

**International Integrated Reporting Committee
Steering Committee, 16th July, 2010, London
Meeting Minutes – Final**

Attendees

The list of attendees and apologies is attached as an Appendix to the minutes.

Agenda item 1 – Welcome

Sir Michael Peat welcomed members to the meeting and summarised why he felt integrated reporting and the establishment of an International Integrated Reporting Committee (IIRC) were so important, underlining the partnership between A4S and GRI. Russell Picot welcomed members of the Steering Committee (SC) to HSBC.

Agenda item 2 - Aims and objectives of integrated reporting

Paul Druckman provided an introduction, noting that the focus was on integration rather than combination, that it didn't mean a longer report but a different report, and that integrated reporting would provide an understanding of what the business is doing and going to do, focused on the strategy.

The aims and objectives of integrated reporting were discussed. The following were highlighted as key topics:

- *Shareholders v. stakeholders:* The interconnection between the corporation and stakeholder groups was noted. Integrated reporting can help management be aware of the needs, interests and expectations of stakeholders, improving management actions and building trust. It was suggested that there is no conflict between shareholder value and the stakeholder concept – shareholders have to take stakeholders into account – customers, employees, government, community, suppliers etc have a clear impact on performance. The term 'investor relevant' as opposed to 'investor centric' was suggested – information resulting from integrated reporting had to be used by investors to achieve the IIRC's objectives but is likely also to be of interest to others.
- *Inclusion in the main filing while not adding to length:* In order to effect change, it was seen as essential that integrated reporting was part of the main filing document. However, caution was expressed that this could not add to the length of annual reports. The use of the internet as a mechanism to report some of the detail was highlighted. In addition, it was noted that the placement of information would have important implications in relation to legal liability. Broader reforms in relation to safe harbour may be required in some jurisdictions to enable integration as part of the main filing document.
- *Support behaviour change:* The need for integrated reporting to support better decision-making both by companies and investors was highlighted. Reporting was a tool to help achieve change by making clear the risks faced both to companies and long term investors, rather than an end in itself. 4b was seen as very important in this context. Broader education, awareness building and a mindset shift would also be needed, but better information would assist.
- *Internalising externalities:* Integrated reporting was highlighted as providing an important bridge between the consequences of an organisation's actions for the

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world and the consequences for the company itself – the connection between these two aspects needed to be made clear within reporting and fell within 4b.

Summary

The proposed objectives were agreed with the following points highlighted:

- 1) The integrated reporting framework should build on existing approaches.
- 2) Integrated reporting should be concise.
- 3) The main focus should be investors, but other groups should be borne in mind.
- 4) The focus should be on providing a framework for information in the main filing, but could also be disseminated in a wide range of other ways.

Agenda item 3 - The role of the IIRC

The role of the IIRC set out in agenda paper 3 was agreed.

In agreeing the role, the following points were noted:

- It was agreed that, at present, the IIRC is an informal grouping and not a standard-setting body.
- Proposals developed must be capable of being made mandatory.
- The identification and acceleration of good practice was a vital first step in development. Education and awareness raising were a vital part of this.
- In developing integrated reporting, care should be taken that the richness of sustainability reporting and needs of broader stakeholders are not undermined.
- The IIRC might recommend comply or explain as an adoption route for regulators and apportionment of blame to address liability concerns.

Agenda item 4 - Establishment of the IIRC

The SC felt that the key organisations necessary to establish a credible IIRC were already on the committee. The SC therefore agreed Option 2, for the IIRC to be formed immediately from the current SC without a formal nomination process. There should be handover to an existing or successor body in the next three years. The SC agreed that a press release would be issued to announce its establishment, and that the press release should set out the IIRC's mission and objectives as discussed at the meeting.

Action: Bob Eccles to prepare a draft press release for circulation and agreement by email, to be issued in the next two weeks.

In agreeing Option 2, the SC underlined that the handover strategy should be developed sooner rather than later. The Working Group (WG) were asked to develop options, to present at the next meeting. In preparing the options, the question of legitimacy and the engagement of governments and standard-setters was seen as key. The G20 or a similar global body should ultimately be asked to maintain oversight.

Action: WG to develop options for handover, to be presented at the next meeting.

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Agenda item 5 - Membership of the SC and WG

The SC identified the following gaps in membership of the SC and WG:

- Investment analysts
- Governments
- Emerging economy representatives
- US companies
- Middle East representatives

The SC felt that the representation from the accounting community could reduce to enable a rebalancing of membership over time.

Action: Secretariat to identify options to fill gaps in membership, to be invited by the Chairman. This should include the Finance Minister of Saudi Arabia.

Agenda item 6 - Chairmanship of the SC and WG

The SC agreed that Sir Michael Peat (SMP) should be Chairman of the IIRC and that Professor Mervyn King (MK) should be Deputy Chairman. The SC agreed that MK should take over from SMP at an appropriate time, when the support of The Prince of Wales was felt to be less critical by the SC.

The SC agreed that Paul Druckman and Ian Ball should be co-Chairmen of the WG.

The SC agreed that The Prince's Accounting for Sustainability Project and the Global Reporting Initiative should be the joint secretariat to the IIRC under Jessica Fries and Ernst Ligteringen.

Agenda item 7 - Terms of Reference of the SC and WG

The SC approved the Terms of Reference, amended to reflect decisions taken under agenda items 4 and 6.

Agenda item 8 - Work plan

The SC approved the work plan. In executing the work plan, they gave the following direction to the WG:

- Review and build on existing guidance where applicable.
- Conduct a review of current reporting practice to inform the framework's development.
- Maintain awareness of national developments, e.g. the establishment of national IRCs.

Agenda item 9 - Engagement and communication strategy

The SC noted the following events and activities that individual members were already undertaking to promote integrated reporting:

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- Encourage a voluntary filing programme by stock exchanges and securities regulators.
- Speak at the Sustainable Stock Exchanges conference in September.
- Hold a conference on integrated reporting at Harvard Business School in October.
- Include integrated reporting on the agenda for the World Congress of Accountants in November.
- Include in accounting body magazines and SC member newsletters.
- Consider inclusion into the work of the IFAC education committee.

Actions:

- 1) WG to develop communications materials that SC members can use on request.
- 2) SC members to identify opportunities to raise awareness of integrated reporting and to keep the Secretariat informed.

Next steps and any other business

The SC agreed to hold its next meeting in China in November or December 2010. The third meeting would be held in the United States.

Action: Secretariat to identify possible dates as soon as possible for all meetings in 2010 and 2011 and circulate these to members.

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Attendees – Steering Committee members

- Sir Michael Peat, Principal Private Secretary to TRH The Prince of Wales and The Duchess of Cornwall
- Professor Mervyn King, Chairman, King Committee on Corporate Governance and Chairman, Global Reporting Initiative
- Helen Brand, Chief Executive, Association of Chartered Certified Accountants
- Robert Bunting, President, International Federation of Accountants (ACCA)
- Professor Nelson Carvalho, Chair, 25th session of United Nations Conference on Trade and Development Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (UNCTAD-ISAR)
- Paul Clements-Hunt, Head of Unit, United Nations Environment Programme (UNEP) Finance Initiative
- Jane Diplock, Chairperson, Executive Committee of the International Organization of Securities Commissions
- Professor 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
- Michael Izza, ICAEW Chief Executive, Global Accounting Alliance
- Thomas Kusterer, EDF Energy Chief Financial Officer, EDF Group
- Huguette Labelle, Chair, Transparency International
- Edward Nusbaum, Chief Executive Officer, Grant Thornton International
- David Nussbaum, WWF-UK Chief Executive, WWF International
- Russell Picot, Group Chief Accounting Officer, HSBC
- Rick Samans, Managing Director, World Economic Forum (WEF) and Chairman, Climate Disclosure Standards Board (CDSB)
- Jim Singh, Chief Financial Officer, Nestlé
- Charles Tilley, Chief Executive, Chartered Institute of Management Accountants (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

Observers

Members of the Working Group

- Ian Ball, Chief Executive, International Federation of Accountants
- Paul Druckman, Executive Board Chairman, The Prince's Accounting for Sustainability Project
- Jessica Fries, Director, The Prince's Accounting for Sustainability Project
- Ernst Ligteringen, Chief Executive, Global Reporting Initiative
- David Phillips, Senior Corporate Reporting Partner, PricewaterhouseCoopers (representing Dennis Nally)

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Other attendees

- Nick Arathimos, Director, International Affairs and Chairman's Office, New Zealand Securities Commission
- Jerry Edwards, Senior Advisor on Accounting and Auditing Policy, Financial Stability Board
- Nick Main, Global Leader, Climate Change & Sustainability Services, Deloitte (representing Jim Quigley)
- Sir Mark Moody Stuart, Chairman, United Nations (UN) Foundation for the Global Compact (representing Georg Kell)
- Claudia Kruse, Senior Governance & Sustainability Specialist, APG
- Carl Rosen, Executive Director, ICGN

Apologies

- Ishat Hussain, Chief Financial Officer, Tata
- Professor Angeliem Kemna, Chief Investment Officer, APG
- Georg Kell, Executive Director, UN Global Compact
- Dennis Nally, Chairman, PricewaterhouseCoopers International Limited
- Jeremy Newman, Chief Executive Officer, BDO International
- Jim Quigley, Chief Executive Officer, Deloitte Touche Tohmatsu
- Atsushi Saito, President & CEO, Tokyo Stock Exchange Group, Inc
- Björn Stigson, President, World Business Council for Sustainable Development
- Christy Wood, Chair, International Corporate Governance Network