
IRC Annual Conference 2023

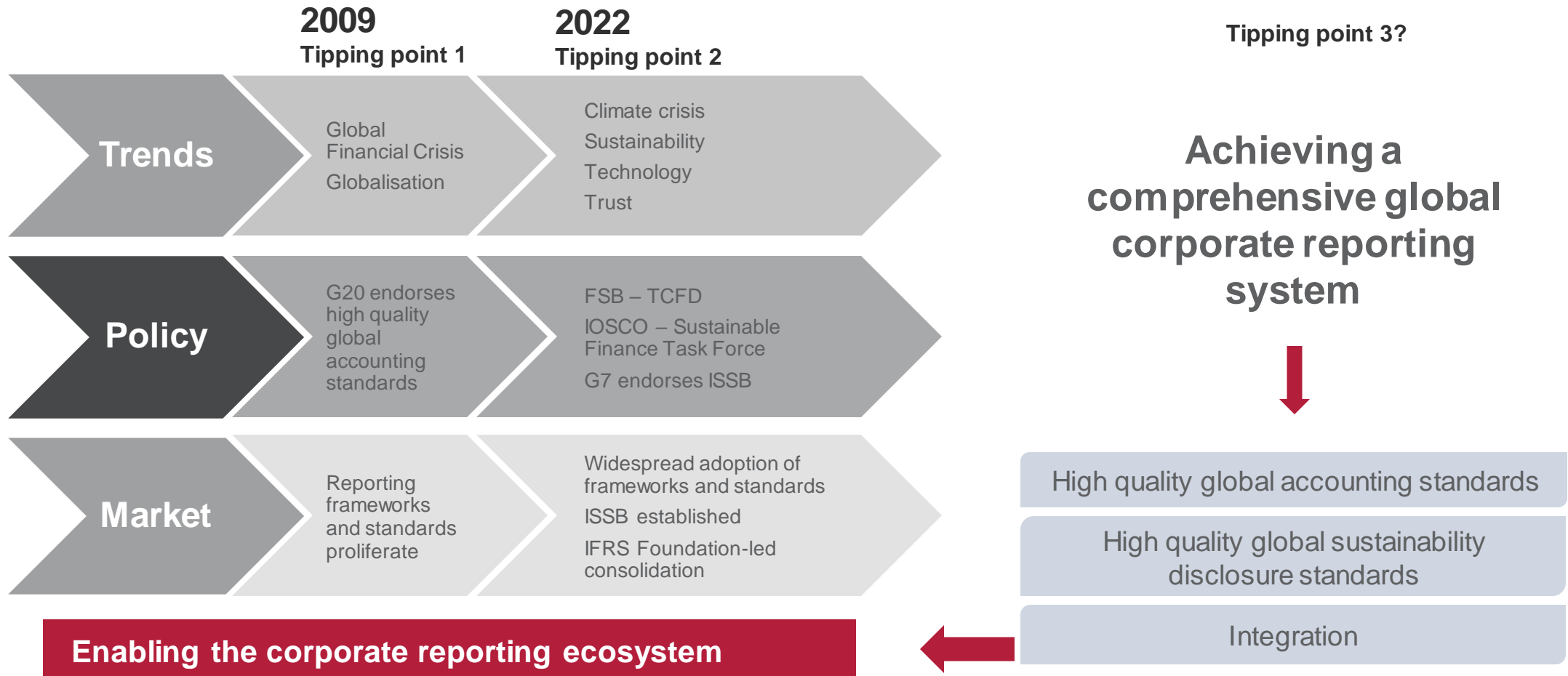
Integrated Reporting: Latest international perspective

1 November 2023

Integrated Reporting is supported by the IFRS Foundation

“The IASB and ISSB will utilise principles and concepts from the Integrated Reporting Framework in their standard setting work” (Public statement – May 2022)

The vision: a comprehensive global corporate reporting system



How has it been institutionalised?

Corporate governance codes

➔ South Africa, Australia, Malaysia

Communications from securities regulators

➔ SEBI Directive - India

Substantial equivalence

➔ Strategic Report - U.K.

Academic research and professional qualifications

➔ accounting qualifications

The practice of integrated thinking

➔ breaking down internal silos

Durable market-led initiatives

➔ World Bank - Africa; IBGC - Brazil

Country-led economic / governance reforms

➔ 'Abenomics'; Ito Report - Japan

Points to options for future settled end-state for the integrated reporting brand and its status

How Integrated Reporting is being included in the work of the IASB

“It is recognised that there are similarities and differences between the Integrated Reporting Framework and Management Commentary. The Chairs of the IASB and ISSB commit to considering opportunities to address this”. (Public statement – May 2022)

Initial work has been completed to compare the similarities and differences between the IR Framework and Management Commentary Practice Statement

Key aspects of the IR Framework and Management Commentary are substantially aligned, notably the purpose and the intended audience, the main content areas, and guiding principles

There are relatively few areas of content that are required by the IR Framework that are not required by Management Commentary

The Chairs of the IASB and ISSB are committed to a long-term role for a corporate reporting framework, incorporating principles and concepts from the current Integrated Reporting Framework

How Integrated Reporting is being included in the work of the ISSB

“The IASB and ISSB will utilise principles and concepts from the Integrated Reporting Framework in their standard setting work” (Public statement – May 2022)

S1 definition of sustainability and financial value creation builds on concepts from the IR Framework

Both S1 and S2 focus on the importance of information about governance

S1 focusses on the connectivity of the reporting package including:

- *that the sustainability-related information is provided in the GPFR package with financial statements*
- *that linkages in the information with the sustainability-related information and between that and the financials be explained to users; and*
- *that common assumptions be used to the extent possible*

Theory of change

- There is clear conceptual alignment between the content elements in the IR Framework and the S1/S2 disclosure requirements.
 - S1 and S2 can help to strengthen the quality of integrated reports by potentially filling in some of the gaps that were found in the current adoption of the Integrated Reporting Framework.
 - Integrated reporting adopters are well positioned to be the frontrunners in the adoption of S1 and S2.
 - Integrated thinking is a critical enabler for the adoption of S1, S2 and integrated report.
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A contribution to capacity building

Large number of IR communities located in Global South

IR provides a practical tool for developing and emerging economies while standards regime is maturing

In addition to contributing to capital market infrastructure, IR is adopted by SMEs, enhancing broader economic ecosystem

Summary – future fit

Good market penetration – a proven model

Promotes holistic thinking by boards – integrated thinking

Promotes more comprehensive corporate reporting

Principles consistent with developments in standards – contributing to comparability and consistency in reporting

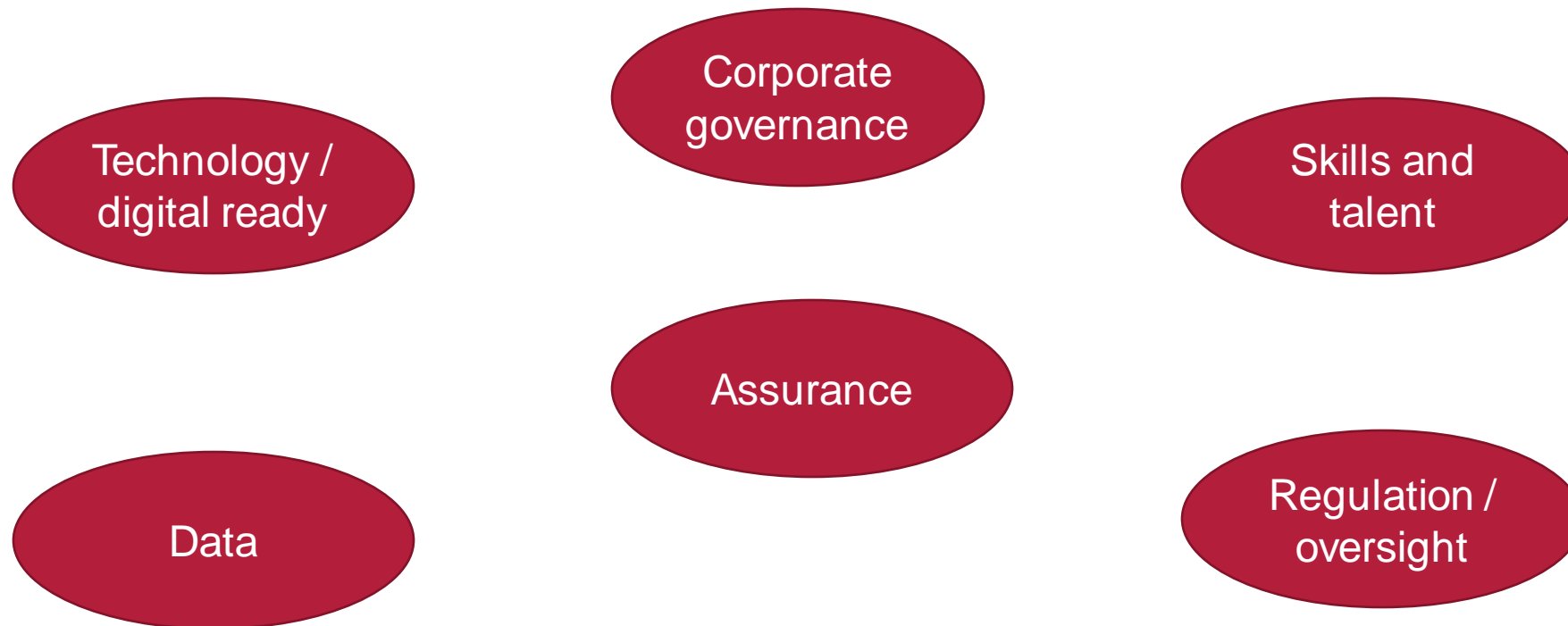
IRCC advisory body established to provide advice to the Trustees and both boards

The future – ISSB Agenda Consultation

- relative priority of the potential projects
- for the **sustainability-related subject matters**:
 - relative priority of subtopics, industries or sectors
 - priority of related materials and standards of other jurisdictional and voluntary standard-setters and framework providers
- for the project on **integration in reporting**:
 - relative priority and timeliness of advancing this project
 - whether project should be pursued as a formal joint project with the IASB
 - whether project should utilise IASB’s Exposure Draft Management Commentary, the Integrated Reporting Framework, both, or other materials



Commitment to a durable end-state could incentivise investment in broader ecosystem





INTEGRATED REPORTING

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