

**ACCA's perspective on the
South African draft framework
for integrated reporting and
the integrated report**

1. ACCA believes that the publication of the discussion paper released in January 2011 is an important milestone for South Africa in that it clearly articulates the need for companies and other entities to think about what it is they do holistically.
2. Disclosure by South African companies and other entities is generally comprehensive but is rooted typically in retrospective description rather than attempting to discuss the future intelligently - the framework seeks to address this fault.
3. While ACCA supports the concept of integrated reporting, it is not clear from the paper how companies are required to change their attitudes and approaches with regards to the notion of becoming *integrated*. ACCA is concerned that the requirement to produce an integrated report will result in panic to comply rather than an effort to integrate, the goal of this requirement. The framework will land up on the desk of the report writer or communications manager, correctly, but will not land up on the desk of those responsible for strategy within the organisation. It needs to reach both - this is not a fault of the guideline but those responsible for broadcasting the *integrated* message need to be aware of this.
4. The discussion paper provides guidance as to what an integrated report is, what it contains and how to produce one, but is less generous when it comes to discussing what is meant by integrated approaches and thinking within reporting entities. It seems to ACCA that South African companies do not understand how material issues act independently and in concert in terms of their impact on companies, nor do companies understand fully the impacts they have on society and the environment, and how their impacts on say the environment impact on society, for example. These limitations point to constraints in company thinking undoubtedly influenced by the narrow focus on profit.
5. The introduction of a new reporting requirement will mean that reporting entities will be looking for guidance from other companies, consultants and industry associations. The question that needs to be asked is where can this guidance be found, assuming it exists at all? SAICA needs to support companies by following these guidelines up with training, newsletters and so forth.
6. ACCA is concerned about the impact the integrated report will have on the assurance process, assuming that integrated reports will be assured in terms of how integrated they are. How will the information in the integrated report be measured? What will be the criteria used to determine how accurate a company's perspective is? What impact will

- integrated reporting have on report assurance? How will conventional auditors and the auditors of non-financial performance co-operate?
7. In many ways the integrated report is the same as what is currently called sustainability or sustainable development report. ACCA is not sure that the discussion paper makes the distinction between the two types of reports clearly enough. Indeed the difference between the two may be quite subtle in that an integrated report is actually a sustainability report with more consideration - this may be the view of companies looking to produce the first integrated report.
 8. ACCA is looking forward to observing the behaviour of listed companies in South Africa in terms of how they apply the principles and guidance contained in the paper and also providing the required guidance and advice that these entities will require on their journey to meaningful yet succinct disclosure.