
Integrated Reporting and Connectivity Council

Date **30 January 2024; 13:00-15:00 GMT**

Location **Virtual**

Agenda timings or topics may change as the meeting progresses.¹

January 2024

| Agenda ref | Agenda item | Presenter |
|------------|--|---|
| 1 | Welcome | Charles Tilley Chair |
| 2 | Reflections on joint IASB-ISSB Board meeting of 25 January 2024, including next steps (Agenda Paper 2) | Sue Lloyd Andreas Barckow Linda Mezon-Hutter |
| 3 | Allocation to break-out group discussions | |
| 4 | Break-out group discussions to receive reflections and advice in the context of stakeholder feedback to the RFI | <i>Facilitated by:</i> Nick Anderson, IASB member Ndidi Nnoli-Edozien, ISSB member Yulia Feygina, IASB Technical Staff David Bolderston, ISSB Technical Staff |
| 5 | Feedback from breakout-group discussions | Charles Tilley and facilitators |
| 6 | Closing reflections | Sue Lloyd Andreas Barckow Linda Mezon-Hutter |
| 7 | Chair's closing comments | Charles Tilley Chair |

APPENDIX 1: IRCC TERMS OF REFERENCE

Integrated Reporting and Connectivity Council (“Council”)

Terms of reference

The following terms of reference will become effective from 1 July 2022 (or upon close of IFRS Foundation/VRF merger if different).

OBJECTIVES

The IFRS Foundation and Value Reporting Foundation have agreed the principles regarding integrated reporting and integrated thinking (see appendix). The Council will provide advice and advocacy as set out in the appendix and below.

The Integrated Reporting Council and Climate Disclosure Standards Board (CDSB) Board will be repositioned as an advisory body to the IFRS Foundation Trustees and both the IASB and the ISSB. The Council will provide advice 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.

The Council will play a crucial role in providing advice and input on the connectivity in the reporting required by the IASB and the ISSB to help ensure the IFRS Foundation can promote a coherent and connected package to jurisdictions, supporting global adoption.

The Council will continue in this role for two years. At the expiry of two years the need for the separate Council will be reviewed by the Trustees of the IFRS Foundation.

Considerations for the review will include the work undertaken to date in relation to the Integrated Reporting Framework and membership of the Advisory Council.

MEMBERSHIP

The Council will comprise designated representatives at board, senior executive or comparable level (each a ‘Council member’) of bodies that meet the following criteria:

- a) demonstrate a commitment to direct, active involvement in the ongoing development and adoption of integrated reporting and integrated thinking, and connectivity between the IASB and the ISSB (i.e. structural and conceptual connectivity);
- b) to the extent reasonably practicable, representative of a broad geographical spread and a range of functional backgrounds that include members drawn from user groups, preparers, investors, financial analysts, academics, auditors, regulators and a range of professional bodies and representing the stakeholders relevant to the IFRS Foundation and its Boards.

Members of the Council will be: a) current members of the Integrated Reporting Council of the Value Reporting Foundation; b) members of the VRF and CDSB Boards who meet the criteria; and c) individuals whose expertise is deemed of high standing and who meet the criteria. <IR> Ambassadors who meet the criteria will also be invited to join the Council.

Members of the Integrated Reporting Framework Board of the Value Reporting Foundation will be invited to join the Council in their personal capacity.

In view of the significant size of the Council, and in consideration of the wide range of interests of its members, smaller groups may be convened as and when required to provide more focused advice, for example on strategy or input to relevant technical projects related to the Integrated Reporting Framework.

In addition, members of the current Integrated Reporting Framework Board will be asked, as appropriate, to participate in advisory bodies established for projects that build on the Integrated Reporting Framework to provide input on how principles and concepts from the Integrated Reporting Framework could be utilised.

Members will be expected to attend all scheduled meetings. If necessary, members may delegate their functions or attendance at meetings to other senior members within their organisation, subject to approval of the Chair.

The process for appointing new organisations to the Council, or removing members from the Council, will be developed by the Chair and Vice Chair of the Council, in consultation with the Trustees and leadership of the IASB and ISSB.

Members of the Council are representing their organisations. Therefore, each member's appointment to, and ongoing membership of, the Council is subject to the body which s/he represents:

- a) Respecting the Articles of Incorporation and Bylaws of the IFRS Foundation and its Boards and the comparable documents of Related Entities; and
- b) According to its capacity to do so, making a meaningful financial or other in-kind contribution to support delivery of the purpose and objective of the IFRS Foundation, the amount and nature of any such contribution to be determined by the Chair of the Council, acting in consultation with the Executive Director of the IFRS Foundation.

INAUGURAL CHAIR AND VICE CHAIR

The inaugural Chair of the Council shall be Charles Tilley. The inaugural Vice Chair of the Council shall be an IFRS Trustee to be appointed by the IFRS Foundation. If a replacement Chair is required, the Chair shall be selected by the IFRS Foundation Trustees, consulting with the Transitional Advisory Group that includes former VRF directors. The inaugural Chair and Vice Chair of the Council will be appointed for an initial two-year term.

MEETINGS

The majority of meetings shall be held by videoconference, utilising the Foundation's secretariat and resources to host the meeting. The Chair and members of the Council may agree to hold in person meetings in London or other locations, in line with the multi-location model of the ISSB.

Travel and accommodation costs of attending in person Council meetings shall be borne by the members attending the meeting or otherwise borne by the Council's budget.

Staff of the ISSB and IASB shall prepare the proposed agenda for each meeting, in consultation with the Chair who will seek input from Council members, to provide a summary of the key issues under consideration.

Supporting papers for the meetings will be prepared by IFRS Foundation staff.

The agenda and the supporting papers shall be circulated in advance to ensure that Council members are fully prepared and capable of actively and constructively participating in all discussions.

The Council shall normally meet three times per year; and additional *ad hoc* meetings may be called based on the technical agenda.

COMMUNICATION

Minutes of meetings will be drafted by IFRS Foundation staff and circulated to all members following a meeting and reviewed and approved at the next subsequent meeting.

Minutes of meetings will be publicly available on the IFRS website.

APPENDIX TO TERMS OF REFERENCE

[Draft] Principles agreed between the IFRS Foundation and Value Reporting Foundation for internal use

Integrated Reporting – articulating a future path

Building on the agreement reached between the IFRS Foundation and the Value Reporting Foundation (VRF; see appendix) we seek to bring clarity in the following areas *while recognising that the IASB and the ISSB have full discretion over their technical agenda and technical decisions and that the work plans of the Boards are subject to consultation with stakeholders.*

1. Ownership of the Integrated Reporting Framework

- The Integrated Reporting Framework will become part of the materials of the IFRS Foundation and have a prominent place on the IFRS Foundation's website. It will initially be positioned as a voluntary resource for preparers that is jointly owned and governed by the ISSB and IASB.
- The IFRS Foundation and the Chairs of the IASB and ISSB will encourage the continued adoption of the Integrated Reporting Framework.
- The ISSB and IASB will consult the market, including as part of agenda consultations, on the future development/status of the Integrated Reporting Framework and associated technical projects with the purpose of achieving high quality integrated reporting and connectivity between financial statements and sustainability-related financial disclosures. Particular attention will be paid to those markets where integrated reporting has been adopted or referenced in corporate governance codes.

2. Governance and resourcing

- On consolidation of the VRF, the IASB and the ISSB will assume responsibility for the Integrated Reporting Framework.
- The Chairs and Vice Chairs of the IASB and the ISSB undertake that the IASB and ISSB will work together to agree on how to build on and integrate the Integrated Reporting Framework into their standard setting projects and requirements including the possibility of undertaking joint projects to evolve and enhance the Integrated Reporting Framework resulting in materials published by Boards.
- Technical work associated with the Integrated Reporting Framework will be appropriately resourced including ensuring that there is staff support to enable management of key stakeholders and to provide support for the repositioned Integrated Reporting Council. The Council's views will be sought and considered as part of this process.
- The staff team will report to the leadership of both the IASB and ISSB.

3. Communication to the market

- The Chairs of the IASB and ISSB will issue a joint statement encouraging the continued use of the Integrated Reporting Framework and articulating the importance of its principles and concepts to driving both high-quality corporate reporting and the connectivity between financial statements and sustainability-related financial disclosures.
- The statement will form part of an engagement programme by the IFRS Foundation to help market participants to understand the process of transitioning the Integrated Reporting Framework to a resource owned by both the IASB and the ISSB, as well as advocating for the use and development of the Integrated Thinking Principles.
- Jurisdiction-based integrated reporting committees and networks will be included as part of this ongoing advocacy and engagement programme.

4. Building on the Integrated Reporting Framework

- The IASB and ISSB will utilise principles and concepts from the Integrated Reporting Framework in their standard setting work. This includes seeking opportunities to align and incorporate the concepts in the Integrated Reporting Framework with similar concepts in the IASB and SASB conceptual frameworks into a cohesive whole.
- Members of the current Integrated Reporting Framework Board will be asked to participate in advisory bodies established for projects that build on or utilise the Integrated Reporting Framework to provide input on how principles and concepts from the Integrated Reporting Framework could be utilised.

5. Integrated Reporting Framework – long-term vision

- The Chairs of the IASB and ISSB commit to a long-term role for a corporate reporting framework, incorporating principles and concepts from the Integrated Reporting Framework. A corporate reporting framework would provide guidance to companies on how to prepare an integrated report and /or otherwise support structural connectivity between the reporting required by the IASB and the ISSB.
- It is recognised that the involvement of those charged with governance, including a statement of responsibility where this is not precluded by regulation, is an important principle to secure the integrity of the integrated report and the IASB and ISSB will give consideration to how this principle can be maintained.
- It is anticipated that the corporate reporting framework will enable connected, holistic, and cohesive corporate reporting.

6. Integrated Reporting Framework and Management Commentary

- The Chairs of the IASB and ISSB recognise that there are similarities and differences between the Integrated Reporting Framework and Management Commentary and the Chairs of the IASB and the ISSB commit to considering opportunities to address this.

7. Ownership and use of the Integrated Thinking Principles

- The Integrated Thinking Principles will become materials of the IFRS Foundation and have a prominent place on the IFRS Foundation's website.
- The IFRS Foundation and the Chairs of the IASB and the ISSB will encourage the continued market use of the Integrated Thinking Principles and engagement by stakeholders in developing them as practical guidance that will enhance the quality of corporate governance and reporting.

8. The role of the Integrated Reporting Council

- The Integrated Reporting Council will be repositioned as an advisory body to the IFRS Foundation Trustees and both the IASB and the ISSB. The Council will provide advice 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.
- The Council will play a crucial role in providing advice and input on the connectivity in the reporting required by the IASB and the ISSB to help ensure the IFRS Foundation can promote a coherent and connected package to jurisdictions, supporting global adoption.
- The Council will continue in this role for two years. At the expiry of two years the need for the separate Council will be reviewed by the Trustees of the IFRS Foundation. Considerations for the review will include the work undertaken to date in relation to the Integrated Reporting Framework and membership of the Advisory Council.

9. Integrated Reporting brand

- The need for a separate Integrated Reporting brand (i.e. in addition to IFRS Sustainability and IFRS Accounting) will be considered at a later stage so that, for example, consideration can be given to how the IASB and ISSB issue and vote upon any joint documents.
- Pending such considerations in the period following consolidation the Integrated Reporting brand will be presented in this way:



- Appendix – Agreement of November 2021

The starting point in articulating our expectations with greater specificity is the agreement reached between the IFRS Foundation and the Value Reporting Foundation (VRF) in November 2021, this agreement can be summarised as follows:

- The principles and content of the <IR> Framework will be integrated into the IFRS Foundation's content.
- In developing standards, the ISSB and IASB will build upon the work of integrated reporting.
- The IFRS Foundation will use the principles and concepts of integrated reporting and recognize their value to enhance connectivity between IASB and ISSB.
- Existing market support for the Framework will be maintained and enhanced pre- and post transition.
- The Integrated Reporting Council will transition into an advisory body to the IFRS Foundation Trustees and both Boards (IASB and ISSB) on connectivity and integrated reporting, continuing for two years.
- The IFRSF will utilise the expertise of Integrated Reporting Framework Board members and others within VRF governance within ISSB governance and IFRS Trustees (subject to due process).