



THE ROLE OF SUSTAINABLE DISCLOSURE THROUGH INTEGRATED REPORTING IN ENHANCING COMPANY VALUE: AN APPLIED STUDY OF A SAMPLE OF IRAQI COMMERCIAL BANKS

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Article history:	Abstract:
Received: 26 th February 2026 Accepted: 24 th March 2026	In this paper, we investigate sustainable disclosure as it relates to integrated reporting and the implications for business value. This is to clarify in what, integrated reports can serve the needs of users (i.e., benefit theory), how it would help create/develop enhancement of company-involved value (i.e. creating long-term values) and enlivenment for information constitution. Through measuring the sustainability disclosure in published integrated reports, stakeholders particularly investors will be able to better assess a company's ability to deliver strong performance now and into the future. Leads to higher share values by increasing investor confidence in sustainability information and willingness to invest. This research is based on a sample of listed Iraqi banks in the Iraq Stock Exchange and depends on financial data by the Iraqi Securities Commission. Sustainability disclosure is used as a strategic tool under the Integrated Reporting Framework, aimed at improving transparency and risk management in addition to building trust and attracting investment that will ultimately contribute to long-term value. Their results show evidence of a linear relationship between the stated Tobin's Q value of a bank, indicating bank health, and the quality of sustainability disclosures at both the environmental, social and governance (ESG) levels when using Global Reporting Initiative practices. Findings of the Study: Less attention is paid to sustainability indicators, especially where disclosure is limited.

Keywords: *Sustainable Disclosure, Integrated Reporting, Company Value, Environmental, Social, and Governance (ESG), Global Reporting Initiative (GRI), and Iraq Stock Exchange.*

INTRODUCTION

Recently, there has been a growing interest in comprehensive sustainability disclosure and sustainability development due to scarcity of natural resources and deteriorating environmental situation, as well as the pursuit of social welfare, the preservation of non-renewable natural resources, poverty reduction, and a better life for society. We believe this is reflected in the comprehensive financial disclosure of sustainability in financial reports. Some of these reports are independent of the financial statements under integrated reports (IR – Sustainability Disclosure), while others may be integrated with standard financial statements.

In addition to activating the function of governance, the economic unit's recent major expansion has made sustainability and sustainable development one of the most crucial measures of financial, social, and environmental performance.

Businesses, organizations, accountants, professional groups, and academics are becoming more interested

in sustainability as a result of rising awareness of the significance of sustainability and its reporting, particularly in light of the fall of large multinational corporations at the start of the twenty-first century. This led to requests for international sustainability reporting programs, as well as a growing need to confirm the correctness of these financial reports and guarantee openness in the management of ESG standards (environmental, social, and governance). The Global Reporting Initiative (GRI), which supports (economic, social, and environmental sustainability), is the most significant of these international programs. Consequently, it offers all organizations and businesses a thorough reporting structure. This framework, which is widely utilized in the majority of nations worldwide, gives businesses and stakeholders a consistent language and a unified way to report on how businesses affect (the economy, the environment, and society). This raises the bar for information quality and guarantees its transparency, protecting future generations' rights and enabling more accountability. As



a result, it gives stakeholders the ability to recognize and contrast the effects of various businesses.

A complete report that integrates financial as well as non-fin into a single document is starting to emerge as a result of the corporate report consolidation trend. It was thought that by outlining a company's advantages and disadvantages, these thorough reports may win over stakeholders like creditors and investors and persuade them to put money into the business, so raising its worth. Additionally, the degree of thorough sustainability disclosure as shown in the released comprehensive reports and the sustainability data they contain may be used by stakeholders, especially investors, to evaluate a company's wealth performance and success rate. Therefore, we think that investors are more interested in a business's worth, which is reflected in a rise in its share price, the more thorough sustainability disclosure a firm provides through its detailed reports.

According to this perspective, the present study focuses on applying GRI standards and complete sustainability disclosure based on (environmental, social, & governance) ESG indicators. Additionally, it seeks to draw attention to how the degree of sustainable disclosure affects business activities and their ability to increase their value.

Section One: Research methodology

Research Problem

The following queries can be used to summarize the research problem:

- What effect does an integrated report's thorough disclosure of sustainable data have on raising the economic unit's value?
- What effect does creating an integrated report have on the economic unit's financial performance?
- In compliance with the Global Reporting Initiative (GRI) guidelines, how much do Iraqi banks listed on the Iraq Stock Exchange employ social, governance, and environmental indicators to offer sustainability information about economic, environmental, social, & governance axes?

Research Objective

This research aims to achieve

- Assessing the degree of sustainable disclosure in relation to the integrated report and its effect on the value of the firm.
- Outlining how integrated reports work and how sustainable disclosure may increase a company's worth.

The Importance of Research

Research is important since corporations' main objective is to improve the value of their shares and maximize their wealth. This entails boosting the market value of the shares in order to maximize the wealth of investors, particularly shareholders. Appropriate financial and non-financial information about the business must be supplied in order to accomplish this purpose. The information presented in integrated reports is clearly comprehensible to stakeholders, particularly equity lenders.

The company's worth is increased when integrated reports are prepared, indicating that the advantages exceed the disadvantages. Additionally, businesses that release integrated reports with sustainability data help investors anticipate cash flow more accurately and lessen information gaps between external stakeholders and management. The capital market is also impacted by integrated reports as the information they reveal enables investors to estimate cash flow more precisely. Furthermore, sustainable disclosure reduces information asymmetry and boosts the trust of creditors, investors, and other stakeholders by providing clear and balanced information about potential risks and possibilities. This is positively reflected in the company's market value.

Research hypothesis: According to the Environmental, Social, as well as Corporate Governance (ESG) indicators, there is a statistically significant correlation among the company's value as assessed by Tobin's Q index and the degrees of thorough disclosure of sustainable axes when employing the Global Reporting Initiative (GRI) standards.

Data and Information Sources

Several data collecting techniques were used to gather the information and data required to meet the needs and goals of the study, including the following:

1. Numerous Arabic and international materials, including books, journals, articles, theses, dissertations, and papers pertaining to this research issue and its specifics, were reviewed in order to enhance the theoretical component of the study. Additionally, the internet was used.

2. The Applied Aspect: The public financial reports of the banks in the study sample on the Iraq Stock Exchange were used by the researcher to gather data and information for the pertinent element.

Research Scope

• Timeframe

The annual financial statements for the years 2021, 2022, and 2023 for the banks in the research sample that are available on the Iraqi Stock Exchange and Iraqi



Securities Commission are the exclusive focus of this study.

• **Geographical Scope**

The geographical scope of research is as following:

• **Research Population**

Several Iraqi banks that were listed on the Iraq Stock Exchange throughout the study period comprise the research population.

Research Sample

The research sample consists of five banks that are registered on the Iraq Stock Exchange: Mansour Investment Bank, Gulf Commercial, United Investment, North for Finance, and National Islamic Bank.

Section Two: Theoretical Framework for Disclosure and Sustainability in Light of Integrated Reporting and its Impact on Company Value

This part covers two primary topics: the first reviews the sustainable disclosure conceptual framework, and the second looks at firm value and how it relates to sustainability through:

The theoretical foundation for sustainability reveals where the ideas of environmentally friendly development and sustainability came from.

One of the most well-known contemporary ideas that arose toward the close of the 20th century in reaction to the world's growing environmental, social, and economic problems is sustainability. It is an all-encompassing vision that seeks to strike a balance between addressing current demands and preserving the capacity of future generations to address their own.

The economy, society, and environment are the three primary pillars around which the idea of sustainable development is built. It aims to create social fairness and equality, encourage fair economic growth, and safeguard natural and environmental resources. Since the United Nations released the 17 Sustainable Development Goals (SDGs) in 2015, which seek to end poverty, preserve the environment, and bring about peace and prosperity for all by 2030, this idea has become a crucial component of international politics.

The idea of sustainable development first surfaced in the early 1970s when international forums were debating economic development and how it affected people and the environment. Interest in this concept grew during that period due to the evident scarcity of natural resources and the deteriorating status of the environment globally. Numerous conferences and seminars on growth and development resulted from this. More complex theories of development appeared in the late 1970s, providing more thorough and in-depth viewpoints on growth and development while

examining how economic policies affected social and environmental problems, such as pollution in the environment and wage distribution in the social sphere. The following is a timeline of sustainable development's historical phases (Gunawan, et al , 2020: 1-3):

- The Club of Rome was established in 1968, which signaled the beginning of interest in sustainable development and the environment.
- In 1972, the Club published a study on the relationship between the exploitation of economic resources and the advancement of society in Rome. A number of decisions regarding the creation of economic resources and the necessity of elucidating the relationship between economic issues and the environment were enacted during the 1972 Stockholm Summit. In an effort to lessen the disparity between rich and poor nations, developing nations insisted that the environment be given top priority in their development plans.

In light of contemporary issues like social injustice, resource scarcity, and climate change, a commitment to sustainable development has become an unavoidable decision and a way to guarantee a better and more secure future for all of mankind.

Dimensions of Sustainability Development

The Brundtland study from 1987 highlighted the interdependence of environmental, social, and economic growth. The economic, social, and environmental facets of sustainability were established at the World Summit in Johannesburg on Sustainable Development in 2002. Since each of these three dimensions involves several interrelated actions to ensure its achievement, it is commonly considered that the efficiency of sustainability development rests on the synergy of efforts across these dimensions (Saber, 2010: 319).

A development paradigm known as "sustainable development" aims to attain equitable and long-term growth and advancement across a range of industries. We shall describe the many aspects of sustainable development that contribute to integrated sustainability (Matanius, 2009: 52) (Al-Ani, 2023)

1- The Economic Dimension: One of the most crucial aspects of sustainable development is this. It has to do with guaranteeing inclusive and sustainable economic growth. This entails encouraging investment and innovation, creating sustainable industries, giving society respectable employment prospects, and advancing fair trade and the green economy. The



following components comprise the economic aspect of sustainable development:

- **Sustainable and Inclusive Economic Growth:** Aiming to achieve economic growth that improves living standards fairly and sustainably for all.
- **Growth in Investment and Innovation:** This includes promoting investments in sustainable sectors, clean technology, and the creation of inventions that help protect natural resources.
- **Providing Decent Work Opportunities:** Seeking to create sustainable job opportunities that provide good income and contribute to the economic prosperity of communities.
- **Developing Infrastructure:** This entails enhancing fundamental infrastructure, such as buildings, roads, and recycling and waste management systems, with an emphasis on their sustainable usage. Sustainable resource management promotes the effective utilization of natural resources and minimizes their waste through effective resource management across several industries.

2- The social dimension focuses on attaining social welfare and sustained social development. This entails decreasing unemployment and poverty, supporting gender equality, women's rights, & the rights of minorities, and guaranteeing that everyone has access to basic amenities like healthcare, education, housing, clean water, as well as sanitation. Building safe, self-sufficient communities that offer decent living conditions to all citizens, both present and future; fostering social cohesion; guaranteeing political and security stability; bolstering the role of civil society organizations; empowering particular groups, such as women and youth; promoting their active participation in all facets of economic, social, and political life; and striving to create a sustainable future and guaranteeing the continuation of economic and social growth without jeopardizing the rights of future generations are all included.

3- The environmental dimension: It is a collection of policies and procedures designed to ensure the sustainable use of natural resources (water, air, soil, forests, biodiversity), lessen the detrimental effects of human activity on the environment, protect natural resources from depletion and degradation, reduce pollution of all types (air, water, soil), combat climate change by lowering greenhouse gas emissions, preserve biodiversity, protect endangered organisms, and promote the green economy by promoting the use of renewable energy sources (solar, wind, and hydro)

and waste recycling management to achieve efficiency in resource exploitation.

4- The Institutional Dimension: Along with the economic, social, and environmental aspects of sustainable development, this is one of its cornerstones. It focuses on how formal and informal institutions may create and carry out laws and policies in a way that strikes a balance between these three aspects. Important aspects of sustainable development's institutional component include (Sachs, J. D. 2023):

- Good Governance
- Ensuring Transparency and Accountability
- Combating and Reducing Administrative and Financial Corruption
- Citizen Participation in Decision-Making
- Legislation and Policies:
- Enacting laws that align with the requirements of sustainable development.
- Reviewing regulations and laws periodically to ensure their responsiveness to changes.
- Effective Institutions:
- Building strong institutions capable of managing resources efficiently.
- Developing human capacities within institutions (training and capacity building).

Community Participation:

- Including the business sector and civil society groups in the development and execution of policies.
- Strengthening the role of academic and research institutions in supporting decision-making.
- Coordination and Integration:
 - Enhancing integration among governmental institutions at the local and national levels.
 - Cooperating with international organizations to achieve the Sustainable Development Goals (SDGs)

5. The Cultural Dimension: Compared to the economic, social, or environmental factors, this important aspect is frequently disregarded. But in order to achieve actual sustainability, it is essential. In order to preserve and promote cultural variety as a vital pillar for the continuation and advancement of civilizations, it entails incorporating cultural values, history, and community identity into development plans. Sustainability is not just about economics and the environment; it's also about respecting people's cultures and making sure they have a say in how their future is shaped. Among its goals are:



- Preserving Identity: Ensuring the continuity of local customs, traditions, and languages, preventing their assimilation into globalization.
- Strengthening Social Cohesion: Shared culture strengthens bonds of belonging and unity among individuals.
- Supporting Creativity and Innovation: Cultural diversity generates new ideas that can contribute to the economy, education, and arts.
- Supporting Economic Development: Cultural industries (heritage tourism, handicrafts, arts) have become a significant source of employment and income.
- Peace and Coexistence: Spreading a culture of dialogue and acceptance of others contributes to reducing conflicts.
- Implementing the cultural dimension: In order to protect monuments and heritage sites, promote linguistic and artistic diversity in the media, support creative industries and traditional crafts, preserve heritage, and spread the values of tolerance and respect for one another as part of community development, cultural education must be incorporated into school curricula.
- Activating the role of international institutions, including:
 - UNESCO states that, in addition to the three conventional elements (economic, social, and environmental), culture should be the fourth engine of sustainable development.
 - The 2030 Agenda for Sustainable Development (SDGs) integrates culture into goals such as quality education, sustainable cities, and peace and justice.

What is sustainable comprehensive disclosure, And what are objectives?

Many multinational corporations have acknowledged the significance of sustainable disclosure, We may define sustainable disclosure for non-financial information as sustainability reports that show how a business contributes to sustainable development. Sustainable disclosure is defined as the company's commitment to thorough disclosure practices for attaining sustainable development and the publication of information in its reports to internal and external users that gives a comprehensive picture of the company's financial position, economic, social, environmental, and governance activities (Nobans &

Elliley, 2015: 2). Sustainable disclosure, as defined by the Global Reporting Initiative (GRI), describes how a company has improved or intends to improve social, economic, & environmental circumstances as well as changes and patterns at all three levels of reporting (GRI., 2013: 17).

According to Lisene, disclosing a company's financial and non-financial performance to direct and indirect stakeholders is known as sustainability disclosure. Sustainability disclosure has changed from a primary focus on environmental duties to a focus on businesses' social and environmental activities and thorough disclosure of all required information in order to achieve Triple Boundary Reporting (TBL), which is represented by information related to dimensions regarding sustainability (EGSEE) (Lisene, 2015: 13–14).

According to Firestorm (2016: 18), this method is utilized to notify stakeholders both inside and outside the organization about its substantial influence on sustainable performance. According to (Abu Zar and Al-Atoum 2016, 134), sustainable disclosure explains how businesses handle both fiscal and non-financial realities, such as concerns about economic, environmental, and social problems as well as governance possibilities and dangers that could have an impact on the business's future performance, revenue, and value. Sustainable disclosure, according to Brockett and Reza (2012:27), is a paradigm that offers both financial and non-financial data on important metrics pertaining to (economic, social, ethical, governance, and environmental) performance. It is described as the official method of disseminating information on the state and advancement of the company's sustainability (Schaltegger et al. 2015: 13).

According to researchers, comprehensive sustainable disclosure refers to reports that provide all users with information about a company's economic, environmental, social, and governance actions, guaranteeing its commitment to attaining sustainable development.

As defined by the Global Reporting Initiative (GRI, 2015), sustainability disclosure is a type of social responsibility (CSR) disclosure that aids companies in measuring and comprehending their the performance of the economy, society, and the environment in order to better establish objectives and manage change. Sustainability disclosure includes not just long-term profitability but also information on people's and society's well-being.

According to Lin (2010), corporate social responsibility (CSR) refers to an organization's understanding of how its operations effect social and environmental concerns,



as well as its consideration of legal obligations and the actions it takes to address and convey these issues. This idea includes coordinating initiatives to enhance community management and lessen the company's usage of natural resources in addition to improving strategic operations and risk management (Hugene & Lulseged, 2014: 57). Two primary goals for sustainability disclosure were determined by (Schiehlé & Wallin, 2014: 28):

- Evaluating the company's social, environmental, and economic elements.
- Informing stakeholders about company's efforts in the area of sustainable performance.

Sustainability reporting and integrated reporting: the difference between them

Sustainability reporting has gained popularity and is typically viewed positively, especially by major financial institutions. Because standard reports on finances no longer offer enough information about the various aspects of an institution's worth, there is a greater need for sustainability reports. Sustainability reports for economic institutions meet stakeholders' needs for information necessary to assess their sustainable performance.

The World Business Council for the Sustainable Development Goals (WBCSD) defines sustainable development reports as reports on sustainable growth published by economic units to inform both internal and external stakeholders on the unit's activities based on their economic aspects. The Global Reporting Initiative (GRI) defines sustainable development reports as those that show how sustainable development is determined as well as disclosed, and for which the economic unit is responsible to both internal and external stakeholders for how well it performed in accomplishing the development objective. Sustainability reporting, according to Sidorova and Gurevich (<https://www.globalreporting.org/standards/>), is the incorporation of information about social and environmental activities by economic units either separately or alongside their economic activities in their financial statements in order to make their social responsibility clear and allow stakeholders to evaluate their performance (27: 2012, Sidorova and Gurevich) with sustainability reports (58: 2014, Heugin et al). These units actively inform stakeholders about their (economic, environmental, and social) actions, defining their obligations to society and the risks they face, in an effort to improve operational transparency. In order to achieve sustainable development, an economic unit's organizational performance is monitored, reported, and accounted for to internal and external stakeholders,

according to (Boiral et al: 5, 2019). According to Shaaban, reports should include details regarding the economic, social, governance, and environmental elements in addition to identifying important issues through stakeholder engagement (Shaaban, 2019: 44). A sustainability report is a structured presentation of the performance of the economy, society, and the environment of economic units with the goal of increasing transparency.

Reports on sustainability do not include breaking down economic units into distinct economic, environmental, and social dimensions. Conversely, from an economic standpoint, sustainability reports guarantee that all stakeholders, beginning with investors, receive timely and transparent financial information. Each of these dimensions should be viewed as a single, cohesive whole that contributes equally to the unit's ultimate goal.

The social component's main pillars consist of identifying the public interest in the regions where the unit operates, in addition to providing advice on ethical policy and hiring practices, charity donations, training opportunities, as well as other social events. Data on product safety, production charter standards, and resource usage in production are all included in the information pertaining to the environmental element of the economic units.

In order to improve the transparency of economic units' practices and give an accurate picture of stakeholder performance in the (economic, social, and environmental spheres: GRI, 2013: 3), sustainability reports should present a balanced view of the most significant (economic, social, and environmental) impacts resulting from their activities, whether positive or negative, and their effects on the community and the surrounding environment. Gaining a competitive edge and improving brand value and reputation are the goals of sustainability reporting.

It encourages staff to meet sustainability objectives and improves the unit's non-financial operations' openness (Lynn, 2010: 50).

The aforementioned makes it evident that economic organizations that create sustainability reports are changing with time as a result of making better judgments that take into consideration all factors, including how those decisions will affect their (economic, environmental, and social) performance.

Reports that contain significant data on (economic, environmental, social, & governance) performance are referred to as integrated reporting (Mansour, 2020: 21). Financial, economic, ESG (environmental, social, & governance), sustainability, business model, company



strategy, opportunities, and risks are all included in certain definitions of integrated reporting. As a result, it serves as a way to inform stakeholders on both financial and non-financial aspects of business performance (Twaiti et al., 2017:6).

Mohammed and Abdel-Jalil (2018:108) define integrated reporting as a report that links an economic unit's financial performance to its social, governance, and environmental policies. It also links the present with the future and discloses the risks and strategic performance of the economic unit.

Another definition of integrated reporting is how economic entities inform investors and stakeholders about the processes that allow them to generate value and their capacity to sustain that value (Shaaban, 2019:22).

Integrated reports consist of both economic and sustainability or non-financial data, describing the economy unit's image and providing information about its lifecycles to demonstrate how the business will achieve its goals through current and future achievements (Ibrahim 2019:13).

The Concept of Corporate Value and its Relationship to Sustainability:

Value creation is assessed by financial capital & is periodically provided in yearly financial reports, according to the standard financial reporting approach used by all businesses. This value is subsequently converted into dividends for shareholders or increases in share prices. Through the interactions between their operations and the linkages between their resources, businesses may generate value that is represented by additional value for themselves as well as stakeholders. This affects the business's capacity to be consistently depended upon (Robertson, 2015: 46).

The anticipated future cash flows for shareholders resulting from their investment in the shares of an economic entity are known as corporate value. Put differently, the market capitalization of a company's shares on the financial market determines its worth (Al-Ghanmi, 2017: 74).

Use Tobin's Q to Measure Company Value:

James Tobin's method is an easy and accurate approach to determine the ratio of the market value of a business to its replacement value. Its calculation of asset replacement value is based on their book value, and it does not need evaluating the market value of debt and preference stock (Al-Jajawi & Al-Jumaili, 2017: 100). This ratio is used to estimate a company's value and measure its performance from an investor's perspective.

$Tobin's\ Q = MVE + PS + DEBT/TA$

MVE: Share price at the end of December 31st of each year \times Number of outstanding ordinary shares.

PS: Cash value of the company's preference stock.

DEBT: short-term assets minus short-term obligations + long-term liabilities' book value. TA: Total Company Assets Book Value

The worth of companies (research sample) will be determined using the aforementioned equation. Tobin's Q index may be used to calculate firm value by forecasting growing stock prices and improved company performance for greater investment prospects, according to a study by Fawzi et al. (2019: 186-187). The following are the assessment criteria: $Q > 1$ The business has substantial development potential because of its effective management. Q is 1. The company's average status suggests that its asset management is stagnant.

This indicates that the company's assets have not been well managed (Simangentak et al., 2016: 18–19). A Tobin's Q value between 0 and 1 indicates that the market value of a firm is less than the book value of its assets (Mattour & Mohammed, 2004). That's an indicator of how undervalued the company and its shares are, which is a falling spiral in all worth. When Q is equal to 1, it indicates that the company has an average market position, and its market value is roughly equivalent to the recorded value of its assets. However, this indicates strong success, great profitability, & a high market value for $Q > 1$. Conversely, $Q < 1$ indicates low profitability, poor performance, and a reduced market value (<https://static1.squarespace.com>).

Effectiveness of Detailed Sustainability Reports:

In order to better comprehend the specifics of reports that contain the most recent financial as well as non-financial details on the company's path toward national coordination, financial as well as non-financial data are included in this report, which has evolved into a single document. Given the lack of knowledge about the financial subtleties involved, it aims to satisfy the unique demands of new stakeholders for information about the business and its circumstances. Everyone's access to information is limited and their comprehension of the business is hampered when financial and non-financial data are registered separately. It is anticipated that streamlining the procedure by producing a single report for all new report kinds would improve business transparency and make it easier to complete necessary activities, especially those involving several stakeholders (Cheng Jirap , 2017: 12).

According to researchers, these reports' content might reveal the company's advantages and disadvantages,



which can win over stakeholders like creditors and investors and persuade them to put money into the business. Stakeholders, especially investors, may learn more about the company's performance, success rate, and profitability through the provided integrated reports. Integrated reporting helps to reduce the information asymmetries from which these integrated firms suffer especially those that depend on complex external financing. The reports more effectively serve shareholders' informational needs as they present a holistic picture of performance, both financial and non-financial. Integrated Reports in complex organizations provide more relevant and reliable non-financial information to investors allowing them to better make informed decisions, allocate resources effectively, manage risk appropriately, and find opportunities with better accuracy. This is reflected in higher share prices. The advantages of integrated reporting for equity lenders have been the subject of numerous studies. Lee and Yu (2016) note a positive correlation between company value and integrated reporting indicating that the benefits of integrated reporting exceeding its costs. Their study also suggests that firms issuing integrated reports enhancing their information environment while narrowing the information asymmetry gaps between management and external stakeholders. Supporting these findings, Barth et al. It was comparable to another research by De Lima et al. (2017) that examined the company's worth in three areas: anticipated future cash flows, cost of capital, and liquidity. Their findings validated a positive correlation between integrated reporting and company value, in line with the conclusions developed by Lee and Yu. Additionally, integrated reporting and anticipated future cash flows and liquidity are positively correlated. Increased knowledge allows investors to estimate cash flows more accurately, which has implications for the capital market.

Managers, according to (Byman and Vericia), have knowledge about the business that stockholders do not. As a result, shareholders are frequently not informed of this information. Stakeholders must receive this information from the corporation as an insider has access to it. This information acts as a signal, and it is anticipated that providing more information to third parties will lessen the information asymmetry between the business and its stakeholders. These signals can thereby lessen information asymmetry, enhance finance, and raise the value of the organization. This is referred to as "signal theory," which holds that businesses provide stakeholders access to information that is beyond their control in order to determine the

business's competitive advantage. Consequently, integrated reporting serves as a signal from the business to lessen information asymmetry.

This is how integrated reporting is interpreted as an indication that the business wants to lessen information asymmetry. It is anticipated that greater access to high-quality signals for stakeholders will lessen information asymmetry and thereby raise company value. By doing this, businesses give stakeholders comprehensive data on their performance and management that they may use to shape decisions in a favorable or negative way (Leonardo, 2018: 2).

Over time, integrated reporting is thought to produce sustainable value that benefits the business, its investors (including financial returns), other stakeholders, and society at large. To attain thorough accountability, these reports might be in line with managers' and shareholders' interests. They make it possible for businesses to give stakeholders information on sustainability initiatives, enabling them to investigate various value-creation processes. By expanding the content of their reports, businesses may also offer information on risk and value creation as a positive signal. Investor interest will increase when additional accountability measures are put in place. According to Macias and Farfan-Livano (2017), maintaining a high level of sustainable disclosure by businesses also helps to reduce information asymmetry, which can result in higher share prices and, ultimately, enhanced company value.

Section Three: The Applied Aspect Measuring the Levels of Sustainable Disclosure in Banks:

This will be accomplished by using the (ESG) indicators, which were chosen based on the degrees of sustainable disclosure. These indicators will be utilized for research in innovation banks without sacrificing its core principles and will be carefully modified to produce precise findings.

First: Economic Axis: has to do with how the business affects both economic systems and the financial circumstances of its stakeholders, Each of the six sub-aspects that make up this axis is as follows:

A collection of 13 indicators, each with its own set of disclosure standards, will be used to gauge the degree of disclosure by Iraqi banks (research sample) for information pertaining to this axis (the economic axis) between 2021 and 2023. The following equation will be used to measure the level of disclosure of economic information:

$$\frac{\text{Disclosed requirements} / \text{Total requirements} *}{100\%}$$



Second: environmental axis

This axis pertains to how the business affects natural (environmental) systems, such as land, water, and air. It includes input impacts like energy and water as well as output impacts like emissions, wastewater, and sewage. The eight sub-aspects which together comprise 30 indicators belong to this axis. Some specific areas are biodiversity, transport, product and services environmental impacts, environment compliance and environment costs. Iraqi banks will assess how much information they provide on the environmental axis (the research sample) between 2021 and 2023. Each indicator has its own set of disclosure rules. The level of environmental information dissemination is calculated using the following formula:

$$\frac{\text{Disclosed Requirements}}{\text{Total Requirements}} * 100\%$$

Third: The social dimension

Axis has to do with how the business affects the social structures in which it functions. It consists of nineteen sub-aspects, each of which has a set of indicators totaling thirty-four indications, each of which has its own set of disclosure criteria. The proposed study sample is banks located in Iraq, and the period covered will be from 2021 to 2023, and this period is determined according to standards for evaluating the level of disclosure by such banks regarding information related to the social axis. The following formula will be applied in order to gauge the degree of social information disclosure:

$$\frac{\text{Disclosed Requirements}}{\text{Total Requirements}} * 100\%$$

Fourth: Public Disclosures

This is applicable to all businesses that create sustainability reports, which mandate that they reveal details about their ESG (economic, environmental, social, and governance) performance.

Governance: All businesses that create sustainability reports must make one of two public disclosures. It relates to the creation of the governance body, defining its role in decision-making and assessing this body performance and effectiveness based on risk taken to

achieve company objectives. Governance- 22 indicators and 31 disclosure requirements pertaining to governance performance. These criteria will be used to gauge how much information Iraqi banks (the study sample) disclosed on their governance performance between 2021 and 2023. The following calculation will be used to determine the amount of performance in governance disclosure:

$$\frac{\text{Disclosed Requirements}}{\text{Total Requirements}} * 100\%$$

Another public disclosure:

Has five sub-aspects (items), each of which has a set of indicators totaling thirty-four; each indication has a particular set of disclosure criteria. The degree of disclosure by Iraqi banks (research sample) will be assessed in accordance with these criteria between 2021 and 2023. The following formula will be used to assess the degree of disclosure of information pertaining to other public disclosures:

$$\frac{\text{Disclosed Requirements}}{\text{Total Requirements}} * 100\%$$

Research sample banks are valued using Tobin's Q model:

Tobin's Q model as one of the future trends in corporate performance, James Tobin developed this model in 1969 defining the degree of discretion banks have and their future prospects. The following model is used to build the company:

$$\text{Tobin's Q} = \frac{\text{MVE} + \text{PS} + \text{DEBT}}{\text{TA}}$$

Market capitalization = Year-End Share Price Multiplied by the Number of Outstanding Common Shares

Outstanding Preferred Share Cash Value = Outstanding Preferred Share Cash Value of the Company

Debt is equal to the book value of long-term liabilities plus the value of short-term assets minus the value of short-term liabilities.

$$\text{Total Assets} = \text{Book Value of the Company's Assets}$$

The following table shows the banks in the research sample's three-year disclosure levels for each of the five sustainability pillars as well as values:

Table 1. The degree to which the research sample banks' sustainability pillars and values are disclosed.

The bank	The years	Company value according to Tobin's Q	Economic hub	Environmental Axis	Social hub	Governance hub	Other public disclosures
North Finance Bank and investment	2021	0.06	37.5	4.879	12.859	9.678	50
	2022	0.056	37.5	4.879	12.859	9.678	50
	2023	0.027	34.375	4.879	11.43	12.904	52.5



United Commercial Bank	2021	0.338	37.5	4.879	14.288	22.582	42.5
	2022	0.31	37.5	3.659	14.288	22.582	42.5
	2023	0.128	37.5	3.659	14.288	25.808	45
Gulf Commercial Bank	2021	0.304	40.625	4.879	10.002	25.808	40
	2022	0.189	40.625	4.879	11.43	25.808	40
	2023	0.08	40.625	4.879	11.43	22,582	42.5
Islamic National Bank	2021	0.663	31.25	3.659	14.287	38.712	50
	2022	0.702	31.25	3.659	14.287	38.712	45
	2023	0.663	34.375	4.879	12.859	29.034	47.5
Al-Mansour Investment Bank	2021	0.122	31.25	3.659	14.287	38.712	47.5
	2022	0.272	31.25	4.879	14.287	38.712	42.5
	2023	0.106	31.25	4.879	14.287	38.712	42.5

Source: created by the academics using the institutions' financial filings as a basis.

Testing Impact of Research Variables:

Main Hypothesis: When using Global Reporting Initiative (GRI) standards, there is a statistically significant correlation between a company's value as determined by Tobin's Q Index and the level of disclosure on at least one environmental sustainability dimension determined by Environmental, Social, and Governance indicators.

The following two hypotheses are tested in order to ascertain the statistical significance of this relationship:

- H0: The independent variable (level of sustainability characteristics disclosure) on the value of the company is measured with Tobin's Q Index not have an effect when used criteria (GRI) to ESG indicator.
- (H1): The independent variable (representation degree of one of the environmental components) directly determines whether with Tobin's Q Index the company has an elevated value, when you look at it from the GRI criteria perspective that is linked to ESG indicators.

Two pooled multiple linear regression models were first conducted to investigate the relationship between independent variables (X1: economic axis; X2: environmental axis; X3: social axis, the dependent variable was X4: governance; and X5: extra public disclosures) and the dependent variable (Y: company value). Next, the chosen model was the one which fitted best on the basis of three statistical criteria: coefficient of determination, adjusted coefficient of determination and significance F test. The models are described in the following Equations (1) and (2).

Linear Model:

The terms (1, 2, 3, 4, 5) are unknown constants, also referred to as regression coefficients. In the models:

- (t) and year (i) stand for the dependent variable, which is the bank's corporate value.
- Time (t) and year (i) are the independent variables for the bank's economic axis sustainability disclosure level.
- The independent variables for the degree of sustainability disclosure in the bank's environmental axis are (t) and year (i).
- Time (t) and year (i) are the independent variables for the bank's social axis sustainability disclosure level.
- Time (t) and year (i) are the independent variables for the degree of sustainability disclosure in the bank's governance axis.
- (t) and year (i) serve as the independent variables for the degree of sustainability disclosure in the bank's other public disclosures.

This clarifies which variables correspond to each axis in the regression models.

Logarithmic Form

Table 2. Findings from the estimation of the Integrated Linear Regression Model.

Sample	evaluation	Sig	R ²	Adjusted R ²	F	Sig
Linear	-3.265	0.350	0.349	0.089	1.340	0.321
	3.521	0.409				
	3.008	0.578				
	2.217	0.150				
	2.814	0.378				
Logarithmic	15.542	0.157	0.584	0.418	3.511	0.049
	5.651	0.186				
	2.854	0.205				



	2.149	0.041				
	3.158	0.502				

Source: created by the researchers using the results of the SPSS v.22 algorithm.

The greatest coefficient of determination & adjusted coefficient of determination in Table (2) support the optimal model (logarithmic). This indicates that this model can account for 58.4% of the variance in the dependent variable, with random error and other factors not found in the model accounting for the remaining 41.6%. Additionally, the model is statistically significant with an F-test significance of 0.049 which falls below the specified significance level. The t-test of the parameter also indicates significance (Sig = 0.041), which means that this variable has a meaningful impact on the dependent variable.

Statistical significance was confirmed: According to descriptive statistics, a Pearson correlation coefficient of 1.000 with a significance level of 0.000 showed that the dynamics from the previous year did not result in this year's outcomes, or the other way around. But the variable (X1) was excluded from being part of the linear regression as it is perfectly directly related to the variable (X2); therefore, will lead to multicollinearity. This leads to the emergence of the multicollinearity problem. Additionally, due to its highly substantial direct link with the logX2 variable, the (logX1) variable was excluded from the logarithmic model for the same reason.

Stepwise Regression was utilized to identify the independent variables of greatest impact on the dependent variable after determining that a logarithmic function provided the best fitting model. This approach sequentially adds the independent variables into a model in order of strength of association with the dependent variable. At all stages, the decision to include, exclude or retain a variable is based on an F-test or a t-test criterion (Kadhim & Al-Dulaimi, 1988: 251). Table (3) displays the outcomes.

Table 3. the stepwise regression method's outcomes.

Sample	Appreciation	Sig	R ²	Adjusted R ²	F	Sig
Logarithmic	0.278	0.658	0.462	0.420	11.145	0.005
	1.387	0.005				

Source: created by researchers using the results of the SPSS v.22 program

Statistical Interpretation:

The results showed that the F-test statistic was 11.145 with a significance probability (P-Value = 0.005) below the predetermined threshold of 0.05, which means that the independent variable (X4) the logarithm of governance sustainability disclosure significantly affects the dependent variable in this case is about logarithm company's value, confirming the validity and reliability of this model overall. Significant impact of other independent variables were excluded from the model based on stepwise regression. At least 53.8% of the variance in the variable that is dependent is explained by factors beyond the purview of this study, whereas the model accounts for 46.2% of the variance (R² = 0.462). As per the estimated equation (2), a positive relationship is assumed between dependent variable (the company value) and independent variables of degree of sustainability disclosure

The Estimated Model's Accounting Interpretation:

1. A shift of one unit in the governance axis Log X4 degree of sustainability disclosure affects the company's value Log y by (1.387). As a result, the value of the firm is significantly impacted by the sustainability disclosure for the axis of governance.

2. The results indicated above support the hypothesis that one independent variable degree of disclosure of one of the sustainability axes according to ESG indicators in the application of (GRI) standards influences the company's value according to (Tobin's) at the significant level (0.05).

FOURTH SECTION: CONCLUSIONS AND RECOMMENDATIONS
CONCLUSIONS

1. Using Environmental, Social, and Governance (ESG) indicators under GRI standards, the value of Iraqi banks listed on the Iraq Stock Exchange based on the Tobin Q Index was favorably connected with the degree of disclosure from the sustainability aspects, particularly the governance dimension.
2. Adherence to the (GRI) standards is a crucial factor in achieving bank sustainability.
3. Given its substantial influence on all banking operations, the research's statistical analysis makes it abundantly evident that the sample of banks gives the governance dimension greater weight than other dimensions.



4. Because sustainable development accounting offers (long-term) internal and external benefits, economic organizations are increasingly focusing on its features and indicators. Putting these dimensions into practice attracts lenders and investors, satisfies stakeholders, increases company value, and eventually creates sustainable value for the company and society.
 5. In order to ensure that future generations' rights are upheld and that resources are sustainable, disclosing sustainability helps a corporation correctly express its stance and demonstrate its commitment to environmental and social concerns.
 6. The Global Disclosure Initiative criteria, environmental, social, and governance indices, and company value as calculated by the Tobin Q equation all show a strong correlation with sustainability.
6. To help businesses and commercial banks understand the significance of sustainable development & the need to disclose the environmental, social, & economic repercussions of their operations, employees and investors in all industries should receive sustainability education.

The importance of giving adequate attention to sustainability metrics is underscored, particularly for those indicators that are hindered by limited or incomplete disclosure.

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RECOMMENDATIONS:

1. The Iraq Stock Exchange's regulatory bodies must prioritize corporate sustainability by establishing an accounting framework that mandates companies submit sustainability reports in accordance with the Global Reporting Initiative (GRI) standards.
2. To acquaint university students with the most recent accounting principles, the idea of comprehensive corporate sustainability disclosure needs to be incorporated into academic curriculum and study schedules.
3. Iraqi businesses that are listed on the Iraq In addition to their usual yearly financial reports, stock exchanges ought also to be obliged to release a sustainability report. The external auditor's responsibilities should be broadened to include evaluating businesses' adherence to GRI criteria and auditing their sustainability reports.
4. Raising awareness and educating different stakeholders about the significance of taking social and environmental data into account in addition to economic data when making important choices are important.
5. The environmental and social dimensions of sustainability must be given high importance since they have a direct and significant impact on the damage that enterprises inflict to the environment and their shortcomings in environmental protection.



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