

## 1. WHAT IS INTEGRATED REPORTING?

Integrated Reporting brings together material information about an organization's strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates. It provides a clear and concise representation of how an organization demonstrates stewardship and how it creates and sustains value.

An Integrated Report should be an organization's primary reporting vehicle.

## 2. WHO IS THE INTERNATIONAL INTEGRATED REPORTING COMMITTEE?

The International Integrated Reporting Committee (IIRC) has brought together world leaders from the corporate, investment, accounting, securities, regulatory, academic, civil society and standard-setting sectors to develop a new approach to reporting.

The IIRC was established in August 2010 by The Prince's Accounting for Sustainability Project, the Global Reporting Initiative and the International Federation of Accountants.

### *MEMBERSHIP*

The membership of IIRC includes representatives from the main global accounting firms and bodies, the UN, the International Organization of Securities Commissions, the International Monetary Fund, the Financial Stability Board (as observers), the International Accounting Standards Board and the Financial Accounting Standards Board, as well as from a range of businesses, investors, non-governmental organizations and academic institutions.

Over a quarter of the IIRC members represent investors and business. Half of the members come from international organizations.

More information on the IIRC can be found at [www.theiirc.org](http://www.theiirc.org).

## 3. WHY DOES INTEGRATED REPORTING MATTER?

Research has shown that reporting influences behaviour. Integrated Reporting results in a broader explanation of performance than traditional reporting. It makes visible an organization's use of and dependence on different resources and relationships or "capitals" (financial, manufactured, human, intellectual, natural and social), and the organization's access to and impact on them. Reporting this information is critical to:

- a meaningful assessment of the long term viability of the organization's business model and strategy;
- meeting the information needs of investors and other stakeholders; and ultimately
- the effective allocation of scarce resources.

#### 4. HOW IS INTEGRATED REPORTING DIFFERENT?

- **Thinking** - Integrated Reporting reflects and supports integrated thinking for an organization's value creation process
- **Stewardship** - An Integrated Report displays an organization's stewardship not only of financial capital, but also of the other "capitals" (manufactured, human, intellectual, natural and social).
- **Focus** - An Integrated Report focuses on an organization's strategic objectives and its ability to create and sustain value in the future, as well as, past financial performance and financial risks.
- **Timeframe** - Integrated Reporting specifically factors in short, medium and long term considerations.
- **Trust** - Integrated Reporting emphasizes transparency, rather than focussing primarily on a narrow series of mandated disclosures, and helps to build trust.
- **Adaptive** - Integrated Reporting offers a principles-based approach which drives greater focus on factors that are material to particular sectors and organizations.
- **Concise** – Integrated Reporting is concise and material, not long and complex.
- **Technology enabled** – Integrated Reporting takes advantage of new and emerging technologies to link information within the primary report and to facilitate access to further detail online

#### 5. WHY IS THIS DISCUSSION DOCUMENT BEING LAUNCHED NOW?

The recent financial crisis has raised fundamental questions about the functioning of the capital markets and the extent to which existing corporate reporting disclosures highlight systemic risk. At the same time, the world has changed due to globalization and resulting interdependencies in economies and supply chains, advances in technology, rapid population growth and increasing global consumption.

Against this background, many companies, investors and governments have recognized the importance of being able to assess an organization's overall governance and performance in the short, medium and long term, and the growing need to report a broader set of information. In response, some governments are implementing new regulation. However, to date these activities have generally been undertaken in silos, with the risk of increasing the volume of information reported, with the sheer volume required clouding the insight provided.

The IIRC was established in 2010 to reduce this duplication and create international cohesion and consistency that will facilitate the development of reporting over the coming decades. The IIRC seeks to build upon, enhance and support the work that has been done to date, and is ongoing, through the launch of the Integrated Reporting Discussion Paper.

#### 6. WHAT'S HAPPENING NEXT?

The discussion paper *Towards Integrated Reporting – a case for global change* will be published for consultation on Monday 12th September. This paper presents the rationale for Integrated Reporting and proposals for the development of an International Integrated Reporting Framework. The deadline for providing feedback is Wednesday 14 December 2011.

In October 2011, the IIRC will begin a pilot programme to road test the proposed framework; interested organizations are invited to apply.