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## Integrated Reporting and Connectivity Council (IRCC)

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Contacts **ircc@ifrs.org**

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.

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## Summary of Proceedings

The Integrated Reporting and Connectivity Council (IRCC) convened on 16 April 2026, in what was confirmed during the meeting as its final session prior to the integration of its mandate into the IFRS Advisory Council. The agenda comprised opening reflections from the Chair, updates from IASB and ISSB leadership, two pieces of research - a desk study of integrated reports across multiple jurisdictions and a forthcoming research project examining integrated reporting practice in Japan – and four facilitated breakout discussions seeking the Council's strategic and technical input for the work of the two Boards.

The Chair, Charles Tilley, presided, with Morgan Després, IFRS Foundation Trustee, serving as Deputy Chair.

### 1. Chair's welcoming comments

Charles Tilley opened the meeting by welcoming members and confirming its significance as a transitional moment. He referred members to his presentation to the IFRS Foundation Trustees in October 2025, which set out the strategic case for embedding integrated reporting and integrated thinking within the Foundation's mainstream work and provided the foundation for the subsequent decisions on governance now coming into effect. He explained that the originally scheduled October 2025 meeting of the Council had been postponed to align Council input with the decision by the IASB and the ISSB to run their next agenda consultations concurrently - a development that, in his view, made the present meeting more useful to both Boards than an earlier session would have been. He also welcomed Merran Kelsall, Chair of the IFRS Advisory Council, who joined remotely, and acknowledged the breadth of expertise represented around the table.

The Chair then turned to the integration of the IRCC's mandate into the IFRS Advisory Council, the subject of a recent letter to members co-signed by Erkki Liikanen, Chair of the IFRS Foundation Trustees, and himself. He confirmed that the Terms of Reference of the IFRS Advisory Council have been amended to include integrated thinking and reporting as a topic within its remit, providing a permanent constitutional anchor for this work within the Foundation's primary advisory body. He framed the change as the opening of a new chapter rather than a conclusion, and as tangible evidence of the success of the past three-and-a-half years. Integrated reporting, he observed, has moved through the phases of creation and global adoption and is now entering a phase of global stewardship. The principles of value creation embedded in the Integrated Reporting Framework will, through this change, sit at the core of the Foundation's remit rather than being treated as a separate workstream.

Charles Tilley reported on a constructive first in-depth discussion of integrated thinking and reporting at the Advisory Council the previous day, and quoted Michel Madelain's observation that the Foundation, having taken on responsibility for these valuable resources at the time of the merger, intends to safeguard their value rather than dilute it. He noted that more than thirty national integrated reporting community bodies remain a vital part of the global ecosystem and confirmed that integrated reporting will feature

prominently for the first time in the IFRS Foundation's 2026 annual conference (29–30 June), and complementary in-person event to be hosted by Veronica Poole at Deloitte.

Before turning to Morgan Després, the Chair invited brief reflections from members. Mervyn King observed that financial statement disclosures remain critical but do not, on their own, address the question of accountability; a report presented in two silos is divorced from reality, given that the organisations being reported on are integrated twenty-four hours a day, seven days a week. Bob Herz reflected that integrated reporting represents a huge advance since the early work of the Value Reporting Foundation, is now embedded in board and management thinking and reporting, and addresses basic business issues – a consideration of particular importance in the current political environment; he added that artificial intelligence presents both extraordinary opportunities and significant challenges for the field. Merran Kelsall welcomed the opportunity to integrate these concepts into the Foundation's governance structure and noted that the Advisory Council provides the opportunity to attract new champions and new members to carry the work forward.

He then invited brief reflections from Morgan Després, who reiterated the Trustees' strong support for integrated reporting and emphasised that the change in governance structure is intended to entrench, not diminish, the work of this community.

## 2. Progress report from Board leadership

Linda Mezon-Hutter, IASB Vice-Chair, provided the first of the two Board updates. She explained that the IASB had spent a significant amount of time focused on completing legacy projects in order to build capacity for its next agenda consultation. Significant deliverables since the Council's last meeting included a major update to the IFRS for SMEs Standard, the completion of the Management Commentary Practice Statement, work on disclosures concerning uncertainties, the issuance of the post-implementation review of IFRS 16, and the publication of a substantial document on Risk Mitigation Accounting addressing portfolio hedging. The IASB has also issued a targeted fix to IFRS 18 and continues to monitor implementation closely, with a particular focus on questions being sent to the Interpretations Committee for consideration. The Interpretations Committee is working diligently to address those questions that meet its criteria prior to the required effective date of IFRS 18, January 1, 2027.

She confirmed that the IASB had decided to delay its agenda consultation in order to run it concurrently with that of the ISSB, principally to ease the burden on stakeholders in jurisdictions engaged with both sets of standards. In the meantime, four potential projects – pollutant pricing mechanisms and operating segments (already on the reserve list), and hyperinflation and crypto assets (more recently raised) – are under active consideration should resources free up before the next consultation. She noted that the IASB's active project count had reduced from 23 when she joined as Vice-Chair to 13 today, evidence, in her view, that the strategy of focused completion is working.

Sue Lloyd, ISSB Vice-Chair, then provided the ISSB update. She reported that 41 jurisdictions are now in the process of or have made decisions regarding adoption of the ISSB Standards, reflecting strong continued momentum for the global baseline. She drew particular attention to the ISSB's refreshed messaging on the role of integrated reporting, emphasising that an integrated report can be a good – though not the only – home for ISSB disclosures, and that integrated thinking provides a strong basis for the application of the Standards. She identified the completion of the IASB's Management Commentary Practice Statement as an important moment of connection between the work of the two Boards.

On implementation support, Sue Lloyd highlighted the targeted enhancements made to the climate standard and the ongoing consultation on the next three industry-based SASB Standards (electric utilities, agricultural products, and meat, poultry and dairy), which is open until the end of July. She encouraged Council members – given their deep grounding in value creation – to engage with that consultation. Looking forward, the ISSB is progressing work on two topics: nature-related disclosures, building on the work of the TNFD where it meets investor needs, with an exposure draft targeted around the time of COP17 in October; and human capital-related risks and opportunities, on which decisions about scope and approach are expected within the coming months. The concurrent agenda consultations, she noted,

will provide an opportunity to consider potential joint projects and to give stakeholders a fuller view of the work programmes of both Boards.

Reflecting on the integration of integrated reporting into the Foundation's mainstream work, Sue Lloyd observed that integrated reporting is now business as usual within the ISSB's activities and that the move to the IFRS Advisory Council represents a significant opportunity for the work to gain further traction. She paid tribute to IRCC members as outstanding ambassadors for integrated reporting around the world and expressed confidence that this advocacy would continue through the national integrated reporting communities.

### **3. Value proposition from Japan**

Norie Takahashi presented the design and ambition of a new research project examining the value proposition of integrated reporting in Japan. She set out the scale of voluntary adoption: as of 2025, 1,225 companies in Japan publish self-declared integrated reports, of which 1,024 are listed on the Tokyo Stock Exchange Prime Market and together account for approximately 90% of that market's capitalisation. Given this exceptional uptake, Japan offers a uniquely informative case study for understanding both the focus and audience of integrated reports and how the principal drivers of value creation are reported in voluntary integrated reports as compared with mandatory Securities Reports.

The research will evaluate the integrated reports and Securities Reports of the top 30 Japanese listed companies by market capitalisation as at 30 January 2026 – including Toyota, Hitachi, SoftBank Group, Sony Group and Sumitomo Mitsui Financial Group - each of which applies IFRS Accounting Standards. Disclosures will be assessed against the content elements of the IR Framework and additional questions reflecting the active research priorities of the IASB and the ISSB. A four-point scale will be used, complemented by qualitative assessment of strengths and gaps.

The project, which is being delivered with WICI Japan, KPMG Japan, the IFRS Foundation Asia-Oceania office and named voluntary contributors from the Japanese integrated reporting community, is expected to complete in May, with findings presented at the IFRS Foundation Conference at the end of June. Its intended outcomes are to deepen understanding of the value of integrated reporting from the perspectives of both companies and investors, to identify gaps in corporate reporting in Japan, and to inform the future work of the IFRS Foundation in a way that is internationally relevant.

In thanking Norie Takahashi for the presentation, the Chair observed that the developments in Japan represent a genuinely substantial achievement for the integrated reporting movement and noted that elements of the research - alongside the desk research presented under agenda item 4 - may merit further consideration on the agenda of the IFRS Advisory Council in due course.

### **4. Desk research on integrated reporting**

Laura Girella presented the findings of a desk-based study of 152 integrated reports published in 2025 by companies that state full or partial alignment with the ISSB Standards. The study's purpose was not to evaluate technical quality but to identify emerging trends in how integrated reporters around the world are implementing the IFRS Accounting Standards and IFRS Sustainability Disclosure Standards within - or alongside - their integrated reports. A hybrid methodology combining AI-assisted and manual analysis was used. The study was set against a backdrop of approximately 20% growth in the number of Integrated Reporting Framework reporters since 2022, with the most significant uptake observed in the Asia-Oceania region and in the Middle East and Africa.

Geographically, Asia-Oceania emerged as the largest concentration of reporting entities, driven by strong participation from Malaysia, Sri Lanka, India, Japan and Australia. Europe followed, in part reflecting the mandatory adoption of TSRs in Turkey, while Latin America showed meaningful uptake led by Brazil,

Chile and Peru. By sector, financial services and infrastructure dominated, with extractive industries, food and beverage, services and technology following. Reporting maturity ranged from first-time issuers to organisations with more than ten years' experience, with the most mature reporters concentrated in South Africa and Japan.

On the integration of ISSB concepts, Laura Girella reported that integrated thinking is most often referenced implicitly - for example through descriptions of how ESG considerations are embedded in daily operations and management - although explicit references are more common among reporters in the Middle East and Africa and in the financial services and infrastructure sectors. A meaningful subset of companies cited integrated thinking explicitly in describing how their materiality determination processes had been initiated or guided.

Connectivity between sustainability disclosures and financial information remains uneven, but examples were observed of reporters using management commentary or MD&A sections to draw the linkage - particularly in Sri Lanka, Malaysia, India, and to a lesser extent Turkey - and some jurisdictions divide management commentary across documents and reserve the integrated report itself for the value-creation, preservation and erosion narrative.

The presentation concluded that the integrated report remains highly relevant in the context of the IFRS Standards, that integrated thinking continues to act as a critical enabler of high-quality reporting (even where not explicitly named), and that sector and jurisdiction materially influence reporting practice. Next steps will include further analysis of coverage of the ISSB core content, operationalisation of the do-not-obscure principle, and the impact of early adoption of IFRS 18. A quotation from a South American preparer was offered as illustrative of the wider finding: the Integrated Reporting Framework is being used as a technical reference point to help interpret and apply ISSB requirements internally.

In response, Anne Molyneux endorsed the conclusions on the basis of her work in 43 jurisdictions, observing that adoption of IFRS S1 and S2 is materially easier in jurisdictions where integrated reporting and integrated thinking are already embedded.

## 5. Breakout group summaries

The Council was divided into four facilitated breakout groups, each invited to consider four questions covering the application of IR concepts, conceptual focus, operational coherence, and framework maintenance. The facilitators reported back as follows:

### *Group 1 – facilitated by Ndidi Nnoli-Edozien*

The group concluded that, through paragraph 2 of IFRS S1, the IR Framework and integrated thinking are already embedded at the heart of the ISSB Standards – effectively shifting integrated reporting from the status of a framework into part of a Standard. The group accordingly emphasised the need to reduce the “alphabet soup” of overlapping initiatives and to set aside the artificial dichotomy between integrated reporting and the work of the ISSB, particularly given the cost-effectiveness considerations facing preparers. Drawing on a recent conversation with a major institutional investor, the group noted strong evidence that integrated reports provide decision-useful information to providers of capital and proposed bringing exemplary preparers and that investor into a public dialogue.

The debate between financial, investor and double materiality was characterised as a distraction: IFRS S1 already establishes that dependencies and impacts give rise to risks and opportunities affecting an entity's prospects. On framework maintenance, the group emphasised the importance of communicating clearly that ISSB Standards constitute “our” global baseline – a baseline strengthened through public consultation and shared ownership – and that the value-creation narrative of the integrated reporting community is a core part of that work.

The group closed on the formulation that integrated thinking and reporting should inform “tone at the top, tune in the middle, and beat of the feet at the bottom” – governance, the alignment of finance, sustainability and strategy functions, and the data, systems and processes that deliver credible, assured, proportionate disclosure.

*Group 2 – facilitated by Nick Anderson*

The group built on the materiality discussion and went a step further: the false dichotomy between single and double materiality is not merely a distraction but is actively impeding good reporting. Members were perplexed that double materiality continues to surface strongly in some practitioner research when the proper concept of financial materiality - covering short, medium- and long-term horizons and accommodating multi-dimensional risks - is well established. The Foundation has a role in providing greater clarity on this point.

Second, the group highlighted the value of providing companies with space to articulate the interdependencies and trade-offs among capitals and across time horizons - explanations that go beyond merely acknowledging that such trade-offs exist. Third, the intersection of the IASB's intangibles project and the ISSB's human capital project was identified as a clear opportunity for joint working: neither Board can solve the intangibles question alone, but together they can present a more coherent solution and avoid the appearance of siloed activity. Finally, the group reflected on the practical barriers to organisations adopting recognised best practice, returning to the importance of disclosing material information without obscuring it - an emphasis closely aligned with the case for concise reporting.

*Group 3 – facilitated by Rachel Knubley*

The group identified several specific areas where IASB and ISSB work would benefit from the application of IR concepts: climate, where an integrated approach can drive coherence across financial statements and other reports and explain any differences arising; intangibles and human capital, where integrated thinking is fundamental to telling the value-creation story; the Business Combinations - Disclosures, Goodwill and Impairment project, where the strategic rationale for transactions and the synergies sought sit naturally within an integrated reporting narrative; and segment reporting, where the capitals can usefully be reflected at a segment level. More broadly, members expressed concern that corporate reporting in some jurisdictions is in a problematic state - a proliferation of reports rather than a coherent integrated story - and encouraged the IFRS Foundation to make clearer public statements supporting the integrated report as a home for IFRS S1 and S2 disclosures.

The group also raised the case for a conceptual framework for corporate reporting as a whole, noting that the Integrated Reporting Framework is well-suited to that role, and pointed to Japan and Brazil as jurisdictions whose success warrants closer study. Members called for a future vision for corporate reporting that includes a joint Board project on AI - both as a tool for preparing and consuming reports and as a topic in its own right - and identified connectivity and governance as IR concepts that would most readily strengthen the Boards' work. On framework maintenance, several participants saw little need for change but, if pressed, suggested updates to reflect the existence of IFRS S1 and S2 and a closer alignment of the Management Commentary Practice Statement and the IR Framework to reduce confusion in the market.

*Group 4 – facilitated by Laura Girella*

The group expressed a consistent view that the role of the capitals should be developed further within the work of the ISSB. From an investor perspective the capitals provide the means to understand the full spectrum of risks and opportunities; from a preparer perspective they enable a structured understanding of the resources and relationships on which the business depends. There was support for additional guidance, potentially as a dedicated document, to clarify the distinction between stock and flow concepts and to support consistent interpretation, particularly in jurisdictions where the framework is widely adopted. Forward-looking aspects - the outlook for the entity - were also identified as an area for further development, given their importance from an investor perspective.

The concept of connectivity warrants further elaboration to demonstrate, for investors, preparers and regulators alike, how the integrated reporting framework, the financial statements and the ISSB Standards combine into a coherent whole. Members supported the development of an overarching IFRS Foundation structure encompassing both IASB and ISSB Standards and called for greater visibility of the practical utility of the IR Framework from an investor perspective. Some participants, by contrast, were of the view that the IR Framework should not be further developed at this stage and is best understood as a distinct document standing alongside the IFRS Standards.

## 6. Chair's closing comments

In closing, Charles Tilley observed that the discussions had powerfully demonstrated the success of the integration of integrated reporting (and the SASB Standards) within the IFRS Foundation - and the consequent ability of the Foundation to support genuinely comprehensive corporate reporting and, through it, better business outcomes. Each facilitator was asked to provide comprehensive notes which would inform further deliberation, including the work of the IFRS Advisory Council under the chairmanship of Merran Kelsall. Members were warmly encouraged to attend both the IFRS Foundation Conference on 29–30 June and the special celebratory event hosted by Veronica Poole at the Deloitte Academy.

The Chair characterised the moment as the close of one chapter and the opening of another, in which integrated reporting, integrated thinking and the IFRS Standards stand as a single, integrated toolkit for the future of corporate reporting. He thanked Morgan Després for his support as Deputy Chair and as Trustee; the Board leadership of Andreas Barckow, Linda Mezon-Hutter, Emmanuel Faber and Sue Lloyd for their substantive engagement with the IRCC over the past three-and-a-half years; Michel Madelain for his role in navigating the transition into the Advisory Council; and Jonathan Labrey and the integrated reporting team for their work since August 2022 in bringing integrated reporting and integrated thinking to life within the Foundation.

The meeting closed with the Chair's thanks to all members of the Council and his commitment, in his ongoing role advising the Chair of the Trustees and as a member of the Advisory Council, to continue to support the Council's work and the global integrated reporting community.