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.
Agenda

1. Overview

2. Key takeaways

3. Next steps
Overview
Methodology Exposure Draft overview

1. Revising jurisdiction-specific non-climate content in the SASB Standards
   • Methodology aims to enhance international applicability of non-climate metrics
   • Climate-related metrics were revised and published separately in June to align SASB Standards with the Industry-based Guidance on Implementing IFRS S2
     • ISSB ratified these revisions in May based on SASB Board Advisor Group recommendation

2. Objective is removing and replacing jurisdiction-specific terms of references without significantly altering structure, sectors, industries, topics or metrics

3. Enhancing international applicability to help preparers implement IFRS S1
Methodology proposes five cascading revision approaches

1. Can the jurisdiction-specific reference be replaced with an **equivalent international standard, definition or calculation method**?

2. Can the jurisdiction-specific reference be replaced with a **general definition** that is widely understood and broadly applicable?

3. Can the jurisdiction-specific reference be replaced with a **reference to an entity’s applicable jurisdictional laws or regulations**?

4. If the above approaches aren’t feasible, can the metric be removed without leaving the disclosure topic incomplete? (*Used infrequently*)

5. If the disclosure topic would be incomplete were the metric removed, can a new metric be provided that captures the original concept and intent of the removed metric?

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*In practice, Revision Approaches 1 – 3 are often used in combination*
Methodology Exposure Draft respondents

Summary statistics

- 148 responses from 138 unique respondents

Some respondents submitted a survey and comment letter.

Jurisdictional spread

<table>
<thead>
<tr>
<th>Region</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>47</td>
<td>34%</td>
</tr>
<tr>
<td>North America</td>
<td>25</td>
<td>18%</td>
</tr>
<tr>
<td>Latin America &amp; Caribbean</td>
<td>11</td>
<td>8%</td>
</tr>
<tr>
<td>Africa</td>
<td>11</td>
<td>8%</td>
</tr>
<tr>
<td>Africa</td>
<td>11</td>
<td>8%</td>
</tr>
<tr>
<td>Asia &amp; Oceania</td>
<td>44</td>
<td>32%</td>
</tr>
<tr>
<td>North America</td>
<td>25</td>
<td>18%</td>
</tr>
</tbody>
</table>

Stakeholder breakdown

<table>
<thead>
<tr>
<th>Stakeholder Category</th>
<th>Count</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparers</td>
<td>43</td>
<td>31%</td>
</tr>
<tr>
<td>Accounting profession and auditors</td>
<td>27</td>
<td>20%</td>
</tr>
<tr>
<td>Standard-setters</td>
<td>20</td>
<td>14%</td>
</tr>
<tr>
<td>Investors</td>
<td>19</td>
<td>14%</td>
</tr>
<tr>
<td>Public interest</td>
<td>15</td>
<td>11%</td>
</tr>
<tr>
<td>Regulators</td>
<td>5</td>
<td>4%</td>
</tr>
<tr>
<td>Commercial partners</td>
<td>4</td>
<td>3%</td>
</tr>
<tr>
<td>Academia</td>
<td>3</td>
<td>2%</td>
</tr>
<tr>
<td>Student</td>
<td>1</td>
<td>&lt; 1%</td>
</tr>
<tr>
<td>Policy makers</td>
<td>1</td>
<td>&lt; 1%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>138</td>
<td>100%</td>
</tr>
</tbody>
</table>
Feedback broadly supported the ISSB’s direction of travel

Almost all respondents agreed:

- Methodology enhances international applicability
- Scope and objectives of the methodology are clear
- Current constraints of the objective are appropriate
- Revision approaches are sequenced appropriately
Some respondents also provided feedback on the following considerations outside the scope of the ED:

**External references**
- to third-party frameworks or standards outside of the ISSB’s control

**Public notice period**
- the nature and length of time that the updated Standards are made public prior to finalisation
Key takeaways
Stakeholders supported the proposed hierarchy of revision approaches

- Overall, respondents were supportive of the Revision Approaches while noting potential trade-offs between them.
- Most respondents agreed Approaches 2 and 3 should follow Approach 1.
- Some respondents thought using international frameworks in Approach 1 might increase reporting burden for preparers with existing jurisdictional reporting requirements.
- Some respondents noted Approach 3 may not result in cross-jurisdictional comparability.
- Some current SASB reporters were concerned Approach 4 may hinder comparability with previous SASB reporting and Approach 5 may increase their reporting burden.
Many respondents noted that references to third-party frameworks outside the control of the ISSB could pose challenges for *jurisdictional adoption*.

Some respondents suggested that a *process* be established to routinely review and update these references.

A few respondents noted that some third-party references are behind a *paywall* (ex: IEA Dataset) which could be costly or burdensome.
Mixed feedback regarding timing

Most respondents stated their support for the ISSB’s plan to expediently finalise revisions to the SASB Standards to support application of IFRS S1.

Some standard-setters, accountants and auditors stated concern that a 30-day public notice period may not be sufficient given the volume of content.

Some respondents requested additional data be released with the blacklines for editorial review on the frequency and basis for each revision approach.
Respondents requested clarity re: ISSB’s strategy

Staff notes that **next steps for SASB Standards will be informed by the results of the ISSB’s consultation** on agenda priorities.
Next steps
Staff perspective and next steps

**Staff perspective**

- Staff’s initial conclusion is that the balance of feedback was **supportive of the methodology** and associated timeline.
- Staff believes that there are a number of additional actions the SASB Board Advisor Group should **consider over the medium term** to respond to feedback outside the scope of the Methodology ED.

**Next steps**

- SASB Board Advisors plan to:
  - continue to **review and discuss the feedback received**
  - provide ISSB with a **status update at October board meeting**
  - review **blacklines for editorial review** prior to making the Standards publicly available before finalisation
  - seek **ISSB ratification of updated Standards** in December
Int’l Applicability of SASB Standards project timeline

- December 2022: ISSB decided to use SASB Standards as Illustrative Guidance
- May 2023: SASB Methodology ED published
- September 2023: ISSB educational session on ED feedback
- November 2023: Board Advisors and staff finalise SASB Standards
- October 2023: Board Advisors to publish blacklines for editorial review; ISSB meets to review Board Advisor discussions
- December 2023: ISSB ratifies finalised SASB Standards
ISSB discussion

- Does the ISSB have any questions regarding the feedback received during the public comment period?

- Does the ISSB have suggestions for how the staff and SASB Board Advisors should approach finalising its application of the methodology?
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