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CSR Reporting Practices of Polish Energy and Mining Companies

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Abstract: Corporate Social Responsibility (CSR) reporting receives much attention nowadays. Communication with stakeholders is a part of assumed social responsibility, thus the quality of information disclosed in CSR reports has a significant impact on fulfilment of the responsibility. The authors use content analysis of selected CSR reports to describe and assess patterns and structure of information disclosed in them. CSR reports of Polish companies have similar structures at a very high level of analysis, but a more detailed study reveals much diversity in approaches to the report's content. Even fairly similar companies may devote significantly different amounts of space to the same issue. The number of similar stakeholders varies irrespectively of the company's size. Considerable diversity of reporting patterns results from the nature of CSR reporting, because it concerns highly entity-specific issues. Thus, such considerable diversity is not surprising. However, many initiatives and efforts are devoted to greater comparability of reporting, so a greater degree of uniformity can be expected. Similar conclusions may be drawn from integrated reports' analysis, though a small sample reflects the relative novelty of this trend.

Keywords: corporate social responsibility; sustainability reports; corporate financial statement; integrated reporting

1. Introduction

The basis of Corporate Social Responsibility (CSR) is the idea of sustainable development. Initially, CSR was interpreted in terms of economic development that respects environmental preservation and protection. Sustainable development is understood as overall socio-economic development integrating economic, political, social and environmental objectives. There are many different approaches to interpreting sustainable development. According to Garriga and Melé [1], most of the current CSR theories are focused on one of the four main aspects:

(1) meeting economic objectives that secure long-term profits (instrumental theories)
(2) using business power in a responsible way (political theories)
(3) integrating social demands (social integration theories)
(4) contributing to a good society by doing what is ethically correct (ethical theories)

Although these four approaches do not form a convenient framework for empirical research, an immediate question arises as to which of these forms prevails in practice: whether CSR is necessary to generate long-term profits, or to achieve other aims, or perhaps it reflects a natural tendency for social integration. The answer depends on the quality of CSR reports, as they are part of the social dialog between a company and its stakeholders. The scope of CSR reports consists of three main elements, *i.e.*, economic, social and environmental disclosures. As such, CSR reporting is very broad and may be viewed as very ambitious. The question arises as to whether such broad objectives are being fulfilled. The aim of the article is to provide an input into the wide strand of research on evaluation of CSR and similar reporting, which in the paper is limited to Polish companies.

2. CSR Reporting

Initially elusive, eclectic and without strict boundaries [2], CSR became more concrete after incorporation into the political and legislative activities of the EU. The EU Commission's approach to CSR has changed from rather conceptual to more prescriptive. Once defined as a concept of voluntary integration of social and environmental concerns into companies' business operations and their interaction with their stakeholders, in the new strategy for CSR it was defined simply as "the responsibility of enterprises for their impacts on society" [3]. According to the EU Commission, socially responsible companies have to implement processes that ensure integration of social, environmental, ethical, human rights and consumer concerns into their business operations and strategy, which depends on close collaboration with their stakeholders.

Adaptation to CSR models is mainly driven by a new type of consumer that is sensitive to non-financial outcomes of business activities and, if properly informed, forces companies to integrate non-financial stakeholder interests into core strategy and operations [4,5]. The necessity for proper consumer information lies at the top of EU priorities [3].

Communication is an essential part of corporate social responsibility. In the case of socially responsible companies, reporting is not just a faithful representation of business activities to inform interested parties that the organization's behaviour is in accordance with stakeholder interests. CSR reporting is *per se* part of fulfilment of social responsibility obligations. It is part of a social dialogue that in itself is an indispensable part of social responsibility. Moreover, since not all stakeholders take part in governance processes, their engagement and satisfaction is maintained through appropriate communication channels.

Thus, the shift toward CSR approaches to business is accompanied by a similar move in reporting. CSR or sustainability reports serve the purpose of disseminating information to stakeholders and the public (see Figure 1).

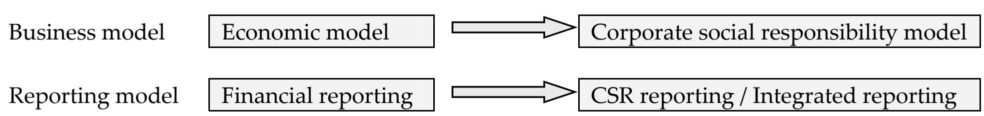

Figure 1. The parallel shift in business and reporting models.

Through these reports, organizations fulfil the dual purpose of communicating CSR and being accountable [6]. In the traditional model of business, corporations' goals are measured with financial performance indicators, such as profits, market value, and dividends. Socially responsible organizations need new measures with a broader scope of outcomes and impact on the environment. A triple bottom line is a popular proposition that assumes the necessity of measuring also social and environmental outcomes.

The triple bottom line is a handy catch phrase, also referring to another simple abbreviation "3P", *i.e.*, profits, people, planet. Although the necessity of assessing outcomes according groups represented by the three Ps is not controversial, the term TBL has been criticised. A critical point is aimed at the presumed similarity of the triple bottom line to the first bottom line, although such a similarity seems impossible. Financial measures are calculated with a degree of precision that is not possible in the social and environmental area. Besides, there are many trade-offs among various stakeholders within the "people" and "planet" bottom line that are even more difficult to assess and reflect in a single indicator. Thus, the TBL is useful rather as a rhetorical phrase to form and maintain a broader perspective in decision making processes [7,8].

Due to varied informational needs and behaviours of stakeholders, CSR communication may be performed through many channels. However, written reports are preferred by stakeholders over other possible means [9]. The advantage of written reports comes from formal tools and mechanisms that ensure reliability. Various regulations, guidelines, and standards help stakeholders obtain access to reliable information. The best known initiatives aimed at improving CSR reporting or integrated reporting include [10]:

- IFAC Sustainability Framework 2.0 (2012)
- ESG Framework (2011) and KPIs for ESG (2009)
- Prince of Wales' Accounting for Sustainability's Connected Reporting Guidance (2009)
- SustainAbility Global Reporters Program (2010)
- AccountAbility's AA1000 Standards (2008)
- ISO 26000—Guidance on social responsibility (2010, 2012)
- IRCSA—Framework for Integrated Reporting (2011)
- Guidelines of Global Reporting Initiative (GRI): G 3-1 (2011) and G 4 (2012)
- The International Framework Integrated Reporting of International Integrated Reporting Council (IIRC) (2013)

The list gives an impression of a plethora of initiatives with a common (or at least similar) aim. However, nowadays, the most prominent and widely used framework is the Global Reporting Initiative [11,12]. GRI is an international independent, non-governmental organization that aims at assisting other organizations, both businesses and governments, in understanding and communicating these organizations' impact on critical sustainability issues. The best known GRI product is the Sustainability Reporting Standards, used by thousands of companies around the world.

In spite of many advantages, GRI reporting receives also some criticism. According to some research, companies that prepare reports in accordance with GRI do not necessarily behave in a responsible way [13]. Boiral [14] reports that 90% of significant negative events were not disclosed in sustainability reports, which is a serious violation of the balance principle of GRI guidelines. Moreover, the concept of GRI reporting framework is not consistent with the essence of sustainability development, as the former is aimed at an organizational level, and the latter is relevant to the planet [15].

Nevertheless, GRI reporting is useful for research purposes, since it improves comparability of information which is otherwise difficult to compare. Since efficient communication of organizational behaviour is dependent upon comparability of reports, the GRI framework is used in the empirical part of this research.

3. Demand for Research on CSR Reporting of Polish Mining and Energy Companies

Mining and energy sectors are generally known for environmental and social issues. The case of Polish industries seems even more complicated. Poland is the world's 17th biggest emitter of CO_2 from fuels, and the fifth in the EU [16]. The environmental issues in Poland are reinforced by the country's strong reliance on coal energy [17]. About 86% of total gross power generation comes from coal and coal products [18]. The coal energy industry is under strong pressure resulting from EU climate targets. The pressure has further influence on mining and energy companies and their social and environmental impacts. Moreover, these two Polish industries are still characterized by inefficient human resource strategies and out-dated operating practices [19], which means that these industries may face additional tensions in their relations with societal stakeholders in the future.

Corporate social responsibility, and particularly CSR reporting and communication, is a method to mitigate social and environmental problems in these industries [20,21]. Although Poland may rather be seen as a regular case in this regard, authors believe that there is a particular demand to study and improve CSR reporting in mining and energy industries in this country.

4. Literature Review of Empirical Research

Corporate social responsibility and sustainability reporting draw much attention from the academic community, which results in a broad strand of literature on theoretical aspects of the issue and empirical findings. However, for the purposes of this paper, there are several studies which are relevant.

Roca and Searcy's [12] study focused on the use of indicators in CSR and similar reports. On the basis of 94 reports, they demonstrated a wide usage of various CSR indicators; they found nearly 600 indicators in these reports. Generally, a great variety of indicators were disclosed, although few were used more commonly, *i.e.*, in nearly half of all reports (indicators relating to funding, donations, sponsorship and community investments, greenhouse gas/CO_2 equivalent emissions and the total number of employees). The indicators evenly represented three bottom line elements (*i.e.*, economic, social, and environment). The study also proved the importance of the GRI reporting framework.

Gamerschlag, Möller and Verbeeten [22] sought for determinants of social and environmental disclosures of the biggest German public companies (80 companies). They used a number of keywords to assess the level of CSR reporting and found that it was correlated with the company's visibility, shareholder structure, and relationships with US shareholders.

Boiral's [14] study shows that contrary to the principles of GRI standards, 90% of negative information was not disclosed or was reported only partially (104 of 116 negative events identified in their study and affecting the reporting entities). Most of the 23 companies presented an exaggerated image of their positive achievements, virtuous commitments and external awards. Given the sensitive nature of engagement from stakeholders, such an overoptimistic and overemphasized image of a company in CSR reports may in fact undermine the credibility of stakeholder dialogue.

There are few empirical analyses of annual reports of Polish companies focusing strictly on CSR reporting. Mućko [23] carried out a content analysis of narrative reporting of public food processing companies. Although this research had broader aims, it demonstrated very limited presence of CSR issues. About 1% of information in narrative reports related to the environment, employees or customers, or suppliers (grammatical sentences were the unit of analysis). Szadziewska [24] analysed a wide spectrum of communication channels (websites, annual reports, environmental reports, and CSR and sustainability reports), but focused strictly on environmental disclosures. She revealed that companies generally disclosed information about the environment, although most of them did not measure their environmental performance. She concluded that companies would rather use this information to create a positive image of themselves than to provide relevant, credible and comprehensible information to its stakeholders. In more recent research on CSR relevant disclosures of selected Polish public companies, she divided companies disclosing CSR information into three groups, *i.e.*, companies that: (1) disclose only regulation compliance issues, (2) provide information also on social problems and their solutions, and (3) publish much information relevant to CSR [25]. Many articles provide a basic description that enables assessing the popularity of CSR reporting in Poland [26–29].

5. Concept of the Structure of Integrated Reports of Socially Responsible Companies in Poland

The specific nature of CSR reporting in Poland includes independently developed models presented in research literature. J. Samelak [30] proposed a model-based approach to the structure of integrated reports of socially responsible companies that makes up for the imperfections of financial reporting. The structure of the integrated report is divided into two parts: financial and non-financial. The first part includes traditional annual financial statements with the opinion of an auditor. The other part of the integrated report includes an activity report and a report on intangible resources and social responsibility activities omitted from the financial part. The integrated report should integrate financial information with non-financial information from both parts of the report.

Table 1 presents elements of integrated reports of socially responsible companies in Poland.

Table 1. Structure of integrated reports of socially responsible companies in Poland.

<table>
<tr><th>Structure of the Integrated Report</th><th>Non-Listed Polish Companies Reporting in Accordance with Domestic Regulations</th><th>Listed Polish Companies Preparing Integrated Reports in Accordance with IFRS</th></tr>
<tr><td>Financial part</td><td>(1) Introduction to the financial statements
(2) Balance sheet
(3) Profit and loss statement
(4) Statement of changes in equity
(5) Cash flow statement
(6) Additional notes, excluding information on employment and managing and supervisory bodies
(7) Opinion and report of an auditor</td><td>(1) Introduction to the report
(2) Statement of financial position
(3) Comprehensive income statement
(4) Statement of changes in equity
(5) Cash flow statement
(6) Additional notes to the financial statements excluding information on employment and managing and supervisory bodies
(7) Opinion and report of an auditor</td></tr>
<tr><td rowspan="2">Non-financial part</td><td>(1) Activity report according to the National Accounting Standard (NAS) No. 9, including business risk information and other information required by:
• Accounting Act
• Listed Companies Code
• Stock exchange regulations for listed companies</td><td>(1) Management Commentary, including information required by other legal regulations (Accounting Act, Listed Companies Code, stock exchange regulations for listed companies)</td></tr>
<tr><td colspan="2">(2) Clear explanation of the connection between presented non-financial information with financial information disclosed in the financial part, including presentation of financial results
(3) Company's social responsibility strategy
(4) Information on the effect of the company's activity on the natural environment
(5) Information on the company's social involvement
(6) Information on intellectual capital, including data on organization capital, relational capital and human capital, as well as data excluded from additional notes on employment
(7) Information on managing and supervisory bodies (including standing committees)
(8) Information on independent, third-party audit of the second part of the integrated report together with an audit report.</td></tr>
</table>

Source: own work based on [30–36].

The IFRS conceptual framework stipulates that the basic features of financial statements include relevant and faithful representations of information. The basic features are supplemented by additional features: comparability, verifiability, timeliness, comprehensibility. Many authors treat the above classification of features as a basis for formulating a conceptual framework for integrated reports. Sometimes, they also point out additional features. Szczepankiewicz [10] considers timeliness to be a basic feature (next to relevance and faithful representation), because information should reach the stakeholder in order to factor into decision making. Integrated reports are useful to stakeholders if they are delivered on time and prepared in a reliable manner, *i.e.*, if they faithfully represent the reality. An integrated statement should contain relevant and complete information and should take into account stakeholders' expectations regarding the scope of delivered information. On the basis of the basic elements of the annual financial statements, a stakeholder (a professional analyst) can recognize a number of risks related to the organization's assets, financial condition and financial results.

Nowadays, mining and energy companies are faced with the challenge of responding to the growing demand for energy, while simultaneously improving air quality, reducing emissions and tackling climate change and shrinking resources. Therefore, introducing non-financial information and environmental indicators into integrated reports is seen as a positive move and denotes a growing interest in environmental issues (including in particular negative environmental impacts of the organization) among stakeholders. In accordance with the CSR concept, the non-financial part of the integrated report presents performance indicators in the following categories: economic, environmental and social aspects of activity (Table 2).

Table 2. Areas of presentation of performance indicators in Polish companies in the following categories: economic, environmental and social aspects of activity.

Performance Indicators by Category	Presentation of Results by Area:
(1) Economic aspects of activity	Corporate financial results: • market presence • profit • sales volume • rate of return from dividend investment • equity, liabilities and their interest rates • market share; brand strength • expenditures on research and development • taxes paid, tax reliefs enjoyed • wages • cash flows • local supplies • market practices; corruption • economic policy • court cases • corporate governance • other issues disclosed by economic or ratio analysis
(2) Environmental aspects of activity	Results in the following areas: • raw materials • products and services • natural resource consumption • energy consumption • water consumption • compliance with regulations • transportation • adherence to environmental regulations • air and water pollution • biodiversity • greenhouse gas emissions • solid and liquid waste • noise • vibrations • waste management • reduction of packaging • radioactivity • recycling • use of renewable materials and resources • soil contamination and erosion • chemical spillage • ozone-depleting substances • genetic modifications • animal rights • protection of endangered species

Table 2. *Cont.*

Performance Indicators by Category	Presentation of Results by Area:
(3) Social aspects of activity	Results in the following areas: • employment • wage policy • employee education and training • personnel relations in the organization • health and safety • employee programs • additional benefits • diversity of employees, diverse and equal opportunities, combating discrimination • equal pay for equal work • human rights • discrimination on race, gender, age • anti-mobbing policy • freedom to join unions and associations • right to collective bargaining • relationships with trade unions • severance policy • forced labor • child labor • public procurement and investments • free competition infringement • corruption • compliance with regulations • customers' health and safety • fair promotion and labeling of products • product quality and safety • product availability for the disabled and the poor • socially responsible sales and marketing • customer privacy protection • marketing communication • participation in public life • diversity of suppliers • support for social initiatives and local communities • donations to charity • other issues reflecting the specific nature of the organization

Source: own work based on [26,29].

An integrated report should constitute a comprehensive and coherent document divided into a number of parts (chapters), linking non-financial data (including data from the activity report, ESG reports and intellectual capital reports) with financial data (from the financial statements). The integrated report should integrate the content and GRI indicators with the content of the activity report—particularly as regards content required by applicable Polish laws. Both the financial and the non-financial part of the report should include references and relationships between financial and non-financial information. A concept of the integrated report elements is presented in Figure 2.

Figure 2. Concept of integrated report parts.

6. Methodology and Data

6.1. Content Analysis

This paper presents a case study of CSR reporting of selected Polish companies using a content analysis method. Content analysis is the most common research method in the field of CSR reporting. It may be performed on the basis of words, sentences or other parts of text as units of analysis that are subsequently assigned to codes. Words do not require a subjective judgment from the coder. Furthermore, searching for specific terms in the text is regarded as the most reliable form of content analysis: it always yields the same results in repeated trials, as it can be easily replicated [22]. However, an analysis of reports containing both narrative and quantitative information should be performed with caution, since content analysis is designed for narratives. Volume of information (measured by means of the chosen unit of analysis: words, sentences, paragraphs, pages or codes) is usually a proxy for the quality of information. Although such an approach may obviously lead to mistakes, it is subsequently refined by means of information structure analysis. Moreover, the extent of disclosure may be interpreted as a proxy of the relative importance of disclosed information. We used a mixed approach in the analysis: word counts were used, although the assessment was mostly based on the topic structure analysis.

In the first stage of research, CSR reports were gathered. We chose energy and mining industry companies. In the next stage, reports were coded according to the GRI indicators (version 4), but only the general standard disclosure part, in order to measure the quantity and variety of certain information. Moreover, the simple existence of certain disclosures was also checked.

6.2. Data Description

For the purposes of the research, CSR and similar reports were gathered (Table 3). We used reports submitted for the best CSR report competition, available on the organizer's website [37]. For the purpose of assessing best practices in CSR reporting, reports submitted for the competition seemed to be the best choice. In the 2015 competition, 37 reports were submitted, including nine from companies in the energy industry. The energy industry is often analysed in CSR research because of its significant sustainability problems and the usually high level of interest from its stakeholders [14]. However, out of the nine energy sector companies, two did not use any CSR reporting standards (EDF Polska and RWE Polska), and another one used GRI Guidelines version 3.1. Since most reports were prepared in accordance with GRI version 4, the other reports were excluded from the analysis. However, to ensure a better comparison and understanding of CSR reporting practices, two companies were added, both representing the mining industry. Some of the analysed energy companies own mining facilities, so comparability of the analysis was maintained. The inclusion of KGHM was additionally justified due to this company's strong reporting history: it has been repeatedly awarded for the best annual report (for both financial and non-financial parts).

Table 3. Overview of analysed reports of companies operating in the energy and mining sector in 2014.

Company Name	Sector	Turn–Over (PLN Million)	No of Employees	Covered Period (Years)	Volume (Pages)	Word Count	Type of Report	External Verification
ENEA S.A.	Energy	9855	10,063	1	60	13,736	CSR only	No
Energa S.A.	Energy	10,590	11,494	1	140	25,868	CSR only	Full
PGE	Energy	28,137	39,977	2	114	29,586	CSR only	Partial
Polskie LNG S.A.	Energy	0	118	2	112	25,246	CSR only	Full
Tauron S.A.	Energy	18,440	26,108	1	169	45,915	CSR only	Full
GK PGNiG	Mining/Energy	34,304	29,285	1	88	24,014	CSR only	Full
KGHM Polska Miedź S.A.	Mining	20,492	34,097	1	158	47,013	Integrated	No
Lubelski Węgiel "Bogdanka" S.A. (LWB)	Mining	2013	5,795	1	144	74,469	Integrated	No

All reports were prepared "in accordance" with the core version of GRI 4. Total volume of analysed reports amounts to almost 1000 pages and almost 300,000 words (though the report of LWB is bilingual, so the volume presented in the table is approximately doubled).

7. Results and Discussion

7.1. Report Type and Length

Integrated reporting is still a rather new approach. Thus, it not surprising that only two companies published integrated reports, whereas others published separate CSR reports. As expected, the amount of information in integrated reports is generally greater than in separate CSR reports, though a CSR report by Tauron was also long. A report of Enea was the shortest only because of the extensive use of external references made in the document. It seems a good strategy for reports presented on the webpages, but for further analysis only PDF files were used. It is noteworthy that none of the integrated reports were verified by external parties.

7.2. Importance of Disclosures

CSR information is highly entity-specific (Table 4). Companies and their management may differently assess the importance of separate aspects of business, and devote more or less space of reports to them, to better convey a significant message about a company, to get stronger involvement of stakeholders, or for opportunistic reasons. In order to assess the diversity of topics, the percentage share of volume of disclosure is used.

Firstly, the share of volume of information classified according to sections of GRI's general standard disclosures is presented in Table 4. At this very general level of analysis, the structure of reports seems quite similar. The majority of information was relevant to the description of the organization.

Table 4. Share of volume of information classified according to sections of general standard disclosures (GRI).

Companies Sections	ENEA	Energa	PGE	Polskie LNG	Tauron	GK PGNiG	KGHM Polska Miedź	LWB
Strategy & analysis	8.84%	14.56%	7.5%	5.2%	11.03%	11.16%	16.97%	5.95%
Organisational profile	34.89%	36.82%	38.02%	34.64%	58.86%	29.77%	33.92%	22.38%
Identified material aspects and boundaries	14.66%	10.27%	11.9%	7.24%	11.96%	14.68%	8.16%	7.09%
Stakeholder engagement	14.72%	6.89%	10.97%	7.09%	9.74%	22.34%	2.19%	6.19%
Report profile	17.98%	25.18%	24.81%	33.39%	2.55%	14.69%	24.02%	43%
Governance	3.01%	3.28%	2.95%	8.48%	1.83%	3.84%	12.55%	7.99%
Ethics and integrity	5.91%	2.99%	3.84%	3.96%	4.02%	3.51%	2.19%	7.39%

Differences with regard to the choice and importance of content (measured by the number of words) were observed even in the section describing such a relatively simple and non-controversial issue as the organizational profile. In the "Organizational profile" section, in Energa's report, the lengthiest disclosures were devoted to markets (G4-08), in PGE and LWB reports—number of employees and their structure (G4-10), in Polskie LNG and Tauron reports—information on supply value chain (G4-12), and in KGHM's report—information on the commitment to external initiatives (charters, principles, or other initiatives—G4-15, and memberships of associations—G4-16). Details are presented in Table 5.

Table 5. Percentages of words related to selected disclosures in the organizational profile section.

Company GRI Disclosure Code	ENEA	Energa	PGE	Polskie LNG	Tauron	GK PGNiG	KGHM Polska Miedź	LWB
G4-04 Primary brands, products and services	15%	0%	18%	3%	14%	15%	7%	15%
G4-06 Number and names of countries where the organisation operates	1%	0%	3%	2%	2%	0%	13%	12%
G4-08 Markets	24%	35%	11%	10%	8%	14%	7%	6%
G4-09 Scale of the organisation.	6%	0%	1%	11%	0%	23%	4%	5%
G4-10 Number of employees	7%	13%	27%	8%	20%	8%	3%	27%
G4-11 collective bargaining agreements	7%	0%	5%	3%	3%	2%	1%	4%
G4-12 supply-value chain	20%	16%	7%	26%	27%	6%	2%	11%
G4-14 precautionary approach	4%	8%	8%	3%	6%	6%	11%	1%
G4-15 charters, principles, or initiatives	2%	13%	4%	17%	9%	7%	23%	3%
G4-16 Memberships	2%	11%	11%	9%	8%	7%	23%	5%

The percentage may proxy for the relative importance of a topic in the description of a company to stakeholders. Although differences in weights are not surprising, their ranges are worth commenting on. Even quite similar companies seem to place different emphases on fundamental issues. Energa report contained hardly any narrative about primary brands, products and services (though this information was conveyed otherwise, in market disclosure), whereas Tauron's report devoted a significant part of the company profile to this topic.

7.3. Disclosures on Precautionary Approach

According to the GRI Guidelines G4 "The Precautionary Principle refers to the approach taken to address potential environmental impacts" [26]. Although Implementation Guidance allows companies to report only their approach to risk management, it is rather clearly designed for assessing one of the three bottom lines. Only two reports contained direct reference to environmental issues in this disclosure, and the other reports were limited to a general description of risk management structures, procedures or models. A general risk management description may possibly serve well the purpose of assessing risks for the environment, but it may also be seen as a tool for achieving current goals. As such, these disclosures are more closely linked to instrumental theories than to other ones. Moreover, when environmental issues were mentioned (Polskie LNG and LWB), the disclosures were very limited (up to 69 words), because they referred readers to some other sources. General risk management information was much more elaborate (up to 737 words) (Figure 3).

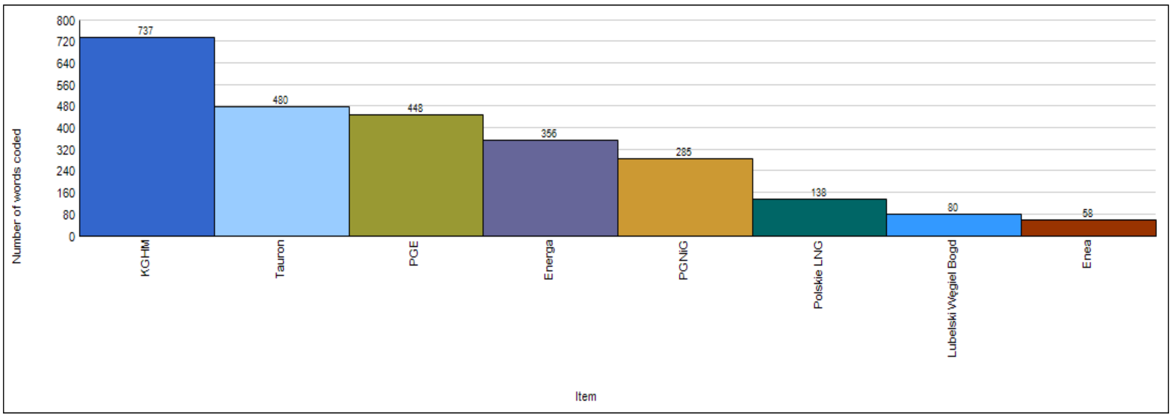

Figure 3. Amount of information on precautionary approach in CSR reports.

7.4. Closer Look at Stakeholder Approach

The idea of CSR reporting is closely related to dialogue with stakeholders [6]. Stakeholders' role is not limited to that of information recipients. CSR reporting is part of this dialogue. Thus, disclosures about stakeholders and dialogue with them may be crucial in assessing the quality of CSR reports. Data about stakeholder approach is presented in Table 6.

Table 6. Volume of disclosures on stakeholder approach.

Company	ENEA	Energa	PGE	Polskie LNG	Tauron	GK PGNiG	KGHM Polska Miedź	LWB
Number of stakeholders	11	11	15	34	21	10	15	7
Volume of information (no of words) about stakeholder engagement, including:	528	435	677	413	649	2284	172	869
• G4-25 identification and selection of stakeholders	301	229	575	95	223	240	34	202
• G4-26 stakeholder engagement	301	229	286	135	226	533	69	500
• G4-27 stakeholders' topics and organization's response	195	206	80	183	378	1510	59	31

It seems that the number of stakeholders is not correlated with the volume of information about them. However, some of the companies define their stockholders quite broadly. Polskie LNG specified 34 groups interested and engaged with the business, where the much larger company PGNiG specified only 10.

The volume of disclosure is significantly varied (when measured with words). Generally, the volume is not huge, but graphs and schemes were also used, so a general estimate may be appropriate. The three disclosures presented in the table (*i.e.*, G4-25, G4-26, and G4-27) were made in the same paragraph in the text of reports. Companies disclosed information about stakeholders' identification, selection and engagement in one narrative, though, in fact, distinct GRI indicators suggest the importance of separating information.

7.5. Quality of Integrated Reports of Analysed Companies

The authors reviewed integrated reports for 2014 prepared by Polish companies from the mining sector. Table 7 presents the scope of data included in the integrated reports of the analysed companies.

Table 7. Comparison of the scope of integrated reports of Polish companies from the mining sector.

Report Part	KGHM Polska Miedź S.A.	Lubelski Węgiel "Bogdanka" S.A. (LWB)
Integrated report parameters	About the Report	About the Report
Strategy and analysis of corporate social responsibility	• KGHM today and tomorrow • Our Strategy and perspectives (Strategy for the years 2015–2020 with an outlook to 2040) • Support Strategies • Our results in the area of improving productivity • The most crucial modernisation and new technology projects • Environmental protection	• Business Strategy • Priorities and key objectives of the CSR Strategy for 2014–2017 • CSR strategy in the context of the business strategy • major development investments
Organizational profile	• About us (Company profile) • Description of the Company activities • Structure of the Group • The model of value creation at the Company • The context of the Company operations • KGHM in 2014 • Extraction and production • Sales • Key financial data • We are proud of our employees	• About the company • Suppliers and supply chain • The situation in the coal market
Supervision, commitment and involvement	• Letter from the President of the Management Board • Letter from the Chairman of the Supervisory Board • Internal control, corporate risk • management and internal audit • Supervision over the • process of financial reporting and external audit	• Letter from the President • The Management Board and the Supervisory Board • Corporate governance and shareholding structure

Table 7. *Cont.*

Report Part	KGHM Polska Miedź S.A.	Lubelski Węgiel "Bogdanka" S.A. (LWB)
Management approach	• Integrated management system • Research and development and innovations • Purposes, direction, and Visio • Initiatives supporting knowledge and innovation development • Financing research by external funds and international cooperation	• Integrated Management System • Innovation aspects in the management culture • Ethics as component of the organisational culture • Management approach in the context of sustainable development • Management and corporate social responsibility • Social dialogue as component of the management culture
GRI performance indicators	• Our results in the area of improving productivity • Our results in the area of development of the resource base • Our results in the area of income diversification and gaining independence from energy prices • Our results in the area of regional support • Our results in the area of development of organizational abilities and skills • GRI Index	• Effectiveness of safety management at the workplace • Effectiveness in environmental protection • Effectiveness in building relations with the local community • GRI Indicators in table's
Information required in the activity report and excluded from additional notes to the financial statements—previously omitted according to GRI guidelines	• The currency market in 2014 • Investment outlays • Our results in the area of income diversification and gaining independence from energy prices	No
Information on business risk and its management	• Financial risk • Risk Management System • Reporting methodology	• Responsible management vs. integrated system of enterprise risk management
Financial statements	• Selected items from the standalone and consolidated financial statements	• Full
Management Commentary	• The management board's report on the activities of the company	• Only other financial and nonfinancial data tables
Auditor's opinion and report on its audit of the financial statement	Yes	Yes
Financial indicators	• Revenues from sales • Review of financial performance • Basic ratios describing financial liquidity, the profitability of assets and equity and financing: • Liquidity ratios, • Profitability ratios, • Financing ratios, • Capital market ratios	• Basic financial result • Business scale, production and sale • Selected financial results • Group's revenue, costs, profit and loss

Table 7. *Cont.*

Report Part	KGHM Polska Miedź S.A.	Lubelski Węgiel "Bogdanka" S.A. (LWB)
Information on intangible assets of the organization, previously omitted from both the financial statements and GRI guidelines	• Medical Care Package • Employees insurance • Social Fund assets and liabilities • Pillars of Corporate Governance • Shareholder Structure and Role of Shareholders (Dialogue with stakeholders in capital markets (investors, analysts, regulators) • Ethics in the Company • RESPECT Index • KGHM Organisational Membership • Dividend Policy	No

Integrated reports should address information needs of various groups of stakeholders. To that end, an adequate amount and the usefulness of disclosed information must be ensured, and the form and scope of integrated reports should be unified in order to promote comparability. Integrated reports should present factors used by the organization to ensure long-term success in pursuing its sustainable development strategy and CSR activities. To be useful, integrated reports need to be transparent, uncomplicated and understandable to stakeholders. They should be logical, cohesive, complete and compliant with a generally accepted standard.

Undoubtedly, the amount of content in integrated reports should be reasonably moderate, so as to ensure transparent, logical and cohesive presentation of information directed to stakeholders. However, too succinct and superfluous annual reports aimed at providing a positive representation of economic and social value will not always be useful to stakeholders. Management boards of companies consider using models proposed by researchers. However, Polish entities that have reported on CSR activities and sustainable development for several years have faced a number of practical problems before researchers proposed theoretical models and practical solutions for their accounting systems.

The content of the analysed integrated reports implies that stakeholders will find it difficult to benchmark the companies on that basis. Differences in the scope and form of presenting financial and non-financial information make it difficult for stakeholders to compare situations, management quality or to assess prospective results of the analysed entities. It is difficult to note any links between financial and non-financial information in the reports. Financial and non-financial information continues to be presented in two separate parts. One of the underlying reasons may be the lack of a uniform standard and detailed guidelines prescribing how to achieve such data integration in the report.

The provisions of the Directive 2014/95/EU [31] will take effect in 2017, which will also result in a number of practical problems [38]. Reporting on environmental information according to the Directive is a complex issue and gives rise to multiple dilemmas and questions:

(1) Will information presented in compliance with the Directive satisfy the needs of all report users?
(2) Will the cost associated with preparing environmental reports be proportionate to benefits enjoyed by the entity?
(3) Who will prepare this kind of report in entities that do not have a CSR department?
(4) Who will be the right person to verify environmental information?
(5) Will traditional auditing of the activity report be sufficient for confirming the authenticity of presented information?

8. Conclusions

The conclusions of the research are still preliminary but, placed within the context of other analyses of CSR reporting of Polish companies [7,18,20–22], they provide some insight into its patterns and structures. CSR reports of Polish companies have similar structures at a very high level of analysis, but a more detailed study reveals much diversity in the approaches to the report's content. Even fairly similar companies may devote significantly different amounts of space to the same issue. The number of similar stakeholders varies, irrespectively of the company's size. Considerable diversity of reporting patterns results from the nature of CSR reporting, because it concerns highly entity-specific issues. Moreover, the publication of information related to CSR is completely voluntary. Thus, such considerable diversity is not surprising. However, the guidelines and standards described in the first part of the paper are aimed at promoting *inter alia* harmonized and comparable information. The reports analysed in the research were prepared in accordance with GRI Gudelines version 4, so a greater degree of uniformity could be expected. However, research on this matter should be continued in order to explain the limitations to achieving standardization of CSR reporting.

General conclusions regarding the analysis of Polish companies in the energy and mining sectors can be formulated as follows:

(1) companies internally analyse their environmental impacts
(2) companies use environmental-economic accounting
(3) companies have implemented and operate quality management systems
(4) companies have developed and implemented sustainable development concepts in management
(5) companies have developed and implemented comprehensive environmental management concepts
(6) companies have implemented and operate environmental management systems compliant with GRI 3.1, GRI 4
(7) companies have implemented and operate risk management systems as well as systems for managing the impact of risk on sustainable company management

In Poland, the discussion of how to ensure adequate quality and comparability of CSR reports and the integration of reports should be continued. It is also necessary to consider the problem of third-party attestation of such reports. In Poland, the financial part is reviewed by auditors, and only a few auditing companies attest non-financial matters in reports.

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