

Integrated Reporting

Course Manual

Introduction into Conscious Business Education

Our purpose is to educate the current and next generation of business leaders & entrepreneurs in Europe to conduct business consciously. With ‘consciously’ referring to conducting business in a way that is purpose-driven, ethical, human-centered, sustainable, and inclusive, and where all Business Stakeholders (not only shareholders and managers) benefit. For the last 10 – 15 years researchers demonstrated that consciously led companies not only ensure all stakeholders benefit as a result of economic progress, but conscious businesses also are economically more successful. However, the practices of conscious business – and what might be different from a traditional view on business – is not yet an explicit part of business education in Europe.

The current economic system is under pressure because of unsustainable exploitation of resources and increasing pollution of our planet. Climate change and severe biodiversity losses are accelerating at an unprecedented scale while societies are facing rising inequalities in wealth and access to opportunities. These problems are not separate crises, but they can all be rooted in fundamental flaws of the current economic system and imply a fundamental change towards an economy that is sustainable, circular, prosperous, and inclusive.

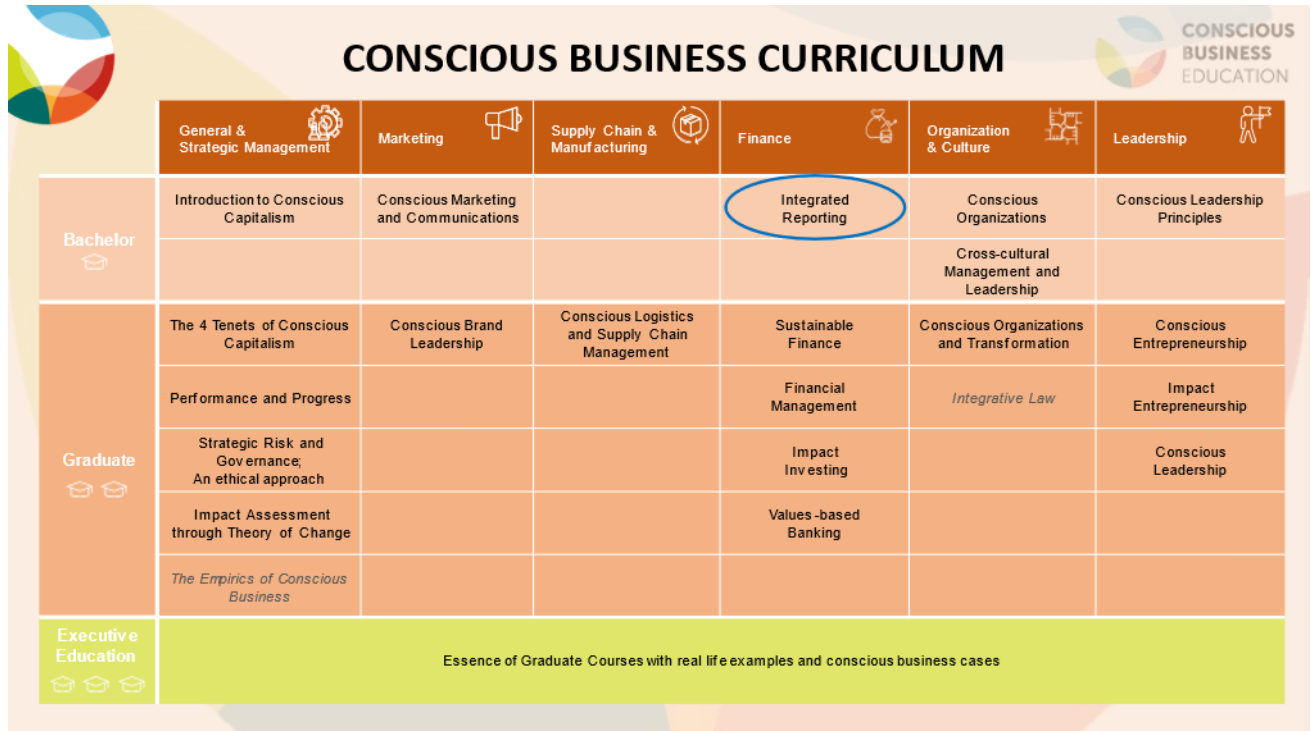
Many of the challenges Europe faces require businesses or support from businesses to create innovative solutions. Business not only are drivers for innovation, jobs and economic wealth, conscious businesses can also create solutions for real problems, but without the collateral damage to some of their stakeholders – be it towards nature, employees, health, equality, or local communities. Currently, too many businesses are still operating extractively, making them (major) contributors to some of our biggest problems such as climate change, inequality, public health, and loss of biodiversity.

We believe businesses can be drivers of good, if they design, organize, and create their business consciously. Therefore, it is of paramount importance to educate current and future business leaders regarding how to manage more consciously so that potential damage is eliminated or minimized, and to increase benefits to society and the planet. We aim to address this challenge by creating and teaching an innovative business syllabus which includes Conscious Business Practices for bachelor-, graduate- & executive-level education. Based upon the Syllabus, Conscious Business Education trains current business teachers on how to incorporate the Syllabus into their business education courses and/ or programs.

Goals for the complete syllabus on Conscious Business (21 courses):

1. Describe and teach innovative methodologies how business students can become more conscious leaders
2. Understand tools and methodologies for conscious business
3. Apply tools and methodologies to manage businesses better
4. Embedding ethics and ethical dilemmas in every course
5. Stimulate reflection and development of leaders to become more system-oriented, ethical, inclusive, and conscious.
6. Superiority of purpose-driven companies

Visualization (Infographic)



Overview (Table)

Course Title	Integrated Reporting (Conscious Business Education)
Degree	BA / Undergraduate
Course Length	2-week course or add-on module to existing education
Number of ECTS Credits	1,5 ECTS
Total workload	9 hours on-site lectures and instruction 21 hours of private study <u>15 hours of assignments +</u> 45 hours of total workload
Prerequisites	None
Teaching and Learning Methods	<ul style="list-style-type: none"> Interactive lecture and applied learning Course readings Group assignments Individual assignments
Assessments	<ul style="list-style-type: none"> Group assignment (30% of grade) Individual assignment (70% of grade)
Course creators from Conscious Business Education	<p>Creator: Marit Schouten, MSc, Impact Centre Erasmus, Erasmus University Rotterdam, m.a.schouten@ese.eur.nl</p> <p>Academic peer: Prof. Dr. Christian Schmidkonz, Munich Business School</p> <p>Academic peer: Prof. Dr. Karen Maas, Professor of Accounting & Sustainability at Open University & Academic Director Impact Centre Erasmus (part of Erasmus University Rotterdam)</p> <p>Additional peer: Emiel Gieles, Impact Centre Erasmus, Erasmus University Rotterdam</p>
Course Material Language	English

Introduction to the course

Welcome to Integrated Reporting! The course is hands-on and requires active engagement of all participants. While reporting is often not the first thing on many people's minds when it comes to conscious business conduct, reporting is an integral part of a conscious business strategy. Over the last 50 years, the value of a company has increasingly become based on intangible and indirect financial topics. Many of these intangible and indirect topics are closely related to consciousness, such as ethics, environmental harm, and social rights. The Volkswagen-scandal is exemplary in such that it was a fraud-case centered around environmental performance and emissions. And it's not just reputational anymore: for the first time we're seeing corporations and even the corporate leaders themselves being sued, fined, and jailed for non-financial performance. This added attention on intangibles is also on the radar of policymakers, with the European Commission leading at the forefront to introduce new legislation on non-financial reporting and substantiating green claims of large corporations.

Integrated Reporting (IR) is the term used for combined financial and non-financial reporting efforts. With many colleges, universities and business schools still predominantly focusing on financial reporting, integrated reporting is often underrepresented. This is a problem since the developments are rapid and show no signs of slowing down. Although it's challenging to objectively determine from the outside the extent to which companies have adopted integrated reporting and the pace at which this is happening, we can use certain indicators to gauge progress. These include the number of self-declared integrated reports, the increasing trend of sustainability reporting, and the presence of integrated reporting elements in annual reports. However, the lack of well-defined criteria for what constitutes an integrated report and the difficulty in accurately identifying how many annual or other reports meet these criteria are two significant limitations. It is therefore of utmost importance that the next generation of business leaders and entrepreneurs in Europe knows the potential value of IR and can critically evaluate non-financial information in reports.

IR, when adopted by companies and embraced by report consumers, has the potential to revolutionize the way companies allocate resources and how markets operate globally. It serves as a tool to encourage companies and investors to consider the positive and negative externalities of corporate decisions, promoting consciousness, particularly with regards to the growing importance of intangible assets. A critical component of IR involves long-term thinking and a more comprehensive assessment of all the capitals a company employs and transforms in generating value. This course enables students to assess integrated reports. Due to the fast developments in this area, the course teaches students how to critically reflect without strict adherence to a single method.

Learning Outcomes / Objectives

1. **Identify** the elements of integrated reports and the extent to which the report reflects the conscious strategy of the organization, using the examples and knowledge of the course.
(*understand*)
2. **Compare** different sustainable and integrated materiality-analyses and be able to give critical feedback for improvements of the matrices based on the knowledge of the course.
(*analyze*)
3. **Judge** different sustainable and integrated reports on their level of consciousness using the knowledge in the course.
(*evaluate*)

Expectation toward the students

Participating in this course requires an open minded, curious and a hands-on approach. This is a practice-oriented course, meaning there is a focus on practical applications and real-life examples. The course is therefore skewed towards examples and "grey" literature instead of theoretical, academic reading.

An important element of this course is to help students become critical evaluators of integrated and sustainability reports. They will engage in critical debates and interactive sessions and will learn how to reflect critically upon offered frameworks and real-world examples. Active participation is therefore expected to gain full benefits of attending the course.

Course Content (incl. week description)

Week 1 – Understanding Integrated Reporting

The first week focusses on placing Integrated Reporting in the broader context of the move towards more conscious business conduct. The first lecture gives an overview of the elements of integrated reporting, including the six capitals, the different methods used within Integrated Reporting and the difference between integrated reporting and financial reporting. The second lecture focuses on materiality and the materiality process, as a basis for decision which intangible topics ought to be included in an Integrated Report.

This week the students are divided into groups to work on a group assignment. Students work together on comparing and suggesting improvements for different materiality-matrices from different (local) businesses.

Week 2 – Applying Integrated Reporting

The second week dives deeper into one of the methods of Integrated Reporting: the <IR> Framework, including an in-class assignment to discuss different reports and aims to highlight the current trends and developments. The lecture is hands-on, with more interaction to challenge the students on their understanding of integrated reporting, demonstrating their application of the framework on several examples and arguing the levels of consciousness of the different integrated reporting framework-examples.

Teaching and Learning Methods used

Lectures consist of some traditional lecturing, but most of the time we focus on in-depth discussions and/or in-class assignments. Teaching notes and the toolbox prepare lecturers for this way of teaching.

A comprehensive list of both mandatory and optional readings and materials for each session are available but room has been left for additions from the lecturer.

- Interactive lecture and applied learning
- Course readings
- Group assignments
- Individual assignments

Special Features

- 2-week course OR *add-on* course on existing course
- Learning journey of evaluating products from real enterprises
- Use of current cases
- Focusing on thinking, rather than the formal rules of reporting
- Introducing different frameworks and perspectives (no single best practice but rather training students on the trends, developments, real-life practices, and important elements)
- Conscious awareness of the role reporting – if used strategically – can play in increasing the consciousness of the business

Course Length

This course can be given as a stand-alone 2-week course or as an add-on module to an already existing course. The course-materials consists of 2 lectures, a group assignment, and an individual assignment.

Number of ECTS Credits

1,5 ECTS

Total workload

This is a 1,5 ECTS course. This means a $1,5 * 30 = 45$ hrs. workload for students.

Attending sessions	3 * 3 hrs.	9 hrs.
Private study	143 pages	21 hrs.
Assignments	2 assignments	15 hrs.
TOTAL		45 hrs.

Prerequisites

None

Course Material Language

English

Assignments

The course contains three suggested methods of assessments. Suggested weighting of assignments, to be adjusted by course instructor:

1. Assignment 1 (group): Comparing materiality (30% of grade)
2. Assignment 2 (individual): Essay assignment of Integrated Reports (70% of grade)

Assignment 1 (group): Comparing materiality

- Group work
- 30% of final mark
- Output: Written analyses and point-of-improvement of different materiality-analyses
- Word count: max. 1000 words
- Learning goals: 2

Using the six steps of the materiality assessment (Garst et al., 2022), students are asked in groups to compare two (recent and local) materiality-assessments. They need to analyze and compare the two materiality-assessments on: the chosen materiality perspective, how topics are specified, how information sources (especially stakeholders) have been used, the calculation methods of the materiality scores, the selection of material topics and the materiality cycle.

Questions:

- Compare the two materiality-assessments on:
 - o Chosen Materiality Perspective
 - o Specification of topics
 - o Determination of Information Sources (incl. stakeholders)
 - o Calculation of Materiality Scores
 - o Selection of Material Topics
 - o Materiality Cycle
- For both examples, write out a minimum of 3 points of improvement
- Include a paragraph on your own assumptions and discussion in making this assignment

Assessment:

The essay will be assessed upon the following criteria:

- The quality of the analysis using the six steps and content of the course (the extent to which you provide strong, solid, and convincing arguments)
- The extent to which the groups provide relevant point of improvement based on the material; use contrasting arguments or creative ideas
- Critical thinking and reflection on the challenges in the comparison of materiality assessments
- Hygiene factors: Academic writing incl. correct use of citations, errors in spelling and/or grammar and adherence to word-limit.

Assignment 2 (individual): Essay assignment of Integrated Reports

- Individual work
- 70% of final mark
- Output: Answers to open-ended, essay questions.
- Word count assignment: max. 1500 words; Final exam: max. 1,5 hrs exam.
- Learning goals: 1 and 3

At the end of the course, all students finalize the course by participating in a final, written exam. It is up to the course coordinator to either include questions into an existing exam, organize a separate exam or make the final exam an individual essay-assignment. The final assignment consists of open-ended essay-style question on different integrated report using the knowledge in the course. This is linked to learning objectives 1 and 3.

Questions:

Students will be presented with segments of (recent/ local) Integrated Reports of two organizations.

1. Analyze the reports: reflect on the elements of Integrated Reporting, the value chain and alignment of the organizational mission with what's reported for both reports separately.
2. Comparison of the integrated value chain visualization of Report 1 and Report 2: compare the two reports, using the elements of the <IR> Framework as a guideline to reflect and compare.
3. Choose Report 1 or Report 2 and write out why, how, and which improvement you'd make to it.
4. Identity the most important ways in which the Report of your choice in the previous question can support that organization in becoming more conscious.

Supporting guidelines:

- Please consult general advice on writing essays.
- In writing your essay, you will need to consider the best use of the word count available. Given these constraints you will have to balance trade-offs such as diversity of arguments versus level of detail and nuance.

Assessment:

The essay will be assessed upon the following criteria:

1. Correct evaluation of the Integrated Reports using the elements of integrated reporting and identification and application of the six capitals.
2. The evaluation, creative/critical thought, and line of reasoning, supported by the literature from the course, in the why, how, and which improvements are made to an Integrated Report.
3. Correct explanation of the elements of the <IR> Framework and application of the correct value attribution to the organization of the Report(s).
4. Point can be deducted for lack of hygiene factors such as incorrect use of academic definitions and concepts, incorrect use of citations, errors in spelling and/or grammar and non-adherence to word-limit.

Assessment plan

Weight objectives	Course level Learning Objectives	Methods of Assessment	
		Group project	Final assignment/ exam
20%	1. Identify the elements of integrated reports and the extent to which the report reflects the conscious strategy of the organization, using the examples and knowledge of the course. (<i>understand</i>)		X
30%	2. Compare different sustainable and integrated materiality-analyses and be able to give critical feedback for improvements of the matrices based on the knowledge of the course. (<i>analyze</i>)	X	
50%	3. Judge different sustainable and integrated reports on their level of consciousness using the knowledge in the course. (<i>evaluate</i>)		X
100%	Weight methods	30%	70%
	Minimum grade required	5,5	5,5
	Points	100 pt	100 pt

Literature

All literature of the lecture is mandatory except when explicitly indicated otherwise.

Lecture 1

- Integrated Thinking & Strategy. Integrated Reporting <IR>. State of Play report 2019.
- Dumay, J.; Bernardi, C.; Guthrie, J.; Demartini, P. Integrated reporting: A structured literature review. Account. Forum 2016, 40, 166–185.
- **Optional:** CDP, CDSB, GRI, IIRC, & SASB. (2020). Statement of Intent to Work Together Towards Comprehensive Corporate Reporting. (September 2020).

Lecture 2

- Garst, J., Maas, K., and Suijs, J. (2022). Materiality Assessment Is an Art, Not a Science: Selecting ESG Topics for Sustainability Reports. California Management Review, Volume 65, Issue. <https://doi.org/10.1177/00081256221120692>.

Lecture 3

- Federation of European Accountants (2015). The Future of Corporate Reporting – creating the dynamics for change. Cogito Series, Federation of European Accountants (FEE). October 2015.
 - Read pages: chapter 2, pages 46-52 and chapter 2, pages 53-64.

- Integrated Reporting (2021). INTERNATIONAL <IR> FRAMEWORK. IFRS Foundation. January 2021. Access through: <https://www.integratedreporting.org/wp-content/uploads/2021/01/InternationalIntegratedReportingFramework.pdf>.
- r3.0 Case Study #1 (2022). The first True Sustainability Report? The Case of GLS Bank, following the r3.0 New Impetus and Context-based Multicapital Reporting. Access through: <https://www.r3-0.org/wp-content/uploads/2022/03/r3.0-Case-Study-1-GLS-Bank-True-Sustainability-Reporting.pdf>.
- **Optional:** Integrated Reporting Assurance: Perceptions of Auditors and Users in Spain – Goicoechea, Gómez-Bezares & Ugarte (2019)
- **Optional:** van Wyk, M. and Els, G. (2023) The relevance of integrated reporting in future standard setting of the International Sustainability Standards Board. Front. Sustain. 4:1218985. doi: 10.3389/frsus.2023.1218985

Communication

The lecturer of the course should fill in her/his individual, preferred way of communication.

Classroom rules

The lecturer of the course should fill in her/his individual, preferred set of classroom rules.

Course creators from *Conscious Business Education*

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