

# ISSB SASB Enhancement

## EFRAG Comment Letter

Brussels, 9 December 2025



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# EFRAG Comment Letter

## Background and objective

1. The objective of this meeting is to approve the proposed content of EFRAG Comment Letter to ISSB.
2. The following slides present a summary of key messages proposed to be raised in the Comment Letter to the ISSB, which are made following the presentation to the SRB on 16 September, the preliminary orientations discussed by the SRB on 29 September, and the strategic direction approved on 9 October 2025.
3. The findings capitalise on engagement with key stakeholders.

### **Question to EFRAG SRB:**

Does SRB agree with the proposed Comment Letter? If not, please share your comments.

# SRB Strategic direction: summary

## Direction for DCL approved on 9 October 2025:

- Clarification of the practical meaning of "shall refer to and "consider"
- Clarification of the relationship between topics and metrics (SASB) and risks and opportunities (ISSB)
- Overlaps between the IFRS S1 and S2 standards and the SASB standards
- Addressing the relationship between the SASB standards and the sector-agnostic ISSB standards (i.e., human capital and BEES)
- Fostering interoperability between the SICs and other generally accepted classifications
- Providing Basis for Conclusions



**Reservations towards disclosures potentially challenging in practice**



**Interoperability challenges**



**Areas which may require further due process in the future**



Analysis and  
categorisation system  
agreed with SRB

## Key focus areas for Comment Letter

### *Clarification of the practical meaning of 'shall refer to and consider'*

EFRAG seeks clarification on whether the instruction 'shall refer to and consider' in both IFRS S1 and IFRS S2 implies mandatory, or a voluntary requirement. The ISSB educational document underlines that the entity 'cannot disregard the industry guidance when applying ISSB Standards'. This raises a question regarding the potential implications of such provision; in particular, the need for justification of non-compliance with this provision.

EFRAG recommends a modification of the wording from 'shall' to 'may' [refer to and consider], to reduce the ambiguity which may result in undue reporting burden.

## Key focus areas for Comment Letter

*Clarification of the relationship between topics and metrics (SASB) and risks and opportunities (ISSB)*

EFRAG notes that the SASB standards and IFRS S1/S2 use different terminologies, due to their different standard setting origins. **While ISSB standards speak to risks and opportunities, SASB standards resort to topics and metrics.** We consider there is a need for clarification of the architectural relationship between these different terms.

It can also be observed that the Basis for Conclusions offer a limited explanation why certain disclosure topics are included in some standards but not others, which may suggest inconsistent treatment of potentially material topics or a certain prioritisation made to decide about the matter.

EFRAG recommends clarifying that in SASB standards (1) topics are illustrative and non-exhaustive of risks and opportunities for a given industry, and (2) metrics serve as examples of possible disclosures.

## Key focus areas for Comment Letter

### *Overlaps between the IFRS S1 and S2 standards and the SASB standards*

The proposed amendments have been drafted under the assumption that an entity would apply the SASB Standards alongside the IFRS Sustainability Disclosure Standards, which creates unnecessary duplication with the requirements already included in IFRS S1 and IFRS S2.

EFRAG notes that it would be important to verify that the intended complementarity is achieved in practice; duplications have been noted between provisions of SASB and IFRS S2. **EFRAG underlines the importance of ensuring that SASB and IFRS standards are drafted in a fully complementary manner and that ISSB addresses any issues where redundancies or overlaps are in place.** This issue is discussed in more detail in Appendix 2 with reference to ISSB question 3(c).

## Key focus areas for Comment Letter

*Addressing the relationship between the SASB standards and the sector-agnostic ISSB standards.*

Materials of the ISSB indicate the ISSB's preference that the dedicated research projects on human capital and BEES are best suited to address sector-agnostic disclosures. At the same time, it is highlighted that the intention for the SASB Standards is to remain focused on industry-specific topics and metrics, but in practice a number of SASB metrics could find their way to upcoming IFRS standards. In this context, EFRAG raises concern about interaction between the SASB enhancement project and the ISSB research projects.

Since the ISSB's sector-agnostic projects on BEES and Human Capital are still at their initial steps, further changes can be expected once the due process is complete. In this context, we see a potential risk of premature updates that could result in uncertainty for preparers anticipating future revisions to the metrics. **Therefore, EFRAG recommends to postpone enhancements to topics and metrics other than the ones related to climate.**



## Key focus areas for Comment Letter

### *Fostering interoperability between the SICs and other generally accepted classifications*

As a general concern, EFRAG Secretariat notes the challenge of interoperability of the Sustainable Industry Classification System (SICS) due to its limited recognition and alignment with existing jurisdictional classifications, such as NACE in Europe for example. The lack of alignment may lead to confusion and an increased reporting burden for European preparers, who are more familiar with classifications grounded in EU regulation. The SICS classification is market-based and proprietary and does not automatically match other commonly used classifications such as NACE (activity-based). **Therefore, in its response, EFRAG recommends resorting to publicly available and globally used system, or, if that is not feasible, deliver reconciliation tables.**

## Key focus areas for Comment Letter

### *Providing Basis for Conclusions*

It can be noted that the currently available Basis for Conclusions for the Exposure Drafts contains limited material, focusing primarily on significant changes proposed in this consultation.

**EFRAG suggests preparing comprehensive Basis for Conclusions material that can improve understanding and ensure greater transparency of the ISSB due process.**

## Key focus areas for Comment Letter

### *Reservations towards disclosures potentially challenging in practice*

ISSB consultation objectives put forward the importance of developing proportionate SASB standards. EFRAG observes that some of the consulted provisions may be difficult to implement in practice by preparers or considered excessive. This may be linked to challenges of obtaining reliable data, information of high effort and low relevance for European constituents, high levels of granularity, or sensitive information.

# Key focus areas for Comment Letter

## *Interoperability challenges*

Another highlighted objective of the consultation is the enhancement of the interoperability with other sustainability-related standards and frameworks. We note that some of the provisions in the SASB standards may not be compatible or interoperable with ESRS, EU law or other standards, which can result in inconsistencies and increased cost of reporting.

## Key focus areas for Comment Letter

### *Areas which may require further due process in the future*

The Basis for Conclusions note that the ISSB took a comprehensive approach to review whether the disclosure topics in each industry described the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of most entities in the industry (including whether to add or remove topics), as well whether the metrics and technical protocols were likely to result in material information across a variety of jurisdictions for users of general purpose financial reports.

In this context, EFRAG observes that the stated objective of comprehensiveness may warrant a more thorough due process going forward. In the research that had to lead to preliminary drafts (not consulted upon) of ESRS sector standards for the extractive industries EFRAG collected extensive input from the Sector community on topics and metrics that are relevant for the sector. This research allowed also to identify selected topics and metrics that are currently missing in the SASB or are present but in an inconsistent way (e.g. the same topic is relevant for several industries, but the corresponding disclosure is covered only in one industry). While acknowledging the need to avoid additional reporting obligations, these enhancements would support more relevant reporting, under materiality consideration.

# Questions raised in public consultation

	Question	EFRAG response
1	Objective of the ISSB consultation	✓
2	Enhancements to interoperability with other standards and frameworks	✓
3	Amendments to the climate-related content in the SASB Standards	✓
4	Information related to biodiversity, ecosystems and ecosystem services and human capital	✓
5	Effective date	-
6	Coal Operations SASB Standard	✓
7	Construction Materials SASB Standard	✓
8	Iron & Steel Producers SASB Standard	✓
9	Metals & Mining SASB Standard	✓
10	Oil & Gas – Exploration & Production SASB Standard	✓
11	Oil & Gas – Midstream SASB Standard	✓
12	Oil & Gas – Refining & Marketing SASB Standard	✓
13	Oil & Gas – Services SASB Standard	✓
14	Processed Foods SASB Standard	✓
15	Targeted amendments to the SASB Standards	-

## Question to SRB

Does SRB agree with the content of the proposed letter? If not, please share your comments

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THANK YOU