

IASB Meeting



Staff Paper

Agenda Paper 8

29 January – 1 February 2013

Project

Integrated Reporting

Paper topic

Education session -
Overview and update of IASB activities

Alan Teixeira – Senior Technical Director
+44 (0) 20 7246 6442
ateixeira@ifrs.org

This paper has been prepared by the staff of the IFRS Foundation for discussion at a public meeting of the IASB and does not represent the views of the IASB or any individual member of the IASB. Comments on the application of IFRSs do not purport to set out acceptable or unacceptable application of IFRSs. Technical decisions are made in public and reported in IASB *Update*.

Caveats

- This presentation reflects my observations about Integrated Reporting and the views I advocate to the IIRC Working Group, Technical Task Force and Materiality Technical Collaboration Group.
- The presentation includes some definitions from the <IR> Discussion Paper. Those definitions will, in some cases, be amended as a result of the on-going work of the IIRC. Because the working group and technical task force do not meet in public it is not appropriate to share any revised definitions until the Working Group and Council have approved them.

History

- **2009**

The Prince of Wales convened a high level meeting of investors, standard setters, companies, accounting bodies and UN representatives to establish the International Integrated Reporting Committee (IIRC), a body to oversee the creation of a globally accepted Integrated Reporting framework.

- **2010 and 2011**

the IIRC held a series of successful meetings around the globe resulting in the development of Integrated Reporting through regional roundtables, the launch of the <IR> Discussion Paper, and establishing the <IR> Pilot Programme.

- **November 2011**

The Committee was renamed the International Integrated Reporting Council (IIRC).

- **2012**

a permanent IIRC Secretariat has been established to support the work around Integrated Reporting.

Council

- **As a forum for senior representatives of the IIRC's member organizations, the Council advises on the IIRC's mission, role and governance practices; provide thought leadership, intellectual contribution and strategic insights relating to IIRC initiatives and activities; and lend weight and credibility to the IIRC's profile.**

Chairman: Professor Mervyn King

IASB: Hans Hoogervorst (Ian Mackintosh as permanent alternate)

Board

- **The Board's role is to direct the IIRC's affairs and notably to oversee the coordination and interaction between the Council, the Working Group and the Secretariat (together with such sub-committees and task forces as may from time to time be established), as well as with external stakeholders and other parties.**

- **Members:**

Chairman of the IIRC: Mervyn King

Deputy Chairman of the IIRC: Peter Bakker

Chairman and Deputy Chairman of the Working Group: Ian Ball and Jessica Fries

Chairman of the Long-term Institutional Arrangements Sub-Committee: Ernst Ligteringen

Independent, Non-executive Directors: Jane Diplock and Christy Wood

Chief Executive Officer: Paul Druckman

Working Group

- **The Working Group provides practical guidance, develops positions and makes recommendations as appropriate to the Board and Council on matters submitted for its review in the context of the IIRC's initiatives and activities, notably as they relate to the process to:**

Develop the International <IR> Framework.

Promote the adoption of Integrated Reporting by relevant government and regulatory bodies and report preparers.

Determine long-term institutional arrangements for the IIRC.

Chairman: Ian Ball

Deputy Chairman: Jessica Fries

IASB: Alan Teixeira

Technical Task Force

- **The role of the Technical Task Force, with the guidance of the IIRC Working Group, is to provide feedback to the Secretariat's Technical Team and drive development of the International <IR> Framework and other technical projects.**

Chairman : Charles Tilley.

IASB: Alan Teixeira

Technical Collaboration Groups

- **Business Model**
- **Capitals**
- **Connectivity** (IASB: Olivier Servais)
- **Materiality** (IASB: Alan Teixeira)
- **Value**
- **Assurance.**

What is Integrated Reporting?

- **The Integrated Reporting Discussion Paper describes integrated reporting as:**

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.

<IR> Discussion paper

Who is this report for?

- **Investors**
- **The ‘enlightened ‘or long term investor versus short , medium and long term prospects of an entity**
- **If the <IR> is for investors, how do we assess materiality?**
- **Examples**
 - Managing risky activities - oil exploration
 - Outsourcing and labour practices
 - Working with, particularly, scarce resources
 - Reliance on intellectual property
 - Protecting the supply chain .
- **Myths**
 - Environmental reporting versus Social responsibility reporting versus <IR>

How does it relate to IFRS requirements?

- **Management Commentary**

Management commentary should provide users of financial statements with integrated information that provides a context for the related financial statements. Such information explains management's view not only about what has happened, including both positive and negative circumstances, but also why it has happened and what the implications are for the entity's future.

Management commentary complements and supplements the financial statements by communicating integrated information about the entity's resources and the claims against the entity and its resources, and the transactions and other events that change them.

Management Commentary Practice Statement

Guiding Principles

- **Strategic focus**
- **Connectivity of information**
- **Future orientation**
- **Responsiveness and stakeholder inclusiveness**
- **Conciseness, reliability and materiality**

Content elements

- **Organizational overview and business model**
- **Operating context, including risks and opportunities**
- **Strategic objectives and strategies to achieve those objectives**
- **Governance and remuneration**
- **Performance**
- **Future outlook**

Next steps for the IIRC

- Pilot companies
- Draft Framework
- Long term
- Role of the IASB

individual comments
 questions or
 individual
 comments
 expressions of
 individual views
 feedback a
question
 expressions of individual vie
questions
 expressions of
 individual views
comments
 questions or
 individual
 comments
 questions or comments
 expressions of individual views
comments
 questions or individual comments
question
 expressions of individual vie
comment
 feedback
 questions
feedback
questions
 expressions of individual views
expressions and viewpoints
 feedback and comments