

# Investor statement of support for integrated reporting as a route to better understanding of performance

Progressive investors have confirmed their investment processes require information on business models, strategy and the resources on which these rely.

They confirm their belief that better reporting on the key resources of a business, which integrated reporting can deliver, is important to their understanding of businesses and their allocation of capital. They also believe that the management processes reflected in this reporting can drive the development of more sustainable and stable businesses in the longer term.

Investors tell us that companies continue to say to them that there is no demand for information showing how they manage resources not recognized by financial statements.

We believe the below investor statement will help to counter this and encourage organizations to continue on their path to better reporting on strategy and value creation, based on clear evidence of investor demand.

We thank our foundation signatories for their insight in assisting with drafting the statement and for their backing.

We also ask other forward-looking organizations to support this initiative, to help to consolidate the developing consensus for more effective reporting, and to integrate it into their investment processes to build more sustainable and stable capital markets.

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***We, the undersigned, support the statement below. We have made this statement to help companies understand that, if they deliver relevant and useful information, we will use it.***

As major investors in the world's financial markets, we are fiduciaries for millions of individuals. To perform this role, we need to understand the long-term return prospects of the businesses in which we invest. We need to build a view of how they might perform, both in the short-term and over many years ahead, and to understand the risks they might encounter, not just in the next quarter but over the coming years or decades.

To do this we need to understand not only their immediate financial performance, but the strategy of the business, the key resources and assets to which it has access and how it intends to maintain access to these resources and maintain or improve its assets.

This gives rise to a need for businesses to explain their business models and strategies so that we understand how they earn their returns. We need them to tell us about the key resources on which they rely, to understand the cost of maintaining or growing them or, where necessary, of switching to alternatives. We need to understand what they do to maintain their access to those resources, and how they fulfil the needs of their staff or customers.

Many businesses already do some of this: clearly explaining their business model, their strategy and how this is applied in practice, helping us to understand the key stakeholders on which their business relies, and the utility of the most important assets, including those not visible on the balance sheet.

We recognize that businesses are under continuing regulatory pressure both in reporting to investors and others, and we support clarity and conciseness in reporting. Nevertheless, better reporting and effective communication of how the business works in the long-term, through integrated reporting or other approaches, is valued by us and is important in how we allocate capital.

We also believe that embedding such practices into the management and reporting of businesses will help to drive improved governance and stewardship practices through more comprehensive identification and management of current and future opportunities and risks. This will help businesses to move the focus on decision-making and capital allocation from the short-term to the strategic issues, risks and opportunities that determine future performance in the medium and longer term. This shift will facilitate more sustainable development and stable businesses in the longer term and the growth of more transparent and robust capital markets which will benefit us all.

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**Achmea Investment Management**  
**Aegon Asset Management**  
**Allianz Global Investors**  
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