

# Development of Integrated Reporting in Poland

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**Abstract.** Organizational reporting is the most important tool of communication between an enterprise and its stakeholders. However, it is not a static tool but continues to develop and adapt to ongoing economic and social changes. Formerly covering only financial information; currently, it is supplemented by a wide range of non-financial information relating to all aspects of the business. The evolution of reporting is particularly fostered by the rapid development of the concepts of corporate social responsibility and sustainable development, as well as the progressing changes in the information needs of stakeholders. Enterprises are increasingly publishing voluntary reports concerning the social, environmental, and employment aspects of their business in addition to reports required by law. This results in the multiplication of reports and duplication of content, which has a negative impact on the reports' usefulness. The solution to this problem may be integrated reporting, which integrates and interconnects financial and non-financial disclosures. A milestone for the development of integrated reporting was the elaboration of integrated reporting guidelines by the International Integrated Reporting Council (IIRC) in December 2013. The aim of the paper is to present the development of integrated reporting in Poland in 2014-2020 on the example of public companies listed on the Warsaw Stock Exchange. The quality of reports was assessed from the point of view of compliance with IIRC guidelines, as well as their usefulness for stakeholders. Content analysis of corporate publications and comparative analysis was used for this purpose.

**Keywords:** Integrated reporting, Organization reporting, Non-financial disclosures, Reporting evolution, Reporting development

## 1. Introduction

Organizational reporting is an essential tool for communicating with stakeholders. However, it is not a static tool, but is constantly evolving to adapt to the dynamically changing social and economic environment. The constantly increasing informational expectations of a wide range of stakeholders lead to the emergence of new reporting concepts. In recent decades, reporting has evolved from simple financial statements containing only financial disclosures to complex conglomerates of various types of reports covering financial and non-financial information [1, 2]. However, both traditional financial reporting and the multiplication of reports repeatedly repeating the same content lead to disturbances in communication between the company and its stakeholders [3, 4, 5, 6]. The remedy for these problems is the modern concept of integrated reporting, which integrates and interconnects financial and non-financial disclosures, enabling a better overview of the business. This concept, which focuses on the organization's ability to create value in the short, medium and long term, is key to providing a reliable picture of the company. Integrated reporting differs significantly from traditional reporting. It is manifested in particular through conciseness, strategic focus and future orientation, the connectivity of information and the capitals and their interdependencies [7]. Moreover, it is a two-way communication tool with stakeholders, as it should involve key stakeholders in the content definition process. "An integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests" [7].

Clearly defining the beginning of integrated reporting is not straightforward. A milestone was the development by the International Integrated Reporting Council (IIRC) of the International <IR> Framework [8] guidelines in December 2013, which included a structural framework for integrated reporting. This date can be described as the beginning of the development of integrated reporting in Poland. More than seven years have passed since then; therefore, it is worth reviewing how the practice of integrated reporting in Poland has changed. In particular, the following questions are worth answering: Has integrated reporting been adopted in Poland? How has the form of reports changed? How has the informational content of reports changed? To achieve this, a research study was conducted on a sample of 95 integrated reports published by companies in Poland between 2014 and 2020. Two main research methods were used - content analysis of corporate publications and comparative analysis.

## 2. Organizational reporting in Poland

Companies in Poland conduct extensive reporting, often including many diverse financial and non-financial reports. The most frequently used include: financial report, activity report of the entity (Management Commentary), report on payments to the public administration, annual report of marketing and business character, social report (corporate social responsibility report), sustainability report, environmental report, integrated report and others. Companies use a lot of often very extensive reports, repeating specific content many times, which has a negative impact on their reception by users. Generally, organizational reporting in Poland can be divided into obligatory (mandatory) and optional (voluntary). Mandatory reporting is regulated by the Accountancy Act and the International Accounting and Financial Reporting Standards [9a, b]. For all entities obliged to keep accounting books in accordance with the Accounting Act, the obligatory reports include financial statements containing mainly financial disclosures. Certain types of entities indicated in Art. 49.1 of the Accounting Act [9c] are additionally obliged to prepare a activity report (management commentary), which is a report of a non-financial nature. The activity report of the entity should include significant information on the property and financial situation, assessment of the gained results and identification of risk factors and description of threats. In particular, it should include information about events significantly affecting the entity's operations, the expected development of the entity, major achievements in the field of research and development, the current and expected financial situation, treasury shares, branches held by the entity, financial instruments, as well as, if it is important for the assessment of the development, results and situation of the entity - key financial performance indicators related to the entity's operations and key non-financial performance indicators related to the entity's operations, as well as information on employee issues and the environment (Article 49, paragraphs 2 and 3 of the Accounting Act). Moreover, securities issuers are obliged to make a separate statement on corporate governance in their activity report. The transposition of Directive 2014/95/EU into the Polish legal system in 2017 additionally introduced an obligation for the largest entities in Poland [9d] to include a separate statement on non-financial information in their activity report covering: a concise description of the entity's business model, key non-financial performance indicators related to the entity's operations, a description of the policies applied by the entity with respect to social, labour, environmental, human rights and anti-corruption issues, as well as a description of the results of applying these policies, a description of due diligence procedures with respect to the policies indicated, and a description of significant risks related to the entity's operations that may have an adverse impact on social, labour, environmental, human rights and anti-corruption issues (art. 49b of the Accounting Act). Companies operating in the mining industry and in the logging of primary forests that meet certain criteria [9e] are also required to prepare a report on payments to the public administration, including information on the total amount of payments made to the public administration of a given country, divided into payments to the relevant levels of public administration (Art. 63f of the Accounting Act).

In practice, companies in Poland very often go beyond the obligatory reporting by preparing various types of reports referring to specific areas of their activity. This is particularly related to the involvement of entities in modern management concepts, such as corporate social responsibility or sustainable development. The most frequently used reports include, among others, annual report of marketing and business character, social report (corporate social responsibility report), sustainable development report, environmental report, integrated report and other thematic reports. Individual reports are discussed in the Table 1.

Presented types of reports have voluntary character and their structure is not standardized by any regulations. It should be noted, however, that companies in Poland use a variety of standards and guidelines in the report development process. The most popular guidelines include: Global Reporting Initiatives (GRI) [10], IIRC, ISO26000 [11] and AccountAbility1000 [12].

A fundamental problem that has a significant impact on a company's communication with stakeholders is that companies create many very large reports that duplicate specific content. This significantly complicates the process of searching for specific content by the user. As a solution to this problem the modern concept of integrated reporting may be applied, which aims to reduce the number of reports to one containing both financial and non-financial information.

**Tab. 1.** Voluntary report types prepared by companies in Poland.

TT	Report type	Description
1	Annual report of marketing and business character	<ul style="list-style-type: none"> <li>- a report that is not a simple combination of the financial statements and the activity report of the entity (management commentary);</li> <li>- includes both financial and non-financial disclosures;</li> <li>- prepared in a visually rich form, enriched with photographs and diagrams.</li> </ul>
2	Social report (corporate social responsibility report)	<ul style="list-style-type: none"> <li>- a report covering mainly non-financial disclosures;</li> <li>- closely linked to the corporate social responsibility concept which assumes transparency of conducted operations and informing about the impact on society and environment;</li> <li>- discusses the social and environmental impact of the business.</li> </ul>
3	Sustainable development report	<ul style="list-style-type: none"> <li>- a report covering mainly non-financial disclosures;</li> <li>- closely linked to the sustainable development concept;</li> <li>- includes disclosures from three primary areas that should balance each other, i.e., social, environmental, and economic areas.</li> </ul>
4	Environmental report	<ul style="list-style-type: none"> <li>- a report covering mainly non-financial disclosures;</li> <li>- focuses mainly on the environmental aspects of the business, in particular the company's impact on the environment and activities preventing the negative effects of its operations on this area.</li> </ul>
5	Integrated report	<ul style="list-style-type: none"> <li>- a report that integrates and interrelates financial and non-financial disclosures;</li> <li>- the central element of the report is the business model;</li> <li>- future-oriented;</li> <li>- uses a strategic approach.</li> </ul>

### 3. The concept of integrated reporting

The integrated reporting concept is a modern solution to integrate and interrelate financial and non-financial disclosures in one comprehensive report. It is an answer to the most frequently presented problems of traditional reporting, i.e. misalignment with stakeholders' needs or focusing only on the past [3, 4, 5]. The concept currently enjoys great interest among practitioners and theorists of accounting as evidenced by numerous publications [2, 3, 13-19]. The most important objectives of integrated reporting presented in the literature include: full integration of financial and non-financial disclosures (in particular related to the concept of sustainable development and social responsibility) [14], improving the quality of information presented to increase the efficiency of capital allocation, increasing the consistency and efficiency of disclosures, communicating the holistic factors affecting the organization's ability to create value, better understanding of the relationships between individual capitals, supporting integrated thinking, making decisions directed at value creation [7], improving communication with stakeholders [2]. Integrated reporting, unlike traditional reporting, takes as its core point the company's value creation process in the short, medium and long term. As a result, integrated reporting is sometimes referred to as value statement [1]. The value creation process in an enterprise is highlighted by the business model, which is defined as "the chosen system of inputs, business activities, outputs and outcomes that aims to create value over the short, medium and long term" [20]. Accordingly, "the primary objective of business model representation is to provide visibility to the unique way in which the business coordinates resources in order to achieve corporate objectives" [21]. An integrated report should illustrate the way an organization transforms capital (financial, manufactured, intellectual, human, social and relationship, and natural) using business activities into outputs and outcomes that aims to fulfil the organization's strategic purposes and create value over the

short, medium and long term [7]. Equally important in integrated reporting is the different approach to presenting data. Traditional reporting presents mainly historical data about the operational sphere of the business. This approach makes it significantly more difficult for investors and other stakeholders to assess the company's intentions. Integrated reporting changes this approach as the future and strategic orientation becomes crucial [7]. The important thing is not how the company created value, but how it intends to create value in the short, medium and long term.

The structural framework for integrated reporting was developed by IIRC in December 2013 and received its first update in January 2021. The Guiding Principles of the International <IR> Framework [7, 8] set out the principles that should guide a company in preparing an integrated report and the model structure of the report. A total of seven Guiding Principles were identified: strategic focus and future orientation, connectivity of information, stakeholder relationships, materiality, conciseness, reliability and completeness, consistency and comparability. The individual principles are discussed in the Table 2.

**Tab. 2.** Guiding Principles of International <IR> Framework.

TT	Guiding Principles	Description
1	Strategic focus and future orientation	The integrated report should focus on the organization's strategy and its relationship to the organization's ability to create value over time and to use its capitals.
2	Connectivity of information	The integrated report should provide a holistic view of the relationships between the various factors that affect the organization's ability to create value over time. Information flow within the organization should be integrated with management reporting, analysis, decision making, and ultimately, integrated reporting.
3	Stakeholder relationships	The integrated report should illustrate how the organization relates to its key stakeholders. In particular, it should show how the organization responds to their legitimate needs and interests.
4	Materiality	The integrated report should include material disclosures that have a significant impact on the organization's ability to create value.
5	Conciseness	The integrated report should be concise. It should contain only material information necessary for an understanding of strategy, governance, performance and prospects.
6	Reliability and completeness	The integrated report should include all material information whether positive or negative. It should also be balanced and without material errors.
7	Consistency and comparability	The Integrated Report should present information in a manner that is consistent over time and that ensures comparability.

The model structure of an integrated report compliant with the International <IR> Framework includes eight elements: organization overview and external environment, governance, business model, risks and opportunities, strategy and resource allocation, performance, outlook, basis of preparation and presentation. The individual elements were discussed in the Table 3.

**Tab. 3.** Content Elements of International <IR> Framework.

TT	Content Elements	Description
1	Organization overview and external environment	Includes a presentation of the organization's activities and the environment in which it operates.
2	Governance	Includes a presentation of the governance structure and its impact on the ability to create value.
3	Business model	Includes a presentation of the organization's business model.
4	Risk and opportunities	Includes a presentation of the risks and opportunities that affect the organization's ability to create value.

5	Strategy and resource allocation	Includes a presentation of the organization's goals and direction.
6	Performance	Includes a presentation of the extent to which the organization has achieved its strategic objectives over the period and what the impact on capital is.
7	Outlook	Includes a presentation of the challenges and uncertainties associated with strategy execution and its impact on the business model and future performance.
8	Basis of preparation and presentation	Includes a presentation of the report content definition process.

#### 4. The evolution of integrated reporting in Poland over the period 2014-2020

##### 4.1. Research purpose

Organizational reporting in Poland is constantly changing, adapting to the rapidly changing social and economic environment. A particularly important factor in the evolution of reporting are legislative changes, especially resulting from European Union directives aimed at increasing the transparency of companies in the value creation process, as well as employee, social and environmental policies. A milestone in the reporting development in Poland was the integrated reporting guidelines - International <IR> Framework developed by IIRC in December 2013. This resulted in the development of a modern form of reporting in Poland, such as integrated reporting. The second milestone was the introduction of Directive 2014/95/EU, which was subsequently transposed into Polish legislation in 2017. It imposed on the largest companies the obligation to disclose non-financial information concerning, for instance, the business model and the policies applied with regard to social, labour, environmental, human rights and anti-corruption issues. However, more than seven years have passed since the end of 2014, therefore it is worth considering how the integrated reporting practice has changed in Poland. Accordingly, a research study was conducted to present the development of integrated reporting in Poland. In particular, focusing on the interest of companies in integrated reporting, the form of reports prepared and the process of defining their content.

##### 4.2. Research sample and research period

The reporting practice of Polish companies is very extensive, many companies publish several different forms of reports, i.e. annual report including financial statements and activity report, report on non-financial information, social report, environmental report, sustainability report, annual report of business-marketing character or integrated report. A number of annual reports of a business and marketing character and social or sustainability reports include both financial and non-financial disclosures. As a result, strictly distinguishing which reports are integrated reports and which are not is extremely difficult. In the study conducted, the assumption was that it is the organization that decides whether to prepare an integrated report. Therefore, the research sample included reports described by companies as "integrated report" or "integrated annual report", as well as reports admittedly called „annual report”, but defined in the description as "integrated report". The research analyzed 95 company reports published between 2014 and 2020. These reports covered 7 reporting periods (reports for 2013-2019). 94 reports were prepared for a single year, while one report covered two years (report prepared by Azoty company for 2016-2017). The study included reports made public by 25 entities, of which 22 are public companies listed on the Warsaw Stock Exchange (WSE) and 3 non-public companies. To determine the beginning of the research period, the development of IIRC guidelines in December 2013 was crucial, providing an impetus for changes in the organizational reporting. The first reports based on the indicated guidelines started to be developed in 2014 (integrated reports for 2013).

##### 4.3. Research methodology

Two research methods were used for the study - content analysis of corporate publications and comparative analysis.

The study focused on two main areas - form and scope of reporting. Under the form, the focus was on answering the question - how does the company present disclosures about its activities? The answer to this

question is extremely important in terms of proper communication with stakeholders. Reporting is one of the most extensive tools for communicating with stakeholders, and therefore should be prepared and published in a user-friendly form. In particular, it should ensure accessibility, ease of use, comparability, reliability and credibility. To this end, five categories have been identified: the type (form) of report produced, the size of the report, the standards used in the report preparation process, the report language, and the report verification.

The form of the integrated report is important in the process of communication with stakeholders. Reports can be produced in two forms: traditional and interactive. The traditional form involves publishing the report as a document, usually in PDF format. All information in this type of report is static. On the other hand, the interactive form involves the development of reports in the form of expanded portals (websites) that allow searching, comparing and preliminary analysis of the content. Interactive reports are in many cases enhanced with video and advanced searching capabilities.

A common criticism of reporting is that it is significantly oversized. Companies publish very extensive reports revealing a lot of information irrelevant from the point of view of stakeholders. Extensive descriptions and frequent repetition of some content significantly reduce the usefulness of reports. Therefore, the study analyzed the size of reports by determining their number of pages. Due to the importance and problem of comparability, this concerned only reports prepared in traditional form.

Standardization is essential to ensure comparability and reliability of reports. Currently, there are many standards and guidelines concerning reporting on non-financial issues. The most widespread worldwide are the guidelines for integrated reporting developed by the IIRC and the guidelines for reporting on sustainable development established by GRI. It should also be noted that these are voluntary guidelines and standards, which include principles and procedures useful in the report preparation process and defining its content. The study analyzes which standards and guidelines are used by companies in Poland in the integrated report preparation process.

In the age of globalization and companies opening up to foreign markets, the number of stakeholders is significantly increasing. This process significantly complicates the communication between companies and their stakeholders. Language is the most significant barrier. In particular, it concerns companies using languages that are not widely used around the world, such as Polish. The study analyzed the language versions of integrated reports used by companies in Poland.

Nowadays, in the age of ubiquitous information, the key issue is its credibility. Organizational reporting provides a huge amount of information about the business activity. However, numerous scandals in recent decades, such as Enron, WorldCom or Amber Gold, have significantly shaken the confidence of stakeholders in the information disclosed in reports. Therefore, verification of the reports by an independent auditor is extremely important. In Poland, financial disclosures included in financial statements are obligatorily audited. Equally important are non-financial disclosures allowing for a more precise view of the company's situation. The audit of non-financial information is not obligatory, but some entities voluntarily submit their reports. The study analyzed whether the report was audited by an independent external auditor for non-financial disclosures.

The second area analyzed in the study, i.e., the scope of the report, attempts to answer the questions - how was the content of the integrated report defined? and what content does the integrated report cover? For this purpose, four elements were focused on: the stakeholder identification process, the stakeholder engagement process, the use of materiality matrix and the business model disclosure.

The integrated report is a tool for communicating with stakeholders, therefore, the first step should be to identify stakeholders. This allows to better customize the content of the report to the users' needs and information expectations. It should be noted, however, that the identification of stakeholders alone is not enough, it is also necessary to involve them in the report content definition process. This process can take different forms, such as conducting interviews, workshops with stakeholders' representatives, surveys, etc. The stakeholder engagement process should lead to the development a catalog of topics that are important from the stakeholders' point of view. However, it should be remembered that not all information can be shared, some of it constitutes company secrets, and its disclosure could result in criminal liability and, in addition, loss of competitive advantage. Therefore, it is necessary to compare issues that are important from the point of view of the stakeholders and the company's capabilities. Stakeholders' expectations and

information needs are extensive, and the integrated report should focus on the most important issues. Therefore, it is necessary to develop a materiality matrix that identifies the most important issues. The study examines the report content definition process from the perspective of stakeholder identification, stakeholder engagement, and the use of materiality matrix.

An integrated report is sometimes referred to as a value creation report. Therefore, the business model (value creation model) should be the central element of any integrated report. The study analyzed the integrated reports content from the perspective of business model disclosures.

#### 4.4. Research findings

In the period 2014-2020, 95 integrated reports were identified. However, it should be noted that there is a wide variation in nomenclature. The most commonly used term is "integrated report" (e.g. "Integrated Report PGNiG 2018"), however, some companies use the term "integrated annual report" (e.g. "ING Bank Śląski 2019 Integrated Annual Report"). In a few cases, companies used the name "annual report", however, in the report content it clearly indicated that it is an integrated report (e.g. "PZU Annual Report 2019"). The number of integrated reports has steadily increased since 2014, from only 5 reports in 2014 to 22 in 2019 and 2020, an increase of 340 percent (see Tab. 4 for details on the number of integrated reports by year). It should be noted that integrated reporting is used mainly by the largest public companies in Poland included in the WIG30 (13 companies in 2020), mWIG40 (3 companies in 2020) and sWIG80 (4 companies in 2020) indices. The reasons for this phenomenon can be sought in particular in greater financial capabilities, greater involvement in modern management concepts, competition with foreign entities and the introduction of Directive 2014/95/EU imposing on the largest entities in the European Union the obligation to publish non-financial information, among others, on the business model.

**Tab. 4.** Content Elements of International <IR> Framework.

TT	Publication year	2014	2015	2016	2017	2018	2019	2020
1	Reporting period	2013	2014	2015	2016	2017	2018	2019
2	Number of reports	5	8	10	11	17	22	22
3	Year-on-year change	-	60.0%	25.0%	10.0%	54.5%	29.4%	0.0%
4	Public companies	4	6	9	9	15	20	20
5	Change year to year	-	50.0%	50.0%	0.0%	66.7%	33.3%	0.0%
6	Non-public companies	1	2	1	2	2	2	2
7	Year-on-year change	-	100.0%	-50.0%	100.0%	0.0%	0.0%	0.0%

Companies most often prepare integrated reports in two forms simultaneously - traditional and interactive (42 reports). Two approaches of the companies can be observed in this matter. The first one consists in preparing a separate report in the traditional form and in the interactive form. In this case, the report in the traditional form is structured, prepared in an elegant form resembling a folder or a book. Budimex's 2019 report is such an example. The second approach is to be able to create a PDF file that includes all the content of the interactive report. In this variant, the report in the traditional form is characterized by a less structured form, often without a table of contents, including only the content contained in individual pages of the interactive report. Lotos' 2014 report is an example of this approach. More and more companies are choosing only one version of the integrated report - traditional (25 reports in total) or interactive (28 reports in total). This is a much more convenient, less time-consuming and less costly solution for companies. It should also be noted that in the age of progressive computerization it is much easier to reach stakeholders through customized portals. Interactive versions of reports also allow for easier editing in case of identified errors. The main problem with interactive reports is the difficulty of in-depth analysis. It is necessary to repeatedly go through the various sub-pages, open interactive windows, watch videos and animations. This is time-consuming and significantly complicates qualitative analysis. For this type of analysis, it is much more convenient to use traditional reports. Analyzing interactive reports, two forms can be identified. The first is interactive reports which are a kind of visual superstructure over other reports produced in traditional form. They cover some general summary issues, while the details are linked to the traditional report, e.g., financial statements, social report, or report on non-financial

information. The second option is extended interactive reports that include all content in the form of subpages. Orlen's 2018 report is an example of this approach. Analyzing the period of integrated reporting development in Poland, it can be seen that there is a growing interest in the interactive form of integrated reports, and many companies are abandoning traditional form of reporting. In 2020, as many as 9 companies prepared the report exclusively in interactive form (year-on-year increase of 50%), while only 5 companies prepared the report exclusively in traditional form (year-on-year decrease of 28.6%). In addition, companies are abandoning the possibility of obtaining the traditional form of interactive reports (a decrease of 11.1% was recorded in 2020 compared to 2019). It seems that in the future, the interactive form will become the only form of report preparation. Detailed quantitative data on the integrated report forms by year are provided in the Table 5.

**Tab. 5.** Forms of integrated reports prepared by companies in Poland between 2014 and 2020.

No.	Publication year	2014	2015	2016	2017	2018	2019	2020	Total
	Reporting period	2013	2014	2015	2016	2017	2018	2019	
1	Interactive and traditional form	3	5	4	4	9	9	8	42
2	Year-to-year change	-	66.7%	-20.0%	0.0%	125.0%	0.0%	-11.1%	
3	Traditional only form	2	2	2	3	4	7	5	25
4	Year-on-year change	-	0.0%	0.0%	50.0%	33.3%	75.0%	-28.6%	
5	Interactive-only form	0	1	4	4	4	6	9	28
6	Change year to year	-	-	300.0%	0.0%	0.0%	50.0%	50.0%	

Report size is very important from the point of view of the report users. It is often claimed that reports covering non-financial issues are very voluminous. Analyzing average number of pages of integrated reports prepared by companies in Poland it can be noticed that they are not too extensive. The average is about 200 pages in all years, which seems high, but not very high. It should be remembered, however, that integrated reports are prepared mainly by the largest companies in Poland, which often conduct diverse activities in many countries. It should be noted, however, that the average does not fully show the volume of integrated reports, which range in size from as little as 48 pages to as many as 521. In many cases, the large volume of integrated reports is due to the inclusion of full financial statements that are often 100-150 pages each (e.g. in Lotos' 2014 integrated report), as well as the use of a visually varied form full of photographs and diagrams (e.g. LPP's 2017 report). Detailed quantitative data on the average size of integrated reports prepared in traditional form are presented in the Table 6.

**Tab. 6.** Content Elements of International <IR> Framework.

Publication year	2014	2015	2016	2017	2018	2019	2020	Total
Reporting period	2013	2014	2015	2016	2017	2018	2019	
Average number of pages	222	169	189	217	180	185	210	194
Year-on-year change	-	-23.74%	11.93%	14.49%	-16.67%	2.77%	13.07%	-
Minimum number of pages	48	60	56	70	73	68	89	48
Maximum number of pages	469	468	351	521	320	442	519	521

Standardisation is extremely important to ensure data comparability published in the integrated reports. Companies in Poland use many standards and guidelines in the integrated reporting preparation process. The most important from the point of view of integrated reporting are guidelines developed by IIRC. It is interesting that only 65 integrated reports were prepared according to these guidelines (68.42% of all integrated reports). It seems that IIRC guidelines should be the core of every integrated report, however some companies ignore them. It should be noted that there are large fluctuations from year to year in the number of companies using the IIRC guidelines - first an upward trend from 60% in 2014 to 80% in 2016, then a decrease to about 64% in 2017, then an increase again to nearly 73% in 2019 and again a decrease in 2020 to about 64%. The sustainability reporting guidelines proposed by GRI are much more popular. As many as 92 of the analyzed integrated reports were prepared according to the indicated guidelines (96.84



percent of all reports). This is related to the greater popularity of GRI standards, which have been developed since 2000. Many companies in Poland had already used these guidelines when preparing their social, environmental, or sustainable development reports. Therefore, it is obvious that effectively implemented and verified reporting procedures are maintained by the companies. Additionally, it should be noted that GRI standards are characterized by voluntariness, a high level of universality, and are constantly developed in order to adapt them to the needs of modern business life. In the period 2014-2020, there were several changes to the applicable GRI standards, therefore GRI G3 (1 report), GRI G3.1 (3 reports), GRI G4 (40 reports) and GRI STANDARDS (48 reports) were used by the companies. The AA1000 standard on building stakeholder relations is also frequently used - 28 integrated reports. This standard is particularly important due to the role of the integrated report as a tool for communication with stakeholders. Identifying and engaging stakeholders in the reporting process is part of building healthy relationships and using integrated reporting as a two-way tool to respond to stakeholders' legitimate information needs. As of 2017, the Sustainable Development Goals (SDGs) [22], which are a United Nations (UN) initiative for the advancement of sustainable development, are also very popular - 29 integrated reports. Less popular guidelines and standards used in the process of preparing integrated reports in Poland include: ISO26000 (17 reports), TCFD (5 reports) [23], CSI (4 reports) [24] and SIN (2 reports) [25-27]. Detailed quantitative data on the standards and guidelines used in the integrated reporting preparation process are presented in the Table 7.

**Tab. 7.** Content Elements of International <IR> Framework.

Publication year	2014	2015	2016	2017	2018	2019	2020	Total	Share
Reporting period	2013	2014	2015	2016	2017	2018	2019		
IIRC	3	5	8	7	12	16	14	65	68.42%
GRI total, including:	5	7	10	11	17	21	21	92	96.84%
- G3	0	1	0	0	0	0	0	1	1.05%
- G3.1	2	1	0	0	0	0	0	3	3.16%
- G4	3	5	10	11	10	1	0	40	42.11%
- GRI STANDARDS	0	0	0	0	7	20	21	48	50.53%
AA1000	0	1	2	4	6	7	8	28	29.47%
ISO26000	0	1	1	2	4	4	5	17	17.89%
SDGs	0	0	0	3	8	9	9	29	30.53%
TCFD	0	0	0	0	0	0	5	5	5.26%
SIN	0	0	0	0	0	1	1	2	2.11%
CSI	0	0	0	1	1	1	1	4	4.21%

Due to the often worldwide character of the business activity, and therefore having stakeholders from various regions of the world, it is necessary to prepare the report in a language variant enabling proper communication with a wide group of them. Polish is not the leading language in the world, used rather exclusively in Poland, therefore companies preparing integrated reports are often forced to publish them also in other languages. The reporting practice in Poland shows that companies most often choose the global language of business, i.e. English. In the examined sample 74 reports were prepared in two versions, i.e. Polish and English (77.89%). Additionally, four reports by CEMEX were prepared exclusively in English, which is due to the fact that it is a subsidiary of a leading global cement company. Only 17 reports were prepared solely in Polish (17.89%). The reports prepared only in Polish mainly concern companies that choose the traditional form of reporting (e.g. Pekabex). Analyzing integrated reports in Poland one can notice two approaches to preparing traditional reports in two languages. The first variant consists in preparing one report that includes both Polish and English versions, e.g. by dividing the page into two parts, as e.g. LW Bogdanka in the 2016 report. The second practice consists in preparing completely separate integrated reports in Polish and English versions, as e.g. KGHM in the 2019 report. Detailed figures on the language versions used by companies in Poland in integrated reporting are presented in the Table 8.

**Tab. 8.** Content Elements of International <IR> Framework.

Publication year	2014	2015	2016	2017	2018	2019	2020	Total	Share
Reporting period	2013	2014	2015	2016	2017	2018	2019		
Polish language version only	3	2	1	2	2	3	4	17	17.89%
English language version only	0	0	0	1	1	1	1	4	4.21%
Polish and English language version	2	6	9	8	14	18	17	74	77.89%

Trust is extremely important in the communication process. In the case of reporting this trust is extremely easy to lose as shown by numerous scandals in recent years. Reliability and credibility of the data presented is a key factor in building strong and lasting relations between the company and its stakeholders. Ensuring the credibility and reliability of the presented disclosures may enable the report to be audited by an independent external auditor. In Poland, it is obligatory for public companies to have their financial statements audited by a certified auditor, but there is no obligation to audit non-financial disclosures included in integrated reporting. Nevertheless, some companies have their reports audited by independent auditors - 35 reports representing 36.84% of the total. It should be noted, however, that the percentage of companies auditing non-financial disclosures is decreasing year by year - from 60% in 2014 to only 22.73% in 2020. There are many reasons for this phenomenon. The most important is the difficulty of verifying the truthfulness of disclosures, which in many cases relate to targets or forecasts. It should also be noted that the verification to which the company reports are subjected does not concern the truthfulness of the disclosed information, but only confirms information from a given area being disclosed. Most often, it consists in confirming the fulfillment of the declared GRI indicators. Therefore, this type of verification does not fulfill its basic role, which is to ensure the reliability of the presented data. In addition, one company indicated that it performed an internal verification of the report content (INTERCARS company in the report for 2018). Detailed quantitative data on verification of integrated reports by companies in Poland are presented in the Table 9.

**Tab. 9.** Content Elements of International <IR> Framework.

Publication year	2014	2015	2016	2017	2018	2019	2020	Total
Reporting period	2013	2014	2015	2016	2017	2018	2019	
Total Report Verification	3	5	5	4	7	7	5	36
Percentage share	60.00%	62.50%	50.00%	36.36%	41.18%	31.82%	22.73%	37.89%
External verification	3	5	5	4	7	6	5	35
Percentage share	60.00%	62.50%	50.00%	36.36%	41.18%	27.27%	22.73%	36.84%
Internal verification	0	0	0	0	0	1	0	1
Percentage share	0.00%	0.00%	0.00%	0.00%	0.00%	4.55%	0.00%	1.05%

Integrated reporting is a tool for communication with stakeholders, therefore it is extremely important to properly identify stakeholders and then engage them in the report content definition process. As the study showed, almost all companies identify their stakeholders by drawing up a stakeholder map and specify which stakeholders are key (92 reports representing 96.84% of the total). Stakeholders are included in the process of defining the content of integrated reports by the vast majority of companies (93 reports representing 97.89% of the total). Stakeholders engagement is most often carried out through workshops, surveys or interviews. The high level of consideration of these elements in the integrated reporting preparation process in Poland results to a large extent from the application of GRI guidelines. One of the GRI principles of defining report content is the stakeholder engagement.

GRI and IIRC guidelines indicate that the report should focus on relevant issues. Stakeholders have different information needs, but not all issues are equally important. Therefore, in addition to identifying

issues, it is crucial to assess their relevance from a stakeholder and corporate perspective. A useful tool for identifying material issues is the materiality matrix. As shown in the research, as many as 87 integrated reports contained a materiality matrix, which is 91.58% of the total reports.

Detailed quantitative data on the identification of stakeholders, their involvement in the report content definition process, and the use of materiality matrixes in integrated reports in Poland are presented in the Table 10.

**Tab. 10.** Content Elements of International <IR> Framework.

Publication year	2014	2015	2016	2017	2018	2019	2020	Total
Reporting period	2013	2014	2015	2016	2017	2018	2019	
Stakeholder identification	5	7	8	11	17	22	22	92
Percentage share	100.00%	87.50%	80.00%	100.00%	100.00%	100.00%	100.00%	96.84%
Stakeholder Engagement	5	8	8	11	17	22	22	93
Percentage share	100.00%	100.00%	80.00%	100.00%	100.00%	100.00%	100.00%	97.89%
Materiality Matrix	5	7	8	10	16	21	20	87
Percentage Share	100.00%	87.50%	80.00%	90.91%	94.12%	95.45%	90.91%	91.58%

An integrated report is sometimes called a value report. As the IIRC guidelines indicate one of the primary objectives of integrated reporting is to “support integrated thinking, decision-making and actions that focus on the creation of value over the short, medium and long term” [7]. Therefore, one of the most important elements, and even the central element, should be the business model. The analysis showed that 82 integrated reports included the business model.

There was also a big change in the nomenclature used. Initially, there was a great diversity in naming the business model, the terms "business model", "value building model" or "value creation model" were used (this issue was discussed by Bek-Gaik & Rymkiewicz 2016) [26]. Currently, after the introduction of the business model concept in the Accounting Act resulting from Directive 2014/95/EU, most entities already use the term "business model". Another issue related to the business model in integrated reporting is the form of its presentation. In the early years, the business model was usually presented in a schematic form depicting specific segments of the business, often devoid of any description. Currently, the form of presentation of the business model is being systematized by using the capital approach proposed by the IIRC [20, 27].

Detailed quantitative data on business model presentation in integrated reports in Poland are showed in the Table11.

**Tab. 11.** Content Elements of International <IR> Framework.

Publication year	2014	2015	2016	2017	2018	2019	2020	Total
Reporting period	2013	2014	2015	2016	2017	2018	2019	
Business model	3	5	7	10	15	21	21	82
Percentage share	60.00%	62.50%	70.00%	90.91%	88.24%	95.45%	95.45%	86.32%

#### 4.5. Research conclusions

The study allowed to draw the following conclusions:

1. Companies should standardize the nomenclature of integrated reports, as currently there is a great variation in their naming.
2. Integrated reporting is used mainly by the largest public companies.
3. Companies are increasingly using the interactive form. It seems that in the future it will become a dominant form.

4. Integrated reports prepared by companies in Poland are voluminous, with the average number of pages oscillating around 200.

5. Companies in many cases do not use IIRC guidelines concerning integrated reporting. Still most popular are guidelines concerning sustainable development issues (GRI). This may indicate that companies do not change their reporting practices, but only rename them, e.g. from sustainability report to integrated report.

6. The majority of companies prepare integrated reports in two versions: Polish and English. Such an action results from the international character of their operations and the desire to reach a wider group of stakeholders who do not speak Polish. The choice of English as the international language of business seems appropriate.

7. About one third of the integrated reports are verified externally. It should be noted, however, that the effectiveness of this type of verification is low and does not ensure the reliability of the presented content. It concerns only the confirmation of information disclosure from a given area and does not confirm the correctness and reliability of non-financial disclosures. It should be noted that verification of non-financial disclosures seems to be impossible, as much information is related to plans and forecasts, which are unverifiable. In addition, a full verification of the truth and accuracy of the published content would entail an enormous time and cost burden, which could further negatively impact the development of integrated reporting.

8. Companies in Poland use integrated reports as a tool for communication with stakeholders, which is confirmed by identifying and engaging stakeholders in the process of defining their content.

9. Business model is presented in most integrated reports. The disclosure of the business model has developed significantly in the period 2014-2020. Initially, there was a large variation in nomenclature, however, after the introduction of the term "business model" in the Accounting Act, it became standardized. There has also been an evolution in the approach to its presentation - from a simple chart showing only business segments to a capital approach in line with IIRC guidelines.

## 5. Summary

Integrated reporting is a modern approach to reporting that integrates and interconnects financial and non-financial disclosures. Simultaneously, it is one of the most important tools for communicating with stakeholders. Unlike traditional reporting, it is a two-way communication, as it takes into account the needs and expectations of stakeholders. The beginnings of integrated reporting in Poland can be traced back to 2014, when the first reports based on IIRC guidelines began to appear. Since then, integrated reporting in Poland has developed significantly. The number of companies publishing integrated reports is increasing year by year. Nevertheless, such reports are prepared mainly by the largest companies, which are leaders in their industry. In the period 2014-2020 there has been a significant change in the form of integrated reports. Initial integrated reports were not significantly different from social reports or sustainability reports. The structure of the reports was significantly different from the structure proposed by the IIRC. Currently, a major change can be observed in this area. Integrated reports are in most cases constructed according to the structure proposed by IIRC and include organizational overview and external environment, governance, business model, risk and opportunities, strategy and resource allocation, performance, outlook and basis of preparation and presentation. An increasingly popular form of reporting is interactive, which allows for additional content and increased interaction with stakeholders, but complicates deeper analysis. Due to the desire to reach a wider range of stakeholders, a significant number of companies publish reports in two language versions - Polish and English. The volume of reports remains at a constant, relatively high level. A significant part of the reports was audited by an independent external auditor, however, this type of verification does not ensure the reliability of the published disclosures, but only whether the declared contents have been disclosed. The analysis of integrated reports showed that companies in Poland identify and involve stakeholders in the process of defining report contents. This demonstrates that integrated reporting is perceived as a two-way communication tool between the company and stakeholders. The 2014-2020 period has also seen a significant transformation in the presentation of the business model from a simple scheme to a more structured capital approach in line with IIRC guidelines.

Integrated reporting has evolved and standardized significantly over the last seven years. Despite the number of integrated reports published increasing year on year, their popularity is relatively low. They are prepared mainly by large, internationally operating entities with significant capital capabilities. It seems that this situation will not change in the coming years. The prerequisite for greater interest in the concept of integrated reporting is the demonstration of measurable benefits from its use, which would exceed the costs of its application. Costs could be reduced and the reporting process could be accelerated by using XBRL language to automatize it.

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