

AY-2. Are you responding as an individual, or on behalf of an organisation?

- Organisation

AY-3. Please provide the name of the organisation you are responding on behalf of:

Italian Foundation for Business Reporting (O.I.B.R.)

About you

AY-10. Would you like to include any additional introductory information?

- Yes

AY-11. Please provide any additional details relevant to you (if responding as an individual) or your organisation (if responding on behalf of an organisation).

The OIBR Foundation is the dedicated body in Italy to issues linked to the reporting and disclosure of information and measures (KPIs) related to sustainability reporting, intangibles and intellectual capital, integrated reporting and governance (“integrated thinking”) and connectivity. It deals with the elaboration and dissemination of guidelines, studies and research, principles, and standards with a technical-operational nature with reference to the issues mentioned above. The O.I.B.R. Foundation is also the only Italian member of both the IFRS Foundation’s Integrated Reporting and Connectivity Council (IRCC), and the Board of Directors of the International Foundation for Valuing Impacts (IFVI). The O.I.B.R. also officially represents Italian jurisdiction of the WICI Global Network.

Question 1—Methodology objective

The 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.

01-A. (a) Are the scope of the intended enhancements and the objective of the proposed methodology stated clearly in paragraph 8? If not, why not?

- Yes

01-B. (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?

- Yes:
We think that the constraints that are set out in paragraph 8 are appropriate, and we agree on the objective of enhancing applicability of SASB standard without substantively altering its initial intention as well as the formation of the content.

01-C. (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?

- No

Question 2—Overall methodology

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

02-A. (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?

- Yes:
The methodology needs to encompass different patterns of economic activity given the sectors identified are drawn from the US economy. It is not just a matter of changing references but consideration needs to be given to (a) the income level of the economy particularly the needs of emerging economies and (b) significant economic, environmental, social and governance arrangements so that information is relevant to the reporting context of the entity.

Question 3—Revision approaches

The 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.

03-A. (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?

- Yes:
We agree that Revision Approach 1 should be the first course of action.

03-B. (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?

- Yes:
Yes, but not entirely. Revision approach 5 is problematic because it may exceed the limitation set under the mentioned objective by newly establishing some set of indicators. Therefore, approach 5 should be removed.

03-C. (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?

- Yes:
But the selection of any revised metrics could require preparers to change their approach, but we do not yet know.

03-D. (d) Do you agree with the criteria for determining which of the proposed revision approaches applies in different circumstances? Why or why not?

- Yes:
See 3 (b)

Question 4—SASB Standards Taxonomy Update objective

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

04-A. (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?

- Yes

Question 5—Future SASB Standards refinements

The 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.

05-A. (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?

A principle-based approach is important. Without asking companies for disclosing every item listed in standard, companies need to be encouraged to choose appropriate KPIs based on its own business model, risk, and opportunities. SASB may be referenced or considered in such a choice. Certainly, comparability may be a bit limited in such an approach, but users can compare companies when a certain indicator is chosen and disclosed by several companies even if not all.

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

We think that more research is needed to better understand how impacts (such as negative externalities) affect enterprise value. We are not convinced and there has been no robust evidence produces to support the binary split between those factors that may qualify as financial material in the short-term and others which may have implications for cash flows in the longer term and/or the business operating environment. We fully appreciate that the ISSB is serving principally the information needs of investors but we know that investors represent a broad range of interests and some pay significant attention to externalities. Accordingly, that has implications for the range of metrics that are chosen to measure performance.