

To: Corporate Reporting - Investments & Sustainable Finance WG
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Subject: EFRAG discussion paper on connectivity of Financial and Sustainability Reporting

Summary

On 17 December, EFRAG published a **Discussion Paper (DP) on the connectivity of financial and sustainability reporting**, following its 2021 research agenda consultation in which EU stakeholders identified connectivity as the highest-priority topic: [here](#).

The DP is accompanied by a [supplemental document](#) presenting 17 real-world examples from company reports, illustrating how connectivity is applied between sustainability disclosures prepared under ESRS or ISSB Standards and financial statements prepared under IFRS Accounting Standards.

The [paper](#) examines key concepts, types, and mechanisms of connectivity in corporate reporting and concludes that improved connectivity can enhance reporting quality irrespective of the reporting framework used. While progress is evident, EFRAG notes that companies remain at an early stage in applying connectivity consistently in practice.

Several challenges are identified, including inconsistent terminology across reports and the perceived underreporting of sustainability-related information in segment disclosures within financial statements.

Key messages of the DP:

- Connectivity of reported information is relevant across all reporting frameworks and extends beyond sustainability-related matters to corporate reporting more broadly.
- Enhanced connectivity increases the usefulness of reported information for users.
- Expectations persist regarding information that some users assume should be reported and connected across different reports, but which is not currently disclosed.
- Greater clarity on the boundary of financial statements—particularly in relation to forward-looking and sustainability-related information—would support improved connectivity.
- Standard setters may need to examine the reasons for the perceived underreporting of sustainability matters in segment disclosures in financial statements.
- No significant connectivity issues were identified regarding the reporting entity boundary (i.e. the entities, assets, and operations included in reporting).
- Connectivity in organisational processes, including integrated thinking, plays an important role in achieving meaningful connectivity.
- The full potential of XBRL-based structured data to enhance connectivity in the preparation and use of reported information has yet to be realised.

Next steps

EFRAG outlines potential follow-up actions, including clarifying the boundary of financial statements in relation to disclosures and developing application guidance for assessing qualitatively material information in financial statements.

Stakeholders are invited to submit comments on the Discussion Paper by 30 June 2026.