

Comments on ISSB Exposure Draft Methodology for Enhancing the International Applicability of the SASB Standards and SASB Standards Taxonomy Updates

Request for Comments		HKAB Comments
1.	<p><u>Methodology objective</u></p> <p>This Exposure Draft describes the proposed methodology to amend non-climate-related SASB Standards metrics to enhance their international applicability when they contain a jurisdiction-specific reference.</p> <p>(a) Are the scope of the intended enhancements and the objective of the proposed methodology stated clearly in paragraph 9? If not, why not?</p> <p>(b) Are the constraints of the objective as listed in paragraph 9 (preserving structure and intent, decision-usefulness and cost-effectiveness) appropriate? Why or why not?</p> <p>(c) Should any other objective(s) or constraint(s) be included in the proposed methodology? If so, what alternative or additional objective(s) or constraint(s) would you suggest? How would these add value to the proposed methodology?</p>	<p>We agree that the scope, objective and constraints of the proposed methodology are clearly stated. This presents a cost effective and rational proposal.</p>
2.	<p><u>Overall Methodology</u></p> <p>This Exposure Draft explains the proposed methodology to amend the SASB Standards metrics to enhance their international applicability when they contain jurisdiction-specific references.</p> <p>(a) Do you agree that the proposed methodology would enhance the international applicability of the SASB Standards metrics? If not, what alternative approach do you suggest and why?</p>	<p>The SASB standards are well known and widely used in reporting. We welcome the ISSB’s intention to enhance the international applicability of the SASB standards to promote and facilitate a global baseline in sustainability reporting.</p>
3.	<p><u>Revision Approaches</u></p> <p>This Exposure Draft explains five revision approaches to enhance the international applicability of non-climate-related SASB Standards metrics. Every disclosure topic, metric and technical protocol amended using the methodology will apply these five revision approaches, either individually or in combination. The methodology begins with Revision Approach 1, which uses internationally recognised frameworks and guidance to define relevant terms of reference.</p> <p>(a) Do you agree that replacing jurisdiction-specific references with internationally recognised frameworks and guidance—if identified—should be the first course of action? If not, why not?</p>	<p>The Revision Approaches (‘RA’) allow context-specific adjustments, which are necessary given the diversity of international jurisdictions. We are in broad agreement that the approach to replace jurisdiction-specific references with internationally recognized frameworks and guidance promotes global alignment, flexibility, and wider applicability.</p> <p>However, we anticipate that users interpreting and responding to the metrics will opt to leverage national jurisdictional requirements, and as such have a preference to frame responses in a RA3 format, possibly despite the availability of RA2 definitions. This could be primarily due to familiarity, and</p>

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	<p>(b) If Revision Approach 1 is not feasible, do you agree that using the remaining four revision approaches would enhance the international applicability of the SASB Standards? Why or why not?</p> <p>(c) Could the revised metrics resulting from any specific revision approaches or combination of approaches pose problems for the preparers applying them? Why or why not?</p> <p>(d) Do you agree with the criteria for determining which of the proposed revision approaches applies in different circumstances? Why or why not? What changes to the criteria would you recommend and why?</p>	<p>time & resource constraints. As such, we question the necessity of RA2 as a stand-alone approach as set out in paragraph A4.</p> <p>As IFRS reporters, we always prefer principles over rules to support entities to tell a story through the eyes of management. Further, materiality is of key importance to provide clear and concise information to stakeholders. The substitution of very specific quantitative rules to a principle-based approach with the overarching concept of materiality is always welcome.</p>
4.	<p><u>SASB Standards Taxonomy Update objective</u></p> <p>This Exposure Draft describes the proposed approach to updating the SASB Standards Taxonomy to reflect amendments to the SASB Standards.</p> <p>(a) Do you agree with the proposed methodology to update the SASB Standards Taxonomy to reflect changes to the SASB Standards? Why or why not? If you do not agree, what alternative approach would you recommend and why?</p>	<p>We welcome the ISSB’s intention to update the SASB standards so that a global baseline can be achieved.</p>
5.	<p><u>Future SASB Standards refinements</u></p> <p>This Exposure Draft focuses specifically on the first phase of narrow-scope work to amend the SASB Standards metrics in accordance with the proposed methodology to enhance their international applicability when they contain jurisdiction-specific references. In subsequent phases, the ISSB will consider further enhancements to the SASB Standards to improve their decision-usefulness, balance their cost-effectiveness for preparers and ensure their international relevance.</p> <p>(a) What other methods, considerations or specific amendments would be useful to guide the ISSB’s future work of refining the SASB Standards to support the application of IFRS S1? Why would they be useful?</p> <p>(b) Do you have any specific comments or suggestions for the ISSB to consider in planning future enhancements to the SASB Standards?</p>	<p>We agree in principle with the proposed methodology to enhance the metrics international applicability, and we express no further comment at this stage.</p> <p>Again, the pursuit of the principle-based approach and materiality in formulating the reporting requirements of the sustainability strategy of an organization is of key importance.</p>