In June, the Value Reporting Foundation – home to the Integrated Thinking Principles, Integrated Reporting Framework and SASB Standards – will consolidate under the IFRS Foundation.

Why this is happening
Capital markets need evidence-based, consistent, comparable disclosure to deliver long-term value to shareholders, while also helping to secure the future of our people and our planet.

In an increasingly complex disclosure landscape, businesses and investors globally have called for simplification and clarity.

To this end, the IFRS Foundation received significant stakeholder support for its proposal to create a global baseline of high-quality sustainability disclosure standards to meet investors’ information needs through a new International Sustainability Standards Board (ISSB), that works closely with the IFRS Foundation’s International Accounting Standards Board (IASB), to provide a comprehensive view of corporate performance to investors and other capital market participants.

The ISSB will consolidate and build on existing frameworks, standards and guidance rather than create something new. The Value Reporting Foundation, along with CDSB, TCFD and the World Economic Forum, have committed to contribute their content to the IFRS Foundation and work to achieve connectivity between financial reporting and sustainability disclosures. In addition, the Value Reporting Foundation and CDSB will consolidate into the IFRS Foundation to provide people and expertise to support the establishment of the ISSB.

We anticipate that the ISSB’s standards will be adopted worldwide, through a combination of regulatory and market support. Some businesses can expect adoption to be mandated by local regulators, and others will adopt the standards voluntarily given strong investor demand.

What this means for the Integrated Reporting Framework
The Integrated Reporting Framework is used by businesses globally to drive connectivity between different strands of disclosure, to communicate a concise and comprehensive understanding of how a business creates value over time.

Visit IFRS.org for further information about the ISSB and integratedreporting.org for support with the Integrated Reporting Framework.
Integrated Reporting Framework and the IFRS Foundation

The principles and concepts of the Integrated Reporting Framework will provide a conceptual basis for connectivity between the IFRS Accounting Standards and the new IFRS Sustainability Disclosure Standards. The IASB and ISSB – which will be jointly responsible for connectivity between their Standards – will use rigorous due process to determine the best approach to leveraging the Integrated Reporting Framework, ensuring its principles and concepts are used to guide corporate reporting globally.

While the enormous investment by stakeholders in developing the Integrated Reporting Framework and its use around the world will be secured, we cannot say with absolute precision how the Framework will manifest in the future. However, we are committed to providing clarity as soon as possible and keeping users of the Framework informed and involved as we work through this process – please subscribe to receive these updates. The <IR> Framework Board, Integrated Thinking and Reporting Oversight Committee of the VRF Board and <IR> Council will be deeply involved in shaping the long-term strategy.

What this means for report prepares and users

In the short term, there is no change. Report preparers and users should continue to use the Integrated Reporting Framework. Efforts put into disclosure now will help preparers implement IFRS Standards in the future. Those considering adopting the Integrated Reporting Framework, SASB Standards and/or TCFD recommendations are encouraged to get started now to better meet both present and future information needs of investors.

In the medium term, it is essential to have strong preparer and investor input into the development of the IFRS Sustainability Disclosure Standards and into the future evolution of the Integrated Reporting Framework. The IFRS Foundation has already published two prototypes to inform the ISSB’s work, with exposure drafts due in Q2 2022. Please prepare to share your thoughts this year and on an ongoing basis as the Standards and connecting framework evolve.

In the long term, we aim for a streamlined landscape for reporting to investors, consisting of IFRS Sustainability Disclosure Standards, financial accounting standards (either IFRS or US GAAP), and a connecting framework for describing a company’s governance, strategy, risk management and business model through a multi-capital lens. Together, these resources will enable a company to provide a comprehensive view of performance and prospects to the financial markets.

You can also expect all the services available now – including our <IR> Training Programme and <IR> Business Network to continue under the IFRS Foundation. We aren’t going anywhere!

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