

GLOBAL TRENDS IN REPORTING

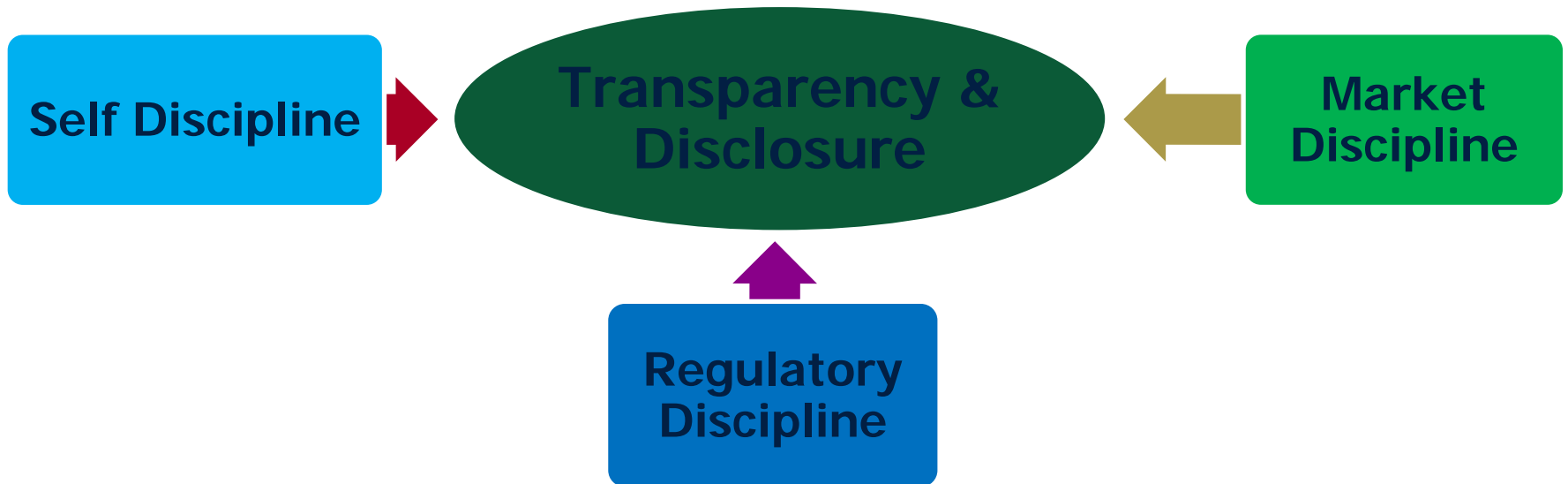


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GOVERNANCE PROGRAM
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OBJECTIVES

- ✓ How are regulators, investors and companies driving disclosure?
- ✓ What are the global trends?
- ✓ What are the implications of increased demands for governance, sustainability and integrated reporting?

THE DISCLOSURE ENVIRONMENT



OECD PRINCIPLES OF CORPORATE GOVERNANCE

“The Board should fulfill certain key functions including:

- Ensuring timely accurate disclosure of all **material** matters regarding the corporation including:
 - Financial situation
 - Performance
 - Ownership and
 - Governance of the company”

OECD CG Principles 2015

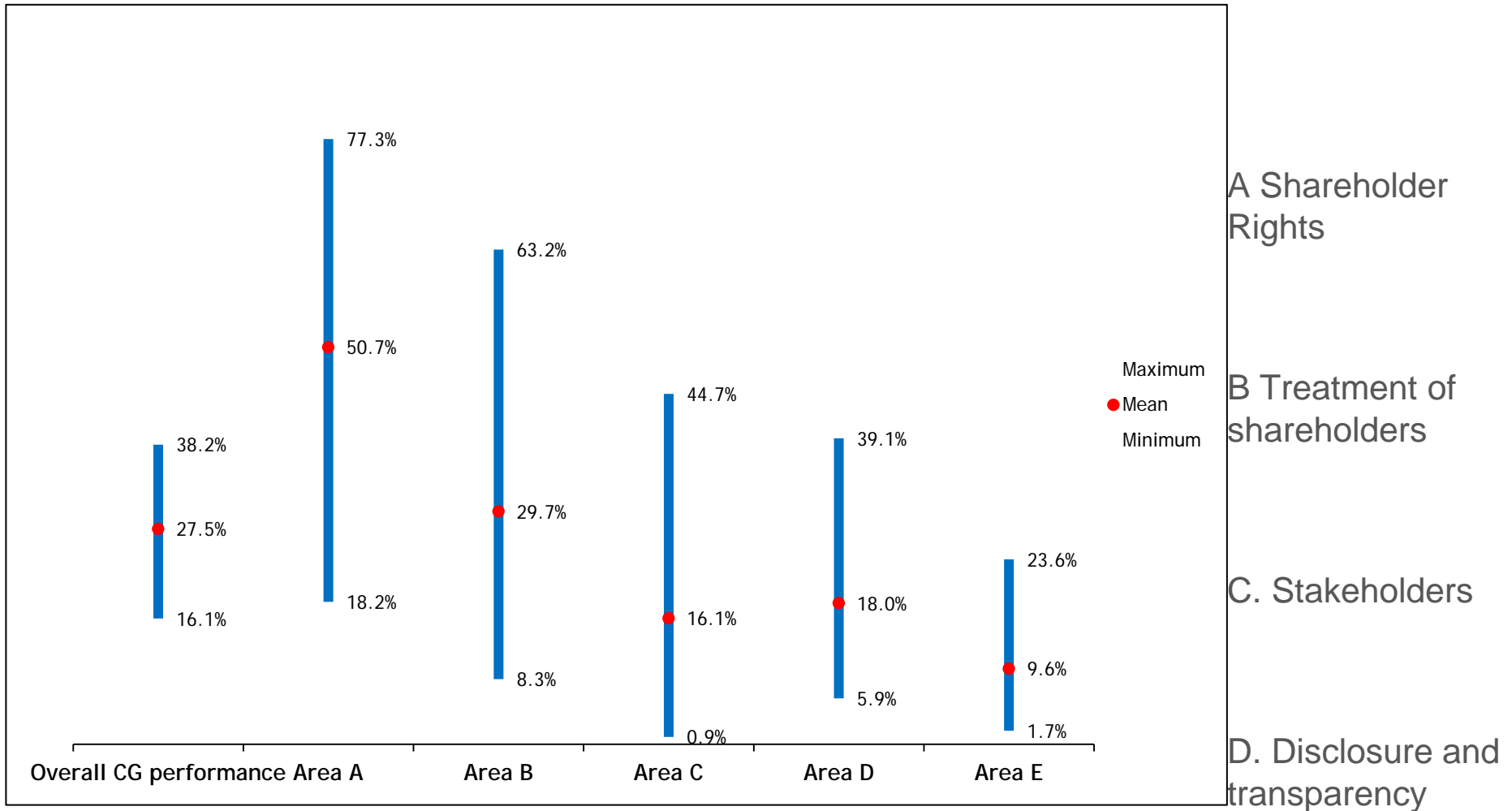
What is NEW??

WHAT IS WORKING AND WHAT IS NOT?

- Strategy
 - 99% report strategic priorities
- Business model
 - 94% include business model
- External drivers
 - 88% discuss future market trends
- Risk
 - 94% explain the nature and mitigation of risks
- KPIs
 - 96% identify KPIs
- Segments
 - 88% report on drivers of financial performance

Source: PWC 2013 Survey of FTSE 100 Reporting

MONGOLIA CG SCORECARD



DISCLOSURE AND TRANSPARENCY

Companies should focus on key areas:

- The quality and content of the Annual Report
- The quality and content of the company website
- Disclose the external auditor and the annual audit report, major shareholdings and related party transactions,
- Overall information disclosure policies and processes.

Measure	Score %
Possible maximum score for Disclosure and Transparency	30.00
Maximum achieved*	11.73
Minimum achieved*	1.77
Mean*	5.40

NON-FINANCIAL AND GOVERNANCE REPORTING

- Strategy and performance
- Governance and the board
- Risk
- RPTs and conflicts of interest
- Ownership
- Sustainability

EMERGING CONTENT TRENDS 1

- Investor and stakeholders needs
- Greater transparency and understanding of:
 - Business model
 - Articulation of strategy and strategic objectives
 - Risks and opportunities (short, medium and long term) in each objective
 - Key KPIs – financial and non-financial, performance to date and future targets
 - Company positioning and future prospects

EMERGING CONTENT TRENDS 2

- Reporting on governance/tone at the top evident
- Much more forward looking information
- Reporting on company relationship with the economy and wider society (CSR, CR, ESG)

DEMAND FOR DISCLOSURE HIGH AND RISING

- Proliferation of codes and code requirements
- Tighter regulation
- More sophisticated investors
- Competing international initiatives
- Global financial crisis
- Growing academic evidence