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Draft Comment Letter

International Sustainability Standard Board

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

[## #### 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 (the 'ED').

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

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

At the same time, it is important to consider if the current ISSB approach optimally supports the enhancements. We note that 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. 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 statement.

Given the limited application of SASB standards in Europe, the return on experience in reporting under those standards remains low. However, we underline that ESRS have been prepared leveraging on SASB disclosures, accordingly many of metrics consulted on by ISSB overlap with ESRS. In addition, the recent work on ESRS simplification and lessons learnt from the application of ESRS are also helpful. Finally, there is also significant commonality between the directions in these amendments and the evidence of EFRAG sector work¹ carried out in 2022, 2023 and 2024.

A high-level summary of EFRAG's response is provided immediately following this cover letter, with detailed comments and responses to the ED's questions set out thereafter.

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

Yours sincerely,

Kerstin Lopatta,

¹ Archives of EFRAG work related to sector-specific ESRS

Chair of the EFRAG SRB

Appendix 1: EFRAG's responses to the consultation

High level summary of response

1. EFRAG welcomes the overall objective of the ISSB's project to enhance the SASB standards. We also note that IFRS S2 Industry-based guidance is referenced in ESRS, emphasising its role as a non-mandatory example 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.
2. In this context, we note 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.
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 submitted its response to the consultation on the first nine SASB priority standards in 2025, which included several recommendations and overarching comments. Many of these **recommendations are equally applicable** to the currently consulted three standards:
 - (a) modification of the wording from 'shall' to 'may' [refer to and consider], to reduce the ambiguity which may result in undue reporting burden;
 - (b) recommendation to clarify that in SASB standards (1) topics are an illustrative and non-exhaustive list of risks and opportunities, and (2) that metrics serve as examples of possible sector/entity-specific disclosures in ISSB-based reporting;
 - (c) recommendation to ensure 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;
 - (d) suggestion for general clarification of the current and prospective architecture of the ISSB standards (namely, ISSB BEES and Human Capital);
 - (e) recommendation on resorting to publicly available and globally used industry classification system, or, if that is not feasible, deliver reconciliation tables between SICS and other industry classifications; and
 - (f) preparing sufficiently detailed Basis for Conclusions that can improve understanding of the standard-setting decisions taken, as well as contribute to greater transparency of the ISSB due process.
5. The ISSB consultation also includes questions for respondents who did not respond to the July 2025 Exposure Draft (question 7, 8, 9 and 10), covering objectives, interoperability enhancements, climate-related content amendments, and information related to nature and human capital. Although the EFRAG comment letter of 2025 already addressed these topics,

we intend to seek additional stakeholder views on these matters and we may incorporate new perspectives into EFRAG's final position.

6. EFRAG also notes that according to the presented ISSB assessment, approximately 2/3 of metrics consulted in the current set of three SASB standard are similar or identical to the ones consulted in 2025. Therefore, we highlight that the EFRAG comments shared in 2025 to those metrics, in particular the remarks related to interoperability, are equally applicable. To facilitate reference to those comments, we are including an appendix that indexes the most relevant insights that are equally applicable to amended metrics currently consulted.
7. Finally, it is important to highlight that the analysis presented in this letter has been based on **the draft simplified ESRS (November 2025)** issued by EFRAG.

Sector-agnostic relevance of SASB

8. We note that ISSB is progressing across various key projects in parallel. These are **the Nature (formerly BEES) and Human Capital** project, on the one hand, and the SASB standards, on the other hand. These projects interrelate with each other in various aspects and are key to define the building-blocks approach undertaken by the ISSB. Therefore, clarity is needed to understand how the ISSB system operates and whether and how the standard-setting for Nature and Human Capital complements the existing SASB standards whilst the various projects evolve contemporaneously. This is particularly relevant when understanding how the sector-agnostic layer for nature and human capital is conceived and the extent to which industry specificity is sought by the SASB standards.
9. At a more practical level, we have observed in the SASB standards enhancements that a high proportion of **sector-agnostic metrics** is included across the non-climate environmental topics, social and governance. We understand that the amendments made in the SASB priority sectors will be mirrored across the relevant SASB standards when these are applicable to them. In this context, should the work on Nature and Human Capital not result with addressing industry-agnostic metrics, the ongoing SASB enhancement project should outline the universe of sector-agnostic disclosures, in order to ensure completeness of the topics and metrics captured by SASB..
10. In addition, we caution that the current approach of ISSB gives a prominent role to the 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, important topical metrics, not only for nature and human capital, are shaped by a limited industry perspective and may influence the overall direction of future revisions.
11. Within this context, we note that there's a risk that the SASB enhancement project partially includes a number of sector-agnostic disclosures that are replicated to non-priority industries without an appropriate assessment of the completeness of the universe of sector-agnostic matters and their applicability to a particular industry.
12. Consequently, it is important that SASB revisions continue to consider widely accepted frameworks such as TNFD, and that any integration of metrics from these frameworks—as well as any departures from them—is supported by a strong rationale. Otherwise, the consistency and interoperability of sustainability reporting are at risk.
13. An example of this can be omitting indicators of TNFD's 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 agricultural products sector.
14. EFRAG intends to gather further feedback on this matter from EU stakeholders and explore the potential consequences of these potential strategic changes on the ISSB architecture for both the sector-agnostic and sector-specific layer of standard-setting from an interoperability lens.

Need for internal consistency between revised standards

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

Recommendation to streamline the definitions

17. 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, and more. Many of these terms are sector-agnostic and could be **centralised in a glossary**, as in ESRS, rather than repeated throughout the standards. Where ISSB does not provide a definition (for example, biosecurity, responsible business conduct), it could be explored if the standards could include a provision referring to the specific definition applied in the jurisdiction in which the entity operates (example is the approach with respect to 'cybersecurity incident' in IF-EU) when there is no global consensus about the terms.

Executive summary of environmental comments

18. We welcome the efforts of ISSB to improve language and concept alignment of SASB standards with IFRS provisions. We recognise this work will also enhance alignment with ESRS, since IFRS S2 and ESRS standards already feature a high level of interoperability. However, we are concerned about inconsistencies, redundancies or overlaps within the proposed SASB revisions, which risk undermining this goal.
19. The proposed revisions to IF-EU, PF-AG and PF-MP introduce inconsistencies in terms of the treatment of **greenhouse gas emissions, climate-related risks and energy management**. For example, the IF-EU omits the standalone Energy Management topic while retaining GHG Emissions & Energy Resource Planning, raising a question of continuity with the broader revision approach. With regards to methane emissions (highlighted in PF-MP topic description) we note that approach to methane-related metrics differs from other standards which also identified it as relevant.
20. In some instances, addressing physical climate risks is done under separate topic (such as it is done in IF-EU under the topic of Operational Resilience & System Reliability) to climate transition risks. This introduces a fragmented **approach to climate-related disclosures**, where metrics are scattered across various topics, potentially increasing complexity for the preparers and users and undermining interoperability.
21. We also note the continued **overlap of some metrics**, such as GHG target metrics between IFRS S2 and SASB (as already commented by EFRAG), as introduced in FB-AG and FB-MP. However, we note that IF-EU departs from this approach by deleting the provisions in question (IF-EU-110a.3). We reiterate our recommendation to avoid overlaps with IFRS S2 and ensure alignment of the terms used between the standards to facilitate the reporting.

Executive summary of social comments

Narrative disclosures

22. 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. Examples include due diligence disclosures on impacts affecting people and communities, as well as occupational health and safety management systems.
23. However, we observe potential duplication between these disclosures and IFRS S1. Given their largely sector-agnostic nature, we recommend considering their relocation to IFRS S1 guidance Human Capital and 'Community relations and rights of Indigenous Peoples'.
24. Regarding due diligence, in ESRS and GRI, due diligence informs impact materiality. We note that the SASB Exposure Drafts refer to 'impacts' in a similar manner to ESRS although no definition is included. To support clarity, it would be helpful to explain the intended objective and role of due diligence disclosures and clarify the important articulation between impacts, due diligence and financial materiality for own operations and value chain. It could also address whether disclosures on due diligence steps are required only when social and human rights related risks and opportunities are material under IFRS S1, or whether they apply by default at the sector level. Also, we note that stakeholder engagement and grievance mechanisms, which are central in international standards, such as the UNGPs, as well as in ESRS narrative disclosures could benefit from more prominent and consistent inclusion in the proposed standards, while also covering a wider range of stakeholders.
25. We also 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. These standards overlap substantially with some SASB disclosures and we would welcome clarification as to how they articulate with SASB disclosures, both in terms of their process and objectives. In addition, the IFC Performance Standards (dating from 2012) may not reflect recent developments in business and human rights, nor the evolution of soft law and hard law frameworks. We note that the IFC is undertaking a revision of its Sustainability Framework, including the Performance Standards, for 2026–2028. We would welcome further clarity on how SASB intends to reflect these factors, including the exclusion of IFC Performance Standard 7 on Indigenous Peoples.

Sector-agnostic nature of certain topics

26. Labour Conditions in a company's own operations currently apply only to the FB-AG, while Community Relations and Rights of Indigenous Peoples apply only to the IF-EU. As all three sectors 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.
27. Similarly, Social Supply Chain Management is relevant across all three sectors but appears as a standalone topic only in the FBA-G and FB-MP standards while IF-EU include it as part of the topic Supply Chain Management. We would welcome harmonisation across the three standards.
28. For topics that are inherently sector agnostic, we encourage the ISSB to consider consolidating them within a future Human Capital standard. This would 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. We acknowledge that this recommendation is dependent on the direction of the ISSB's Human Capital project.

Key concepts and terminology

29. Preparers have emphasised that alignment on key concepts and terminology is essential for interoperability across sustainability standards. We have therefore assessed several concepts where additional clarity could support application.
30. The term *labour conditions* is not defined and appears to be used inconsistently across the three draft standards. It is also unclear how this term relates to *working conditions*, which is more commonly used in ESRS and is a critical concept in the context of labour rights. This is particularly relevant for FB-AG workers, given the risks associated with their working conditions; addressing those risks that are prevalent in the sector is also critical (for example, working time or adequate wages).
31. Similarly, we welcome the use of the term *non-employees* and the corresponding disaggregation of health and safety metrics. However, we note differences between SASB's definition, based on control of work, and applicable to self-employed individuals, agency workers, and third-party workers, and the definition used in ESRS. In addition, ESRS introduces 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

32. We encourage the ISSB to explore whether industry specific disclosures, particularly for the IF-EU, but also for FB-AG, could be expanded to reflect the ongoing and future climate and digital transitions currently reshaping these industries and changing the business models. This could include developing and consulting on sector specific metrics that allow companies to explain their transition strategies, including related targets.
33. Overall, in the energy sector, just transition and digital transformation have been frequently reported by preparers as material risks and opportunities under ESRS in 2024 and 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).
34. Similar connected dynamics apply to the FB-AG sector. Sustainability related shifts across the value chain, including workforce impacts and growing consumer expectations for transparency through mechanisms such as traceability embedded in EU regulation are observed. In this context, we consider that disclosure of certification data may not be the most effective or informative approach.

Executive summary of governance comments

35. We recognise that risks related to human health and those related to animal health are different. However, they are interconnected and we doubt the need to distinguish the FB-MP disclosure **topics on antibiotic use and animal health and welfare** (see para. 24 of the appendix). Moreover, EFRAG questions the **relevance of the certification metric** FB-MP-410a.3. **of the activity metric** FB-MP-000.A **and unit of measure (live weight)**. Finally we also suggest **broadening the scope** of metric FB-MP-260a.1 to cover a wider range of veterinary medical treatments relevant to both animal and human health risks (see paras. 25 and 26 of the appendix)
36. 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, which are already covered by IFRS S1 for all sustainability-related risks and opportunities, making repetition unnecessary (see para. 92 of the appendix).
37. We are also concerned about the **inconsistencies among the SASB standards** regarding **business conduct related metrics** likely driven by the lack of an ISSB topical standard that is

the foundation for this matter. Examples are regulatory and legislative participation in IF-EU (see para. 94 of the appendix), corruption and legal compliance in FB-AG and FB-MP (see para. 95 of the appendix). ESRS approach business conduct as a standalone topic, given the importance across various sectors.

38. 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 (see para. 23 of the appendix). 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 (see para. 79 of the appendix)

Other remarks

39. The detailed comments of EFRAG, which respond to the specific questions of ISSB, are described below under the Appendix 1 'Detailed analysis'.