

# TRANSPARENCY & REPORTING STANDARDS

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# TODAY'S AGENDA

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## The Governance Challenge

Volume vs. Quality of Disclosure

02

## Transparency as a Governance Outcome

Four Architecture Pillars

03

## IFRS 18: Disclosure Quality

Structural Reform to Financial Statements

04

## Board Accountability

Structure, Behaviour & Limits of Standards

05

## ISSB S1 & S2

The New Perimeter of Transparency

06

## Transparency & Reporting Framework

A Practical Supervisory Lens

# 01 | THE GOVERNANCE CHALLENGE

*We live in an era of unprecedented disclosure — yet trust in the quality of that information has never been more contested.*

1

Are organisations disclosing enough?

2

Is what is disclosed genuinely useful?

3

Is it genuinely trustworthy?

4

Does it serve those who depend on it?

## KEY INSIGHT

**Transparency is not a reporting outcome. It is a governance outcome - produced or undermined by boardroom decisions, supervisory oversight, audit frameworks, and organisational culture.**

## 02 | TRANSPARENCY AS A GOVERNANCE OUTCOME

Good disclosure answers three questions:

### Financial Position

Where are we today?

### Risk Disclosure

What risks do we face?

### Future Outlook

Where are we heading?

The Four Architecture Pillars of Transparency:

1

#### Information Flow

Material risks must reach boards — not stall at operational level.

2

#### Board Challenge Capacity

Directors must interrogate management narratives, not rubber-stamp them.

3

#### Audit & Assurance Independence

External auditors & audit committees maintain independent checks.

4

#### Regulatory Effectiveness

Supervisors need tools and mandate to enforce disclosure frameworks.

# When Disclosure Fails: Lessons from Corporate Collapses

*These organisations produced voluminous, technically compliant reports — yet abandoned the governance infrastructure that gives disclosure its meaning.*

## ENRON

USA · 2001

Complex SPEs hid debt; auditors lacked independence; board failed to challenge.

## WIRECARD

Germany · 2002

Fabricated revenues went undetected for years; regulatory capture played a role.

## CARILLION

UK · 2018

Aggressive accounting masked deteriorating margins; audit committee asleep.

## LUCKIN COFFEE

China · 2020

Inflated sales data; governance mechanisms were entirely absent.

# 03 | IFRS 18: DISCLOSURE QUALITY

*The most significant structural reform to financial statement presentation since IAS 1.*

1

## **Mandated Income Statement Structure**

Five defined categories: Operating · Investing · Financing · Income Taxes · Discontinued Operations. No more self-serving P&L architecture.

2

## **Management-Defined Performance Measures (MPMs)**

Adjusted EBITDA, adjusted EPS etc. must be clearly labelled, explained, reconciled to IFRS line items, and applied consistently.

3

## **Enhanced Cash Flow Disaggregation**

More granular disclosure reduces discretion historically used to present cash generation in the most favourable light.

■ IFRS 18 implementation is a board-level responsibility - not a technical finance function task.

## 04 | BOARD ACCOUNTABILITY

*Standards set the floor. Accountability requires the right people, asking the right questions, with the willingness to act on the answers.*

### Financial Literacy

Board members must understand IFRS 18 structures: new P&L categories, MPM obligations, cash flow disclosures.

### Audit Committee Independence

The primary mechanism for oversight of reporting integrity. Must challenge MPM presentation specifically.

### Remuneration Alignment

Incentive structures rewarding short-term targets create institutional pressure to distort disclosure.

### Tone at the Top

Boards must signal: accurate, candid disclosure is non-negotiable. Finance directors who deliver bad news must be valued.

# 05 | ISSB S1 & S2: NEW PERIMETER OF TRANSPARENCY

## IFRS S1 — General Requirements

Disclose sustainability-related risks & opportunities that could affect cash flows, access to finance, or cost of capital — short, medium, or long term.

### Four Disclosure Pillars (aligned to TCFD):

**Governance**

**Strategy**

**Risk Management**

**Metrics & Targets**

## IFRS S2 — Climate-related Disclosures

### Physical Risks

Direct impacts of climate change on operations, assets, and supply chains.

### Transition Risks

Policy change, technology disruption & market shifts toward lower-carbon economy.

### Scenario Analysis

Strategy resilience under different scenarios, including a 1.5°C pathway. (based on Paris Agreement)

### Greenhouse gases (GHG) Emissions

Scope 1, Scope 2 - and in many cases Scope 3 (indirect value chain) emissions.

## 6 | TRANSPARENCY & REPORTING FRAMEWORK

*The OECD Principles of Corporate Governance (first 1999, updated 2023) provide the most widely adopted international reference for assessing governance quality.*

### OECD PRINCIPLES

- **HOW ORGANISATIONS MAKE DECISIONS**
- Shareholder rights & equity
- Board structure & responsibilities
- Disclosure & transparency baseline
- 2023 revision expanded sustainability guidance

### COMPLEMENTARY ARCHITECTURES

### IFRS 18 · S1 · S2

- **HOW ORGANISATIONS DISCLOSE CONSEQUENCES**
- Financial statement presentation
- Sustainability-related financial risks
- Climate scenario analysis
- GHG emissions across all scopes

*Supervisors who develop the capacity to read disclosure quality as a governance signal are operating at the frontier of effective market oversight.*

## CLOSING PRINCIPLES

**1** Transparency is not produced by publishing more — it is produced by governing better.

**2** Implement IFRS 18 with integrity, not as a minimum compliance exercise.

**3** Treat S1 and S2 as governance obligations, not reporting burdens.

**4** The OECD framework provides the architecture; IFRS 18, S1 & S2 the language.

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*The hard, important, daily work of making transparency real is done by people like you. Thank you.*