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Issue Paper

Strategic direction for EFRAG comments on SASB enhancements

Background and objective

1. The objective of this meeting is to approve the strategic directions to the EFRAG Secretariat for drafting the comment letter to the ISSB consultation of SASB Standards enhancement announced on 3 July 2025.¹
2. This paper presents the strategic summary of key messages proposed to be raised in the Comment Letter to the ISSB stemming from the presentation to the SRB on 16 September and the preliminary orientations discussed by the SRB on 29 September 2025. The initial insights are based on first analysis carried out by EFRAG Secretariat. The findings will be subject to further validation and confirmation through engagement with key stakeholders. The SRB will be involved in terms of decision making in accordance with the workplan approved on 16 September 2025.

Questions to EFRAG SRB:

3. Does SRB agrees with the directions for drafting? If not, what should be changed?

¹ [ISSB proposes comprehensive review of priority SASB Standards and targeted amendments to others, 3 July 2025](#)

Key focus areas for Comment Letter

General insights

4. EFRAG acknowledges the substantial work undertaken in enhancing the SASB Standards. Every step towards better sustainability reporting at global level has our full support, as already illustrated by the joint interoperability mapping issued in May 2024 by the ISSB and EFRAG, as well as by our current efforts to enhance further interoperability.
5. We recognise that experience in application of SASB standards is limited in Europe, therefore insights on reporting according to those standards by companies in Europe may be limited. However, we also note that the ESRS, as adopted in 2023, were elaborated with due consideration of the SASB disclosures existing at the time, and accordingly many of provisions consulted by ISSB overlap with ESRS. The recent work on ESRS simplification and lessons learnt from the first application of ESRS in Europe can provide useful insights to the consultation. In addition, we observe significant commonality between the amendments and content of EFRAG sector research carried in 2022 and 2023, which can be another useful source of evidence of stakeholder feedback.
6. EFRAG welcomes the overall objective of the ISSB's project to enhance the SASB standards. We also note the referencing of IFRS S2 Industry-based guidance in ESRS and its purpose to serve as a source of entity-specific disclosures in a given industry. At the same time, it is important to consider whether the current ISSB approach optimally supports the revision's objective.
7. In this context, we argue that reducing complexity and ambiguity in the application of SASB Standards is critical to ensure the enhancement objectives. This should include a clear path forward from the ISSB which considers necessary due process, feasibility of reporting, and alignment of standards architecture with sector-agnostic provisions of IFRS. With regards to the last point, we also caution that introducing sector-agnostic disclosures into SASB standards may pre-empt the content of future topical standards and lead to short-term necessity of additional changes in the future, bringing more implementation efforts and regulatory uncertainty.

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

8. EFRAG is concerned whether the instruction 'shall refer to and consider' in both IFRS S1 and IFRS S2 implies mandatory, or a voluntary requirement. The ISSB educational document² underlines that the entity 'cannot disregard the industry guidance when applying ISSB Standards'. This raises concern about the possible implications, in particular the need for justification of non-compliance with this provision. The recommendation made by UK stakeholders highlights similar concerns.³ **EFRAG recommends proposing in its comment letter to ISSB a modification of the wording from 'shall' to 'may' [refer to and consider], to reduce the ambiguity which may result in undue reporting burden.**

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

9. EFRAG notes that the SASB standards and IFRS S1/S2 are based on different terminologies. 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

² [Using ISSB Industry-based Guidance when applying ISSB Standards](#)

³ [UK TAC, Agenda Paper 4, 2024-TAC-011: Technical assessment of IFRS S1 and IFRS S2 – Sources of guidance](#)

explanation why certain disclosure topics are included in standards and not others, which implies a certain prioritisation made to decide about the matter. In this context, **EFRAG recommends commenting on this point in consultation and recommending clarification that SASB topics are illustrative and non-exhaustive of risks and opportunities, and that metrics in the standards serve as examples of possible disclosures.**

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

10. 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. This is particularly related to the observed repetitions between provisions of SASB and IFRS S2. **EFRAG recommends that its response to ISSB underlines the importance of ensuring that SASB and IFRS standards are drafted in a fully complementary manner and to address any issues where redundancies or overlaps are in place.**

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

11. Materials of the ISSB⁴ 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.
12. Since the ISSB's sector-agnostic projects on BEES and Human Capital are not yet finalised, further changes can be expected once the due process is complete. In this context, we see a risk of premature updates and resulting uncertainty for preparers anticipating future revisions to the metrics. **Therefore, EFRAG recommends including in its comment a proposal to postpone enhancements to metrics other than the ones related to climate.**

Fostering interoperability between the SICs and other generally accepted classifications

13. 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 intends to recommend resorting to publicly available and globally used system, or, if that is not feasible, deliver reconciliation tables.**

Providing Basis for Conclusions

14. It can be noted that the currently available Basis for Conclusions for the Exposure Drafts contains limited material, focusing primarily on significant changes. EFRAG considers it would be useful to highlight this in the comment letter and to encourage the ISSB to provide a more detailed Basis for Conclusions. **In response, EFRAG intends to suggest preparing sufficiently detailed Basis for Conclusions that can improve understanding and ensure greater transparency of the ISSB due process.**

⁴ [ISSB Meeting, March 2025 - Enhancing the SASB Standards](#)

Reservations towards disclosures potentially challenging in practice

15. 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. **Consequently, EFRAG proposes to highlight in its response to the ISSB any disclosures which may result in undue burden for the preparers.**

Interoperability challenges

16. Another highlighted objective of the consultation is the enhancement of the interoperability with other sustainability-related standards and frameworks. With this regard, it is noted that some of the consulted standard provisions may not be compatible or interoperable with ESRS, EU law or other standards, which can result in inconsistencies and increased cost of reporting. **Therefore, EFRAG proposes to raise in the letter to the ISSB any issues which can hinder interoperability and propose solutions to enhance it.**

Areas which may require further due process in the future

17. Provided 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.
18. In this context, EFRAG observes that the stated objective of comprehensiveness may warrant a more thorough due process going forward and intends to investigate those areas further with stakeholders, before finalising the EFRAG comment letter to the ISSB. In the research that had to lead to preliminary drafts (not consulted upon) of ESRS sector standards for the extractive industries⁵ EFRAG collected extensive input from the Sector community on topics and metrics that are relevant for the sector. This research allowed also to identify 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 and taking into account the voluntary nature of the SASB for ESRS preparers.
19. **EFRAG suggests that its response to ISSB takes into account the stakeholders' perspective about topics and metrics which may require further due process in the future.**

Other remarks

20. The public consultation addresses questions concerning industry descriptions and jurisdictional considerations. In the interest of accurately representing the views of EU stakeholders, EFRAG recommends that its comment letter incorporates any observations or issues raised in this regard which are substantiated by stakeholders.

⁵ In advanced status of finalisation, but never consulted.