

ISSB in Practice: What Organisations need to get right as the IFRS Sustainability Standards go global

Richard Betts | RZB Advisory

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Why ISSB is important - and where many companies are missing out

Since its launch in 2021, the ISSB¹, has helped accelerate the global shift from fragmented sustainability reporting to decision-useful sustainability disclosure. Together with the EU's CSRD/ESRS, it is driving convergence across jurisdictions and pushing organisations to integrate sustainability into strategy, governance and financial decision-making - not just reporting.

As of early 2026, many jurisdictions are at different stages of consultation, alignment or implementation of the IFRS Sustainability Disclosure Standards (SDS) - including the UK and others across the Americas, Africa, Asia, the Middle East and Oceania. There is also a strong level of alignment between the ISSB Standards and the EU's CSRD/ESRS framework. They were designed to be interoperable, meaning that in many areas organisations can align with both without significant duplication of effort.

In adopting the IFRS standards, organizations need to consider how they can effectively integrate sustainability and climate risk into decision-making, capital allocation, governance and core business functions.

Yet many organisations are currently approaching IFRS S1- S2 in a way unlikely to unlock their full value - essentially limiting their use as a reporting exercise to be "mapped" and completed, rather than as a springboard for implementation across the organisation and for protecting and creating business value.

Where companies are struggling

In my discussions with organisations across sectors and jurisdictions, several recurring issues stand out:

- 1. Treating ISSB as an extension of TCFD, rather than a different standard with new expectations**
While IFRS S2 builds on TCFD, it goes further in a number of areas: for example, by introducing specific industry-based disclosure metrics and by requiring more granular, quantitative climate scenario analysis to future-proof strategy resilience. Simply restating existing TCFD disclosures will not be sufficient.
- 2. Governance and accountability gaps**
IFRS S1- S2 places clear emphasis on board oversight, management responsibility and internal controls. Many organisations still lack clarity and internal agreement on:
 - The ownership of sustainability internally
 - how sustainability decisions are reviewed and challenged
 - how sustainability information connects to financial reporting processes
- 3. Insufficient integration with other organizational functions such as finance and risk**
ISSB reporting cannot sit solely within sustainability teams. Where other key functions such as finance, risk and supply chain are not actively involved, disclosures tend to be generic and incomplete.
- 4. Over-confidence in data, under-confidence in judgement**
Many organisations focus heavily on data completeness while paying less attention to the quality of the underlying assumptions, scenarios and auditability - areas increasingly scrutinised by key stakeholders such as investors and auditors.

¹ International Sustainability Standards Board

A brief sector lens: different challenges, common themes

While ISSB applies across sectors, priorities differ in practice:

- **Financial services** need better and more granular data regarding their climate-related risks and scope 3 emissions from their lending portfolios in order to be able to develop and implement a robust and credible climate strategy and transition plan.
- **Energy, infrastructure and real assets** must demonstrate credible transition assumptions and long-term resilience. For example, they often have asset bases with material long-lived infrastructure assets that should have useful economic lives that run over several decades. In light of increasing transition and physical risks from climate change, they need to consider what the potential financial cost and accounting implications are for these assets and how they can reduce the risks.
- **Consumer-facing sectors** need to address climate-related risks and gaps in their emissions data from their value chains (e.g. scope 3). Since this data is outside these organisations' direct control they will need to work closely with a wide range of partners and leverage AI and other new technologies in order to improve understanding and data.

What organisations should be doing now (2026): 5 suggested priority actions

Based on current regulatory signals and market practice, we recommend focus on the following 5 priorities:

1. **Understand mandatory disclosure requirements** and likely future developments across your jurisdictions in terms of IFRS SDS and other connected ESG Standards/frameworks and their commonality and differences.
2. **Clarify governance, roles and accountability** for alignment with the IFRS SDS.
3. **Assess scenario analysis maturity** against regulatory, risk management and strategic needs
4. **Strengthen cross-functional integration** between sustainability and other key functions such as finance, and risk.
5. **Stress-test data and disclosures** for assurance readiness.

Organisations that approach ISSB solely as a compliance exercise may meet minimum requirements, but are unlikely to fully meet investor or other key stakeholder expectations over time or to create new business value.

Where RZB Advisory helps

RZB Advisory supports organisations in moving beyond surface-level ISSB alignment towards credible, decision-useful sustainability disclosure, including:

- ISSB readiness and targeted global alignment across jurisdictions and with other ESG standards such as ESRS.
- Governance and operating model design
- Scenario analysis and strategic integration, including challenge and interpretation of key assumptions.
- Linking sustainability risks and opportunities to financial and risk frameworks
- Advising boards and executive teams on judgement-heavy disclosures
- Preparing disclosures that stand up to regulatory and assurance scrutiny

Our focus is on helping organisations meet regulatory requirements in a pragmatic way that also protects and creates long-term business value.

This paper reflects emerging practice and regulatory direction as of February 2026. It is intended to support discussion rather than provide exhaustive technical guidance.

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