

“To make our economy sustainable we have to relearn everything we learnt from the past. That means making more from less and ensuring that governance, strategy and sustainability are inseparable.”

Professor Mervyn King, Deputy Chairman,
International Integrated Reporting Committee

New economic thinking is needed to respond to the challenges of the 21st century. This thinking requires a new information set upon which decisions can be based, one that recognises the need for good governance and new business models that do more with less – capable of supporting nine billion people living within the constraints of a finite planet. Integrated Reporting is set to demonstrate how corporate reporting can evolve in response.

The International Integrated Reporting Committee was established by The Prince’s Accounting for Sustainability Project, the Global Reporting Initiative and the International Federation of Accountants in August 2010. It brings together Chairmen, Chief Executives and leaders from the international financial standard-setting, regulatory, corporate and investment worlds with experts from academia and civil society to set out how reporting can evolve to meet the needs of the 21st century.

Its purpose is to develop a new internationally accepted approach to reporting – an approach which provides more comprehensive information about the full range of an organization’s impacts and performance, past and future, in a clear, concise, consistent and comparable manner. In other words, to help develop reports that not only provide financial information, but information about an organization’s governance, social and environmental performance; and not in disconnected sections or silos but in an integrated manner, which reflects the reality that all these elements (financial, governance, social and environmental) are closely related and inter-dependent, and flow from the organization’s overall strategy. By reinforcing these connections, it will enable organizations, investors and others to make robust decisions that will lead to long-term, sustainable economic and social value.

Current reporting standards such as International Financial Reporting Standards (IFRS) or US Generally Accepted Accounting Principles (US GAAP) require organizations to produce a fair and reasonable account of their business in audited financial reports. Often, these reports do not fully consider the social,

environmental and long-term economic context within which the business operates. Some companies produce Sustainability or Corporate Responsibility reports which consider these factors. However, these reports do not necessarily connect the risks and opportunities with the business strategy and model.

Integrated Reporting reflects, and supports, what can be called “integrated thinking” within an organization. Integrated thinking relates to the ability of those within the organization, in particular management and those charged with governance, to understand and base their decisions on the interconnections between the factors that contribute to success over time.

Without this broader and connected information, organizations, investors and therefore our economies will not have the capacity to absorb, repel and adapt to future external shocks.

The recent financial crisis has demonstrated the need for capital market decision-making to reflect long-term considerations and has called into question the extent to which corporate reporting disclosures, as they exist today, highlight systematic risks to business sufficiently. One important tool which the G20 is using to address these risks is greater transparency of market participants. Integrated Reporting can deliver this greater transparency. This may deliver lower volatility in markets and permit investors, regulators and other stakeholders to identify such risks as they emerge and enable these to be dealt with in a timely way, adding to greater market stability.

The development of Integrated Reporting is a significant step forward and a daunting task, but it is a task that cannot be shirked if the information needed so urgently to meet the challenges of the 21st century is to be provided. Put briefly, Integrated Reporting is a vital building block to enable the world’s economy to evolve and maintain standards of living for people who already enjoy a good quality of life, and create them for the hundreds of millions who do not, without the present unsustainable over-consumption of the world’s finite natural resources.

A list of the committee members is included at Appendix I.

For more information, see www.theiirc.org

Appendix 1

List of I.I.R.C members

- Sir Michael Peat, Principal Private Secretary to TRH The Prince of Wales and The Duchess of Cornwall (Chairman)
- Professor Mervyn King, Chairman, King Committee on Corporate Governance and Chairman, Global Reporting Initiative (Deputy Chairman)
- Helen Brand, Chief Executive, ACCA
- Professor Nelson Carvalho, Universidade de São Paulo, Brazil and Chairman, 25th Session of UNCTAD's ISAR
- Paul Clements-Hunt, Head of Unit, UNEP Finance Initiative
- Aron Cramer, President and CEO, Business for Social Responsibility (BSR)
- Robert Eccles, Professor of Management Practice, Harvard Business School
- Gerald Edwards, Senior Advisor on Accounting and Auditing Policy, Financial Stability Board (Observer)
- John Elkington, Founding Partner & Executive Chairman, Volans
- Wolfgang Engshuber, President, Corporate Centers, Munich Re America, UNPRI
- Tim Flynn, Chairman, KPMG International
- Ishaat Hussain, Chief Financial Officer, Tata
- Michael Izza, ICAEW Chief Executive, Global Accounting Alliance
- Professor Angeliem Kemna, Chief Investment Officer, APG
- Thomas Kusterer, Chief Financial Officer, EnBW Energie Baden-Württemberg AG
- Huguette Labelle, Chair, Transparency International
- Mindy Lubber, President of Ceres and Director of INCR
- Charles A. McDonough, Vice President and Controller, The World Bank
- Sir Mark Moody-Stuart, Chairman of the Foundation for the Global Compact
- Dennis Nally, Chairman, PricewaterhouseCoopers International Limited
- Jeremy Newman, Chief Executive Officer, BDO International

- Edward Nusbaum, Chief Executive Officer, Grant Thornton International
- David Nussbaum, WWF-UK Chief Executive, WWF International
- Roberto Pedote, Senior Vice President of Financial and Legal Affairs, Natura
- Russell Picot, Group Chief Accounting Officer, HSBC
- Jim Quigley, Chief Executive Officer, Deloitte Touche Tohmatsu
- René Ricol, General Commissioner for Public Investment (France)
- Atsushi Saito, President & CEO, Tokyo Stock Exchange Group, Inc
- Rick Samans, Managing Director, WEF and Chairman, Climate Disclosure Standards Board
- Maria Santana, Chairman of the Executive Committee of the International Organization of Securities Commissions (IOSCO)
- Leslie Seidman, Chairman, Financial Accounting Standards Board
- Jim Singh, Chief Financial Officer, Nestle
- Björn Stigson, President, World Business Council for Sustainable Development
- Göran Tidström, President, International Federation of Accountants
- Charles Tilley, Chief Executive, CIMA
- Jim Turley, Chairman and Chief Executive Officer, Ernst & Young
- Sir David Tweedie, Chairman of the International Accounting Standard Board
- Doug Webb, 100 Group of Finance Directors
- Christy Wood, Chair, International Corporate Governance Network

List of Working Group members

- Paul Druckman, Executive Board Chairman, The Prince's Accounting for Sustainability Project (Co-Chairman)
- Ian Ball, Chief Executive Officer, International Federation of Accountants (Co-Chairman)
- Dr Nelmara Arbex, Deputy Chief Executive, Global Reporting Initiative
- Frank Curtiss, Head of Corporate Governance, Railpen and Chair, International Corporate Governance Network Non-Financial Reporting Committee
- Peter Dart, Director, WPP
- Jessica Fries, Director, The Prince's Accounting for Sustainability Project (Secretary)
- James Gifford, Executive Director, United Nations Principles for Responsible Investment
- Eric J. Hespenheide, Partner, Deloitte Touche Tohmatsu
- Kiyoshi Ichimura, Executive Board Member, The Japanese Institute of Certified Public Accountants
- Alan Knight, Independent Standards Advisor
- Claudia Kruse, Head of Corporate Governance, APG Investments
- Bob Laux, Director, Accounting and Reporting, Microsoft
- Jerome Lavigne-Delville, Special Advisor, UN Global Compact Office
- Ernst Ligteringen, Chief Executive, Global Reporting Initiative
- Steve Maslin, Partner, Grant Thornton
- Dr. Robert Kinloch Massie, Senior Fellow, Initiative for Responsible Investment, Kennedy School of Government, Harvard University
- David Matthews, Partner, KPMG
- Dr Anthony Miller, Corporate Transparency and Accountability Programme, UNCTAD
- Dr Jeanne Ng, Director - Group Environmental Affairs, CLP Holdings Limited
- David Phillips, Partner, PricewaterhouseCoopers

- Janet Ranganathan, Vice President for Science and Research, WRI
- Professor Roger Simnett, Deputy Dean - Research, University of New South Wales
- Susanne Stormer, Vice President, Global Triple Bottom Line Management, Novo Nordisk
- Alan Teixeira, Director of Technical Activities, International Accounting Standards Board
- Graham Terry, Head: Office Of The Executive President, South African Institute of Chartered Accountants
- Dr Steve Waygood, Head of Sustainability Research and Engagement, Aviva Investors

Additional Task Force and Advisory Group Members

- Marjolein Baghuis, Communications and Network Relations Director, Global Reporting Initiative
- Ralf Frank, Managing Director, DVFA
- Robert Giglietti, Deputy Controller-Financial Reporting, GE
- Gavin Grant, Chairman, Burson-Marsteller UK
- Lois Guthrie, Secretary, Climate Disclosure Standards Board
- Jonathon Hanks, Founding Director, Incite Sustainability
- Yoichi Mori, Technical Director, The Japanese Institute of Certified Public Accountants
- John Paluszek, Chair, Global Alliance for Public Relations and Communication Management
- Sallie Pilot, Director of Research & Strategy, Black Sun
- Peter Proestakes, Assistant Director, Financial Accounting Standards Board
- Nick Ridehalgh, Senior Director, KPMG Sydney
- Tom Rotherham, Associate Director, Hermes Equity Ownership Services (EOS)
- Neil Stevenson, Brand Executive Director, ACCA

- Alan Willis, Independent Standards Advisor

Secretariat

- Jessica Fries, Director, The Prince's Accounting for Sustainability Project
- Lisa French, Director Reporting Framework, Global Reporting Initiative
- Superna Khosla, Head of Communications and Engagement, The Prince's Accounting for Sustainability Project
- Mike Krzus, Partner, Grant Thornton
- Mariko Mashiro, Research Fellow, World Intellectual Capital Initiative (WICI)
- Michael Nugent, Senior Technical Manager, International Federation of Accountants
- Mike Reid, Project Manager, The Prince's Accounting for Sustainability Project
- Beth Schneider, Director, Deloitte Touche Tohmatsu
- Joris Wiemer, Senior Coordinator - External Relations, Global Reporting Initiative