
ISSB meeting

Date **July 2024**

Project **Work plan**

Topic **Embedding interoperability in the ISSB's ongoing activities**

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Purpose

1. The purpose of this paper is to provide the International Sustainability Standards Board (ISSB) with:
 - (a) background on the ISSB's work on interoperability thus far;
 - (b) an overview of the role of interoperability in the context of the ISSB's objective of developing standards that provide a global baseline of sustainability-related information for capital markets and supporting the adoption of the ISSB Standards; and
 - (c) the staff view on how we intend to embed interoperability into the ISSB's ongoing technical activities.

2. The staff welcomes input from the ISSB into how:
 - (a) the ISSB's ongoing consideration of interoperability relates to but is distinct from:
 - (i) the strategy to support the adoption of the ISSB Standards globally; and
 - (ii) the ISSB's work to identify opportunities to build on existing sustainability disclosure standards or frameworks.

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- (b) the consideration of interoperability – where relevant – should be embedded into the ISSB’s ongoing technical activities through:
 - (i) further establishing relevant processes; and
 - (ii) communicating this work to enable stakeholders to understand how interoperability is being considered as the ISSB embarks on its new work plan.
3. This is not a decision-making paper.

Summary

4. The staff notes that the objective of the ISSB is to develop standards that provide a global baseline of sustainability-related financial information to meet the needs of capital markets. Adoption or other use of the ISSB Standards enables delivery of high-quality comparable information about sustainability-related risks and opportunities to investors globally and the use of the ISSB Standards also facilitates efficient reporting for preparers by reducing fragmentation in sustainability-reporting requirements.
5. To support the adoption of the ISSB Standards and to facilitate efficient reporting, the ISSB will continue to seek opportunities to build on existing sustainability disclosure standards or frameworks when this will result in information that the ISSB determines is decision-useful and appropriate for inclusion in ISSB Standards given their scope and focus.
6. However, the staff thinks that the ISSB’s work on interoperability is distinct from this notion of building on the work of others. Interoperability between the ISSB Standards and other relevant, specified standards is an important consideration for the ISSB in undertaking its work to identify opportunities to enable entities that need or want to apply ISSB Standards alongside other reporting requirements that will continue to be used in addition to the ISSB Standards, such as European Sustainability Reporting Standards (ESRS) or the GRI Standards, to do so efficiently.

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7. As a result, the staff thinks the ISSB's ongoing consideration of interoperability:
- (a) must be understood in the context of the strategy to support the adoption of the ISSB Standards globally;
 - (b) is focused on relevant, specified standards; and
 - (c) when relevant, is essential to provide cost-effective reporting for entities, reducing the risk of duplication and fragmentation, and supporting the delivery of comparable decision useful information for investors globally.

Structure

8. The paper is structured as follows:
- (a) background and context (paragraphs 9–21);
 - (b) clarifying the role of interoperability in the context of the ISSB's focus on the development of standards that provide a global baseline of sustainability-related disclosures and adoption of the ISSB Standards globally (paragraphs 22–30); and
 - (c) embedding interoperability into the ISSB's ongoing technical activities (paragraphs 31–63).

Background and context

9. Interoperability has been a key consideration in the ISSB's work thus far with the objective of ensuring efficient and cost-effective reporting for entities, reducing the risk of duplication in reporting and supporting the provision of consistent and comparable decision-useful information to investors. The consideration of interoperability in the ISSB's work thus far has focused on:
- (a) ensuring the development of IFRS S1 and IFRS S2 was informed by relevant interoperability considerations through engagement with;

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- (i) jurisdictions who were developing requirements in parallel to the ISSB that were likely to be significant reporting requirements for entities globally; and
 - (ii) other relevant standard-setting bodies;
- (b) illustrating interoperability with some other key sustainability-related reporting materials through the development of educational material¹.
10. The ISSB was established to develop a comprehensive global baseline of sustainability-related disclosures to provide consistent and comparable information to investors. The ISSB Standards are positioned as a global baseline to facilitate comparability but also to enable jurisdictions and other stakeholders to build upon that baseline if needed (for example, to meet public policy related goals)².
11. Some stakeholders stressed the importance of the ISSB seeking to closely align with jurisdictional requirements being developed in parallel to the development of IFRS S1 and IFRS S2. This included the European Union’s work to develop ESRS and the United States Securities and Exchange Commission’s (US SEC) development of rules to enhance and standardise climate-related disclosures.
12. Those stakeholders anticipated that, in relation to regulatory reporting requirements, ESRS and the US SEC’s climate rule were likely to have a pervasive impact for entities globally, in addition to the ISSB setting a global baseline. Therefore, those stakeholders explained it was important that the ISSB, the European Commission and EFRAG, and the US SEC considered interoperability in developing their respective

¹ For example see: [Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards](#) and [ESRS–ISSB Standards Interoperability Guidance](#).

² [The Financial Stability Board 2021 Roadmap for Addressing Climate-Related Financial Risks](#) stated that “The goal of international initiatives in the area of financial disclosures is globally consistent, comparable, and decision-useful public disclosures by firms of their climate-related financial risks. To further this overall goal, establishing international standards is important, including accommodating interoperability between a global baseline of international standards and national and regional jurisdiction-specific requirements. Corporate disclosures on their climate-related financial risks form the basis for the pricing and management of such risks both internally at individual companies making the disclosures and at individual investors, lenders and others with financial exposures to those companies. International consistency in supervisory and regulatory disclosure requirements is important for oversight of cross-border risks by financial authorities” (see paragraph 2.1.1).

requirements to limit costs for entities in their reporting and to ensure consistency and comparability for investors globally.

13. In April 2022, the ISSB established the Jurisdictional Working Group (JWG)³ to facilitate dialogue to develop the global baseline, and to enhance the interoperability between the ISSB's exposure drafts that were open for comment at the time and relevant jurisdictional initiatives. The engagement of the JWG was further supplemented by bilateral engagement with jurisdictions. The most intensive of those engagements have been between the ISSB and the European Union (the European Commission and EFRAG) in developing and finalising the ISSB Standards and ESRS, given the relative timing of development of these sets of standards.
14. The European Commission through the [Corporate Sustainability Reporting Directive \(CSRD\)](#) tasked EFRAG to develop ESRS to:
- (a) cover all sustainability matters;
 - (b) provide information of relevance to investors and other stakeholders (including civil society organisations and trade unions);
 - (c) support the EU public policy goals such as the European Green Deal and the EU's objective of climate neutrality by 2050; and
 - (d) include a double materiality⁴ perspective.

³ The original membership of the JWG consisted of the Chinese Ministry of Finance, the European Commission, EFRAG, the Japanese Financial Services Authority, the Sustainability Standards Board of Japan Preparation Committee, the United Kingdom Financial Conduct Authority, the US Securities and Exchange Commission and IOSCO as an observer. The Chilean Financial Market Commission and Monetary Authority of Singapore became members at a later date.

⁴ Paragraph 29 of the CSRD states "Article 19a(1) and Article 29a(1) of Directive 2013/34/EU require reporting not only on information to the extent necessary for an understanding of the undertaking's development, performance and position, but also on information necessary for an understanding of the impact of the undertaking's activities on environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters. Those Articles therefore require undertakings to report both on the impacts of the activities of the undertaking on people and the environment, and on how sustainability matters affect the undertaking. That is referred to as the double materiality perspective, in which the risks to the undertaking and the impacts of the undertaking each represent one materiality perspective".

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15. Interoperability considerations between ESRS and the ISSB Standards have also been embedded in the CSRD, paragraph 43 states that:
- To avoid unnecessary regulatory fragmentation that could have negative consequences for undertakings operating globally, Union sustainability reporting standards should contribute to the process of convergence of sustainability reporting standards at global level, by supporting the work of the International Sustainability Standards Board (ISSB). Union sustainability reporting standards should reduce the risk of inconsistent reporting requirements for undertakings that operate globally by integrating the content of global baseline standards to be developed by the ISSB, to the extent that the content of those baseline standards is consistent with the Union's legal framework and the objectives of the Green Deal.*
16. Given ESRS's complementary yet broader scope than the ISSB Standards, bilateral engagement with the European Commission and EFRAG has focused on investor relevant information:
- (a) aligning definitions and key concepts when applicable;
 - (b) identifying common disclosure requirements and seeking to align them; and
 - (c) identifying disclosure requirements unique to one of the sets of standards.
17. After the issuance of IFRS S1 and IFRS S2 in June 2023 and ESRS in July 2023, the ISSB, European Commission and EFRAG confirmed that the significant bilateral engagement had led to a very high degree of alignment between the climate-related disclosures requirements in the two sets of standards. Subsequently, representatives of the ISSB and EFRAG continued their detailed bilateral engagement to develop joint guidance material to explain to stakeholders how the ISSB Standards and ESRS are interoperable with a particular focus on the respective climate-related disclosures requirements. In May 2024, the IFRS Foundation and EFRAG published the [ESRS–ISSB Standards Interoperability Guidance](#) which illustrates the very high degree of alignment in climate disclosures.

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18. In March 2022, the IFRS Foundation and Global Reporting Initiative (GRI) announced a Memorandum of Understanding under which the ISSB and the Global Sustainability Standards Board (GSSB) would seek to align their respective work programmes and standard-setting activities. Subsequently, the IFRS Foundation and the GRI have announced a further collaboration agreement (see paragraph 36).
 19. Following the issuance of IFRS S1 and IFRS S2, there has been growing demand from stakeholders to understand how some key disclosure requirements relate to the requirements in the GRI Standards (see paragraphs 42 and 43 of Agenda Paper 2B of the November 2023 ISSB meeting). In response to this demand, the ISSB and GRI jointly developed an analysis and mapping: [Interoperability considerations for GHG emissions when applying GRI Standards and ISSB Standards](#). This document illustrates the areas of interoperability between GRI 305: Emissions 2016 (GRI 305) and IFRS S2 relevant to companies when measuring and disclosing Scope 1, Scope 2 and Scope 3 greenhouse gas emissions in accordance with both Standards.
 20. Interoperability considerations have also informed the development of the IFRS Sustainability Disclosure Taxonomy that was published in April 2024. Interoperability was one of the three features of the taxonomy elements considered by the ISSB in determining the appropriate approach. Specifically, the ISSB considered whether elements that reflect the disclosure requirements of the ISSB Standards and other sustainability-related disclosure standards that are aligned with ISSB Standards can help with interoperability between the respective sustainability-related disclosure taxonomies. It has been highlighted by the European Commission, EFRAG and the ISSB that the digital tagging of disclosures is a key focus as a means to further facilitate interoperability. It was specifically noted in the Interoperability Guidance that digital tagging may facilitate reporting that can meet the presentation requirements contained within ISSB Standards and ESRS. As a result, there continues to be detailed bilateral engagement between the staff at the ISSB and EFRAG on the further development of the digital taxonomy.

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21. As explained, the ISSB’s work on interoperability thus far has focused on considering how disclosures required by the ISSB Standards and ESRS, the US SEC Climate Rule and the GRI Standards are related and has sought opportunities to streamline reporting when appropriate. This work has been undertaken to limit costs for entities and to ensure consistency and comparability for investors globally,

Interoperability in the context of the development and adoption of the ISSB’s global baseline

22. The staff thinks it is important to explain the relationship between the ISSB’s consideration of:
- (a) the IFRS Foundation’s strategy to support jurisdictional adoption or other use of ISSB Standards globally;
 - (b) the ISSB’s objective of providing a global baseline of sustainability-related information to meet the needs of capital markets; and
 - (c) interoperability in the development of the ISSB Standards and how that is communicated to stakeholders.
23. In July 2023, the International Organization of Securities Commissions (IOSCO) called on its members to consider ways in which they might ‘adopt, apply or otherwise be informed by the ISSB Standards within the context of their jurisdictional arrangements in a way that promotes consistent and comparable climate and other sustainability-related disclosures for capital markets.’⁵
24. Following the issuance of IFRS S1 and IFRS S2 and the IOSCO endorsement, jurisdictional regulators and other relevant authorities globally are now considering and consulting on ways in which they might adopt or otherwise use ISSB Standards⁶, introducing them into regulatory frameworks. In support of this strategy, the IFRS

⁵ [IOSCO endorses the ISSB’s Sustainability-related Financial Disclosures Standards.](#)

⁶ For a list of ongoing and completed jurisdictional consultations at national and supra-national level on sustainability-related disclosures closing after the publication of the ISSB’s inaugural Standards in June 2023 see [IFRS - Jurisdictional sustainability consultations.](#)

Foundation has developed an Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards ([Jurisdictional Guide](#)) to support jurisdictions as they design and plan their journeys for the adoption or other use of ISSB Standards. The Jurisdictional Guide sets out information to support jurisdictions in their journeys towards fully adopting the ISSB Standards. The Jurisdictional Guide is also intended to support transparency for stakeholders on the global progress towards the provision of globally comparable sustainability-related information including through the adoption or other use of ISSB Standards.

25. The adoption or other use of ISSB Standards facilitates the provision of globally comparable information and also reduces the complexity of sustainability-reporting for preparers by enabling the ISSB's global baseline to be used to meet reporting requirements across jurisdictions reducing fragmentation in sustainability reporting. Adoption or other use of ISSB Standards is also important as a number of emerging jurisdictional approaches extend regulation to entities domiciled in other jurisdictions that operate across borders and need to observe sustainability-related reporting requirements in different jurisdictions. Adopting ISSB Standards into regulatory frameworks is the most effective jurisdictional strategy to deliver globally comparable information for capital markets.
26. When the ISSB states that it will focus on interoperability, this does *not mean* that the ISSB intends to encourage the introduction of disclosure requirements in jurisdictions that are not functionally aligned with ISSB Standards, encourage jurisdictional approaches other than the adoption or other use of the ISSB Standards nor that the ISSB will prioritise mapping to different reporting requirements. However, IFRS S1 and IFRS S2 have been developed considering the need for interoperability between the ISSB Standards and other jurisdictional requirements when that is important for the efficiency of reporting for many preparers and when this supports the provision of information consistent with the global baseline for investors. Notably the work on interoperability with ESRS was predicated on ensuring that those that need to apply ESRS (which is relevant beyond European domestic issuers) that also need or choose to apply ISSB Standards, can do so efficiently and that the information required by the

- ISSB, is included in and capable of being identified by investors within ESRS reporting.
27. Following the issuance of IFRS S1 and IFRS S2 the IFRS Foundation strategy has strengthened its focus on working with jurisdictions (and other stakeholders) to support the adoption of the ISSB Standards globally and to help mitigate regulatory fragmentation. Adoption or other use of the ISSB Standards without jurisdictional modifications will limit the associated costs of reporting globally for entities in providing decision useful information to investors and support delivery of globally comparable information for investors.
28. The ISSB's consideration of interoperability and the IFRS Foundation's strategy to support the adoption of the ISSB Standards globally are related but distinct matters. The objective of the ISSB is to develop standards that provide a global baseline of sustainability-related information to meet the needs of investors and to support the adoption and use of the ISSB Standards. The ISSB intends to continue to work with jurisdictional authorities (such as national standard-setters) and other relevant stakeholders to develop ISSB Standards that provide decision-useful information for investors with the objective of ensuring those Standards are suitable for use and adoption globally. However, in developing its Standards the ISSB will also work with jurisdictional authorities and other standard-setters to consider interoperability with requirements or frameworks that must or will continue to be used in addition to ISSB Standards – notably ESRS and GRI Standards – to ensure *due consideration* is given to efficient reporting by preparers and to ensure that the global baseline of information required by ISSB Standards is clearly provided to investors. Essentially the ISSB will consider interoperability in its technical work to identify opportunities to enable those using the ISSB Standards that also need or choose to also use ESRS or GRI Standards to do so in an efficient manner. The staff considers that this is an important role for the ISSB given its role in providing the global baseline of sustainability-related disclosures for investors, enabling the ISSB to support harmonisation and efficiency in sustainability reporting globally.

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29. Importantly, the ISSB’s focus on interoperability is not about mapping the ISSB requirements to different reporting requirements per se. However, in some cases materials that explain how the ISSB Standards relate to other materials can be an important means of communicating the interoperability that has been achieved by the ISSB and can be a useful tool to assist entities to navigate requirements. Examples of this are the materials produced with GRI to explain our respective disclosure requirements on GHG emissions and the Interoperability Guidance published by the IFRS Foundation and EFRAG. In these cases, mapping illustrates how the ISSB global baseline ‘coexists’ with the broader reporting provided by GRI and ESRS respectively, supporting understanding and efficiency of reporting.
30. It is also important to note that when standards are described as being ‘interoperable’ it does not mean that the Standards or remit of the Standards are the same. For example, in describing a high level of interoperability with ESRS climate-related disclosures the analysis set out in the Interoperability Guidance shows that substantially all of the disclosures required by the ISSB Standards are also required by ESRS and can be provided in a manner that would enable those disclosures to be used to comply with both ISSB Standards and ESRS, but the Interoperability Guidance also shows that ESRS require incremental disclosures highlighting the broader (double materiality) focus of ESRS.

Embedding interoperability into the ISSB’s ongoing activities

31. The Request for Information, *Consultation on Agenda Priorities*, proposed that interoperability should continue to be core to the ISSB’s ongoing activities. Feedback to the Request for Information suggested the ISSB should learn from existing requirements in the other areas in which it will consider setting standards. It was explained that this will help the ISSB understand any potential synergies that may help minimise duplicative work for entities and enable the provision of comparable information to investors.

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32. In February 2024 the ISSB decided to make it explicit in the criterion used to identify projects that it will consider the work of other relevant standard-setters when considering whether to add a potential project to the work plan. In March 2024 the ISSB agreed in its decisions related to its new work plan that interoperability will be integral to its ongoing work.
33. In April 2024, the ISSB decided to add research projects on risks and opportunities associated with biodiversity, ecosystems and ecosystem services and human capital to its work plan. The ISSB also decided that, in carrying out this work, it would consider how to pursue approaches that would promote interoperability between its own global baseline of sustainability-related financial disclosures and other widely used standards and frameworks⁷.
34. This paper further outlines the staff view about how the ISSB can consider interoperability in helping to ensure efficient and cost-effective reporting for entities, reducing risk of duplication in reporting and resulting in provision of comparable decision-useful information for investors globally, by further establishing:
- (a) Processes—to appropriately embed interoperability into the ISSB’s ongoing activities; and
 - (b) Communication—to inform stakeholders about how interoperability is being considered as the ISSB advances its work and how the ISSB’s research and ultimately any proposals or standards relate to existing sustainability disclosure materials.

Interoperability with the GRI Standards and ESRS

35. The staff thinks that the ISSB’s research projects will consider the relevant requirements in both the GRI Standards and ESRS. Through this consideration it will be important to identify both the disclosures relevant to the ISSB’s work and where

⁷ See ISSB Updates: [February 2024](#), [March 2024](#) and [April 2024](#).

both sets of standards go beyond the ISSB's remit of providing decision-useful information to investors.

36. [On 24 May the IFRS Foundation and the GRI announced](#) that they are deepening their working relationship, building upon the Memorandum of Understanding signed in 2022. This further collaboration aims to provide a seamless and comprehensive global corporate reporting system covering impacts and sustainability-related risks and opportunities for entities looking to meet the information needs of both investors and a broader range of stakeholders. Through this engagement staff intends to work with GRI to identify common disclosures relevant to the ISSB's remit and to seek to align those to ensure that the ISSB and GRI Standards work well together.
37. In addition to the direct bilateral engagement resulting from the MOU, it is noted that the GRI are an observer to the Sustainability Standards Advisory Forum (SSAF). Therefore, the staff anticipates that the SSAF will also provide a relevant forum to engage a jurisdictional perspective on the collaborative work between the ISSB and the GRI.
38. [Agenda Paper 2](#) from the April ISSB meeting explained that ESRS will be a source to inform the ISSB's ongoing work as ESRS covers biodiversity, ecosystems and ecosystem services and human capital through standards on ESRS E4 *Biodiversity and ecosystems*, ESRS E2 *Pollution*, ESRS E3 *Water and marine resources*, and ESRS E5 *Resource use and circular economy*, ESRS S1 *Own workforce* and ESRS S2 *Workers in the value chain*.
39. Reporting in accordance with ESRS will be mandatory for around 50,000 European Union entities by 1 January 2025. Following this, ESRS reporting will be mandatory for more entities as the scope of entities required to report based on ESRS increasing in the coming years, including for some non-EU entities with business activities in the European Union later in the decade⁸. The ISSB will be researching the information

⁸ As per the CSRD, from 1 January 2024 large public-interest entities (with over 500 employees) already subject to the non-financial reporting directive, are required to report in 2025. From 1 January 2025 large entities that are not presently subject to the non-financial reporting directive, meeting two of three criteria (more than 250 employees, €50 Million in turnover, €25 Million in total assets) will be due to report in accordance with ESRS in 2026.

that is material for investors in making investment decisions which focus is different to ESRS. However, to ensure efficient and cost-effective reporting and to reduce the risk of duplication in reporting for entities, the ISSB will need to carefully consider interoperability with ESRS in its ongoing work.

40. As discussed, ESRS has a broader scope than the ISSB Standards. Therefore, as has been the case in discussing interoperability of ESRS and ISSB Standards to date, the focus for interoperability will be considering opportunities to align disclosures that are relevant to the remit of both ESRS and the ISSB Standards – ie information that is relevant to investors and material based on the concepts set out in IFRS S1.

Understanding existing reporting practice to inform the ISSB's research projects

41. As explained, the ISSB and its staff have engaged extensively with relevant stakeholders to help ensure the interoperability of the inaugural ISSB Standards with a selected set of sustainability reporting standards. This enabled the ISSB to consider opportunities to improve efficiency for those that would be using ESRS and ISSB Standards, for example.
42. A related but distinct aspect to this work is how the ISSB has also considered opportunities to build on the work of others, notably the TCFD recommendations and the SASB Standards. It is necessary to consider who the ISSB can work with to further inform its research on biodiversity, ecosystems and ecosystem services and human capital and the ISSB will have the benefit of being informed by developing reporting practice.
43. In some cases, rather than considering the interoperability of the ISSB Standards alongside other standards and frameworks that are likely to continue to be applicable to many entities globally in addition to the ISSB Standards (ie cases such as ESRS and GRI Standards), consideration of other standards or frameworks will be relevant in undertaking standard-setting work to enable the ISSB to build on the work of others. This is akin to the approach that the ISSB took in building on the TCFD

recommendations – not to facilitate interoperability but to benefit from that existing material and the associated market practice.

44. The staff thinks that understanding of other relevant standards and frameworks will be key to informing the ISSB’s research projects. This will:
- (a) assist in transition for entities moving to report in compliance with the ISSB Standards; and
 - (b) facilitate efficient reporting for preparers and the provision of decision-useful globally comparable information for investors.

Jurisdictional requirements

45. It will be important during the research phase for the ISSB to gain further understanding of jurisdictional requirements that may relate to its research projects. In relation to human capital specifically, there are a number of other jurisdictions where there are existing reporting practices (for example, in the United States and Japan).
46. The US SEC adopted disclosure rules relating to human capital in 2020 and is discussing potential updates to this rule⁹. The Japanese Financial Services Authority (FSA) finalised disclosure requirements in relation to human capital in January 2023¹⁰. Both sets of requirements are designed to provide investors with decision-useful information. This alignment in scope with the ISSB’s role will assist in understanding the requirements to inform the ISSB’s developing research.
47. The staff thinks that engaging bilaterally with both the US SEC and the FSA and other relevant jurisdictional authorities to further understand relevant existing requirements will benefit the ISSB’s initial research. The SSAF will also have a central role in enabling the ISSB to gain further detailed knowledge of relevant reporting requirements globally to inform its research projects.

⁹ See [Recommendation of the SEC Investor Advisory Committee’s Investor-as-Owner Subcommittee regarding Human Capital Management Disclosure](#).

¹⁰ See [Publication of the finalized amendments to the "Cabinet Office Order on Disclosure of Corporate Affairs" and other relevant and applicable cabinet office orders after public consultation](#).

Role of the Sustainability Standards Advisory Forum (SSAF)

48. As per the [SSAF Terms of Reference](#), ‘the objective of the SSAF is to provide an advisory forum where members can constructively contribute towards the achievement of the ISSB’s goal of developing standards that provide a comprehensive global baseline of sustainability-related reporting that is interoperable with jurisdictional standards on sustainability reporting ensuring two-way engagement between the ISSB and jurisdictions as sustainability-related reporting requirements are developing.’ Specifically, the SSAF was established to ‘formalise and streamline the ISSB’s collective engagement with the global community of relevant jurisdictional and regional bodies in its standard-setting to ensure that a broad range of national and regional input on major technical issues related to the ISSB’s standard-setting are discussed and considered.’
49. The staff therefore is planning to further engage the SSAF:
- (a) for some SSAF members to provide detailed overviews of the relevant reporting requirements in their jurisdictions in relation to the ISSB’s research projects; and
 - (b) to provide detailed technical input into the ISSB’s research to inform the development of any future consultation.
50. The staff engaged the SSAF on the ISSB’s research projects at the June 2024 SSAF meeting. The staff will follow up on this engagement with the SSAF at its October 2024 meeting where some SSAF members will provide a detailed overview of their relevant requirements at that meeting.

Other standards and frameworks

51. [Agenda paper 2](#) of the April 2024 ISSB meeting also explained the feedback received from stakeholders that highlighted the opportunity for the ISSB to consider other relevant standards and frameworks to inform its research projects on risks and opportunities associated with biodiversity, ecosystems and ecosystem services and

human capital. For example, stakeholders highlighted specifically the TNFD in relation to biodiversity, ecosystems and ecosystem services.

52. At the April 2024 meeting in addition to agreeing to pursue a project on risks and opportunities associated with biodiversity, ecosystems and ecosystem services the ISSB agreed on how that research will be initiated. In so doing the ISSB agreed that the TNFD recommendations would be included in its research thus enabling consideration of how these materials could be built on to provide investor-relevant information in accordance with ISSB Standards¹¹. The staff notes that consideration of these existing materials and an intent to build on them is distinct from interoperability.

Enhancements to the SASB Standards

53. The ISSB's research projects will also closely connect with the work to enhance the SASB Standards. The ISSB decided in March 2024 that enhancing the SASB Standards would be a priority for the new two-year work plan. This provides a further opportunity to consider interoperability between the ISSB's work on industry-based reporting and other relevant standards and frameworks. Both to consider potential enhancements building on the work of others, and to consider opportunities to improve efficiency and cost effectiveness of reporting for those preparers that choose or need to apply ISSB/SASB Standards and other sustainability-reporting standards or frameworks.
54. The ISSB decided in May 2024 to:
- (a) continue to group entities into industries based on shared sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects, as represented by the Sustainable Industry Classification System[®] (SICS[®]), for the ISSB's next two-year work plan; and
 - (b) consider enhancing the industry groupings when it enhances the SASB Standards.

¹¹ The ISSB also agreed that SASB Standards and the Climate Disclosure Standards Board (CDSB) Framework application guidance for water- and biodiversity-related disclosures would be considered as part of this initial work.

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55. During the May 2024 ISSB meeting, some ISSB members stressed the importance of considering opportunities to achieve interoperability between the SASB Standards and the sector standards of other standard-setters – including at the level of industry classification – as an important consideration when enhancing the SASB Standards.
56. The staff obtained initial input on determining the priorities for the SASB Standards enhancement work at the June 2024 ISSB meeting. At that meeting it was explained that EFRAG is developing a set of roughly 35 sector standards that will complement ESRS, with exposure drafts of a first batch of sectors set to be released as soon as this year. It was also explained that the GRI has also established a sector programme through which it intends to develop standards for 40 sectors, beginning with those that have ‘the highest impact’. The GRI has released three Sector Standards to date: Oil and Gas (GRI 11), Coal (GRI 12), and Agriculture, Aquaculture and Fishing (GRI 13). The recent IFRS Foundation and GRI collaboration agreement explained that joint work will commence to identify and align common disclosures that address information needs under the distinct scopes and purposes of the ISSB and GRI Standards will also include sector-based standard-setting¹².
57. Agenda Paper 6 of the July 2024 ISSB meeting provides the staff view on the overall approach for SASB Standards enhancements during the two-year work plan and asks the ISSB to vote on the proposal for an initial set of priorities to enhance the SASB Standards. These initial priorities are based on consideration of criteria discussed at the June 2024 ISSB meeting, which include amongst other things, considering the work of other standard-setters.

Digital reporting

58. To complement the work that has been undertaken on interoperability between ESRS and ISSB Standards, the staff is also conducting ongoing work on digital reporting. This work will focus on the interoperability of the ISSB and ESRS digital taxonomies

¹² [GRI and IFRS Foundation collaboration to deliver full interoperability that enables seamless sustainability reporting.](#)

to facilitate interoperable digital reporting and to ensure the ISSB's global baseline can be clearly identified and presented by those using ESRS.

Communicating how interoperability considerations have informed the ISSB's work

59. The staff anticipates that the overall processes to support embedding interoperability into the ISSB's ongoing work are likely to be consistent with the processes utilised thus far, namely:
- (a) detailed bilateral engagement with relevant standard-setting organisations;
 - (b) engagement of the ISSB's consultative groups; and
 - (c) engagement with preparers to understand potential reporting considerations and with investors to understand their information needs.
60. Beyond these consistent processes there are two new elements to the ISSB's ongoing activities and how this relates to interoperability:
- (a) firstly, the formal agreement to work on 'full direct interoperability' with the GRI for the ISSB's new work plan so that will be more central than before; and
 - (b) secondly, in relation to the interoperability considerations for enhancements to the SASB Standards, the ISSB already has established standards whereas other relevant standard-setters are developing theirs.
61. In accordance with the agreement on seeking to achieve 'full direct interoperability' with the GRI Standards, we have agreed to jointly identify and align common disclosures that address information needs under the distinct scopes and purposes of ISSB and GRI Standards. Therefore, the work on interoperability with the GRI will take a more prominent role in the ISSB's activities across its two year work plan. Also, the fact that the ISSB already has established sector standards means that its engagement with the relevant standard-setters will need to consider how the existing SASB Standards can inform the sector standards work of both the GRI and EFRAG.

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62. The staff thinks the way in which interoperability is being considered in the ISSB's standard-setting work and thus communicated to stakeholders will need to reflect the stage of the ISSB's ongoing work. At the outset of the two year work plan the ISSB's work in relation to interoperability will predominantly focus on both the research projects on risks and opportunities associated with biodiversity, ecosystems and ecosystem services and human capital and the enhancements to the SASB Standards.
63. As is usual for all standard-setting work, the analysis being undertaken by the staff will be captured in board papers that will be the basis for decisions made by the ISSB. As work is undertaken in relation to both the new research projects and the SASB Standards enhancements, interoperability considerations will be a focused component of what the staff will consider in their work. Accordingly, the work on interoperability will be addressed in the ISSB Board papers as part of the technical considerations of the ISSB and any resulting decisions and considerations will be reflected in relevant due process documents. Such an approach will not only provide a basis to inform the ISSB's decision making but also help to inform stakeholders about how the requirements being developed have been informed by and relate to the relevant existing standards and frameworks, notably ESRS and the GRI Standards. The staff expects that this will be further supplemented by the development of communications materials as appropriate to inform stakeholders.