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## ISSB Meeting

Date	<b>March 2025</b>
Project	<b>Enhancing the SASB Standards</b>
Topic	<b>Update on project activities and approach</b>
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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<sup>®</sup> Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

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## Purpose

1. This paper provides an update on the project to enhance the SASB Standards, including discussions between staff and the SASB Board Advisers<sup>1</sup> of the International Sustainability Standards Board (ISSB) on the approach to developing proposed amendments.
2. The purpose of this paper is to elicit feedback from the ISSB on the approach to developing proposed amendments. The staff is not seeking any decisions from the ISSB.

## Structure of paper

3. The paper is structured as follows:
  - (a) Background;
    - (i) Objective of the project;
    - (ii) Due process for amending the SASB Standards;

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<sup>1</sup> See paragraphs 8-11 for more information on the process used to maintain and enhance the SASB Standards.

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- (b) Project status and timeline;
  - (c) Project approach:
    - (i) Focus on supporting implementation of IFRS S1 and IFRS S2;
    - (ii) Consult on description of the SASB Standards;
    - (iii) Consult on amending the Industry-based Guidance on Implementing IFRS S2;
    - (iv) Connections to the ISSB's research projects;
    - (v) Approach to interoperability; and
  - (d) Next steps.

## Background

4. Work is underway on exposure drafts of proposed amendments to a set of 12 SASB Standards. As outlined in [Agenda Paper 6 for the July 2024 ISSB meeting](#), the ISSB has prioritised these as part of an initial phase of enhancements to the SASB Standards in its 2024-2026 work plan. The ISSB will also consider proposing targeted amendments to other SASB Standards to maintain consistent measurement of common topics across industries, where relevant. The ISSB is 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 enhancements that could be made to the Sustainable Industry Classification System® (SICS).<sup>2</sup>
5. In the July 2024 ISSB meeting, as part of its decision to enhance an initial set of SASB Standards, the ISSB discussed the recommendation that enhancing the SASB Standards include a particular focus on international applicability of industry groupings and disclosure topics, interoperability, connection with the ISSB's research

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<sup>2</sup> See Agenda Papers [6A](#) and [6B](#) from the ISSB's May 2024 meeting for more information regarding SICS and analysis of how industry classification systems relate to the ISSB's standard-setting. As described in the [May 2024 ISSB Update](#), at that meeting the ISSB decided (a) to 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 SICS, for the ISSB's next two-year work plan and (b) to consider enhancing the industry groupings when it enhances the SASB Standards.

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projects on biodiversity, ecosystems and ecosystem services (BEES) and human capital and opportunities to align the language and concepts in the SASB Standards with IFRS Standards.<sup>3</sup>

### **Objective of the SASB enhancements project**

6. The objective of the project is to enhance the SASB Standards in a timely manner to support the high-quality implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. IFRS S1 references the SASB Standards as a source of guidance that an entity is required to refer to and consider when identifying sustainability-related risks and opportunities and determining the information to disclose about those risks and opportunities.<sup>4</sup> The *Industry-based Guidance on Implementing IFRS S2* (S2 industry-based guidance) was derived from the SASB Standards and is similarly referred to as a source of guidance that an entity is required to refer to and consider when applying IFRS S2.<sup>5</sup>
7. The objective of the project to enhance the SASB Standards can be supported by ensuring that the SASB Standards are internationally applicable and proportionate, building on the targeted [enhancements made in 2023](#), and informed by engagement with IFRS Foundation stakeholders through the consultation process described below.

### **Due process for amending the SASB Standards**

8. The ISSB is responsible for amendments to the SASB Standards. This is an important role not least because of how the SASB Standards support the application of IFRS Sustainability Disclosure Standards. Proposed amendments to the SASB Standards are subject to the IFRS Foundation due process. Thus, they will be exposed for public

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<sup>3</sup> See paragraphs 18 (a)-(e) of [Agenda Paper 6, Enhancing the SASB Standards](#) (July 2024).

<sup>4</sup> In February 2024, the ISSB issued the educational material [Using the SASB Standards to meet the requirements in IFRS S1](#), which provides additional detail regarding how the SASB Standards can be used by preparers implementing IFRS S1.

<sup>5</sup> The climate-related content in the SASB Standards is identical to the S2 industry-based guidance, but also includes the topic of financed emissions (which is included in the application guidance in Appendix B to IFRS S2).

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comment by the ISSB through publication of an exposure draft, with the content of the exposure draft and the required comment period being the same as that which applies to amendments to IFRS Sustainability Disclosure Standards following the IFRS Foundation due process. For example, the exposure draft will reflect the proposed amendments to the SASB Standards and will include a Basis for Conclusions. Consistent with the process applicable to IFRS Sustainability Disclosure Standards, all comment letters and responses on proposed amendments will be posted on the IFRS Foundation's website.

9. The ISSB is assisted in its work by a group of five ISSB members (the SASB Standards Board Advisers). The SASB Standards Board Advisers develop drafts of the proposed amendments and amendments to the SASB Standards for ratification by the ISSB.<sup>6</sup>
10. Ratification requires a supermajority of the ISSB, the same amount of support required for an amendment to an IFRS Sustainability Disclosure Standard. The ISSB ratifies proposed amendments and amendments to the SASB Standards in public meetings and is responsible for publishing exposure drafts of, and final amendments to, the SASB Standards. The only difference from a consultation on IFRS Sustainability Disclosure Standards is the role of the SASB Standards Board Advisers. The ISSB still determines (and thus controls) whether an exposure draft can be published, there is no variation in the required content of any resulting exposure draft and perhaps most importantly, the opportunity provided to stakeholders to comment on the document is identical to other exposure drafts published by the ISSB or IASB.<sup>7</sup>
11. The Due Process Oversight Committee of the Trustees of the IFRS Foundation approved this process to reflect the SASB Standards' unique role in IFRS

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<sup>6</sup> As noted in prior board papers, the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC) approved this process in October 2022. 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>

<sup>7</sup> The IFRS Foundation has proposed updates to the Due Process Handbook to reflect and further clarify this process in its [exposure draft of proposed amendments to the IFRS Foundation Due Process Handbook](#).

Sustainability Disclosure Standards and accompanying materials. In particular, this reflects the fact that unlike IFRS Accounting Standards and IFRS Sustainability Disclosure Standards entities are not *required* to apply the SASB Standards—they must only ‘refer to and consider’ them—thus they are in nature similar to illustrative examples or other such non-mandatory materials. An entity need not apply the SASB Standards in order to assert compliance with IFRS Sustainability Disclosure Standards.<sup>8</sup>

## Project status and timeline

12. Since project launch in July 2024, we have been engaging with a diverse group of stakeholders and conducting desk research. The ISSB discussed preliminary feedback from these engagements at the [its December 2024 meeting](#). Since then, we have continued engaging with stakeholders – with an emphasis on stakeholders in emerging markets and developing economies<sup>9</sup> – and begun work to prepare for exposure drafts in consultation with the SASB Standards Board Advisers.
13. Based on the results of our engagement and desk research, we anticipate a public meeting of the ISSB at the end of Q2 2025 to ratify exposure drafts for the following nine SASB Standards out of the initial set of 12 priority SASB Standards:
  - (a) All eight SASB Standards in the Extractives sector, comprising:
    - (i) the *Coal Operations* SASB Standard;
    - (ii) the *Construction Materials* SASB Standard;
    - (iii) the *Iron & Steel Producers* SASB Standard;
    - (iv) the *Metals & Mining* SASB Standard;

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<sup>8</sup> For example, paragraph 55 (a) of IFRS S1 states that in using SASB Standards as a source of guidance in identifying sustainability-related risks and opportunities an entity might conclude that the disclosure topics in the SASB Standards are not applicable in the entity’s circumstances.

<sup>9</sup> This is to address relatively lower representation from some of these jurisdictions in our initial engagements as well as to better understand different perspectives on value chains in different geographies. Continuing with broad stakeholder engagement with stakeholders in different jurisdictions, including during the public comment period for the exposure drafts, will be important in order to ensure the international applicability of the SASB Standards.

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- (v) the *Oil & Gas – Exploration & Production* SASB Standard;
  - (vi) the *Oil & Gas – Midstream* SASB Standard;
  - (vii) the *Oil & Gas – Refining & Marketing* SASB Standard;
  - (viii) the *Oil & Gas – Services* SASB Standard; and
- (b) the *Processed Foods* SASB Standard.
14. We anticipate a public meeting of the ISSB to ratify exposure drafts for the three remaining priority SASB Standards in Q4 2025:
- (a) the *Electric Utilities & Power Generators* SASB Standard;
  - (b) the *Agricultural Products* SASB Standard; and
  - (c) the *Meat, Poultry & Dairy* SASB Standard
15. The staff believes that publishing these three exposure drafts later in 2025 is necessary in order to obtain additional input, especially from stakeholders in emerging markets and developing economies, regarding these industries’ structure as classified by SICs. Any structural changes to these industry Standards would be time-intensive, and the staff believes more discussion with stakeholders is necessary before determining the proposed industry structure and related amendments to disclosure topics and metrics in the SASB Standards.
16. Consistent with the phased approach to the project that the ISSB approved in July 2024, the staff anticipates approaching the ISSB with recommendations for another phase of SASB enhancements in Q3 2025. This could take the form of another set of industry Standards, a topic that applies to multiple industries or both.
17. Appendix A provides an updated project timeline that reflects these details. Please note that these dates are estimates and subject to change.

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## Project approach

18. In this section of the paper, we detail an approach to the project that the SASB Standards Board Advisers have discussed to prepare for exposure drafts. This approach is based on stakeholder engagement, desk research and previous discussions of the ISSB. The staff is seeking feedback from ISSB members on this approach.

### ***Focus on supporting implementation of IFRS S1 and IFRS S2***

19. The ISSB has prioritised enhancing the SASB Standards as part of its 2024 – 2026 work plan with the objective of supporting the high-quality implementation of IFRS S1 and IFRS S2 in a timely manner. Based on this objective and feedback from ISSB members at its December 2024 meeting, the staff believes there are two main design-related implications for the exposure drafts of amendments to the SASB Standards (each explained in greater detail below):
- (a) the ISSB should draft amendments assuming that preparers are applying IFRS S1 and IFRS S2;
    - (i) as a result, the ISSB should *not* emphasise amendments to the SASB Standards that would make them more ‘complete’ on a standalone basis (that is, for the benefit of preparers that are not applying IFRS S1 and IFRS S2);
  - (b) the ISSB should develop additional guidance for how to use the SASB Standards when applying IFRS S1 and IFRS S2.

### ***Draft amendments assuming that preparers are applying IFRS S1 and IFRS S2***

20. At its December 2024 meeting on the SASB enhancements project, the ISSB discussed feedback from some stakeholders who expressed interest in the SASB Standards being amended to be more ‘complete’ in their presentation of disclosure requirements, for example, more directly incorporating the core content of IFRS S1 to

provide a holistic picture of how preparers are managing sustainability-related risks and opportunities.<sup>10</sup> Further, some stakeholders had commented on the prescriptive nature of the metrics in the SASB Standards, noting the focus in the SASB Standards on quantitative information with a high degree of specificity in the underlying technical protocols. These stakeholders expressed interest in the SASB Standards being amended to be less prescriptive in nature to accommodate a variety of circumstances, including the variety of jurisdictional regulatory environments.<sup>11</sup>

21. In Agenda Paper 6 for the December 2024 meeting, we noted 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 serving as a source of guidance for applying IFRS S1 and IFRS S2.<sup>12</sup> The ISSB members that commented on this feedback indicated a desire to maintain the current targeted approach of the SASB Standards, while relying on IFRS S1 to provide more overarching ‘principles-based’ requirements. For example, some ISSB members questioned the value of adding IFRS S1 core content verbatim into all of the disclosure topics and associated metrics in the SASB Standards to make them more complete on a standalone basis. Some ISSB members also commented on the usefulness of the specificity of the metrics in the SASB Standards, for example, in providing investors with comparable information and enabling proportionality for preparers.
22. When deciding on proposed amendments the staff believe that the ISSB needs to work on a single version of the SASB Standards and thus undertake this work either on the assumption that the SASB Standards are applied on a standalone basis (without the ISSB Standards) or that they are applied in the context of the ISSB Standards. Based on the feedback from the ISSB, discussions with the SASB Standards Board Advisers

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<sup>10</sup> The ‘core content’ in IFRS S1 consists of disclosure requirements on governance, strategy, risk management and metrics and targets, located in paragraphs 25-53 of that Standard.

<sup>11</sup> See paragraphs 26-28 of [Agenda Paper 6](#) for the December 2024 ISSB meeting. Many stakeholders supported the general focus on and importance of quantitative information but expressed that capturing sustainability-related risks and opportunities through a handful of quantitative indicators can be difficult. They highlighted the usefulness of qualitative information on areas such as governance, strategy and risk management and use of a more principles-based approach.

<sup>12</sup> See paragraph 20 of [Agenda Paper 6](#) for the December 2024 ISSB meeting.



and considering the objectives of the SASB enhancements project, the staff believes that in order to determine what amendments are necessary, the ISSB should assume essentially as the norm that preparers are using the SASB Standards as a source of guidance when applying ISSB Standards. The staff believes that this approach can allow the SASB Standards to remain targeted and proportionate and avoid unnecessary duplication of requirements that are already articulated in IFRS S1 and IFRS S2. (However, for the avoidance of doubt it is noted that a preparer could still choose to apply the SASB Standards on a standalone basis).

23. The staff therefore believes that in proposing amendments to the SASB Standards, the ISSB should use design principles that ensure that the SASB Standards:
- (a) do not repeat the core content and guidance in IFRS S1 and IFRS S2 for every sustainability-related risk and opportunity identified through the disclosure topics;
    - (i) for example, the requirement in IFRS S1 to disclose information that enables users of general purpose financial reports to understand the current and anticipated effects of sustainability-related risks and opportunities on the entity's business model and value chain.<sup>13</sup> In this case, this could be material information relevant for entities in a particular industry, but this requirement need not be repeated for every disclosure topic in the SASB Standard for that industry. Instead, the proper application of IFRS S1, with the use of the SASB Standard as a source of guidance in this context, should elicit this information where material.<sup>14</sup>
  - (b) highlight aspects of the requirements in IFRS S1 and IFRS S2 that are unique to an industry, reflected in metrics that might lead to incremental disclosures;

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<sup>13</sup> Part of the core content of "Strategy" in IFRS S1, paragraph 32.

<sup>14</sup> However, there may be cases where a particular type of information about current or anticipated effects on the financial statements is identified as being of particular relevance for an industry – see paragraphs 23 (b) and (c) below. This may be set out in a SASB Standard and thus be disclosed to meet the requirement in IFRS S1.

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- (i) for example, the disclosure topic of GHG emissions in a sub-set of SASB Standards might include associated metrics on methane emissions, a potent greenhouse gas. This would complement the requirement in IFRS S2 on cross-industry metric categories for climate-related metrics (paragraphs 27-31 of IFRS S2) and enable entities to properly apply the requirement to disclose industry-based metrics (paragraph 32 of IFRS S2).<sup>15</sup>
  - (c) highlight aspects of the core content in IFRS S1 and IFRS S2 that are likely to be particularly relevant for a sustainability-related risk or opportunity in a given industry, without leading to incremental disclosures;
    - (i) for example, when feedback indicates that investors are interested in whether preparers in an industry have set targets to manage a particular risk such as deforestation, the metrics in the SASB Standard for that industry could include deforestation targets (and reference the relevant requirements regarding targets in IFRS S1 or IFRS S2 essentially for context).
  - (d) maintain specificity in the metrics and associated technical protocols to help with ease of application and support proportionality and comparability. However, in the case of some metrics, adjustments may be necessary to make the metrics applicable in different circumstances and jurisdictions;
    - (i) for example, for some sustainability-related risks or opportunities, measurement methods or metrics might be evolving and there might be relatively lower consensus on decision-useful quantitative metrics. In such cases, the SASB Standards could rely more on qualitative metrics or less prescriptive ones.
24. This approach comes with a trade-off – amendments that assume that preparers are applying IFRS S1 and IFRS S2 could be seen as sacrificing the SASB Standards’

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<sup>15</sup> This assumes consequential amendments are made to S2 industry-based guidance to align with the amendments made to the SASB Standards. See paragraphs 34-37 below for a discussion on this.

‘completeness’ as a standalone set of standards for preparers who are not applying ISSB Standards. Additionally, by including more references to ISSB Standards in the technical protocols of metrics, amendments would introduce incremental friction for ‘SASB only’ preparers in accessing the relevant requirements.

25. It is important to consider this trade-off given that the SASB Standards are being applied by over 3,500 preparers globally, over 40% of whom are in jurisdictions with no current plans to adopt or otherwise use the ISSB Standards.
26. Nonetheless, the staff believes that there are benefits to using this approach for the proposed amendments, that are in addition to the consideration of the objectives of this project noted earlier. First, thirty-five jurisdictions have already decided to use or are taking steps to introduce ISSB Standards in their legal or regulatory frameworks. Together, these jurisdictions account for around 60% of global GDP and over 40% of global market capitalisation. Preparers in these jurisdictions will begin using the SASB Standards as a source of guidance for applying IFRS S1 and IFRS S2. Over 1,000 companies have already referenced ISSB in their reports. Therefore, it would be beneficial for preparers applying IFRS S1 and IFRS S2 if the proposed amendments to the SASB Standards facilitated this application and did so in a proportionate manner.
27. Second, the staff anticipates that based on previous ISSB discussions including during the ISSB’s redeliberations on IFRS S2 (see paragraph 33 below), the SASB Standards could be used over time as the basis for the ISSB’s industry-specific requirements or additional guidance (similar to the use of the SASB Standards as the basis for the S2 industry-based guidance; also see the section on *Connections to the ISSB’s research projects* below). Enhancements made to the SASB Standards to strengthen the connections between the SASB Standards and IFRS S1 and IFRS S2 will therefore facilitate the overall development of the ISSB’s materials.
28. Finally, preparers can still choose to apply the SASB Standards on a standalone basis as noted earlier. While there may be instances where such entities may need to refer to the ISSB Standards to apply the SASB Standards (as they might for other standards,

tools or frameworks referenced in the SASB Standards), they would not need to apply the ISSB Standards themselves outside of that context.

*Develop additional guidance for using the SASB Standards to meet the requirements of IFRS S1 and IFRS S2*

29. In addition to making the enhancements discussed above, the staff believes that the ISSB should publish additional guidance that explains how to use the SASB Standards when applying the ISSB Standards, and similarly, how the S2 industry-based guidance should be used as a source of guidance for IFRS S2. Such guidance would provide further clarity to stakeholders, while also setting out principles that would allow the metrics and underlying technical protocols in the SASB Standards to remain relatively streamlined.
30. While the ISSB has already published some educational materials and guidance on this subject, including in the Accompanying Guidance to IFRS S2, we believe additional guidance regarding specific technical aspects is needed. Topics that could be included in the guidance include:
- (a) role of the SASB Standards in relation to IFRS S1: explaining the role of the SASB Standards as a source of guidance that an entity is required to refer to and consider when identifying sustainability-related risks and opportunities and determining the information to disclose about those risks and opportunities;
  - (b) overarching S1 requirements: reiterating that when applied with ISSB Standards the requirements and core conceptual underpinnings of IFRS S1 are applicable to preparers when they refer to and consider the SASB Standards, for example:
    - (i) that the disaggregation requirements in IFRS S1<sup>16</sup> are applicable;<sup>17</sup>

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<sup>16</sup> See Appendix B of IFRS S1, paragraphs B29-B30.

<sup>17</sup> While some SASB metrics provide guidance on disaggregation that is likely to provide material information to investors, there will be cases where further aggregation or disaggregation may be required in order to avoid obscuring material information.

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- (ii) disclosure of comparative amounts is required;<sup>18</sup>
  - (c) focus on applying judgment when identifying material information: guidance could refer to and build on the ISSB’s November 2024 educational material [\*Sustainability-related risks and opportunities and the disclosure of material information\*](#). For example, this could emphasise that the SASB Standards should not be viewed as a ‘checklist’ to be filled out. Consistent with the ISSB Standards and as defined in IFRS S1, information is provided when material. This means that, while the SASB Standards provide information expected to be relevant for entities in a particular industry or activity, some disclosure topics may not be applicable to a particular entity, and it may be necessary to disclose information about sustainability-related risks or opportunities that are not covered in the SASB Standard for that industry. Similarly, preparers must determine whether particular disclosures, including underlying guidance such as suggested disaggregation, will lead to the disclosure of material information;
  - (d) role of technical protocols in the SASB Standards: that the technical protocols provide specific information supporting the application of the metrics in the SASB Standards;
  - (e) reporting entity: unless otherwise specified, information is provided for the same reporting entity as the related financial statements;
  - (f) value chain: guidance could highlight how sustainability-related risks and opportunities that originate upstream or downstream in the value chain of entities in an industry are presented in the SASB Standards, or in some cases how entities can use SASB Standards for adjacent industries to identify relevant risks or opportunities in their value chains.

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<sup>18</sup> For example, see paragraphs 70-71 of IFRS S1.

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31. The ISSB could present an exposure draft of this guidance with the exposure drafts of amendments to the priority SASB Standards in Q2 2025 and consult on its contents through the Invitation to Comment.

***Consult on description of the SASB Standards***

32. The exposure drafts of proposed amendments to the SASB Standards could provide the ISSB with an opportunity to consult with stakeholders regarding the naming of the SASB Standards. For example, through the Invitation to Comment the ISSB could consult with stakeholders whether the ISSB signal that the updated SASB Standards have been subject to public consultation in accordance with the IFRS Foundation due process by describing these standards as ‘ISSB industry-based guidance’ (or a similar name). In the near term, a change in *name* would not equate to a change in *status* – that is, the content would remain guidance that entities are required to ‘refer to and consider’.
33. This change in name for the updated SASB Standards would signal which content has been through the IFRS Foundation’s due process and further advance the ISSB’s mission to rationalise the sustainability disclosure landscape. This would also more clearly show the link to the ISSB Standards while stating that the materials when used in conjunction with the ISSB Standards have a status as ‘guidance’. While the ISSB indicated during its redeliberations on IFRS S2 that it would ultimately consult on making the industry-based guidance to IFRS S2 part of the required disclosure, the ISSB is yet to decide when it might seek such a change.

***Consult on amending the Industry-based Guidance on Implementing IFRS S2***

34. The *Industry-based Guidance on Implementing IFRS S2* (S2 industry-based guidance) was derived from the climate-related content in the SASB Standards. When the ISSB issued the S2 industry-based guidance in June 2023, it made consequential amendments to the climate-related content in the SASB Standards to align it with the

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S2 industry-based guidance. In the [May 2023 Agenda Paper](#) recommending the consequential amendments, the SASB Standards Board Advisers noted that:

- (a) the existence of multiple versions of the same metrics across the SASB Standards and the S2 industry-based guidance runs contrary to the ISSB's mission to simplify the sustainability disclosure landscape and could cause confusion;
- (b) misalignment could lead to increased costs for preparers, for example for those interested in implementing the SASB Standards in preparation for applying the IFRS Sustainability Disclosure Standards; and
- (c) misalignment could negatively impact users of the disclosures because of a lack of comparability between disclosures of preparers that use the SASB Standards as a standalone resource and those that implement IFRS S2.

35. We believe that if changes are proposed to metrics in the SASB Standards that are also in the S2 industry-based guidance, the ISSB should include within the forthcoming exposure drafts proposals to making consequential amendments to the S2 industry-based guidance to reflect any amendments made to the climate-related content in the SASB Standards in order to maintain alignment of industries, topics and metrics.
36. Given that many preparers are in the process of implementing IFRS S2 and therefore referring to and considering the S2 industry-based guidance, the benefits of any amendments should be weighed against the potential costs and disruption for preparers.
37. Nonetheless, in addition to the rationale for maintaining alignment between the SASB Standards and the S2 industry-based guidance stated above in paragraph 34, we believe there are several other reasons that the ISSB should make consequential amendments to the S2 industry-based guidance should it amend the climate-related content in the SASB Standards:

- (a) enhancing the S2 industry-based guidance will support the implementation of IFRS S2, including through further enhancements to international applicability and interoperability;
- (b) making climate out-of-scope for the SASB enhancements project would significantly limit the project's effectiveness given that nearly one-third of the content in the SASB Standards is climate-related;
- (c) given the substantial overlap between BEES- and climate-related risks and opportunities, omitting this content would also limit the amount that the ISSB can leverage the public comment period for SASB enhancements to inform the BEES research project;
- (d) many of the enhancements to the S2 industry-based guidance would involve strengthening the connections to the main body of IFRS S2, which could have numerous benefits including making the guidance more cost-effective for preparers; and
- (e) the ISSB could set an effective date for such amendments that would reduce the risk of disruption for those implementing IFRS S2.

### ***Connections to the ISSB's research projects***

38. The SASB Standards contain many disclosure topics and associated metrics about human capital- and BEES-related risks and opportunities.<sup>19</sup> We have received stakeholder feedback on the human capital- and BEES-related content in the SASB Standards as part of the SASB enhancements project, while at the same time receiving stakeholder feedback from the first phase of the research projects regarding industry-specific aspects of human capital- and BEES-related risks and opportunities. This feedback has informed both the research projects and the work on the exposure drafts for the SASB Standards.

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<sup>19</sup> See Agenda Paper [AP3A and AP4A: BEES and Human Capital-related risks and opportunities in the SASB Standards](#) (September 2024).



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39. For example, the first phase of the ISSB’s research project on BEES-related risks and opportunities has highlighted the investor interest in, and importance of, location-specific information. However, as noted in [Agenda Paper 3](#) of the ISSB’s January 2025 meeting, for such information on location “the level of granularity investors desire or need and how investors would use such information in their investment decisions is unclear.”<sup>20</sup> Many of the BEES-related topics and associated metrics in the SASB Standards include some information on location of activities, operations or assets.<sup>21</sup> In proposing amendments to the SASB Standards, the ISSB should consider whether the SASB Standards adequately capture location-specific information for BEES-related risks and opportunities based on the information available, including stakeholder feedback for the SASB enhancements project.
40. Feedback from the public consultation for the proposed amendments to the SASB Standards will in turn be useful for the ISSB in determining how best to advance its research projects. For example, feedback on specific BEES- and human capital-related topics and metrics in the SASB Standards could inform cost-benefit considerations for developing a new IFRS Sustainability Disclosure Standard compared to other approaches such as developing additional educational material, illustrative examples or relying on non-mandatory industry-based guidance. The public consultation period will also provide an opportunity to continue to consider ongoing stakeholder feedback and other research from the research projects as they advance, in preparation for the updated SASB Standards.
41. Based on the initial feedback for the ISSB’s research projects and the SASB enhancements project, the staff believes the exposure drafts of proposed amendments to the SASB Standards should:
- (a) help preparers and investors identify when a particular human capital or BEES-related topic – such as physical health and safety, risks of forced labour

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<sup>20</sup> See paragraph 34(b) of Agenda Paper 3, *Evidence of Investor Interest in BEES-related risks and opportunities* (January 2025).

<sup>21</sup> For example, the *Processed Foods* SASB Standard includes a metric FB-PF-140a.1. (1) Total water withdrawn, (2) total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress.

- in the value chain, water and land use – would be reasonably likely to affect an entity’s prospects based on its industry;
- (b) provide guidance on disclosing material information about industry-specific human capital- and BEES-related risks and opportunities; and
  - (c) improve interoperability of existing human capital- and BEES-related requirements through better alignment of metrics, key terms and definitions (see next section on Interoperability).
42. The research projects on BEES- and human capital-related risks and opportunities also provided useful insights on whether such risks and opportunities could be considered industry-specific or industry-agnostic. Below, we share some considerations for the ISSB in using these findings to propose amendments to the SASB Standards.

### *Human capital*

43. As summarised in [Agenda Paper 4C](#) for the ISSB’s February 2025 meeting, the ways in which human capital-related risks and opportunities affect the prospects of an entity are shaped to varying degrees by industry trends and characteristics.<sup>22</sup> Despite industry playing an important role in which human capital-related risks and opportunities are most relevant to an entity for many topics, stakeholders commenting on the SASB Standards have indicated that there are aspects of human capital – such as employee engagement, recruitment and retention – that could be reasonably expected to affect the prospects of entities regardless of their industry or business model.
44. This is consistent with findings from the first phase of the ISSB’s research project on human capital, as presented in [Agenda Paper 4B](#) and [Agenda Paper 4C](#) for the ISSB’s

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<sup>22</sup> See paragraphs 40 – 55 of AP4C, *Research Project – Human Capital, Evidence of effects on an entity’s prospects* (February 2025), which provide examples of ‘industry relevance’ for various human capital-related risks and opportunities. For example, agriculture, construction, transportation, oil and gas and mining are cited as industries that ‘have consistently faced higher exposure to physical health and safety risks and violations with effects on entity prospects than many other sectors’ (paragraph 52).

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February 2025 meeting. For example, the analysis in Agenda Paper 4C shows that while more elevated in certain industries, effective training and development, recruitment and retention otherwise have fewer industry-specific variations in terms of effects on prospects. Related to these aspects, the analysis in both papers shows that many investors cited turnover data as being of interest and having the strongest correlation to effects on entity prospects.

45. Based on these findings, the staff believes that the ISSB should *not* dedicate significant resources to developing SASB Standards content regarding human capital topics and associated metrics that investors have indicated they consider to be industry-agnostic, for example, adding such human capital topics in various industries in the SASB Standards. The ISSB’s human capital research project – and any standard-setting or guidance that may arise from that project – is likely better placed to more comprehensively address disclosures regarding industry-agnostic human capital-related risks and opportunities.
46. Rather, for the existing topics that appear in the SASB Standards that may be industry-agnostic in nature, the staff believes the ISSB should:
  - (a) consider whether there are additional industry-specific aspects the topics are likely to capture;
  - (b) consider whether the industries where the topic appears in the SASB Standards face elevated effects on prospects for example, as noted in Agenda Paper 4C for the ISSB’s February 2025 meeting, recruitment and retention being important to entity prospects “in sectors requiring specialized skills linked to technology, digitalization and sustainability, where demand often outpaces supply”;<sup>23</sup> and
  - (c) make incremental enhancements which address specific stakeholder feedback and improve interoperability.

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<sup>23</sup> See paragraph 34 of Agenda Paper 4C, *Research Project – Human Capital, Evidence of effects on an entity’s prospects* (February 2025).

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*Biodiversity, ecosystems and ecosystem services*

47. As summarised in Agenda Paper 3A for this March 2025 ISSB meeting, the ways in which BEES-related risks and opportunities can affect entity prospects varies “across sectors and industries due to differing levels and types of nature-related dependencies and impacts.”<sup>24</sup> Further, as summarised in [Agenda Paper 3](#) for the ISSB’s January 2025 meeting, investors are focused on specific sectors which they associate with greater BEES-related risks and opportunities. The relevant sectors/industries that investors most frequently mentioned during engagements for the ISSB’s research project on BEES included Food & Beverage/Agriculture Products, Consumer Goods/Apparel, Accessories and Footwear, Extractives & Mineral Processing, Renewable Resources/Forestry Management and Infrastructure. Some of these sectors are included in the initial set of priority SASB Standards for the SASB enhancements project, and the remaining could be considered in a second phase of work for the project.

*Interoperability*

48. As noted in previous Agenda Papers, one of the areas of focus of the SASB enhancements project is to explore 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. Since project launch, we have analysed several other standards and frameworks and engaged with the technical staff tasked with maintaining them. Other standards and frameworks which cover similar topics as the SASB Standards include:
- (a) the Global Reporting Initiative Sustainability Reporting Standards (GRI Standards);
  - (b) the European Sustainability Disclosure Standards; and

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<sup>24</sup> See paragraph 8 of Agenda Paper 3A, *Research Project – Biodiversity, ecosystems and ecosystem services, Evidence of effects on an entity’s prospects* (March 2025).

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- (c) the 14 disclosure recommendations and the core global disclosure metrics of the Taskforce on Nature-related Financial Disclosures (TNFD).
49. During recent engagements, some preparers noted that even minor differences in technical details between standards can be considerably costly, as these differences can lead to the need for separate data collection and validation processes. As such, many stakeholders place value not just on ‘interoperability’ per se, but actual alignment of disclosure requirements.
50. As announced in a [2024 press release](#), the ISSB and Global Sustainability Standards Board have committed to ‘jointly identify and align common disclosures that address information needs under the distinct scopes and purposes of their respective standards, for both thematic and sector-based standard setting’. Accordingly, the staff has been referring to the GRI Standards and regularly connecting with its counterparts at GRI to identify common disclosures and understand technical details in the GRI Standards, including relevant stakeholder feedback received. We anticipate that exposure drafts of enhanced SASB Standards will include proposed amendments that would align the content in the SASB Standards with corresponding disclosure requirements in GRI Standards, when it has been determined that such alignment would meet the informational needs of primary users of the ISSB Standards.
51. For example, stakeholders have indicated that the quantitative metrics in the SASB Standards regarding water withdrawal and consumption require improvement. Specifically, stakeholders have stated that:
- (a) aggregate figures for water withdrawal and consumption, even when disaggregated by areas that are water stressed, do not provide investors with sufficiently granular information to evaluate an entity’s water management practices and the related risks because these risks vary greatly depending on the sources of withdrawal and consumption;
  - (b) the current definition of water consumption is confusing and inconsistent with other prevalent standards and frameworks; and

- (c) the Standards require use of the World Resource Institute (WRI) *Aqueduct* tool to define water-stressed areas. The tool is tailored to large-scale comparison of water-related risks and does not reflect local water stress conditions, thereby limiting the usefulness of disclosed information.
52. The staff believes that the ISSB should look to other standards and frameworks, including GRI Standards and for BEES-related content the TNFD recommendations and metrics, to evaluate whether they provide cost-effective, investor-focused solutions regarding:
- (a) further disaggregation of water consumption and withdrawals by source;
  - (b) a definition of water consumption; and
  - (c) an approach to water stress that addresses concerns that preparers currently can only use the WRI *Aqueduct* tool in their assessment.

## Next Steps

53. The staff is working with the SASB Standards Board Advisers on the development of the exposure draft of proposed amendments to the priority SASB Standards. Feedback from the ISSB will support the development of the exposure draft and the exposure draft will be subject to ratification by the ISSB including a public meeting. We are targeting the publication by the ISSB of an initial set of exposure drafts at the end of Q2 2025.

## Questions for the ISSB

54. 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 feedback on the project approach as outlined in this paper?

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## Appendix A: Summary of project timeline and next steps

- A1. Previous ISSB discussions on the SASB enhancements project included:
- (a) [May 2024](#): ISSB discussion and voting on SICS;
  - (b) [July 2024](#): ISSB discussion and voting on approach to the SASB enhancements; and
  - (c) [December 2024](#): ISSB discussion on project update and stakeholder feedback.
- A2. The estimated timeline for the next steps in the SASB enhancements project (as of the publication of this paper) is as follows:
- (a) End of Q2 2025: the ISSB ratifies and issues exposure drafts of proposed amendments to nine of the 12 ‘phase 1’ priority SASB Standards;
  - (b) Q3 2025: the ISSB decides on a ‘phase 2’ of SASB Standards or topics for enhancement;
  - (c) Q4 2025: the ISSB ratifies and issues exposure drafts of proposed amendments to the three remaining ‘phase 1’ priority SASB Standards;
- A3. This estimate is subject to change based on feedback from stakeholders, the ISSB and the SASB Standards Board Advisers.