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INTEGRATED REPORTING AND VOLUNTARY DISCLOSURES: A COMPREHENSIVE STUDY

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ABSTRACT

Voluntary disclosure by the corporate sector refers to the practice of companies willingly disclosing information beyond what is legally required to build transparency and trust. The traditional financial reporting has limitations stemming from its historical focus, neglect of non-financial metrics, challenges in addressing the global nature of business, etc. These can hinder the ability to provide a comprehensive, up-to-date and a holistic representation of a company's performance, prospects, and risks in such a dynamic business environment. Integrated Reporting consolidates the environmental, social and governance (ESG) information into a single coherent report, and is thus, an improvement over traditional financial reporting. This research paper shows how Integrated Reporting facilitates voluntary disclosure in the corporate sector along with its benefits, challenges and regulatory landscape. This paper also presents case studies of the top ten Indian companies (as per market capitalization) to evaluate their compliance with guiding principles, content elements and capital disclosures specified as per the IR framework. The disclosure index findings indicate that most leading Indian companies have begun adopting the Integrated Reporting framework and are now publishing Integrated Annual Reports. This shift has significantly enhanced their efficiency in voluntarily disclosing information.

KEYWORDS: *Integrated Reporting (IR), Corporate Voluntary Disclosures, Environmental, Social and Governance (ESG), Reporting Frameworks.*

Introduction

Corporate disclosure practices refer to the ways in which businesses and organizations communicate information about their operations, financial performance, risks, prospects and other relevant matters to stakeholders. These disclosures can be either mandatory or voluntary. Mandatory disclosures are legally required, often including financial statements and compliance reports, ensuring that the company meets legal standards. Voluntary disclosures, on the other hand include additional information such as sustainability initiatives, social impact etc., which play a critical role in maintaining transparency, building trust, and ensuring accountability within the corporate sector.

Voluntary disclosure of non-financial information has become increasingly crucial for corporations seeking to address the demands of diverse stakeholders. Integrated Reporting (IR) offers a platform for companies to communicate a broader spectrum of information, encompassing not only financial performance but also environmental, social, and governance dimension.

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Integrated Reporting is a forward-thinking approach to corporate reporting that goes beyond traditional financial reporting to provide a more comprehensive and integrated view of an organization's performance and value creation (Cortesi, 2019). This approach recognizes that an organization's success is not solely determined by its financial results but is deeply intertwined with its environmental, social, and governance (ESG) factors. In essence, Integrated Reporting aims to tell a more complete and coherent story about how a company operates, creates value, manage risks, and contributes to a sustainable and prosperous future (Agarwal, 2023)

Integrated Reporting originated as a response to the limitations of traditional reporting in the early 21st century. The concept was formalized by the International Integrated Reporting Council (IIRC), established in 2010, which brought together global experts, businesses, investors, and regulators. The IIRC's efforts culminated in the release of the Integrated Reporting Framework in 2013, providing guidelines and principles for organizations to create reports that better communicate their long-term strategy, performance, and sustainability Integrated Reporting has since gained traction globally as a means to enhance transparency and accountability in corporate reporting.

This innovative reporting framework encourages organizations to consider the interconnections between financial and non-financial aspects of their operations, ultimately helping them communicate a clearer picture of their strategy, objectives, and long-term sustainability to a diverse set of stakeholders (Raju, 2015)

Need of Voluntary Disclosures

Voluntary corporate disclosures offer several benefits.

- **Enhances Transparency:** Companies may provide additional information beyond what is legally required to offer stakeholders, a more comprehensive view of their operations and performance.
- **Builds Investor Confidence:** Voluntary disclosures can help build investor trust and confidence in the company, potentially attracting more investment.
- **Demonstrates Social Responsibility:** Companies may disclose their environmental, social, and governance (ESG) practices to showcase their commitment to sustainability and responsible business practices.
- **Improves Relations with Stakeholders:** Voluntary disclosures can strengthen relationship with customers, suppliers, employees, and the community as a whole, displaying commitment towards openness and accountability.
- **Competitive Advantage:** Some companies use voluntary disclosure in a strategic way to differentiate themselves from competitors and showcase their strengths.

Though, Voluntary Disclosure can be beneficial in many ways, companies should also exercise caution. They must balance the need for transparency with concerns related to the disclosure of sensitive information that might harm the company's position or violate legal or contractual obligations. Also, the extent and nature of voluntary disclosure can vary widely among companies and across different industries.

Table 1: Some Common Types of Corporate Disclosures and their respective dimensions

Disclosures	Mandatory/ Voluntary	Dimensions
1.Financial Disclosures	**Mandatory**	**Financial Statements:** includes Balance Sheet, Income Statement (Profit and Loss statement), Cash Flow Statement and Statement of Changes in Equity.
	Mandatory	**Footnotes to Financial Statements:** includes additional information on items reported in financial statements.
	Mandatory	**Quarterly and Annual Reports:** includes summary of the company's financial results and operation of the respective period.
2. Non – Financial Disclosures	**Voluntary**	**Environmental Disclosures:** includes environmental impact, green house gas emission, efforts to reduce carbon footprints etc.
	Voluntary	**Social Responsibility and Sustainability Reports:**

	 Voluntary **Mandatory (listed Co.'s) & Voluntary**	includes organization's contribution to societal well-being, community engagement, diversity and inclusion etc. **Human Rights and Labor Practices**: includes information on labor practices and condition, workplace safety, human rights compliance etc. **Corporate Governance Disclosure:** includes corporate governance structure, board composition, executive compensation, measures taken to ensure ethical conduct etc.
3.Operational Disclosures	**Voluntary** **Voluntary** **Voluntary**	**Supply Chain Information:** include details on supply chain management, supplier relationship, sourcing practices etc. **Product Safety and Quality:** include disclosures about product safety, quality control measures etc. **Cyber security and Data Privacy:** disclosure on cyber security practices, data protection measures and breaches.
4.Strategic Disclosures	**Voluntary**	**Strategic Objectives:** include company's growth plan, long-term strategic objectives, future prospects etc. **Risk Factors:** includes details on market risks, regulatory changes, competitive pressure etc.
5. Regulatory Disclosures	**Mandatory** **Mandatory**	**Annual General Meeting (AGM) Documents**: include details on meeting notices, proxy statements and voting materials. **In India, disclosure requirements are governed by:** • Companies Act, 2013 • SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 • RBI Regulations. • Insurance Regulatory and Development Authority of India (IRDAI) • Securities Appellate Tribunal (SAT) • Depositories • International Financial Reporting Standards (IFRS)
6. Voluntary Disclosures	**Voluntary**	Include information beyond regulatory disclosures.

Source: Compiled by author

Figure 1: Dimensions of Voluntary Disclosure

Enhancing Voluntary Disclosures through Integrated Reporting

Integrated Reporting enhances voluntary disclosures by connecting its capitals, content elements, and guiding principles to a more comprehensive corporate narrative. The IR framework's capitals – such as financial, manufactured, intellectual, human, social, and natural – encourage organizations to disclose a broader range of value drivers, providing stakeholders with a multi-dimensional view of performance. Additionally, the IR content elements, which cover aspects like governance, business models, and future outlook, guide companies in structuring disclosures that are clear, consistent, and meaningful. Combined with guiding principles like materiality, connectivity, and stakeholder inclusiveness, IR offers a robust foundation for voluntary disclosures that go beyond compliance to reflect an organization's full impact and strategy.

A brief genesis of the Integrated Reporting Framework is stated below:

- **Early 2000s: Sustainability Reporting**

Growing awareness of corporate social responsibility (CSR) and sustainability led to the emergence of standalone sustainability reports. Stakeholders started demanding transparency regarding the environmental, social, and governance (ESG) impacts of businesses.

- **2009: Formation of the International Integrated Reporting Council (IIRC)**

The IIRC was established to create a framework for integrated reporting. It aimed to enhance the quality of information available to investors and other stakeholders, promoting a more holistic approach to corporate reporting.

- **2011: Release of Discussion Paper**

The IIRC published a discussion paper titled "Towards Integrated Reporting: Communicating Value in the 21st Century", which sought input from various stakeholders on the concept and benefits of integrated reporting.

- **2013: Launch of the Integrated Reporting Framework**

The IIRC introduced the firsts official Integrated Reporting Framework, emphasizing the importance of integrating financial and non-financial information. The framework outlined guiding principles and content elements to help organizations communicate their value creation processes.

- **2014: Early Adoption and Pilot Programs**

Various organizations began piloting integrated reporting, leading to a greater understanding of its practical application. The framework was embraced by companies seeking to improve transparency and stakeholder engagement.

- **2016: Updates and Clarifications**

The IIRC released an updated version of the framework, refining concepts such as materiality, stakeholder inclusiveness, and the interconnectivity of different capitals.

- **2017: Expanding Global Influence**

The framework gained traction worldwide, with regulatory bodies and industry groups endorsing integrated reporting as a best practice for corporate disclosures.

- **2020: Emphasis on Stakeholder Capitalism**

The growing focus on stakeholder capitalism and the need for companies to address ESG issues reinforced the relevance of integrated reporting. Companies increasingly recognized the importance of long-term value creation beyond financial performance.

- **2021: Collaborations and Convergence**

The IIRC initiated efforts to align its framework with other reporting standards, notably through collaborations with the Sustainability Accounting Standards Board (SASB) and other organizations to enhance global consistency.

- **2022: Formation of the Value Reporting Foundation**

The merger of the IIRC and SASB led to the establishment of the Value Reporting Foundation, further promoting integrated and sustainable reporting practices.

- **2023-2024: Further Evolution**

The integrated reporting framework evolves in response to regulatory changes and stakeholders expectations, focusing on real-time reporting, technological integration, and deeper stakeholder engagement.

This trajectory illustrates the journey towards integrated reporting as a crucial tool for organizations seeking to communicate their value creation in a transparent, accountable, and sustainable manner.

IR Framework includes the following capitals, guiding principles and content elements (Integrated Reporting, 2021)

Table 2: Capitals, Guiding Principles and Content Elements as per <IR> Framework

Capitals	Description
Financial Capital	E.g. includes debt, equity, cash etc.
Manufactured Capital	E.g. includes buildings, equipments, machinery etc.
Human Capital	E.g. includes competencies, recruitments, skills, knowledge, experience, etc. of the workforce.
Intellectual Capital	E.g. includes patents, trademark, copyright, etc.
Natural Capital	E.g. includes environmental impacts, energy consumed, etc.
Social and Relationship Capital	E.g. includes trusts, reputation, CSR contribution, etc.
Guiding Principles	**Description**
Strategic Focus and Future Orientation	reports should align with the organization’s strategy and must indicate a future course of action proposed to be undertaken.
Connectivity of Information	reports must indicate interconnectedness of various capitals and how each capital affect or influence every other capital.
Stakeholder Relationship	ensures that the needs and interests of various stakeholders are given due consideration and is included in the annual report.
Materiality	reporting of matters which actually affects the stakeholder's interests and the value creation process.
Conciseness	ensures that the information communicated by the organization is clear and concise and does not include any complexity.
Reliability and Completeness	report of the organization must be accurate, reliable and complete verifying sources of the information.
Consistency and Comparability	reporting is consistent over the years along with the indication of any changes happening within and between organizations.
Content Elements	**Description**
Organizational Overview and External Environment	involves a description of the organization, its vision, mission and strategy along with the external factors affecting it.
Governance	disclosure of the governance structure, along with the corporate governance report indicating the governance model.
Business Model	organizations must illustrate its value creation business model stating the inputs, processes along with the final outputs.
Risks and Opportunities	disclosure of various types of risks and opportunities faced by the organization along with the strategy to handle the same.
Strategy and Resource Allocation	description of the business strategy along with the respective resource allocation to achieve the strategic objectives.
Performance	review of the performance of organization compared with its strategic objectives and goals set in advance.
Outlook	indicates an organization’s future prospective to create value over long term, giving a forward-looking perspective.
Basis of preparation and presentation	disclosure of the frameworks and standards on the basis of which the annual report is prepared.

Source: (Integrated Reporting, 2021)

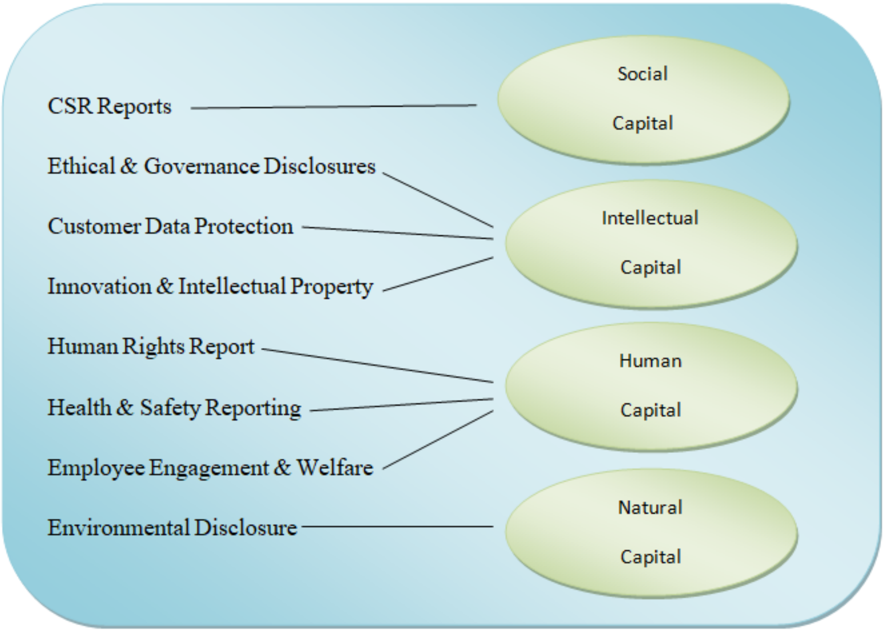

Figure 2: Connectivity between Voluntary Disclosures and <IR> Capitals

Objectives

- To examine the compliance level of disclosures by selected Indian companies with the International <IR> Framework.
- To study the effect of Voluntary disclosures on the Disclosure Index of the selected companies.

Methodology

This study uses secondary data from websites, research articles and annual reports of thetop 10 Indian companies by market capitalization Table 3 (Forbes India 2025). The 2023-24 annual reports were analyzed for compliance with the IR framework using content analysis, and a disclosure index was computed, with scores of "0" for no disclosure, "0.5" for partial, and "1" for full disclosure.

The formula used to compute disclosure index is as follows:

Disclosure Index = Score Obtained ÷ Total Score (Abhishek N, 2019)

The annual reports of the companies have been studied and examined whether the seven guiding principles, eight content elements and six capitals as prescribed in the <IR> framework (Table 2) were disclosed or not.

Table 3: Top 10 Indian Companies on the basis of Market Capitalization

Rank	Company	Sector	Market Cap (in INR Lakh Crore)
1	Reliance Industries Ltd. (RIL)	Oil Exploration & Production	20.48
2	HDFC Bank	Banking	15.44
3	TATA Consultancy Services (TCS)	Information Technology	12.47
4	Bharti Airtel	Tele Communication	11.48
5	ICICI Bank	Banking	10.28
6	State Bank of India (SBI)	Banking	7.17
7	Infosys	Information Technology	6.70
8	Life Insurance Corporation (LIC), India	Insurance	6.05
9	Bajaj Finance	Finance	5.84
10	Hindustan Unilever Ltd. (HUL)	Consumer Goods	5.40

Source: Forbes India 2025

Analysis and Findings

By studying the contents of the annual reports (Bajaj Finance annual report; RIL annual report; ICICI Bank annual report; Infosys annual report) of the top ten Indian companies, following tables have been prepared.

Table 4: Computation of Disclosure Index of Guiding Principles

Guiding Principles	Companies									
	RIL	**TCS**	**HDFC Bank**	**Bharti Airtel**	**ICICI Bank**	**Infosys**	**SBI**	**LIC**	**HUL**	**Bajaj Finance**
Strategic Focus and future Orientation	1	1	1	1	0.5	1	0.5	0.5	1	1
Connectivity of Information	0.5	0.5	0.5	1	0.5	0.5	0.5	0.5	1	0
Stakeholders Relationship	1	1	1	1	1	1	1	1	1	1
Materiality	1	1	1	1	1	1	1	1	1	1
Conciseness	1	1	1	1	1	1	1	1	1	1
Reliability and Completeness	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Consistency and Comparability	1	0.5	0.5	0.5	0.5	1	0.5	0.5	1	0.5
Score Obtained	6	5.5	5.5	6	5	6	5	5	6.5	5
Total Score	7	7	7	7	7	7	7	7	7	7
Disclosure Index	**0.857**	**0.785**	**0.785**	**0.857**	**0.714**	**0.857**	**0.714**	**0.714**	**0.928**	**0.714**
Disclosure %age	**85.71**	**78.57**	**78.57**	**85.71**	**71.42**	**85.71**	**71.42**	**71.42**	**92.85**	**71.40**

Source: Author's Compilation from annual reports

The above table discloses that Hindustan Unilever Ltd. has the highest disclosure index followed by Reliance Industries Ltd., and Bharti Airtel. All the other Indian companies also have an acceptable disclosure percentage which can be fairly improved in their upcoming reports. Although Bajaj Finance's report is not integrated, its disclosure index is acceptable. Overall, 60% of companies are disclosing above 75% of guiding principles, showing fair voluntary information disclosure.

Table 5: Computation of Disclosure Index of Content Elements

Content Elements	COMPANIES									
	RIL	**TCS**	**HDFC Bank**	**Bharti Airtel**	**ICICI Bank**	**Infosys**	**SBI**	**LIC**	**HUL**	**Bajaj Finance**
Organizational Overview and External Environment	1	0.5	1	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Governance	1	1	1	1	1	1	1	1	1	1
Business Model	1	1	1	1	1	1	0.5	0.5	1	0.5
Risks and Opportunities	1	1	1	1	1	1	1	1	1	1
Strategy and Resource Allocation	1	1	1	1	1	1	0.5	0.5	1	0.5

Performance	1	1	1	1	1	1	1	1	1	1
Outlook	1	0.5	0.5	1	0.5	1	0.5	0.5	0.5	0.5
Basis of Preparation & Presentation	1	0.5	0.5	1	1	1	0.5	0.5	1	0.5
Score Obtained	8	6.5	7	7.5	7	7.5	5.5	5.5	7	5
Total Score	8	8	8	8	8	8	8	8	8	8
Disclosure Index	**1**	**0.812**	**0.875**	**0.937**	**0.875**	**0.937**	**0.687**	**0.687**	**0.875**	**0.625**
Disclosure %age	**100**	**81.25**	**87.50**	**93.75**	**87.50**	**93.75**	**68.75**	**68.75**	**87.50**	**62.50**

Source: Author's Compilation from annual reports

The above table discloses that Reliance Industries Ltd. has the highest disclosure index of content elements. All the other Indian companies also have an acceptable disclosure percentage which can be fairly improved in their upcoming reports. Although, the annual report of ICICI Bank is also not an Integrated Annual report, its disclosure index is fair and acceptable. Overall, 70% of the selected companies are disclosing above 80% of the content elements information which indicates a fair disclosure of the voluntary information as well.

Table 6: Computation of Disclosure Index of Capitals

Capitals	**Companies**									
	RIL	**TCS**	**HDFC Bank**	**Bharti Airtel**	**ICICI Bank**	**Infosys**	**SBI**	**LIC**	**HUL**	**Bajaj Finance**
Financial	1	1	1	1	1	1	1	1	1	1
Manufactured	1	1	1	1	1	1	0.5	0.5	1	0.5
Human	1	1	1	1	1	1	0.5	0.5	1	0.5
Intellectual	1	1	1	1	1	1	0.5	0.5	1	0.5
Social and Relationship	1	1	1	1	1	1	0.5	0.5	1	0.5
Natural	1	1	1	1	1	1	0.5	0.5	1	0.5
Score Obtained	6	6	6	6	6	6	3.5	3.5	6	3.5
Total Score	6	6	6	6	6	6	6	6	6	6
Disclosure Index	**1**	**1**	**1**	**1**	**1**	**1**	**0.583**	**0.583**	**1**	**0.583**
Disclosure %age	**100**	**100**	**100**	**100**	**100**	**100**	**58.33**	**58.33**	**100**	**58.33**

Source: Author's Compilation from annual reports

The above table discloses that 7 of 10 companies fully disclose <IR> Capitals. All the other Indian companies also have an acceptable disclosure percentage which can be fairly improved in their upcoming reports. The annual report of ICICI Bankis not integrated but has an acceptable disclosure index. Overall, 70% of companies disclose 100% of <IR> capitals, showing fair voluntary disclosure.

Discussions

The Disclosure Index suggests that Indian companies are increasingly adopting IR practices even though these are not legally required in India. On analyzing top ten Indian companies it is found that most of them are proactively improving the quality of their reports and disclosures through voluntary adoption of IR. This highlights their commitment to transparency and effective stakeholder communication. This commitment demonstrates a structured approach to reporting on both financial and non-financial aspects, covering areas like governance, strategy, and social impact. Overall, these findings indicate that Integrated Reporting is helping Indian companies to significantly elevate their voluntary disclosure practices, providing stakeholders with a clearer and more comprehensive view of corporate performance, value creation, and sustainability efforts.

Recommendations

Integrated Reporting is currently voluntary in India, but fostering its adoption through capacity-building programs and recognition for early adopters could enhance transparency and provide a competitive edge to the corporate sector. The IIRC should further detail <IR> Capitals with specific disclosure elements. Among India's top 10 companies, four have yet to adopt Integrated Reporting, hence, phased guidelines by professional accounting bodies are recommended for gradual implementation. Companies seeking better voluntary disclosure outcomes should consider adopting integrated reporting.

Limitations of Mandating Integrated Reporting

- **Complexity and Resource Intensity:** IR requires comprehensive data collection, analysis, and reporting on both financial and non-financial aspects, demanding significant resources, time, and expertise.
- **Lack of Standardization:** Although the IIRC provides guiding principles, there's no universal standard for what should be included in an integrated report.
- **Limited Regulatory Framework:** In many countries, including India, there is no dedicated regulatory body overseeing with clear legal structures or regulatory support.
- **Privacy and Competitive Concerns:** IR involves disclosing detailed, non-financial information, which some companies may see as sensitive or proprietary.
- **Knowledge Barriers:** Companies that are unfamiliar with IR or lack an understanding of its benefits might resist mandatory implementation.

Conclusion

This study highlights the role of Integrated Reporting (IR) in enhancing corporate voluntary disclosures, demonstrating that it provides a more comprehensive view of company performance, strengthens, transparency, and fosters stakeholder engagement. Despite its advantages, IR adoption in India remains limited, partly due to the lack of regulatory support. However, as global trends in corporate reporting continue to evolve, frameworks like CDP (Carbon Disclosure Project), TCFD (Task Force on Climate-related Financial Disclosures), and TNFD (Taskforce on Nature-related Financial Disclosures) are gaining prominence, encouraging companies to disclose their environmental, social and governance (ESG) impacts. Adopting IR alongside these frameworks could enable Indian companies to provide a fuller perspective on non-financial performance and sustainability, aligning with international best practices and increasing their appeal to socially conscious investors.

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