Reflections on Corporate Reporting

Richard Howitt, CEO
International Integrated Reporting Council

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DIRECTIVE

DIRECTIVE 2014/95/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL
of 22 October 2014
amending Directive 2013/34/EU on disclosure of non-financial and diversity information by certain large undertaking and groups

(The EU Directive)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,
Having regard to the Treaty on the Functioning of the European Union and in particular Article 114 thereof,
Having regard to the proposal from the European Commission,
Affirming the primacy of the direct legislative act to the national legislature,
Having regard to the opinion of the European Economic and Social Committee (1),
Acting in accordance with the ordinary legislative procedure (2),
Whereas
(1) In its communications entitled ‘Single Market Act’ — Drive growth to boost growth and strengthen confidence —
“Working together to secure new growth”, adopted on 13 April 2013, the Commission identified the need to
create a robustly high-level cross-cutting business, to ensure the consistency of the social and environmental
performance and financial results of large undertakings, in order to improve the transparency of
disclosure of non-financial information, which is key to ensure a common understanding.
(2) The need to improve the understanding disclosure of non financial information by presenting a legislative
proposal in this field, was expressed in the Commission’s communication entitled ‘impact EU strategy 2011-14
(3) In its resolutions of 6 February 2013 on, respectively, ‘Corporate Social Responsibility: accountable, transparent
and responsible business performance and sustainable growth’ and ‘Corporate Social Responsibility: promoting social
inclusiveness and a move to sustainable and inclusive economy’, the European Parliament acknowledged the
necessity of improving the corporate social responsibility, in order to make the corporate sector more transparent,
view to identifying sustainability risks and increasing investor and consumer trust. Included, disclosure of non-
financial information is vital for managing change towards a sustainable global economy by combining long-term
profitability with social justice and environmental protection. In this context, disclosure of non-financial informa-
tion helps for measuring, monitoring and managing of sustainability performance and links impact on society.
Thus, the European Parliament called on the Commission to bring forward a legislative proposal on the disclosure
of non-financial information by undertakings, sharing the high feasibility of action, in order to take account of
Management duties incumbent on all companies to ensure that the interests of shareholders are balanced with
the needs of other stakeholders, as well as the need to provide companies with easy access to information on the impact of busi-
ness on society.

(1) OJ L 121, 22.5.2013, p. 47.
(2) Resolution of the European Parliament of 11 April 2014 (not yet published in the Official Journal and decision of the Council of
27 September 2014.)
Legacy of the Financial Crisis

Source: https://on.ft.com/2C6nRYS
Why <IR>? More than financials

Source: OCEAN TOMO LLC
January, 1, 2015
IIRC Stakeholder Survey Results

Top 3 factors

- Endorsement from regulators:
  - 2018: 60%
  - 2016: 63%
- Higher awareness:
  - 2018: 49%
  - 2016: 47%
- Further tools and guidance:
  - 2018: 48%
  - 2016: 48%
Not just reporting – changing capital markets
Corporate information in the 21st century
The Capitals

Natural capital

Manufactured capital

Financial capital

Human capital

Social and relationship capital

Intellectual capital
The End of Accounting and the Path Forward for Investors and Managers

Wiley Finance Series

Baruch Lev
Feng Gu

Wiley

Chief Value Officer
Accountants Can Save the Planet

Mervyn King
with Jill Atkins

Greenleaf Publishing
‘Agile management’
Characteristics of Future Digital Reporting:

- Cost-efficient
- Easy
- Compatible
- Timely
- Free
- Prompt
- Compliant
- Accessible
- Contextual
- Usable
- Credible
- Engaging

Introduction  The Digital Future: Our approach  The three stages of reporting  Characteristics of Future Digital Reporting  Next steps  Project process and participation

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Integrated thinking
Rooted in EU2030

Commission guidelines on non-financial reporting

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Author Financial Stability, Financial Services and Capital Markets Union

The non-financial reporting Directive (2014/95/EU) requires large public interest entities with over 500 employees (listed companies, banks, and insurance companies) to disclose certain non-financial information. As required by the directive, the Commission has published non-binding guidelines to help companies disclose relevant non-financial information in a more consistent and more comparable manner.

- Text of the communication
- Press release
- Frequently Asked Questions
Thank you

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