

THE IMPACT OF INTEGRATED REPORTING

IFAC ANNUAL SEMINAR – A FUNDAMENTAL SHIFT IN
CORPORATE REPORTING



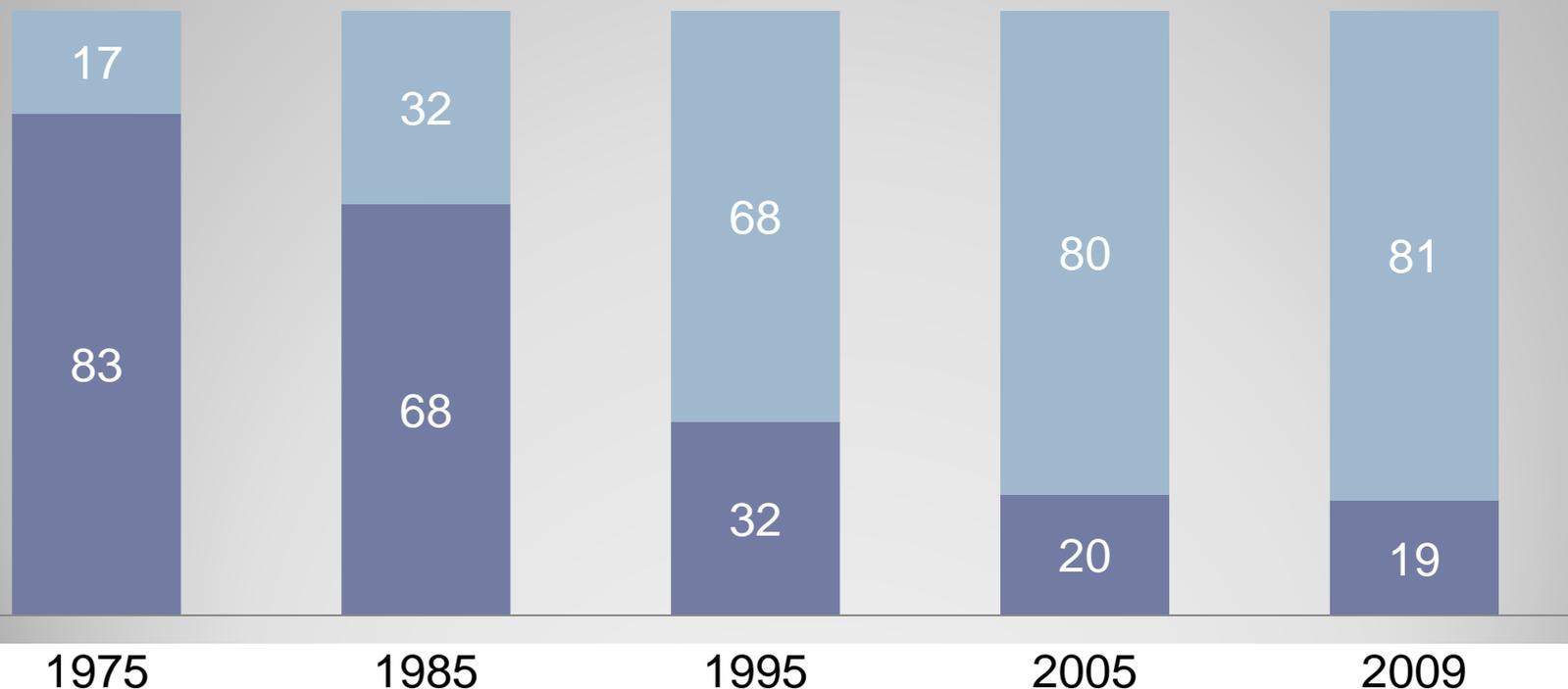
Presented by Graham Terry
Senior Executive: Strategy and Thought Leadership



Components of Market Value

S&P 500

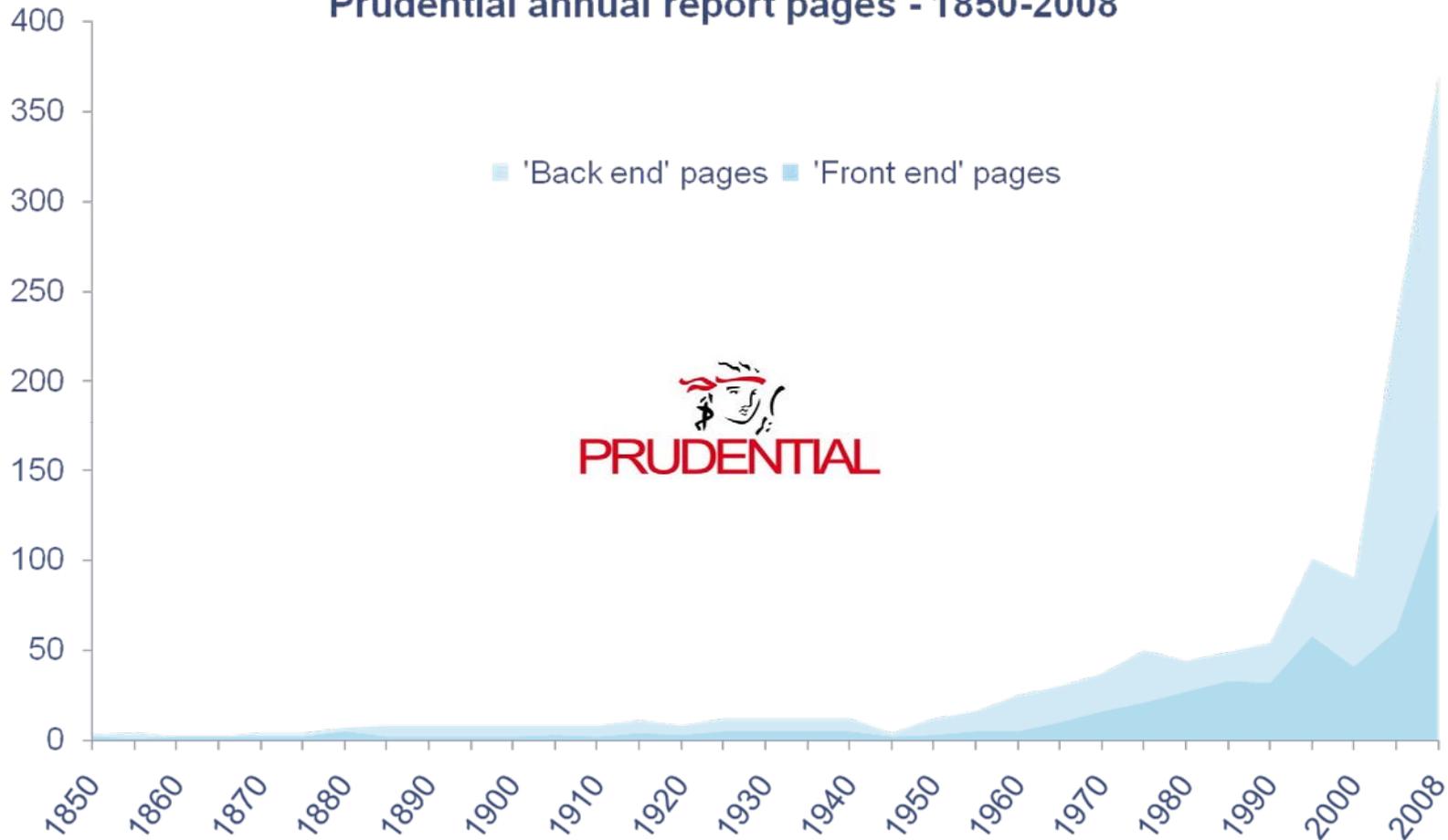
■ Physical and financial assets ■ Other assets



Source: Towards integrated reporting - Communicating Value in the 21st Century – International Integrated Reporting Council

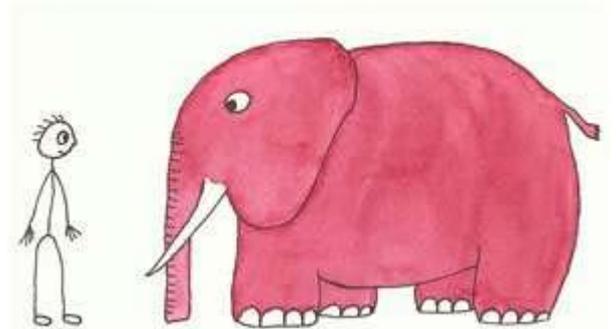
Increasing length and complexity

Prudential annual report pages - 1850-2008



“Corporate reporting ...
has got too big, too
cumbersome and
incomprehensible ...”

Source: Tomorrow's Corporate Reporting : A Critical System at Risk –
CIMA and PwC

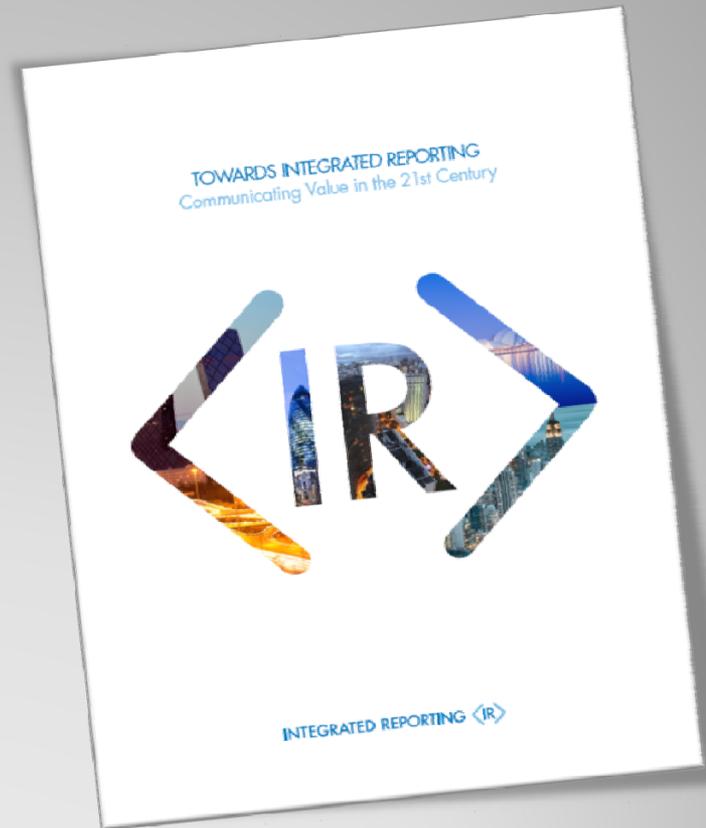




King III



South Africa



Integrated Reporting Framework

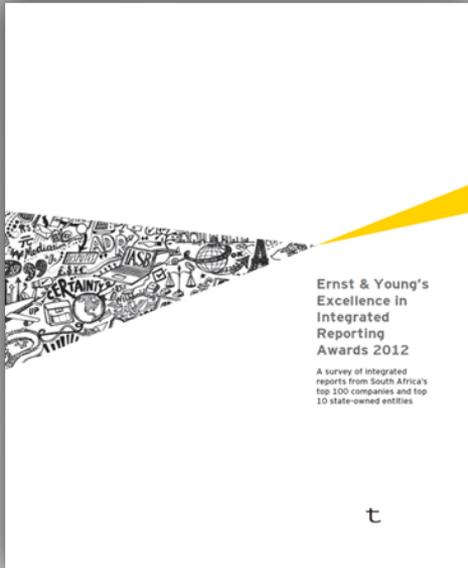
What is integrated reporting?

Integrated Reporting combines the most material elements of information currently reported in separate reporting strands - (financial, management commentary, governance and remuneration, and sustainability) in a coherent whole, and importantly:

- *shows the connectivity between them; and*
- *explains how they affect the ability of an organization to create and sustain value in the short, medium and long term.*



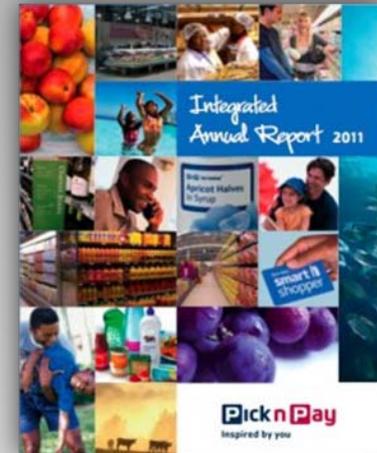
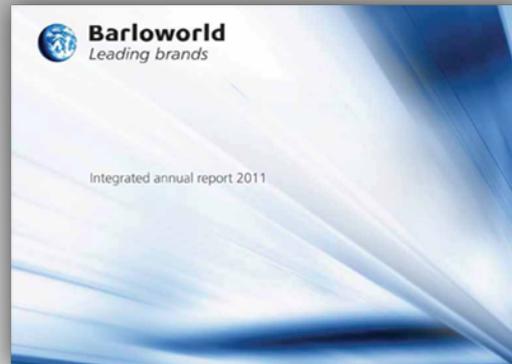
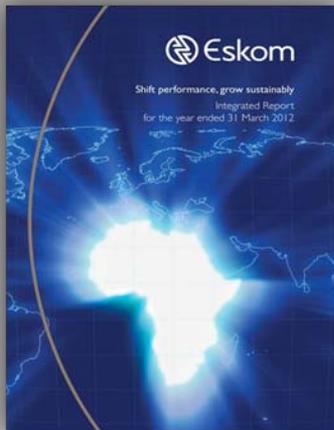
Integrated Thinking



Research & awards

- Wait and see approach
- Shorter reports better
- Recognition of other stakeholders
- Explaining business model
- Improved financial reporting
- Linkage to sustainability
- Improved disclosure around value added and resources consumed
- Improved disclosure on risks

Some trends



78% of companies used the term Annual Integrated Report

IRC Research

Conducted by - College of Accounting, University of Cape Town



60% of Boards endorse Integrated Reports

IRC Research

Conducted by - College of Accounting, University of Cape Town



57% of reports - to be read by stakeholders other than investors

IRC Research

Conducted by - College of Accounting, University of Cape Town



17% shorter than 100 pages

IRC Research

Conducted by - College of Accounting, University of Cape Town



International Position

- UNEP FI
- Academics
- Financial Stability Board
- World Bank
- International Organisation of Securities Commissions
- Government representatives
- WWWF
- UNCTAD
- Accountancy profession
- Global Reporting Initiative
- Global Compact
- IASB/FASB
- Global Companies
- WBCSD
- Transparency International
- Stock exchanges

International Integrated Reporting Council

MARKS &
SPENCER



GOLD FIELDS

 National Australia Bank



ROSATOM

Microsoft[®]


PRUDENTIAL



natura



SAP[®]



 Eskom



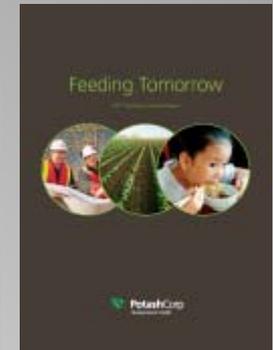
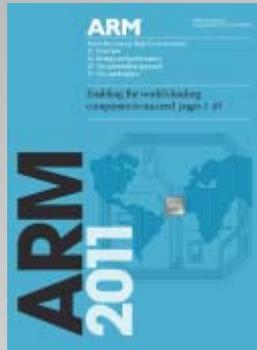
HSBC

BBVA




novo nordisk[®]

Pilot programme



Examples Database



Assurance improves credibility of Report

Thank
You