
IASB-ISSB Joint Meeting

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Topic	Feedback summary—A project on integration in reporting
	Girella, Laura (laura.girella@ifrs.org)
Contacts	Bolderston, David (david.bolderston@ifrs.org)
	Feygina, Yulia (yfeygina@ifrs.org)

This paper has been prepared for discussion at a public meeting of the International Accounting Standards Board (IASB) and the International Sustainability Standards Board (ISSB). This paper does not represent the views of the IASB, ISSB or any individual member of either board. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Accounting Standards or IFRS[®] Sustainability Disclosure Standards. The technical decisions of the IASB and the ISSB are made in public and are reported in the *IASB Update* and *ISSB Update*, respectively.

Objective

1. This paper provides the International Sustainability Standards Board (ISSB) and the International Accounting Standards Board (IASB) with a summary of the feedback on a project on integration in reporting received in response to the ISSB's Request for Information [Consultation on Agenda Priorities](#) (Request for Information).

Structure of the paper

2. The paper is structured as follows:
 - (a) Background (paragraphs: 3–5);
 - (b) Methodology and terminology (paragraphs: 6–13);
 - (c) Key messages (paragraphs: 14–17);
 - (d) Meaning of 'integration in reporting' (paragraphs: 18–22);
 - (e) Feedback on the relative priority of a project on integration in reporting (paragraphs: 23–44);

- (f) Feedback on how a project on integration in reporting should be pursued (paragraphs: 45–57);
- (g) Feedback on the sources and concepts a project should build on (paragraphs: 58–84);
- (h) Question for the ISSB and IASB (paragraph 85); and
- (i) Appendix A— Extracts from questions in the Request for Information.

Background

3. The Request for Information described:
 - (a) the ISSB’s foundational work—committed work and activities to build upon the foundation created by IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*—including implementation of IFRS S1 and IFRS S2 and connectivity with the IASB; and
 - (b) four proposed research projects which could be added to the ISSB’s next two-year work plan:
 - (i) three research projects on sustainability-related risks and opportunities; and
 - (ii) one research project on integration in reporting to explore how to integrate information in financial reporting beyond the requirements related to connected information in IFRS S1 and IFRS S2.¹
4. The Request for Information sought feedback, among other things, on²:

¹ See paragraphs A38–A51 of the [Request for Information](#) for a description of a project on integration in reporting.

² See Appendix A— Extracts from questions in the Request for Information.

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- (a) how the ISSB should prioritise particular foundational activities relative to beginning new research and standard-setting project as part of the ISSB's next two-year work plan (Question 1);
 - (b) whether the ISSB should prioritise a single project or work on more than one project and if so, what the relative level of priority of each of those projects is (Question 3);
 - (c) how the ISSB should prioritise a project on integration in reporting in relation to the three proposed sustainability-related topics as part of the ISSB's next two-year work plan (Question 7(a));
 - (d) whether a project on integration in reporting, if prioritised, should be pursued as a formal joint project with the IASB or as an ISSB project which could still draw on input from the IASB (Question 7(b));
 - (e) the sources and concepts—including the IASB's Management Commentary Exposure Draft, the Integrated Reporting Framework and other sources—to build on and incorporate in pursuing a project on integration in reporting (Question 7(c)); and
 - (f) any other suggestions in relation to a project on integration in reporting (Question 7(d)).
5. The Request for Information invited stakeholders to respond by submitting a survey (preferred) or a comment letter.

Methodology and terminology

How we analysed feedback

6. As both Question 3 and Question 7(a) asked respondents which projects the ISSB should prioritise as part of its next two-year work plan, the staff analysed feedback on the relative priority of an integration in reporting project across responses to both those questions. If a respondent did not comment on either Question 3 or

Question 7(a), the staff reviewed that respondent’s response to Question 1 and the cover letter, if provided, to gain insight into that respondent’s view of the ISSB’s relative priorities.

7. Some respondents submitted survey responses without explaining the reasons for their views. This paper reflects all feedback received via surveys and comment letters and highlights, by topic, the proportion of respondents who provided a rationale for their views.
8. For each topic discussed in this paper, the staff analysed particular views both by type of respondents and by geography. This paper describes the trends we identified. If no trend is described, that indicates that the staff have not identified a meaningful trend.

How we quantified feedback

9. This paper uses the following terms to describe the extent to which particular feedback was provided (Table 1):

Term	Extent of response among respondents
Almost All	All except a very small minority
Most	A large majority, with more than a few exceptions
Many	A small majority or large minority
Some	A small minority, but more than a few
A few	A very small minority

Table 1—Terminology used to quantify feedback.

10. As noted in paragraph 6, respondents did not always comment on every question in the Request for Information. Consequently, we have used the terms listed in Table 1 above to describe the proportion of the respondents that commented on a particular question or topic. This is not necessarily a proportion of all respondents.

Terminology

11. This paper uses the term ‘respondents’ to refer to stakeholders who submitted comment letters or filled out a survey.
12. In discussing a project on integration in reporting, respondents often used the terms ‘sustainability information’ and ‘financial information’. The staff think that in some cases respondents meant sustainability-related financial disclosures and financial statements respectively—which is different from how the term ‘financial information’ is used in IFRS literature—while in other cases in referring to ‘sustainability information’ respondents may have meant sustainability reporting more broadly, including sustainability reporting with a multi-stakeholder focus. In some other cases, the respondents may have meant sustainability *matters* rather than sustainability *information*. When the intended meaning was not clear, we have reported the feedback verbatim.
13. In discussing their desired or possible outcome of a project on integration in reporting, respondents sometimes used undefined terms, including ‘overarching conceptual framework’, ‘comprehensive conceptual framework’, ‘conceptual framework for connected reporting’ and ‘corporate reporting framework’. It was not always clear from the feedback what those respondents envisaged for such frameworks to cover and particularly whether the term ‘conceptual framework’ was used with the same meaning as the existing IASB’s *Conceptual Framework for Financial Reporting*. When the intended meaning was not clear, we have reported the feedback verbatim.

Key messages

14. Although the Request for Information did not explicitly seek feedback on what an integration in reporting project would entail, some respondents commented on this topic. Feedback indicates that stakeholders have diverse views and expectations about what an integration in reporting project should encompass and what the intended reporting outcomes should be. Feedback also indicates that stakeholders have

different understanding of how ‘integration in reporting’ relates to ‘connectivity in reporting’. Accordingly, respondents’ views on the relative priority of an integration in reporting project should be considered in the context of the breadth of views respondents held about what such a project would entail.

15. Most respondents to the Request for Information commented on the relative priority of an integration in reporting project compared to the three proposed sustainability-related topics. Of the respondents to the Request for information:
 - (a) **approximately a quarter** ranked an integration in reporting project as a **higher priority compared to the three proposed sustainability-related topics**;
 - (b) **approximately a quarter** indicated that integration in reporting is important but **did not rank it as a higher or lower priority project compared to the three proposed sustainability-related topics**; and
 - (c) **approximately half** either ranked an integration in reporting project as a **lower priority compared to the three proposed sustainability-related topics** or did not comment on that project at all but **asked the ISSB to focus on other projects and activities**.

16. Approximately half of the respondents to the Request for Information commented on how an integration in reporting project—if prioritised—should be pursued and almost all of them supported collaboration between the ISSB and IASB. Most of the respondents providing comments on this potential project suggested a formal joint project between the ISSB and IASB, and provided the rationale for their view. A few respondents advocated an ISSB-led project while the remaining few respondents advocated an IASB-led project—in both cases, the project could still draw on the input from the other board. Respondents supporting a formal joint project argued that an integration in reporting project would inherently consider areas that fall under the remit of both the ISSB and IASB and for this reason, it should build on both boards’ expertise.

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17. Many respondents commented on the sources and concepts an integration in reporting project—if pursued—should build on and almost all of them—with a few exceptions—suggested building on both the IASB’s Management Commentary Exposure Draft and the Integrated Reporting Framework. Respondents pointed out that these resources are well advanced and thus provide an effective and efficient basis for advancing an integration in reporting project. The specific concepts most frequently supported by respondents included the concepts of ‘value creation’ and ‘ability to create value and generate cash flows’, Integrated Thinking, and a multi-capital approach.

Meaning of 'integration in reporting'

18. The Request for Information did not explicitly seek feedback on the objective, scope, content or the outcome of an integration in reporting project. However, some respondents provided comments on this.
19. That feedback indicates that stakeholders have various expectations about what a project on integration in reporting would entail. In commenting on this topic, some respondents placed emphasis on their desired *reporting outcomes* of such a project, some placed emphasis on their expected *standard-setting deliverable* of such a project, and some focussed on *how* this project should be advanced—however, oftentimes respondents discussed more than one of those aspects so these populations are not discrete. In some cases, respondents used undefined terminology or used terminology differently compared to how it is used in IFRS literature (see paragraphs 12–13).
20. The themes that we identified include:
- (a) **integrating information in a single report:** these respondents asked for a resource, such as a ‘corporate reporting framework’, that would enable entities to bring together in a single report—for example, specifically in the financial statements or in an unspecified general purpose financial report—what these respondents referred to as ‘sustainability information’ and ‘financial

information’ (see note on terminology in paragraph 12). These respondents argued that by ‘integrating’ those types of information companies can provide a comprehensive view of an entity’s risks and opportunities and a more holistic picture of an entity’s performance which would improve decision-usefulness of information provided to investors.

Ideally, financial and sustainability reports that stand side by side are combined into a single corporate report that addresses key aspects of value creation. (Comment letter 123: WICI Global [World Intangible Capital Initiative])

- (b) **developing a ‘framework’**: these respondents advocated developing a ‘framework’—for example, a ‘conceptual framework’ or a ‘corporate reporting framework’—that would set out the fundamental principles that would underpin the work of the ISSB, or of both boards, and would bring discipline to the way information is presented by entities, improving the connections that can be drawn by the users of the reports between what these stakeholders referred to as ‘sustainability information’ and ‘financial information’. These respondents suggested that such a framework could form the foundation on which IFRS Standards would be both developed and applied in a way that enables integration in reporting.

We believe it important that the ISSB work towards a ‘conceptual framework for connected corporate reporting’ that will provide the fundamental principles that underpin the work of both the IASB and ISSB and provide a basis for integrating both types of reporting. (Comment letter 50: European Federation of Accountants Auditors for SMEs)

- (c) **supporting connectivity in reporting**: these stakeholders discussed integration in reporting in the context of connectivity in reporting. These respondents indicated a range of views on how ‘integration in reporting’ relates to ‘connectivity in reporting’. For example, some viewed ‘connectivity in reporting’ as the first step towards ‘integration in reporting’ whereas others viewed ‘integration in reporting’ as a way to achieve ‘connectivity in reporting’. In some cases, respondents used the terms ‘connectivity’ and ‘integration’ interchangeably.

Therefore, this single project leveraging the momentum established by issuing IFRS's S1 and S2 can reinforce and extend connectivity and provide investors (and other users) with useful information about an entity's response, progress, and impact on value in a coherent and comprehensive way. Users expect to be able to analyse and draw conclusions about an entity's activities by referencing comprehensive and understandable general purpose financial reporting which can be easily located in the annual reporting package in the same reporting period, and where there is a clear through-line from the sustainability-related reporting to the financial statements. (Comment letter 305: Carbon Tracker Initiative)

- (d) **promoting integrated reporting on the basis of the Integrated Reporting Framework:** these respondents advocated integrated reporting as a way to bring together various types of information, including metrics, about an entity's strategy, governance, performance and outlook so that to explain its value creation story over time. They argued that promoting integrated reporting would improve consistency in the implementation of the Integrated Reporting Framework which, in their view, provides an overarching structure for corporate reporting and offers a way for entities to identify and highlight in their reports the connections between sustainability-related matters and financial information, including a way to integrate sustainability-related metrics into an entity's financial statements. Some of these stakeholders argued that this work would support a more disciplined adoption of the ISSB Standards.

We see the integrated report as the base of a global corporate reporting structure. Integrated reports are currently prepared by organisations in over 70 countries. It is a tried and tested system of reporting that gives a holistic overall view of an organisation, integrating its financial, sustainability and commercial information, reflecting a picture of its process of value creation, preservation or erosion over time. (Comment letter 67: Integrated Reporting Committee (IRC) of South Africa)

- (e) **working together on the Management Commentary project:** these respondents argued that the boards should use the opportunity presented by the IASB's ongoing Management Commentary project and work together in

completing that project. They suggested including in the revised Management Commentary Practice Statement additional concepts from the Integrated Reporting Framework, for example the multi-capital approach or placing a greater emphasis on connectivity between ‘financial information’, ‘sustainability information’ and ‘narrative reporting’.

ISSB involvement in finalising Management Commentary is important given the core role that management commentaries (or MD&As as they are sometimes known) play alongside the financial statements and sustainability-related disclosures in an annual report. The ISSB and IASB currently have a unique opportunity to work together on this. The opportunity to collaborate will be lost if the ISSB leaves finalisation of the project entirely to the IASB. (Comment letter 295: KPMG IFRG Limited)

- (f) **pursuing a phased approach to integration in reporting:** these respondents suggested that the ISSB and IASB first undertake targeted work together in the near term—such as work on the Management Commentary project or on improving connectivity in reporting—as a practical near-term step towards integration in reporting. That initial collaboration can lay the foundation for and be followed by a comprehensive integration in reporting project in a longer term. For example, a representative from academia suggested a three-step approach whereby first, the IFRS Foundation will encourage the adoption of integrated reporting; second, an Integrated Reporting Standard is developed; and third, a conceptual framework for corporate reporting is developed. Other comments included that a phased approach would allow entities to better understand what is meant by ‘integration in reporting’, which is a new concept for many, and would give entities time to develop accurate and relevant information before that information is ‘integrated’.

EFRAG [European Financial Reporting Advisory Group] considers the project on integration in reporting should be considered in the longer term and the immediate priority should be on the development and implementation of connectivity guidance. ... By focusing in the shorter term on connectivity, this work could also inform the work in the longer term on integration in reporting. (Comment letter 624: EFRAG).

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- (g) **supporting integration in reporting as part of foundational work of the ISSB:** these respondents expressed a view that supporting integration in reporting should form part of the ISSB’s foundational activities—rather than being undertaken as a separate project—and should run in parallel with the development of new ISSB Standards or enhancing the requirements of the existing ISSB Standards. These respondents suggested that such an approach will provide a structure for new ISSB standards and will help identify connections with the financial statements. Respondents also signalled the need to take into consideration that ISSB Standards are GAAP-agnostic.

We think that incorporating activities on the issue “Integration in reporting” to activity (3) “Baseline work for all ISSB activities” best reflects the fundamental nature of the issue. (Comment letter 290: ASCG [Accounting Standards Committee of Germany] (DRSC eV))

21. Some respondents did not elaborate on what they expected a project on integration in reporting to entail or achieve but referred to possible outcomes of the project using terms such as ‘overarching conceptual framework’, ‘corporate reporting framework’ and similar terms.
22. A few respondents stated that more clarity is needed on what is meant by ‘integration in reporting’ and asked the ISSB to clarify the objectives and milestones of a project on integration in reporting.

We believe that the nature of the intended Integration in reporting project is not entirely understood yet or may mean different things to different people. Despite how important such a project may be, we believe that more research and study will be needed to determine and describe the intention, the content and the ultimate outcome of this project before initiating it. (Comment letter 70: Ernst & Young Global Limited)

Feedback on the relative priority of a project on integration in reporting

Overview

23. Question 3 sought feedback on whether the ISSB should work on a single project or more than one project and if the latter, on the relative priority of each of those projects.³ Question 7(a) sought feedback on the relative priority of a project on integration in reporting compared to the three sustainability-related topics.
24. Most respondents to the Request for Information commented on an integration in reporting project in responding to those Questions and most of them stated the rationale for their view.
25. Of the respondents to the Request for Information:
 - (a) **approximately a quarter** ranked an integration in reporting project as a **higher priority compared to the three proposed sustainability-related topics** (paragraphs 29–34);
 - (b) **approximately a quarter** indicated that integration in reporting is important but **did not rank it as a higher or lower priority project compared to the three proposed sustainability-related topics** (paragraphs 35–39); and
 - (c) **approximately half** either ranked an integration in reporting project as a **lower priority compared to the three proposed sustainability-related topics** or did not comment on that project at all but **asked the ISSB to focus on other projects and activities** (paragraphs 40–44).
26. The staff note that respondents' views on the relative priority of a project on integration in reporting—and on its importance—should be considered in the context of the breadth of views respondents held about what such a project would entail, including the range of views on how 'integration' relates to 'connectivity'. In other

³ See Agenda Paper 2C: [Feedback Summary—Priority of proposed projects](#).

words, in assigning the relative priority to a project on integration in reporting, respondents may be envisaging different projects. This means in the extreme, that in some cases some respondents may be asking for a project to establish requirements for a single report to be prioritised while others are requesting prioritisation of work to ensure there are good connections between information in the financial statements and in the sustainability-related financial disclosures.

27. Furthermore, a particular view on the meaning of integrating in reporting did not *necessarily* lead to the same conclusion on the relative priority of such a project. For example, of those respondents who envisaged integrating ‘sustainability information’ and ‘financial information’ in a single report:
- (a) some argued that integration in reporting is a lower priority project. This is because, in their view, entities need to first develop high-quality ‘sustainability information’ before that information can be integrated with ‘financial information’ in a meaningful way.
 - (b) others argued that integration in reporting is a higher priority project. This is because, in their view, without integrating ‘sustainability information’ with ‘financial information’, ‘sustainability information’ will not receive due attention from entities, investors, and others.
28. Similarly, different perspectives on how ‘integration in reporting’ relates to ‘connectivity in reporting’ feature in respondents’ views on the relative priority of a project on integration in reporting. So, for example, some respondents support a project on integration in reporting because they think connectivity is important whereas others do not support such a project because they think the boards should first focus on connectivity.

Integration in reporting is a higher priority

29. Approximately a quarter of the respondents to the Request for Information, including a few users of general purpose financial reports, said that an integration in reporting

project should be a higher priority compared to the three proposed sustainability-related topics.

30. Of those respondents, many stated that the ISSB should focus on a single project and that this project should be an integration in reporting project. Many other respondents suggested that the ISSB should focus on multiple projects and ranked an integration in reporting project as their highest priority project among their chosen projects.
31. In explaining their view, some respondents stated that integration in reporting can enhance the quality of sustainability reporting and deliver more decision-useful information to investors. They argued that such an approach would:
- (a) provide a comprehensive view of an entity's value creation, preservation and erosion over the short, medium and long term;
 - (b) improve connections between 'sustainability information' and 'financial information', in particular information about an entity's performance;
 - (c) give greater prominence and credibility to 'sustainability information' and hence encourage greater focus on that information in making investment decisions; and
 - (d) promote greater consistency in how 'sustainability information' is presented.

...both the sustainability-related financial information and financial statement fundamentally aim at meeting the information needs of investors in making decisions. Achieving the integration in reporting, which is a highly valued issue for investors, can provide investors with more consistent, transparent and useful information. (Comment letter 278: China Accounting Standards Committee)

32. A few respondents suggested that integration in reporting could help entities align their sustainability-related objectives and strategies with their business objectives and strategies, which these respondents stated could discourage sustainability disclosures being approached as a compliance exercise.

When sustainability reporting is integrated, it becomes intertwined with core business objectives. This alignment encourages decision-makers to

incorporate sustainability considerations into their strategies, investments, and resource allocation, ensuring that sustainability becomes an integral part of the company's operations rather than an isolated initiative. (Comment letter 336: Geotab)

33. A few respondents expressed the view that an integration in reporting project will support the development or the adoption and implementation of the ISSB Standards globally.
34. A few respondents stated that standards and frameworks on the proposed three sustainability-related topics included in the Request for Information are already available as developed by other international and jurisdictional organisations, while this is not the case for integration in reporting.⁴

Integration in reporting is important but is not a higher priority project

35. Approximately a quarter of the respondents to the Request for Information, including a few users of general purpose financial reports, indicated that integration in reporting is important but did not rank it as a higher or lower priority project compared to the three proposed sustainability-related topics.
36. Of these respondents:
- (a) some suggested that integration in reporting should be **pursued in parallel** with developing IFRS Sustainability Disclosure Standards (paragraph 37);
 - (b) some emphasised **why integration in reporting is important** but did not rank it as a higher priority than developing IFRS Sustainability Disclosure Standards (paragraph 38); and
 - (c) a few expressed a view that integration in reporting is a **high priority, but lower priority than a specific topical project** (paragraph 39).

⁴ However, a few others expressed an opposite view stating that the Integrated Reporting Framework is already available for entities to apply while a suite of IFRS Sustainability Disclosure Standards is needed (see paragraph 44).

37. Respondents who suggested that integration in reporting should be pursued in parallel with the other proposed topics made the following arguments:

- (a) an integration in reporting project would influence how the information prepared under the new Standards will be reported.

The FRC believes that the integration in reporting project is equally as important as the other proposed topics as it will influence the way in which new topic standards will be reported. (Comment letter 30: Financial Reporting Council)

- (b) an integration in reporting project would improve consistency and comparability of information provided to investors.

Though we believe the ISSB should focus on a single project that would first begin with redefining its framework on social issues – NEI believes integration in reporting could also be considered as a top research issue. Integration in reporting will facilitate more streamlined and consistent reporting that would benefit investors currently managing various approaches to disclosure taken by companies. (Comment letter 364: NEI Investments)

- (c) an integration in reporting project would yield benefits for the reporting ecosystem.

We recommend that this project be pursued in parallel with topic-specific research/standard development. In doing so, the ISSB can improve the accessibility of information already shared through various reports for investors and other users of corporate disclosure. The path to an enhanced streamlining and integration of disclosure would also encourage assurance and accounting firms, law firms, and consulting firms to align their practices with the ISSB Standards. (Comment letter 188: Canadian Sustainability Standards Board)

- (d) an integration in reporting project would provide a foundation for entities in explaining their process of value creation.

The integration concept discussed in this project is a foundation for companies to demonstrate their process of value creation by combining information reported based on IFRS Accounting Standards and IFRS Sustainability Disclosure Standards. (Comment letter 164: Study Group on Disclosure Policies for Non-financial Information)

- (e) an integration in reporting project is relevant for developing topical standards.

As we already explained, Integration in reporting project [...] should be considered in the development of any other standard, in order to achieve an integrated, coherent and comprehensive system of corporate reporting. Facilitating connectivity between sustainability-related financial disclosures and the financial statement is key to ensure the quality, sense and usefulness of information reported. (Comment letter 51: BBVA)

- (f) integration in reporting is linked to connectivity and should be a foundational activity underpinning the ISSB's work.

In our view, the connectivity project should not be a separate project because it is a fundamental underpinning for all sustainability standards and projects, which the ISSB has or will undertake. It is essentially the architectural blueprint against which standards are designed and created to ensure automatic connectivity and connection with the IASB financial standards and other non-financial ISSB standards (and ultimately interoperable with other influential standard setter standards). This interconnectivity in our view would be run in real-time or concurrently throughout any new standard's development. (Comment letter 259: International CFO Alliance (ICFOA))

38. Respondents who emphasised why an integration in reporting project is important but did not rank it as a higher priority than the other proposed sustainability topics made the following suggestions:

- (a) an integration in reporting project should be undertaken in phases with the initial focus on facilitating connectivity and subsequent focus on integration in reporting as a longer-term project.

The PRI recommends that the ISSB conduct its proposed project on integration in reporting in two phases:

Phase 1 would take place during the ISSB's next two-year work plan (2024-2025), focusing on setting up the foundational work to identify where key links between sustainability-related financial information and financial performance exist, and identify specific line items for guidance to be developed. This phase would have involvement from the IASB, but would not be a formal joint project.

Phase 2 would take place during the following two years (2026-2027) to tackle the key issues identified in Phase 1. It would involve a joint project with the IASB to enhance the general requirements standard and/or application guidance in this area, with the possibility to inform the IASB's next workplan (2027-2031). (Comment letter 310: Principles for Responsible Investment (PRI))

- (b) **the ISSB should prioritise the implementation and enhancement of IFRS S1 and IFRS S2 and an integration in reporting project may help to progress the implementation.**

The ISSB may wish to prioritize the implementation and enhancement of the current standards (IFRS S1 and S2), rather than immediately focusing on large new projects. Accompanying this objective, the integration in reporting project may be a high priority: Not only is guidance on integrated reporting key for companies to effectively report their ESG-related data; it also boosts data comparability and thus ease of access for investors and other stakeholders. A pilot project would lay the groundwork for integrating the ISSB's future standards into financial reporting. (Comment letter 232: Boston Consulting Group (BCG))

- (c) **integration in reporting will provide a more comprehensive understanding of an entity's approach to sustainability.**

As users we consider that this project is needed. Integration in the reporting will provide a more comprehensive understanding for an entity's business and approach to sustainability, climate-change and related-issues. (Comment letter 145: EFFAS [[European Federation of Financial Analysts Societies]])

- (d) **a project on integration in reporting will enable full realisation of the value of the IFRS Foundation suite of materials.**

The FRC Nigeria is of the opinion that advancing the integration in the reporting project will enable full realisation of the value of the IFRS Foundation suite of materials which is of importance in the implementation of standards but depends on the availability of resources as this might not be of the highest priority at this material time. Advancing the three sustainability-related topics would widen the scope of disclosures under the ISSB standards making them more informative. The FRC therefore recommends that the integration in

reporting should not be deferred for too long. (Comment letter 384: FINANCIAL REPORTING COUNCIL OF NIGERIA)

39. A few respondents said that integration in reporting is a high priority in the next two years, but lower than a specific topical standard (for example, lower than a human capital project but higher than developing a biodiversity project).

As outlined previously, we believe that the ISSB should prioritize human capital and integration in reporting. We view integration in reporting to be a lower priority than human capital given its complexity, however believe that it should be the ISSB's second priority. (Comment letter 110: ESG Global Advisors)

Other projects or activities are a higher priority than integration in reporting

40. Approximately half of the respondents to the Request for Information, including approximately two-thirds of all users:
- (a) said that a project on integration in reporting should be a lower priority for the ISSB's next two-year work plan; or
 - (b) made no comment on integration in reporting and asked the ISSB to focus on other activities—such as foundational activities or sustainability topics—in its next two-year work plan.
41. Approximately a third of these respondents commented on the project's time scale. These respondents expressed the view that integration in reporting should be an important medium to long-term goal for the ISSB but for various reasons not the highest priority within the two-year time frame described in the RFI. These reasons included:
- (a) it is not feasible to complete the project within two years given the time and resources the project may require.
 - (b) preparers require time to implement and develop their sustainability reporting processes and systems before working to integrate their reporting.

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- (c) the scope and the content of the project require further clarification.
 - (d) the ISSB could focus on a project that develops the concept of connectivity first, before pursuing integration in reporting as a longer-term project.

SRC believes that it is more important to have strong connectivity between financial and sustainability reporting before attempting to move to fully integrated reporting. Furthermore, until we have additional sustainability reporting standards, it is not clear what would be subject to integration.
(Comment letter 115: European Accounting Association Stakeholder Report)
42. Of the respondents who stated that an integration in reporting project should be a lower priority, some respondents explained their view was due to their concern that an integration in reporting project could require a significant amount of resources and that this could impact the ISSB's ability to pursue the development of topical sustainability standards. These respondents supported the ISSB in pursuing the development of topical sustainability standards as a priority explaining that:
- (a) the IASB and ISSB could work together on integration in reporting more effectively once a full suite of ISSB sustainability standards has been developed; and
 - (b) without a full suite of sustainability standards researching an integration in reporting project would be more difficult.
43. A few respondents expressed the view that an integration in reporting project should be a lower priority as it would introduce an additional layer of complexity to the corporate reporting landscape and that could be a challenge for preparers that are new to sustainability reporting.
44. A few respondents noted that integration in reporting is already well advanced and the guidance for entities is already available through the Integrated Reporting

Framework.⁵ Hence, the ISSB should focus its attention on the other proposed projects.

We think that the International Integrated Reporting Framework could provide an interim solution whilst the ISSB focuses on delivering much-needed ISSB Standards. (Comment letter 362: Deloitte Touche Tohmatsu Limited)

Many companies in our coalition already take an integrated approach in their business and their reporting, including with reference to the principles of the Integrated Reporting Framework. We observe this Framework is used by companies around the world and indeed some of its concepts have been incorporated into IFRS S1. Therefore, we do not think it is a priority for the ISSB to undertake a short-term project on integration in reporting. (Comment letter 237: World Economic Forum)

Feedback on how a project on integration in reporting should be pursued

Overview

45. Question 7(b) sought feedback on whether a project on integration in reporting, if prioritised, should be pursued as a formal joint project with the IASB or as an ISSB project which could still draw on input from the IASB.
46. Approximately half of the respondents to the Request for Information commented on this question and almost all of them supported a form of collaboration between the boards. Specifically, of the respondents commenting on this topic:
 - (a) most respondents supported a formal joint project, and provided the rationale for their view (paragraphs 48-52);
 - (b) a few respondents advocated for an ISSB-led project which could still draw on input from the IASB (paragraphs 53-56); and

⁵ However, a few others expressed an opposite view stating that standards and frameworks on the proposed three sustainability-related topics included in the Request for Information are already available as developed by other international and jurisdictional organisations, while this is not the case for integration in reporting (see paragraph 34).

- (c) the remaining few respondents advocated for an IASB-led project which could still draw on input from the ISSB (paragraph 57).

47. A few respondents emphasised the need for collaboration between the two boards without expressing a preference for how the boards should work together.

The IASB and ISSB must be connected and coordinated. Whether this is done through a formal or informal mechanism, or led by either Board is not the primary issue in our view – doing it is the key requirement. (Comment letter: 259: International CFO Alliance (ICFOA))

Formal joint project

48. Most respondents commenting on Question 7(b) expressed the view that the project should be conducted as a formal joint project, and provided the rationale for their view.

49. Some of these respondents argued that an integration in reporting project would inherently consider areas that fall under the remit of both the ISSB and IASB and for this reason, it should build on both boards' expertise.

We believe that sustainability reporting and financial reporting have significant overlap and therefore, any project on integrated reporting cannot be undertaken without collaborating with the IASB. (Comment letter 185: Ontario Teacher's Pension Plan)

50. Other respondents advocating a formal joint project suggested a variety of reasons in support of their view, including that a joint project would:

- (a) allow the ISSB to leverage the IASB's experience with the Management Commentary project;
- (b) reflect both boards collective responsibility for the Integrated Reporting Framework;

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- (c) allow for a more timely and efficient delivery of the project⁶; and
 - (d) foster connectivity between the boards.
51. A few respondents considered that an integration in reporting project should be carried out jointly by the ISSB and the IASB, noting if carrying out the project jointly by both boards would hinder its efficiency, the ISSB should carry out the project on its own.
52. A few respondents who advocated a formal joint project provided suggestions on *how* the project could be carried out. Among these respondents:
- (a) a couple of respondents suggested the creation of a joint sub-committee or a working group that would oversee the project and provide input for the boards. That sub-committee or group would comprise IASB and ISSB members and be supported by a Technical Reference Group.
 - (b) a couple of respondents also suggested that the IFRS Foundation Trustees should oversee an integration in reporting project.⁷
- We also recommend that the project should be pursued jointly with the IASB so that it effectively becomes a project of the IFRS Foundation which can be directly overseen by the IFRS Foundation Trustees. (Comment letter 38: Deakin University)
- (c) one respondent suggested that the IFRS Foundation update its governance structure by establishing a higher-level or joint body that brings the ISSB and IASB together to jointly deliberate on topics that have implications for both financial statements and sustainability-related financial disclosures.⁸

⁶ A few respondents had an opposing view to this, arguing the most efficient way to run the project would be if it were led by the ISSB. See paragraph 53.

⁷ The staff note that all projects undertaken by the IASB and ISSB are subject to oversight and governance by the IFRS Foundation Trustees by virtue of the Foundation's governance structure.

⁸ The staff note that there would be implications for due process of such an arrangement. Notably in order to publish a Standard the ISSB and IASB respectively must meet their voting and approval requirements in accordance with the Constitution and the Due Process Handbook.

An ISSB-led project

53. A few respondents commenting on Question 7(b) supported an ISSB-led project. Most of them were concerned that a formal joint project might not be efficient. However, many of them emphasised that the ISSB should still draw on input from the IASB as necessary.

As long as the integration in reporting project could still draw on input from the IASB as needed without forming a formal joint project, we believe it is desirable that the project should be pursued as an ISSB project, considering the promptness of discussion and ease of opinion consolidation/adjustment.
(Comment letter 77: General Insurance Association of Japan)

54. Two respondents argued that an ISSB-led project would be better aligned with the ISSB intention to be GAAP-agnostic.

...as the ISSB is intended to be framework-agnostic, it makes more sense that the process is less reliant on IASB concurrence if solely an ISSB project.
(Comment letter 347: Pan African Federation of Accountants)

55. A respondent supporting that the ISSB should carry out the integration in reporting project on its own suggested evaluating whether and how this potential project would affect information in the financial statements and IFRS accounting standards before involving the IASB. The respondent argued that major changes to financial reporting should be avoided to avoid placing a significant burden on entities.

As outlined above, we do not consider it necessary to conduct a joint project and would, before taking such a far-reaching decision, suggest to assess the respective need in detail beforehand. Especially, it would need to be assessed to what extent this might affect the IFRS Accounting Standards in parallel, noting that major changes to financial reporting should be avoided to the maximum possible extent possible, to avoid overwhelming preparers which are currently undertaking significant changes to their corporate reporting approaches and ecosystem to enhance their sustainability reporting.
(Comment letter 119: Allianz Group)

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56. One respondent supporting an ISSB-led project argued that an initial phase of the project should focus on enhancing the coherence of disclosures outside financial statements and for this reason the ISSB should take ownership of the project.

An IASB-led project

57. The remaining few respondents advocated for an integration in reporting project to be led by the IASB. The reasons they gave included:

- (a) to embed the interaction between sustainability information and financial information in the financial statements.

We suggest that such a project should be led primarily by the IASB, rather than by the ISSB. The reason for this is that sustainability reports provide information for assessing the financial effects of sustainability risks and opportunities, which are included in the (ultimate) financial statements. Thus, sustainability information is relevant for financial reporting, but the reverse does not generally apply. (Comment letter 56: Austrian Financial Reporting and Auditing Committee)

- (b) to leverage the capacity of the IASB and its experience, in particular on the work it has carried out on the Management Commentary.

We support coordination with the IASB on the project. A practical way to achieve this in the near term would be to structure the coordination so that the IASB leads the project and the ISSB supports it. The ISSB should explore how to collaborate without requiring full board involvement. There are clear benefits of both the ISSB and IASB working together given the maturity and capacity of the ISSB to take on such a project on its own. We believe that connected working between the IASB and ISSB should be a prerequisite for any project on integration in reporting. (Comment letter 295: KPMG IFRG Limited)

- (c) to allow the ISSB to focus on other activities.

... WMBC suggests that the IASB could take the lead in this joint effort, benefiting from its prior experience with similar projects, such as the work conducted for the Management Commentary Exposure Draft. Such collaboration and leadership delegation could improve efficiency and resource allocation, allowing the ISSB to concentrate on the development of additional

sustainability reporting standards, while simultaneously advancing the integration of financial and sustainability reporting. (Comment letter 330: We Mean Business Coalition)

Feedback on the sources and concepts a project should build on

Overview

58. Question 7(c) sought feedback on the sources and concepts that an integration in reporting project, if pursued, should build on and incorporate. Many respondents to the Request for Information commented on this question, including most respondents from the accounting profession and auditors, standard-setters and regulators.
59. Almost all of these respondents—with a few exceptions—supported the project building on or incorporating concepts both from the IASB’s Exposure Draft *Management Commentary* and from the Integrated Reporting Framework.

The IASB’s Exposure Draft Management Commentary

60. Many respondents to the Request for Information provided a response to Question 7(c)(i).
61. Apart from a few exceptions, almost all of the respondents commenting—in particular representatives of the accounting profession and auditors—expressed the view that the ISSB should build on and incorporate concepts from the IASB’s Exposure Draft *Management Commentary*. Most of these respondents explained the rationale for their view.
62. A few respondents pointed out that the IASB’s work on the Management Commentary project is already well advanced and presents an opportunity to progress an integration in reporting project in a way that is not resource intensive for the ISSB.

Our strong preference is that the ISSB’s work on integration in reporting focuses on joint working with the IASB. A practical way to achieve this in the

near term would be to support the IASB as it finalises its Management Commentary standard-setting project. ... Given the already advanced stage of the IASB's work, joint working could take a number of forms that need not be resource-intensive for the ISSB. (Comment letter 295: KPMG IFRG Limited)

63. A few respondents argued that collaboration between the IASB and ISSB on the Management Commentary project would help clarify the interaction between the requirements for management commentary and sustainability-related financial disclosures which would promote consistency and avoid duplication of disclosed information.

... as highlighted on lots of feedback by most respondents on the IASB's Exposure Draft Management Commentary, there is close interaction between the disclosure requirements in management commentary and sustainability-related financial information. Failure to clarify the relationship between two requirements may lead to duplication or inconsistency of disclosed information. (Comment letter 278: China Accounting Standards Committee)

64. A few respondents suggested that management commentary or a similar report presents a suitable reporting location for the information required by IFRS S1 and IFRS S2 and therefore building on the Management Commentary project would be an effective approach to integration in reporting. A few other respondents stated that the ISSB should provide guidance on the suggested location of sustainability-related financial information.

The Management Commentary / MD&A is the most logical location for S1 and S2 disclosures to be added to issuer disclosures. The most effective way for integration would be to update the IASB Exposure Draft Management Commentary with additional guidance for content to be included. (Comment letter 345: Scotia Global Asset Management)

65. The specific concepts from the Management Commentary Exposure Draft that respondents most commonly suggested the ISSB should build on were the 'ability to create value and generate cash flows' and materiality. A few respondents also suggested that ISSB should build on the proposals for intangible resources and

relationships, areas of content, key matters, metrics and forward-looking information set out in the Management Commentary Exposure Draft.

66. A few respondents expressed the view that the ISSB should not build on and incorporate concepts from the IASB's Exposure Draft Management Commentary because the Management Commentary Practice Statement does not form a mandatory part of the IFRS Standards.
67. One respondent recommended that the IASB's Management Commentary project should be abandoned.

The Integrated Reporting Framework

68. Many respondents who replied to Request for Information provided a response to Question 7(c)(ii).
69. Almost all of those respondents agreed that the project should build on and incorporate concepts from the Integrated Reporting Framework in a project on integration in reporting.
70. A few respondents recommended that the project build upon the Integrated Reporting Framework as a high-quality resource that is already available to the IFRS Foundation. These respondents pointed out that the Integrated Reporting Framework was built on academic research and has previously gone through extensive market research as well as multiple public consultations. A few respondents argued that utilising this existing high-quality resource under the boards' control would increase the efficiency of an integration in reporting project.

Under this approach ... the project can benefit from: (1) the existing and extensive work of staff and volunteer committees, (2) public input already received through formal consultation periods and (3) observed market practice and lessons learned via post-implementation reviews. (Comment letter 188: Canadian Sustainability Standards Board)

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71. A few respondents expressed their support for utilising the Integrated Reporting Framework because the Framework is well-established and adopted globally. A few respondents also suggested that utilising the Integrated Reporting Framework would reduce disruptions for entities that already use the Framework either voluntarily or on a mandatory basis.
72. A few respondents recommended that the project should build on the Integrated Reporting Framework because the Integrated Reporting Framework is grounded on the concept of Integrated Thinking. Those respondents referred to the documented benefits that Integrated Thinking can have both for entities and for the ISSB in developing its potential project on integration in reporting. These respondents expressed the view that using the Integrated Reporting Framework fosters Integrated Thinking, which is fundamental for an entity in order to understand how it creates, preserves or erodes value in the context of its external environment. These respondents further discussed how viewing an entity in this holistic manner enables entities to connect and integrate information not only in their reporting processes but also in the entities' decision-making, risk management and strategy.

ICAS believes the integrated thinking that is required as a preparatory step to produce an Integrated Report, should be built on/incorporated in pursuing a project on integration in reporting.

Considering the context of an entity's external environment, and its ability to create, preserve or erode value in the short, medium and long term, is known to generate multiple internal benefits including improved risk management and decision making, more joined up thinking, better adoption of purpose/vision/mission and so forth. (Comment letter 230: Institute of Chartered Accountants of Scotland)

73. A few respondents suggested that the Integrated Reporting Framework would provide an appropriate basis for enhancing the IFRS *Conceptual Framework for Financial Reporting* or for developing a new framework which respondents referred to as 'an integration framework' or 'a comprehensive conceptual framework'.

Additionally, the FRC recommends that the concepts on which integrated reporting was developed should be considered in the context of a conceptual

framework. Underpinning the Integrated Reporting Framework is the concept of ‘integrated thinking’ which is fundamental for the objective of connectivity and integration. As such, the FRC recommends that the ISSB, in collaboration with the IASB, considers how the concept of integrated thinking is embedded into the IFRS Conceptual Framework. (Comment letter 30: Financial Reporting Council).

74. In addition to the concept of Integrated Thinking, the concepts from the Integrated Reporting Framework that respondents most frequently supported utilising were value creation, preservation or erosion and the multi-capital approach. A few respondents suggested that the ISSB incorporate *all of* the Integrated Reporting Framework’s Guiding Principles and Content Elements while a few others suggested incorporating specific guiding principles or content elements such as future orientation, the connectivity of information, resources and relationships and governance.
75. A few respondents stated that the ISSB should not build on and incorporate concepts from the Integrated Reporting Framework. Instead, they argued that the ISSB’s priority should be sustainability reporting standard-setting projects.
76. A few respondents suggested that utilising the Integrated Reporting Framework would increase the complexity and reporting burden for entities without clearly articulated benefits.

Other sources

77. Some respondents commented on Question 7(c)(iii) which asked respondents to suggest other sources that the ISSB should build on as part of an integration in reporting project.
78. Respondents commenting on Question 7(c)(iii) made various suggestions. Many of these respondents suggested other sources to build on in pursuing an integration in reporting project while many others did not suggest other materials.

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79. Sources commonly suggested by respondents included the WICI's Intangibles Reporting Framework, as well as materials and standards developed by:
- (a) the Global Reporting Initiative;
 - (b) the Sustainability Accounting Standards Board;
 - (c) the Capitals Coalition;
 - (d) the Task Force on Climate-Related Financial Disclosures and the Task Force on Nature-Related Financial Disclosures; and
 - (e) the European Financial Reporting Advisory Group.
80. As discussed in paragraphs 18–22, respondents had a variety of views regarding what an integration in reporting project would entail and the resources listed in paragraph 79 above demonstrate this through the variance of resources suggested by respondents.

Other comments

81. Some respondents provided feedback to Question 7(d) offering other suggestions to consider if it pursues an integration in reporting project.
82. A few respondents suggested the ISSB produce educational resources linked to the Integrated Reporting Framework, such as training, workshops, pilot testing of the Integrated Reporting Framework with companies, and illustrative examples demonstrating integration in reporting in practice. These respondents recommended the creation of educational resources to foster adoption of the Integrated Reporting Framework for those stakeholders who are unfamiliar with it. One stakeholder also suggested that the creation of educational resources on integrated reporting would benefit entities adopting IFRS S1 and IFRS S2, demonstrating the interconnected and interdependent nature of sustainability-related risks and opportunities with an entity's business model and external environment.

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83. A few respondents highlighted the importance of proportionality in an integration in reporting project, pointing out the particular challenges for smaller entities in integrating financial statements and sustainability-related information. One respondent requested guidance for small and medium entities on the integration of sustainability-related information with financial statements.
84. A few respondents recommended that the ISSB and IASB further explore the similarities and differences between the IASB's Exposure Draft *Management Commentary* and the Integrated Reporting Framework, including concepts, definitions and terminology with the aim of combining the two resources.

Question for the ISSB and IASB

85. The staff presents the following question for the ISSB and IASB.

Question for the ISSB and the IASB

1. Do ISSB or IASB members have any comments or questions on the feedback discussed in this paper?

Appendix A— Extracts from questions in the Request for Information

- A1. This Appendix reproduces Question 1, Question 3 and Question 7 of the Request for Information.

Question 1— Strategic direction and balance of the ISSB’s activities

Paragraphs 18–22 and Table 1 provide an overview of activities within the scope of the ISSB’s work.

- (a) From highest to lowest priority, how would you rank the following activities?
 - (i) beginning new research and standard-setting projects
 - (ii) supporting the implementation of ISSB Standards IFRS S1 and IFRS S2
 - (iii) researching targeted enhancements to the ISSB Standards
 - (iv) enhancing the Sustainability Accounting Standards Board (SASB) Standards
- (b) Please explain the reasons for your ranking order and specify the types of work the ISSB should prioritise within each activity.
- (c) Should any other activities be included within the scope of the ISSB’s work? If so, please describe these activities and explain why they are necessary.

Question 3—New research and standard-setting projects that could be added to the ISSB’s work plan

Paragraphs 27–38 provide an overview of the ISSB’s approach to identifying sustainability-related research and standard-setting projects. Appendix A describes each of the proposed projects that could be added to the ISSB’s work plan.

- (a) Taking into account the ISSB’s limited capacity for new projects in its new two-year work plan, should the ISSB prioritise a single project in a concentrated effort to make significant progress on that, or should the ISSB work on more than one project and make more incremental progress on each of them?
 - (i) If a single project, which one should be prioritised? You may select from the four proposed projects in Appendix A or suggest another project.

- (ii) If more than one project, which projects should be prioritised and what is the relative level of priority from highest to lowest priority? You may select from the four proposed projects in Appendix A or suggest another project (or projects).

Question 7—New research and standard-setting projects that could be added to the ISSB’s work plan: Integration in reporting

The research project on integration in reporting is described in paragraphs A38–A51 of Appendix A. Please respond to these questions:

- (a) The integration in reporting project could be intensive on the ISSB’s resources. While this means it could hinder the pace at which the topical development standards are developed, it could also help realise the full value of the IFRS Foundation’s suite of materials. How would you prioritise advancing the ‘integration in reporting’ project in relation to the three sustainability-related topics (proposed projects on biodiversity, ecosystems and ecosystem services; human capital; and human rights) as part of the ISSB’s new two-year work plan?
- (b) In light of the coordination efforts required, if you think the ‘integration in reporting’ project should be considered a priority, do you think that it should be advanced as a formal joint project with the IASB, or pursued as an ISSB project (which could still draw on input from the IASB as needed without being a formal joint project)?
- (i) If you prefer a formal joint project, please explain how you think this should be conducted and why.
- (ii) If you prefer an ISSB project, please explain how you think this should be conducted and why.
- (c) In pursuing the project on ‘integration in reporting’, do you think the ISSB should build on and incorporate concepts from:
- (i) the IASB’s Exposure Draft *Management Commentary*? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.

- (ii) the Integrated Reporting Framework? If you agree, please describe any particular concepts that you think the ISSB should incorporate in its work. If you disagree, please explain why.
- (iii) Other sources? If you agree, please describe the source(s) and any particular concepts that you think the ISSB should incorporate in its work.
- (d) Do you have any other suggestions for the ISSB if it pursues the project?