
ISSB Meeting

Date	October 2026
Project	Enhancing the SASB Standards
Topic	Relationship of the SASB Standards to ISSB Standards
Contacts	Taylor Reed (taylor.reed@ifrs.org) Greg Waters (greg.waters@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. This paper provides the International Sustainability Standards Board (ISSB) with staff's analysis and recommendations to address aspects of stakeholder feedback regarding the relationship of the SASB Standards to ISSB Standards received during consultations on proposed amendments to the SASB Standards in 2025 and 2026.

Summary of staff recommendations

2. Staff recommends that the ISSB:
 - (a) include in the SASB Standards an explanation that the conceptual foundations and requirements in IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* apply in preparing disclosures using the SASB Standards to comply with ISSB Standards;
 - (b) make available proportionality mechanisms consistent with those in IFRS S1 and IFRS S2 *Climate-related Disclosures* for metrics in the SASB Standards for entities preparing disclosures using the SASB Standards to comply with ISSB Standards; and

- (c) revise the name of the SASB Standards to enhance clarity of their status and intended function when used as part of the application of the ISSB Standards.

Structure of the paper

- 3. This paper is structured as follows:
 - (a) Scope of the paper (paragraphs 4-7);
 - (b) Background (paragraphs 8-25);
 - (c) Staff analysis and recommendations (paragraphs 26-49);
 - (d) Next steps (paragraph 50); and
 - (e) Questions for the ISSB (paragraph 51).

Scope of the paper

- 4. This paper focuses on what steps the ISSB can take, specifically in through the ISSB's project on Enhancing the SASB Standards, to support entities that are using the SASB Standards to meet the requirements in ISSB Standards.
- 5. The analysis and recommendations in this paper are presented in the context of the current status of the SASB Standards in relation to IFRS S1 (that is, material that entities are required to 'refer to and consider'¹ is described more comprehensively in paragraph 11). As decided by the ISSB at its February 2026 meeting, considering whether any changes to this status are necessary and if so, how to implement them, fall outside of the scope of this project.
- 6. Staff recognises that there is a group of preparers that apply the SASB Standards independently from ISSB Standards. We intend to continue considering effects on this group of preparers. However, as discussed by the ISSB at its March 2025 meeting, the

¹ This Agenda Paper is primarily focused on the relationship of the SASB Standards to IFRS S1; however, similar considerations may apply to the *Industry-based Guidance on Implementing IFRS S2* in relation to IFRS S2. Staff intends to address possible implications in future board meetings.

ISSB is primarily focused on amendments to the SASB Standards in the context of the application of ISSB Standards, including to support such application.

7. One topic that respondents often raised when providing feedback regarding the relationship of the SASB Standards to ISSB Standards is the presence of some requirements—such as disclosure of information about greenhouse gas emissions—in both ISSB Standards and the SASB Standards. Staff will present a summary of this feedback and analysis for ISSB discussion at a future meeting.

Background

8. This section provides background information in five parts:
 - (a) overview of the contents of IFRS S1;
 - (b) how IFRS S1 references the SASB Standards;
 - (c) an inventory of the materials the IFRS Foundation has published to help stakeholders understand the relationship of the ISSB industry-based guidance to ISSB Standards;
 - (d) an overview of proportionality mechanisms in IFRS S1 and IFRS S2; and
 - (e) recent consultations on the SASB Standards.

Overview of the contents of IFRS S1

9. IFRS S1 sets out overarching requirements for an entity to disclose information about sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. IFRS S1 applies to all sustainability-related risks and opportunities that could reasonably be expected to affect an entity's cash flows, its access to finance or cost of capital over the short, medium or long term.
10. IFRS S1 provides the basis for preparing an entity's sustainability-related financial disclosures. The Standard includes:

-
- (a) conceptual foundations—for example, an investor-focused definition of material information and requirements on connected information;
 - (b) disclosure requirements for core content—governance, strategy, risk management, and metrics and targets;
 - (c) general requirements for the disclosure of sustainability-related financial information, including sources of guidance, and requirements for judgements, uncertainties and errors; and
 - (d) proportionality mechanisms available for an entity in preparing sustainability-related financial disclosures.

How IFRS S1 references the SASB Standards

- 11. IFRS S1 explicitly references the SASB Standards at three points in an entity's disclosure process:
 - (a) paragraphs 54–55 require an entity to refer to and consider the applicability of the disclosure topics in the SASB Standards in identifying sustainability-related risks and opportunities that could reasonably be expected to affect its prospects.²
 - (b) paragraphs 56–58 require an entity, in the absence of an IFRS Sustainability Disclosure Standard that specifically applies to an identified risk or opportunity, to apply judgement to identify information that is relevant to user decision making and that faithfully represents that risk or opportunity, and the paragraphs specify that in making this judgement, an entity shall refer to and consider the applicability of the metrics associated with the relevant disclosure topics in the SASB Standards; and

² Although IFRS Sustainability Disclosure Standards require an entity to consider the applicability of the ISSB industry-based guidance, application itself is not required. In other words, an entity might determine that the disclosure topics and associated metrics in the ISSB industry-based guidance are not applicable to its circumstances. In this situation, the entity is not relieved from meeting the requirement in IFRS Sustainability Disclosure Standards to provide decision-useful information—including industry-based metrics—about its identified sustainability-related risks and opportunities.

-
- (c) paragraph 59 requires an entity to identify the specific standards, pronouncements, industry practice and other sources of guidance it applied in preparing its disclosures—including, where relevant, the disclosure topics in the SASB Standards—and to identify the industries (specified in the IFRS Sustainability Disclosure Standards, the SASB Standards, or other sources of guidance) it applied in preparing its sustainability-related financial disclosures, including in identifying applicable metrics.
12. Paragraph 48 of IFRS S1 requires entities to disclose industry-based information—‘metrics associated with particular business models, activities, or other common features that characterise participation in an industry’. While this paragraph does not include an explicit reference for this requirement to be met by using the SASB Standards, paragraph BC134 of the [Basis for Conclusions](#) on IFRS S1 notes ‘a complementary relationship between IFRS S1, which establishes general requirements that apply to all entities, and the guidance provided by the SASB Standards, which is industry-based’, and observes that the metrics in the SASB Standards ‘are commonly tailored to the activities of entities within a particular industry’. The SASB Standards are therefore well-suited to helping preparers meet this requirement.
13. Each of the 77 SASB Standards includes the following language in its front matter:
- IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) requires entities to refer to and consider the applicability of disclosure topics in the SASB Standards when identifying sustainability-related risks and opportunities that could reasonably be expected to affect an entity’s prospects. Similarly, IFRS S1 requires entities to refer to and consider the applicability of metrics in the SASB Standards when determining what information to disclose regarding sustainability-related risks and opportunities.

ISSB educational materials regarding the relationship of the ISSB industry-based guidance to ISSB Standards

14. The IFRS Foundation has published a series of educational materials to aid understanding of the requirements in ISSB Standards and how the SASB Standards and the *Industry-based Guidance on Implementing IFRS S2*^[OBJ] (together, the ISSB industry-based guidance) can be used to support application of the ISSB Standards:
- (a) [Using the SASB Standards to meet the requirements in IFRS S1](#) (published February 2024) explains the role of the SASB Standards within IFRS S1 and how the SASB Standards can be used to meet the requirements in IFRS S1.
 - (b) [Using ISSB Industry-based Guidance when applying ISSB Standards](#) (published July 2025) explains the requirement ‘shall refer to and consider the applicability of’ as it applies to the ISSB industry-based guidance. This material explains that an entity applying the ISSB industry-based guidance in applying ISSB Standards is required to comply with all the requirements in ISSB Standards.
 - (c) [Sustainability-related risks and opportunities and the disclosure of material information](#) (published November 2024) helps entities identify sustainability-related risks and opportunities that could reasonably be expected to affect their prospects, and to identify and disclose material information about sustainability-related risks and opportunities that entities have identified. It also describes how the SASB Standards support this task, with examples of a dairy entity using the Meat, Poultry & Dairy SASB Standard to identify applicable disclosure topics (page 34) and of using the SASB Standards to identify material information (page 43).

Proportionality mechanisms in IFRS S1 and IFRS S2

15. IFRS S1 and IFRS S2 include two proportionality mechanisms to support entities in all jurisdictions, including small and medium-sized entities in emerging markets and developing economies, to apply particular requirements in the ISSB Standards. These

mechanisms are not available for all requirements; rather, each applies to particular requirements in IFRS S1 and IFRS S2 that the ISSB identified where entities might otherwise find application challenging. The mechanisms do not exempt entities from providing disclosures, nor do they introduce new disclosure requirements; instead, they set out requirements that are designed to enable entities to select inputs or provide disclosures in a manner proportionate to their circumstances.

16. First, the ISSB has used the concept of ‘all reasonable and supportable information available to the entity at the reporting date without undue cost or effort’. This concept has been used for requirements that involve a high degree of judgement or uncertainty by establishing parameters for:
 - (a) the type of information to use (all reasonable and supportable information available to the entity at the reporting date); and
 - (b) the effort required to obtain that information (without undue cost or effort).
17. The second mechanism requires or permits an entity to apply particular requirements in a manner commensurate with the skills, capabilities, and resources available to it. This mechanism operates in two ways. An entity is:
 - (a) required to use an approach commensurate with its circumstances, including the skills, capabilities, and resources available to it; and/or
 - (b) permitted to adjust the information it provides in meeting a specific disclosure requirement, where it lacks the skills, capabilities, or resources to provide particular information.
18. Table 1 identifies the particular requirements in IFRS S1 and IFRS S2 for which each proportionality mechanism is available:

Table 1: Proportionality mechanisms in IFRS S1 and IFRS S2

IFRS S1 or IFRS S2 requirements	Reasonable and supportable information available [...] without undue cost or effort	Commensurate with the skills, capabilities and resources that are available to the entity
Identification of sustainability-related risks and opportunities	✓	
Scope of the value chain	✓	
Anticipated financial effects	✓	✓
Approach to climate-related scenario analysis	✓	✓
Measurement of Scope 3 GHG emissions	✓	
Metrics in cross-industry metric categories (IFRS S2 paragraph 29(b)–(d) and IFRS S2 paragraph 30)	✓	

19. The following explain the proportionality mechanisms in IFRS S1 and IFRS S2 in greater detail:

- (a) [Agenda Paper 3D&4C](#) at the ISSB’s February 2023 meeting summarises the ISSB’s considerations and deliberations related to proportionality mechanisms in the ISSB Standards;
- (b) the [Factsheet Series on Proportionality Digest](#) (published January 2025) which describes why the ISSB Standards include proportionality mechanisms, what they are, and how entities can use them to apply particular requirements in the ISSB Standards.
- (c) a [three-part webcast series](#) (published January 2025) explaining how the proportionality mechanisms support the application of IFRS S1 and IFRS S2, covering what the mechanisms are and where they appear in the ISSB Standards as well as providing examples of how entities could use those mechanisms.

Recent consultations on the SASB Standards

20. The staff analysis and recommendations set out in paragraphs 26-49 respond to feedback on three exposure drafts, published between July 2025 and July 2026,

proposing amendments to the SASB Standards and to the *Industry-based Guidance on Implementing IFRS S2*:

- (a) the ISSB received comment letters and survey responses from 225 respondents on the Exposure Draft [*Proposed Amendments to the SASB Standards*](#) (published July 2025), which proposed comprehensive amendments to nine SASB Standards and targeted amendments to a further 41 SASB Standards to maintain consistent disclosures for common topics across industries, where relevant;
 - (b) the ISSB received comment letters and survey responses from 83 respondents on the Exposure Draft [*Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2*](#) (published July 2025) which proposed updates to the *Industry-based Guidance on Implementing IFRS S2* (IFRS S2 industry-based guidance) to maintain alignment with the climate-related content in the SASB Standards; and
 - (c) the ISSB received comment letters and survey responses from 152 respondents on the Exposure Draft [*Proposed Amendments to the SASB Standards and IFRS S2 Industry-based Guidance*](#) (published in March 2026) which proposed comprehensive amendments to an additional three SASB Standards and corresponding volumes of the IFRS S2 industry-based guidance.
21. This paper refers to the consultations on the July 2025 Exposure Drafts collectively as the ‘2025 consultation’ and the March 2026 Exposure Draft as the ‘2026 consultation’.
22. Staff previously summarised feedback from the 2025 consultation for the ISSB in Agenda Papers for the ISSB’s [February 2026](#), [March 2026](#) and [May 2026](#) meetings.
23. The feedback summarised in this paper builds on those earlier summaries by:
- (a) focusing more narrowly on the subset of feedback addressing the relationship of the SASB Standards to the ISSB Standards; and
 - (b) incorporating related feedback from the 2026 consultation.

-
24. Staff will provide a more comprehensive summary of the 2026 consultation feedback at future ISSB meetings.
25. As noted in previous feedback summaries, respondents to the 2025 consultation frequently sought greater clarity on the relationship of the ISSB industry-based guidance to the ISSB Standards, as well as on how existing or new proportionality mechanisms might support preparers in applying the SASB Standards in the context of ISSB Standards. In response, the ISSB sought specific feedback on both issues in the 2026 consultation. The [Invitation to Comment](#) included the following questions:
- (a) **Question 5** asked respondents whether they agreed with the ISSB's proposed approach to amending the SASB Standards relative to content already in the IFRS Sustainability Disclosure Standards, and whether the relationship between the SASB Standards and the IFRS Sustainability Disclosure Standards is sufficiently clear.
 - (b) **Questions 1(i), 2(g), and 3(f)** asked respondents, for each industry (*Agricultural Products, Meat, Poultry & Dairy, and Electric Utilities & Power Generators*), whether any proposed metrics in that industry's SASB Standard would benefit from proportionality mechanisms, and if so, which metrics and why.

Staff analysis & recommendations

26. Staff's analysis and recommendations are set out in the context of diverse stakeholder feedback provided during the 2025 and 2026 consultations regarding the relationship of the SASB Standards to the ISSB Standards. Overall, staff thinks that there are multiple drivers of stakeholder comments and confusion on this matter and have included a summary of relevant feedback, as well as specific examples, in this paper. Staff recommends the ISSB take a variety of steps to address this feedback.

Applicability of conceptual foundations and requirements in IFRS S1 when applying SASB Standards

27. Staff recommends that the ISSB include in the SASB Standards an explanation that the conceptual foundations and requirements in IFRS S1 apply in preparing disclosures using the SASB Standards to comply with the ISSB Standards, and more specifically, that for entities using SASB Standards to apply ISSB Standards, all conceptual foundations and requirements in IFRS S1 apply to the resulting information. This is likely to be the most effective way of reaching preparers at the point of use and would directly address stakeholder feedback.
28. Many respondents to the 2025 and 2026 consultations said the relationship of the SASB Standards to the ISSB Standards is conceptually or directionally clear: the ISSB Standards establish overarching requirements, and the SASB Standards help identify industry-based disclosures that support their application. At the same time, feedback from diverse types of stakeholders reflected an underlying concern: the conceptual foundations and requirements in IFRS S1, such as those regarding materiality and on aggregation and disaggregation, are assumed to apply, but the SASB Standards do not state this explicitly. This gap gives rise to specific points of confusion and feedback suggesting that preparers do not understand this relationship consistently.
29. For example, a large global accounting firm suggested that the ISSB clarify that ‘concepts and principles of IFRS S1 apply to the SASB Standards when these are used as part of the ISSB architecture of standards’ (for example, those related to qualitative characteristics of information, materiality, connected information, guidance on aggregation and disaggregation of information, and use of estimation and judgement), and stated that addressing this through educational material alone is not sufficient.³ Similarly, a national standard setter recommended⁴ that the ISSB ‘include a clarifying statement, in introductory provisions or an application note’ confirming

³ [Letter 174](#) (2025 consultation)—Deloitte Global

⁴ [Letter 56](#) (2026 consultation)—UK Sustainability Disclosures Technical Advisory Committee

that ‘the conceptual foundations and principles in IFRS Sustainability Disclosure Standards, including the materiality principles and proportionality mechanisms’ apply to the SASB Standards ‘in the same way’ as IFRS S1 and IFRS S2.

30. As noted in paragraph 14, the IFRS Foundation has produced educational materials to help preparers understand the relationship of the ISSB industry-based guidance to the ISSB Standards, including use of the SASB Standards in the context of applying ISSB Standards.⁵ However, feedback suggests that the reach of educational materials has not been adequate to address stakeholder confusion on the matter.
31. The staff do not recommend new educational material or FAQs as a substitute for including an explanation within the SASB Standards. While such documents could be useful, they might not be effective in reaching preparers at the point of use in applying SASB Standards to comply with the requirements in ISSB Standards. Instead, including an explanation within the SASB Standards would provide additional clarity to preparers and assurance providers on the existing relationship of the SASB Standards to ISSB Standards and could therefore lead to more effective use of the SASB Standards in supporting application of ISSB Standards.
32. Staff will present further recommendations at a subsequent ISSB meeting for *how* it proposes such an explanation be implemented. For example, it might be useful for the ISSB to explicitly name specific concepts and requirements in IFRS S1 that were most frequently raised by stakeholders in response to the 2025 and 2026 consultations within the explanation, and include cross-references to the relevant paragraphs of IFRS S1. Such concepts and requirements could include⁶:
- (a) **materiality**—the metrics in the SASB Standards are designed to support the disclosure of material information to primary users of general purpose financial reports. An entity is required to consider whether the metric is

⁵ Staff notes that during the preparation of the July 2025 SASB Exposure Draft the ISSB discussed developing educational material that explains how to use the SASB Standards when applying the ISSB Standards. See paragraphs 29–30 of [Agenda Paper 6](#) for the ISSB’s March 2025 meeting.

⁶ The requirements cited here are intended to provide the ISSB with a sense of direction and do not constitute the final list of requirements recommended to be cited or final language to be included in the SASB Standards.

applicable in its circumstances and to determine whether it would result in the provision of material information per the definition in IFRS S1 and as described in Paragraphs B13-B28 of IFRS S1.

- (b) **aggregation and disaggregation**—in many cases, the quantitative metrics in the SASB Standards specify a level of disaggregation.^[OBJ] This is intended to provide primary users with comparable information regarding how entities are performing in relation to a specific sustainability-related risk or opportunity. However, additional aggregation or disaggregation of these metrics might be necessary for an entity's circumstances in order to provide material information (per the requirements in paragraphs B29-B30 of IFRS S1).
- (c) **reporting entity**—disclosures prepared using metrics in the SASB Standards should be for the same reporting entity as the related financial statements (per the requirement in paragraph 20 of IFRS S1).
- (d) **proportionality mechanisms**—in some instances, the proportionality mechanisms set out in IFRS S1 and IFRS S2 are already available to entities applying the metrics in the SASB Standards in the context of applying ISSB Standards, as stated in paragraphs BC47-48 of the March 2026 [Basis for Conclusions to the Proposed Amendments to the SASB Standards and IFRS S2 Industry-based Guidance](#). For example: provisions in paragraph B6(b) of IFRS S1 related to determination of the scope of the value chain would be available to an entity preparing the disclosure of the proposed metric FB-AG-430d.3 *Percentage of high-risk suppliers subject to an independent third-party audit or verification in the previous three years, with description of non-conformances and corrective actions*, insofar as 'suppliers' constitutes an element of the entity's value chain.

33. Staff will propose in a subsequent ISSB meeting:

- (a) where such explanations should be included, for example, in the form of new front matter or revisions to existing front matter of the SASB Standards; and

- (b) whether such explanations should be included only in finalising SASB Standards that were the subject of the 2025 and 2026 consultations, or to consider the options available to the ISSB for including explanations in all SASB Standards (subject to due process steps that might be required).
34. There also exists stakeholder feedback that is related to the use of SASB Standards to comply with ISSB Standards, but that cannot be directly addressed through explaining the applicability of existing requirements in IFRS S1 to the SASB Standards. For example, stakeholders have identified particular metrics in the SASB Standards which they think would result in disclosures that would be prohibited by law or regulation in some jurisdictions. Paragraph 73 of IFRS S1 states that '[t]his Standard relieves an entity from *disclosing information otherwise required by an IFRS Sustainability Disclosure Standard* if law or regulation prohibits the entity from disclosing that information' (emphasis added). Since information prepared using SASB metrics is not *required to be disclosed* by any IFRS Sustainability Disclosure Standard, entities would not have this relief available to them when using the SASB Standards to comply with ISSB Standards. Therefore, the recommendation in paragraph 27 would not address this feedback. Staff will present in a subsequent ISSB meeting its analysis and recommendations regarding whether and how additional reliefs consistent with IFRS S1 paragraph 73 should be specified within the SASB Standards and made available for metrics in the SASB Standards to address such feedback.

The need for proportionality mechanisms in the SASB Standards

35. Staff recommends that proportionality mechanisms consistent with those in IFRS S1 and IFRS S2 be made available for metrics in the SASB Standards, for preparers using the SASB Standards to meet the requirements in ISSB Standards. The staff is not proposing at this stage which particular metrics these mechanisms should be available for, but will bring a recommendation to the ISSB on that aspect at a subsequent meeting.

36. Feedback on the 2025 and 2026 consultations indicated strong demand for additional guidance and support for preparers applying the SASB Standards to meet the requirements in ISSB Standards, particularly in emerging markets and developing economies. Feedback during the 2025 consultation coalesced around a general need for the ISSB to provide additional support. When posed with specific questions in the 2026 consultation regarding which metrics might benefit from the introduction of proportionality mechanisms, feedback was correspondingly more focused.
37. Overall, feedback on the 2025 and 2026 consultations on the topic of proportionality has centred on similar concerns to those considered by the ISSB in deciding to introduce the mechanisms in IFRS S1 and IFRS S2. While generally endorsing the usefulness of the resulting information to primary users, a variety of stakeholders have raised concerns over the availability and complexity of some of the quantitative information specified in the proposed metrics in the prioritised SASB Standards. For example, the following feedback was received related to particular proposed metrics in the *Agricultural Products* SASB Standard in the 2026 consultation:
- (a) ‘These metrics may be particularly challenging to implement in agricultural supply chains that depend on large numbers of geographically dispersed smallholder farmers... verifiable farm-level or supplier-level data may not be immediately feasible and could involve disproportionate cost relative to the decision-usefulness of the resulting information’ ([Letter 27](#)—*Financial Reporting Council of Nigeria*);
 - (b) ‘These metrics may require geolocation data, land-use analysis, satellite monitoring, climate projections, and supplier-specific information that is not always available across all sourcing regions.’ ([Letter 39](#)—*Morningstar Sustainability*); and
 - (c) ‘The CSSB recommends that proportionality mechanisms be considered for metrics that are inherently complex, data-intensive, or context-dependent. In particular, metrics requiring value-chain data, direct farming data, spatial footprint or land-use data, deforestation or land conversion determinations, supplier traceability, or those based on jurisdictionally variable definitions

may be appropriate candidates for proportionality.’ ([Letter 71](#)—*Canadian Sustainability Standards Board*).

38. As noted in paragraph 32(d), the proportionality mechanisms set out in IFRS S1 and IFRS S2 are available to entities that are applying the SASB Standards in preparing disclosures to meet the requirements in ISSB Standards and an explanation of this could be included in the SASB Standards. This enhanced clarity might be able to address some of the stakeholder concerns—for example, use of the proportionality mechanism related to the scope of the value chain could address some of the concerns about challenges with information availability throughout the value chain. However, these mechanisms are specified for particular requirements in IFRS S1 and IFRS S2 as outlined in Table 1. In other cases, these proportionality mechanisms are *not* available, including for information to be disclosed according to some of the metrics proposed in the 2025 and 2026 Exposure Drafts that were most often cited as challenging by stakeholders. For example, staff’s view is that no proportionality mechanisms in relation to the information required to be used would be available to entities preparing the disclosure of the proposed metric IF-EU-160a.2 *Percentage of the total spatial footprint of operations in or near environmentally sensitive locations*.
39. In paragraphs BC8-BC9 of the Basis for Conclusions on IFRS S1, the ISSB outlined that it had decided to make the proportionality mechanisms set out in IFRS S1 available to entities to ease the burden of disclosure and assist entities in applying IFRS S1. Similarly, in paragraphs BC62-BC64 of the Basis for Conclusions on IFRS S2, the ISSB explained that its decision to provide additional application guidance on the topic of climate-related scenario analysis was due to concerns from stakeholders that such analysis was particularly challenging to carry out. This guidance included provision of the proportionality mechanism requiring an entity to use an approach to climate-related scenario analysis that is commensurate with its circumstances as at the time the entity carries out its climate-related scenario analysis, which includes considering its available skills, capabilities and resources for the climate-related scenario analysis.

-
40. The metrics in the SASB Standards are not requirements in ISSB Standards. Per paragraph 58(a) of IFRS S1, an entity might conclude that the metrics specified in the SASB Standards are not applicable in the entity's circumstances. As such, the context of any proportionality mechanisms the ISSB introduces for use of the SASB Standards to apply ISSB Standards is different compared to an entity meeting particular requirements in the ISSB Standards. Nonetheless, staff thinks that there is benefit in making proportionality mechanisms available for metrics in the SASB Standards. For example, there still could be situations in which an entity refers to and considers the metrics in the SASB Standards for a particular risk or opportunity it has identified and determines that a metric is applicable to its circumstances, but does not have the capabilities to prepare disclosures in accordance with the metric.
41. In its standard-setting process, the ISSB considers the decision-usefulness, cost-effectiveness and feasibility of metrics proposed in the SASB Standards, and weighs the benefits of the information to primary users of general purpose financial reports against the costs to preparers of providing the information. However, staff acknowledges that some of the proposed metrics in the 2025 and 2026 Exposure Drafts, while useful to the decision-making of primary users, specify the disclosure of information that may be particularly challenging for preparers to obtain due to factors including granularity, reliance on third parties, or technological limitations. Staff also notes that these concerns are particularly relevant for entities operating in emerging markets and developing economies.
42. Staff therefore recommends that the ISSB make available proportionality mechanisms for metrics in the SASB Standards for the following reasons:
- (a) to ease the burden on entities using the SASB Standards to apply ISSB Standards, in a manner consistent with the provision of mechanisms in IFRS S1;
 - (b) to respond to concerns that some metrics in the SASB Standards specify data that is particularly complex for preparers to use in disclosures, in a manner

similar to requirements in IFRS S2 to which the ISSB made proportionality mechanisms available; and

- (c) while the proportionality mechanisms set out in IFRS S1 and IFRS S2 are applicable in some instances to entities using the SASB Standards to apply ISSB Standards, they are not available in all instances for which stakeholders have raised concerns.

43. Staff thinks there are two alternative approaches the ISSB could consider in making proportionality mechanisms available for metrics in the SASB Standards when they are applied in the context of meeting the requirements in ISSB Standards. These alternatives are:

- (a) making available one or more of the proportionality mechanisms set out in IFRS S1 and IFRS S2 to *particular* metrics in the SASB Standards;
- (b) making available one or more of the proportionality mechanisms set out in IFRS S1 and IFRS S2 to *all* metrics in the SASB Standards.

44. If the ISSB agrees that it should make proportionality mechanisms available for metrics in the SASB Standards when they are applied in the context of ISSB Standards, staff will develop more specific recommendations on *how* to make proportionality mechanisms available for SASB metrics at a subsequent meeting.

45. In providing those recommendations, staff could also include analysis and recommendations regarding whether proportionality mechanisms should be included for preparers using the SASB Standards independently from ISSB Standards. Staff's initial view is that, since preparers using SASB Standards independently from ISSB Standards are generally doing so in a voluntary context where there is relatively less emphasis on asserting compliance with the SASB Standards in full, such proportionality mechanisms may be relatively less useful to this group of preparers. Put another way, voluntary reporters already have the flexibility to omit or modify metrics based on their capabilities and circumstances.

Revising the name of the SASB Standards to enhance clarity

46. The staff recommends that the ISSB revise the name of the SASB Standards so that it better reflects their role in supporting the application of the ISSB Standards, while retaining the ‘SASB’ name. For example, a revised name could be ‘IFRS Sustainability Disclosure Industry-based Guidance (A SASB Standard)’. A name of this kind would signal that the material is guidance supporting the application of the ISSB Standards, while preserving its connection to the SASB Standards for preparers that use them independently from ISSB Standards.
47. This recommendation responds to feedback from a few respondents who suggested that the current name, and in particular the term ‘Standards’, does not reflect the non-mandatory role the SASB Standards play in supporting the application of IFRS S1 and IFRS S2. It is also one of several actions the staff recommends the ISSB take to address the broader confusion regarding the role of SASB Standards.
48. The staff agrees that revising the name could help make the nature and status of the material clear. However, the staff thinks any revised name should retain ‘SASB’. Thousands of preparers continue to use the SASB Standards, including in some jurisdictions that are not taking steps to adopt the ISSB Standards. Removing ‘SASB’ from the name could therefore cause disruption or confusion in those markets.
49. For the avoidance of doubt, staff’s recommendation to revise the name of the SASB Standards to provide greater clarity regarding the current status and intended function of the SASB Standards does not include proposing any changes to the status of the SASB Standards.

Next steps

50. If the ISSB agrees with the staff recommendations, we will prepare specific recommendations regarding:

- (a) how to include in the SASB Standards an explanation that the conceptual foundations and requirements in IFRS S1 apply in preparing disclosures using the SASB Standards to comply with ISSB Standards;
- (b) whether and, if so, how other reliefs in IFRS S1 – such as those in paragraph 73 of IFRS S1 – should be made available for entities preparing disclosures using metrics in the SASB Standards to comply with ISSB Standards; and
- (c) how to introduce proportionality mechanisms in the SASB Standards.

Questions for the ISSB

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

Question for the ISSB

1. Do ISSB members have questions or comments concerning the staff's analysis?
2. Does the ISSB agree with the staff recommendation to include in the SASB Standards an explanation that the conceptual foundations and requirements in IFRS S1 apply in preparing disclosures using the SASB Standards to comply with ISSB Standards?
3. Does the ISSB have any suggestions regarding how staff could approach its analysis of whether to specify that reliefs such as those in paragraph 73 of IFRS S1 should be available to entities preparing disclosures using the SASB Standards to comply with ISSB Standards, as explained in paragraph 34 of this paper?
4. Does the ISSB agree with the staff recommendation that proportionality mechanisms consistent with those in IFRS S1 and IFRS S2 be made available for metrics in the SASB Standards for entities preparing disclosures using the SASB Standards to comply with ISSB Standards?
5. Does the ISSB agree with the staff recommendation to revise the name of the SASB Standards?