
ISSB Meeting

Date	October 2023
Project	International Applicability of SASB Standards
Topic	Results of the public comment period for the Methodology Exposure Draft
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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[®] Sustainability Disclosure Standards. The ISSB's technical decisions are made in public and are reported in the ISSB *Update*.

Objectives

1. As the next step in the [International Applicability of the SASB Standards](#) project, this paper summarises respondent feedback received on the Exposure Draft [Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates](#) (Methodology Exposure Draft).
2. This paper also sets out the recommendations the staff made to the SASB Standards Board Advisor Group (SASB Standards Board Advisors) in response to the Methodology Exposure Draft feedback and the decisions taken by the SASB Standards Board Advisors.
3. The SASB Standards Board Advisors request no decisions from the ISSB during this session.

Decisions of the SASB Standards Board Advisor Group

4. After careful review and discussion of the feedback received to the Methodology Exposure Draft, on 5 October 2023, the SASB Standards Board Advisors voted to:
 - (a) make no further revisions to the methodology to enhance the international applicability of the SASB Standards;
 - (b) approve the revisions to the SASB Standards made in accordance with the methodology and informed by stakeholder feedback on the Methodology Exposure Draft;
 - (c) make the updated SASB Standards effective for annual reporting periods beginning on or after 1 January 2025, with early application permitted; and
 - (d) make available blackline documents detailing the approved revisions for a period of 30 days.
5. The SASB Standards Board Advisors considered the need to re-expose the proposals applying the re-exposure criteria in paragraphs 6.25-6.27 of the Due Process *Handbook*. As noted above, the SASB Standards Board Advisors determined not to revise the methodology to enhance the international applicability of the SASB Standards proposed in the Exposure Draft and have concluded that the revisions to the SASB Standards have been made in accordance with that methodology informed by stakeholder feedback. Accordingly, the SASB Standards Board Advisors are satisfied that re-exposure is unlikely to reveal any new information or concerns not already considered and that the SASB Standards should be finalised.
6. Blackline documents detailing the specific revisions to the SASB Standards were released on 11 October 2023 and will be available via the project page until November 10. Comments are not requested on the blackline documents; however, stakeholders can notify the ISSB of any “fatal flaws” identified.

Structure of the paper

7. This paper is structured as follows:
 - (a) Background (paragraphs 8-16);
 - (b) Summary of feedback on the Methodology Exposure Draft (paragraphs 17-50);
 - (c) Staff analysis and recommendations to the SASB Standards Board Advisors (paragraphs 51-79);
 - (d) Next steps (paragraphs 80-81);
 - (e) Appendices;
 - (i) Appendix A—Summary statistics of methodology application; and
 - (ii) Appendix B—Metrics removed and replaced under the methodology.

Background

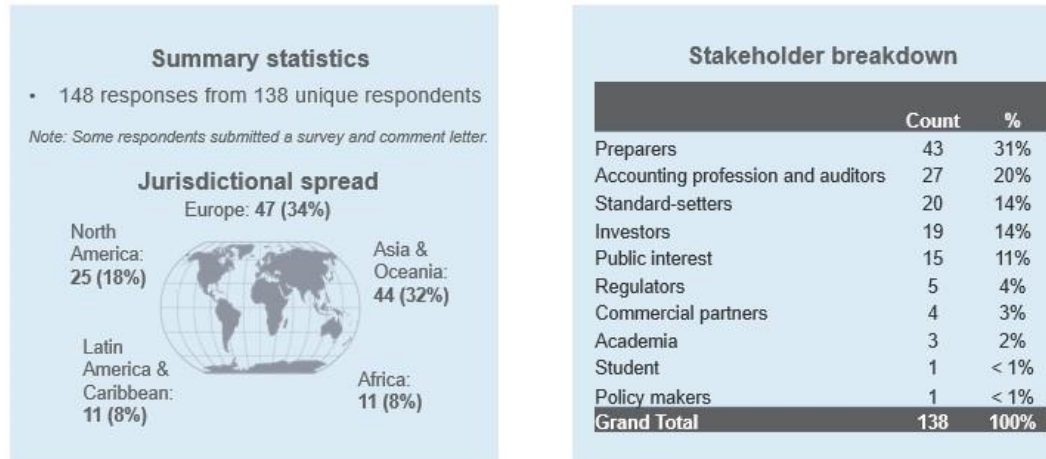
8. The ISSB is the steward of the SASB Standards and is supported in this task by the SASB Standards Board Advisors, which is a group of five ISSB members. The full ISSB ratifies any proposed amendments to the SASB Standards prior to final publication based on SASB Standards Board Advisor recommendations. This procedure is consistent with the [process approved](#) by the IFRS Foundation Trustees' Due Process Oversight Committee (DPOC) in October 2022.
9. The SASB Standards serve as a primary source of guidance for applying IFRS S1 [General Requirements for Disclosure of Sustainability-related Financial Information](#) (IFRS S1) to help entities produce relevant and comparable disclosures in the absence of specific IFRS Sustainability Disclosure Standards. Some of the guidance supporting the SASB Standards metrics currently uses definitions, terminology or references to jurisdiction-specific laws and regulations that can make that guidance difficult to apply in other jurisdictions.
10. At its April 2023 meeting, the ISSB decided to consult on the methodology and process used to enhance the international applicability of the SASB Standards and not on the specific revisions to the disclosure topics and metrics.
11. The Methodology Exposure Draft describes a proposed process for enhancing the international applicability of the SASB Standards' non-climate-related metrics in support of IFRS S1 implementation. More specifically, the objectives are:
 - (a) identifying potential regional biases and jurisdiction-specific references throughout the SASB Standards that might be difficult for preparers operating in some jurisdictions or across multiple jurisdictions to apply;
 - (b) ensuring the SASB Standards are GAAP-agnostic without substantially altering the Standards' structure or original intent;
 - (c) removing jurisdictionally specific references without significantly altering the costs and benefits of application;
 - (d) replacing jurisdictionally specific references with internationally applicable references when available; and
 - (e) generalising applicable jurisdictional legal and regulatory references when necessary.

12. This project builds off the ISSB's previous work when developing the climate-specific disclosures in IFRS S2 *Climate-related Disclosures* (IFRS S2) to achieve similar objectives during the development of the IFRS S2 *Industry-based Guidance on implementing Climate-related Disclosures*, published on 26 June 2023. The staff has augmented the revision approaches used during IFRS S2 development to create a simple, logical process to improve the international applicability of the remaining non-climate-related SASB Standards content. Further background, procedural details and illustrative examples can be found in the March 2023 ISSB Meeting *Agenda Paper 8 International Applicability of the SASB Standards and the Methodology Exposure Draft*.
13. The Methodology Exposure Draft, Appendix A (pages 13-14), describes the general logic and preferred sequencing of the five revision approaches proposed to replace substantive jurisdiction-specific references to enhance the international applicability of the SASB Standards. The revision approaches may be used in combination for replacing multiple terms of reference in specific technical protocols in an individual metric. The five proposed revision approaches include, in descending order of preference:
 - (a) Revision Approach 1, replacing jurisdiction-specific references with an equivalent international standard, definition or calculation from a globally recognised source;
 - (b) Revision Approach 2, replacing jurisdiction-specific references with generalised terms of reference that are simply defined and broadly applicable when international frameworks are unavailable;
 - (c) Revision Approach 3, replacing jurisdiction-specific references with references to the applicable jurisdictional laws or regulations to which an entity must comply when drafting generalised terms of reference are inherently too complex or voluminous;
 - (d) Revision Approach 4, removing a metric, only when all variations and combinations of Revision Approaches 1-3 remain infeasible because the metric in question is inextricably reliant on jurisdiction-specific references; and
 - (e) Revision Approach 5, in very limited instances, drafting a replacement metric to capture similar data to the original metric removed, but only in cases when removing a metric substantially impairs the completeness of a disclosure topic with few or no metrics remaining to capture relevant data. This includes the conversion of quantitative into qualitative metrics.
14. The ISSB ratified the SASB Standards Board Advisors' recommendation to publish the Methodology Exposure Draft in April 2023 for a 90-day public comment period. In May 2023, the ISSB published the Methodology Exposure Draft. The 90-day public comment period ended on 9 August 2023.
15. The staff presented a preliminary analysis of the Methodology Exposure Draft feedback to the ISSB during the September public education session. During that session, the SASB Standards Board Advisors reviewed the project progress and planned schedule but made no recommendations to the ISSB.
16. After considering the feedback received and after reviewing the application of the methodology taking into account that feedback, on 5 October 2023 the SASB Standards Board Advisors approved revisions to the SASB Standards. Blackline documents detailing the marked-up revisions in underline and strikethrough were also released in advance of publishing the revised standards to help stakeholders familiarise themselves with the pending changes.

Summary of feedback on the Methodology Exposure Draft

17. The ISSB received 148 comment letters and surveys in response to the Methodology Exposure Draft. Regionally, most respondents originated in Europe and Asia & Oceania. Among types of stakeholders, respondents were primarily preparers and accounting professionals and auditors.

Table 1: **Methodology Exposure Draft respondents**



18. Direct feedback was also solicited on the Methodology Exposure Draft during a series of consultation sessions involving regulators, investor groups, groups of accounting professionals and groups of preparers, many representing specific regions or emerging markets. Other consultation sessions involved seeking more focused feedback from individual stakeholders from around the globe, predominantly preparers, on specific proposed revisions to the SASB Standards.

Feedback inside the scope of the Methodology Exposure Draft

19. Almost all public commentary and stakeholder consultations indicated that:
- the scope and objectives of the proposed methodology were clearly stated;
 - preserving the structure and original intent of the SASB Standards to simplify the transition for those currently using the SASB Standards was an appropriate constraint;
 - the proposed methodology should improve the international applicability of the SASB Standards; and
 - the proposed sequence of revision approaches was appropriate, although each revision approach has limitations and drawbacks.
20. Almost all users of general purpose financial reporting and standard-setters stated that defining further constraints was unnecessary.
21. Almost all respondents agreed with the criteria used to determine which revision approach to employ in different circumstances, that Approach 1 should be the first course of action taken to enhance the international applicability of the SASB Standards, and that Approaches 2-5 would enhance the international applicability of the SASB Standards.
22. Respondents noted some concerns and limitations with the five proposed approaches, but generally agreed with the hierarchy proposed in the Methodology Exposure Draft.
- Many respondents observed that Approaches 2-4 don't achieve cross-jurisdictional comparability.
 - Many respondents noted that cross-jurisdictional comparability is not achieved when using Approach 3, even when Approaches 2 and 3 are used together. A few of these respondents cautioned against using Approach 3 too often.

- (c) Some respondents indicated that, while the proposed methodology preserves comparability within individual jurisdictions, the ISSB should develop additional guidance to ensure that preparers maintain global, cross-jurisdictional comparability when reporting to metrics enhanced using Approaches 2-4.
 - (d) A few respondents stated that if preparers are required to report a jurisdictional metric for compliance purposes, then Approach 1 might increase their reporting burden by asking them to report two slightly different, but ultimately duplicative metrics.
 - (e) A few respondents expressed concerns that Approach 4 would impair comparability for current SASB Standards reporters and their prior period disclosures.
 - (f) A few respondents thought that, in some circumstances, the quality of specific jurisdictional references may be superior to the proposed international references (for example because they could be more relevant for the preparer). In these cases, respondents suggested the ISSB should prioritise Approaches 2 or 3 over Approach 1.
 - (g) A few respondents requested additional contextual data regarding the frequency with which each proposed revision approach would be used in the revised SASB Standards.
23. Many respondents indicated that the revised metrics being proposed might pose problems for preparers to implement. In particular, a few respondents were concerned that Approach 5, replacing a metric, might increase the reporting burden for current SASB Standards reporters and diminish comparability of future disclosures against prior periods.
24. Many respondents (specifically preparers, users, and standard-setters) requested that the ISSB provide illustrative examples to accompany the revised SASB Standards to support preparers in creating comparable and decision-useful disclosures.
25. Some respondents, primarily accountants and preparers, suggested the methodology could benefit from additional considerations, such as permitting preparers to adapt the SASB Standards to their local context because of poor data quality or other jurisdictional priorities and constraints.
26. A few respondents noted that improving the international applicability of the SASB Standards might not make them 'fully internationally applicable' without further disclosure topic and metric development through additional research, consultation and deliberations by the ISSB.
27. Almost all respondents supported the proposed methodology to update the SASB Standards digital taxonomy. A few respondents were concerned about interoperability between the SASB Standards taxonomy and the IFRS Sustainability Disclosures taxonomy as well as between the SASB Standards taxonomy and ESRS' digital taxonomy.

Feedback outside the scope of the Methodology Exposure Draft

Publication of blackline documents

28. Most respondents, particularly preparers, were supportive of the ISSB's plan to expeditiously pursue final revisions to the SASB Standards in preparation for the 1 January 2024 effective date of IFRS S1.
29. Some respondents (primarily accountants, auditors, and standard-setters) indicated a desire to provide comments on the specific revisions to the SASB Standards, as opposed to the methodology used to make such revisions. These respondents were concerned that the approach taken by the ISSB might hinder jurisdictional adoption of the SASB Standards.

Interoperability

30. Many respondents requested the continuation of efforts to improve the interoperability of the SASB Standards' disclosure requirements with comparable Global Reporting Initiative (GRI) and European Sustainability Reporting Standards (ESRS) disclosure requirements to minimise preparer duplication of effort while applying anticipated GRI and ESRS sector-specific standards, which the staff notes are still being developed and may take some years to finalise.
31. A few respondents requested guidance regarding how the SASB Standards and GRI's sector-specific standards may align.
32. A few respondents suggested the ISSB delay the proposed revision of the SASB Standards and focus on IFRS S1 and IFRS S2 implementation until GRI and ESRS have completed their full planned suite of sector-specific disclosure standards. This would permit aligning the proposed SASB Standards revisions with the GRI and ESRS disclosures after they are finalised.
33. A few respondents commented that the SASB Standards may inadequately cover specific circumstances unique to individual jurisdictions or regions. These respondents suggested that the ISSB establish a body to assess cross-cutting jurisdictional issues identified during initial adoption of the revised SASB Standards.

Proposed transition reliefs

34. A few respondents suggested the SASB Standards be divided into 'core' metrics that are critically important across most jurisdictions and 'expanded' metrics that are likely to be useful only in a smaller set of specific jurisdictions. These respondents indicated that such a disaggregation would reduce the transitional reporting burden for first-time SASB Standards preparers by reducing the number of metrics to be provided.
35. A few respondents from North America requested that the ISSB develop transition reliefs for current SASB Standards reporters as they adopt the proposed revised metrics.
36. A few respondents noted that the applicability of the IFRS S1 and IFRS S2 transitional reliefs to the revised SASB Standards was unclear.

Use of third-party references in the SASB Standards

37. Many respondents requested that the ISSB monitor, review and update third-party references in the SASB Standards. By including so-called ambulatory references in the SASB Standards, the requirements of the specific technical protocols could change when those third-party references are updated without the ISSB having conducted appropriate due process.
38. Some respondents noted that 'paywall' access (requiring a paid licence for use) to specific third-party frameworks references in the SASB Standards might pose an undue cost burden for preparers and might bar adoption in specific jurisdictions in which such licensed references are unacceptable for use in regulatory applications.
39. A few respondents suggested that the ISSB consider what additional due process considerations might be appropriate when relying on third-party references.

Sustainable Industry Classification System[®] (SICS)

40. Some respondents, including many in Asia-Oceania, expressed their view that the SICS is US-centric.
41. Some respondents stated concerns with how the SASB Standards align with national or regional industry classification systems such as the Australian and New Zealand Standard Industrial Classification (ANZSIC) system, the European Union's Nomenclature of Economic Activities (NACE) classification system, or the Global Industry Classification Standard (GICS). These respondents were

primarily standard-setters, accountants, and some preparers in the Asia-Oceania and European regions.

42. A few respondents requested that the ISSB combine industries to reduce the reporting burden for preparers whose operations span multiple industries. Other respondents requested the ISSB develop additional industry standards to broaden the scope of coverage.

Future use of the SASB Standards

43. Many respondents indicated that the ISSB should provide stakeholders with greater clarity on whether, and how, the SASB Standards will be used by the ISSB over the long-term, and what the structure of an eventual set of IFRS Sustainability Disclosure Standards will be.
44. Some respondents from Europe, Asia-Oceania, and Africa—primarily standard-setters and accountants—noted the high quality of ISSB due process and stated that eventually moving the SASB Standards through that process would help to increase confidence in that content. A few respondents stated that despite the due process used in the development of the SASB Standards, stakeholders would not accept the SASB Standards as being equivalent to the IFRS Sustainability Disclosure Standards unless stakeholders have an opportunity to submit comments on the entirety of the structure and content.¹
45. Some respondents expressed a desire for further enhancements to the SASB Standards that go beyond the narrow scope of the International Applicability of SASB Standards project.
46. A few respondents expressed support for future ISSB Standards using a hybrid approach in which industry-specific requirements are considered in the context of thematic standards, such as in the Industry-based Guidance on Implementing IFRS S2.
47. A few respondents stated that the SASB Standards should be maintained as a separate set of standards instead of incorporated within IFRS S1, thereby allowing the ISSB to pursue more expeditiously the finalisation of additional IFRS Sustainability Disclosure Standards.
48. A few respondents suggested the ISSB should not enhance the international applicability of the SASB Standards and instead focus on developing a set of industry-specific IFRS Sustainability-related Disclosure Standards. These respondents suggested the development of a new set of ISSB Standards was more important than the continuity offered by the SASB Standards.
49. A few respondents recommended that the ISSB gather feedback from preparers and users of general purpose financial reporting on implementation challenges faced when applying the SASB Standards and assess those challenges to inform future amendments to the SASB Standards.
50. A few respondents suggested the ISSB establish a process to update the SASB Standards to reflect best practices, emerging trends and regulatory developments in sustainability-related reporting.

Staff analysis and recommendations to the SASB Standards Board Advisors

Feedback inside the scope of the Methodology Exposure Draft

51. A majority of respondents supported the methodology scope, objectives, constraints, proposed sequencing of revision approaches, and the associated project timeline. The staff recommended no

¹ The staff notes that applying the SASB Standards is not required to assert compliance with the ISSB Standards – IFRS S1 only requires that the SASB Standards be referenced and considered. Thus, the IFRS Sustainability Disclosure Standards and the SASB Standards are distinct, which is the basis for having differentiated due process procedures in place.

significant changes to the proposed methodology or process for finalising its implementation. Instead, the staff believes that stakeholder feedback on the methodology can be integrated into the *application* of the methodology in specific instances.

52. The staff agrees with stakeholder feedback regarding the limitations and trade-offs associated with applying the proposed Revision Approaches 1-3, and notes that the feedback received was supportive of the hierarchy described in the Methodology Exposure Draft.
53. Regarding concerns with the cost-effectiveness of Revision Approach 1, some preparers might theoretically have to report to both a jurisdictionally-mandated metric and an internationalised metric under Revision Approach 1 if the required disclosures vary even slightly. However, the staff notes that the methodology can be applied in a way that is responsive to this feedback. For example, Revision Approaches 1, 2 and 3 can be used in combination. Using a combination of Approaches 1 and 3 permits an entity to choose either to disclose a metric that uses an international definition or term of reference, or one that is jurisdiction-specific (that is, a jurisdictional variant which an entity is already providing for other purposes).
54. The revised SASB Standards, as approved by the SASB Standards Board Advisors, use Revision Approach 1 in combination with Revision Approaches 2 or 3 for approximately 18% of the relevant metrics. Revision Approach 1 is used in isolation for less than 5% of the amendments. The SASB Standards Board Advisors are cognisant of preparer concerns regarding duplicative reporting thus have considered this in combining approaches to balance costs and benefits for preparers and users of the information.
55. Some respondents noted that, since jurisdictional rules and regulations regarding sustainability-related disclosure topics can vary greatly, reliance on Revision Approach 3 will result in disclosures that are not fully comparable across jurisdictions. Staff recognises this limitation, but believes Revision Approach 3 remains an important option in the application of the methodology for several reasons:
 - (a) Revision Approach 3 represents a significant improvement over the current metrics under the methodology scope given that many of these metrics reference a specific jurisdiction;
 - (b) Revision Approach 3 is an effective way to ensure that disclosure requirements are cost-effective, since this approach often aligns with preparers' existing compliance and internal data gathering activities;
 - (c) insufficient international frameworks or standards exist to cover the full range of potential sustainability-related risks and opportunities that an entity may face, and some topics are too complex to rely on general definitions to develop practical disclosures;
 - (d) in many cases, an entity's compliance with applicable laws and regulations may be the most useful information regarding its management of a sustainability-related risk or opportunity; and
 - (e) the only viable alternative would be to remove these metrics altogether, which most respondents have clearly indicated is a less optimal solution.
56. The staff agrees with feedback stating that Revision Approach 4 (removing a metric without replacement) may decrease comparability with previous period reports. The staff note, however, that restating comparative periods would help to alleviate those concerns. Moreover, the SASB Standards Board Advisors have approved revisions that result in the removal of just 18 metrics using Revision Approach 4, which is less than 8% of metrics being considered as part of the project scope. These are

instances in which the metrics are inextricably structured on unique jurisdiction-specific terms of reference.²

57. Regarding Revision Approach 5, staff agrees that replacing a metric that has been removed may implicitly suggest incremental reporting for which an entity may be unprepared. However, this needs to be balanced with the cost of removing information that is relevant for users of general purpose financial reporting. Staff also notes that many of those using the amended SASB Standards are expected to be implementing the standards for the first time, and this approach will not negatively affect newcomers as for them this is not a replacement of an existing metric. The SASB Standards Board Advisors' revisions to the SASB Standards contain six instances of applying Revision Approach 5, and five of these involve the drafting of a new qualitative metric to replace a quantitative metric while capturing substantially the same or similar information in a more abstract discussion and analysis. For the single exception to this practice, the staff proposes replacing a quantitative sub-metric with a similar qualitative metric both to preserve the decision-useful data captured and to improve cross-industry comparability with similar metrics elsewhere.³
58. A list of metrics being removed or replaced using Revision Approaches 4 and 5 can be found in Appendix B of this paper.
59. The staff does not consider the development of illustrative examples of the SASB Standards disclosure necessary prior to the publication of the proposed revisions but notes stakeholder demand for additional educational materials regarding the application of the SASB Standards. The staff recommend that this be considered by the ISSB as it determines its broader strategy for developing educational materials to support the implementation of IFRS S1 and S2.
60. Regarding feedback that the methodology should provide preparers with the ability to adapt or modify disclosures based on their jurisdictional circumstances, the staff notes that the SASB Standards are illustrative guidance in support of IFRS S1. Although IFRS S1 requires entities to refer to and consider the SASB Standards, ultimately an entity may meet the disclosure requirements in IFRS S1 through other means (including adapting a specific metric in a SASB Standard to better suit its circumstances).
61. The staff acknowledges feedback that the application of the methodology will not fully address concerns with the international applicability of the SASB Standards. For example, some disclosure topics and associated information are particularly relevant to specific regulatory environments. Such relevance is not remedied by changing references to different sources of regulation. Overall, staff agrees that the SASB Standards could be enhanced through further research and standard-setting activities. However, further enhancing the SASB Standards is beyond the scope of this project. The nature and scope of such enhancements will be informed by the results of the ISSB's [Consultation on Agenda Priorities](#), which will inform how industry-based standard setting contributes to the development of future IFRS Sustainability Disclosure Standards and how the SASB Standards are developed within that context.
62. Regarding feedback on interoperability between the SASB Standards digital taxonomy and the ESRs' digital taxonomy, the staff notes that the ISSB is committed to working with EFRAG on interoperability and explore ways of harmonising the digital taxonomies. The staff also notes that the digital taxonomy created for the SASB Standards is aligned with the design of the IFRS Sustainability Disclosure taxonomy.

² For example, metrics **IF-WM-320a.2**, **TR-AF-540a.4** and **TR-RO-540a.2**, *Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance* are based on a uniquely structured US federal database.

³ Specifically, sub-metric (4) of metric **EM-SV-320a.1** *total vehicle incident rate* was replaced with a new metric **EM-SV-320a.3** *Number of road accidents and incidents* to improve cross-industry comparability with identical metrics elsewhere such as **IF-WM-320a.3**, **TR-AF-540a.3**, and **TR-RO-540a.1**.

Feedback outside the scope of the Methodology Exposure Draft

Publication of blackline documents

63. As noted above, the ISSB decided to consult on the methodology used to enhance the international applicability of the SASB Standards and not on the specific revisions to the metrics. Following the SASB Standards Board Advisors' approval of the revised SASB Standards, on 11 October 2023 documents detailing the revisions in blackline have been made public for 30 days. This is not a consultation, so feedback is not requested on these documents. The documents have been published for information purposes to allow stakeholders to familiarise themselves with the revisions.
64. The staff acknowledges feedback from stakeholders concerned that they will not have a chance to comment on the specific revisions to the SASB Standards made in accordance with the methodology. Nevertheless, the ISSB has determined that this is a proportionate approach that is commensurate with the nature and volume of revisions being made and one that was approved by the DPOC. Specifically, the project plan balances the need for timely release of industry-based guidance which supports the application of IFRS S1 prior to its effective date of 1 January 2024 with consultation to obtain stakeholder input. The plan also reflects the status of the SASB Standards in the context of IFRS S1 and S2 (the SASB Standards are not required to be applied to assert compliance with ISSB Standards).
65. The staff also notes that:
- (a) most stakeholders noted the importance of the ISSB releasing guidance to support the implementation of IFRS S1 in alignment with its effective date; and
 - (b) the 30-day notice period for the blackline documents is an additional step the ISSB has undertaken to promote transparency and reduce the transition burden for existing SASB preparers but is not a required due process step.
66. Overall, the staff believes that a 30-day interval for public access to the blackline documents provides preparers with sufficient time and advance notification to examine thoroughly the relevant revisions in the industry or industries most germane to their sustainability-related disclosures and is appropriate given the targeted nature of the methodology and the level of input received in this process.

Interoperability

67. There is a possibility to further enhance the interoperability between the ISSB Standards and relevant sector-specific requirements including jurisdictional ones. The staff will continue to support the efforts underway to improve interoperability with comparable sector-specific frameworks being developed.

Effective date and proposed transition reliefs

68. To support those already using the SASB Standards the staff recommended that these proposed revisions to the SASB Standards be effective for preparers with reporting periods beginning on or after 1 January 2025, with early application permitted.
69. In applying the methodology to current metrics, staff and the SASB Standards Board Advisors intended, wherever possible, to generalise definitions and terms of reference without changing the requirements for preparers that are currently using the SASB Standards. However, staff believes it would be appropriate to provide preparers (especially those already using the SASB Standards) with additional time to familiarise themselves with the revisions given the volume of changes made.
70. Assuming the ISSB ratifies these updates to the SASB Standards at the December meeting as currently planned, the updated SASB Standards will be available, permitted for use, and in time for the effective date of IFRS S1 (for annual reporting periods beginning on or after 1 January 2024) consistent with the objective for the project. If an entity applies the revised metrics earlier, they must disclose that fact. Staff believes that such an early application provision is appropriate.

71. The staff notes that an effective date of 1 January 2025 allows preparers just over a year to apply the updated SASB Standards, which acts as a transition relief period for entities that need it. This means that entities starting to apply the SASB Standards could use the previous version initially and migrate to the updated version later if preferred. The staff also notes that IFRS S1 permits entities to report on sustainability-related risks and opportunities beyond climate in the second year of application, consistent with an effective date of 1 January 2025 for the amendments to the SASB Standards.

Use of third-party references in the SASB Standards

72. The staff agrees that references to materials of third parties could pose challenges for preparers or jurisdictions, and notes that the SASB Standards Board Advisors have considered these concerns carefully, both in deciding how to prioritise the various approaches within the methodology and when considering how to apply the methodology.
73. Staff notes that these concerns were primarily raised in relation to Revision Approach 1, which was also respondents' preferred approach where available.
74. The staff recommends that the SASB Standards Board Advisors consider establishing a process to periodically monitor, review and update references to third-party standards and frameworks.
75. A few third-party references in the current SASB Standards sit behind a paywall (requiring a paid licence for use), such as IEA, ANSI and ISO terms of reference. The methodology is agnostic about the use of paywall references, neither removing them nor advocating their use. Many of these paywall references are accepted globally and used widely by entities in the relevant industries in which these references are used. The SASB Standards Board Advisors may in the future wish to direct staff to research the use of paywall references in the SASB Standards both from the perspective of the potential cost burden for smaller entities and for promoting the use of the ISSB Standards as a global baseline. In the interim, staff notes that those applying the SASB Standards to meet the requirements of IFRS S1 are not compelled to use metrics that are subject to a paywall because these preparers are only required to "refer to and consider" the SASB Standards.

Sustainable Industry Classification System[®] (SICS)

76. Staff recognises significant stakeholder demand for additional support regarding the use of SICS. Preparers that are new to the SASB Standards are unfamiliar with the system and its purpose, which is primarily to assist preparers in identifying likely relevant sustainability-related disclosure topics and associated metrics for their business model. Regulators separately have concerns that SICS differs from with the regional classification systems on which they have built disclosure requirements or data gathering systems.
77. The staff recommends that the ISSB publish clear illustrative guidance regarding how preparers can use the SICS to quickly identify the topics and metrics that are most relevant to them.
78. Staff also recommends that the SASB Standards Board Advisors prioritise efforts to further consider any further work that may be required in relation to the SICS including education and to better understand the interoperability of the SICS with other classification systems.

Future use of the SASB Standards

79. The staff notes that further industry-based materials developed by the ISSB, including enhancements to the SASB Standards, will be informed by the results of the ISSB's consultation on agenda priorities. The International Applicability of SASB Standards project team is collaborating with its ISSB technical staff colleagues currently analysing the feedback on the ISSB's agenda consultation in order to build a holistic understanding of stakeholder views in this area.

Next steps

80. Following the close of the 30-day window for public review of the blackline documents on 10 November 2023, the SASB Standards Board Advisors and staff will finalise updates to the SASB Standards. The SASB Standards Board Advisors plan to recommend finalised SASB Standards to the ISSB for ratification at its December 2023 meeting. The package of materials to be ratified by the ISSB will include a Basis for Conclusions document further detailing the SASB Standards Board Advisors' decisions in developing these revisions to the SASB Standards.
81. Assuming the ISSB ratifies the updated SASB Standards at its December meeting, the amendments to the SASB Standards will be issued before the end of 2023.

Questions for the ISSB

1. Does the ISSB have any questions regarding the feedback received on the Methodology Exposure Draft?
2. Does the ISSB have any other questions for the staff or SASB Standards Board Advisors?

Appendix A—Summary statistics of methodology application

A1. Below is a summary of the Revision Approaches applied to the SASB Standards.

Figure 1. Summary of Revision Approaches.

Figure 1a. Percentage of all SASB metrics targeted for international applicability enhancements.

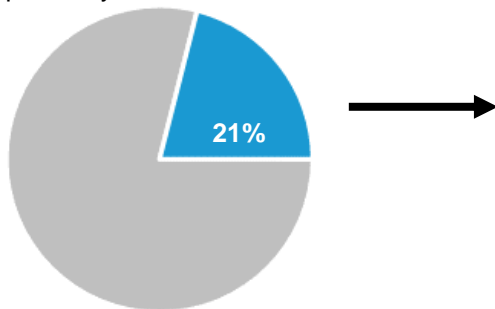


Figure 1b. Number of targeted metrics with each international applicability Revision Approach applied.

Approach(es) used	No. of metrics
Approach 1 only - International reference	9
Approach 2 only - General definition	43
Approach 3 only - Jurisdictional requirements	21
Approach 4 - Remove	18
Approach 5 - Replace	6
Approach 1 and 3	7
Approach 2 and 3	70
Approach 1, 2 and 3	29

Appendix B—Metrics removed and replaced under the methodology

Table B1. List of Approach 4- Removed metrics.

CG-HP-250a.2. Revenue from products that contain substances on the California DTSC Candidate Chemicals List
CG-TS-250a.2. Number of Letters of Advice (LOA) received
HC-BP-240b.1. Number of settlements of Abbreviated New Drug Application (ANDA) litigation that involved payments or provisions to delay bringing an authorised generic product to market for a defined time period
HC-DR-260a.1. Percentage of controlled substance prescriptions dispensed for which a prescription drug monitoring program (PDMP) database was queried
HC-DY-230a.1. Percentage of patient records that are Electronic Health Records (EHR) that meet "meaningful use" requirements
HC-DY-240a.2. Amount of Medicare Disproportionate Share Hospital (DSH) adjustment payments received
HC-DY-250a.1. Average Hospital Value-Based Purchasing Total Performance Score and domain score, across all facilities
HC-DY-250a.5. Magnitude of readmissions payment adjustment as part of the Hospital Readmissions Reduction Program (HRRP)
HC-DY-260a.2. Percentage of controlled substance prescriptions written for which a prescription drug monitoring program (PDMP) database was queried
HC-MC-240a.2. Total amount of rebates accrued and paid due to non-compliance with the Patient Protection and Affordable Care Act for Medical Loss Ratio (MLR)
HC-MC-260a.2. Total coverage for preventive health services with no cost sharing for the enrollees, total coverage for preventive health services requiring cost sharing by the enrollee, percentage of enrollees receiving Initial Preventive Physical Examinations (IPEE) or Annual Wellness Visits (AWV)
IF-EU-240a.2. Typical monthly electric bill for residential customers for (1) 500 kWh and (2) 1,000 kWh of electricity delivered per month
IF-GU-240a.2. Typical monthly gas bill for residential customers for (1) 50 MMBtu and (2) 100 MMBtu of gas delivered per year
IF-WU-240a.2. Typical monthly water bill for residential customers for 10 Ccf of water delivered per month
IF-WM-320a.2. Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance
SV-ED-260a.4. (1) Debt-to-annual earnings rate and (2) debt-to-discretionary income rate
TR-AF-540a.4. Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance
TR-RO-540a.2. Safety Measurement System BASIC percentiles for: (1) Unsafe Driving, (2) Hours-of-Service Compliance, (3) Driver Fitness, (4) Controlled Substances/Alcohol, (5) Vehicle Maintenance, and (6) Hazardous Materials Compliance

Table B2. List of Approach 5- Replaced metrics.

Original metric:	Replaced with:
EM-SV-320a.1. (4) total vehicle incident rate (TVIR) ⁴	EM-SV-320a.3 Number of road accidents and incidents
HC-MC-240a.3. Percentage of proposed rate increases receiving “not unreasonable” designation from Health and Human Services (HHS) review or state review	HC-MC-240a.4. Description of policies and practices regarding customer access to coverage
HC-MC-260a.3. Number of customers receiving care from Accountable Care Organisations or enrolled in Patient-Centred Medical Home programs	HC-MC-260a.4. Discussion of initiatives and programmes to maintain and improve enrollee health
IF-EU-150a.2. Total number of coal combustion residual (CCR) impoundments, broken down by hazard potential classification and structural integrity assessment	IF-EU-150a.3. Description of coal combustion products (CCPs) management policies and procedures for active and inactive operations
SV-ED-260a.5. Program cohort default rate	SV-ED-260a.6. Description of policies and practices related to student indebtedness and programme loan defaults
TR-AF-430a.1. Percentage of carriers with BASIC percentiles above the FMCSA intervention threshold	TR-AF-430a.3. Discussion of policies and strategies to identify, assess and manage business disruption risks associated with contract carrier safety

⁴ Metric **EM-SV-320a.1** (1) Total recordable incident rate (TRIR), (2) fatality rate, (3) near miss frequency rate (NMFR), and (4) total vehicle incident rate (TVIR), and (5) average hours of health, safety, and emergency response training for (a) full-time employees, (b) contract employees, and (c) short-service employees has not been removed in its entirety. Rather, sub-metric (4) total vehicle incident rate has been removed and replaced by a new metric, **EM-SV-320a.3** Number of road incidents and accidents in order to align disclosures in the Oil & Gas – Services Standard with those of similar industries.