
Integrated Reporting and Connectivity Council

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Project **Integrated Reporting and Connectivity**
Topic **Report on Progress**
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This document is prepared for discussion at a meeting of the Integrated Reporting and Connectivity Council (IRCC).

Report on Progress – a report to the Integrated Reporting and Connectivity Council from the Chairs of the IASB and ISSB**1. Overall commentary**

We are delighted to provide an updated Report on Progress to members of the Integrated Reporting and Connectivity Council (IRCC) which focuses on relevant activities since our last IRCC meeting on 10 November 2022. You will find more details in the table below.

The first phase of our work following the consolidation last August involved education for both boards on the Integrated Reporting Framework and Integrated Thinking Principles. We received detailed presentations from the staff which included extensive discussion and many questions from board members. We needed to understand the underlying principles and concepts, as well as how they were being applied in practice, before moving on to the second phase: working out how we can use these principles and concepts in our standard-setting and technical work, and how we should frame our engagement with the market, including via the forthcoming ISSB agenda consultation. You will see in the report below that progress has been made by the IASB in developing our analysis of how the Integrated Reporting Framework and Management Commentary align and that the ISSB's S1 draws explicitly on principles and concepts from the Integrated Reporting Framework in defining sustainability.

If we could step back for a moment and explain why integrated reporting is important to us, we hope this will provide additional context for our decisions to date and how we are thinking about the future. The world has experienced more than a decade of unprecedented innovation in corporate reporting. While this innovation has accelerated progress in so many ways, and established the business case for integrated reporting and sustainability-related financial disclosures, the confusion created by an 'alphabet soup' of different frameworks and standards led to overwhelming market demand for institutional consolidation. The Foundation's Trustees were persuaded to lead a consolidation effort and establish the ISSB, all of which has happened in just over a year.

As the chairs of the IASB and ISSB we share the belief that institutional consolidation was the first essential step on the journey towards a radical simplification of the reporting landscape that will benefit preparers and users of the information alike. This is in the public interest. We believe a corporate reporting framework that builds on the principles and concepts in the Integrated Reporting Framework is part of the future end-state. In the short-term we believe the Framework's focus on explaining how multiple resources and relationships ('the capitals') fuse to create transformational differences in how value is created, eroded or preserved over time can support our broader mission of helping our stakeholders understand how the different pieces of the reporting jigsaw fit together. We believe the Framework could be a magnet, drawing together and connecting the relevant frameworks and standards, signalling our commitment to a comprehensive global corporate reporting system that is designed to meet the needs of preparers and users alike.

As we work with our staff to develop practical tools to demonstrate the value and relevance of integrated reporting which, as we know, is underpinned by integrated thinking, it is vital that we test the degree to which the market shares our vision and the degree to which our stakeholders want progress now, recognising that there will always be trade-offs in how we allocate our resources. It is why we look forward to receiving IRCC members' submissions to the ISSB's agenda consultation which will be released by the end of this quarter. We would encourage you to pay particular attention to the fourth potential project set out in the consultation, *Integration in Reporting*.

Finally, we want to highlight the extraordinary level of stakeholder outreach and engagement that has been conducted since November by our team. This has included presentations on integrated reporting to the IFRS Foundation Trustees and Advisory Council, and the launch of a reinvigorated IR Communities programme, with around 30 jurisdiction-based networks focused on advocacy and adoption.

We thank all our stakeholders for their dedication and continued support and look forward to a productive IRCC meeting on 25 April.

Yours sincerely,

Andreas Barckow
Chair, IASB

Emmanuel Faber
Chair, ISSB

2. Report on Progress

Summary of goals	Targets/metrics	Progress achieved since 10 November 2022
<p>Ownership of the Integrated Reporting Framework The IR Framework will become part of the materials of the IFRS Foundation and its adoption will be encouraged.</p>	<p>Maintain visibility of IR Framework on IFRS Foundation website.</p> <p>Ensure members of both boards have access to the most up to date messaging on integrated reporting, including presentation slides.</p>	<ol style="list-style-type: none"> 1. Updated messaging shared with IRCC members on 10 November 2022 is now being used which highlights the board chairs' encouragement to adopt the Framework and Integrated Thinking Principles. 2. Members of both boards have made external presentations encouraging IR adoption, including presentations by Andreas Barckow and Sue Lloyd at the launch of the IR Communities programme on 28 February. 3. The IR Framework is well positioned on the IFRS Foundation's website. 4. The ISSB has established a Board Advisory Group on Integrated Reporting chaired by Ndidi Nnoli-Edozien. The group has met twice since 1 January, focusing on education and information sharing.
<p>Governance and Resourcing Chairs of the IASB and the ISSB undertake that the IASB and ISSB will work together to agree on how to build on and integrate the Integrated Reporting Framework into their standard setting projects.</p>	<p>Hold regular meetings with staff and IASB and ISSB leadership to discuss integrated reporting and connectivity.</p> <p>Integrated reporting will be considered by both the IASB and ISSB</p>	<ol style="list-style-type: none"> 5. A staff leadership team on connectivity has provided input to communications by the board leadership, including an article by the chairs of both boards, describing connectivity in the context of how the boards are working together. 6. A detailed presentation and discussion on integrated reporting with the IFRS Foundation's Trustees was held in February 2023. 7. The Connectivity and Integrated Reporting team reports jointly to the Vice-Chair, ISSB and Vice-Chair, IASB. Regular meetings are held to set objectives and track progress. 8. A decision was taken by the ISSB Board in December 2022 to use the concept of the 'capitals' in the IR Framework to help define sustainability in S1. It should be noted

		that the concept of governance is included in both S1 and S2.
<p>Communication to the Market The Chairs of the IASB and ISSB will issue a joint statement encouraging the continued use of the Integrated Reporting Framework forming part of an engagement programme by the IFRS Foundation to help market participants to understand the process of transitioning the Integrated Reporting Framework to a resource owned by both the IASB and the ISSB.</p>	<p>Update messaging on integrated reporting to reflect latest market trends and expectations.</p> <p>Engagement with all 22 IR country networks at least once per quarter</p>	<p>9. An integrated reporting advocacy campaign, initiated last year, has produced four blogs, drawing on the practical experience of companies adopting Integrated Thinking and Reporting.</p> <p>10. Updated messaging to encourage further adoption of the IR Framework and Integrated Thinking Principles is now in use. The next ISSB IR Board Advisory Group will consider messaging in the context of the request for information.</p> <p>11. The Integrated Reporting Communities programme has been launched, with two dedicated webinars and one-to-one engagement with community leaders to support advocacy and adoption.</p> <p>12. The first IR dedicated webinar was hosted by the Asia Oceania office on 29 November 2022 which included over 50 representatives from eight markets from across the region. The next engagement is being planned.</p> <p>13. A strategy for developing structured and regular engagement with all IR Communities has been developed and is being rolled out.</p>
<p>Building on the Integrated Reporting Framework The IASB and ISSB will utilise principles and concepts from the Integrated Reporting Framework in their standard setting work.</p>	<p>Develop education materials for distribution to the market</p> <p>Demonstrate consideration and use of the IR Framework in the standard-setting work of both boards</p>	<p>14. A paper which demonstrates how the IR Framework can be used alongside IFRS standards is being developed.</p> <p>15. The ISSB agenda consultation will ask whether the ISSB should add a project to further integrate reporting and will invite stakeholders' views on the use of the IR Framework in that context.</p>
<p>Integrated Reporting Framework – long-term vision The Chairs of the IASB and ISSB commit to a long-term role for a corporate reporting framework, incorporating principles and</p>	<p>Through updated public messaging, reaffirm the commitment of both board chairs to IR Framework principles and concepts being used in the development of a corporate reporting framework.</p>	<p>16. A commitment to a long-term vision for a corporate reporting framework was re-articulated in the updated messaging from both board chairs in November 2022.</p>

<p>concepts from the Integrated Reporting Framework.</p>		
<p>Integrated Reporting Framework and Management Commentary The Chairs of the IASB and ISSB recognise that there are similarities and differences between the Integrated Reporting Framework and Management Commentary and the Chairs of the IASB and the ISSB commit to considering opportunities to address this.</p>	<p>Small group meetings with IASB board members will be held to discuss potential areas of alignment between the IR Framework and Management Commentary based on consideration of the similarities and differences between them.</p>	<p>17. A comparison study examining the similarities and differences between the IR Framework and Management Commentary Practice Statement was completed. A high level report will be shared with IRCC members on 25 April 2023.</p> <p>18. Small group meetings with IASB board members were held to share the analysis and take questions from board members. The analysis has also been shared and discussed with the IFRS Foundation Advisory Council.</p>
<p>Ownership and use of the Integrated Thinking Principles The Integrated Thinking Principles will become part of the materials of the IFRS Foundation with encouragement for their continued use.</p>	<p>Maintain visibility of the Integrated Thinking Principles on IFRS Foundation website.</p>	<p>19. A major Integrated Thinking and Reporting conference will be held in Frankfurt on 12 June 2023, with keynote speakers drawn from business and market leaders globally.</p> <p>20. The Integrated Thinking Principles and Getting Started Guide, which were launched on 1 August 2022, have been the focus of blogs and outreach to support adoption.</p> <p>21. An Integrated Thinking Conference was held in Amsterdam on 30 November 2022, with over 100 stakeholders in attendance. The conference received a keynote speech from ISSB Board member Veronika Poucheva.</p> <p>22. Integrated Thinking and Strategy Group has met to raise awareness of the Integrated Thinking Principles.</p> <p>23. A case study by Novartis, published by UCL, has provided insights on how it has adopted integrated thinking.</p>
<p>The role of the Integrated Reporting Council The Integrated Reporting Council will be repositioned as an advisory body to the IFRS Foundation Trustees and both the IASB and the ISSB. The Council will provide advice on how reporting required</p>	<p>Host three IRCC meetings per year</p> <p>Discussion topics to be developed in consultation with the IASB and ISSBs' leadership</p>	<p>24. The inaugural meeting of the IRCC took place on 10 November 2023 with an agenda focused on education and advocacy. IRCC Chair, Charles Tilley, produced recommendations to the IFRS Foundation TAG and Trustees following the meeting.</p>

<p>by the IASB and the ISSB should be integrated and on how principles and concepts from the Integrated Reporting Framework should be considered in relevant projects by the IASB and the ISSB.</p> <p>The IRCC will play a crucial role in providing advice and input on the connectivity in the reporting required by the IASB and the ISSB to help ensure the IFRS Foundation can promote a coherent and connected package to jurisdictions, supporting global adoption.</p>		<p>25. In a commitment to transparency, it has been decided that plenary sessions of IRCC meetings will in future be broadcast and available on the IFRS Foundation’s website.</p>
<p>Integrated Reporting brand The integrated reporting brand will be maintained in the short-term. The need for a separate integrated reporting brand over the long-term will be considered at a later date.</p>	<p>Ensure the IR brand retains prominence in presentations until a decision is made about its long-term future.</p>	<p>26. The integrated reporting brand continues to be used in presentation decks to ensure market awareness that the IR Framework and Integrated Thinking Principles are part of the materials of the IFRS Foundation.</p>

3. Further information

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