

ISSB SASB Enhancement

Due process considerations

*EFRAG Administrative Board Due Process Committee (DPC)
recommendations*

EFRAG Administrative Board 09-10-2025



BACKGROUND: WHAT ARE SASB STANDARDS?

SASB DEFINITION:

SASB standards enable organizations to provide industry-based disclosures about sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, access to finance or cost of capital over the short, medium or long-term.*

ISSB STANDARDS

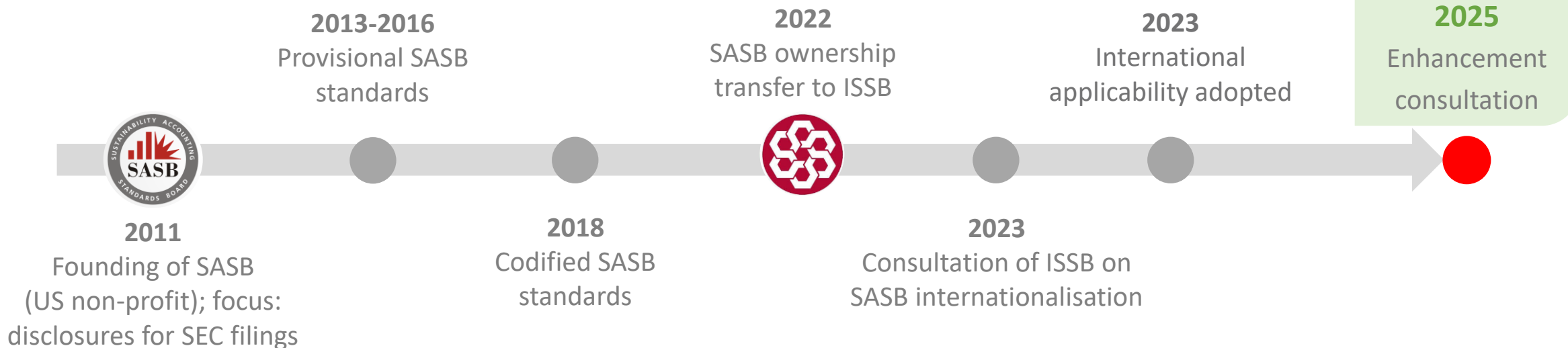
SASB standards are embedded into the current ISSB Standards (S1 and S2). S2 includes industry-based guidance ("shall refer to and consider")

ESRS

SASB standards are referenced in the first set of ESRS (ESRS 1 AR4) and in the EDs on simplified ESRS. SASB Standards are relevant for ESRS and therefore it is important for EFRAG and Europe to contribute to the ISSB public consultation to express the European views also taking into account that despite the removal of sector specific ESRS from the Omnibus Proposals there is increasing market pressure for some form of sector specific guidance.

*<https://sasb.ifrs.org/about/>

BACKGROUND: HOW HAVE THE STANDARDS BEEN DEVELOPED SO FAR?



In 2025, the ISSB launched two exposure drafts proposing amendments to the SASB standards and consequential amendments to the Industry-based Guidance on Implementing IFRS S2. => **DEADLINE 30 NOVEMBER**

The proposed amendments:

- present a comprehensive review of nine industries that were prioritised (all eight industries in the Extractives & Minerals Processing sector and the Processed Foods industry);
- align some metrics in a further 41 industries for topics such as Water Management and Workforce Health & Safety; and
- propose updates to Industry-based Guidance on Implementing IFRS S2 (affecting the nine prioritised industries and 37 of the 41 industries) to maintain alignment with climate-related content in the SASB standards

- **EFRAG SR Due Process Procedures (DPP)** are fully focused on the development of technical advice in the form of draft ESRS and, different from the draft FR DPP, do not (yet?) explicitly address the due process for contributions to public consultation of (global) organisations on pronouncements relevant for Europe
- **Best practice** typically includes a public consultation on EFRAG's draft comment letter (DCL) (in this case to the ISSB).
- According to the **EFRAG Internal Rules** the EFRAG SRB is:
 - Art 30.1 (a) responsible **for all sustainability reporting positions of EFRAG including technical advice to the European Commission on draft EU Sustainability Reporting Standards** and amendments to Standards, after having considered the technical advice provided by EFRAG SR TEG and reflecting the results of EFRAG's due process
 - Art 30.1 (b) responsible for applying an open and transparent due process including a public consultation process with European constituents as laid down in the Due Process Procedures for EU Sustainability Standard Setting. [...]
 - Art 30.2 (f) is responsible for providing input to the IFRS Foundation ISSB's agenda consultations after consultation with the European Commission and after public consultation. *No specific mention of other consultations of the ISSB*

- According to the **EFRAG Internal Rules** (Art 35) Transparency of meetings and access to documents
- Art 35.1 The meetings of the EFRAG Reporting Boards **are open to the public** but the EFRAG Reporting Boards may, at their discretion, hold certain discussions in private. Their Chairs can invite individuals to the meeting and accord them speaking rights during all or for part of any meeting, as and when appropriate. **When technical discussions are held in private, the EFRAG Reporting Board Chair informs the EFRAG Administrative Board DPC including a justification.**
- [...]
- Art 35.5 All papers and comments received as a part of EFRAG's due process are published on the EFRAG website (Art 19).
- Art 35.6 The documents published on the EFRAG website include **final and draft comment letters** on IASB, **ISSB** and IFRS Foundation and other relevant global initiatives consultation documents and where relevant on consultation documents of other organisations; proactive position papers; and final and draft endorsement advice to the EC including effect studies and the related bases for conclusions, the technical advice in the form of draft EU Sustainability Reporting Standards as submitted to the European Commission and related due process documents including exposure drafts, impact analyses and basis for conclusions, digital guidance and other non-binding guidance

- SASB standards enhancement consultation not considered in the workplan approved on 3 September 2025 by the EFRAG SRB due to priority given to the simplified ESRS technical advice to the EC.
- In consultation with EC, it was decided **not to publicly consult with EFRAG's constituents** on the SASB standards enhancement consultation for various reasons:
 - resource challenges (development of EDs at the same time being first priority)
 - timing (deadline of 30 November same as EC deadline for technical advice on simplified ESRS)
 - risk of confusion (critical consultation on the Simplified ESRS EDs at the same time)
- SR Workplan is decided by the EFRAG SRB (with associated steps) and then submitted to the Due Process Committee (DPC) and Administrative Board for potential comments or objections notably on the deviations from the due process (DPP and EFRAG Internal Rules).
- Important to contribute to the SASB standards enhancement consultation: integration in the EFRAG SR Workplan agreed by the EFRAG SRB **without the usual public consultation**, with mitigation to the extent possible of the deviations of the EFRAG due process
- Deadline (30 November) directly conflicting with the technical advice on draft simplified ESRS deadline set by the EC

- In the meeting of the EFRAG SRB of 16 September the EFRAG SRB discussed possible scenarios to preserve to the extent possible in the circumstances the due process.
 - The EFRAG SRB decided that it would be desirable to have a formal approval role since the SASB consultation was important and discussed possible ways recognising that the second half of November would be a very busy month with no or hardly any time on the EFRAG SRB agenda due to the finalisation of the technical advice on draft simplified ESRS.
 - The EFRAG SRB decided to request the ISSB to allow an **additional two weeks** for EFRAG to submit its contribution and decided that if the ISSB would grant this request there would be formal approval by the EFRAG SRB of the EFRAG response (in a specific dedicated session in December after the technical advice on draft simplified ESRS has been submitted to the EC). If that was not possible an alternative procedure would be followed on the basis of a written input of EFRAG SRB members on the draft and a submission under the responsibility of the Secretariat with key messages approved by the EFRAG SRB.
 - Fortunately, the ISSB has granted EFRAG two additional weeks to submit its response to the SASB standards Enhancement consultation, therefore allowing for the full involvement of the EFRAG SRB.
- **Workplan agreed by the EFRAG SRB on 16 September 2025:** to focus on **strategic directions** until mid-October, to involve a small working group (if possible) and to adopt written procedure or reactions in the second half of November **to finalise DCL and approval by the EFRAG SRB of the full EFRAG response by the EFRAG SRB** mid-December. This would result in the workplan and timetable on the next slide:

PROPOSED SPECIFIC SR WORKPLAN SASB standards Enhancement consultation

| WORK PLAN (Simplified) | |
|------------------------------|--|
| June – 9 Oct | EFRAG Secretariat team prepares detailed analysis and gathers evidence via meetings with key sector stakeholders |
| In parallel: 16 Sep | EFRAG SRB approved work plan following educational session reported in public session |
| In parallel: 29 Sep | EFRAG SRB discussed strategic directions (architecture and technical content) following presentation by ISSB |
| In parallel: 9 Oct | EFRAG SRB adopts strategic directions |
| 9 Oct – 12 Nov | EFRAG Secretariat team drafts DCL (V0) |
| 12 Nov – 20 Nov | Written procedure to gather EFRAG SRB/EFRAG SR TEG comments |
| In parallel: 12 Nov – 24 Nov | Working Group reviews |
| 24 Nov – 15 Dec | Comment letter is finalised by Secretariat and Working Group and full response approval by the EFRAG SRB in dedicated meeting mid-December) and EFRAG 's response is submitted tot the ISSB (publicly) |

Recommendation of the EFRAG Administrative Board DPC to the EFRAG Administrative Board

To support the deviation from best practice in the work plan adopted by the EFRAG SRB and not to launch a public consultation

- **QUESTION** : Do you agree with **the recommendation to deviate from best practice in the work plan adopted by the EFRAG SRB** and not launch a public consultation in the circumstances defined..



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