

International Sustainability Standard Board

12 December, 2025

Dear Mr Faber,

Re: EFRAG's Comment Letter to the ISSB ED/2025/1 Exposure Draft Proposed Amendments to the SASB Standards and ISSB ED/2025/2 Exposure Draft Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2

On behalf of EFRAG, I am writing to comment on the IFRS's Amendments to the SASB Standards reflected in Exposure Drafts issued by the ISSB in July 2025 (the "ED").

First and foremost, we would like to acknowledge the substantial and high-quality work undertaken in enhancing the SASB Standards. Every step towards better sustainability reporting at global level has our full support, as already illustrated by the joint interoperability mapping issued in May 2024 by the ISSB and EFRAG and by our current efforts to enhance further interoperability.

EFRAG notes that the consultation on the SASB standards overlapped with the timing of European Union co-legislators' discussions on the Omnibus proposals, as well as the EFRAG task to deliver technical advice on revision of sector-agnostic ESRS. Considering the constrained timeline of SASB consultation, engaging with European stakeholders before the issuance of this letter has been limited. However, EFRAG conducted extensive work with European sector experts in the past two years, in preparation of some sector standards before, as well as in the context of the ESRS implementation support and more recently in the ESRS simplification. On this basis, we have made every effort to reflect a diverse range of stakeholder's perspectives within the time made available to prepare this comment letter.

The timing of the consultation and the concurring deadlines on the due process for completing the simplification of ESRS did not allow to submit this comment letter for comments to European constituents, differently from the usual due process adopted in these cases.

Since the experience in application of SASB standards is limited in Europe, it may not be possible to fully draw from the experience of reporting according to those standards by companies in Europe. In the EFRAG standard-setting process, ESRS have been prepared leveraging on SASB disclosures, accordingly many of metrics consulted on by ISSB overlap with ESRS. As a result, the recent work on ESRS simplification and lessons learnt from the first application of ESRS are also helpful. In addition, there is also significant commonality between the directions in these amendments and the evidence of EFRAG sector work gathered in 2022, 2023 and 2024.

This letter is intended to contribute to the ISSB's due process, in consideration of the applicability of IFRS Industry Guidance to preparers that comply with ESRS, as source of entity-specific disclosure to cover topics or aspects of a topic that are common in a given sector.

A high-level summary of EFRAG's response is provided immediately following this cover letter, with detailed comments and responses to the ED's questions set out thereafter.

If you would like to discuss our comments further, please do not hesitate to contact Anna Dauteuil [anna.dauteuil@efrag.org] and Alexandra Veidner [alexandra.veidner@efrag.org]

Yours sincerely,

Patrick de Cambourg

Chair of the EFRAG SRB



High level summary of response

General insights

1. EFRAG acknowledges the substantial work undertaken in enhancing the SASB Standards. Every step towards better sustainability reporting at global level has our full support, as already illustrated by the joint interoperability mapping issued in May 2024 by the ISSB and EFRAG, as well as by our current efforts to enhance further interoperability.
2. We recognise that experience in application of SASB standards is limited in Europe, therefore insights on reporting according to those standards by companies in Europe may be limited. However, we also note that the ESRS, as adopted in 2023, were elaborated with due consideration of the SASB disclosures existing at the time, and accordingly many of provisions consulted by ISSB overlap with ESRS. The recent work on ESRS simplification and lessons learnt from the first application of ESRS in Europe can provide useful insights to the consultation. In addition, we observe significant commonality between the amendments and content of EFRAG sector research carried in 2022 and 2023, which can be another useful source of evidence of stakeholder feedback.
3. EFRAG welcomes the overall objective of the ISSB's project to enhance the SASB standards. We also note that IFRS S2 Industry-based guidance is referenced in ESRS, emphasising its role as a non-mandatory source of entity-specific disclosures in a given industry. At the same time, it is important to consider whether the current ISSB approach optimally supports the revision's objective.
4. In this context, we note that reducing complexity and ambiguity in the application of SASB Standards is critical to ensure the enhancement objectives. This should include a clear path forward from the ISSB which considers necessary due process, feasibility of reporting, and alignment of standards architecture with sector-agnostic provisions of IFRS. With regards to the last point, we also caution that introducing sector-agnostic disclosures into SASB standards may pre-empt the content of future topical standards and lead to short-term necessity of additional changes in the future, bringing more implementation efforts and regulatory uncertainty.

Clarification of the practical meaning of 'shall refer to and consider'

5. EFRAG is concerned whether the instruction 'shall refer to and consider' in both IFRS S1 and IFRS S2 implies a mandatory, or a voluntary requirement. The ISSB educational document¹ underlines that the entity 'cannot disregard the industry guidance when applying ISSB Standards'. This raises concern about the possible implications, in particular the need for justification of non-compliance with this provision.
6. EFRAG recommends a modification of the wording from 'shall' to 'may' [refer to and consider], to reduce the ambiguity which may result in undue reporting burden. SASB standards should be viewed as a library of non-mandatory disclosures that support entities in identifying financially material information by outlining the most likely material topics and metrics for each industry. This enables entities to determine material disclosures without imposing reporting obligations and encourages meaningful, sector-relevant information while avoiding unnecessary burdens.

Clarification of the relationship between topics and metrics (SASB) and risks and opportunities (ISSB)

7. EFRAG notes that the SASB standards and IFRS S1/S2 use different terminologies, due to their different standard setting origins. While ISSB standards speak about risks and opportunities, SASB standards resort to topics and metrics. We consider there is a need for clarification of the architectural relationship between these different terms. It can also be observed that the Basis for Conclusions offers a limited explanation why certain disclosure topics are included in some standards but not others, which suggests inconsistent treatment of potentially material topics or a certain prioritisation made to decide about the matter.

¹ [Using ISSB Industry-based Guidance when applying ISSB Standards](#)

8. EFRAG recommends clarifying that in SASB standards (1) topics are an illustrative and non-exhaustive list of risks and opportunities, and (2) that metrics serve as examples of possible sector/entity-specific disclosures in ISSB-based reporting.

Overlaps between the IFRS S1 and S2 standards and the SASB standards

9. The proposed amendments have been drafted under the assumption that an entity would apply the SASB Standards alongside the IFRS Sustainability Disclosure Standards. This creates unnecessary areas of duplication with the requirements already included in IFRS S1 and IFRS S2. EFRAG notes that it would be important to verify that the intended complementarity is achieved in practice. This is particularly related to the observed repetitions between provisions of SASB and IFRS S2. **EFRAG underlines the importance of ensuring that SASB and IFRS standards are drafted in a fully complementary manner and that ISSB addresses any issues where redundancies or overlaps are in place.** This issue is discussed in more detail with reference to ISSB question 3(c).

Addressing the relationship between the SASB standards and the sector-agnostic ISSB standards

10. Materials of the ISSB² indicate the ISSB's preference that the dedicated research projects on human capital and BEES are best suited to address sector-agnostic disclosures. At the same time, it is highlighted that the intention for the SASB Standards is to remain focused on industry-specific topics and metrics, but in practice a number of SASB metrics could find their way to upcoming IFRS standards. In this context, EFRAG raises concern about interaction between the SASB enhancement project and the ISSB research projects.
11. Since the ISSB's sector-agnostic projects on BEES and Human Capital are still at their initial steps. In this context, we see a risk of premature updates and resulting uncertainty for preparers, as the amendments to SASB material would be anticipating future revisions to the same metrics as part of the sector agnostic projects. It is important to highlight that the proposed amendments are likely to also influence, other sectors which are not targeted by this consultation, to the extent that the resulting disclosures are also relevant in those sectors. On the other hand, EFRAG acknowledges there is a need for improvement of SASB standards and making proposals for higher quality metrics and topics is a legitimate endeavour.

In this context, we strongly encourage ISSB to provide a clear roadmap for the sector-agnostic standards, thereby giving the market visibility on sequencing, timing, and due process. It is important to ensure that the adjustments to the metrics and to topics beyond climate in the standards under consultation are sufficiently informed by stakeholder engagement.

If the projects for BEES and Human Capital are expected to be finalised soon, EFRAG recommends to postpone enhancements to topics and metrics other than the ones related to climate.

Clarifying the overall architecture

12. The above four remarks illustrate in EFRAG's view the need for a **general clarification of the current and prospective architecture** of the ISSB standards. While the pragmatism of the original construct can be acknowledged and considered as a valuable first step, EFRAG believes that a more structured and clearer approach to standard-setting as well as a clarified positioning of the initial components within the intended overall framework would be helpful and would dissipate potential ambiguities. Such a clarification may also be a step towards a conceptual framework that would be specific to sustainability reporting under financial materiality.

Fostering interoperability between the SICS and other generally accepted classifications

13. As a general concern, EFRAG Secretariat notes the challenge of interoperability of the Sustainable Industry Classification System (SICS) due to its limited recognition and alignment with existing jurisdictional classifications, such as NACE in Europe for example, which is anchored into the global classification system of the UN. The lack of alignment may lead to confusion and an increased reporting burden for European preparers, who are more familiar with classifications grounded in EU regulation. The SICS classification is market-based and proprietary and does not automatically match

² [ISSB Meeting, March 2025 - Enhancing the SASB Standards](#)

other commonly used classifications such as NACE (activity-based). **Therefore, in its response, EFRAG recommends resorting to publicly available and globally used system, or, if that is not feasible, deliver reconciliation tables.**

Providing Basis for Conclusions

14. It can be noted that the currently available Basis for Conclusions for the Exposure Drafts contains limited material, focusing primarily on significant changes proposed in this consultation. **EFRAG suggests preparing sufficiently detailed Basis for Conclusions that can improve understanding of the standard-setting decisions taken, as well as contribute to greater transparency of the ISSB due process.**

Reservations towards disclosures potentially challenging in practice

15. ISSB consultation objectives put forward the importance of developing proportionate SASB standards. EFRAG observes that some of the consulted provisions may be difficult to implement in practice by preparers or considered excessive. This may be linked to challenges of obtaining reliable data, information of high effort and low relevance for European constituents, high levels of granularity, or sensitive information. It is important to underline that every datapoint in SASB standards should be decision-useful for the relevant industry and subject to materiality assessment. **Appendix 1 presents the disclosures for which the balance between costs and benefits may have to be reviewed.**

Interoperability challenges

16. Another highlighted objective of the consultation is the enhancement of the interoperability with other sustainability-related standards and frameworks. We note that some of the provisions in the SASB standards may not be compatible or interoperable with ESRS, EU law or other standards, which can result in inconsistencies and increased cost of reporting. **Appendix 1 presents the disclosures for which interoperability issues may arise and, where possible, offers considerations or solutions.**

Areas which may require further due process in the future

17. The Basis for Conclusions notes that the ISSB took a comprehensive approach to review whether the disclosure topics in each industry described the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of most entities in the industry (including whether to add or remove topics), as well whether the metrics and technical protocols were likely to result in material information across a variety of jurisdictions for users of general purpose financial reports.
18. In this context, EFRAG observes that the stated objective of comprehensiveness may warrant a more thorough due process going forward. In the research that had to lead to preliminary drafts (not consulted upon) of ESRS sector standards for the extractive industries, EFRAG collected extensive input from the sector communities on topics and metrics that are relevant for the sector. This research allowed insights into how these topics and metrics compare to those included in the SASB and where differences in coverage of presentation exist. While acknowledging the need to avoid additional reporting obligations, considering this may support the ISSB approach to identification of aspects for more relevant reporting, under materiality consideration.

Other remarks

19. The public consultation addresses questions concerning industry descriptions and jurisdictional considerations. In Appendix 1 of its detailed response, EFRAG also puts forward the considerations and recommendations towards these areas.