The IIRC is part of the corporate reporting ecosystem. Our <IR> Framework has several unique features, including its focus on multi-capital value creation, an emphasis on connectivity of information and its reinforcing cycle of integrated thinking and reporting. It is principles-based, meaning that it is compatible with other organizations in the corporate reporting landscape – framework providers and standard setters that are essential to achieving a comprehensive corporate reporting system.

The evolution of corporate reporting standards and practice over time has been heavily influenced by the underlying trends facing the global economy as well as society’s expectations of businesses. It is important for us to track these trends so that we can anticipate the next frontiers in corporate reporting and remain responsive and relevant to any changing circumstances in our external environment.
KEY CURRENT TRENDS

An increasing demand for a single set of ‘non-financial’ reporting standards

The World Economic Forum, the European Commission, McKinsey and Accountancy Europe are among the institutions that have heightened calls for greater standardization of non-financial reporting to enable increased comparability and trust in corporate reporting as a whole. This development is pivotal to the IIRC as it complements our calls for a comprehensive corporate reporting system and our participation in the Corporate Reporting Dialogue. As we argue in our submission to the Accountancy Europe consultation Interconnected standard-setting for corporate reporting, “We believe that the International Integrated Reporting Framework, with its focus on multi-capital thinking, already meets many of the needs of multiple stakeholders and provides the structure to create an interconnected conceptual framework for corporate reporting”.

Inclusive capitalism

In response to the 2007/08 global financial crisis the idea of “inclusive capitalism” has advanced, giving greater weight to social and environmental value within the overall framework of economic and capital market decision making. As part of these discussions, consideration has been given by governments and institutions such as the UN to measuring the overall well-being of nations, which offers a broader canvas to enhance our understanding of societal and human progress. These developments are relevant to the IIRC as the multiple capitals of our <IR> Framework provide a basis for understanding, measuring and articulating these broader dimensions of human, economic and social progress within organizations for all stakeholders.

Stewardship and corporate governance

The concept of stewardship, allied to principles of corporate governance, is becoming a major feature around the world. This trend for better quality corporate governance has successfully bridged the information gap between businesses and investors in countries such as South Africa, Japan, the Netherlands and Malaysia.

Globalization and interconnectedness

Many global institutions, including the International Monetary Fund, highlight that risk must be managed differently in such an interconnected global economy, where risks can no longer be isolated and managed according to geography or type. A framework for the consideration and reporting of long-term value creation is one of the tools that have been called for by organizations such as the World Economic Forum to help address this issue.

Sustainable Development Goals (SDGs) and climate change

Ever since Rio +20 in 2012, this issue has been relevant to integrated reporting and sustainable development remains a key part of what we seek to achieve. The SDGs, EU Non-Financial Reporting Directive, Paris climate change agreement and 2016 – Financial Stability Board Task Force work on climate-related financial disclosures all set down a challenge to business and capital markets to embed sustainability considerations into mainstream corporate reporting and behaviour. This is supported by the concepts of integrated thinking and reporting.

Technology

Trust between business and society is being transformed by social media and other technological innovations that are resulting in unparalleled levels of transparency – information that is often not controlled by the organization itself. Artificial Intelligence and automation are emerging technology themes, and there has been much discourse globally on the effect of these developments on the world of work as well as the future of professions. Less explored, perhaps, is the impact on how information is received and used by organizations: how can technology be harnessed to improve the quality of corporate reporting?

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1 Accountancy Europe, Interconnected standard-setting for corporate reporting, 2019