Emmanuel Faber, Chair
Sue Lloyd, Vice-Chair
International Sustainability Standards Board (ISSB)
IFRS Foundation
7 Westferry Circus
Canary Wharf
London, E14 4HD, UK

23 July 2026

Dear Chair Faber and Vice-Chair Lloyd,

Subject: Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance

The International Corporate Governance Network (ICGN) welcomes the opportunity to comment on the ISSB's Exposure Draft on proposed amendments to the SASB Standards and the IFRS S2 Industry-based Guidance.

Led by investors responsible for assets under management of >US$100 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries.

Our response focuses on Questions 4 onwards and on the broader importance to investors of maintaining a coherent global baseline of sustainability-related financial disclosure, supported by strong industry-specific content. ICGN has not commented in detail on the technical amendments to the three individual industry standards.

General comments

- We believe that the ISSB standards, underpinned by the sector specific SASB standards are critically important for investors.
- ICGN strongly supports the continued maintenance and enhancement of the SASB Standards and their role alongside IFRS S1 and IFRS S2.
- The financial materiality focus of the standards and the sector specificity provide critical information that investors need in order to make their investment decisions and to carry out their fiduciary duties on behalf of their clients and beneficiaries.
- Financially material sustainability-related information is now embedded throughout the institutional investment process. Investors use this information in investment research, company valuation, portfolio construction, credit analysis and stewardship, because it helps them assess future cash flows, risk, resilience and the cost of capital.
- This information is core to understanding of financial performance and long-term value creation, and considering such information forms part of investors' fiduciary responsibilities.
- Industry-specific content helps investors identify the sustainability-related risks and opportunities most likely to affect companies in different industries and supports more consistent comparison between companies exposed to similar business risks.

Answers to specific questions:

Question 4: 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 this Exposure Draft? Why or why not?

Yes. ICGN supports the ISSB's proposal to make consequential amendments to the IFRS S2 Industry-based Guidance when corresponding amendments are made to climate-related content in the SASB Standards, for the reasons set out in paragraphs BC196–BC197 of the Basis for Conclusions.

Maintaining alignment between the two sets of materials is important for investors and preparers alike. Divergence in climate-related content would create uncertainty for preparers and reduce comparability for investors, including between the disclosures of companies using the SASB Standards as a standalone resource and those applying IFRS S2. The global reporting architecture should be coherent and readily understandable, and this proposal serves that objective. The ISSB must continue to ensure that the resulting information remains focused on financially material risks and opportunities and the information needs of investors.

Question 5(a): Do you agree with the ISSB's proposed approach to amending the SASB Standards in relation to the content in IFRS Sustainability Disclosure Standards? Why or why not?

Yes. ICGN supports the ISSB's approach of developing the SASB Standards on the assumption that they will be applied alongside IFRS Sustainability Disclosure Standards. This allows IFRS S1 and IFRS S2 to provide a common global baseline while the SASB Standards provide the industry-specific content needed to make that baseline operational and decision-useful, without duplicating requirements that already exist in the cross-industry Standards.

For investors, financially material sustainability-related information is incorporated into mainstream investment analysis alongside financial information. Investors across many roles in the investment process use this information. For example:

- Screening: Define the investable universe based on client mandates, regulation and material sustainability-related risks.
- Portfolio construction: Manage sector, systematic and concentration risks, and support diversification and portfolio positioning.
- Internal investment ratings: Incorporate sustainability-related factors into proprietary company assessments that inform investment decisions.
- Valuation and financial modelling: Reflect material sustainability-related risks and opportunities in assumptions for cash flow, growth, margins, capital expenditure and cost of capital.
- Risk assessment and scenario analysis: Identify forward-looking risks, stress test business resilience and assess potential impacts on earnings and valuation.
- Peer benchmarking: Compare operational and strategic performance against competitors using industry-relevant metrics.
- Engagement and stewardship: Inform company engagement, voting and escalation priorities, and monitor performance after investment.
- Monitoring and exit decisions: Track evolving risks and opportunities over time to determine whether to increase, maintain, reduce or exit an investment.

It is important to note that many investors assess and consider these matters in the context of their overall analysis of and engagement with companies and therefore may use language such as capital allocation, operational resilience, supply chain exposure, changing customer demand, workforce capability, regulation and innovation when discussing financially material sustainability related information, even if the word sustainability is not directly mentioned.

The architecture of the ISSB Standards, in which industry-specific content sits within and supports the general requirements, reflects how this information is actually used.

Question 5(b): Do you agree that, for preparers applying the SASB Standards as well as IFRS Sustainability Disclosure Standards, the relationship between their contents is sufficiently clear? Why or why not?

Broadly yes, although we encourage the ISSB to ensure that the relationship between IFRS S1 and IFRS S2 and the incremental content of the SASB Standards remains as clear and navigable as possible as the Standards evolve. Preparers and investors should be able to understand readily which information is required by the cross-industry Standards and how the SASB content complements those requirements. This clarity is particularly important across markets at different stages of ISSB adoption since investors operate globally and need to compare companies across jurisdictions, and the architecture should minimise the risk that the same economically material exposure is reported differently merely because companies are applying different combinations of the Standards and related guidance.

Question 6: Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

ICGN supports the proposed approach of setting an effective date between 12 and 18 months after issuance and permitting early application, for the reasons given in paragraphs BC198–BC199 of the Basis for Conclusions.

An implementation period is appropriate to allow preparers to assess the revised disclosure topics and metrics, develop appropriate systems and controls, and integrate the amendments into existing reporting processes. Permitting early application enables companies that are ready to provide improved industry-specific information sooner, which investors welcome.

Question 7(a) Do you agree with the objective of the proposed amendments to the SASB Standards and related areas of focus?

Yes, ICGN strongly supports the objective of enhancing the SASB Standards to provide timely support to entities applying IFRS S1 and IFRS S2, and the areas of focus identified by the ISSB: international applicability, interoperability while maintaining an investor focus, nature- and human capital-related content, and alignment of concepts and terminology with IFRS Sustainability Disclosure Standards.

For investors, a common global baseline is essential, but generic cross-industry requirements alone cannot provide investors with the information needed to assess financially material sustainability-related risks and opportunities. Material issues vary greatly by industry. For example, water availability, land use and supply chain resilience may be central to the prospects of an agricultural company; workforce skills, physical climate resilience and system reliability may be particularly important for an electric utility; biosecurity, animal health and antibiotic use may be especially relevant in meat, poultry and dairy production. Industry-specific disclosure allows investors to focus analytical effort on the issues most likely to affect enterprise value in a given industry, and supports comparability by encouraging companies facing similar risks to report against consistent topics and metrics.

The SASB Standards should therefore not be viewed as secondary to the global baseline. They are a necessary component of making that baseline useful to investors in practice, and their continued enhancement deserves the ISSB's sustained commitment and resources.

Question 7(b): Do the proposed amendments meet this objective? Why or why not?

Yes, the proposed amendments to the three prioritised standards are consistent with the objective and areas of focus described above, and we support the direction of travel.

Question 8(a): Do you agree with the proposed approach to enhancing interoperability and alignment with other sustainability-related standards and frameworks? Why or why not?

Yes. ICGN supports the ISSB's efforts to improve interoperability and alignment with other sustainability-related standards and frameworks.

Interoperability should not, however, result in dilution of the ISSB's investor focus and focus on financial materiality.

The objectives and materiality approaches of different frameworks are not identical, and alignment should be pursued where disclosures also meet the information needs of investors and are consistent with the ISSB's objective of providing information on sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. The Basis for Conclusions reflects this distinction appropriately, including in its discussion of the complementary but different purposes of the ISSB and GRI standards.

Question 8(b): Do you agree that the proposed amendments to the three 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?

Yes, on the basis described in our answer to (a). Where the proposed amendments draw on common disclosures with the GRI Standards and align with the TNFD recommendations while retaining the enterprise-value lens, they should reduce duplicative reporting effort for preparers, particularly those already using those frameworks, without diminishing the decision-usefulness of the information for investors.

Question 8(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?

We encourage the ISSB to continue developing clear mappings and practical guidance explaining the relationship between overlapping requirements, of which Appendix A to the Basis for Conclusions is a useful example, and to continue its engagement with EFRAG as the ESRS simplification process concludes. The outcome should be a system in which companies produce a coherent core of financially material information that investors can compare across markets, rather than multiple overlapping reports using similar but different definitions.

Question 9(a) Do you agree that the ISSB should amend the climate-related content in the SASB Standards for the prioritised industries as proposed in this Exposure Draft? Why or why not?

Yes. ICGN supports the ISSB's proposal to update the climate-related content of the three prioritised standards. Climate-related risks and opportunities manifest differently between industries and business models, and industry-specific content helps translate the principles of IFRS S2 into information that is directly relevant to investment analysis.

Question 9(b) Do you agree that the proposed amendments would enhance the decision-usefulness of the industry-specific information about climate-related risks and opportunities? Why or why not?

Yes. For investors, the value of such information lies in its connection to company strategy and financial prospects: it is most useful when it helps investors assess future capital expenditure and asset retirement decisions, exposure to physical and transition risks, operational resilience, supply chain vulnerability, changing customer demand and innovation, and the implications of these factors for future cash flows and the cost of capital. The proposed amendments to the Electric Utilities & Power Generators Standard illustrate the value of this approach: information on installed and planned generating capacity, and on how transition risks and opportunities influence capital strategy and investments, connects climate-related factors to future investment and business strategy in a way investors can use.

Question 9(c) Do you agree that the proposed amendments would further clarify how the climate-related content in the SASB Standards and the IFRS S2 industry-based guidance relates to the requirements in IFRS S2?

Yes. As noted in our response to Question 5(b), we encourage the ISSB to ensure that the relationship between the cross-industry requirements in IFRS S2 and the incremental industry-specific content remains clearly communicated in practitioner-facing materials as the Standards evolve.

Question 10(a) Do the SASB Standards, including the proposed amendments, enable entities to provide decision-useful information about their nature-related risks and opportunities to users of general purpose financial reports? Why or why not?

Yes, because nature-related dependencies, impacts and the resulting financially material risks differ significantly between industries. The proposed amendments illustrate this: the Agricultural Products proposals address land use, ecological impacts, deforestation and water management, and the Meat, Poultry & Dairy proposals address biosecurity, animal health and supply chain exposure.

Generic disclosure alone would make it difficult to identify which nature-related factors are most likely to be financially material in a particular industry. The alignment of new nature-related metrics with the TNFD recommendations, where consistent with investor information needs, should also reduce preparation costs for companies already using that framework.

(c) Do the SASB Standards, including the proposed amendments, enable entities to provide decision-useful information about their human capital-related risks and opportunities to users of general purpose financial reports? Why or why not?

Yes. The proposed amendments address financially material human capital issues in an appropriately industry-specific way: labour conditions and workforce health and safety in the Agricultural Products Standard, and workforce skills, recruitment and retention in the Electric

Utilities & Power Generators Standard, where labour and skills shortages bear directly on operational continuity and the delivery of grid expansion and transition plans. Industry standards help companies focus on the most relevant information and allow investors to conduct more consistent analysis across peers.

ICGN strongly supports the continued maintenance and enhancement of the SASB Standards and their role within the wider ISSB reporting architecture. The ISSB Standards, supported by strong SASB industry-specific content, provide an efficient, investor-focused framework by concentrating reporting on the issues most likely to affect company prospects in each industry. That focus supports better materiality judgements, lower costs for preparers and improved comparability across companies and markets.

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact our Senior Policy Executive, Ayan Tewari (policy@icgn.org).

Yours faithfully,

Jen Sisson

Chief Executive Officer, ICGN

Salisbury House, 29 Finsbury Circus, London, EC2M 5QQ, UK
VAT No: 927 1665 09 | Registered in England No: 6467372

e: membership@icgn.org | **w:** www.icgn.org
in: International Corporate Governance Network