
ISSB Meeting

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Project	Enhancing the SASB Standards
Topic	Project update: Enhancing the SASB Standards
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This paper has been prepared for discussion at a public meeting of the International Sustainability Standards Board (ISSB). This paper does not represent the views of the ISSB or any individual ISSB member. Any comments in the paper do not purport to set out what would be an acceptable or unacceptable application of IFRS[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Purpose

1. This paper provides the International Sustainability Standards Board (ISSB) with an update on the project to enhance the SASB Standards and provides the ISSB with a summary of the feedback received from stakeholders during recent engagements.
2. This paper does not seek any decisions from the ISSB.

Background

3. The ISSB is preparing exposure drafts of proposed amendments to a set of SASB Standards that the ISSB has prioritised as a part of its 2024-2026 work plan.¹ The objective is to enhance an initial set of SASB Standards to support the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*.

¹ The ISSB is enhancing the SASB Standards as proposed by the staff in Agenda Paper 6 for the ISSB's July 2024 meeting. For details, visit: <https://www.ifrs.org/content/dam/ifrs/meetings/2024/july/issb/ap6-sasb-enhancements.pdf>

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4. The ISSB will also consider proposing targeted amendments to other SASB Standards to maintain consistent measurement of common topics across industries, where relevant.
 5. The ISSB is using a phased approach to project execution, beginning with a first phase of 12 SASB Standards that the ISSB prioritised for enhancements in [July 2024](#):
 - (a) all eight SASB Standards in the Extractives & Minerals Processing sector;
 - (b) the *Electric Utilities & Power Generators* SASB Standard in the Infrastructure sector; and
 - (c) three SASB Standards in the Food & Beverage sector—subject to assessing whether the ISSB and its stakeholders have the capacity to do so (the ISSB noted that including these three industries in the initial phase of work would be ‘highly desirable’).
 6. The ISSB is also conducting additional research into which industries or topics should be prioritised in a second phase of work during the ISSB’s two-year work plan, including specific enhancements that could be made to the Sustainable Industry Classification System® (SICS®).
 7. In preparing exposure drafts of proposed amendments to the 12 priority SASB Standards, staff will focus on:
 - (a) the international applicability of industry groupings, including consideration of value chains in emerging markets and developing economies, and how the groupings might serve to support proportionality of the Standards;
 - (b) the international applicability of disclosure topics in those industry groupings;
 - (c) exploring opportunities to improve interoperability with other standards and frameworks, while ensuring continued focus on the needs of investors and with a particular emphasis on establishing a global baseline from which others can build if necessary;

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- (d) disclosure topics focused on biodiversity, ecosystems and ecosystem services (BEES) and human capital, in order to maximise efficiencies in executing SASB enhancements in conjunction with the ISSB's research projects on those topics; and
 - (e) opportunities to align the language and concepts in the SASB Standards with IFRS Standards, especially IFRS S1, and to consider the application of the SASB Standards in the context of the ISSB Standards.

Project activities

8. Since the ISSB's decision to prioritise 12 SASB Standards for enhancement at its July 2024 meeting, staff has been engaging with market participants and performing desk research.

Stakeholder engagement

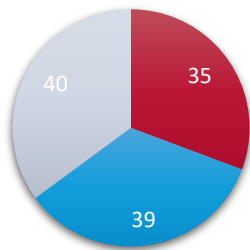
9. Staff has engaged through 'roundtable' group formats and bilaterally with a diverse group of stakeholders. Staff has used consultative bodies such as the Sustainability Standards Advisory Forum, ISSB Investor Advisory Group and Sustainability Reference Group as a starting point. Staff has also actively sought input from a broader universe of jurisdictions, preparers, users of general purpose financial reports (referred to in this paper as 'investors'), and various third-party service providers and experts.
10. In executing market outreach and engagement, the staff members working on SASB enhancements are collaborating with colleagues working on the ISSB's research projects on BEES and human capital. Collaboration includes joint participation in engagements and the sharing of notes, research material and written feedback. Many of the roundtable discussions have joint agendas covering both the research projects and enhancements to the SASB Standards. Stakeholder feedback often applies to both the research projects and SASB enhancements. For example, when discussing BEES-

related risks and opportunities, stakeholders frequently cite risks or opportunities specific to priority industries in illustrating their points or highlight industries with significant BEES-related impacts and dependencies and related effects on entity prospects (for example, land use in agriculture); conversely, engagements regarding enhancements to specific SASB Standards frequently surface information regarding BEES- and human capital-related risks and opportunities that is relevant to the research projects.

11. Staff also is engaging with other standard-setters to discuss aspects of interoperability and engaging with jurisdictions with an emphasis on international applicability.
12. As of 26 November 2024, shared outreach and engagement between the staff members focussed on SASB enhancements and the research projects on BEES and human capital has comprised of:
 - (a) 16 roundtable events, with participants consisting mostly of investors (including asset managers, asset owners and banks) including over 200 total participants; and
 - (b) 62 bilateral engagements, with participants consisting mostly of asset managers, asset owners, data providers and subject matter experts.
13. Staff has supplemented this shared outreach with sector-specific bilateral engagements with a more detailed focus on the ISSB's 12 priority SASB Standards. As of 26 November 2024, staff has conducted 114 additional sector-specific engagements, comprising a mix of preparers, investors and subject matter experts across a diverse range of geographies (see Figures 1a-1c). Staff continues to perform outreach to ensure that the perspectives of a broad range of jurisdictions are heard during these engagements, with a particular focus now on emerging markets and developing economies.

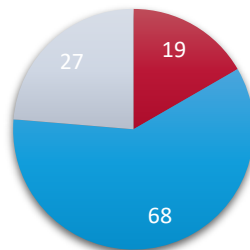
Figures 1a – 1c: sector-specific bilateral engagements

Figure 1a. Bilateral engagement by sector



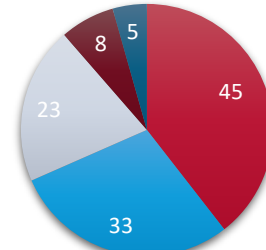
- Extractives & Mineral Processing
- Food & Beverage
- Electric Utilities & Power Generators

Figure 1b. Bilateral engagement by stakeholder type



- Investor
- Preparer
- Other experts

Figure 1c. Bilateral engagement by region



- North America
- Europe
- Asia & Oceania
- Latin America & Caribbean
- Africa & Middle East

14. Staff has also conducted 8 sector-specific roundtable events primarily focused on the Extractives & Minerals Processing sector with a mix of preparers, industry groups and investors, reaching over 80 individual participants. Between the research projects and sector-specific engagements, staff has heard feedback from over 400 participants since beginning outreach.

15. In engagements with stakeholders, staff has generally begun with a set of open-ended questions regarding potential enhancements to the priority SASB Standards. The questions are intended to obtain information about the international applicability (and relevance) of the SASB Standards and to understand the decision-usefulness of information provided to investors and cost-effectiveness of disclosures for preparers. The high-level questions that staff has been posing to stakeholders regarding the priority SASB Standards are:
 - (a) Does the **industry description** in the Standard accurately reflect the business model and activities of a typical entity in this industry in your jurisdiction?

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- (b) Do the **disclosure topics** accurately describe the sustainability-related risks and opportunities that are likely to affect an entity's prospects in this industry?
 - (c) Do the **metrics** provide investors with decision-useful information regarding sustainability-related risks and opportunities? Are any of the metrics inapplicable or difficult to apply in your jurisdiction?
16. Staff has used the answers to these questions to identify common themes and begin to establish a list of enhancements that are of the greatest importance to stakeholders. For each of these potential enhancements, staff has been developing specific follow-up questions to help deepen our understanding of what requires enhancement. Staff has summarised some of these potential enhancements that stakeholders have raised in Paragraphs 19-48.

Desk research

17. In addition to stakeholder engagement, staff has conducted desk research to identify opportunities to enhance the SASB Standards. Sources of input into staff's analysis include:
- (a) feedback received during previous consultations, including:
 - (i) feedback delivered to the ISSB during its consultations on its agenda priorities, the International Applicability of the SASB Standards project, and the exposure draft for IFRS S2;
 - (ii) feedback delivered to the SASB Standards Board during previous consultations dating back to the original development and codification of the SASB Standards; and
 - (iii) feedback logged by the technical staff since the codification of the SASB Standards;
 - (b) existing standards and frameworks, including those of the Global Reporting Initiative (GRI), the European Sustainability Reporting Standards (ESRS), the Taskforce on Nature-related Financial Disclosures (TNFD), CDP, the sector-

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- specific guidance developed by the Transition Plan Taskforce, and various industry-led reporting and disclosure initiatives;
- (c) analysis of disclosures – both by preparers that are applying the SASB Standards and those that are not – and other preparer communications;
 - (d) varied external research and resources, including news articles, academic studies, financial and ESG research platforms, and investor-oriented research; and
 - (e) International Accounting Standards Board materials, such as its issued Standards and its Conceptual Framework.
18. Staff is conducting desk research both to formulate hypotheses for how the SASB Standards could be enhanced and to better understand potential enhancements that stakeholders identify.

Stakeholder feedback regarding potential enhancements

19. In this section of the paper, staff provides examples of feedback regarding the SASB Standards that staff collected during recent engagements. This is not a comprehensive or definitive list of enhancements that staff intends to pursue. Rather, the examples provided are intended to give the ISSB a general sense of the results of the technical staff's engagements to-date.
20. Staff notes that most stakeholders were providing feedback regarding the 12 priority SASB Standards on a 'standalone' basis—that is, without consideration of the broader context of the SASB Standards primarily serving as a source of guidance for meeting the requirements in IFRS S1 and IFRS S2. When considering potential amendments to the SASB Standards, staff will consider the circumstances in which application of IFRS S1 or IFRS S2 would address stakeholder feedback.
21. This section of the paper is separated into two sub-sections:
- (a) general feedback; and

- (b) feedback specific to each of the three priority sectors.
22. Staff notes that much of the content in the general feedback section – such as the feedback regarding water-related topics and metrics – applies to most, if not all of the priority SASB Standards.
23. Staff also encourages the ISSB to consider the feedback highlighted here in the broader context of the volume of content in the 12 priority SASB Standards: these Standards currently contain 106 disclosure topics and 231 metrics in aggregate.

General feedback

24. *Fragmentation and interoperability*: many stakeholders – including almost all preparers – have voiced concern about the fragmentation of the disclosure landscape, the high cost of preparing disclosures and the resources they must devote to reporting using numerous sustainability-related standards, frameworks and questionnaires. Almost all preparers with operations in the European Union are primarily focused on the Corporate Sustainability Reporting Directive requirements, and many stakeholders welcomed the ISSB’s focus on interoperability. Many preparers emphasised that the relatively simple and targeted approach of the SASB Standards fits their communication needs related to disclosure of sustainability-related financial information to investors. Some stakeholders noted that relational mappings provided post-issuance are only a partial solution.
25. *Applicability of industry groupings and disclosure topics*: stakeholders have generally expressed favourable views regarding the content in the 12 priority SASB Standards, particularly the industry descriptions and disclosure topics. That is, most preparers and investors that reviewed the priority SASB Standards overall have indicated that they believe:
- (a) the industry groupings as described in the industry descriptions and as represented in SICs[®] accurately reflect the business activities of typical entities in their jurisdiction (with the exceptions noted in paragraphs 41 and 47

relating to aquaculture and business activities in the Electric Utilities & Power Generators industry, respectively); and

- (b) the disclosure topics in the SASB Standards help entities identify sustainability-related risks and opportunities that are applicable to their business activities. As discussed in greater detail below, stakeholders have suggested that the ISSB consider adding some new disclosure topics to some of the priority SASB Standards and consider removing others.

26. *Prescriptive approach to metrics:* some stakeholders have suggested that the ISSB revisit the approach to the metrics in the SASB Standards. Specifically, these stakeholders have noted that the metrics are often prescriptive in approach, with a focus on quantitative information with a high degree of specificity in the underlying technical protocols. These stakeholders said that this approach may inherently limit metric applicability given the broad variety of jurisdictional regulatory environments and other market dynamics.
27. These stakeholders encouraged the ISSB to consider moving SASB metrics towards a less prescriptive or so-called more principles-based approach that more directly incorporates the core content of IFRS S1 (governance, strategy, risk management and metrics and targets). Such an approach would enable investors to have a holistic picture of how preparers are managing sustainability-related risks and opportunities, particularly for risks and opportunities where relatively lower consensus exists regarding the most decision-useful quantitative disclosures. For example, some investors indicated that for any given sustainability-related risk or opportunity, they would be interested in understanding how an entity's resource allocation (such as capital expenditure) is changing to respond to that risk or opportunity, and whether the entity has set any related targets.
28. More generally, many stakeholders supported the general focus on and importance of quantitative information, but expressed that capturing performance on sustainability topics through a handful of quantitative indicators can be difficult – and that it is even

more challenging to identify indicators that are applicable to most or all jurisdictions and business models within an industry.

29. *BEES-related risks and opportunities*: stakeholders have suggested various enhancements to BEES-related disclosure topics and metrics in the SASB Standards, particularly in the Food & Beverage sector. While much of the feedback is industry-specific, feedback on some topics, such as water management, land use change and adaptation to climate change, could apply to both the quantitative and qualitative metrics that appear in many SASB Standards. Feedback related to the quantitative water management metrics includes recommendations to:
- (a) refine or replace much of the quantitative data, including that related to water discharges; and
 - (b) explore further the potential benefits of asset- or location-specific information as it relates to water-related risks and opportunities.
30. *Human capital-related risks and opportunities*: many stakeholders have indicated that human capital-related topics are not sufficiently represented in the SASB Standards. A few stakeholders provided suggestions on new disclosure topics that should be added to specific industry Standards based on idiosyncratic industry-specific characteristics. For example, a few stakeholders stated that a Labour Practices disclosure topic should be added to the *Iron & Steel* SASB Standard based on conditions specific to that industry. Many stakeholders commenting on the Food & Beverage and Extractives & Minerals Processing sectors discussed the unique challenges with assessing labour conditions in an entity's value chain based on specific activities or commodities (like agricultural production or mineral ore sourcing).
31. However, many stakeholders identified human capital-related topics they believed were relevant based on dynamics that would likely apply to many or all industries. For example, some stakeholders expressed that workforce engagement and wellbeing were important based on the need to attract and retain skilled workers, a logic that could apply to many industries. Overall, this rationale that both investors and preparers provided implied that many human capital-related risks and opportunities

could apply to many entities with widely varying types of business models or activities.

32. Stakeholders also provided specific input regarding enhancements to the current human capital metrics in the SASB Standards, including those related to workforce health and safety.

Feedback relevant to the Extractives & Minerals Processing sector

33. *Methane emissions management*: many stakeholders – particularly investors – have expressed a desire for more information regarding how entities in the oil and gas value chain are managing methane emissions. Stakeholders have suggested new metrics and revisions to existing metrics in the disclosure topics regarding greenhouse gas (GHG) emissions.²
34. *Carbon dioxide removal and emissions reduction*: many stakeholders have expressed interest in understanding how preparers are pursuing commercial opportunities related to carbon capture and storage (CCS) in the oil and gas industry context. Suggestions have included:
- (a) quantitative information, such as the quantity of storage capacity that an entity has developed, how much is being used to offset GHG emissions or sold as a service to third parties and the magnitude of related investments being made; and
 - (b) qualitative information regarding how CCS operations and investment relate to any targets an entity has set or is required to meet by law.
35. *Mineral reserves-related metrics*: some of the disclosure topics in the Extractives & Minerals Processing sector contain quantitative metrics which rely on mineral reserves to serve as a proxy for measuring risk exposures. For example, metric EM-

² The *Oil & Gas – Exploration & Production* and *Oil & Gas – Midstream* SASB Standards both require disclosure of the percentage of an entity's Scope 1 GHG emissions from methane emissions, measured in metric tonnes of carbon dioxide equivalents.

MM-160a.3 *Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat* and metric EM-EP-210a.1 *Percentage of (1) proved and (2) probable reserves in or near areas of conflict* use geographic estimates of developed and undeveloped mineral reserves to measure risk exposures related to biodiversity and human rights, respectively. A few stakeholders have noted that annual mineral reserves assessments can vary significantly from year to year, which can introduce significant variance in the related quantitative data that is unreflective of actual changes in an entity's operational risk exposure.

36. *Site decommissioning*: some stakeholders noted that the SASB Standards for oil and gas, coal and mining activities contain few metrics which capture entities' management of liabilities associated with site closure, decommissioning, remediation and monitoring.
37. *Greater consistency between industries in the same value chain*: a few stakeholders have noted that different SASB Standards in the Extractives & Minerals Processing sector contain small differences between topics and metrics for similar risks and opportunities or involving substantively the same or similar activities in the same commercial value chain.³ These stakeholders suggested that the ISSB consider improving uniformity between these SASB Standards topic descriptions and metrics to simplify and reduce the reporting burden for vertically integrated entities which apply more than one SASB Standard.

Feedback relevant to the Food & Beverage sector

38. *Supply chain management and resilience*: many stakeholders have stated that the existing disclosure topics regarding supply chain management in the three prioritised SASB Standards in the Food & Beverage sector could be enhanced to more

³ For example, the *Oil & Gas – Services* SASB Standard (EM-SV) contains disclosure topics that identify substantially the same sustainability-related risks and opportunities found in other oil and gas value chain industries, but the EM-SV disclosure topics are labelled slightly differently, which both investors and preparers have noted as being confusing.

specifically capture the sustainability-related risks and opportunities that arise from the environmental and social impacts and dependencies of entities' suppliers (i.e. to better reflect risks in the value chain). Environmental sub-topics mentioned by stakeholders include water management, deforestation, chemicals management (pesticides and fertilizers), efforts to introduce regenerative agriculture and precision agriculture practices, and traceability. Social sub-topics mentioned include human rights, working conditions, supplier audits, and traceability. Investors frequently pointed to issues of long-term resilience and climate adaptation, such as the loss of land suitable for coffee or cocoa production. Stakeholders frequently cited co-management strategies between companies and their suppliers as a key management strategy.

39. *Health and nutrition:* most investors expressed a desire for more information (beyond what is currently in the *Processed Foods* SASB Standard) about the health and nutrition of an entity's product portfolio, as well as the entity's strategy for addressing the related risks and opportunities.
40. *Product innovation:* some stakeholders – especially investors – expressed a desire for more information regarding entities' strategy for developing and acquiring more environmentally friendly products, particularly in the *Processed Foods* industry.⁴ Some stakeholders suggested that the concept of product innovation should also include products with improved nutrition, performance (such as increased protein) or value attributes.
41. *Fishing and aquaculture:* many stakeholders with broad expertise in the Food & Beverage sector noted that the SASB Standards do not account for risks and opportunities related to fishing and aquaculture. These stakeholders pointed to aquaculture specifically as an industry with large, listed companies in regions like

⁴ Staff notes that this topic was the subject of a standard-setting project led by the SASB Standards Board at the time of the consolidation of the Value Reporting Foundation into the IFRS Foundation in 2022, when the ISSB took responsibility for the SASB Standards. Prior to the consolidation, the SASB Standards Board issued [recommended changes](#) to the *Meat, Poultry & Dairy* and *Processed Foods* SASB Standards in connection with the project. The recommended changes reflected amendments to the SASB Standards that the SASB Standards Board would have exposed for public comment if it had sufficient time.

East Asia. A few stakeholders, including two in the aquaculture industry, suggested additional topics and metrics that could be added to the *Meat, Poultry & Dairy* SASB Standard to address risks and opportunities in aquaculture. However, other stakeholders stated that they believed these business activities should be covered in a separate SICs® industry with its own accompanying SASB Standard.

42. *GMO management*: many stakeholders, including almost all of the investors who discussed the subject, stated that metrics in the Processed Foods and Agricultural Products industries related to entities' management of genetically modified organisms (GMOs) may capture risks that are unique to the European and U.S. markets and which have evolved since the SASB Standards were issued in 2018. Most of these stakeholders suggested that the topic should be considered for removal in the Processed Foods industry and reframed or removed in the Agricultural Products industry.
43. *Animal care and welfare*: stakeholders had mixed views on the Animal Care & Welfare disclosure topic in the *Meat, Poultry & Dairy* SASB Standard, with some investors stating that the disclosure topic was unlikely to help entities provide material information. Almost all stakeholders who commented on this topic noted that its importance to consumers and coverage by regulation varied dramatically by jurisdiction. Stakeholders who supported keeping this disclosure topic generally stated that the metrics should be updated.
44. *Various improvements to metrics*: while generally supportive of the existing framing of disclosure topics, stakeholders have identified various metrics in the priority Food & Beverage industries which could be enhanced, including metrics related to food safety, packaging lifecycle management, product labelling and marketing, and antibiotic use in animal production. In many cases, stakeholders expressed that the metrics do not fully capture risks and opportunities related to the topics—for example, by being overly backwards-looking or not reflecting the key strategies or actions employed by entities to address them.

Feedback relevant to the Electric Utilities & Power Generators industry

45. *Climate-related physical risks*: many stakeholders – particularly investors – expressed interest in additional metrics regarding industry-specific climate-related physical risks, including asset- and location-specific information, and information that is more forward-looking in nature than the current metrics in the Grid Resiliency disclosure topic.
46. *Climate-related transition risks and strategy*: some stakeholders including investors expressed interest in more information regarding industry-specific climate-related transition risks and strategy, including how entities are deploying capital to achieve emissions reduction plans while maintaining affordability and reliability.
47. *Additional clarity regarding relevance of disclosure topics*: some stakeholders – mostly preparers – expressed a desire for additional clarity regarding which disclosure topics apply to which segments of the Electric Utilities & Power Generators industry. For example, some disclosure topics, such as Coal Ash Management, are more likely to primarily apply to entities that generate electricity. These stakeholders stated that additional clarity from the ISSB regarding whether disclosure topics apply primarily to specific business activities underneath the broader industry as described according to SICs® would facilitate more cost-effective application of the Standard.
48. *New disclosure topics*: some stakeholders suggested that additional disclosure topics in this SASB Standard would facilitate disclosure of material information to investors. Suggested new disclosure topics included:
 - (a) human capital, including information regarding worker retention, development of a diverse, highly-skilled workforce and just transition;
 - (b) management of the legal and regulatory environment; and
 - (c) ecological impacts – primarily focussed on how new infrastructure development could be impacted by land use considerations.

Next Steps

49. Staff continues to conduct desk research and outreach. As staff learns more from stakeholders, we have begun to develop potential hypotheses for specific enhancements that could be proposed in exposure drafts and developed more targeted questions to ask stakeholders. The staff members working on SASB enhancements will continue to collaborate with colleagues working on the BEES and human capital research projects to ensure knowledge sharing and internal alignment. Staff will also continue to engage with colleagues at other standard-setters to consider aspects of interoperability.
50. The staff will work with the ISSB's SASB Standards Board Advisors to develop an exposure draft of proposed amendments to the priority SASB Standards, which will then be subject to ratification by the ISSB.⁵ Staff continues to target the issuance of exposure drafts in the first half of 2025.

Questions for the ISSB

51. The staff presents the following questions for the ISSB.

Questions for the ISSB

1. Does the ISSB have any comments or clarifying questions on the matters discussed in this paper?
2. Does the ISSB have any suggestions for the staff as it continues engagements and considers proposed amendments to the SASB Standards?

⁵ As noted in [previous staff papers](#), the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC) has approved a process for amending the SASB Standards whereby a group of three to five ISSB members (the SASB Standards Board Advisors) develops exposure drafts of proposed amendments to the SASB Standards. The full ISSB considers the SASB Standards Board Advisors' recommendations regarding proposed amendments and discusses them in public prior to ratifying and issuing exposure drafts. The October 2022 DPOC meeting summary is available at: <https://www.ifrs.org/content/dam/ifrs/meetings/2022/october/dpoc/trustees-meeting-summary-with-dpoc.pdf>