TOWARDS INTEGRATED REPORTING
Communicating Value in the 21st Century

Components of S&P 500 market value

- Physical and financial assets
- Other factors

INTEGRATED REPORTING (IR)
The world has changed – reporting must too

The world population is increasingly urban

Global economic power is shifting
Source: Goldman Sachs, BRICs and Beyond, 2007

The global middle class is rapidly expanding
Global population by type of area and by region: 1950-2050

Greenhouse gas emissions keep rising

Environmental degradation jeopardises people’s quality of life
Source: Goldman Sachs, BRICs and Beyond, 2007

The world could be running out of some resources

Evolution of Reporting ...

1960 Financial Statements

1980 Management Commentary Financial Statements

Incorporating Environmental
Governance and Remuneration

INTEGRATED REPORTING (IR)
... Integrated Reporting – the Future

It is not enough to keep adding more

Prudential annual report pages - 1850-2008

Source: Investis research
**Sustainability reporting - A shift in priorities**

*Moving from “stakeholder driven reporting” to the mainstreaming of what’s “strategic and material” to business success*

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**Identifying our material issues**

- **Most strategic and material issues** (include in mainstream reporting)
- **Other issues** (include in online reporting)
- **Not material – not reported**

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**Integrated Reporting – focussing on the top slice**

- **Integrated reporting framework**
- **Provides the top level structure for the whole reporting pyramid**
- **Sets a framework to encourage greater linkage between existing reporting silos.**
Underlying it all.....
Why the IIRC was established

• Bring together financial standard setters (IASB, FASB, IFAC), securities regulators (IOSCO) and sustainability standard setters (GRI, AccountAbility) with representatives from companies, investors and civil society to develop and implement an integrated reporting model

• Facilitate convergence to increase consistency, avoid reporting burden and enable comparability on an international basis

“To create a globally accepted Integrated Reporting framework which brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format. The aim is to help with the development of more comprehensive and comprehensible information about organizations, prospective as well as retrospective, to support transition to a more sustainable global economy.”

IIRC Membership - extract

• Professor Mervyn King, Chairman, King Committee on Corporate Governance (Chairman)
• Charles A. McDonough, Vice President and Controller, The World Bank
• Göran Tidström, President, IFAC
• Professor Nelson Carvalho, Universidade de São Paulo, Brazil Chairman, 25th Session of UNCTAD’s ISAR
• Christy Wood, Chair, ICGN
• Leslie Seidman, Chairman, FASB
• Paul Clements-Hunt, Head of Unit, UNEP FI
• Jane Diplock, Chairman of the New Zealand Securities Commission and Executive Committee of the IOSCO
• Robert Eccles, Harvard Business School
• Ishaat Hussain, Chief Financial Officer, Tata
• Jim Singh, Chief Financial Officer, Nestle
• Professor Angelien Kemna, Chief Investment Officer, APG
• Huguette Labelle, Chair, Transparency International
• Dennis Nally, Chairman, PricewaterhouseCoopers International Limited
• Atsushi Saito, President & CEO, Tokyo Stock Exchange Group, Inc
• Rick Samans, Managing Director, WEF and Chairman, CDSB
• Hans Hoogervorst, Chairman, IASB
• Li Yong, Vice Minister of the Ministry of Finance, P.R. China
“WIFM”

Other stakeholders:
- civil society
- employees
- academics

INTEGRATED REPORTING (IR)
Business model and value creation

The Business Model in the Context of the Integrated Reporting Model
The Building Blocks

Guiding Principles
Contents of an Integrated Report

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<th>Whose report is it, what type of report is it and for what period?</th>
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<td>What is the organisation’s governance structure and how does</td>
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<td>governance support the strategic objectives of the organisation</td>
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<td>and relate to the organisation’s approach to remuneration?</td>
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<td>How has the organisation performed against its strategic objectives</td>
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<td>er term, and what resulting implications for its strategies and</td>
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Pilot Programme

Expression of Interest

Dry Run (Phase 1) - September 2011 – Dry Run Conducted

Pilot Cycle 1 (Phase 2) - 17-18 October 2011 – Pilot Programme Kick-off Conference

Pilot Cycle 2 (Phase 3) - November 2012 – Mid-Programme Conference

November 2013 – Closing Conference
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