



Integrated Reporting and Connectivity Council

Insight: use of IFRS Standards by
companies using the IR Framework

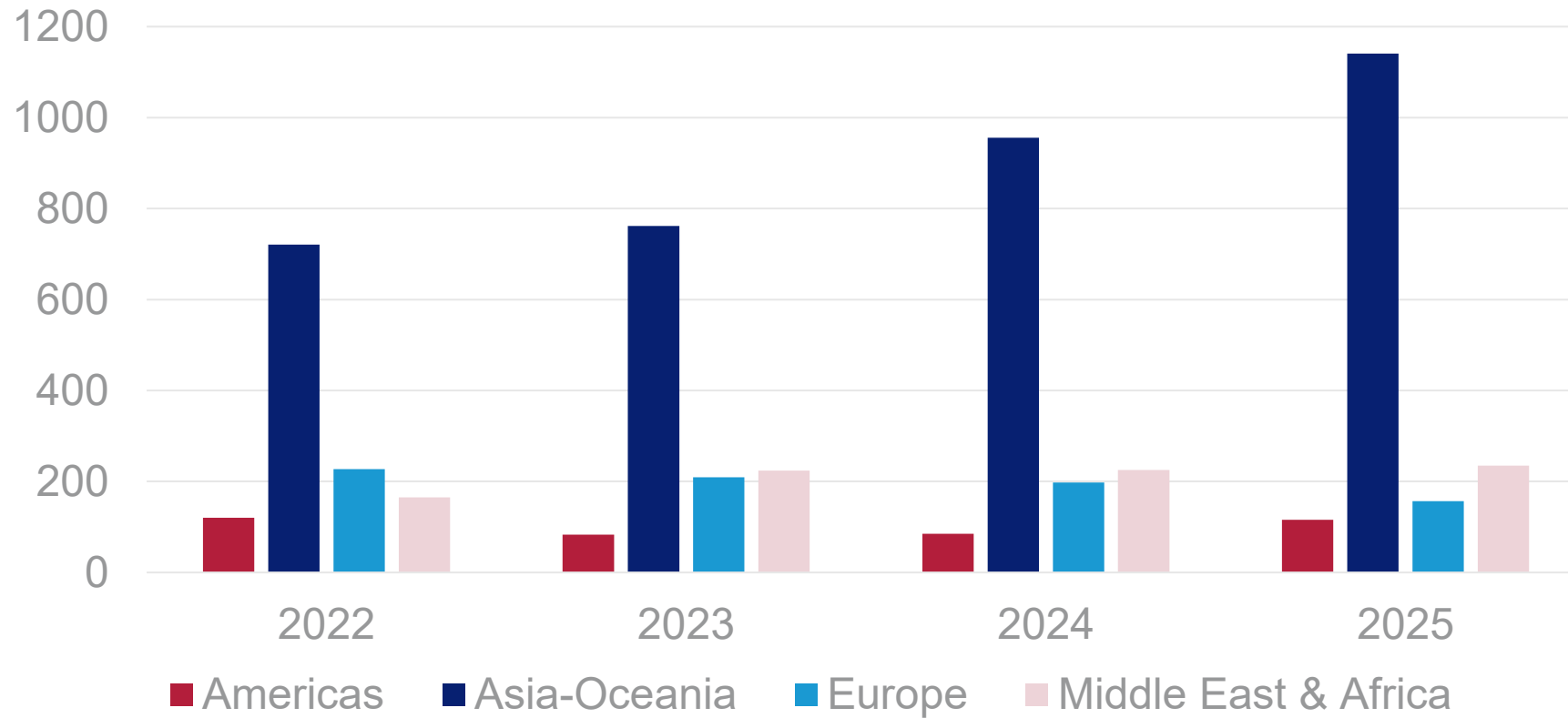
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Aims, scope and structure of the analysis

- **Objective:** Understand how companies are implementing IFRS S1, IFRS S2, and IFRS Accounting Standards (through the financial statements) in their 2025 Integrated Reports or separate (sustainability or climate) reports
 - **Focus:** Identifying emerging trends and practices as companies transition to the ISSB Standards and issue a financial statements, rather than assess the technical quality
 - **Sample:** 152 globally diversified reports that explicitly reference IFRS S1/S2, ie, those that state compliance or partial alignment with the standards in their IRs or in a separate report
 - **Methodology:** A hybrid approach using AI tool and manual analysis in order to look for specific information within the reports, guided by *ad hoc* questions
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IR Framework Reporters since 2022





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IR and the ISSB Standards



Geographical and sector distribution

REGION (IFRS)	INDICATIVE CONCENTRATION	SICS SECTOR	RELATIVE PRESENCE
Asia-Oceania	High	Financials	High
Europe	Medium-High	Infrastructure	High
Middle East & Africa	Medium	Extractives & Minerals	Medium-High
South America	Medium	Food & Beverage	Medium
North America	Low	Services & Technology	Medium

Integrated reporting maturity

- **Wide maturity spectrum** → from first-time issuers to 10+ years of integrated reporting
 - Most companies fall in the mid-experience range (7-10 years)
 - **Experienced reporters (5+ years)** concentrated in South Africa, Japan
 - **Newer reporters (1–2 years)** concentrated in the Asia-Oceania region
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The role of integrated thinking



a) Integrated Thinking as a Concept

Integrated thinking is predominantly referenced implicitly rather than explicitly

"While enhancing our ability to optimise voyages and operations, the Company has integrated ESG considerations into its daily operation and management" (Company A, 2025)

"we embrace integrated thinking — recognizing the dynamic interplay between financial, manufactured, intellectual, human, social, and natural capital" (Company B, 2025)

Explicit reference among:

- organizations with established integrated reporting practices
- financial and infrastructure sectors

The **Middle East & Africa** is the only region where explicit references are comparable to implicit ones.

b) Use of integrated thinking in identifying risks and opportunities and c) material information

Integrated thinking is predominantly referenced implicitly rather than explicitly

“Integrated thinking is used to identify material risks and opportunities across six capitals.” (Company C, 2025)

“Our materiality determination process is guided by integrated thinking”. (Company D, 2025)

“We initiate our materiality process through integrated thinking...” (Company D, 2025)

Utilities, extractives, and financial institutions are particularly explicit in linking integrated thinking to climate-related risks and transition opportunities



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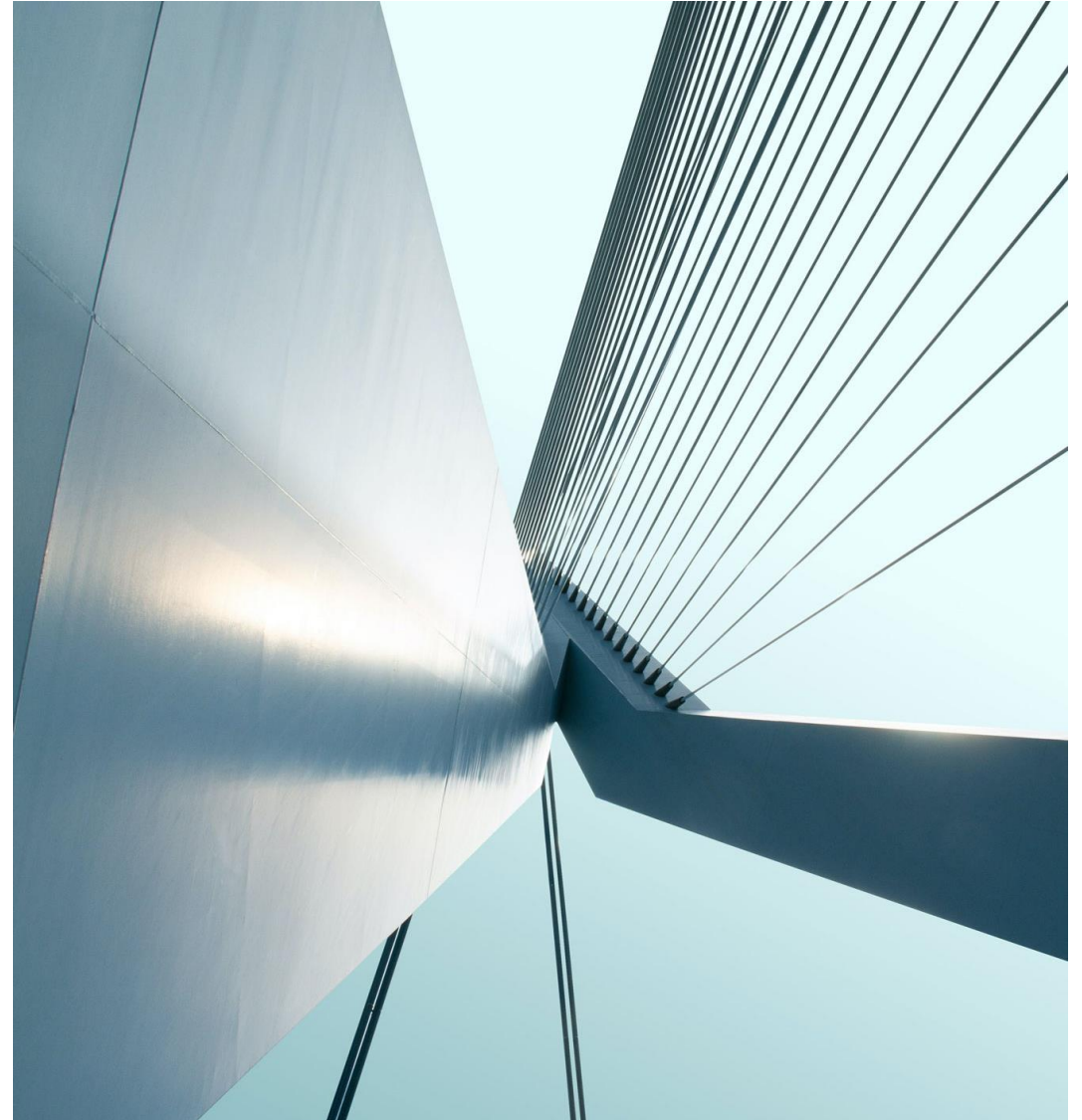
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Target audience, materiality, reporting frameworks and location

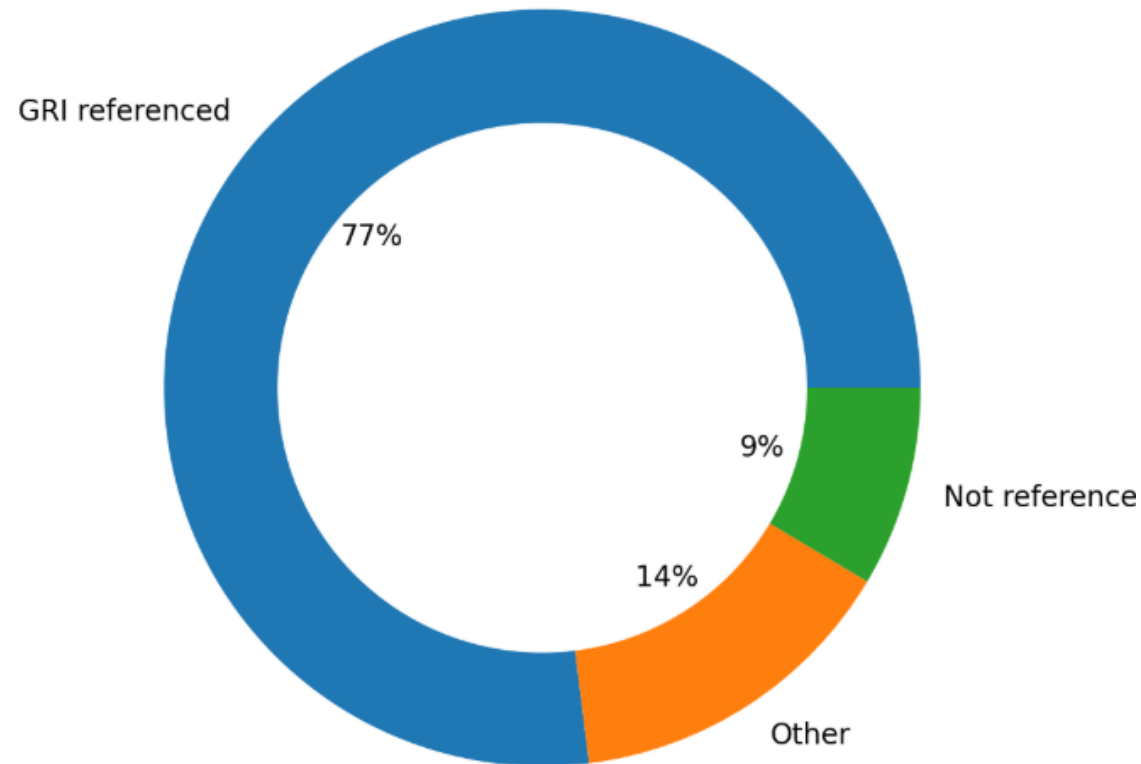


Target audience and materiality

- The integrated reports analysed were grouped into three categories representing the target audience of the report: stakeholders, (primarily) investors & stakeholders, and investors only.
- Double materiality is more prevalent among stakeholder-oriented reports.
- However, investor-targeting companies (investors-only or investors plus stakeholders), nearly 40% also mention double materiality.



Other reporting frameworks: GRI and TCFD



TCFD continues to serve as a critical bridge, particularly for climate-related disclosures, with many companies explicitly positioning IFRS S2 as an evolution or consolidation of existing TCFD practices.

Location: Separate or in integrated reports?

Preference for Embedded Disclosures

Strong preference by companies for embedding ISSB disclosures in Integrated Reports over separate sustainability or climate reports

Reasons for Separate Reports

Separate ISSB reports often focus on climate-only disclosures due to regulatory needs or progressive journeys. Even in these cases, companies frequently cross-reference the Integrated Report

“The company plans to disclose ISSB-related information in accordance with regulatory requirements. In this context, we intend to maintain a publication separate from the current Sustainability Report, considering that assurance processes and scopes differ between these materials. We believe this approach ensures greater clarity, technical consistency, and adherence to ISSB-specific requirements.” (Company E, 2026)



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IR and the IFRS Accounting Standards



Inclusion of Financial Statements within Integrated Reports

Full Financial Statements Inclusion

Many companies include consolidated or unconsolidated financial statements directly in Integrated Reports, replacing traditional annual reports → including the financial statements roughly doubles Integrated Report length from ca. 100 to 300+ pages

Summary with Cross-References

Companies in some jurisdictions summarize financial data in Integrated Reports and link to separate statutory annual reports for full statements.

Sectoral Reporting Differences

Financial institutions tend to include full financials within reports, while industrial and consumer sectors favor split-reporting.

‘Management Commentary, Report or MD&A’

Varied Usage

Management commentary presence varies widely based on how Integrated Reports replace or supplement annual reports.

Detailed Reports in Select Jurisdictions

Countries like Sri Lanka, Malaysia, India, and Turkey use detailed management commentary linking sustainability to financial performance, some of these also focus on providing information on the capitals.

Modular Reporting Traditions

Some jurisdictions divide management commentary across documents, focusing Integrated Reports on value creation, preservation or erosion.

Conclusive Remarks, Limitations and Next Steps

- Integrated reports remain highly relevant in relation to the IFRS Standards
 - Even if not explicitly mentioned, integrated thinking is a critical enabler, providing the conceptual and operational link in the identification of sustainability and climate risks and opportunities and material information
 - The vast majority of integrated reports analysed reference stakeholders as target audience and double materiality
 - Sector and jurisdiction matter
 - Limitations → the analysis focuses on a subset of the population of Integrated Reporters (those that state compliance and partial alignment with the ISSB Standards) and the same subset is used also to analyse the adoption of IFRS Accounting Standards
 - Next steps will include analysis of ISSB core contents coverage, non-obscuring principle, duplication of information and impacts related to early adopters of IFRS 18
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“The Integrated Reporting Framework could serve as a conceptual and practical bridge [...]. In addition, IR could provide technical support to clarify general questions related to interpretation and application of [ISSB disclosure] requirements, serving as a basis for working groups and internal discussions on report implementation.” (South American Company, 2026)



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Thank you

