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A Sectoral Overview on the Integrated Reporting Practices in Türkiye

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Abstract

In Türkiye, it has become an obligatory practice for companies listed in Borsa Istanbul (BIST), brokerage firms and portfolio management companies to make financial reporting in the period starting from 2005. Financial reporting means that companies share their financial information in order to support decision-making processes for both current and potential investors, fund holders and all kinds of creditors. Along with financial reporting, the results obtained regarding the economic activities of the companies and the results of these activities are shared with the public. Today, it is seen that investor expectations regarding companies are not only economic and an understanding that takes into account the environmental and social effects of companies has been adopted. As a result, it is possible for companies to integrate non-financial reporting practices into their existing financial reporting processes and make integrated reporting. Integrated reporting provides financial information users with information about the financial status of companies, as well as their environmental impacts and social and corporate governance practices. Integrated reporting, which enables the information presented to financial information users to be more transparent and accurate, also ensures that corporate reporting is carried out in a healthier and more effective manner. In this study, the development process of integrated reporting both in the world and in Türkiye has been discussed; and also the current situation has been determined. By examining the integrated reports published in Türkiye on a sectoral basis, it has been observed that the number of integrated reports published over the years has increased.

Key words: ESG, Financial Reporting, Non-financial Reporting, Integrated Reporting.

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1. Introduction

The short-term profit maximization and cost minimization targets of businesses have changed with the concept of sustainability. Nowadays, instead of short-term goals, businesses focus on long-term goals. Each department of the business pays attention to sustainability issues and the businesses as a whole continue their activities in line with the purpose of sustainability.

In recent years, the expectations of businesses and their stakeholders have ceased to be only economic and financial; it has become environmental and social dimensions are also handled with transparency. The spread of economic crises to other countries by globalization, decreasing natural resources, natural disasters and the decrease in raw materials are the risks that are not included in the financial statements, but have financial consequences for companies (Aras and Sarıoğlu, 2005). For this reason, the importance given to non-financial information and the emphasis on the concept of sustainability have become even stronger.

Sustainable businesses are formed by the sustainable departments, and sustainable economies can only be formed by sustainable development. The concept of 'Sustainable Development', first defined in 1987 as " meeting the needs of the present without compromising the ability of future generations to meet their own needs" (UN Brundtland Report, 1987).

Türkiye has also adapted to the International Financial Reporting Standards, which was initiated by the European Union in 2005 for the purpose of standardization in European countries and started to prepare its financial statements accordingly. Companies listed on Borsa Istanbul have started to prepare their financial statements within the framework of IFRS and share them with the public.

Borsa İstanbul is one of the founders of both the Sustainable Stock Exchanges Initiative (SSE) and the Sustainable Derivative Exchanges Network and is a leader in the sustainability of the financial system (BIST, 2022). In this respect, it leads and encourages companies in non-financial reporting and integrated reporting.

2. Financial Reporting

It has been decided by the European Union to prepare financial reports in European countries in accordance with International Financial Reporting Standards since 2005. In the globalizing world, this idea which was put forward for the purpose of removing the differences between countries and standardization, also affected Türkiye, which is a candidate of the European Union. In this context, businesses that are subject to the Capital Markets Board as of January 2005 started to prepare their financial statements in accordance with IFRS and share them with the public.

According to IFRS, set of financial statements consists of statement of financial position (balance sheet), income statement, statement of changes in equity, statement of cash flows and footnotes and explanatory notes. Financial statements play a key role in financial statement users' decision making about the company.

Financial statement users consist of individuals or institutions that are in direct or indirect relationship with the company. These individuals or institutions may consist of internal stakeholders such as managers and employees, as well as external stakeholders such as customers, credit institutions, suppliers, rating agencies, competitors, and the government.

Current or potential investors of the company are also stakeholders of the company and the information in the financial statements plays a key role in investment decisions. Financial statements are a guide for investors based on indicators such as the company's value, price/earnings ratio and profitability.

According to the Conceptual Framework for the Preparation and Presentation of Financial Statements, the purpose of financial statements is to provide information about the financial position, performance (results of operations) and changes in the financial position of the company for the benefit of users of financial statements when making economic decisions. Financial statements prepared for this purpose meet the common needs of the users. However, financial statements often reflect the impact of past transactions and generally do not contain non-financial information. Namely, they do not provide all the information users will need to make economic decisions.

However, today as stated in the Theoretical Framework, financial statements and financial data are not sufficient to meet the expectations of financial statement users. Therefore, more comprehensive reports are needed. Reports that include economic and financial data as well as social and environmental information form the basis of a sustainable business approach.

3. Non-Financial Reporting

Traditional finance focuses on the maximization of firm value with investing and financing decisions. In traditional approach financial data such as discount rate, cash inflows and cash outflows are used in investment decisions. In a sustainable approach, decisions are taken based on reduction of carbon emissions as well as inclusion of social and environmental factors to the economic factors. Regarding the financing decisions, the alternative with the lowest cost was preferred in the traditional approach. Besides, today the instruments that protect the environment, encourage renewable energy, and support disadvantaged groups such as green bonds are preferred in the sustainable approach.

With the adoption of a sustainable approach by companies, the goal of making short-term profits has turned into creating value in the long run. Satisfying shareholders by maximizing firm value is no longer sufficient. In addition to economic and financial performances, environmental and social performances are also closely followed by the stakeholders.

Although the problems faced by the world we live in, such as environmental pollution, biodiversity and climate change do not seem to affect businesses or accounting/finance departments at first, they now directly concern businesses as the expectations of current and potential investors from businesses change over time.

In this context, all investment, financing, and dividend distribution decisions are changing and keeping up with the changing world. From this point of view, in addition to the data in the financial statements, economic and environmental performance, which are other factors of sustainable development are also emphasized by the businesses.

Figure 1.a. Financial Value Creation in Traditional Finance

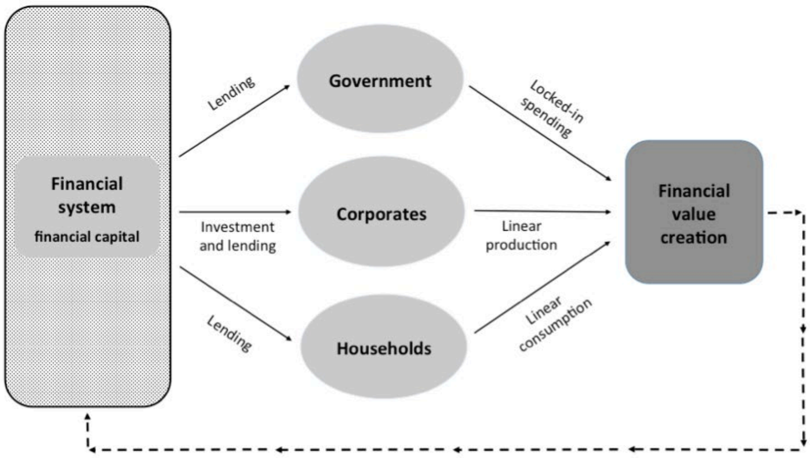
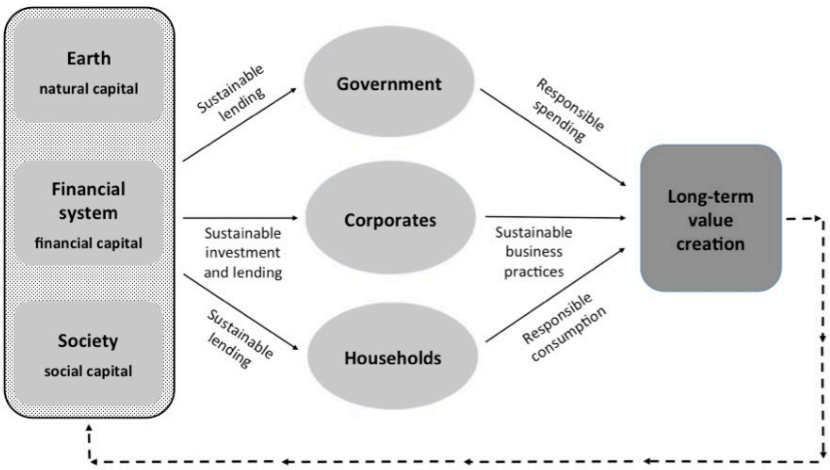


Figure 1.b. Long-term Value Creation in Sustainable Finance



Source: Schoenmaker and Schramade (2018:29)

The main aim of businesses differs in the traditional approach and the sustainable approach. According to Schoenmaker and Schramade (2018), these two approaches and their elements are shown in Figures 1.a and 1.b.

4. Integrated Reporting

Nowadays, the expectations of both corporate and individual investors go far beyond economic indicators and financial reports. As a result of current and potential investors' environmental and social expectations in addition to their economic expectations about companies, companies have made changes in their reporting practices. To meet these expectations, companies redefine their duties and responsibilities towards their stakeholders and society as a whole, within the framework of changing expectations. There is a new reporting practice by many companies for the needs of stakeholders and investors (Köse and Çetinel, 2017: 157). In this context, companies include non-financial reporting practices in their current financial reporting processes to reflect their environmental and social contributions. As a result, the concept of integrated reporting has been included in the literature since companies have prepared a report that covers both financial and non-financial data.

The increasing interest in integrated reporting, especially since the global financial crisis in 2008, has caused the subject to become an important research area in the accounting literature. The cut-throat competition in the global economy that companies are in, the innovations and opportunities arisen as a result of the rapid development of technology and the legal practices and regulations that change from day to day have led to the questioning of the traditional accounting practices.

It is seen that the traditional accounting approach and the financial reporting do not adequately meet the needs of investors and stakeholders about companies (Flower, 2015: 3). The fact that financial reports ignore the sustainability dimension by considering only retrospective mathematical results may cause investors and stakeholders who use only financial reports in the decision-making process to worry about the adequacy of financial reporting data (İşgüden Kılıç, 2018:30). In response to these concerns, there has been a shift from financial reporting to corporate integrated reporting.

Integrated reporting provides the environmental impacts and social and corporate governance practices of companies in addition to financial information to the users of financial statements. In addition, thanks to integrated reporting, it is possible to measure the performance of companies in the predetermined areas. With integrated report, it is possible to determine how and to what extent the activities of the companies contribute to the shareholders. Integrated reporting, which enables the information presented to financial statement users to be more transparent and accurate, also ensures that corporate reporting is carried out in a healthier and more effective manner.

Integrated reporting is defined by IIRC (2011) as "the process of bringing together material information about an organization's strategy, governance, performance and prospects in a way that reflects the business, social and environmental context in which it operates". Integrated reporting also clearly and concisely describes how a company represents management, creates and sustains value (IIRC, 2011).

Integrated reporting is seen as a solution to the shortcomings of traditional financial reporting (IIRC, 2013), while non-financial (voluntary) reporting is being implemented by more companies in order to provide more comprehensive and useful information, corporate transparency and accountability (Dumay et al., 2016:166).

5. Historical Process and Development of Integrated Reporting

Integrated reporting dates to the 1990s. The first step towards integrated reporting was taken in 1994 with the aim of improving the climate of distrust prevailing against institutions in South Africa. In this direction, Mandela ensured the establishment of the King Committee under the leadership of Mervyn King to destroy the climate of insecurity in South Africa. The name of integrated reporting started to be heard frequently in South Africa in 1994 with the publication of South Africa's first Corporate Governance Principles Act, also known as 'King I'. King I, which is named after Mervyn King, who was originally a judge of the South African Supreme Court, aims to share information in the society within the framework of transparency, based on the King Committee (Integrated Reporting Türkiye, 2016). King I has attracted wide attention due to its comprehensive approach to the views of all stakeholders, not just shareholders, regarding the goals of companies (Gleeson-White, 2014: 151). King, I report, by adapting to the developments of the private sector in the progress of South Africa's democracy emphasizes the need for a new management system (Stewart, 2010). In this direction, it is stated that South Africa should also set a corporate governance framework by taking more democratic states with highly developed industries as an example (Makiwane & Padia, 2013:423).

In 2002, King II was published, considering that King I should be rewritten to include the outputs caused by companies' economic, social, and environmental activities. With the publication of the King II report in 2002, the concept of "integrated sustainable reporting" came to the fore. The King II report has missions to companies to analyze the many new, comprehensive and complex areas that non-financial reporting has to offer.With the report, it is emphasized that companies have new duties and responsibilities in the field of sustainability (Gleeson-White, 2014:156).The King II report is based on the Global Reporting Initiative (GRI) and triple bottom line (TBL) practices, also known as triple reporting, which guide businesses in their sustainable reporting in order to ensure the sustainability of the economy. The task of the Global Reporting Initiative (GRI) is to assume the role of a guide for businesses on sustainability reporting, to develop a guide and to help the tripartite reporting practice to be widespread and comparable just like financial reporting (Kızıltan and Doğan, 2021: 69).

In line with the report (King II), companies evaluate their strategies, practices, understandings and processes regarding financial, social and environmental issues with a holistic approach. To put it more clearly, corporate performances of companies should be evaluated together with their economic, social and environmental impacts, and these companies should report by considering three components. Companies also need to carefully evaluate the externalities they cause or may cause in their reporting practices, and if they create negative externalities, they must keep this at a minimum.

The King III report, published in 2009, offers a holistic and integrated approach for businesses to evaluate their performance in terms of both financial and sustainability (Dumay et al., 2016:167). Along with the King III report, which contains a series of principles, a voluntary "apply or explain" principle was adopted in the Johannesburg Stock Exchange on March 1, 2010 (IDSA, 2009:5). With these three reports published since 1994, companies not only make financial reporting, but they also started reporting non-financial information. In this direction, companies have become able to make reports with the awareness of both their economic, social, and environmental responsibilities.

The principle of "apply and explain", which was optionally implemented in the King III report, was made mandatory by the Johannesburg Stock Exchange in 2010. According to this development, it has become mandatory for all companies listed on the Johannesburg Stock Exchange to make integrated reporting. Companies that do not make integrated reporting or do not share their integrated reports with the public are obliged to explain their reasons for the issue. In accordance with the report or explain principle, South Africa was the first country to adopt integrated reporting as a mandatory practice for listed companies. Since the transition of South Africa to the integrated reporting application, many countries such as Germany, France, Brazil, UK have taken steps regarding non-financial reporting and integrated reporting applications and decided (Altınay, 2016:59). King reports, which are considered as the first steps for the maturation of integrated reporting, are very important in terms of the birth and development of integrated reporting.

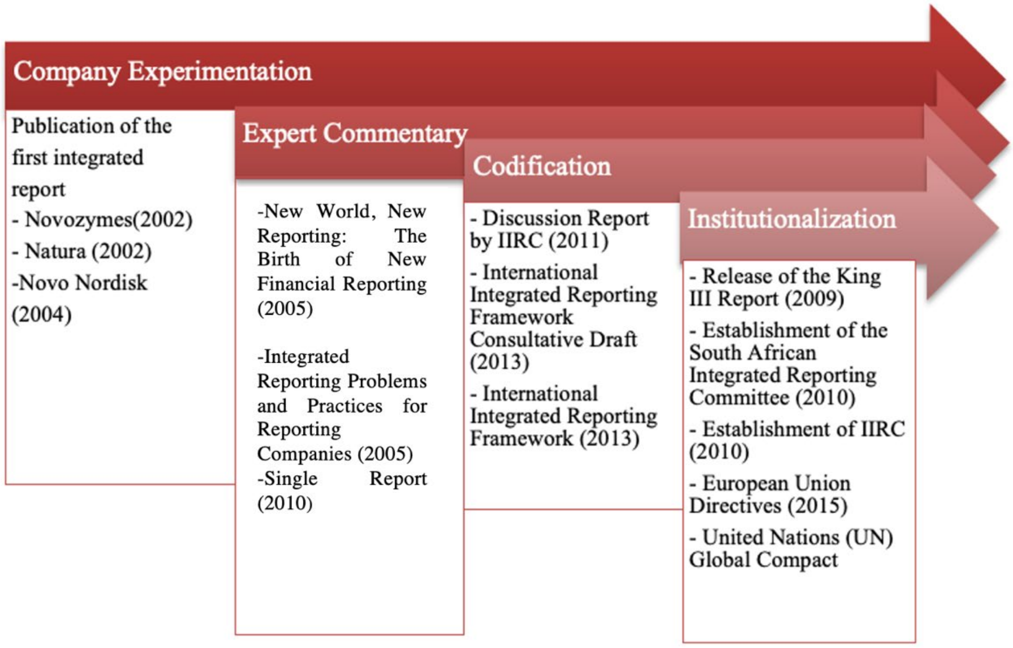
The institutionalization of integrated reporting occurred with the establishment of the International Integrated Reporting Council (IIRC) in 2010. IIRC is to ensure that integrated reporting is widely implemented in both the public and private sectors in the long term and that corporate activities are carried out within the scope of integrated thinking. IIRC specifically refers to the four different sets of reports provided by companies. These reports are traditional financial statements, management comments, management and compensation reports and sustainability reports (Flower, 2015:3). IIRC specifically emphasizes the need to better integrate these four core reports. According to IIRC, integrated reporting aims to combine the most important elements of information reported in separate reporting series. The important information gathered is in a coherent whole and shows the important connections between the information. In addition, integrated reporting reveals the ability of an organization to create and maintain value in the short, medium, and long term and explains how and how it is affected (IIRC, 2011: 6). By creating the Integrated Reporting International Framework at the end of 2013, it is aimed to realize integrated reporting based on this framework (Integrated Reporting Türkiye, 2016; Aras and Sarıoğlu, 2015:16).

Another step considered very important in terms of integrated reporting was taken by the International Standards Organization (ISO). By publishing the "ISO 26000 Social Responsibility Guide" in 2010, the International Standards Organization (ISO) aims to enable businesses to carry out activities that will contribute to the development of integrated reporting. The ISO 26000 Social Responsibility Guide also covers the steps that businesses should follow in the name of global social responsibility in detail and comprehensively (Kaya, 2015:114).

When we look at the applications of integrated reporting in the world, it is seen that the first company in integrated reporting in 2002 is Novozymes, which produces bioindustry products in Denmark. Natura Cosméticos, a Brazilian cosmetics company, is another company that presented its first integrated report after Novozymes in 2003. In 2004, Novo Nordisk, a Danish healthcare company, became one of the first companies to implement integrated reporting.

Today, the number of companies that provide integrated reporting has increased and some companies such as Electric Power, Pfizer, AXA, BASF, Novartis, Van Gansewinkel Group, Southwest Airlines and United Technologies Corporation, which have a global reputation, have started to publish integrated reporting applications (Eccles and Serafeim, 2011:1; Kargin et al., 2013:29). According to Eccles et al. (2015), the development process for integrated reporting has begun with the transition of Novozymes, Natura Cosméticos and Novo Nordisk to integrated reporting. According to the researchers, who emphasized that integrated reporting consists of four basic stages in their study: the process consists of company trials stage, expert opinions stage, coding stage and institutionalization stage.

Figure 2. Four Phases in the Evolution of Integrated Reporting



Source: Eccles, Krzus and Ribot (2015)

There are criticisms in the literature that Eccles et al. (2015) consider the development stages of integrated reporting inadequate and limited. The basis of these criticisms is the idea that the activities and practices regarding the corporate governance approach suggested in the King reports of Eccles et al.'s work are not integrated into integrated reporting. In other words, Eccles evaluated the integrated reporting development process independently from corporate governance. Akbaş, Coşkun and Karamustafa (2020) emphasize that although the King reports are not considered as a completely integrated reporting premise, they are very important steps that should be included in the integrated reporting process. Therefore, the study of Eccles et al. (2015) has been updated and included the King reports (King I and King II reports) as a pioneering step in integrated reporting. According to the current perspective, integrated reporting consists of five basic steps.

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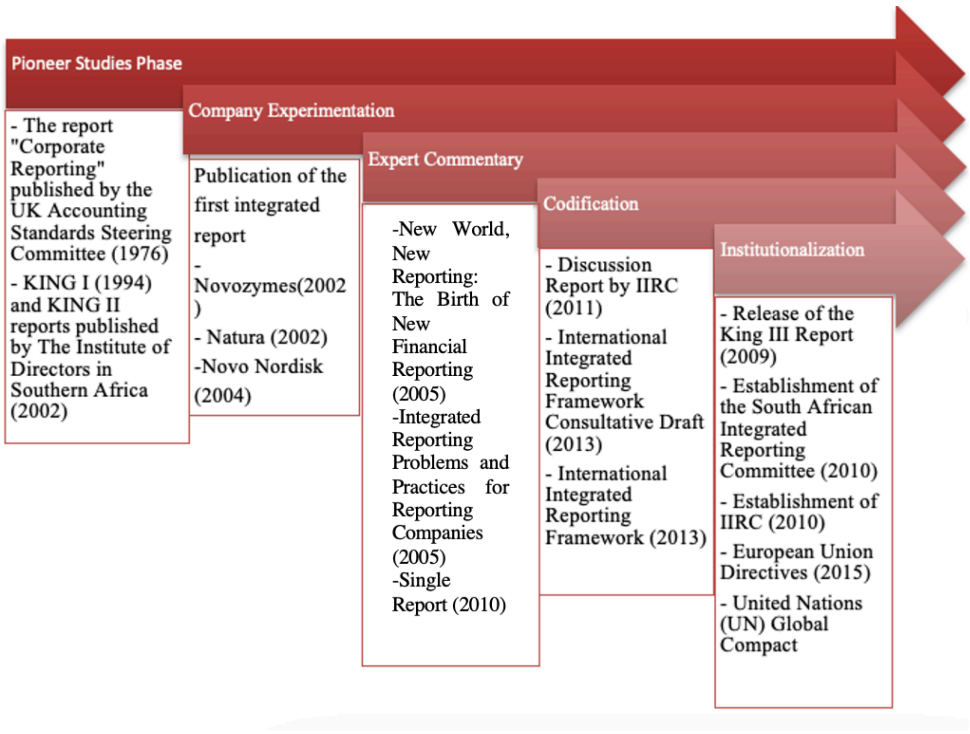
Figure 3. Integrated Reporting Phases



Source: Eccles, Krzus and Ribot (2015)

This phase has been termed company experimentation with the first integrated reports prepared and submitted by Novozymes, Natura Cosméticos and Novo Nordisk. In this phase, besides the economic performance of the companies, it is aimed to convey the environmental and social performances of the companies to the stakeholders and thus contribute to the sustainability of the companies.

In the expert commentary (opinion) phase of integrated reporting, three separate studies seem to have a significant impact on the development of integrated reporting. The report, known as “New Wine, New Bottles: The Rise of Non-Financial Reporting”, by Allen White and the NGO Business for Social Responsibility (BSR) It emphasizes the need for a new reporting that emerged as a result of the scandals. The report states that financial and non-financial reporting practices alone are not sufficient, and that a new trend will emerge in corporate life with the integrated reporting approach. The report in question also led to the emergence of a globally accepted and standard reporting approach.

Another study at this stage is the report titled “Integrated Reporting – Problems and Practices for Reporting Companies (Solstice Sustainability Works)” published by an NGO in 2005. In this report, integrated reporting is conceptually defined, and the advantages and disadvantages of integrated reporting are discussed in detail. Another study in the last phase, which included expert opinions, was carried out by Eccels and Krzus in 2010. In this study, which is called One Report, the integrated reporting issue is discussed in detail. This study, named Single Report, has gained an important place in the literature, and is seen as a frequently used guide in terms of shaping subsequent studies (Akbaş et al., 2020:1109-1110).

The codification phase was based on three basic studies. The first of these studies is the study titled "Integrated Reporting Framework and Integrated Reporting Discussion Report" prepared by the South African Integrated Reporting Committee (IRC of SA) in 2011. Approximately 8 months after this study, a new "Discussion Report" was published by the IIRC, which deals with the conceptual framework of integrated reporting in more detail. In this published discussion report, it is stated that there are transformations and developments in reporting in the world where global change is seen in all areas. The last study that shaped the codification phase is the "International Integrated Reporting Framework" report published by IIRC in 2013. The International Integrated Reporting Framework report, by detailing the principles and contents of integrated reporting that will guide companies, allowed integrated reporting practices to mature worldwide (Akbaş et al., 2020:1110).

The last stage of the development of integrated reporting is the institutionalization stage. In this context, it became obligatory for companies to explain the implementation of integrated reporting and, if not, why it was not implemented. Another step taken within the institutionalization phase was the establishment of the South African Integrated Reporting Council (IRC of SA) in 2010. In 2011, establishment of the International Integrated Reporting Council (IIRC) in partnership with GRI and the International Federation of Accountants (IFAC) and also the adoption of the non-financial reporting directives (EU Directives) by the European Parliament in 2015 were considered as very important steps for institutionalization at this stage. The ten principles that were presented to the public by the United Nations in 2015 and accepted under the headings of "Human Rights, Workers' Rights, Environment and Fight Against Corruption" constitute the last step of the institutionalization phase.

6. Integrated Reporting in Türkiye

The first step towards integrated reporting in our country was taken in 2011. In 2011, a unit was established in cooperation with the Corporate Governance Association of Türkiye (TKYD) and the Sustainable Development Association (SKD) in order to raise social awareness about integrated reporting and its applications (Kızıltan and Doğan, 2021:74; İşgüden Kılıç, 2018:34). In this direction, integrated reporting was made for the first time in Türkiye in 2013. Çimsa Çimento A.Ş. and Türkiye Garanti Bankası A.Ş. took part in the IIRC pilot application as the first companies in our country to enable the transition to integrated reporting (İşgüden Kılıç, 2018: 34). In other words, these two entities are the first ones to become members of the IIRC for the purpose of providing integrated reporting.

In 2015, TÜSİAD played a role in the establishment of the Coordination Board for the Improvement of the Investment Environment (YOIKK) and took part in the publication of the first Turkish integrated reporting guide called "New Era in Corporate Reporting: Integrated Reporting" (Gençoğlu and Aytaç, 2016; İşgüden Kılıç, 2018: 34). The Integrated Reporting Türkiye Network (ERTA) which started under the leadership of South Africa was established in 2017 in order to monitor the integrated reporting practices, create a corporate integrated reporting network, raise individual and corporate awareness on the subject, and enable businesses to actively carry out integrated reporting activities in our country. ERTA, which was established for the purpose of promoting, broadening, and disseminating integrated reporting practices in Türkiye, continues its activities with the support of IIRC. It is possible to say that ERTA also works to assist and guide companies in the process of preparing integrated reports and to prevent errors that may occur during reporting (Ercan and Kestane, 2017).

Argüden Governance Academy (AYA), as a non-profit non-governmental organization (NGO), became the first institution in the history of Türkiye to realize and publish integrated reporting. AYA was followed by:

- Adana Çimento Sanayi ve Ticaret A.Ş., Aslan Çimento Sanayi ve Ticaret A.Ş., Çimento Sanayi ve Ticaret A.Ş. (ÇİMSA), and Türkiye Sınai Kalkınma Bankası (TSKB) in 2016,
- Borsa İstanbul (BIST), Garanti Bankası A.Ş. and Yıldız Technical University Center for Corporate Governance and Sustainability in 2017;
- Türkiye İş Bankası, Vakıfbank, Turkish Education Volunteers Foundation and Kadıköy Municipality respectively (Kızıltan ve Doğan, 2021:74).

In the period until the middle of 2021, it is seen that 58 integrated reports were prepared by 24 institutions and organizations in our country. Some of these institutions and institutions in question are as follows:

- BIST, MKK, educational institutions (2 institutions),
- public banks (2 banks),
- local government institutions (1 institution),
- NGOs (2 organizations) and,
- companies operating in the banking, cement, auditing, insurance, chemistry, iron and steel, communication, and fast-moving consumer goods sectors (fmcg) (14 companies.

Figure 4. Composition of Organizations Preparing Integrated Reports in Türkiye

Source: BIST (2022)

Considering the institutions preparing the integrated reports published in Turkey, the table below is obtained.

Table 1. Institutions Preparing Integrated Reporting in Turkey by Years

Institution Type	Sector / Name of the Institution	Reporting Years
Regulatory - Supervisory Agencies	Borsa İstanbul	2017-2018-2019-2020-2021
	Merkezi Kayıt Kuruluşu-MKK	2020-2021-2022
Public Institutions	**Banking Sector**	
	Vakıf Bank	2019-2020-2021-2022
	Ziraat Bankası	2019-2020-2021-2022
	Halkbank	2020-2021-2022
	Kalkınma Yatırım Bankası	2020-2021
	Education Sector	

	YTÜ Finans Kurumsal Yönetim ve Sürdürülebilirlik Merkezi (CFGS)	2017-2020
	Yıldız Teknik Üniversitesi	2018-2019-2021
Private Sector – Companies	**Banking Sector**	
	Garanti BBVA	2017-2018-2019-2020-2021-2022
	Turkey İş Bankası	2018-2019-2020-2021-2022
	Turkey Sınai Kalkınma Bankası (TSKB)	2016-2017-2018-2019-2020-2021-2022
	Yapı Kredi	2019-2020-2021-2022
	Akbank	2020-2021-2022
	Takasbank	2021
	Şekerbank	2021-2022
	Albaraka Türk Katılım Bankası	2022
	Environmental Sector	
	Akademi Çevre	2020- 2021
	Kartonsan	2021-2022
	Cement Industry	
	Adana Çimento	2016-2018-2019
	Aslan Çimento Çimsa	2016-2018-2019 2016-2017-2018-2019-2020-2021-2022
	Nuh Çimento	2017-2018-2019-2020-2021-2022
	Oyak Çimento	2020-2021
	Akçansa	2022
	Iron and Steel Industry	
	Oyak Maden Metalürji Grubu	2019-2020-2021-2022

	Audit Industry	
	Mazars Denge	2019-2020-2021-2022
	Chemical Industry	
	Aksa Akrilik	2019-2020-2021-2022
	Insurance Industry	
	Allianz Turkey	2019-2020-2021
	Technology Sector	
	Vestel Elektronik	2021-2022
	Vestel Beyaz Eşya	2021-2022
	Telecommunications Industry	
	Turkcell	2020-2021-2022
	FMCG Sector	
	Coca Cola İçecek	2020-2021-2022
	Retail Industry	
	Migros	2021-2022
	Penti	2019
	Energy sector	
	Zorlu Enerji	2021-2022
	Akenerji	2021-2022
	Holding Companies	
	Borusan Holding	2021-2022
	Technology / IT Sector Logo Yazılım	2022
	Manufacturing Sector	
	Ulusoy Un	2022
	Anadolu Efes	2022
	Kimteks Poliüretan	2022
	Oil Sector	

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	Tüpraş	2022
Non-Governmental Organizations (NGOs)	Argüden Yönetişim Akademisi	2015-2016-2017-2018-2019-2020-2021-2022
	Darüşşafaka Cemiyeti	2020-2021-2022
	Turkey Eğitim Gönüllüleri Vakfı (TEGV)	2018-2019-2020-2021
Local Authorities	Kadıköy Belediyesi	2018-2020

Source: Entregre Raporlama Türkiye (2023)

When the published integrated reports are evaluated, it is seen that integrated reporting is mostly carried out by the private sector in Türkiye. The number of organizations in our country that make integrated reporting and publish these reports is quite limited compared to those that do not. Although an increasing number of companies have been making integrated reporting over the years, it is still seen that the number of them is extremely insufficient. Some of the companies that publish their integrated reports regularly publish them on an annual basis. On the other hand, it has been determined that some companies that make integrated reporting report one-time or irregularly. The sector in which integrated reporting is most frequently performed is banking and finance. Non-financial reporting practices within Borsa İstanbul have been carried out since 2005.

Borsa İstanbul (BIST) contributed to the creation of the United Nations Sustainable Stock Exchanges Initiative (SSE) and became one of the five stock exchanges that played an active role in this formation. In this context, the sustainability index has been created by the BIST and it is seen that the companies listed in the index prepare their reports within the scope of sustainability reporting (Susmaz, 2021:18). With the establishment of ERTA in 2016, companies traded on the BIST started to publish integrated reporting. Today, the companies included in the BIST Sustainability and Corporate Governance Indices in our country regularly prepare and submit sustainability reports and corporate governance compliance reports on an annual basis. However, it is possible to say that they do not show the same continuity in the integrated reporting application. The main reason for this is that integrated reporting is not mandatory. It is an optional practice left to the initiative of companies (Susmaz, 2021:20).

7. Conclusion and Recommendations

Today, the inadequacy of financial reporting to meet the demands and needs of diversified investors and stakeholders has led to integrated reporting covering both financial and non-financial information. Integrated reporting is expressed as a short and concise report that enables businesses to identify, evaluate and manage the risks and opportunities they encounter in terms of sustainability. Because of these features, integrated reporting goes beyond sustainability reporting and allows businesses to evaluate both their economic/financial and social and environmental performances (İşgüden Kılıç,2018:60).

Integrated reporting leads to an increase in the quality of company information available to current and potential investors, stakeholders, and other financial information users. In addition, integrated reporting, which enables data on companies that perform integrated reporting to be presented in a more compact and effective manner, also increases transparency and accountability. On the other hand, since integrated reporting requires integrated thinking, it supports the decision-making process. Due to the benefits, it brings, integrated reporting is becoming more and more preferred in the world. When the current situation in Türkiye is evaluated, it is seen that although the number of companies performing integrated reporting has increased over the years, it is still not at the desired level.

The number of organizations that have implemented the integrated report application in our country is limited. The number of enterprises that regularly prepare annual reports is even less. From a sectoral perspective, it is seen that businesses operating in the private sector present their integrated reports more intensively than public institutions, regulatory and supervisory institutions, NGOs, and local government organizations. The area that prepares, provides, and presents integrated reports in the private sector the most is banking. It is possible to state that the banking sector is followed by the cement sector. Apart from the private sector, the most common integrated reporting practices are found in non-governmental organizations (NGOs). When the published integrated reporting practices are taken into consideration, the organizations that are least applied are determined as local government organizations.

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