

**DEVELOPMENTS IN REPORTING:  
Towards integrated reporting <IR> ?**

## <IR> in the public sector

- We live in an information age → the demand for more disclosure is increasing
- <IR> enables the production of concise, decision-useful information required by providers of financial capital and of significant interest to other stakeholders
- This is no less meaningful a proposition in the public sector than the private
- Application of <IR> in the public sector represents a logical evolution

## **<IR> in the public sector**

- Key questions
  - i. Should the IIRC address the application of <IR> in the public sector?  
And, if so:
  - ii. How should the IIRC address the application of <IR> in the public sector?

## <IR> in the public sector

- Ancillary questions

- i. Rationale

- a. What is the compelling case for public sector entities to adopt <IR>?
- b. What are the most persuasive public interest arguments?
- c. Who is the primary audience?
- d. What are the barriers to uptake of <IR> in the public sector and what can be done to overcome them?

- ii. Tools and support

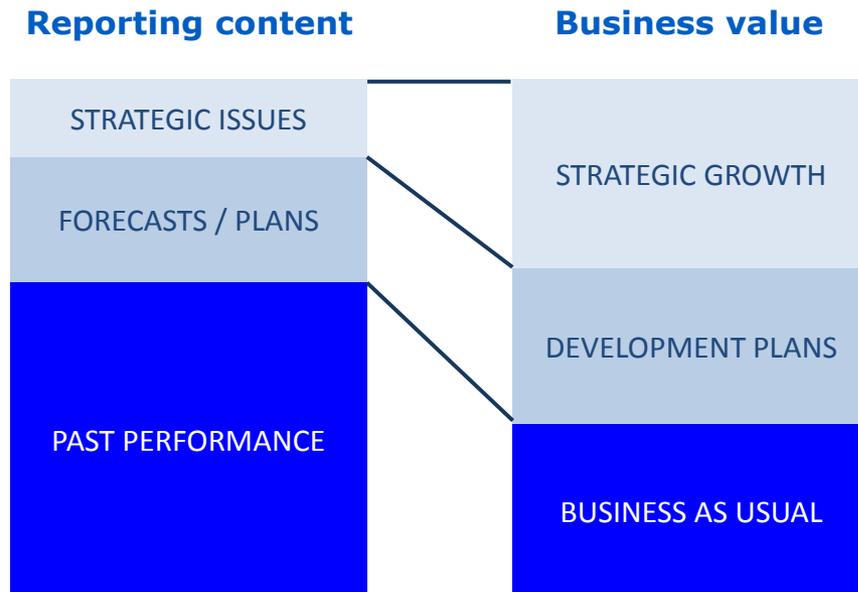
- a. How suitable is the Framework, to what extent are modifications and/or application guidance needed and how should they best be developed?
- b. How can the experience of existing practitioners/PP participants from the public sector best be leveraged?

- iii. Targets

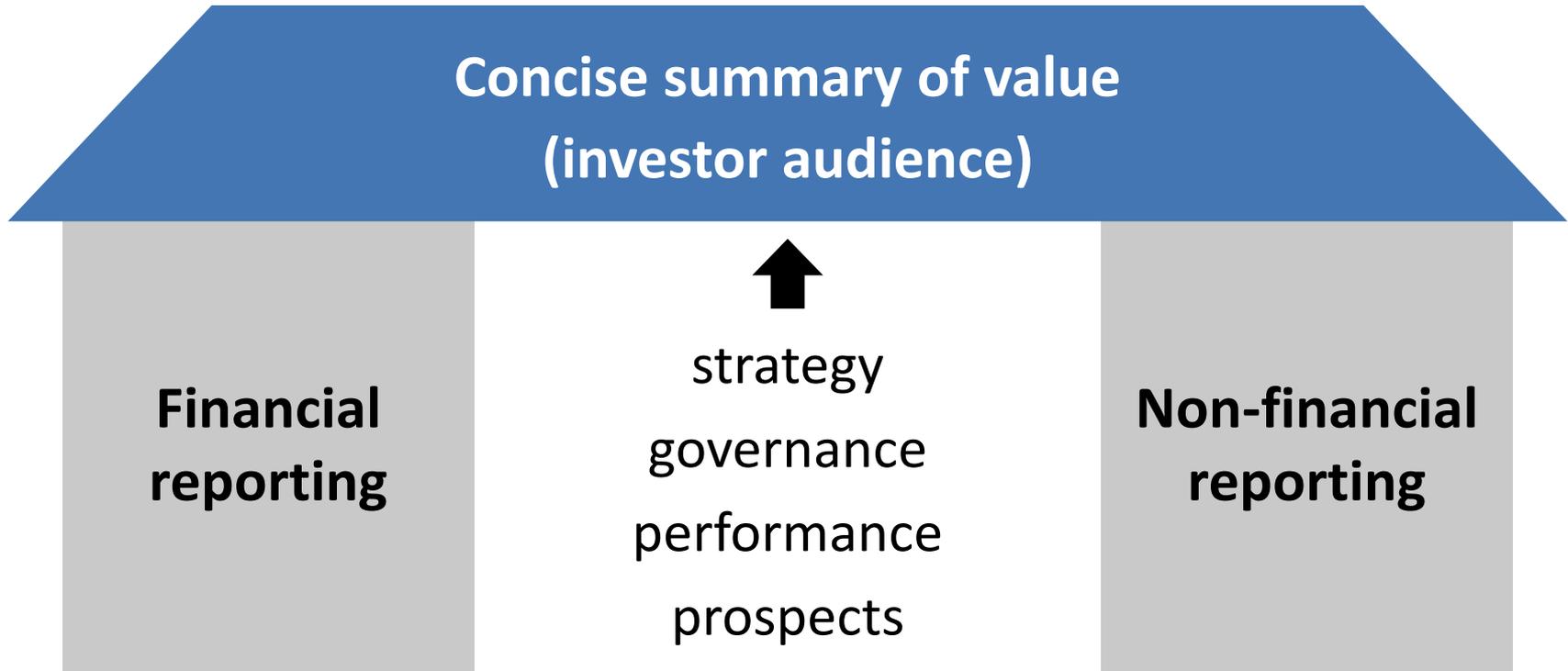
- a. Who are the primary targets of efforts to encourage implementation of <IR> in the public sector, in terms of:
  - Prospective reporters?
  - Catalysts for a move towards adoption of <IR>?
  - Other influential stakeholders?
- b. What should be the key asks of policymakers and regulators to encourage implementation of <IR> in the public sector?

***How are the main characteristics of <IR>  
applicable to the public sector?***

# The reporting mismatch

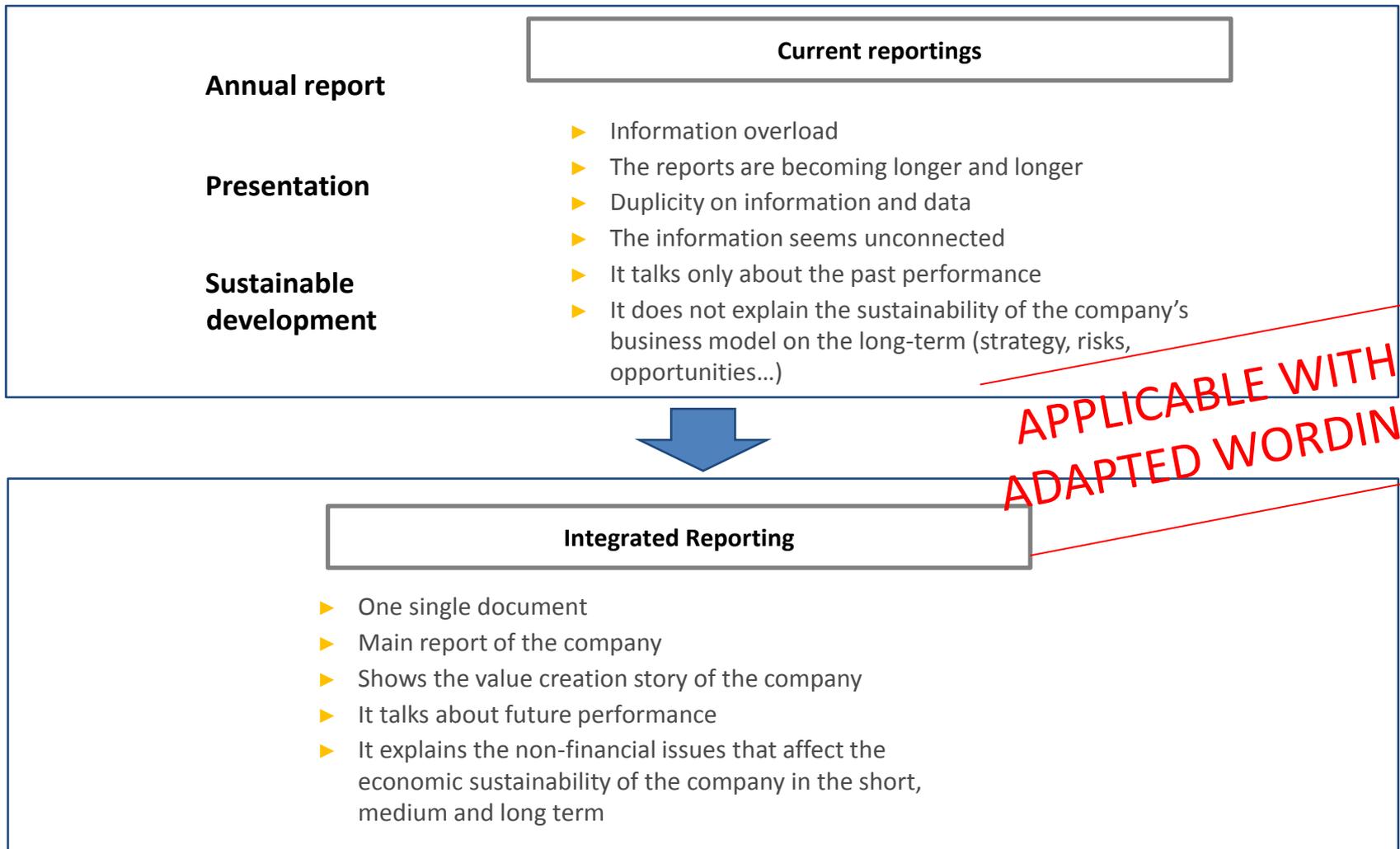


## <IR> explained



In the public sector/ Value should be translated into value for money  
(effectiveness, efficiency, economy)

# A contemporary realignment of corporate reporting



# What is <IR>?

**<IR> is a process**

- It is a communication
- On value creation over time
- In a periodic integrated report

**An integrated report is a concise communication**

- About strategy, governance, performance and prospects
- In the context of external environment
- Leading to the creation of value over the short, medium and long term

**It should be prepared**

- In accordance with the Framework
- Primarily for providers of financial capital
- Of benefit to all stakeholders

**NO DIFFERENCES**

# Fundamental understanding of Integrated Reporting

Less is more

- Concise, transparent and meaningful reporting which fulfills the information needs of all stakeholders

Integrating thinking

- Integrated reporting is the result of change in thinking in companies and integrated reports stands at the end of the process chain

Holistic approach

- Integrative reporting shows the comprehensive picture of a company in economical, ecological and social context and meshes financial and non-financial objectives

Performance orientation

- The strategy presented is linked to financial and non-financial objectives and their achievements is measured by KPI
- <IR> is crucial to companies in order to better reflect their own and unique value creation process

**NO DIFFERENCES**

# Guiding principles

## ▪ **Strategic focus and future orientation**

Provide insight into the organization's strategy

- Highlighting significant risks, opportunities, and dependencies
  - the relationship between past and future performance

RELEVANT

## ▪ **Connectivity of information**

Show a holistic picture of the combination, inter-relatedness and dependencies between the factors that affect the organization's ability to create value over time.

- the connectivity between:
  - *The Content Elements*
  - *The past, present, and future*
  - *The capitals*
  - *Financial information and other information*
  - *Quantitative and qualitative information*
  - *Management information, board information, and information reported externally*

# Guiding principles

## ▪ Stakeholder relationships

*Provide insight into the nature and quality of the organization's relationships with its key stakeholders*

**RELEVANT**

Value is not created by or within an organization alone, but is created through relationships with others. It does not mean that an integrated report should attempt to satisfy the information needs of all stakeholders.

- Identify future trends
- Identify material matters, including risks and opportunities
- Implement activities, including strategic and accountable responses to material matters
- Disclose how key stakeholders' legitimate needs and interests are understood, taken into account and responded to through decisions, actions and performance, as well as ongoing communication.

## Guiding principles

- **Materiality**

*Disclose information about matters that substantively affect the organization's ability to create value over time*

(includes regular engagement with the intended report users to identify their information needs.)

**RELEVANT**

- Identifying relevant matters by considering their effect on the organization's strategy, governance, performance or prospects.
- Reporting boundary
  - The boundary used for financial reporting purposes (i.e., the financial reporting entity)
  - Risks, opportunities and outcomes attributable to or associated with other entities/stakeholders beyond the financial reporting entity that have a significant effect on the ability of the financial reporting entity to create value.

# Guiding principles

- **Conciseness**

*Be concise*

Links to more detailed information, information that does not change frequently, or external sources

Favours plain language over the use of jargon or highly technical terminology

Avoids highly generic disclosures

- **Reliability and completeness**

*Include all material matters, both positive and negative, in a balanced way and without material error.*

Identify relevant disclosures when material information is omitted because of the unavailability of reliable data.

**RELEVANT**