
Integrated Reporting and Connectivity Council (IRCC)

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This document is prepared as a summary of a public meeting of the Integrated Reporting and Connectivity Council an advisory body of the IFRS Foundation. The IRCC provides advice and advocacy 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.

Welcome

1. Mr. Charles Tilley (Chair) welcomed members and guests to the first IRCC (hereafter ‘the Council’) meeting of 2025. Mr. Tilley introduced members to the agenda stating that, in addition to the regular update from the IASB and ISSB, there would be a panel session on technology and an opportunity to provide input to the IASB’s agenda consultation.
2. Mr. Tilley reminded members that, for over a decade, the Council has advanced principles that seek to break down silos and reduce the risk of fragmentation in reporting, responding to global market needs. It is important to emphasise the relevance of these principles in the current geopolitical environment. The Integrated Thinking and Reporting Conference held in Tokyo in April 2025 showed the value of applying all the IFRS Foundation’s tools comprehensively, reinforcing the symbiotic relationship between corporate governance and corporate reporting.

Report on Progress

3. Mr. Morgan Després, the new Vice-Chair of the IRCC and a Trustee of the IFRS Foundation, introduced himself with a short video message. Mr. Després said that he and the other Trustees of the IFRS Foundation value the role of integrated thinking and reporting as well as the role of the IRCC in providing advice on broader corporate reporting issues. Mr. Després stated that the insights from IRCC discussions are crucial to the agenda of the Trustee Strategy Committee, especially concerning the impact of global megatrends on the work of the Foundation.
4. Mr. Després also acknowledged the success of the Integrated Thinking and Reporting Conference in Tokyo held in April 2025.
5. Dr. Andreas Barckow, Chair of the IASB, reported on three key developments by the IASB that reflect its commitment to connectivity. First, the work on revising the Management Commentary Practice Statement (MCPS). He reminded Council members that that project was put on hold when the ISSB was formed. After the decision of the ISSB not to proceed with a research project on integration in reporting, and following consultations with securities regulators and investors, last year the IASB decided to finalise the project. Targeted refinements were proposed in response to stakeholder feedback. The MCPS is now finalised and will be released in June 2025. Second, the project on climate-related and other uncertainties in the financial statements. Dr. Barckow reminded Council members that this project was signalled to the IASB in the last agenda consultation as a priority project. The IASB’s research and outreach indicated that the existing IFRS Accounting Standards already address the reporting on climate-related and other uncertainties in the financial statements. Thus, a set of illustrative examples has been developed to help preparers apply the existing standards. These examples will be published in October 2025. Lastly, the agenda consultation which will be discussed later in this meeting.

6. Mr. Emmanuel Faber, Chair of the ISSB, set out his expectations that would lead to collective achievements. He stated that, as he mentioned in the Integrated Thinking and Reporting Conference in Milan in October 2024, diversity of the IR communities around the world is a fundamental richness and asset for its legacy. However, convergence and discipline are also critical, especially in light of Integrated Reporting supporting the implementation of IFRS S1 and IFRS S2. As such, he observed that applying the materiality definition in IFRS S1 and focusing on concise information are ways to bring greater discipline to applying IFRS S1 and IFRS S2 so that future disclosures send a market signal to investors on how the information can better inform capital allocation decisions. Furthermore, the concepts of integrated thinking and the capitals are, and will continue to be, an integral component of the ISSB Standards. He suggested that working with the IR communities will ensure a move beyond 'pre-ISSB era' disclosures and achieve an update to the accounting language which is what IFRS S1 and IFRS S2 seek to bring about globally.
7. Mr. Faber also echoed the ongoing collaboration between the ISSB and the IASB. He stated that while in 2024 the ISSB decided that a technical project on integration in reporting was important but not urgent, there is a growing demand from stakeholders to explore deeper connections in reporting and that connectivity will likely grow as a theme over time.

Panel on Technology

8. Mr. Tilley introduced the panel of Ms. Claire Bodanis (Partner, Falcon Windsor), Ms. Emily Chien (IFRS Advisory Council Member and Senior Fellow, Harvard University), and Mr. David Haila (Chief Technology Officer, Workiva) to discuss the impact of technology on corporate reporting. This topic was identified as an important topic at the last IRCC meeting. The panel discussed the role of artificial intelligence (AI) in business and how AI is currently being used for reporting by companies. The panellists reflected on some of the potential risks as well as the opportunities both now and in the future. The comments by panellists can be summarised as follows.

Opportunities created by AI

- a. AI is expected to enhance decision-making processes so that businesses can make faster and more efficient decisions because of on-demand intelligence,
- b. Generative AI and Agentic systems can partner with human experts to break down silos within business to build a centralised data repository and this can lead to decision making that considers value creation,
- c. By reducing the number of repetitive tasks required by human capital, business professionals can focus on higher value work, driving innovation and growth,

Role of AI in reporting

- d. Reporting serves a purpose to build trust with investors and other stakeholders. The use of generative AI as a tool to collate large quantities of information can be used by management and the board to convey their thoughts and opinions in reporting.

The importance of governance

- e. The use of technology to sift through data and then evaluate the results requires skill and expertise. Management and boards require technical competence and accountability structures to ensure there is sufficient human oversight.
- f. Harvard University is seeing evidence of a new business model at the governance and board level called a 'frontier firm'. These entities leverage technology under human direction, utilise on-demand intelligence, and employ hybrid teams, enabling faster decision-making and value generation. A recent Microsoft survey revealed that 80% of large companies expect to integrate AI agents into their strategies within 18 months.
- g. There is a role for generative AI to contribute to developing business strategy rather than operational efficiencies.

Challenges of AI

- h. There is the potential for reports to be created by generative AI and used without adequate oversight. Generative AI and large language models do not possess cognitive qualities like understanding or reasoning; their outputs mimic human thought in written form but cannot represent the opinions of management or the board.
- i. Confidentiality and data security are significant issues as they carry significant risks and without adequate governance and monitoring this can result in data losses that can be used by others.

IASB Agenda Consultation

- 9. Ms. Nili Shah, IASB Executive Technical Director, provided introductory remarks on the IASB's fourth Agenda Consultation and the questions for discussion.
- 10. The objective of the breakout sessions is to seek contributions from the IRCC to help identify and describe potential projects that can further connectivity in general purpose financial reports and connectivity in the IASB and ISSB's Standards. The focus of the discussion is on connectivity in light of the scope of the IRCC. However, the IASB's technical strategy and work plan covers a wider range of topics.
- 11. Mr. Bryan Esterly, ISSB Executive Technical Director, reiterated the IASB and ISSB are working closely together and the ISSB is interested in feedback from this process.

Breakout Group Discussions

- 12. Facilitators from each breakout group presented a summary of the discussion. Comments from the groups were summarised and the following common themes were identified:
 - a. **Conceptual Framework.** Some members were interested in developing a Conceptual Framework, also building on the Integrated Reporting Framework to addresses connectivity, the 'integration' of sustainability disclosures and the financial statements and clarify the boundaries between financial statements and sustainability disclosures. For instance, one member observed that there is a project on provisions (IAS 37), but the relationship with sustainability reporting is unclear. Another member stated that the current Conceptual

Framework could be reviewed to add some of the concepts of integrated thinking and integrated reporting. Other members said that while this was important, this was not a priority at this time.

- b. **Connectivity.** The IASB could work more collaboratively on overlapping projects. Some members linked the requirement to consider risks and opportunities of sustainability-related financial information and the relationship with risks and uncertainties in the financial statements. Many agreed there is a need for a deeper understanding of connectivity between the two projects.
- c. **Integrated reporting.** Some members considered that the Integrated Reporting Framework should go through due process within the IFRS Foundation as an additional step towards integration in reporting. In this respect, several members suggested that a possible project could be named 'integrated reporting'. The meaning of the term, 'integration in reporting' is still not fully clear. Other members mentioned the Integrated Reporting Framework was already fit for purpose because it fully allows the adoption of IFRS S1 and IFRS S2.
- d. **Materiality.** Members noted the volume of information is increasing which means that making judgements about material information can be challenging and it would be helpful to provide additional application guidance on this issue. A few members said they were interested in understanding double materiality compared to the definition of materiality within the IFRS Foundation.
- e. **Intangibles.** Some members suggested that a priority should be to develop a clearer understanding of the connection between the current IASB project on intangible assets and the ISSB research project on human capital to address investors' information needs on these resources.

Technology. Some members acknowledged the relevant role that technology can play in keeping integrated reports concise and allow companies to process a vast quantity of information at speed.

Summary of Integrated Thinking and Reporting Conference, Japan, 2025

- 13. Mr. Jonathan Labrey, Chief Connectivity and Integrated Reporting Officer, briefed the IRCC on the recent [conference](#) hosted by Keidanren in Tokyo. There was a global audience and a global set of speakers with 250 delegates in person and 300 online. [Key takeaways](#) from the conference are available.
- 14. Ms. Linda Mezon-Hutter and Ms. Sue Lloyd, the Vice Chairs of the IASB and the ISSB attended the conference and engaged with many stakeholders during the week they were in Tokyo. Their joint participation reinforced the connectivity between the IASB and ISSB which enabled joint communication on standard setting activities.
- 15. Currently, there are approximately 1,200 companies using the Integrated Reporting Framework in Japan and these companies are now considering how to apply IFRS S1 and IFRS S2 (and the closely aligned SSBJ Standards). The quality of the published integrated reports has been improving as evidenced by awards and recently published research from the Government Pension Investment Fund (GPIF) of Japan.
- 16. The Financial Services Agency of Japan supports using integrated reporting to enhance Human Capital Management disclosures in Japan. This aligns with efforts led by Mr. Taka Sumita and the

integrated reporting community. Future plans include collaborating closely with this community to build on the conference outcomes.

Closing Reflections

17. Mr. Tilley paid tribute to Mr. Paul Chan, IRCC member and President of the Malaysian Association of Corporate Directors (MACD), who had sadly passed away since the last IRCC meeting. Mr. Chan had been long-time contributor to the IIRC and IRCC for many years and will be sorely missed.
18. The Chair reminded IRCC members of the importance of building greater integration in reporting. The risks of fragmentation, silo reporting and a compliance-only mindset are likely to increase. The IFRS Foundation has all the tools at its disposal – including the Integrated Reporting Framework and Integrated Thinking Principles – to begin to shape the conversation with the market about how it intends to play a role in addressing these fundamental and growing challenges.
19. Mr. Tilley thanked both the technology panel presenters and the board members who acted as facilitators of the breakout groups. He also thanked Dr. Caroline Bridges, Technical Director, Connectivity and Integrated Reporting, for her contributions and support of the IRCC as she leaves the IFRS Foundation.
20. Mr. Tilley closed the meeting at 16:00 BST.