ALIGNING INTERNAL AND EXTERNAL INTEGRATED REPORTING

Zanele Salman

INTEGRATED REPORTING
COMMITTEE (IRC)
OF SOUTH AFRICA
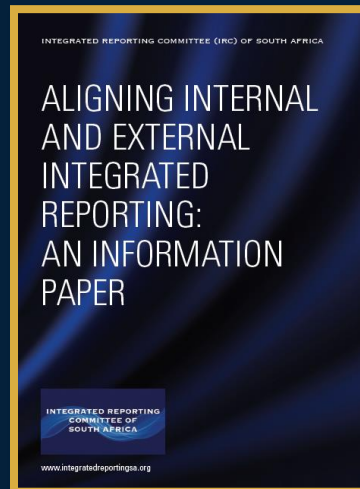
ANNUAL CONFERENCE
2022

#IRCSAConf22

BEFORE WE BEGIN

All information in this slide presentation has been extracted from the following

Integrated Reporting Committee (IRC) of South Africa information paper, which we refer to as the **'Aligning Internal and External Integrated Reporting'** in this presentation:

Available on www.integratedreportingsa.org

PURPOSE OF THE PAPER

- ASSIST ORGANIZATIONS TO BETTER ALIGN THEIR INTERNAL AND EXTERNAL REPORTING

- PROVIDE USEFUL INSIGHTS TO GOVERNING BODY MEMBERS IN THEIR OVERSIGHT OF REPORTING

- HIGHLIGHT CHALLENGES AND BENEFITS AND OFFER SOME PRACTICAL CONSIDERATIONS IN ACHIEVING BETTER ALIGNMENT

THE ROLE PLAYERS

- THE INTEGRATED REPORT (IR) IS THE RESPONSIBILITY OF the organization's governing body, Management signs off the IR on behalf of the governing body

- Internal reporting is the direct responsibility of management, THE governing body provides overall oversight

- AN internal report STRUCTURE aligned TO the Content Elements of the IR (<IR> Framework), a useful basis for internal reporting, including governing body and committee reports

- REPORTING IS A critical internal process – INTEGRATION PROVIDES information that is holistic, connected, Transparent and reliable for decision making

THE BENEFITS OF ALIGNING INTERNAL REPORTING TO THE IR

- Deepens integrated thinking in the organization, supports strategy execution

- More informed decision making

- Improved systems and Processes

- Streamlined and purpose driven reporting

- Integrity and consistency of information
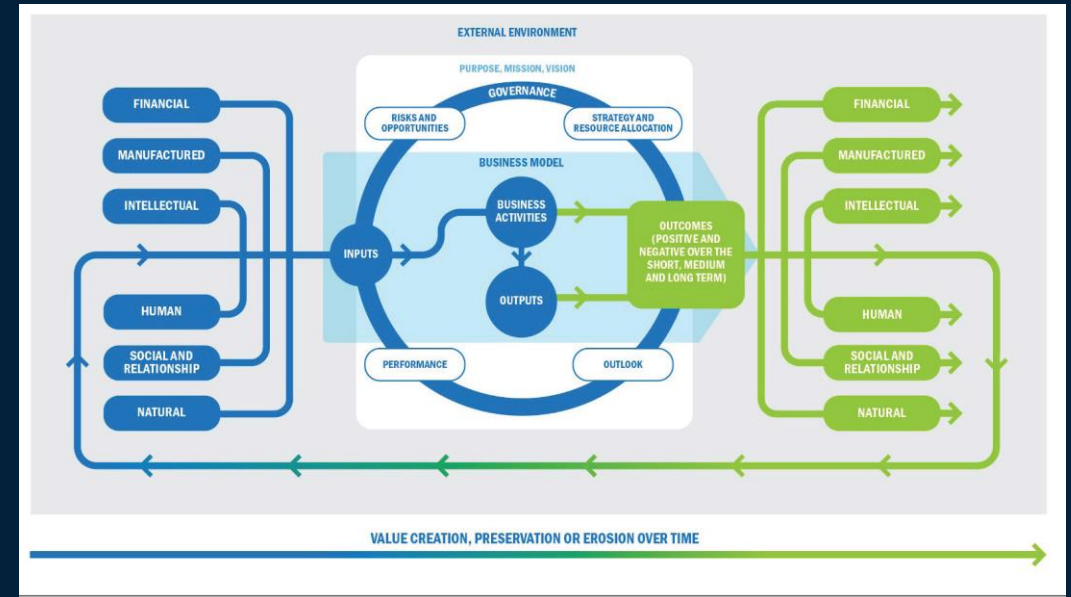
Challenges to overcome include: Siloed reporting, Emphasis on financial information and metrics, Mismatch in perspectives, Information reported internally might not be in the integrated report, Resistance to change, Alignment, but still not integrated thinking

KEY CONSIDERATIONS TO ASSIST IN BETTER ALIGNING INTERNAL REPORTING WITH THE INTEGRATED REPORT

1. CLEAR INTERNAL REPORTING PROCESSES ACROSS THE ORGANIZATION
2. A REVIEW TO SPOT THE GAPS
3. STRATEGIC OBJECTIVES, KPIs AND TARGETS FOR THE SHORT, MEDIUM AND LONG-TERM
4. PERFORMANCE INFORMATION ON THE SIX CAPITALS
5. REPORT FORMATS AND INFORMATION TEMPLATES
6. CLEAR COMMUNICATION OBJECTIVES
7. TECHNOLOGY AND DIGITAL TOOLS
8. ASSURANCE AND OVERSIGHT

SUPPLEMENTARY INFORMATION

INTEGRATED REPORTING COMMITTEE (IRC) OF SOUTH AFRICA

ANNUAL CONFERENCE 2022

#IRCSAConf22

THE CONTENT ELEMENTS OF THE <IR> FRAMEWORK EMBRACE KEY ASPECTS OF ORGANISATIONAL MANAGEMENT

	Organizational overview and external environment	Business model	Strategy and resource allocation	Risks and opportunities	Performance	Outlook	Governance
Integrated report	Organizational information, purpose and analysis of key external factors	Business model showing inputs, outputs and outcomes	Strategic objectives, KPIs and targets over the short, medium and long term	Risks and opportunities analysis and management and material matters	Performance against strategic objectives	Outlook reporting	Governance structure and processes, actions, and directors' information
Governing body	Market intelligence trends, analysis of key external factors, outlook and key issues	Business model status reports on key inputs and material outcomes	Strategy development and strategy execution reports	Summary dashboards with deep dive on material matters	Group reporting dashboards on performance against strategic objectives	Group plans, budgets, scenario analysis, uncertainties, and long-term plans	Governance functions report back and committee reports
Senior management	Market intelligence trends, analysis of key external factors, outlook and key issues	Divisional operating model (aligned to business model)	Divisional strategy planning and execution linked to performance	Divisional risk registers and reporting, opportunities management and material matters	Divisional management reporting	Divisional integrated plan, budgets, scenario analysis and targets	Governance functions and governing body reporting
Line management	Direct impacts and developments	Business unit structures, capital management operating plans	Strategic objectives and business plan implementation reporting	Business unit risk registers and reporting	Management reporting	Business unit integrated plan and targets	Governance functions and divisional reporting

INFORMATION ON SIX CAPITALS IS IN THE OVERALL REPORTING ARCHITECTURE FOR EACH REPORTING LEVEL

	Financial capital	*Human capital*	*Manufactured capital*	*Social and relationship capital*	*Intellectual capital*	*Natural capital*
Integrated report	Salient features and a summary or link to the annual financial statements	Human resources management, development and performance outcomes and outlook	Infrastructure resources and capability, use of public infrastructure, performance, outcomes and outlook	Stakeholders' needs, the responses, quality of relationships, performance, outcomes and outlook	Intellectual resources and capability, performance, outcomes and outlook	Usage of natural resources, mitigation and management measures, performance, outcomes and outlook
Governing body	Group financial statements	Human resources KPIs to target, links to remuneration outcomes and outlook	Strategy resource enablement through infrastructure and IT capabilities, outcomes and outlook	Stakeholder summary dashboards, key social and reputational issues, quality of relationships, outcomes and outlook	Intellectual resourcing capability plan and brand management outcomes and outlook	Group environmental performance reporting against strategy and targets, mitigation and management, outcomes and outlook
Senior management	Divisional financial reports	Divisional human resources reporting and KPIs	Divisional resource and infrastructure capabilities and performance	Divisional engagement reports	Divisional research, development and technology	Divisional environmental management KPIs
Line management	Management reports	Human resources reporting and KPIs	Resource and infrastructural reporting	Business unit relationship KPIs	Research and development	Environmental management KPIs at business unit level