

JOURNEY TO BREAKTHROUGH

IIRC INTEGRATED REPORT 2016

CONTENTS

- 3 FROM OUR LEADERSHIP
- 4 HOW WE CREATE VALUE
- 5 EXTERNAL TRENDS
- 6 GOVERNANCE
- 7 STAKEHOLDER RELATIONSHIPS
- 10 MATERIAL MATTERS
- 12 STRATEGY
- 14 PERFORMANCE AND PLANS
- 20 OUTLOOK: TOWARDS GLOBAL ADOPTION
- 21 COMMITMENT TO CONTINUOUS IMPROVEMENT

 MORE INFORMATION WITHIN THE REPORT

 MORE INFORMATION ONLINE

RESPONSIBILITY FOR THE INTEGRATED REPORT

As the Board of the International Integrated Reporting Council, we acknowledge our responsibility for ensuring the integrity of our Integrated Report 2016. Together with management, and reflecting on our operating context, strategy and value-creation model, we believe this integrated report addresses all matters that have, or could have, a material effect on our ability to create value. We have applied our collective mind to the preparation and presentation of information in this integrated report, which has been guided by the International <IR> Framework.

OUR COMMITMENT TO THE SUSTAINABLE DEVELOPMENT GOALS

We are committed to supporting the United Nations and its partners in building a better world in which no one is left behind. Our emphasis on the efficient and productive use of all forms of capital aligns with Sustainable Development Goal 12, which seeks to ensure sustainable consumption and production patterns. Integrated Reporting is also an effective mechanism for monitoring the allocation of capitals, managing performance and strengthening accountability in the public and private sectors.

As a broad coalition of businesses, investors, standard setters, regulators and other key stakeholders, we support Goal 17, revitalizing the global partnership for sustainable development. Through our multi-stakeholder partnerships and extended networks, we are well positioned to influence regional and global policy and the decisions underpinning the flow of financial capital.



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FROM OUR LEADERSHIP

We are pleased to present our second integrated report. As we reflect on 2016, we take stock of our achievements and prepare for the opportunities and challenges ahead.

Market momentum

In February, BlackRock's Chief Executive Larry Fink issued an important challenge to businesses. In an open letter, he urged CEOs to each year lay out "a strategic framework for long-term value creation" and explicitly acknowledge the board's role in strategic planning. The CFA Institute reiterated the challenge in its own letter to the Financial Times and pointed to Integrated Reporting as a vehicle for reporting on value creation. Release of General Electric's Integrated Summary Report in March garnered strong media interest. Introducing the report, CEO and Chairman Jeff Immelt stressed the need for better not more information.

International recognition

We continued to extend our global reach in 2016. Within the business and investor communities, we saw increased acceptance of financial capital as part of a broader canvas of resources to be managed. This shift from a silo mentality, one that often masks material risks or opportunities, to a systems-based value creation model is important to the IIRC.

Alignment with global developments

Following the negotiation of the Paris Agreement and launch of the Sustainable Development Goals in 2015, the Financial Stability Board (FSB) championed efforts to integrate climate-related matters into financial disclosures. We shared our support for the FSB's Task Force, highlighting the important influence of climate change on business models and strategies. We continued to point to Integrated Reporting as a means of communicating progress against these and other initiatives. In this report, you'll see how our own vision and activities align directly to Sustainable Development Goals 12 and 17, as well as providing a key framework for businesses to report their contribution to the SDGs overall.

We ended the year on a high with our flagship conference, held jointly with the International Corporate Governance Network. Our programme, which connected emerging interests in corporate governance, investor stewardship and Integrated Reporting, attracted over 400 delegates from around the world.

A new chapter

In November, we said a fond farewell to Paul Druckman, our founding CEO and continuing friend and supporter. During his tenure, Paul inspired our coalition and team with his passion and drive. He facilitated a seamless transition to incoming CEO, Richard Howitt, who adopted the role with fresh perspectives and enthusiasm.

Commitment to enhanced reporting

We have made great strides in our own Integrated Reporting this year. We've strengthened our disclosures on stakeholder relationships, and improved the connectivity of reported information and the conciseness of our integrated report. We continue to prioritize the alignment of our internal and external reporting, with plans for further improvement ahead.

From breakthrough to global adoption

This year marks the continuation of the 'breakthrough phase' for Integrated Reporting, towards a future point where we will seek strategic transition to global acceptance of Integrated Reporting as a corporate reporting norm. We'll build on recent developments and achievements as we continue to contribute to the global business agenda.

Participation in the B20 – the business forum of the G20 – will be particularly important as governments and businesses implement the Financial Stability Board's recommendations on climate-related financial disclosures. The Corporate Reporting Dialogue will also feature centrally in our work as we advance the objectives of coherence and alignment in the field. We will also refresh our approach to <IR> Networks to generate more value and outputs that encourage wider adoption of Integrated Reporting.

Our <IR> Training Programme will raise further awareness of Integrated Reporting and build capacity within organizations to implement it, promoting improved quality in integrated reports. We will also identify more innovative methods to ensure stable sources of funding to sustain our activities, such as funding 'packages', grants and sponsorship opportunities.

Challenges

In spite of the real progress we have made in 2016, we accept the scale of the challenge we have set ourselves. With so many important capital markets players, initiatives and developments across the globe with which we would like to actively engage, our resource constraints limit our capacity. The complexity of the corporate reporting system remains an obstacle to better reporting, underlining the importance of the continued work of the Corporate Reporting Dialogue. And whilst investors are increasingly engaged, it will take time to bring about real behavioural change that builds the bridge between better reporting and better capital allocation.

A word of thanks

Our progress over the past year was made possible by the support and commitment of the IIRC family – our Board, Council, Ambassadors and global team. We thank CIMA for its generous hosting of our London office and our many partners, supporter organizations and network participants for their continued enthusiasm, financial and in-kind contributions and generous secondments of staff.



Richard Howitt
Chief Executive Officer

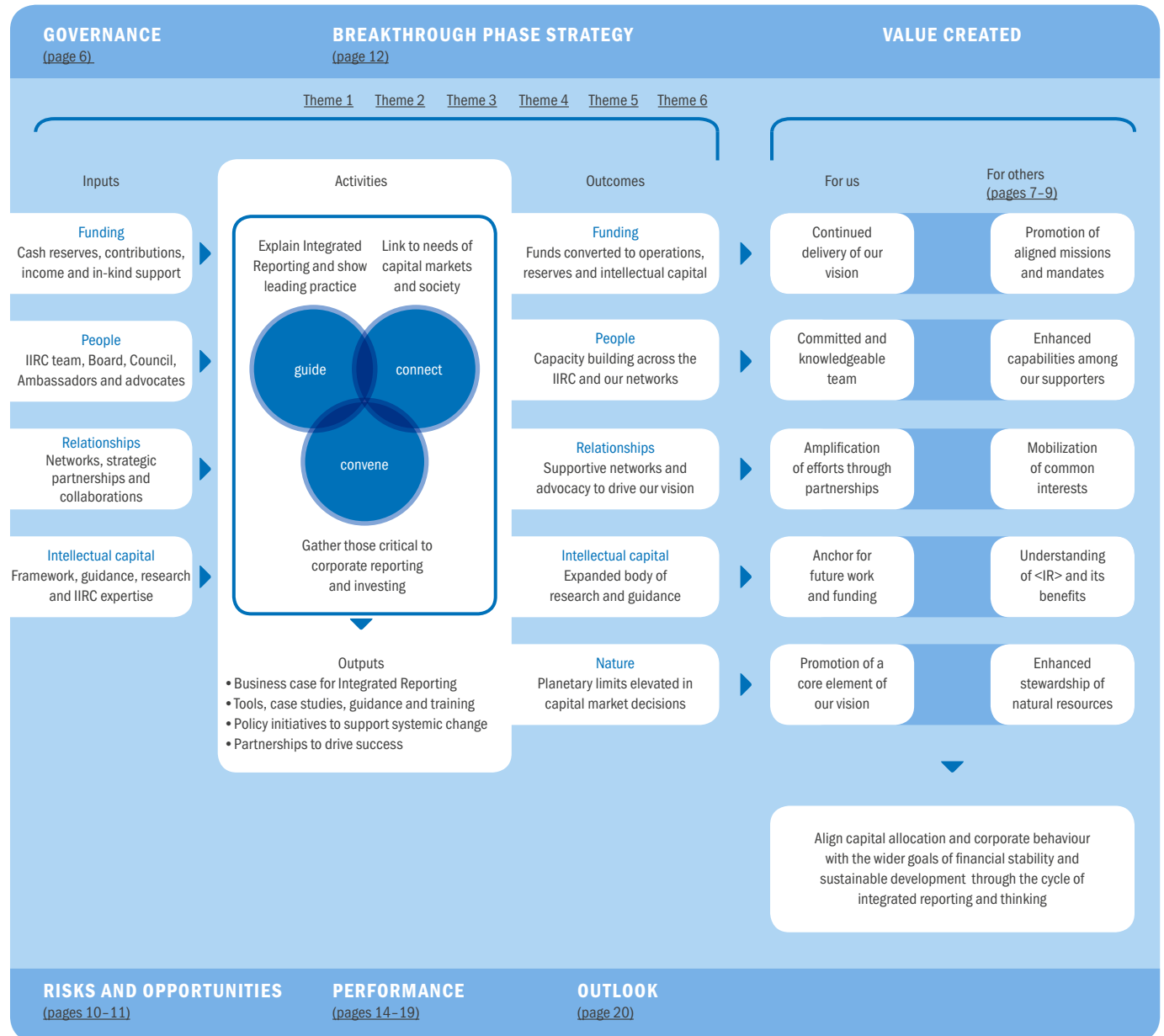


Mervyn King
Council Chair



Barry Melancon
Board Chair

HOW WE CREATE VALUE



EXTERNAL TRENDS

GLOBAL TREND

HOW INTEGRATED REPORTING ALIGNS

GLOBALIZATION AND INTERCONNECTEDNESS.

The International Monetary Fund, World Economic Forum and other bodies highlight the danger of managing risk in isolation.

Integrated Reporting encourages systems (or integrated) thinking, the basis for effective risk management in a globalized environment.

INCLUSIVE CAPITALISM.

The global financial crisis of 2007-2008 pointed to income inequality as a potential driver of financial sector instability. Inclusive capitalism seeks a more equitable model, one that considers the well-being of nations and offers insight into societal progress.

Integrated Reporting underscores the importance of a holistic approach to measuring, managing and expressing value creation. It explores strategy, governance, performance and prospects through a multi-capital lens.

GOVERNANCE AND STEWARDSHIP.

Increased shareholder interest in corporate governance drives improved communication between companies and their investors. Stewardship codes, like those in Japan, South Africa and the UK, reflect investors' role as custodians of retirement and other assets.

Integrated Reporting is an ally of enhanced corporate governance, robust investor stewardship and improved decision making among capital market participants.

SUSTAINABLE DEVELOPMENT.

The United Nations Sustainable Development Goals, European Union Non-Financial Reporting Directive and Paris Agreement on climate change reinforce the status of sustainable development as a public and private sector imperative.

Integrated Reporting encourages stewardship of a broader resource base, one that includes human and natural capital. With its emphasis on strategy, resource allocation and value creation, Integrated Reporting promotes longer-term thinking and sustainable business models.

TECHNOLOGICAL CHANGE.

New technologies can affect, for better or worse, an organization's operations, innovation and valuation. The contributions of intellectual property, human capital and an innovative culture are increasingly seen as drivers of value creation and organizational success.

Integrated Reporting helps organizations discuss the material impacts of technology on strategy, risk management and business model. The role of human and intellectual capital in stimulating technological progress or responding to disruptive change can also constitute material disclosures.

LONG-TERMISM.

Institutional investors are increasingly vocal about the dangers of a short-term focus. A longer-term view of value is needed to shift business practices, resource allocation and capital market behaviour.

Integrated Reporting drives a stronger focus on longer-term investment and a more holistic view of value creation by providing insight into business strategy, performance and prospects through a multi-capital lens.

GOVERNANCE

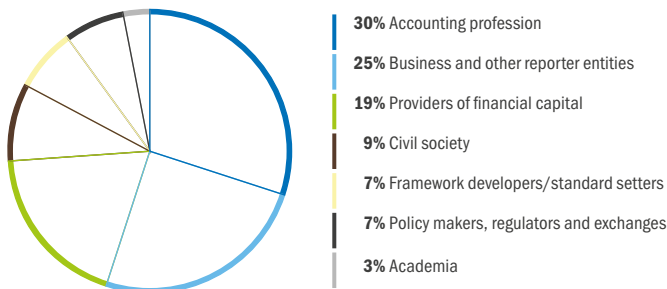
Our governance approach, as codified in our Constitution, was built on our market-led strategy and reliance on partnerships to advance our mission. This approach strikes a balance between the legal authority and responsibilities of our Board and the significant weight and influence of our Council.

Our structure, processes and internal culture are not significantly changed from last year. We therefore share only the most salient features here and invite readers to visit previously-disclosed content for more information.

[LEARN MORE](#)

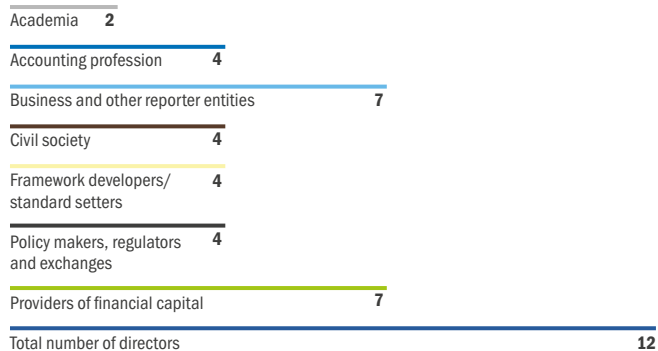
COMMUNITIES REPRESENTED ON OUR COUNCIL

As at 31 December 2016



BOARD MEMBER EXPERIENCE

Number of directors as at 31 December 2016

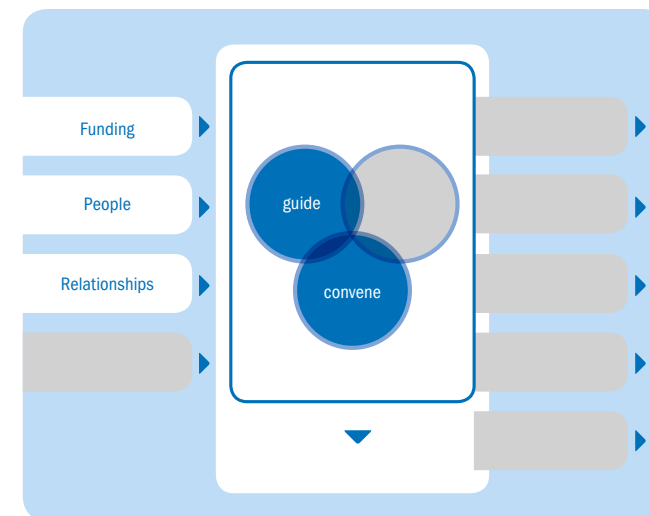


CONNECTION TO VALUE CREATION.

Our governance approach firmly supports our ability to create value.

Our Performance and Plans section ([page 14](#)) draws essential links via 'Connection to governance' tabs. Our governance also profoundly influences the input and activity aspects of our business model:

- Council members provide funding in the form of voluntary cash contributions, secondments and other in-kind support.
- Our people – including our Team and extended network – drive our vision forward. Support and advocacy from governing bodies expand this capacity.
- Relationships with Council members and their networks extend our reach.
- Council members help us connect to regional and global developments so we can guide local markets in a more meaningful and strategic way.
- Council meetings are a prime example of our ability to convene key influencers.



STAKEHOLDER RELATIONSHIPS

In this section, we present the needs and interests of key stakeholders and our corresponding responses. We also comment on the status of stakeholder relationships and how they affect our ongoing ability to create value.

OUR STAKEHOLDERS



BUSINESS AND OTHER REPORTER ENTITIES



PROVIDERS OF FINANCIAL CAPITAL



FRAMEWORK DEVELOPERS AND STANDARD SETTERS



ACCOUNTANCY PROFESSION



POLICY MAKERS, REGULATORS AND EXCHANGES



CIVIL SOCIETY BODIES







ACADEMIA



OUR TEAM





STAKEHOLDER ENGAGEMENT MECHANISMS

- 1 Council meetings
- 2 Board meetings
- 3 <IR> Framework Panel
- 4 <IR> Business Network
- 5 <IR> Academic Network
- 6 <IR> LinkedIn group
- 7 Regional <IR> networks
- 8 IIRC public consultations
- 9 Stakeholder feedback survey
- 10 External meetings and events
- 11 Annual IIRC conference
- 12 Corporate Reporting Dialogue
- 13 Bilateral arrangements
- 14 Monthly team meetings
- 15 Internal regional meetings
- 16 Team collaboration platform
- 17 Internal performance reporting
- 18 Team engagement survey
- 19 Annual performance reviews

OUR STAKEHOLDERS	STAKEHOLDER INTEREST /IIRC RESPONSE	HOW WE ENGAGE	COMMENTARY
<p>BUSINESS AND OTHER REPORTER ENTITIES</p> <p>... use our Framework and show momentum for Integrated Reporting</p> 	<p>Navigate the range of available reporting standards and frameworks We convene the Corporate Reporting Dialogue, which explains how reporting standards and frameworks relate and seeks to align where possible. Our networks and training programme help businesses understand and implement Integrated Reporting.</p> <p>Satisfy regulatory and voluntary requirements in a cost effective way We encourage businesses to apply our Framework in ways that suit their unique circumstances.</p> <p>Understand the IIRC's expectations with respect to Framework application We provide guidance in areas that are most challenging to report preparers.</p>	<p>1 2 3 4 7 8 9 10 11</p>	<p>Our activities and outputs continue to be guided by business feedback. In 2017, we will invite business and other perspectives on the implementation of our Framework to ensure we respond to market needs for guidance, research and other resources.</p>
<p>PROVIDERS OF FINANCIAL CAPITAL</p> <p>... provide demand-side momentum for Integrated Reporting</p> 	<p>Reduce portfolio risk Our Framework encourages companies to follow a holistic, multi-capital approach to risk disclosure.</p> <p>Analyze standardized performance metrics across portfolio companies We encourage companies to report consistently over time and in accordance with generally accepted standards.</p> <p>Understand governance and prospects of portfolio of investments We encourage companies to explain how governance structures support value creation over time.</p>	<p>1 2 9 10 11</p>	<p>We align with investor initiatives that promote stewardship, corporate governance and long-term thinking. Although our governance structure includes investors, we seek further interaction with this community.</p>
<p>FRAMEWORK DEVELOPERS AND STANDARD SETTERS</p> <p>... shape the nature and direction of the corporate reporting landscape</p> 	<p>Fill gaps in corporate reporting standards We work with the Corporate Reporting Dialogue to identify subject matter gaps.</p> <p>Minimize the perception of a reporting patchwork We highlight complementarity and pursue clarity and consistency through the Corporate Reporting Dialogue.</p> <p>Ensure respective standards and frameworks are well understood and applied Our Framework communicates the need to consult other standards and frameworks when preparing report content.</p>	<p>1 9 12 13</p>	<p>Integrated Reporting is an ally of enhanced corporate governance, robust investor stewardship and improved decision making among capital market participants.</p>
<p>ACCOUNTING PROFESSION</p> <p>... promotes Integrated Reporting and builds related professional competencies</p> 	<p>Advance member interests and the profession through leadership and advocacy We work with the profession on areas of mutual interest and support its leadership role in Integrated Reporting.</p> <p>Build capacity within accounting bodies, accounting firms and accountants in business We extend capacity building via Council arrangements, secondment agreements and joint initiatives.</p> <p>Provide client and member services that drive organizational, client and public interest We equip secondees with skills and knowledge in Integrated Reporting to enhance and expand firms' services.</p>	<p>1 9 13</p>	<p>Our relationship with the accounting profession continues to thrive and provide mutual benefits, including capacity building, elevated profile in the business community and momentum for enhanced reporting.</p>





OUR STAKEHOLDERS	STAKEHOLDER INTEREST /IIRC RESPONSE	HOW WE ENGAGE	COMMENTARY
<p>POLICY MAKERS, REGULATORS AND EXCHANGES</p> <p>... support Framework uptake via laws and norms</p> 	<p>Work in various areas in the public interest We show how Integrated Reporting supports capital market efficiency, inclusive capitalism, infrastructure investment, sustainable development and effective corporate governance and stewardship.</p>	<p>1 2 8 9 13</p>	<p>We learn and benefit much from these stakeholders. Their referencing of Integrated Reporting in national codes, recommendations and requirements supports our vision.</p>
<p>CIVIL SOCIETY</p> <p>... champions important pillars of the IIRC's vision and strategy</p> 	<p>Raise the profile of important societal issues We identify movements that complement our vision and to which Integrated Reporting can contribute.</p> <p>Demonstrate momentum for a particular interest or action We develop alliances and partnerships based on aligned objectives.</p> <p>Maintain or elevate an established footing in a chosen field We follow a model that favours co-branding and complementarity over replication.</p>	<p>1 2 3 4 7 8 9 10</p>	<p>We profit from civil society's voice on our Board and Council. We engage on such matters as responsible business, environmental stewardship and inclusive capitalism. This forges our relationships and progresses shared agendas in the public interest.</p>
<p>ACADEMIA</p> <p>... studies links between reporting, performance, and access to capital</p> 	<p>Probe and refine the theoretical basis for enhanced reporting We maintain open channels with academia, identify research opportunities and maintain a searchable <IR> Examples Database to assist research efforts.</p> <p>Explore new subject matter and perspectives We provide a peer-based forum via our <IR> Academic Network to inform and inspire new research.</p>	<p>1 3 5 6 7 8 9</p>	<p>The academic community provides credible evidence of the benefits of Integrated Reporting. We recognize the needs, interests and vital role of academia and feel further investment in these relationships is important.</p>
<p>OUR TEAM</p> <p>... drives performance and shares regional perspectives</p> 	<p>Understand and align with organizational goals and provide valued contributions We explain how our strategies support our mission and vision. We also highlight individual and collective achievements and provide employee feedback annually.</p> <p>Access the tools to do a good job We maintain guiding procedures and offer training/development opportunities.</p> <p>Contribute to a collaborative, communicative team We interact via cross-functional meetings and online platforms.</p>	<p>14 15 16 17 18 19</p>	<p>Team commitment will continue to drive our success. Our 2016 team survey showed strong alignment to IIRC goals; however, our small workforce and geographical expanse challenge internal communication and constrain our full potential.</p>

MATERIAL MATTERS

Relevant matters affect (or may, in time, affect) our ability to create value. We identify relevant matters by observing market trends, consulting key stakeholders and reviewing minutes of past Board and Council meetings.

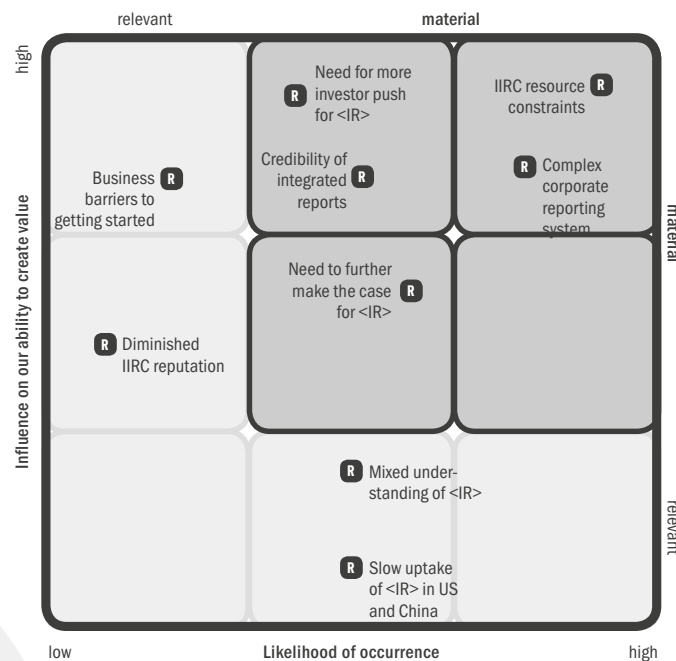
We evaluate and prioritize relevant matters based on their perceived likelihood and influence on value creation. We consider these factors individually and collectively. The most important of these matters are considered **material**.

Our Board reviews our conclusions and methodologies and provides constructive input and challenge.

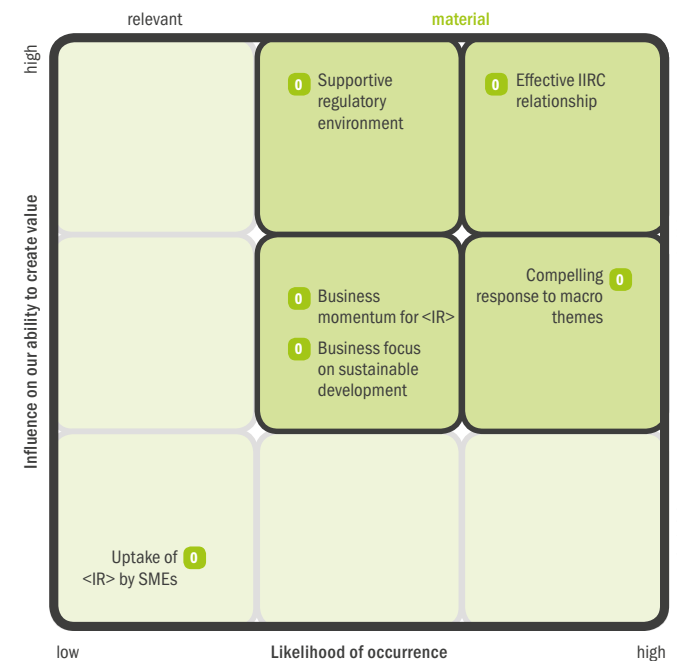
OUR MATERIAL MATTERS FALL INTO THREE CATEGORIES

- Value proposition of Integrated Reporting
- Pace and scale of Framework adoption
- IIRC capacity

RISKS WE MANAGE OR AVOID



OPPORTUNITIES WE SEIZE



R Risk **O** Opportunity

O Opportunity **R** Risk

OUR STAKEHOLDERS	DESCRIPTION OF MATERIAL MATTER	STRATEGIC THEME <i>(Page 12)</i>	HORIZON
VALUE PROPOSITION OF INTEGRATED REPORTING			
O Compelling response to macro themes. The link between macro trends and Integrated Reporting provides a platform for policy engagement.	<ul style="list-style-type: none"> Share evidence of the business case for Integrated Reporting Encourage research on value creation and capital market decisions Continue to deliver our Creating Value series 	5	Short term
R Credibility of integrated reports. Poor quality reports may fail to meet investors' information needs and undermine the benefits of Integrated Reporting.	<ul style="list-style-type: none"> Provide Framework guidance and deliver training via partners Share leading examples through the <IR> Examples Database Facilitate sharing of best practice through our networks Encourage Integrated Reporting awards and third-party benchmarking 	1, 2	Medium term
R Need to further make the case for Integrated Reporting. Insufficient understanding or evidence of the tangible benefits of Integrated Reporting to businesses, investors and broader capital markets may limit mainstream adoption.	<ul style="list-style-type: none"> Support and showcase research on value creation, capital market decisions and the financial implications of Integrated Reporting Publish <IR> Business Network and investor-oriented case studies Promote the ongoing development of academic evidence 	1	Medium term
O Business focus on sustainable development. Integrated Reporting is an effective means of linking material sustainability matters to value creation.	<ul style="list-style-type: none"> Show our alignment with the Sustainable Development Goals (SDGs) Explain how integrated reports can demonstrate commitment to the SDGs 	1	Medium term
PACE AND SCALE OF FRAMEWORK ADOPTION			
R Complex corporate reporting system. The range of standards, frameworks and regulations contributes to the perception that Integrated Reporting causes further burden and fragmentation.	<ul style="list-style-type: none"> Demonstrate alignment via the Corporate Reporting Dialogue Engage policy makers and regulators to align Integrated Reporting with local requirements and reduce the perception of added burden 	1, 2, 4, 5	Long term
R Need for more investor push for Integrated Reporting. Visible demand from investors is a vital incentive for business adoption of Integrated Reporting - low demand may stall widespread business adoption.	<ul style="list-style-type: none"> Strengthen ties to investors via the Pension Fund Network Illustrate the case for Integrated Reporting from an investor angle, tying to long-termism and improved strategic and governance disclosures 	1, 3	Medium term
O Business momentum for Integrated Reporting. A pronounced and measurable shift to Integrated Reporting could stimulate further uptake of our Framework to support critical mass.	<ul style="list-style-type: none"> Communicate evidence of increased adoption of Integrated Reporting Produce a global Integrated Reporting adoption heat map Gauge the number of organizations on the path to Integrated Reporting 	1	Medium term
O Supportive regulatory environment. Engagement with regulators and policy makers supports market-based strategies to accelerate acceptance of Integrated Reporting.	<ul style="list-style-type: none"> Work with regulators to remove real or perceived barriers to adoption Develop market strategies to reflect local regulatory contexts 	1, 5	Medium term
IIRC CAPACITY			
R IIRC resource constraints. Our funding model, global spread and competency gaps constrain our ability to take full advantage of the momentum for Integrated Reporting.	<ul style="list-style-type: none"> Identify new and innovative funding sources Prioritize funding efforts at the CEO and Board level Close skill and resource gaps through secondment agreements 	6	Short term
O Effective IIRC relationships. Our institutional reach is extended by our coalition and partners who build awareness and advance our vision.	<ul style="list-style-type: none"> Nurture key relationships and review biannually to ensure commitment Identify potential partners to pursue other strategic projects 	4, 6	Medium term

STRATEGY

We pursue our mission through a four-phased strategy. We are now in the Breakthrough phase of our strategy, which builds on six themes. In 2018, we will transition to our Global Adoption phase with the aim of establishing Integrated Reporting as a corporate reporting norm.

FEASIBILITY

JANUARY 2010 – DECEMBER 2011

Determine the conceptual viability of and market support for Integrated Reporting

CREATION

JANUARY 2012 – SEPTEMBER 2014

Develop the International <IR> Framework, build global awareness and encourage experimentation

BREAKTHROUGH

OCTOBER 2014 – 2017/18

Achieve a meaningful shift towards early adoption of the International <IR> Framework

GLOBAL ADOPTION

2018 AND BEYOND

Pursue widespread adoption of the International <IR> Framework and establish Integrated Reporting as a norm

1

Increase the pace and scale of Integrated Reporting adoption
Performance and plans on [page 14](#)

2

Maintain the International <IR> Framework, underpinned by leading practice and guidance
Performance and plans on [page 15](#)

3

Build a bridge from corporate reporting to financial capital allocation
Performance and plans on [page 16](#)

4

Progress through dialogue: Develop the Corporate Reporting Dialogue
Performance and plans on [page 17](#)

5

Engage with global policy makers and regulators
Performance and plans on [page 18](#)

6

Develop a long-term, viable organization
Performance and plans on [page 19](#)

NEAR TERM

Our 2017 work plan reflects the six themes of our **Breakthrough** Strategy. Our core activities of guiding, connecting and convening support our goal of early adoption of the International <IR> Framework. In the following pages, we track our performance against these six strategic themes and connect each theme to our material matters. We also show how our governance approach supports our strategy and value creation.

LONGER TERM

In 2018, we will transition to the **Global Adoption** phase of our strategy, with our sights set on widespread uptake of our Framework. This phase centres on two pillars: embedding Integrated Reporting as, first, a catalyst for more cohesive corporate reporting and, second, a principle for enhanced governance.

In our 2016 Stakeholder Feedback Survey, respondents pointed to regulatory support as a key enabler of Integrated Reporting, a sentiment echoed in our many consultations. We therefore aim to move from regulatory engagement to acceptance of Integrated Reporting concepts. We will also liaise with policy makers, business leaders, investors and the Corporate Reporting Dialogue to advance market adoption and explain differences in regional implementation.

The quality of integrated reports remains critical to enhancing the credibility of Integrated Reporting and maintaining momentum. We will therefore continue to provide guidance through our networks, training programme, <IR> Examples Database and IIRC pronouncements.

MAKING THE CONNECTION
 Our strategy reflects external trends ([page 5](#)), stakeholder input ([page 7](#)) and material matters ([page 10](#)).

CAPITAL MARKET SHIFTS

Our ongoing strategy encourages systemic reform as reflected in our **Three Shifts Philosophy**. The first shift moves the financial capital market system to one that is more inclusive and resilient to multi-dimensional and interconnected risks. The second shift moves from short-termism to sustainable capital markets, with incentives that encourage and reward long-term decision making. The third shift nudges corporate reporting from a siloes approach to one that is fully integrated to support the goals of financial stability and sustainable development.

STRATEGIC THEME 1: INCREASE THE PACE AND SCALE OF INTEGRATED REPORTING ADOPTION

Material themes, see page 11

R	Credibility of integrated reports
R	Case for Integrated Reporting
O	Business focus on sustainable development
R	Complex corporate reporting system
R	Investor push for Integrated Reporting
O	Business momentum for Integrated Reporting
O	Regulatory environment

CONNECTION TO GOVERNANCE

Advocacy by governance body members extends our reach into priority markets

LOOKING BACK AT 2016, WE... [LEARN MORE](#)

Expanded our global network of supporters. We reached 1,957 individuals and organizations through our many networks. Most of the outreach came via 14 Regional Networks and <IR> Academic Network, which included 1,181 and 396 participants, respectively. Our Business Network, public sector and technology networks and IFAC-led Professional Accountancy Organizations Network rounded out the total.

Received endorsement from influential bodies. Our key partners and other well-known brands raised the profile of Integrated Reporting and helped boost the credibility of our movement. Notably, the release of General Electric's first integrated report in early 2016 attracted significant media attention.

Fine-tuned our market strategies. We worked with influential bodies to better understand and adapt to local markets. Our efforts in Asia led to the appointment of China's Ministry of Finance to our Council and explicit reference to Integrated Reporting in the Ministry's five-year plan. Resourcing issues stalled our US efforts; in response, we will expand our staffing in this key market in 2017.

Launched our <IR> Training Programme. We collaborated with eight licensed training partners to deliver the knowledge, skills and behaviours needed to adopt Integrated Reporting and realize its benefits.

Convened a global Integrated Reporting conference. In December, we partnered with the International Corporate Governance Network to deliver our flagship conference, which attracted some 400 capital market participants.

In 2016, we saw modest growth in the number of Framework-referenced integrated reports, a positive signal along this strategic theme. Uptake was particularly high in Japan, although we found that implementation quality varied considerably. To encourage Framework adoption globally, we continued to work with our many partners and networks. We saw an increase in total network participation, but fell short of our Business Network target; we will look to remedy this in 2017. Finally, with the exception of a pioneering few, North American uptake of our Framework remained low. Here, too, we will re-focus our efforts in 2017.

LOOKING AHEAD TO 2017, WE WILL...

Revise our <IR> Business Network recruitment model to increase participation. We are refreshing our overall approach to networks in 2017, with particular focus on the recruitment, programme content and report reviews of our <IR> Business Network. We will pursue these enhancements through a revised network model.

Continue to promote the business case for Integrated Reporting. We will encourage research in the areas of value creation, business and investor decision making, and capital market interactions to further build the case for Integrated Reporting.

Address market concerns regarding reporting complexity. We will continue to champion the themes of clarity, consistency and alignment throughout our extended network and, more specifically, among the Corporate Reporting Dialogue.

Intensify our efforts in the US and China. We plan to build on the momentum of our recent activities in China, starting with the formation of a region-specific working group. Similarly, and in response to limited uptake in the US, we will launch a US working group in 2017.

Expand our <IR> Training Programme. We will appoint further training partners to the programme in 2017, allowing the number of courses and trainees to grow exponentially.

Develop a methodology to evaluate global Framework adoption. To better track the scale of uptake, we will look to external partners, research and surveys to better assess the number of organizations on the path to Integrated Reporting.

We will continue to promote third-party evidence that illustrates the business case for Integrated Reporting. We will also look to reduce the 'disclosure complexity' hurdle via the Corporate Reporting Dialogue. Our renewed focus on the <IR> Business Network – which features the beacons of our movement – will send a peer-based incentive to broader uptake. Market understanding of Integrated Reporting and a stronger emphasis on quality will benefit from an expanded <IR> Training Programme. Finally, we see the Sustainable Development Goals as further impetus for Framework adoption, as organizations demonstrate their commitment to the goals.

STRATEGIC THEME 2: MAINTAIN THE INTERNATIONAL <IR> FRAMEWORK, UNDERPINNED BY LEADING PRACTICE AND GUIDANCE

 [Material themes, see page 11](#)

R	Credibility of integrated reports
R	Complex corporate reporting system

LOOKING BACK AT 2016, WE... [LEARN MORE](#)

Formed a technical body to support the International <IR> Framework. We established a formal <IR> Framework Panel to provide recommendations to our Board regarding revisions to the International <IR> Framework. The Panel also serves as a sounding board for guidance and other technical material.

Reviewed the effectiveness of Framework implementation. We studied Framework-referenced integrated reports for their application of the Fundamental Concepts, Guiding Principles and Content Elements of our Framework. We saw considerable variation in the extent and quality of Framework implementation and identified recurrent challenges; such areas are likely to benefit from further IIRC guidance.

Maintained the <IR> Examples Database. We expanded our database to showcase over 400 Framework-referenced reports. Our library of critiqued examples also grew. By year’s end, the database featured winners of nine corporate reporting awards programmes from around the world.

Published formal procedures for IIRC pronouncements. We codified and made public the steps necessary to advance our technical and other outputs. This information is available in the form of our online [Procedures Handbook](#).

Our 2016 efforts strengthened the structure and transparency of our technical programme and the results of our analysis of reporting practice gave important insight into the challenges of Framework implementation. Whether these challenges stem from local regulatory context, insufficient guidance or interpretive issues – related to the purpose of Integrated Reporting, generally, or the application of Framework concepts, specifically – they will form the basis for further exploration in 2017.

LOOKING AHEAD TO 2017, WE WILL...

Invite market feedback on the implementation of the International <IR> Framework. In the first half of 2017, we will issue an open call to businesses, investors and others to comment on the quality and effectiveness of Framework implementation, as well as barriers to, and enablers of, Framework adoption.

Identify the extent and quality of Framework implementation. We will build on our 2016 study of Framework-referenced reports as a basis for future IIRC guidance. We will communicate the findings of our structured review to help organizations more effectively apply the concepts of Integrated Reporting.

Present a growing body of leading examples. We will continue to expand the content of our <IR> Examples Database to reflect the latest Framework-referenced reports and effective implementation of Integrated Reporting concepts.

Develop and initiate a plan for IIRC-issued guidance. We will draw on market input, our structured review of integrated reports and examples of leading practice to identify priority areas for guidance development.

One of our more significant endeavours for 2017 will be an open consultation on our Framework and, in particular, its application in practice. Although we have no immediate plans to revise the Framework, this feedback will nonetheless inform our technical programme to ensure it responds to market needs for guidance, research and other resources. Market input will also inform our strategy, policy efforts, communications and network activities.

CONNECTION TO GOVERNANCE

Council is our initial barometer for public opinion and market demand for guidance

STRATEGIC THEME 3: BUILD A BRIDGE FROM CORPORATE REPORTING TO FINANCIAL CAPITAL ALLOCATION

Material themes, see page 11

R Investor push for Integrated Reporting

LOOKING BACK AT 2016, WE... [LEARN MORE](#)

Assigned greater focus to investor-oriented initiatives and outreach. Limited resourcing has hampered our investor engagement in recent years; however, in 2016, we assigned an experienced secondee to this area. We developed investor-targeted material, co-commissioned a report called Meeting users' information needs: The use and usefulness of Integrated Reporting and collaborated on a report on investment decisions based on value creation insights.

Benefited from results of third-party surveys and studies. In a survey of 330 report preparers and users, conducted jointly by the Malaysian Institute of Accountants and ACCA, 61.8% of respondents said Integrated Reporting adoption ought to enhance the appeal of Malaysian businesses to investors. A report by the Associazione Italiana degli Analisti e Consulenti Finanziari confirmed financial analyst interest in integrated reports as a means of understanding firms' ability to create value.

Saw increased support for Integrated Reporting among investors. Investor organizations such as BlackRock, CalPERS, CFA Institute and Eumedion promoted several core concepts of Integrated Reporting. These and other bodies championed a focus on long-term value creation, for example, with some explicitly referencing the contributing role of Integrated Reporting.

During 2016, we saw investors draw important links between Integrated Reporting and enhanced decision making. We contributed to this process at a grassroots level through additional resourcing and our Council member affiliations; our banner was also carried by credible third parties, including investor bodies. Our advances are encouraging, but we remain mindful of the continued disparity between investor interest, as shown in empirical data, and tangible action. Businesses still cite limited mainstream investor support as an impediment to Integrated Reporting adoption. Feedback from our 2016 Stakeholder Feedback Survey confirmed this sentiment.

LOOKING AHEAD TO 2017, WE WILL...

Reinforce the corporate governance and long-termism aspects of our work. As we near our strategic transition in 2018, our emphasis on effective corporate governance – and, in particular, Integrated Reporting's role in promoting and articulating effective corporate governance – will intensify. We will prepare corporate governance and stewardship related principles to promote among regulators and policy makers. Our emphasis on longer time horizons will also take centre stage through, for example, our work with Standard & Poors and its S&P Long-Term Value Creation Global Index.

Encourage third-party research and investor endorsement. An EY report published in early 2017 showed that 92% of investors surveyed support CEO-issued and Board-reviewed strategy disclosures on long-term value creation. We will continue to encourage and showcase such research among investor circles.

Broaden appetite for Integrated Reporting among mainstream investors. We will ensure that Integrated Reporting connects to relevant investor-led initiatives, not least to generate awareness among mainstream investors. We recognize the importance of peer-to-peer advocacy, so will seek to facilitate rather than lead outreach and education efforts among investors.



Third-party calls for holistic, longer-term valuation analyses are expected to drive mainstream investor demand for Integrated Reporting. To this end, we will continue to work with initiatives that promote enhanced governance, longer-term value creation and other core concepts of Integrated Reporting. The Coalition for Inclusive Capitalism, Principles for Responsible Investment and Focusing Capital on the Long-Term are sample initiatives with which we will continue to align.

CONNECTION TO GOVERNANCE

Investors on governance bodies inform our engagement with providers of financial capital

STRATEGIC THEME 4: PROGRESS THROUGH DIALOGUE – DEVELOP THE CORPORATE REPORTING DIALOGUE

 [Material themes, see page 11](#)

	Complex corporate reporting system
	Effective IIRC relationships

CONNECTION TO SUSTAINABLE DEVELOPMENT GOALS

The IIRC convenes eight influential standard setters and framework developers via the Corporate Reporting Dialogue. The initiative's Corporate Reporting Landscape Map shows how organizations can report on human, natural and other forms of capital. Equipped with the range of available disclosure options, organizations can better communicate their progress against the Sustainable Development Goals.



A WORD OF THANKS

We gratefully acknowledge the contributions of the Corporate Reporting Dialogue's founding Chair, Huguette Labelle, CC OOnt. Huguette fulfilled her role between May 2014 and December 2016 with great skill, passion and professionalism.

LOOKING BACK AT 2016, WE... [LEARN MORE](#)

Clarified the purpose of the Corporate Reporting Dialogue. Participants revisited the initiative's Terms of Reference to clarify its goals and strategy and to narrow the gap between real and externally-perceived objectives.

Convened the Corporate Reporting Dialogue to generate discussion, outreach and market deliverables. Meetings in 2016 united us on issues of common interest, including the Financial Stability Board's work on climate-related financial disclosures. In April, Corporate Reporting Dialogue representatives outlined the benefits of collaboration at a Deutsche Börse event. Finally, the initiative delivered a joint statement clarifying the similarities and differences between participants' materiality approaches.

Explored mechanisms to invite market input. In the second half of 2016 the Corporate Reporting Dialogue examined mechanisms for more effective interaction with external stakeholders. In December, participants agreed a set of concrete actions to improve market engagement.

According to our 2016 Stakeholder Feedback Survey, most respondents considered the Corporate Reporting Dialogue an important driver for positive change in corporate reporting. In practice, resource constraints confined the initiative's full potential in 2016; however, by Q4 we were on track to address these gaps.

LOOKING AHEAD TO 2017, WE WILL...

Manage market expectations regarding the Corporate Reporting Dialogue's remit. We will incorporate December 2016 updates into the initiative's Terms of Reference and publish the amended Terms on the Corporate Reporting Dialogue's website.




Deliver high quality outputs to the market. Whereas the second half of 2016 focused on strengthening the cohesion and institutional arrangements of the Corporate Reporting Dialogue – including appointing both a new Chair and programme manager in Q4 – our focus will shift to outward-facing deliverables and outcomes in 2017.

Provide input to the Financial Stability Board's climate-related work. As a collective of standard setters and framework developers, the Corporate Reporting Dialogue is well placed to contribute to evolving reporting initiatives. To that end, the group will submit a joint letter to the Financial Stability Board's Task Force on climate-related financial disclosures in early 2017.

Having clarified our collective goals, committed to stronger market engagement and secured additional resourcing – including an experienced and respected Chair in Ian Mackintosh – the Corporate Reporting Dialogue is poised to deliver in 2017. Focus areas will include climate-related disclosures, improved alignment of sustainability metrics and demonstrating the value of transparency and accountability.

STRATEGIC THEME 5: ENGAGE WITH GLOBAL POLICY MAKERS AND REGULATORS

 [Material themes, see page 11](#)

	Response to macro themes
	Complex corporate reporting system
	Regulatory environment

LOOKING BACK AT 2016, WE... [LEARN MORE](#)

Engaged with policy makers, regulators and stock exchanges. In May, we responded to the Phase I consultation of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. In June, we visited Argentina’s Comisión Nacional de Valores to explain the concepts of, and momentum for, Integrated Reporting. In July, we met with the US Securities and Exchange Commission’s **Investor Advisory Committee** to explain our multi-capitals approach and draw parallels to the region’s Management Discussion and Analysis. We followed with a **response** to the SEC’s Concept Release on Business and Financial Disclosure Required by Regulation S-K. We participated throughout the Chinese presidency of the B20 to explain the role of corporate reporting in meeting B20 challenges. Finally, we monitored the European Commission’s EU Non-Financial Reporting Directive, joined related roundtables and one-on-one interviews, and responded to the Commission’s proposed guidance.

Received explicit reference in policy and regulatory initiatives. We saw several key developments in 2016. The **UK Treasury** encouraged public sector organizations to adopt Integrated Reporting, while South Africa launched its new corporate governance code, **King IV**, modelled on the International <IR> Framework. China’s Ministry of Finance expressed support for Integrated Reporting in its Five Year Plan for Accounting Reform and Development. And, in its **Global Stewardship Code**, the International Corporate Governance Network recommended that businesses adopt Integrated Reporting. It later issued a **joint statement** with the IIRC, calling for aligned systems of corporate governance and reporting to drive long-term value.

In 2016 our policy work ranged from outreach and education to detailed analysis of alignment opportunities. These efforts are expected to yield exponential benefits – by virtue of peer influence – over multiple years. As an illustration, following South Africa’s initial lead, Integrated Reporting is now referenced in corporate governance codes in countries such as Malaysia and the Philippines.

LOOKING AHEAD TO 2017, WE WILL...

Liaise with policy makers, regulators and stock exchanges. We will continue to supplement our education and outreach efforts with contributions to new and evolving reporting initiatives. For example, we will submit comments to the Phase II consultation of the Financial Stability Board’s Task Force on Climate-related Financial Disclosures. We will also seek explicit endorsement of Integrated Reporting from the Coalition for Inclusive Capitalism. Finally, we aim to strengthen our profile with the European Commission and amplify the connection between Integrated Reporting and the EU Non-Financial Reporting Directive.

Advocate for Integrated Reporting in G20 and B20 task force recommendations.

Our participation throughout the Chinese presidency of the B20 secured our continued involvement during the German presidency in 2017. Our CEO is a member of the B20 Task Force on Energy, Climate Change and Resource Efficiency. In this capacity, he will promote explicit reference to the cycle of integrated thinking and reporting where relevant.

Our engagement with regulators and policy makers is critical to our strategy. In 2017, we will maintain our G20 focus through our link to the B20 task forces. We will also continue to position Integrated Reporting as a mechanism for disclosing material reliances and effects on multiple capitals and demonstrating commitment to the Sustainable Development Goals. Finally, in lead-up to our Breakthrough Strategy, we will promote integrated reports as enablers of good governance and investor stewardship.

CONNECTION TO GOVERNANCE

Board and Council members help us cultivate our relationships with regulators and policy makers.

STRATEGIC THEME 6: DEVELOP A LONG-TERM, VIABLE ORGANIZATION

Material themes, see page 11

R	IIRC resource constraints
D	Effective IIRC relationships

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Grew income and diversified funding sources. Income for the year totalled £1,510k (2015: £1,412k). Our Network activities yielded £593k (2015: £669k), reflecting changes to our network structure and Public Sector Pioneer Network funding model. These changes impacted the phasing of our networks invoicing cycle.

INCOME			
in £	2016	2015	2014
Network Contributions	598,863	669,202	746,142
Other Contributions	750,800	734,407	721,327
Training and Events	159,942	8,882	–
	1,509,605	1,412,491	1,467,469

With declining Network contributions, we continued to expand our funding sources, including Training and Events, which generated £160k (2015: £9k). Annual Council contributions, which represent the bulk of the Other Contributions category, grew from £644k to £724k. This category includes early receipt of certain 2017 contributions.

Managed our resources effectively. We ended 2016 with a manageable deficit of £98k (2015 deficit: £99k) and cash reserves of £745k (2015: 894k). We tightened travel costs, despite income growth of 7%, and benefitted from in-kind support in the form of office space and 7.78 full-time equivalent (FTE) seconded staff (2015: 9.51). Our team averaged 29 people (2015: 28) or 21 FTE (2015: 23) and partners continued to support our goals.

Improved our understanding of stakeholder views. We received 535 responses to our Stakeholder Feedback Survey, in which 78% described our Framework as a high-quality approach to reporting on value creation. Eighty-seven percent regarded Integrated Reporting as a more efficient approach to corporate reporting than the status quo. Pages 5 and 6 of this report highlight other stakeholder feedback.

In 2016, we appointed a new CEO, Richard Howitt, and managed his smooth transition into the role. In the face of capacity constraints, our sound governance, prudent financial management and productive relationships remained core strengths, allowing us to deliver on our strategy.

LOOKING AHEAD TO 2017, WE WILL...

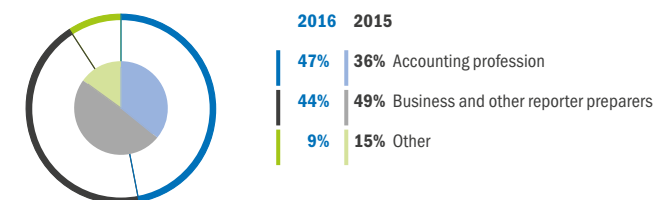
Develop and implement a strategy to maximize funding streams. We now derive a greater proportion of income from our <IR> Training Programme and events and we will stay this course during 2017. Our newly-formed Integrated Reporting Foundation (UK Charity No. 1165201) opens doors to new avenues of funding. We will continue to pursue other funding sources, drawing on external fundraising expertise.

Maximize our global and regional impact through institutional partnerships. We will continue to rely on our extended networks to extend our reach. We will equip our partners, Ambassadors and others with tools required to advocate on our behalf.

Enrich insight into stakeholder views and their perception of our progress. We will repeat our Stakeholder Feedback Survey to confirm our grasp of external needs and interests and to assess our performance through our stakeholders' eyes. We see room for improvement based on last year's survey results, wherein only 62% said we are making positive progress towards the global adoption of Integrated Reporting.

Ready ourselves for the Global Adoption Phase of our strategy. 2018 will mark a strategic transition from breakthrough to global adoption. To ensure efficient and effective delivery of this strategy, we will strengthen our resourcing model and organizational structure to ensure an aligned understanding of desired outcomes.

INCOME BY SOURCE



Exploring new funding sources remains a high priority for our CEO and Board. Our foundation expands income opportunities beyond core network activities, Council contributions, training, events and project sponsorship. The addition of staff in under-served markets, notably the US, will alleviate staffing pressures. These and other measures are critical to overcoming capacity issues, particularly as we move to our Breakthrough Strategy in 2018.

CONNECTION TO GOVERNANCE

Robust governance supports the integrity of our work, attracts funding and improves access to policy markers

OUTLOOK: TOWARDS GLOBAL ADOPTION

NEAR TERM

We are excited by our prospects for 2017 and beyond. Through our various thought pieces and initiatives, we have aligned Integrated Reporting to trends in capital markets and the sustainability field. These efforts put us in good stead for future policy discussions. So, too, does our **Three Shifts Philosophy** ([page 13](#)), which remains at the forefront of our work. We are also seeing important developments in the areas of corporate governance and stewardship. These developments play well into our strategic transition to Global Adoption in 2018.

We will continue to engage with the Secretariat of the German G20 Presidency in 2017 and we remain committed to policy efforts at the B20 level to ensure Integrated Reporting remains on the agenda. Our involvement here will be particularly important as governments and businesses reflect on the climate-related disclosure recommendations of the Financial Stability Board's Task Force.

To further probe our assumptions on external trends, perceptions and outlook, we will conduct our second annual Stakeholder Feedback Survey in 2017. We will also, as a matter of priority, invite public feedback on the implementation of the International <IR> Framework. Insights gained from this consultation will help us respond to market needs for guidance and research. Feedback will also inform other aspects of our work including strategy development, policy work and <IR> Network activities. We are encouraged by the level of public interest in our work and will continue to build market perspectives into our approach.

On a cautionary note, our human resource shortages and competency gaps continue to constrain our ability to fully capitalize on the momentum for Integrated Reporting. We will seek opportunities in 2017 to overcome these challenges and streamline internal processes to permit a sharper focus on value-added activities.

LONGER TERM


Historic agreements in 2015, such as the Paris Agreement on greenhouse gas emissions at COP 21 and the adoption of the 2030 Agenda for Sustainable Development, were critical ingredients in a global paradigm shift. The Financial Stability Board's Task Force on Climate-related Financial Disclosures has further elevated the importance of environmental considerations in business consciousness. We see Integrated Reporting as a natural vehicle for communicating these considerations and demonstrating their connection to strategy, risk management and value creation. Despite this progress, however, we believe corporate reporting can and should do more to embrace the other factors – including intellectual, manufactured, and social and relationship capital – that materially drive or erode value.

We are witnessing a gradual but important shift by capital market regulators and others towards encouraging and enforcing high standards of corporate behaviour. Proof of this is in the growing emphasis on governance codes like that found in the UK. Support is also found in investor stewardship codes, such as that in Japan, which recognizes corporate value and sustainable growth as a shared responsibility between company management and institutional investors. These and other regional developments reinforce the purpose of reporting, namely improved decision making among all participants of the reporting and investment chain.

We have made inroads in demonstrating that an integrated and inclusive corporate reporting system has practical benefits for businesses and investors. Our strategy encourages systemic reforms beyond corporate reporting alone, reforms that benefit all participants of global capital markets.

We view the developments cited in this Outlook section and throughout this integrated report, and their consistency with the concepts of Integrated Reporting, as positive signals for our future endeavours.

MAKING THE CONNECTION

Our outlook is presented in the context of key external trends ([page 5](#)), strategy ([page 12](#)) and material matters ([pages 10–11](#)). 

ADHERENCE TO THE INTERNATIONAL <IR> FRAMEWORK

We examined our 2016 Integrated Report to evaluate its alignment with Paragraph 1.17. This exercise also helped us evaluate progress against our earlier commitments for continuous improvement.

CONTINUOUS IMPROVEMENT

We are committed to improving our reporting. In our previous report, we identified four areas for improvement. Our progress is as follows:

- Show the connections between our strategy and resource allocation (Para. 3.3)
- Enhance our analysis of stakeholder feedback to clarify needs and interests and communicate responses (Para. 3.10)
- Refine our internal performance measurement to support information reliability and traceability
- Simplify and improve alignment between our internal and external reporting

Partial progress Full progress

INTERNATIONAL <IR> FRAMEWORK REQUIREMENT	COMMENTARY	
1.12	Integrated report as a designated, identifiable communication	Our 2016 Integrated Report is available for download on our website.
1.17	Application of all Framework requirements unless limited by a lack of reliable information, legal prohibitions or risk of competitive harm	No factors preclude our ability to follow the Framework's requirements. This table evaluates the extent to which we adhere to the Framework.
1.18	Nature of and reason for omitted material information and planned corrective action	In our judgement, our 2016 Integrated Report addresses all matters that have, or could have, a material effect on our ability to create value.
1.20	Statement from those charged with governance addressing their responsibility for report integrity, application of a collective mind to report preparation and presentation and adherence to the International <IR> Framework	Our Board's Responsibility for the Integrated Report statement is found on page 2 of this report.
3.3	Insight into strategy and how it relates to the ability to create value over time and the use of and effects on the capitals	We share our strategy on page 12 and link strategic themes to value creation (page 4), material matters (page 11) and performance and plans (pages 10-15).
3.6	Holistic picture of the combination, interrelatedness and dependencies between the factors that affect the ability to create value over time	We link value creation to our business model (page 4), strategy (page 12), risks and opportunities (page 8) and performance and plans (pages 14-19).
3.10	Insight into the nature and quality of relationships with key stakeholders, including how and to what extent their needs and interests are addressed	Pages 7-9 identify key stakeholder groups and mechanisms for inviting their views.
3.17	Information about matters that substantively affect the ability to create value over time	Pages 10-11 introduce material matters, strategic links, timeframes and corresponding responses. Material matters are also linked to strategic themes, performance and plans on pages 14-19 .
3.36	Conciseness	Our report is 50% shorter this year, thanks to a sharper materiality focus, improved information layering and enhanced cross-referencing.
3.39	Balanced presentation of material matters and absence of material error	We strive to present results and expectations neutrally. In our judgement, our disclosed information is free from material error.
3.54	Consistent presentation of information to aid comparisons with others	Our financial statements are consistent with prior presentation and accepted practice. Our presentation may evolve over time as part of our commitment to continuous improvement. We will explain material changes and reconcile to prior disclosures.
4.4	Explanation of what the organization does and its operating circumstances	Page 4 explains what we do. Our operating context is shared in the External trends (page 5) and Outlook (page 20) sections.
4.8	Explanation of how governance supports the ability to create value over time	Our Governance section (page 6) connects our governance approach to key business model elements. Our Performance and plans section (pages 14-19) also links information via 'Connection to governance' tabs.
4.10	Presentation of business model	Our How we create value section (page 4) shows business model components and connects outcomes to value creation for us and others.
4.23	Risks and opportunities that affect value creation and how they are addressed	Our Material matters section (page 10-11) identifies our risks and opportunities, related responses, timeframes and links to strategy.
4.27	Where the organization wants to go and how it intends to get there	Our Strategy section (page 9) shows our near- and longer-term strategy. Our Performance and plans section (page 14-19) shares near-term priorities for each of the six strategic themes of our Breakthrough Strategy.
4.30	Extent to which strategic objectives are achieved and effects on the capitals	Our Performance and plans section (page 3) shows results in the context of our Breakthrough Strategy. Our How we create value section (page 4) explores outcomes by capital, albeit at a high level.
4.34	Challenges and uncertainties while pursuing the strategy and potential implications for the business model and future performance	Our Material matters section (page 11) presents challenges in the context of six strategic themes. We also raise anticipated challenges in our Outlook section (page 20).
4.40	Explanation of the materiality determination process	Our Material matters section (page 10) explains our materiality determination process.

INTEGRATED REPORTING ENHANCES THE WAY ORGANIZATIONS THINK, PLAN AND REPORT.

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