TOWARDS A COMPREHENSIVE CORPORATE REPORTING SYSTEM

The concepts of integrated reporting are relevant for our time. They help redefine our understanding of value creation to ensure it is inclusive of all the drivers of performance. They are also becoming embedded within the core principles of corporate governance. Our work is a catalyst for a clearer, globally accepted and comprehensive corporate reporting system, enhancing trust and enabling meaningful measurement and disclosure of the value of business to investors and all other stakeholders representing the economy, society, and the environment.

Corporate reporting - and specifically integrated reporting - has its role to play. It shines light on the thinking and decision making of management and orients engagement between a business and its stakeholders. It guides investor decision making and is an important tool of corporate governance and risk management. It is invaluable for our understanding of strategy, the business model and how resources are allocated to create short, medium and long-term value while meeting the needs of investors and other stakeholders alike.
Driven by the evidence of what works and the experience of standard setters and framework providers, it is time to develop a comprehensive corporate reporting system: an agreed set of comprehensive standards with robust global oversight to achieve legitimacy, enabling assurance and ensuring trust. This new system would amount to a positive legacy from this generation to the next. We will use our movement’s credibility and authority, working selflessly and collaboratively with others, to bring this about.

WHAT IS INTEGRATED REPORTING?

Integrated reporting is a process founded on integrated thinking that results in a periodic integrated report - a clear and concise communication about how an organization’s strategy, governance, performance and prospects, in the context of its external environment, create value for its stakeholders in the short, medium and long-term. The primary audiences of an integrated report are providers of financial capital, but it also benefits other stakeholders including employees, customers, suppliers, local communities, regulators, and policymakers.

Integrated reporting is viewed by many as the next evolution in corporate reporting, an antidote to the narrow and siloed focus on short-term, financial profit of traditional annual reports, which is now accepted to have far-reaching destructive consequences for the environment, society, and the economy.

Integrated reporting incorporates financial reporting and sustainability reporting, while also providing a strategic view of an organization’s past performance and future prospects. It challenges the way organizations think, plan and report about the financial and other resources, or “capitals”, they use and affect to create value. It is not confined to financial capital and accounting, or natural capital and sustainability reporting, but also embraces the other capitals: intellectual, human, social and relationship, and manufactured (including infrastructure not owned by the Company). Integrated reporting is unique in that it considers these capitals in an interconnected way, considering how they interact with and impact one another, in contrast to separate standalone financial and sustainability reports.

WHAT SETS INTEGRATED REPORTING APART?

With some 2,000 organizations adopting integrated reporting in over 70 markets globally, we set out its unique features:

- **Grounding in integrated thinking and strategy to create sustainable value and thus better business practice**, with the integrated report being an outcome of this process.

- **A focus on all relevant sources of value creation, including intellectual and human capitals**. We all know the critical importance of innovation, intellectual property and technology to today’s business models. Integrated reporting requires organizations to also consider the impact of, for example, customer satisfaction, employee engagement, strategic alignment, governance, and associated metrics.

- **The connectivity of information**. Only integrated reporting has a focus on reporting across the whole range of capitals, which promotes connectivity rather than siloed reporting.

- **Its principles-based philosophy**. This allows integrated reporting to be endorsed by governments and regulators flexibly and consistent with regional and national cultures, for example in corporate governance codes or other regulatory signposting.
WHO BENEFITS FROM INTEGRATED REPORTING?

- **Organizations** – integrated reporting helps organizations to understand and communicate their impact and how they create value in a holistic way. This can help improve relationships with all stakeholders, reduce cost of capital and facilitate improved long-term performance, resilience and sustainable development.

- **Investors and other key stakeholders such as customers, employees and regulators** – integrated reporting provides a comprehensive understanding of businesses and their prospects in the short, medium and long-term, enabling better informed decisions.

- **Society** – enhanced business and investor performance increases economic prosperity, while appropriate consideration and management of all the capitals over the short, medium and long-term promotes sustainable development and financial stability.

OUR ORGANIZATION

The International Integrated Reporting Council (IIRC) is a global coalition promoting the worldwide adoption of integrated reporting to improve communication about value creation, advance the evolution of corporate reporting, capture integrated thinking, and make a lasting contribution to organizational resilience, financial stability and sustainable development.

Organizations represented on our Council are drawn from broad global communities, including the accounting profession, business, investors, NGOs, regulators, and standard setters.

We are the global authority on integrated reporting, having set out the fundamental concepts, guiding principles and content elements in the International <IR> Framework.

In a fragmented world, the IIRC is a convener, a coalition builder and a driver of integration rather than separation.

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. We reinforce the Sustainable Development Goals (SDGs) by encouraging organizations to consider, connect, and communicate their adherence to the SDGs, to the extent that their adherence to particular SDGs is significant to how they create value.

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.

You can find information on specific work we have done around the SDGs in 2019 throughout this report.

**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.

**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.