

Advocating and Supporting Integrated Reporting Implementation: The Role of PAOs

Stathis Gould

Deputy Director, PAIB and Knowledge Lead
International Federation of Accountants

Laura Leka

Technical Manager, PAIB and Integrated Reporting
International Federation of Accountants

7 March 2018

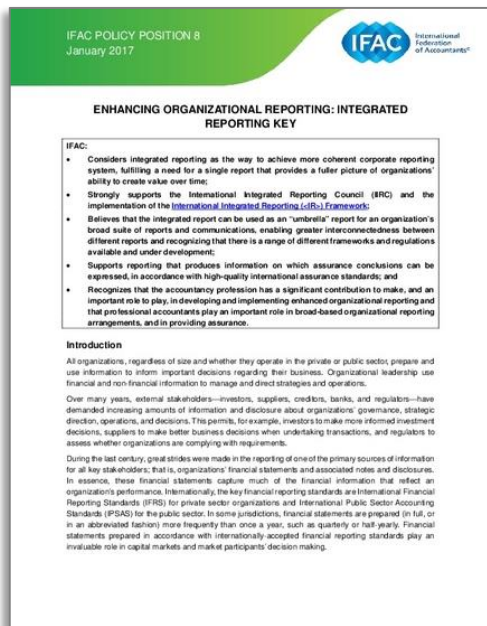
What this session will cover

- Why does IFAC see integrated reporting as important?
- Where is integrated reporting at?
- Role of PAOs in integrated reporting
- Useful resources for PAOs

Why does IFAC see integrated reporting as important?



Policy Position Paper 8



IFAC Policy Position Paper 8 - Enhancing Organizational Reporting: Integrated Reporting Key

“Integrated reporting is the way to achieve a more coherent corporate reporting system, fulfilling a need for a single report that provides a fuller picture of organizations’ ability to create value.”

<http://www.ifac.org/publications-resources/enhancing-organizational-reporting-integrated-reporting-key>

Edelman Trust Barometer

56%

Companies that only think about themselves and their profits are bound to fail

60%

CEOs are driven more by greed than a desire to make a positive difference in the world

Source: Edelman Trust Barometer: http://cms.edelman.com/sites/default/files/2018-02/2018_Edelman_Trust_Barometer_Global_Report_FEB.pdf

Where is integrated reporting at?



Why does IFAC see integrated reporting as important?

Where is integrated reporting at?

Role of PAOs in integrated reporting

Useful resources for PAOs

Global momentum of integrated reporting

Over **1,500**
organizations do <IR>



83%

of CEOs, CFOs and other C-suite executives surveyed believe that adopting <IR> would help deliver success to their organizations

2,000
participating
in <IR>
Networks
worldwide



Over **300**
companies have
adopted <IR> in
Japan



Momentum of integrated reporting: Europe

European Commission describes <IR> as “a step-ahead” of its directive on non-financial reporting

More than a third of Dutch listed companies are working towards <IR>

Close alignment to the UK strategic reporting requirements and the UK regulator, the FRC has said that companies preparing high-quality strategic reports should be aligned to <IR>



Many of the top listed French companies (CAC 40) now adopting <IR> including BNP Paribas, AXA, Crédit Agricole, Danone, L'Oréal, Sanofi, Vivendi and Engie

Organizations in Italy adopting <IR> include leading insurer Generali Group, financial services company UniCredit, oil and gas company Snam and SME Dellas Diamond Tools

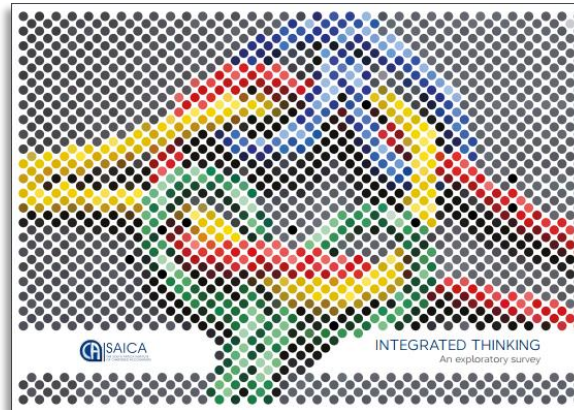
Many leading German organizations now adopting <IR> including BASF, Deutsche Bahn, Deutsche Börse Group, EnBW, Flughafen Muenchen Group, and SAP SE

Where is integrated reporting at?

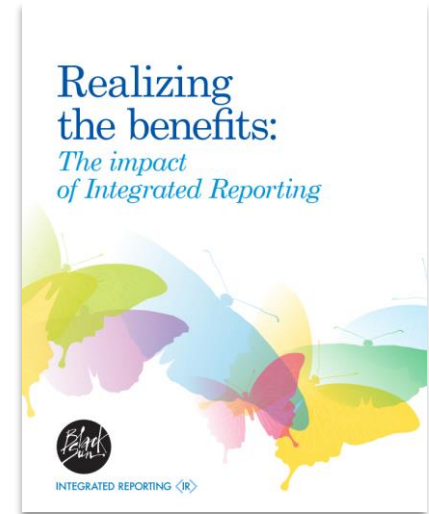
Research on integrated reporting – the benefits



http://www.accaglobal.com/content/dam/ACCA_Global/Technical/integrate/pi-insights-into-ir.pdf



<https://www.saica.co.za/Portals/0/Technical/Sustainability/SAICAIntegratedThinkingLandscape.pdf>



http://integratedreporting.org/wp-content/uploads/2014/09/IIRC.Black_Sun_Research_IR_Impact_Single.pages.18.9.14.pdf

Research on integrated reporting – the challenges

- Securing the support for IR from the Board and other internal stakeholders
- Aligning integrated reporting with internal management systems and connecting internal and external reporting
- Ability to measure and manage non-financial information with implications for financial capital
- Reliability and accuracy of non-financial information
- Balancing conciseness, materiality and completeness
- Understanding the relationships between the capitals
- Concerns over legal implications of forward-looking statements
- Other regulatory requirements
- Assurance over the integrated report

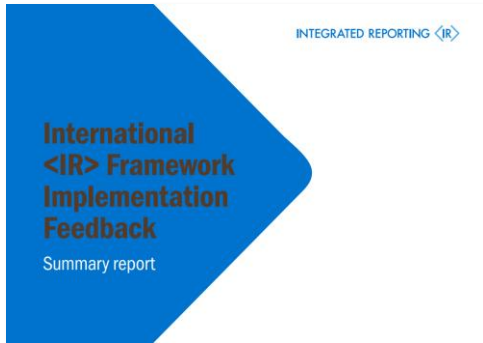
Where is integrated reporting at?

How integrated reporting fits in the reporting landscape



IIRC priorities and technical agenda

- Momentum strategy
- Technical work programme:
 - **Guidance:** Getting started; Materiality; Multiple capitals; Value creation; Business model outputs and outcomes; Summary of Framework Requirements
 - **Frequently asked questions:** About integrated reporting; Materiality; Multiple capitals; Governance; Conciseness; Competitive landscape; Opportunities
 - **Research:** Use of narrative and ‘non-financial’ information by providers of financial capital; Corporate reporting developments; Incentives and barriers; Implementation by SMEs, public sector and not for profit entities; Connectivity and decision making



Role of PAOs in integrated reporting



Why does IFAC see integrated reporting as important?

Where is integrated reporting at?

Role of PAOs in integrated reporting

Useful resources for PAOs

Integrated Reporting Network for PAOs

- Launched in 2016 in conjunction with the IIRC
- Exclusively for PAO staff and volunteers
- Supports the exchange of ideas, knowledge, experiences and resources between PAOs
- Quarterly webinars
- Resources for PAOs

Integrated Reporting Network for PAOs

Past webinars:

- Assurance and <IR>
- Country perspectives, including:
 - Brazil, Canada, Japan, Malaysia, Netherlands, UK
- PAOs implementing IR
- IR and SMEs
- Corporate reporting dialogue
- Technology and IR adoption

Future topics:

- How does IR relate to other forms of reporting?
- How does IR fit with local reporting requirements and culture?
- Beyond listed companies: IR for SMEs, public sector and not-for-profits
- Examples and case studies

Ways in which PAOs can support and advance IR

Engage with regulators, policy makers and stock exchanges

Establish, run, and/or contribute to multi-stakeholder, national/regional groups and networks

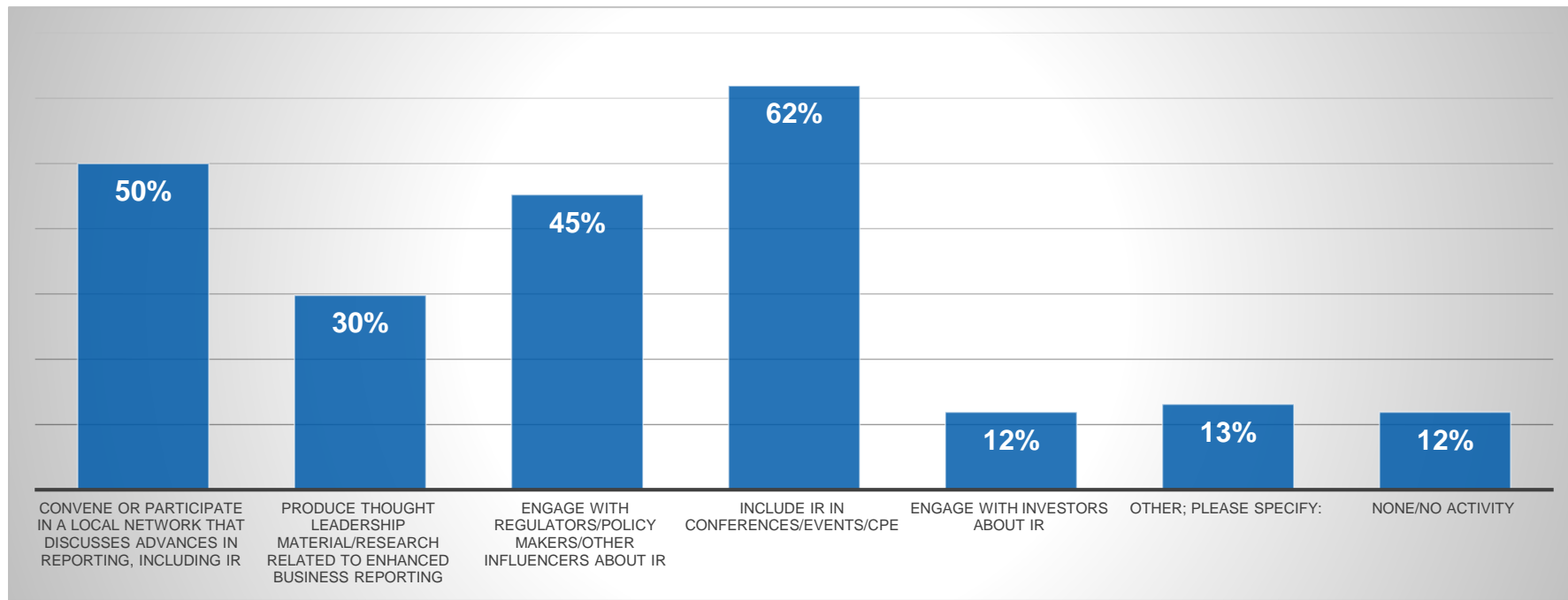
Advocate through written content and conference/event/forum agendas

Engage with investors and report users

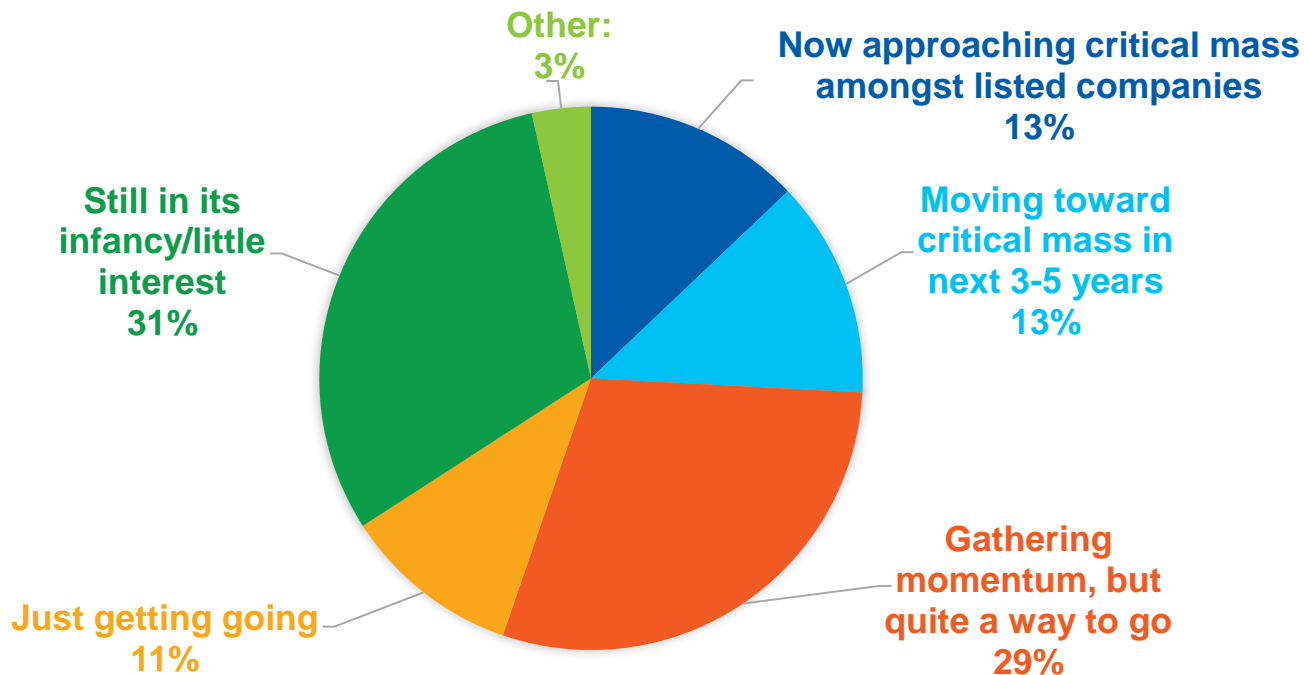
Produce an integrated report

Research and curriculum content

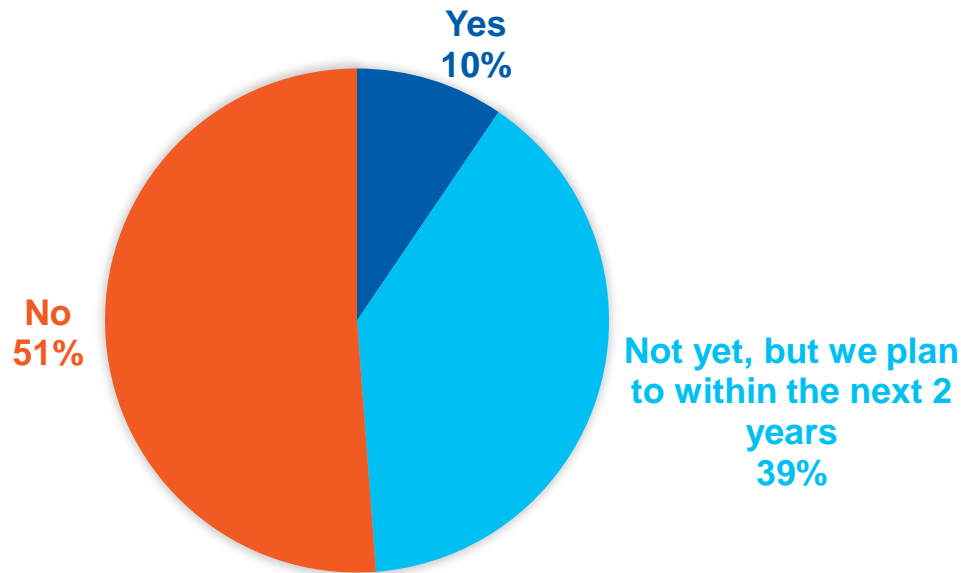
Which, if any, of the following has your PAO undertaken or is planning to undertake during the next 12 months?



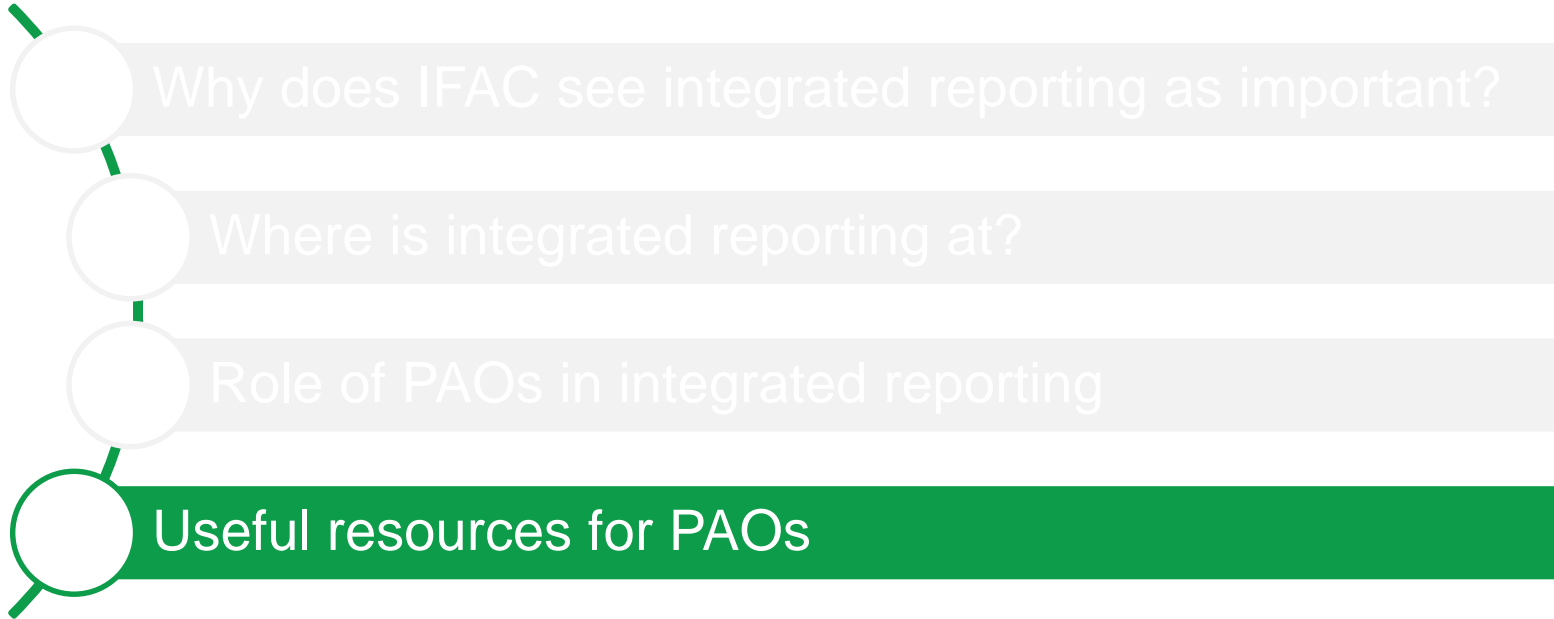
How would you describe Integrated Reporting in your country?



Does your PAO produce an integrated report that is largely in line with the International Framework?



Useful resources for PAOs



Q&A document for PAOs



<https://www.ifac.org/publications-resources/long-term-value-creation-through-integrated-reporting>

- How does integrated reporting differ from and relate to other reporting frameworks?
- What is value in the context of integrated reporting?
- How does integrated reporting fit within the corporate reporting landscape?
- How can a multi-capitals approach be made more practical helping organizations capture relevant aspects of value creation?
- Can all organizations implement integrated reporting?

Global Knowledge Gateway



A Call to Action: Walk the Talk on Integrated Reporting

by [Stathis Gould](#), Head of Professional Accountants in Business and Integrated Reporting, IFAC | June 6, 2017

IFAC recently issued a policy position on integrated reporting highlighting the need for a single report providing a fuller picture of an organization's ability to create value over time, and greater interconnectedness between different reports.

[Read More](#)



The Case for SMEs to Consider Integrated Thinking and Reporting

by [Paul Thompson](#), Director, European Federation of Accountants and Auditors for SMEs | October 17, 2017

The benefits and opportunities for SMEs to consider both integrated thinking and integrated reporting, including better understanding, management and communication.

[Read Now](#)



Confidence in Non-Financial Information Next Frontier

by [Stathis Gould](#), Head of Professional Accountants in Business and Integrated Reporting, IFAC | November 28, 2017

A lack of confidence in non-financial information is hindering its utility for users assessing an organization's performance and potential for long term value creation—using their knowledge of management and process control, professional...

[Read Now](#)



Understanding Value Creation through the Business Model

by Nick Topazio, Associate Technical Director, Management Accounting, Association of International Certified Professional Accountants | June 6, 2017

The Association of International Certified Professional Accountants invites participation on the CGMA Business Model Framework consultation.

[Read Now](#)



Integrated Reporting Longs for Finance Professionals

by [Stathis Gould](#), Head of Professional Accountants in Business and Integrated Reporting, IFAC | February 2, 2017

Since the launch of the International Integrated Reporting Framework at the end of 2013, global momentum of Integrated Reporting is promising. However, to achieve wide scale adoption, the Integrated Reporting movement needs the leadership of...

[Read Now](#)



It Is Time for Africa to Accelerate Implementation of Integrated Thinking and Reporting

by Patrick Kabuya, Senior Specialist, World Bank Group | February 2, 2018

Adopting integrated thinking and IR will contribute to improving decision making, transparency and accountability especially as to how organizations in the public and private sector are creating value and contributing towards improving lives of...

[Read Now](#)



How Can SMEs Implement Integrated Reporting? A Starter Kit

by [Paul Thompson](#), Director, European Federation of Accountants and Auditors for SMEs | December 14, 2017

The specific application of integrated reporting by SMEs and the initial steps SMEs can take to start their integrated reporting journey.

[Read Now](#)

Integrated Reporting Slide decks

Integrated Reporting Overview

- Introduction to IR, its core features, guiding principles and content elements

Integrated Reporting and Investor Benefits

- Highlights how integrated reporting can help meet the information needs of investors.

Integrated Reporting Momentum

- Summarizes the international momentum of integrated reporting by country.

Creating Value with Integrated Thinking and Reporting, and The Role of Finance Professionals

- Key messaging from the IFAC publication [Creating Value with Integrated Thinking, The Role of the Professional Accountant](#).

Available to download here: <https://www.ifac.org/about-ifac/professional-accountants-business/integrated-reporting-pao-network>

Join the IR network for PAOs

- **LinkedIn forum:** www.linkedin.com/groups/7031949
- **Webpage:** <https://www.ifac.org/about-ifac/professional-accountants-business/integrated-reporting-pao-network>
- **Extranet:** Contact: JazminJackson@ifac.org
- **Next webinar:** 13th March 2018, 12noon UK time
 - How IR relates to other report forms, plus an update from the IIRC on their strategic priorities for 2018 and overview of Tokyo events in February
 - Register here:
<https://attendee.gotowebinar.com/register/7731192210069206274>



*Strengthening Organizations,
Advancing Economies*

www.ifac.org
