



Integrated Reporting

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Integrated Reporting

- Why be involved in IR?
- Corporate reporting?
- What does IR offer?
- Practicalities



Why be involved in IR?

- Corporate reporting needs to improve
- Clearer focus on more relevant, longer-term information
- We hope IR will enable agreement to be reached on a principles-based regime which will be internationally acceptable
- Market and other regulators need to embrace the ideas and respond with an overhaul of existing procedures

Shortcomings of corporate reports - HSBC's experience

- Too long and getting longer
 - Y/E 2011 – over 1,250 pages of corporate reporting
- Silo-driven and disconnected
 - 500 regulators worldwide
 - overlapping rules and regulations
- Excessively detailed, backward looking and dominated by the short term
 - increasingly granular disclosure
 - scope for using the web limited
- Dominated by financial metrics
 - compliance exercise
 - stand-alone Sustainability Report
- Investors do not read them
 - reference book

What does IR offer?

- A clear articulation of why the business model is sustainable
 - For HSBC, sustainability means being in business for the long term and meeting the needs of the present generation without preventing future generations from satisfying theirs
 - Two elements:
 - longevity
 - environmental and social responsibility
- The promise of coherence
 - the Guiding Principles
 - the 6 capitals
- Better balance
- A challenge to management
 - can they produce an IR if they do not manage in an integrated manner?
 - do they understand the non-financial parameters driving their company's performance?
 - can they describe them in an integrated fashion?

Some practicalities

- Giving the concept of integrated reporting physical expression
 - How does IR differ from what we already do
 - Topics
 - The audience
 - Relevance and materiality
- Getting management buy-in
- Compliance with existing reporting requirements
- The effect on sustainability reporting
- Conciseness
- The way forward

Questions

