IFRS Sustainability

Staff paper

Agenda reference: 2

Sustainability Standards Advisory Forum meeting

Date	**October 2026**
Project	**Enhancing the SASB Standards**
Topic	**Project update**
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Introduction and Purpose

1. This paper provides Sustainability Standards Advisory Forum (SSAF) members with an update and seeks SSAF member input regarding the ISSB's project on Enhancing the SASB Standards.

2. This update is structured in three parts, reflecting the three project workstreams:

   (a) ISSB decision to launch Phase 2 of the project;

   (b) recent consultation on proposed amendments to three SASB Standards; and

   (c) the ISSB's work to finalise proposed amendments to other SASB Standards as part of Phase 1 of the project.

3. The purpose of this paper is to:

   (a) provide SSAF members with an update on project activities;

   (b) preview staff's current thinking regarding how to respond to feedback regarding strategic matters raised by stakeholders, including SSAF members; and

   (c) invite SSAF members to provide their perspectives to inform staff's thinking as it develops recommendations for the ISSB.

Background

4. The ISSB is enhancing the SASB Standards as part of its 2024–2026 work plan with the objective of providing timely support for the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* and to help ensure that the SASB Standards are fit for use by a global audience.

5. Industry-specific disclosures are an important component of decision-useful disclosures in ISSB Standards. Accordingly, IFRS S1 and IFRS S2 require an entity to disclose industry-specific information associated with its identified sustainability-related risks and opportunities.[1] However, the Standards do not generally specify the industry-specific information an entity is required to disclose.[2] Instead, the Standards require an entity to refer to and consider the SASB Standards or the *Industry-based Guidance on Implementing IFRS S2*[3] (together, the ISSB industry-based guidance). The ISSB industry-based guidance is intended to assist an entity in disclosing industry-specific information that is relevant to users of general purpose financial reports by setting out disclosure topics and metrics typically applicable to entities with the business models and associated activities of specific industries.

6. Appendix A provides a brief project timeline for the project on Enhancing the SASB Standards. The appendix includes links to relevant ISSB Agenda Papers, which include staff summaries of stakeholder feedback on exposure drafts of proposed amendments to the SASB Standards published by the ISSB in July 2025 and March 2026 (the July 2025 Exposure Draft and the March 2026 Exposure Draft).

[1] Specifically, paragraph 48 of IFRS S1 requires entities to disclose metrics 'associated with particular business models, activities or other common features that characterise participation in an industry.'

[2] There is one exception to this: paragraphs B58–B63 of IFRS S2 set out industry-specific requirements regarding financed emissions for entities with activities in the asset management, commercial banking and insurance industries.

[3] The IFRS S2 Industry-based Guidance is derived from, and largely identical to, the climate-related content in the SASB Standards.

Launch of Phase 2 of the project

7. Agenda Paper 6 for the ISSB's July 2026 meeting laid out staff's analysis and recommendations regarding Phase 2 of the project. Staff's analysis and recommendations were informed by feedback from stakeholders in recent consultations for the project and recent ISSB decisions. At the meeting, the ISSB decided to comprehensively enhance the six SASB Standards in the Technology & Communications sector in the Sustainable Industry Classification System ® (SICS).

8. In addition to technical feedback on how to enhance the SASB Standards under review, many SSAF members used the consultation on the March 2026 Exposure Draft to further articulate and expand upon the views they previously provided to the ISSB regarding strategic matters. Similar to comments on the July 2025 Exposure Draft summarised in Agenda Paper 6A for the ISSB's February 2026 meeting, a few SSAF members advocated for the ISSB to pause further work on its industry-based guidance, citing alternative priorities such as:

   (a) focusing on thematic research and standard setting related to nature and human capital (workforce-related disclosures) and how the ISSB industry-based guidance will interact with potential new cross-industry requirements introduced in the future; or

   (b) focusing on the ISSB's longer-term strategy (such as deciding whether to develop industry-based requirements rather than guidance in the future).

9. Staff also continues to consider the challenges faced by SSAF members and their stakeholders regarding the consultation process and the application of ISSB industry-based guidance (including how it relates to ISSB Standards) and to develop recommendations regarding how to best address these challenges. The current staff thinking is that different aspects of the feedback received in the recent consultations are best addressed through different channels. Some matters can be considered directly as part of the project on Enhancing the SASB Standards, including through recommendations developed in connection with finalising proposed amendments to Phase 1 industries (see paragraphs 17-19) and planning for Phase 2. Other matters

may be better addressed through complementary activities outside the project, such as stakeholder engagement, implementation support and communications regarding the role of the ISSB industry-based guidance. The ISSB's projects on Nature-related Disclosures and Workforce-related Disclosures offer further opportunities for the ISSB to articulate how industry-based materials interact with its standard setting for particular types of sustainability-related risks and opportunities. Broader strategic questions about future direction may be more appropriately considered through other ISSB activities, including the upcoming agenda consultation.

10. The ISSB's decision to focus on a single sector for Phase 2 was informed by feedback, including that from SSAF members and other national standard setters, that the volume and mix of content in the July 2025 Exposure Draft (such as the combination of comprehensive amendments to some SASB Standards and targeted amendments to others) made the consultation process more challenging. In recommending to focus on a single sector, staff observed that the responses to the March 2026 consultation, which had a more focused scope, indicated that stakeholders were becoming more familiar with a sector-based approach and structure to consultations on the SASB Standards. Thus, concentrating on a single sector could help stakeholders engage more efficiently and provide the ISSB with more focused feedback in Phase 2. Staff also believes that in Phase 2 there are opportunities to incorporate other feedback regarding further improvements to the consultation process and related supporting materials.

11. The ISSB's decision to pursue updates to a single sector for Phase 2 enables the ISSB to continue enhancing the SASB Standards (and the Industry-based Guidance on Implementing IFRS S2) in a focused manner to support those using ISSB Standards while providing the opportunity for broader considerations about industry-based work to be addressed through other channels. The ISSB industry-based guidance plays an important role in supporting the implementation of IFRS S1 and IFRS S2 that is underway globally, therefore relevant and necessary updates to the guidance ensures their continued usefulness for users and preparers of general purpose financial reports. Furthermore, the ISSB decided to pursue an option for Phase 2 which allows for a

substantial portion of the work to be completed prior to the launch of the ISSB's next work plan. This ensures that the ISSB will have sufficient flexibility in its resources to pursue work related to strategic matters outside of the project on Enhancing the SASB Standards and consider stakeholder feedback received in connection with the ISSB's upcoming consultation on its agenda priorities.

12. Staff is currently completing project planning for Phase 2, including identifying opportunities to collaborate and seek input from the ISSB's consultative bodies, such as the SSAF, throughout the process. For example, staff intends to assess the SICS classification of the industries in the Technology & Communications sector as a starting point for analysis, and notes that improvements to the SICS have been an area of interest for SSAF members. As such, staff believes there exists an opportunity to collaborate and solicit feedback from SSAF members regarding the related SICS classifications at an early stage of this phase of work.

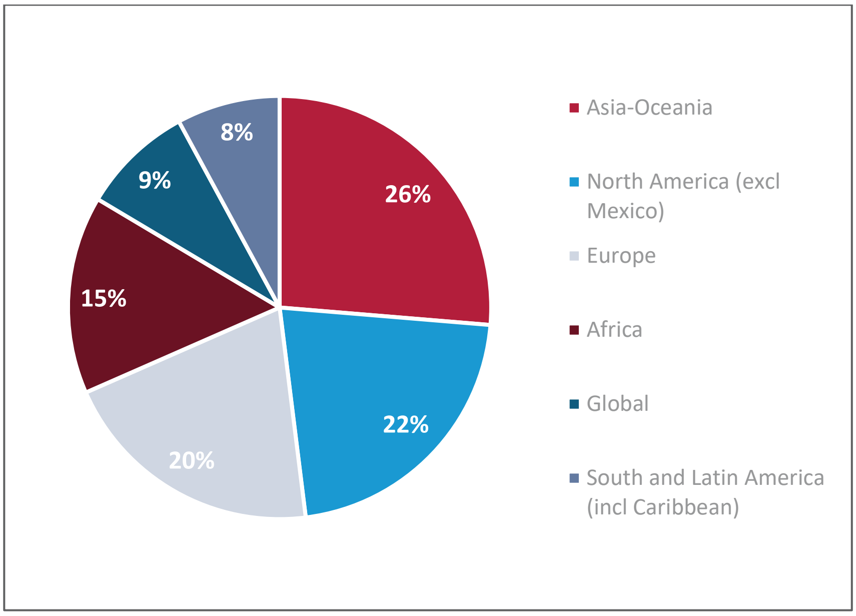
Recent consultation on three SASB Standards

13. The ISSB received 163 comment letters and survey responses from 152 respondents in relation to the Exposure Draft *Proposed Amendments to the SASB Standards and IFRS S2 Industry-based Guidance* published in March 2026 (March 2026 Exposure Draft).

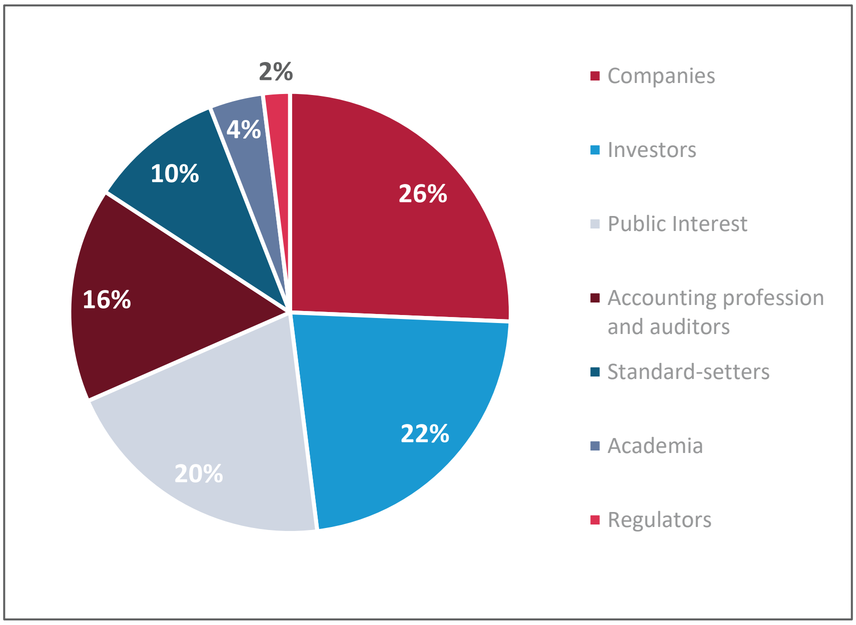
14. The charts[4] below group the respondents by jurisdiction and stakeholder type:

(a) Figure 1: respondents by jurisdiction

[4] These are preliminary figures that are subject to change following further data validation. Definitive numbers will be shared with the public as part of staff's summary of feedback it provides to the ISSB in a future agenda paper.



(b) Figure 2: respondents by stakeholder type



15. Staff continues to analyse feedback and is preparing a summary, which we aim to provide to the ISSB at an upcoming meeting. We observe that, compared to the responses to the July 2025 Exposure Draft, there has been an increase in the depth of feedback, from respondents that both agreed and disagreed with the proposals. We think this can be attributed (at least in part) to:

(a) the relatively focused nature of the March 2026 Exposure Draft, with stakeholders only asked to comment on three SASB Standards; and

(b) increased familiarity with the structure and content in the SASB Standards.

16. In analysing responses to the March 2026 Exposure Draft, staff will consider how the feedback can inform the ISSB's actions across all workstreams of the project on Enhancing the SASB Standards and through the other channels identified in this paper.

Finalising proposed amendments to Phase 1 SASB Standards

17. Staff is analysing stakeholder feedback and developing recommendations with the objective of finalising amendments to the ISSB industry-based guidance in relation to the July 2025 Exposure Draft. The ISSB will redeliberate matters raised in the feedback in addition to ultimately being asked to ratify final amendments.

18. One area of focus for a future ISSB session relates to stakeholder feedback – particularly from national standard setters, including SSAF members – regarding the need to provide more clarity and support improved stakeholder understanding of the relationship between the SASB Standards and IFRS S1 and IFRS S2. Stakeholders have identified several challenges in this regard, including:

(a) a desire for more clarity on how the fundamental concepts in IFRS S1 – such as materiality, aggregation and disaggregation – apply to the SASB Standards;

(b) the SASB brand/label being distinct from ISSB Standards, including the use of the word 'Standards' despite their function as non-mandatory guidance; and

(c) the presence of some requirements in both ISSB Standards and ISSB industry-based guidance, such as aspects of 'core content' in IFRS S1 and disclosures about Scope 1 greenhouse gas emissions (a cross-industry metric in IFRS S2).

19. Staff's research and analysis are currently focused on how such challenges could be addressed, for example:

(a) what the ISSB can do to provide further clarity that the fundamental concepts in ISSB Standards apply to the use of the SASB Standards;

(b) whether the SASB Standards should be re-labelled to clarify their intended purpose as guidance to support application of IFRS S1; and

(c) whether to change the current approach of including some requirements in both ISSB Standards and in the ISSB industry-based guidance.

20. Another area of focus is the topic of proportionality, which was a consistent theme in the responses to the July 2025 Exposure Draft. In the March 2026 Exposure Draft, the ISSB asked stakeholders whether there were any specific metrics that would benefit from the presence of proportionality mechanisms that the ISSB has developed (such as the concept of 'all reasonable and supportable information that is available to the entity at the reporting date without undue cost or effort' which applies to particular requirements in ISSB Standards). Staff is also evaluating feedback from stakeholders – particularly those located in emerging markets and developing economies – regarding other actions the ISSB could consider, such as introducing extended transition reliefs.

21. In agreeing to move to Phase 2 the ISSB emphasised that it would be important to address the challenges brought up by stakeholders as part of the work. The staff think that in addition to its standard setting activities there are also other opportunities for the ISSB to provide greater clarity to stakeholders regarding the status and role of the ISSB industry-based guidance (including the SASB Standards in particular).

22. For example, one key message that we believe is not reaching stakeholders with sufficient frequency or consistency is that the ISSB industry-based guidance (including the SASB Standards) should not create additional requirements and associated reporting burden for entities. The requirement to provide industry-based disclosures is a feature of the ISSB Standards, with the ISSB industry-based guidance being a source available to assist in meeting this requirement. In addition, entities are not required to provide particular disclosures in accordance with the ISSB industry-based guidance in order to assert compliance with the ISSB Standards. The ISSB

industry-based guidance is thus designed to provide useful, proportionate guidance to entities applying ISSB Standards that can support them in providing decision-useful information to address the needs of users of general purpose financial reports.

23. Beyond their role in helping preparers identify sustainability-related risks and opportunities that could reasonably be expected to affect their prospects and identify material information to disclose in meeting the objective of IFRS S1, the SASB Standards are a key resource for helping preparers meet the requirement in IFRS S1 to provide industry-based metrics. The SASB Standards are the only comprehensive set of industry-based materials aimed at providing decision-useful information to primary users of general purpose financial reports and therefore uniquely situated to help preparers meet this requirement.

24. Staff will continue to develop recommendations to the ISSB regarding activities and actions it can undertake in connection with finalising its proposed amendments, both through its standard setting and other channels.

Questions for the SSAF

25. The staff presents the following questions to the SSAF.

Questions for the SSAF
1. Do SSAF members have suggestions for how the SSAF as a group or its members could be effectively utilised and engaged throughout Phase 2 of the project? 2. Do SSAF members have suggestions for how the ISSB can most effectively convey to stakeholders the relationship between the ISSB industry-based guidance (including the SASB Standards) and ISSB Standards, both through standard-setting and other activities?

Appendix A: Project timeline

A1. In July 2024, the ISSB decided:

(a) to use a phased approach to enhancing the SASB Standards;

(b) to start developing exposure drafts of enhancements to an initial set of SASB Standards for 12 prioritised industries and to consider making targeted amendments to other SASB Standards (Phase 1 of the project);[5] and

(c) to research priorities for the second phase of the project (Phase 2) and how to enhance the Sustainable Industry Classification System® (SICS).

A2. In July 2025, the ISSB published the Exposure Draft *Proposed Amendments to the SASB Standards*, which proposed comprehensive amendments to nine SASB Standards and targeted amendments to a further 41 SASB Standards (the July 2025 Exposure Draft). An accompanying Exposure Draft proposed consequential amendments to the corresponding volumes of the *Industry-based Guidance on Implementing IFRS S2* (IFRS S2 Industry-based Guidance). The consultation period for both Exposure Drafts closed on November 30, 2025. The ISSB discussed staff summaries of stakeholder feedback at its February 2026, March 2026 and May 2026 meetings.

A3. In March 2026, the ISSB published the Exposure Draft *Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance*, which proposed amendments to the remaining three SASB Standards the ISSB had initially prioritised as part of Phase 1 of the project. The comment period closed in July 2026.

A4. In July 2026, the ISSB decided to enhance the six SASB Standards in the Technology & Communications sector of the SICS as Phase 2 of the project.

[5] As described in the ISSB *Update* July 2024.