



Project:	AASB S2: Industry-based information	Meeting:	3 July 2025 (M213)
Topic:	AASB response to Exposure Draft on <i>Enhancing the SASB Standards</i>	Agenda Item:	6.1
		Date:	17 June 2025
Contact(s):	<div><div>Tom Frick tfrick@asb.gov.au</div><div>Lachlan McDonald-Kerr lmcdonald-kerr@asb.gov.au</div><div>Charis Halliday challiday@asb.gov.au</div></div>		
	<div><div>Project Priority:</div>Medium</div> <div><div>Decision-Making:</div>Medium</div> <div><div>Project Status:</div>Consider response to Exposure Draft</div>		

Objective

- 1 The objective of this paper is to update the Board on the ISSB's *Enhancing the SASB Standards* project and seek direction for the AASB's response to the ISSB [Exposure Draft of Proposed Amendments to the SASB Standards](#) (SASB Exposure Draft).

Summary

- 2 Staff recommend not issuing a AASB wraparound of the SASB Exposure Draft for the reasons explained in paragraph 18 of this paper. Staff instead recommend conducting **targeted outreach** in response to the SASB Exposure Draft, including:
 - (a) facilitating domestic outreach activities on the proposed **technical amendments** to the SASB Standards via ISSB-led roundtables and one-on-one outreach sessions with Australian stakeholders, and encouraging Australian stakeholders to submit written comments directly to the ISSB via direct communications and assistance; and
 - (b) engaging in AASB-led outreach with specific Australian stakeholders on the **strategic considerations** within the SASB Exposure Draft to inform a AASB comment letter on these matters to the ISSB.
- 3 At the time of writing this paper, the ISSB has not yet published the SASB Exposure Draft; it is expected to be ratified at the ISSB meeting on 18 June. However, the ISSB has released [a draft version of the Exposure Draft](#), which has served as the basis for the staff analysis presented in this paper. Staff expect the content to substantially remain unchanged in the final Exposure Draft and will provide a verbal update on any material differences at the Board meeting.

Structure

- 4 This paper is structured as follows:
- (a) [Section One](#): Background (paragraphs 5–16)
 - (b) [Section Two](#): Approach and outcomes (paragraphs 17–33)

Section One: Background

AASB project – AASB S2: Industry-based information

- 5 AASB S2 *Climate-related Disclosures* primarily differs from IFRS S2 *Climate-related Disclosures* by omitting requirements to disclose industry-based metrics, and requirements to refer to and consider content within the SASB Standards or the *Industry-based Guidance on Implementing IFRS S2* (IBG).¹ The Board has previously signalled an intention to finalise requirements for **climate-related industry-based information** in Australia by 2030, in line with Treasury’s policy position statement [Mandatory Climate-related Financial Disclosures](#).
- 6 Staff note that some Australian entities voluntarily report using the SASB Standards.²
- 7 At its May 2025 meeting (M212), the Board noted the finalised project plan for [AASB S2: Industry-based information](#). The objective of this project is to determine the appropriate basis and content of climate-related industry-based information within AASB S2. This project has a two-phase approach:
- (a) **phase one** activities will focus on supporting the ISSB’s *Enhancing the SASB Standards* project and conducting additional research through 2025–2026 calendar years; and
 - (b) **phase two** activities will focus on standard-setting activities through 2027–2028 calendar years.

ISSB project – Enhancing the SASB Standards

- 8 The ISSB is conducting a project on [Enhancing the SASB Standards](#) as part of its work program for 2024–2026. The goals of this project are to focus on:
- (a) the international applicability of industry groupings, including consideration of value chains in emerging markets and developing economies, and how the groupings might serve to support proportionality of the Standards;
 - (b) the international applicability of disclosure topics in those industry groupings;
 - (c) exploring opportunities to improve interoperability with other standards and frameworks, while ensuring continued focus on the needs of investors and with a particular emphasis on establishing a global baseline from which other standard-setters can build;
 - (d) disclosure topics focused on BEES and human capital, to maximise efficiencies in executing SASB enhancements in conjunction with the ISSB’s research projects on those topics; and

1 The IBG is a subset of the existing SASB Standards that is scope-limited to climate-related content. IFRS S2 requires an entity to refer to and consider the IBG, rather than the full SASB Standards, in preparing industry-based disclosures.

2 Recent staff analysis showed that approximately 25% of the ASX100 and approximately 4% of all entities listed on the ASX voluntarily reported using the SASB Standards in 2024. Across the 77 SASB Standards, this represents an average of close to one entity reporting using each Standard. Staff will present detailed analysis of current reporting practices of Australian entities using the SASB Standards at a future board meeting.

- (e) opportunities to align the language and concepts in the SASB Standards with IFRS Standards, especially IFRS S1.
- 9 This project is using a phased approach, starting with enhancing an **initial set of 12 priority SASB Standards in 2025**. These priority Standards are:
 - (a) all eight industry Standards in the *Extractives & Minerals Processing* sector;
 - (b) the *Electric Utilities & Power Generators* industry Standard in the *Infrastructure* sector; and
 - (c) three industry Standards in the *Food & Beverage* sector.
 - 10 ISSB staff have been engaged in outreach with preparers and a range of other stakeholders during the research stage of the enhancement project. As part of Phase One activities in the AASB S2: *Industry-Based Information Project*, AASB staff have collaborated with ISSB staff to facilitate one-on-one outreach sessions between ISSB staff and Australian stakeholders in industries relevant to the 12 priority SASB Standards. To date, AASB staff have facilitated connections between 12 Australian preparers or industry bodies and ISSB staff.
 - 11 The ISSB has indicated that it will consider the direction and objective of the next phase of the *Enhancing the SASB Standards* project later in 2025. Staff note that **a further 65 SASB Standards** may be considered for enhancement later in the project.

ISSB Exposure Draft—Proposed Amendments to the SASB Standards

- 12 At its 18 June 2025 meeting, the ISSB will consider a Draft SASB Exposure Draft. Staff have based the analysis in this paper on the Draft SASB Exposure Draft and expect the content to substantially remain unchanged. Staff will provide a verbal update on any material differences at the Board meeting.
- 13 Nine of the 12 priority SASB Standards are proposed to be amended in the current SASB Exposure Draft. The remaining three priority SASB Standards are expected to be included in an Exposure Draft with proposed amendments in Q4 2025. This means that the ISSB will release two separate Exposure Drafts of SASB-related updates in 2025.
- 14 The forthcoming SASB Exposure Draft is expected to seek input on:
 - (a) proposed technical amendments to industry descriptions, disclosure topics and associated metrics across nine specific SASB Standards, being:
 - (i) all eight industry Standards in the *Extractives & Minerals Processing* sector; and
 - (ii) the *Processed Foods* industry Standard in the *Food & Beverage* sector;
 - (b) targeted technical amendments to metrics and disclosures that appear across 41 other SASB Standards relating to the following topics:
 - (i) greenhouse gas emissions;
 - (ii) energy management;
 - (iii) water management;
 - (iv) labour practices; and
 - (v) workforce health and safety;

- (c) strategic considerations, including:³
 - (i) the objective of the proposed amendments to the SASB Standards and related areas of focus;
 - (ii) the proposed approach to enhance interoperability and alignment with other sustainability-reporting standards and frameworks;
 - (iii) the proposed approach to amend climate-related content;
 - (iv) the interaction between the SASB Standards and the IBG;⁴ and
 - (v) whether the SASB Standards and proposed amendments enable entities to provide decision-useful information about their BEES-related risks and opportunities, and human capital-related risks and opportunities, respectively, to users of general purpose financial reports.⁵

- 15 The ISSB is also expected to release educational materials on how the SASB Standards should be used when applying IFRS S1 and IFRS S2, including the meaning of the phrase “refer to and consider”. This would be distinct from the two separate Exposure Drafts of SASB-related updates expected to be released by the ISSB in 2025 described above.
- 16 Assuming the SASB Exposure Draft is ratified in June 2025 with a 120-day comment period, the deadline to provide comments to the ISSB would be a date in October 2025.

Section Two: Approach and Outcomes

AASB Approach to SASB Exposure Draft

- 17 Staff have considered whether it would be appropriate for the AASB to issue a domestic wraparound of the SASB Exposure Draft, consistent with its practice for issuing domestic wraparounds of ISSB Exposure Drafts. This approach would be familiar to stakeholders accustomed to engaging with the AASB and would provide an opportunity for stakeholders to provide feedback to the ISSB through the AASB.
- 18 Notwithstanding, staff consider that such an approach would present considerable challenges and risks. These include:
 - (a) **Potential market confusion regarding the domestic status of the SASB Standards and the Industry-Based Guidance (IBG).** At present, AASB S2 does not require entities to refer to or consider the SASB Standards or the IBG. Therefore, issuing a domestic wraparound of the SASB Exposure Draft may create substantial stakeholder confusion regarding the status of these materials in the Australian context and application of AASB S2.

3 Staff have identified this list of strategic considerations from the questions included in the Exposure Draft as the questions that do not relate directly to proposed technical amendments.

4 The ISSB has indicated that this item will be addressed by a concurrent Exposure Draft released at the same time as the SASB Exposure Draft. As this concurrent Exposure Draft is expected to only address the interaction between the SASB Standards and the IBG, staff have included this item within the list of strategic considerations for brevity.

5 Staff note that the current wording of questions in the Draft of the Exposure Draft relating to BEES-related risks and opportunities and human capital-related risks and opportunities refer to the SASB Standards in their entirety and not only those specific SASB Standards with proposed amendments.

- (b) **Exposure Draft focus on amendments.** The AASB is yet to conduct consultation on the full suite of the SASB Standards or the IBG. Accordingly, staff consider that it would be improper for the AASB to lead consultation on amendments to the SASB Standards when the full suite of the SASB Standards have not yet been exposed to a domestic consultation process.
- (c) **Scope of SASB-related changes extends beyond climate.** The proposed technical amendments to the SASB Standards have a broader scope than climate—they will focus on providing decision-useful information about *sustainability*-related risks and opportunities to users.
- (d) **Limited voluntary use of the SASB Standards.** Staff analysis of voluntary use of the SASB Standards by Australian entities indicates limited application of the SASB Standards in industries subject to the enhancements process, relative to the scope of entities captured by the mandatory climate-related financial disclosure regime. Staff also note that these entities are likely to view the implementation of AASB S2 as a greater priority than providing feedback on amendments to the SASB Standards. Staff are therefore of the view that only limited feedback would be collected if domestic outreach were to be conducted across the industries included in the SASB Exposure Draft.
- (e) **Departure from cross-industry norms.** Exposure Drafts are ordinarily designed with a cross-industry scope that lends itself to economy-wide consultation processes. The SASB Exposure Draft will primarily focus on industry-specific information, which is a departure from convention. This narrower focus presents challenges for economy-wide consultation as it holds greater relevance to a subset of stakeholders in the economy. A more targeted and tailored engagement strategy may be more appropriate for gathering feedback on such content.
- (f) **Complexity of the Exposure Draft.** Staff note that the Exposure Draft is technically complex, as it includes a wide range of proposed technical amendments and strategic considerations relating to the SASB Standards. The document is expected to be 495 pages in length and the Basis for Conclusions is expected to be 63 pages in length.
- (g) **Resource allocation.** Preparing and managing a domestic wraparound Exposure Draft process would require significant time and resources. Consistent with the AASB S2-related project plans approved earlier this year, staff are of the view that AASB Sustainability Reporting resources are better directed towards the key priority of supporting the implementation of AASB S2.
- (h) **Precedent with SASB Standards.** The AASB has not released a domestic wraparound Exposure Draft for previous amendments to the SASB Standards during the ISSB's *International Applicability of the SASB Standards* project. Staff note that the [AASB Sustainability Reporting Standard-Setting Framework](#) does not identify the issue or amendment of SASB Standards as a trigger for the AASB to consider publication of Australian-specific Sustainability Reporting Standards, Exposure Drafts or guidance.

- 19 On balance, staff consider that the outlined challenges and risks associated with issuing a domestic wraparound of the SASB Exposure Draft outweigh potential advantages. Accordingly, staff recommend that the AASB does not issue a domestic wraparound for the SASB Exposure Draft.
- 20 Staff note that under the AASB S2: *Industry-based Information* project plan, domestic stakeholders will have an opportunity to engage with the AASB on technical and strategic considerations of climate-related industry-based information disclosures during phase two activities in 2027–2028.
- 21 Importantly, while staff recommend that the AASB does not issue a domestic wraparound for the SASB Exposure Draft, they consider it essential to continue engaging with the SASB Exposure Draft. Alternative approaches to facilitate this engagement are recommended in the next section of this paper.

Question 1 to the Board (for discussion):

Do Board members have any comments or questions on the information presented in paragraphs 17–21?

Question 2 to the Board (for decision):

Do Board members agree with the staff recommendation in paragraph 19 that the AASB does not issue a domestic wraparound for the SASB Exposure Draft?

Targeted outreach approach

- 22 To ensure that Australian stakeholders with an interest in the SASB Exposure Draft can provide feedback, staff recommend following a targeted outreach approach, with separate approaches taken for the:
- (a) content relating to the proposed **technical amendments** to the SASB Standards; and
 - (b) content relating to the **strategic considerations**.
- 23 These two approaches are explored in further detail below.

Proposed technical amendments to the SASB Standards

- 24 Staff recommend limiting outreach activities on the proposed **technical amendments** to the SASB Standards, outlined in paragraph 14(a)–(b) of this paper, to supporting and facilitating ISSB-led roundtables and one-on-one outreach sessions with Australian stakeholders and encouraging Australian stakeholders to submit written comments directly to the ISSB.
- 25 Staff recommend this approach as it would:
- (a) provide an opportunity for domestic stakeholders to engage with the SASB Exposure Draft while mitigating the challenges described in paragraph 18;
 - (b) be consistent with phase one of the [*AASB S2: Industry-based information*](#) project—that is focusing AASB activities on supporting the ISSB’s *Enhancing the SASB Standards* project and conducting research through 2025–2026; and
 - (c) continue the ongoing collaboration of the AASB and the ISSB to connect relevant Australian entities and other stakeholders with the ISSB to provide feedback.
- 26 As noted above, some Australian entities currently voluntarily report using the SASB Standards. Many of these entities have already provided feedback to the ISSB through AASB-facilitated outreach sessions in the development of the SASB Exposure Draft and are likely to have a desire to provide feedback on the proposed technical amendments to the SASB Standards. Under the proposed approach, staff would engage with these entities via direct correspondence to make them aware of the SASB Exposure Draft and encourage them to respond to the ISSB directly.
- 27 Staff plan to ensure that Australian preparers and other relevant stakeholders continue to have the opportunity to provide feedback directly to the ISSB by:
- (a) advertising the SASB Exposure Draft through AASB communication channels;

- (b) directly reaching out to Australian preparers and industry groups that are known to voluntarily use the SASB Standards to raise awareness of and encourage response to the SASB Exposure Draft;⁶ and
 - (c) continuing to work with ISSB staff to connect the ISSB directly with relevant Australian preparers through convening roundtables or individual outreach sessions.
- 28 The proposed approach would allow Australian stakeholders to provide feedback to the SASB Exposure Draft while mitigating the potential risks discussed in paragraph 18 of issuing a domestic wraparound Exposure Draft.

Strategic considerations

- 29 The strategic considerations outlined in paragraph 14(c) raise a number of important issues that will influence the future of the ISSB's *Enhancing the SASB Standards* project and the interaction of the SASB Standards with the IFRS Sustainability Disclosure Standards. Given the strategic importance of these considerations, staff recommend that the AASB engage in targeted outreach with specific stakeholders and submit a comment letter to the ISSB on these specific matters.
- 30 Staff plan to engage in targeted outreach with specific stakeholders to inform the AASB's view on the strategic considerations. Stakeholders to be approached include:
- (a) Australian government agencies (e.g. the Treasury and ASIC);
 - (b) professional membership organisations (e.g. CPA Australia and CAANZ);
 - (c) key industry bodies representing industries where Australian preparers currently voluntarily report using the SASB Standards; and
 - (d) other national standard setters.
- 31 Staff are of the view that engaging in this targeted outreach will provide the AASB with a sufficient range of views to inform a comment letter on the strategic considerations, while not imposing an unreasonable resourcing burden on AASB staff. This approach would allow for engagement with domestic stakeholders on key strategic considerations within the SASB Exposure Draft while mitigating the potential risks discussed in paragraph 18 of issuing a domestic wraparound Exposure Draft.
- 32 Staff therefore recommend that the AASB provide a comment letter to the ISSB on the issues identified in this paper as **strategic considerations**, based on targeted outreach with relevant stakeholders.
- 33 Staff plan to bring this topic to a future Board Meeting to finalise a AASB comment letter on the strategic considerations in the SASB Exposure Draft after engaging in targeted outreach activities.

6 Staff note that preparers interested in responding to the SASB Exposure Draft are likely to include not only those that apply one of the nine SASB Standards with proposed technical amendments, but also those that apply one of the further 41 industry Standards subject to proposed targeted amendments. Therefore, AASB staff will reach out to relevant Australian preparers and industry groups across the economy.

Question 3 to the Board (for discussion):

Do Board members have any comments or questions on the information presented in paragraphs 22–33?

Question 4 to the Board (for decision):

Do Board members agree with the staff recommendation in paragraph 24 to limit outreach on proposed **technical amendments** to the SASB Standards to supporting and facilitating ISSB-led roundtables and one-one-one outreach sessions, and encouraging stakeholders to submit written comments directly to the ISSB?

Question 5 to the Board (for decision):

Do Board members agree with the staff recommendation in paragraph 32 for the AASB to provide a comment letter to the ISSB on this issues identified in this paper as **strategic considerations**, based on targeted outreach with relevant stakeholders?