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## Sustainability Standards Advisory Forum meeting

Date	<b>April 2023</b>
Project	<b>ISSB work plan</b>
Topic	<b>ISSB and IASB Connectivity</b>
Contacts	<b>Sue Lloyd</b> , ISSB Vice-Chair <b>Linda Mezon-Hutter</b> , IASB Vice-Chair

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# Connectivity between the ISSB and the IASB



# Why is connectivity between the IASB and ISSB important?

## Connectivity in **PROCESS**

*Examples:*

- *Information sharing*
- *IASB/ISSB technical staff representation on projects*

supports

## Connectivity in **PRODUCT**

*Examples:*

- *Shared concepts (eg materiality)*
- *Complementary requirements (eg intangibles)*

leads to

**Better general purpose financial reporting**  
**Better information for better decisions**

# IFRS Standards within the broader reporting landscape



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# Connectivity – in processes examples

## Boards

- IASB and ISSB Chairs have strategic responsibility for connectivity
- IASB and ISSB Vice Chairs (Linda Mezon-Hutter and Sue Lloyd) have operational responsibility for connectivity
- Sharing of updates during monthly Board admin sessions (ISSB technical staff present to the IASB and vice versa)

## Staff

- Joint staff team for digital reporting
- Integrated Reporting team has dual reporting line to Vice-Chairs
- When appropriate technical staff resourcing is shared (for example, IASB technical staff have been included as members of the team drafting IFRS S1 *General Sustainability-related Disclosures* and ISSB technical staff will join team for the IASB's climate-related financial disclosures project)
- Processes in place for knowledge sharing and identification of areas of common interest at staff level to facilitate coordination

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## Connectivity – in product examples

- ISSB has built on concepts and requirements in IFRS Accounting Standards. For example:
  - use of the same definition of materiality
  - use of ‘reasonable and supportable information without undue cost or effort’
  - many requirements in IFRS S1 taken from IAS 1 *Presentation of Financial Statements* and IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*)
- IFRS S1 will require:
  - that sustainability-related financial information be provided with the financial statements
  - effects of sustainability-related risks and opportunities in financial statements to be explained
  - use of consistent assumptions to the extent possible
- ISSB and IASB considered one another’s work on commercially sensitive information in January and February board meetings
- IASB plans to build on ISSB’s work in IFRS S1 and IFRS S2 *Climate-related Disclosures* in project on climate-related disclosures
- Central team working on ISSB digital taxonomy leveraging learnings and expertise from the IASB digital taxonomy

# Connectivity—what is it and what does it deliver?

- Read the joint article by ISSB Chair Emmanuel Faber and IASB Chair Andreas Barckow explaining the meaning of connectivity in relation to the ISSB and IASB's work
- The article is available on the IFRS Foundation website: <https://www.ifrs.org/news-and-events/news/2023/03/connectivity-what-is-it-and-what-does-it-deliver/>



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