ISSB SASB Enhancement

Update on ongoing ISSB consultation

Brussels, 15 July 2025

EFRAG sustainability reporting

DISCLAIMER

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ABOUT SASB STANDARDS

2011
Founding of SASB
(US non-profit); focus:
disclosures for SEC filings

2013-2016
Provisional SASB
standards

2018
Codified SASB
standards

2022
SASB ownership
transfer to ISSB

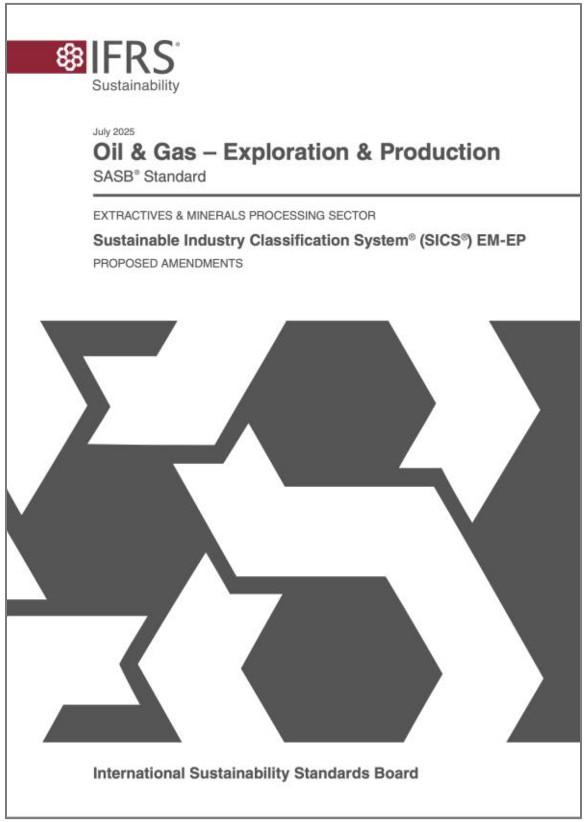
2023
Consultation of ISSB on
SASB internationalisation

July 2025
Consultation of ISSB
on SASB enhancement
(160 days) 03/07/25 - 30/11/25

Based on: SASB Standards (now part of IFRS Foundation) standard-setting archive

WHAT ARE SASB STANDARDS

- 77 industry standards
  - **9 standards in consultation in July 2025**
- Industries organised based on SICS® (Sustainable Industry Classification System®)
- Embedded within IFRS S1 and S2 as a source of guidance
- Disclosure topics and metrics are organised by industry:
  - The **disclosure topics** in the SASB Standards represent those sustainability-related risks and opportunities that are likely to be applicable for entities in that industry (IFRS S2 BC133)
  - The **associated metrics** are likely to be applicable in assessing the effects of sustainability-related risks and opportunities on the entity's cash flows, its access to finance and cost of capital over the short, medium and long term (IFRS S2 BC133)



SASB INTERACTION WITH IFRS S1 AND S2

The SASB Standards serve as a source of guidance for entities applying IFRS S1.

'An entity **shall refer to and consider** the applicability of the disclosure topics in the SASB Standards. An entity might conclude that the disclosure topics in the SASB Standards are not applicable in the entity's circumstances.' **-** *IFRS S1 55(a)*

- 'Consistent with the proposals in the Exposure Draft, applying the SASB Standards and CDSB pronouncements would be considered good practice for an entity applying IFRS Sustainability Disclosure Standards, but applying those pronouncements would not be a formal requirement for an entity. For example, an entity could still assert compliance with IFRS Sustainability Disclosure Standards in accordance with paragraph 91 if it did not apply the requirements in these documents.' - *IFRS S1 BC131 reference to BfC for ED IFRS S1*
- 'Although an entity is required to consider the SASB Standards, it is not required to apply the SASB Standards.' - IFRS S1 BC132

Other relevant references:
IFRS S1 paragraphs 54-59
IFRS S2 paragraphs 23, 32, 37

STRUCTURE OF SASB STANDARDS

1 Topics → 2 Metrics → 3 Technical Protocols

Water Management

EM-EP-140a.6
Description of water-related risks and opportunities to manage them, including any targets set to monitor process

EM-EP-140a.6. Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress

2 An entity shall describe how its water-related risks vary by:

2.1 withdrawal source;

2.2 discharge destinations, including surface water, groundwater, seawater or wastewater utilities;

2.3 local regulations, including emerging regulations; and

2.4 location of operating facilities.

3 An entity shall disclose the locations of operating facilities where water-related risks are concentrated.

4 An entity shall disclose quantitative and qualitative information about how water-related risks and opportunities have affected, and are anticipated to affect, the entity's financial position, financial performance and cash flows both for the reporting period and over the short, medium and long term.

5 The entity shall disclose any targets it has set, and any targets it is required to meet by law or regulation, to mitigate or adapt to water-related risks or take advantage of water-related opportunities.

5.1 In preparing disclosure on water-related targets, the entity shall apply the requirements in paragraphs 51–53 of IFRS S1.

6 The entity shall disclose its strategies for managing water-related risks and opportunities, and achieving water-related targets, including:

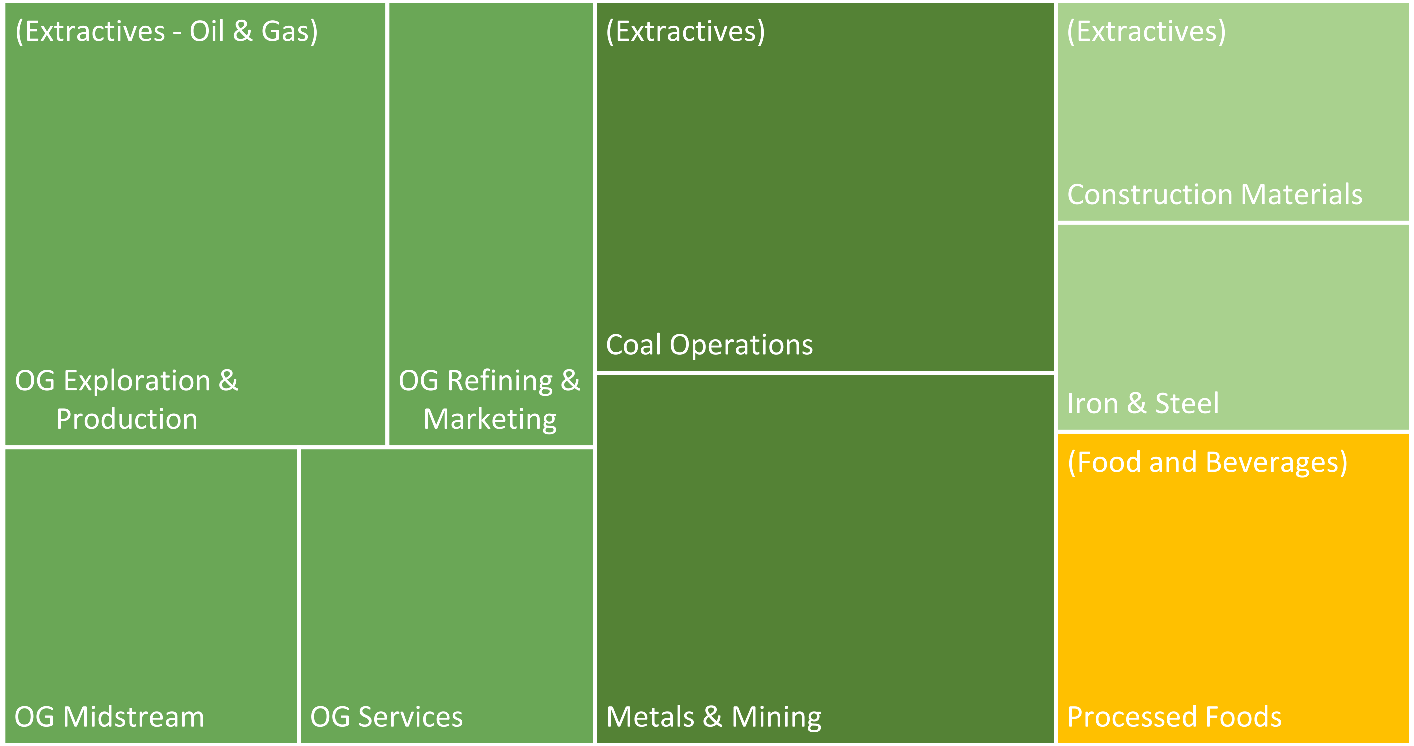
CONSULTED STANDARDS (PRELIMINARY ANALYSIS)

Extractives sector:

1. Coal Operations
2. Metals & Mining
3. OG Exploration & Production
4. OG Midstream
5. OG Refining & Marketing
6. OG Services
7. Construction Materials
8. Iron & Steel Producers

Food and Beverages sector:

9. Processed Foods



Hierarchy of data according to the number of metrics
(including both Metrics and Activity Metrics)

SASB ED: OVERVIEW OF **ENVIRONMENTAL TOPICS**

Disclosure topic	CO Coal Operations	MM Metals & Mining	EP OG Explorat. & Production	MD OG Midstream	RM OG Refining & marketing	SV OG Services	CM Construction Materials	IS Iron & Steel	PF Processed Foods
Greenhouse Gas Emissions **(Scope 1)**	✓	✓	✓	✓	✓	✓	✓	✓	✗
Air Quality	✗	✓	✓	✓	✓	✓	✓	✓	✗
Energy Management	✗	✓	✗	✗	✗	✗	✓	✓	✓
Water Management	✓	✓	✓	✗	✓	✓	✓	✓	✓
Waste [& Hazardous Materials] Management	✓	✓	✗	✗	✓	✓	✓	✓	✗
Ecological Impacts	✓	✓	✓	✓	✗	✓	✓	✗	✗
Climate Resilience	✓	✗	✓	✗	✗	✗	✗	✗	✗
Tailing Storage Facilities Management	✓	✓	✗	✗	✗	✗	✗	✗	✗
Product Innovation*	✗	✗	✗	✗	✗	✗	✓	✗	✓

**Partly relevant to environment.*
Packaging Management, Product Specifications & Clean Fuel Blends, Environmental Supply Management not included in the slide.

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SASB ED: OVERVIEW OF **SOCIAL TOPICS**

Disclosure topic	CO (Coal Operations)	MM (Metals & Mining)	EP (OG Explorat. & Production)	MD (OG Midstream)	RM (OG Refining & marketing)	SV (OG Services)	CM (Construction Materials)	IS (Iron & Steel)	PF (Processed Foods)	Metrics / Datapoints
Activity Metrics	✓	✓	✓	✓	✓	✓	✓	✓	✗	(non)employees # and hours
Labour Practices	✓	✓	✗	✗	✗	✗	✗	✓	✗	Collective bargaining, work stoppages and days idle
(Social) Supply Chain Mgt.	✗	✓	✗	✗	✗	✗	✓	✓	✓	Risks, labour, human rights DD, 3rd party certifications and audit
Workforce Health & Safety	✓	✓	✓	✓	✓	✓	✓	✓	✗	Fatalities, TRIR, training, management system, silicosis, vehicle accidents
Critical Incident Risk Mgt.	✗	✗	✓	✓	✓	✓	✗	✗	✗	Tier 1&2, Tier 3&4, management system
Comm. Relations & Indigenous	✓	✓	✓	✗	✗	✗	✗	✗	✗	Risks, Opportunities, delays/days idle, reserves, engagement, DD of Indigenous
Operations in Conflict Areas	✓	✓	✓	✗	✗	✗	✗	✗	✗	Proved/probable reserves, engagement & DD in high-risk areas
Food Safety; Health / Nutrition; Product Labelling & Marketing	✗	✗	✗	✗	✗	✗	✗	✗	✓	Recalls, Int'l standards, value chain controls, strategic mgt./targets, revenues (healthy products, warning labels, advertising to children), non-compliance incidents, marketing policy

SASB ED: OVERVIEW OF **GOVERNANCE TOPICS**

Disclosure topic	Coal Operations CO	Metals & Mining MM	OG Explorat. & Production EP	OG Midstream MD	OG Refining & marketing RM	OG Services SV	Construction Materials CM	Iron & Steel IS	Processed Foods PF
Pricing Integrity & Transparency	✗	✗	✗	✗	✓	✗	✓	✗	✗
Business Ethics	✗	✓	✓	✗	✗	✓	✗	✗	✗
Mgm. of the Legal & Regulatory Environment	✗	✗	✓	✗	✓	✓	✗	✗	✗
Competitive Behaviour	✗	✗	✗	✓	✗	✗	✗	✗	✗

ISSB CONSULTATION FOCUS

Goal: **Support implementation of IFRS S1 & S2 climate-related disclosures via updates to SASB Standards.**

Summary of focus areas mentioned:

- international applicability of industry groupings, disclosure topics, and metrics.
- enhance interoperability with other sustainability standards (while prioritising investor needs)
- align SASB with ISSB research on BEES and human capital
- harmonise language and concepts with IFRS
- Improvement of clarity, conciseness, and cost-effectiveness.

Scope: amendments to SASB, S2 Industry Guidance and targeted amendments to 41 standards.

3 July – 30 November 2025

Water Management	~~Number of incidents of non-compliance associated with water quality permits, standards and regulations~~	~~Quantitative~~	~~Number~~	~~EM-CO-140a.2~~
	Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress		n/a	EM-CO-140a.3

EM-MM-130a.1. (1) Total energy consumed, (2) purchased electricity consumed, ~~percentage grid electricity and~~ (3) ~~percentage~~ renewable electricity consumed from (a) self-generation and (b) direct contracts and (4) natural gas consumed

1 An ~~The~~ entity shall disclose (1) the total quantity ~~amount~~ of energy it consumed ~~as an aggregate figure,~~ in gigajoules (GJ).

1.1 Total ~~The scope of~~ energy consumed ~~consumption~~ includes all forms of energy used by the entity, ~~from all sources,~~ including fuel, electricity, heating, cooling and steam. ~~energy purchased from external sources and energy produced by the entity itself (self-generated). For example, direct fuel usage, purchased electricity, and heating, cooling and steam energy are all included within the scope of energy consumption.~~

1.2 Total energy consumed includes purchased or acquired energy and self-generated energy used by the entity. ~~The scope of energy consumption includes only energy directly consumed by the entity during the reporting period.~~

1.2.1 Purchased and acquired energy is energy that is purchased or otherwise brought into the entity's boundary.

Examples of revisions (strikethrough, underline)

CONSULTATION QUESTIONS: OVERVIEW

Questions focused on:

- Objective (Q1)
- Enhancements to interoperability with other standards and frameworks (Q2)
- Amendments to the climate-related content in the SASB Standards (Q3)
- Information related to BEES and human capital (Q4)
- Effective date (Q5)

Detailed questions for each consulted standards, focused on:

- agreement with proposed amendments
- industry description
- metrics and technical protocols
- [new metrics / specific questions, (if applicable)]
- jurisdictional considerations
- interoperability and alignment with other sustainability-related standards or frameworks

SASB RELEVANCE TO ESRS

ESRS 1 AR4:

When developing its **entity-specific disclosures**, the undertaking shall carefully consider:

(a) comparability between undertakings, while still ensuring relevance of the information provided, recognising that comparability may be limited for entity-specific disclosures. The undertaking **shall consider whether the available and relevant frameworks, initiatives, reporting standards and benchmarks (such as technical material issued by the International Sustainability Standards Board** or the Global Reporting Initiative) provide elements that can support comparability to the maximum extent possible;

(Content of ESRS as per Delegated Act – revisions not reflected)

PROPOSITION OF APPROACH

To leverage on lessons learned from:

a) from first wave of sustainability reporting in EU

b) EFRAG sector standards for Mining, Quarrying and Coal, as well as Oil and Gas

Focus on:

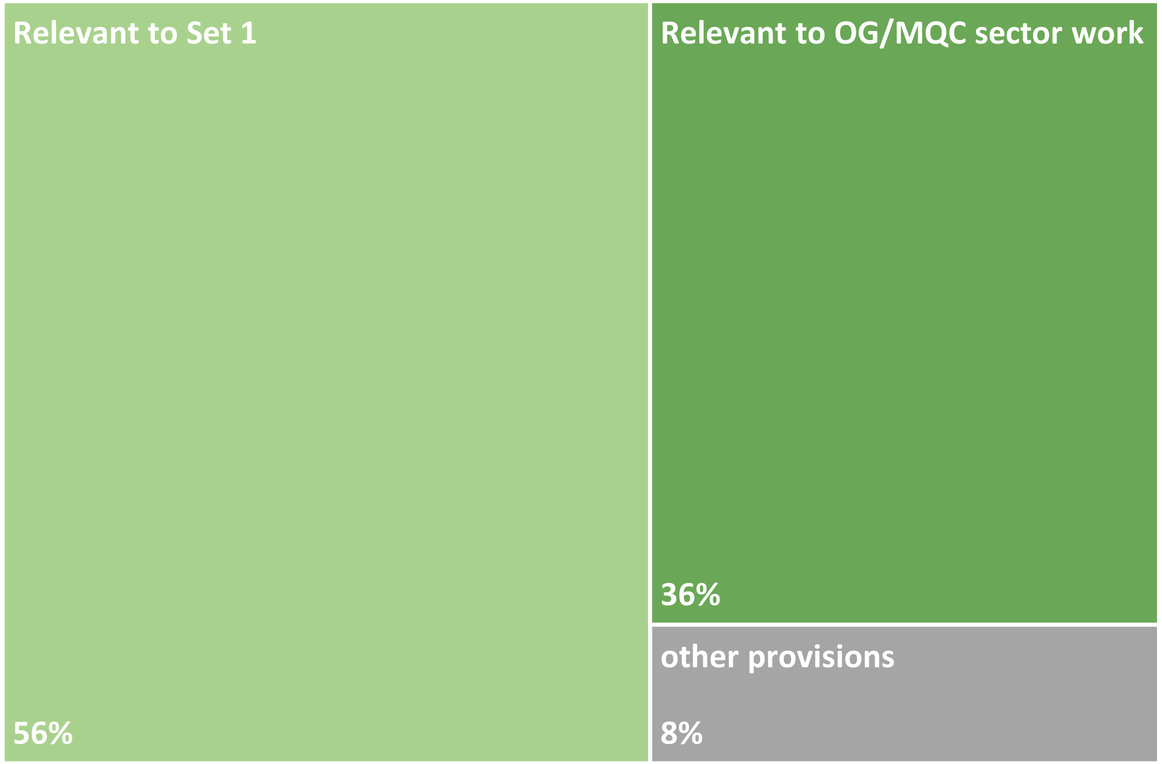
a) Ensuring interoperability with ESRS

b) Addressing jurisdictional considerations in EU

c) Representation of EU views

Next steps:

- Targeted engagements with stakeholders
- Preparation of Draft Comment Letter
- Consultation of Draft Comment Letter
- Final Comment Letter sending to ISSB



Preliminary assessment of 9 SASB standard provisions and their coverage in EFRAG work

FOCUS AREA: ANALYSING INTEROPERABILITY

EM-CM-130a.1. (1) Total energy consumed, (2) purchased electricity consumed, (3) alternative energy consumed and (4) renewable electricity consumed from (a) self-generation and (b) direct contracts

2 An entity shall disclose (2) the quantity of purchased or acquired electricity it consumed (in GJ) included in the quantity disclosed as total energy consumed.

2.1 Purchased electricity includes electricity, heating, cooling or steam.

3 An entity shall disclose (3) the quantity of energy it consumed from alternative sources (in GJ), in terms of its energy content, included in the quantity disclosed as total energy consumed.

3.1 Alternative sources of energy include used tyres, spent solvents and waste oils, processed municipal solid waste, household waste, agricultural waste such as rice, peanut shells and coffee husks, animal meal and sewage sludge.

4 An entity shall disclose the quantity of electricity from renewable energy sources it consumed (in GJ), disaggregated between (3a) self-generation and (3b) direct contracts.

4.1 Renewable energy sources are defined as sources capable of being replenished in a short time through ecological cycles or agricultural processes, such as geothermal, wind, solar, hydro and biomass.

4.2 Renewable electricity includes electricity, heating, cooling or steam.

Terminology related to energy:

- *Construction Materials*
- *Iron and Steel*
- *Coal Operations*
- *Metals and Mining*
- *OG Exploration & Production*
- *Processed Foods*

FOCUS AREA: ANALYSING APPLICABILITY TO EU CONTEXT

EM-MD-540a.3. Number of (1) accident releases and (2) non-accident releases from rail transport

1 An entity shall disclose (1) the total number of accident releases of hazardous materials from rail transport activities.

1.1 Hazardous materials are defined as substances that the applicable jurisdictional authority has determined pose an unreasonable risk to health, safety and property during transit (including explosives; radioactive materials; infectious substances; flammable or combustible liquids, solids or gases; toxic, oxidising or corrosive materials; and compressed gases) and that have been designated as hazardous under an applicable jurisdictional law or regulation.

CYBERSECURITY in the Oil and Gas

FOCUS AREAS	
Relation to ESRS	Topic covered in OG Draft Standard
EU Jurisdictional considerations	EU NIS2 Directive, sector of high criticality
Representation of EU views	High stakeholder concern and demand for guidance (especially since it is not included as topic in the CSRD)

Disclosure topics in SASB that include cybersecurity	Technology and communications	Electric Utilities and Power Generators	Security & Commodity Exchanges	E-commerce
Data security	✓	✗	✗	✓
Managing Systemic Risks from Technology Disruptions	✓	✗	✗	✗
Product security	✓	✗	✗	✗
Grid resiliency	✗	✓	✗	✗
Managing Business Continuity & Technology Risks	✗	✗	✓	✗

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