Navigating the Internationalization of SASB: The Engine Behind IFRS S1 and S2 Compliance

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As jurisdictions globally move from voluntary sustainability frameworks to mandatory climate and sustainability reporting, corporate leaders face a recurring challenge: **How do we make general disclosure principles operational, auditable, and investor-grade?**

When the International Sustainability Standards Board (ISSB) released **IFRS S1 (General Requirements)** and **IFRS S2 (Climate-related Disclosures)**, it established a global baseline. However, while IFRS S1 and S2 define *what* needs to be disclosed at a high strategic level, the practical *how* relies heavily on a familiar foundation: **The SASB Standards**.

As part of the ISSB's ongoing work plan, the board is actively refining and internationalizing the SASB Standards. For C-suite executives, directors, and sustainability practitioners, understanding this harmonization is key to building resilient disclosures without reinventing the wheel.

Why SASB Matters More Than Ever Under IFRS S1 & S2

A common misconception among reporting entities is that adopting IFRS S1 and S2 means replacing existing frameworks like SASB. In reality, the opposite is true.

- **Explicit Mandate in IFRS S1:** Under paragraph 55 of IFRS S1, companies are explicitly *required* to refer to and consider the applicability of SASB Standards when identifying sustainability-related risks, opportunities, and metrics outside of climate.
- **Industry-Based Guidance for IFRS S2:** The industry-specific implementation guidance for IFRS S2 is derived directly from the SASB climate metrics.
- **Decision-Useful Metrics:** While IFRS S1/S2 set cross-industry pillars (Governance, Strategy, Risk Management, Metrics & Targets), SASB provides the granular, sector-by-sector metrics that institutional investors rely on to assess financial materiality.

The Strategic Shift: Internationalizing the SASB Metrics

Historically, certain SASB metrics were criticized for relying on US-specific regulations, laws, or technical references. The ISSB's comprehensive review process directly addresses this friction by:

- **Removing Regional Biases:** Replacing jurisdiction-specific references with globally recognized standards or internationally applicable proxies.

- **Enhancing Cross-Jurisdictional Comparability:** Ensuring that an asset manager in Kuala Lumpur, London, or New York evaluates industry performance using identical indicators.
- **Aligning Value Chain & Scope 3 Data:** Refining industry metrics to act as practical collection points across complex global supply chains, transforming Scope 3 accounting into an auditable exercise.

3 Steps to Bridge Your Current Disclosures to IFRS Compliance

For companies navigating Malaysia's National Sustainability Reporting Framework (NSRF), Bursa Malaysia requirements, or broader global supply chain demands, bridging the gap requires operational maturity rather than marketing rhetoric.

1. Map Existing SASB Disclosures to the 4 Pillars

If your company already reports against SASB, conduct a gap assessment. Map your current metrics directly against the four core pillars of IFRS S1/S2: *Governance, Strategy, Risk Management,* and *Metrics & Targets*.

2. Upgrade Data Infrastructure for Audit Readiness

Unlike voluntary CSR reporting, disclosures under IFRS S1 and S2 demand the same level of internal controls, governance, and verification as financial reporting. Aligning your operational metrics with internationalized SASB criteria ensures your data will survive external assurance.

3. Engage Board Oversight on Sector-Specific Financial Materiality

Ensure that climate scenario analysis and industry-specific metrics are not siloed within a sustainability department. Boards must understand how sector-specific risks impact cash flows, valuation, and access to capital under different climate scenarios.

Moving Forward

The convergence of global standards is designed to simplify the reporting landscape, not make it more fragmented. By leveraging internationalized SASB standards as your technical engine, your organization can efficiently achieve compliance under IFRS S1 and S2 while delivering meaningful, investor-grade transparency.

How VeriSustain MyESG Can Help

Navigating complex reporting transitions requires a balance of strategic foresight and rigorous auditing precision. At **VeriSustain MyESG PLT**, we assist public listed companies, financial institutions, and pre-IPO entities with:

- IFRS S1 & S2 Transition & Readiness Assessments
- GHG Accounting & Scope 3 Value Chain Mapping
- Climate Scenario Analysis & Enterprise Risk Management (ERM)
- ESG Assurance & SIRIM55 Management System Alignment

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