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**Reference:**

**Second Draft of CBPS Formal Response to the Methodology for Enhancing the International Applicability of the SASB® Standards and SASB Standards Taxonomy Updates**

The Comitê Brasileiro de Pronunciamentos de Sustentabilidade - CBPS (Brazilian Committee of Sustainability Pronouncements)<sup>1</sup> welcomes the opportunity to respond to the Second Draft of CBPS Formal Response to the Methodology for Enhancing the International Applicability of the SASB® Standards and SASB Standards Taxonomy Updates.

We are a standard-setting body engaged in studying, developing, and issuing sustainability standards, interpretations, and guidance for Brazilian companies.

CBPS supports the ISSB's efforts to enhance the general requirements for the disclosure of sustainability-related financial information.

If you have any questions about our comments, please do not hesitate to contact us at [administrativo@facps.org.br](mailto:administrativo@facps.org.br)

Yours sincerely,

Comitê Brasileiro de Pronunciamentos de Sustentabilidade

Fundação de Apoio ao CPC



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<sup>1</sup>The Brazilian Committee of Sustainability Pronouncements (CBPS) is a standard-setting body engaged in the study, development and issuance of sustainability standards, interpretations and guidances for Brazilian companies. Our members are nominated by the following entities: ABRASCA (Brazilian Listed Companies Association), APIMEC Brasil (National Association of Capital Market Investment Professionals and Analysts Brazil), B3 (Brazilian Stock Exchange and Mercantile & Future Exchange), CFC (Federal Accounting Council), FIPECAFI (Financial and Accounting Research Institute Foundation) and IBRACON (Brazilian Institute of Independent Audit).

**Second Draft of CBPS Formal Response to the Methodology for Enhancing the  
International Applicability of the SASB® Standards and SASB Standards Taxonomy  
Updates – 04/08/2023**

**Question 1—Methodology objective**

*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.*

- (a) Are the scope of the intended enhancements and the objective of the proposed methodology stated clearly in paragraph 8? If not, why not?*
- (b) Are the constraints of the objective as listed in paragraph 8 (preserving structure and intent, decision-usefulness and cost-effectiveness) appropriate? Why or why not?*
- (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?*

**Response to the question (1a):** the CBPS considers both, the scope and the objective, clearly stated. It is relevant to mention that SASB standards were built under the United States of America context, and certainly this capital market reality is not comparable with other countries, mainly considering emerging economies. Thus, ponder amendments to enhance the applicability of SASB standards in a cross-country approach is a way to facilitate such implementation.

**Response to the question (1b):** the CBPS considers appropriated the maintenance of this approach. The CBPS believes that the creation of new standards must be supported by evidence related to: (i) the decision-usefulness of these standards; and (ii) the cost benefit of these standards. Since both issues are key elements to the SASB's developments, the CBPS agrees with this proposal.

**Response to the question (1c):** no further objectives or constraints were detected.

## Question 2 - Overall methodology

*This Exposure Draft explains the proposed methodology to amend the SASB Standards metrics to enhance their international applicability when they contain jurisdiction specific references.*

- (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?*

**Response to the question (2):** although the preparation of the SASB standards considered studies and research related to different taxonomies approaches on sustainability issues, there is a strong predominance of practices and contexts adopted in the USA, which is no demerit as such normative set apparently is more used by North American companies.

However, the enhancement of the methodology of such standards aiming to expand their contextualization to an international approach has the possibility of capturing different realities both regarding themes of an economic nature and with regard to the ESG theme.

Therefore, the CBPS concludes that the proposed methodology could facilitate the international adoption of the SASB forms.

## Question 3—Revision approaches

*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.*

- (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?*
- (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?*

*(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?*

*(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?*

**Response to the question (3a):** The CBPS considers that the use of international references can be a way to increase applicability and increase terminological generalization regarding SASB standards.

However, it is important that such international observations are not restricted to the references practiced in Europe and also take into account contents that are valid in emerging economies, so that it is understood that the different socio-economic and environmental conditions can give rise to different needs between countries who intend to adopt the standards, especially the ISSB, as a basis for regulating sustainability reports.

Additionally, in the case of "internationally recognised frameworks" issued by organisations other than the ISSB, concerns may be raised on the particular due process applied by those organisations. We understand the ISSB could consider this potential issue in connection with the current developing enhancement project.

**Response to the question (3b):** considering the weightings presented in the answer 3a, the CBPS agrees that using the remaining four revision approaches would enhance the international applicability of the SASB Standards.

**Response to the question (3c):** The CBPS believes that even if there are implications and complexities arising from such revisions at first, such challenges tend to attenuate over time and can be understood as natural effects of seeking to expand SASB standards from a more localized context for a global approach.

**Response to the question (3d):** CBPS agrees that the criteria should take different circumstances into account. In line with what was exposed in the previous answers, the CBPS considers that it is relevant that the ISSB has in the foreground perspective that the process of development and implementation of the SASB standards or even new ISSB IFRS S, cannot strictly take as a paradigm the implementation of IFRS for financial reporting because:

(i) regardless of the variety of GAAPs that existed prior to the adoption of IFRS on a global scale, the development of accounting and internal controls necessary for preparing financial statements was at a more advanced stage than the current reality of sustainability reporting - see there is, for example, the lack of auditing standards that allow positive assurance to be carried out due to the incipience of sustainability reports, especially with regard to the attestation of the disclosed information.

(ii) the rules of the former IASC were always elaborated with a global perspective. Aspect that was not present in the same proportion in the development of SASB standards.

In this context, considering nuances that may vary between companies and between countries is an interesting path, especially in a first effort to issue a global standard for sustainability reporting standards.

#### **Question 4—SASB Standards Taxonomy Update objective**

*This Exposure Draft describes the proposed approach to updating the SASB Standards Taxonomy to reflect amendments to the SASB Standards.*

*(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?*

**Response to the question (4a):** the CBPS agrees with the proposed methodology since the main purpose of it is to be pursuing the replacement of local US references for an international contextualization.

#### **Question 5—Future SASB Standards refinements**

*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.*

*(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?*

*(b) Do you have any specific comments or suggestions for the ISSB to consider in planning future enhancements to the SASB Standards?*

***Response to the question (5a):*** there are no further issues.

***Response to the question (5b):*** there are no further issues.