



Project:	AASB S2: Industry-based information	Meeting:	AASB June 2026 (M221)
Topic:	AASB response to Exposure Draft on <i>Enhancing the SASB Standards</i>	Agenda Item:	7.1
		Date:	2 June 2026
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		Decision-Making:	Medium
		Project Status:	Consider response to Exposure Draft

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 SASB/ED/2026/1 [Proposed Amendments to the SASB Standards and IFRS S2 Industry-based Guidance](#).

Executive Summary

- 2 The ISSB's [Enhancing the SASB Standards](#) project aims to set out comprehensive amendments to 12 of the 77 SASB Standards. In July 2025, the ISSB released SASB/ED/2025/1 (2025 Exposure Draft) for its first phase of proposed amendments to nine SASB Standards. In March 2026, the ISSB released SASB/ED/2026/1 (2026 Exposure Draft) for the remaining three SASB Standards.
- 3 Staff recommend the AASB responds to the 2026 Exposure Draft by taking a similar approach to that undertaken in response to the 2025 Exposure Draft. This would entail:
 - (a) not issuing a domestic wraparound for the 2026 SASB Exposure Draft; and
 - (b) conducting targeted outreach activities on proposed amendments to the SASB Standards by continuing to support and facilitate ISSB-led outreach and encouraging stakeholders to submit written comments directly to the ISSB.
- 4 Staff also recommend that the AASB does not submit a comment letter in response to the 2026 Exposure Draft, as the matters raised in the 2026 Exposure Draft relating to the strategic application of the SASB Standards were already addressed in the AASB's comment letter on the 2025 Exposure Draft and the ISSB has requested that stakeholders do not repeat their feedback. Staff will instead pursue opportunities to engage with the ISSB to encourage the ISSB to actively consider the concerns raised by the AASB in response to the 2025 Exposure Draft.

Structure

- 5 This paper is structured as follows:
- (a) [Section One](#): Background (paragraphs 6–18)
 - (b) [Section Two](#): Approach and outcomes (paragraphs 19–29)

Section One: Background

AASB project – AASB S2: Industry-based information

- 6 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](#).
- 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
 - (e) opportunities to align the language and concepts in the SASB Standards with IFRS Standards, especially IFRS S1.

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.

- 9 This project is using a phased approach, starting with enhancing an **initial set of 12 priority SASB Standards in 2025–2026**. These priority Standards are:
- (a) all eight industry Standards in the *Extractives & Minerals Processing* sector;
 - (b) one industry Standard (*Electric Utilities & Power Generators*) 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. AASB staff have facilitated connections between more than 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 2026. Staff note that **a further 65 SASB Standards** may be considered for enhancement later in the project.
- 12 At its June 2025 meeting, the ISSB released [the 2025 Exposure Draft](#), which proposed amendments to nine of the 12 priority SASB Standards. The comment period for this Exposure Draft closed on 30 November 2025.
- 13 In response to the 2025 Exposure Draft, at its [July 2025 meeting](#) (M213), the AASB decided:
- (a) not to issue a domestic wraparound of the SASB Exposure Draft;
 - (b) to support ISSB-led engagement with Australian stakeholders on the proposed technical amendments in the SASB Exposure Draft; and
 - (c) to engage in targeted outreach with Australian stakeholders to inform a comment letter to the ISSB on the strategic considerations in the SASB Exposure Draft.
- 14 At its [November 2025 meeting](#) (M216), the AASB decided to submit a [comment letter](#) recognising that while industry-based information plays an important role in sustainability-related and climate-related disclosures, the relatively low level of stakeholder engagement with the SASB Standards and industry guidance presents an opportunity for the ISSB to address broader considerations around the structure, positioning and conceptualisation of the SASB Standards. The comment letter encouraged the ISSB to consider how information in the SASB Standards can be made more accessible and visible to a broader range of stakeholders.
- 15 At its [March 2026 meeting](#), the ISSB held an initial discussion on [feedback received on the 2025 Exposure Draft](#). The ISSB has indicated it will continue to discuss this feedback, particularly relating to the strategic considerations that the AASB commented on, in the future. The ISSB decided to continue with issuing an Exposure Draft for the remaining three of the 12 priority SASB Standards.

ISSB Exposure Draft—Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance

- 16 In March 2026, the ISSB issued [the 2026 Exposure Draft](#). The Exposure Draft proposes amendments to three SASB Standards, and consequential amendments to the *IFRS S2 Industry-based Guidance* in the following industries:
- (a) *Agricultural Products*;

- (b) *Meat, Poultry & Dairy*; and
- (c) *Electric Utilities & Power Generators*.

- 17 In addition to proposed technical amendments to the three SASB Standards, the 2026 Exposure Draft repeats questions from the 2025 Exposure Draft relating to strategic considerations of the SASB Standards. The ISSB has indicated that stakeholders that already provided response to these questions in response to the 2025 Exposure Draft—as the AASB did—do not need to repeat their response to the 2026 SASB Exposure Draft.
- 18 The comment period for the 2026 SASB Exposure Draft closes on 24 July 2026.

Section Two: Approach and Outcomes

AASB Approach to SASB Exposure Draft

- 19 In response to the 2025 Exposure Draft, the AASB decided not to issue a domestic wraparound, due to a variety of factors. Staff consider the same challenges would be experienced if the AASB were to issue a domestic wraparound of the 2026 Exposure Draft:
- (a) **Capacity constraints of preparers focused on implementation of AASB S2.** In response to the July 2025 SASB Exposure Draft, staff undertook a wide range of activities to support stakeholder engagement. Notwithstanding the breadth of these activities, eliciting substantive stakeholder input on the proposed amendments to the SASB Standards was challenging. Many stakeholders indicated their attention was focused on the implementation of AASB S2, and they lacked the capacity to be able to engage with the SASB Exposure Draft in a meaningful way. As most Group 1 entities will be working towards issuing their first disclosures under AASB S2 in the coming months, staff predict that similar capacity constraints would be encountered if a domestic wraparound were to be issued.
 - (b) **Potential market confusion regarding the domestic status of the SASB Standards and the 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.
 - (c) **Exposure Draft focus on amendments.** The AASB may conduct public consultation on the SASB Standards and the IBG at a later stage of the AASB S2: *Industry-based information* project. Undertaking extensive public consultation at this stage on amendments may cause stakeholder confusion.
 - (d) **Scope of proposed SASB amendments 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.
 - (e) **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.
 - (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 226 pages in length and the Basis for

Conclusions is 82 pages in length. The length and complexity of the Exposure Draft is likely to create difficulties for stakeholders to engage with, and provide feedback to, the Exposure Draft.

- 20 Given these challenges, staff recommend that the AASB does not issue a domestic wraparound for the current SASB Exposure Draft.

Targeted outreach approach

- 21 AASB staff have actively engaged with ISSB staff through the development of the 2025 and 2026 Exposure Drafts. AASB staff have helped connect Australian preparers and industry groups that voluntarily use the SASB Standards with ISSB staff, through one-on-one engagements and industry roundtables.
- 22 Similar to the approach undertaken by the AASB in response to the 2025 Exposure Draft, staff recommend conducting limited outreach activities on the proposed amendments within the 2026 Exposure Draft, by supporting and facilitating ISSB-led engagement with Australian stakeholders and encouraging Australian stakeholders to submit written comments directly to the ISSB.
- 23 Staff recommend this approach as it would:
- (a) provide an opportunity for domestic stakeholders to engage with the 2026 Exposure Draft while mitigating the challenges described in paragraph 19;
 - (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.
- 24 As noted above, some Australian entities currently voluntarily report using the SASB Standards, including a small number in the industries relevant to the 2026 Exposure Draft. Many of these entities have already provided feedback to the ISSB through AASB-facilitated outreach sessions in the development of the 2025 and 2026 Exposure Drafts and are likely to have a desire to provide feedback on the proposed technical amendments to the 2026 Exposure Draft. Under the proposed approach, staff would engage with these entities via direct correspondence to make them aware of the 2026 Exposure Draft and encourage them to respond to the ISSB directly.
- 25 Staff plan to ensure that Australian preparers and other relevant stakeholders continue to have the opportunity to provide feedback directly to the ISSB. As the comment period closes on 24 July, staff have already started to engage in targeted outreach. More than eight preparers and industry associations in the industries relevant to the 2026 Exposure Draft have already been connected directly with ISSB staff. Activities staff have already undertaken, or plan to undertake, include:
- (a) advertising the 2026 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 2026 Exposure Draft; and
 - (c) continuing to work with ISSB staff to connect the ISSB directly with relevant Australian preparers through convening roundtables or individual outreach sessions.
- 26 The proposed approach would allow Australian stakeholders to provide feedback to the 2026 Exposure Draft while mitigating the potential risks discussed in paragraph 19 of issuing a domestic wraparound Exposure Draft.

AASB response to SASB Exposure Draft

- 27 Provided the Board agrees with the staff recommendation in paragraph 22, staff will continue to encourage domestic stakeholders to provide feedback on proposed amendments to the SASB Standards directly to the ISSB. Staff recommend not collecting and collating stakeholder feedback into a AASB comment letter.
- 28 The remainder of the questions in the 2026 Exposure Draft relate to strategic considerations. These questions are identical to those that appeared in the 2025 Exposure Draft. The ISSB has indicated that stakeholders that already provided response to these questions do not need to repeat their response to the 2026 Exposure Draft. It is anticipated that the ISSB will consider all feedback to the strategic considerations provided to the 2025 and 2026 Exposure Drafts after the comment period to the 2026 Exposure Draft closes.
- 29 The AASB provided comment on the strategic considerations in its comment letter to the 2025 Exposure Draft, which raised several areas of concern regarding the structure of the Exposure Draft and the future direction of the SASB Standards within the IFRS Sustainability Disclosure Standards architecture. Staff will consider how and when to engage with the ISSB to encourage the ISSB to actively consider the concerns raised by the AASB in response to the 2025 Exposure Draft.

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 recommendation in paragraph 20 to not issue a domestic wraparound for the 2026 Exposure Draft?

Question 3 to the Board (for decision):

Do Board members agree with the staff recommendation in paragraph 22 to conduct limited outreach activities on proposed amendments to the SASB Standards to supporting and facilitating ISSB-led outreach and encouraging stakeholders to submit written comments directly to the ISSB?

Question 4 to the Board (for decision):

Do Board members agree with the staff recommendation in paragraph 27 to not collect and collate stakeholder feedback into a AASB comment letter in response to the 2026 Exposure Draft?