



## MODULE 3 – Part 2

### GUIDING PRINCIPLES OF IR FOR SMEs

# AGENDA

## The other IR guiding principles

- Conciseness principle
- How can you ensure that your integrated report is concise?
- Reliability and completeness principle
- Reliability as faithful representation
- What should you consider to ensure completeness in your integrated report?
- Consistency and comparability
- How to ensure consistency in an integrated report?
- Powerful tools for improving comparability
- Test questions

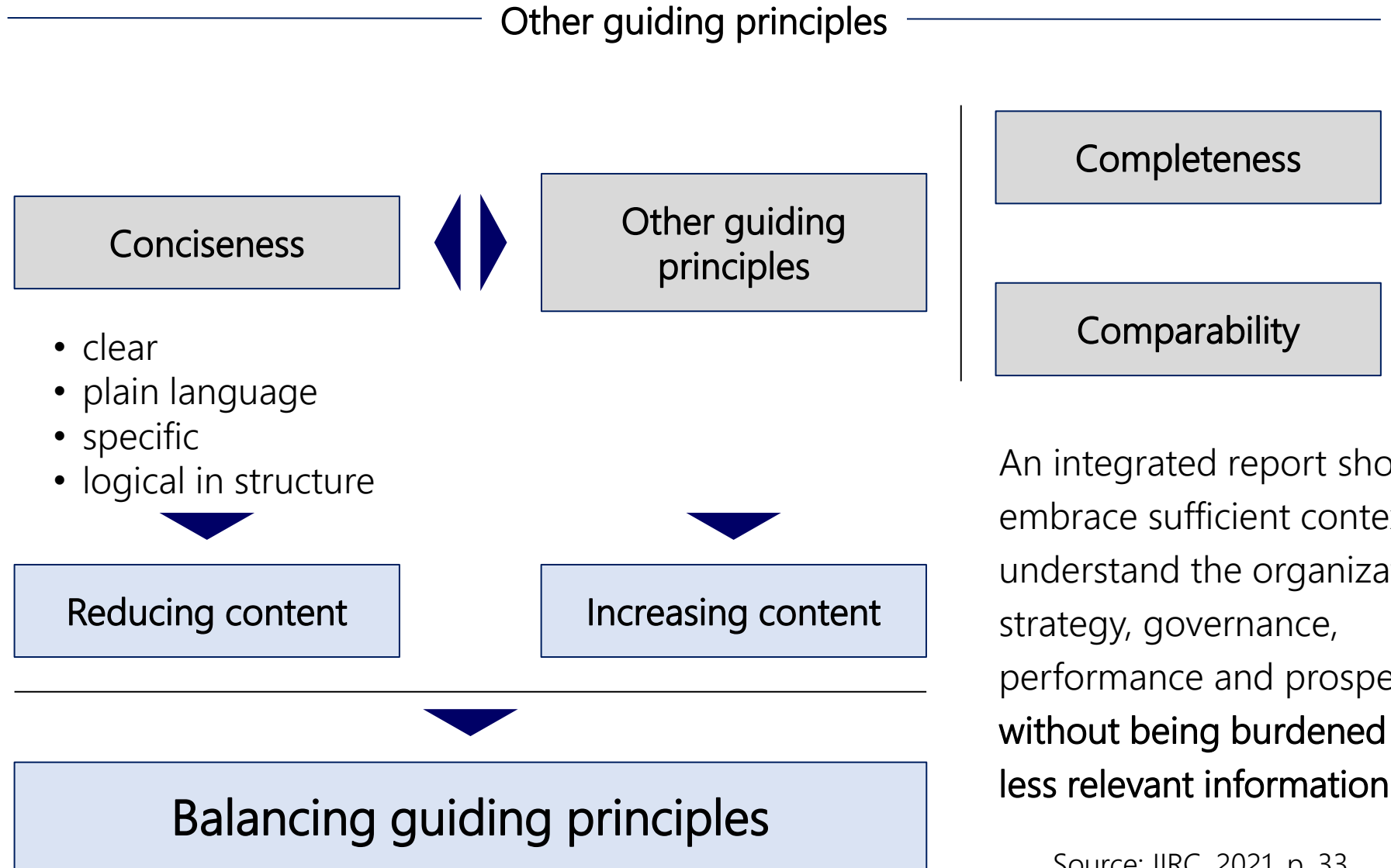


## THE OTHER IR GUIDING PRINCIPLES

How to make your  
integrated report  
useful and  
transparent?



# Conciseness principle



An integrated report should embrace sufficient context to understand the organization's strategy, governance, performance and prospects without being burdened with less relevant information.

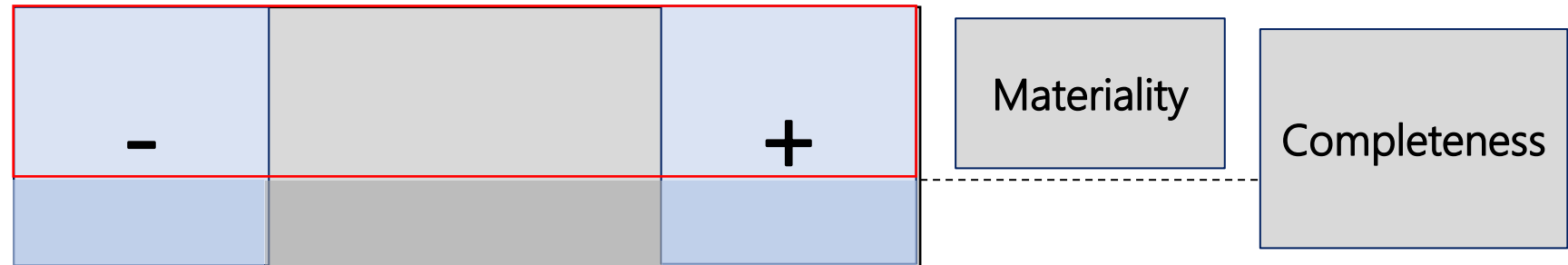
# How can you ensure that your integrated report is concise?



- ✓ Apply the materiality determination process!
- ✓ Follow a logical structure and include internal cross-references as appropriate to limit repetition!
- ✓ Connect to some information at your website! You may also use the hiperlinks to external resources.
- ✓ Express concepts clearly and in as few words as possible!
- ✓ Favor plain language over the use of jargon or highly technical terminology!
- ✓ Avoid highly generic disclosures, often referred to as “boilerplate”, that are not specific to the organization!

# Reliability and completeness principle

Other guiding principles



Reliability  
and  
completeness

Balanced view without errors

An integrated report should include all material matters, both **positive** and **negative**, in a **balanced way** and **without material error**.

A balanced representation in integrated reporting means that the report has no bias in selecting or disclosing the information.

It suggests that information included in the report is not slanted, weighted, emphasized, de-emphasized, combined, offset or otherwise manipulated to change the probability that it will be received either favourably or unfavourably. (IIRC, 2012, p. 35)

Freedom from material error does not imply that the information is perfectly accurate in all respects (IIRC, 2021, p. 35).

It means that:

- processes and controls are applied to reduce the risk that reported information contains a material misstatement.
- when information includes estimates, this is communicated, and the limitations of the estimation process are clarified.



## Reliability as faithful representation

Reliability is enhanced by mechanisms such as:

- robust **internal control** and **reporting systems**,
- **stakeholder engagement**,
- **internal audit** or similar functions,
- independent, **external assurance**.

Source: IIRC, 2021, p. 34





What should you consider to ensure completeness in your integrated report?



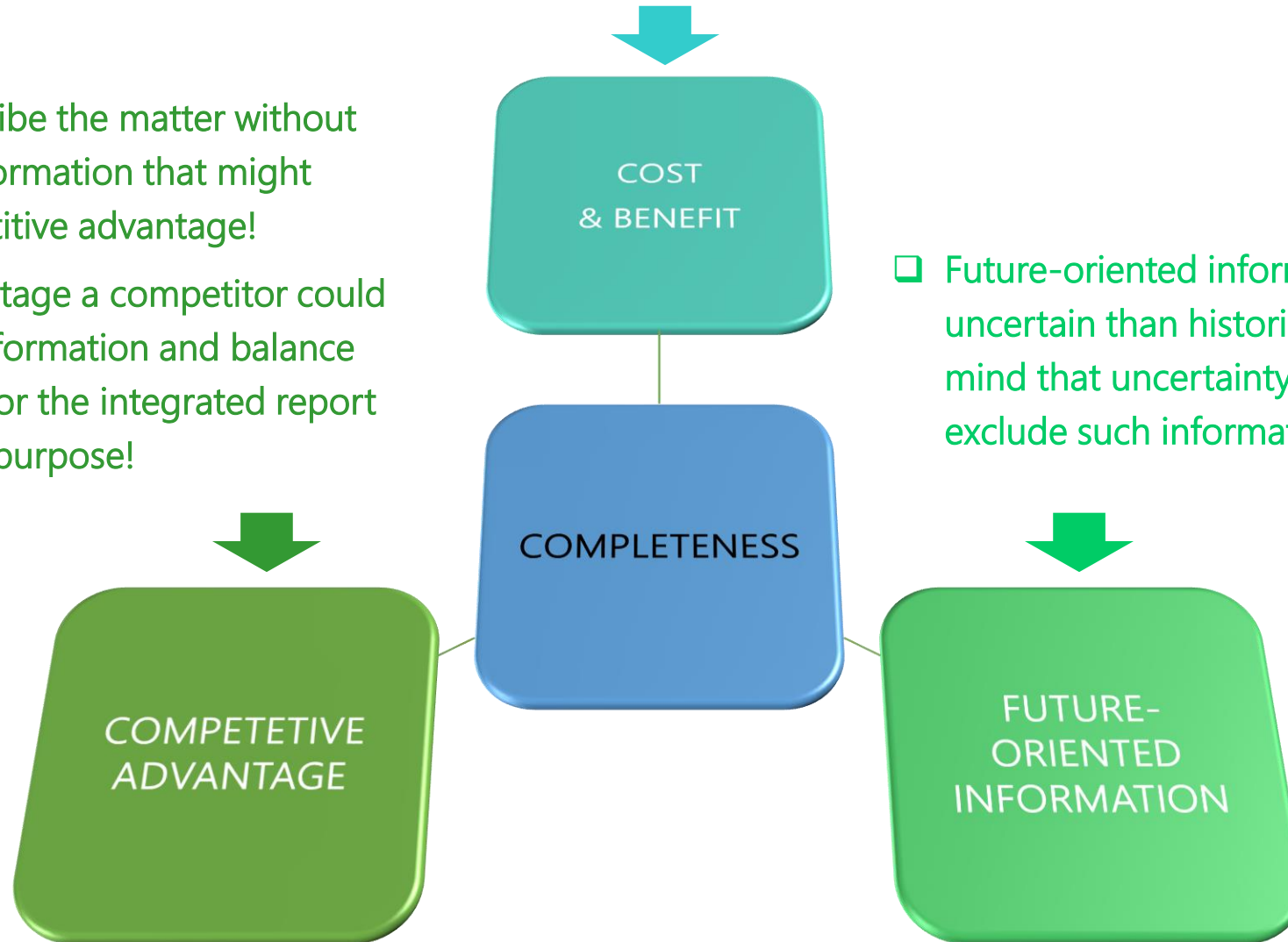
Determining completeness includes considering the **extent of information disclosed** and its level of **specificity** or **preciseness**.

This might involve considering potential concerns regarding:

- cost/benefit,
- competitive advantage
- future-oriented information

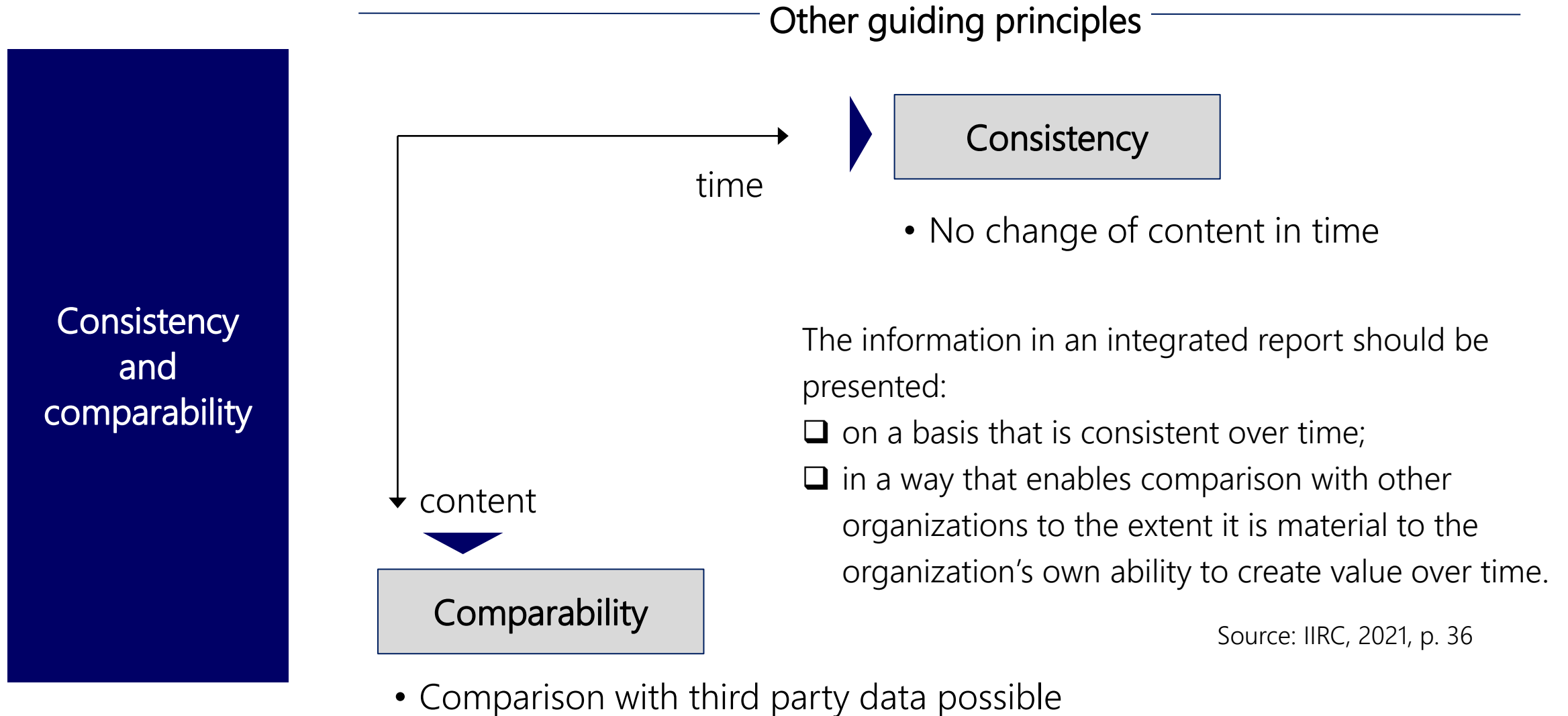
- ❑ Evaluate cost and benefits when determining the extent, level of specificity, and preciseness of information necessary for an integrated report to meet its primary purpose!
- ❑ Remember, do not refrain entirely from making any disclosure about a material matter based on cost!

- ❑ Consider how to describe the matter without identifying specific information that might cause a loss of competitive advantage!
- ❑ Think over what advantage a competitor could gain from disclosed information and balance this against the need for the integrated report to achieve its primary purpose!



- ❑ Future-oriented information is, by nature, more uncertain than historical information. Bear in mind that uncertainty is not a reason in itself to exclude such information!

# Principle of consistency and comparability



# How to ensure consistency in an integrated report?

Consistency  
is The Key



- Reporting policies should be followed consistently from one period to the next unless a change is needed to improve the quality of information reported.
- The same KPIs should be reported if they continue to be material across reporting periods.
- When a significant change has been made, the organization explains the reason for the change, describing its effect.

# Powerful tools for improving comparability

## COMPARABILITY



- Addressing the questions relating to the Content Elements, which apply to all organizations, helps ensure a suitable level of comparability between organizations.
- Using benchmark data, such as industry or regional benchmarks
- Presenting information in the form of ratios
- Reporting quantitative indicators commonly used by other organizations with similar activities, particularly when standardized definitions are stipulated by an independent organization.

Test questions



## Q1. TRUE OR FALSE QUESTION

The organization should seek a balance in its integrated report between conciseness and the other Guiding Principles, in particular completeness and comparability.

**TRUE**

**FALSE**





## Q2. TRUE OR FALSE QUESTION

Following the consistency principle, an organization should report the same KPIs from period to period. Changes are not permitted under any circumstances.

**TRUE**

**FALSE**



## Q2. TRUE OR FALSE QUESTION

An integrated report should include only positive matters and without material errors.

**TRUE**

**FALSE**



Q3. What should you consider to ensure completeness in your integrated report?

A. work-accident rate

B. cost/benefit

C. planetary well-being

D. competitive advantage





# Bibliography

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