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Integrated Reporting: Comparative Case Study of 2016 Annual Reports of Five Companies

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Abstract:
Ever since the companies started reporting their performance, the first and foremost in the contents was the set of financial facts that was then followed by several other facets like corporate governance. The first part of this paper furnishes a quick summary of enrichment of corporate annual reports with several such reporting aspects being added over the last few decades and then traces the recent initiative of integrated reporting aiming at a comprehensive approach that unifies all the said facets. The second and final part of the paper provides a comparative position of some of the companies that have adopted integrated reporting.Five reporting aspects – viz. Corporate Governance, Human Capital, Risk Management, Social Responsibility andSustainability– have been selected that have not been the part of traditional annual reports. These five reporting aspects are tracked across the integrated reports of five companies – viz. Eskom, Hitachi, Jones Lang LaSalle (JLL), SAP and Tata Steel.Discussion revolving around this matrix having two-dimensions of the reporting company and the reported aspect demonstrates how these aspects are presented by the said companies. Paper concludes with some pointers on the integrated reporting that would be taken up in the next few years by more companies, in response to the appeal made by Securities Exchange Board of India (SEBI) to top five hundred Indian companies to adopt this reporting method.

Keywords: Integrated Reporting, Comparative Case Study, Risk Management, Corporate Governance, Corporate Social Responsibility, Human Capital, Sustainability.

Introduction

It has been a practice for over a century that companies have been bringing out their annual reports to publicize their efforts and effects thereof to appraise their various stakeholders. United States Steel Corporation was probably the first company to start publishing the annual report way back in 1902, which was praised as a landmark in the history of this development (May, 1961). This practice went on gradually unfolding several areas brought to bear on the reporting, like corporate governance, risk management, sustainability, human capital, social responsibility with the culminating point of Integrated Reporting that is subject matter of discussion of this paper. A glimpse of these areas making their room in the corporate annual reports is presented here in the introduction section.

Going beyond mere financial numbers, other data like environmental, sustainability, and governance is also looked for by the investors & other stakeholders as put forth by Clements & Brown (2012). Risk management has been one of the elements highlighted by the Association of Chartered Certified Accountants (ACCA) in their study on top fifty companies from Australia (ACCA, 2011). Corporate Social Responsibility(CSR) in the context of annual reporting appeared for the first time (White, 2005). Besides, Radley (2012) mentions that nowadays decision making processes are influenced by socially responsible investors and socially responsible investment analysts. During the first decade of the twenty-first century, it was observed (KPMG, 2010) that sustainability reporting suggestions of global reporting initiative (GRI) were followed by top 250 companies from Fortune 500 plus other top 100 companies in sixteen other nations. During the next couple of years this count rose close to one and half thousand (Eccles& Saltzman, 2011).Coming to human resources, Kansalumar& Kumar (2011) underscore importance of strategic human resource management as an essential ingredient of a corporate annual report. Stretching this ahead, Kansal and Joshi (2015) have investigated the extent of corporate disclosure on human resources (HR) in the annual reports of top performing Indian companies.

The said aspects of reporting – viz. Corporate Governance, Human Capital, Risk Management, Social Responsibility andSustainability – have been finding their place in the annual reports for the past few decades and it is on this backdrop that The International Integrated Reporting Council (IIRC) embarked on a new initiative called integrated reporting that is now explained in the next section.

Integrated Reporting

As demonstrated by Bhasin (2017) the landscape of corporate reporting is changing quickly. The concepts, elements and principles that characterize the way organizations plan, manage and report their annual performances are currently being questioned, debated, and redesigned throughout the world. However, widening the scope of corporate performance and reporting is a major issue. Interest in and adoption of IR regarding a company's financial, environmental, social, and governance performance is growing rapidly. Research needs to bridge the gap between social and financial performance by considering corporate performance in a wider perspective.

One of the predominant change that is gaining momentum for the past few years is integrated reporting. The International Integrated Reporting Council (IIRC, 2014), the organization that floated and propagated integrated reporting, suggests that this reporting has been developed to be consistent with a number of corporate reporting trends taking place across the globe. A range of market drivers are currently not being satisfied by complex and dated reporting methods. These include opportunities afforded by new technology, and the need for transparency, inclusiveness, and more information that is material to modern business.

EY (2014) Integrated reporting is a concept that has been created to better articulate the broader range of measures that contribute to long-term value and the role organizations play in society.Association of Chartered Certified Accountants – (ACCA, 2014) – puts it in more elaborate manner saying, A lot of people think it's about putting together your financial and sustainability reports. Wrong. It is much more than that – and much less. It will not replace either a financial or sustainability report – both must be in place for integrated reporting. But starting to think about the connections between the financials, the relationships your organisation has with its key stakeholders and how it makes use of natural resources, for a start, is a step in the right direction.

The IIRC's vision is to align capital allocation and corporate behavior to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking. To facilitate this vision, the International <IR> Framework has been created, it includes principles-based guidance and content elements to govern and explain the information within an integrated report. The rich source of IIRC on integrated reporting is further getting commented and augmented for further add on's by researchers like Villiers (2014).

Hence, apart from the six types of capital expected to be discussed in integrated reporting style, various aspects like governance, risk, sustainability etc. that needs to be included in the report are underlined by IIRC and others. This is exactly what this paper aims at by studying different companies and their different aspects of reporting as explained in the next section.

Comparative Position of Five Companies

This section is split into two sub-sections, viz. 'Method' describing the way this research was conducted and 'Discussions' which is further split into five headers, one each for the five reporting aspects chosen for this study.

Method

Corporate world started publishing their annual reports with financial results and directors' statement as the main elements that was later on augmented with other aspects of stakeholders' interest as explained in the literature review. Five such major aspects suggested for inclusion by integrated reporting – viz. Corporate Governance, Human Capital, Risk Management, Social Responsibility andSustainability– are studied here. Integrated reporting covers a few more elements which are at the core of an enterprise like value creation, business strategy etc. that are excluded from this articulation as they merit a separate paper. With a view to demonstrate how the corporate annual reports, when presented in an integrated reporting style, bring forth many of the said aspects, a comparative case study of five companies was undertaken. These companies, in their alphabetical sequence, areEskon, Hitachi, Jones Lang LaSalle (JLL), SAP and Tata Steel.

Not many companies are bringing out their annual reports adhering to the integral reporting and hence the choice had to be made from a limited set of firms. The companies have been chosen to represent different sectors like Steel, Energy, Electronics, Finance and Information Technology. The geographical region they come from also covers a wide range of America, Asia, Africa& Europe. All of them have brought their integrated reports and what is presented in this paper is a set of five non-traditional aspects, viz. Corporate Governance, Human Capital, Risk Management, Social Responsibility andSustainability.This is better explained in the table 1.

Company Name	Geographical Region	Business Line	Year established
Eskom	South Africa	Power (Electricity)	1923
Hitachi	Japan	Electronics	1910
JLL	USA	Real Estate	1999
SAP	Germany	Software (ERP)	1972
Tata Steel	India	Steel	1907

Table 1: Key Indicators of the Companies studied

After a detailed perusal of the annual reports of the said companies for the year 2015-16, a comparative position is depicted in the next section.

Discussion

The study of a two-dimensional matrix – five companies on one hand and the five reporting aspects on the other hand – demonstrated that integrated reporting goes much beyond the conventional reporting as could be seen from each aspect elaborated in the next sections, with the related chunk on that aspect from each of the five companies annual report for 2016 furnished along with the relevant discussion on the same.

Corporate Governance

This aspect transcends the management and escalates to the level of directors, promoters and owners of the enterprise. As corporate governance touches upon the lofty goals including ethics, company's statement on this aspect is quite vital for its stakeholders. On analysing the annual reports of the select companies, it was observed:

Eskom, page 100: One of the essential components of the Governance Framework is the clarity of roles between the shareholder, the Board and the management of Eskom, as provided by the Strategic Intent Statement and our shareholder compact with DPE. Executive authority over the company is vested in the Minister of Public Enterprises, the Honourable Ms Lynne Brown, MP. The Board of Directors (the Board) guides the strategic direction of the group, and monitors progress in executing the business strategy. The Board ensures that the utility and its subsidiaries comply with the requirements of the Companies Act and PFMA, as well as National Treasury regulations, together with any other legislative requirements and documents within the ambit of the Governance Framework.

Brief Discussion: The Governance Framework of Eskom has been provided in the form of a flow diagram. The materiality framework sets out the requirements for those matters needing approval in terms of the PFMA and, together with the Delegation of Authority Framework, guides the referral of matters from executive level to committees to Board, and where applicable to DPE and National Treasury.

Hitachi, page 33, 37: Hitachi and its listed subsidiaries are companies with Nominating Committee, etc., under the Companies Act of Japan. By demarcating responsibilities for management oversight and those for the execution of business operations, Hitachi is working to create a framework for quick business operation, while making management highly transparent. In addition, Hitachi is executing business strategies formulated to enable the Group to demonstrate its collective strengths. Moreover, some of Hitachi's Directors and Executive Officers serve concurrently as Directors and Executive Officers at Group companies, thereby strengthening integrated management of the Group and improving management oversight of Group companies. In these ways, Hitachi is working to increase corporate value. Starting in June 2015, the Japan's Corporate Governance Code applies to companies listed on domestic stock exchanges in Japan. Hitachi agrees with the basic approach of the Code, which is that the Code's appropriate implementation will contribute to the development and success of companies, investors and the Japanese economy as a whole through individual companies' self-motivated actions so as to achieve sustainable growth and increase corporate value over the medium-to-long term. Moving forward, Hitachi will work to further strengthen corporate governance.

Brief Discussion: A framework for corporate governance has been neatly laid down by Hitachi. It also presents to its stakeholders another framework on internal control assessment.

JLL, page 39: We believe our policies and practices reflect corporate governance initiatives that comply with: • The listing requirements of the New York Stock Exchange ("NYSE"), on which our Common Stock is traded; • The corporate governance requirements of the Act of 2002, as currently in effect; • U.S. Securities and Exchange Commission ("SEC") regulations; • The Dodd-Frank Wall Street Reform and Consumer Protection Act, as currently in effect; and • The General Corporation Law of the State of Maryland, where Jones Lang LaSalle is incorporated.

Our Board of Directors regularly reviews corporate governance developments and modifies our By-Laws, Guidelines and Committee Charters accordingly. As a result, over the past years we have adopted the following corporate governance policies and approaches that are considered to be best practices in corporate governance:

Brief Discussion: The excerpt is self-explanatory and hence no comments added.

SAP, page 16: Because SAP SE is listed on a German stock exchange, our corporate governance is still based on the German Corporate Governance Code (the “Code” in this report). Every year, as required by the German Stock Corporation Act, section 161, the Executive Board and Supervisory Board issue a declaration stating whether SAP has implemented and is following the Code’s recommendations, and identifying any recommendations that the Company has not followed – with a full explanation of why it has not done so.

Brief Discussion: The governance at SAP is naturally more specific to the regulations of Germany, the nation where it is headquartered.

Tata Steel , page 56: From this year we are formally migrating from compliance based reporting to governance based reporting. Our Integrated Report will give you, the owners of financial capital, visibility into our sustainability and people practices. We believe that fundamental to comprehensive value creation is integrated planning and execution of business strategy across all the capital sources available to the organisation. We will endeavour to expand the coverage of the Integrated Report and disclosures in phases in the coming years to cover the wider Tata Steel Group.

Tata Steel , page 90: Annexure 4 on Corporate Governance asserts, In accordance with our Vision, Tata Steel Group ("the Group") aspires to be the global steel industry benchmark for ‘value creation’ and ‘corporate citizenship’. The Group expects to realise its Vision by taking such actions as may be necessary to achieve its goals of value creation, safety, environment and people.

Brief Discussion: As Tata Steel sets out in the table of content of its report itself, Through this report, we aspire to provide our stakeholders, a comprehensive and strategic story of value creation that encompasses various aspects of our sustenance such as strategy, operations, financial performance, governance, society and environment.

Human Capital

Eskom, page 73: The targets set for closing competency gaps and leadership behavioural change were achieved during the past year. Nevertheless, this remains a high priority focus; targets have been set until 2020/21. A total of 8.2% of the total Eskom staff complement consists of learners, against a target of 8%,

Eskom, page 73: Eskom Academy of Learning (EAL) is mandated to close competency gaps by coordinating, integrating and addressing all learning needs of employees, as well as enhancing performance throughout our company, by focusing on business needs and catering for all facets of learning operations and the learning value chain. The staff turnover rate in our workforce during the past year was approximately 5%.

Brief Discussion: Eskom has defined targets for improving the skill base of its human resources. They also assess the skills of their resources for the year completed and verify if the target for that year is met. The future targets and previous years data are clearly tabulated which is easy to understand. As can eb seen from the above excerpt, they have met the target of 8% staff to be trained.

Hitachi, page 9: Meanwhile, at the new plant Hitachi places special emphasis on two things in particular: dedication to the spirit of craftsmanship and the training of staff with solid technical skills.

Hitachi, page 24: Hitachi has since 2004 been researching and developing technology to objectively measure human behavior. Through our analysis of huge volumes of behavioral data, we have found that people who work in organizations featuring behavioral diversity have high levels of happiness, and that groups with high levels of organizational happiness have high productivity. In other words, employees' happiness is closely related to their organization's activity and should be considered to strongly affect productivity. Hitachi has quantified this as a unique index: "organizational activation." In June 2016, we kicked off a demonstration experiment using H to offer advice to 600 sales and marketing division employees in the Hitachi Group in order to effectively increase happiness. The aim is to raise productivity by providing the organization with fresh energy tied to increased individual happiness.

Brief Discussion: Hitachi clearly supports happiness of their workforce through active measures taken for benefits of both the employer and the employee.

JLL, page 15: JLL has initiated several initiatives like Leadership development programs, Acquisitions of technology platforms such as Corrigo, Data & technology and social media programs, Yammer platform encouraging employees to share and exchange online, Business leaders as diversity champions in all JLL regions, Annual Diversity and Inclusion Report (on our website), Annual Global Sustainability Report, published July 2016 (on our website), etc.

Brief Discussion: All these program indicate the responsible behaviour of JLL toward employee welfare in general and the efforts for maintaining a harmonious work relations across the different cultures represented in their workforce.

SAP, page 74: The People Survey 2016 results are extraordinarily positive. Employee satisfaction went up in nearly all aspects and questionnaire topics. This especially holds true for one of our most important dimensions, the Employee Engagement Index (EEI). In 2016, we see a significant increase of the EEI by three percentage points to 85%.

Brief Discussion: The mission of worker welfare is clearly seen from the results of the survey. A rise of 3% on the dimension of employee engagement is remarkable especially when seen from the last year baseline of 82%. This is so because having reached a high score of 80+, it is very hard to boost the engagement further.

Tata Steel, page 65-66: During the year, several new age employee centric policies were launched to cater to the needs of the workforce, attract new talent and also to keep the Company up to date with external realities. Policies like a 5-day work week, satellite office operations, work from home, etc. were launched in the interest of the employees' changing needs.

During the year, we conducted the first in-house "Inclusive Leadership Program" aimed at providing rural exposure to the senior leadership of the Company thereby grooming them to be more inclusive in their approach and become social leaders. Also, the Company has developed two Women's Leadership Programmes - Tata Steel Engage and Tata Steel Ignite Programme.

We won several accolades for our human resource practices such as, best company to work for in the core sector and also among the top 25 companies in India as per Business Today, the BML Munjal Award for Business Excellence through Learning and Development under Sustained Excellence Category, the National award for Outstanding Achievement in Industrial Relations by All India Organisation of Employers (AIOE), an allied body of Federation of Indian Chambers of Commerce and Industry (FICCI), the Employer's Federation of India Award for "Significant Achievements in Industrial Relations"for 2015 and the 2016 World's most Ethical Company Award by Ethisephere Institute.

Brief Discussion: The ethos of Tata group is embodied in the said excerpt. Remarkably, the company has taken several initiatives like 5-days week, work-from-home etc. that gel well with the current times. Besides, the list of awards won by the company is also impressive and even the count of awards won is also quite high.

Risk Management

Eskom, page 27: An enterprise risk profile gives a robust and holistic top-down view of key risks facing our organisation. This makes it possible to manage those risks strategically, increasing the likelihood that our objectives will be achieved.

The business risk profile gives Exco and Board an all-inclusive bottom-up view of key risks facing the divisions, and a view of the level of effectiveness in the management of those risks, in order to increase the likelihood that divisional and company objectives are achieved.

Brief Discussion: Eskom has clear definitions for enterprise and business risks. The enterprise resilience has been defined using a diagram which is easy to understand. They have mentioned 10 enterprise risks and rated them each. The risks have all been classified depending on the likeliness of the risk. On the whole, the risk treatment has been reported elaborately so that the stakeholders get a fair insight of the risk.

Hitachi, page 38: The entire Hitachi Group is reinforcing its risk management system to address increasingly globalized and complex risks. Under Hitachi, Ltd.'s head of risk management, each business operation assigns an executive handling risk management to manage risks mainly concerned with compliance, export control, disasters, and crime, and to respond adequately in coordination among the entire Group. Furthermore, Hitachi is building a comprehensive risk management system that contains standards and procedures to objectively evaluate different risks that may affect business.

When the Great East Japan Earthquake struck in March 2011, our BCPs enabled quick responses and swift decision making. However, issues emerged including identification of secondary and other suppliers, cloud storage and multiplexing of produc-tion information, and the need to secure alternate transportation and fuel sources. Based on the lessons learned from this disaster, in October 2011 we released and distributed new BCP guidelines for depart-mental implementation to further improve our BCPs. Hitachi Group operations in Japan completed their preparation and review of BCPs, based on applicability to their operations, by the end of fiscal 2011. BCPs for large earthquakes and novel strains of influenza have been prepared for 49 Hitachi, Ltd. business sites and 96 Group companies.

Brief Discussion: The excerpt shows the efforts taken by Hitachi for the risk management function through a systematic framework and hierarchy. The second excerpt demonstrates that business continuity planning is not just an event to be done once, but an on-going process for Hitachi and that it is refined and revised with every single lesson learnt.

JLL, page 16: In 2014, JLL first engaged in a process to identify its long-term risks and opportunities specifically with a view to furthering our integrated reporting journey. This effort complemented the Enterprise Risk Management processes we had previously been conducting.

Brief Discussion: JLL's commitment toward enterprise risk management is seen from the said abstract that also goes ahead to show the continuous efforts in that direction. Besides, JLL has provided an elaborate account of Risk Factors under Item 1A at the pages 42 through 40 that again endorses the seriousness attached to this matter by JLL.

SAP, page12 :Causes – Our business is influenced by multiple risk factors that are both difficult to predict and beyond our influence and control. These factors include global economic and business conditions, and fluctuations in national currencies. Other examples are political developments and general regulations as well as budgetary constraints or shifts in spending priorities of national governments. Impact – These events could reduce the demand for SAP software and services, and lead to: Delays in purchases, decreased deal size, or cancellations of proposed investments, Potential lawsuits from customers due to denied provision of service as a result of sanctioned-party lists or export control issues, Higher credit barriers for customers, reducing their ability to finance software purchases, Increased number of bankruptcies among customers, business partners, and key suppliers, Increased default risk, which might lead to significant impairment charges in the future, Market disruption from aggressive competitive behavior, acquisitions, or business practices and Increased price competition and demand for cheaper products and services.

Brief Discussion: SAP faces several risks, like global economic and business conditions, fluctuations in national currencies, political developments and general regulations, budgetary constraints or shifts in spending priorities of national governments, etc. They have vividly mentioned that causes are hard to predict and to control. The impacts have also been neatly put up like deal cancellations, lawsuits, credit barriers, bankruptcies among customers, business partners, and key suppliers, market disruption, increased price competition and demand for cheaper products and services.

Tata Steel, page 72: Your attention is also drawn to sections titled Risks & Opportunities, Human Capital, Strategy and Resource Allocation forming part of the Integrated Report. These sections give significant details on aspects mentioned above.

We have a Risk Management Committee (RMC) to assist the Board of Directors in fulfilling its oversight responsibilities with respect to ERM. The Committee reviews the risk management practices and actions deployed by the Management with respect to identification, impact assessment, monitoring, mitigation and reporting of key risks while trying to achieve its business objectives. The Committee also endeavours to assist the Board in framing, implementing and monitoring the Risk Management Plan for the Company and reviewing and guiding the risk policy. The Committee also guides the Management in developing and implementing appropriate risk management systems/frameworks.

We also have a Management Committee viz., the Group Risk Review Committee (GRRC) to identify, assess, review and mitigate risks. The GRRC comprises the Managing Director (India and South East Asia), Group Executive Director (Finance and Corporate), Chief Executive Officer of Tata Steel Europe and other Senior Management personnel as its members. The GRRC has the primary responsibility of implementing the Risk Management Policy of the Company and achieving the stated objective of developing a risk intelligent culture that supports decision making and helps improve the Company's performance.

Brief Discussion: In view of its enormous size, the company has set up organizational structure, process and framework for this important function of risk management.

Social Responsibility

Eskom, page 72: We hosted our annual National Electricity Safety Week from 17 to 23 August 2015. The focus was on electricity safety and the public's role in using electricity safely, thereby reducing injuries and fatalities. Moreover, ongoing school, crèche and community visits; agricultural and community leader forums; consultations with commercial and large power users as well as media campaigns are organised, reaching close to four million people during the year under review. In addition, we are in continuous discussions with the Department of Basic Education to incorporate electricity safety into the school curriculum.

Eskom, Page 77: The Eskom Development Foundation (the Foundation) fulfils our CSI mandate to promote transformation and social sustainability, through initiatives to develop small and medium enterprises, education, health, food security, community development, energy and the environment. During the year, our

CSI activities impacted 302 736 beneficiaries, with a committed spend of R103.6 million (March 2015: 323 882 beneficiaries and committed spend of R115.5 million). However, financial constraints have resulted in the Foundation having to reprioritise and defer pipelined initiatives. The Foundation donated 139 bicycles to Hlomisa Primary School and Mpophomo Intermediate School in the Free State, and also sponsored the participation of our then acting Chief Executive in the 702 CEO Sleep-Out during June 2015, in support of Boys and Girls Town.

Brief Discussion: The excerpt is self-explanatory and hence no comments added.

Hitachi, page 8: An early and key CSR project for the plant, she says, was becoming a founding member of the South Durham University Technical College (UTC), together with the University of Sunderland and GestampTallent Ltd. The UTC is located just a short walk from the Newton Aycliffe plant. Classes are due to start in September 2016 for students aged 14 to 19 specializing in manufacturing, technology, and engineering. While some students may eventually work for Hitachi, others will be employed by other companies in the business park or fill skill shortages in the wider northeast England region.

Brief Discussion: Well-thought efforts of Hitachi are clearly seen in extending educational opportunities to the local community near the Newton Ayclliffe plant.

JLL, page 15: While the details of this aspect are not available in this integrated report, JLL has come up with a separate publication, “Annual Global Sustainability Report”, brought out in July 2016 and it is made available on the corporate website.

Brief Discussion: The excerpt is self-explanatory and hence no comments added.

SAP, page 233: While Our global CSR policy offers all SAP employees the opportunityto volunteer for up to eight working hours at a CSR event. In2016, our goal was to impact 1.5 million lives through our globalCSR programs. We set a target of 250,000 volunteering hours,with 40% based on skills and professional expertise. Weoverachieved these targets with almost 339,000 volunteeringhours (thereof 57% skills-based) and about 3.2 million livesimpacted.

Brief Discussion: It is demonstrated how SAP has crossed its two-fold target: Firstly, total employee-hours devoted for social cause were planned for 250,000 whereas in reality it went much beyond the target reaching a huge figure of 339,000; Secondly, the lives actually impacted with CSR in 2016 were more than double the target.

Tata Steel, page 90: In the annexure 4 dedicated to corporate governance, company states that In accordance with our Vision, Tata Steel Group ("the Group") aspires to be the global steel industry benchmark for ‘value creation’ and ‘corporate citizenship’. The Group expects to realise its Vision by taking such actions as may be necessary to achieve its goals of value creation, safety, environment and people.

Brief Discussion: At page 66, the company asserts that its vision is to be a global benchmark in value creation and corporate citizenship.

Sustainability

Eskom, page 23:Our sustainability dimensions are aligned to the six capitals in the International <IR> Framework. Our sustainability dimensions are integrated and incorporate all aspects of our business and the value that we create over time.

Eskom, page 68-69: DEA is setting carbon budgets per economic sector to reduce greenhouse gas emissions, and has requested emissions data from 2016 to 2020. The budgets will only become mandatory from 2020. This will be a pilot phase with companies receiving a carbon budget, without financial penalties for noncompliance. However, reporting against the budget and the preparation of pollution prevention plans will be mandatory. We are in the process of rolling out our greenhouse gas reporting procedure to all power stations, based on the carbon budget set by DEA for 2016 to 2020.

Future focus areas:

• Reduction in particulate emissions and water use in the short term, and moving towards full environmental compliance over the long term

• Large-scale rollout of air quality offsets in Mpumalanga and the Vaal regions

• Implementation of the greenhouse gas reporting process

Brief Discussion: The six capitals in the IR Framework have been linked to the sustainability dimensions. The link between them has been presented in a tabular format.

Eskom has started with the attempts to set up a procedure for reporting of emission of greenhouse gases. They have focussed areas to work for and the reporting procedure will be helpful in letting them take suitable measures to achieve the focussed targets.

Hitachi, page 47: Given the global reach of Hitachi's business, there is a growing likelihood of supply chain risks creating management problems, and we are working hard to identify and mitigate these risks beforehand as much as possible. We established a CSR/Ecological Procurement Promotion Center within the Hitachi headquarters in fiscal 2011. We have also established the Hitachi Group CSR Green Procurement Committee, which includes committee members from in-house and key Group companies. This completes a framework that will enable our CSR supply chain management and green procurement philosophy and initiatives to be shared throughout the Group.

Brief Discussion: This excerpt underlines the measures like CSR/Ecological Procurement Promotion Center, Green Procurement Committee so that the efforts toward eco-friendly environment are institutionalized.

JLL, page 9: JLL has won several awards. Some of these awards are: Dow Jones Sustainability Index North America, Excellence in Global Sustainability India Institute of Directors, Intel 2016 SCQI Award Recognized for achieving the very highest standards of quality, cost, technology, customer service and sustainability, etc.

Brief Discussion: These awards signify JLL’s efforts for social cause; hence no more commentary is added.

SAP, page 40: One of our goals is to reduce net greenhouse gas (GHG) emissions from our operations to levels of the year 2000 by 2020. This target includes all direct emissions from running our business as well as a selected subset of indirect emissions from supply chains and services. A number of initiatives harness innovative technologies to help us run our operations in a way that minimizes our impact on the environment. In addition, our investment in renewable electricity certificates and carbon credits enables us to support sustainability projects across the globe.

In addition to our long-term commitment for 2020, we have derived annual targets for our internal operational steering. In 2016, we outperformed our annual target to reduce our emissions to less than 400 kilotons (kt) of CO_2. This result stems primarily from updating our emission factors as well as compensation with carbon emission offsets. Our focus on carbon emissions has contributed to a cumulative cost avoidance of €155 million in the past three years, compared to a business-as-usual scenario based on 2007. We avoided €73.6 million of this cost in 2016.

Brief Discussion: The self-imposed target of greenhouse gas for the year 2016 has been not just achieved but exceeded. Besides, the company has asserted its commitment for the year 2020.

Tata Steel, page 65: Our sustainability initiatives are driven by the Tata Group core values and rest on the triple bottom-line viz. social, environmental and financial. In 2015, we published our Sustainability Report using the Global Reporting Initiative (GRI) G4 guidelines. The Company continues to advocate and influence positive and affirmative sustainability actions. Our senior leaders work with industry bodies such as the Confederation of Indian Industry, Global Reporting Initiative, International Integrated Reporting Council and Taskforce for Climate Related Financial Disclosures of the Financial Stability Board on implementing sustainability practices.

Brief Discussion: The notable points here are company’s adherence to the set guidelines of GRI G4 and their senior managers associating with national and international confederations dedicated to this topic.

Conclusion

Corporate governance has a common thread of the well-defined framework set up by the companies as an integral part of governance structure and also the designations/ roles that fill up the said structure as a vital part of the governance. There are several variations based on the regulatory requirements in the respective geo-political jurisdictions wherein these companies are operating. On the human capital front, Eskom has laid emphasis on the targets for trainings to be imparted to up-skill their workforce via their academy seat up for that purpose. JLL's leadership development programs and social media initiatives are remarkable. SAP emphasises People Survey 2016 with one of its most important dimensions as the Employee Engagement Index (EEI). Coming to risk management, all the companies have invariably set up their enterprise risk management (ERM) function and two companies – viz. Hitachi and SAP – have enlisted certain threats that are specific to them and the lessons learnt from such threats. With a bearing of social responsibility, all the companies studied have asserted efforts they took for this cause. An element of individuality can be seen in Eskom harping on the 'Electricity Safety Week' that is obviously in keeping with their business segment of power generation and distribution. Sustainability has been linked by these companies to the six capitals prescribed in integrated reporting and the reporting of these companies is in line with the set practice of GRI G4, green initiatives, Eco-friendly measures, etc.

The discussions presented above on the matrix of five companies and their five aspects of integrated reporting help understand where the world is moving. Integrated reporting has been well-accepted practice in some countries like Japan where several corporate entities like Hitachi, Denso, Anritsu, Mitsubishi have adopted it. On the Indian scene it is relatively new with hardly any company like Tata Steel (2016) bringing out annual report with this new style and substance. With a view to keep the stakeholders informed in a more comprehensive manner, more and more Indian companies are expected to follow the suit. SEBI (2016)has made an appeal to top 500 Indian companies to adopt integrated reporting from the financial year 2017-18. Few companies like Wipro (2017) have brought out their annual report 2017 and more companies will be in the offing which will be a subject matter of discussions for another research paper. With the annual reports of increasing number of companies expected to embrace the integrated reporting In the years to come, this paper would be of help for both the segments – corporate professionals who draft the annual reports and the stakeholders who peruse such publications.

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