
ISSB meeting

Date	June 2025
Project	Enhancing the SASB Standards
Topic	Due process steps and permission to ballot amendments to the <i>Industry-based Guidance on Implementing IFRS S2</i>
Contacts	Greg Waters (greg.waters@ifrs.org) Himani Phadke (himani.phadke@ifrs.org)

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*.

Purpose

1. In connection with the project on enhancing the SASB Standards, the staff is recommending that the International Sustainability Standards Board (ISSB) propose that consequential amendments be made to the *Industry-based Guidance on Implementing IFRS S2* (the IFRS S2 industry-based guidance).
2. The purpose of this paper is to request that the ISSB:
 - (a) agree to propose making consequential amendments to the IFRS S2 industry-based guidance in an exposure draft (the 'consequential amendments ED') to maintain alignment with the climate-related content in the SASB Standards;
 - (b) agree to propose removing two disclosure topics and associated metrics from the IFRS S2 industry-based guidance based on them not being sufficiently climate-related;
 - (c) confirm that it is satisfied that the ISSB has complied with the applicable due process steps and to give the staff permission to begin the balloting process for the consequential amendments ED;

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- (d) indicate if, at this stage, any ISSB member plans to dissent from the proposals in the consequential amendments ED;
 - (e) set a comment period for the consequential amendments ED that is aligned with the comment period for the SASB Exposure Draft (a 120-day comment period); and
 - (f) propose an effective date for the amendments to the IFRS S2 industry-based guidance of between 12 and 18 months after their issuance and permit early application (with the actual effective date to be determined in redeliberations after considering stakeholder feedback), consistent with the proposed effective date for proposed amendments to the SASB Standards.

Structure of the paper

- 3. This paper is structured as follows:
 - (a) Staff analysis and recommendations;
 - (b) Due process steps and permission to begin the balloting process;
 - (c) Length of comment period;
 - (d) Proposed effective date; and
 - (e) Appendix A—Due process steps in developing the consequential amendments to the IFRS S2 industry-based guidance.

Staff analysis and recommendations

Background

- 4. The IFRS S2 industry-based guidance suggests possible ways to apply some of the disclosure requirements in IFRS S2 *Climate-related Disclosures*. The guidance does not create additional requirements. Specifically, the guidance suggests ways to identify and disclose information about climate-related risks and opportunities

associated with particular business models, activities or other common features that characterise participation in an industry. In applying IFRS S2, an entity is required to refer to and consider the applicability of the information set out in the industry-based guidance, in accordance with paragraphs 12 and 32 of IFRS S2.

5. The IFRS S2 industry-based guidance is derived from the climate-related content in the SASB Standards. When the ISSB issued IFRS S2 and the IFRS S2 industry-based guidance in June 2023, it made consequential amendments to the climate-related content in the SASB Standards to maintain alignment between the two sets of industry-based materials. Thus, the IFRS S2 industry-based guidance is largely identical to the climate-related content in the SASB Standards.¹
6. In the [May 2023 Agenda Paper](#) the SASB Standards Board Advisers noted that:
 - (a) having multiple versions of the same metrics in the SASB Standards and the IFRS S2 industry-based guidance runs contrary to the ISSB's mission to simplify the sustainability disclosure landscape and could cause confusion;
 - (b) misalignment could lead to increased costs for preparers, for example for those interested in implementing the SASB Standards in preparation for applying the IFRS Sustainability Disclosure Standards; and
 - (c) misalignment could negatively impact users of the disclosures because of a lack of comparability between disclosures of preparers that use the SASB Standards as a standalone resource and those that apply IFRS S2.

Proposed amendments to climate-related content in the SASB Standards

7. As part of its 2024–2026 work plan, the International Sustainability Standards Board (ISSB) is enhancing the SASB Standards to provide timely support to preparers with the high-quality application of IFRS S1 *General Requirements for Disclosure of*

¹ The climate-related content in the SASB Standards is identical to the IFRS S2 industry-based guidance but also includes the topic of financed emissions (which is included in the application guidance in Appendix B to IFRS S2).

Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

8. As outlined in [Agenda Paper 6 for the July 2024 ISSB meeting](#), the ISSB has prioritised 12 industries as a part of an initial phase of enhancements to the SASB Standards in its 2024-2026 work plan. The ISSB is taking a comprehensive approach to enhancing these SASB Standards, including climate-related content.² As detailed in Agenda Paper 6A for this June 2025 ISSB meeting, the exposure draft of proposed amendments to the SASB Standards (the SASB Exposure Draft) includes proposed amendments to nine of the 12 prioritised industries, with an exposure draft of the remaining three industries planned for Q4 2025.
9. The SASB Exposure Draft will also propose ‘targeted amendments’ to another 41 SASB Standards to maintain consistent disclosures for the same topics in different SASB Standards where appropriate. The proposed targeted amendments result from the proposed amendments to the nine priority industries that affect metrics occurring frequently in other SASB Standards. Agenda Paper 6A for the June 2025 ISSB meeting provides the background on the development of proposed amendments in the SASB Exposure Draft.

Consequential amendments to the IFRS S2 industry-based guidance

10. In conducting research and engaging with stakeholders, the ISSB identified opportunities to enhance the disclosure topics and metrics in the SASB Standards to:
- (a) update them to reflect the evolution in the sustainability-related risks and opportunities that entities face in different industries;
 - (b) improve international applicability;

² As noted in paragraph 17 of Agenda Paper 6 for the ISSB’s July 2024 meeting, staff recommended that industries prioritised by the ISSB be ‘evaluated holistically, from evaluating the industry groupings as defined under SICS down to the detailed technical protocols which support application of specific metrics.’ Paragraph 37 of [Agenda Paper 6](#) for the ISSB’s March 2025 meeting included additional rationale from staff regarding why we believe the ISSB should amend climate-related content as a part of the SASB enhancements project.

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- (c) improve connections between the content in the SASB Standards (and therefore the IFRS S2 industry-based guidance, should the alignment between the two sets of materials be maintained) and IFRS S1 and IFRS S2; and
 - (d) improve interoperability and alignment with other sustainability-related standards and frameworks.³
11. The proposed amendments to the nine priority industries in the SASB Exposure Draft include climate-related topics and metrics. The targeted amendments include climate-related metrics relating to greenhouse gas emissions, energy management and water management.
12. In [Agenda Paper 6](#) for the March 2025 ISSB meeting, the staff previewed the proposal that as part of the SASB enhancements project, if changes are proposed to metrics in the SASB Standards that are also in the IFRS S2 industry-based guidance, the ISSB should propose to make consequential amendments to the IFRS S2 industry-based guidance to reflect those amendments in order to maintain alignment of industry descriptions, disclosure topics and metrics for climate-related materials.
13. Given that many preparers are in the process of implementing IFRS S2 and therefore referring to and considering the IFRS S2 industry-based guidance, the benefits of any amendments should be weighed against the potential costs and disruption for preparers. Nonetheless, in addition to the rationale for maintaining alignment between the SASB Standards and the IFRS S2 industry-based guidance stated above in paragraph 6, the staff believes there are several other reasons that the ISSB should make consequential amendments to the IFRS S2 industry-based guidance should it amend the climate-related content in the SASB Standards. These include:
- (a) enhancing the IFRS S2 industry-based guidance will support the implementation of IFRS S2 and its high-quality application, including through further enhancements to international applicability and interoperability and

³ [Agenda Paper 6](#) for the ISSB's December 2024 meeting includes a summary of stakeholder feedback on the priority industries, including opportunities to enhance the climate-related content in those industry Standards.

improvements to reflect the evolution in the climate-related risks and opportunities that entities face in different industries;

- (b) many of the enhancements to the IFRS S2 industry-based guidance would involve strengthening the connections to the main body of IFRS S2, which could have numerous benefits including making the guidance more cost-effective for preparers and support the provision of high-quality information; and
- (c) the ISSB could set an effective date for such amendments that would reduce the risk of disruption for those implementing IFRS S2 and for jurisdictions that are adopting or otherwise using ISSB Standards.

Removal of two topics and associated metrics from the IFRS S2 industry-based guidance

- 14. In reviewing the proposed consequential amendments to the IFRS S2 industry-based guidance, the staff also identified two disclosure topics and associated metrics in Volume 8—*Construction Materials* of the IFRS S2 industry-based guidance that we believe are not sufficiently climate-related to merit inclusion in the IFRS S2 industry-based guidance:
 - (a) the Air Quality disclosure topic and associated metric EM-CM-120a.1 *Air emissions of the following pollutants: (1) NO_x (excluding N₂O), (2) SO_x, (3) particulate matter (PM₁₀), (4) dioxins/furans, (5) volatile organic compounds (VOCs), (6) polycyclic aromatic hydrocarbons (PAHs) and (7) heavy metals;* and
 - (b) the Waste Management disclosure topic and associated metric EM-CM-150a.1 *Amount of waste generated, percentage hazardous and percentage recycled.*
- 15. Disclosure topics and associated metrics related to air emissions and waste generation are not included for other industries in the IFRS S2 industry-based guidance, despite such topics and metrics appearing in other industries in the SASB Standards. The staff

has not identified compelling rationale for the continued inclusion of these disclosure topics and associated metrics in the IFRS S2 industry-based guidance.⁴

Staff recommendations

16. The staff recommends that the ISSB propose making consequential amendments to the IFRS S2 industry-based guidance when it finalises amendments to the SASB Standards to continue to maintain alignment between the IFRS S2 industry-based guidance and related content in SASB Standards. We believe that the benefits of the consequential amendments described above would outweigh the potential costs.
17. The staff also recommends that the ISSB propose removing the following two disclosure topics and associated metrics in Volume 8—*Construction Materials* from the IFRS S2 industry-based guidance:
 - (a) the Air Quality disclosure topic and associated metric EM-CM-120a.1; and
 - (b) the Waste Management disclosure topic and associated metric EM-CM-150a.1.
18. To keep as streamlined an approach to the consultation process as possible, the staff recommends that the consequential amendments ED be limited to consulting on the following:
 - (a) whether to make the consequential amendments to the IFRS S2 industry-based guidance to align with the proposed changes to the relevant content in SASB Standards when the ISSB finalises amendments to the SASB Standards; and
 - (b) whether the two disclosure topics and associated metrics in Volume 8—*Construction Materials* set out below should be removed from the IFRS S2 industry-based guidance:

⁴ For the avoidance of doubt, the proposal would be to remove these from the IFRS S2 industry-based guidance while retaining these metrics within the SASB Standards.

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- (i) the Air Quality disclosure topic and associated metric EM-CM-120a.1; and
 - (ii) the Waste Management disclosure topic and associated metric EM-CM-150a.1.
19. The staff recommends that feedback on the amendments that would result from aligning with the proposed amendments to the SASB Standards be sought by referring stakeholders to the SASB Exposure Draft, with the relationship between the documents being highlighted in the consequential amendments ED. To facilitate stakeholder feedback on the relevant content, the consequential amendments ED could include a list of metrics in the IFRS S2 industry-based guidance that would be affected by the proposals in the SASB Exposure Draft.
20. In addition to the requirement to publish an exposure draft in relation to IFRS S2 in accordance with the *Due Process Handbook*, the staff notes that an additional benefit of a separate consequential amendments ED alongside the SASB Exposure Draft is that it will ensure that it is clear to stakeholders that even those only reporting on climate-related risks and opportunities should engage with the forthcoming consultation.

Due process steps and permission to begin the balloting process

21. The proposed amendments to the SASB Standards were developed in accordance with the IFRS Foundation's due process for maintaining and enhancing the SASB Standards, which includes the use of the SASB Standards Board Adviser Group and a ratification vote by the ISSB.⁵ The IFRS S2 industry-based guidance accompanies an IFRS Sustainability Disclosure Standard and is subject to the due process requirements for ISSB Standards.

⁵ For more information on the process for maintaining the SASB Standards, please refer to Agenda Paper 6A for this meeting.

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22. The IFRS Foundation's *Due Process Handbook* specifies the due process steps required for publishing an exposure draft for an ISSB Standard (see paragraphs 6.4–6.6 of the *Due Process Handbook*).
23. Appendix A of this paper sets out a summary of the due process steps the ISSB has and will undertake in developing an exposure draft to propose amendments to the IFRS S2 industry-based guidance. The staff believes the ISSB has complied with all due process steps required to date, will complete all the remaining due process steps and has undertaken sufficient consultation and analysis to begin the process for balloting the consequential amendments ED.
24. Balloting is a drafting, review and approval process to ensure a project document is well written and accurately reflects the ISSB's decisions. The ISSB will review and approve the ballot draft of the exposure draft. Once the ballot draft of the exposure draft is approved, the ISSB publishes the exposure draft for public consultation.⁶ The staff targets publication of the consequential amendments ED alongside publication of the SASB Exposure Draft to reflect the close relationship between the proposals.
25. The staff notes that:
- (a) the consequential amendments ED would set out the proposed amendments to the IFRS S2 industry-based guidance highlighting the relevance of the work on SASB enhancements to reporting on climate-related risks and opportunities;
 - (b) as required for all exposure drafts, the consequential amendments ED will include a basis for conclusions outlining the rationale for the proposals, in particular the rationale of maintaining alignment between the IFRS S2 industry-based guidance and the SASB Standards; and

⁶ Information about the balloting process can be found at: <https://www.ifrs.org/about-us/how-we-set-ifrs-standards/what-is-balloting/>.

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- (c) the consequential amendments ED would also reference the SASB Exposure Draft that includes the proposed amendments to climate-related content, with accompanying rationale in the Basis for Conclusions.
26. In accordance with paragraph 6.9 of the *Due Process Handbook*:
- (a) if the ISSB is satisfied that it has addressed all due process steps required in developing an exposure draft, it votes to have the technical staff prepare the exposure draft for balloting. The staff will request permission to begin that process at this meeting.
 - (b) any ISSB members who intend to dissent from the proposals in the consequential amendments ED should make their intentions known at this time. Therefore, the staff also asks whether any ISSB members plan to dissent from the proposals in the consequential amendments ED .

Length of comment period

27. As part of the due process steps for developing an exposure draft, the ISSB decides an appropriate comment period for the exposure draft. The *Due Process Handbook* states that normally the ISSB allows a comment period of 120 days for an exposure draft.
28. As discussed in greater detail in Agenda Paper 6A for this meeting, the staff recommends a 120-day comment period for the SASB Exposure Draft. In making that recommendation, the staff considered the implications for preparers applying the IFRS S2 industry-based guidance as the staff recommends that it be clear that these two exposure drafts should be considered in combination. Staff recommends that the ISSB set a 120-day comment period for the consequential amendments ED, which would be aligned with the proposed comment period for the SASB Exposure Draft.

Proposed effective date

29. As discussed in detail in Agenda Paper 6A for this ISSB meeting, the staff recommends that the ISSB propose to set an effective date for the amendments to the SASB Standards of between 12 and 18 months after their issuance, and to permit early application to enable an entity to apply the amendments before the effective date of the amendments.
30. The staff believes that the effective date for any consequential amendments to the IFRS S2 industry-based guidance should mirror the effective date for any amendments to the SASB Standards. This approach would be consistent with the overall objective of maintaining alignment between this content. The staff therefore recommends that the ISSB propose an effective date for the consequential amendments of between 12 and 18 months after the issuance of the amendments to the IFRS S2 industry-based guidance, with early application permitted.

Questions for the ISSB members

31. The staff presents the following questions for the ISSB.

Questions for the ISSB

1. **General**—does the ISSB have any comments or questions on the matters set out in this paper?
2. **Consequential amendments**—does the ISSB agree with the staff recommendation to propose making consequential amendments to the IFRS S2 industry-based guidance when it issues amendments to the SASB Standards to maintain alignment?
3. **Removal of two topics and associated metrics from the IFRS S2 industry-based guidance**—does the ISSB agree with the staff recommendation to remove two disclosure topics and associated metrics from Volume 8—*Construction Materials* of the IFRS S2 industry-based guidance as set out in paragraph 17(b) of this paper?
4. **Permission to begin the process for balloting the ED**—is the ISSB satisfied that it has complied with the applicable due process steps to begin the process for balloting the exposure draft of consequential amendments to the IFRS S2 industry-based guidance?
5. **Dissent**—does any ISSB member plan to dissent from the publication of the consequential amendments ED? If so, on what grounds?

Questions for the ISSB

6. **Comment period**— Does the ISSB agree with the staff recommendation to set a comment period of 120 days?
7. **Effective date**—does the ISSB agree with the staff recommendation to propose an effective date of between 12 and 18 months after the issuance of the amendments to the IFRS S2 industry-based guidance and to propose permitting early application of the amendments?

Appendix A: summary of due process steps

A1. Table A1 lists the necessary due process steps for developing the exposure draft of proposed consequential amendments to the IFRS S2 industry-based guidance, and the actions that satisfy these steps.

Table A1—Summary of due process steps

Steps	Actions
Development	
ISSB meetings held in public, with papers available for observers. All decisions are made in public sessions.	<p>The ISSB discussed the project to enhance the SASB Standards, including potential amendments to the climate-related content in the SASB Standards, at its July 2024, December 2024 and March 2025 meetings.</p> <p>The ISSB is asked in this paper to decide whether to make the consequential amendments to the IFRS S2 industry-based guidance to maintain alignment with the climate-related content in the SASB Standards.</p> <p>The ISSB is also asked to decide on the removal of two disclosure topics and associated metrics in the IFRS S2 industry-based guidance on the basis that they are not sufficiently climate-related, as explained in this paper through the staff analysis and recommendations.</p>
Finalisation	
Due process steps reviewed by the ISSB.	This paper asks the ISSB to review the due process steps.

The exposure draft has an appropriate comment period.	This paper asks the ISSB to set the comment period.
Drafting	
Drafting quality assurance steps are adequate.	The appropriate teams (including Editorial) will review the consequential amendments ED.
Publication	
Exposure Draft published	The consequential amendments ED will be made available on the project website when published.
News release to announce the publication of the Exposure Draft	A news release will be published on the IFRS Foundation website with the consequential amendments ED.