



Press Briefing

Formation of the International Integrated Reporting Committee (IIRC)

Strictly embargoed until 10am BST on 2nd August 2010

1. What is the underlying issue we face?

The over-consumption of finite natural resources coupled with the very real risk of catastrophic climate change are possibly the greatest challenges facing the world. An effective response to these challenges will require deep-seated changes to our current economic model. Information currently required under accounting standards and listing rules does not fully reflect material environmental and social factors, such as climate change, resource use or human rights, despite the fundamental impact that these factors have on an assessment of both the current and future performance of an organization and its contribution to the creation of a sustainable economy. Where organizations disclose this information, it is seldom presented in a manner which is connected with strategic direction and financial performance, assists comparison between businesses and years or makes clear risks and opportunities. A move to integrated reporting will be a vital step for all organizations to meet the challenges of the sustainability revolution.

2. What is the purpose of the IIRC?

The IIRC is being created to respond to this need for a concise, clear, comprehensive and comparable integrated reporting framework structured around the organization's strategic objectives, its governance and business model and integrating both material financial and non-financial information. The objectives for an integrated reporting framework are to:

- a) support the information needs of long-term investors, by showing the broader and longer-term consequences of decision-making;
- b) reflect the interconnections between environmental, social, governance and financial factors in decisions that affect long-term performance and condition, making clear the link between sustainability and economic value;
- c) provide the necessary framework for environmental and social factors to be taken into account systematically in reporting and decision-making;
- d) rebalance performance metrics away from an undue emphasis on short-term financial performance; and
- e) bring reporting closer to the information used by management to run the business on a day-to-day basis.

3. What is the role of the IIRC?

At present a range of standard-setters and regulatory bodies are responsible for individual elements of reporting. No single body has the oversight or authority to bring together these different elements that are essential to the presentation of an integrated picture of an organization and the impact of environmental and social factors on its performance. In addition, globalisation means that an accounting and reporting framework needs to be developed on an international basis. At present, there is a risk that, as individual regulators respond to the risks faced, multiple standards will emerge.

The role of the IIRC is to:

- a) raise awareness of this issue and develop a consensus among governments, listing authorities, business, investors, accounting bodies and standard setters for the best way to address it;
- b) develop an overarching integrated reporting framework setting out the scope of integrated reporting and its key components;
- c) identify priority areas where additional work is needed and provide a plan for development;
- d) consider whether standards in this area should be voluntary or mandatory and facilitate collaboration between standard-setters and convergence in the standards needed to underpin integrated reporting; and
- e) promote the adoption of integrated reporting by relevant regulators and report preparers.

4. Who is behind this?

In December 2009, His Royal Highness The Prince of Wales convened a high level meeting of investors, standard setters, companies, accounting bodies and UN representatives. At the meeting it was agreed that the Prince's Accounting for Sustainability and the Global Reporting Initiative should work together with other organizations to establish an international body to oversee the creation of a generally accepted integrated reporting framework that would connect financial and sustainability reporting.

5. How has the IIRC been established?

At the meeting in December 2009, it was recommended that a Steering Committee and a Working Group be formed to establish the IIRC. The responsibilities of the Working Group include drafting proposals for the governance arrangements and developing proposals relating to the scope and content of integrated reporting. The Steering Committee provide expert and informed guidance to the Working Group and consider and adopt, as appropriate, the proposals drawn up by the Working Group.

6. Who are the members of the Steering Committee and Working Group?

The IIRC brings together a powerful cross section of representatives from the corporate, accounting, securities, regulatory, and standard-setting sectors. The Steering Committee is chaired by Sir Michael Peat, Principal Private Secretary to TRH The Prince of Wales and the Duchess of Cornwall, with Professor Mervyn King, Chairman, King Committee on Corporate Governance and Chairman, Global Reporting Initiative as Deputy Chairman. The Working Group has co-chairmen: Paul Druckman, A4S Executive Board Chairman, and Ian Ball, Chief Executive Officer, International Federation of Accountants. Membership will comprise international representation from the following stakeholder groups: companies, investors, regulators, standard-setters, intergovernmental organizations, non-governmental organizations, the accounting profession, civil society and academia. Members will sit on the Groups as representatives of their organizations in addition to bringing individual expertise.

A full list of the members of each group is attached in Appendix 1 and further information on the IIRC can be found at www.integratedreporting.org

APPENDIX 1

IIRC Steering Committee

List of 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
- Robert Bunting, President, International Federation of Accountants
- 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
- Jane Diplock, Chairperson, Executive Committee of the International Organization of Securities Commissions
- Bob Eccles, Harvard Business School
- John Elkington, Founding Partner & Executive Chairman, Volans
- Tim Flynn, Chairman, KPMG International
- Robert H. Herz, Chairman, Financial Accounting Standards Board
- Ishat Hussain, Chief Financial Officer, Tata
- Michael Izza, ICAEW Chief Executive, Global Accounting Alliance
- Georg Kell, Executive Director, UN Global Compact
- Professor Angelien Kemna, Chief Investment Officer, APG
- Thomas Kusterer, EDF Energy Chief Financial Officer, EDF Group
- Huguette Labelle, Chair, Transparency International
- 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, Executive Vice President and Finance, Natura
- Russell Picot, Group Chief Accounting Officer, HSBC
- Jim Quigley, Chief Executive Officer, Deloitte Touche Tohmatsu
- Atsushi Saito, President & CEO, Tokyo Stock Exchange Group, Inc
- Richard Samans, Managing Director, WEF and Chairman, Climate Disclosure Standards Board
- Jim Singh, Chief Financial Officer, Nestle
- Björn Stigson, President, World Business Council for Sustainable Development
- Charles Tilley, Chief Executive, CIMA
- Jim Turley, Chairman and Chief Executive Officer, Ernst & Young
- Sir David Tweedie, Chairman, International Accounting Standards Board
- Doug Webb, 100 Group of Finance Directors
- Christy Wood, Chair, International Corporate Governance Network

IIRC Working Group

List of members

- Paul Druckman, Executive Board Chairman, The Prince's Accounting for Sustainability Project (Co-Chairman)
- Ian Ball, Chief Executive, International Federation of Accountants (Co-Chairman)
- 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
- Jessica Fries, Director, The Prince's Accounting for Sustainability Project (Secretary)
- James Gifford, Executive Director, United Nations Principles for Responsible Investment
- Alan Knight, Associate Senior Partner, AccountAbility
- Mitsuru Komiyama, Executive Board, The Japanese Institute of Certified Public Accountants
- Bob Laux, Director, Accounting and Reporting, Microsoft
- Ernst Ligteringen, Chief Executive, Global Reporting Initiative
- Steve Maslin, Partner, Grant Thornton
- 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
- Richard Reid, Partner, KPMG
- 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