2018–2019 Technical Programme

Progress report

International Integrated Reporting Council

INTEGRATED REPORTING <IR>

2018 – 2019
Technical Programme

Progress Report

3

5

About the IIRC

The International Integrated Reporting Council (IIRC) is a global coalition of regulators, investors, companies, standard setters, the accounting profession, academia and NGOs. The coalition promotes communication about value creation as the next step in the evolution of corporate reporting. The International <IR> Framework was released in December 2013 after an extensive due process to meet this need and provide a foundation for the future.

Contents

Closing a chapter

In March 2017, the International Integrated Reporting Council (IIRC) invited market feedback on the adoption of integrated reporting. Over 400 respondents shared their views on the International <IR> Framework (the '<IR> Framework') and, in particular, its overall effectiveness and ease of application. Such feedback formed the basis for a two-year Technical Programme as described in the International <IR> Framework Implementation Feedback Summary Report.

We are committed to sharing our achievements in an open and timely manner. As noted in our 2018 Technical Programme Progress Report, our two-year programme included 43 actions spanning guidance, research and collaboration, and ongoing dialogue with others. Such actions, we believe, enhance the market's understanding and uptake of integrated reporting.

Our market-led work would be lost without the wisdom and experience of those around us. This includes the businesses, investors, policy-makers and other key stakeholders with whom we interact in our daily work. It also includes our Board and Council members, as well as our <IR> Network participants and <IR> Training Partners. Collectively, their commitment continues to propel the integrated reporting movement forward.

As always, the IIRC gratefully acknowledges its <IR> Framework Panel for its support in preparing this report and providing sound advice throughout the year.

Scope of this report

Last year's update naturally focused on the first phase of our 2018-2019 agenda. In this report, we provide a holistic view of the full two-year Technical Programme, not only to reflect new achievements in 2019, but also to capture the continued evolution of 2018 activities. New or revised information is flagged using a `2019 update` icon. As a supplement to this report, we invite readers to visit our website for minutes of all <IR> Framework Panel meetings.
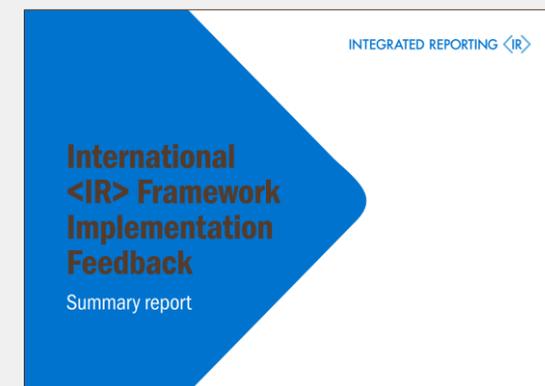
The road ahead

In November 2019, the IIRC Council endorsed a revision of the <IR> Framework. Our diverse coalition of some 70 individuals and organizations echoed 2017 market feedback, which concluded that the <IR> Framework continues to stand the test of time. With this in mind, the IIRC Council called for a simple modernization of the <IR> Framework, through minor corrections and clarifications, rather than a wholesale revision. Consistent with this philosophy, the IIRC will continue to engage its partners, networks and the broader market to ensure the <IR> Framework reflects contemporary needs. We look forward to connecting in 2020!

Lisa French
Chief Technical Officer, IIRC

Related publications

International <IR> Framework Implementation Feedback
Summary report

2018 Technical Programme
Progress Report

Please send comments and questions regarding our guidance and tools to info@theiirc.org noting "Technical" in the subject line.

Frequently asked questions

Project	Action	Status
The capitals	1	
Primary purpose of the integrated report	10	
Stakeholders and value creation	11	
Materiality	16	Responses to the market's most frequently asked questions were published in April 2019. This resource can be accessed on the IIRC's website at www.integratedreporting.org/faqs.
Conciseness	20	
Competitive landscape and market positioning	31	
Disclosures about opportunities	33	
Governance-related information	35	

2019 update

Leading practice in <IR> Examples Database

Project	Action	Status
The capitals	3	
Connectivity of information	7	
Key stakeholders' legitimate needs and interests	13	
Value creation	15	Enhancements to the <IR> Examples Database were fully implemented in February 2019. These enhancements responded to market calls for simpler database navigation and a smaller, more manageable set of illustrative examples. This resource is available on the IIRC's website at examples.integratedreporting.org.
Conciseness	21	
Business model outputs and outcomes	23	
Competitive landscape and market positioning	32	Staff will continue to monitor and refresh the content of the <IR> Examples Database on an ongoing basis.
Disclosures about opportunities	34	
Governance and value creation	36	
Enhancements to <IR> Examples Database	40	

2019 update

Practice Notes and other publications

Project	Action	Status	
Practice Note on the capitals	4	Deferred due to competing priorities; project viability to be revisited post-2020	**2019 update**
Practice Note on value creation	14	Draft reviewed by <IR> Framework Panel in 2019; output expected in Q1 2020	**2019 update**
Practice Note on materiality	17	Materiality-related FAQs were published in April 2019; no further action planned	**2019 update**
Practice Note on business model outputs and outcomes	22	The distinction between outputs and outcomes was presented to <IR> Training Partners and <IR> Business Network members. Related content was transferred to the draft Practice Note on value creation (Action 14), as this document provides an opportunity to address multiple topics in a coherent and connected manner.	**2019 update**
Practice Note on statement from those charged with governance	25	Draft guidance was discussed during the Framework Panel's June 2019 meeting. In September 2019, it was agreed that Paragraph 1.20 should be revisited as part of the International <IR> Framework revision in 2020.	**2019 update**
Guidance on integrated thinking	8	Outsourced to the International Federation of Accountants. (See also Action 9.)	**2019 update**
Guidance on business model reporting by conglomerates	24	Deferred due to competing priorities; project viability to be revisited post-2020	**2019 update**
Practice Aid: Summary of <IR> Framework requirements	37	Completed in Q3 2018 and available on the IIRC's website	
Integration of Feedback into <IR> Training Programme	39	**2018:** Training Partner Briefings covering common misconceptions about integrated reporting and the concept of broader value creation were provided. **2019:** The FAQs were introduced as a core resource. A Training Partner Briefing covering the statement from those charged with governance was provided.	**2019 update**
Getting Started Guide	46	Panel members discussed the Guide throughout 2019. The draft is receiving final internal review with expected delivery in 2020.	**2019 update**

Research opportunities and proposals

Project	Action	Status
Connectivity and decision making	5	Deferred due to competing priorities; project viability to be revisited post-2020
Corporate reporting developments	6	Project proposal circulated in May 2018 Partner Briefing
Disclosing stakeholders' needs and interests	12	Project proposal reviewed by <IR> Framework Panel and finalized in Q3 2018
Incentives and barriers to balanced reporting, including legal liability	29	Project proposal reviewed by <IR> Framework Panel and finalized in Q2 2018
Narrative and 'non-financial' information	42	Project proposal reviewed by <IR> Framework Panel and finalized in Q2 2018
Implementation by SMEs, public sector entities and not-for-profits	44	Project proposal circulated in May 2018 Partner Briefing

2019 update

The IIRC seeks to advance these areas through partherships and outsourcing arrangements. Project proposals are available upon request – please email us at info@theiirc.org noting "Research" in the subject line.

Discussions with networks and partners

Project	Action	Status	
Measuring the capitals	2	Discussed at three meetings of the Corporate Reporting Dialogue; ongoing	
Integrated thinking	9	Integrated Thinking and Strategy Special Interest Group launched in Q2 2018	
Watching brief over other materiality approaches	18	In 2019, staff monitored related developments, including a plan by AICPA's Auditing Standards Board to align materiality concepts in AICPA Professional Standards with the definition used by the US judicial system, PCAOB auditing standards, SEC and FASB.	2019 update
Materiality and materiality determination process	19	The issue of differing materiality approaches was raised in the Driving Alignment in Climate-related Reporting publication. The report was issued in September 2019 as part of the Corporate Reporting Dialogue's Better Alignment Project. This commentary supplements an existing publication, Statement of Common Principles of Materiality.	2019 update
Emphasis on balanced reporting	28	Raised at June 2018 meeting of the Corporate Reporting Dialogue; ongoing	
Alignment – Guiding Principles	30	Addressed in the Corporate Reporting Dialogue publication Understanding the value of transparency and accountability, released in July 2019	2019 update
Credibility and trust – audit and assurance	38	Proposal on enhancing credibility shared in May 2018 Partner Briefing	
Explaining the reporting landscape	48	Corporate Reporting Landscape Map updated in Q1 2019	2019 update

Integrated reporting enhances the way organizations think, plan and report.