
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

Overall commentary

It is a pleasure, once again, to complement the detailed report below with some reflections on how integrated thinking and reporting continues to inform our work. We look forward to contributing in person to the IRCC meeting on 6 November.

The IASB's revised Management Commentary Practice Statement (which is due to be finalised in the first half of 2025) and the ISSB's general requirements standard, IFRS S1, both draw significantly on the thinking, principles and concepts in the Integrated Reporting Framework. The creation of a pattern of coherent and consistent principles across the IFRS Foundation's materials will enhance the potential for connectivity between our two boards. We also believe it will strengthen the quality of general-purpose financial reporting which is at the heart of the IFRS Foundation's mandate.

In the near term, educational materials will be published about the application of the approach to materiality in the ISSB Standards. These materials will reinforce the important links to concepts of value creation in the Integrated Reporting Framework that have been used at the heart of IFRS S1.

There is no doubt that users of the Integrated Reporting Framework are well-placed to implement IFRS Standards and we support every effort to drive this progress towards greater convergence which is in line with our broader mission to provide better information for better decisions. While the integrated reporting community should be in no doubt about our view that integrated reports can provide evidence of the quality of integrated thinking, we are keen to amplify 'substance over form' in corporate reporting. We want our materials to inspire meaningful discussions by those charged with governance – boards and senior management – so they are better able to apply our Standards and, in doing so, increase the reliability and comparability of their disclosures.

It is why we are interested in how members will respond to the discussion on integrated thinking at the IRCC's 6 November meeting. Harnessing integrated thinking offers evidence that an entity is prioritising substance over form – breaking down silos, identifying risks and opportunities and making connections that enhance a user's understanding of how an entity is governed and managed.

We were pleased to discuss these matters in some detail in Milan during the Integrated Thinking and Reporting Conference. We thank, not only IRCC members for their continued contribution to our work, but also the many speakers and delegates who provided such rich content to a successful and thought-provoking event.

Yours sincerely,

Andreas Barckow
Chair, IASB

Emmanuel Faber
Chair, ISSB

Report on Progress

Summary of goals	Targets/metrics	Progress achieved since 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. The Integrated Reporting Framework continues to have a prominent place on the IFRS Foundation’s website, complemented by practical resources for preparers such as a mapping document showing the fit between the IR Framework and IFRS S1 and IFRS S2 and a Getting Started Guide which are being used in our discussions with stakeholders. 2. The chairs and vice-chairs of both boards participated in the IFRS Foundation’s Integrated Thinking and Reporting Conference on 18 October 2024 held in partnership with the OIBR Foundation in Milan. 3. The ISSB is continuing to encourage IR Framework users to begin implementing IFRS S1 and IFRS S2 as part of its work to support adoption of the ISSB Standards. 4. Members of both boards have made external presentations advocating for the use of the IR Framework including at the IFRS Foundation’s annual conference. 5. Members of both boards now routinely participate in quarterly IR Community meetings.
<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"> 6. The Integrated Reporting team worked closely with the IASB’s Management Commentary team before and after the board’s decision to finalise the project both on technical matters and to enable targeted engagement with IR community leaders and IRCC members. 7. The Integrated Reporting team reports jointly to the Vice-Chair, ISSB and Vice-Chair, IASB. Regular meetings are held to set objectives and track progress.

		<p>8. Efforts continue to engage with the market to explain how concepts from the Integrated Reporting Framework were used in IFRS S1 and S2 – in particular, references to connected information, governance and in explaining how information relevant to investors is inextricably linked to the needs of society and the environment (paragraph 2 of IFRS S1).</p> <p>9. The priority now is to encourage adoption of IFRS S1 and IFRS S2 within integrated reports. We are addressing this through extensive communication, webinars and events hosted by our communities and other stakeholders.</p>
<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>10. There has been a significant step up in market engagement in 2024 informed by a clear work plan with two specific goals: to encourage IR Framework users to use our Standards and to engage with the market to share the practical resources that have been developed to support implementation.</p> <p>11. Messaging that encourages the continued use of the IR Framework from the leadership of both boards has been clearly and consistently delivered since 2022, in a written statement and in speeches at the 2023 and 2024 Integrated Thinking and Reporting Conferences.</p> <p>12. A contact programme with IRCC members, IR community leaders and IR training providers is underway and is producing tangible commitments to engage with preparers to support our goals.</p> <p>13. An updated IR Examples Database has been released which provides a repository of practice which will be updated in due course to include examples of integrated reports that include IFRS S1 and IFRS S2 information.</p>

		<p>14. Work is underway to further embed key integrated thinking and reporting resources within the main IFRS Foundation website, enhancing the quality of communications to the market.</p> <p>15. The Integrated Reporting Communities programme continues to grow with over 30 communities now operational. There was a record turnout of over 70 individuals at the September IR community leaders' meeting.</p> <p>16. The next IR community leaders' meeting will take place on 6 December when the leader of the Japanese community will outline the key drivers of IR Framework use in Japan and how this can be a catalyst for implementing IFRS Standards.</p> <p>17. A strategy for structured and regular engagement with all IR communities is underway and communications materials have been distributed to all community leaders.</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>18. A series of resources have been developed or updated including an integrated reporting Getting Started Guide, Frequently Asked Questions and IFRS S1 and IFRS S2 mapping with the IR Framework. The latest resource is the IR Examples Database (referred to above) released in October 2024.</p> <p>19. While the ISSB decided not to pursue a formal project on integration in reporting the vice-chairs of both boards (Sue Lloyd and Linda Mezon-Hutter) have released a podcast and made regular statements reiterating the Boards' ongoing support for integrated reporting and integrated thinking. The IASB described its decision to finalise the Management Commentary project as, 'a stepping stone to greater integration in reporting in the future'.</p>
<p>Integrated Reporting Framework – long-term vision</p>	<p>Through updated public messaging, reaffirm the commitment of both</p>	<p>20. A commitment to a long-term vision for a corporate reporting</p>

<p>The Chairs of the IASB and ISSB commit to a long-term role for a corporate reporting framework, incorporating principles and concepts from the Integrated Reporting Framework.</p>	<p>board chairs to IR Framework principles and concepts being used in the development of a corporate reporting framework.</p>	<p>framework was re-articulated in the updated messaging from both board chairs in November 2022. This continues to be the basis of our message to the market and is refreshed every time board members speak at our conferences and webinars.</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>21. The IR staff team and IRCC have been fully involved in the engagement by the IASB during the process of deciding to finalise the Management Commentary project – a decision made by the board in June 2024.</p> <p>22. The staff paper ahead of the IASB’s June meeting highlighted board member support for continued adoption and use of the IR Framework and provided a link to the statement by both board chairs in May 2022.</p> <p>23. The outcome of the meeting was shared with IRCC members on 26 June and further focused discussions were held with IRCC members and IR community leaders.</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>24. 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>25. The Integrated Thinking and Strategy Group (a group of around 50 preparers) meets regularly to raise awareness of the Integrated Thinking Principles and a further successful webinar was held in September 2024.</p> <p>26. Integrated Thinking will be part of the discussion at the IRCC meeting on 6 November. It is intended that this input will inform updated messaging to promote its importance and relevance.</p>
<p>The role of the Integrated Reporting Council The Integrated Reporting Council will be repositioned as an advisory body to the IFRS Foundation</p>	<p>Host three IRCC meetings per year</p>	<p>27. The IRCC has met five times, with a sixth meeting scheduled for 6 November 2024. The discussion topics will include corporate governance, integrated thinking and</p>

<p>Trustees and both the IASB and the ISSB. The Council will provide advice on how reporting required 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>Discussion topics to be developed in consultation with the IASB and ISSBs' leadership</p>	<p>the trends that may influence the future of corporate reporting.</p> <p>28. In June 2024 the IFRS Foundation's Trustees decided to extend the duration of the IRCC for two years (with a review after one year) to July 2026.</p> <p>29. In January 2024 a special IRCC meeting was convened to discuss feedback from the ISSB's agenda consultation focused on the integration in reporting project. Feedback from the meeting was included in papers to the Board ahead of its decision being made.</p> <p>30. Plenary sessions of IRCC meetings will continue to 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>31. 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>

Further information

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