of the <IR> content elements.

Table 4.2 Content Elements in the <IR> Framework (Source: IIRC, 2013, p.24)

CONTENT ELEMENTS	KEY COMPONENTS	COMPANY'S INTEGRATED REPORT SECTIONS
A. Organizational overview and external environment	• Mission and vision • Culture, ethics, values • Ownership and operating structure • Principle activities and markets • Competitive landscape • Value chain • Key quantitative information (i.e. number of employees, revenue, etc.) • Macro and micro economic conditions • Stakeholder needs • Societal issues, environmental challenges • Political, legal, regulatory context	• 2015 at a glance • Business • Strategy
B. Governance	• Leadership structure • Governance practices • Remuneration and incentives linked to value creation • Strategic decision making processes	• People • Foundations and governance
C. Business model	• Inputs • Business activities • Outputs • Outcomes • Key elements of the business model	• Business
D. Risks and Opportunities	• Risks • Likelihood and magnitude of risks • Risk mitigation efforts • Link to materiality	• Foundations and governance

CONTENT ELEMENTS	KEY COMPONENTS	COMPANY'S INTEGRATED REPORT SECTIONS
E. Strategy and resource allocation	• Short, medium, long term strategic objectives • How achievements are measured • Resource allocation plans • Competitive advantage • Innovation	• Strategy
F. Performance	• Quantitative indicators • State of stakeholder relationships • Past and current performance linkages • KPIs that combine financial with non-financial measures	• Performance • Business
G. Outlook	• Key issues • Response to key issues • Implications of key issues • KPIs, objectives, lead indicators	• Chairman's message • CEO's message • Strategy
H. Basis of preparation and presentation	• Materiality process • Reporting boundary • Significant frameworks and methods	• About this report • Business • Assurance report
I. General reporting guidance	• Relevant disclosures of material matters • Timeframes: short, medium and long-term • How information was aggregated or disaggregated	• About this report • Business

4.3.2 WHAT SECTIONS STAKEHOLDERS READ FIRST

Before delving into stakeholders' perspectives on each section of COMPANY's report, we first asked the stakeholders which section(s) they read first to understand what they thought was most important or useful. While five stakeholders said that they would flick through the whole report (four of whom then go to specific sections), most first went to specific sections of the report (see Table 4.3). The financial stakeholders primarily looked at the Chairman's and/or CEO's message to ascertain what issues were deemed most important to the company, and whether it reconciled with their own views. The civic and environmental stakeholders had varying views on what was important to them, depending on the social and/or environmental issues that their organisations were engaged with. Interestingly, one stakeholder who was directly involved in investment decisions went straight to the performance section, while the five ESG financial stakeholders looked at the Chairman/CEO message first. The two environmental stakeholders who read 'Performance' first were looking for specific indicators about ESG issues rather than the general performance.

Table 4.3 Summary of sections that stakeholders read first

SECTION	CIVIC	ENVIRONMENTAL	FINANCIAL	SAMPLE QUOTES
Flick through whole report	1	2	2	I would actually flick through all of them. I like integrated reporting because it's in bite sized chunks, it makes sense so I'd have a bit of a look through all of them really. [F2]
At a glance			2	And I would look at a snapshot to see whether it was good. So there tends to be this highlights page but there's usually another summary of key metrics which I'll also look at and say do these things look like the right things.[F4]
Chairman/ CEO message	2	2	5	Now I might have a different view about what is important. But the first thing I want to know is what they think is important because it's a communication exercise from them to me. [F7]
Foundations & governance	1	2		I like to know the underpinnings of the organisation. Because their governance tells you more about the DNA than anything else. [G7]
Material issues			2	If they're ignoring issues which are quite clearly been big issues then that doesn't fill [analysts] with confidence in terms of the management of the business. [F3]
Risk management			1	Risk management, that would be something I would look at as a high priority. [F1]
People	1			Well for us it's always 'People'. It's what they say about their workforce. [C7]
Performance		2	1	I jump straight to the numbers, every time. [F5] I'd look through 'Performance', to see what they had on sustainability, or environment, or carbon reporting. [G5]
Keyword search (control F)		2		To be honest I'd probably just do a keyword search for climate and that would determine where I look because I have a fairly specific focus and if they're not talking about climate change it's not relevant to me. [G3]
Other	1			First thing I'd say is where's their values? [C3]

4.3.3 EXPECTATIONS AND USEFULNESS OF THE COMPANY REPORT SECTIONS

We now discuss stakeholders' impressions of COMPANY's 2015 integrated report section by section.

ABOUT THIS REPORT AND 2015 AT A GLANCE

"About this report" states that COMPANY's report is an integrated report focused on stakeholder value creation. "2015 at a glance" provides a very high-level timeline of significant events over the past year as well as eight financial and non-financial performance indicators, such as cash return on equity, cash earnings, and employee engagement.

Stakeholders did not provide any comments on these brief introductory sections, although two mentioned that they look at this section first (see section 4.3.2).

CHAIRMAN'S MESSAGE AND CEO'S MESSAGE

The Chairman's and CEO's messages were discussed interchangeably by participants. All stakeholders found these sections to be a shorthand or executive summary in tone and content for the rest of the report.

Financial stakeholders found these sections more useful than other groups (see Table 4.4). They frequently cited that they were interested in both management's tone in these sections as well as which key issues and messages were elevated. These stakeholders thought these messages were important and some of the most useful and interesting in the report.

Environmental stakeholders tended to brush past these sections, not finding them particularly useful or insightful. They did note that these messages likely set the tone for the report. They noted these messages could signal that the report was likely to be more of a 'greenwashing' piece or potentially as a more honest discussion of material issues.

Civic stakeholders wanted to know whether leadership was consistent in its messaging and were interested, like the other stakeholders, in how leadership was communicating what management felt to be important, by elevating key messages in these sections.

Reporters discussed this section as an executive summary and obligatory section that readers of these reports expect to see.

Table 4.4 Impressions of Chairman's and CEO's messages by stakeholder group

ENVIRONMENTAL	CIVIC	FINANCIAL	REPORTERS
• Tend not to read these sections as much as other stakeholders • Interested in tone, sincerity • *"Look, [CEO] is very important. His message, not so important." [G7]*	• Interested in whether leadership is being consistent • Interested in material and substantive issues raised • *"Often they'll be saying one thing to the workers and they'll be saying something quite different to investors." [C7]*	• Used to sense–check against other information sources • Interested in tone, sincerity • Interested in key messages that leadership chooses to communicate • *"I'll generally look at that page and say, 'OK that tells me what they think is important.'" [F7]*	• Felt these sections were a reporting requirement to summarise key highlights from the year. • Felt it was 'the norm' to include these sections and stakeholders expect it. • *"we kind of treat them as an executive summary." [R4]*

BUSINESS

As can be seen in Table 4.2, this section is responsible for delivering many of the <IR> content elements. What perhaps is most striking in this section of the report is that there was a wide divergence between reporters who thought this section was useful and well done, and the three stakeholder groups who felt this section did not meet any of their information needs (see Table 4.5). Environmental and civic stakeholders did not think this section addressed material environmental or social issues, whereas the financial stakeholders felt they already knew this information. All three stakeholder groups felt this section provided very descriptive and unhelpful information. While some found the stakeholder engagement and materiality process quite interesting, they wanted more information on how COMPANY was responding to these prioritised issues. The value creation story was somewhat controversial as many stakeholders felt this story could be manipulated and that it did not offer much substance.

Additionally, financial stakeholders were concerned that the requirements of telling a value creation story could be forcing companies to disclose their *'secret herbs and spices'* [F5] (see section 4.1.2 "Quality of reports"), thus jeopardising companies' abilities to sustain long-term value.

Table 4.5 Impressions of 'Business' by stakeholder group

ENVIRONMENTAL	CIVIC	FINANCIAL	REPORTERS
• Expressed disappointment that it didn't appear to address their information needs • Interested in knowing more than the materiality process and understanding how the company was responding and what is was doing in response to key material issues • *"there's nothing… there's no information there really." [G4]*	• Expressed some frustration that it didn't meet information needs • Interested in deeper understanding of what the company was doing • *"It still doesn't have anything on impact…What are the company's social and environmental impacts?..." [C2]*	• Did not feel this section was very useful because they tended to know this information; however, many acknowledged this is needed for other stakeholders. • Felt the information was fairly shallow or too descriptive without much substance. • *"They [investors] would know that already… they would be pretty well across all that." [F3]*	• Felt this section was perhaps the most useful of the integrated report. • Felt COMPANY did a pretty good job of this section and were interested in the value creation story but wondered whether they fell short of integrating material non- financial issues. • *"[This is] the bit that the integrated report is adding…that's missing from a traditional financial report." [F2]*

STRATEGY

Like the previous section, the divergence between stakeholders' views was clear (see Table 4.6). While reporters and financial stakeholders thought this section was well done and useful for those not familiar with the company, the environmental and civic stakeholders were highly sceptical of what was reported and did not find it addressed their material concerns. Again, financial stakeholders talked about this section as something they were already familiar with and would use this to 'sense-check' what they already knew. Environmental stakeholders were looking for information about how COMPANY's strategy was addressing key environmental issues, such as climate change and renewable energy, and were disappointed that these were not mentioned. Civic stakeholders felt COMPANY was likely only reporting what would show it in a good light and not address issues that would be of interest to civic stakeholders.

Table 4.6 Impressions of 'Strategy' by stakeholder group

ENVIRONMENTAL	CIVIC	FINANCIAL	REPORTERS
• Information needs are not met • *"Unless the buzz words came up – environment or sustainability, renewable energy – no, I don't think I'd have a look at it." [G4]* • *"The strategy section is something we do look at. And again, there's very little. I don't think there's any mention of their strategy around climate change or renewable energy." [G1]*	• Sceptical that the information is substantive • *"I expect them to talk about it. I just don't expect them to be completely frank." [C7]*	• Find this information useful, but often are already familiar with this information so use it to sense check what they already know • *"I do think it's very valuable…if this was done for a media company, I'd be spending a bit of time reading it; whereas if it's a bank…I'm more familiar with the business, I might not spend so much time." [F1]*	• Felt this section was well done and very useful • *"I think it is useful, very useful…[it] sets the framework for what and how I read that report then." [R1]*

PEOPLE

All stakeholders noted that the topics raised in this section of the report were very important and material to many stakeholders, predominantly employees (see Table 4.7). They felt it was important to understand who was leading and who was working at the COMPANY, and for the COMPANY to talk about diversity and inclusion and employee engagement scores and statistics. However, all stakeholders felt this section was too light and did not provide enough substance to meet their information needs. All stakeholder groups commented upon missing information in this section, specifically disclosures around policies, practices and management responses that relate to how COMPANY is managing its people and issues relating to its people. Financial stakeholders commented upon how these were material issues to the COMPANY's ability to create value, and so they felt more disclosures on how they were managing and responding to employee sensitive issues that impact retention, engagement etc were important but missing from the report.

Table 4.7 Impressions of 'People' by stakeholder group

ENVIRONMENTAL	CIVIC	FINANCIAL	REPORTERS
• Felt this section and these issues were interesting, i.e. diversity but did not meet information needs • Expected more substantive and specific information than what was provided • *"The question is, 'well, what are they missing?' Most of the time these are paragraphs about aren't we good, as opposed to we see this as an issue and we've identified it." [G7]*	• Expected more substantive and specific information than what was provided • This section is very important • *"I just expect to see this. I actually skimmed through that looking for more substance." [C7]*	• Felt the information in here is important but not meaningful enough; too shallow • *"I'm looking for what they're doing differently and evidence that what they say they're doing they're actually backing up…not just these broad statements." [F1]* • *"So if someone's not living the values, does that impact their remuneration? So actually making it meaningful…"[F2]*	• Felt this section was important • Some noted that it needed to provide more detail to link to the value creation story • *"So how does diversity and inclusion help their share price, and that's the link that it needs to make." [R1]*

FOUNDATIONS AND GOVERNANCE

Again, there was a divergence between the way reporters spoke about this section as "important for investors" and the way other stakeholders felt this section did not meet their information needs (see Table 4.8). Financial stakeholders expressed that this did not provide new information; whereas environmental and civic stakeholders felt that this section did not adequately incorporate or address social and environmental issues. Stakeholders from all groups expressed confusion about why ESG risks were separated from the material risks.

Table 4.8 Impressions of 'Foundations and governance' by stakeholder group

ENVIRONMENTAL	CIVIC	FINANCIAL	REPORTERS
• Expressed scepticism • Felt information needs were not met • Did not see relevant social and environmental information in this section • *"Risk is of interest… checking if they've mentioned the environment, but I wouldn't expect they would." [G4]*	• Felt this section didn't meet information needs • Wondered where the social and environmental issues fit into this section. • *"I can't see where sustainability issues sit, unless it's under the risk management framework…if sustainability was…in strategy up the front, it would be more clear as to where it sits in terms of governance." [C2]*	• Felt that ESG risks were the most interesting, but there was not a lot of depth to meet information needs • Felt they likely already know this information from elsewhere • *"Governance is really important…there's a lot of words here, I'm not seeing a lot of metrics." [F2]*	• Felt this section was important for investors and was well done • Wondered why certain elements of risk were highlighted and others were not; why were some separated as ESG risks and some in this section • *"from an investor point of view, governance is really important." [R3]*

PERFORMANCE

The reporters generally thought COMPANY did a good job in this section in meeting investors' information needs (see Table 4.9). Again, financial stakeholders felt that they would already know the information reported here. Civic and environmental stakeholders felt the financial information met their financial information needs, but did not feel that the social and environmental metrics provided enough detail or material metrics to meet their information needs. Stakeholders from environmental, civic and financial groups all cited the greenhouse gas and renewable energy investment statistics as examples of how what was being reported fell short of information needs. These metrics were not as important to them as other measures such as greenhouse gases resulting from financing. Financial stakeholders also honed in on renewable energy project finance as a possible "greenwashing" metric as it did not report the percentage of financing relative to the entire portfolio. Multiple environmental and civic stakeholders highlighted that this report was geared toward investors by providing metrics like the net promoters score. This metric was one of the most useful cited by financial stakeholders, whereas the majority of civic and environmental stakeholders highlighted that they didn't know what this metric meant.

Table 4.9 Impressions of 'Performance' by stakeholder group

ENVIRONMENTAL	CIVIC	FINANCIAL	REPORTERS
• Did not meet information needs; not enough focus on environmental metrics and those reported did not set boundaries at the right materiality level (i.e. GHG emissions from direct operations rather than indirect emissions from financing). • *"all you are seeing is a snapshot in time of an effective business financial management, not what the value that's been created by the organisation… Which is why I go back to integrated reporting doesn't do that, it doesn't reveal that." [G7]* • *"I would probably shut it after not taking out very much information, and go and get the [sustainability] report, and go these are the things that I'm interested in."[G6]*	• Felt financial metrics met information needs but non-financial metrics did not • Felt this was geared toward investor stakeholders • Felt some performance figures were skewed and not representative of material impacts (i.e. GHG emissions) • *"I think it's great to have financial performance on one page, 'cause that's probably all I would look for on the financial side…What's a net promoter score? I don't know what that is. So already I'm kind of like, I don't know what this is. I feel like there should be perhaps be some actual narrative around their non- financial performance." [C2]*	• Not revealing new information that they don't already know • *"once again it does require one to have a bit of industry knowledge and a bit of perspective." [F1]* • *"See they pull things out like percentage of project finance portfolio invested in renewable energy 12%. And how big is that portfolio? Is it 1% of their overall investment." [F2]* • *"It's usually not going to tell me anything I haven't already seen…" [F4]*	• Felt this section was well done for investors • Felt that some of the information may be inaccessible to some stakeholders who would need to go to the sustainability reports for more specific information • *"I think it's useful to be honest. If I was a discerning investor and wanted to know okay well you're saying you're doing this stuff but what are you actually doing. This is a really good snapshot way to do so." [R1]* • *"So I do like having these tables, I think it's quite useful. The way they've done the financials and the non-financials, that's good." [R3]*

SHAREHOLDER INFORMATION

Stakeholders did not comment on this section of the report.

ASSURANCE REPORT

While all stakeholders felt this was important as assurance provided a greater sense of accountability, they also suggested it was more of a box ticking exercise (see Table 4.10). Environmental, civic and financial stakeholders felt that what was being assured was of limited value.

Table 4.10 Impressions of 'Assurance report' by stakeholder group

ENVIRONMENTAL	CIVIC	FINANCIAL	REPORTERS
• Felt assurance was good but wanted to ensure there was substance behind it • *"I think it's very important to have that. As long as it's not a sort of a rubber stamp, but actually there's a genuine approach" [G4]*	• Felt assurance was good but wanted to ensure there was substance behind it • *"I always like to look at the assurance reports to see what they've actually been asked to assure" [C1]*	• Felt it was important to have an assurance statement and COMPANY has ticked the box • But know it doesn't hold a lot of weight in terms of what is verified • *"doing assurance is better than not doing assurance, but…doesn't hold huge value." [F1]*	• Felt it was important to have an assurance statement and COMPANY has ticked the box • *"it adds to the transparency." [R1]* • *"I do think it's important to see the assurance report on it." [R3]* • *"I'm not sure if anybody reads them. But the fact that it's assured is what's important to us." [R4]*

ADDITIONAL INFORMATION

Stakeholders did not comment on this section of the report.

5. DISCUSSION AND CONCLUSIONS

This study was focused on the information needs of stakeholders and the extent to which integrated reporting is useful for meeting those information needs. It sits within the context of the providers of financial capital being seen as the primary audience of integrated reporting by the IIRC in its <IR> framework, but also illustrates considerable ambiguity amongst the business community regarding audience and their needs. In order to explore how integrated reporting contributes to the work of stakeholders, we sought the views of what the reporters themselves were aiming for, and we cast the net widely to incorporate many different types of stakeholder groups.

Three main observations emerge from our data:

- stakeholders have extensive, but varied information needs that are not necessarily or sufficiently addressed by a single 'integrated' report;
- there is a considerable mismatch in understanding, assumptions and expectations between companies and the various stakeholder audiences; and
- there is a need for a fundamental re-think about the value and desirability of a single 'report' that is static, annual and structured to convey a particular narrative of an organisation's position.

All stakeholders – regardless of whether they are financial, civic or environmental – have extensive information needs about business organisations, required for a wide range of purposes. Civic and environmental stakeholder groups require performance data related to their particular projects and concerns. Financial stakeholders require insights in to how well a company has identified material risks, and has strategies in place to address them. All stakeholders approach the reports differently – with most dipping in and out to seek the required information.

Accordingly, integrated reporting seems to fall short of what stakeholders need or want. None relied on integrated reports as their primary or most valuable source of company information, and none read these reports from cover-to-cover to gain the assumed holistic picture of the company and its position. These observations suggest that the quest by companies, and the IIRC, for a single integrated report providing strategy–issues–performance falls short of stakeholders' information requirements. Most find the narrative too general, irrelevant or confected to meet their needs. While the financial stakeholders felt that integrated reporting provided relevant information, little was new to them; civic and environmental stakeholders felt the reports did not provide a true representation of the 'warts and all'. At best, integrated reports are seen as background information, 'interesting', something useful as a 'sense check', or an 'overview' valuable for those seeking to understand an organisation for the first time. Overall, integrated reporting does not meet any of the stakeholders' specific information requirements.

While it might not be surprising that civic and environmental stakeholders find that integrated reporting does not meet their needs (given they are not the primary audience), the findings about financial stakeholders raises some concerns. The perspectives shared by the stakeholders reveals a significant mismatch in understanding, expectations and assumptions between companies, stakeholders' information needs, and the claimed purposes of integrated reporting. While the IIRC see financial stakeholders as the primary target/audience, this group, according to our study, tends to have the least need for an integrated report. Most institutional investors have direct access to management and are extensively briefed on the company strategy, the business model and material risks. They have resources that provide them with extensive 'private' information about companies and their performance and are able to directly interrogate management about company disclosures. While the ESG stakeholders thought the COMPANY report was a well-structured report with the right content, most of the information contained in integrated reports is already known to financial stakeholders, and they tend to know more than what is reported. Conversely, the civic and environmental stakeholders are the least connected and have the least resources for having their information needs met – yet their specific information needs are not the primary focus of these reports. They still rely on sustainability reports and expressed concern if this more detailed information was no longer available to them. This mismatch was further apparent in the assumptions held by each about the other: the reporters felt integrated reports should be (and were) targeted at institutional investors; institutional investors did not think the reports were targeted at them; and the civic and environmental groups were unclear who the reports were for. This represents a missed opportunity for companies to communicate effectively to their stakeholders; at worst it casts considerable doubt on the usefulness of IIRC's integrated reporting framework.

The insights provided by stakeholders suggest the next phase of reporting reform needs to move away from a static report. One reason why stakeholders find the reports limiting is that the information is out of date by the time it is published. That, coupled with the quite diverse information needs that stakeholders have, with their various preferences for how it is presented and contextualised, points to a need to consider how reporting can evolve to being more continuous and more customisable. While there have been experiments with continuous reporting and web-based applications for users to generate customisable reports, reporting innovation has tended to hold on to the notion that a 'report' is necessary. As more and more information is available about companies (via social media and through other research agencies), company resources may best be utilised in 'dis-integrating' the report and offering instead the various sections but in a way that enables a user to 'drill down'. Clearly, we are witnessing a transition in 'reporting' from a single source of 'truth' about a company to one of 'communication' in which firms are engaged in continuous dialogue about their intentions and performance with multiple audiences. The reporting function needs to adapt to meet these changing stakeholder needs and expectations.

More thought needs to be given to understanding stakeholder needs – not just for integrated reporting – but also other ways in which companies disclose information and communicate to their stakeholders. One potential audience identified by the stakeholders in this study, which has not yet been studied, is the retail investor. As suggested by participants, integrated reporting may suit their needs. Some work also needs to go in to the assurance process – and ways to boost the credibility and reliability of the reports produced. It is not that the stakeholders felt integrated reports were misleading – but they did not feel that they conveyed a true and fair view of the organisation, particularly if the reports are predominantly presented in a positive light. This should alert the accounting profession to opportunities for assuring the credibility and reliability of reported information. While the stakeholders we interviewed clearly see a changing role for company reporting, transparency and accountability are still required of companies.

6. REFERENCES

ACCA and Net Balance Foundation. 2011. ***Adoption of integrated reporting by the ASX50***. Melbourne, Australia: Author.

Adams, C. A. 2015. The International Integrated Reporting Council: A call to action. ***Critical Perspectives on Accounting***, 27: 23-28.

Adams, C. A., Potter, B., Singh, P. J., & York, J. 2016. Exploring the implications of integrated reporting for social investment (disclosures). ***The British Accounting Review***, 48(3): 283-296.

Alexander, D., & Blum, V. 2016. Ecological economics: A Luhmannian analysis of integrated reporting. ***Ecological Economics***, 129: 241-251.

Atkins, J., & Maroun, W. 2015. Integrated reporting in South Africa in 2012. ***Meditari Accountancy Research***, 23(2): 197-221.

Atkins, J. F., Solomon, A., Norton, S., & Joseph, N. L. 2015. The emergence of integrated private reporting. ***Meditari Accountancy Research***, 23(1): 28-61.

Baboukardos, D., & Rimmel, G. 2016. Value relevance of accounting information under an integrated reporting approach: A research note. ***Journal of Accounting and Public Policy***, 35(4): 437-452.

Brown, J., & Dillard, J. 2014. Integrated reporting: On the need for broadening out and opening up. ***Accounting, Auditing & Accountability Journal***, 27(7): 1120-1156.

Burke, J. J., & Clark, C. E. 2016. The business case for integrated reporting: Insights from leading practitioners, regulators, and academics. ***Business Horizons***, 59(3): 273-283.

Cheng, M., Green, W., Conradie, P., Konishi, N., & Romi, A. 2014. The International Integrated Reporting Framework: Key issues and future research opportunities. ***Journal of International Financial Management & Accounting***, 25(1): 90-119.

Chersan, I.-C. 2015. Study on Practices and Tendencies in Integrated Reporting. ***Audit Financiar***, 13(129): 91-101.

Cotter, J., Najah, M., & Wang, S. S. 2011. Standardized reporting of climate change information in Australia. ***Sustainability Accounting, Management and Policy Journal***, 2(2): 294-321.

Dumay, J., Bernardi, C., Guthrie, J., & Demartini, P. 2016. Integrated reporting: A structured literature review. ***Accounting Forum***, 40(3): 166-185.

Eccles, R., & Armbrester, K. 2011. Integrated Reporting in the Cloud. ***IESE Insight***, 8: 13-20.

Eccles, R., & Krzus, M. 2010. Integrated reporting for a sustainable strategy. ***Financial Executive***, March, 2010: 29-32.

Elkington, J. (Ed.). 1997. ***Cannibals with forks: The triple bottom line of 21st Century business***. London: Earthscan.

Flower, J. 2015. The International Integrated Reporting Council: A story of failure. ***Critical Perspectives on Accounting***, 27: 1-17.

Frías-Aceituno, J. V., Rodríguez-Ariza, L., & García-Sánchez, I. M. 2013. Is integrated reporting determined by a country's legal system? An exploratory study. ***Journal of Cleaner Production***, 44: 45-55.

Frías-Aceituno JV, Rodríguez-Aríza L and García-Sánchez IM. 2013b. The Role of the Board in the Dissemination of Integrated Corporate Social Reporting. ***Corporate Social Responsibility and Environmental Management***, 20(4): 219-233.

Frías-Aceituno JV, Rodríguez-Aríza L and García-Sánchez IM. 2014. Explanatory Factors of Integrated Sustainability and Financial Reporting. ***Business Strategy and the Environment***, 23(1): 56-72.

Gray, R. 2001. Thirty years of social accounting, reporting and auditing: What (if anything) have we learnt? ***Business ethics: A European review***, 10(1): 9-15.

Gray, R., Owen, D., & Adams, C. 1996. ***Accounting and accountability: Changes and challenges in corporate social and environmental reporting***. London: Prentice Hall.

GRI. 2011. ***GRI Sustainability Reporting Statistics***. Amsterdam: Author.

GRI. 2013. ***The sustainability context of integrated reports: A survey of pioneers***. Netherlands: GRI.

Guthrie, J., & Petty, R. 2000. Intellectual capital: Australian annual reporting practices. ***Journal of Intellectual Capital***, 1(3): 241-251.

Haji, A. A., & Anifowose, M. 2016. The trend of integrated reporting practice in South Africa: ceremonial or substantive? ***Sustainability Accounting, Management and Policy Journal***, 7(2): null.

Hampton, R. 2012. Brace yourself for MORE REGULATORY CHANGES. ***Accountancy SA***, May.

Havlová, K. 2015. What Integrated Reporting Changed: The Case Study of Early Adopters. ***Procedia Economics and Finance***, 34: 231-237.

Higgins, C., Stubbs, W., & Love, T. 2014. Walking the talk(s): Organisational narratives of integrated reporting. ***Accounting, Auditing & Accountability Journal***, 27(7): 1090- 1119.

Huggins, A., Simnett, R., & Hargovan, A. 2015. Integrated reporting and directors' concerns about personal liability exposure: Law reform options. ***Company and Securities Law Journal***, 33: 176-195.

IIRC. 2013. The International <IR> Framework. London: The International Integrated Reporting Council.

IIRC. 2015. The International Integrated Reporting Council. **http://integratedreporting.org/** Accessed 25 May 2015.

Jensen JC and Berg N. 2012. Determinants of Traditional Sustainability Reporting Versus Integrated Reporting. An Institutionalist Approach. ***Business Strategy and the Environment*** 21(5): 299-316. DOI: 10.1002/bse.740.

Kennedy, S., & Perego, P. 2016. Value creation through integrated reporting. ***RSM Discovery - Management Knowledge***, 26(2): 11-13.

KPMG. 1993. ***KPMG International survey of environmental reporting 1993***. Amsterdam: KPMG Environmental Consulting.

KPMG. 2015. ***The KPMG Survey of Corporate Responsibility Reporting 2015***. London: KPMG.

Lodhia, S. 2015. Exploring the Transition to Integrated Reporting Through a Practice Lens: An Australian Customer Owned Bank Perspective. ***Journal of Business Ethics***, 129(3): 585-598.

Maniora, J. 2015. Is Integrated Reporting Really the Superior Mechanism for the Integration of Ethics into the Core Business Model? An Empirical Analysis. ***Journal of Business Ethics***: 1-32.

Mathews, M. R. 1985. Social accounting: A future need. ***Accountancy***, December: 139.

Neuman W. 2003. ***Social Research Methods: Qualitative and Quantitative Approaches.*** Pearson Education Inc.: New York.

Ocean Tomo. 2015. Annual Intangible Asset Market Value Study. **http://www.oceantomo.com/2015/03/04/2015-intangible-asset-market-value-study/** Accessed 26 October 2016.

Park, A., & Ravenel, C. 2015. An Alignment Proposal: Boosting the Momentum of Sustainability Reporting. ***Journal of Applied Corporate Finance***, 27(2): 52-57.

Patton MQ. 2002. ***Qualitative research & evaluation methods.*** Sage Publications: Thousand Oaks, Calif.

Perego, P., Kennedy, S., & Whiteman, G. 2016. A lot of icing but little cake? Taking integrated reporting forward. ***Journal of Cleaner Production***, 136, Part A: 53-64.

Phillips, D., Watson, L., & Willis, M. 2011. Benefits of comprehensive integrated reporting. ***Financial Executive***, 27(2): 26-30.

Reuter, M., & Messner, M. 2015. Lobbying on the integrated reporting framework: An analysis of comment letters to the 2011 discussion paper of the IIRC. ***Accounting, Auditing & Accountability Journal***, 28(3): 365-402.

Robertson, F. A., & Samy, M. 2015. Factors affecting the diffusion of integrated reporting – a UK FTSE 100 perspective. ***Sustainability Accounting, Management and Policy Journal***, 6(2): 190-223.

Ruiz-Lozano, M., & Tirado-Valencia, P. 2016. Do industrial companies respond to the guiding principles of the Integrated Reporting framework? A preliminary study on the first companies joined to the initiative. ***Revista de Contabilidad***, 19(2): 252-260.

Setia, N., Abhayawansa, S., Joshi, M., & Huynh, A. V. 2015. Integrated reporting in South Africa: some initial evidence. ***Sustainability Accounting, Management and Policy Journal***, 6(3): 397-424.

Slack R and Campbell D. 2016. Meeting users' information needs: The use and usefulness of Integrated Reporting. Association of Chartered Certified Accountants: UK.

Stacchezzini, R., Melloni, G., & Lai, A. 2016. Sustainability management and reporting: the role of integrated reporting for communicating corporate sustainability management. ***Journal of Cleaner Production***, 136, Part A: 102-110.

Stent, W., & Dowler, T. 2015. Early assessments of the gap between integrated reporting and current corporate reporting. ***Meditari Accountancy Research***, 23(1): 92-117.

Strauss AL and Corbin JM. 1998. ***Basics of qualitative research: techniques and procedures for developing grounded theory.*** Sage Publications (first published 1990): Thousand Oaks.

Stubbs, W., & Higgins, C. 2014. Integrated Reporting and Internal Mechanisms of Change. ***Accounting, Auditing & Accountability Journal,*** 27(7): 1068-1089.

Stubbs, W., & Higgins, C. In press. Stakeholders' Perspectives on the Role of Regulatory Reform in Integrated Reporting. ***Journal of Business Ethics***: 1-20.

Turcu, R. D. 2015. Integrated Reporting: The next step ahead for a sustainable society. ***European Journal of Business Science and Technology***, 1(1): 65-77.

Tweedie, D., & Martinov-Bennie, N. 2015. Entitlements and Time: Integrated Reporting's Double-edged Agenda. ***Social and Environmental Accountability Journal***, 35(1): 49-61.

van Zyl AS. 2013. Sustainability And Integrated Reporting In The South African Corporate Sector. ***The International Business & Economic Research Journal,*** 12(8): 903-926. DOI.

Velte, P., & Stawinoga, M. 2016. Integrated reporting: The current state of empirical research, limitations and future research implications. ***Journal of Management Control***: 1-46.

Watson, A. 2013. Early days yet for integrated reporting, but excellent examples are emerging. ***Accountancy SA***, Dec-Jan.

WBCSD. 2002. ***Sustainable development reporting: Striking the balance***. Geneva: Author.

Wild, S., & van Staden, C. J. 2013. Integrated reporting: Initial analysis of early reporters – an Institutional Theory approach, ***APIRA 2013***. Kobe, Japan.

CPAH2120_10.2016