



DRIVING COHESION

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Scan to view the online HTML of our Annual Report 2020
<https://integratedreporting.org/integratedreport2020/>

ABOUT THIS REPORT

Our annual report for the year ending 31 December 2020 is in two parts:

1

IIRC Integrated Report 2020

this report is a concise communication about how we create value

2

IIRC Financial Statements 2020

a connected report containing our full financial statements, prepared in accordance with International Financial Reporting Standards (IFRS), and other statutory disclosures.

To balance the goals of conciseness, completeness and connectivity, we use a variety of formats to meet the diverse interests of our stakeholders. As well as the PDF/printed version, we provide an interactive online HTML version with features that make it easier to find, extract and share information.

In addition, there is an executive summary of the IIRC Integrated Report 2020 for mobile devices, ideal for those who want a quick read while on the go or to share information through social media.

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RESPONSIBILITY FOR THE REPORT

As the Board of the International Integrated Reporting Council (IIRC), we acknowledge our responsibility for ensuring the integrity of our Integrated Report 2020. 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 acknowledge our responsibility for this integrated report, which has been prepared in accordance with the International Integrated Reporting Framework (<IR> Framework). We have examined the content and presentation of our Integrated Report 2020 to ensure application of the requirements summarized in the appendix of the <IR> Framework.

We have taken measures to ensure the integrity of the integrated report in terms of its preparation and presentation, including reviewing systems, procedures, controls, key responsibilities and activities. These measures include obtaining independent external limited assurance of the integrated report given the value that such assurance adds to the credibility of the report, and trust in it and the IIRC as an organization, by its stakeholders.



Barry Melancon
Chair of the Board

26 May 2021

ABOUT THE INTEGRATED REPORTING MOVEMENT

The integrated reporting movement is at the forefront of developments to bring about a globally accepted and comprehensive corporate reporting system in the public interest. The concepts and principles of integrated reporting are critical in bridging the gaps and forging the linkages between financial reporting and information relevant to broader enterprise value creation. The relationships we have developed help to ensure our <IR> Framework remains relevant and responsive to the needs of capital markets and broader society. In a world where interconnected and simultaneous risks are testing established norms to their limits, we provide the tools, guidance and best practice to inspire the integrated thinking and decision-making that will contribute towards a more inclusive, sustainable and prosperous future.

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CELEBRATING 10 YEARS

The International Integrated Reporting Council (IIRC) was established in 2010, a response to the global financial crisis, when solutions were needed to mitigate the risk of such a collapse of the financial system reoccurring. We celebrate our tenth anniversary during a different global crisis – the ongoing health pandemic that has already caused lasting devastation around the world.

And yet, the world has changed over the last ten years. Our movement's journey is a story of an awakening of many concepts that are at the heart of integrated thinking and reporting. The importance of challenging short-termism. The understanding that climate change is a crisis that we must all confront. The need for business to be a part of society, not apart from it. The importance of balancing profit with purpose. The interconnectedness of all our lives and of value creation across multiple capitals.

We haven't conquered all of these issues – far from it. But there is growing consensus on where we need to get to and the use of integrated reporting has grown as a result.

TOWARDS A COMPREHENSIVE CORPORATE REPORTING SYSTEM

The IIRC's Board and Council, created to bring about an evolution in corporate reporting, are the foundation of our credibility and authority. Our mission is even more urgent today, driven by the world's commitment to meeting the Sustainable Development Goals (SDGs) as well as the technology and data revolution that is transforming our economy. Governments, regulators, capital markets and businesses must work together to meet these challenges – to realign capital allocation to the needs and interests of a sustainable and responsible economy.

Corporate reporting - and specifically integrated reporting - has its role to play. It shines a 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 and relationships are managed to create short, medium and long-term value while meeting the needs of investors and other stakeholders alike. It is ideally suited to independent external assurance as a credibility enhancement mechanism, engendering greater trust in the integrity of integrated reports and the organizations producing them.

As we look to the next ten years, and achieving our mission to establish integrated reporting and thinking within mainstream business practice as the norm in the public and private sectors, we recognize the vital role partnerships will continue to play. The announcement of our intent to merge with the Sustainability Accounting Standards Board (SASB) to create the Value Reporting Foundation is a very significant advancement towards building a comprehensive, simpler and unified global corporate reporting system. The proposed merger is also a response to increasing business and investor demand for greater rationalization and simplification of the corporate reporting landscape.

WHAT IS INTEGRATED REPORTING?

Integrated reporting is a process founded on integrated thinking that results in a periodic integrated report – a clear, concise and credible 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 users 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. Integrated reporting incorporates financial, sustainability and other reporting, providing a strategic view of an organization’s business, past performance and future prospects. It challenges the way organizations think, plan and report about the resources and relationships, 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 organization). 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?

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.

Centred on an insightful, connected and informative description of the business, including its purpose, strategy, governance, resource allocation and relationship management, business model, and risk and opportunity management. This provides strategic business context for metrics as to business performance and prospects, derived from financial or sustainability reporting standards or self-determined because of their criticality to the business (e.g., in relation to innovation, intellectual property or technology).

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 and thinking.

The <IR> Framework is a principles-based and conceptual reporting framework, founded on the philosophy of integrated thinking. 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.

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Integrated reporting provides a comprehensive understanding of businesses and their prospects in the short, medium and long-term, enabling better informed decisions.

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



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, capture the benefits to business and society of 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, standard setters and academia.

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

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

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 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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PURPOSE

The IIRC's purpose is to promote prosperity for all and to protect our planet.

VISION

The IIRC's vision is a world in which 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.

LETTER FROM OUR LEADERSHIP

It is impossible to begin this statement without first acknowledging the remarkable pace of change over the last twelve months. The COVID-19 pandemic continues to cause terrible loss of life as well as disruption to business and everyday life, a daily reminder of the interconnectedness between our economy and society, as well as the shared challenges we face as an international community. We hope that the rapid development of the vaccines, and their swift deployment, will help ease the world out from under the pandemic's long shadow.

We have also witnessed positive change over the last year, including an acceleration in digital innovation, rapid business model adaptation and a renewed commitment from political, business and investment leaders to “build back better” – and that means integrating sustainability considerations into all aspects of financial and business decision-making, creating a platform for sustainable prosperity.

Corporate reporting reform is a critical element in this evolution, providing the measurement and management tools and methods to enable effective corporate governance and communication. The IIRC has been playing its full part in advocating for a globally accepted and comprehensive corporate reporting system and championing the principles and concepts in our framework as essential components of a reformed system. During 2020, we formed an alliance with the other international framework and standards organizations, first setting out a clear and unified vision of the future, and then issuing a prototype standard for climate-related reporting, which has been welcomed by both the International Organization of Securities Commissions (IOSCO) and the International Financial Reporting Standards (IFRS) Foundation. Through this work with other organizations, we have developed a clear view of an optimal end-state with greater rationalization and simplification being a precursor to global endorsement.

The future structure and governance of the global corporate reporting system has come into sharp focus with major new initiatives launched by the European Union and IFRS Foundation with the aim of developing comprehensive and comparable sustainability standards. In particular, the proposed development of a Sustainability Standards Board (SSB) under the IFRS

Foundation's governance has the potential to deliver a global baseline of multi-capital generic and industry-specific sustainability standards focused on enterprise value creation, with the <IR> Framework containing a conceptual framework providing the essential linkage to financial reporting standards. The World Economic Forum's International Business Committee (IBC) has developed a set of industry agnostic metrics which build on existing frameworks and standards, while the International Federation of Accountants (IFAC) has issued proposals that reflect the broader corporate reporting eco-system, including the need for assurance, a greater focus on technology and a broader skills base to ensure new standards are relevant and responsive.

The momentum for durable change is building and the opportunity to complete the IIRC's mission of embedding integrated thinking and our Framework's principles and concepts in mainstream business practice is in sight.

Over the last year, and in view of such dramatic progress, the IIRC Board has considered how best to deploy our resources to maximize these opportunities and meet current and future challenges. The clear philosophical and strategic alignment between the IIRC and the Sustainability Accounting Standards Board (SASB) has led to our proposed merger and plan to create the Value Reporting Foundation, a global body that will focus on developing and advocating for the frameworks and standards relevant to enterprise value creation, underpinned by integrated thinking.

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As such, we hope the Value Reporting Foundation will become a partner and solution provider to the IFRS Foundation as it brings the SSB to life at the end of 2021 to coincide with the ambitious COP 26 climate summit, and we are pleased with current progress towards achieving this aim, including our involvement in discussions with both the IFRS Foundation and IOSCO. We believe a commitment to deep collaboration is in the public interest and a foundation for achieving our shared objectives, for a truly global solution.

The decade-long legacies of both the IIRC and SASB will not only be protected by this merger, but significantly enhanced. IIRC Board members will become members of the new Value Reporting Foundation Board, several of whom will take non-executive leadership positions and chair key committees of the new organization. The <IR> Framework Panel will continue as a focused and independent technical group with its robust processes in place to protect the integrity of the <IR> Framework. And the IIRC Council will continue to exist, providing vital strategic advice to the Value Reporting Foundation.

More dedicated resources will be available to enhance the visibility of the <IR> Framework, its operability with sustainability standards and the value of integrated thinking as a corporate governance principle.



Barry Melancon
Chair, IIRC Board



Conor Kehoe
Chair, IIRC Council



Charles Tilley, OBE
IIRC Chief Executive Officer



Jane Diplock
Chair, IIRC Governance and Nominations Committee

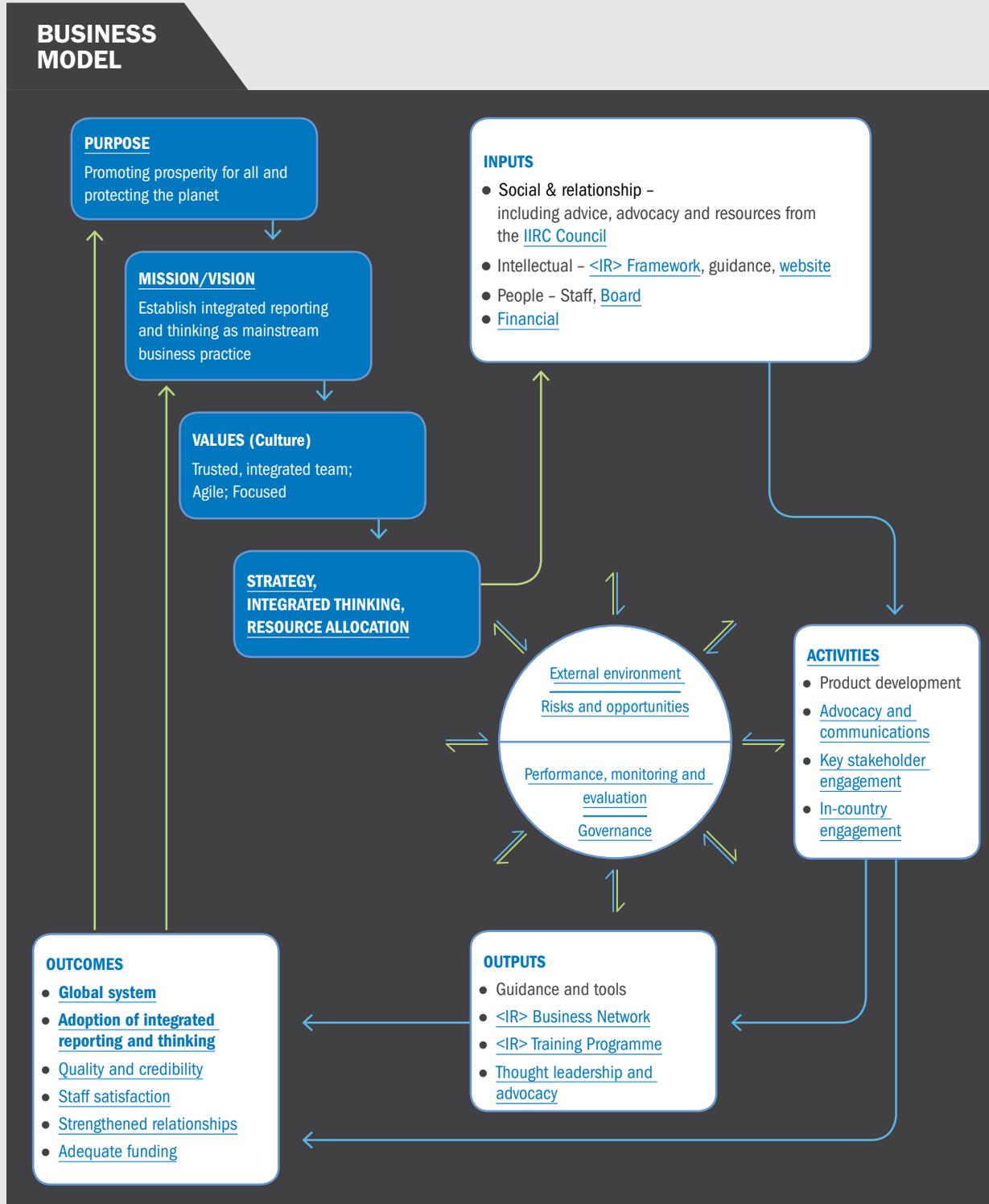
Our journey will therefore continue, but we will be travelling at a faster pace, towards the successful completion of our original mission. We would like to take this opportunity to thank all our stakeholders, from so many backgrounds, sectors and markets around the world, who continue to provide such valuable support, including essential financial contributions without which we could not operate, let alone celebrate our progress in this integrated report.

We also owe our enormous appreciation to the IIRC's staff team. Even through this most difficult of years with the physical restrictions imposed in response to the COVID-19 pandemic. It is their commitment and dedication that ensures we consistently rise to every challenge that comes our way and punch above our weight as an organization in the corporate reporting landscape.

As we prepare for our next chapter as part of the Value Reporting Foundation, we believe that achieving a successful end-game where the principles and concepts of integrated reporting and thinking are embedded in mainstream practice, is within our reach. We look forward to the next year with renewed energy and confidence.

VALUE CREATION MODEL

Our value creation model diagram shows how we transform inputs through business activities into outputs and outcomes that aim to fulfil our strategic purpose.



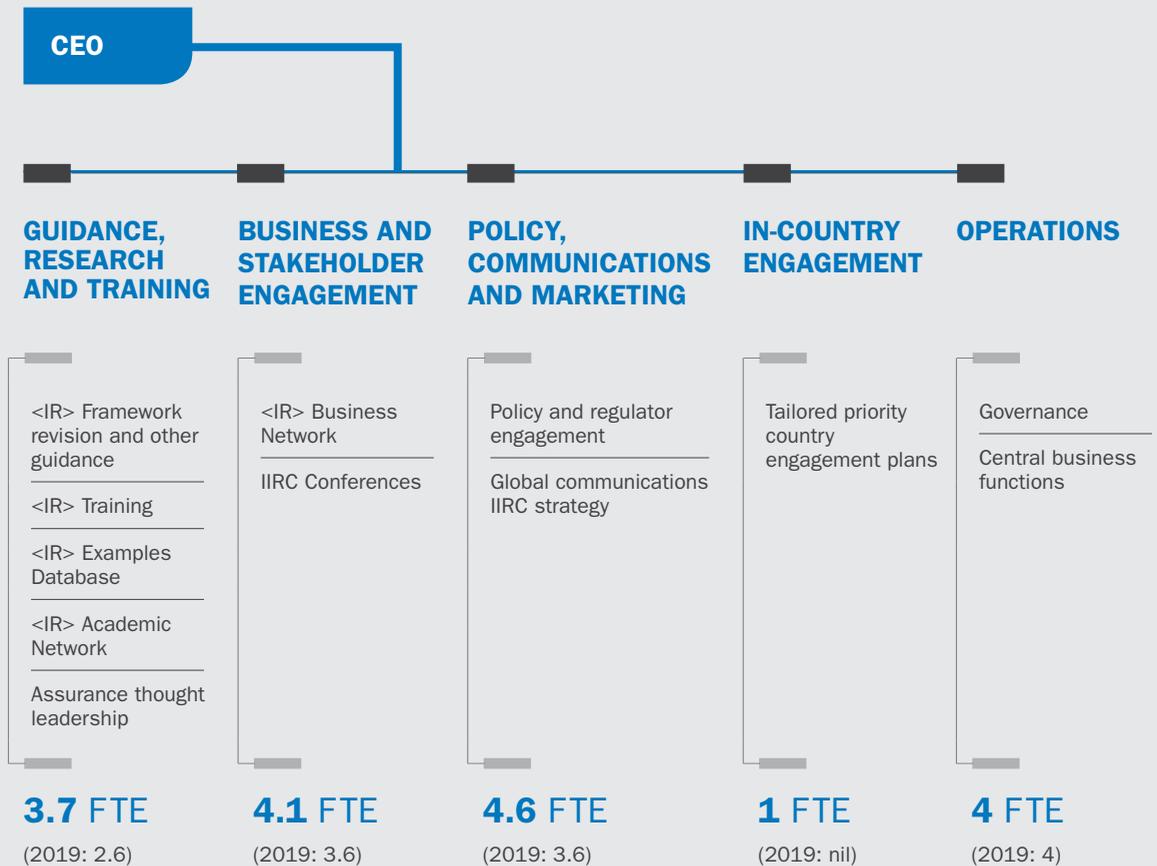
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We rely primarily on four capitals:

- Our **social and relationship capital**, including our brand and reputation, is crucial in amplifying our work. We are a global organization with a small team so it is vital that we leverage strategic partners who can amplify our message, advocate for change, produce credible research and lead market-based networks that bring together businesses, investors, and regulators. This inclusive, market-based partnership approach will remain the linchpin of our strategy delivery and delivers on our commitment to be market-led, while multiplying the available resources for our cause.
- Our **core intellectual capital** is the International <IR> Framework, the product of extensive consultation and multi-stakeholder perspectives developed over three years, and subject to review and improvement over seven years, including the revision released in January 2021.
- Our **people** consist of our staff team, that coordinate our activities under the oversight and direction of our Board. See our team structure below.
- The majority of our **financial capital** comes from contributions and grants from our Council members, <IR> Business Network participants, and other organizations and mainly goes towards our staff costs.

IIRC TEAM STRUCTURE AND ACTIVITIES

Further details on our activities can be found in the performance section.



FTE = full-time equivalent staff members at year-end

EXTERNAL ENVIRONMENT

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. As part of the corporate reporting ecosystem, it is important for the IIRC 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.

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KEY CURRENT TRENDS

Increased momentum behind efforts to create a globally accepted corporate reporting system

The work by five global corporate reporting organizations (CDP, CDSB, GRI, IIRC and SASB) has been welcomed by the IFRS Foundation, IOSCO, IFAC and the World Economic Forum as creating the building blocks for a comprehensive corporate reporting system with a single set of "sustainability" standards focused on enterprise value creation – where sustainability encompasses all value drivers represented by the capitals in the <IR> Framework, apart from financial. We believe the creation of the Value Reporting Foundation, brought about by the intended merger between the IIRC and SASB, will further enhance the case for a comprehensive global system and help to embed integrated thinking and reporting principles and concepts in line with our strategy.

A heightened focus from governments and capital markets on climate change and sustainable development

The election of Joe Biden as the US President and his immediate re-signing of the Paris Climate Accord have added to the already strong momentum among policymakers for global action on climate change ahead of the COP 26 Summit in Glasgow in November 2021. Indeed, there is increasing support for mandatory climate-related financial disclosures and this is likely to form part of the outcome of COP 26. Among other developments, the IFRS Foundation has announced that it would like to launch the Sustainability Standards Board to coincide with the Summit. The IIRC is backing efforts to seek global endorsement of a comprehensive corporate reporting system as well as the establishment of the Sustainability Standards Board under the IFRS Foundation's governance.

Globalization and interconnectedness

In a strikingly tangible way, the COVID-19 pandemic has revealed the interconnected nature of societies around the world. Risks cannot be isolated and managed according to geography or type, but must be addressed through integrated thinking at all levels.

Thus, no longer can assessments of value deal solely with financial information, but must encompass a range of pre- and non-financial information as well provide context about an organization's present and future – and this information must be conveyed effectively to stakeholders. Integrated reporting is a natural extension of this integrated thinking, and the need for a global, comprehensive and connected corporate reporting system has never been more pressing.

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, Netherlands, Malaysia, Australia and New Zealand.

Technology

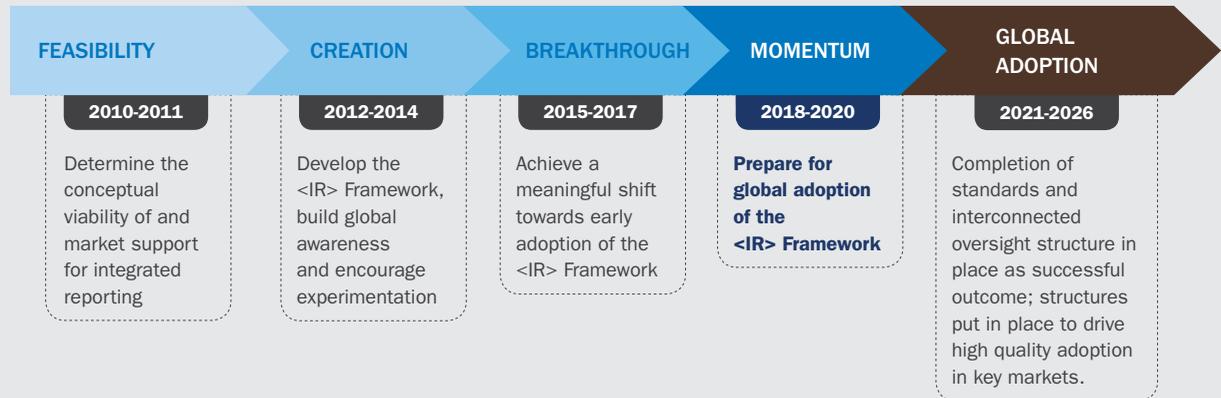
Trust between business and society is being transformed by social media and other technological innovations that are resulting in unparalleled levels of transparency — information that is often not controlled by the organization itself. Artificial Intelligence and automation are emerging technology themes, 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?

The very nature itself of the COVID-19 pandemic – and the attendant need for social distancing – accelerated the rate of digitalisation across the world as organizations sought ways to sustain their operations and activities and stay connected with their stakeholders. A multi-capital reporting approach is more vital than ever to capture and communicate the transformations in stakeholder relationships (for example, as remote working increases, how do organizations rethink their relationships with their employees?).

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 wellbeing 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.

IIRC STRATEGIC PHASES



Challenging times can help clarify vision and refine purpose. In the early part of the year, the IIRC decided it needed to sharpen its focus to two primary strategic objectives:

- (a) **Convergence:** Clarify and unify the roles and purposes of standards and frameworks and achieving a comprehensive corporate reporting system
- (b) **Adoption:** Strengthen the integrated reporting and thinking movement

This represents a pivot from the five strategic themes that have organized our efforts over the last several years (and provided the basis for our 2020 activities). Those five themes largely prioritized adoption of integrated thinking and high-quality reporting, with a corollary focus on building coherence, consistency and comparability through coalition and dialogue. But it has become increasingly apparent that a major factor inhibiting the progress of the adoption of integrated reporting is persistent confusion among the variety of frameworks and standards across the corporate reporting landscape, i.e. a lack of convergence.

The Corporate Reporting Dialogue (CRD), an initiative convened by the IIRC to promote convergence, has had a great deal of success, as outlined over the previous annual reports. But there was growing understanding that a stronger platform was needed to take a leading role in this process. In a sense, we felt a need to broaden our efforts from coalition-building to institution-building.

During our cooperation with the alliance of global framework and standard-setting organizations in 2020, it became clear that the IIRC shared a philosophical and strategic outlook with the Sustainability Accounting Standards Board (SASB). This shared outlook and joint commitment to work towards a globally-agreed comprehensive corporate reporting system led our two Boards to decide to create the Value Reporting Foundation, formed by merging the IIRC and SASB. The IIRC and SASB also have a shared view of an ideal conceptual and institutional end-state which includes a much greater focus on rationalization and simplification, as well as engaging in international processes that lead to the endorsement and adoption of a globally accepted and comprehensive corporate reporting system.

While demand is growing for a single set of sustainability standards focused on enterprise value creation that addresses investors' information needs, it is also vital that a conceptual framework be established to strengthen the connectivity between financial and sustainability standards. We believe the principles and concepts of integrated thinking and reporting can help to meet this need for a conceptual framework, driving a better understanding of the linkages between financial and sustainability information. The Value Reporting Foundation plans to merge SASB and IIRC into a credible, international organization that advocates integrated thinking principles, maintains the <IR> Framework, and sets sustainability disclosure standards for enterprise value creation via the SASB Standards.

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STRUCTURE AND GOVERNANCE

HOW OUR GOVERNANCE SUPPORTS VALUE CREATION – AUTHORITY AND CREDIBILITY

- The quality and diversity of our **Board** enrich our strategic decisions.
- Our **Council** provides global coverage – at a very senior level – of all parts of the corporate reporting system, with global, institutional and regional impact and influence. It provides the IIRC with its crucial voice as an “umbrella” framework for corporate reporting, with a mandate for global system change.
- Engagement with Council ensures we remain market-led, their experience and diversity ensuring we understand and appropriately connect to market developments.
- Our robust governance and the calibre of our governing body members, as monitored by the **Governance and Nominations Committee**, provides the IIRC with legitimacy as a global player in the corporate reporting system.
- These attributes enhance market acceptance of our outputs and lead to our invitation to global policy discussions.

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Our governance, as codified in our [Constitution](#), is founded on our market-led strategy, as well as our reliance on effective partnerships to fulfil our mission. It strikes an important balance between the legal authority and responsibilities of our Board and the significant weight and influence of our Council.

There were no significant changes in our structure and governance processes in the year – you can find a summary in [Supplementary Information](#). The following pages we focus on governance activities and developments in 2020.

OUR BOARD

The Board comprises leaders whose individual backgrounds and combined experience reflect our broad constituency base. The skills and diversity of Board members lend healthy debate, guidance, and discipline to such activities as strategic development and risk management.

Board of Directors at the date of this report
(2020 meeting attendance in brackets):**Barry Melancon**
Chair of the Board
(100%)

CEO of the Association of International Certified Professional Accountants and President and CEO of the American Institute of CPAs (AICPA), and Chairman of both CPA.com and XBRL-US. Barry is a recognized expert and leader in the accounting profession and is active in shaping the role and responsibilities of the profession.

**Catherine Bradley CBE**
(Appointed January 2021)

Catherine has held a number of senior finance roles for 33 years in investment banking and risk management, in the US, then the UK and finally Asia, starting with Merrill Lynch for 10 years. She returned to Europe in 2014 to start her governance career.

**Helen Brand OBE**
Chair of the Board
(75%)

Chief Executive of the Association of Chartered Certified Accountants (ACCA) since 2008, Helen is a regular media commentator on the role ethics and the delivery of public value play in business and society.

**Charles Tilley OBE**
(Appointed July 2020 ex officio as CEO)
(100%)

Charles was appointed as permanent CEO by the Board in July 2020, having served as Interim CEO since June 2019, and has brought continuity of leadership at the executive level. Charles has been integral to our movement since inception; as Chair of the Technical Task Force that oversaw the development of the <IR> Framework, as a Council member in his former role as CIMA CEO and latterly as special adviser to the IIRC Board Chair and CEO.

**Sarah Williamson**
(Appointed November 2020)

CEO of Focusing Capital for the Long Term Global, a not-for-profit organization dedicated to encouraging long-term behaviours in business and investment decision-making. FCLT Global conducts research, convenes business leaders, develops actionable tools and generates a broad awareness of ways in which a longer-term focus can increase innovation, economic growth, and future savings.

**Aron Cramer**
(50%)

President and CEO of Business for Social Responsibility since 2004, Aron is recognized globally as a pre-eminent authority on corporate responsibility and sustainability strategy by business, NGOs, and the public sector.

**Izumi Kobayashi**
(100%)

Izumi is an independent Board member of several Japanese corporations and is involved in a variety of initiatives to improve corporate governance and corporate disclosure. Prior to this Izumi was CEO and Executive Vice President of the Multilateral Investment Guarantee Agency in the World Bank Group.

**Richard Sexton**
(100%)

Richard worked at PwC for 38 years before retiring as Vice Chairman, Global Assurance in 2018. Richard was a member of PwC's Global Leadership Team with responsibility for assurance and audit, and formerly PwC's UK Head of Reputation and Policy. He is also non-executive director of Northumbrian Water.

**Pru Bennett**
(75%)

Pru advises Boards on corporate governance and shareholder related issues with a focus on improved and sustainable shareholder value. She is a member of the Advisory Council for Oasis Capital and until January 2019, was a Managing Director and Head of Investment Stewardship for APAC at BlackRock.

**David Nussbaum**
Deputy Chair of the Board
(100%)

David is Chief Executive of The Elders, a group of independent global leaders working to promote peace and human rights founded by Nelson Mandela, and formerly Chief Executive of WWF-UK and Chair of the International WWF Global Climate and Energy Initiative.

**UK Sinha**
(25%)

UK is formerly Chairman of Securities and Exchange Board of India (2011-2017) and Chairman of the Asia Pacific Regional Committee of the International Organization of Securities Commissions. UK has actively contributed to financial sector reforms and starting the micro pension movement in India.

Directors that have stood down:

Michael Bray
(in order to join the IIRC executive team as Director – In-Country Engagement)

Louise Davidson
(on the completion of her term of office)

(both in September 2020)

BOARD MEETINGS

There were four routinely scheduled Board meetings in 2020, all teleconferences, with 81% attendance rate (2019: 89%), and a further five ad hoc meetings. In 2020 the Board's focus included detailed discussion and direction regarding:

- Monitoring and supporting the IIRC's COVID-19 response, with the primary focus being on the health and well-being of the team. Business continuity and meaningful communication were also of significant importance.
- Building on strategic relationships with leading organizations to create stronger linkages between frameworks and standards and deliver a shared vision to bring clarity to the corporate reporting system.

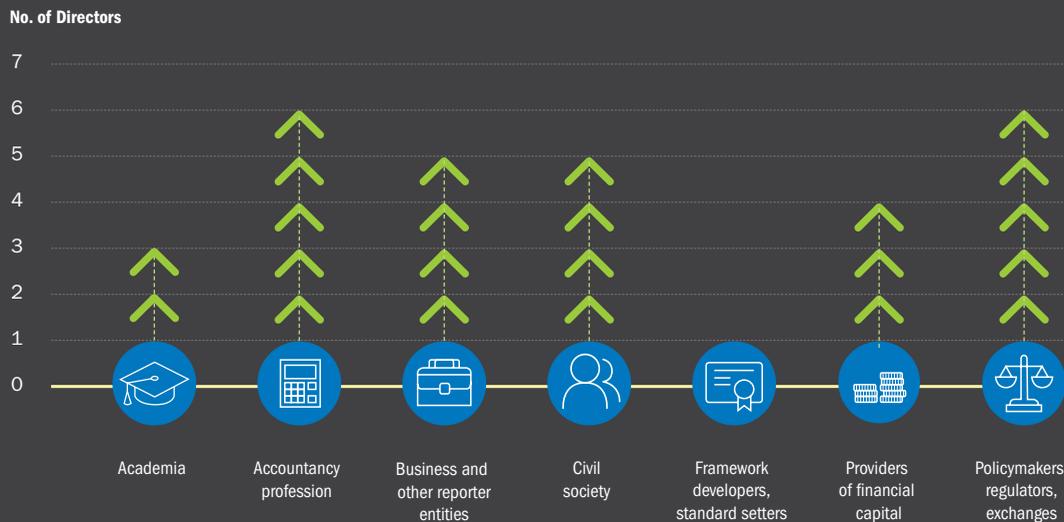
- The focus to improve the reporting system, and with input from the IIRC Council, the Board and senior management entered into strategic discussions with the Sustainability Standards Accounting Board (SASB) to merge into a unified organization.
- Providing direction on the adoption, relevance, and associated guidance of the <IR> Framework through a consultation process leading to a revision to the <IR> Framework launched in early 2021. Developing thought leadership critical to building credibility that helps strengthen the integrated reporting movement and advance high-quality adoption.
- Increasing and maintaining relevance to key stakeholders and partners across the IIRC's activities via an increased focus on in-country relationships and activities.

ATTRIBUTES

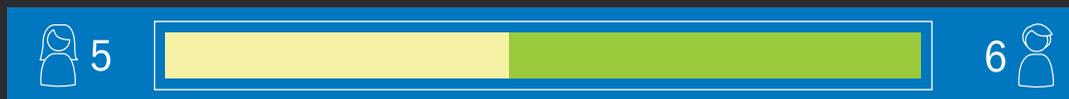
It is important for our Board to offer a suitable mix of relevant experience, geographic spread, and gender balance.

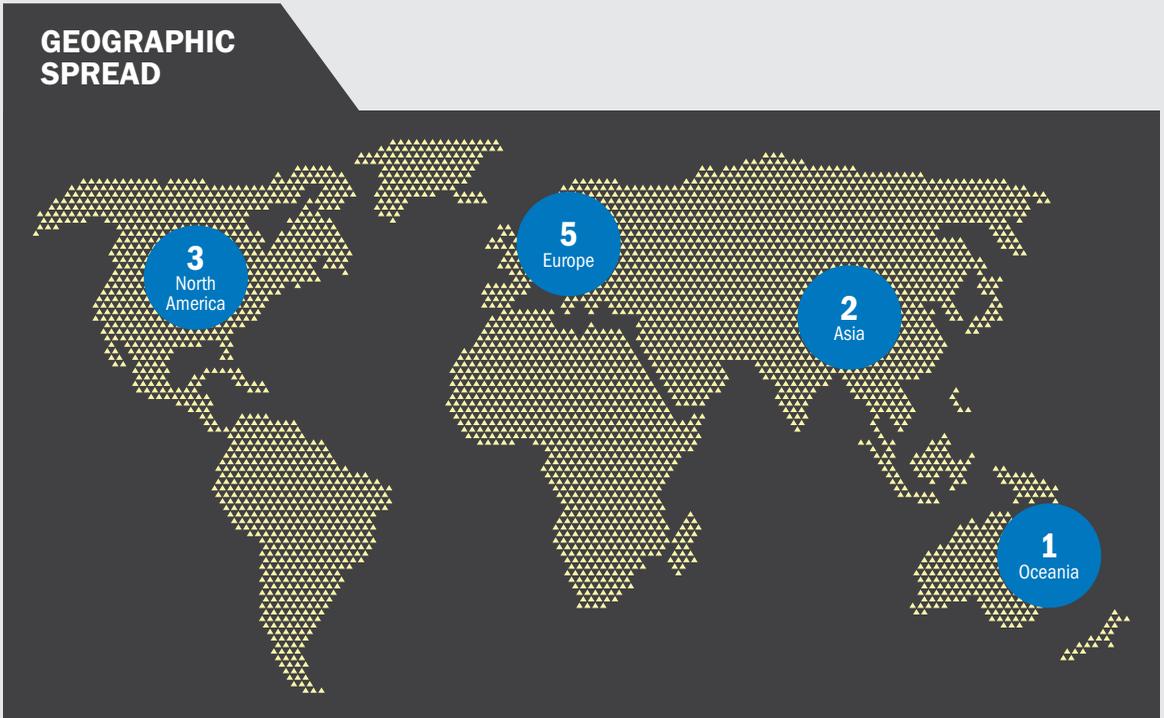
BOARD EXPERIENCE

(Directors can have experience in more than one category)



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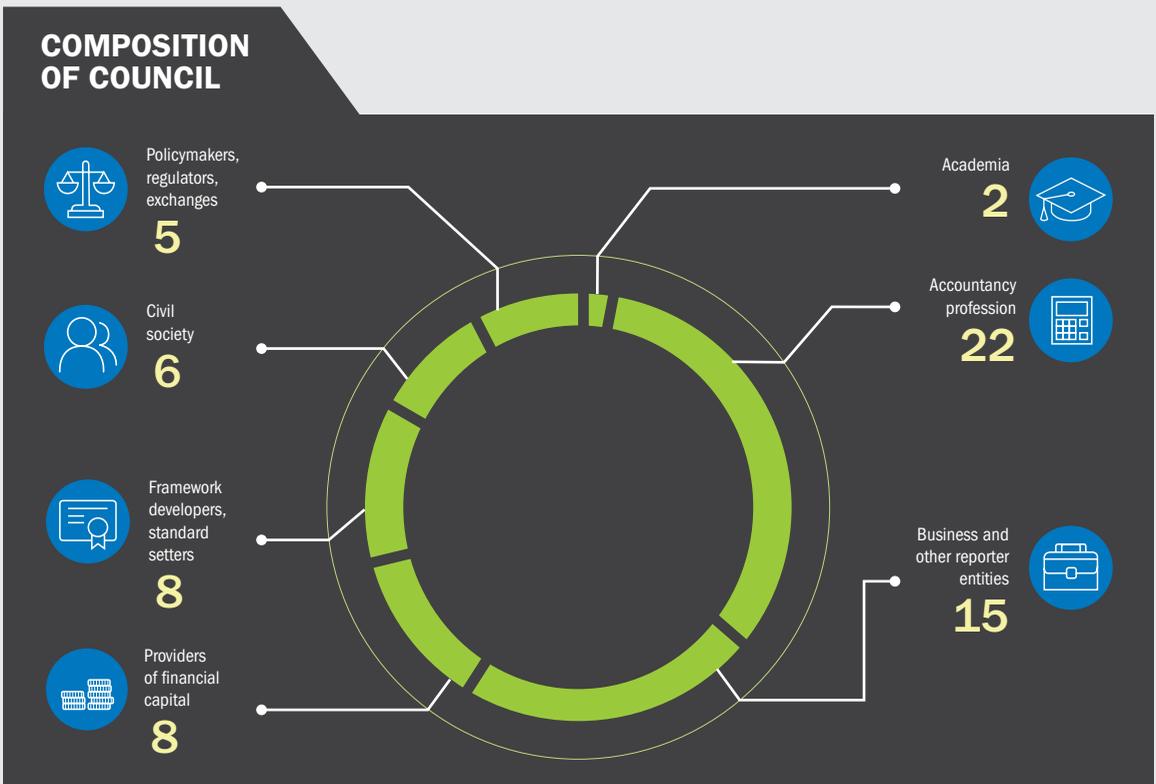
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OUR COUNCIL

The Council comprises Board or senior executive level designates from our coalition organizations, expressing the coalition's broad market view and collective voice. Changes to organizations represented on Council are given in the page that follows.

A full list of our 66 Council members, and our other governance body members, at the year-end is provided as [supplementary information](#). A summary of member organizations by constituency is shown below.



CHANGES IN THE YEAR

JOINED IN 2020

- Institute of Cost Accountants of India

LEFT IN 2020

- FCLT Global
(as representative joined the IIRC Board)
- Prudential Financial
- Brazilian Development Bank – BNDES
- Rockefeller Capital Management

COUNCIL CHAIR

As we reported in our 2019 report, Conor Kehoe, McKinsey Senior Partner Emeritus, was appointed Chair of the Council in April 2020, replacing Dominic Barton.

2020 COUNCIL MEETINGS

Date	2020 Attendance (location)	2019 Attendance (location)
April	72% (Virtual)	57% (Frankfurt)
November	66% (virtual)	51% (NYC)

While all our previous Council meetings had been physical, due to the COVID-19 pandemic we shifted virtual video meetings and saw significantly increased attendance compared to 2019, which was welcome.

In 2020 the Council:

- Supported efforts to bring clarity and combat confusion in the corporate reporting system by providing direction on how to help advance a cohesive system, build stronger linkages between frameworks and standards and bridge the gap between financial, sustainability, and other forms of reporting.
- Engaged in a number of strategic discussions, including how to position integrated reporting principles and concepts as the essential building blocks of a comprehensive corporate reporting system and future direction for the IIRC, including through the intended merger of the IIRC and SASB to form the Value Reporting Foundation.

GOVERNANCE AND NOMINATIONS COMMITTEE

There were four teleconference meetings in 2020. Attendance rate was 75% (2019: 79%).

<IR> FRAMEWORK PANEL

Our independent <IR> Framework Panel members logged considerable time, some 350 hours collectively during 2020, meeting 15 times to provide input and advice for the <IR> Framework revision consultation, review market responses, and consider the implications for the <IR> Framework.

IIRC AMBASSADORS

Our Ambassadors seek to support the mission and work of the IIRC by helping to promote our aims. Engagement of Ambassadors and leveraging their voice more via our in-country activities is an area for further development.

STAKEHOLDER RELATIONSHIPS

Stakeholder engagement is ingrained in our governance, strategy, business model, and activities. Our stakeholder groups, as outlined in our [constitution](#), are represented on the IIRC Council and the IIRC Board which we convene regularly. We also engage with all stakeholder groups through our annual conference and bilateral meetings. Other engagement mechanisms specific to particular stakeholder groups are indicated below.

STAKEHOLDER GROUP	STAKEHOLDER INTEREST	OUR RESPONSE
 Business and other reporter entities	Support for implementation of integrated reporting; and alignment of reporting standards and frameworks.	See our work on: <ul style="list-style-type: none"> • Convergence • Guidance • <IR> Business Network • <IR> Training
 Providers of financial capital	Better corporate reporting to inform evaluation business and their risks and returns; and improved performance of portfolio companies.	Our <IR> Framework is specifically aimed at providing better information to providers of financial capital. We are also supporting moves for alignment of metrics.
 Framework developers and standard setters	Collaboration to reduce confusion and perception of a reporting patchwork by reporters.	See our work on convergence .
 Accountancy profession	Evolve and enhance the role and expertise of the accountant and professional services providers to match the needs of modern business and society.	Our relationship with the accountancy profession continues to thrive and provide mutual benefits, including capacity building, elevated profile in the business community and momentum for enhanced reporting.
 Policymakers, regulators and exchanges	Improved corporate reporting that increases efficacy of capital markets and business behaviour for the long-term and wider society benefits.	We seek to engage with them to garner their support – our <IR> Framework specifically aims to improve the functioning of capital markets.
 Civil society	Business that serves society better.	We benefit from civil society's voice on our Board and our 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. We need to communicate better with funders to align our interests.
 Academia	Study links between reporting, performance, and investment.	The academic community provides credible evidence of the benefits of integrated reporting. We have established the <IR> Academic Network in recognition of the needs, interests and vital role of academia and believe further investment in these relationships is important.
 Our team	An environment which facilitates good performance and professional development.	Team commitment will continue to drive our success. See our performance section on staff satisfaction.

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MATERIAL MATTERS

Material matters are those that substantively affect our ability to create value over time.

These were reviewed during our 2021 planning cycle, a process which included a review of all governance meeting agendas and minutes, and considering our strategy, work plans, and the external environment. The management team makes an initial assessment – drawing on their experience, judgement, and own engagement with stakeholders – and agree which matters may be material and what response measures may be or should be in place. Our Board reviews their conclusions and methodologies and provides constructive input and challenge. Matters are evaluated in relation to the extent to which they are judged to affect our ability to deliver our strategy.

	Material matter; description of risk/opportunity	IIRC response	Link to capitals
R	Merger with SASB Risk that the merger doesn't produce the intended simplification and convergence of the system, stalling our momentum. Also, having announced to the market our intent to merge, there would be significant reputational risk in not completing the merger.	 Project manager hired, detailed project plan developed.	<ul style="list-style-type: none"> • Social and relationship • Human • Financial
		 Frequent communication between the respective CEOs.	
		 Agreed system end-state vision with SASB.	
		 Engagement with key stakeholders to ensure support for merger and system change, including IIRC Council.	
		 Fundraising to support the merger.	
		 Develop comprehensive strategic plan for the Value Reporting Foundation.	
R	Competing initiatives The proliferation of reporting initiatives causes confusion and reporting fatigue hindering adoption, while a new reporting system could emerge centred around revised IFRS, possible EU non-financial reporting standards, and/or World Economic Forum International Business Council (WEF IBC) project which may not be aligned to the <IR> Framework.	 Engage with IFRS Trustees and participate in the Sustainability Standards Board task force and Management Commentary Consultative Group.	<ul style="list-style-type: none"> • Social and relationship
		 Explore merger with SASB.	
		 Influence the EU non-financial reporting standards development to use a "building block" approach including <IR> Framework which can provide a global not just European solution.	

R – Risk **O** – Opportunity

 What we have done
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	Material matter; description of risk/opportunity		IIRC response	Link to capitals
R	Focus on ESG The current clamour for ESG (Environmental, Social and Corporate Governance) reporting, particularly the Task Force on Climate-related Financial Disclosures (TCFD) and EU Non-Financial Reporting Directive, encourages a narrow focus on these matters, ignoring other capitals and the holistic approach of integrated reporting.		Mapped the <IR> Framework to the TCFD in the CRD Alignment Project.	<ul style="list-style-type: none"> ● Intellectual ● Social and relationship
			Continued advocacy for a comprehensive multi-capital reporting system built upon integrated thinking and a sound business model.	
			Collaboration with CDP, CDSB, GRI and SASB including joint papers and a prototype climate standard.	
			Influence the possible development of EU sustainability reporting standards.	
R	Quality Lack of clear detailed guidance on implementation and assurance, and confusion around proliferation of standards/initiatives/metrics, undermines quality and credibility of integrated reports.		Delivered technical programme in response to the 2017 <IR> Framework consultation feedback.	<ul style="list-style-type: none"> ● Intellectual ● Social and relationship
			Establish a committee to advance assurance practice and engage with the IAASB Extended External Reporting (EER) Assurance Project.	
			Continue to deliver <IR> Business Network, <IR> Training Programme and <IR> Examples Database.	
			Co-authored (March 2021) a thought leadership paper on the importance of integrated reporting assurance ¹ .	
			Seek a technical project to identify: a) existing standards (particularly SASB's) that support consistent and high quality integrated reporting; b) gaps where further standards are required; and c) our plan to ensure development of such standards.	
	Look to move from limited to reasonable assurance for our own integrated report as an exemplar.			
R	Value proposition Insufficient understanding of the value proposition of integrated reporting and thinking could weaken our movement.		Develop a white paper to address this drawing from the <IR> Academic Network/Database.	<ul style="list-style-type: none"> ● Intellectual ● Social and relationship
			The <IR> Business Network Strategy and Integrated Thinking Group is producing case studies on the role of integrated thinking as a foundation of integrated reporting and inclusive decision-making.	
R	Funding/resources (COVID-19) The ongoing economic impact of the COVID-19 pandemic could materially impact our income, in particular Council contributions and Business Network contributions. Insufficient funding combined with our ambitious global strategy could leave our resources spread too thinly for effective delivery.		Seek two year Council contribution commitments.	<ul style="list-style-type: none"> ● Financial ● Social and relationship ● Human
			Seek additional transitional funding from accountancy firms.	
			Continue strong delivery of <IR> Business Network Programme and increase recruitment activity.	
			Develop an in-country strategy that will be self-funded.	
			Work with and through the Impact Management Project (IMP) to access grant funders and build relationships and their support of integrated reporting to unlock grant funding for convergence work.	

R – Risk **O** – Opportunity

What we have done Ongoing What we will do

¹ <https://www.ifac.org/knowledge-gateway/preparing-future-ready-professionals/publications/accelerating-integrated-reporting-assurance-public-interest>

	Material matter; description of risk/opportunity		IIRC response	Link to capitals
R	Staff Delivery of our strategy and plan is dependent on the skills and utilization of our staff.		Organizing staff engagement programmes includes annual staff surveys with findings actioned and monthly staff calls.	● Human
			Annual performance and pay reviews with external benchmarking.	
			Recently established “Implementation Team” to monitor staff utilization and allocation of resources and responsibilities.	
O	Relationships Amplify our reach and influence through maximizing use of our Council and further leveraging the “IIRC family” including the Board, Council, and Ambassadors. Particular opportunity to strengthen partnership with accounting profession.		Develop “prospectus” for the accountancy profession and request increased support.	● Social and relationship ● Financial ● Human
			Perform a review of the role, processes and constituency of the Council to maximize its effectiveness and support.	
			Develop plans for priority countries which identifies and leverages support of key IIRC partners.	
O	Regulatory support National regulatory support/ advocacy has been the single most significant single factor in increasing market adoption.		Target national regulatory endorsement in priority countries.	● Social and relationship
			Engage with IOSCO to get buy-in for the comprehensive corporate reporting system.	
O	Investor support Increased visible demand from investors could boost adoption. There is also a risk that insufficient support from investors, as the main user, undermines the integrated reporting movement.		Continue <IR> Investor Network for Pension Funds	● Social and relationship ● Intellectual
			Establish Investor Dialogue	
			Leverage report on German investors and NFI/ integrated reporting through investor engagement.	
O	COVID-19 The impact on business of the COVID-19 pandemic has highlighted the importance and relevance of business model resilience and other key aspects of integrated reporting.		COVID-19 has been referred to in most of our communications	● Intellectual
			An upcoming white paper will reference COVID-19.	
O	Technology A shift to continuous or real-time disclosures is anticipated, as is a migration to greater web content, alongside increased automation, data warehousing and analytics. Technological advances could play a critical role in accelerating the pace and scale of high quality, consistent adoption of the <IR> Framework which is capable of assurance, and making the Framework easier to adopt.		Support IMP’s Non-financial Information and Digitisation work stream.	● Intellectual ● Social and relationship
			Draw on output from this work stream to shape further activity of the IIRC’s Technology Initiative.	

R – Risk **O** – Opportunity



What we have done



Ongoing



What we will do

Despite the challenges of 2020, the year will go down as one of the most significant in the history of the integrated reporting movement, setting the table for an even more promising 2021. The year was marked by a pivot in strategy for convergence, i.e. working towards a coherent and unified global corporate reporting system, with the announcement of our intent to merge with SASB in November 2020. Our performance across the year, analysed here in the context of our evolving 2020 work plan, was hindered to an extent by the pandemic but will provide a sound foundation on which we can capitalize as we enter a period of transition.

We report our performance against our two overarching objectives [see strategy section], and against the key value drivers driving these outcomes.

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Highlights

**Our developments
in articulating and
advocating for
integrated thinking**

**The <IR>
Framework
revision process**

**The development
of our in-country
plan**

**Our ten-year
anniversary
celebrations**

**Our work towards
a globally
aligned corporate
reporting system,
including our
intent to merge
with SASB**

SUMMARY OF PROGRESS IN THE YEAR

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	OBJECTIVE	SELF-ASSESSMENT OF PROGRESS	KEY INDICATORS/ SUMMARY	CAPITALS IMPACTED
STRATEGIC OBJECTIVES	A CONVERGENCE		Significant progress achieved in particular with our planned merger with SASB, movement by IFRS Foundation Trustees towards widening their remit to embrace sustainability standards, and publishing two reports with CDP, CDSB, GRI, and SASB providing a shared vision for a comprehensive, globally accepted, corporate reporting system.	<ul style="list-style-type: none"> Social and relationship Intellectual
	B ADOPTION		2020 saw continued growth in global adoption, however globally, however the growth is driven by certain countries, and there is room for improvement regarding quality.	<ul style="list-style-type: none"> Social and relationship Natural Intellectual
VALUE DRIVERS DRIVING OUTCOMES	1 ADOPTION			
	(a) <IR> Framework		Responses to stakeholder surveys and the growing number of website visits indicate that integrated reporting remains highly relevant. A comprehensive process was completed on a revision of the <IR> Framework was undertaken during 2020, and launched in January 2021.	<ul style="list-style-type: none"> Intellectual
	(b) Guidance and research		As the focus this year was on the revision of the <IR> Framework itself, there is more work to be done on supplementary guidance required by report preparers particularly around metrics.	<ul style="list-style-type: none"> Intellectual
	(c) Networks		Strong <IR> Business Network retention and excellent feedback for our online IIRC Conference were counterbalanced by difficulty recruiting new businesses leading to a drop in participant numbers.	<ul style="list-style-type: none"> Social and relationship
	(d) In-country activity		In-country activity was hampered by COVID-19 in particular, but a new resource has been secured to drive forward ambitious plans for 2021.	<ul style="list-style-type: none"> Social and relationship Human
	(e) Training		The impact of COVID-19 meant the number of <IR> Training courses completed in the year almost halved.	<ul style="list-style-type: none"> Human
	2 ADVOCACY AND COMMUNICATIONS			
			Stakeholder testimonials in the anniversary publication show a good level of advocacy and there is continued support for the role of integrated reporting by the accounting profession in particular. Reasonable growth in web traffic and social media presence supported by <IR> Framework revision activity, and announcement of SASB merger.	<ul style="list-style-type: none"> Social and relationship
	3 QUALITY OF RELATIONSHIPS			
			We retain the strong support of our Council and have forged closer collaboration with with CDP, CDSB, GRI, SASB and IMP.	<ul style="list-style-type: none"> Social and relationship
	4 STAFF SATISFACTION			
		Significantly reduced staff turnover rate reflects improved staff satisfaction.	<ul style="list-style-type: none"> Human 	
5 FUNDING				
		Income fell in the year so our ability to fully capitalize on momentum remains constrained by the limited resources we have available, however we have secured a £216k grant post year-end.	<ul style="list-style-type: none"> Financial Human 	

STRATEGIC OBJECTIVES

A CONVERGENCE

The momentum building towards the delivery of a comprehensive, holistic corporate reporting system continues to grow. Our focus is on ensuring the principles of integrated thinking and reporting are embedded within this new system. There is a real belief that the aims we set out with back in 2010 to drive connectivity across reporting can be achieved and we look forward to continuing working with Council members to achieve our mission.

MERGER WITH SASB AND THE CREATION OF THE VALUE REPORTING FOUNDATION

- In November 2020 the IIRC and SASB announced their intention to merge into a unified organization, the Value Reporting Foundation, to be completed in the first half of 2021.
- The Value Reporting Foundation will be a catalyst for further consolidation and alignment of corporate reporting frameworks and standards. The IFRS Foundation's work is of great strategic significance and we look forward to strengthening our engagement with them, the EU and IOSCO to seek agreement and endorsement of a globally accepted comprehensive corporate reporting system, and complements our direct engagement with regulatory authorities in national jurisdictions. The Value Reporting Foundation will provide a powerful platform for the IIRC to influence the development of corporate reporting into the future.
- The goals of the Foundation are to:
 1. **Simplify the field** by bringing together the leading standard setter for disclosing sustainability information to investors with the leading framework for integrating sustainability information with financial and other capitals.
 2. **Globalize both organizations** by combining SASB's strength in the US with the IIRC's strong presence in the rest of the world.
 3. **Support the needs of investors and other capital market participants** for a comprehensive view of a company's performance and prospects.
 4. Focus on **reporting as a means to changing behaviour** by enabling improved corporate governance and investment decision-making.
 5. **Aim to achieve interoperability with the GRI Standards** – which help companies report on their impacts on the economy, environment, and people – so that companies can improve efficiency by using information for multiple purposes.

6. Aim to **help accelerate progress** toward a comprehensive corporate reporting system, including continuing to work with our colleagues at CDP, CDSB, and GRI to support public authorities/regulators and accounting standards-setters as they consider their future role regarding sustainability disclosure.

CORPORATE REPORTING DIALOGUE

- The relevance of a movement like the Corporate Reporting Dialogue (CRD) that sought to unify the reporting landscape became progressively clear throughout 2020. However, the role of the CRD in enabling this process shifted from a lead role to serving as a bridge between the financial and pre-financial reporting platforms – it remains an important forum for dialogue between financial reporting standard setters, sustainability reporting standard setters and the IIRC.
- The IIRC did, however, join forces with fellow CRD participants CDP, CDSB, GRI, and SASB on a [joint statement](#) published in September 2020 to provide a shared vision for a comprehensive, globally accepted, corporate reporting system that includes both financial accounting and sustainability disclosure, connected via integrated reporting. Following on from the CRD [Better Alignment Project](#), it is a shared vision of the elements necessary for more comprehensive corporate reporting and a joint statement of intent to drive towards this goal by working together.
- The same group followed this up with a [further report in December](#) that shows how the frameworks and standards can be used together, along with a tangible example of how the proposed architecture can be applied to climate, by integrating the content of the standards and frameworks along with the elements set out by the Task Force on Climate-related Financial Disclosures (TCFD).
- For the first time, we have together defined sustainability matters as all value drivers represented by the capitals in the <IR> Framework, with the exception of financial capital. These are natural, human, social and relationship, intellectual and manufactured. This definition has since been accepted by the IFRS Foundation in relation to the Sustainability Standards Board (see below).
- This means that sustainability standards should, in the future, evolve to ensure businesses can provide metrics and data on all of the capitals to drive robust, trustworthy, integrated reporting. One of the immediate priorities, as we merge with SASB, is to align their five sustainability dimensions to the <IR> Framework's six capitals. We will continue to push for common definitions that will enable comparability and interoperability.

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IFRS FOUNDATION

- The Trustees of the International Financial Reporting Standards Foundation (IFRS) published a [consultation paper](#) in September 2020 to assess demand for global sustainability standards. The IIRC believes IFRS Trustees have a crucial role to play in delivering internationally accepted institutional arrangements for sustainability disclosures relevant for the capital markets, ensuring robust governance, rigorous due process and independent standard-setting.
- Having co-hosted a roundtable with IFAC on 3 December attended by 12 international companies to solicit their input on the IFRS Foundation consultation, we submitted our response and in light of the merger we also issued a joint letter with SASB. Our submission supports a global set of sustainability standards and we believe the IFRS Foundation is well placed to lead that effort for information relevant to enterprise value.
- This has resulted, post year-end, in the IFRS Foundation Trustees, supported by a statement from the IOSCO board, [announcing their decision to create a new Sustainability Standards Board](#) in March 2021, with IIRC CEO Charles Tilley and Chair Barry Melancon appointed to the working group.

EUROPEAN COMMISSION

- We welcomed the announcement in January 2020 by the European Commission Executive Vice-President Dombrovskis on the development of European non-financial reporting standards. In June the Commission issued a request for technical advice mandating European Financial Reporting Advisory Group (EFRAG) to undertake preparatory work for the elaboration of possible EU non-financial reporting standards in a revised Non-Financial Reporting Directive (NFRD). Since the IIRC's year end on 31 December 2020 the EU has published its proposal for a Corporate Sustainability Reporting Directive which includes a multi-capital approach and recognizes the importance of intangible assets and relationships for value creation.
- We have engaged with EFRAG via two consultations and a memorandum of cooperation. EFRAG has indicated its intent to work closely with existing framework and standard setters to develop its thinking, which we have welcomed. In our

submission to EFRAG on its governance on funding in respect of this mandate, we reiterated that we see EU leadership in this area as critical to delivering a comprehensive global system and our efforts are aimed at avoiding market fragmentation and securing a system that meets the needs of capital markets and broader society.

OTHER INITIATIVES

- The World Economic Forum, in partnership with Deloitte, EY, KPMG, and PwC published a report entitled "Towards Common Metrics and Consistent Reporting of Sustainable Value Creation". The IIRC welcomed the report as an important piece of thought leadership for identifying metrics that can support effective long-term sustainable value creation. The authors of the report were clear that its contents are "fundamentally complementary" with the joint statement issued by the IIRC and others. The report set out the importance of metrics that can be integrated into governance, business strategy and performance management, consistent with the International <IR> Framework.
- The outcome paper from Accountancy Europe's Cogito paper² referenced the <IR> Framework, as well as the International Accounting Standards Board (IASB) Management Commentary, as a starting point in the development of a conceptual framework for connected corporate reporting.
- We continue to engage with IOSCO to ensure integrated thinking and reporting concepts are part of the overall global regulatory solution. The role of integrated reporting is referenced in IOSCO's Sustainable Finance and the Role of Securities Regulators Final Report³, with eight regulators reporting to IOSCO that the International <IR> Framework is widely used in their jurisdiction. IOSCO is supportive of the IIRC's role, evidenced by their Secretary General's address to the IIRC's conference in November 2020. Erik Thedéen, Chair, IOSCO Sustainability Task Force, responded to an open letter we sent with CDP, CDSB, GRI and SASB, signalling their support for working with us and playing a "leading and critical role in this global endeavour." The letter stated: "Together your joint initiatives and that of the IFRS Foundation have the potential to help address the two dimensions of content and governance... In doing so, they can set the foundations of a global system architecture that will deliver a more coherent and comprehensive corporate reporting system."

² <https://www.accountancyeurope.eu/publications/follow-up-paper-interconnected-standard-setting-for-corporate-reporting/>

³ <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD652.pdf>

B ADOPTION

We look at a range of third-party research to gauge the level of adoption of integrated reporting globally, summarized in the tables below.

	Year of research publication					
	2015	2016	2017	2018	2019	2020
GLOBAL						
KPMG survey ⁴ - % of 5,200 companies surveyed (the top 100 companies by revenue in the largest 52 economies) that prepare a (self-labelled) integrated report	11%	n/a	14%	n/a	n/a	16%
KPMG survey - % of the 250 largest global companies by revenue that prepare a (self-labelled) integrated report	15%	n/a	14%	n/a	n/a	22%
WBCSD ⁵ member companies' reports surveyed that are titled "Integrated" (158 sampled)	6%	6%	11%	11%	14%	16%
WBCSD member companies' reports surveyed that are self-declared integrated reports (158 sampled)	12%	13%	22%	18%	20%	18%
REGIONAL						
JAPAN						
KPMG survey ⁶ of self-declared integrated reports in Japan – (and % of Nikkei 225 companies)	142 28%	205 38%	279 50%	341 57%	414 66%	513 78%
AUSTRALIA⁷						
KPMG survey of ASX 200 – companies that focused reporting on longer-term value for investors and other stakeholders, rather than just short-term financial earnings	n/a	14%	25%	48%	74%	79%
MALAYSIA⁸						
Adoption of integrated reporting based on a globally recognized framework	n/a	n/a	n/a	n/a	97	105
INDIA						
No. of companies using <IR> Framework ⁹	0	4	8	34	64	80

⁴ <https://assets.kpmg/content/dam/kpmg/xx/pdf/2020/11/the-time-has-come.pdf>

⁵ <https://www.wbcsd.org/Programs/Redefining-Value/External-Disclosure/Reporting-matters/Resources/Reporting-matters-2020>

⁶ <https://home.kpmg/jp/en/home/insights/2019/03/integrated-reporting.html>

⁷ <https://home.kpmg/au/en/home/insights/2020/11/asx200-corporate-reporting-trends-2020.html>, page 8

⁸ <https://www.sc.com.my/api/documentms/download.ashx?id=ff69ce0d-a35e-44d4-996a-c591529c56c7>

⁹ <https://integratedreporting.org/wp-content/uploads/2020/12/IndiaAdoptsIR-2020.pdf>, page 17

These different sources indicate that global momentum is building for integrated reporting adoption.

GLOBAL

- **KPMG:** The most comprehensive study of 2020 indicates strong growth of adoption of integrated reporting amongst the world's largest companies. 22% of the 250 largest global companies by revenue published a self-labelled integrated report – 70% of these also reference the <IR> Framework – up from 14% in 2017, when they last performed the survey, “due largely to significant increases in Japan and France.” Significant growth in integrated reporting since 2017 has also been seen in India and Malaysia. Adoption has also grown, albeit more modestly, amongst the 5,200 companies consisting the top 100 companies in each of the largest 52 economies: 16% up from 14% in 2017.
- **WBCSD:** WBCSD's annual surveys showed similar levels of growth in self-labelled integrated reports – 16% of these were titled integrated reports, compared to 14% in 2019.¹⁰ “41% of reports reviewed combine financial and non-financial information, up from 35% in 2017”. However, “self-declared integrated reporting has levelled out” at around 20% since 2017 – this seems anomalous, probably a result of the population where they asked their members for their “fullest source of sustainability information”.

REGIONAL

- **Asia:** Japan continues to be an enthusiastic adopter of integrated reporting, with 78% of the Nikkei 225 now producing integrated reports. The total in Japan is 513 companies – up 24% on last year. The scale of adoption in Japan particularly noteworthy because it has happened on a voluntary basis, although driven by the Japan Stewardship Code and the Japan Corporate Governance Code. India and Malaysia have also shown growth in integrated reporting – 25% and 8% respectively in 2020. Grant Thornton Bharat's report on integrated reporting in India found that that 75% of the respondents believe that integrated reporting will help improve corporate reporting in their organisations¹¹.
- **Australia:** Australian companies continued to embrace integrated reporting, with the number that explicitly reference the application of the <IR> Framework in their flagship report increased 18% to 13% of the ASX200. “This year we saw a continued increase in the number of organisations using at least some of the principles of integrated

reporting to prepare their primary report to shareholders (2019: 74%). 45% of ASX200 companies clearly identified the capitals in their report (2019: 26%).”

QUALITY

- As with the prior year, while the quantity of integrated reports continues to grow, we are not necessarily seeing evidence of increases in the quality of reporting. KPMG Japan notes that “unfortunately the quality (of Japanese integrated reports) does not match its quantity.”
- ACCA's analysis of <IR> Business Network participants reports noted that “the overall quality of the reporting based on the average score our reviewers awarded the reports has declined in the period,¹²” though to an extent this can be explained by a learning curve for new adopters. In addition, confusion still exists around the proliferation of standards/initiatives underlying metrics/standards.
- Our annual stakeholder survey, the 2020 version of which was deferred to early 2021, paints a rosier picture. 77% of respondents rated the quality of integrated reports published in the last year as good or better. 71% believed integrated reports provided decision-grade/-useful information, which reflects an important sense of confidence in the quality of integrated reports.
- IAASB EER Assurance guidance aligned to integrated reporting — Illustrative example of integrated reporting was incorporated into IAASB's consultation paper on Extended External Reporting Assurance, and in the final guidance released in April 2021.
- See [here](#) what we are doing to address quality.

VALUE DRIVERS

1 ADOPTION

1. ADOPTION

(A) <IR> FRAMEWORK

IIRC stakeholder survey – weighted score (out of 3) ¹³	2020 ¹⁴	2019
How useful are integrated reports for addressing the needs of investors?	2.5	2.1

¹⁰ <https://www.wbcscd.org/Programs/Redefining-Value/External-Disclosure/Reporting-matters/Resources/Reporting-matters-2020>

¹¹ <https://integratedreporting.org/wp-content/uploads/2020/12/integrated-reporting-in-india-december-2020.pdf>

¹² <https://integratedreporting.org/wp-content/uploads/2020/06/PHNSIGHTS-IR-4.0.pdf>

¹³ Stakeholder survey average scores are calculated by assigning an appropriate numerical figure to responses, e.g. for this question “Fully” = 3; “Partly” = 2; “Does not” = 1

¹⁴ Please note the 2020 survey was delayed and performed in January 2021.

- Respondents of our stakeholder survey are of course naturally inclined to be enthusiastic about integrated reporting, but the positive trends all indicate the growing relevance of integrated reporting.
- Visits to the <IR> Framework webpage grew impressively at 23% in the year (2019: 12% growth) to 56,535 unique page views.
- We worked on a revision of the <IR> Framework, which was published post year-end in January 2021, during which we heard from some 1,470 individuals and organizations, which represents a significant increase in responses from the previous Framework review exercise in 2017 (416 responses). Market engagement occurred through online surveys (to which 308 respondents replied) and a series of 25 virtual round tables (attended by 1,162 participants) – the IIRC also ran two such events, with the remainder hosted by regional partners around the world.

(B) GUIDANCE AND RESEARCH

- We co-published [Sustainable Development Goals Disclosure \(SDGD\) Recommendations](#), which offer a new approach for organizations to address sustainable development issues aligned to the <IR> Framework, TCFD, and GRI.

IIRC stakeholder survey – weighted score (out of 5):	2020	2018 ¹⁵
To what extent do available guidance and tools address barriers to practical integrated reporting adoption?	3.8	3.6
What is your view of the quality of guidance and other resources made available on the IIRC website in the last 12 months?	3.9	3.8

- Stakeholder survey scores above show an improvement on the previous time these questions were asked in 2018, though there remains some room for improvement.
- <IR> Examples Database: Traffic grew by 2% to 18,037. While this continues to lag behind traffic to the <IR> Framework page, it does reverse a downwards trend which began in 2015. The refreshing of the database with new examples has helped here, and we will continue to keep the database updated and relevant as well as promote this valuable resource more effectively in our communications.

(C) NETWORKS

<IR> BUSINESS NETWORK

	2020	2019
Participant retention rate	83%	83%
New participant income	£25k	£102k
BN Webinar attendance average	33	26
Participants # (annual contributions)	61 (£478k)	70 (£568k)

- We delivered 17 webinars (2019: 16), with attendance up 27%, and 27 Report critiques (2019: 53) – a further 22 have been delivered in early 2021. We adopted a new tailored approach to report critiques – we worked with ACCA on how the most mature integrated reporters are communicating their business model resilience, with a panel of independent experts to provide an ‘improver review’ for those companies which have published integrated reports for two years or more, and with PwC on a gap analysis against the <IR> Framework of companies which are new to integrated reporting. We are also able to provide all companies with an investor review where this was requested.
- The Integrated Thinking and Strategy Group, part of the <IR> Business Network, developed a state-of-play report, released in January 2020 to coincide with the World Economic Forum in Davos. This report drew on a series of corporate case studies to develop a model for integrated thinking called the ‘string model’, in which the multiple capitals of the <IR> Framework dynamically interact. Four case studies were published in 2020, through which participants shared their insights and experiences of how they use integrated thinking to shape and deploy their strategy.
- Retention rate held up surprisingly well in 2020 given the impact of the global pandemic on discretionary budgets; however, business development activity in 2020 was dampened by the pandemic as well as eight-month delay in the recruitment of a replacement <IR> Business Network manager. There will be a renewed focus on business development plan in 2021.
- From our stakeholder survey, 83% were “likely” or “likely” to recommend the <IR> Business Network to others (2019: 81%), including 46% very likely (2019: 22%). However only 24 participants completed the survey compared to 58 in 2020 – consistent with the total response rate trend.

¹⁵ Questions not included in 2019 survey

OTHER NETWORKS

- We re-launched the <IR> Investor Network for Pension Funds, holding the first meeting with six North American and UK pension funds in September 2020, to discuss the benefits of integrated reporting. IVO Capital Partners has become the latest investor organization to sign the statement of support for integrated reporting, bringing the total number of signatories to 24.

(D) IN-COUNTRY ACTIVITY

- Michael Bray stepped down from the IIRC Board in September to join the IIRC Management Team and lead on our in-country engagement. An in-country plan has been developed, which takes a proactive approach in ten priority markets, and takes a supportive approach in eight further countries.
- China was a focus for 2020 but adoption has been disrupted by the COVID-19 pandemic and our inability to make market visits.
- In ASEAN due to the COVID-19 pandemic we refocused our efforts quickly to ensure awareness was maintained and have been part of several very well attended webinars, principally arranged in Singapore, Malaysia, and Indonesia. Travel restrictions have limited our ability to expand the remit of the <IR> ASEAN Committee and we are dependent on one voluntary chair in the region. We have been able to recruit one new country, Indonesia, joining Singapore, Malaysia, and The Philippines. Engagement continued with Singapore Stock Exchange, and the draft Thai Stock Exchange reporting guidelines include signposting to the International <IR> Framework.
- We launched a [survey of German investors](#) by Kirchoff at our 2020 conference which explores how they draw on non-financial information and integrated reporting in investment decision making.

(E) TRAINING

- <IR> Training was hampered by COVID-19 restrictions with individuals completed <IR> Training Courses down from 698 in 2019 to 375. A review of our Training Programme model/ competency matrix was deferred to 2021.

2 ADVOCACY AND COMMUNICATIONS

	2020	2019	Variance
Website traffic (unique views)	553k	496k	11%
IIRC newsletter average opens (open rate)	1,264 (37%)	1,237 (39%)	2% (-2%)
Twitter followers	10,958	9,812	12%
LinkedIn followers	5,612	3,134	79%

- We achieved 11% growth in traffic to our website and more modest 2% increase in newsletter readership, the 37% open rate of which remains well above the Mailchimp average for non-profits of 25%.
- We developed a new business case for integrated reporting and thinking, utilized in our communications, and published our [ten-year anniversary publication](#), with testimonials from over 50 Board, Council, and Business Network participants – demonstrating just how important our stakeholders continue to view the work we are doing.
- The IIRC’s Global Conference was hosted, for the first time digitally, between 30 November and 2 December. Over 100 world-class speakers contributed to three days of discussion and debate. The Conference attracted nearly 300 delegates scored the conference 4.4/5 in terms of overall satisfaction.

IIRC stakeholder survey - weighted score (out of 5):	2020	2018 ¹⁶
How effective is the IIRC in communicating its mission, as well as the progress it is making, its activities, and events?	3.8	n/a
To what extent do you agree that integrated reporting is an “umbrella” for corporate reporting, providing the context and linkage for other forms of reporting?	4.4	3.9

- The stakeholder survey shows that our stakeholders increasingly and firmly agree that integrated reporting is an umbrella for corporate reporting, thus supporting our convergence work. 68% believed our communications were effective or highly effective which indicates some room for improvement.

¹⁶ Question not included in the 2019 survey

3 QUALITY OF RELATIONSHIPS

IIRC stakeholder survey-weighted score (out of 5):	2020	2018 ¹⁷
As a partner or advocate, to what extent is the IIRC effective at building good relationships with you?	3.6	3.3

- We maintained strong relationships with our Council members as shown by the strong [Council meeting attendance](#) and maintaining Council financial contributions at the same level as 2019.

4 STAFF SATISFACTION

- Employee turnover was 18%, down from 43% in 2019.
- Our annual staff survey generated 85% positive responses across a number of areas of staff satisfaction.

5 FUNDING

Financial information for the group comprising International Integrated Reporting Council (a company limited by guarantee) and its subsidiary charity, Integrated Reporting Foundation¹⁸:

GROUP INCOME STATEMENT

	2020 £'000	2019 £'000
INCOME		
Council contributions	737	738
Network contributions	537	628
Grants and other contributions	10	959
Training and events	141	193
	1,425	2,518
OPERATING EXPENSES		
Staff costs	(1,255)	(1,597)
Travel and subsistence	(14)	(211)
Outgoing grants	(113)	(386)
Communications and engagement	(23)	(76)
Other costs	(88)	(169)
	(1,494)	(2,439)
OPERATING (DEFICIT)/SURPLUS	(68)	79
Other non-operating income	3	8
(DEFICIT)/SURPLUS BEFORE TAX	(65)	87
Tax expense	(7)	(17)
(DEFICIT)/SURPLUS FOR THE YEAR	(72)	70

¹⁷ Question not included in the 2019 survey

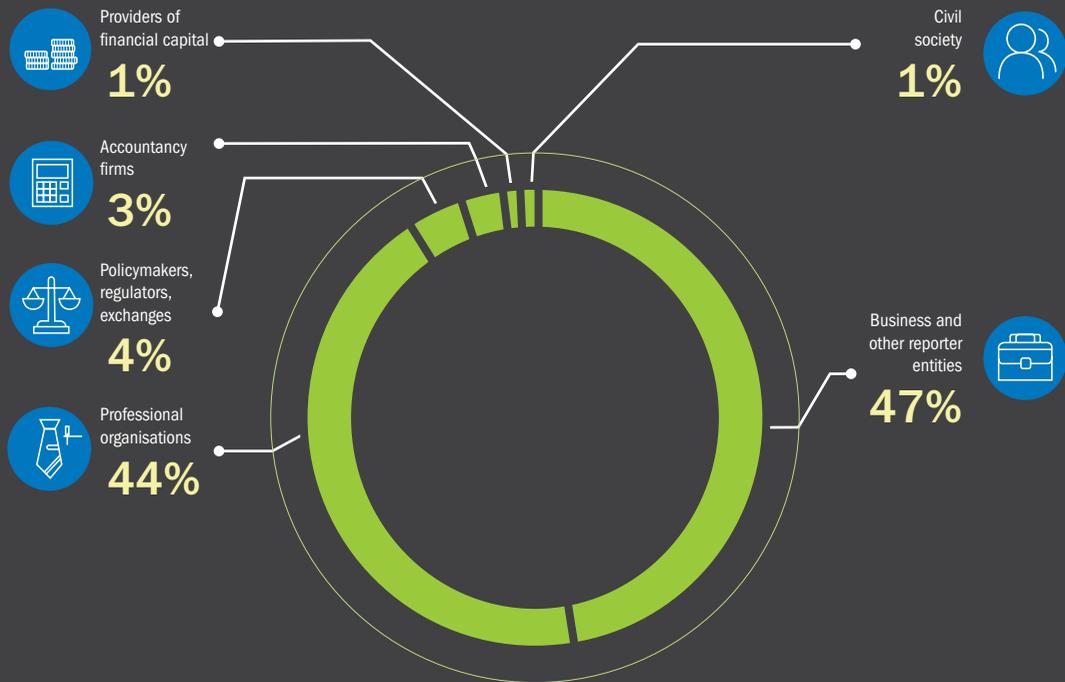
¹⁸ The financial information presented in the Integrated Report does not constitute the IIRC's annual statutory financial statements for the year ended 31 December 2020 but is derived from those financial statements. The auditor's report on the statutory financial statements was signed on 6 May 2021. The report was not qualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report and did not contain any statement that might be required under s498 (2) or (3) of the Companies Act 2006.

GROUP BALANCE SHEET

	2020 £'000	2019 £'000
ASSETS		
CURRENT ASSETS		
Trade and other receivables	100	183
Prepayments and accrued income	48	331
Cash at bank	1,054	963
TOTAL ASSETS	1,213	1,477
EQUITY		
ISSUED CAPITAL AND RESERVES		
Retained surplus	650	722
LIABILITIES		
CURRENT LIABILITIES		
Accruals and deferred income	506	660
Trade and other payables	57	95
	563	755
TOTAL EQUITY AND LIABILITIES	1,213	1,477

FINANCIAL COMMENTARY

- Income for 2020 is 43% below 2019, largely due to grant funding, as 2019 income included significant funding for the one-off CRD Better Alignment Project.
- <IR> Business Network income declined due to a fall in network participants – due in part to the constraints the global pandemic imposed on the recruitment of new participants. Training income also decreased, also hampered by COVID-19, as a result of a fall in the average license fee as we were not able to renew or replace training licenses at the same value.
- However, the fall in income is largely offset by a fall in expenditure so that the net result for the year was a relatively modest deficit.
- Cash at bank at 31 December 2020 is £1,054k of which £923k are unrestricted funds, equivalent to six months of unrestricted operating expenditure, which is in line with our reserves policy.
- For a detailed financial account please refer to the [IIRC Financial Statements 2020](#).

2020 INCOME BY
STAKEHOLDER GROUP

The majority of our income is derived from business and other reporting entities through contributions for the <IR> Business Network and from professional organizations through Council member contributions.

IN-KIND CONTRIBUTIONS

The notional income we derive from in-kind services and facilities provided by others is significant and is not reflected in our [financial statements](#). They include –

- Pro bono provision of our London office premises by the AICPA.
- Staff seconded *pro bono* from other organizations, mostly professional services firms – accounting for 2.3 full-time equivalent (FTE) in 2020 (2019: 2.6) of our total staffing.

We entered 2021 confident that the groundwork we had laid in the last quarter of 2020 would position the IIRC as front and centre of the creation of a comprehensive corporate reporting system. Developments since then have reconfirmed our sense of optimism.

From a strategic perspective, the IIRC is committed to the **convergence** of the corporate reporting system and achieving the global **adoption** of integrated reporting and integrated thinking. Announcing our intended merger with SASB to create the Value Reporting Foundation is a step towards achieving these objectives. Refer [here](#) for further reading.

The most significant uncertainties the IIRC faces in the pursuit of its strategy relate to the pace and scale of external developments in the corporate reporting system upon which we only have limited influence – these are covered in our material matters section and performance section.

Our 2021 priorities include:

A <IR> FRAMEWORK REVISION

In January 2021 we launched the revision and market feedback, and will implement plans to provide further guidance and clarity on integrated reporting and thinking.

B COMPLETING THE MERGER WITH SASB

Formalizing the merger in H1 and becoming fully integrated in H2.

C POSITIONING INTEGRATED REPORTING WITHIN MOVES TOWARDS A NEW CORPORATE REPORTING SYSTEM

Particularly with the IFRS Foundation and European Commission.

D IN-COUNTRY ACTIVITIES

Escalating our work in our priority countries in partnership particularly with the accounting firms

E FUNDING

Explore ways to boost income from existing streams and develop new income streams.

INDEPENDENT ASSURANCE REPORT TO THE INTERNATIONAL INTEGRATED REPORTING COUNCIL

OUR CONCLUSIONS

We have reviewed the Integrated Report prepared by the International Integrated Reporting Council (IIRC) in accordance with the terms of our engagement letter dated 20 August 2019. We have agreed to provide a report that will provide limited assurance that the Integrated Report has been prepared in accordance with the International <IR> Framework.

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance in accordance with the International Standard on Assurance Engagements (UK) (ISAE(UK)) 3000, Assurance Engagements other than the Audits or Review of Historical Financial Information, issued by the Financial Reporting Council. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement (such as a financial audit) and therefore a lower level of assurance is provided.

We believe that the assurance evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Integrated Report for the year ended 31 December 2020 is not prepared, in all material respects, in accordance with The International <IR> Framework.

RESPONSIBILITIES OF THE DIRECTORS AND THOSE CHARGED WITH GOVERNANCE

The Directors of IIRC are responsible for preparation and the presentation of the Integrated Report in accordance with the International <IR> Framework. This responsibility includes: i) the identification of stakeholders and stakeholders' requirements; ii) the identification of material issues; iii) the design, implementation and maintenance of internal control relevant to the preparation of the report such that it is free from material misstatement, where due to fraud or error.

OUR RESPONSIBILITY

Our responsibility is to plan and perform our limited assurance engagement so that we are able to express our limited assurance conclusion on whether anything has come to our attention that causes us to believe that the Integrated Report is not prepared, in all material respects, in accordance with the International <IR> Framework.

THE LIMITATIONS OF OUR REVIEW

The Integrated Report includes prospective information such as strategies, plans, expectations, estimates, and risk assessments. Inherent to prospective information, the actual future results are uncertain. We do not provide any assurance on the assumptions and achievability of prospective information in the Integrated Report.

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SUMMARY OF WORK PERFORMED

- Reviewed the report to assess whether it has been prepared in line with the Guiding Principles of the International <IR> Framework.
- Read the report to ensure that all eight 'Content Elements' of the International <IR> Framework are included.
- Read minutes of meetings of relevant committees to understand the progress made by the IIRC in the year in pursuit of its objectives.
- Reviewed the coverage of material issues within the report against the Board minutes, which set out the IIRC's strategic objectives, and other relevant information.
- Confirmed that selected data, statements and assertions within the report regarding the IIRC's activities which, based on our professional judgement, we considered most significant, have been extracted appropriately from underlying documentation and appropriate external sources.

OUR INDEPENDENCE

ISAE(UK) 3000 requires us to comply with the requirements of Parts A and B of the Code of Ethics for Professional Accountants, issued by the International Ethics Standards Board for Accountants (the IESBA Code). This Code requires, among other things, that the members of the assurance team as well as the assurance firm being independent of the assurance client, including not being involved in writing the Report, and that they plan and perform the engagements to obtain limited assurance about whether data are free from material misstatement. The Code also includes detailed requirements regarding integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour. Crowe U.K. LLP has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. Our independence from the client is reviewed on an annual basis.

THE USE OF OUR REPORT

To the fullest extent permitted by law, we do not accept or assume any responsibility to anyone other than IIRC for our work, for this independent assurance report, or for the conclusions we have reached.

Crowe U.K. LLP

Chartered Accountants
55 Ludgate Hill
London
EC4M 7JW

Date: 26 May 2021

ACCA

Association of Chartered Certified Accountants

ASEAN

Association of Southeast Asian Nations

CDSB

Climate Disclosure Standards Board

CRD

Corporate Reporting Dialogue

GRI

Global Reporting Initiative

IASB

International Accounting Standards Board

IIRC

International Integrated Reporting Council

IOSCO

International Organization of Securities Commissions

IAASB

International Auditing and Assurance Standards Board

IFRS

International Financial Reporting Standards

<IR> Framework

International Integrated Reporting Framework

SASB

Sustainability Accounting Standards Board

SDG

Sustainable Development Goal (United Nations)

TCFD

Task Force on Climate-related Disclosures

WBCSD

World Business Council for Sustainable Development

WEF IBC

World Economic Forum International Business Council

Prepared in partnership with Smart Media

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