
Sustainability Standards Advisory Forum meeting

Date **June 2024**

Topic **Enhancements to the SASB Standards**

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Purpose of this session

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To provide SSAF members with an update from the ISSB technical staff regarding future enhancements to the SASB Standards

Question for SSAF members

Do SSAF members have any feedback on staff's latest thinking regarding SASB Standards enhancements?

ISSB decision to prioritise SASB enhancements

- At its March 2022 meeting regarding its strategic balance of activities, the ISSB decided to prioritise **enhancing the SASB Standards** as part of its next two-year work plan
- Staff notes **significant overlap** with other agenda priorities:
 - Supporting implementation of IFRS S1 and IFRS S2
 - New research projects on biodiversity, ecosystems and ecosystem services (BEES) and human capital will involve industry-specific research

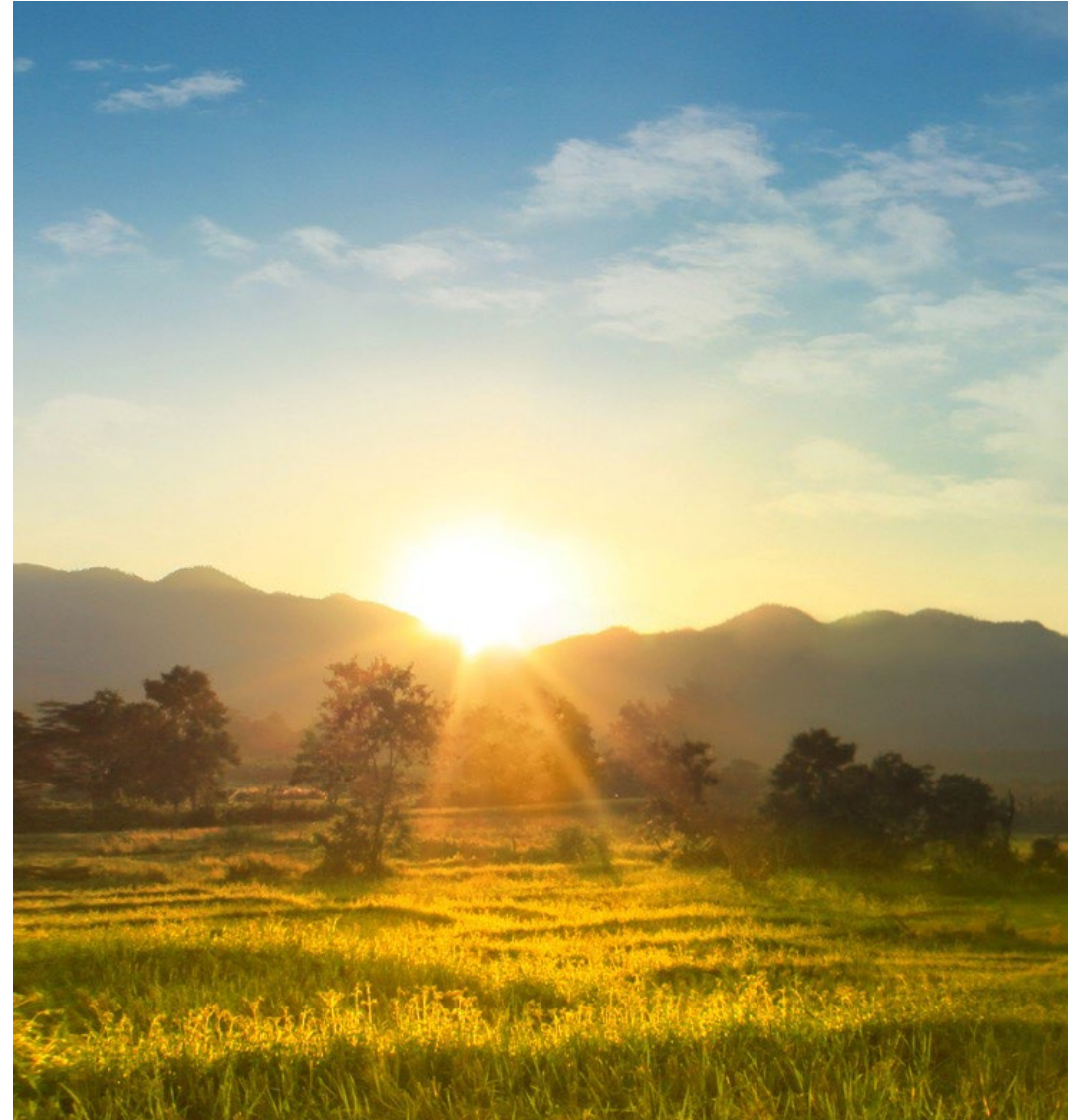
May ISSB session on SICS

- The ISSB decided to **continue with current sustainability-related approach to industry groupings** (as represented by SICS)
- ISSB will also **evaluate opportunities to enhance SICS**, which could include:
 - Aggregation/disaggregation of industries
 - Consulting on international applicability of groupings
 - Facilitating application of SASB Standards by entities w complex or diverse business activities



June ISSB session

- Staff is soliciting ISSB input on how to prioritise SASB Standards enhancements
 - Not a decision-making session
- Staff suggests using same criteria as used by the ISSB in assessing new projects to add to its work plan and provided initial views on how to approach prioritisation
- Staff believe the ISSB should approach SASB enhancements with the overall objective of **supporting the high-quality implementation of IFRS S1 and IFRS S2 in a timely manner**



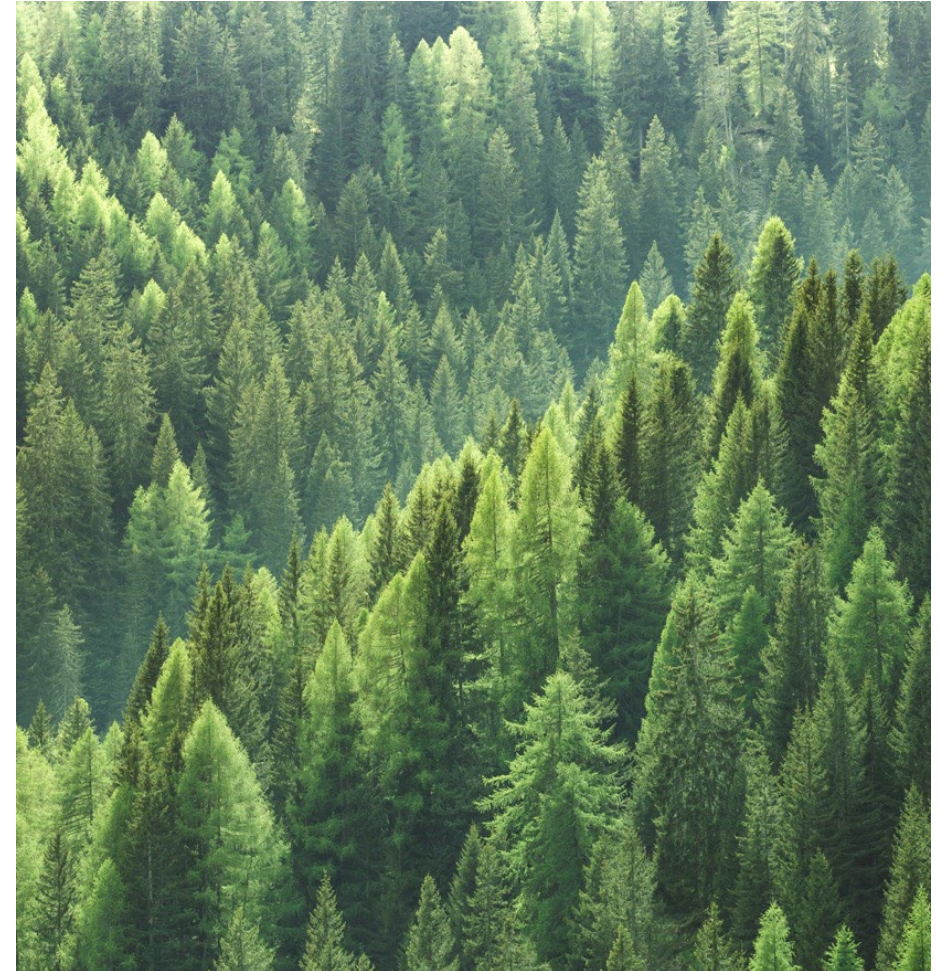
Initial staff view: emphasising criteria

- The opportunity set for SASB enhancements is **broad and complex**
- Staff believes that to most effectively meet the objective of high-quality implementation of IFRS S1 and S2 in a timely manner, the ISSB should emphasise:
 - **critterion 1**: the importance of the matter to investors
 - **critterion 3**: the types of companies that the matter is likely to affect, including whether the matter is more prevalent in some industries and jurisdictions than others;
 - **critterion 5**: the potential project's interaction with other projects in the work plan and its interaction with the work of other relevant standard-setters; and
 - **critterion 6**: the complexity and feasibility of the potential project and its solutions

Initial staff view: project approach

Emphasising these criteria could result in a project approach of...

- Prioritising industries that overlap with those prioritised by other standard-setters
 - Approach could involve starting with consulting on industry groupings + disclosure topics (int'l applicability focus)
 - Emphasise BEES/human capital
- Supplement this group of industries with other high-value projects with high likelihood of feasible solutions (investor need / strongest feedback)



Mapping sector work

Stage of standard:

- Final standard
- Exposure draft approval stage
- Exposure draft development
- Early research

EFRAF sector standards	GRI sector standards	Relevant SASB industries*	SASB sector
Oil and Gas	Oil and Gas	Oil & Gas – Exploration & Production Oil & Gas – Midstream Oil & Gas – Refining & Marketing Oil & Gas – Services	Extractives & Mineral Processing
Coal, Quarries and Mining	Coal Mining	Coal Operations Metals & Mining	
Road Transport		Road Transportation Car Rentals & Leasing	Transportation
Motor Vehicles		Automobiles Auto Parts	
Textiles, Accessories, Footwear and Jewellery	Textiles and Apparel	Apparel, Accessories & Footwear	Consumer Goods
Energy Production and Utilities		Electric Utilities & Power Generators Gas Utilities & Distributors Solar Technology & Project Developers Wind Technology & Project Developers	Infrastructure Renewable Resources & Alternative Energy
Agriculture, Farming and Fisheries	Agriculture, Aquaculture and Fishing	Agricultural Products Meat, Poultry & Dairy Tobacco (partly)	Food & Beverage
Food and Beverages		Alcoholic Beverages Non-alcoholic Beverages Processed Foods Food Retailers & Distributors	
Capital Markets	Financial Services	Asset Management & Custody Activities Investment Banking & Brokerage Securities & Commodities Exchanges	Financials
Credit Institutions		Commercial Banks Consumer Finance Mortgage Finance	
Insurance		Insurance Managed Care	Healthcare

*The SASB industries listed are those relevant to the sector standards work of EFRAG and GRI, and not necessarily the industries the ISSB will select to prioritize for enhancements

Discussion



What are the SSAF members' reactions to staff's most recent thinking regarding SASB enhancements?

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