
Integrated Reporting and Connectivity Council

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Project **A vision for comprehensive corporate reporting – the role of integrated thinking and reporting**

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This document is prepared for discussion of a public meeting of the Integrated Reporting and Connectivity Council. The Trustees are responsible for governance of the IFRS Foundation, oversight of the International Accounting Standards Board (IASB) and International Sustainability Standards Board (ISSB), and for delivery of the IFRS Foundation's objectives as set out in the IFRS Foundation *Constitution*.

1. Introduction and purpose

The purpose of this paper and IRCC discussion is to foster dialogue on the vision of a global corporate reporting system and to help identify any specific characteristics of Integrated Reporting and Integrated Thinking that can contribute to achieving this vision.

The discussion is intended to provide useful insights to the IFRS Foundation's Trustees and to the boards in considering and executing the overall strategy for the IFRS Foundation, including considering how the Integrated Reporting Framework and Integrated Thinking Principles could be utilised.

This discussion is designed to inform considerations about the ultimate strategic direction of reporting as established by the IASB and ISSB working both as independent boards and together. The discussion is not intended to produce immediate outputs by the boards, but to inform their overall approach and the future consideration of these issues consistent with due process.

In relation to the Integrated Reporting Framework and Integrated Thinking it is noted that there are two important considerations. How those materials can be best utilised by the IFRS Foundation and the boards in the **near term** and how these materials can be further utilised to support the **longer-term vision** of corporate reporting for the IFRS Foundation and the boards. In relation to work on further integration in reporting the feedback received on the ISSB's Agenda Consultation and the work to date of the IASB in relation to Management Commentary are important considerations. An IRCC meeting dedicated to considering feedback on the Agenda Consultation in relation to a potential project on further integration in reporting will be held on 30 January 2024.

In addition to providing insights into the possible future vision for corporate reporting, the discussion will also further a better understanding of how the boards can continue to leverage the principles and concepts of integrated reporting, consistent

with the May 2022 [statement](#) from both board chairs. This reflects the IRCC's role in providing advice to the Trustees and boards on the future positioning of integrated thinking and reporting as resources of the IASB and ISSB, building on the significant momentum since the Value Reporting Foundation / IFRS Foundation consolidation in August 2022.

The paper poses questions that will be discussed in facilitated breakout groups during the meeting, the content of which will be used to provide feedback to the Trustees, the IASB and ISSB.

2. The future of corporate reporting – some considerations

The corporate reporting landscape has evolved significantly in recent years driven largely by voluntary disclosure initiatives. The establishment of the ISSB creates the opportunity for increased cohesion and efficiency through the implementation of a global baseline of sustainability disclosure standards for the capital markets. The development and adoption of the ISSB's standards are important ways of ensuring the corporate reporting system better serves the needs of investors.

As has been shown by the successful global adoption of IFRS accounting standards an ecosystem will develop which will amplify their value and accelerate their adoption. While the broader ecosystem – e.g., the development of assurance standards, access to data and the evolution of education curricula – will be important considerations, this paper focuses on issues relating to the future of corporate reporting itself.

The IASB and ISSB are independent standard-setting boards. However, as they both operate within the governance of the IFRS Foundation the opportunity arises to consider the relationship between information in the financial statements and broader investor-relevant information – for example, the sustainability-related financial information required by the ISSB. It is also helpful to consider the format of the overall reporting 'package' – whether, for example, there is a preferred format and how the varied requirements of individual jurisdictions could be resolved.

The 2022 IFRS Foundation / Value Reporting Foundation consolidation has brought the Integrated Reporting Framework and Integrated Thinking Principles under the joint responsibility of the IASB and ISSB. The next section of this paper will consider how integrated thinking and reporting might support the IFRS Foundation and its boards in the short-term and, longer-term, how they might be leveraged to support the future vision of corporate reporting.

3. Leveraging the value of integrated reporting and integrated thinking in the near and long-term

In considering how integrated reporting and integrated thinking are used today, concepts and principles from the Integrated Reporting Framework have been included within the ISSB's inaugural standards and detailed work has been undertaken to analyse the similarities and differences between the Framework and

the IASB's Management Commentary Exposure Draft. This signals the progress already being made in using integrated reporting to support a consistent overall reporting package. Work has also been undertaken to show how the disclosure requirements in IFRS S1 and IFRS S2 fit with the content elements in the Integrated Reporting Framework enabling users of the Framework to become early adopters of the ISSB's standards.

A future vision of corporate reporting might include elements such as integrated thinking, interoperability and connections to the broader ecosystem. The principles and concepts of integrated reporting – its focus on value creation, the business model and connectivity of information – could be valuable in helping to define this future corporate reporting vision.

4. Questions for IRCC members

This discussion will be introduced at the IRCC meeting by Charles Tilley (IRCC Chair). Following this introduction IRCC members will be allocated to breakout groups, each of which will be facilitated. You will be invited to comment on the following questions:

- a) How should Integrated Reporting and Integrated Thinking be considered in the near term to assist the Foundation and the boards?
- b) How should Integrated Reporting and Integrated Thinking be leveraged in the longer-term to support the future vision for comprehensive corporate reporting?
- c) How could the reporting of information be improved to better serve the needs of investors?
- d) What is the ideal 'relationship' between information in the financial statements and broader investor-relevant information (such as the sustainability-related financial information required by the ISSB)?
- e) What should the 'package' of information look like - is there an ideal format and if so what is it and why? How do we deal with different regulatory regimes?
- f) How should the reporting set out in IASB and ISSB standards ideally be used to support this vision? What about when a jurisdiction doesn't use IFRS both for financial statements and sustainability reporting?
- g) How do we deal with meeting investor needs while also taking into consideration the needs of other stakeholders? What does that mean for the reporting package?

5. Further information

If you need any further information at this stage, please contact Jonathan Labrey at jonathan.labrey@ifrs.org

APPENDIX

Informing the discussion – examples of thought leadership

In 2020, Accountancy Europe produced a discussion paper called Interconnected Standard Setting for Corporate Reporting. It envisaged system change and, in particular, interconnected standard-setting with a conceptual framework connecting accounting and sustainability disclosure standards. It also articulated the view that change is needed beyond corporate reporting – across the wider ecosystem.

[Interconnected-Standard-Setting-for-Corporate-Reporting_Summary.pdf \(accountancyeurope.eu\)](#)

This theme was taken up by the International Federation of Accountants (IFAC) in its paper, Enhancing Corporate Reporting – The Way Forward. In addition to the development of the ISSB, supported by standards, IFAC proposed that a conceptual framework should be developed to connect accounting and sustainability-related information, using integrated reporting principles and the TCFD recommendations as a starting point. It also encouraged the completion of the ecosystem, including corporate governance, data quality, digitisation and assurance.

[IFAC-Enhancing-Corporate-Reporting-The-Way-Forward \(1\).pdf](#)

Both papers are intended to be valuable inputs to this discussion.