

AGENDA PAPER

IFRS Advisory Council Meeting

LONDON 22 – 23 October 2012

Agenda ref 8

TOPIC International Integrated Reporting Council

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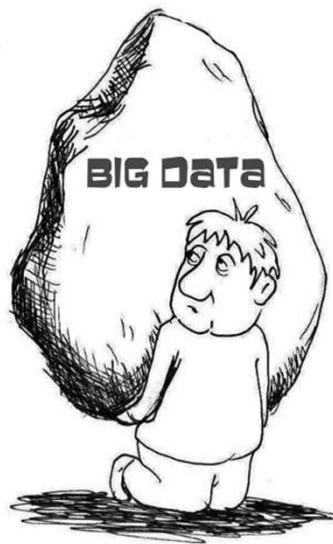
This paper has been prepared for discussion at a public meeting of the IFRS Advisory Council. The views expressed in this paper are those of the authors. Comments made in relation to the application of an IFRS do not purport to be acceptable or unacceptable application of that IFRS.

International Integrated Reporting Council Presentation for October 2012 IFRS Advisory Council meeting

INTERNATIONAL INTEGRATED REPORTING COUNCIL

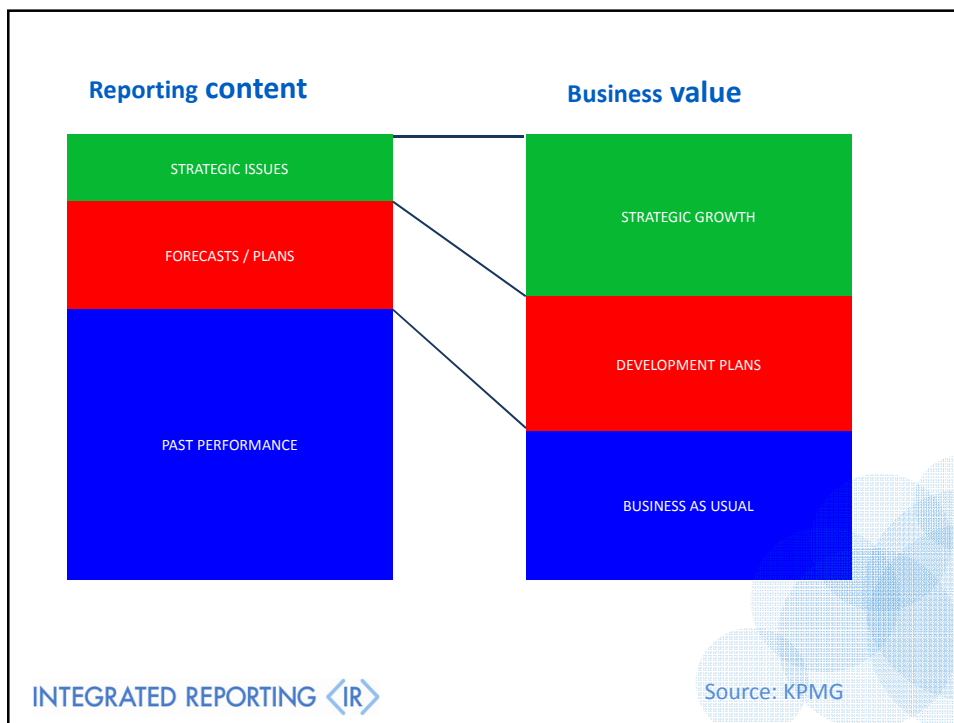
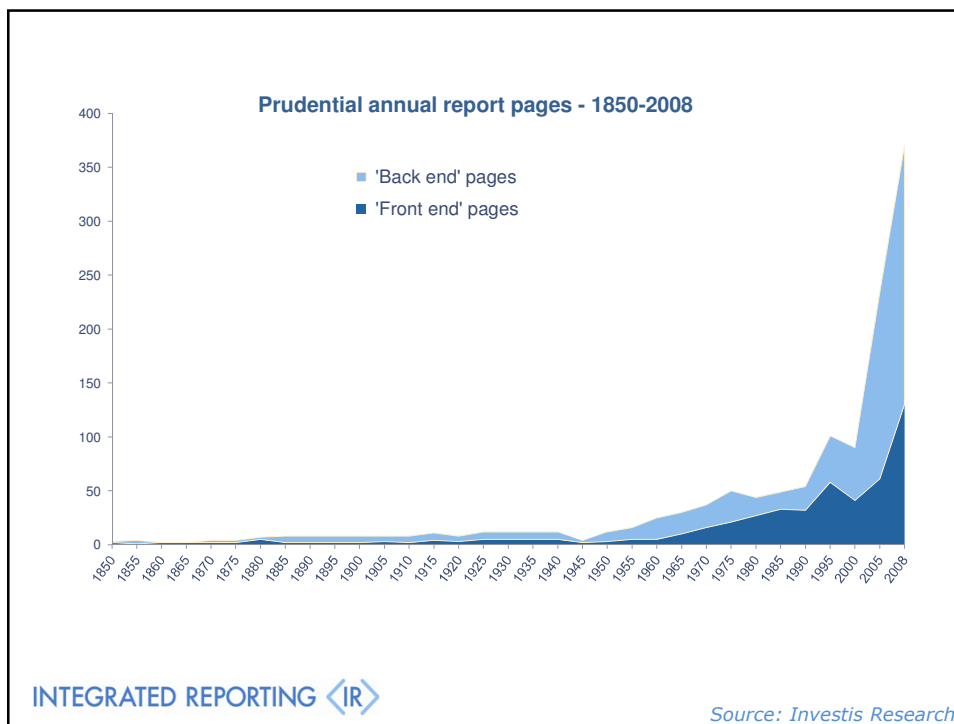


INTEGRATED REPORTING 



“in the last 2 years
mankind produced
the equivalent
amount of data as in
the time mankind
has existed”

BIG DATA – Peter Graf, SAP



Professor Mervyn King often borrows words from Victor Hugo noting:



“Nothing else in the world... is so powerful as an idea whose time has come”.

The way in which <IR> is capturing the imagination of the world suggests that its time has come.

INTEGRATED REPORTING <IR>

Great challenges for the 21st Century



CONTRA

FINANCIAL STABILITY

"the only future is a sustainable future"



"The over whelming predominance of short termism in markets Compounded by a system ill-suited to integrate and account for externalities simply removes many of the broader systemic risks from the financing and investment equation".

*Andrew Haldane
Deputy Governor of the Bank of England*

Andrew Haldane II

- In the 1940s he points out the mean duration of US equity holders was around 7 years.
- For the next 30 years up until 1970 little changed.
- But in the subsequent 35 years the average holding has fallen spectacularly.
- By the 1987 crash the holding period had fallen to under 2 years
- by the turn of this century it had fallen to below a year
- and by 2007 it was 7 months.

This has very distorting effect on market behaviour and leads to short term investment decisions which add to volatility and fragility in the global capital markets. It undermines financial stability in a critical way

What's Integrated Reporting?

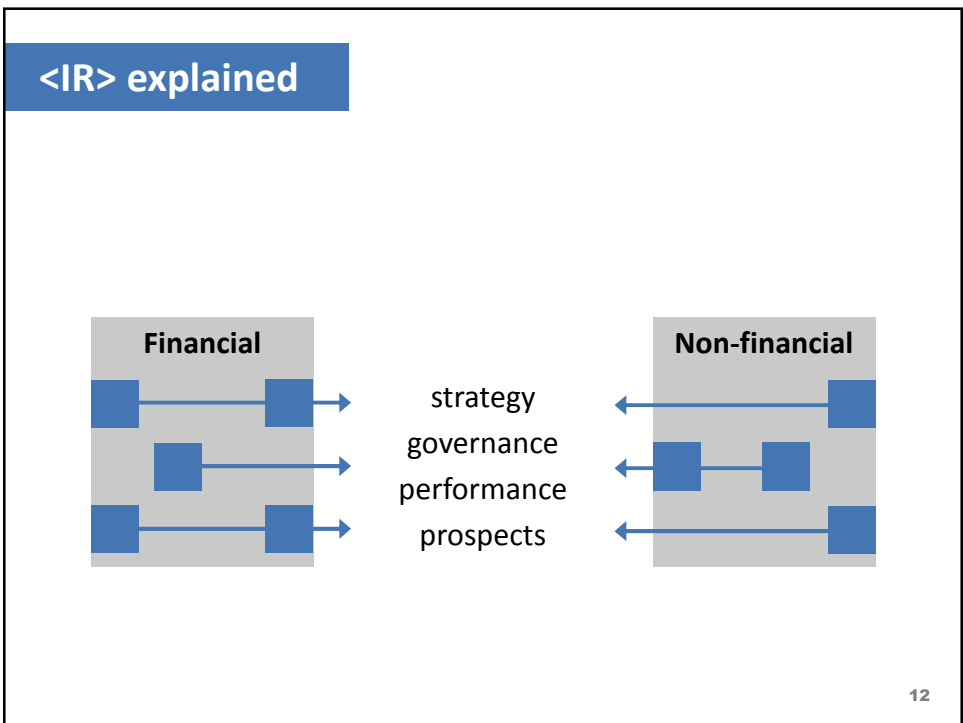
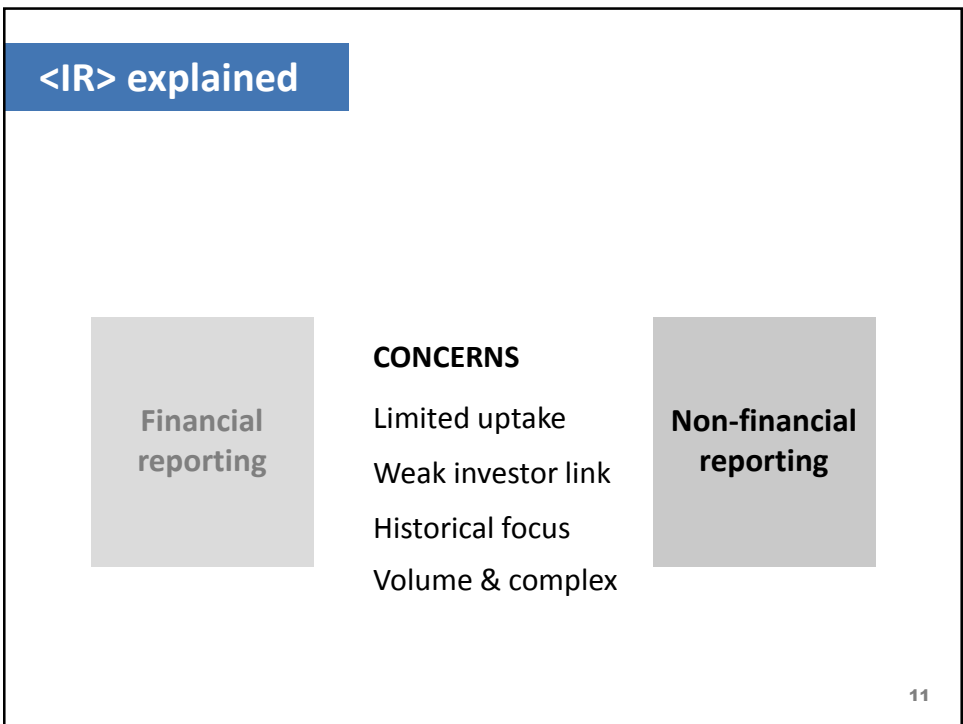


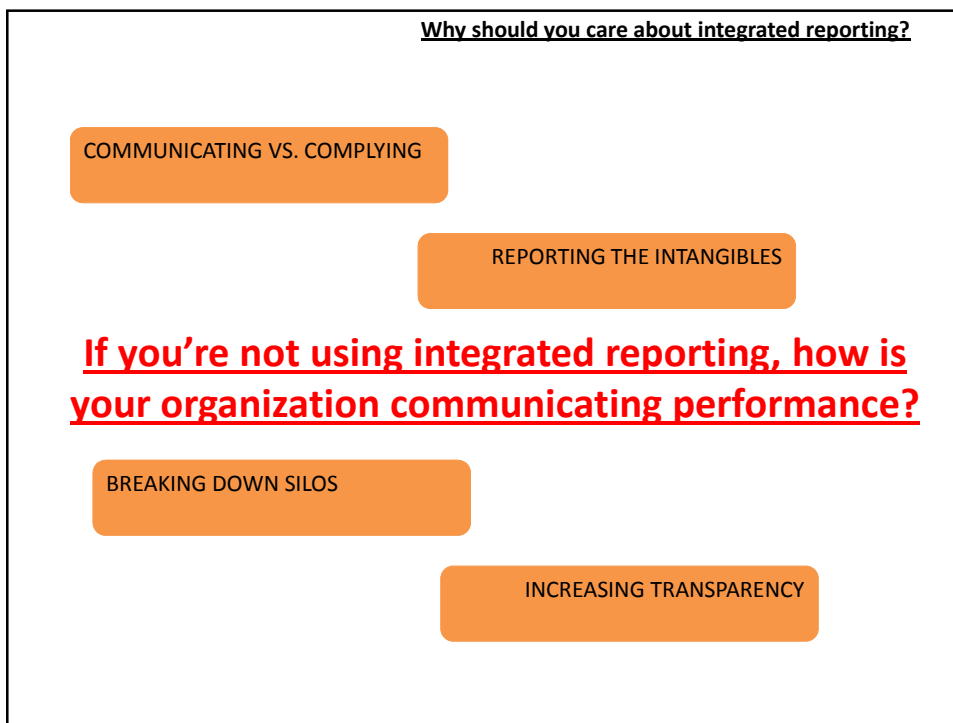
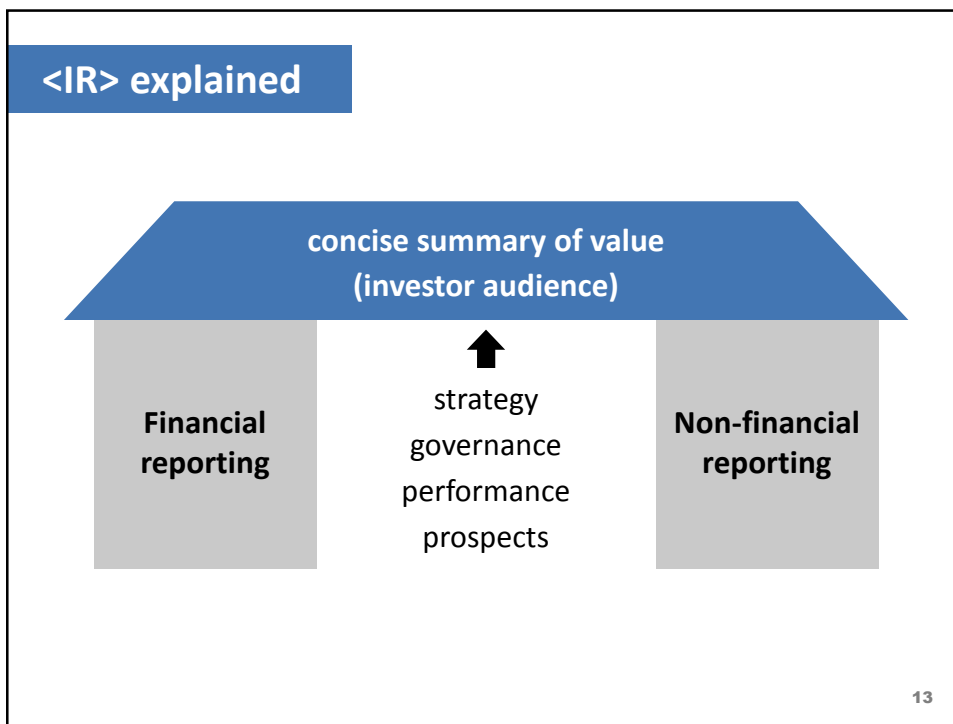
<IR> explained

**Financial
reporting**

CONCERNS

- Strategy?
- Historical focus
- Financial focus
- Volume and complexity





the South African experience:

1. Presentation better because of an investment of effort and have more structure and purpose.

2. **Thread** running through of the story of the organisation

3. **Focus** on the game changing issues

4. Demonstration of IR as a **journey** of substance, the first efforts are version 1.0

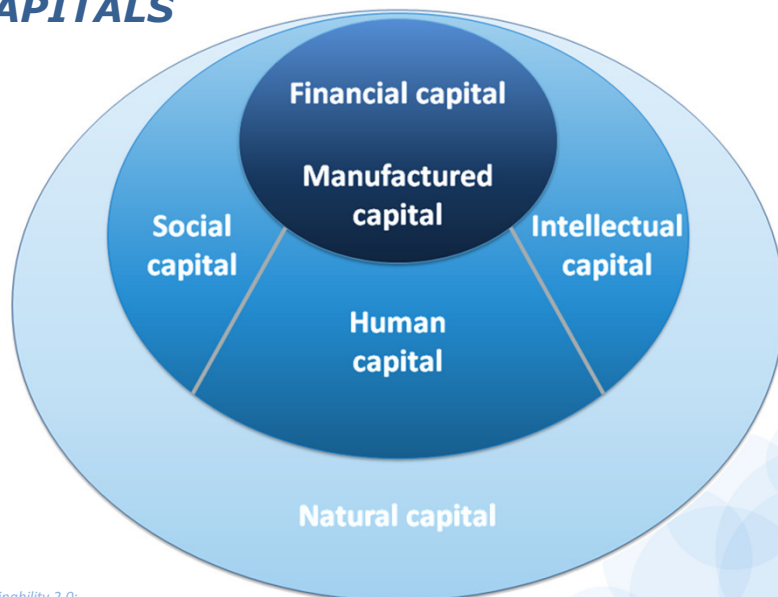
5. Leading light because taking the step, and companies **endorse** and accept this

KPMG: David Matthews
and Matt Chapman

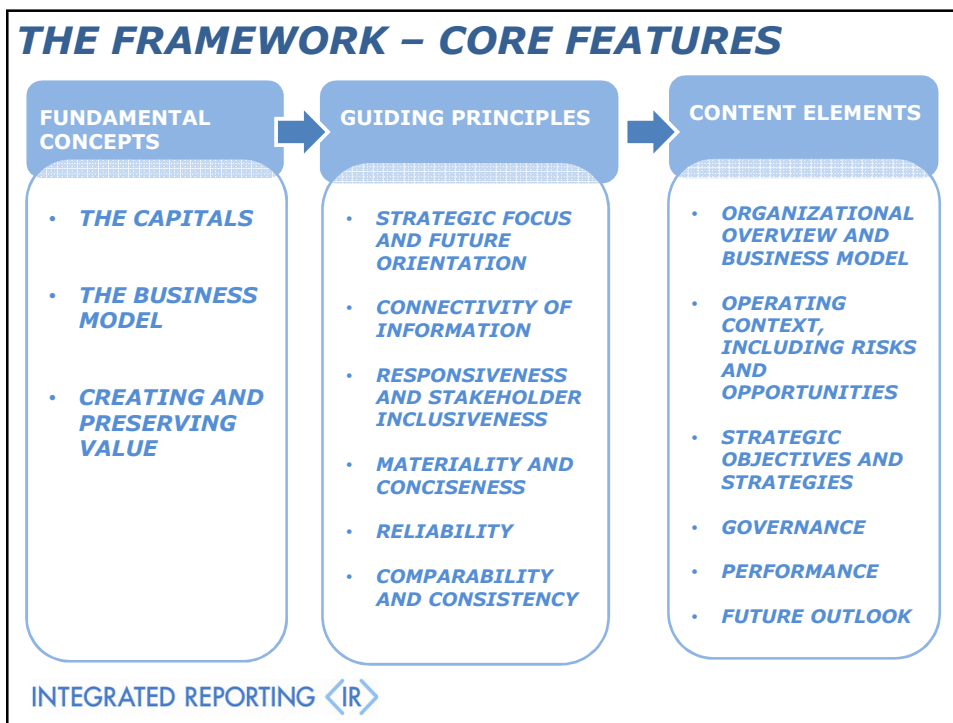
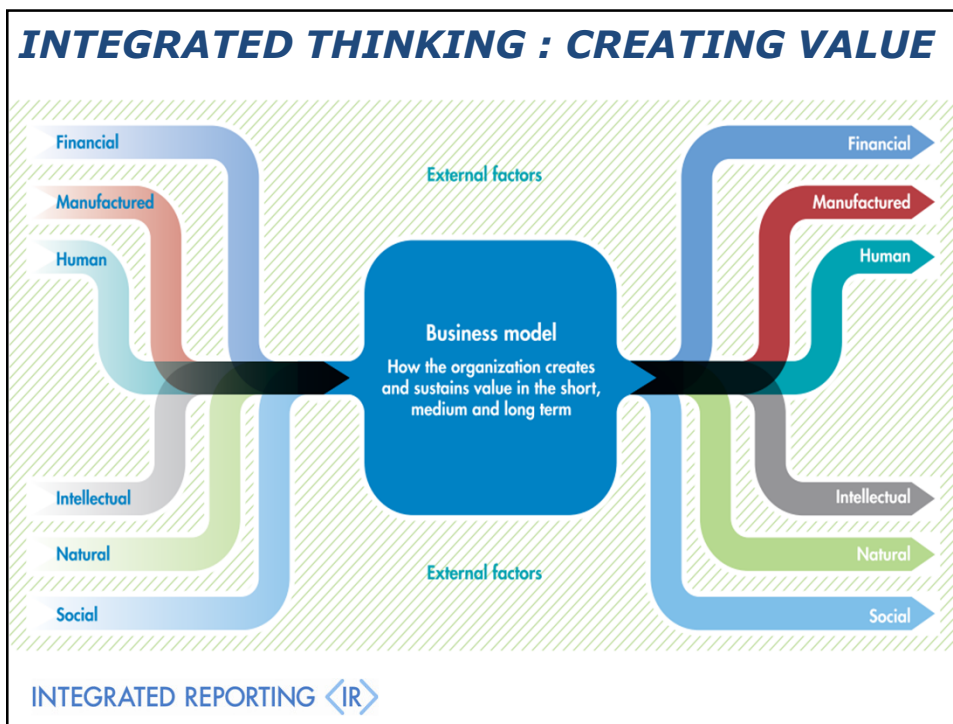


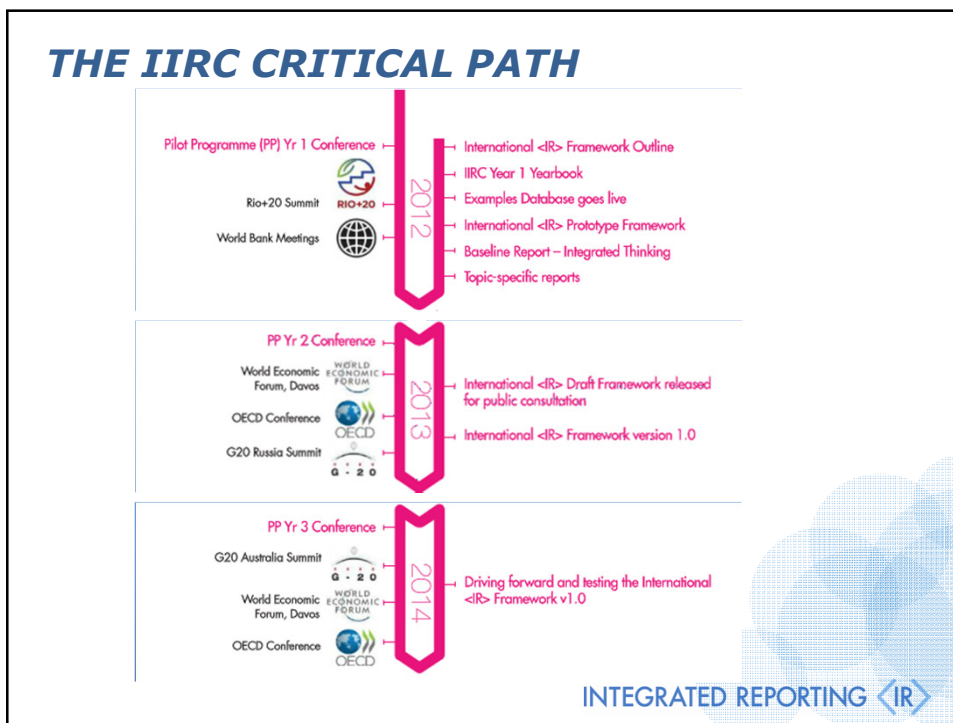
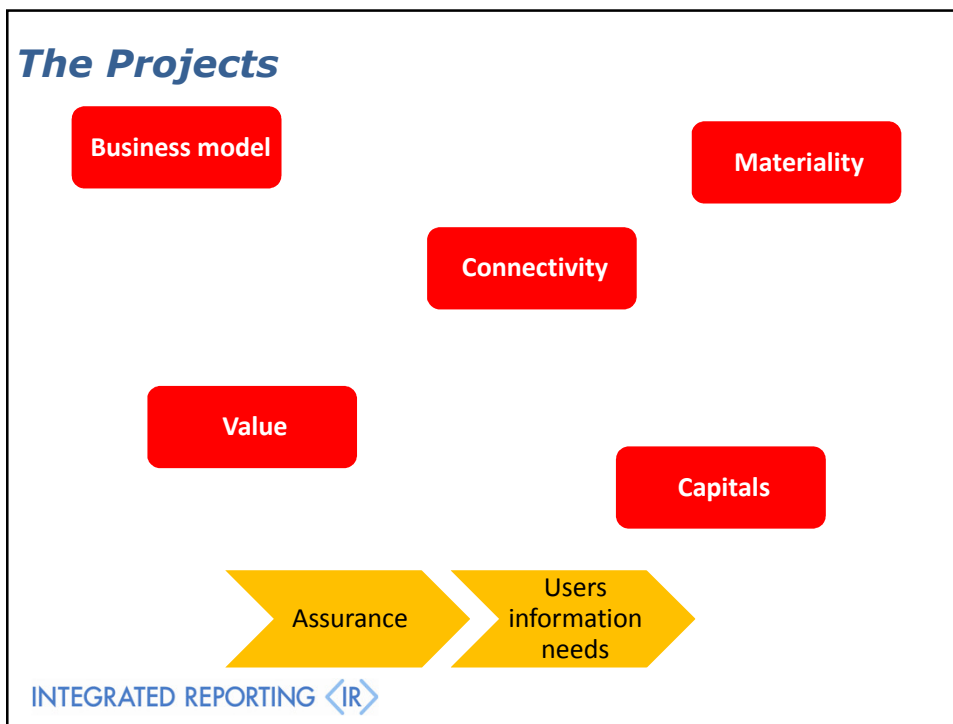
Danger is that actual reports are not exemplars of IR currently

THE CAPITALS



Source: Incite 'Sustainability 2.0:
A Guide to Competing in a Changing World'







Capturing the experiences of global businesses and investors

The IIRC Pilot Programme Yearbook



EMERGING INTEGRATED REPORTING DATABASE

Examples Database



IIRC Draft Prototype Framework

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