Department of Business and Management

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Non-Financial disclosure: Integrated Reporting and AS Roma study case

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Introduction

This work aims at creating a deep understanding about sustainability, social and environmental information. Companies, especially listed ones, have long been required to publish annual financial statements to report on the economic and financial situation of their assets and they have also been obliged to publish a report on corporate governance so that users can determine their level of "good governance". The reason why is to be found in the world's economy trend that is continually changing as companies face global competition, technology innovations and increased regulation in response to financial and governance crises. The accounting profession has challenged the traditional financial business reporting model, arguing that is not adequately satisfy the information needs of stakeholders for assessing a company's past and future performance.

In this way, additionally and usually on a voluntary basis, companies started producing corporate social responsibility reports to demonstrate, to society as a whole and to stakeholders in particular, the appropriateness of their corporate behavior regarding social and environmental aspects. Longitudinal studies on corporate information disclosure have revealed a gradual increase in the number of companies adopting these practices and in the amount of strategy, corporate governance, performance and prospects, in such a way as to reflect the commercial, social and environmental context in which it operates.

Some leading companies have begun to integrate all their information statements into a single document, as an integrated report for a sustainable strategy. This statement provides, in a composite, organized and cohesive form, information on the company's strategy, corporate governance, performance and prospects, in such a way as to reflect the commercial, social and environmental context in which it operates. Thus, a clear and concise statement is provided of how the organization operates and how it creates and maintains value. Although, the disclosure of this type of information presents many advantages associated with the decision-making process, the company's public image, etc. it should be noted that the disclosure of company statements containing information relevant to users is not always performed voluntarily, because of the potential costs this may impose on the owners. Stakeholders, because differing cultural conditions lead to different values being held, play an important role in the process of accountability.

In this sense, national cultural dimensions explain general similarities and differences in cultures around the world and imply that specific relationships exist between these cultural dimensions and stakeholders' preferences and actions.

Through the developing of this paper there will be provided notions to clearly understand what an integrated report really is, analyzing the literature and practical cases. In particular, an Italian football club that is publicly listed, will represent a bright example that can be useful to comprehend the disclosure of diversity information and its implications.

So, the purpose is to participate the current debate on Integrated Reporting (IR) by reflecting on the doctrine behind it and its adoption; IR key concepts, elements and principles; real cases of integrating reporting.

The definition of such a reporting technique is everything but easy, though. This is because corporate numbers and information are quite meaningless without a proper and full understanding of the complex context which generates them.

Anyway, Integrated Reporting can be described as an innovative tool that essentially combines a company's annual report (that is financial) with a corporate social responsibility or a sustainability report to show the relationship between financial and non-financial performance, which are defined not only in economic terms but also in social, governance, ethic and environmental perspectives. It provides a comprehensive, holistic view to shareholders and other stakeholders regarding the way in which companies add value by fulfilling their mission and achieving their vision. Stakeholders' engagement represents the key driver in the evolution of corporate reporting, and it will be possible to understand it by following the next sections.

Hence, Integrated Reporting is arguably the current frontier of corporate reporting. The demands on corporate reports are growing rapidly in parallel with stakeholder engagement of a greater in-depth understanding of the companies they have an interest in.

A common trait among the reporting systems is a growing movement toward comparability and accountability. In this context, the recent establishment of the International Integrated Reporting Council by a number of leading organizations and the entrance into force of the Directive 2014/95/EU and the Italian Leg. Decree No. 254/2016 move towards the definition of a globally accepted reporting framework.

However, the evidence with respect to integrated reporting is limited, because previous studies in general have focused on the analysis of a specific type of information that is financial or sustainable by companies located in only one country. In consequence, there is growing interest in overcoming these limitations by means of comparative analyses of companies located in different places, and in relation to current practices of commercial disclosure.

The present study, based on the international accounting harmonization process and corporate social responsibility, examines the influence of accounting institutions over the willingness of adding diversity information to the financial one promoting it as mandatory. For this scope, it will be considered three integrated reporting documents. The first two are of two main Italian football clubs in Italy. The last one is of one of principal insurance company at European level.

The results will show the importance of disclosing non-financial information as a mean to create added value and sustainable business, putting emphasis on stakeholders needs and wants.

The first section of this paper is about the institutional background that underpins sustainability and social reporting adoption. In particular, in chapter one there will be a discussion on the international accounting harmonization process going through the analysis of the main accounting institutions and standards, leading to the definition of the EU directive on non-financial disclosure and the Italian Decree that follows it.

Then, the second chapter will focus on the literature review of the social and environmental frameworks, leading to the definition of performance measurement and the introduction of integrated reporting tool.

The third chapter will be about the review of practical cases of integrated reporting. It has been chosen an Italian football club as pillar example of integrated reporting because of its peculiar ability to report non-financial data. The football club is AS Roma, one of the first Italian listed companies to produce an integrated reporting following the EU directive on non-financial disclosure, and it will be the reference benchmark to examine how report diversity information looks like. Moreover, there will be provided some comparisons with other two companies, highlighting differences and reflection sparks.

Finally, last chapter will proffer some final thoughts and considerations concerning the adoption of integrated reporting in large scale considering it more than a flash in the pan. Furthermore, it will present some limitations and future perspectives of analysis in order to support and sustain the effectiveness and innovation of integrated reporting.

First chapter: The Institutional context in which social and environmental as turned to be actively used

1 Preface

The very first sources of financial reporting date back to over 4,000 years ago but, for reasonable motivations we consider the evolution of the reporting framework since the early 1900's. In order to preserve the information function towards the environment it has been developed a mandatory regulation on financial reporting.

The financial reporting objective has always been to provide information:

- *useful to investors and creditors, present and future, for rational decision making; intelligible to those users who have a minimal economic training;*
- *illustrating the economic resources and financing sources of the company, leading to evaluate the effects of transactions and events which involves changes in the composition of company's sources;*
- *related to financial performance over a period of time; to help users to assess the amounts, dates and uncertainties related to future cashflows of investors.*

But, the financial information, as the globalization process occurred, felt the need of being more and more transparent, intelligible and comparable.

The first step of the gradual change was the harmonization of national accounting standards to international ones. This process, as it will be discussed thereafter, is still evolving due to the complexity and diversity of the needs and culture of the stakeholders and more directly of the national accountants. Moreover, any change implies switch-costs and risks to transit from one system to another. There are the obvious financial costs of setting up new systems but equally important are the adjustment costs of adapting to using and interpreting new data, and these issues represents another critical barrier.

All the changes and breakthroughs of reporting law can be resumed to stakeholder dynamic needs.

The twentieth century brought a variety of economic reforms to combat corruption, including efforts to increase transparency and accountability. So, accountancy bodies such as the International Accounting Standards Board (IASB) introduced international principles for facilitating the harmonization process and to ensure comparability and transparency of the financial information.

Moreover, another kind of disclosure was needed. Sustainable Responsibility took place in order to match these necessities and to change the way undertakings report information.

Even though social and environmental disclosure have always been part of annual reporting, until the 1980's firms have been used to mainly include regulative and litigation related information. The recent period, that has to be imagined from 1996, is defined by a globally interconnected economy and the convergence of financial reporting towards an agreed upon standard. That is the Corporate Social Responsibility voluntary standard. Prior to 2014 and the entrance into force of the Directive 2014/95/EU, there was no requirement to report information different to financial one in the European Union.

So, it was merely voluntary to add non-financial disclosure.

This chapter focuses on the institutional context in which the integrated reporting and sustainable business turn to be actively renowned. Firstly, it will analyze the International Accounting Harmonization (IAH) process. Then, it will go through the institutional context, talking about the major accountancy bodies and their main competences. Finally, there will be a practical example on the possible connection between financial information and social-environmental one, leading to the introduction of the Directive 2014/95/EU and the Italian Decree No. 254/2016.

1.1 The harmonization of international accounting standards

As a scholarly discipline, accounting can be divided into a number of subdisciplines, including financial accounting, managerial accounting, auditing, tax and governmental accounting. Each sub-discipline emphasizes certain research methodologies and targets a small number of academic journals as the primary outlet for its efforts.

Accounting is acknowledged to be a complex form of socio-economic activity whose historical evolution is co-extensive with that of human civilization. Indeed, it is argued that the rise of capitalism and the current hegemony of global capital would not have been possible without the existence of an institutionalized set of organized accounting practices. As processes of globalization have become increasingly evident, there have also been calls for international accounting harmonization (IAH) of accounting practices. At the same time, there have been impediments in the path towards achieving IAH, not the least of which have been cultural and economic differences among countries. Reflecting on the state of international accounting harmonization (IAH), Antony G. Hopwood[1] noted over a decade ago that "the world of international accounting has become a very dynamic one". He went on to state that the forging of global markets has created a new arena for the harmonization of accounting practices. To foster the harmonization of accounting practices on a worldwide basis, various organizations and institutions have been created at both national and international levels. The purpose of these institutions has been to reduce differences in accounting practices among countries and, ultimately, to achieve uniformity of accounting on a worldwide basis. As of 1 January 2005, all companies domiciled in the European Union (EU) with publicly traded shares are required to prepare their consolidated accounts in accordance with International Financial Reporting Standards (IFRS).

Within the IAH process, there are various organizations which have been specifically created to facilitate the goal of achieving uniformity of accounting practices on a worldwide basis. These organizations have experienced coercive isomorphic pressures as the forces of globalization have demanded increasing levels of IAH. For example, the Security and Exchange Commission (SEC) has influenced this passage in a strong way allowing the US listed companies to use International Financial Reporting Standards (IFRS) rather than US

[1] To get further insights: Journal of Accounting Research, "An empirical study of the role of accounting data in performance evaluation, Anthony G. Hopwood.

Generally Accepted Privacy Principles (GAPP), a framework created to safeguard the privacy of individuals and organizations. The SEC is considered as the best benchmark in terms of rules and standards.

Meanwhile in Europe, the Accounting Regulatory Committee (ARC) and the European Financial Reporting Advisory Group (EFRAG) played a central role in facilitating the IAH process.

Analyzing more in depth this evolution, it is remarkable that prior to 1965 there was little interest in researching for IAH. Academic and professional accountants did not care about it, there was no need to. Most of the early articles were written by practicing accountants, and these articles were published in professional journals, such as the Journal of Accountancy. For example, the purpose of one of the most active academic accountants in that period, Robert F. Brandt[2], was to examine this situation and in his article "differences in accounting principles and practices in European countries, with a suggested approach to worldwide uniformity" showed his perspective. According to Brandt it is one of the most difficult achievements in the development of any worldwide concept to attain a common and unified framework which is respected by all companies. But, considering the internationalization character of business enterprises this result is not insurmountable. So, since the '60s experts felt that there was reason to believe in an accounting standard set up on a worldwide scale.

Although there were some IAH research articles published in the late as 1960s, the creation of the International Accounting Standards Committee (IASC), in 1973, seems to have prompted an increased level of interest in IAH research. The IASC was responsible to promote and develop the international accounting standards and to stimulate the use and implementation of these standards. So, the chapter will continue analyze the IAH process by talking about all the accountancy bodies that played a central role in facilitating the convergence of the national accounting standards to the international accounting standards.

1.1.1 The International Accounting Standards Committee

The International Accounting Standard Committee was formed as a result of an agreement between accountancy entities within the following countries: Australia (Institute of Chartered Accountants in Australia); Canada (Canadian Institute of Chartered Accountants); France (Order of Accounting Experts and Qualified Accountants); Germany (Institute of Auditors in Germany); Japan (Japan Institute of Certified Public Accountants); Netherlands (Netherlands Institute of Registered Auditors); Mexico (Mexican Institute of Public Accountants); United Kingdoms (Institute of Chartered Accountants in England and Wales); Ireland (Institute of Chartered Accountants in Ireland); United States of America (American Institute of Certified Public Accountants). In subsequent years, other accountancy bodies were added in the association, and in 1982 the members of the IASC comprised all of the professional accountancy entities that were members of the International Federation of Accountants (IFAC). Anyway, many of the new entries did not remain into for the entire length of the agreement. From its formation in 1973 until a comprehensive reorganization in 2000, the

[2] To deepen the knowledge please view the article "Differences in accounting principles and practices in European countries, with a suggested approach to worldwide uniformity", Journal of Accounting, Robert F. Brandt.

structure for setting the International Accounting Standards (IAS), that will be discussed subsequently, was known as the International Accounting Standards Committee (IASC).

The IASC was essentially the structure, rather than a committee in a traditional sense of a group of people. There was no actual "committee" of that name. The major components of the IASC structure were: the IASC Board; the Consultative Group; the Standing Interpretations Committee (SIC); the Advisory Council; the Steering Committee.

The IASC Board had 13 country members and up to 3 organizational members who operated on a part-time, volunteer basis. Each member was represented by two representatives and one technical advisor. The individuals came from a wide range of backgrounds (accounting, financial analysis, business, etc.). Furthermore, the Board had also a number of observer members who participated in the debate but did not vote. The IASC Board promoted a relevant body of standards, interpretations and conceptual frameworks which was implemented by several companies and assessed by many national accounting standard-setters in developing national accounting standards.

Wyatt and Yospe[3] noted that one of the primary reasons for the creation of the IASC was to advance the harmonization of financial accounting standards. Perhaps in response, academic accountants began to investigate the feasibility of achieving IAH, as well as the reasons why there was so little harmony in practice. Despite this increased interest in IAH research, between 1973 and 1989, progress was slow towards reaching IAH. In a move to speed up the IAH process, the IASC issued the "Framework for the Preparation and Presentation of Financial Statements" in 1989, which set for the basic concepts underlying International Accounting Standards (IAS). In 1990, it publishes "Statement of Intent Comparability of Financial Statements". The purpose of this framework was to promote IAH, indicating its intent to reduce the number of alternative accounting treatments permitted under International Accounting Standards. With the issuance of IAS 31 "Financial Reporting of Interest in Joint Ventures", IASC completes its initial comprehensive set of 31 International Accounting Standards. However, progress remained slow. In 1995, in a further move to speed up the process, an agreement was reached between the IASC and the International Organization of Securities Commissions (IOSCO) whereby IASC agreed to develop a core set of accounting standards and IOSCO agreed to recommend these standards for capital raising purposes in global capital markets (IASC, 1995). This agreement signalled that one of the primary reasons for IAH was to facilitate the operations of global capital markets. In 1996, IASC approves the formation of Standing Interpretations Committee (SIC) to prepare interpretations of International Accounting Standards.

Moreover, the IASC concluded in 1997 that to continue to perform its role effectively, and to boost the IAH process it must find a way to bring about convergence between national accounting standards and practices

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[3] Wyatt, A. R., & Yospe, J. F. (1993, July). "Wake-up Call to American Business: International Accounting Standards are on the Way", Journal of Accountancy, pages 80-85.

and high-quality global accounting standards. To do that, the IASC saw the need to change its structure. This recognition led to an increased interest in IAH research on the part of American researchers.
The IAH process continues with the creation of the International Accounting Standards Board (IASB) as the successor to the IASC, in 2001, and the approval by the European Parliament, in 2002, of the use of IAS/IFRS for financial reporting purposes by publicly listed companies in the EU.

1.1.2 The Financial Accounting Standards Board

The Financial Accounting Standards Board (FASB) is the independent, private-sector, not-for-profit organization based in Norwalk, Connecticut, that establishes financial accounting and reporting standards for public and private companies and not-for-profit organizations that follow Generally Accepted Accounting Principles (GAAP). It was established in 1973 and represents the needs, in terms of financial disclosure, of the greatest capital market. The FASB is recognized by the Securities and Exchange Commission as the designated accounting standard setter for public companies. FASB standards are recognized as authoritative by many other organizations, including state Boards of Accountancy and the American Institute of CPAs (AICPA). The FASB develops and issues financial accounting standards through a transparent and inclusive process intended to promote financial reporting that provides useful information to investors and others who use financial reports. The Financial Accounting Foundation (FAF) supports and oversees the FASB. Established in 1972, the FAF is the independent, private-sector, not-for-profit organization based in Norwalk, Connecticut responsible for the oversight, administration, financing, and appointment of the FASB and the Governmental Accounting Standards Board (GASB). The collective mission of the FASB, the Governmental Accounting Standards Board (GASB) and the FAF is to establish and improve financial accounting and reporting standards to provide useful information to investors and other users of financial reports and educate stakeholders on how to most effectively understand and implement those standards. Balancing diverse views to arrive at the best accounting solutions is inherent to the FASB's standard-setting process and, by extension, the composition of its Board. FASB members are appointed by the Financial Accounting Foundation (FAF) Board of Trustees. To ensure that a balance of perspectives is represented on the FASB, the Appointments committee of the Board of Trustees seeks Board nominations from wide array of stakeholders, including key stakeholder organizations/associations representing a wide range of financial statement users and preparers, as well as academics, public and private companies and organizations, regulators and other government leaders, and professional search firms.
In addition, the decisions of the FASB are supported by advisory groups. The primary role of advisory group members is to share their views and experience with the Board on matters related to projects on the Board's agenda, possible new agenda items, practice and implementation of new standards, and strategic and other matters. Information provided by advisory group members is communicated to the Board in a variety of ways, including public advisory meetings and comment letters. These are the main traits of the FASB that have to

be fixed in mind in order to move to the next standard setter and understand how they started cooperating in order to develop together new standards.

1.1.3 The International Accounting Standards Board

The International Accounting Standards Board (IASB) was created in 2001 as a successor to the IASC. Indeed, it is the result of the proposal made by the Strategy Working Party. It was a special advisor institutionalized by the old IASC in order to re-examine the structure and strategy. The IASC approved the proposal unanimously in December 1998. In 2000, the standards-setting body was renamed International Accounting Standards Board.

The new body is a full-time professional board with strong support staff. It was designed to be an independent world standard-setter, reflecting the new demands created by the IOSCO endorsement of International Accounting Standards and the European Commission's decision to require the use of those standards in the group accounts of companies listed within the EU. The IASB inherited a remarkable legacy from its predecessor body, not only in terms of the standards that it had promulgated but also in terms of international support and goodwill. Since the IASC was essentially a voluntary body, created by the accounting profession and its stakeholders rather than legislators or government regulators, this level of support is evidence of the underlying demand for international accounting standards in the global capital market.

The Board is an independent group of experts with an appropriate mix of recent practical experience in setting accounting standards, in preparing, auditing, or using financial reports, and in accounting education. Moreover, the group compromise a geographical diversity in order to be aware of all the international dynamics and trends about reporting, accounting and auditing. The IASB develops and approves International Financial Reporting Standards (IFRS) that took International Accounting Standards (IAS) place. These Standards should, wherever possible and provided that they ensure a high degree of transparency and comparability for financial reporting in the European Union, be made mandatory for use by all publicly traded Community companies.

The Board operates under the oversight of the IFRS Foundation. Under the IFRS Foundation Constitution, the IASB has complete responsibility for all technical matters of the IFRS Foundation including: full discretion in developing and pursuing its technical agenda, subject to certain consultation requirements with the Trustees and the public; the preparation and issuing of IFRSs and exposure drafts, following the due process stipulated in the Constitution; the approval and issuing of Interpretations developed by the IFRS Interpretations Committee.

The technical agenda is a complete listing of all the active, past and research projects of the International Accounting Standards Board and the IFRS Interpretations Committee.

Meanwhile, the due process follows 4 fundamental steps that are: Research program; Developing a proposal for publication; Re-deliberations and finalization; Post-implementation reviews. Formerly, the number of members in the IASB was 16, but with the 2015 Constitution review it is reduced to 14. So, currently the IASB counts 14 members. As mentioned before, to ensure a broad international diversity, the constitution requires four members from the Asia/Oceania region; four from Europe; four from America; one from Africa; and one appointed from any area, subject to maintaining overall geographical balance.

In addition, the main qualification for membership is professional competence and practical experience. The group is required to represent the best available combination of technical expertise and diversity of international business and market experience. To give a better idea of how the IASB works and communicates with the other bodies, it could be useful to take a look at the chart below (*Figure 1*).

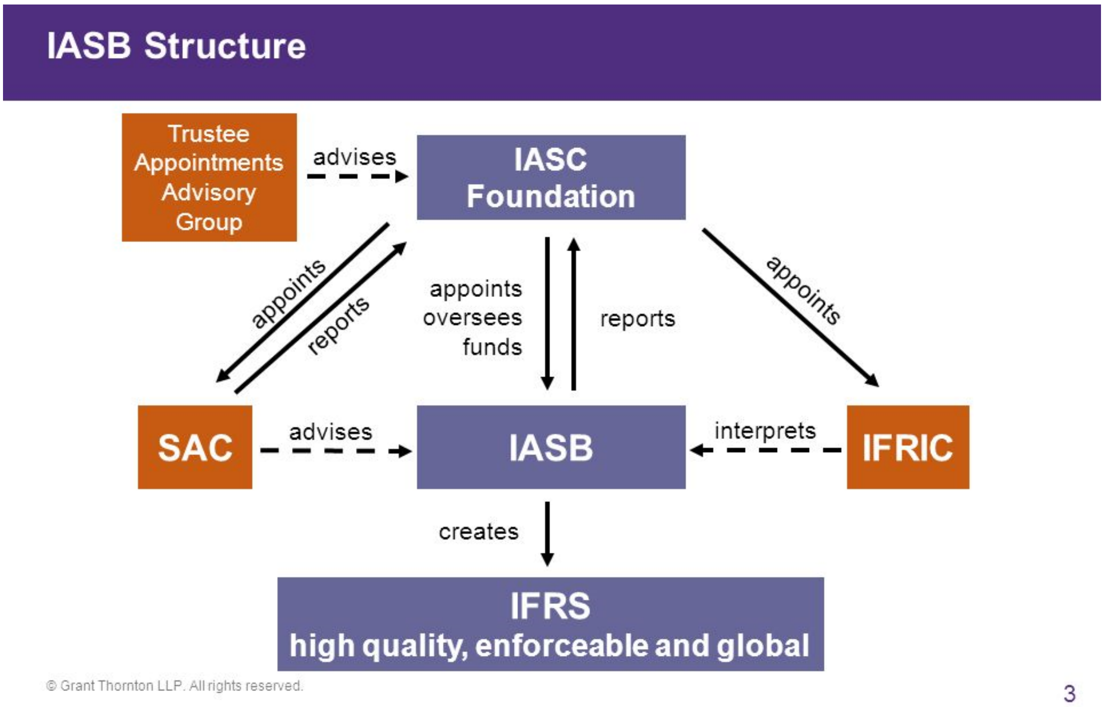

Figure 1
Source: https://ihc2015.info/skin/iasb.com.akp

To deliver high quality standards, the IASB adopts an elaboration process (due process) based on the issuance of consultancy documents such as discussion papers or exposure drafts. Then, the IASB listen to any advices and comments by who it is interested in participating to the due process. All the process as mentioned before is directed and coordinated by the IFRS Foundation. A close look to this body will be offered in the next paragraph.

Starting from 2001, the main objective of the IASB is the same as the one of the IASC. It is intended to attain the convergence of the national accounting standards towards the international ones in a more effective way.

Since its creation, the IASB has achieved some notable successes. In 2002, Europe adopted a law "Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards", requiring listed companies on regulated securities markets, including banks and insurance companies, to prepare their consolidated financial statements in accordance with the IFRS Standards starting from 2005. Furthermore, the IASB and the US Financial Accounting Standards Board (FASB) sign the "Norwalk Agreement" to improve and converge IFRS Standards and US GAAP.

In 2003, the Board issued first Standard “IFRS 1, First-time Adoption of International Financial Reporting Standards”. The Board completed priority reforms to Standards inherited from IASC in preparation for first-time adoption by major jurisdiction. Moreover, the IASB have been engaged in a project to develop a separate accounting framework for small and medium-sized enterprises (SMEs).

In 2004, they issued second Standards “IFRS 2, Share-based Payment”, responding to investors’ concerns about omission of expenses arising from stock options and similar transactions with employees.

In Europe, with the entrance into force of the Regulation (EC) No 1606/2002 (2005), 7,000 companies in 25 countries switch from national accounting standards to IFRS Standards. The IOSCO released a statement on the development and use of IFRS.

The expected implementation of its standards in the European Union has taken place without significant problems, Australia has adopted the standards for all companies, as a legal requirement, and many other countries have moved towards adopting the IASB’s standards (IFRS) including many that plan complete convergence of domestic standards with IFRS for listed companies. These include significant economies such as Brazil, Canada, China and India. More than 100 countries now recognize international standards for some purpose.

Another important achievement was to influence and convince the United States SEC permitting non-US companies to report in the US using IFRS Standards without reconciliation to US GAAP (2007). In 2008, the Board issued “IFRS 8, Operating Segments” to reduce differences between IFRS Standards and US GAAP.

The SEC have also allowed the possibility for domestic US listed entities to use IFRS rather than US GAAP. Other important new standards were IFRS3, which outlawed pooling of interests accounting for business combinations, IFRS 7, which requires much more extensive, and hopefully more effective, disclosures relating to financial instruments, and IFRS 9, which is related to classification and measurement of financial asset.

In 2008, to comprise representatives of organizations, rather than personal appointments, with the goals of obtaining views of a wider range of interested parties and giving greater authorities to views received, Trustees restructured the IFRS Advisory Council.

The IASB and the FASB completed the first phase of their project to develop an improved Conceptual Framework in 2010. Now, the IASB’s agenda is aligned with that of the FASB, and new standards are being developed on a joint basis.

To assess the real effectiveness of the IFRS Standards there have been years of several cross-analysis and evaluations. In 2015, the European Commission published a positive evaluation of 10 years of use of IFRS Standards in Europe. Other evaluations reaching similar conclusions are published in Canada, Korea and Australia.

The IASB’s story is not, however, one of unalloyed success. there have been tensions over the implementation, interpretation and enforcement of IFRS. With regard to implementation, apart from the EU ‘carve-outs’, Australia has restricted certain options within the standards, and there is fear that, if this practice becomes more widespread, the international comparability of the standards will be lost: one country might require one

option whilst another country required the alternative. A related issue is the interpretation of the standards. The IASB's own interpretation body, IFRIC, has been parsimonious in the number of interpretations that it issues, in order to avoid the extent and detail of official interpretations that exists in the FASB's canon in the USA, and which is sometimes characterized, perhaps unfairly, as a system of rules-based standards. Efforts are being made by groups of regulators, such as the Committee of European Securities Regulators (CESR), to prevent interpretations from becoming too detailed or from becoming divergent across regulatory regimes, but the danger remains. A related danger is that the enforcement of the standards may vary significantly across jurisdictions, so that the quality of so-called IFRS financial reports is not comparable.
To react to those dynamics and these types of anxieties the IASB felt the need to revise the something.
Hence, the last but not the least relevant step is the issuance of the "Revised Conceptual Framework for Financial Reporting", in 2018. It sets out the fundamental concepts of financial reporting that underpin IFRS Standards. The revised Conceptual Framework replaces the 2010 Conceptual Framework. Hans Hoogervorst, Chair of the Board, said: "The revised Conceptual Framework will greatly assist the Board when developing IFRS Standards. It will also help other stakeholders to better understand the concepts that underpin the Standards".
According to the Board the new framework will assist companies in developing accounting policies when no IFRS Standards applies to a particular transaction, and it helps stakeholders more broadly to understand the Standards better. In particular it includes: a new chapter on measurement; guidance on reporting financial performance; improve definitions and guidance; clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.
However, the anxiety must remain, as the range of countries using IFRS widens, that the IASB has to rely on various national regulators to assure the quality of implementation.

1.1.4 The International Financial Reporting Standards Foundation

The International Financial Reporting Standards Foundation (IFRS Foundation), is a non-profit accounting organization. It was formerly named the International Accounting Standards Committee Foundation (IASC Foundation). The name's change formally took effect on July 2001. The IFRS Foundation is the legal entity under which the IASB operates. The Foundation is governed by a board of 22 trustees.
Between 2013 and 2014, it reached relevant results in order to support the IAH process. In 2013, the IFRS Foundation and IOSCO established protocols on IFRS Standards. They are intended to facilitate the cooperation of the two bodies that have the shared objective to promote and speed up transparency within the capital markets through the development and consistent application of IFRS Standards. In addition, the IFRS Foundation begins publication of jurisdictional profiles to chart progress towards creating a single set of global accounting standards.

In 2014, it published first annual Pocket Guide to IFRS Standards and adoption. It has to be considered as a summary of the use of IFRS Standards in each of the 130 countries and other jurisdictions around the world that have been surveyed to date. The guide also summarizes what IFRS is; the benefits of global accounting standards; a history of the development of IFRS; the standard setting process; the requirement of current IFRSs; and links to resources.

In 2015, the Foundation put forth a statement of its mission that is "To develop IFRS Standards that bring transparency, accountability and efficiency to financial markets around the world".

Given this sentence it is important to highlight the main objectives. So, the critical aspects that the IFRS Foundation wants to follow are: to develop, in the public interest, a single set of high quality, understandable, enforceable and globally accepted financial reporting standards based upon clearly articulated principles. These standards should require high quality, transparent and comparable information in financial statements and other financial reporting to help investors, other participants in world's capital markets and other users of financial information make economic decisions; to promote the use and rigorous application of those standards; in fulfilling the above objectives, to take account of, as appropriate, the needs of a range of sizes and types of entities in diverse economic settings; to promote and facilitate adoption of International Financial Reporting Standards (IFRSs), being the standards and interpretations issued by the IASB, through the convergence of national accounting standards and IFRSs.

It is also relevant to understand the responsibilities of whom is in charge to lead the Foundation. The trustees have the following duties: to assume responsibility for establishing and maintaining appropriate financing arrangements; to establish or amend operating procedures for the Trustees; to determine the legal entity under which the IFRS Foundation shall operate, provided always that such legal entity shall be a foundation or other body corporate conferring limited liability on its members and that the legal documents establishing such legal entity shall incorporate provisions to achieve the same requirements as the provisions contained in this Constitution; to review in due course the location of the IFRS Foundation, both as regards its legal base and its operating location; to investigate the possibility of seeking charitable or similar status for IFRS Foundation in those countries where such status would assist fund raising. They also have the responsibility to review annually the strategy of the IFRS Foundation and the IASB and its effectiveness, including consideration, but not determination, of the IASB's agenda. Furthermore, the trustees promote the work of the International Accounting Standards Board (IASB) and the rigorous application of IFRSs but are not involved in any technical matters relating to the standards. This responsibility rests solely with the IASB.

Hence, the governance is in charge if this crucial body which has to coordinate the IASB and support the operations. The goal of the IFRS Foundation to develop a single set of high quality, understandable, enforceable and globally accepted financial reporting standards is achieved through the following: an independent standard-setting board (IASB), overseen by a geographically and professionally diverse body of trustees, publicly accountable to a monitoring board of public capital market authorities; an external IFRS Advisory Council and an IFRS Interpretations Committee to offer guidance where divergence in practice occurs; a thorough, open, participatory and transparent due process in arriving at financial reporting standards; Engagement with investors, regulators, business leaders and the global accountancy profession at every stage of the process; collaborative efforts with the worldwide standard-setting community.

In this sense the IFRS Foundation has the huge accountability to make the harmonization process effective and efficient.

By now, there still be some uncertainty and anxiety about the real reliability of the international accounting standards on a world-wide basis, but, as the old experts like Robert F. Brandt believed, this process has to be performed because it offers new challenges and greater opportunities for real professional service.

1.2 The International Accounting Standards and the International Financial Reporting Standards

Given this background on the institutional entities that have been driving the harmonization process, it is time to talk about the IAS and IFRS. They have been already mentioned, anyway it is important to analyze in depth their main traits and purposes. International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) represents the rules that all the nations who adhere to the IASB have to follow.

First of all, it has to be highlighted that the distinctive feature of the IAS/IFRS standards is they are ‘‘principles-based” instead of ‘‘rules-based”. Rules imply prescriptions, specific criteria, thresholds or implementation guidance. The US GAPP principles are based on this system and they appear more all-embracing than the IAS/IFRS. At the same time, the SEC states: “…In a rules-based system, financial reporting may well come to be seen as an act of compliance rather than an act of communication”.

On the other hand, a principle-based approach refers to fundamental understandings that inform transactions and economic events. Under a principles-based system, these understandings dominate any other rule established in the standard. In the case of consolidation, for example, IAS 27 states that full consolidation should be enforced whenever a firm exerts ‘‘control” over another firm. As a governing measure of consolidation, the ‘‘principles-based” notion of control, IAS 27, par. 4, states: ‘‘. . .the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities”. In turn, this superimposes any specific rule, such as the percentage of voting rights owned by the controlling company vis-à-vis the controlled firm. If a firm actually exerts control over another company, the ‘‘principles-based” system establishes that full consolidation should be undertaken, no matter how such control is executed (e.g., board interlocks). Principles-based systems thus issue generic accounting standards. As opposed to rules-based systems, accounting standards of the principles persuasion do not address every controversial issue at hand but keep considerable ambiguity about such major processes as record keeping and measurement. The broad nature of IAS/IFRS, for example, explains why they do not adopt a position with respect to accounting for sales incentives. Consequently, IAS/IFRS leaves it up to firms to make any accounting choice that does not contravene the principles established in the standards. the accounting choices regarding the recognition of actuarial gains and losses provide a useful example in this regard.

According to IAS 19 Employee Benefits, the adoption of the corridor approach can smooth actuarial gains and losses; the results affect net income for the part that exceeds the ‘‘corridor” of plus or minus 10% of the maximum between the Projected Benefit Obligation and the Fair Value of the assets of the plan. Alternatively, the income statement can directly recognize the gains and losses. As a third choice, actuarial gains and losses can be recognized fully and immediately into equity and, hence, without affecting the income statement. The IAS 16 Property, Plant and Equipment equally enable different accounting choices such as the cost method and the revaluation method for the accounting of tangible assets.

It has been discussed how the IAS/IFRS standards have gained global acceptance and implementation. Countries using rules-based systems (e.g., Germany) as well as those employing principles-based systems (e.g., the United Kingdom) apply IAS/IFRS standards. At the same time, common law countries (e.g., Australia and New Zealand) and those with a civil-law tradition (e.g., Italy and Spain) also implement these standards.

Moreover, countries with diverse national cultures equally apply the standards set by the IAS/IFRS (Ding et al., 2005). This global acceptance of IAS/IFRS, largely rests on its principles-based nature as well as on its driving notions of openness and flexibility. These ideas are instrumental in accommodating diverse institutional settings and traditions under a common set of standards.

However, in principles-based systems rules are necessary to provide the principles with a structure.

George J. Benston[4] asserts that standards should provide sufficient detail and structure so that standards can be operationalized and applied on a consistent basis. In particular, the more judgment an accounting principle requires, the more difficult is it to cast it into a standard without plenty of guidance and, perhaps, exceptions. According to G. J. Benston optimal standards are somewhere in the continuum of principles-based and rules-based approach.

The global acceptance of the IFRS Standards implies countries with a rules-based system to converting into principles-based system. The adoption of the IAS/IFRS standards brings about a different mindset that sharply contrasts with the prior national, regulatory setting. In particular, the principles-based nature of IAS/IFRS standards and the related notions of openness and flexibility exert a lasting effect on the educational background and professional skills of accountants and auditors.

The adoption of IAS/IFRS requires accountants to possess a solid knowledge of business and economics.

In this respect, accountants should grasp a comprehensive understanding of the business and economic fundamentals of transactions and events before deciding on its accounting treatment.

In addition, a principles-based system does not assure the comparability of accounting measures across countries and regions. These represent strong barriers to the adoption of these standards.

Anyway, the extent to which the application of IAS/IFRS enhances the international convergence of accounting practices remains outstanding. In this respect, an empirical research, conducted by Holger Daske

[4] In order to get more information: “Worldwide Financial Reporting: The Development and Future Accounting Standards”, George J. Benston.

has distinguished between the voluntary adoption of IAS/IFRS within the European Union before 2005 and their mandatory adoption after 2005. Daske distinguished between firms that voluntarily applied IAS/IFRS into serious and label adopters. The distinction captured the idea that some adopters seriously modify their financial reporting strategy after adoption (serious), whereas others use the flexibility of IAS/IFRS standards to keep on using their usual financial reporting strategy under the new international label. He finds that the positive effects of adoption are more pronounced for serious adopters than label adopters. When the two groups of adopters are pooled together, the average effects of adoption become modest. Research addressing the mandatory adoption of IAS/IFRS within the European Union after the Regulation (EC) No 1606/2002 is quite different, but positive at the same time. Daske examined the economic consequences of mandatory IAS/IFRS adoption in a large sample of firms established in 26 different countries. Although adoption did not have seemingly strong effects, the consequences were particularly notable, especially in jurisdictions whose domestic GAAP differed from IAS/IFRS standards.

In particular IFRS principles are required for:

- Listed companies, banks, stock broking companies, fund management companies, regulated financial institutions (for both consolidated financial statement and individual one);
- Insurance companies for consolidated financial statement and for listed companies that do not prepare consolidated financial statement.

In addition, IFRS standards are permitted for subsidiary and associated companies of the above companies, and other companies that prepare consolidated financial statement.

SMEs are not permitted to follow these standards. They have a small tailored framework that is not based on the principles in full IFRS standards, but it is stand-alone. This is the IFRS for SMEs Standard and it focuses on the information needs of lenders, creditors and other users of SME financial statements who are interested primarily in information about cash flows, liquidity and solvency. It takes into account the costs to SMEs and the capabilities of SMEs to prepare financial information.

The IAS/IFRS standards constitute the real driver of the international accounting harmonization, even if there still be the need of some refinements.

It is important now to discuss about the effective application of them. So, to be effectively applicable in Europe, the IAS and IFRS accounting principles have to be validated through an endorsement process who is in charge of verifying the compatibility with the “true and fair” clause included in the fourth EU Directive (78/660/CEE) and the adherence with the transparency, relevance, reliability and comparability principles. This validation process leads to the entrance into force of the international accounting standards. The endorsement process is guided by the Accounting Regulatory Committee (ARC) that has the duty of giving a qualified opinion about the adopting proposal of a specific accounting standard. Hence, the European Commission can confirm, modify or reject any new standard issued by the IASB following the ARC opinion. IFRS Standards are set by the IFRS Foundation’s standard-setting body, the International Accounting Standards Board (IASB). The simplest definition of the principles is given by the IFRS Foundation that asserts:

“Accounting standards are a set of principles companies follow when they prepare and publish their financial statements, providing a standardized way of describing the company’s financial performance”.
However, the very first goal of the IFRS Foundation and the IASB is to produce useful financial information. it is important to consider the content of the “Conceptual Framework for Financial Reporting” issued by the IASB in September 2010. The Framework exposes a set of basic principles, of fundamental and enhancing qualitative characteristics of useful financial information.
These ones are briefly explained as follows:

- Information is capable of making a difference if it has predictive value, confirmatory value or both. So, it has to be relevant;
- Standards must have a complete depiction includes all information needed to understand the phenomena, free from errors and neutral, leading to a faithful representation;
- It has to be comparable by ensuring the ability of identifying similarities in, and differences among the items;
- It has to be verifiable in order to help the users assuring that the information represents faithfully the economic phenomena that it purports to represent;
- The information must be provided in time to make it capable of influencing decisions;
- Lastly, standards must clear and understandable to be comprehended and evaluated by the stakeholders.

To match these characteristics, according to the IFRS Foundation, the international standards must bring transparency, accountability and efficiency to financial markets around the world. IFRS Foundation perfectly knows how to deliver these advantages. In particular: IFRS Standards bring transparency by enhancing the international comparability and quality of financial information, enabling investors and other market participants to make informed economic decisions; IFRS Standards strengthen accountability by reducing the information gap between the providers of capital and the people to whom they have entrusted their money. Our Standards provide information needed to hold management to account. As a source of globally comparable information, IFRS Standards are also of vital importance to regulators around the world; IFRS Standards contribute to economic efficiency by helping investors to identify opportunities and risks across the world, thus improving capital allocation. For Business, use of a single, trusted accounting language lowers the cost of capital and reduces international reporting costs for businesses.
This is the optimal offering that the IFRS Foundation wants to produce in order to facilitate the convergence and improve the way in which companies communicate and disclosure information.
Of course, changing to IFRS Standards does not come without cost and effort. The companies reporting will generally need to change at least some of their systems and practices; investors and others using financial statements need to analyze how the information they are receiving has changed; and securities regulators and accounting professionals need to change their procedures.

But academic research and studies by adopting jurisdictions, such as the ones provided, provides overwhelming evidence that the adoption of IFRS Standards has brought net benefits to capital markets.
The documented benefits include a lower cost of capital for some companies and increased investment in jurisdictions adopting IFRS Standards. Some companies also report benefits from being able to use IFRS Standards in their internal reporting, improving their ability to compare operating units in different jurisdictions, reducing the number of different reporting systems and having the flexibility to move staff with IFRS experience around their organization. In Japan, where use of IFRS Standards has been voluntary since 2010, a report by the Japanese Financial Services Agency identified business efficiency, enhanced comparability and better communications with international investors as the main reasons why many Japanese companies had chosen to adopt IFRS Standards.
IOSCO recognized the benefits of global Standards when, in the year 2000, it recommended to its members that they allow IFRS Standards to be used on their exchanges for cross-border offerings.
Since that point, IFRS Standards have gone on to become the de facto global language of financial reporting, used extensively across developed, emerging and developing economies.

1.3 Social responsibility and the possible linkages with the IAS/IFRS Standards

Leonardo Rinaldi[5], Senior Lecturer in accounting, says that the theory of business management explains how the characteristics and the evolution of the accounting systems in each country are influenced by environmental, economic, legal, political and cultural factors that characterize the local context.
In relation to this point, as it has been analyzed previously, the EU has chosen the introduction of a set of accounting principles (IAS/IFRS) to be adopted by some kinds of member countries companies.
According to IAS 1 (revised 2007) "financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management's stewardship of the resources entrusted to it" (IAS 1, par. 9). IAS 1 also states that a complete set of financial statements includes the following documents: "(a) a statement of financial position as at the end of the period; (b) a statement of profit or loss and other comprehensive income
for the period; (c) a statement of changes in equity for the period; (d) a statement of cash flows for the period; (e) notes, comprising a summary of significant accounting policies and other explanatory information; (f) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements" (IAS 1, par. 10). "Many entities present, outside the

[5] Check the article: "Accounting for Sustainability Governance: The Enabling Role of Social and Environmental Accountability Research".

financial statements, a financial review by management that describes and explains the main features of the entity's financial performance and financial position, and the principal uncertainties it faces" (IAS 1, par. 13). IAS 1 "Presentation of financial statements" sets "This Standard requires particular disclosures in the statement of financial position or of comprehensive income, in the separate statement of comprehensive income (if presented), or in the statement of changes in equity and requires disclosure of other line items either in those statements or in the notes. IAS 7 Statement of Cash Flows sets out requirements for the presentation of cash flow information" (IAS 1, par. 47).

The IAS 1 also provides the possibility that companies present, with these key documents, other documents, that however, are outside the scope of IAS/IFRS and, therefore, their absence is not relevant to the completeness of financial information (additional documents) (IAS 1, par. 13-14): a financial review by management that describes and explains the main features of the entity's financial performance and financial position, and the principal uncertainties it faces; other reports and statements.

So, the IAS 1 categorizes the information provided into assets, liabilities, revenues and expenses, cash flows and also contributions by and distributions to owners and there must be:

- Compliance with IFRS;
- Capacity to operate in the foreseeable future (going concern);
- Accrual basis of accounting;
- Materiality and Separation;
- Not offsetting;
- Frequency of reporting and comparison.

As discussed, both in IAS 1/7, both in the Framework, the reference is always to the financial statements, meaning the representation of the financial position, financial performance and cash flows of an entity that is useful to "present and potential investors, lenders and other creditors, who use that information to make decisions about buying, selling or holding equity or debt instruments and providing or settling loans or other forms of credit" (F OB2).

The statement of profit or loss and other comprehensive income for the period, together with some of the values exposed in other statements, allows for the calculation of a suitable system of economic and financial ratios that translate the values produced into performance indicators in order to assess whether or not the economic-financial objectives of the business and profit organization have been achieved from the point of view of the management and also to investigate the convenience in making an investment from the point of view of an investor. In particular these indicators allow some categories of stakeholder to assess the corporation's efficiency and business sustainability.

The main and most useful ratios that could be used by the stakeholders (in particular by the shareholders) are:

- ROE (return on equity) that is calculated as the ratio between the net income and the equity. It measures how much profit a company generates with the money shareholders have invested;

- ROS (return on sales) that represents the ratio between the net income and the net sales. It measures the performance of a company by analyzing the percentage of total revenue that is converted into net profits;
- EPS (earnings per shares) that is calculated as the net income divided by the shares outstanding. It is the portion of a company's profit allocated to each outstanding share of common stock. It is an indicator of company's market profitability.

In order to better understand how the three ratios are calculated, it could be interesting to make a concrete example by considering the corporate balance[6] of an Italian listed company that is Associazione Sportiva Roma S.p.A. in 2018. This Company will also be analyzed for the main purpose of this paper that is the breakdown of the social-environmental report.

The values to pick up from the financial statements in order to calculate the three ratios are:

- from the statement of profit or loss and other comprehensive income for the 2018: the net income and the revenues or sales;
- from the statement of financial position as the end of the period: the equity or net worth;
- from the notes: the average shares outstanding.

Ratio	**Formula**	**Value**
ROE	Net income / Equity	(25.5) / (104.96) = not feasible
ROS	Net income / Sales	(25.5) / 250.87 = - 0.1
EPS	Net income / avg. Shares outstanding	(25.5) / 403.91 = - 0.063

According to the results, AS Roma has a ROE that cannot be considered because it has generated negative net income and it also has negative equity. They are generating negative performances in converting total revenue into net profit and each share gives negative profitability. AS Roma is not performing well, at least in the profitability measures.

On the basis of the studies listed above, most of which analyze the correlation between the net income and the market value of the company have more than little critical elements about social responsibility.

Therefore, it is arduous to state that the results own a greater information content than that restrained in the net income. As seen, the concrete values of ROE, ROS and EPS of Associazione Sportiva Roma S.p.A. do not say anything about A.S. Roma S.p.A. social responsibility.

These accounting principles, then, are compulsory for the preparation of some kinds of financial statements, but not for the preparation of social and environmental reports. Indeed, the investors have to be considered as the shareholders and not as the entire stakeholders, so the people who may have some interests in the evolution not only of the company but also of the society.

[6] To check up the entire financial statements please refer to the website: https://www.reuters.com/finance/stocks/overview/ASR.MI

Firms are also an economic social actor which operates in a social environment to which they belong and with which they interact. According to many experts and researchers, such as Hill and Jones, to evaluate a company in full, namely to conduct a comprehensive assessment, it is not enough to rely solely on the indicators above, and consequently only on the compulsory statements required by IAS 1.

To assess the overall impact of the firm's activity on the community, it is important to expand the audience of these documents to all the stakeholders and not just to the shareholders. The companies, in fact, are not only systems for the production of value but also economic social actors which operate in a social environment to which they belong and with which they interact, not only through a system of monetary and financial exchanges but also through physical, human and communication flows that produce knowledge, trust and reputation. For this reason, it becomes fundamental for the companies' success and for a better evaluation from the stakeholders to support the corporate balance (with the statements required by IAS 1, par. 10) with a new document, the social balance in a perspective of social responsibility reporting. The discussion of this concept will be detailed in the successive chapter which will analyze the doctrine behind the social reporting and all the relative frameworks. By now, the social balance shifts the attention from the creation of economic and financial values by the productive organization to the creation of social and environmental values by the organization as a social agent. The indicators described above (ROE, ROS and EPS) are not sufficient to measure social performance; in order to do this, it is necessary to build some indicators calculated by using the elements explained in the social balance; only in this way it becomes possible to assess the company's capacity to create social sustainable value.

Contextualizing these findings at the level of international accounting standards, the IAS 1, par. 14 states that "Many entities also present, outside the financial statements, reports and statements such as environmental reports and value-added statements, particularly in industries in which environmental factors are significant and when employees are regarded as an important user group. Reports and statements presented outside financial statements are outside the scope of IFRSs".

This demonstrates the increasing attention that this issue is internationally cladding. Adhering to the thesis that includes the presentation of the social balance as a social need and not just as a choice, the international current situation must be revised.

Despite the nature of social-environmental reporting, there is a two-way link between the traditional accounting and social responsibility: the logic underlying the social report should be read in relation to the national business administration principles that support the traditional accounting.

1.4 The Directive 2014/95/EU and the Italian Decree No. 254/2016

Since the concepts of environmental and social responsibility has become a potential added value for companies and important information for the entire stakeholders' population, they and above all Institutions, have felt the need of adapting to those dynamics. The Directive 2014/95/EU represents the practical case of this need and part of the harmonization process of accounting procedures. This Directive take place in a particular environment where social international frameworks already exist. Especially, this context is linked to the concept of the non-financial disclosure. It is represented by the Global Reporting Initiative (GRI), Integrated Reporting Framework (IIRC), OECD guidelines and Global Compact. All of those frameworks clearly match and overlap the new legislation and will be discussed in the next chapter.

So, the Regulation 2014/95/EU has to be considered the logical next step.

With this new corporate law, it is no more voluntary to disclose non-financial data. It is mandatory for all the companies that satisfy determined characteristics to add diversity information in order to create a report that includes environmental and societal externalities firms could have generated. This represented a fundamental step ahead in the way companies communicate to their shareholders and stakeholders.

The "Directive 2014/95/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups[7]" confirms the need to improve undertakings' disclosure of social and environmental information by amending the previous directive that is Directive 2013/34/EU.

Especially, the Article 1 of the new law states:

"Large undertakings which are public-interest entities exceeding on their balance sheet dates the criterion of the average number of 500 employees during the financial year shall include in the management report a non-financial statement containing information to the extent necessary for an understanding of the undertaking's development, performance, position and impact of its activity, relating to, as a minimum, environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, including:

a brief description of the undertaking's business model;

a description of the policies pursued by the undertaking in relation to those matters, including due diligence processes implemented;

the outcome of those policies;

the principal risks related to those matters linked to the undertaking's operations including, where relevant and proportionate, its business relationships, products or services which are likely to cause adverse impacts in those areas, and how the undertaking manages those risks;

non-financial key performance indicators relevant to the particular business."

Furthermore, it is specified that the EU will provide general and non-binding guidelines on methodology for reporting non-financial information. The Member States shall provide that all the undertaking will be ready to apply the Article 1 for the financial year starting on 1 January 2017 or during the calendar year 2017.

The Regulation does not change the IAS/IFRS accounting rules, rather it is relevant to ensure that the non-financial disclosure is drawn up and published with the international accounting standards adopted in accordance with Regulation (EC) No 1606/2002.

This work, as mentioned before, will be focused on the analysis of an Italian public listed company (AS Roma). For this reason, it is important to underline the law that is applied in Italy. The Directive 95/2014/EU was adopted by Italy in 2017 with the entrance into force of the Decree No. 254/2016. In particular, this Decree

[7] For further information check the website: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014L0095

affects all the companies that have relevant dimension. However, the change implemented through the Directive will certainly influence all the other firms that are not required to prepare an integrated report to adapt to those dynamics. To give a better understanding on which characteristics firms must have in order to add the non-financial information, it is useful to examine the Decree.

The Article 2 designates who is required for preparing the non-financial disclosure. Especially, the receivers are undertakings with the following characteristics:

at least 500 employees;

and they have to surpass one of these two dimensional limits: total assets value of € 20,000,000; net revenues of € 40,000,000.

Then, if a firm respects the latter economic dimensions it must add information applying Article 3. In particular the company must add information about the corporate governance, non-financial externalities that have been produced, the potential risks linked with the activities implemented by the undertaking and non-financial indicators.

Therefore, the new Legislation has considerable importance because it introduces the mandatory preparation of the social balance for certain categories of companies, contrary to the current situation (and in any case until 2017), although it does not define a single framework of reference. This point and all the doctrine about the social reporting will be the focus of the subsequent chapter.

Second chapter: A literature review on social and environmental reporting

2 Preface

As seen in the first chapter the international accounting harmonization process has been performing a lot of changes and breakthroughs. The last implementation of this long and complex course it is represented by the non-financial disclosure. The diversity information has no linkages or connections with the financial information, but during the evolution of reporting, there has been the need of including this type of disclosure because it can ensure a more transparent and reliable image. This goal is shared by all the accounting bodies that have been already discussed. In this sense, the non-financial disclosure can be considered as the natural next step of the IAH process.

The history of social reporting is quite recent even though there are researches and studies about social and environmental information since 1960-1970. Companies, in preparing the social balance, have, over time, improved the quality disclosures. despite this, as already mentioned, companies continue to adopt various models of reporting, negatively affecting the comparability and understandability of the documents that, on the contrary, exist at corporate balance level thanks to IAS/IFRS. In addition, also the cited EU Directive 95/2014 attributes to the companies' wide discretion in choosing the principles to be adopted in the preparation of the social balance.

The goal of financial reporting is to provide an accurate portrait of the present and future performance of firms. However, the traditional financial reporting model appears to fail to illustrate the economic implications of business innovations in a timely manner. The social reporting and what will be discussed as integrated reporting has been introduced to examine a different set of corporate impact effects.

Some countries have felt the need of enforcing corporate social responsibility before the EU Directive. For instance, Denmark passed Green Accounts legislation mandating the issuance of CSR reports from about 3,000 companies that had a significant environmental impact (1995). In 1998, Norway passed the Accounting Act requiring all companies to disclose health, safety, and environmental information in their annual reports.

Moreover in 2003, as part of its Nouvelles Régulations Économiques, France's Assemblée Nationale required public companies to prepare CSR reports.

On the other side, there are no regulatory requirements for U.S. based companies to prepare the mandatory nonfinancial disclosures specified in the directive or to prepare any type of corporate social responsibility report (with some limited exceptions, such as required disclosures about mine safety and conflict minerals).

U.S.A. companies that operate in EU countries and meet the reporting standards will, however, have to follow the nonfinancial reporting requirements. This may not be a major change for some of these businesses, since many of the largest U.S. companies already prepare these types of reports.

Currently, the most widely used and recognized CSR frameworks are the Global Reporting Initiative's (GRI) G3 standards, International Integrated Reporting Framework (IIRC), AccountAbility's AA1000 Series, and the United Nations (UN) Global Compact's Communication on Progress (COP). There are hundreds of domestic CSR reporting guidelines, principles, regulations, and standards, and several other global initiatives,

such as Organization for Economic Cooperation and Development (OECD) Guidelines, International Labor Organization (ILO) Conventions, and International Organization for Standardization (ISO) Standards.
However, the GRI's G4, AA1000 Series of Standards, and UN Global Compact represent the most widely recognized international standards that involve external reporting on both social and environmental issues.
Anyway, if we want to go back further, the beginning of modern voluntary sustainability reporting may reasonably be traced to the incident "Exxon Valdez oil spill" and the subsequent call by a coalition of Socially Responsible Investment (SRI) funds and environmental groups for greater disclosure of environmental risks by corporate actors.
Adding the non-financial information means that you are being more reliable and transparent in the eyes of the shareholders and stakeholders.
Furthermore, investors can better assess whether or not it is profitable to invest in the company simply because they have more material.
Finally, there are several empirical evidences about the real effectiveness of transparency which show that including non-financial policies lead to higher performances.
So, going through this chapter the focus will be firstly on the introduction of the main frameworks and institutional bodies of corporate social responsibility. Then, there will be the analysis of the integrated reporting concept, followed by a literature and history review. Finally, the chapter will examine the doctrine and point of views of the experts and researchers.

2.1 The concept of Corporate Social Responsibility

The world's economy is continually changing as companies face global competition, technology innovations and increased regulation in response to financial and governance crisis. In this context new way of thinking and theories have developed.
Corporate Social Responsibility (CSR) took place in order to satisfy the changing needs of the stakeholders. The attention given to this social and environmental responsibility has been relevant since the beginning, even if to implement a structure or framework it takes time and effort. But whereas everyone seems to agree on the importance of sustainable development, its very intrinsic meaning is rarely discussed and analyzed in an explicit way. In particular, it is difficult to give an objective definition of it because of its ambiguity and vagueness. For instance, due to the ubiquity of the notion of sustainability, different discourses have emerged over time, thereby associating this concept with social responsibility, environmental management, or business sustainability, which are often treated in separated ways. These different discourses have also revealed their appeal over corporations, whose role and responsibility for sustainable development have been questioned.
When considering all the corporate collapses that are taking place with more frequency all around the globe due to the dishonest, deceitful and negligent practices of these financial institutions, it is no longer appropriate for companies to blatantly denounce social responsibility and proclaim that their sole purpose is profit maximization. Many companies have gradually realized the importance of Corporate Social Responsibility,

with 88 per cent of the executives interviewed in 2005 noting that this notion is central to their corporate decision making. Such a statistic shows that companies are evolving towards becoming "good citizens". Anyway, for many companies, Corporate Social Responsibility is still a vast and unfamiliar dimension, with no clear definition of what it is and what it covers. Certain descriptions of Corporate Social Responsibility center around the corporate compliance of a business with the spirit as well as the letter of the law while other descriptions may refer to this notion as a business approach by which an organization takes into account the manner in which its activities may impact different stakeholders.

The European Union Green[8] paper defined Corporate Social Responsibility as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". In 1972 Manne and Wallich[9], on the other hand, defined the term Corporate Social Responsibility as "a condition in which the corporation is at least in some measure a free agent. To the extent that any of the foregoing social objectives are imposed on the corporation by law, the corporation exercises no responsibility when it implements them". It is clear that some evolution has occurred in the definition of CSR. For the purpose of this work, the definition given by the European Union Green paper is intended to be the most reliable.

However, while the notion of Corporate Social Responsibility seems to be embraced today, historically, there has been an ideological movement that opposed this concept. Opposition to Corporate Social Responsibility traditionally comes from advocates of laissez-faire capitalism. The most prominent exponent was the late Milton Friedman[10], who even went in 1975 to Chile to convince Augusto Pinochet to adopt free market capitalism Friedman opposed the concept of Corporate Social Responsibility for the following reasons:

- corporations, unlike real people, cannot be said to have social responsibilities;
- company directors are merely shareholders' agents; hence their sole purpose should be to maximize shareholders' wealth;
- company directors, not being the owners of corporations, do not have the right to spend shareholders' money on matters that are not related to profit-generating;
- it is difficult to decide the appropriate social duties corporation should be responsible for, since one man's good is another's evil.

Friedman argued that those who take Corporate Social Responsibility seriously are in fact "preaching pure and unadulterated socialism" and "are unwitting puppets of the intellectual forces that have been undermining the basis of a free society these past decades". Friedman's famous quote regarding social responsibility is: "There is one and only one social responsibility of business: to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud. Friedman's view of Corporate Social Responsibility has been

[8] For further information: https://ec.europa.eu/energy/sites/ener/files/publication/GP_EN_web.pdf.

[9] Look at the article: H. G. Manne and H. C. Wallich, "The modern corporation and social responsibility".

[10] Check up the work: "The Case for Free Trade", Milton Friedman with Rose Friedman.

the subject of debate for several decades. However, given the current global emphasis on the importance of Corporate Social Responsibility, it is unlikely that any corporation that strictly adhered to Friedman's view could survive in the modern corporate environment. Indeed, fifteen years later the Friedman's view something moved towards the process of developing social and environmental standards. And now these standards are becoming not voluntary but mandatory. As cited in the previous chapter the new law (EU Directive 95/2014) has implemented mandatory principles that companies have to apply in order to be compliant.

So, CSR is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental. Moreover, to engage in CSR means that, in the normal course of business, a company is operating in ways that enhance society and the environment, instead of contributing negatively to them.

Business sustainability has three main pillars:

- Economic development;
- Social equity;
- Environmental protection.

The intersection of the objectives of these areas gives the result of what it is called CSR. So, companies that ensure peace and security, cultural values, technology innovations and institutional and administrative arrangements are producing something that is sustainable for themselves and for the society and community of stakeholders. Given the notion and sphere of application of Corporate Social Responsibility, it is time to put some emphasis on what it is called managerial accounting and the main institutional bodies that supports CSR philosophy and identity principles.

2.2 The process towards the creation of social frameworks

As discussed, in order for a company to be socially responsible, it first needs to be responsible to itself and its shareholders. Often, companies that adopt CSR programs have grown their business to the point where they can give back to society. Thus, CSR is primarily a strategy for corporations. Also, the more visible and successful a corporation is, the more responsibility it has to set standards of ethical behavior for its peers, competition, and industry. In this sense, the first thing to be done is producing something that is not based on bookkeeping but on merely strategy. Managerial accounting is the set of actions implemented by a company, that lead to master the management system, being firstly responsible for both itself and its shareholders. It focused on what is not valuable so, something that cannot be represented by numbers.

The set of strategies can be resumed as follows:

- Identify and define a strategy: define the vision, mission, values and goals (strategic plan);
- Translate strategy into action: translate all the key performance indicators or ratios, such as the ones seen (ROI, ROE, etc.), into operations in a more digestible way;

- Plan operations: combine long term vision with the short term one, so the strategic plan with the operating plan, because the environment is dynamic and turbulent. In this phase, you have to provide justification on what you are measuring, becoming responsible to reach the objectives (accountability);
- Monitor your progresses: perform milestone controls to evaluate your successes and errors;
- Test and adapt the strategy because shareholders have different intentions and so they are in tension. These operations can lead to forced tradeoffs.

The key difference between managerial and financial accounting is managerial accounting information is aimed at helping managers within the organization make decisions, while financial accounting is aimed at providing information to parties outside the organization.

In this context, one of the most used and recognized models is the Balance Scorecard by Kaplan and Norton[11].

Kaplan & Norton's Balanced Scorecard model was developed in the early 1990's as an attempt to help firms measure business performance using both financial and non-financial data.

The aim of the Balanced Scorecard is "to align business activities to the vision and strategy of the business, improve internal and external communications, and monitor business performance against strategic goals."

The balanced scorecard provides a relevant range of financial and non-financial information that supports effective business management.

It is built on four business perspectives that are basically:

- Financial that represents the image of the shareholders. It is based on reflection and expectation of the main KPIs and ratios;
- Internal business process that is focused on providing efficient flows of information and excellent project management. Some techniques implemented are the life-cycle time reward or the just in time production;
- Innovation and learning that is concerned to the ability of the firm to produce new product’s measures and the knowhow of employees;
- Customer that is related to customer satisfaction and retention, on time delivery and building concrete market share.

So, strategy is broken down into lagging indicators that cannot be identified in the financial statements.

According to Kaplan and Norton, having a performance measurement and management system based exclusively on financial measures does not offer a full picture on the health of company strategy execution. So, the company has to focalize its attention on customer requirements and suggestions being firstly customer-centered. Then, it has to constantly innovate and learn, optimizing also the internal business processes.

The ideal pillars on which the company has to rely upon following the managerial accounting insights are:

- Develop the strategy plan and map;

[11] Check the book: “The Strategy-focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment”, Robert Steven Kaplan, David P. Norton

- Develop objective measures;
- Set targets;
- Communication.

In this way, it is natural to give a definition to strategy. Strategy represents the particular means by which the organization seeks to fulfill its mission and to move towards its vision within the context of its values.

Hence, the balance scorecard tells the story of your strategy, capturing drivers of future performance as well as the outcomes of past performance. Then, it identifies the critical processes that must change to achieve goals and shows cause and effect of the four business perspectives.

Following the concept of future performance and outcomes some institutional frameworks took place in order to sustain the development of non-financial reporting. Future performance vision has to be intended as the assurance of a sustainable business that endures over the long term. Meanwhile, outcome is something different to output because it no focused on generating merely income but also in producing positive externalities for the environment and the community. In this way, future performance and outcome turn to be social and sustainability goals.

In the next paragraph will be provided the description of the main bodies that enhanced the sustainability and social reporting process.

2.2.1 The United Nations Global Compact

The United Nations Global Compact is a non-binding United Nations pact to encourage worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. It is the world's largest corporate sustainability initiative with 13000 corporate participants and other stakeholders over 170 countries. The UN Global Compact was announced by then UN Secretary-General Kofi Annan in an address to the World Economic Forum on 31st January 1999, and was officially launched at UN Headquarters in New York City on 26th July 2000. With the support of business and other stakeholders, the UN Global Compact's governance framework was adopted on 12 August 2005. That process included studying networked governance models of other cutting-edge global action and solution networks and holding focus groups with participants and stakeholders, including governments, local networks, and academics. The resulting governance framework distributes governance functions among several entities so as to engage participants and stakeholders at the global and local levels in making decisions and giving advice on the matters of greatest importance to their role and participation in the UN Global Compact, and to reflect the initiative's public-private and multi-stakeholder character. Refinements have been made since 2005, including the establishment of the UN Global Compact Government Group to formalize the role of Governments. The latest revision of the framework has been performed in 2017. The 2017 Governance Review was informed by an extensive consultation process involving UN Global Compact stakeholder interviews, presentations, webinars and online engagements. 300 stakeholders were consulted in total, including Local Networks and Governments. This review led to an evolution of the UN Global Compact's governance framework with the aim to make the

Compact fit for purpose to deliver on its mission to "mobilize a global movement of sustainable companies and stakeholder to create the world we want," rather than a radical restructure.
They state: "We are a voluntary initiative based on CEO commitments to implement universal sustainability principles and to take steps to support UN goals."
According to UN Global Compact, the commitment towards sustainability means taking shared responsibility for achieving a better future. In order to pursue this goal, the UN Global Compact tries to support companies to do business responsibly by aligning their strategies and operations with the so called "Ten Principles" on human rights, labor, environment and anti-corruption; and take strategic actions to advance broader societal goals, such as the Sustainable Development Goals, with an emphasis on collaboration (GRI) and innovation.
Spending some time in revealing the UN Global Compact principles it could be useful to better understand the areas in which the organization is involved. In particular, the first two are on human rights. From the third to the sixth the focus is put on labor. Then, until the ninth the focus move on to the environment. The last one is about anti-corruption.
The "Ten Principles" are the following:

- businesses should support and respect the protection of internationally proclaimed human rights; and
- make sure that they are not complicit in human rights abuses.
- businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of forced and compulsory labor;
- the effective abolition of child labor; and
- the elimination of discrimination in respect of employment and occupation.
- businesses should support a precautionary approach to environmental challenges;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly technologies.
- businesses should work against corruption in all its forms, including extortion and bribery.

The Ten Principles of the United Nations Global Compact are derived from several international declarations and conventions like the ones of the United Nations. The organization is convinced that by incorporating the latter principles into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.
Furthermore, as it has been analyzed a principle-based approach can guarantee better comparability and independence.

2.2.2 The AccountAbility 1000

AccountAbility is a global consulting and sustainability standards firm that works with businesses, governments and multilateral organizations to advance responsible business practices and improve long-term performance. Since 1995, AccountAbility has been supporting corporations, nonprofits and governments in embedding ethical, environmental, social and governance accountability in their organizational DNA.
AccountAbility's work is based on the AA1000 Series of Standards, which are founded on the principles of:

- inclusivity: people should have a say in the decisions that impact them;
- materiality: decision makers should identify and be clear about sustainability topics that matter;
- responsiveness: organizations should act transparently on material sustainability topics and their related impacts;
- impact: organization should monitor, measure and be accountable for how their action affect their broader ecosystem.

The AccountAbility's AA1000 Series of Standards are principle-based standards used by a broad spectrum of organizations to demonstrate leadership and performance in accountability, responsibility and sustainability.
In addition, they represent a simple, practical and easy to use framework for organizations to apply the guiding principle of AccountAbility along with robust sustainability assurance and integrated stakeholder engagement. These characteristics are assured by the implementation of training programs in order to help individuals and organizations developing the knowledge and skills useful to carry out the standards.
They want to improve the company's performance through the enforcement of a sustainability strategy, the environmental and social impact of the related activities, innovation and growth opportunities, stakeholder engagement and the reporting of its information.
Stakeholder engagement is crucial for all the companies and any report should try to fully involve stakeholders. A close outlook on the meaning and role of stakeholder engagement is given by Accountability within the final exposure draft standard on stakeholder engagement in 2011: "Stakeholder engagement . . . is the process used by an organization to engage relevant stakeholders for a clear purpose to achieve accepted outcomes. It is now also recognized as a fundamental accountability mechanism, since it obliges an organization to involve stakeholders in identifying, understanding and responding to sustainability issues and concerns, and to report, explain and be answerable to stakeholders for decisions, actions and performance."
The organization highlights the potential benefits of sustainable management. According to them they are:

- cost and other operational efficiencies;
- improved governance, risk and reputation management;
- contributions to social, economic and environmental value;
- innovation and new opportunities;
- talent attraction and retention.

All of these favorable advantages are not to be considered truly at all, but in a broad sense they can be reached through a thorough strategy implementation. There are several studies that demonstrate the potential effectiveness and benefits correlated to sustainable management.

Moreover, they distinguish the core elements of successful sustainability management:

- Identifying, prioritizing and engaging with organizational stakeholders in an inclusive manner;
- Determining material sustainability topics;
- Setting goals related to material topics, taking action and communicating progress;
- Measuring the impact of actions and being accountable for results.

The AA1000 Series of Standards fit into an organization's management approach by providing guidance on how effectively embark on sustainability management. Then, they are the result of a conjunct work with stakeholders and international and local related standards and frameworks.

The "Ten Principles" also provide a framework and foundation to help organizations determine their own vision, beliefs, strategy and objectives related to sustainability performance. Further, the principles can help an organization manage compliance and non-financial risk, as well as identify opportunities and understand the impact of its actions on extended ecosystems.

2.2.3 The Global Reporting Initiative

The Global Reporting Initiative was founded in Boston, in 1997. Its roots lie in the US non-profit organizations the Coalition for Environmentally Responsible Economies (CERES) and the Tellus Institute. The United Nations Environment Program (UNEP) was also involved in the establishment of GRI. Former CERES Executive Director Dr. Robert Massie and acting Chief Executive Dr. Allen White pioneered a framework for environmental reporting in the early 1990s, and as a result, the Global Reporting Initiative project department was set up in 1997 in order to develop the framework. The aim was to create an accountability mechanism to ensure companies were following the CERES Principles for responsible environmental conduct. Investors were the framework's original target audience. By adopting these principles, the CERES wants to spread its belief that corporations and their shareholders have a direct responsibility for the environment.

As they state: "We believe that corporations must conduct their business as responsible stewards of the environment and seek profits only in a manner that leaves the Earth healthy and safe. We believe that corporations must not compromise the ability of future generations to sustain their needs."

In particular the principles were based on:

- Protection of the biosphere;
- Sustainable use of natural resources;
- Reduction and disposal of waste;
- Wise use of energy;
- Risk reduction;
- Marketing safe products and services;

- Damage compensation;
- Disclosure;
- Environmental directors and managers;
- Assessment and audit.

The ten so-called CERES principles offer guidance and standards against which companies can measure their performance on environmental and social issues. The ten principles commit companies to protecting the earth, using energy and resources wisely and sustainably, minimizing waste, and selling safe products and services. The signatories back up their commitment by pledging to reduce risk, disclose hazards, and compensate for damages. They also agree to provide high-level management support for environmental activities, and to gather and disseminate information about their environmental performance, both internally and externally. Although stringent, the principles have been adopted by companies in industries ranging from finance to footwear. In February 1993, the Philadelphia-based oil producer Sun Company became the first Fortune 500 company to sign up to the CERES principles. Other Fortune 500 companies have since signed on, including General Motors, Arizona Public Service, Polaroid, Body Shop International, and Bank of America. Many small firms have also agreed to observe the principles.

So, this important organization, which comprises investors and environmental, religious and public interest groups, speeds up the process to build a reliable and widely approved framework.

In 1998, GRI established a multi-stakeholder Steering Committee to develop the organization's guidance. A pivotal mandate of the Steering Committee was to "do more than the environment." On this advice, the framework's scope was broadened to include social, economic, and governance issues. GRI's guidance became a Sustainability Reporting Framework, with the Reporting Guidelines at its heart.

In 2000, GRI launched the first version of the Guidelines, representing the first global framework for comprehensive sustainability reporting. This is the very first step of the acknowledgement of CSR.

The Guidelines were revised and modified all over the years, leading to the latest version (G4) in 2014.

Three years later (2003), GRI felt the need of launching its Organizational Stakeholders Program, enabling select organizations, GRI's core supporters, to put their name to GRI's mission, contribute their expertise, play an important governance role, and invest in GRI through annual financial contributions. The OS Program includes companies and organizations drawn from civil society, business, mediating institutions, academia, labor, public agencies and intergovernmental agencies. In addition, the organization wanted to implement other support bodies, and in 2005 the GRI Technical Advisory Committee (TAC) was launched to assist GRI's Board and Secretariat in maintaining the overall quality and coherence of the GRI Framework by providing high-level technical advice and expertise.

Demand for GRI's sustainability reporting guidance was steadily growing, and this was further boosted by the launch of the third generation of Guidelines, G3. Over 3,000 experts from business, civil society and the labor movement participated in G3's development, highlighting the true multi-stakeholder approach at the heart of GRI's activities.

GRI's outreach was further strengthened by its very first Global Conference on Sustainability and Transparency, entitled "Reporting: A Measure of Sustainability". The conference, held in Amsterdam in 2006, attracted 1150 participants from 65 countries, representing business, financial markets, civil society, labor, government, assurance providers and municipalities. Roughly half of the participants were from Europe or North America, while 250 originated from 37 developing and emerging market countries. Speakers included former US Vice President, Al Gore.

Following the launch of G3 at the Global Conference, GRI began expanding its strategy and Reporting Framework, building powerful alliances. Formal partnerships were entered into with the United Nations Global Compact, the Organization for Economic Co-operation and Development, and others.

A key focus for GRI has always been its publications. Educational and research and development publications are frequently produced by GRI, often in collaboration with academic institutions, global centers of excellence and other standard-setting bodies. 2007 saw the release of GRI's Learning Publication: "Pathways I". This publication was intended to provide step-by-step guidance for report makers and users of all levels and types. GRI also launched the UNGC GRI linkage document: "Making the Connection". Its aim was to provide advice and support for linking GRI-based sustainability reporting with the annual Global Compact Communication on Progress.

In 2008, GRI released its first Sector Guidelines for the Financial Services Sector. Sector Guidelines are intended to capture the unique sustainability issues that diverse industries face and are compiled by multi-stakeholder working groups.

GRI's outreach expanded further when it formed an alliance with the Earth Charter, a declaration of fundamental ethical principles for building a just, sustainable and peaceful global society. As part of the alliance, GRI published a document detailing the synergies between the G3 Guidelines and the Earth Charter: "The Earth Charter, GRI, and the Global Compact: Guidance to Users on the Synergies in Application."

2010 saw the release of a number of publications. Among them, it has to be highlighted the one made in collaboration with the International Organization for Standardization (ISO). The publication is: "GRI and ISO 26000: How to Use the GRI Guidelines in Combination with ISO 26000, and Carrots and Sticks – Promoting Transparency and Sustainability." The ISO 26000 "Guidance on social responsibility" is a voluntary guidance standard on socially responsible behavior and possible actions. With this collaboration the GRI reached a greater and greater international presence, establishing also further partnerships.

Moreover, in its efforts to mainstream sustainability reporting, GRI launched its "Report or Explain" Campaign. The campaign provided a convening space for all those wishing to drive sustainability disclosure as a mainstream management and accountability tool. The Forum would track global initiatives and provide news about how organizations were pursuing their plans towards the goal of a widespread "report or explain" culture.

GRI’s Sustainability Disclosure Database was launched in 2011, cataloging all GRI-based and non-GRI-based sustainability reports of which GRI is aware. The number of reports has grown phenomenally in the last few years and today stands at more than 24,000.

in December 2014, the EU Directive on disclosure of non-financial and diversity information by certain large companies (amending the 2013 Accounting Directive), entered into force, further bolstering the demand for GRI’s reporting framework. Internally, the organization underwent a number of changes. Michael Meehan was appointed as the new Chief Executive, and shortly after, a new governance structure for the organization came into effect with the following key changes:

- The creation of an organizational firewall between standard-setting activities and all other organizational activities;
- Implementation of a separate governance structure for standard-setting, including the creation of a new Global Sustainability Standards Board (GSSB), a Due Process Oversight Committee (DPOC), and an Independent Appointments Committee (IAC);
- An independent public funding base for standards activities was established, separate to that of other organizational activities;
- Greater transparency of all standards development processes was agreed upon.

Then, after this relevant change in the structure a key initiative was launched, Reporting 2025. This 12-month project set out to discover the main issues which would be affecting companies' agendas, and consequently their public reports, by 2025. Thought leaders in various fields would be interviewed on subjects ranging from data technology to society and business development scenarios, and videos and analytical papers would be produced throughout the year to promote an international discussion.

The last update came from the introduction of the international standards. In October 2016, GRI launched the first global standards for sustainability reporting. Developed by the Global Sustainability Standards Board (GSSB), the GRI Standards enable all organizations to report publicly on their economic, environmental and social impacts – and show how they contribute towards sustainable development. The GRI Standards are also a trusted reference for policy makers and regulators, and have a modular structure so they can be kept up-to-date and relevant. The GRI Standards include all the main concepts and disclosures from the GRI G4 Guidelines, enhanced with a more flexible structure, clearer requirements, and simpler language.

According to the GRI, sustainability reporting represents a technique through which a company or an organization disclose information about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, demonstrating the link between its strategy and its commitment to a sustainable global economy.

The GRI states: “Sustainability reporting can help organizations to measure, understand and communicate their economic, environmental, social and governance performance, and then set goals, and manage change more effectively. A sustainability report is the key platform for communicating sustainability performance and impacts, whether positive or negative.”

For sure, Sustainability reporting can be considered as synonymous with other terms for non-financial reporting; triple bottom line reporting, corporate social responsibility (CSR) reporting, and more. It is also an intrinsic element of integrated reporting. It is a more recent development that combines the analysis of financial and non-financial performance. Integrated reporting will be treated in this chapter and will represent the core of the next one.

So, the GRI has pioneered sustainability reporting since the late 1990s, transforming it from a niche practice into one now adopted by a growing majority of organizations. The GRI reporting framework is the most trusted and widely used in the world. Their mission is to help businesses, governments and other organizations understand and communicate the impact of business on critical sustainability issues. Some of the critical and distinctive elements of the GRI Standards are:

- Multi-stakeholder input that is based on multi-stakeholder engagement, representing the best combination of technical expertise and diversity of experience to address the needs of all report makers and users. This approach guarantees the production of universally-applicable reporting guidance;
- A record of use and endorsement in order to ensure a wide variety of principles and better performance data;
- Governmental references and activities to enable policies and deepen the relationships and collaborations with the institutions;
- Independence that is awarded through the new governance structure and the funding approach;

Shared development costs exploiting the convenience for both the parties (GRI and clients). For companies and organizations, this negates the cost of developing in-house or sector-based reporting frameworks. Meanwhile, GRI can develop customized standards with lower efforts.

Finally, The GRI launched a project for the contribution of sustainable development. This is the Sustainable Development Goal created to foster inclusive development and sustainable, green, economic growth by empowering decision makers through our sustainability standards and multi-stakeholder network. The key objectives fixed by the GRI are:

- Sustainable development policy;
- Increasing and improving reporting in developing countries;
- Transformative Capacity Building;
- Innovation in emerging issues.

The four objectives have two distinctive supporting blocks: GRI Sustainability Reporting Standards, and the wealth of data from the reporting process which GRI plans to liberate through the Sustainability Data Platform. Both provide the technical backbone and expertise to GRI’s sustainable development program of work.

Hence, with its renewed sustainable development strategy, and detailed action plan covering all four objectives above, GRI aims to lay the groundwork for broader, transformational change to occur, resulting in a more inclusive, sustainable, and green global economy.

In the next section, will be explored the last evolution of social reporting by firstly have a look to the new framework (IIRC) announced by the GRI and then, the innovative tool (integrated reporting) used to report non-financial information.

2.3 The International Integrated Reporting Committee

In August 2010, through the initiative of the Global Reporting Initiative (GRI), the "International Integrated Reporting Committee" (IIRC) was launched. The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. The coalition is promoting communication about value creation as the next step in the evolution of corporate reporting. For this reason, the coalition comprises entities drawn from broad global communities, including business and other reporting entities; providers of financial capital; policy makers, regulators and exchanges; the accounting profession; reporting framework developers and standard setters; civil society; and academia.

The IIRC's mission is to create the globally accepted International Integrated Reporting Framework that elicits from organizations material information about their strategy, governance, performance and prospects in a clear, concise and comparable format. The Framework is intended to underpin and accelerate the evolution of corporate reporting, reflecting developments in financial governance, management commentary and sustainability reporting. The council highlights also the vision stating: "as a global coalition we want to align capital allocation and corporate behavior to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking".

The structure of the coalition is broken down into four major entities: the board, the council, the ambassadors and the governance and nominations committee. The board directors are responsible for the running of the operating company and its activities. The Council is the primary institutional forum for expression of the coalition's broad market view and collective voice, as well as the medium for its interaction and provision of advice, guidance and input on issues of relevance for the organization.

Ambassadors seek to support the mission and work of the IIRC by helping to promote their aims. According to the IIRC objectives, the IR needs to provide a wide array of information, able to represent the reporting entity's long-term value creation process, which needs to be disclosed in an integrated way. The Framework is ultimately intended as a guidance for all businesses producing integrated reports.

The members of the Governance and Nominations Committee are appointed by the Council. They serve, effectively as the Council's proxy and subject to the Council's direction if necessary, as members of the operating company. The Committee monitors the organization's governance arrangements and practices.

To give a better idea of how the IIRC works it could be beneficial to have a look at the figure (*Figure 2*) below.

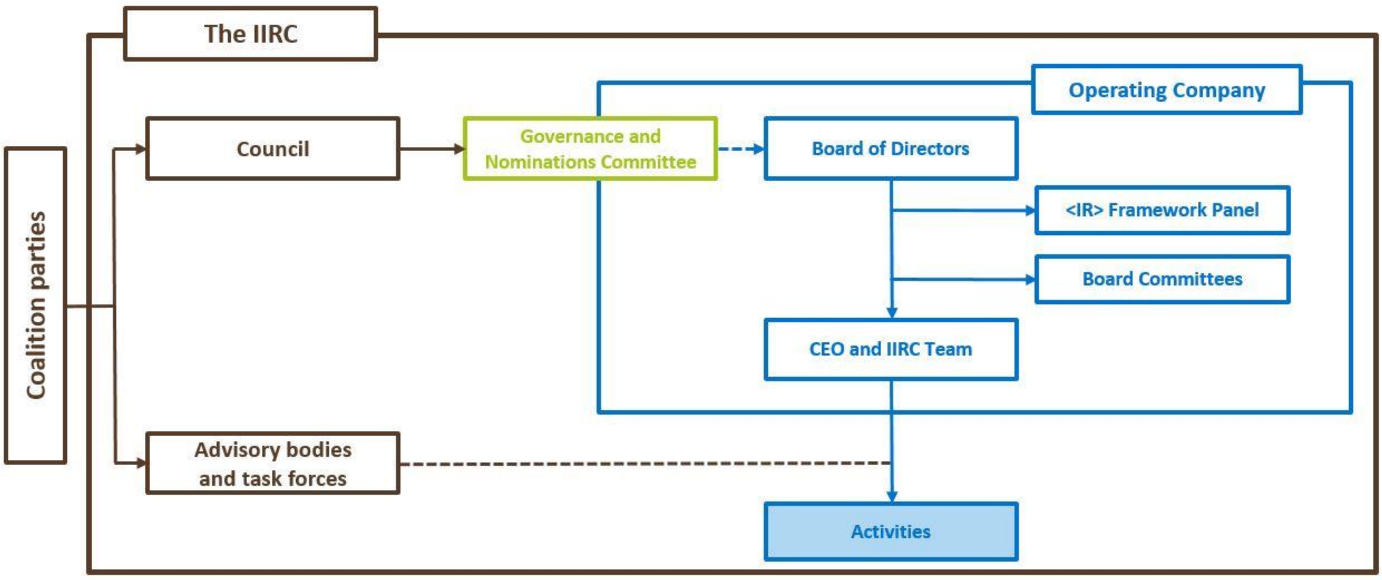

Figure 2

Source: http://integratedreporting.org/the-iirc-2/structure-of-the-iirc/

The benefits of the Framework are purported to be the enabling of informed decision-making that leads to efficient capital allocation and the creation and preservation of value.

In this way, the guiding principles underpin the preparation of an integrated report, informing the content of the report and how information is presented are:

- Strategic focus and future orientation;
- Connectivity of information;
- Stakeholder relationships;
- Materiality;
- Conciseness;
- Reliability and completeness;
- Consistency and comparability.

The IIRC embodies the shared, common interest of a global coalition of parties in the adoption of Integrated Reporting on an international basis as a means to improve communication about value creation, advance the evolution of corporate reporting, and make a lasting contribution to financial stability and sustainable development.

It has been briefly discussed the institution that has to be considered the mentor of the Integrated Reporting. Now it is time to comprehend and realize what IR really is and means.

2.3.1 Integrated Reporting: the innovative tool to display information

As seen the international accounting system has been significantly revolutionized through the IAH process, leading to the creation of many frameworks and tools. Furthermore, stakeholders' needs have become more and more sensible to sustainability and social aspects because of the added value that can be generated through the social reporting.

The initiatives and frameworks mentioned above have highlighted the need for an integrated approach towards sustainability at a systems level. This need has also been emphasized at the level of the corporation.

For instance, in providing guidelines to companies for sustainability reporting, the Global Reporting Initiative (GRI) has highlighted various dimensions of sustainability (i.e. economic, social and environmental dimensions) to be included and disclosed within reporting activities. In this respect, sustainability reporting should provide reliable information on the progress towards sustainability in all its different dimensions. The multidimensional nature of sustainability reporting and the need for integration have also been emphasized by the International Integrated Reporting Council (IIRC). As discussed, The IIRC wants to embrace the public and private sector influencing them to use the integrated reporting as the mean of financial stability and sustainable development.

The Integrated Reporting (IR) represents the ultimate technique to disclose non-financial information and give a holistic and integrated view of the company to the stakeholders.

Being based on the assumption that sustainability is good for business, this innovative tool can potentially improve annual reports and supply detailed financial information about current and future prospects. It essentially combines a company's annual report, with a corporate social responsibility or a sustainability report, to show the relationship between financial and non-financial performance, which are defined not only in economic terms but also in social, governance, ethics and environmental perspectives.

At the heart of IR is the growing realization that a wide range of factors determine the value of an organization, some of these are financial or tangible in nature and are easy to account for in financial statements (e.g. property, cash), while many such as intellectual capital, competition and energy security are not.

In particular, the Integrated Reporting (IR) framework aims at stimulating innovation in disclosure mechanisms by bringing "together material information about an organization's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates".

Hence, IR provides a comprehensive view to shareholders and other stakeholders regarding the way in which companies add value by fulfilling their mission and achieving their visions.

The main pillars on which IR is based are explained as follows:

- Sustainability through the sustained creation of value for stakeholders;
- Integrated decision making and actions;
- Connectivity and interdependencies.

According to the IIRC framework, an integrated report should include eight Content Elements that are fundamentally linked to each other and are not mutually exclusive:

- Organizational overview and external environment;
- Governance;
- Business model;
- Risks and opportunities;

- Strategy and resource allocation;
- Performance;
- Outlook;
- Basis of presentation.

By looking at these contents it can be denoted the high degree of complexity and completeness that IR should perform. Anyway, it is a report open to interpretation and flexible because it is not based on rules but on principles and suggested contents.

IR has to be considered as a process founded on integrated thinking that is about ensuring the long-term sustainability. This process results in a periodic organization report about value creation over time (future performance and sustainability). It is a concise communication about how organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long run, helping investors manage risks and allocate resources more efficiently.

Following the considerations made until now, IR is a tool that has potential to overcome the limitations of both financial reporting (complexity, short-termism, shortage of nonfinancial information) and sustainability reporting (low reliability and trust from investors, disconnection with financial performance).

In this way, IR can be recognized as the evolution of the already analyzed Balance Scorecard by Kaplan and Norton. It is the representation of a merger between financial and sustainability reporting.

The main task of IIRC and then of IR is to make sure that the companies start thinking integrated. Integrated thinking is the active consideration by an organization of the relationships between its various operating and functional units and the capitals that the organization uses or affects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long term.

Integrated thinking takes into account the connectivity and interdependencies between the range of factors that affect an organization's ability to create value over time, including:

- The capitals that the organization uses or affects, and the critical interdependencies, including trade-offs, between them;
- The capacity of the organization to respond to key stakeholders' legitimate needs and interests;
- How the organization tailors its business model and strategy to respond to its external environment and the risks and opportunities it faces;
- The organization's activities, performance (financial and other) and outcomes in terms of the capitals

It is linear to comprehend that the more integrated thinking is embedded into an organization's activities, the more naturally the connectivity of information will flow into management reporting, analysis and decision-making.

In order to create value over time making the business sustainable, the company has to focus on input, business processes, outputs and outcomes. In addition, because the goal of IR is to create value in the long term the center turns to be again the shareholders as it is for the financial statements.

So, it is firstly a technique used to enhance the effectiveness of the company's strategy and then, a disclosure of integrated information useful for all the stakeholders.

As Marco Fasan[12] states: "the framework seems to be concerned with "reassuring" all typologies of investors and companies, both long-term and short-term oriented; both socially responsible and non-socially responsible. In reality, there are some audiences that are likely not to be happy with IR but that would rather consider it a threat or, in the best-case scenario, useless. Short-term oriented investors need timely information on the last-year (last-quarter) performance of a company in order to forecast the future (short-term) performance of the company."

There are some issues to be resolved in the perspective of the short-term investors who are willing to have "just in time" information on the financial performances. Currently, it is not the main objective of IR but for example there can be the possibility to make periodic reports referring short run performance in combination with IR or rather to use jointly partial reports like the financial statement or cash-flow statement. Of course, the ways in which the different partial reports are combined can affect the actual level of connectivity of information in the Integrated Report. To enrich these concept Sergio Paternostro[13] says: "Only through the interpretation of information contained in partial reports is it possible to have a complete vision of the multi-dimensionality of organization. Connectivity, through the interpretation of this multi-dimensionality, makes the concept of integrated thinking evident, as proposed in the IR Framework. The path towards achieving an integration, in a narrow sense, is difficult and complex due to the fact that it entails changes in many aspects of organizational life, from the implementation of new information systems and organizational structures to the development of new cultural basis. For this reason, a gradual adoption of the Integrated Report can facilitate this organizational change."

Another important issue to analyze is the materiality of the information. There is no clear definition of materiality referring non-financial information. Anyway, extending the user utility theory[14] to a broader sense it can be possible to have an idea of it. According to the theory a piece of information is considered to be "material" if its omission or misstatement would influence the economic decision made by the report's user that has to be considered, in the case of IR, not only the investors but all the stakeholders.

Before the introduction of IR, the debate on materiality in the context of nonfinancial information was certainly less fierce (see Deloitte 2012; IFAC 2011). The issue was taken into consideration by AccountAbility and GRI, but it did not have the relevance it has gathered today. The GRI proposed a list of indicators and issues the company ought to report on. The more of these indicators a company manages to cover, the higher the (perceived) report's robustness and completeness will be. The problem with this approach is that the indicators may be considered a fixed list to be complied with, with only few adjustments done according to the materiality principle. Conversely, IR, especially in the IIRC framework, confers a central role to materiality. The IR

[12] To see and deepen the topic check "Integrated Reporting: Concepts and Cases that redefine Corporate Accountability" written by C. Busco, M. L. Frigo, A. Riccaboni, P. Quattroni.
[13] In: "The Connectivity of Information for the Integrated Reporting", S. Paternostro.
[14] Explained in: "The Servant Economy", Jeff Faux.

“conciseness” is one of the key features stressed by the framework, and to gather a clear and accepted definition of materiality is, in the IR context, fundamental and much more important than it was for previous standards. In particular the IIRC framework proposes three steps in the IR materiality determination process. The first is to identify relevant matters for inclusion in the integrated report, defined by the IIRC as “those matters that have a past, present or future effect on the organization’s ability to create value over time”. The second step is the determination of the importance of relevant matters, in order to prioritize issues. The IIRC proposes two dimensions in order to assess importance: magnitude of the effect (for matters that have occurred, currently exist or will occur with certainty); magnitude of the effect and likelihood of its occurrence (for matters where there is uncertainty about whether or not the matter will occur). Finally, the third and final step requires the prioritization of material matters, based on their importance.

Therefore IR, as compared to financial reporting, includes other capitals and stakeholders in the framework, but at the end it is the company that needs to prioritize the issues derived from this inclusion. Following a more sustainability-oriented approach, the IIRC would need to require the disclosure of some elements regardless of the materiality assessment by the company, which is subject to great subjective judgment and to possibility of mistake or misconduct.

As mentioned before stakeholder engagement is at the basis of IR and more in general of any reporting technique. According to the United Nations Environment Program: “engagement can help organizations meet tactical and strategic needs ranging from gathering information and spotting trends that may impact their activities, to improving transparency and building the trust of the individuals or groups whose support is critical to an organization’s long- term success, to sparking the innovation and organizational change needed to meet new challenges and opportunities”.

Anyway, engaging people in sustainability and social aspects could be tough since the context in which undertakings operate is not fully sustainable and social-responsible and at the same time companies do not fully recognize corporate responsibilities and accountabilities. The Consultation Draft (CD) of the IR framework states: “An integrated report should provide insight into the quality of the organization’s relationships with its key stakeholders and how and to what extent the organization understands, takes into account and responds to their legitimate needs, interests and expectations”. As you might understand, stakeholder engagement has increasingly been regarded as an important part of corporate social, environmental, economic and ethical governance and accountability mechanisms. To appreciate the centrality of stakeholder engagement it seems important to place this process within the context of IR. Several scholars have argued that the reporting process is characterized by a hierarchical staged structure where decisions taken at each stage are likely to have an effect upon the subsequent stages. One of the key stages is represented by the identification of the social, economic, environmental, ethical and social expectations of those stakeholders to whom organizations feel they have a duty of accountability to discharge. It is possible to divide scholars’ theories in two broad fronts. The first front regards engagement as the move to broaden corporate accountability to include stakeholders. Proponents of this holistic nature of engagement argue that organizations should be considered responsible for their integrated impact. The other perspective regards stakeholder engagement as a strategic tool aimed at winning or maintaining the support of those stakeholders who have the economic power to influence organizations' goal. In this context the views and expectations of powerful stakeholders are prioritized over the others whereas the engagement is inspired almost from a purpose of reputation branding process. So, there is still conflict in defining if sustainability and social information can be considered as a holistic or strategic tool.

Integrated Reporting provides an effective and concise description of the ability of a company to create sustainable value and combines information about governance, strategy, risk, operations, financial and non-financial performance. Environmental, social, and governance issues are increasingly recognized as being responsible for filling the gap between the accounting and market value of firms. It is widely recognized that the firm's value creation depends on the ability to manage a diversified set of capitals (financial, manufactured, human, intellectual, natural, social). Non-financial data disclosed in annual reporting, as seen previously, is no more voluntary for certain categories of companies. Therefore, the use of non-financial performance measures can establish trust in the communication towards stakeholders, making the non-financial information more robust. While managers are already using Key Performance Indicators (KPIs) in their decision-making processes, analysts and investors could also make greater use of them in the future. IR has the stated objective of providing an effective and concise description of the company's ability to create current and future sustainable value, by presenting information normally reported in several separated documents as a coherent whole. Indeed, IIRC states: IR should report both financial results and accounting for the social and environmental effects of a company's business model, including information on reputation, market positioning, innovation, employees' skills and talents, etc.

Anyway, there are further theories referring sustainability reporting and integrated reporting. Many of them are in conflict with each other. For instance, Waddock and Graves[15] argue "if the firm does not hold the explicit cost of being sustainable, then it has to hold an implicit cost of losing competitive advantage." In this view, the IR plays a pivotal role in enriching the value of the company.

On the other side there are economists and researchers that believe only in the financial information. They assert that non-financial information is merely an addition or decoration. Indeed, what really count are the financial data and indicators useful for the company assessment and value creation. The doctrine behind it, is illustrated by the shareholder value maximization. The goal of shareholders is firstly to maximize their wealth and the value of the company. So, the ultimate figure to measure the effectiveness and success of a company is the extent to which it increases shareholders value. Investors manage their investments regarding profits as

[15] To further analyze their theory: Sandra A. Waddock and Samuel B. Graves, "The Corporate Social Performance–Financial Performance Link", Journal of ethics.

the only target. Briefly, they define environmental and social policies as marketing strategies since the only drivers that can enrich companies are derived from financial data.
In that sense, the diversity information could be useful only for companies with a strong brand image and identity such as social-media entertainment firms.
All the factors presented by the IR are encouraged not only by the IIRC or the other sustainability frameworks but also by the European Union. In the second chapter, it has been analyzed the institutional context noting that the Directive 2014/95 EU introduced a completely new scenario that set the non-financial disclosure as mandatory.
Hence, it is clear that IR could be the solution both for creating greater company value and for generating higher transparency and comparability of financial and non-financial information.
In order to see and better comprehend how a typical IR is presented and displays information it will be analyzed, in the next chapter, a practical case study of the Associazione Sportiva Roma S.p.A., that is one of the first Italian public listed company to implement IR as a tool to tell the strategy and generated outcomes.

Third chapter: AS Roma Integrated Reporting and comparisons

3 Preface

As discussed in the last chapter, integrated reporting systems are the wave of the future from two points of view: for their support to management decision making processes, and as strategic information source for annual Integrated Reporting. In general, IR can be portrayed as a system in which specific models of management, auditing and reporting interact, and may offer a database where stakeholders can extract information on specific aspects of interest. In order to better assess these perspectives, it is important to analyze a practical case of implementation of an integrated reporting system.

In this chapter, it will be examined the integrating reporting technique of an Italian public listed company that is Associazione Sportiva Roma S.p.A. (AS Roma), one of the first Italian company to start adopting this innovative method of reporting. AS Roma is one the most important football team in Italy and also in the world. They defined the company as a social-media entertainment company. For this reason, it is highly customer centered and all the stakeholders are involved in the activities produced by the company. The purpose is to shed light on AS Roma's recent advances in corporate reporting. Therefore, after having briefly illustrated the history of the company and AS Roma's distinctive approach to sustainable value creation, the chapter focuses on the structure and the contents of AS Roma 2016 Integrated Report. Issued in 2016, the Integrated Report is prepared both in accordance with the principles included in the prototype Framework developed by the International Integrated Reporting Council and in accordance with the Italian Decree No. 254/2016. According to the IIRC: "an integrated report is a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value over the short, medium, and long term. Although providers of financial capital are the primary intended IR users, an integrated report should be designed to benefit all stakeholders—including employees, customers, suppliers, business partners, local communities, regulators, and policy makers—interested in an organization's ability to create value over time. The key objective of Integrated Reporting (IR) is to enhance accountability and stewardship with respect to the broad base of six types of capital, or "capitals" (financial, manufactured, intellectual, human, social and relationship, and natural), and promote understanding of their interdependencies".

Moreover, given the fact that AS Roma is an Italian company and fulfills the requirements of the Italian Decree No. 254/2016 it must report non-financial information following the new law that replicates the standards of the Directive 2014/95 EU.

Through this approach, IR is designed to support integrated thinking, decision making, and actions that focus on sustainable value creation for stakeholders.

So, keeping in mind these concepts, the analysis presented in the chapter will highlight the most innovative contents and elements of the report and focuses on the connections between issues such as the company's business model, the competitive environment and strategy, the integrated risk management model, and the corporate governance system. The illustration of AS Roma's Integrated Report will continue with a discussion of the ways in which AS Roma has interpreted and then operationalized the principle of connectivity of information. Then, the review of the report will go on with a comparison made with other integrated reports. In particular, AS Roma's IR will be compared to the one of another important Italian football team that is publicly listed (Juventus) and to the one of Generali, a publicly listed bank. Some concluding comments are offered at the end of the chapter.

3.1 A brief overview of AS Roma

The Associazione Sportiva Roma S.p.A. (AS Roma) is an Italian professional football club based in Rome. In particular, as Mauro Baldissoni[16] states that AS Roma is a social-media entertainment company whose main stakeholders are the club supporters.

In the summer of 1927, to the great pleasure of sports lovers in Rome, Associazione Sportiva Roma was born, following the merger of three Rome-based sports clubs: Fortitudo-ProRoma, Football Club di Roma, and Alba-Audace. The new club took on the Capitoline Wolf[17] iconic symbol for its crest and colors of the city, yellow and red, beloved by people of the old districts and the city suburbs. The purpose of the merger was to give "Eternal City" a strong club to rival that of the more dominant northern Italian clubs of the time. The only major Roman club to resist the merger was AS Lazio, which was already a well-established sporting society. Juventus another internationally notorious football club and rival of AS Roma will be object of analysis because it started to disclose non-financial information too. By overlooking the sporting history and results of the company, it has to be underlined the main step through which AS Roma starts reporting social and environmental information.

AS Roma went public in the sporting season 2000-2001, its shares were listed in the Borsa Italiana. After great result both in the Italian league SERIE A and in the international championships, the company went in economic trouble. At the time, AS Roma was held by the famous Sensi family.

Since 1999, during Franco Sensi's period in charge, Associazione Sportiva Roma has been a listed Società per Azioni on Borsa Italiana. From 2004 to 2011, Roma's shares are distributed between 67.1% to Compagnia Italpetroli S.p.A. (the Sensi family holding; Banca di Roma later acquired 49% stake on Italpetroli due to debt restructuring) and 32.9% to other public shareholders.

Along with Lazio and Juventus, Roma is one of only three listed Italian clubs. According to The Football Money League published by consultants Deloitte, in the 2010-2011 season, Roma was the 15th highest-earning football club in the world with an estimated revenue of €143.5 million.

In April 2008, after months of speculation, George Soros was confirmed by Rosella Sensi, CEO of Italian Serie A association football club A.S. Roma, to be bidding for a takeover. The takeover bid was successively rejected by the Sensi family, who instead preferred to maintain the club's ownership. On 17 August 2008 club

[16] Currently he is the Vice President of the company.
[17] Their club badge features a she-wolf, an allusion to the founding myth of Rome.

chairman and owner Franco Sensi died after a long illness; his place at the chairmanship of the club was successively taken by his daughter Rosella. Since the takeover in 2011, NEEP Roma Holding S.p.A. has owned all shares Sensi previously hold.

NEEP, itself a joint venture, was held by DiBenedetto AS Roma LLC (later renamed to AS Roma SPV, LLC) and Unicredit in 60/40 ratio from 2011 to 2013, which the former had four real person shareholders in equal ratio, led by future Roma president Thomas R. DiBenedetto (2011-2012). The takeover also activated a mandatory bid of shares from the general public, however not all minority shareholders were willing to sell their shares. The mandatory bid meant NEEP held 78.038% of shares of AS Roma (increased from 67.1% of the Sensi).

On 1st August 2013, the president of Roma as well as one of the four American shareholders of AS Roma SPV, LLC, James Pallotta, bought an additional 9% shares of NEEP Roma Holding from Unicredit (through Raptor Holdco LLC), as the bank was not willing to fully participate in the capital increase of NEEP from €120,000 to €160,008,905 (excluding share premium).

On 4th April 2014 Starwood Capital Group also became the fifth shareholder of AS Roma SPV, as well as forming a strategic partnership with AS Roma S.p.A. to develop real estate around the new stadium. The private investment firm was represented by Zsolt Kohalmi in AS Roma SPV, who was appointed on 4 April as a partner and head of European acquisitions of the firm.

On 11th August 2014, UniCredit sold the remain shares on NEEP (of 31%) for €33 million which meant AS Roma SPV LLC (91%) and Raptor Holdco LLC (9%) were the sole intermediate holding company of AS Roma.

In February 2015, another SPV, "ASR Media and Sponsorship S.r.l", was set up to secure a five-year bank loan of €175 million from Goldman Sachs.

In 2016, with the partnership of Italia Camp, they issued the first non-financial report in their history. One of the main reasons could be given to the entrance into force of the Italian Decree No. 254/2016 that obliges companies with financial and dimensional statistics similar to AS Roma to report non-financial disclosure. The Decree, that is already discussed together with the Directive 2014/95 EU, surely motivated the company to disclose the diversity information but, another important driver is represented by the stakeholders need and the potential added value that could be generated from using an innovative tool of reporting, Integrated Reporting.

The next section will present the AS Roma integrated report and some insightful analysis and comparisons will be provided.

3.2 AS Roma Integrated Report

Through the approach towards sustainability and social-environmental aspects, IR is designed to support integrated thinking, decision making, and actions that focus on sustainable value creation for stakeholders.

Being sustainable, for a social-media entertainment company, means to achieve economic growth and to enhance reputation through a distinctive approach that is also a catalyst for external development, by promoting respect for individuals and for the environment and, in general, by creating opportunities for local people and businesses. Sustainability in any corporation is not a specific area of activity but represents a business approach in itself. AS Roma has been committed in producing positive externalities in the social and environmental areas because of the nature of its business where the reputation is made by local people firstly. For instance, it was always committed in building facilities for the communities. Being local is the main driver to build strong reputation inside the customers' mind and increase the company value enriching at the same time the entire class of stakeholders.

As seen throughout the second chapter the prerequisite for a sustainable business is integrated thinking. As the IIRC framework states, integrated thinking is the consideration, by the company, of the relationship between its various operating and functional units and the capitals used and affected. This implies that all forms of capital, from financial to manufactural, human, environmental, intellectual and social, find a proper place in all decision processes and that their proper management plays a role in the creation of value

over time. Thanks to integrated thinking, people who work in the organization, are able to see things in a broader perspective, taking into account the achievement of economic and financial results as well as the impact of business activities on people, environment and society, or furthermore, by considering, new opportunities that can be generated in areas close to those specifically managed. This holistic view stems from different factors that affect or that can be affected by business decisions. One bright example could be potentially represented by the creation of the new AS Roma stadium. This project is focused not only on the creation of value for shareholders, but it aims at increasing facilities' efficiency and job opportunities for the community. We will better analyze this scenario afterwards.

However, the IR approach and more in general social reporting represents a completely new view for AS Roma, that is the first Italian sporting related company to disclose non-financial information.

To producing an effective and comprehensive IR the company has to operationalized sustainability in the principle business processes.

The most important is the planning process. At the beginning of every planning cycle all the company functions are asked to identify areas of improvement and new activities that could be realized in a future 4-year plan, in order to contribute to

sustainable value creation over time. This process is derived from prior analysis of the external context and the evolution of sustainability issues in the international scenario, from the consideration of stakeholder expectations, from financial market, request analysis, and last but not least, from the outputs of integrated risk assessment and related mitigation plans. Another important process that is defined in an integrated way is risk assessment and management. Thanks to this integration, all risk events are considered and evaluated with impact metrics that do not concern only the financial and operating side but also the social, environmental and reputational side. In the past, the various risk factors were evaluated separately by each function; but now a unique monitoring and reporting system evaluates the overall risk level, highlighting the most relevant risks, independent from their financial or non-financial nature.

AS Roma began its journey towards environmental and social reporting in 2016 with the partnership of Italia Camp S.r.l. that is an Italian Non-Governmental Organization (NGO) specialized in impact accountability and impact investing. These two terms refer to the concepts of outcome and sustainability. The outcome is the result, so the potential impact generated by the company. It has to be considered as the positive externalities produced towards the people, the environment and the territory. So, it is a blended return that delivers the willingness to engage all the stakeholders and to define the impact areas measuring the generated effects. On the other hand, sustainability refers to the generation of outputs. In this sense there is the need of mitigating the risk and creating reputation without generating negative externalities on the environment, people and territory. It is clear now that these two spheres are referring to social and environmental reporting and if you remember we already mentioned them in the first chapter. By incorporating the views of outcome and sustainability the company can start think integrated achieving progress. This is the mission of AS Roma together with Italia Camp. With these premises, the analysis of the AS Roma IR can follow.

The AS Roma IR is a report that belongs to the diversity and external company information and follows the idea of "shared value"[18] in order to balance business and society performances, redefining the object of "doing social". AS Roma is one of the most notorious and important football club in Europe and the latest results generated a greater brand value both in terms of money and awareness. For these reasons, AS Roma has started adopting innovative techniques that are already used in the academic world, as seen in the previous sections. In particular, after the entrance into force of the Italian Decree No. 254/2016 the company felt the need of producing a more transparent and concrete document, adding value to the principle of materiality (analyzed in the second chapter) regarding the mapped action and generated impacts.

The mapped actions are focalized on the educational activities, brand identity and club history, supporters and the company as the virtuous ambassador of the city. The choice of these specific areas, strictly related to their capacity of creating social impact, was guided by:

- The will of verifying the organization alignment with the firm mission and vision;
- The need of testing a preliminary method of assessment based on a close set of sensitive activities;
- The intention to tell the effective existence of social and environmental impact.

Then, basing on these four areas it was possible to assess the influence of the company on the society and environment. In this way, the AS Roma IR enhances systematically the business activities and the produced output in terms of outcome and sustainability.

The company measured and has been measured respect to its ability of producing social impact over the economic return. Among the Italian company, AS Roma is subject to the Directive 2014/95 EU that as mentioned is referred to the non-financial disclosure for companies that has relevant economic dimensions.

[18] See Porter and Kramer, 2011

The AS Roma IR recognizes the importance of information disclosure relative to sustainability and environmental aspects in order to identify risks and enhance the investors and stakeholders trust. By examining the effect of operating activities on the community, Italia Camp classified a new ROI: from Return on Investment to Return on Impact. Following the principles of the Balance Scorecard and the Integrated Reporting AS Roma defined new metrics to qualify the externalities generated in favor of the territory and society.

As stated before, the writing of the AS Roma IR is made in accordance with the principle of materiality. Materiality is embedded coherently with the standards of the fundamental frameworks: Global Reporting Initiative and International Integrated Reporting Committee. In this sense, every element that has been assessed in the report proves to be "material" and so object of disclosure. In addition, as the IIRC recommends all the analysis developed have been discussed and shared with the company management to achieve an effective determination process of the materiality principle. The latter has been integrated in the business processes, influencing the stakeholder engagement so that the intrinsic philosophy of the report could reach the main goal of creating shared value. The materiality of the defined activities, as well as of the individual actions displayed in the IR are the result of the identification and valuation process of the main aspects that significantly influence the AS Roma capacity of generating value in the short, medium and long run. Moreover, this methodology has been useful to compare the central players of the company with the implemented strategic guidelines. Through the comparison it could be possible to highlight the inner coherence between the strategic positioning and the actions implemented and to be implemented.

The final purpose of the AS Roma IR is to illustrate and supply the widest non-financial disclosure that influenced and could influence the ability of producing shareholders and social value.

Hence, the report is the result of an examining process that is intended to put in relationship all these aspects with their impact on strategy, governance, performance and future perspectives of the AS Roma.

Given the whole background on which the IR is based, it is crucial now to talk about the main evaluation conducted by Italia Camp and AS Roma in order to determine the outcome and sustainability of the corporation.

3.2.1 AS Roma Integrated Report: stakeholder engagement

The first part of the IR was useful to analyze and compare the AS Roma brand value during the 2015-2016 season. In the last decade, there have been several studies that analyzed the football market and the economic value produced. For this reason, Italia Camp develop an assessment with significant amount of data, not only sporting related but also related to the sector trend, internationally and locally, in terms of cash flows and brand value. According to the study developed by Brand Finance Group, AS Roma brand has been valued 121 billion dollars in 2016 and, it is increased by 25% respect to the previous year. AS Roma brand is one of the few Italian football clubs that experienced a brand value growth throughout the 2015-2016 season.

Anyway, comparing it to the ones of other international football clubs there can be possible to note the current weakness of Italian brand respect to the European context. To be precise, the comprehensive value generated by Italian football clubs corresponds to 12% of the value generated by English football clubs. There is another research conducted by KPMG, named “Football Money League”, that is focused on the performances of the main international football clubs. The document uses multiple series of metrics, financial and non-financial, to compare clubs’ value. In particular, it sheds light on the capacity to create returns on ticketing, broadcasting rights and other commercial sources, leading to rank the companies on these criteria.

From all these researches, there is a common factor that determines the effective increase of the brand value. The sporting result is the fundamental driver of the net income trend but, at the same time it has been highlighted the more and more attention payed on the specific impact through the stakeholders’ engagement. As seen in the latter chapter stakeholders’ engagement represents one of the pillars of an effective integrated reporting. AS Roma is the only one Italian club that increased significantly the net income, enhancing the brand awareness and consequently producing stakeholders’ engagement. It has implemented strong social campaigns leading to 25% growth in the brand value.

By defining the results on the market research there have been conducted internal assessments on the corporation. Firstly, the IR defined the AS Roma stakeholders starting from the academic definition.

Using the most known assumption of Freeman, stakeholders are: “any group or individual who can affect or is affected by the achievement of the organization's objectives”. Freeman also states: “A company can’t ignore any of its stakeholders and truly succeed. There might be short-term profits, but as stakeholders become dissatisfied, and feel let down, the company cannot survive.” Stakeholders management and stakeholders’ engagement could represent a limpid strategic variable in the business management that is strongly influenced by the relationships with some categories of group of interest.

It appears clear now the need of punctually identifying the group of interest and understand in which way the AS Roma actions react to the stakeholders’ expectations. In particular, the 2016 IR provide a full stakeholders map highlighting how three of the four areas, object of analysis, intercept especially external stakeholders like football enthusiasts and sporting institutions. In this context, Italia Camp has developed an investigation on “emotional capital”. This concept has to be intended as the AS Roma ability to create long-lasting and peculiar relationships with certain and primary stakeholders who contribute to the company value generation. The “emotional capital” includes key concepts like support and sharing of the organizational design and commitment in supporting social initiatives and even more. This process has enabled the possibility of mapping exhaustively the main interlocutors of AS Roma.

To see the interrelationships, it could be useful to have look to the map created by Italia Camp in the *Figure 3* below.

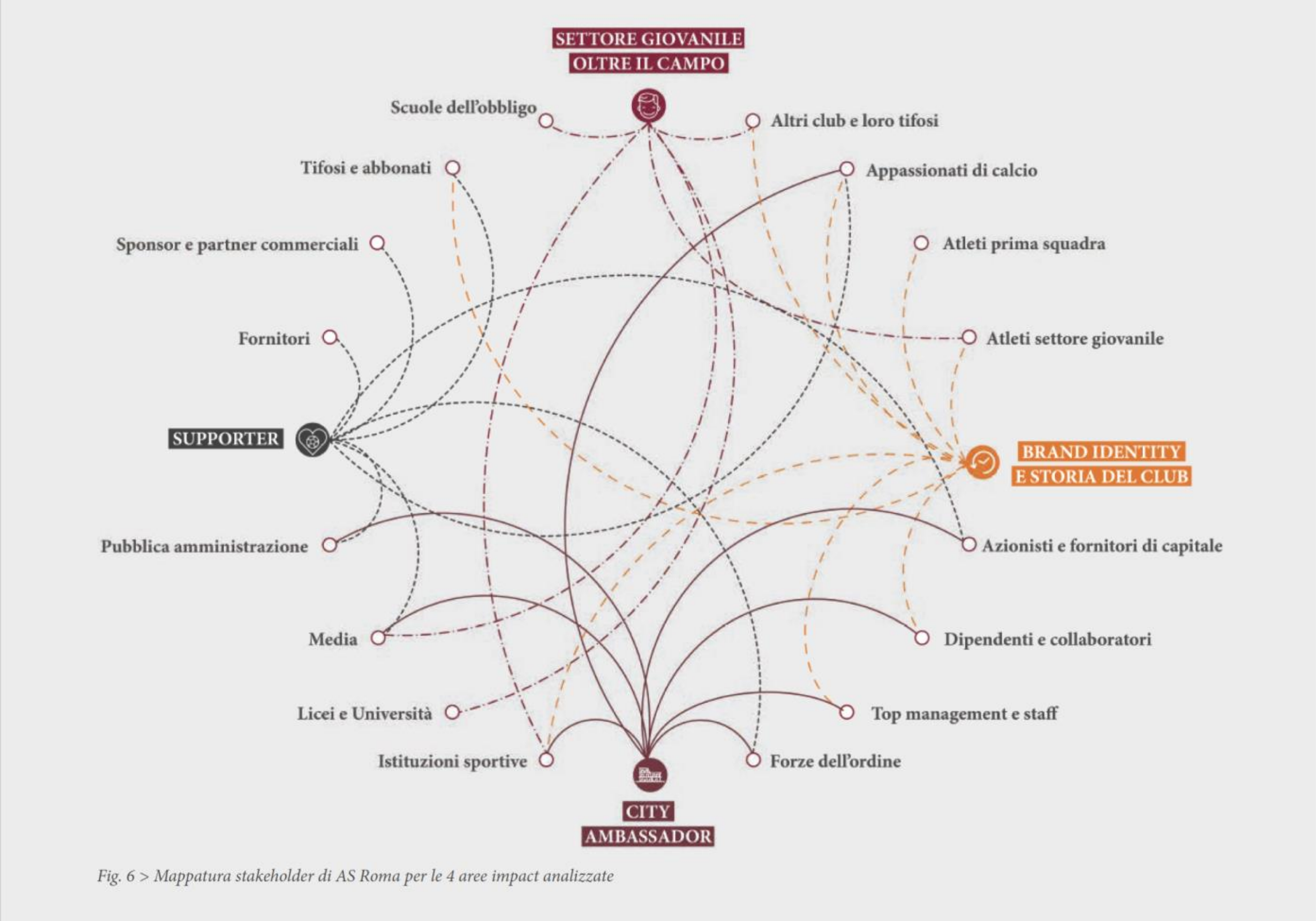

Figure 3

Source: as-roma-bilancio-impatto-2016-v-0-6-online.pdf

Looking to the Figure 3, it can be possible to capture that different stakeholders are involved in the social and environmental initiatives of AS Roma, operating both as active agents and beneficiaries' entities. The map realized can be put into the system formed by the four main areas, that has been already mentioned, highlighting several overlaps that demonstrate how the existence of multiple relationships between the company and the community of stakeholder's impact or affect AS Roma activities. Through the analysis, it appears clear the cross impact of the activity areas on the stakeholders emphasizing both the polyhedral aspect and the emotional and inclusive nature of the actions communicated and implemented by the firm.

The identification of the main stakeholders has been helpful to classify thereafter the relationships between AS Roma and the single group of interest, the engaging activities carried out and the most direct way to respond at their requests and applications through the IR. This communication channel has to be maintained up to date and well monitored in the future years in order to facilitate and collect any useful input to deepen and optimize the information flows.

According to Italia Camp the emotional capital is derived from the companies' ability to generate extra-sporting emotions that can affect behaviors of the entire community of stakeholders.

The power of AS Roma is represented by the active stakeholder engagement that is actually fostered by:

- Their participation in every steps of the sporting activities;

- The promotion and sharing of the common principles towards a convergence to the mission and vision of the company;
- The dialogue and the proactive debate in different places and thanks to the multiple channels.

3.2.2 AS Roma Integrated Report: sustainability context and activities mapping

Relatively to the sustainability context and to evaluate the potential impact produced by AS Roma, the document firstly defined the areas in which the company generate outcomes, keeping in mind the stakeholders map identified earlier.

The final purpose of an IR is to display the ways through which the organization contributes to the improvement of the resources and the economic, environmental and social conditions; as well as to the development of the dynamics at local, national and global level.

In this sense, there have been identified the following interest areas:

- Youth sector beyond the pitch;
- Brand identity and club history;
- Supporters;
- City ambassador.

These four areas constitute the sustainability context of AS Roma in which it has been possible to assess financial and non-financial performances, and also the impact generated by doing social.

In order to put a number on the AS Roma outcomes, Italia Camp developed an effective model that gives value to them.

In particular the model that has been created analyzes in detail:

- Interest areas of the society;
- Impact nature (economic and non-economic);
- Impact orientation (internal and external);
- Nature of the impact process that can be individual or comprehensive of all interest areas;
- Role of the areas (direct impact or moderation).

Regarding the first three variable, the chart reported in Figure 4 below, permits to reflect on each interest areas. In particular, the impact of every area can be evaluated considering two dimensions: the nature of impact and the impact orientation. The positioning of each interest areas identified in the *Figure 4* appears useful to give hierarchal order. Moreover, the areas contribute individually to the value creation of the AS Roma activities, as well as to the overall impact generated within the sustainability context.

It has to be highlighted that the interest areas and the impact generated are "material" according to the two pillar frameworks of Global Reporting Initiative (GRI) and International Integrated Reporting Council (IIRC).

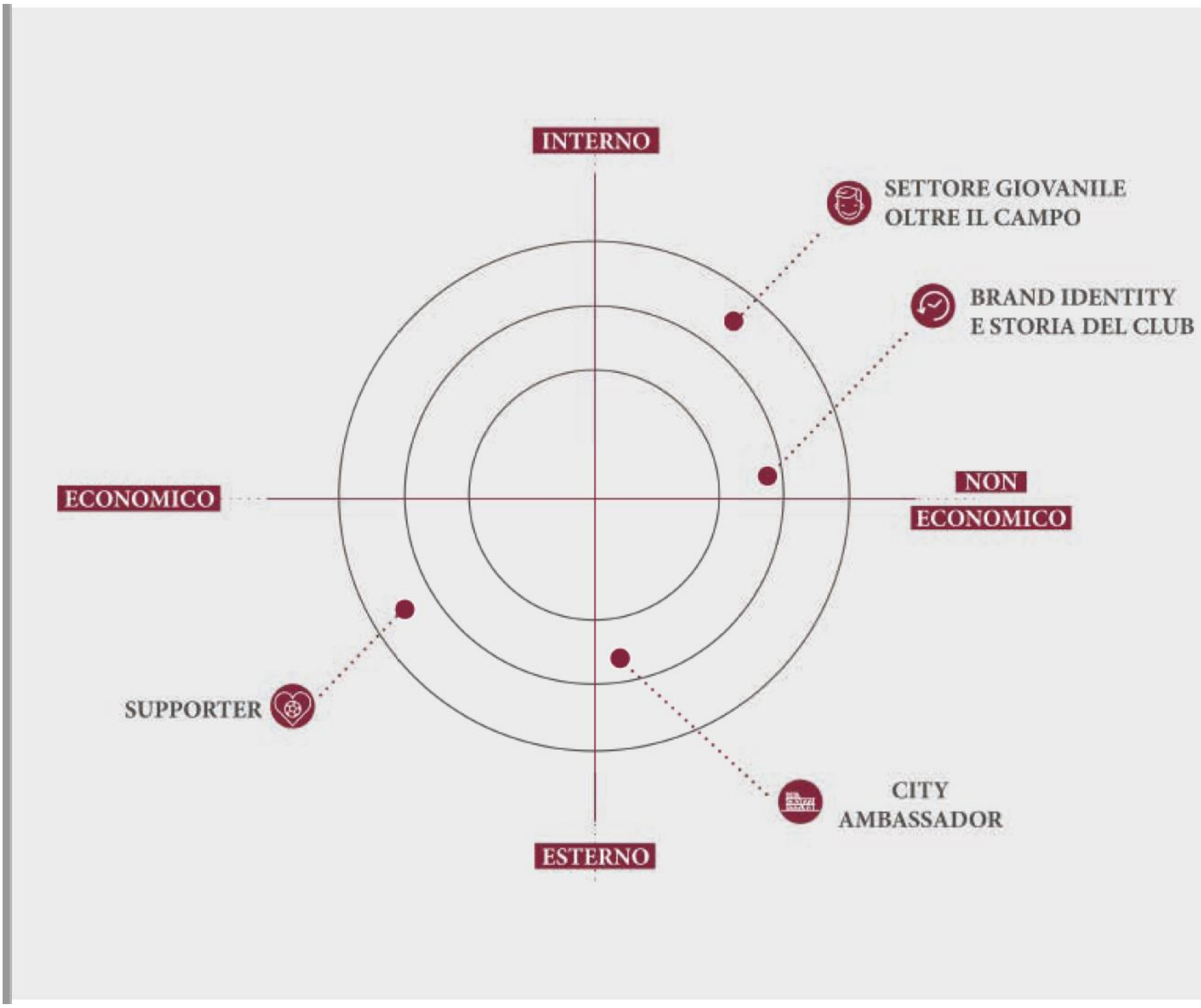

Figure 4

Source: as-roma-bilancio-impatto-2016-v-0-6-online.pdf

In order to facilitate the individualization of the potential impact action AS Roma accomplishes concerning its activities and company life, the different organizational functions have been divided into macro-areas depending on the sector of competence. The core activities have been defined as all the initiatives referring sporting activities, meanwhile the other have been recognized impact activities for AS Roma.

The common stood out characteristic is the awareness about the preparatory effect of investments to realize the AS Roma Model. The latter is the creation of a football school able to train youngers that perfectly fit with the membership spirit and values that have to characterize who wears the AS Roma uniform.

The starting points of the AS Roma football school go beyond the sporting-technical aspects of the junior athletes and they are the respect of moral principles, discipline and school results. According to the company the school has not to be exclusively oriented to football but also to the overall education both academic and professional. The main pillars of the project are:

- Prioritize the trainer/junior athlete relationship;
- Give prizes to deserving youngers for both academic and sport results;

- Promote ladies' football;
- Participate to national and international championships;
- Respect the Fair Play standards;
- Offer technical support to amateur companies within the community;
- Improve the relationships with the schools.

AS Roma strongly believe in what can be defined integrated football, permitting to live the AS Roma football experience to juniors. So, education, organization, support to territories, competition and attention to issues linked to disability are the guiding principles of the company and through them it can generate economic-relational and social-work-related impact.

3.2.3 AS Roma Integrated Report: brand Identity and club history

The strategic action relatively to the interest area of brand identity and club history has the primary objective of recover the human and historical patrimony of the club through, for example, the institutionalization of the AS Roma "Hall of Fame". On the other hand, rebranding activity represents a strategic move that is orientated to give value to the club history. In this section there are two fundamental impacts, one is internal and the other one is external. Respectively, the first impact is about emotional capital and it materializes in the reinforcement of the membership feeling of football players, ex-football players and staff. The second impact is about the city image that explicates in development and improvement of the AS Roma role both as a memories' entity of the community and in terms of brand that gathers people and unifies different generations. AS Roma states in its sustainability report that it has created a specific business unit committed to the collection of documents, photos, uniforms and other objects that testify the club history and its relationship with the supporters and the city. Indeed, the "Hall of Fame", the "legacy" and the historical archive belong to all the brand identity activities that will have their natural evolution with the opening of the new stadium and the club museum. At the same time, in order to spread the brand identity and club history the supporter plays a central role.

For this reason, AS Roma strategy is to start a proactive path regarding sport education and, especially, supporter education. The "supporters' school" generate actions that could facilitate access and fruition to the stadium during sporting events for supporters, families and children. In the report, the company sustain that this project could lead positive impacts in terms of:

- Fines reduction;
- Increase of tickets selling;
- Lower stadium maintenance and management cost;
- Lower costs regarding public security;
- Improvement of the general livability of the city.

Since its birth AS Roma has been exposed to the eyes of the public opinion, especially international at communication and identity level. News, successes or defeats, criticalities or virtuosities directly influence brand perception and image in the customer's mind.

So, being firstly able to manage the connection with the city represents a unique opportunity in the European landscape and for this reason it should not be transformed in a threat for the company. Secondly, representing with its name one of the most famous cities in the world, it is the city ambassador, the company amplifies the communicative effect and the brand value.

The qualitative and quantitative analysis, carried out into AS Roma's IR, permitted to highlight interesting point of reflection both for company management and more in general for the overall consideration of its business context. In particular, the interest areas show a strong inclination to the creation of social outcomes towards the external stakeholders. In this way AS Roma wants to give a tangible signal of attention regarding sustainability and social effects generated by its managerial actions in the medium/long run.

3.3 Comparisons

This section is focused on the review of two other integrated reports in order to make some comparisons and cross analysis. In particular, it examines the report of the main football club in Italy that is Juventus Football Club and the report of one of the precursors of diversity information in Italy, Generali that is an Italian insurance company ranked third insurance in Europe by economic dimensions.

It has been chosen Juventus F.C. to better comprehend the strategy that football companies implement to display non-financial information and so to have a clear idea of the sector.

On the other hand, it will be analyzed the integrated report of Generali in order to have a reference Italian benchmark thanks to company's experience in producing non-financial disclosure.

3.3.1 Juventus F. C. integrated report

Juventus has reported its first sustainability report in the 2016-2017 season so, following AS Roma strategic move to be the first ones to report diversity information and be compliant with the Italian Decree No. 254/2016. However, the company has produced the report without any external entities like AS Roma and this is an important point to fix in mind in order to better understand the focus of its report compared to the one of AS Roma. The report starts with a letter referred to the stakeholders clearly indicating who are the effective receivers of the document. The author of the letter is the President of the club and this choice gives value to the image and perception of the brand because it means that the entire company feels the need of enhancing stakeholders' experience. The body is pretty similar to the one of AS Roma, introducing the history and sport achievements of the company focusing on all the activities carried out. Then, it examines what is a sustainable business and the main interest areas of Juventus. Since 2013, Juventus has started a sustainability process, leading to tackle its own business carefully and being one of the few clubs at international level to have:

- A dedicated structure;
- Past sustainability reports;
- Past experience in promoting several engagement activities regarding diversity information;
- Its own model to set company business in terms of sustainability.

So, for Juventus the integration between core business and sustainability is made on a daily basis as well as the generation and maintenance of a shared value with the stakeholders.

The integrated report follows the materiality principle, and in this way, it updated the correlation between the principle and the new business aspects, aiming at a stronger and stronger integration of the sustainability with them. To define relevant interest areas the club analyzed the pertinence of them both from the Juventus view through one to one speech with top management and from stakeholders' perspective through a specific social media listening activity. The joined consideration of these two activities led to the determination of twenty material aspect that have been included in the following chart (*Figure 5*):

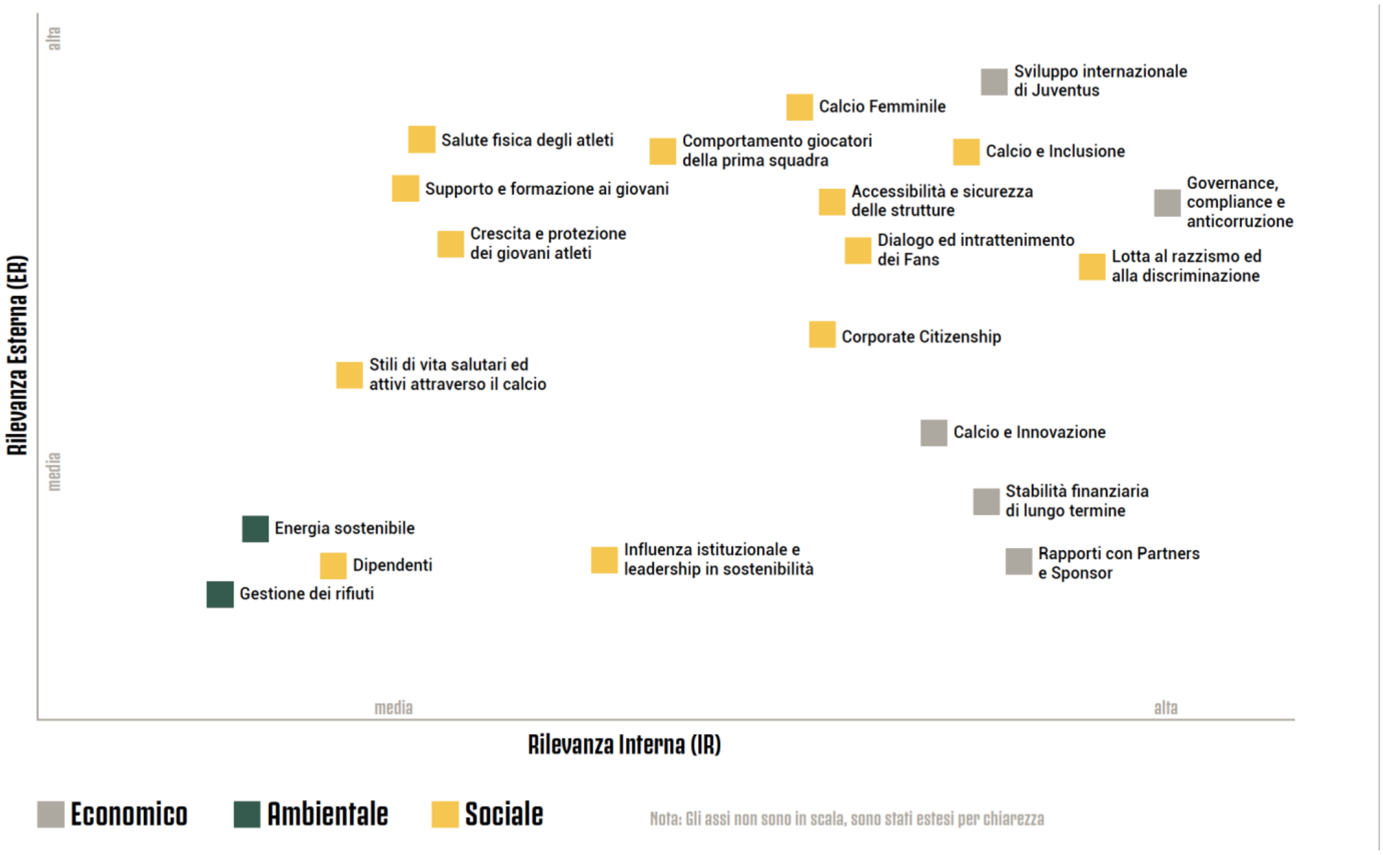

Figure 5

Source: https://www.juventus.com/media/native/csr/Sostenibilità_17_ITA_web.pdf

The definition process of the "materiality matrix" has the double object of influencing Juventus future initiatives and of creating a common and shared language regarding sustainability contents. This matrix is pretty similar to the one proposed by AS Roma (*Figure 3*), but it seems more complex because of the higher number of areas involved. AS Roma thanks to the partnership with Italia Camp has been able to restrict the areas and be more effective. Anyway, both of them described the scenarios in which they are involved in terms of generation of positive externalities through their business activities.

A common and interesting aspect of the two report is about the emphasis put on the ladies' football and the facilities available for the young athlete like colleges. The reason behind it is to be perceived as a unique and universal corporation where thousands of people can recognize themselves in the ladies' team as much as in the young team or in the first team.

With this perspective as it can be denoted in the IRs, they have also the same intent of developing relationships with supporters, achieving effective communication, create new and innovative products, offering quality products and spread the brand identity.

On the other side, the integrated report of Juventus is plenty of tables that display trends and impact of determined initiatives. For instance, they reported the pattern of tickets sold and subscriptions throughout the three last seasons. Moreover, it has been reported how many seats has been created for disable people in the stadium. Another important data is the amount of call received by the assistance service and the time management of them, showing Juventus's great performances in customer services. But these ones are only few examples that could be mentioned in order to understand how the company think integrated and disclose outcomes. Continuing, the company chose to report also personal thoughts of stakeholders like young supporters or employees. These could enhance the effect of the integrated report influencing how the company can be perceived by the external environment.

These aspects have to be evaluated and embodied by AS Roma in order to produce a more and more effective disclosure of diversity information.

The Juventus document is intended to be the supplier of essential instruments to sustain the social and emotional development. For these reasons it chose to give a holistic information of the initiatives implemented to be more active in terms of sustainability and outcomes.

The company has started to produce impact not only for local communities but also for international ones by building football academies all around the world and promoting international events like AS Roma.

Juventus wants to invest and give value to the territory and the community. One bright example is the requalification of the entire territory around the Juventus stadium, creating six new plants that are:

- The new headquarter;
- The Juventus Training Center (JTC);
- The World International School of Turin (WINS);
- The Juventus Hotel (JHotel);
- The concept store;
- The technological center;
- Urban structures in favor of the community.

According to Aldo Mazzia, ex CEO and CFO of the company, "every single milestone Juventus is placing represents part of a building that aims at long term results, remaining as well stable in the present. It was natural, then, to requalify the Cascina Continassa zone, very near to the Juventus stadium. Indeed, the proximity to the stadium permits to create a kind of city into the city, a unique unit in which it is possible to coordinate internal and external activities to the stadium, harmonizing the energies, reducing changes of position and concentrating the efforts". Following the great success of this project, AS Roma is planning to build the new stadium requalifying and enriching the territory. The project has the great potential of producing positive externalities for the entire sphere of stakeholders, generating job demanding and improving the urban area. It will be an innovative plant projected to maximize energy efficiency, environmental respect and control of overhead costs. This will guarantee a strong social-environmental impact in terms of pollution reduction and promotion of renewable energy.

In this sense, Juventus F.C. is a step forward respect to A.S. Roma. The company is already carrying out a multi-year plan about energy optimization of consumption and of the consequent reduction of CO_2 emission.

Rewarding system and distinctive competences are two other aspects treated in the Juventus integrated document. In the view of a greater and greater attention to people, the club started to consolidate the functional and innovative approach of human resources management, supporting the business strategy. They implemented managerial techniques to allow company's strategy to perfectly realize; setting and conceiving new *modus operandi* characterized by higher autonomy and flexibility for choosing spaces, timetables and working instruments, stimulating a greater responsibility on results. In this context, Juventus adopts an instrument, named Global Grading System (GGS), that permits to maintain an internal equity system and an alignment with the target market, both in terms of role balance and rewarding. Moreover, they defined the "Distinctive Competences Model" as a pillar point of the business strategy in order to develop human capital, through a proactive collaboration in team and the organization of focus group. This model is considered vital to support people achieving business goals. Competences are at the center of the strategy for human developing and they help the company to translate strategic priorities in clear behavioral expectations arranged by role.

These further steps to define organizational pillars supported the business in managing teams and their growth, basing on objective criteria using a clear, constructive and innovative approach.

Juventus has also been using an instrument, Total Reward System (TRS), that determines all the composing elements of the reward and offers a comprehensive representation of the monetary and non-monetary, tangible and non-tangible elements, that the company has built around the valuations done about the rewarding of individual resources. In particular, the TRS is composed by the following elements:

- Monetary factors (rewarding and incentives);
- Safe and security components (social and assistance subsidies);
- Other important elements of non-monetary nature like working and extra-working benefits.

All these aspects are managed by an enterprise resource planning system, automating the information flow. The informatization of this kind of processes leads to a better integration of data inside the organization, respect of deadlines and traceability of the records.

From the report, it is possible to denote that Juventus has also the objective of developing valuable partnerships. The main goal of the sponsorships' management is to satisfy business needs. Simultaneously, is important for Juventus to find the right partners to share common values and sustainability projects. Every year the company starts new partnerships and renew collaborations, trying to develop a plan and the ability to innovate following market dynamics and trends. As a renowned company interested in sustainability aspects, Juventus recognizes the importance of the current topics like the environmental one. The company supported the cause of "Parley for the Oceans" in partnership with Adidas, founder member of the campaign to remedy at the ocean waste plastic issue. This is only one of the many campaigns that Juventus promotes in order to be more sustainable and socially impacting.

At the same time, is crucial to manage the business in an ethic and transparent way. Juventus adopts a traditional management and control system, respecting the listed companies' norms and being inspired to the best national and international practices. In accordance with the self-discipline norms for listed companies, Juventus acknowledges the centrality of risk and it implements risk management systems to facilitate decision-making process and the business leading, being coherent with its own goals. Regarding anti-corruption, Juventus tries to prevent an eventual criticality through a meticulous analysis of the risks, the managerial procedures, training and internal control activities.

For producing the integrated report, Juventus F.C. followed the GRI Sustainability Reporting Standards issued by the Global Reporting Initiative. Furthermore, to support and complete the document it used as reference the G4 Sector Disclosures "Event Organizer"[19].

Summing up, the Juventus integrated report is divided in two parts: the first one is represented by the club history and its role as a pivotal football club in Italy; the second one depicts the commitment towards sustainability and social topics.

So, the structure of the document is similar to the one reported by AS Roma, but it is more detailed and provides more practical examples and trends of the impact produced on the territory and on the environment. AS Roma should improve the quality of the report following the strategy implemented by Juventus F.C. and trying to innovate and personalize more and more the information disclosed.

3.3.2 Generali integrated report

Generali is an Italian independent Group with a strong international presence. They are one of the largest players in the insurance industry. According to the company this sector is highly strategic and relevant for the growth, development and welfare of modern society. The company was established in 1831 in Trieste. The keen business acumen of the founding fathers and Trieste's strategic geographical position allowed Generali to grow and thrive: it was listed on the Trieste stock exchange in 1857 and became a Group in 1881. Recent years have driven a new phase of change, with a new top management and a corporate reorganization. The Group presented the update of its strategic plan, which aims at setting out a new business model and confirm the achievement of the already announced targets by 2018.

[19] G4 Sustainability Reporting Guidelines defined in 2013 by the GRI. For further details please go to: https://www2.globalreporting.org/standards/g4/Pages/default.aspx.

So, as well as the two undertakings analyzed before it is an Italian public listed company and it is subject to non-financial disclosure law, but it comes from a different business. Anyway, it produced an innovative integrated report that has to be examined for the purpose of the paper.

In its integrated report, Generali firstly highlights how it creates sustainable value telling the business model. They base the business model on the full integration of the strategy, governance and innovation with all the potential stakeholders of the company that they recognize as the external context. To give a graphical perspective it could be useful the chart presented below (*Figure 6*).

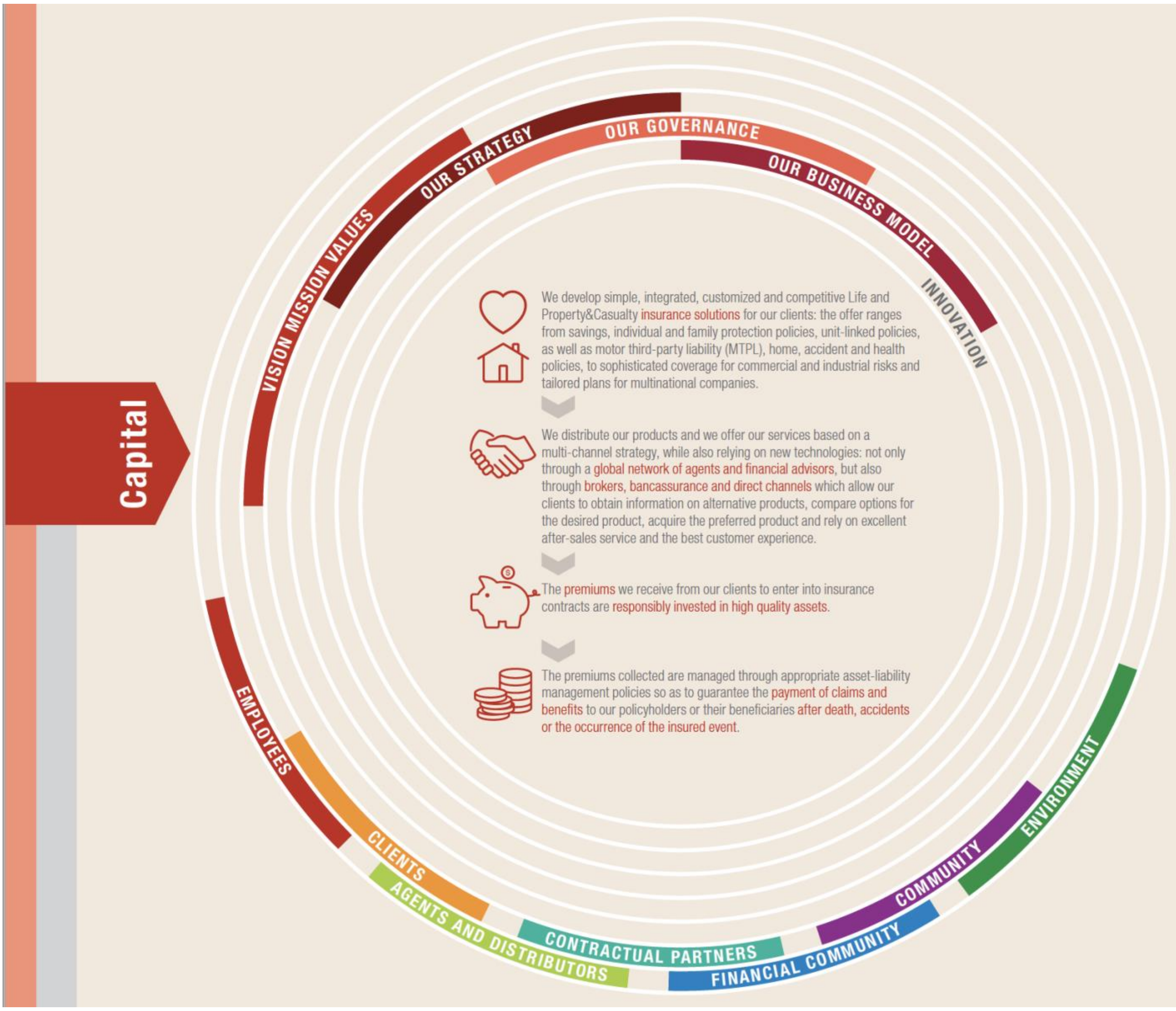

Figure 6

Source: https://www.generali.com/info/download-center/results

Through this vision it is possible to produce financial results as well as non-financial ones, creating social and relationship capital.

For the company is fundamental to run their business with integrity and in particular they apply the following principles:

- Run the business in compliance with the law, internal regulations and professional ethics;

- Operate in a sustainable manner in all operations and support the community in addition to daily activities;
- Develop Group policies and guidelines which support operations in terms sustainability and responsibility;

In this way, Generali regularly monitors, by means of specific risk assessment activities, its exposure to these risks in order to minimize potential reputational and economic damages deriving from the violation of regulatory provisions, including those which aim to prevent corruption. They condemn and combat any form of corruption and financial crime. They available communication channels to their employees, customers and suppliers, even in anonymous format, which ensure an objective and independent management of reports of actions which violets ethics, principles and regulations. Moreover, to protect the trustworthiness, reputation and survival from threats of natural, human and technological origin, they also implemented a Business Management Continuity process that identifies critical processes and operational risks that may interrupt business operations, risk mitigation measures and solutions to recover and resume vital business processes as soon as possible and with limited financial impact.

One thing that clearly distinguished the AS Roma and Juventus F.C. integrated reports from the one of Generali is the evidence of real challenges that they want to pursue in order to positively impact the environment and push forward to demographic and social change. Generali in its report defines the external context and inherent issues, setting out goals to be more socially sustainable and environmentally friendly.

In the document, it is put emphasis also on the strategy and long-term value creation telling the stakeholders their perspective and initiatives to pursue excellence and innovation. The company maintains continuing relations with all external stakeholders: institutional investors, proxy advisors and retail shareholders. This intense relationship activity is also substantiated in a specific cycle of meetings with institutional investors and proxy agencies, focusing on issues of corporate governance, remuneration and sustainability which are relevant to the financial community. For example, a constructive dialogue also occurs during the course of the annual shareholders' meeting which serves as one of the primary opportunities for communication between shareholders and top management of the company. Then, as well as in the other two reports analyzed it is added a section about the governance and remuneration policy. The Board of Directors has structured its organization, even through the establishment of special board of committee, in a manner that meets the need to define strategic planning in line with Generali's mission, values and culture and, at the same time, monitors the pursuit of this strategy with a view to the sustainable value creation over the medium to long term.

This type of integrated governance also leverages the varied and in-depth professional skills present in the board and ensures effective oversight of management's activities. They enrich the meaning of this concept showing off the performances and characteristics of the Board of Directors.

Hence, all this amount of information is displayed in a more professional and thorough way, empowering the effectiveness of the document and showing how a company has to think integrated.

Indeed, to the extent necessary for an understanding of the company development, performance, position and impact of its activities, information related to environmental, social, employee, respect for human rights and anti-corruption and bribery matters is disclosed. In the mean time they also describe:

- The organization and management model, including direct and indirect impact;
- The policies implemented;
- The non-financial key performance indicators;
- The principal risks related to the matters aforementioned.

For the purpose of promoting greater accessibility to non-financial information, Generali provides inside the report the following table (*Figure 7*):

Leg. Decree 254/16 matters	Material matters for the Generali Group	Sections of the Report	SUSTAINABLE DEVELOPMENT GOALS
environmental matters	1. Responsible business management 2. Climate change and natural disasters 5. Product and service development 6. Responsible investments and underwriting	– Group highlights (p. 10) – How we create sustainable value: our business model (p. 18) – Our rules for running business with integrity (p. 22) – Risks and opportunities of the external context (p. 24) – Our performance (p. 43 and p. 49)	13
social matters	1. Responsible business management 4. Quality of the customer experience 5. Product and service development 9. Data and cyber security 10. Demographic and social change 13. Relations with distributors	– Group highlights (p. 10) – How we create sustainable value: our business model (p. 18) – Vision, Mission, Values (p. 21) – Risks and opportunities of the external context (p. 24) – Our strategy (p. 30) – Our performance (p. 43)	3, 9
employee matters	1. Responsible business management 3. Responsible remuneration and incentives 7. Attracting talent and development of human capital 8. Employee engagement and promotion of a common culture 12. Diversity, inclusion and equal opportunities	– Group highlights (p. 10) – How we create sustainable value: our business model (p. 18) – Our strategy (p. 32) – Our governance and remuneration policy (p. 38)	5
respect for human rights	1. Responsible business management 6. Responsible investments and underwriting	– Our rules for running business with integrity (p. 22) – Our performance (p. 49)	SUSTAINABLE DEVELOPMENT GOALS
anti-corruption and bribery matters	1. Responsible business management 6. Responsible investments and underwriting 8. Employee engagement and promotion of a common culture 11. Prevention of corruption	– Our rules for running business with integrity (p. 22) – Our performance (p. 49)	16

Figure 7

Source: https://www.generali.com/info/download-center/results

This table highlights the connection between the matters of Leg. Decree 254/2016 and those most material to the company, as well as the indication of the related section of the document in which they are reported in addition to our support for the Sustainable Development Goals launched by the United Nations.

Based on the Group's consolidated methodological decisions pertaining to integrated reporting, the report is drafted with the Guiding Principles and Content Elements envisaged by the International Integrated Reporting Framework (IIRF), approved by the International Integrated Reporting Council (IIRC).

The standard adopted for the disclosure of the material matters identified by Generali, especially of those non-financial envisaged the Italian Leg. Decree 254/16, is the Consolidated set of GRI Sustainability Reporting Standards with reference to selected GRI Standards and indicators of the GRI G4 Financial Services Sector Disclosures.

As well as the other two documents analyzed before, this report complies not only with current legislation, but also with the International Integrated Reporting Framework, and in particular with the materiality guiding principle.

By fixing all the arguments treated until now, in the last chapter will be provided some final considerations, limits of the work and next researches that can potentially be conducted.

Conclusion

The goal of this work has been identified in the critical analysis of the innovative tool to report diversity information that is getting more and more used by companies who wants to achieve higher results and greater awareness. To pursue this intent, the work has been developed by firstly talking about the international accounting harmonization process. Indeed, in the first chapter have been analyzed the main international accounting frameworks established in order to create common standards around the world.

Consequently, there have been introduced the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS), paying more attention to IAS/IFRS 19 and 27 principles and trying to find some potential linkages between social responsibility and accounting standards. In addition, measuring some financial ratios it has been demonstrated that there are very little linkages between numbers and social responsibility. Anyway, the paper continued to find potential links between them. The last section was about the new law regarding non-financial disclosure and its implication on the market. So, it has been outlined the institutional context in which social and environmental information turned to be actively used.

Then, the second chapter was useful to discuss about the literature and doctrine behind the born of social and environmental reporting. The purpose of this chapter was to give a definition of Corporate Social Responsibility (CSR) in order to better comprehend the main frameworks established to support this vision. Using this background, it has been introduced the focus of the entire work, the Integrated Reporting tool. After carrying out this analysis, it has to be easier to comprehend the definition of IR. Integrated reporting provides an effective and concise description of the ability of a company to create sustainable value and combines information about governance, strategy, risk, operations, financial and non-financial performance. Through this sentence the work continued to shed light on it. In the last chapter, it has been provided a practical example of how IR looks like, giving some insights and criticisms. In particular it is examined the AS Roma IR, one of the first Italian companies that started to implement it. AS Roma tries to give a meaning to numbers telling what they are doing and what they are planning, focusing on the impacts and outcomes generated. The other two sustainability reports were useful to assess AS Roma ability to produce diversity information and to give possible intuitions and suggestions for the next ones. According to James Pallotta, the AS Roma president and majority owner, every football club should be capable not only to compete in terms of prestigious and sporting results but even in terms of moral and social performances, being a central player in favor of the community in which the company operates.

He states: “we want to represent what we are: bearers of values, overwhelming the stereotypes of football world that in this country wants to find the proper image and identity. AS Roma is for Rome”.

In this sense IR also constitutes an instrument of forecasting nature that is functional to Club’s choices which it wants to accomplish. As seen, the development and growth of AS Roma activities are strictly related to the companies’ abilities to share information with the entire community of stakeholders. For this purpose, AS Roma selected four main interest areas that have to be intended as additional to sport activities. The driver that has been noted throughout the analysis is the willingness of the Club to transmit to stakeholders its own values and the sense of membership that characterizes AS Roma. Such impact analysis does not include, at least in this work, the impacts and outcomes mix that could be generated by the possible creation of the new ownership stadium. So, further researches could be implemented in order to capitalize on this huge initiative.

Hence, the activity has been focused on the individualization of the interest areas to be monitored in the creation of a first performance indicators short list able to measure social and environmental outcomes. Indeed, thanks to social networks it has been possible to investigate the current AS Roma awareness on the main digital platforms and in the different geographic zones. In this view, AS Roma document sums up its commitment in terms of approach and responsibility as well as of procedures and practices that the Club has adopted in order to improve its impact on communities and optimize the overall return on its investments.

Specifically, the outcomes on which has been carried out this first analysis, corresponds to the direct and indirect changes generated by company's initiatives towards the target community, both in long and short term. As it has been discussed, an essential element to be considered, with the intent of expressing any judgement on football clubs' performance, is represented by the diffusion of social and emotional dimensions of the football business which entails further reflections in terms of outcomes estimation.

AS Roma, as well as the other two companies analyzed to have some reference benchmarks, developed a model useful to:

- Examine the activity areas that are considered more relevant both for company development and target communities in which it actively operates;
- Highlight the primary activities implemented by single areas, identifying quali-quantitative performance measurements;
- Measure the impact of defined actions, allowing to give a detailed overview and esteem of the produced externalities exploiting reliable and verifiable data.

Moreover, non-financial information which is relevant for the EU Directive 95/2014 and the Leg. Decree 254/16 have been identified through an innovative materiality process developed in accordance with IR framework. In particular, all the three companies produced a materiality matrix containing the interest and impact areas. These matters were found within the primary reporting documents produced by the companies and approved by corporate bodies, or at least by the top management. Such topics are disclosed in the sustainability reports in a manner which is consistent with the strategic orientation and business management of the three undertakings. The specific performance indicators are those related to the strategic plan or those which are monitored operationally during planning and control processes while taking into account the relative scope that is currently applied by them. Finally, where feasible, a comparison between the three corporations was offered.

It is important to fix in your mind that monitoring the activities detail ensures to use a tool able to qualify the impacts and outcomes of every single business action. In particular, the objective is to measure a set of specified initiatives in order to monitor the development and the effective impact on target communities. At the same time Integrated Reporting provides a vision, both comprehensive and detailed, of business processes, outputs and the response that is generated by them towards the external environment that has to be considered as a monitoring and strategic element. The deep analysis of IR allows, indeed, to measure company or specific business-unit pattern relative to the strategic goals and more in general to the mission. Companies that do not monitor in a thorough way the interdependencies among business activities and social impact, besides the dispersion of value related to communities, lose fundamental opportunities of innovation, growth and competitive advantage. Hence, this work was useful to better catch up the IR potential in terms of awareness and ability to disclose information.

Integrated Reporting is currently a lively and engaging theme, worthwhile to be further explored both theoretically and practically around the globe. It poses a dilemma for smaller investors who may make suboptimal investment decisions due to their inability to absorb the volume and complexity of literature. This represents another point of future reflections that this thesis does not cover intentionally, and it will be examined by other researchers.

Furthermore, disclosure has increased significantly in volume and complexity due to the entrance into force of the new law on non-financial disclosure and it will be required greater and greater attention on the right implementation of IR. By now, IR is a free document in terms of content; however, it would be appropriate to provide an international standard scheme that is not fully provided by the IIRC yet.

In this sense, it will be useful to comprehend if it is positive to leave open boundaries to communication of social and environmental disclosure or if it will be strongly recommended to put standards on IR communication tool.

Anyway, as seen in the work, institutions have been focusing on the harmonization and standardization of both financial and non-financial disclosure and not putting principles on IR will be in contrast with their mission.

So, in order to guarantee that IR is not just a flash in the pan, or a simple communication exercise, it is essential that it affects the way in which an organization operates and its impact on the outside world.

Overall, the ultimate question is not whether IR is useful, but rather how it will be operationalized and if it will contribute effectively to the creation of value. Then, it will be necessary to implement integrated assurance, effective auditing procedures and practices for corporations.

Only by following this path, we could get the full understanding of the company, as well as we would achieve that goal of standardization pursued by EU.

This research is focalized only on a case study about the Italian football business, trying to make some matches with other examples of IR in Italy. Then, it represents a first introduction into IR implications and effectiveness that can potentially be used by researchers to deepen the findings in terms of variety of businesses and regions. It could be interesting to analyze if and how IR can differ from country to country and from business to business; what does it means stakeholder engagement for other football companies and, in general how do they approach to non-financial disclosure? These questions can be satisfied by next studies which as primary goal will have to find relationships and differences in social and environmental communication.

IR is continually changing since it has to adapt to stakeholders' needs and wants. Moreover, it is a very recent tool and companies, stakeholders and communities have to keep more and more familiarity with it.

The findings of the research are limited to a really short time of experience and companies are initiating to use the innovative tool for the very first time.

So, studies must go on in order to better assess the potential of non-financial disclosure and especially of IR.

Only strong empirical evidences could give to IR the capacity to be generally adopted by companies and recognized as a pivotal tool for them.

On these bases, the research can be further extended by introducing quantitative methods in order to understand the level of adoption of the social balance by companies subjected to IAS/IFRS and the potential added value that could be generated.

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Summary

Abstract

Since financial information has started to be considered no more satisfactory, a lot of discussions and debates has arisen in order to establish new accounting frameworks and standards. With the entrance into force of the EU Directive 95/2014 the disclosure of diversity information is mandatory.

Integrated Reporting represents the ultimate version of non-financial disclosure and can potentially be recognized as the most effective tool to communicate stakeholders the true identity and vision of the company, translating numbers and ratios into something that is more concrete and transparent for the entire community of stakeholders.

The aim of this work is to analyze the process of international harmonization of international accounting standards that led to the rise of a parallel concept: social and sustainability reporting. In particular, this paper will focus on the most recent tool to disclose sustainability and social information that is IR.

To better comprehend it, it will be considered the practical study case of AS Roma. In this way there will be provided the technique used by the company to report non-financial information and some critical analysis.

First Chapter

Financial information, as the globalization process occurred, felt the need of being more and more transparent, intelligible and comparable.

The first step of the gradual change was the harmonization of national accounting standards to international ones. This process, as it will be discussed thereafter, is still evolving due to the complexity and diversity of the needs and culture of the stakeholders and more directly of the national accountants. Moreover, any change implies switch-costs and risks to transit from one system to another. There are the obvious financial costs of setting up new systems but equally important are the adjustment costs of adapting to using and interpreting new data, and these issues represents another critical barrier.

All the changes and breakthroughs of reporting law can be resumed to stakeholder dynamic needs.

The twentieth century brought a variety of economic reforms to combat corruption, including efforts to increase transparency and accountability. So, accountancy bodies such as the International Accounting Standards Board (IASB) introduced international principles for facilitating the harmonization process and to ensure comparability and transparency of the financial information.

Moreover, another kind of disclosure was needed. Sustainable Responsibility took place in order to match these necessities and to change the way undertakings report information.

Even though social and environmental disclosure have always been part of annual reporting, until the 1980's firms have been used to mainly include regulative and litigation related information. The recent period, that has to be imagined from 1996, is defined by a globally interconnected economy and the convergence of financial reporting towards an agreed upon standard. That is the Corporate Social Responsibility voluntary standard. Prior to 2014 and the entrance into force of the Directive 2014/95/EU, there was no requirement to report information different to financial one in the European Union.

As a scholarly discipline, accounting can be divided into a number of subdisciplines, including financial accounting, managerial accounting, auditing, tax and governmental accounting. Each sub-discipline emphasizes certain research methodologies and targets a small number of academic journals as the primary outlet for its efforts.

Accounting is acknowledged to be a complex form of socio-economic activity whose historical evolution is co-extensive with that of human civilization. Indeed, it is argued that the rise of capitalism and the current hegemony of global capital would not have been possible without the existence of an institutionalized set of organized accounting practices. As processes of globalization have become increasingly evident, there have also been calls for international accounting harmonization (IAH) of accounting practices.

To foster the harmonization of accounting practices on a worldwide basis, various organizations and institutions have been created at both national and international levels. The purpose of these institutions has been to reduce differences in accounting practices among countries and, ultimately, to achieve uniformity of accounting on a worldwide basis. As of 1 January 2005, all companies domiciled in the European Union (EU) with publicly traded shares are required to prepare their consolidated accounts in accordance with International Financial Reporting Standards (IFRS).

Within the IAH process, there are various organizations which have been specifically created to facilitate the goal of achieving uniformity of accounting practices on a worldwide basis. These organizations have experienced coercive isomorphic pressures as the forces of globalization have demanded increasing levels of IAH. For example, the Security and Exchange Commission (SEC) has influenced this passage in a strong way allowing the US listed companies to use International Financial Reporting Standards (IFRS) rather than US Generally Accepted Privacy Principles (GAPP), a framework created to safeguard the privacy of individuals and organizations. The SEC is considered as the best benchmark in terms of rules and standards.

Meanwhile in Europe, the Accounting Regulatory Committee (ARC) and the European Financial Reporting Advisory Group (EFRAG) played a central role in facilitating the IAH process.

International Accounting Standards (IASs) and International Financial Reporting Standards (IFRSs) represents the rules that all the nations who adhere to the IASB have to follow.

First of all, it has to be highlighted that the distinctive feature of the IAS/IFRS standards is they are ‘‘principles-based” instead of ‘‘rules-based”. Rules imply prescriptions, specific criteria, thresholds or implementation guidance. The US GAPP principles are based on this system and they appear more all-embracing than the IAS/IFRS. At the same time, the SEC states: “…In a rules-based system, financial reporting may well come to be seen as an act of compliance rather than an act of communication”.

On the other hand, a principle-based approach refers to fundamental understandings that inform transactions and economic events. Under a principles-based system, these understandings dominate any other rule established in the standard. In the case of consolidation, for example, IAS 27 states that full consolidation should be enforced whenever a firm exerts ‘‘control” over another firm. As a governing measure of consolidation, the ‘‘principles-based” notion of control, IAS 27, par. 4, states: ‘‘. . .the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities”. In turn, this superimposes any specific rule, such as the percentage of voting rights owned by the controlling company vis-à-vis the controlled firm. If a firm actually exerts control over another company, the ‘‘principles-based” system establishes that full consolidation should be undertaken, no matter how such control is executed (e.g., board interlocks). Principles-based systems thus issue generic accounting standards. As opposed to rules-based systems, accounting standards of the principles persuasion do not address every controversial issue at hand but keep considerable ambiguity about such major processes as record keeping and measurement. The broad nature of IAS/IFRS, for example, explains why they do not adopt a position with respect to accounting for sales incentives. Consequently, IAS/IFRS leaves it up to firms to make any accounting choice that does not contravene the principles established in the standards. the accounting choices regarding the recognition of actuarial gains and losses provide a useful example in this regard.

According to IAS 19 Employee Benefits, the adoption of the corridor approach can smooth actuarial gains and losses; the results affect net income for the part that exceeds the ‘‘corridor” of plus or minus 10% of the maximum between the Projected Benefit Obligation and the Fair Value of the assets of the plan. Alternatively, the income statement can directly recognize the gains and losses. As a third choice, actuarial gains and losses can be recognized fully and immediately into equity and, hence, without affecting the income statement. The IAS 16 Property, Plant and Equipment equally enable different accounting choices such as the cost method and the revaluation method for the accounting of tangible assets.

It has been discussed how the IAS/IFRS standards have gained global acceptance and implementation. Countries using rules-based systems (e.g., Germany) as well as those employing principles-based systems (e.g., the United Kingdom) apply IAS/IFRS standards. At the same time, common law countries (e.g., Australia and New Zealand) and those with a civil-law tradition (e.g., Italy and Spain) also implement these standards.

Moreover, countries with diverse national cultures equally apply the standards set by the IAS/IFRS (Ding et al., 2005). This global acceptance of IAS/IFRS, largely rests on its principles-based nature as well as on its driving notions of openness and flexibility. These ideas are instrumental in accommodating diverse institutional settings and traditions under a common set of standards.

However, in principles-based systems rules are necessary to provide the principles with a structure.

George J. Benston[20] asserts that standards should provide sufficient detail and structure so that standards can be operationalized and applied on a consistent basis. In particular, the more judgment an accounting principle requires, the more difficult is it to cast it into a standard without plenty of guidance and, perhaps, exceptions.

[20] In order to get more information: “Worldwide Financial Reporting: The Development and Future Accounting Standards”, George J. Benston.

According to G. J. Benston optimal standards are somewhere in the continuum of principles-based and rules-based approach.
The global acceptance of the IFRS Standards implies countries with a rules-based system to converting into principles-based system. The adoption of the IAS/IFRS standards brings about a different mindset that sharply contrasts with the prior national, regulatory setting. In particular, the principles-based nature of IAS/IFRS standards and the related notions of openness and flexibility exert a lasting effect on the educational background and professional skills of accountants and auditors.
The adoption of IAS/IFRS requires accountants to possess a solid knowledge of business and economics.
In this respect, accountants should grasp a comprehensive understanding of the business and economic fundamentals of transactions and events before deciding on its accounting treatment.
In addition, a principles-based system does not assure the comparability of accounting measures across countries and regions. These represent strong barriers to the adoption of these standards.
Anyway, the extent to which the application of IAS/IFRS enhances the international convergence of accounting practices remains outstanding. In this respect, an empirical research, conducted by Holger Daske has distinguished between the voluntary adoption of IAS/IFRS within the European Union before 2005 and their mandatory adoption after 2005. Daske distinguished between firms that voluntarily applied IAS/IFRS into serious and label adopters. The distinction captured the idea that some adopters seriously modify their financial reporting strategy after adoption (serious), whereas others use the flexibility of IAS/IFRS standards to keep on using their usual financial reporting strategy under the new international label. He finds that the positive effects of adoption are more pronounced for serious adopters than label adopters. When the two groups of adopters are pooled together, the average effects of adoption become modest. Research addressing the mandatory adoption of IAS/IFRS within the European Union after the Regulation (EC) No 1606/2002 is quite different, but positive at the same time. Daske examined the economic consequences of mandatory IAS/IFRS adoption in a large sample of firms established in 26 different countries. Although adoption did not have seemingly strong effects, the consequences were particularly notable, especially in jurisdictions whose domestic GAAP differed from IAS/IFRS standards.
IFRS Standards are set by the IFRS Foundation's standard-setting body, the International Accounting Standards Board (IASB). The simplest definition of the principles is given by the IFRS Foundation that asserts: "Accounting standards are a set of principles companies follow when they prepare and publish their financial statements, providing a standardized way of describing the company's financial performance".
However, the very first goal of the IFRS Foundation and the IASB is to produce useful financial information. Leonardo Rinaldi[21], Senior Lecturer in accounting, says that the theory of business management explains how the characteristics and the evolution of the accounting systems in each country are influenced by environmental, economic, legal, political and cultural factors that characterize the local context.

[21] Check the article: "Accounting for Sustainability Governance: The Enabling Role of Social and Environmental Accountability Research".

In relation to this point, as it has been analyzed previously, the EU has chosen the introduction of a set of accounting principles (IAS/IFRS) to be adopted by some kinds of member countries companies.

According to IAS 1 (revised 2007) “financial statements are a structured representation of the financial position and financial performance of an entity. The objective of financial statements is to provide information about the financial position, financial performance and cash flows of an entity that is useful to a wide range of users in making economic decisions. Financial statements also show the results of the management’s stewardship of the resources entrusted to it” (IAS 1, par. 9). IAS 1 also states that a complete set of financial statements includes the following documents: “(a) a statement of financial position as at the end of the period; (b) a statement of profit or loss and other comprehensive income for the period; (c) a statement of changes in equity for the period; (d) a statement of cash flows for the period; (e) notes, comprising a summary of significant accounting policies and other explanatory information; (f) a statement of financial position as at the beginning of the earliest comparative period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements” (IAS 1, par. 10). “Many entities present, outside the financial statements, a financial review by management that describes and explains the main features of the entity’s financial performance and financial position, and the principal uncertainties it faces” (IAS 1, par. 13). IAS 1 “Presentation of financial statements” sets “This Standard requires particular disclosures in the statement of financial position or of comprehensive income, in the separate statement of comprehensive income (if presented), or in the statement of changes in equity and requires disclosure of other line items either in those statements or in the notes. IAS 7 Statement of Cash Flows sets out requirements for the presentation of cash flow information” (IAS 1, par. 47).

The IAS 1 also provides the possibility that companies present, with these key documents, other documents, that however, are outside the scope of IAS/IFRS and, therefore, their absence is not relevant to the completeness of financial information (additional documents) (IAS 1, par. 13-14): a financial review by management that describes and explains the main features of the entity’s financial performance and financial position, and the principal uncertainties it faces; other reports and statements.

So, the IAS 1 categorizes the information provided into assets, liabilities, revenues and expenses, cash flows and also contributions by and distributions to owners and there must be:

- Compliance with IFRS;
- Capacity to operate in the foreseeable future (going concern);
- Accrual basis of accounting;
- Materiality and Separation;
- Not offsetting;
- Frequency of reporting and comparison.

As discussed, both in IAS 1/7, both in the Framework, the reference is always to the financial statements, meaning the representation of the financial position, financial performance and cash flows of an entity that is useful to “present and potential investors, lenders and other creditors, who use that information to make decisions about buying, selling or holding equity or debt instruments and providing or settling loans or other forms of credit” (F OB2).

The statement of profit or loss and other comprehensive income for the period, together with some of the values exposed in other statements, allows for the calculation of a suitable system of economic and financial ratios that translate the values produced into performance indicators in order to assess whether or not the economic-financial objectives of the business and profit organization have been achieved from the point of view of the management and also to investigate the convenience in making an investment from the point of view of an investor. In particular these indicators allow some categories of stakeholder to assess the corporation’s efficiency and business sustainability.

These accounting principles, then, are compulsory for the preparation of some kinds of financial statements, but not for the preparation of social and environmental reports. Indeed, the investors have to be considered as the shareholders and not as the entire stakeholders, so the people who may have some interests in the evolution not only of the company but also of the society.

Firms are also an economic social actor which operates in a social environment to which they belong and with which they interact. According to many experts and researchers, such as Hill and Jones, to evaluate a company in full, namely to conduct a comprehensive assessment, it is not enough to rely solely on the indicators above, and consequently only on the compulsory statements required by IAS 1.

To assess the overall impact of the firm’s activity on the community, it is important to expand the audience of these documents to all the stakeholders and not just to the shareholders. The companies, in fact, are not only systems for the production of value but also economic social actors which operate in a social environment to which they belong and with which they interact, not only through a system of monetary and financial exchanges but also through physical, human and communication flows that produce knowledge, trust and reputation. For this reason, it becomes fundamental for the companies’ success and for a better evaluation from the stakeholders to support the corporate balance (with the statements required by IAS 1, par. 10) with a new document, the social balance in a perspective of social responsibility reporting.

Since the concepts of environmental and social responsibility has become a potential added value for companies and important information for the entire stakeholders’ population, they and above all Institutions, have felt the need of adapting to those dynamics. The Directive 2014/95/EU represents the practical case of this need and part of the harmonization process of accounting procedures.

Second Chapter

Managerial accounting is the set of actions implemented by a company, that lead to master the management system, being firstly responsible for both itself and its shareholders. It focused on what is not valuable so, something that cannot be represented by numbers.

The set of strategies can be resumed as follows:

- Identify and define a strategy: define the vision, mission, values and goals (strategic plan);
- Translate strategy into action: translate all the key performance indicators or ratios, such as the ones seen (ROI, ROE, etc.), into operations in a more digestible way;
- Plan operations: combine long term vision with the short term one, so the strategic plan with the operating plan, because the environment is dynamic and turbulent. In this phase, you have to provide justification on what you are measuring, becoming responsible to reach the objectives (accountability);
- Monitor your progresses: perform milestone controls to evaluate your successes and errors;
- Test and adapt the strategy because shareholders have different intentions and so they are in tension. These operations can lead to forced tradeoffs.

The key difference between managerial and financial accounting is managerial accounting information is aimed at helping managers within the organization make decisions, while financial accounting is aimed at providing information to parties outside the organization.

In this context, one of the most used and recognized models is the Balance Scorecard by Kaplan and Norton[22].

Kaplan & Norton's Balanced Scorecard model was developed in the early 1990's as an attempt to help firms measure business performance using both financial and non-financial data.

The aim of the Balanced Scorecard is "to align business activities to the vision and strategy of the business, improve internal and external communications, and monitor business performance against strategic goals."

The balanced scorecard provides a relevant range of financial and non-financial information that supports effective business management.

It is built on four business perspectives that are basically:

- Financial that represents the image of the shareholders. It is based on reflection and expectation of the main KPIs and ratios;
- Internal business process that is focused on providing efficient flows of information and excellent project management. Some techniques implemented are the life-cycle time reward or the just in time production;
- Innovation and learning that is concerned to the ability of the firm to produce new product’s measures and the knowhow of employees;
- Customer that is related to customer satisfaction and retention, on time delivery and building concrete market share.

So, strategy is broken down into lagging indicators that cannot be identified in the financial statements.

According to Kaplan and Norton, having a performance measurement and management system based exclusively on financial measures does not offer a full picture on the health of company strategy execution.

[22] Check the book: “The Strategy-focused Organization: How Balanced Scorecard Companies Thrive in the New Business Environment”, Robert Steven Kaplan, David P. Norton

So, the company has to focalize its attention on customer requirements and suggestions being firstly customer-centered. Then, it has to constantly innovate and learn, optimizing also the internal business processes.
The ideal pillars on which the company has to rely upon following the managerial accounting insights are:

- Develop the strategy plan and map;
- Develop objective measures;
- Set targets;
- Communication.

In this way, it is natural to give a definition to strategy. Strategy represents the particular means by which the organization seeks to fulfill its mission and to move towards its vision within the context of its values.
Hence, the balance scorecard tells the story of your strategy, capturing drivers of future performance as well as the outcomes of past performance. Then, it identifies the critical processes that must change to achieve goals and shows cause and effect of the four business perspectives.
Following the concept of future performance and outcomes some institutional frameworks took place in order to sustain the development of non-financial reporting. Future performance vision has to be intended as the assurance of a sustainable business that endures over the long term. Meanwhile, outcome is something different to output because it no focused on generating merely income but also in producing positive externalities for the environment and the community. In this way, future performance and outcome turn to be social and sustainability goals.
As seen the international accounting system has been significantly revolutionized through the IAH process. Furthermore, stakeholders' needs have become more and more sensible to sustainability and social aspects because of the added value that can be generated through the social reporting.
The initiatives and frameworks mentioned above have highlighted the need for an integrated approach towards sustainability at a systems level. This need has also been emphasized at the level of the corporation.
For instance, in providing guidelines to companies for sustainability reporting, the Global Reporting Initiative (GRI) has highlighted various dimensions of sustainability (i.e. economic, social and environmental dimensions) to be included and disclosed within reporting activities. In this respect, sustainability reporting should provide reliable information on the progress towards sustainability in all its different dimensions. The multidimensional nature of sustainability reporting and the need for integration have also been emphasized by the International Integrated Reporting Council (IIRC). The IIRC wants to embrace the public and private sector influencing them to use the integrated reporting as the mean of financial stability and sustainable development.
The Integrated Reporting (IR) represents the ultimate technique to disclose non-financial information and give a holistic and integrated view of the company to the stakeholders.
Being based on the assumption that sustainability is good for business, this innovative tool can potentially improve annual reports and supply detailed financial information about current and future prospects. It essentially combines a company's annual report, with a corporate social responsibility or a sustainability

report, to show the relationship between financial and non-financial performance, which are defined not only in economic terms but also in social, governance, ethics and environmental perspectives.

At the heart of IR is the growing realization that a wide range of factors determine the value of an organization, some of these are financial or tangible in nature and are easy to account for in financial statements (e.g. property, cash), while many such as intellectual capital, competition and energy security are not.

In particular, the Integrated Reporting (IR) framework aims at stimulating innovation in disclosure mechanisms by bringing "together material information about an organization's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates".

Hence, IR provides a comprehensive view to shareholders and other stakeholders regarding the way in which companies add value by fulfilling their mission and achieving their visions.

The main pillars on which IR is based are explained as follows:

- Sustainability through the sustained creation of value for stakeholders;
- Integrated decision making and actions;
- Connectivity and interdependencies.

According to the IIRC framework, an integrated report should include eight Content Elements that are fundamentally linked to each other and are not mutually exclusive:

- Organizational overview and external environment;
- Governance;
- Business model;
- Risks and opportunities;
- Strategy and resource allocation;
- Performance;
- Outlook;
- Basis of presentation.

By looking at these contents it can be denoted the high degree of complexity and completeness that IR should perform. Anyway, it is a report open to interpretation and flexible because it is not based on rules but on principles and suggested contents.

IR has to be considered as a process founded on integrated thinking that is about ensuring the long-term sustainability. This process results in a periodic organization report about value creation over time (future performance and sustainability). It is a concise communication about how organization's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long run, helping investors manage risks and allocate resources more efficiently.

Following the considerations made until now, IR is a tool that has potential to overcome the limitations of both financial reporting (complexity, short-termism, shortage of nonfinancial information) and sustainability reporting (low reliability and trust from investors, disconnection with financial performance).

Environmental, social, and governance issues are increasingly recognized as being responsible for filling the gap between the accounting and market value of firms. It is widely recognized that the firm's value creation depends on the ability to manage a diversified set of capitals (financial, manufactured, human, intellectual, natural, social). Non-financial data disclosed in annual reporting, as seen previously, is no more voluntary for certain categories of companies. Therefore, the use of non-financial performance measures can establish trust in the communication towards stakeholders, making the non-financial information more robust. While managers are already using Key Performance Indicators (KPIs) in their decision-making processes, analysts and investors could also make greater use of them in the future. IR has the stated objective of providing an effective and concise description of the company's ability to create current and future sustainable value, by presenting information normally reported in several separated documents as a coherent whole.

Third Chapter

In this chapter, it will be examined the integrating reporting technique of an Italian public listed company that is Associazione Sportiva Roma S.p.A. (AS Roma), one of the first Italian company to start adopting this innovative method of reporting. AS Roma is one the most important football team in Italy and also in the world. They defined the company as a social-media entertainment company. For this reason, it is highly customer centered and all the stakeholders are involved in the activities produced by the company. The purpose is to shed light on AS Roma's recent advances in corporate reporting. Therefore, after having briefly illustrated the history of the company and AS Roma's distinctive approach to sustainable value creation, the chapter focuses on the structure and the contents of AS Roma 2016 Integrated Report. Issued in 2016, the Integrated Report is prepared both in accordance with the principles included in the prototype Framework developed by the International Integrated Reporting Council. According to the IIRC: "an integrated report is a concise communication about how an organization's strategy, governance, performance, and prospects, in the context of its external environment, lead to the creation of value over the short, medium, and long term. Although providers of financial capital are the primary intended IR users, an integrated report should be designed to benefit all stakeholders—including employees, customers, suppliers, business partners, local communities, regulators, and policy makers—interested in an organization's ability to create value over time. The key objective of Integrated Reporting (IR) is to enhance accountability and stewardship with respect to the broad base of six types of capital, or "capitals" (financial, manufactured, intellectual, human, social and relationship, and natural), and promote understanding of their interdependencies".

Moreover, given the fact that AS Roma is an Italian company and fulfills the requirements of the Italian Decree No. 254/2016 it must report non-financial information, following the new law that replicates the standards of the Directive 2014/95 EU.

Through the approach towards sustainability and social-environmental aspects, IR is designed to support integrated thinking, decision making, and actions that focus on sustainable value creation for stakeholders.

Being sustainable, for a social-media entertainment company, means to achieve economic growth and to enhance reputation through a distinctive approach that is also a catalyst for external development, by promoting respect for individuals and for the environment and, in general, by creating opportunities for local people and businesses. Sustainability in any corporation is not a specific area of activity but represents a business approach in itself. AS Roma has been committed in producing positive externalities in the social and environmental areas because of the nature of its business where the reputation is made by local people firstly. For instance, it was always committed in building facilities for the communities. Being local is the main driver to build strong reputation inside the customers' mind and increase the company value enriching at the same time the entire class of stakeholders.

As seen throughout the second chapter the prerequisite for a sustainable business is integrated thinking. As the IIRC framework states, integrated thinking is the consideration, by the company, of the relationship between its various operating and functional units and the capitals used and affected. This implies that all forms of capital, from financial to manufactural, human, environmental, intellectual and social, find a proper place in all decision processes and that their proper management plays a role in the creation of value

over time. Thanks to integrated thinking, people who work in the organization, are able to see things in a broader perspective, taking into account the achievement of economic and financial results as well as the impact of business activities on people, environment and society, or furthermore, by considering, new opportunities that can be generated in areas close to those specifically managed. This holistic view stems from different factors that affect or that can be affected by business decisions. One bright example could be potentially represented by the creation of the new AS Roma stadium. This project is focused not only on the creation of value for shareholders, but it aims at increasing facilities' efficiency and job opportunities for the community.

AS Roma began its journey towards environmental and social reporting in 2016 with the partnership of Italia Camp S.r.l. that is an Italian Non-Governmental Organization (NGO) specialized in impact accountability and impact investing. These two terms refer to the concepts of outcome and sustainability. The outcome is the result, so the potential impact generated by the company. It has to be considered as the positive externalities produced towards the people, the environment and the territory. So, it is a blended return that delivers the willingness to engage all the stakeholders and to define the impact areas measuring the generated effects. On the other hand, sustainability refers to the generation of outputs. In this sense there is the need of mitigating the risk and creating reputation without generating negative externalities on the environment, people and territory. It is clear now that these two spheres are referring to social and environmental reporting and if you remember we already mentioned them in the first chapter. By incorporating the views of outcome and sustainability the company can start think integrated achieving progress. This is the mission of AS Roma together with Italia Camp. With these premises, the analysis of the AS Roma IR can follow.

The first part of the IR was useful to analyze and compare the AS Roma brand value during the 2015-2016 season. In the last decade, there have been several studies that analyzed the football market and the economic

value produced. For this reason, Italia Camp develop an assessment with significant amount of data, not only sporting related but also related to the sector trend, internationally and locally, in terms of cash flows and brand value. According to the study developed by Brand Finance Group, AS Roma brand has been valued 121 billion dollars in 2016 and, it is increased by 25% respect to the previous year. AS Roma brand is one of the few Italian football clubs that experienced a brand value growth throughout the 2015-2016 season.
Anyway, comparing it to the ones of other international football clubs there can be possible to note the current weakness of Italian brand respect to the European context. To be precise, the comprehensive value generated by Italian football clubs corresponds to 12% of the value generated by English football clubs. There is another research conducted by KPMG, named “Football Money League”, that is focused on the performances of the main international football clubs. The document uses multiple series of metrics, financial and non-financial, to compare clubs’ value. In particular, it sheds light on the capacity to create returns on ticketing, broadcasting rights and other commercial sources, leading to rank the companies on these criteria.
From all these researches, there is a common factor that determines the effective increase of the brand value. The sporting result is the fundamental driver of the net income trend but, at the same time it has been highlighted the more and more attention payed on the specific impact through the stakeholders’ engagement. As seen in the latter chapter stakeholders’ engagement represents one of the pillars of an effective integrated reporting. AS Roma is the only one Italian club that increased significantly the net income, enhancing the brand awareness and consequently producing stakeholders’ engagement. It has implemented strong social campaigns leading to 25% growth in the brand value.
By defining the results on the market research there have been conducted internal assessments on the corporation. Firstly, the IR defined the AS Roma stakeholders starting from the academic definition.
Using the most known assumption of Freeman, stakeholders are: “any group or individual who can affect or is affected by the achievement of the organization's objectives”. Freeman also states: “A company can’t ignore any of its stakeholders and truly succeed. There might be short-term profits, but as stakeholders become dissatisfied, and feel let down, the company cannot survive.” Stakeholders management and stakeholders’ engagement could represent a limpid strategic variable in the business management that is strongly influenced by the relationships with some categories of group of interest.
The power of AS Roma is represented by the active stakeholder engagement that is actually fostered by:

- Their participation in every steps of the sporting activities;
- The promotion and sharing of the common principles towards a convergence to the mission and vision of the company;
- The dialogue and the proactive debate in different places and thanks to the multiple channels.

Relatively to the sustainability context and to evaluate the potential impact produced by AS Roma, the document firstly defined the areas in which the company generate outcomes, keeping in mind the stakeholders map identified earlier.

The final purpose of an IR is to display the ways through which the organization contributes to the improvement of the resources and the economic, environmental and social conditions; as well as to the development of the dynamics at local, national and global level.
In this sense, there have been identified the following interest areas:

- Youth sector beyond the pitch;
- Brand identity and club history;
- Supporters;
- City ambassador.

These four areas constitute the sustainability context of AS Roma in which it has been possible to assess financial and non-financial performances, and also the impact generated by doing social.
In order to put a number on the AS Roma outcomes, Italia Camp developed an effective model that gives value to them.
AS Roma strongly believe in what can be defined integrated football, permitting to live the AS Roma football experience to juniors. So, education, organization, support to territories, competition and attention to issues linked to disability are the guiding principles of the company and through them it can generate economic-relational and social-work-related impact.
The strategic action relatively to the interest area of brand identity and club history has the primary objective of recover the human and historical patrimony of the club through, for example, the institutionalization of the AS Roma "Hall of Fame". On the other hand, rebranding activity represents a strategic move that is orientated to give value to the club history. In this section there are two fundamental impacts, one is internal and the other one is external. Respectively, the first impact is about emotional capital and it materializes in the reinforcement of the membership feeling of football players, ex-football players and staff. The second impact is about the city image that explicates in development and improvement of the AS Roma role both as a memories' entity of the community and in terms of brand that gathers people and unifies different generations.
AS Roma states in its sustainability report that it has created a specific business unit committed to the collection of documents, photos, uniforms and other objects that testify the club history and its relationship with the supporters and the city. Indeed, the "Hall of Fame", the "legacy" and the historical archive belong to all the brand identity activities that will have their natural evolution with the opening of the new stadium and the club museum. At the same time, in order to spread the brand identity and club history the supporter plays a central role.
For this reason, AS Roma strategy is to start a proactive path regarding sport education and, especially, supporter education. The "supporters' school" generate actions that could facilitate access and fruition to the stadium during sporting events for supporters, families and children. In the report, the company sustain that this project could lead positive impacts in terms of:

- Fines reduction;
- Increase of tickets selling;

- Lower stadium maintenance and management cost;
- Lower costs regarding public security;
- Improvement of the general livability of the city.

Since its birth AS Roma has been exposed to the eyes of the public opinion, especially international at communication and identity level. News, successes or defeats, criticalities or virtuosities directly influence brand perception and image in the customer's mind.

So, being firstly able to manage the connection with the city represents a unique opportunity in the European landscape and for this reason it should not be transformed in a threat for the company. Secondly, representing with its name one of the most famous cities in the world, it is the city ambassador, the company amplifies the communicative effect and the brand value.

The qualitative and quantitative analysis, carried out into AS Roma's IR, permitted to highlight interesting point of reflection both for company management and more in general for the overall consideration of its business context. In particular, the interest areas show a strong inclination to the creation of social outcomes towards the external stakeholders. In this way AS Roma wants to give a tangible signal of attention regarding sustainability and social effects generated by its managerial actions in the medium/long run.

Conclusion

The goal of this work has been identified in the critical analysis of the innovative tool to report diversity information that is getting more and more used by companies who wants to achieve higher results and greater awareness.

Integrated reporting provides an effective and concise description of the ability of a company to create sustainable value and combines information about governance, strategy, risk, operations, financial and non-financial performance. Through this sentence the work continued to shed light on it. In the last chapter, it has been provided a practical example of how IR looks like, giving some insights and criticisms. In particular it is examined the AS Roma IR, one of the first Italian companies that started to implement it. AS Roma tries to give a meaning to numbers telling what they are doing and what they are planning, focusing on the impacts and outcomes generated.

In this view, AS Roma document sums up its commitment in terms of approach and responsibility as well as of procedures and practices that the Club has adopted in order to improve its impact on communities and optimize the overall return on its investments.

Specifically, the outcomes on which has been carried out this first analysis, corresponds to the direct and indirect changes generated by company's initiatives towards the target community, both in long and short term.

It is important to fix in your mind that monitoring the activities detail ensures to use a tool able to qualify the impacts and outcomes of every single business action. In particular, the objective is to measure a set of specified initiatives in order to monitor the development and the effective impact on target communities. At the same time Integrated Reporting provides a vision, both comprehensive and detailed, of business processes, outputs and the response that is generated by them towards the external environment that has to be considered as a monitoring and strategic element.

Integrated Reporting is currently a lively and engaging theme, worthwhile to be further explored both theoretically and practically around the globe. It poses a dilemma for smaller investors who may make suboptimal investment decisions due to their inability to absorb the volume and complexity of literature. This represents another point of future reflections that this thesis does not cover.

Furthermore, disclosure has increased significantly in volume and complexity due to the entrance into force of the new law on non-financial disclosure and it will be required greater and greater attention on the right implementation of IR. By now, IR is a free document in terms of content; however, it would be appropriate to provide an international standard scheme that is not fully provided by the IIRC yet.

So, in order to guarantee that IR is not just a flash in the pan, or a simple communication exercise, it is essential that it affects the way in which an organization operates and its impact on the outside world. Overall, the ultimate question is not whether IR is useful, but rather how it will be operationalized and if it will contribute effectively to the creation of value. Then it will be necessary to implement integrated assurance, effective auditing procedures and practices for corporations.

Only by following this path, we could get the full understanding of the company, as well as we would achieve that goal of standardization pursued by the EU.

This research is focalized only on one case study about the Italian football business, trying to make some matches with other examples of IR in Italy. Hence, it represents a first introduction into IR implications and effectiveness that can potentially be used by researchers to deepen the findings in terms of variety of businesses and regions. It could be interesting to analyze if and how IR can differ from country to country and from business to business; what does it mean stakeholder engagement for other football companies and, in general how do they approach to non-financial disclosure?

These questions can be satisfied by next studies which as primary goal will have to find relations and differences in social and environmental communication.

IR is continually changing since it has to adapt to stakeholders' needs and wants. Moreover, it is a very recent tool and companies, stakeholders and communities have to keep more and more familiarity.

The findings of the research are limited to a really short time of experience and companies are initiating to use the innovative tool for the first times.

So, studies must go on in order to better assess the potential of non-financial disclosure and especially of IR.

Only strong empirical evidences could give to IR the capacity to be generally adopted by companies and recognized as a pivotal tool for them.

On these bases, the research can be further extended by introducing quantitative methods in order to understand the level of adoption of the social balance by companies subjected to IAS/IFRS and the potential added value that could be generated.