
**Intergovernmental Working Group of Experts on
International
Standards of Accounting and Reporting
(ISAR)
High-level Policy Dialogue on Sustainability Reporting**

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Statement

Presented by

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Statement from Prof King:

“The SDG’s indicate an urgent need for both public and private sector entities to change their mindsets and behaviour. Corporations, public and private, are the largest consumers of the world’s natural assets which are being used faster than nature is regenerating them.

The SDG’s show that the most urgent is climate change and its impact but a theme running through the other SDG’s is sustainable growth.

A company is the chosen medium through which business is conducted since the middle of the 19th century because of the ability of entrepreneurs to ringfence risk. The economies of some of the world’s great multinational enterprises is greater than the GDP of most countries. The impacts of these companies on the issues raised in the SDG’s are enormous.

The question of acting in the best interests of the shareholders because of the principle of the primacy of the shareholders is yesterday’s thinking. The collective mind of the board should always act in the best interests of the company taking account of the legitimate and reasonable needs, interests and expectations of its stakeholders.

This incapacitated artificial person is dependent on its directors heart, mind and soul. The shareholding of companies has become so dispersed that it is difficult to identify the ultimate beneficial owners. In any event, shareholders have never been the owners of a company. A person cannot be owned. We therefore have ownerless companies particularly today with the number of transient shareholders as seen from beneficial downloads of listed companies on the great stock exchanges of the world.

There is a divide between financial, social and natural capital. This great divide is being bridged by integrated thinking and the clear, concise and understandable disclosure of the true “state of play” inside a company by way of an integrated report.

Governing bodies need no longer grope in the dark as to how they should carry on business as unusual because direction is given to them in the Framework of the International Integrated Reporting Council of December 2013.

The sustainable issues pertinent to the business of a company needs to be embedded into the company’s long term business strategy. How the company makes its money must ensure that it will maintain value creation but in a sustainable manner. This is a critical issue in achieving the sustainable growth envisaged in the SDG’s.

Prof Mervyn King SC”