

Integrated reporting pilot study underway

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Moves towards integrated reporting received a major boost on Tuesday when 100 businesses across the globe took part in a pilot programme, run by the International Integrated Reporting Council, to test and help develop the integrated reporting framework.



The consultation draft of the International Integrated Reporting Framework was launched in SA and 14 other destinations worldwide in April. It created the foundation for a new global reporting model and aims to broaden corporate thinking to inform stakeholders about the degree to which value is being created or destroyed over time.

There was a three-month window period to July for stakeholders to comment on the draft. An initial version of the framework is planned for December.

The new model introduces the concept of "six capitals" - financial, manufactured, intellectual, human, social and relationship, and natural.

The companies included Deutsche Bank, The Coca-Cola Company, Natura, Unilever and Tata Steel, alongside leading investors.

But there is still a long way to go before the reality of company reporting catches up with the ambition, according to a PwC survey of the current reporting of large companies involved in the pilot programme.

SA was the first country to mandate integrated reporting for all listed companies.

"Corporate reporting is a key tool for communicating an organisation's story of value creation for shareholders. The reality is that all too often businesses focus their reporting on financial information alone, rather than the full and rich sources of value creation, such as talent, knowledge and natural resources, the management of which is critical to business success," said Paul Druckman, chief executive of the International Integrated Reporting Council.

"Businesses that have established 'integrated thinking' in their organisation will be successful at Integrated Reporting," said Zubair Wadee, a director at PwC.

According to the survey, only 15% of companies so far comprehensively reported on all material capitals that were relevant to their industry and circumstances in their 2012 annual reports.

Source: Business Day via I-Net Bridge

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