

Pre-reading Material

The purpose of this and the other roundtables being arranged around the world, is to enable broad participation in the development of a Discussion Paper on an Integrated Reporting framework and will focus on stakeholders perspectives in the following key areas:

- *Why Integrated Reporting?* This covers the case for integrated reporting in the macro and micro contexts and from a range of perspectives the vision for Integrated Reporting;
- *The Future* – the vision for Integrated Reporting by say 2020; how do we make the vision a reality and what are the risks and barriers to be overcome;
- *The proposed Integrated Reporting framework* – what should be the key principles for preparation and presentation and what are the implications for regulatory integration;
- *The overseeing body* – what should be the role of the IIRC and other organisations in overseeing the further development and adoption of Integrated Reporting; and
- *Evidence of stakeholders.*

Integrated Reporting

Companies are currently required to produce audited financial reports but often, these reports do not need to consider economic, environmental, or social risks and opportunities, or corporate governance at the same level of detail. These factors are sometimes addressed by companies in their voluntary sustainability reports.

Integrated Reporting will help to bring together data that are relevant to the performance and impact of a company in a way that will create a more profound and comprehensive picture of the risks and opportunities a company faces, specifically in the context of the drive towards a more sustainable global economy.

The development of a sustainable global economy will increasingly require companies to provide a complete picture of their financial, economic, social, environmental, and governance impacts. Integrated Reporting enables greater transparency of the link between these factors. An Integrated Report provides a more coherent and consistent basis for engagement with different stakeholders and can thus help to rebuild and protect the reputation of and trust in an organisation.

Integrated reporting sets out relevant, concise information that enables investors and other stakeholders to gain insight by offering an assessment of a business's strategy and performance towards creating long-term, sustainable value. It demonstrates the linkages between an organisation's strategy, governance and financial performance and the social, environmental and economic context within which it operates. By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions.

"Integrated Reporting builds on the practice of Financial Reporting, and Environmental, Social and Governance - or ESG - Reporting, and equips companies to strategically manage their operations, brand and reputation to stakeholders and be better prepared to manage any risk that may compromise the long-term sustainability of the business."

Professor Mervyn E. King, Chairman, Global Reporting Initiative (GRI)

The International Integrated Reporting Committee (IIRC)

The IIRC was established in August 2010. It is the first time so many key influencers have come together internationally on the Integrated Reporting agenda.

The IIRC's aim is the development of a concise, clear and comprehensive Integrated Reporting framework structured around the organisation's strategic objectives, its governance and business model and integrating both material financial and non-financial information.

The work of the IIRC encompasses:

- raising awareness of the drivers for Integrated Reporting and the response required by all interested parties;
- proposing an approach for an integrated reporting framework;
- developing a vision for implementing an Integrated Reporting framework, whether through a newly-created or an existing standards-setting body.

There are several standard-setting and regulatory bodies responsible for creating standards for financial reporting, as well as frameworks and guidelines for ESG reporting. However, there is no single body with the authority, legitimacy or expertise to bring together the different elements required for Integrated Reporting.

"If you are a company committed to the long term, and one of your ambitions is to be trusted, you have no choice – Integrated Reporting is the way to communicate."

Jim Singh, Executive Vice President and Chief Financial Officer of Nestlé

Further details, including membership of the IIRC, can be found on www.theiirc.org

Links to further reading

- Outcomes of the Harvard Business School Workshop on Integrated Reporting (14-15 October 2010)
 - *The Landscape of Integrated Reporting: Reflections and Next Steps* (Ebook) Edited By Robert G. Eccles, Beiting Cheng and Daniela Saltzman, 2010, URL: <http://www.smashwords.com/books/view/30930> and
 - Executive Summaries - A Workshop on Integrated Reporting: Frameworks and Action Plan, October 14-15 2010 URL: <http://www.hbs.edu/environment/docs/HBS%20Integrated%20Reporting%20Workshop%20-%20Executive%20Summaries%20-%20draft%2011-8-10.pdf>
- Session on Integrated Reporting at the World Economic Forum Annual meeting in Davos, January 2011 URL: <http://www.weforum.org/sessions/summary/accounting-new-realities-redesigning-corporate-reporting>