



# insaf

Institute for Sustainability Africa

*Integrated Reporting: ICAZ  
CPD Training, Harare*

***Rodney Ndamba***

Promoting sustainability through accountability



# Who is this guy?

- *Founding Trustee/Chief Executive*
- *Stakeholder Council Member (Africa) - Global Reporting Initiative (GRI), (The Netherlands)*
- *Advisory Committee Members – GRI Focal Point South Africa (SA)*
- *International Associate (Africa) – CSEAR – St Andrews University(Scotland)*
- *Member of ACCA Global Forum on Sustainability (England)*
- *A Doctoral Degree Student at Herriot Watt University (Scotland);*
- *University Lecturer and Academic visitor to some Scottish Universities*
- *Member of ZSE Listing Committee.*
- *ACCA (UK), MA (UK), Bsc(Hons) (UK), ACSAP...*



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Agenda:

*Equip participants with an appropriate understanding of the Integrated Reporting Framework developed by the International Reporting Council (IIRC)*



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives and Innovations towards Green Economy, Sustainable Development and Sustainable living through applied research and technical support services across sectors



Sustainability Initiatives for Africa

## SESSION 1

# INTRODUCTION AND DEVELOPMENT OF INTEGRATED REPORTING



# Integrated Reporting?

- *“Is a set of processes and activities meant for a company to demonstrate its stewardship and how it creates and sustain value by bringing to together material information about an organisation’s strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context in which it operates”*
- *IR is a concise communication about how an organisation’s strategy, governance , performance and prospects, in the context of its environment, lead to the creation of value over the short, medium and long term*



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Outlook of Integrated reporting



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Background to IR

## *Developments and Evolution:*

- *International development in IR were centred around the Prince Charles of Wales' Accounting for Sustainability Projects;*
- *Need for connection between Business Strategy and Sustainability;*
- *Need to address link between sustainability report and financial report (King III Approach);*
- *Need to meet investors information needs from corporate reports*



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors

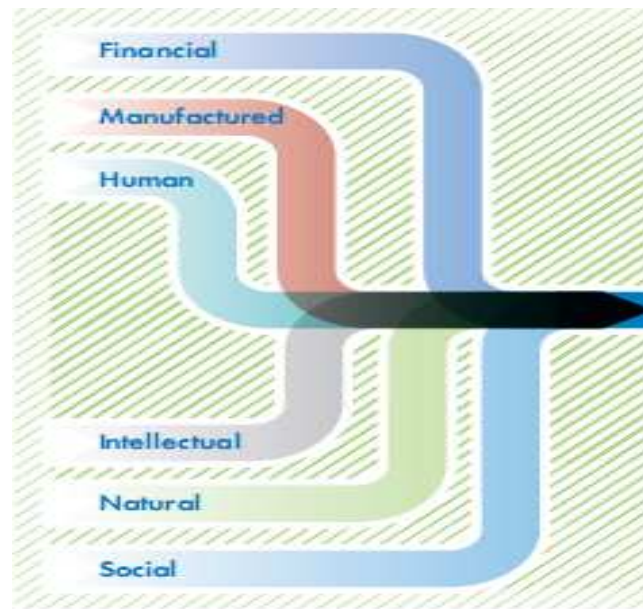


Sustainability Initiatives for Africa

# Initial Fundamentals of Integrated Reporting

## Fundamental Concepts of Integrated Report

- *Capitals – Financial, manufactured, Intellectual, human, natural and social. Company must demonstrate how the capitals have be used as input into the business model to generate output.*



### OUR VISION

Advance Sustainability Initiatives for Africa

### OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa



# Fundamentals of Integrated Reporting

- **Business Model –**
- *Its' a system of input, value-adding activities and output that aims to create and preserve value over the short term, medium and long*



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives and Innovations towards Green Economy, Sustainable Development and Sustainable living through applied research and technical support services across sectors



Sustainability Initiatives for Africa

# Fundamentals of Integrated Reporting

- Creating and Preserving Value**

*creation of value and preserving it is based on how the organisation serves the interest of all major stakeholders*

**OUR VISION**  
Advance Sustainability Initiatives for Africa

**OUR MISSION**  
Foster Sustainability Initiatives and Innovations towards Green Economy, Sustainable Development and Sustainable living through applied research and technical support services across sectors



Sustainability Initiatives for Africa



# SESSION 2

# THE INTERNATIONAL FRAMEWORK



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# The Framework

The Framework  
was launched in  
December 2013

.....



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Objective of the Framework

- Establish guiding principles and content elements that governs the overall content of an IR;
- Define the context of users of the framework (primarily private sectors, profit making companies, But may be used by Public sector and NGOs);
- Identify information to be included in the Report and the quality;



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Purpose and Users

## Purpose:

- To explain to providers of financial capital how an organisation creates value over time.

## Users:

- All stakeholders with interest in an organisation's ability to create value over time.



### OUR VISION

Advance Sustainability Initiatives for Africa

### OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Approach

- Principle based – application should achieve an appropriate balance between flexibility and prescription that recognize variation in circumstances,
- It does not prescribe Key performance indicators (KPI);
- Any claim of an Integrated Report and referencing should have applied all requirement identified in the framework.



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Key Responsibilities in IR

- **There must be a statement from those charged with governance acknowledging responsibility to ensure integrity;**
- **An opinion or conclusion that the report is prepared according to framework;**



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa



# Fundamentals of IR

- IR Explain value creation over time;
- Value creation is based on transformation of capitals going through the business models;



## OUR VISION

Advance Sustainability Initiatives for Africa

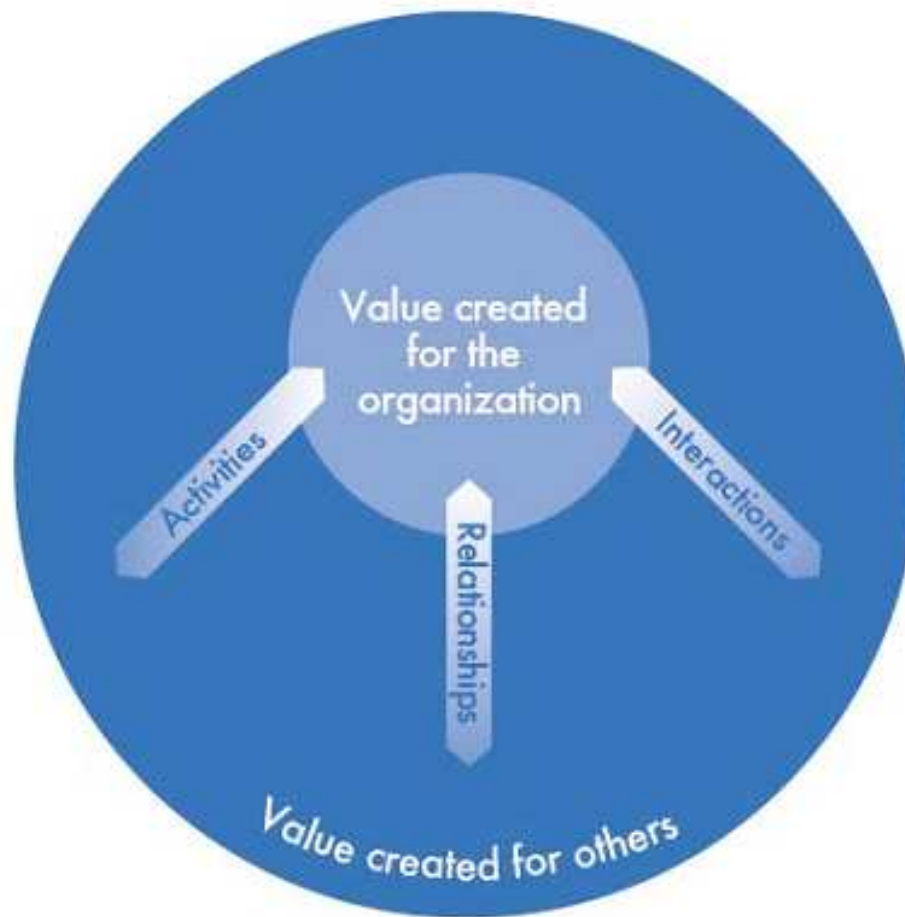
## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Value Creation for the organisation



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# The Capitals

1. **Financial Capital** - pool of funds;
2. **Manufactured Capital** – physical objects (buildings etc)
3. **Intellectual Capital** – knowledge based;
4. **Human Capital** – People competences;
5. **Social and Relational Capital** – Stakeholder relations;
6. **Natural Capital** – environmental resources



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Value Creation process

## OUR VISION

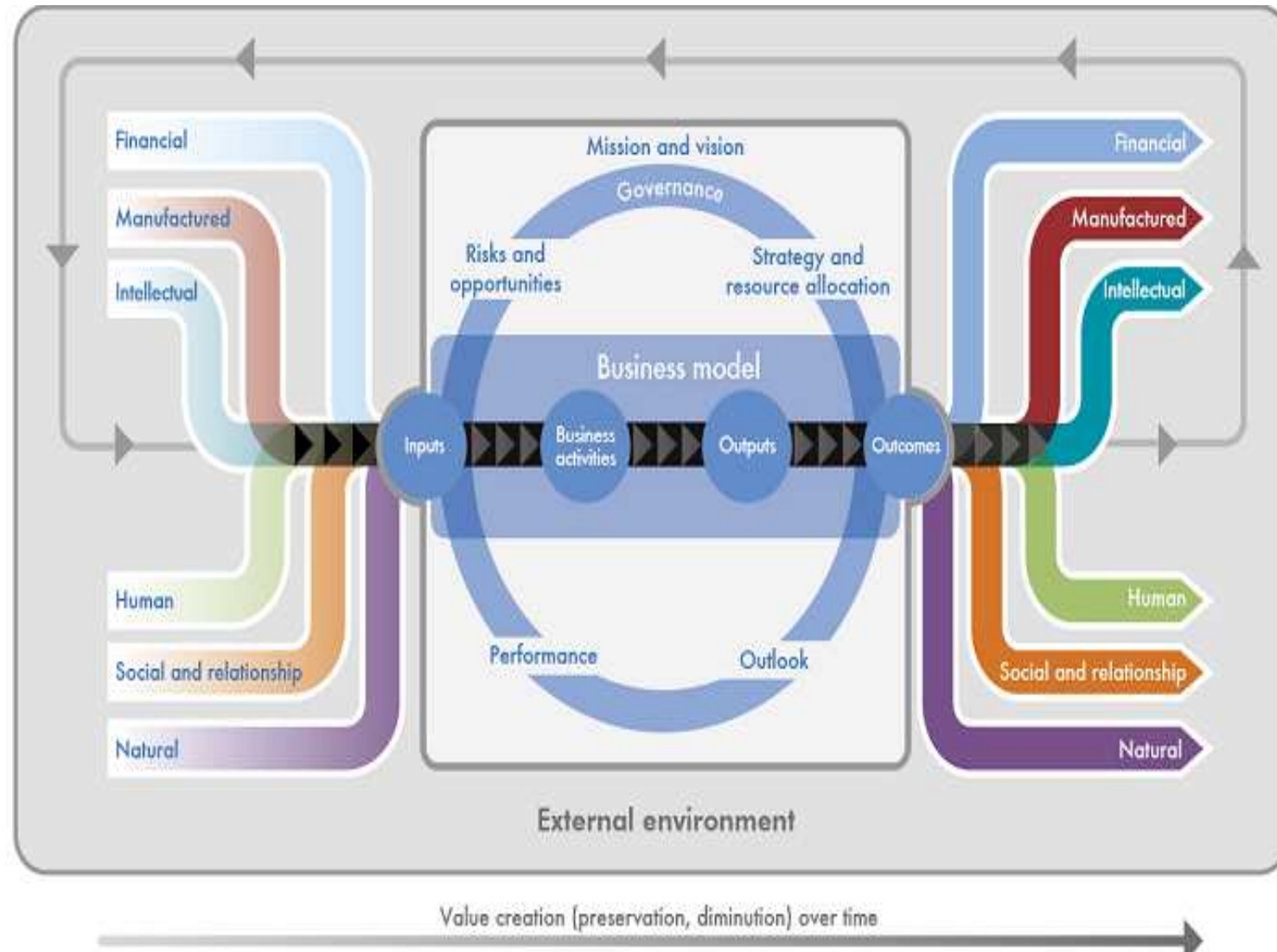
Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives and Innovations towards Green Economy, Sustainable Development and Sustainable living through applied research and technical support services across sectors



Sustainability Initiatives for Africa



Value creation (preservation, diminution) over time

# The Integrated Report

## Guiding Principles – underpin the preparation

1. Strategic Focus and future orientation – Insight of strategy
2. Connectivity of Information – Holistic picture;
3. Stakeholder Relation – insight of quality of relationships;
4. Materiality – matter that affect the organisation.



### OUR VISION

Advance Sustainability Initiatives for Africa

### OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# The Integrated Report (Cont)

**5. Conciseness** – provide sufficient context of the organisation;

**6. Reliability and Completeness** – include both positive and negatives;

**7. Consistence and comparability** – prepare on a basis over time.



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Report Content

1. **Organisational Overview and external environment – Organisational Profiling;**
2. **Governance – Governance structure that support value creation;**
3. **Business Model – system of transforming capitals;**
4. **Risks and Opportunities – identification of principal risks and opportunities for value creation.**



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Report Content

5. **Strategy and Resources allocation** – Direction of the organisation;
6. **Performance** – indicators of outcomes;
7. **Outlook** – highlight of anticipated changes over time;
8. **Basis of preparation and Presentation** – how matter is the report were determines, boundaries etc



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa



## SESSION 3

# The philosophy of Integrated Reporting



### OUR VISION

Advance Sustainability Initiatives for Africa

### OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# “Integrated Thinking”



There are relatively 10 steps to Integrated thinking that involves:

- Governance of the company;
- Process of embedding sustainability;
- Decision making Processes that considers sustainability (PC – Decision Making tool);
- Capacity development;
- KPI
- Disclosure

## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives and Innovations towards Green Economy, Sustainable Development and Sustainable living through applied research and technical support services across sectors



Sustainability Initiatives for Africa

# Focus of IR

## Who is/are the prime target for integrated reports?

- Investors – Institutional and Individual;
- Capital Markets driven by investors;

Investor groups are driving the framework



### OUR VISION

Advance Sustainability Initiatives for Africa

### OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# SESSION 4

## THE LOCAL CONTEXT OF INTEGRATED REPORTING



### OUR VISION

Advance Sustainability Initiatives for Africa

### OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# Context IR in Zimbabwe

- Integrated Reporting will be most suited if our capital market has developed further;
- IR is most suited for more developed economies, capital markets and well informed investors;
- Will be relevant in companies are well and have broad range of investors;
- Corporate reporting will need to have matured;



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

# *Warning for Zimbabwe!!!!!!!*

- Understand the philosophy IR well;
- Don't rush to assure Integrated reports for companies that have no prior experience in Sustainability reporting
- IR is just another form of sustainability reporting though its targeted at mainly investors only.
- Practice Sustainability Reporting Fundamentals first.
- IR is not there to replace sustainability reporting



## OUR VISION

Advance Sustainability Initiatives for Africa

## OUR MISSION

Foster Sustainability Initiatives  
and Innovations towards  
Green Economy,  
Sustainable Development  
and Sustainable living through  
applied research and  
technical support services  
across sectors



Sustainability Initiatives for Africa

***Thank you!!!***





# inšaf

**Institute for Sustainability Africa**

