

INTRODUCING THE ISSB

OVERVIEW

Established by the International Financial Reporting Standards (IFRS) Foundation, the International Sustainability Standards Board (ISSB) was created to develop high-quality, transparent, and comparable sustainability-related financial information, addressing the growing demand from investors and other stakeholders for consistent and reliable data. The ISSB plays a pivotal role in the landscape of sustainability reporting, striving to create a unified and globally accepted set of standards.

DETAILS

Background and Objectives of the ISSB

The ISSB was formed in response to the increasing recognition of the need for standardised sustainability reporting. Historically, companies have faced challenges with a fragmented reporting environment, where multiple frameworks and standards led to inconsistencies and difficulties in comparability. The ISSB seeks to address these issues by developing comprehensive standards that consolidate the best practices from existing frameworks and guidelines.

The primary objectives of the ISSB are to:

1. Improve Global Comparability:

By providing a common set of sustainability standards, the ISSB enhances the comparability of sustainability-related disclosures across different jurisdictions and industries, facilitating better decision-making for investors.

2. Promote Transparency and Accountability:

The ISSB standards aim to improve the quality and reliability of sustainability information, ensuring that disclosures are transparent, verifiable, and useful for stakeholders.

3. Facilitate Informed Decision-Making

With consistent and comparable data, investors, lenders, and other stakeholders can make more informed decisions, considering the sustainability-related risks and opportunities that companies face.

The ISSB's standards provide a structured approach to sustainability reporting. These standards focus on materiality, requiring companies to disclose information that is significant to their financial performance and position. By emphasizing both qualitative and quantitative disclosures, the ISSB ensures that sustainability-related information is comprehensive and insightful.

Components of the ISSB standards:

1. IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information)

This standard outlines the general requirements for sustainability disclosures, emphasizing the importance of materiality and the need for ongoing assessment to ensure relevant information is disclosed.

2. IFRS S2 (Climate-related Disclosures)

Building on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), IFRS S2 provides detailed guidance on reporting climate-related risks and opportunities, including governance, strategy, risk management, and metrics and targets.

In developing their standards, the ISSB has consolidated and relied upon several existing sustainability frameworks and guidelines. These include:

- **Task Force on Climate-related Financial Disclosures (TCFD):** Providing a solid foundation for climate-related disclosures, TCFD recommendations have been integral to the development of IFRS S2.
- **Sustainability Accounting Standards Board (SASB):** Offering industry-specific standards that enhance the granularity and relevance of sustainability disclosures.
- **Global Reporting Initiative (GRI):** Contributing comprehensive sustainability reporting guidelines that ensure the broad applicability of the ISSB standards.
- **Carbon Disclosure Project (CDP):** Helping integrate climate-related data and metrics into the standards.



By consolidating these existing standards, the ISSB achieves enhanced consistency, improved comparability, and comprehensive coverage in sustainability reporting. This consolidation reduces confusion and complexity for reporting entities, allowing stakeholders to compare sustainability performance across different companies and industries more effectively. Furthermore, leveraging widely recognised frameworks facilitates broader global acceptance and adoption of the ISSB standards, ensuring they are robust and cover a wide range of sustainability issues and metrics.

The ISSB's efforts in establishing globally recognised sustainability standards mark a transformative shift towards greater transparency, accountability, and comparability in sustainability reporting. Companies adopting ISSB standards can better meet the information needs of their stakeholders, ultimately contributing to a more sustainable and resilient global economy.

For more detailed information on the ISSB and its reporting requirements, please refer to the [IFRS ISSB](#) website, or alternatively, contact us at info@envisionas.com.