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Comment Letter [UNAPPROVED]

International Sustainability Standard Board

7 Westferry Circus, Canary Wharf
London E14 4HD
United Kingdom

24 July 2026

Re: EFRAG's Comment Letter to the ISSB SASB/ED/2026/1 Exposure Draft of Proposed Amendments to the SASB Standards and the IFRS S2 Industry-based Guidance

On behalf of EFRAG, I am writing to comment on the IFRS's Amendments to the SASB Standards reflected in Exposure Drafts issued by the ISSB in March 2026 (ED).

This letter is intended to contribute to the ISSB due process. Given the applicability of SASB Standards to preparers that comply with ESRS, these are taken as examples of entity-specific disclosures. While we recognise the role of SASB Standards as a voluntary reporting tool, our response focuses on reducing complexity and facilitating the interaction between ESRS and SASB Standards when entity-specific information is derived from SASB Standards.

From this perspective, we would like to acknowledge the substantial work undertaken to enhance the SASB Standards. Every step towards more relevant sustainability reporting at global level has our full support, as illustrated by the joint interoperability mapping the ISSB and EFRAG issued in 2024 and by our continued efforts to enhance further interoperability.

At the same time, it is important to consider whether the current ISSB approach supports the enhancements. Reducing complexity and ambiguity in the application of SASB Standards is critical to ensure the enhancement objectives, and our letter provides recommendations in this regard. Overall, EU preparers insisted during the consultation on the importance of alignment in terms of definition and architecture with ESRS to avoid the need for creating a correspondence table between standards and increasing the reporting burden. This letter identifies potential inconsistencies that could complicate interoperability, particularly given the need to ensure consistency between the definitions and concepts used in ESRS disclosures and those applied when preparing entity-specific information within an ESRS sustainability statement.

Given the limited application of SASB Standards in Europe, experience with them remains low. However, ESRS have been prepared leveraging SASB disclosures, and many of the metrics the ISSB consulted on overlap with ESRS. In addition, the recent work on the ESRS simplification and lessons from their application are also helpful.

A high-level summary of EFRAG's response follows this cover letter, with detailed comments on the ED thereafter.

If you would like to discuss our comments further, please do not hesitate to contact Anna Dauteuil [anna.dauteuil@efrag.org].

Yours sincerely,

Prof. Dr. Kerstin Lopatta,
Chair of the EFRAG SRB

Appendix: EFRAG's responses to the consultation

High level summary of response

1. EFRAG welcomes the ISSB project's objective to enhance the SASB Standards. While IFRS S2 *Industry-based Guidance* is referenced in ESRS as a non-mandatory example of entity-specific disclosures, it is important to consider whether the current ISSB approach optimally supports the revision's objective.
2. In this context, reducing complexity and ambiguity in applying SASB Standards is critical to ensure the enhancement objectives. This requires a clear ISSB path forward which considers due process, reporting feasibility and alignment of the standards' architecture with sector-agnostic provisions of IFRS Accounting Standards. We also caution that introducing sector-agnostic disclosures into SASB Standards may pre-empt future topical standards, leading to future changes, additional implementation and regulatory uncertainty.
3. For brevity, the following abbreviations are used throughout this document:
 - (a) Electric Utilities & Power Generators SASB Standard ED: 'IF-EU';
 - (b) Meat, Poultry & Dairy SASB Standard ED: 'FB-MP';
 - (c) Agricultural Products SASB Standard ED: 'FB-AG'.

Relevance of EFRAG's previous comments

4. EFRAG responded to the 2025 consultation on the first nine SASB priority standards, setting out several recommendations and overarching comments. Many **recommendations are applicable** to the current consultation, including:
 - (a) revising wording from 'shall' to 'may' in the phrase 'shall refer to and consider' to reduce ambiguity and the resulting undue reporting burden;
 - (b) clarifying that in SASB Standards (i) topics are illustrative and non-exhaustive lists of risks and opportunities and that (ii) metrics are examples of possible sector- and entity-specific disclosures in ISSB-based reporting;
 - (c) ensuring that SASB Standards and IFRS Accounting Standards are fully complementary and that the ISSB addresses any redundancies or overlaps preparers identified during the consultation process;
 - (d) using an open-source, globally recognised industry classification system or, if not feasible, providing reconciliation tables between SICs and other classifications; and
 - (e) providing a sufficiently detailed Basis for Conclusions to explain standard-setting decisions.
5. The ISSB consultation also includes questions for respondents who did not respond to the July 2025 Exposure Draft (questions 7–10), covering objectives, interoperability enhancements, climate-related content amendments, and nature and human capital. EFRAG's 2025 comment letter already addressed these topics, and the comments remain relevant. Where additional feedback has been received, we highlight it in this response.
6. EFRAG notes that, according to the ISSB, about two-thirds of the metrics in the three current SASB Standards are similar or identical to those consulted in 2025. We therefore note that EFRAG's 2025 comments on those metrics, particularly on interoperability, are applicable. We have included an appendix indexing the most relevant insights, which are equally applicable.

Sector-agnostic relevance of SASB

7. We note that ISSB is advancing **the Nature and Human Capital** project, on the one hand, and the SASB Standards, on the other hand. These projects are interrelated and key to define the ISSB's building-block approach. Therefore, clarity is needed on how the ISSB system operates and whether and how the Nature and Human Capital work complements existing SASB Standards as it evolves. This is particularly relevant for understanding how the sector-agnostic layer in the Nature and Human Capital project is conceived and the extent of industry specificity in SASB Standards.
8. In practice, we have observed that SASB enhancements include a high proportion of **sector-agnostic metrics** across non-climate environmental, social and governance topics. We understand that the amendments in the priority sectors are mirrored across the relevant SASB Standards where applicable. In this context, the ongoing SASB enhancement project should outline the universe of sector-agnostic disclosures to ensure completeness of SASB topics and metrics.
9. In addition, we caution that the ISSB's current approach gives a prominent role to sector-agnostic metrics derived from the priority standards, which at the same time are developed through consultation with a relatively narrow group of industry-specific stakeholders. As a result, not only nature and human capital

metrics but also other important topical metrics are shaped by a limited industry perspective and may influence the overall direction of future revisions.

10. SASB revisions should continue to consider widely accepted frameworks such as TNFD. Any integration of, or departure from, the metrics from these frameworks should be supported by a strong rationale; otherwise, consistency and interoperability in sustainability reporting are at risk.
11. An example of this is omitting indicators from TNFD core indicator C1.1. on 'Extent of land/freshwater/ocean-use change' (e.g. the metric on the Extent of land/freshwater/ocean ecosystem use change (km²) by type of ecosystem), which could be highly relevant to the agricultural products sector.

Need for internal consistency between revised standards

12. Given the significant overlap in metrics across the SASB Standards consulted on, we emphasise the importance of **a consistent approach to the revision of standards**. Currently we observe that standards take diverging approaches to addressing topics, metrics and technical protocols, as indicated in our detailed comments on **environment, social and governance aspects**. While in some instances departure from a consistent approach may be justified, not all deviations are explained in the Basis for Conclusions. We strongly suggest the ISSB maintain a uniform logic across all standards and thoroughly justify any departure from the adopted approach.
13. In particular, we observe different approaches to addressing supply chain management. For example, the IF-EU approach to supply chain management aligns with that in previously consulted standards (EM-MM, EM-CM, EM-IS) but differs from the approach in FB-MP and FB-AG where environmental and social supply chain management are separate topics. We welcome the introduction of separate social and environmental supply chain topics, as this approach can support ESRS preparers, given the provisions related to management relationship with suppliers under ESRS G1. Accordingly, we recommend ensuring a consistent approach.

Recommendation to streamline the definitions

14. Some definitions are duplicated across the revised standards and included in the technical protocols accompanying the metrics. This includes, but is not limited to, terms related to environment, social or governance aspects and concerns definitions such as renewable fuels, renewable energy sources, employees, child labour, forced labour, third party audit or verification. Many of these are sector-agnostic and could be **centralised in a glossary**, as in ESRS, rather than repeated. Where the ISSB does not provide a definition (e.g. biosecurity or responsible business conduct), it could be explored whether the standards could include a provision referring to the specific definition applied in the jurisdiction in which the entity operates (e.g. the approach with respect to 'cybersecurity incident' in IF-EU) when there is no global consensus on the terms.

Suggestions related to definitions of sectors

15. Our detailed comments highlight gaps and ambiguities across industry descriptions. For IF-EU, we recommend including all relevant renewable sources (e.g. biogas, biomass, geothermal) and clarifying the focus on grid-connected generation. For FB-AG, we note unclear boundaries with processed foods and insufficient guidance on 'processing' and trading activities, suggesting clearer definitions and alignment. For FB-MP, we identify overlaps with transport standards, inconsistencies around live animal transport and a potential mismatch between the exclusion of fishing and aquaculture in the revision and the standard's current use by companies in this area of activities.

Executive summary of environmental comments

16. We welcome the ISSB's efforts to improve language and alignment of SASB Standards with IFRS provisions, which will also enhance alignment with ESRS, given the high level of interoperability between IFRS S2 and ESRS. However, inconsistencies, redundancies and overlaps in the proposed revisions of SASB Standards risk undermining this goal.
17. The proposed revisions to IF-EU, FB--AG and FB-MP introduce inconsistencies in terms of the treatment of **GHG emissions, climate-related risks and energy management**. For example, the IF-EU omits the stand-alone Energy Management topic while retaining GHG Emissions & Energy Resource Planning, this would beg the question of continuity with the broader revision approach. With regards to methane emissions (highlighted in the FB-MP topic description), we note that the approach to methane-related metrics and targets differs from other standards also identified as relevant.

18. In IF-EU, physical climate risks are addressed under a separate topic (Operational Resilience & System Reliability) from climate transition risks. This introduces a fragmented **approach to climate-related disclosures**, where metrics are scattered across various topics, potentially increasing complexity for preparers and users and undermining interoperability.
19. We also recognise feasibility challenges for reporting some metrics, including planned capacity (MW) over short-, medium- and long-term (IF-EU), energy storage in MW as a subset of total installed capacity (IF-EU), or disclosure of fuel consumption for the fleet (FB-AG).
20. Finally, we note the continued **overlap of some metrics** (e.g. GHG targets) between IFRS S2 and SASB in FB-AG and FB-MP. However, we note that IF-EU departs from the FB-AG and FB-MP approach by deleting similar provisions (e.g. IF-EU-110a.3). We reiterate our recommendation to avoid overlaps with IFRS S2 and ensure alignment between the terms used in the standards.

Executive summary of social comments

Narrative disclosures

21. We welcome the inclusion of narrative and process-based disclosures that provide important context on how companies identify, assess and manage social-related sustainability risks and opportunities, including due diligence disclosures on impacts affecting people and communities as well as occupational health and safety management systems.
22. We note the potential duplication between these disclosures and IFRS S1. Given their largely sector-agnostic nature, we recommend relocating them to IFRS S1 guidance on 'Human Capital' and 'Community relations and rights of Indigenous Peoples'.
23. In ESRS and GRI, due diligence informs impact materiality. SASB Standards refer to 'impacts' similarly to ESRS but without definition. We suggest clarifying the objective and role of due diligence disclosures and how impacts, due diligence and financial materiality are articulated in own operations and value chain. One of the preparers also highlighted the need to clarify materiality and how financial materiality relates to impacts, due diligence and related concepts partially due to the lack of definitions of these concepts. It could also be clarified whether disclosures on due diligence steps apply only when social and human rights risks and opportunities are material under IFRS S1 or by default at the industry level. We note that stakeholder engagement and grievance mechanisms, central to international standards (e.g. UNGPs) and ESRS narrative disclosures, could benefit from more prominent and consistent inclusion in the proposed standards while covering a wider range of stakeholders.
24. We reiterate our previous comments regarding the inclusion of the IFC Performance Standards as part of SASB disclosure requirements, as well as the absence of reference to IFC Performance Standard 7 on Indigenous Peoples. Given their substantial overlap with some SASB disclosures, we would welcome clarification on how these standards interact with SASB disclosures in terms of their process and objectives. In addition, the IFC Performance Standards (2012) may not reflect recent developments in business and human rights or the evolution of soft law and hard law frameworks. As the IFC is revising its Sustainability Framework (2026–2028), including the Performance Standards, we would welcome further clarity on how SASB will reflect these changes, including the exclusion of IFC Performance in Standard 7 on Indigenous Peoples.

Sector-agnostic nature of certain topics

25. Labour Conditions currently apply only to the FB-AG, while Community Relations and Rights of Indigenous Peoples apply only to the IF-EU. As all three industries are significantly exposed to these labour risks, expanding the applicability of these topics across the three standards would enhance consistency and ensure that these high-impact sectors include these topics.
26. For inherently sector-agnostic topics, we encourage the ISSB to consolidate them in a future Human Capital standard to promote consistency and interoperability with frameworks such as ESRS and GRI. Sector-specific SASB disclosures could then focus on outcome-based metrics tailored to the specific characteristics of each sector. This recommendation depends on the direction of the ISSB's Human Capital project.

Key concepts and terminology

27. Preparers have emphasised that aligning key concepts and terminology is essential for interoperability. We have therefore assessed several concepts where greater clarity could support application.
28. The term 'labour conditions' is undefined and appears to be used inconsistently across the three standards. Its relationship with 'working conditions' – commonly used in ESRS, and critical in the context of labour rights – is also unclear. This is particularly relevant for FB-AG workers, given the risks associated with their working

conditions; addressing those prevalent risks in the industry is also critical (e.g. working time or adequate wages).

29. We welcome the use of the term ‘non-employees’ and the corresponding disaggregation of health and safety metrics. However, SASB’s definition (based on control of work, and applicable to self-employed individuals, agency workers and third-party workers) differs from the definition in ESRS. In addition, ESRS introduce the concept of vulnerable groups, which helps ensure that vulnerable workers in FB-AG, such as seasonal workers, are appropriately captured. Further alignment on this point would help ensure consistent application by preparers.

Digital transformation and just transition

30. We encourage the ISSB to explore whether industry-specific disclosures, particularly for IF-EU and FB-AG, could be expanded to reflect ongoing and future climate and digital transitions reshaping these industries and changing the business models. This could include developing and consulting on industry specific metrics that allow companies to explain their transition strategies, including related targets.
31. In the energy sector, just transition and digital transformation are frequently reported by preparers as material risks and opportunities under ESRS (2024–2025). Companies recognise that their business models are evolving and that resilience increasingly depends on human capital. These transitions can affect employees (e.g. upskilling to improve retention), communities (including Indigenous Peoples for vertically integrated companies) and consumers (e.g. energy affordability and access).
32. Similar considerations apply to the FB-AG sector. Sustainability-related shifts across the value chain are observed, including workforce impacts and growing consumer expectations for transparency through mechanisms such as traceability embedded in EU regulation. In this context, we consider that disclosure of certification data may not be the most effective or informative approach.

Executive summary of governance comments

33. We recognise that risks related to human health and animal health are different but interconnected. However, we question the need to treat antibiotic use as a separate, stand-alone topic. Instead, we suggest including a metric for antibiotic use under the topic of **Animal Health and Welfare** and to reconsider the scope of metric FB-MP-260a.1 alongside other veterinary medical treatments and emerging practices prevalent in the industry (such as breed selection). In addition, we believe the metrics FB-MP-410a.3. are useful but can only serve as minimum indicators given the shortcomings of certification and third-party audit verification (in the context of animal welfare). We also question the relevance of the activity metric FB-MP-000.A and unit of measure (live weight). Finally, we propose a few new metrics related to live animal transport as these were considered missing.
34. We are concerned about **redundancies or overlaps given the interplay between IFRS S1 and the SASB Standards**. For example, the FB-AG, FB-MB and IF-EU include **core governance disclosure requirements** already covered by IFRS S1 for all sustainability-related risks and opportunities, making repetition unnecessary.
35. We are also concerned about **inconsistencies among SASB Standards** regarding **business conduct-related metrics** likely driven by the lack of an ISSB topical standard serving as the foundation for this matter. Examples are regulatory and legislative participation in IF-EU as well as corruption and legal compliance in FB-AG and FB-MP. ESRS approach business conduct as a stand-alone topic, given the importance across various sectors.
36. EFRAG points to **a few gaps** in the proposed SASB Standards. For example, SASB could consider a topic in the FB-AG and FB-MP on funding structure and dependence on government assistance, including related policy risks, and address the link between government support and competition across FB-AG, FB-MP and IF-EU. Moreover, SASB could consider a metric capturing data privacy issues related to data exfiltration caused by cybersecurity incidents under the Operational Resilience & System Reliability topic.

Other remarks

EFRAG’s detailed responses to the ISSB’s specific questions are set out in the Appendix 1. *Detailed analysis*.