

Some common questions answered



In brief:

- Integrated Reporting provides a basis for organizations to explain their business story more effectively to the capital markets
- Any organization can apply Integrated Reporting principles to improve their Annual Report
- Reporting is built around the business model to provide a more complete understanding of long-term business value
- Reports do not replace existing financial and sustainability reporting though they may link to or incorporate it where relevant
- The IIRC is developing a detailed reporting framework though the principles can be applied now

Can the Integrated Reporting principles be applied to an Annual Report?

Yes - whilst some companies will opt for full Integrated Reporting, many more are likely to use the principles to develop their existing Annual Reporting.

The IIRC's content elements can be used as 'chapter headings' into which the traditional elements of an Annual Report can fit. This evolutionary approach will be attractive to companies who simply want to improve their current reporting (though they will need to guard against retaining content not material to an Integrated Report).

Who is the intended user of an Integrated Report?

Investors are the primary audience of an Annual Report, and this is reflected in the IIRC's initial focus for Integrated Reporting. However, information which satisfies the reasonable needs of investors should satisfy many, if not all, of the needs of other stakeholder groups.

An Integrated Report will be relevant to anybody interested in the strategy and performance of the company. But this does not mean that it will necessarily provide *all* of the information which might be desired by *all* interested stakeholders. To meet all of these needs in a single report would neither be reasonable nor sensible.

Will Integrated Reporting replace existing reporting?

It would be logical to assume that as long as an Integrated Report meets the needs of investors, then it will become the company's main report. Other reports may continue to provide additional information to address other shareholders' needs.

However, while many preparers and users of corporate reports would welcome a reduction in the volume of information that is provided, in the short-term it is unlikely that there will be any relaxation of regulations which lessen the reporting burden.

How long is an Integrated Report?

The simple answer is: as long as it needs to be and no longer. Factors such as diversity of operations (in both geography and nature) and the complexity of the business will clearly influence its length. There may also be opportunities to reduce length through a clearer focus on materiality and elimination of reporting clutter.

In practice, some companies may seek to fulfil their regulatory reporting obligations through their Integrated Report. Depending on the regulatory environment, this could mean including information that goes beyond that set out in the principles of the Integrated Reporting Framework such as that required by financial and sustainability reporting frameworks.

Is an Integrated Report a single document?

A single document is not a pre-requisite, but companies that seek to use their Integrated Report to meet regulatory obligations are likely either to produce a single document or incorporate links to other information.

Other elements of corporate reporting should benefit from applying Integrated Reporting Principles consistently across the range of corporate reports.

Are there any examples of Integrated Reports available?

The perfect Integrated Report has yet to be produced but our research shows that there are many examples of the Integrated Reporting principles being applied to individual reporting elements. Many examples come from companies in South Africa looking to produce a dedicated Integrated Report. Others come from companies who are simply looking to provide a clearer picture of their business and its value. We have provided a small selection of these examples in this publication.

Will the Integrated Reporting Framework provide clarity on measurement issues?

The Integrated Reporting Framework will provide a set of principles for identifying matters which should be communicated within an Integrated Report but it will not – at least at the outset – address how individual items should be measured. This will remain the domain of existing standard-setting bodies.

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Contact us

David Matthews

KPMG in the UK

T: + 44 (0) 207 311 8572

E: david.matthews@kpmg.co.uk

Matt Chapman

KPMG in the UK

T: +44 (0) 207 311 3236

E: matthew.chapman@kpmg.co.uk

Wim Bartels

KPMG in the Netherlands

T: + 31 206 56 7783

E: bartels.wim@kpmg.nl

Oliver Beyhs

KPMG in Germany

T: + 49 30 2068 4485

E: obeyhs@kpmg.com

Michael Bray

KPMG in Australia

T: + 61 3 9288 5720

E: mgbray@kpmg.com.au

Nick Ridehalgh

KPMG in Australia

T: +61 2 9455 9312

E: nridehalgh@kpmg.com.au

Etienne Butruille

KPMG in Spain

T: +34 914 565 953

E: ebutruille@kpmg.es

Mark Hoffman

KPMG in South Africa

T: + 27 82 496 3697

E: mark.hoffman@kpmg.co.za

Yoshiko Shibasaka

KPMG in Japan

T: + 81 3 3266 7670

E: yoshiko.shibasaka@jp.kpmg.com

Nina Straume Stene

KPMG in Norway

T: +47 4063 9851

E: nina.straume.stene@kpmg.no

Bill Murphy

KPMG in Canada

T: +1 416 777 8998

E: billmurphy@kpmg.ca

Hans Peter Lindegård Buhrkal

KPMG in Denmark

T: +45 2529 3921

E: hpbuhrkal@kpmg.dk

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