

**THE
TIPPING
POINT**
Sustained stability
in the next economy



UNEP **Finance Initiative**
Innovative financing for sustainability

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Cross-Cutting Session I

One Report: Information that counts

Synopsis: Every publicly listed company in the world requires annual reports on financial performance. In addition to these financial reports a growing number of companies also voluntarily producing sustainability reports. This session explored current state of accounting standards and the future of integrated corporate reporting.

Summary: Reporting, transparency and disclosure are central to the investment transformation process, said the speakers. Informed reporting, they argued, is needed as part of broader sustainability efforts to enable the assessment of risks to a company, and as a way to value natural capital.

Speakers first looked at integrated reporting from the financial reporting perspective. They argued that, historically, financial reporting does not tell the whole story or give stakeholders and investors all the information they require. Integrated reporting is thus a unique way to meet that need. How is the business community reacting to this, speakers questioned? There is, on the one hand, a positive reaction because integrated reporting gives the industry a chance to tell its story on a public platform. On the other hand, however, speakers noted a backlash, because integrated reporting takes time to develop.

From an investor's point of view, integrated reporting does not make any difference, said speakers, since it doesn't alter stock prices. Nevertheless, it is a form of discipline that leads to better internal decision-making and heightens the consciousness externalities, benefiting the company itself, they said.

How to get to that framework, known as integrated reporting is still debated, said the speakers. In most of the world, companies voluntary integrate corporate reporting, aside from South Africa where it is mandatory. But differences regarding integrated reporting standards are observable, they said. The adoption of those standards will vary, they argued from place to place, i.e. they will be regulatory driven in Europe and market driven in the United States.

In South Africa, the change of government brought a new vision for the future which led to integrated reporting, said the speakers. The administration indeed issued King 1, 2, & 3 reports on integrated reporting, with the effect of forcing companies to address economic and social imbalances. Despite being a fairly small country, said the speakers, South Africa was able to attract foreign investment with strategies such as good accounting, said the speakers. South Africa is rated number 1 in accounting and auditing standards, they said.

