

International Financial Reporting Standards

Future of Corporate Reporting Standards

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- Background
- Integrated Reporting
- Corporate Reporting Dialogue
- Enhanced Disclosure Task Force
- IASB role

- Council discussed future of corporate reporting in Feb 2014
- Advised the IASB to keep an eye on developments but not lead them
- During this session we will review some of the recent initiatives and our role

International Financial Reporting Standards

Integrated Reporting

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- What is Integrated Reporting?

The primary purpose of an integrated report is to explain to providers of financial capital how an organization creates value over time. It therefore contains relevant information, both financial and other.

- A way to structure information from different forms of corporate reporting
- A summary report – brings content together
- Sustainability of an entity's business model
- For investors

- Interface with financial reports
 - Same audience
 - Broader range of factors

All organizations depend on various forms of capital for their success. In this Framework, the capitals comprise financial, manufactured, intellectual, human, social and relationship, and natural.

- These capitals are not ‘required’ to be applied, nor are they material to every organisation
 - Financial statements are a pillar of the Integrated Report
- Example - IFRS Foundation
- The emphasis is on *integration* of the information.

Corporate Reporting Dialogue

Gary Kabureck

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Corporate Reporting Dialogue (CRD)

- Organized by IIRC in early 2014 and formally launched in June.
- IIRC provides the secretariat but CRD in theory operates independent from the IIRC.
- IASB involved in CRD creation, original design and establishing initial objectives.
- Essentially a discussion group.
- Represents the coming together of organisations which have the combined power to shape the corporate reporting landscape.

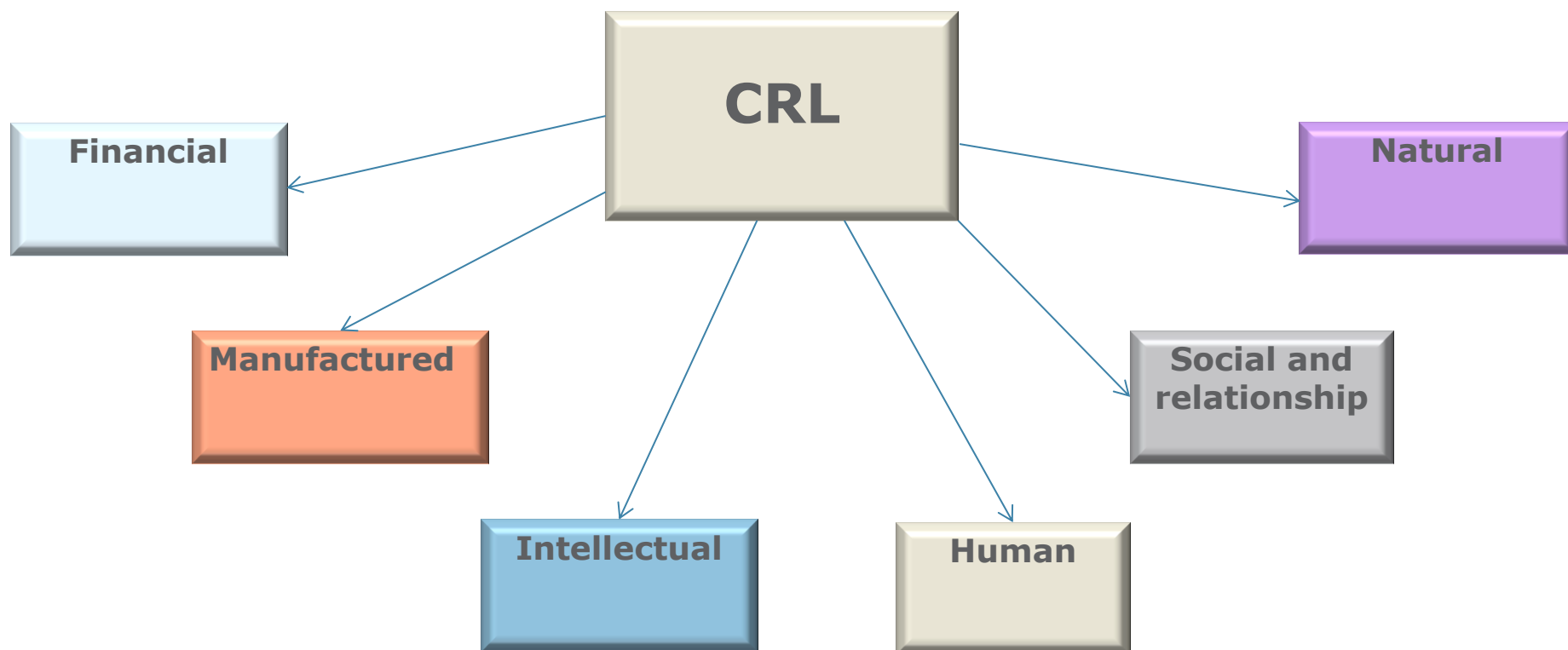
- Represent a meaningful response to calls for alignment of corporate reporting frameworks and standards thereby reducing the overall reporting burden.
- Promote proactive engagement amongst key organisations.
- Share information about the direction, content and ongoing development of reporting frameworks and standards.
- Identify practical ways by which respective frameworks and standards can be aligned and rationalised.
- Share information and express a common voice on areas of mutual interest and engage with regulators.

CRD Participants

- Climate Disclosure Standards Board (CDSB)
- Financial Accounting Standards Board (FASB)
- Global Reporting Initiative (GRI)
- International Accounting Standards Board (IASB)
- International Integrated Reporting Council (IIRC)
- International Public Sector Accounting Standards Board (IPSASB)
- International Organization for Standardization (ISO)
- Sustainability Accounting Standards Board (SASB)

Corporate Reporting Landscape

- The purpose of the CRL is to provide clarity on the linkages between various corporate reporting frameworks:



- Initial CRD Outputs by year end:
 - Corporate reporting landscape schematic:
 - Identify stakeholders
 - Align stakeholders, frameworks and networks
 - Engagement plan for corporate participants:
 - How do / should CRD participants engage with their constituents in a holistic reporting environment.

- CRD has just launched;
- A discussion and information sharing group;
- Facilitate dialogue between various standards setters and frameworks to better rationalise and harmonise the future of corporate reporting;
- Initial deliverables by end of 2014.

Enhanced Disclosure Task Force & Pillar III

Sue Lloyd

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Enhanced Disclosure Task Force

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- Established by Financial Stability Board in May 2012
- Private sector initiative
- Members include users of financial statements, accounting firms and preparers
- Objective - improving risk disclosures of banks and other financial institutions
- EDTF report published in October 2012
 - Included 7 fundamental principles and 32 recommendations
- Can make disclosures in audited accounts, MD&A or Pillar 3
- In 2013 and 2014 the EDTF has reviewed quality of implementation and written reports

How do EDTF recommendations interact with IFRS?

- Industry specific (meets particular information needs including templates)
- Complements IFRS 7 disclosures
- Designed to focus on *current* risk issues for banks
- IASB has considered relevant EDTF recommendations when reviewing disclosure (eg impairment)
- Unlike IFRS these are *recommendations* with varying levels of promotion by regulators
- As in our disclosure initiative general theme of improved communication

Involvement with EDTF and in Pillar III discussions

- IASB has worked alongside EDTF and with Basel working group on Pillar III risk disclosures
- Member of industry representative groups
- Seek to reduce duplication/overlap
 - Complicated by different perspectives
 - Dialogue with objective of reducing redundancy
 - We seek to reduce overlap when establishing our requirements

IASB role

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- IASB remit is financial reporting
 - IFRS financial statements
 - Management Commentary
 - Other?
- Primary users: investors and creditors
- Financial information useful for making decisions about providing resources to an entity



Role of the IASB?

- MOU with International Integrated Reporting Council
- We contributed staff to the development of the IR Framework
- We are a participant in Corporate Reporting Dialogue
- We have supported and participated in the EDTF
- A purpose of the *Disclosure Initiative* is to foster change from all the parties that are part of the financial reporting supply chain

Question for the Council

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- Does the IASB role in the Corporate Reporting developments continue to be appropriate?

Questions or comments?

Expressions of individual views by members of the IASB and its staff are encouraged. The views expressed in this presentation are those of the presenter. Official positions of the IASB on accounting matters are determined only after extensive due process and deliberation.

