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International Sustainability Standards Board  
IFRS Foundation  
Opernplatz 14  
60313 Frankfurt am Main  
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Dear Sir/Madam

**ISSB Exposure Draft – Proposed amendments to the SASB Standards and Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2**

We are pleased to comment on the above Exposure Drafts (the EDs). Following consultation with the BDO network<sup>1</sup>, this letter summarises views of member firms that provided comments on the EDs.

We generally support the proposed amendments to the Sustainability Accounting Standards Board (SASB) Standards and to the Industry-based Guidance on Implementing the International Sustainability Standards Board's (ISSB™) International Financial Reporting Standards (IFRS®) Sustainability Disclosure Standards - IFRS S2 Climate-related Disclosures (IFRS S2).

We would emphasise the importance of clear transition guidance and implementation tools for jurisdictions with limited capacity to ensure a smooth transition to the amended Industry-based Guidance on Implementing IFRS S2. We recommend implementing all amendments to the SASB Standards and the Industry-based Guidance on Implementing IFRS S2 simultaneously, while permitting for early application, to enable a streamlined transition.

Our comments on the EDs are set out in the attached Appendix.

We hope that you will find our comments and observations helpful. If you would like to discuss any of them, please contact me at +44 (0)7875 311782 or by email at [abuchanan@bdoifra.com](mailto:abuchanan@bdoifra.com).

Yours faithfully

Andrew Buchanan

*Global Head of IFRS and Corporate Reporting*

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### **Proposed amendments to the SASB Standards**

#### **Question 1—Objective**

The International Sustainability Standards Board (ISSB) is proposing to amend the SASB Standards with the objective of providing timely support to entities applying the ISSB's IFRS Sustainability Disclosure Standards - IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2. The proposed amendments have been drafted under the assumption that an entity would apply the SASB Standards alongside IFRS Sustainability Disclosure Standards. This assumption allows the SASB Standards to remain targeted and proportionate while avoiding unnecessary duplication of requirements already included in IFRS S1 and IFRS S2. The proposed amendments aim:

- to further enhance the international applicability of:
  - industry groupings, including to reflect value chains in emerging markets and developing economies;
  - disclosure topics in those industry groupings; and
  - metrics and supporting technical protocols;
- to improve interoperability with other sustainability-related standards and frameworks, while ensuring continued focus on the needs of investors in order to serve as a global baseline of sustainability-related disclosures to meet the needs of capital markets;
- to amend the disclosure topics and metrics in the SASB Standards related to biodiversity, ecosystems and ecosystem services (BEES) and human capital, to align the SASB enhancements with the ISSB's research projects on those topics and to enable feedback on this Exposure Draft to provide input to those research projects;
- to align the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards; and
- to enhance the SASB Standards' clarity, conciseness and cost-effectiveness for preparers.

(a) Do you agree with the objective of the proposed amendments to the SASB Standards and related areas of focus?

(b) Do the proposed amendments meet this objective? Why or why not?

#### Question 1(a)

We are supportive of the proposed amendment. The rationale for the amendments is sound and reflects the evolving sustainability reporting landscape due to the following reasons:

- The SASB Standards are widely used and enhancing international applicability is essential for global adoption and comparability.

- Aligning SASB with IFRS S1 and IFRS S2, Global Reporting Initiative (GRI), Taskforce on Nature-related Financial Disclosures (TNFD), and European Sustainability Reporting Standards (ESRS) reduces the reporting burden and confusion for preparers and users.
- The amendments maintain SASB's focus on decision-useful information for capital markets, which is the ISSB's objective.
- By referencing IFRS S1 and IFRS S2 and other frameworks, the amendments avoid duplication and keep the standards concise and cost-effective for preparers.
- The explicit intent to align with ongoing ISSB research on BEES and human capital ensures the standards will remain relevant as these new topics emerge and develop.

#### Question 1(b)

We are generally supportive of the proposed amendment for the following reasons:

- International applicability:
  - Industry descriptions in the amended SASB standards are updated to reflect global business models and value chains, including those in emerging markets.
- Interoperability:
  - Many metrics now use wording from GRI and TNFD, and are harmonised with ESRS, where possible. Where full alignment is not possible due to different remits, the rationale is explained.
- Targeted and proportionate:
  - The amendments avoid repeating requirements already in IFRS S1 and IFRS S2.
- Clarity, conciseness, and cost-effectiveness:
  - Where metrics were overly granular, they have been simplified (e.g. air quality, water management, workforce health and safety).
  - Terms like 'employee', 'collective agreement', 'water stress', and 'environmentally sensitive locations' are now clearly defined and harmonised with global standards.
- Alignment with ISSB research:
  - The amendments explicitly reference ongoing ISSB research on BEES and Human Capital and are designed to be updated as that work progresses.

The amendments include:

- Updated topic names (e.g. from 'Biodiversity Impacts' to 'Ecological Impacts').
- Revised and clarified metric definitions and protocols.
- Expanded and harmonised definitions for 'environmentally sensitive locations'.
- New or revised metrics for spatial footprint, area disturbed/restored, and reserves in sensitive areas.

However, we understand that the following limitations are present:

- Full alignment with ESRS, GRI and TNFD is not always possible due to differing remits, but this is transparently addressed.
- Some metrics may require further refinement as ISSB’s research progresses. A specific example of an existing metric is the ‘spatial footprint’ in the context of BEES, which may benefit from further clarification and alignment as research and stakeholder feedback progress.

**Question 2—Enhancements to interoperability with other standards and frameworks**

In considering necessary amendments to the SASB Standards, the ISSB has identified possible amendments that would enhance the interoperability and alignment of the SASB Standards with other sustainability-related standards and frameworks, such as those of the GRI, European Sustainability Reporting Standards, and the guidance published by the TNFD.

Paragraphs BC33–BC41 of the Basis for Conclusions explain the approach taken to improving interoperability and alignment with other sustainability-related standards and frameworks. Appendix B of the Basis for Conclusions provides a list of some of the proposed amendments that would enhance interoperability with the GRI Standards and alignment with TNFD disclosure recommendations, while maintaining a focus on the needs of primary users of general purpose financial reports.

(a) Do you agree with the proposed approach to enhancing interoperability and alignment with other sustainability-related standards and frameworks? Why or why not?

(b) Do you agree that the proposed amendments to the nine priority industries and targeted amendments to other SASB Standards will result in improved interoperability and thus achieve the objectives of improving the decision-usefulness of disclosed information for primary users and cost-effectiveness for preparers? Why or why not?

(c) Could the interoperability and alignment of any disclosure topics or metrics be further enhanced while achieving the objectives of improving the decision-usefulness and cost-effectiveness of the information? What amendments would you propose and why?

Question 2(a)

We are supportive of the proposed amendments due to the following reason:

- The approach seems to balance the need for global comparability with the practicalities of reporting and is supported by formal agreements and ongoing engagement with other standard-setters. This is a robust and pragmatic approach.

#### Question 2(b)

The amendments include both comprehensive and targeted changes, with many metrics and definitions explicitly referencing or harmonising with GRI and TNFD, and with ESRS, where feasible. We broadly agree with the proposed approach and amendments, and comment as follows:

- GRI standards
  - Many metrics now use language from GRI (e.g. air quality, energy, water, labour, health and safety).
  - The Exposure Draft Proposed amendments to the SASB Standards and related Basis for Conclusions state that, where possible, the same definitions, units, and disclosure categories are used.
  - Where the remits differ (e.g., GRI focuses on impact, SASB focuses on investor risk), the SASB amendments prioritise investor relevance but explain the difference.
- TNFD recommendations
  - Ecological impacts, water, and supply chain metrics are aligned with TNFD recommendations, especially for definitions like ‘environmentally sensitive locations’ and spatial footprint.
  - Where TNFD covers a topic not fully addressed by SASB, the amendments either incorporate the TNFD language or explain why a different approach is taken.
- ESRS
  - The ISSB acknowledges that the European Sustainability Reporting Standards (ESRS) sector agnostic standards are being simplified with some metrics being moved to non-mandatory implementation guidance. This may have an effect on the extent to which the ESRS standards are aligned with the ISSB standards. We encourage the ISSB to continue to engage with EFRAG to understand the effects on interoperability of the amended ESRS.
  - Where ESRS requirements are clear and stable (e.g. waste, health and safety, supply chain), the SASB amendments are harmonised (e.g. using the same definitions for ‘total recordable incident rate’ and ‘waste generated and recycled’). Where ESRS and SASB have different remits (e.g. ESRS focuses on double materiality, SASB on financial materiality), the amendments explain the reason for any differences.

#### Question 2(c)

We do not have any comments.

#### **Question 3 – 15**

We do not have any comments.

## **Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2**

### **Question 1 – Consequential amendments to the IFRS S2 industry-based guidance**

The ISSB proposes to make consequential amendments to the IFRS S2 industry-based guidance when it makes amendments to the SASB Standards in order to maintain alignment between the IFRS S2 industry-based guidance and the climate-related content in the SASB Standards.

Paragraphs BC11–BC14 of the Basis for Conclusions describe the reasons for this proposal.

Do you agree that the ISSB should make consequential amendments to the IFRS S2 industry-based guidance when it makes amendments to the SASB Standards as set out in the SASB exposure draft? Why or why not?

#### Question 1

We are supportive of the proposed amendment.

The reasons for consequential amendments to maintain alignment between the SASB Standards and Industry-based Guidance on Implementing IFRS S2 include:

- Avoiding confusion: multiple versions of the same metrics would complicate the sustainability disclosure landscape.
- Reducing costs: misalignment could increase costs for preparers transitioning from SASB to IFRS S2.
- Improving comparability: misalignment would hinder comparability between entities using SASB and those applying IFRS S2.
- Enhancing relevance: updates reflect evolving sustainability risks and improve decision-usefulness and international applicability.
- Strengthening connections: enhancements aim to better link IFRS S2 guidance with IFRS S1 and S2, improving clarity and interoperability.

We note the following potential concerns in relation to the consequential amendments to Industry-based Guidance on Implementing IFRS S2:

- Implementation burden
  - For entities that are currently in the process of transitioning to IFRS S2, the amendments can pose challenges. These entities may already be investing substantial resources in adapting to the new standards, and the additional changes could further strain their resources.
  - The need to reassess and potentially redesign reporting systems to accommodate new, modified, or deleted metrics can be particularly burdensome. This is especially true for entities operating in jurisdictions with translated guidance, as they may require additional support and lead time to adapt.
- Complexity of updates
  - Industries with extensive metric revisions may face the challenge of maintaining consistency and comparability in their disclosures. The introduction of new metrics,

modification of existing ones, and deletion of outdated metrics can disrupt historical comparability and trend analysis. This complexity is heightened for industries with many metrics to update, such as those in the extractives and minerals processing sector.

- The amendments may necessitate updates to internal controls and data collection systems, leading to operational disruption. Entities may need to invest in training and interpretation support to ensure accurate application of the new and revised metrics. This can be particularly challenging for entities that have already established internal controls and reporting processes tailored to the existing IFRS S2 guidance.

Our view is that these concerns highlight the need for clear transition guidance, and implementation tools e.g., clear practical guidance and illustrative examples for jurisdictions with limited capacity, to ensure a smooth transition to the amended Industry-based Guidance on Implementing IFRS S2.

#### **Question 2 – Effective date**

The ISSB proposes to set an effective date for the consequential amendments that is the same as the effective date of the corresponding amendments to the SASB Standards. The ISSB proposes that the effective date be 12–18 months after the amendments are issued and to permit early application.

Paragraph BC15 of the Basis for Conclusions describes the reasons for this proposal.

Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

#### Question 2

We are supportive of the proposed amendment. Considering that a similar approach is adopted to managing the SASB standards and their effective date, it is appropriate to implement all the amendments simultaneously, while permitting early application. This approach enables a more streamlined transition. In the context of the implementation challenges, the Board may wish to consider a longer period than 12 to 18 months after the amendments are issued.