

Transparency and Disclosure

Foundation for Good Governance and Disclosure



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51° 30' 44" N 0° 05' 41" W

Principles for Ongoing Disclosure
and
Material Development Reporting
by
Listed Entities



OICU-IOSCO

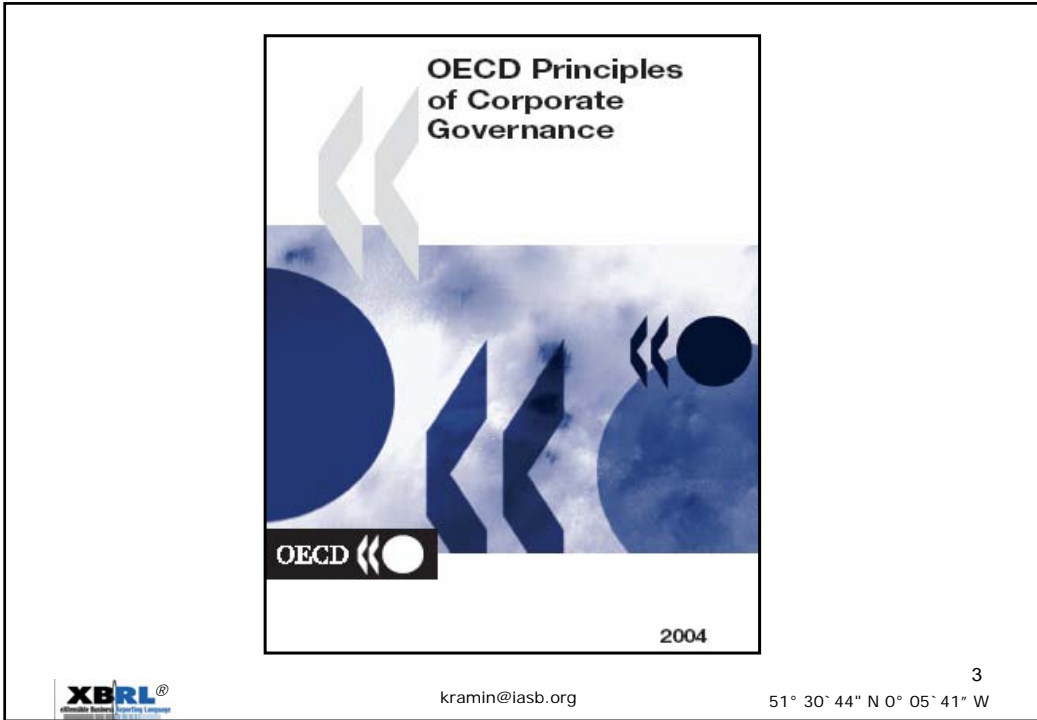
A Statement of the Technical Committee
of the
International Organization of Securities Commissions

October 2002



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Role of Disclosure in Corporate Governance (OECD, IOSCO, IASB)

- Definition
- From Transparency to Disclosure
- Why disclosure is important (for the market)
- Why disclosure is important (for the company)
- What information shall be disclosed (by law)
- What information shall be disclosed (Strategy)
- How to disclose

Definition Transparency/Disclosure

- Transparency is letting the truth be available to others (passive position)
- Active Disclosure: New Concept of Transparency: Requires not only the truth be available, but imposes to disclose it to every stakeholder
- OECD: timely and accurate

Disclosure of material matters, including financial situation, performance, ownership and governance

- Timely: annually? Quarterly or continuous?
- Material information: Information whose omission or misstatement could influence economic decisions by users
- Simultaneous to all shareholders?
- Requirements should not create unnecessary administration or cost burdens

EBR Framework Version 2.0

(An XBRL taxonomy has been developed)

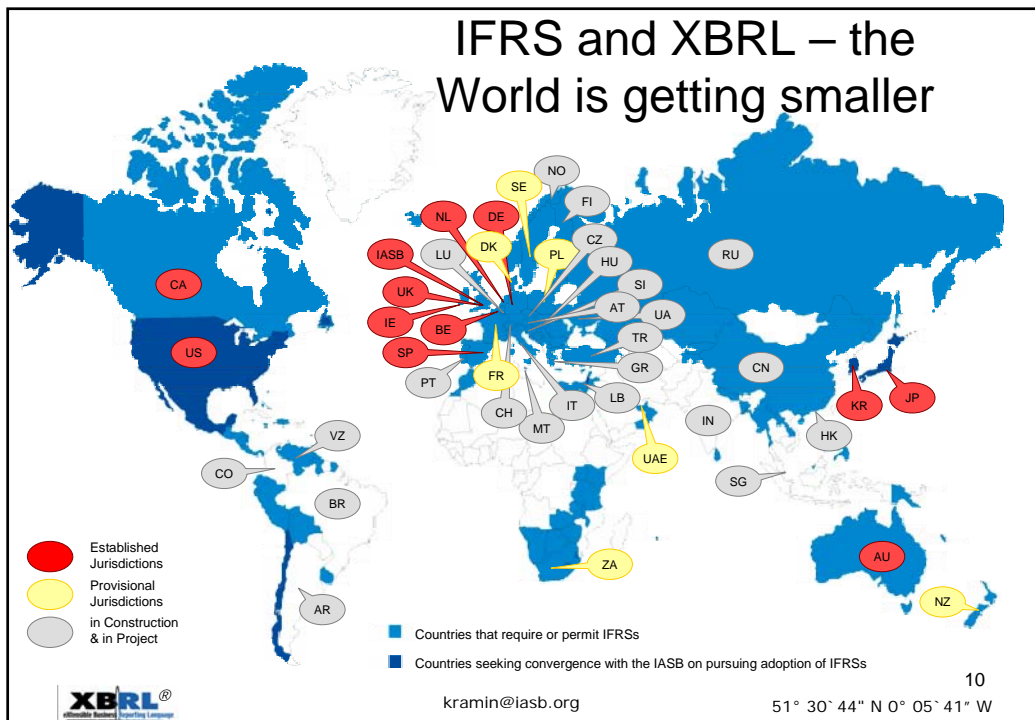
Business Landscape	Strategy	Resources & Processes	Performance
Business Landscape Summary	Corporate Strategy Summary	Resources & Processes Summary	Performance Summary
Economic	Vision & Mission	Resource Form	GAAP-Based
Industry Analysis	Strengths	- Monetary Capital	GAAP-Derived
Technological Trends	Weaknesses	- Physical Capital	Industry-Based
Political	Opportunities	- Relationship (Social) Capital	Company-Specific
Legal	Threats	- Organizational (Structural) Capital	Capital Market-Based
Environmental	Goals & Objectives	- Human Capital	
Social	Corporate Strategy	Key Processes	
	Business Unit Strategy	- Develop Vision & Strategy	
	Business Portfolio	- Manage Internal Resources	
		- Manage Products & Services	
		- Manage External Relationships	
		- Manage Governance and Risks	

Investors' Information Needs

- Investors depend upon accurate and relevant financial information
- However, in today's economy financial statements tell an incomplete story
 - For evaluating past performance
 - For assessing likely future performance
- Investors need contextual information such as on competitive environment, strategy and risks, and important intangible assets
- They are also interested in information on non-financial key performance indicators (KPIs)

Key Performance Indicators (KPIs)

- KPIs are performance measures, often non-financial, that are leading indicators of financial results
- Company managers are increasingly using KPIs to run their businesses (e.g., “The Balanced Scorecard”)
- These KPIs cover a broad range of resources and processes such as
 - Employee turnover
 - Time to develop and introduce new products
 - Customer “share of wallet”
 - Safety
- KPIs are useful to analysts and investors as well
 - Sometimes they are reported – sometimes not



Development of Taxonomies

Tagging of Financial Data



RFID
Radio
Frequency
Identification

<CurrentAssets> 5329000000 </CurrentAssets>

<CurrentAssets contextRef="End_2004" unitRef="EUR">

5329000000 </CurrentAssets>

Context

Unit

Tomorrow's Financial and Business Reporting Supply Chain

