



23rd XBRL International Conference

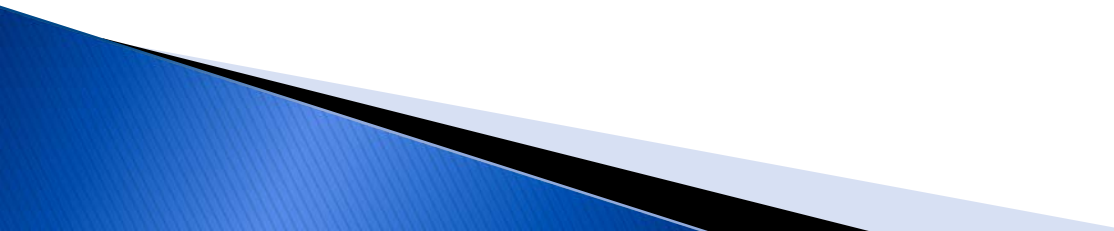
**“XBRL: Enhancing Business Performance”
25-27 October 2011
Montreal, Quebec, Canada**

INT7. Integrated Reporting in South Africa

Gavin Marais

27 October 2011

Agenda

- ▶ Introduction
 - ▶ Legal Framework
 - ▶ IRC SA vs. IIRC
 - ▶ Our view of an Integrated Report
 - ▶ Integrated Report Research Results
 - ▶ Integrated Report and XBRL
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Introduction

- ▶ Deloitte – Associate Director – Digital Reporting Leader – XBRL and Integrated Reporting
- ▶ GRI Organisation – Chair of GRI Taxonomy Review Team
- ▶ XBRL South Africa – Director, Chair of Taxonomy Working Group and Representative for SA on XII Member Assembly
- ▶ Member – IFRS Foundation – XAC and XQRT

- ▶ Involved with XBRL since 2000

- ▶ Many implementations for companies and regulators around the world



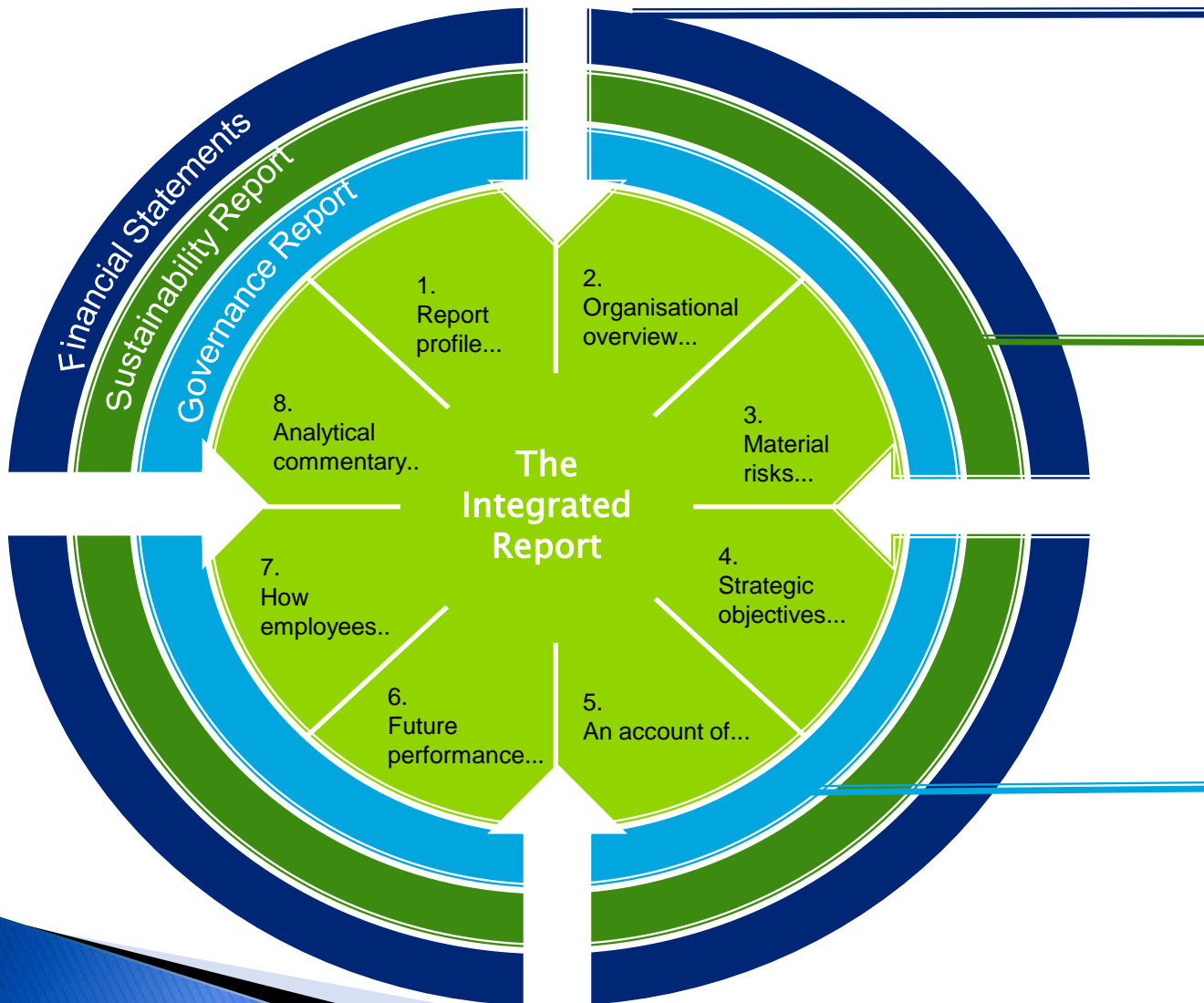
Legal Framework

- ▶ Stock Exchange mandate
- ▶ King III – “apply or explain”
 - Developed by Judge Mervyn King – Chairman of IIRC and IRC SA and Ex-Chairman of GRI Organisation
 - Code on corporate governance principles and practices of good governance
 - States Integrated Reports become the preferred form of Corporate Reporting
- ▶ Year ends after 1 March 2010
- ▶ Integrated Reporting Committee of South Africa – IRC SA – issued a framework 25th January 2011

IRC SA vs. IIRC

IRC SA	IIRC
Report profile: <i>What is the scope and boundary of the report?</i>	
Organisational overview, business model, and governance structure: <i>How do we create value and make decisions?</i>	Organisational overview and business model: <i>What does the organisation do and how does it create and sustain value in the short, medium and long term?</i>
Remuneration policies: <i>What is our approach towards remuneration?</i>	Governance and remuneration: <i>What is the organisation's governance structure, and how does governance support the strategic objectives of the organisation and relate to the organisation's approach to remuneration?</i>
Understanding the operating context: <i>What are the circumstances under which we operate?</i>	Operating context, including risks and opportunities: <i>What are the circumstances under which the organisation operates, including the key resources and relationships on which it depends and the key risks and opportunities that it faces?</i>
Strategic objectives, competencies, KPIs and KRIs: <i>Where do we want to go and how do we intend to get there?</i>	Strategic objectives and strategies to achieve those objectives: <i>Where does the organisation want to go and how is it going to get there?</i>
Account of the organisation's performance: <i>How have we fared over the reporting period?</i>	Performance: <i>How has the organisation performed against its strategic objectives and related strategies?</i>
Future performance objectives: <i>Informed by our recent performance, what are our future objectives?</i>	Future outlook: <i>What opportunities, challenges and uncertainties is the organisation likely to encounter in achieving its strategic objectives and what are the resulting implications for its strategies and future performance?</i>
Analytical commentary: <i>What are the views of the leadership about the organisation?</i>	

Our View – Integrated Report

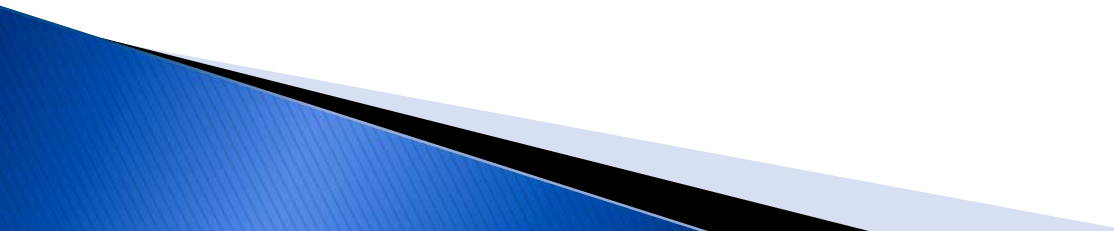


Financial Statements
Prepared in accordance with IFRS and audited to provide reasonable assurance in accordance with International Auditing Standards

Sustainability Report:
Covering a combination of Environmental, Social and Governance matters; Prepared in accordance with a recognised framework such as GRI or AccountAbility and audited to provide at least limited assurance over key indicators in accordance with ISAE 3000 or AA1000AS

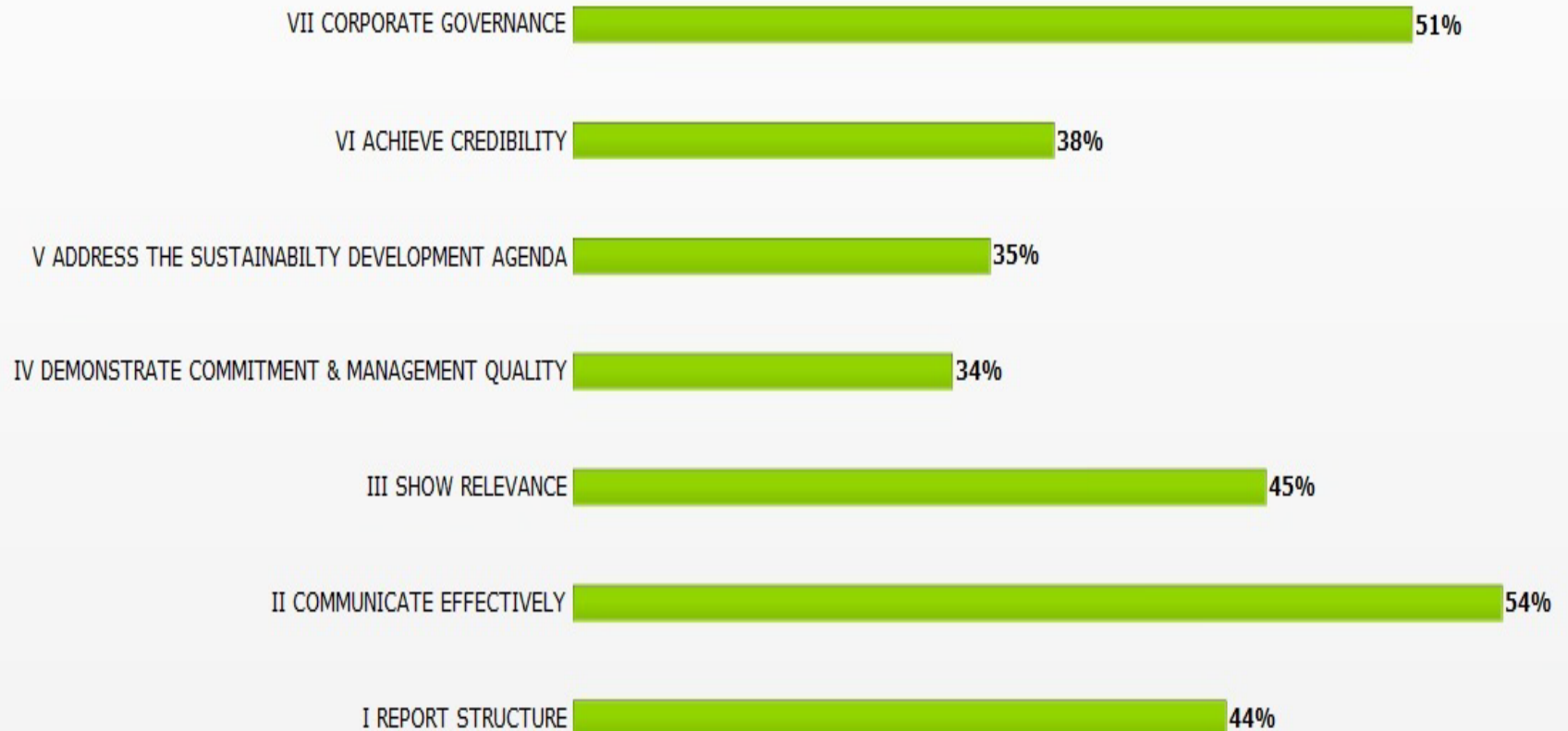
Governance Report
Prepared with reference to King III

Integrated Report Research

- ▶ 50 Companies
 - ▶ Pre- and Post-Regulation (1 March 2011)
 - ▶ Analysis covered:
 - 7 Subject areas;
 - 58 Principles; and
 - 160 questions
- 

Subject Area Results

Subject Areas



Top 10 Trends

- ▶ We are no more than half way there
 - 48% adoption of Integrated Reporting, companies have embarked on the journey, but have been slow in demonstrating the integration of the principles into their business models
- ▶ It's easy to spot the window dressers
 - Clear distinction between companies that have bought into the principles and those adopting for the sake of compliance and those that don't deem Integrated Reporting relevant to their business

Top 10 Trends

- ▶ Those that subscribe to the principles are doing well
 - The early adopters (2010 reports) are doing well with an average score of 63% apposed to the first time adopters
- ▶ Many companies still don't see the relevance or value of Integrated Reporting
 - 46% of companies after the deadline still didn't produce an Integrated Report, 42% did and the rest a variation of one

Top 10 Trends

- ▶ Companies are still reluctant to set measurable non-financial targets
 - Companies are grappling in setting measurable non-financial targets. Only 33% were willing to disclose targets linked to strategy and stakeholder concerns
- ▶ Independent assurance of non-financial information is becoming more prevalent
 - 35% pre-regulation and 38% post-regulation. Audit committees are becoming more aware of their responsibility

Top 10 Trends

- ▶ The link between stakeholder needs and strategy remains unclear
 - Companies performed worst in terms of demonstrating a commitment by management to synthesizing environmental, social and governance issues (ESG) into strategy and ensuring that suitable structures are in place to ensure execution, 34%
- ▶ Companies are trying to shorten the Integrated Reports
 - Pre-regulation reports 35% shorter than 50 pages, post regulation 42%

Top 10 Trends

- ▶ Supply chain management will be impacted
 - The importance of linking the wider sustainability agenda into activities and supply chain management have been commented on by the majority of companies
- ▶ Response to King III is not as strong as many boards believe
 - Average disclosure score of 51%

Integrated Reporting and XBRL

- ▶ Out of the 50 companies only one made mention of evaluating the use of XBRL in the future ☹️
- ▶ Our approach
 - Using XBRL in an effective communications platform with various stakeholders

Conclusion

- ▶ The Journey has just begun....

Thank You!

