Australian Government
Australian Accounting Standards Board

Staff Paper

Project:	**AASB S2: Industry-based information**	**Meeting**	AASB November 2025 (M216)
Topic:	**Response to SASB Exposure Drafts**	**Agenda Item:**	13.1
		Date:	30 October 2025
Contact(s):	Ao Li ali@aasb.gov.au Tom Frick tfrick@aasb.gov.au Lachlan McDonald-Kerr lmcdonald-kerr@aasb.gov.au Charis Halliday challiday@aasb.gov.au	**Project Priority:** **Decision-Making:** **Project Status:**	High High Consider response to SASB Exposure Drafts

Objective

1 The objective of this agenda item is to:

(a) **update** the Board on activities undertaken to seek Australian stakeholder engagement on the two ISSB exposure drafts (collectively referred to in this paper as 'SASB Exposure Drafts'):

(i) *SASB/ED/2025/1* Exposure Draft *Proposed amendments to the SASB Standards* (SASB/ED/2025/1); and

(ii) ISSB/ED/2025/2 Exposure Draft *Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2* (ISSB/ED/2025/2);[1]

(b) **consider** the Australian stakeholder feedback received on the SASB Exposure Drafts, staff analysis and matters for inclusion in the AASB comment letter to the ISSB on the SASB Exposure Drafts.

Executive Summary

2 The ISSB issued the SASB Exposure Drafts in July 2025. In response, the AASB decided not to issue a domestic wraparound of these Exposure Drafts but instead support ISSB-led engagement with Australian stakeholders. The AASB also committed to conducting targeted outreach to inform its own comment letter to the ISSB, focusing on key considerations relevant to Australian stakeholders.

3 Despite active engagement efforts—including direct outreach and facilitation of stakeholder discussions—gathering feedback has proved challenging due to the technical complexity and broad scope of the proposals. Nonetheless, several significant themes emerged from the outreach.

1 The *IFRS S2 Industry-based Guidance on Implementing Climate-related Disclosures* (IBG) presents identical climate-related disclosure topics and metrics as the SASB Standards for 68 of the 77 industries for which climate-related content was identified as relevant. Exposure Draft ISSB/ED/2025/2 proposes making identical amendments to the IBG as to SASB/ED/2025/1 to maintain alignment between the IBG and the SASB Standards.

Stakeholders generally found the SASB Standards useful for industry-based disclosures, but expressed a need for long-term strategic clarity, greater transparency in the *Enhancing the SASB Standards* project, clearer interaction between the SASB Standards and IFRS S1/S2, and concerns about compliance burdens associated with industry-based disclosure requirements in IFRS S2.

4 Based on this feedback, AASB staff recommend submitting a comment letter to the ISSB that encourages the ISSB to develop and clearly articulate an overarching strategy and architecture that integrates current and potential future Standards and guidance materials. The comment letter would also suggest clarifying the role and labelling of the SASB Standards, improving accessibility through structural and technological enhancements, and revising the *Enhancing the SASB Standards* project to better articulate its goals and engage stakeholders more effectively before finalising further amendments.

Structure

5 This paper is structured as follows:

(a) Section One: Background

(b) Section Two: AASB Engagement Activities

(c) Section Three: Summary of Stakeholder Feedback

(d) Section Four: Staff Analysis and Recommendations

Section One: Background

6 At its May 2025 meeting, the Board finalised the 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 engaging with 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.

7 The ISSB's project on *Enhancing the SASB Standards* is part of its work program for 2024–2026. The overall objective of the project is to support the implementation of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, and enhance the clarity, conciseness and cost-effectiveness for preparers using these Standards. These objectives are intended to be achieved by enhancements to the SASB Standards with the following focus areas:

(a) enhancing the international applicability of the SASB Standards;

(b) improving interoperability with other sustainability-related 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;

(c) amending disclosures related to Biodiversity, Ecosystems and Ecosystem Services (BEES) and human capital to align the SASB enhancements with ISSB research projects and enable feedback on SASB Exposure Drafts to provide inputs to those research projects; and

(d) aligning the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards, especially IFRS S1.

8 On 3 July 2025, the ISSB published two exposure drafts proposing amendments to the SASB Standards and consequential amendments to the IFRS S2 IBG, with a 150-day comment period that closes on 30 November 2025. The proposed amendments:

(a) present a review of nine (out of 12) industries that were prioritised (all eight industries in the Extractive & Minerals Processing sector and the Processed Foods industry);[2]

(b) align some metrics in a further 41 industries for topics such as greenhouse gas emissions, energy management, water management, labour practices and workforce health and safety; and

(c) detail updates to the IFRS S2 IBG to maintain alignment with the climate-related content in the SASB Standards.

9 The effect of the SASB Exposure Drafts is to propose amendments—ranging in scope and depth—to the disclosure topics and associated metrics across a total of 50 of the 77 industries delineated in the SASB Standards classification system.

10 In addition to specific questions seeking stakeholder comment on the detailed proposed amendments to the metrics, the SASB Exposure Drafts also seek feedback on broader strategic considerations, including:[3]

(a) the appropriateness of the project objectives and related areas of focus;

(b) the proposed approach to the enhancements and amendments;

(c) whether the proposed amendments effectively achieve the intended objectives; and

(d) whether the proposed enhancements improve the decision-usefulness of industry-based information.

11 At its July 2025 meeting (M213), the Board deliberated the AASB's approach to the SASB Exposure Drafts and decided to:

(a) not issue a domestic wraparound of ISSB's SASB Exposure Drafts;

(b) support ISSB-led engagement with Australian stakeholders on the proposed technical amendments in the SASB Exposure Drafts; and

(c) engage in targeted outreach with Australian stakeholders to inform an AASB comment letter to the ISSB on the key considerations relating to the SASB Exposure Drafts.

12 These decisions were made based on the Board's view on how to best facilitate effective stakeholder engagement, including:

(a) avoiding potential market confusion as the SASB Standards and IFRS S2 IBG are not currently referenced in AASB S2;

(b) recognising that the SASB Exposure Drafts are highly technical, industry-specific and broader than climate-related disclosures, making them difficult subjects for broad, economy-wide consultation; and

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2 This project is using a phased approach, starting with enhancing an initial set of 12 priority SASB Standards in 2025. These priority Standards include (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. The ISSB is expected to issue an Exposure Draft for proposed amendments to the remaining three priority Standards later in 2025.

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

(c) acknowledging the limited domestic use of SASB Standards and the absence of prior consultation on the full suite of SASB Standards in Australia, which suggests a more targeted engagement approach would be more appropriate and effective.

Section Two: AASB Engagement Activities

13 AASB staff have been actively engaged throughout both the development and consultation phases of the SASB Exposure Drafts.

14 During the development phase, AASB staff 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. This included facilitating engagements between 12 Australian preparers or industry bodies and ISSB staff.

15 To support AASB and ISSB engagement with Australian stakeholders on the technical proposals in the SASB Exposure Drafts, staff have undertaken a range of activities, including:

(a) supporting the ISSB in hosting a targeted industry-specific roundtable with Australian preparers from the Extractives & Minerals Processing sector on 5 November;

(b) conducting direct outreach with preparers to raise awareness of the Exposure Drafts and encourage submissions to the ISSB, including:

(i) contacting **22 entities** within the Extractives & Minerals Processing sector;

(ii) contacting **four entities** in the Processed Foods industry;

(iii) engaging with **ten industry bodies** and representative organisations across both sectors;

(c) conducting direct outreach with users of general purpose financial reports, including four investor representative organisations (whose members include major funds and banks) and individual members of the AASB User Advisory Committee (UAC);

(d) engaging in targeted outreach with professional accounting bodies, user groups, industry associations, and professional services firms to gather a broad range of stakeholder perspectives on the Exposure Drafts;

(e) engaging with national standard-setters in major jurisdictions to obtain global insights on the Exposure Drafts;

(f) coordinating with CPA Australia and CA ANZ to disseminate information on the Exposure Drafts through regular member communications;

(g) holding a discussion item at the AASB S2 Implementation Advisory Panel September 2025 meeting;

(h) raising awareness through the AASB's social media platforms and monthly Reporting Roundup newsletter; and

(i) monitoring public submissions to the ISSB to remain informed of feedback provided by Australian stakeholders.

Section Three: Summary of Stakeholder Feedback

16 AASB staff have undertaken a wide range of activities to support stakeholder engagement on the SASB Exposure Drafts. Notwithstanding the breadth of engagement activities undertaken by staff, eliciting substantive stakeholder input on the proposed amendments to the SASB Standards has proven challenging. Meaningful engagement with the SASB Exposure Drafts requires a broad and specialised set of expertise that encompasses all the following:

(a) a strong understanding of AASB S1 and AASB S2;

(b) subject-matter expertise across multiple sustainability topics such as climate, water and energy management, labour practices, workforce health and safety, BEES and human capital; and

(c) industry-level expertise into how these sustainability topics apply within specific contexts.

17 Only a limited number of stakeholders possess the requisite expertise to meaningfully engage with the detailed technical amendments proposed for the nine priority SASB Standards and the targeted revisions across an additional 41 industries. Staff engagement with other national standard-setters has identified common challenges in obtaining stakeholder engagement that provides technically robust feedback on the SASB Exposure Drafts.

18 Accordingly, the outreach conducted by staff has surfaced several consistent themes relating to the strategic implications of the SASB Exposure Drafts. These are outlined below.

The SASB Standards contain useful information to support preparing and using industry-based disclosures

19 Stakeholders generally agreed that the SASB Standards provide a useful source of information for both the preparation and use of industry-based information. They expressed the view that the information helps provide a common baseline for industry-based information, which supports consistent application of disclosure requirements and enables more informed decisions related to the allocation of capital.

20 Some preparers described how the information contained within the SASB Standards can be a useful starting point when preparing industry-based disclosures. They also described how the information in the SASB Standards can serve as a useful basis for an entity to review its sustainability-related and climate-related disclosures, helping to understand whether it has appropriately considered topics that may be material.

21 Some users explained that the information contained within the SASB Standards serves as a valuable tool for helping to identify material information about sustainability-related and climate-related risks and opportunities during the investment due diligence process.

There is a need for long-term strategic clarity beyond the ISSB's 2024–2026 work plan

22 Stakeholders sought greater clarity on the ISSB's intended activities and timeline for progressing the *Enhancing the SASB Standards* project beyond the current phase of proposed amendments.

23 Some stakeholders questioned the ISSB's intended approach for the 41 industries subject to targeted amendments—specifically, whether these industries will undergo a comprehensive review in the future, or whether subsequent amendments will focus solely on those not addressed in the current phase.

24 Stakeholders expressed concern that this could result in multiple rounds of amendments for certain industries, potentially requiring entities to manage and reconcile different versions of the SASB Standards over time.

There is a need for greater clarity and transparency in the objectives, methodology and evaluation framework of the* Enhancing the SASB Standards *project

25 Stakeholders frequently expressed uncertainty regarding the rationale for proposed amendments to specific disclosure topics, metrics and technical protocols.

26 This concern was particularly evident where amendments aimed to align with existing frameworks—such as IFRS/AASB S2, the TNFD Recommendations, or the GRI Standards—without sufficient explanation provided in the Basis for Conclusions.

Further clarity is needed on the interactions between the industry-based SASB Standards and the topic-based IFRS Sustainability Disclosure Standards

27 Some stakeholders indicated they were unable to provide meaningful feedback on the proposed amendments to disclosure topics and metrics related to BEES and human capital.

28 The ISSB is currently conducting research projects on both topics to assess the need for future standard-setting activities.

29 Stakeholders questioned whether these topics would ultimately be addressed through new topic-based Standards (e.g. IFRS S3 or S4) or integrated into IFRS S1 and the SASB Standards. This uncertainty regarding the future positioning of these topics has hindered stakeholders' ability to assess whether the proposed amendments would enhance the usefulness of disclosures for users.

There are concerns surrounding the compliance burden associated with the IFRS S2 requirement of "shall refer to and consider" relating to the SASB Standards

30 Some stakeholders expressed concern that the SASB Standards, in their current form, may be overly complex and burdensome for Australian entities to apply—particularly in light of concurrent implementation efforts for AASB S2 and existing resource constraints.

31 In particular, the requirement that an entity "shall refer to and consider" the SASB Standards was viewed as imposing an undue burden, effectively requiring entities to justify the exclusion of any disclosure topics or metrics deemed not relevant. They suggested that future industry-based information requirements in AASB S2 and the existing requirements in IFRS S2 relating to the SASB Standards should be modified from "shall refer to and consider", to "may refer to and consider". This approach would preserve the requirement for industry-based climate-related disclosures while allowing entities to treat the SASB Standards as a voluntary source of guidance, rather than mandatory Standards.

32 Additionally, some stakeholders proposed that if the SASB Standards are intended to serve as non-mandatory guidance, the ISSB should consider renaming them to remove the term "Standards" from the title, thereby clarifying their intended role in supporting sustainability-related and climate-related disclosures.

Section Four: Staff Analysis and Recommendations

33 Staff recommend that the AASB submit a comment letter to the ISSB that focuses on stakeholder feedback received during the consultation process. Specifically, the comment letter would not address the proposed technical amendments in the SASB Exposure Drafts directly, but instead highlight the high-level thematic issues raised by stakeholders.

34 Staff consider that the feedback reflects significant concerns regarding both the current consultation process and the future direction of the Enhancing the SASB Standards project. Therefore, staff recommend that the AASB's comment letter be structured around the following key messages:

(a) the SASB Standards contain useful information that supports the preparation and use of industry-based disclosures, which enhance the usefulness and relevance of sustainability-related and climate-related disclosures;

(b) the complex and specialised expertise required to meaningfully engage with the SASB Exposure Drafts has made it difficult for the AASB to obtain detailed feedback on the proposed technical amendments—even when the ISSB has made substantial efforts to engage with stakeholders and national standard-setters;

(c) in its current form, future phases of the *Enhancing the SASB Standards* project are likely to encounter similar challenges, particularly in relation to stakeholder engagement; and

(d) stakeholders seek greater clarity on the role of the SASB Standards within the IFRS Sustainability Disclosure Standards architecture, particularly in relation to the topics of BEES and human capital.

35 Staff further recommend that the AASB's comment letter should include the following recommendations for the ISSB to:

(a) develop and clearly articulate an overarching strategy and architecture for the full ISSB suite of materials that integrates current and potential future Standards and guidance materials—including the IFRS Sustainability Disclosure Standards and the SASB Standards;

(b) clarify whether the SASB Standards are intended to function as standalone Standards or as guidance that complements the IFRS Sustainability Disclosure Standards, and label them accordingly to reflect their intended role;

(c) consider how the SASB Standards can be made more accessible and visible to a broader range of stakeholders, including by:

   (i) restructuring the SASB Standards to present metrics and protocols shared across multiple industries as core, industry-agnostic, or cross-sector disclosures, where appropriate;

   (ii) adopting a topic-based, thematic approach to future consultations;

   (iii) presenting the SASB Standards through an interactive platform or searchable database to enhance usability and discoverability;

(d) revise its approach to the *Enhancing the SASB Standards* project by:

   (i) clearly articulating the project's objectives, methodology and evaluation framework;

   (ii) considering the timing and resource implications of future standard-setting activities relating to the SASB Standards for preparers, national standard setters and other stakeholders; and

   (iii) working closely with a broad range of stakeholders—including national standard setters—to deliberate on and test the future direction of the project prior to proposing or finalising further detailed amendments to the SASB Standards.

36 Given the ISSB's comment period closes on 30 November 2025, staff recommend that the AASB's comment letter be finalised out-of-session and approved by the Chair.

Question 1 to the Board (for discussion):

Do Board members have any comments or questions on the information presented in this paper?

Question 2 to the Board (for decision):

Do Board members agree with the staff recommendations in paragraphs 34–35 on the content and recommendations to include in the AASB's comment letter to the ISSB?

Question 3 to the Board (for decision):

Do Board members agree with the staff recommendation in paragraph 36 that the AASB's comment letter to the ISSB is finalised out-of-session and approved by the Chair?