# How to connect financial and sustainability information

Blaise Colyvas CA(SA)
Director, W.consulting



INTEGRATED REPORTING COMMITTEE (IRC) OF SOUTH AFRICA

ANNUAL CONFERENCE

2026

#IRCConf26

# The question investors keep asking

- Stakeholders told the IASB that disclosures about uncertainties are sometimes insufficient or appear inconsistent with information outside the financial statements
- Disconnected reporting erodes trust, even when each part is compliant on its own
- Connectivity is not simply cross-referencing. It is describing the same business, visible through every part of the report



# The IFRS Foundation's connectivity architecture

## Purpose

- Comprehensive and coherent financial information for investors in general purpose financial reports
- Embedded in the IFRS Foundation Constitution

## Products

- Compatible, complementary IFRS Accounting and IFRS Sustainability Disclosure Standards, plus digital taxonomies
- Consistent language; no conflicts, gaps or unintended overlaps

## People

- Collaborative working between IASB and ISSB teams where appropriate
- Knowledge sharing, coordinated engagement and joint project work

# The connectivity toolkit

## IFRS S1 and IFRS S2

- Connected information, consistent data and assumptions, and current and anticipated financial effects

## Disclosures about Uncertainties in the Financial Statements

- Six IASB illustrative examples (November 2025)

## Connectivity webcast series

- Four IASB and ISSB staff episodes working through connected examples

## Integrated Reporting Framework and Integrated Thinking Principles

- Including the IR Framework to ISSB mapping tool

## Revised Practice Statement 1 Management Commentary

- IASB benchmark built on the IR Framework (June 2025)

## Materiality educational material

- Identifying sustainability-related risks and opportunities and material information (November 2024)

# Five principles that hold the two reports together

**1 Same reporting entity**

- Sustainability-related financial disclosures cover the same entity as the related financial statements

**2 Same users, aligned materiality**

- Primary users of general purpose financial reports; materiality defined consistently with the IASB

**3 Same timing**

- Reported at the same time as, and identified with, the related financial statements

**4 Consistent data and assumptions**

- Use assumptions consistent with the financial statements to the extent possible, and explain significant differences

**5 Explained financial effects**

- Current and anticipated effects on financial position, performance and cash flows

# Different lenses on the same business

| | Financial statements | Sustainability-related financial disclosures | Integrated report |
|---|---|---|---|
| **Core question** | What has happened, measured at the reporting date? | Which sustainability-related risks and opportunities could affect prospects? | How does the organisation create value over time? |
| **Time horizon** | Reporting date, with estimates that look forward | Short, medium and long term | Short, medium and long term |
| **Discipline** | Recognition and measurement criteria; material judgements and estimates | Governance, strategy, risk management, metrics and targets; anticipated effects | Guiding Principles and Content Elements, including connectivity of information |
| **Connection role** | Explains how risks are (or are not) reflected in amounts | Explains effects not yet recognised, and early signals | Links to, rather than repeats, the other two |

# Example: climate risk and asset recoverability

## Financial statements

- IAS 36 assumptions reflect climate-related risks, such as emissions costs and demand
- Disclose key assumptions and sensitivities where material

## Sustainability-related financial disclosures

- Describe the climate-related risk and its anticipated financial effects
- Assess the resilience of the strategy under scenarios

## Connection point

- The same assumptions used in both, or the differences explained
- A material risk with no visible effect needs an explanation



# Example: a commitment not yet in the numbers

The facts: in 20X0 an entity commits to cut gross Scope 1 and 2 emissions by 60% by 20X9 through new, energy-efficient equipment, and to offset the remainder with carbon credits from 20X9.

## Financial statements: 20X0

- No recognition or measurement effect in the period
- If material, disclose that the transition plan has no effect, and why

## Sustainability disclosures: 20X0

- Transition plan, targets and planned use of carbon credits
- Anticipated financial effects, such as capital expenditure and funding

## Later periods

- Capital spend recognised; useful lives and impairment of replaced plant revisited
- Narrative and numbers converge over time

# The IASB's six illustrative examples

Disclosures about Uncertainties in the Financial Statements (November 2025): accompanying guidance with no effective date, but changes are expected on a timely basis.

| Topic | Standard | Connectivity lesson |
|---|---|---|
| **Materiality judgements** | IAS 1 [IFRS 18] | Disclose information beyond specific requirements where needed, including why a plan has no effect |
| **Disaggregation** | IAS 1 [IFRS 18] | Split classes of assets with dissimilar exposure to a risk |
| **Assumptions: general** | IAS 1 [IAS 8] | Key assumptions and estimation uncertainty, even where resolution is beyond one year |
| **Assumptions: specific** | IAS 36 | Key value-in-use assumptions, such as future emissions allowance costs |
| **Credit risk** | IFRS 7 | Effect of climate-related risk on credit exposures and risk management |
| **Decommissioning and restoration** | IAS 37 | Information may be material regardless of the size of the provision |

# The integrated report: the narrative bridge

**Integrated Reporting Framework**

A concise communication about how strategy, governance, performance and prospects lead to value creation over the short, medium and long term.

## Connectivity of information

- A Guiding Principle: show how the factors that affect value creation relate to each other

## Mapped to the ISSB Standards

- IFRS Foundation tool maps ISSB core content to the IR Framework Content Elements

## Links, not repeats

- Signposts the financial statements and sustainability-related financial disclosures rather than duplicating them

## Backed by the IASB

- Revised Practice Statement 1 (June 2025) builds on the IR Framework

# Integrated thinking in practice

## 1 One risk register

- Sustainability risks and accounting judgements drawn from the same source

## 2 One assumption set

- Carbon prices, demand and growth rates owned once, used everywhere

## 3 Joint materiality

- Finance and sustainability apply the same materiality process together

## 4 Consistency review

- Narrative checked against the numbers before sign-off

## 5 Joint oversight

- Audit and sustainability committees review connection points together

# Five questions to ask of your next report

1. Can a reader find each material sustainability-related risk reflected, or explained as not reflected, in the financial statements?
2. Are the assumptions in our scenario analysis consistent with those in our impairment and going concern assessments?
3. Where a public commitment has no accounting effect, have we said so and explained why?
4. Have we worked through the IASB's six illustrative examples against our own fact pattern?
5. Does our integrated report connect the two, or simply repeat them?

**Connectivity is not a section of the report. It is the discipline that runs through it.**



# Thank You.

For general enquiries,
email us at: info@wconsulting.global

Visit us at wconsulting.global