Appendix – Integrated Reporting explained in one page

(paragraph numbers from the Draft IR Framework are referenced in brackets)

IR communicates the way in which an organization creates value (1.2).

The extent to which value has been and can continue to be created is assessed by intended report users (1.6) based on information specified and prepared in accordance with the IR Framework (1.4).

Intended report users use IR to support their financial capital allocation assessments (1.6).

An organization's mechanism for creating value is its business model.
Therefore IR should include a description of the business model and its resilience (4.21) and an overview of what the organization does (4.6).

The execution of the business model for the creation of value is affected by a range of factors that should therefore be described for IR purposes, including:
Governance (4.10)
Strategy (3.2 and 4.18)
External context (4.6)
Stakeholder engagement (3.13)
The risks and opportunities that affect the organizations ability to create value now or in future (4.13)

Value is created by taking inputs from the capitals and processing them through its business activities in order to create outputs and outcomes.
Therefore IR should include:

- a description of the inputs from the capitals on which an organization depends in order to carry out its business activities;
- the business activities it caries out; and
- the intended outputs and outcomes from the business model.

Production of outputs and outcomes is affected by and results in changes (eg: transformation, depletion and enhancement) to the capitals for the organization and for the environment and society. Therefore IR should include the organization's analysis of the nature of those changes and their understanding, based on stakeholder engagement, of the associated outcomes for the organization, for society and the environment over the short, medium and long term.

Outcomes of the business model for the organization, society and the environment should not be reported or assessed by examining changes to each form of capital individually or by reference, for example, to strategy or governance alone. The connections, combinations and inter-relatedness between all of the components required to create value should be reported and assessed (3.7).

Value creation is reflected partly in an organization's performance. Therefore, IR should include information about the extent to which an organization has achieved its strategic objectives and desired outcomes (4.27).

The extent to which value has been created and for what and whom manifests itself in changes to the capitals that take place over time. Therefore, IR should include information about the organization's future outlook (4.33).

The application of the integrated reporting process should result in:

- Concise information (3.22); that is
- Material to assessing the organization's ability to create value (3.22) and that is:
- Reliable and complete (3.30) and
- Consistent and comparable (3.48)