

# Strategy:

The Breakthrough Phase

2014-17

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### Introduction

**This document sets out the strategy for <IR>. It is called 'The Breakthrough Phase' – the move from the creation of the International <IR> Framework and market testing to development and early adoption by reporting organizations around the world.**

The IIRC is the global authority on <IR>. It strives to be market-led and evidence-based, acting as a global centre of excellence for corporate reporting reform. <IR> acts as an 'umbrella' for corporate reporting, behaviour and decision making, offering a basis for dialogue and alignment. The IIRC has a clear vision to make a lasting contribution to financial stability and sustainable development.

An essential advantage is the strength of the IIRC coalition, and the reach of individuals and organizations into the worlds of business, investment, finance, accounting, civil society and academia. Being able to draw on the resources of the organizations and individuals in the coalition is a major asset to the IIRC's work and adds greatly to its authority and credibility.

In 2013, the IIRC introduced the International <IR> Framework. The Framework provides the conceptual underpinning to the IIRC's work to help businesses produce an integrated report. It is the result of consultation and testing by businesses and investors in all regions of the world.

<IR> is being adopted around the world and an increasing number of reporters are aligning their practices to <IR>. Early evidence from current <IR> reporters is that adoption enhances integrated thinking, a focus on long-term value creation and improved investor dialogue.

International institutions are increasingly seeing that <IR> aligns to their goals to promote financial stability and sustainability. Regulators, stock exchanges and policy makers are also seeing <IR> as an opportunity for greater alignment with existing regulations or an opportunity to set up modern systems of reporting that enhance transparency.

The development of the Corporate Reporting Dialogue, convened by the IIRC, offers an opportunity for progress through dialogue with frameworks and standards that have international impact.

We are very excited by the momentum we are achieving, brought about by the global coalition of organizations and partners who have supported and shaped the direction of <IR> and to the innovations and leadership of many organizations who are adopting <IR> across the world.

**Mervyn King,** Chairman  
**Paul Druckman,** CEO

## Mission

The IIRC's mission is to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors.

## Vision

The IIRC's vision is to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking.

## Objective

The IIRC's objective for the Breakthrough Phase is to achieve a *meaningful shift towards early adoption of the International <IR> Framework.*

## Strategic themes

The objective will be achieved through a number of strategic themes, as set out below.

Strategic theme	To be achieved by...
Increasing the pace and scale of <IR> adoption	<ul style="list-style-type: none"> <li>• Supporting necessary behavioural change in the corporate world</li> <li>• Demonstrating the value proposition/business case of &lt;IR&gt; and creating the conditions for increased investor pull</li> <li>• Preserving and enhancing the value of the business and investor involvement in the IIRC's work to demonstrate its continued market-led nature</li> </ul>
Maintaining the International <IR> Framework so that it continues to enhance the reputation of <IR> in the market, underpinned by leading practice and guidance	<ul style="list-style-type: none"> <li>• Encouraging and showcasing leading practice through example reports and case studies on implementation and methodologies</li> <li>• Continuing to build the evidence base underpinning the rationale for &lt;IR&gt; and its impact</li> <li>• Maintaining and updating the &lt;IR&gt; Framework and producing robust technical guidance</li> </ul>
Building a bridge from corporate reporting to capital allocation through 'integrated investment'	<ul style="list-style-type: none"> <li>• Developing and enhancing a global network of investors who buy into the vision of sustainable capital markets</li> <li>• Evidencing the impact on behaviour and capital allocation that can flow from integrated reporting</li> </ul>
Progress through dialogue: developing the Corporate Reporting Dialogue inspired by extensive innovation in corporate reporting globally	<ul style="list-style-type: none"> <li>• Convening a structured dialogue between major players in the corporate reporting field globally, including reporting framework developers and standard setters, to provide greater clarity and certainty to market participants over the future direction of corporate reporting</li> </ul>
Engagement with the global policy and regulatory community to ensure <IR> is encouraged to flourish	<ul style="list-style-type: none"> <li>• Building strong and positive relationships with policymakers and regulators to increase the visibility of &lt;IR&gt; as a solution to today's corporate reporting challenges</li> <li>• Seeking support from governments and other regulatory authorities globally to accelerate the adoption of &lt;IR&gt; in ways that meet the needs, laws and customs of each market</li> </ul>
Developing a long-term, viable organization	<ul style="list-style-type: none"> <li>• Transitioning to a new governance model</li> <li>• Securing long-term funding</li> <li>• Developing long-term endorsement from supra-national bodies</li> </ul>

## How the IIRC goes to market

**The IIRC will go to market in the following ways. This approach reflects the ambition to leverage a global coalition of aligned interests and to achieve scale to go to market via multiple markets and sectors. Given the wide range of stakeholders who have a legitimate interest in corporate reporting, it is especially important to have a scalable model in this way.**

- The predominant way in which the IIRC will go to market is via third party organizations with reach and influence in relevant markets. In particular, the IIRC will work through institutions in priority countries and sectors which have appropriate networks, client bases and influence to drive adoption of <IR>.
- The IIRC will go direct to market in select ways that will enable it to work with leading corporate reporters and investors, including high-profile players in a country or sector whose endorsement or adoption of <IR> will provide further market pull. The <IR> Business Network is the main vehicle for engagement with reporting organizations.
- The priority markets and sectors are as follows.

Markets	Australia, Brazil, Canada, China, the EU, France, Germany, India, Japan, Russia, Singapore, South Africa, Turkey, the UK, the USA
Sectors	Consumer Goods, Energy, Financial Services, Health, Technology

## Strategic challenges and risks

**The following challenges and risks are viewed as being the most relevant in relation to delivering the Breakthrough Phase strategy:**

- lack of sustainable business model for the IIRC, leading to a funding gap beyond 2014
- lack of investor buy-in for <IR>, leading to drop-off, or stalling interest, in the uptake in <IR>
- lack of credibility of integrated reports, undermining the <IR> brand
- insufficient evidence base in support of the IIRC's assertions about <IR>
- failure to keep the International <IR> Framework and related technical outputs up to date leads to loss of relevance
- <IR> is viewed, particularly by the business community in some jurisdictions, as an example of 'disclosure overload', which adds to reporting requirements, complexity and compliance costs.

## Impact and measurement

**Measures underpin the success of the strategy. These include impact assessment to gauge the overall progress towards the objective, via the strategic themes, and targets for individual projects and campaigns. Measures relate to the following areas.**

### **Reputation:**

the quality of investors and businesses involved in the work of the IIRC; the relevance and reputation of the International <IR> Framework; the IIRC continuing to develop as a global authority

### **Awareness:**

awareness and understanding of <IR> among corporate reporters; metrics relating to media coverage and digital channels

### **Adoption:**

the number of <IR> adopters globally; evidence of increased interest in <IR>; increased 'likelihood to adopt' scores

### **Effectiveness of <IR>:**

evidence of increasing use of corporate reports in investment decisions; enhancements to the quality and relevance of corporate reporting as a result of the adoption of <IR>

### **Regulatory impact:**

progress in target markets to regulators encouraging <IR> and removing any barriers to adoption

### **A viable organization:**

funding contributions; people capacity and satisfaction; engaged Council members

### **Satisfaction:**

overall participation rates in IIRC-convened groups; market satisfaction with availability of relevant thinking and tools to enable adoption.

**The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. Together, this coalition shares the view that communication about value creation should be the next step in the evolution of corporate reporting.**

The International <IR> Framework has been developed to meet this need and provide a foundation for the future.

Further information about the IIRC can be found on its website [www.theiirc.org](http://www.theiirc.org)

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