LONG TERM VALUE CREATION THROUGH INTEGRATED REPORTING

Questions and Answers for Professional Accountancy Organizations (PAOS)

Since IFAC issued Policy Position Paper 8, Enhanced Organizational Reporting: Integrated Reporting Key, professional accountancy organizations (PAOs) and other interested organizations have raised various issues and questions as they explore and encourage integrated reporting. Key concerns are around the complexity of the reporting landscape and the relationship of integrated reporting with other forms of reporting, and the lack of understanding of how to apply some of the key concepts in integrated reporting. These issues are addressed in the questions and answers below, and need to be further considered in discussions on the next phase of integrated reporting adoption.

IFAC's policy position is that integrated reporting can bring about a more coherent corporate reporting system, which is currently largely fragmented, complex, and compliance-driven. Integrated reporting is an opportunity to focus on long-term value creation and ultimately encourage longer term behavior in the capital markets. The policy for the global profession sets out IFAC's strong support for the International Integrated Reporting Council (IIRC) and the adoption of the International <IR> Framework.

The fundamental concepts and principles of integrated reporting may be applied to existing reporting requirements and arrangements, where that is pragmatic for the purposes of effective reporting.

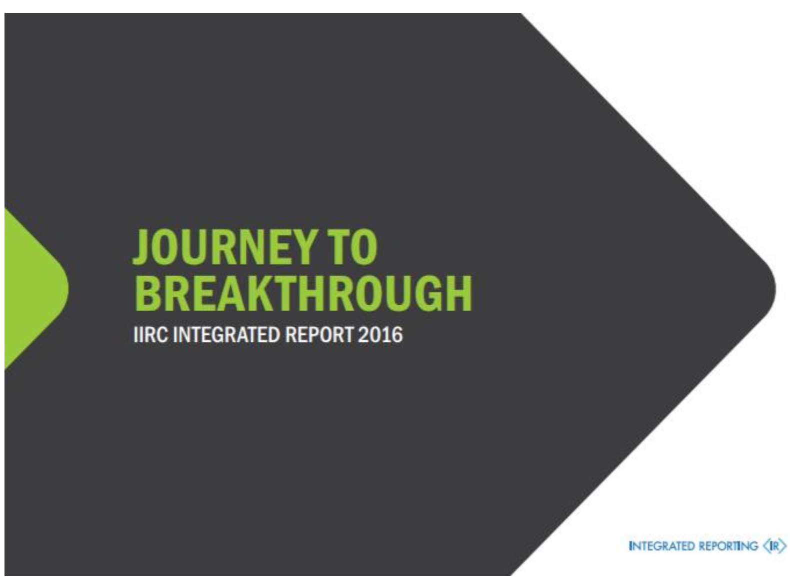
IFAC International Federation of Accountants®

QUESTIONS AND ANSWERS

- Why does IFAC see integrated reporting as important?
- 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?
- How can professional accountancy organizations advance integrated reporting?

AN UPDATE ON INTEGRATED REPORTING

The positive news is that according to the IIRC's research, the adoption of integrated reporting continues to accelerate with over 1500 organizations now undertaking integrated reporting. Although not all these reporters are systematically following the International Integrated Reporting Framework, more organizations are realizing the benefits of integrated reporting particularly through the internal benefits that arise from integrated thinking. Many finance leaders and professionals are an integral part of the implementation of integrated thinking in their organizations. In 2018, the IIRC will continue to develop its transition strategy to move to its next strategic phase. For further information on the IIRC, its performance and strategic direction, see their latest 2016 integrated report: Journey to Breakthrough.



Q: WHY DOES IFAC SEE INTEGRATED REPORTING AS IMPORTANT?

A: We are at a crossroads in public trust. According to the Edelman Trust Barometer, trust has been in severe decline in various institutions in recent years, and is eroding particularly in business. Behavior and decisions by corporations are often perceived to compromise society and the environment for the short term benefit of organizations and their shareholders.

Capital allocation and corporate behavior that supports financial stability and sustainable development builds trust in business and the accounting profession – outcomes that are in both the public and private interest and aligned to IFAC's vision that the global accountancy profession be recognized as a valued leader in the development of strong and sustainable organizations, financial markets and economies.

Integrated reporting is an initiative that IFAC helped establish in 2009 to facilitate more meaningful corporate reporting as well as integrated thinking, both of which are a foundation of 21st century integrated corporate governance. The corporate governance arrangements in various countries are extending boards of directors' duty of care to investors and other stakeholders beyond financial performance and short term returns to the long term success of an organization. This means they need to understand value creation more fully to guide strategic and operational decisions about resource allocation and value creation over time. Investors and others assessing performance of organizations are also increasingly taking a broader multi-capital perspective based on value creation.

The evolving demands of the 21st century organization require accountants to contribute to the management and reporting of value creation in a way that drive both corporate responsibility and growth.

IFAC strongly supports and encourages the involvement of professional accountants in capturing broader aspects of value creation. The technical and business skills and expertise of professional accountants are well suited to advance integrated thinking and reporting in terms of measurement, valuation and organizational management.

The future accountant needs to provide information and analysis that supports decisions about all aspects of an organization. A professional accountant in business or the public sector needs to be able to answer the question, "What is driving value creation and preservation in the present and future, and how is my organization responding to opportunities and risks?" Auditors in turn are increasingly expected to provide confidence in wider information reported about an organization and its performance and prospects.

Q: HOW DOES INTEGRATED REPORTING DIFFER FROM AND RELATE TO OTHER REPORTING FRAMEWORKS?

A: Unlike other reporting frameworks and disclosure requirements, integrated reporting is holistic covering all parts of an organization relevant to value creation. The "multi-capitals" model of managing critical resources relates to all aspects of an organization and its business model(s).

Importantly, integrated reporting provides a basis for integrated thinking, as well as providing a meaningful story on how value is created for others outside the organization (as described in paragraph 2.6 of the International Integrated Reporting Framework). A report should not be seen as the main outcome of integrated reporting.

The integrated thinking process should allow a better understanding of the various sources and drivers of value in the short-term covering business as usual, and the medium and long term covering plans as well as potential game changers. Ultimately, integrated reporting should improve board and management information and decision making. An integrated report should inform capital providers of key drivers of enterprise value and provide confidence to them and other stakeholders that the organization has a strategy for long term value creation taking into account its own aspirations and plans and how it is responding to changes and uncertainties in the business environment, legitimate stakeholder expectations, and opportunity and risk.

Creating Value with Integrated Thinking, The Role of the Professional Accountant explores what professional accountants working in the public and private sectors can do in practical terms to facilitate integrated thinking in their organization.

Integrated reporting encourages a more external focus in:

- Identifying and analyzing the impact of macro trends on the business environment
- Understanding the impact of products and services on society and markets
- Understanding and assimilating the perspectives and expectations of providers of financial capital and other stakeholders
- Incorporating all of the above into the organization's management and planning processes.

Consequently, an integrated report should be:

- Strategic and externally focused
- Both current and forward looking
- Well-structured by providing connectivity between information
- Concise and accessible.

Most organizations adopting integrated reporting have reported the internal benefits from their experiences including:

- Greater clarity and understanding of business issues and performance
- Improved understanding and relationship between board and management
- Improved management information and information flow, leading to improved decision making
- Enhanced relationships with key stakeholders.

Resources

RESEARCH HIGHLIGHTING THE BENEFITS OF INTEGRATED REPORTING:

- Insights into Integrated Reporting: Challenges and Best Practice Responses – research by the Association of Certified Chartered Accountants (ACCA) examining the reporting practices of over 40 companies in the IIRC's <IR> Business Network.
- Realizing the Benefits: The Impacts of Integrated Reporting – key findings from a research project exploring lessons learned from the experiences of 66 organizations implementing integrated reporting
- Integrated Thinking, An Exploratory Survey – an exploratory survey by the South African Institute of Chartered Accountants (SAICA), in which they reveal the results of the top 100 companies listed on the Johannesburg Stock Exchange and leading state-owned entities (all of which undertake integrated reporting).

Q: WHAT IS VALUE IN THE CONTEXT OF INTEGRATED REPORTING?

A: Integrated reporting requires an understanding of value beyond the bottom line. Creating returns to investors and funders is an outcome of delivering value creation to other stakeholders, and recognizing a broader range of capitals or resources upon which value creation ultimately depends.

Value is not created by or within an organization alone. Organizations interact with their external environment and various capitals to create value over the short, medium and long term. That value has two interrelated aspects – value created for:

- The organization itself, which enables financial returns to the providers of financial capital
- Other stakeholders. An organization can think about value creation in terms of value to shareholders and funders, customers, employees, suppliers, partners, regulators and society.

Both aspects of value creation are critical to the survival of any organization – it cannot survive for very long delivering one without the other. Unless an organization creates value for itself it will risk going out of business; and unless it creates value for others it could either become irrelevant or lose its social licence to operate.

Value is also created over different time horizons and for different stakeholders through different capitals, resources and competencies. Therefore, it is unlikely value can be created through the maximization of one capital while disregarding the others. For example, the maximization of financial capital (e.g., profit) at the expense of human capital (e.g., through inappropriate human resource and supply chain practices) is unlikely to maximize value for the organization in the longer term and lead to a resilient business model.

The value an organization creates for others and the organization's ability to create value for itself are closely related and achieved through a wide range of activities, interactions and relationships, many of which are non-financial in nature.

Integrated reporting should lead to greater connectivity between intangible drivers of value and financial outcomes including the value of a business. Value metrics and the story around these are highly sought by many providers of financial capital. For example, key drivers of shareholder of value will depend on second and third order value drivers related to relevant strategic and operational activities such as serving customers, innovating, ensuring quality and inventory, employee satisfaction and performance. Institutional investors and asset managers look to corporate communications, reporting and disclosure to help them understand enterprise value.

Q: HOW DOES INTEGRATED REPORTING FIT WITHIN THE CORPORATE REPORTING LANDSCAPE?

A: The current reporting system is often viewed as fragmented with many reporting frameworks and disclosure requirements covering information related to different capitals. This situation has arisen primarily because of the increasing interest and demand in information relating to non-financial capitals over the past 10 to 15 years.

Reporting standards and frameworks enable higher quality reporting of both financial and non-financial information covering areas such as economic, social and governance, or sustainability impacts.

The International Integrated Reporting Framework does not provide suggested metrics or indicators but rather a principles-based multicapitals approach to reporting on all the relevant and material activities of an organization that relate to value creation. Other reporting standards and frameworks can support the evaluation of content for integrated reports.

An integrated report can be an organization's primary report providing greater interconnectedness between different underlying reports.

It is unlikely, particularly for larger organizations with more complex or diverse operational business models, that one report format will meet the needs of all stakeholders. For example, Generali's "Core and More" reporting suite has its integrated annual report as its strategic hub (the core), such that the integrated report can be used as an "umbrella" report for an organization's broad suite of reports and communications. The analogy of an octopus places the integrated report as the head of the octopus serving as a clear reference point for other communications. Integrated reporting supplements and builds upon other developments in reporting and disclosure, and can be applied continuously to all relevant reports.

For smaller organizations, an integrated report might suffice as their main form of strategic communication.

To ensure integrated reports remain concise and focused on material matters, organizations can adopt a layered approach, whereby the integrated report draws on existing report strands to tell the value creation story. Cross-referencing to regulatory filings, voluntary reports and website content provides easy access to more detailed information.

Alternatively, some organizations may choose to satisfy regulatory requirements and manage disclosure burden through a single integrated report and therefore improve the efficiency as well as effectiveness of their business reporting. It is also necessary for an organization to consider how its regulatory disclosures relate to the integrated report. For example, matters identified as material in integrated reporting may be subject to disclosure under company and securities law.

Integrated reporting's relationship to financial reporting, management commentary, sustainability reporting and climate change related reporting is outlined below.

Financial Statements

- High quality financial reporting using international and national standards is critical to fostering confidence in capital markets. This provides the basis for capturing financial performance. But financial statements and reporting are insufficient in capturing all those factors that will affect an organization's ability to create value making it difficult to assess capital employed, and assets and liabilities that may affect financial performance in the short, medium and long term. Hans Hoogervorst, Chair of the International Accounting Standards Board, captured the limits of financial statements in his presentation at the IIRC Council meeting in 2017.

- Financial reporting standards for private and public sector organizations provide the basis for compiling financial statements, which help investors (and other providers of financial capital) evaluate the financial performance of an organization. General purpose financial reports are not designed to show the value of an organization but rather its financial position. This largely historical information provides insight into the effects of transactions and other events on an organization's economic resources and the claims against it.

- Financial statements do not include information showing directly how value is created by financial and non-financial capitals, resources or intangible assets. For example, human resources and intellectual assets that drive value creation are hidden from financial reports because they cannot be practically measured in monetary terms. This information gap has led to a misalignment between reported profitability in the financial statements and share valuations. Consequently, financial statements do not adequately explain enterprise market value. This is true of the market values of relatively young companies with disruptive business models, which can be many more times their current profitability, as well as established companies whose enterprise value typically exceeds book value represented by the balance sheet. The more organizations invest internally in developing intangible assets, the less reported earnings are useful to investors in forecasting future profitability.

Management Commentary

Management commentary (narrative) reporting takes various forms in different countries and has many commonalities with an integrated report, such as Management Discussion and Analysis (MD&A), Operating and Financial Review and Strategic Report. In some jurisdictions, there might be potential to apply integrated reporting to existing regulatory arrangements for management commentary reporting. This can be achieved by ensuring that the key integrated reporting concepts and principles are incorporated into the requirements of management commentary.

The mindset required in integrated reporting can be broader than what is typically required for management commentary in terms of:

- Time horizons – the International Integrated Reporting Framework encourages a medium to longer-term perspective to reporting going beyond much of today's reporting around strategy and performance which is focused on the current or immediate future

- Broader multicapitals perspective – encourages organization's to think about their dependency on capitals, critical resources and relationships beyond its immediate operations, and across its value chain, and the potential outcomes arising from how these capitals are managed

- Value creation – broader than providing context to the financials

- Connectivity and integrated thinking leading to a better understanding of how value is created in the context of the trends in the external environment, various capitals, the business model and linking drivers of value to financial outcomes.

The IASB will be revising and updating its Practice Statement on Management Commentary to reflect new developments in corporate reporting. IFAC strongly supports such a project as a means of clarifying the relationship between integrated reporting, narrative reporting, and financial statements. The development of fundamental concepts and principles of integrated reporting that should feature in management commentary reporting could also be useful to national regulators and others seeking greater alignment. It will present an opportunity to professional accountants to further extend their expertise in financial reporting to integrated reporting.

Sustainability Reporting

Various forms of sustainability reporting have emerged:

- The Global Reporting Initiative's Standards for sustainability reporting are widely used and have been in existence for around twenty years. GRI standards cover a range of economic, social and environmental impacts related to sustainable development. GRI related disclosures and impact indicators may or may not be relevant to an organization's ability to create value over time but will help inform decisions around materiality in integrated reporting.

- SASB's sustainability accounting standards are sector specific environmental, social, and governance (ESG) indicators aimed at meeting the needs of investors. SASB's US perspective focuses on improving the effectiveness and comparability of corporate disclosure in corporate SEC filings such as Forms 8-K, 10-K, 20- F, and 40-F. SASB standards include the sustainability topics that are reasonably likely to be material and to have material impacts on the financial condition or operating performance of companies in an industry based on the definition of "materiality" under U.S. securities laws.

Climate Change Reporting Frameworks and Initiatives

- Specific reporting frameworks and initiatives include the Climate Disclosure Standards Board Climate Change Reporting Framework, and the Financial Stability Board's Task Force on Climate-related Financial Disclosures' recommendations for climate change related uncertainties. The focus of climate related disclosure is on enabling investors to fully understand an organization's exposure to climate-related risks and opportunities as well as its strategies and plans for adaptation. The disclosure of greenhouse gas (GHG) emissions and other metrics measuring the impact of an organization on climate is useful but what is often missing is the link to the financial implications of climate change, both current and in the future (see Could Disclosing Climate-related Financial Information Become the New Normal?).

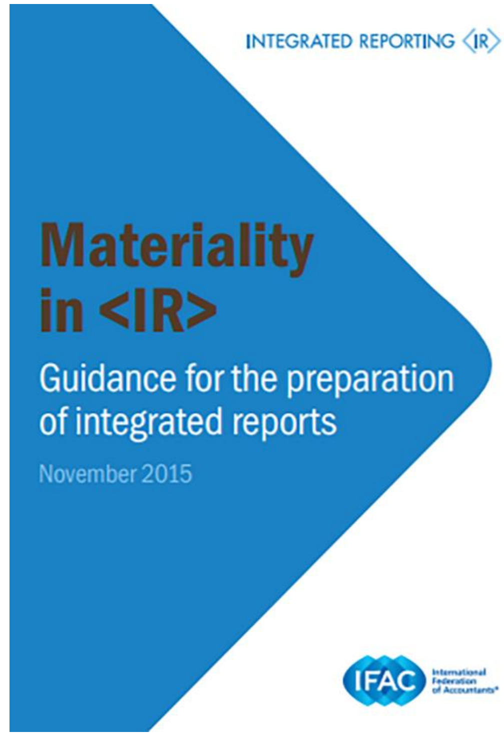
- Integrated reporting also helps to place into context the increasing number of disclosure requirements around the world emerging at national and regional levels such as the EU Non-Financial Reporting Directive. Such disclosure requirements covering primarily policies and performance related to environmental, social and governance challenges. Integrated reporting helps place such disclosures into a strategic context linked to value creation.

- Through the Corporate Reporting Dialogue (CRD) various corporate reporting standard and framework setters including the Global Reporting Initiative, the Carbon Disclosure Project (CDP), the Financial Accounting Standards Board, International Accounting Standards Board, and Sustainability Accounting Standards Board published a landscape mapping document that provides a snapshot of a comparison of their frameworks, standards and related requirements through the lens of integrated reporting. The CRD also developed Common Principles of Materiality.

GUIDANCE ON MATERIALITY IN INTEGRATED REPORTING

In integrated reporting, an organization defines value, and the material components of value creation, on its own terms i.e., materiality is through the eyes of the board and management and is informed by:

- Stakeholder engagement and the legitimate needs and interests of stakeholders
- The information gathered by evaluating and measuring capitals using other reporting frameworks or tools
- An organization’s existing internal enterprise performance management frameworks and systems, including scorecards and dashboards, which might already capture many key aspects of value creation. Others might be missing from view.



Q: HOW CAN A MULTICAPITALS APPROACH BE MADE MORE PRACTICAL HELPING ORGANIZATIONS CAPTURE RELEVANT ASPECTS OF VALUE CREATION?

A: Using the capitals in practice is often reported as challenging, particularly in terms of identification, measurement and valuation. The International <IR> Framework Implementation Feedback from 2017 suggested general support for the multiple capitals approach but several respondents highlighted the need for guidance and examples on the various capitals as well as more business friendly language to help improve market understanding.

In the meantime, some significant learning points and outstanding issues on the capitals include:

- All organizations rely on (use and effect) various forms of capital for their success, and so the availability of these capitals are central to value creation. The six capitals can be seen as stores of value that, in one form or another, become inputs to the organization’s business model. However, not all six capitals will necessarily be relevant and material to an organization’s ability to create value over time and therefore each capital will not necessarily carry equal weight in integrated thinking and reporting.
- A capitals-led approach to compiling an integrated report can lead to a siloed reporting approach that is disconnected from strategy and the way the organization is managed. Information on the capitals needs to be connected

to other reporting elements. For integrated reports to be seen as useful, they need to refer to the availability, quality and affordability of a capital in relation to the value creation process in the context of strategy, the business model and opportunities and risks. Organizations can find it easier to make connections to value creation when they refer to the capitals in other terms such as critical resources, value drivers, and core competencies keeping in mind that not all capitals are controlled or owned by an entity.

- Some key drivers of value can be lost in the six capitals model and omitted from integrated reports. For example, information on customers such as retention, and on the broader aspects of intellectual and knowledge (or organizational capital) beyond patents and intellectual property are often not highlighted in integrated reports.

Organizations are free to define the relevant information and data in each of the six capitals. But many organizations struggle with where to start in identifying, understanding, evaluating and measuring various non-financial capitals, particularly where standards on metrics and indicators do not exist.

Sustainability standard setters such as the SASB and GRI, as well as others such as the CDP, which collects self-reported environmental data from thousands of companies on behalf of investors, have developed indicators covering various capitals and impacts. In natural capital, the widely supported Natural Capital Protocol supports organizations develop actionable information for business managers to inform decisions. In organizational/intellectual capital, the World Intellectual Capitals/Assets Initiative (WICI) Intangibles Reporting Framework and Key Reporting Indicators provide a good basis for considering drivers of value creation.

For human capital many sources of guidance and research on metrics are available although widely-agreed standards are still to be agreed, for example Mercer Human Capital Metrics Report and Enabling business results with HR "Measures that matter" from Deloitte.

Social capital might be one of the least developed capitals in terms of understanding impact and performance. The Handbook for Product Social Impact Assessment and the World Business Council for Sustainable Development Social Capital Protocol provide information on various approaches to capturing social capital and benefit.

Although metrics and indicators provide information on the availability, quality and affordability of a capital, these need to be connected to strategy and the value creation process for such disclosures to be useful. Their basis of preparation also needs to be transparent so that users understand assumptions made in calculating such metrics and the boundaries applied. Many organizations will already be using a range of metrics and indicators covering non-financial capitals in their internal performance reporting, particularly if they are using dashboards and scorecards.

A MATURITY APPROACH

Many organizations are evolving in terms of the development of their understanding and measurement around non-financial capitals. Many are reticent to disclose any metrics until they can be assured of their accuracy, which can take several reporting cycles to achieve. Maturity assessments can be particularly helpful to both the entity and to external users understand the maturity of data and metrics.

The Crown Estate is one example of an organization providing transparency into its reporting maturity. The PwC Insight Report for The Crown Estate's Total Contribution statement informs users about the Crown Estate's progress and direction of reporting beyond the financials. It also provides professional insight into the maturity of certain indicators and how "hard" or "soft" the information is. This helps users both understand the Crown Estate's broader performance and make informed decisions on how they use and trust the information.

Recognizing that report preparers are requesting help with accessing metrics such as around intellectual, human, and social and relationship capital, the IIRC will revisit its guidance on the capitals and prepare Frequently Asked Questions addressing key issues raised.

Q: CAN ALL ORGANIZATIONS IMPLEMENT INTEGRATED REPORTING?

A: Integrated reporting can be applied in a proportionate and scalable manner to all organizations regardless of their size and sector.

The International Integrated Reporting Framework was written primarily in the context of private sector and for-profit companies of all sizes. However, it is as a principles-based framework that can be adapted and applied by organizations in the public and not-for-profit sectors.

Integrated reporting is relevant to established organizations as well as those that are emerging or small, and can be particularly beneficial to those building confidence in their business model and needing to attract funding, staff, and other resources.

Small and Medium Sized Entities

- Integrated thinking and reporting can benefit SMEs by helping better understand the drivers of value in their business, resulting in more informed decisions and the implementation of a strategy and business model that will enable growth (see 'The Case for SMEs to Consider Integrated Thinking and Reporting')
- Communicating the key factors that affect their ability to create value through an integrated report also helps SMEs build stakeholder trust
- In practical terms, the implementation of integrated thinking and reporting by SMEs will differ to that of larger listed entities and an incremental step-by-step approach

is a possible way for SMEs to get started (see 'How Can SMEs Implement Integrated Reporting? A Starter Kit').

Public Sector Organizations

- The primary objective of most public sector organizations is to deliver high quality public services through economic, efficient and effective use of their resources. In addition, public sector organizations are accountable to a wide range of stakeholders, including taxpayers, service users, parliaments, and others

- Due to the intergenerational nature of public sector responsibilities, public sector organizations need to adopt a longer term perspective, while still delivering public services in the short term

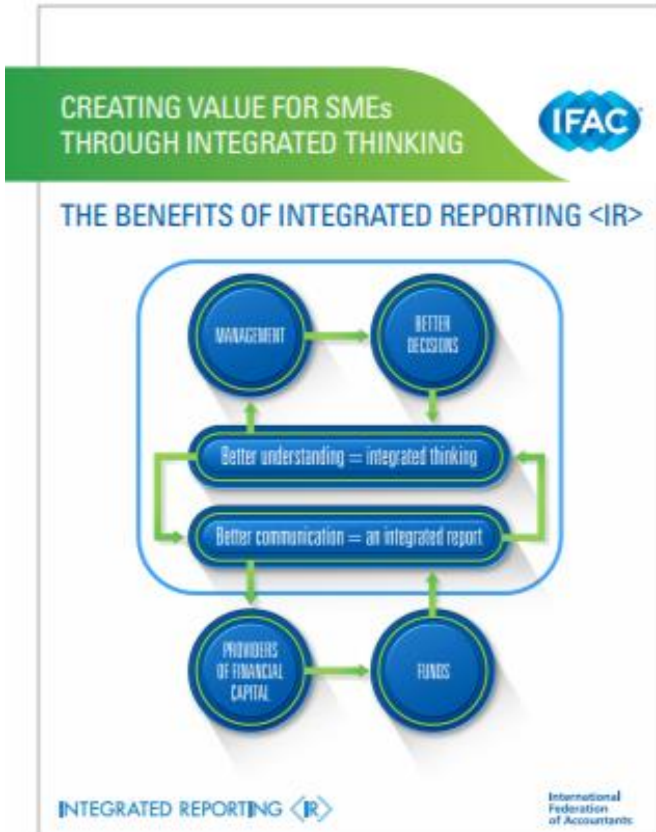
- These factors make integrated reporting ideally suited for public sector organizations, providing a tool for them to understand and articulate how they create value for their stakeholders and society now as well as in the future

- Integrated reporting can be applied to government agencies and other public sector entities such as cities, local governments, health bodies, educational institutions, and non-governmental organizations (NGOs).

Professional Accountancy Organizations

- Integrated reporting provides the ideal framework to answer the question: How do professional associations or institutes create value? Value for members and students as well as value for others, including society more broadly? An increasing number of PAOs are adopting integrated reporting to demonstrate leadership, and to better run their organizations and engagement with members and other stakeholders.

Resources



Creating Value for SMEs Through Integrated Thinking

- For public sector case study examples, see [‘Focusing on value creation in the public sector’].
- PAO Network Webinar (#5): PAO integrated report case studies

Q: HOW CAN PROFESSIONAL ACCOUNTANCY ORGANIZATIONS ADVANCE INTEGRATED REPORTING?

A: The global acceptance of integrating reporting and its positioning within the corporate reporting landscape is heavily dependent on advocacy and acceptance in national jurisdictions and regions. Many PAOs are engaging, or seeking to engage their membership in integrated reporting and influence its adoption through their members and by influencing other stakeholders.

PAOs can play an important role, particularly in their own jurisdictions by

- Raising awareness of, and being an advocate for integrated reporting. This involves influencing key stakeholders such as preparer organizations, investor groups, regulators, policy makers and stock exchanges.

A number of PAOs are already actively engaged on integrated reporting, others are getting started. For those PAOs planning a larger involvement with integrated reporting, there are a few suggested action items.

Raise awareness and influence key stakeholders

PAOs can utilize IFAC's policy (PPP8), along with their own policies to help raise awareness and understanding of integrated reporting, and to communicate its key messaging to regulators, policy makers, governments and other stakeholders such as the academic community.

To influence key stakeholders, PAOs may consider:

1. Engaging with regulators, policy makers and stock exchanges on the regulatory structure necessary to facilitate adoption of integrated reporting, and encouraging alignment of integrated reporting to existing requirements for annual reporting in their jurisdictions, as well as promoting the need for global consistency and convergence of organizational reporting frameworks.

2. Establishing, running, and/or contributing to multi-stakeholder, national/regional collaborations or networks. Notable examples include the Indian <IR> Lab, the Integrated Reporting Committee of South Africa, the Business Reporting Leaders Forum (Australia), and the Brazilian Integrated Reporting Network. For more information on the Brazilian network, see presentation slides from the PAO Network webinar (#3). The recently formed Africa Integrated Reporting Committee involving key stakeholders in Africa is advocating, supporting and guiding implementation of integrated reporting across the region.

3. Advocating through written content such as articles, and including integrated reporting on conference, event and forum agendas. The IIRC monthly newsletter and blogs provide a wide range of news stories that can be used as a source for content.

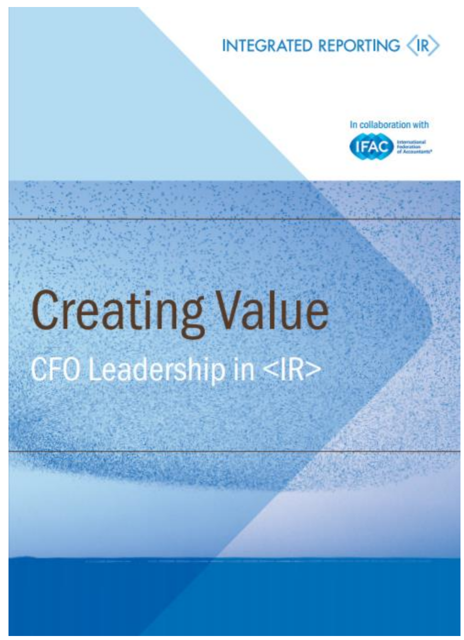
4. Engaging with investors and users to better understand their needs and requirements from reporting.

5. Leading by example and producing their own integrated report, which some PAOs have already achieved. Their experiences are summarized in the Global Knowledge Gateway article, [A Call to Action: Walk the Talk on Integrated Reporting].

Research and curriculum content

- For integrated reporting to become widely accepted, it is important that the case for adopting it is credible and supported by a strong evidence base. PAOs can contribute towards this by producing thought leadership material and research related to integrated reporting and enhanced business reporting. This can either be produced in-house or through collaboration with the academic community or others.

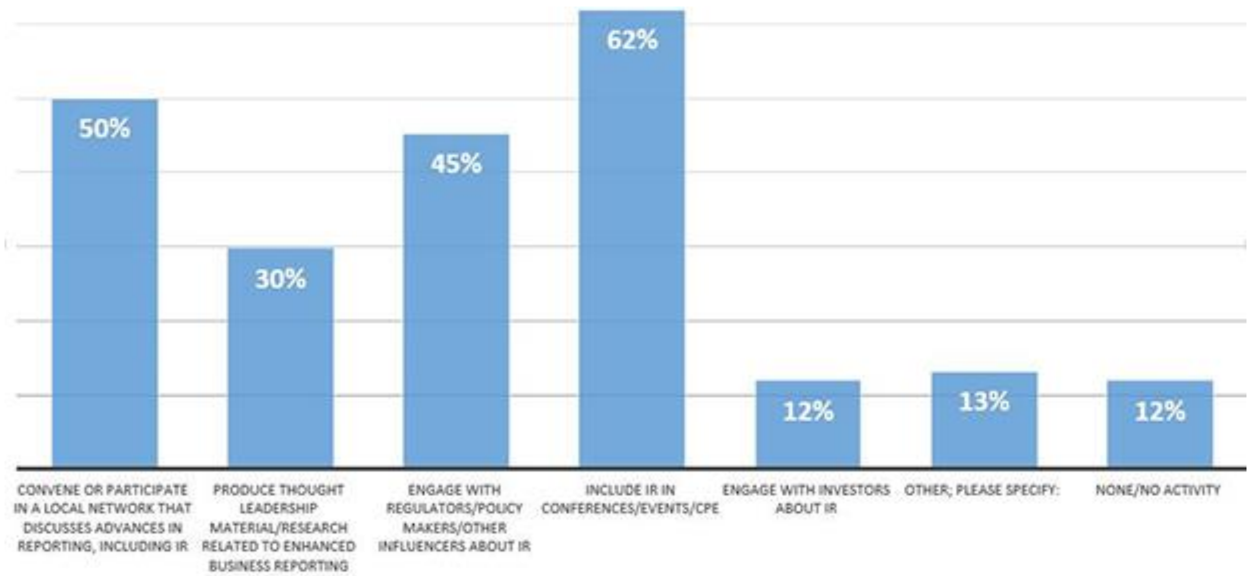
- CFOs and the finance function increasingly have organization-wide perspectives in their roles, as well as responsibilities that extend beyond financial management and reporting (e.g. risk management, business development and corporate strategy). This makes them well positioned to facilitate and enable integrated reporting adoption within their organizations, particularly as they drive management information for internal decision making. *Creating Value CFO Leadership in <IR>* sets out how integrated reporting fits logically with the evolving role of the CFO and suggests key actions CFOs can consider to successfully achieve integrated reporting implementation in their organizations.



  PAOs can educate their members on the role of the finance professional in integrated reporting and help equip them with the key skills and competencies needed through development of professional education curriculum content, as well as continuing professional development activities that address topics relevant to enhancing organizational reporting.

  IFAC recently conducted a survey of participants in its <IR> Network for PAOs, receiving 85 responses across 54 countries. This found that the majority of PAOs are already engaging in integrated reporting related activities, or are planning to during the next 12 months. Only 12% of those surveyed are yet to start.

WHICH, IF ANY, OF THE FOLLOWING HAS YOUR PAO UNDERTAKEN OR IS PLANNING TO UNDERTAKE DURING THE NEXT 12 MONTHS?



The Integrated Reporting PAO Network

Please email Laura Leka (LauraLeka@ifac.org) with your success stories and updates you would like to share with the PAO Network on one of its quarterly webinars. Established in 2016, the Network facilitates the exchange of ideas, knowledge, experiences and resources between PAOs on matters related to integrated reporting. Information on the Network is at http://www.ifac.org/about-ifac/professional-accountants-business/integrated-reporting-pao-network

Resources

Updated PowerPoint slides are now available for use by PAOs:

- Overview of Integrated Reporting – provides an overview of the IIRC and an introduction to integrated reporting, including its core features, guiding principles and content elements.
- Integrated Reporting Momentum – summarizes the international momentum of integrated reporting by country.
- Integrated Reporting and Investor Benefits – highlights how integrated reporting can help meet the information needs of investors.
- 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.