Climate-related financial disclosure in integrated reporting: what is the impact on the business model? The case of Poste Italiane

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Abstract

Purpose – Sustainable development has become a strategic priority for companies. The purpose of this study is to explain what paths a company can take to reconfigure its business model and corporate reporting tools in line with the United Nations' Sustainable Development Goals (SDGs).

Design/methodology/approach – The research used a qualitative approach and drew on stakeholder and legitimacy theories to collect primary and secondary data through in-depth interviews, semi-structured questionnaires and observation of corporate documents.

Findings – Sustainability and climate change issues' relevance in the business model and reporting requires improvement so that stakeholders can participate and become aware of the actions put in place to limit the climate challenge.

Research limitations/implications – The results of the case study cannot be subjected to statistical generalisation, as they focus on the Italian context and do not capture the regulatory divergence of different countries.

Practical implications – The results can help managers experiment with, orient, test and implement business model transformations to increase the level of sustainability within an organisation. In addition, disclosure of climate change risks and opportunities for the company and the resulting impacts, including financial impacts, is now recognised as a key urgency to support the achievement of the SDGs and the stakeholder decision-making process.

Originality/value – This study contributes to the literature by focusing on necessary developments for governance and strategy and on climate change disclosure to support investors' and other stakeholders' decision-making processes for corporate social responsibility.

Keywords Integrated reporting, Business model, Climate change disclosure

Paper type Case study

1. Introduction

In recent years, concerns related to climate change, natural resources exploitation, poverty and social inequalities have transformed sustainable development into a strategic priority

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for companies (Arevalo *et al.*, 2011). Climate change's effects on businesses have led managers to adapt to evolving environmental regulations and the resulting market pressure towards low-carbon business decisions (Ferlito and Faraci, 2022).

Regarding the environmental regulations unlike in previous years that were characterised by regulatory uncertainty about carbon emissions (Zhang and Wei, 2010), the global framework for efforts to find common solutions to the planet's major challenges – such as poverty, climate change, environmental degradation and health crises – has recently been clearly defined. This has prompted many companies to make investments, including large-scale investments, needed for climate change mitigation (Beardsworth, 2020; Efimova *et al.*, 2021).

Achieving the necessary awareness requires understanding the actual exposure to climate risks, which differs by industry sector. In addition, the increasing changes in the natural environment in terms of the evolution of ecological systems and the limited availability of natural resources in business processes cannot be overlooked (Wright and Nyberg, 2017).

Pressures from the regulatory and natural environment are complemented by rising expectations from stakeholders, such as consumers, markets and value chain partners, who demand climate change mitigation actions in exchange for the purchase of goods and services, capital investments or collaborations. Companies that consider market expectations through active stakeholder engagement can enhance their corporate reputations and generate competitive advantages (legitimacy theory) (Rondinelli and London, 2003). In this way, companies operate by aligning their value systems with those of the society in which they operate (Nishitani *et al.*, 2021; Silva, 2021). Failure to do so can put at risk businesses' competitiveness, profitability and potentially even their long-term survival (Azlan *et al.*, 2016).

It is evident, then, that the business landscape has changed dramatically from just a few years ago, with potentially destabilising impacts from business models that change or emerge from scratch to cope with the changing competitive environment. Organisations must first undertake a renewal of their missions and core values. The goals of social sustainability (poverty reduction, social justice, equality, welfare, community development, etc.) and environmental sustainability (long-term resource availability, biodiversity protection, etc.) must be embedded in corporate leadership and integrated into business models (Hörisch *et al.*, 2020). Stakeholder engagement plays a key role in transforming strategies and business models to integrate environmental, social and governance (ESG) sustainability issues (Geissdoerfer *et al.*, 2018). The same stakeholder theory emphasises the role of stakeholders in the value-creation process (Vos, 2003).

The second element to consider is that the creation of shared value cannot happen without transparency about the information an organisation is willing to disclose regarding the risks and opportunities that climate change may pose to business performance. Non-financial disclosure of goals, risks and social and environmental performance has become a fundamental part of managerial decision-making (du Toit *et al.*, 2017). Regarding that, integrated reporting (IR) implies a more holistic approach geared towards the disclosure of six types of capitals (financial, manufactured, intellectual, human, social and relationship, natural) that contribute to creating value for the company (Tlili *et al.*, 2019). Climate disclosure is a critical indicator of IR capital, especially for natural and social capital (Nadeem *et al.*, 2020). Disclosure of non-financial issues that affect a company's ability to create value over time (materiality) depends on the company's business strategies and different business sectors. Eccles *et al.* (2012) argued for industry-specific materiality because of the distinctiveness of different aspects and topics. For example, some studies have shown that industry sectors exhibit significant variability in the type and level of reporting of environmental issues. Gonzalez-Benito and Gonzalez-Benito (2006) noted that different sectors have different potential pollutants and are therefore subject to different levels of control and stakeholder expectations. Carbon-intensive companies, being perceived as more harmful to the environment, experience greater pressure from institutions, activists and customers and, as such, have a greater incentive to disclose more environmental information to ensure transparency than non-carbon-intensive industries do.

Given this premise, it is interesting to assess the approach of companies in defining and adopting business models, corporate strategies, corporate governance and non-financial reporting tools that may signal progress towards cultural transformation related to climate risk. Few studies have comprehensively explored the emerging and most debated issues regarding the need to implement corporate strategic and organisational transformation to create and maintain value for all stakeholders, as well as the opportunities associated with an optimal transition to low-carbon economies (Brunelli *et al.*, 2021).

Using a case study approach and applying two complementary theoretical perspectives – legitimacy and stakeholder theories – we analysed how companies are reconsidering business models to extend their reach towards sustainable and shared value-creation processes.

This is followed by the need to optimise monitoring and reporting processes to improve their transparency and comparability on issues related to the environment and, in particular, climate change. The results show that business model innovations have the potential to increase economic prosperity by reducing negative external effects or creating positive effects for the environment and society. Added to this is the tendency to report more non-financial information to legitimise business activities and to maintain or gain greater social acceptance. In line with international guidelines and the United Nations' Sustainable Development Goals (SDGs) (2015), this allows stakeholders to become more aware of the climate problem and participate in the actions that companies put in place to limit it (Hazboun *et al.*, 2020).

The study is structured as follows. The literature review and hypothesis development are covered in Section 2, the methodology is explained in Section 3 and the results and discussion are presented in Sections 4 and 5. Finally, Section 6 concludes the paper by highlighting the study's limitations, implications and recommendations for future research.

2. Theoretical background

2.1 Climate change and business model innovations

In an ever-changing and sustainability-aware scenario, organisations are adopting a more integrated perspective and rigorous corporate governance principles geared towards the creation of sustainable value shared with all stakeholders (Nosratabadi *et al.*, 2019). Stakeholders are "groups and individuals who can influence or be influenced by actions related to value creation" (Freeman, 1984). The link between an organisation and its stakeholders is deepened by stakeholder theory, which suggests that a company's role "is to serve the interests of other non-investor stakeholders as well", thus creating value and anticipating changes that the socio-economic environment requires (Jiang *et al.*, 2021). According to this theory, stakeholder engagement is based on the idea that because stakeholders can influence or be influenced by the achievement of an organisation's goals, they should have the opportunity to contribute to the business's decision-making (Freeman *et al.*, 2004). It is up to managers to align their corporate value system with that of the society in which they operate to achieve optimal performance and sustainable success (Nishitani *et al.*, 2021; Silva, 2021). Top management must, therefore, aim to implement sustainable business models (SBMs) to preserve corporate social responsibility (Bocken *et al.*, 2019; Tran *et al.*, 2021). SBM is an innovation through which an organisation creates, delivers and captures value, giving greater consideration to the interests, responsibilities and externalities of all stakeholders (Dal Mas *et al.*, 2018; Mähönen, 2020).

Business model innovations to foster corporate sustainability allow for evidence of commitment to compliance with internal and external stakeholder expectations, thereby preserving the image of a business with legitimate goals and methods (legitimacy theory) (Suchman, 1995).

Sustainability legitimacy has been defined as "the general assumption by supplier stakeholders that the company's actions authentically respect the three components of sustainability; namely, economic performance, social equity and environmental stewardship" (Crespin-Mazet and Dontenwill, 2012).

Changes in the economic scenario make it increasingly necessary to establish corporate sustainability strategies (CSSs) to limit energy consumption, reduce the ecological footprint and promote actions to mitigate climate change (Ferlito and Faraci, 2022; Snihur and Wiklund, 2019). The associated benefits can be traced to the acquisition of legitimacy (Faisal *et al.*, 2018), increased awareness and governance of climate change (Widerberg and Pattberg, 2017) and increased environmental responsibility (Haque and Irvine, 2018).

Recent studies have suggested that corporate governance and SSC are not independent of each other (Amorelli and García-Sánchez, 2021) but, rather, are bidirectionally linked. Indeed, while some SSC activities are not particularly useful when the corporate social responsibility orientation is not rooted in corporate governance, corporate governance is not fully effective without an SSC unit that responds to the needs of various stakeholders (Naciti, 2019).

Given this premise, it is interesting to assess companies' approaches to addressing climate-related issues by integrating them into the business model to improve dialogue with different stakeholder groups and, therefore, to better manage legitimacy among them (Grassmann, 2021; Tamvada, 2020). Few studies have comprehensively explored the emerging and most debated issues of climate change accountability (Brunelli *et al.*, 2021). Scholars mainly analyse governance- or process-related accountability regarding climate action, without providing a fully integrated overview of corporate strategies and processes that are useful for enhancing reputation and legitimacy through a growth path based on climate change risk management (Efimova *et al.*, 2021).

The research gap identified in the above literature constitutes the main input of our research, allowing us to posit the following research question:

RQ1. How has value creation within the business model changed for climate change issues?

2.2 Climate change and implications for corporate reporting

Corporate reporting assumes a central role in managing legitimacy, as it discloses the organisation's values to society, thereby creating transparency and reducing information asymmetry (Nishitani *et al.*, 2021). Legitimacy theory has always been used to explain why companies report on their social and environmental performance (Deegan, 2019; Dumay *et al.*, 2018). The growing attention of the market, the authorities and public opinion on disclosure that highlights the interdependencies between strategy, governance, operations and financial and socio-environmental performance (Abhayawansa *et al.*, 2019; Dumay and Dai, 2017) has led to integrated accountability systems (Brunelli *et al.*, 2021).

IR, proposed by the International Integrated Reporting Council (IIRC, 2021), has the potential to provide a non-fragmented representation of the external environment, strategy, business model and the forms of financial and non-financial capital involved in value creation, as well as to improve dialogue with different groups of stakeholders (Beardsworth, 2020; Panchal *et al.*, 2022; Du Toit, 2017). The interconnections between financial and non-financial information can help identify ESG aspects that are relevant to increasing corporate prosperity and communicate the appropriateness of actions within a socially constructed system of norms, values and beliefs (Grassmann, 2021). IR considers the legitimate interests of all stakeholders and allows their sustainability concerns to be addressed (Biloslavo *et al.*, 2020; Tlili *et al.*, 2019; de Villiers *et al.*, 2014), in addition to highlighting ESG aspects that could positively impact an organisation's financial value (Depoers *et al.*, 2016; Nishitani *et al.*, 2021).

Climate issues in particular are increasingly discussed and have received interest from numerous fields of research (Kalu *et al.*, 2016; Liao *et al.*, 2015; Nadeem *et al.*, 2020; TIscini *et al.*, 2022). Stakeholders, particularly regulators, institutional investors and environmental associations, require more information about the impact of organisations' actions on climate change (Haque and Islam, 2015). Indeed, it is believed that climate change is one of the most relevant risks in the area of sustainability that financial investors, in particular, need to be able to know about and monitor for in their portfolio investments (Milne *et al.*, 2011). Therefore, information related to this issue must be central to dialogue with and among stakeholders to legitimise organisations' activities and to maintain or gain greater social acceptance (Mallin *et al.*, 2013). By engaging stakeholders, companies increase external trust in their intentions and activities (reducing environmental impacts along the value chain), thus helping improve corporate reputation and catalyse the spread of more sustainable practices within the corporate system (Turzo *et al.*, 2022; Vitolla *et al.*, 2019). Firm size, industry, assurance, business model and corporate governance are the most significant determinants of IR quality identified by researchers. The accuracy and reliability of both generic, sector-agnostic and sector-specific non-financial information are also ensured by specific limited assurance requirements introduced in a proposed European directive "Corporate Sustainability Reporting Directive [CSRD]". This European directive implies a change in perspective that presupposes overcoming the separation between economic–financial and sustainability disclosures.

This study contextualises the growing demand from international guidelines and the SDGs (2015) for non-financial information and enables stakeholders to become more aware of the climate issue and the actions companies are taking to ensure the well-being of humanity and the natural environment. Therefore, the study provides a valuable opportunity to disseminate and raise awareness of environmental and sustainability reporting among companies in light of the pressures created by various stakeholders. To investigate how companies respond to external pressures to report on their contribution towards the SDGs, especially those related to climate change (SDG 13 – Climate Action), the second research question is:

RQ2. What is the role of IR in climate change disclosure?

3. Methodology

In this study, an exploratory case study approach was used (Yin, 2015). For a more in-depth and broader understanding of the phenomenon under investigation (Fasan, 2013; Doni and Gasperini, 2014), the paper analyses a single case (Easton, 2010) identified as the Poste Italiane Group (henceforth Poste Italiane). Our study used an interpretivist mode of enquiry, using a qualitative research design to analyse and understand the phenomenon in its social context of reference (Humphrey and Lee, 2004). Using this design, researchers study things in their natural settings, attempting to make sense of or interpret their meanings (Blaikie, 2000).

Three elements relevant to decision-making formed the basis for choosing the case study identified (Miles and Huberman, 1994). The first is the national relevance of the selected company.

Poste Italiane is the largest company in the logistics sector in Italy and a leader in the financial, insurance and payment service sectors. It is unique in Italy regarding size (€536bn in financial assets and 126,000 employees), capillarity (a network of 12,800 post offices) and customer trust (around 35 million customers).

The second element leading to the selection of this case concerns the high degree of integration of sustainability policies into the company's strategy. This led it to rank first in a new survey area introduced in 2020 called "ESG Digital Governance", which relates to the application of digital systems and platforms in the management of ESG data. Poste Italiane's virtuous path is confirmed by its appearance in the most important international indices. Chronologically, its first entry was in the Dow Jones Sustainability Index. This was followed by entries in the equally important Bloomberg Gender-Equality Index, the Euronext Vigeo-Eiris World 120, the FTSE4GOOD and the RobecoSAM Sustainability Yearbook 2020 as an "Industry Mover". In addition, in 2021, Poste Italiane entered the new MIB ESG index launched by Euronext and Borsa Italiana. This is the first such segment dedicated to Italian blue chips that adopt best practices in environmental, social and corporate governance issues.

The third aspect concerns the excellent maturity the company has achieved regarding disclosure, quality of information and clarity of presentation. Poste Italiane's efforts to promote the continuous improvement of reporting activities and ensure clear and complete information by following the principles of integrity and transparency underlying its identity have been rewarded with the "Oscar di Bilancio 2020" and "Oscar di Bilancio 2021" awards.

Case study development was based on IR documentary analysis (secondary data) and four semi-structured interviews (primary data) (Table 1). With reference to the latter, the choice to interview different professional figures enabled an analysis of different perspectives arising from the diversity of functions of the company and, conversely, the triangulation of sources. This is an element that, according to the main methodological references on the subject (Patten, 2015; Yin, 2015), increases the reliability of the results, which, for this study, are qualitative. Regarding triangulation (Denzin, 2017), in addition to that of the data or sources, recourse was made to that between the researchers. All researchers individually analysed the documents. The interviews were conducted personally by two researchers, and their contents were subsequently analysed individually

Primary data	Secondary data
Interviews	*Documents*
Head of Risk Assessment	Annual report 2021
Head of Group Risk Monitoring and Reporting	Annual report 2020
Head of Group Risk Management	Annual report 2019
Digital Media Manager	Annual report 2018
	Corporate journal
	Press releases

Table 1.
Sources used for the case study

and jointly by all researchers. In addition, the interview transcript was subjected to a comparison with the interviewees.

The semi-structured interview approach was adopted to allow the interviewees to express opinions or explore certain areas of research analysis and to address themes that may come to light during the interview (Qu and Dumay, 2011). Each interview lasted about 60 min. We developed 20 interview questions and organised them into two macro areas aimed at understanding the company's integrated policy and analysing its commitment as a major player in the energy transition that, through a redefinition of its business model and strategy, also takes the form of more transparent reporting focused on climate change. The composition of the interviews varied depending on the specific skills and roles of the interviewees. Specifically, the following people were interviewed:

- *Head of risk assessment*, an Italian woman with a degree in economics and commerce employed for 14 years at Poste Italiane. She initially worked in the Administration and Accounting Control System sector and, in the past six years, as the Head of Risk Assessment.
- *Head of Group Risk Monitoring and Reporting*, an Italian man with a degree in economics and commerce. He has worked at Poste Italiane for 15 years, and in the first eight years, he held the position of Head of Methodologies and Reporting over Financial Internal Control.
- *Head of Group Risk Management*, an Italian man with a degree in economics and commerce. He has worked at Poste Italiane for 4 years after 10 years of work experience at Terna as the Director of Corporate Protection, preceded by employment, also for 10 years, at the Guardia di Finanza.
- *Digital Media Manager*, an Italian man with a physics degree. He has worked at Poste Italiane for almost seven years, after two years as the Head of Strategy and Business Development at Poste Italianepay, six years at Mediaset as the Director of Communication and Web and eight years at Wind as Director of Portal and Content.

4. Results

4.1 Sustainable business models as a strategy to address climate change

Sustainable value creation at Poste Italiane is achieved by adopting a business model capable of generating economic, environmental and social outcomes and contributing to the achievement of the SDGs.

As stated by the Head of Group Risk Management:

> Compared to the past, risks characteristic of the business, including those related to climate, must be properly identified and addressed through the adoption of risk assessment techniques. This has required, starting in 2018, the evolution of business strategies and the creation of sustainable business models directed towards ecological transition.

The innovation of the company's business model represents, first and foremost, a response to regulatory evolution. This is evidenced by its participation in various technical roundtables to ensure the correct transformation to new norms and to represent the company's position on these issues to national and international bodies.

In addition to responding to normative pressures, the company also considers changing market demand, which is becoming increasingly environmentally conscious, with substantial adjustments to the services and products it offers to comply with high ethical standards and environmental criteria.

The integration of sustainability issues into company policies, processes and long-term strategies is now a consolidated feature of the business model. Especially since the start of the

COVID-19 pandemic, the company attaches primary importance to the issue of environmental protection, making it a goal to promote innovative solutions capable of protecting natural capital by minimising environmental impacts. As the Head of Risk Assessment states:

> Operating in a carbon-intensive industry, the company's economic activity produces environmental externalities that require careful analysis of processes to assess the economic and environmental impact of climate change.

Poste Italiane's widespread presence in the country and the related environmental impact of its activities require it to adopt a responsible approach and be aware of what climate change may entail for its business activities. First, it is committed to preventing, managing and, where possible, reducing the environmental impacts generated through its operations, particularly the use of buildings and logistics and transport activities, whether carried out directly or through suppliers and partners. To address the challenges posed by climate change, the company has put in place activities necessary to limit climate change and achieve global net zero, including renewable energy generation, electric vehicles, reduced industrial carbon emissions and minimum environmental requirements for outsourced transport providers. Through stakeholder engagement activities and a diversified monitoring system – including monthly checks on progress towards consumption and benchmark analyses conducted for homogeneous groups of buildings and vehicle fleets – Poste Italiane identifies and analyses the range of risks associated with the most significant environmental aspects and sets objectives to monitor, contain and optimise its performance.

The importance of stakeholder engagement emerges clearly in the words of the Head of Group Risk Management:

> Poste Italiane is aware of socio-economic changes and how they impact the organisation's performance, so it chooses to establish relationships with stakeholders as a means to manage the impact of these global changes and to legitimise its operations.

The founding element in managing key climate change and sustainability issues in the business model is the corporate governance system, which is inspired by principles of transparency and integrity. Achieving sustainable success requires a reconfiguration of the governance system, which is useful for defining CSSs and improving the relationship between the company and its stakeholders.

In this regard, as described by the Head of Group Risk Management:

> The organisational and corporate governance structure provides for specific roles and responsibilities for environmental issues. The Board of Directors approves the strategies and guidelines on sustainability, considering, amongst others, the risks and opportunities related to climate change. The Sustainability Committee has the task of supporting the evaluations and decisions of the Board of Directors related to the internal control and risk management system, such as climate risk.

As evidence of this approach, the Head of Risk Assessment stated:

> The 2020 incentive system also includes sustainability goals for all managers. Sustainable compensation policies are motivational tools for better performance.

Corporate governance practices and the implementation of an SBM promote corporate reputation. In this context, the higher returns from social and governance screening can be explained by a long-term view that protects the company from future challenges that may damage its reputation. These benefits also emerge in the words of the Head of Group Risk Monitoring and Reporting, who states:

> The optimal use of financial and non-financial capital and the integration of the Business Plan with ESG objectives enables the company to generate an economic, environmental and social outcome that contributes to the achievement of the SDGs.

The company is constantly striving to serve the interests of all stakeholders by creating value and anticipating changes in the socio-economic environment through as open a dialogue as possible on critical issues to increase the likelihood of satisfactorily managing risks.

4.2 Climate change risk reporting

Attention to environmental issues and compliance with new accountability and transparency requirements led the company towards integrated disclosure in 2018.

Over the years, the company's renewed commitment to strengthening its economic and social–environmental accountability towards stakeholders has led to a further alignment of corporate reporting with major international reference frameworks and standards. To the IR framework and Global Reporting Initiative Standards have been added others of international importance – such as the SASB Standards, the Material ESG Metrics presented at the World Economic Forum 2020 and the recommendations of the Task Force on Climate Related Disclosures (TCFD) – to better support the company in reporting in a transparent and comprehensive manner on the risks and opportunities that climate change may pose to corporate performance.

The Head of Group Risk Monitoring and Reporting underlines that:

> IR puts special emphasis on climate change by considering the environmental impact of the business activity. Non-financial disclosure on climate is a means of maintaining legitimacy and demonstrating a responsible approach.

The Head of Risk Assessment adds that:

> Human rights and climate change issues were considered material themes because they could substantially influence stakeholder decision-making and, therefore, performance. The materiality of these issues was defined through stakeholder engagement.

In Poste Italiane, stakeholders play a critical role in the company and make their demands through direct pressure or through integrated environmental and social disclosure. The Head of Group Risk Monitoring and Reporting points out that:

> The need to ensure that the company's actions and practices comply with existing norms in the relevant environment is not only a response to external, coercive and regulatory pressures but also a way to gain consensus and, thus, legitimacy from various categories of stakeholders.

The goal is to ensure an integrated business ethics culture at all organisational levels and to give evidence, with a view to accountability and transparency, of the company's commitment to internal and external stakeholders. This is shown by the definition of values and behaviour models that balance corporate strategies with environmental protection.

All interviewees agreed that Poste Italiane reports its environmental performance with the aim of reducing its ecological footprint, spreading a culture of environmental protection and encouraging conscious use of natural resources and waste management.

In the assessment process of material issues for reporting, Poste Italiane introduced for the first time in 2021 a dual perspective: "inside-out" and "outside-in", thus moving ahead of the requirements introduced by the CSRD. External engagement (inside-out) allows the company to consider significant current or potential impacts on society and the environment generated by its own activities and the activities of its value chain. Conversely, through internal (outside-in) engagement, the company considers sustainability issues that can positively or negatively influence its strategy, performance and positioning in the short, medium or long term and thus create or erode value.

IR represents an important step in the challenging path towards contributing to the achievement of the 2030 Agenda objectives, putting sustainability at the heart of the business and value creation process. In addition, in 2019, Poste Italiane defined an integrated compliance model that allows for the creation and strengthening of operational synergies between the various actors specialising in risk safeguards. These activities are aimed at the evolution and efficiency of governance heads and the continuous strengthening of companies' capabilities to manage and communicate climate risk analysis processes in an organised and integrated manner.

5. Discussion

The discussion presented in this section will focus on attempting to answer the research questions based on the results described in the previous section and the theoretical background. RQ1 investigates the changes needed within the business model for sustainable value creation.

The industry specificity of the case study analysed and the environmental impact resulting from the business's activities required an innovative business model and the integration of sustainability into the business strategy. In this way, the company aims to improve the perception that its actions are agreeable, correct and appropriate within a social system of norms, values and expectations. Strategic resource allocation decisions are based on an approach that integrates social, human and environmental interests to create value for all stakeholders. The approach followed by the company, therefore, is not about manipulating public opinion but is based on a change from current practices and business as usual, from which emerges the efforts to achieve the SDGs deemed necessary for sustainable development by 2030 (Geissdoerfer *et al.*, 2018).

The connection between the company and its stakeholders is considered crucial to the success of the new SBM. Following the stakeholder theory perspective, companies need to engage with stakeholders on a multitude of social and ecological issues to improve public perceptions of their sustainability performance and legitimise their contribution to achieving sustainable success.

RQ2 investigates the relevance of climate change disclosure in IR. The case study revealed the importance of involving all key stakeholders in identifying the issues deemed most relevant to adequately understanding the economic, social and environmental trends and the impacts of the company's activities.

From the perspective of stakeholder approach and legitimacy, IR is used as a tool to enhance stakeholder dialogue and balance different interests, in addition to being a strategy for legitimising transparency. The priority of the issues to be reported on is defined by considering the strategic relevance of each issue to the company and the perceived relevance of all stakeholders. As a result of multi-stakeholder engagement, it was possible to detect, compared to 2020, greater importance being attached to the environmental impacts of real estate and logistics. The above has made it necessary to supplement non-financial disclosures with indications of climate change risks, as well as related opportunities and specific mitigation actions. By making choices aimed at enhancing natural, human and social resources in a lasting and sustainable way (i.e. raising employee awareness of energy efficiency and greener production, providing customers with more sustainable products and improving supply chains), the company is working to respond to external pressures from civil society (public interest) and come into line with the cultural change (value shift) driven by concerns for the environment that are increasingly shared by public opinion, including through the stakeholder perspective. As more stakeholders call for greater data transparency, the company is using the TCFD framework to voluntarily report climate-related risks and opportunities.

Stakeholder engagement leads to the development and achievement of a strategic response to sustainability and to understanding decisions, actions, performance and disclosure related to material issues. In this way, companies can legitimise their policies, processes and management decisions, as well as comply with social norms addressing the interdependence of the organisation and its social and natural environment.

6. Conclusion

In the current socio-economic scenario, regulations, the natural environment and stakeholders put great pressure on businesses to become socially responsible (Dwekat *et al.*, 2020; Zahid *et al.*, 2020). For companies to contribute to the well-being of society, they need to link sustainable development to their core business (Husted and Sousa-Filho, 2017) through SBMs and successful corporate governance practices (Latapí Agudelo *et al.*, 2019) that improve the stakeholder relationship (Michelon and Parbonetti, 2012).

Social and environmental efforts with a clear link to business strategy and corporate governance enable the creation of sustainable value by minimising negative impacts and maximising the positive externalities generated by business operations. Identifying potential and actual impacts, suffered and generated, and thus knowing and communicating the materiality of ESG issues, supports the definition of corporate strategy and the business model. Non-financial and climate change-related disclosures, in particular, play key roles as enablers of ecological and sustainable business transformation. From this perspective, IR is a reporting tool for gaining and maintaining legitimacy through the provision of information in response to stakeholder pressure (Du Toit, 2017). As companies have often managed their legitimacy and communicated their sustainability performance in corporate reports, generic and sector-specific material issues need to be identified. Stakeholder engagement is essential for defining material issues and promoting awareness that current conduct in changing scenarios is geared towards sustainable development.

The research development allowed us to determine the practical and theoretical implications. From a practical point of view, the results demonstrate the importance of integrating sustainability issues into corporate strategy and business models focused on energy efficiency, waste management and climate change. These initiatives seek to promote greater corporate sensitivity to emerging climate risks. The risks and opportunities disclosure and its related impacts, including financial impacts, are now recognised as a key urgency for all stakeholders. From a theoretical perspective, the results of this study may be useful in understanding the benefits associated with the definition of SBM and the availability of more integrated information that has now become more critical to the investment process than in the past. The relevance and urgency of the energy transition and the debate for establishing concrete climate change mitigation measures are reflected in stakeholder engagement with the impacts of companies on the environment and climate change and the effects of the latter in terms of value creation.

The results cannot be subject to statistical generalisation, as they focus on the Italian context and do not capture the regulatory divergence that characterises different countries. However, our study can be seen as a preliminary approach to understanding the impact of integrating climate change into business strategies. These considerations may constitute a basis for future development of this research to define best practices, through the study of successful cases, for the development of SBMs and reporting practices that allow us to communicate how value is created and preserved for all stakeholders.

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