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International Sustainability Standards Board (ISSB)

IFRS Foundation

Columbus Building, 7 Westferry Circus, Canary Wharf
London, E14 4HD
United Kingdom

Reference:

Comments on Exposure Draft SASB/ED/2026/1, Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance

Dear Board members,

1. Introduction

The *Comitê Brasileiro de Pronunciamentos de Sustentabilidade* (CBPS) is grateful for the opportunity to comment on the Exposure Draft SASB/ED/2026/1, Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance, published by the International Sustainability Standards Board (ISSB) in March 2026. We thank the Board for its continued engagement with national and regional stakeholders and for the transparent due process that allows jurisdictions such as Brazil to contribute to the development of a truly global baseline of sustainability-related financial disclosures. We consider this project an important step in supporting the high-quality implementation of IFRS S1 and IFRS S2, and we are pleased to take part in it.

CBPS is the Brazilian body responsible for the analysis, discussion and issuance of sustainability disclosure pronouncements and for supporting the convergence of Brazilian practice with the IFRS Sustainability Disclosure Standards. The comments that follow have been informed by consultation with Brazilian preparers, with the users of general-purpose financial reports such as analysts, investors and investment professionals, and with academic and technical specialists in accounting and sustainability. They therefore combine the perspective of those who prepare the information with the perspective of those who use it, and they are shaped by the reality of an emerging market that is at the same time a major food, fiber and energy producer, home to biomes of high ecological value and, in several regions, to the territories of Indigenous Peoples and traditional communities.

As a general matter we support the direction of the proposals. We regard it as positive that the ISSB is enhancing the prioritized SASB Standards on a phased basis, strengthening their international applicability, improving their interoperability with other frameworks and advancing content related to nature and human capital. The three industries addressed in this Exposure Draft, namely Agricultural Products, Meat, Poultry & Dairy, and Electric Utilities & Power Generators, are all highly material to the Brazilian capital market, and for that reason we have a direct interest in ensuring that the amended Standards generate information that is decision-useful, comparable and cost-effective for preparers.

Our overarching recommendation, which runs through every answer below, is that the Standards should connect their sector metrics more explicitly to the potential effects on the prospects of the entity. Many of the metrics currently capture present exposure, historical performance or the mere existence of a process, and their usefulness to investors grows considerably when they are accompanied, where material, by an explanation of how the reported information affects or could reasonably be expected to affect strategy, business model, cash flows, access to markets, cost of capital, capital expenditure, operating expenditure, margins, asset resilience and the allocation of capital. We set out our general comments in Section 2 and then respond, in Sections 3 to 8, to each of the questions in the Invitation to Comment, identifying wherever relevant the specific metric code and, in several places, proposing concrete drafting. We have sought to anchor our suggestions to metrics that the Exposure Draft itself has already established, to add decision-usefulness without multiplying codes or increasing compliance costs.

2. General comments

The proposals advance thematic coverage and update many metrics, yet many disclosures remain centered on current exposure, historical performance, the existence of processes, certifications or audits, physical volumes, or incidents that have already occurred. Information of this kind is valuable for comparability, but its usefulness to primary users increases materially when it is connected, where material, to future financial effects. Historical emissions become more informative when they are read against future regulatory costs, mitigation investment and transition risk; water consumption becomes more informative when it is read against water scarcity, operational availability, adaptation cost and efficiency opportunities, and deforestation and traceability become more informative when they are read against market access, embargo risk and the continuity of the supply chain. We are not suggesting that historical or operational metrics be replaced, only that they be linked more explicitly to a prospective analysis of value, because that link is precisely what turns a record of the past into a signal about the future that an investor can act upon.

A closely related concern is the temporal consistency and comparability of prospective financial estimates. Recent Brazilian practice offers an instructive example in a large, listed company that disclosed a forward-looking financial estimate of the transition risk arising from a regulated carbon market, brought to present value. The disclosure was a genuine advance in usefulness for investors, since it sought to quantify a long-term climate risk in financial terms, yet between two consecutive reporting cycles the company changed the way the estimate was presented, moving from a value range in the first year to only the upper bound of that exposure in the second. The change from a range to a single ceiling does not by itself represent an error, but the disclosure of the same estimate in different formats across periods does not favor the analysis of how risk is evolving. We therefore recommend that, whenever an entity discloses quantitative prospective estimates related to sustainability risks or opportunities, the technical protocols encourage a standardized disclosure of the main assumptions, the time horizon, the methodology, the level of aggregation and any changes relative to the prior period, so that analysts and investors can assess trends, the consistency of risk management and the evolution of the entity's economic exposure.

We also reiterate the importance of proportionality mechanisms, above all for metrics that depend on data originating from suppliers, independent producers, cooperatives, small service providers and geographically dispersed chains. In emerging markets, it is common for large listed companies to depend on data from suppliers with widely differing levels of maturity in controls, systems, traceability and reporting, and it would be useful for the supporting materials and technical protocols to make clear that an incremental improvement in data quality over successive reporting cycles is an expected and desirable outcome. Rather than requiring immediate perfection, the Standards could encourage disclosure of the scope covered, the methodological limitations, the degree of estimation involved, the improvement plan, the coverage-expansion targets and the annual evolution of traceability and data quality. This approach preserves informational discipline for investors without making adoption unfeasible in emerging markets. It is essential, however, that proportionality remain technical and never legal. It is reasonable to scale the cost of geospatial mapping or of auditing the deeper tiers of the chain to the size of the entity, but the right to Free, Prior and Informed Consent and the prohibition of forced labour cannot be graduated according to company size, and any proportionality mechanism should be worded so as to make that distinction unmistakable.

Drawing these threads together, we recommend that the ISSB consider a cross-cutting instruction in the technical protocols to the effect that, whenever a metric indicates a relevant exposure to sustainability-related risks or opportunities, the entity should consider disclosing, where material, how that exposure may affect its prospects, including its strategy, business model, cash flows, access to financing, cost of capital, capital expenditure, operating expenditure, revenue, margin, operational continuity and allocation of capital, and that where it discloses quantitative prospective estimates it should also disclose the main assumptions, the time horizon, the methodology, the level of aggregation and any changes relative to the prior period. Guidance of this nature would be consistent with the objective of IFRS S1 and with the declared purpose of the SASB Standards as a source of guidance for the identification and disclosure of risks and opportunities capable of affecting the prospects of the entity.

Finally, we consider the attention given to emerging markets and developing economies particularly welcome, because in a country such as Brazil the sustainability-related risks and opportunities are not concentrated only in the energy transition. They also involve land use, deforestation, the conversion of ecosystems, traceability, land tenure, the rights of Indigenous Peoples and traditional communities, water security, decent work, smaller-scale suppliers and the institutional capacity for oversight. We support the evolution of the Standards on nature and human capital, provided these themes are not treated merely as categories of impact or compliance, since for investors their relevance increases when they are connected to effects on revenue, margins, costs, schedules, operating capacity, market access, operational restrictions, financing, reputation, litigation and the allocation of capital. Consistently with this view we draw the Board's attention to a small number of material gaps and one disclosure opportunity that the current proposals are not yet fully address and that recur across the three sectors. Consistently with this view we draw the Board's attention to a small number of material gaps and one disclosure opportunity that the current proposals are not yet fully address and that recur across the three sectors. The first is an asymmetry in the treatment of the rights of Indigenous

Peoples, in which consent is treated as generic due diligence rather than as the Free, Prior and Informed Consent required by Article 32(2) of the United Nations Declaration on the Rights of Indigenous Peoples, and in which only the energy sector receives a dedicated metric on proximity to Indigenous lands. The second is the export of toxicological risk through the regulatory asymmetry of pesticides between producing jurisdictions and destination markets. The third is the absence of any recognition of conservation and of dependence on ecosystem services as decision-useful information, so that an entity that preserves intact habitats appears identical to one that merely avoids deforestation. The fourth is the reporting of water volumes without disaggregation by river basin, which masks the risk of localized scarcity. The fifth is a structural human-capital gap, and in particular the absence of granular occupational-health metrics for chronic rather than acute exposure and the absence of traceability in the indirect supply chain. We develop each of these points in the sector answers that follow.

3. Question 1 (Agricultural Products SASB Standard)

CBPS supports the objective of the amendments to the Agricultural Products SASB Standard and regards the expansion of thematic coverage across land use, deforestation, water, food loss, labour conditions and supply-chain management as a relevant advance for a sector of great importance to the Brazilian and global capital markets. The comments below seek to strengthen the decision-usefulness, the comparability and the international applicability of the proposals, and they draw throughout on the general observations set out in Section 2.

(a) Do you agree with the proposed Agricultural Products industry description? Does it accurately describe the business activities of entities in this industry? Why or why not?

CBPS response. We partially agree. Naming producers, suppliers and impacted communities as part of the value chain, together with the inclusion of direct cultivation operations, corrects an omission of the 2022 Standard, which covered only processing, marketing and milling. The description nonetheless remains silent on a well-documented fact, namely that agricultural expansion is the main driver of terrestrial biodiversity loss at global scale and that agricultural production is structurally dependent on ecosystem services whose degradation constitutes an ecological liability not reflected on the balance sheets of companies in the sector. An industry description that does not name this nexus treats as peripheral what biodiversity science treats as central, and it becomes difficult to describe the sector's business activities accurately without stating that agricultural production is both the main driver of the conversion of native ecosystems worldwide and the activity most dependent on the services destroyed by that conversion.

We therefore recommend that the description name this structural dependence on natural capital, and that it also names the regulatory asymmetry of agricultural pesticides between the production jurisdiction and the main destination markets. Substances widely used in major producing countries, such as mancozeb and atrazine in Brazil, are banned in the European Union, which exposes workers and ecosystems in the Global South to risks that the regulators of the purchasing markets have already deemed unacceptable and creates

a concrete risk of batch rejection for exceeding maximum residue limits. To give these facts within the Standard we suggest a new qualitative activity metric under the suggested code FB-AG-000.E, with a narrative disclosure in two parts. The first part would present the main ecosystem services on which direct operations and Tier 1 suppliers depend, indicating the level of dependence and the regions where it is most critical. The second part would list the active ingredients of pesticides applied in direct operations that are banned or subject to more restrictive maximum residue limits in markets that account for twenty per cent or more of the entity's export revenue. Placing these disclosures in the activity description avoids duplicating them elsewhere, since the same regulatory facts are also relevant to the axis of international applicability in item (g) and to the feed pathway of the Meat, Poultry & Dairy Standard in item 2(e).

(b) Do you agree with the proposed inclusion of direct farming operations in the scope of activities included in the industry classification? Why or why not?

CBPS response. We agree with this improvement. The sector's most significant impacts on biodiversity, on water resources and on working conditions occur on the farm rather than in processing, and their absence from the previous scope kept those impacts invisible to primary users. The Exposure Draft already operationalizes this concern through metric FB-AG-160a.2, which requires the percentage of the spatial footprint located in or up to five kilometers from environmentally sensitive locations, and for greater consistency it would be useful to adopt a verifiable taxonomy for defining such locations drawn from the TNFD.

That same metric, however, reveals a choice that should be reconsidered, because its list of categories covers areas recognized by nature-conservation regimes while omitting the territories of Indigenous Peoples and traditional communities as a distinct category of sensitivity. This omission is not a technical detail but a normative inconsistency within the Exposure Draft itself, since the Electric Utilities & Power Generators Standard published in the same consultation already uses exactly this five-kilometer radius to protect Indigenous lands in the proposed metric IF-EU-210a.3. If the ISSB recognizes the financial materiality of proximity to Indigenous lands in one sector, there is no technical justification for omitting it in the sector where expansion over Indigenous frontiers is more historically documented, and maintaining the omission would treat ecosystem protection as financially relevant while treating the protection of Indigenous peoples as dispensable. We recommend, accordingly, that the ISSB adopt the TNFD definition of environmentally sensitive areas and include among the categories of FB-AG-160a.2 a mandatory and non-optional category covering the territories of Indigenous Peoples and traditional communities recognized by a national authority or by an international instrument, maintaining the same five-kilometer radius already established for the other categories.

(c) Do you agree that the proposed industry description makes it clear that the intended scope of entities in the industry classification includes entities with direct farming operations, entities that source products from farms (including, for example, outgrowers, contract farmers and co-operatives), and entities that do both? Why or why not?

CBPS response. We partially agree. The inclusion of contract farmers and cooperatives is positive and necessary to capture the actual risk profile of entities that operate through integration or contract farming. The structural limitation is the absence of a requirement for traceability beyond Tier 1, which technology now makes possible. Principle 13 of the Guiding Principles on Business and Human Rights establishes that the responsibility to respect human rights extends to indirect business relationships, and in the agricultural sector the most severe impacts, namely deforestation and forced labor, are found precisely in the Tier 2 and Tier 3 links that the current scope does not cover.

The topic Social Supply Chain Management under metric FB-AG-430d.1 already mentions Indigenous Peoples and human-rights due diligence, including displacement and the deprivation of resources as impacts to be avoided, and the extension we propose simply deepens that topic for the highest-risk levels. Referring to human-rights due diligence in general terms, without naming Free, Prior and Informed Consent as a specific standard, allows an entity to declare compliance merely by notifying or consulting affected communities without ever having obtained their consent to proceed. Consultation and consent are not the same thing, because an organisation may consult an Indigenous community and proceed with a project even in the face of explicit refusal, whereas Article 32(2) of the United Nations Declaration on the Rights of Indigenous Peoples requires consent, and not merely consultation, prior to the approval of any project that affects Indigenous lands, territories or resources. This is precisely the gap that makes deforestation at agricultural frontiers, land conflicts and financing blockades a material financial risk rather than a merely reputational one. We therefore suggest a metric under the suggested code FB-AG-430d.4 requiring the percentage of the volume procured from Tier 2 and Tier 3 suppliers with documented due diligence on human rights and land rights, including a Free, Prior and Informed Consent process with Indigenous Peoples and traditional communities in accordance with Article 32 of the Declaration, disaggregated by primary commodity, with that consent named explicitly in the metric protocol rather than left implicit under the generic heading of due diligence.

(d) Do you agree that the proposed disclosure topics in the Agricultural Products SASB Standard would accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry? If not, what revisions would you *suggest and why?*

CBPS response. We partially agree. The proposed topics reasonably capture water risk and emissions, but five relevant gaps remain and none of them is trivial. Free, Prior and Informed Consent continues to be mentioned only as generic human-rights due diligence under metric 430d.1 rather than as a continuous, documented and verifiable process for obtaining consent. Dependence on ecosystem services, which underpins the sector's production, still lacks dedicated metrics even though the GRI has required this disclosure for more than a year. There is no requirement for a time series on the state of biodiversity, which allows an entity on a path of continuous degradation to appear on paper identical to an entity that restores ecosystems. The management of agrochemicals still lacks its own topic even though GRI 13 already includes it, and this omission leaves outside the financial scope precisely those chemicals that the International Agency

for Research on Cancer classifies as probably carcinogenic and that most expose rural workers and neighboring communities. The generic definition of environmentally sensitive areas still lacks a verifiable taxonomy within metric FB-AG-160a.2, which undermines comparability between entities and alignment with the Locate stage of the TNFD LEAP process.

We recommend a set of revisions anchored wherever possible to metrics already established by the Exposure Draft. A first metric, which could extend the Land Use and Ecological Impacts topic under the suggested code FB-AG-160a.7, would require for each direct operation site with significant impacts on biodiversity the type of ecosystem, the size in hectares affected, the condition of the ecosystem in the base year and in the current period with a declared methodology, and a Species Threat Abatement and Restoration score per site where technically feasible, offered as an optional sub-metric in the first reporting cycle. A second metric would capture the positive side of the ecological balance, namely the area that the entity keeps under conservation within the property and not only the area it restores, since this is currently not recognised as a distinguishing feature of those who preserve, and since the conservation of ecosystems secures fundamental services such as pollination, on which roughly three quarters of the world's food crops depend and on which agricultural productivity therefore rests. Beyond these two metrics we recommend the adoption of the Free, Prior and Informed Consent protocol for Indigenous peoples as a named standard, the inclusion of qualitative and quantitative metrics on dependence on ecosystem resources given its direct effect on financial materiality, and the adoption of a verifiable taxonomy for defining environmentally sensitive areas in line with the TNFD.

(e) Do you agree that the proposed metrics and technical protocols in the Agricultural Products SASB Standard would help an entity provide primary users with decision-useful information about sustainability-related risks and opportunities? If not, what revisions would you suggest and why?

CBPS response. We partially disagree. Five technical insufficiencies remain relevant, and the most serious of them treats human lives as a residual risk. The absence of a cut-off date for the conversion of ecosystems leaves the Standard detached from Regulation (EU) 2023/1115, which already requires verification of non-conversion since 31 December 2020 for seven commodities, among them soy and beef. Metric FB-AG-160a.4 requires a percentage of products free from deforestation or conversion but does not anchor that percentage to a fixed cut-off date, which allows an entity to declare zero deforestation on the basis of a conveniently recent baseline, without comparable verification between competitors.

More seriously still, the occupational-safety metric, even though it was revised in this consultation to include the number of fatalities, the total recordable incident rate, the fatality rate and the near-miss rate broken down between direct employees and contractors under metric FB-AG-320a.1, remains designed to capture acute accidents rather than chronic poisoning. The International Agency for Research on Cancer classified glyphosate, malathion and diazinon as Group 2A, that is, probably carcinogenic, and none of the four sub-metrics of 320a.1 records a single case of chronic illness arising from pesticide exposure, because such illness rarely appears as an incident at the moment of exposure. The proposed Standard therefore allows an entity whose seasonal workers are chronically exposed to pesticides classified by the World Health Organization as

extremely hazardous to report flawless occupational-safety indicators, which is the difference between measuring safety and measuring only visible accidents. Water management limited to blue water compounds the problem, because roughly eighty per cent of the water used in global agriculture is green water drawn from soil moisture, and metric FB-AG-140a.1 also lacks disaggregation by river basin, which prevents the assessment of the localised water-scarcity risk that is the main driver of operational risk for entities with irrigated operations across several basins.

To address these insufficiencies we suggest, first, a metric under the suggested code FB-AG-310a.2 extending the Labour Conditions topic and requiring the number and percentage of workers subject to periodic biological monitoring on account of occupational exposure to agrochemicals classified as Class Ia or Ib by the World Health Organization or as Group 1, 2A or 2B by the International Agency for Research on Cancer, disaggregated by exposure category, by type of employment whether permanent or seasonal and migrant, and by the type of biomarker monitored. We suggest, second, a metric under the suggested code FB-AG-140a.5 extending the Water Management topic and reporting the total volume of water withdrawn and consumed by direct operations disaggregated by major river basin, indicating the percentage withdrawn or consumed in basins classified as high, that is between forty and eighty per cent, or extremely high, that is above eighty per cent, water stress according to the WRI Aqueduct. We suggest, third, that metric FB-AG-160a.4 be anchored to a fixed conversion cut-off date consistent with Regulation (EU) 2023/1115, so as to enable comparable verification between entities rather than a baseline chosen at the discretion of each preparer.

(f) Do you agree that the proposed metrics in the Environmental Supply Chain Management and Social Supply Chain Management disclosure topics would support cost-effective disclosure of information that primary users need about sustainability-related risks and opportunities in the supply chain (for example, on soil health and water scarcity)? If not, what revisions would you suggest and why?

CBPS response. We partially agree. The environmental and social supply-chain metrics, organised in this review into two distinct topics covering deforestation-free sourcing under FB-AG-430c.1, sensitivity to physical risks under FB-AG-430c.2, environmental resource management strategy under FB-AG-430c.3 and the social metrics under FB-AG-430d.1 to d.3, follow the convention adopted elsewhere in the Standard of focusing on Tier 1 suppliers. This choice functions as a structural loophole rather than as a reasonable simplification, because it is precisely in the Tier 2 and Tier 3 links, beyond the reach of any of the six proposed metrics, that untracked deforestation, the use of banned pesticides and forced labour are concentrated. An entity may report a clean supply chain at Tier 1 while its indirect suppliers engage in deforestation and forced labour without a single metric of the Standard capturing that reality.

It is also worth adding a risk vector that has scarcely been discussed in previous consultations, namely the spray drift of pesticides onto neighbouring properties, where communities that are not even suppliers of the reporting entity bear the health costs of a chain in which they do not participate. This nexus has fuelled growing litigation in Brazil, including public civil actions seeking the cancellation of registrations for glyphosate-based

products. We therefore suggest a metric under the suggested code FB-AG-430c.4 extending the Environmental Supply Chain Management topic and requiring the percentage of the volume purchased from Tier 1 suppliers that has been assessed for proximity, within a radius of up to ten kilometres, to Key Biodiversity Areas and Protected Areas, with an indication of the geospatial assessment methodology used, together with the extension of environmental and social due-diligence requirements to the highest-risk Tier 2 and Tier 3 links. This qualifies the environmental supply-chain topic already established in this review with the geospatial dimension that is presently missing from it.

(g) Do you agree that the proposals would improve the international applicability of the Agricultural Products SASB Standard and would lead to the disclosure of decision-useful information from entities in the industry regardless of their jurisdiction? Why or why not?

CBPS response. We partially agree. The steps toward internationalisation are positive, but three limitations reduce their effectiveness outside the United States and Europe. The first is the regulatory asymmetry regarding pesticides between Brazil and the European Union, whose factual basis, comprising the ban on mancozeb and atrazine in the Union, their continued use in Brazil and the resulting exposure of workers and ecosystems in the Global South, is developed in our response to item (a) and is not repeated here. In terms of international applicability it should be noted that this asymmetry functions as a way of exporting toxicological risk to places where regulation is weaker, and that a Standard intended to be global cannot overlook it. The second limitation is that Regulation (EU) 2023/1115 is not referenced as a benchmark, even though it defines a due-diligence methodology with geospatial verification for commodities that make up a significant portion of the export profile of countries such as Brazil, Indonesia and Colombia. The third is that tropical water contexts remain underrepresented despite the expansion of WRI Aqueduct coverage in these regions.

We do not propose new indicators for this item, and we suggest instead reusing the indicator FB-AG-000.E proposed under item (a), which has no counterpart in the Exposure Draft and which requires the list of active ingredients of crop-protection products applied in direct operations that are prohibited or subject to more restrictive residue limits in markets accounting for twenty per cent or more of the entity's export revenue. We also recommend that the ISSB reference Regulation (EU) 2023/1115 explicitly in the Basis for Conclusions as a regulatory benchmark for international applicability, so that the regulatory fact is stated once and merely cross-referenced from the related items rather than reproduced in full, thereby avoiding the multiplication of codes for the same phenomenon.

(h) Do you agree that the proposed amendments would enhance the Agricultural Products SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? Why or why not?

CBPS response. We partially disagree, and the issue is not solely technical. Considering the disclosures under GRI 101 Biodiversity 2024, most do not have a clear counterpart in the proposed FB-AG Standard, including alignment with biodiversity policies, the mitigation hierarchy and the direct drivers of loss such as pesticide pollution and invasive species. This gap does not stem from any technical impossibility, since GRI

13 has been in effect since 2024 and its 2026 version aligns its biodiversity topics with the new GRI 101 and already addresses pesticide management as a sector-specific topic requiring disclosure of volume and intensity by toxicological class of the World Health Organization.

The gap recurs with a different profile for the TNFD. The TNFD Recommendations of 2023 define fourteen core global metrics, of which at least three have no identifiable correspondence in the proposed FB-AG Standard, namely the extent of change in land, freshwater or ocean use, the pollutants released to soil by type, and plastic pollution. More relevant than these specific gaps is the structural one, because the TNFD LEAP process, comprising the stages of Locate, Evaluate, Assess and Prepare, requires the entity first to identify its interfaces with nature and to assess its ecosystem dependencies before reporting impact, a sequence that is missing from the proposed Standard, which treats area and land use as isolated reporting points. Since the TNFD rests on the same logic of financial materiality as the ISSB, there is no materiality-incompatibility argument that would justify not incorporating these metrics. We therefore recommend a structured reconciliation statement from the standard-setter indicating the correspondence between each GRI disclosure, the fourteen core TNFD metrics and the SASB metrics, which would facilitate interoperable application among the three frameworks without duplicating reporting effort. We suggest, in addition, a sub-metric on the percentage of pesticide packaging used by the entity and its Tier 1 suppliers that is destined for a reverse-logistics system aligned with the International Code of Conduct on Pesticide Management, and a sub-metric on the annual volume of soil classified as contaminated by pesticides in direct operations according to reference values recognised by the competent environmental authority, so as to close the soil and plastic pollution gap with concrete and verifiable disclosures rather than a generic statement of volume by type of pollutant.

(i) Are there any proposed metrics in the Agricultural Products SASB Standard that would benefit from the inclusion of specific proportionality mechanisms described in paragraphs BC47 to BC48 of the Basis for Conclusions? If so, identify which metrics you believe would benefit from the introduction of such mechanisms and explain why.

CBPS response. We agree, with proportionality specified by metric and by size. The traceability of the Tier 2 and Tier 3 links, and the monitoring of occupational health for chronic exposure to pesticides, are the clearest candidates, whereas reporting ecosystem conditions site by site may be unfeasible for small producers, cooperatives and family farmers without transition support. The proportionality outlined in paragraphs BC47 to BC48 of the Basis for Conclusions should be applied to the indicators proposed in this response, namely FB-AG-160a.7, FB-AG-160a.8, FB-AG-310a.2, FB-AG-430c.4 and FB-AG-430d.4, with a three-year transition period for entities with fewer than one hundred direct suppliers or fewer than ten workers exposed to pesticides, allowing the use of public remote-sensing data such as MapBiomas and Global Forest Watch and of simplified tools such as the TNFD ENCORE.

This proportionality must, however, remain technical and never legal. It is reasonable to scale the cost of geospatial mapping or of Tier 3 auditing to the size of the entity, but the right to Free, Prior and Informed

Consent and the prohibition of forced labour do not admit gradation based on company size. Proportionality applied to indicators FB-AG-430c.4 and FB-AG-430d.4 does not mean that small producers are exempt from respecting human rights, only that the methods for verifying those rights should be adapted to their operational capacity. We recommend, for that reason, that proportionality be worded as a cross-cutting application clause for the proposed indicators rather than as an isolated metric, so as to maintain it as an application rule and avoid the proliferation of codes.

4. Question 2 (Meat, Poultry & Dairy SASB Standard)

CBPS supports the proposal to enhance the Meat, Poultry & Dairy Standard. The sector carries risks and opportunities related to methane emissions, land use and conversion, traceability, food safety, antibiotic use, animal welfare, biosecurity, workforce health and safety, nutrient management and supply chains, all of which are highly material in a country that is one of the world's largest exporters of animal protein. Our comments build on the cross-cutting observations already made for Agricultural Products, since many of the same structural issues recur here through the feed chain and the sourcing model of the sector.

(a) Do you agree with the proposed Meat, Poultry & Dairy industry description? Does it accurately describe the business activities of entities in this industry? Do you agree with the scope of activities included in the industry classification? Why or why not?

CBPS response. We partially agree. The revised description and the inclusion of direct farming operations and of workforce-composition activity metrics are improvements that better reflect the actual value chain of the sector, in which many animal-protein companies source a relevant share of their animals from independent producers or contract farmers rather than concentrating rearing in their own operations. As in Agricultural Products, however, the description should make explicit the sector's structural dependence on natural capital and the concentration of the most severe environmental and human-rights impacts, namely deforestation and forced labour, in the indirect Tier 2 and Tier 3 links that the current scope does not reach. In Brazil the lack of traceability in the indirect supply chain exposes the meatpacking industry to deforestation and other irregularities through the practice known as cattle laundering, in which cattle raised on deforested land pass through clean intermediary farms before reaching the buyer, and this is a well-documented material risk to market access and to financing that an accurate description of the sector's business activities should acknowledge.

(b) Do you agree that the proposed disclosure topics in the Meat, Poultry & Dairy SASB Standard would accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry? If not, what revisions would you suggest and why?

CBPS response. We partially agree. The topics reasonably cover methane, land use and conversion, food safety, animal welfare, biosecurity and the supply chain, and we welcome in particular the appearance of biosecurity as a dedicated disclosure under metric FB-MP-410a.5, since in animal-protein chains a sanitary

event can have significant effects on production, exports, inventories, prices, costs, margins and reputation. We note, however, that the export of toxicological risk from pesticides re-enters this Standard indirectly through animal feed, because residues of active ingredients banned in destination markets can bioaccumulate in meat and milk, and this feed pathway should be recognised rather than left implicit. The biosecurity metric would also be more useful if it encouraged disclosure of how the entity assesses the potential severity of these risks, including their effects on production, on markets, on idle capacity, on insurance, on contingencies and on operational continuity.

We further consider that traceability, the deforestation-free and conversion-free sourcing of livestock and feed under metric FB-MP-430b.1, and the priority sourced products that are sensitive to physical risks, are highly relevant in Brazil and should be accompanied, where material, by information on economic exposure. That information would include the share of the affected products or markets in revenue, the dependence on higher-risk regions, the risk of commercial restrictions, the investment required in traceability and the potential effects on realised price, on margin and on the continuity of supply. Disclosures of this kind would move the sector's reporting from a description of present practices toward the forward-looking analysis of value that primary users need in order to assess the prospects of the entity.

(c) Do you agree that the proposed metrics and technical protocols in the Meat, Poultry & Dairy SASB Standard would help an entity provide primary users with decision-useful information about sustainability-related risks and opportunities? If not, what revisions would you suggest and why?

CBPS response. We partially agree. We regard the explicit inclusion of the methane percentage within Scope 1 greenhouse gas emissions as positive, since methane is a central component of the sector's climate exposure and can affect regulatory, technological, reputational, commercial and financing risks. The usefulness of that metric nonetheless varies with the business model, because in markets such as Brazil, where a relevant share of the animals is acquired from independent producers or contract suppliers, a material part of the methane exposure may be reflected in Scope 3 rather than in Scope 1 alone. We therefore recommend that the technical protocols encourage, where material, a complementary disclosure of methane exposure along the value chain, especially where that exposure may affect market access, compliance costs, financing, reputation or sourcing strategy, and that the emissions and methane-percentage metrics be connected to mitigation strategy, to the investment required, to future regulatory risk and to the effects on production cost and competitiveness.

We also suggest that the food-safety metric on the markets that restrict, ban or suspend imports of the entity's products be preserved and strengthened, since it approaches information of direct relevance to investors by connecting food safety and sanitary compliance to market access and revenue, and that the Product Innovation metric under FB-MP-410b.1 be refined so as to avoid excessively narrative disclosure. From the perspective of investors it would be useful to understand the economic materiality of the innovations, including their share of revenue, their growth potential, their relative margins, the investment they require and their exposure to changes in consumer preference. Consistently with our comments on Agricultural Products, the

occupational-health metrics of this sector should capture chronic exposure, including exposure to agrochemicals through the feed chain, and not only acute accidents, and the traceability requirements should extend to the highest-risk indirect links.

(d) Do you agree that the proposed metrics in the Environmental Supply Chain Management and Social Supply Chain Management disclosure topics would support cost-effective disclosure of information that primary users need about sustainability-related risks and opportunities in the supply chain (for example, on soil health and water scarcity)? If not, what revisions would you suggest and why?

CBPS response. We partially agree, for the same structural reason set out under Question 1(f). The supply-chain metrics focus on Tier 1, whereas in animal-protein chains the highest concentration of deforestation, of conversion and of human-rights risk lies in the indirect links, that is in the farms that supply the intermediary farms, which is the cattle-launders nexus described under item (a). We therefore recommend that environmental and social supply-chain due diligence reach explicitly into Tier 2 and Tier 3 for the highest-risk commodities, and that the water metrics be disaggregated by major river basin in the same way as the metric we proposed under FB-AG-140a.5, given that both livestock and feed production depend structurally on localised water resources and that this gap should not be flagged for one sector while being left unaddressed for the other.

(e) Do you agree that the proposals would improve the international applicability of the Meat, Poultry & Dairy SASB Standard and would lead to the disclosure of decision-useful information from entities in the industry regardless of their jurisdiction? Why or why not?

CBPS response. We partially agree. The proposals improve applicability, but as in Agricultural Products their effectiveness outside the United States and Europe is reduced by the absence of references to international regulatory benchmarks. Regulation (EU) 2023/1115 covers beef among its seven commodities and defines a geospatial due-diligence methodology that is directly relevant to exporters in Brazil and other producer countries, and it should be referenced as a benchmark. The feed pathway for the residues of banned pesticides, through their bioaccumulation in meat and milk, is a further internationally material factor that a global Standard should not overlook, and we cross-refer to the activity metric FB-AG-000.E proposed for Agricultural Products rather than duplicating the code here, so that the regulatory fact is stated once and merely referenced from this item.

(f) Do you agree that the proposed amendments would enhance the Meat, Poultry & Dairy SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? Why or why not?

CBPS response. We partially disagree, for reasons parallel to those set out under Question 1(h). Interoperability with GRI 13, which covers the agriculture, aquaculture and fishing sectors and addresses the conversion of natural ecosystems, biodiversity, pesticides and animal welfare, and interoperability with the TNFD LEAP process, both remain incomplete. We recommend the same structured reconciliation approach,

namely a correspondence statement mapping the GRI, TNFD and SASB metrics for this sector, so that entities responding simultaneously to the three frameworks can do so without duplicating effort and so that the dependency and ecosystem-condition dimensions of the TNFD are reflected in the Standard rather than left outside it.

(g) Are there any proposed metrics in the Meat, Poultry & Dairy SASB Standard that would benefit from the inclusion of specific proportionality mechanisms described in paragraphs BC47 to BC48 of the Basis for Conclusions? If so, identify which metrics you believe would benefit from the introduction of such mechanisms and explain why.

CBPS response. We agree. The metrics that depend on data from independent producers and contract farmers, in particular the deforestation-free and conversion-free sourcing under FB-MP-430b.1, the traceability under FB-MP-430c.2 and the third-party audit of high-risk suppliers under FB-MP-430c.3, would benefit from proportionality mechanisms with a defined transition period and with the permitted use of public remote-sensing data such as MapBiomas and Global Forest Watch. As with Agricultural Products, this proportionality should remain technical and never legal, since it may scale the method and the cost of verification to the operational capacity of the entity but must not create any gradation in the underlying obligation to respect human rights and to avoid forced labour and illegal deforestation.

5. Question 3 (Electric Utilities & Power Generators SASB Standard)

CBPS supports the proposal to enhance the Electric Utilities & Power Generators Standard. The sector is highly relevant to the energy transition, to energy security, to climate resilience, to energy affordability, to communities and Indigenous Peoples, to water management, to physical risks, to system reliability and to the allocation of capital. Among the three sectors we have analysed, this is the one in which the proposal advances furthest toward prospective usefulness for investors, and we recommend that the ISSB preserve and strengthen that forward direction, since the Standard for this sector could serve as a reference for the others.

(a) Do you agree with the proposed Electric Utilities & Power Generators industry description? Does it accurately describe the business activities of entities in this industry? Do you agree with the scope of activities included in the industry classification? Why or why not?

CBPS response. We agree, with one observation. The description and the scope reasonably capture the activities of generation, transmission and distribution and the workforce-composition activity metrics. We note positively that this Standard already incorporates a dedicated topic on Community Relations and the Rights of Indigenous Peoples, with metrics on proximity to Indigenous Peoples' land under IF-EU-210a.3, using a five-kilometre radius, and on engagement and due-diligence processes under IF-EU-210a.4. We support this treatment and, as noted under Question 1(b), we recommend that the same treatment of Indigenous lands be extended to the Agricultural Products and Meat, Poultry & Dairy Standards in order to correct the current asymmetry within the Exposure Draft. We further recommend that the due-diligence process name Free, Prior and Informed Consent under Article 32(2) of the United Nations Declaration on the Rights of Indigenous

Peoples explicitly, rather than relying on generic consultation language, so that consent rather than mere consultation becomes the operative standard.

(b) Do you agree that the proposed disclosure topics in the Electric Utilities & Power Generators SASB Standard accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry? If not, what revisions would you suggest and why?

CBPS response. We agree, and we regard this as the sector in which the proposal advances furthest toward prospective usefulness. The inclusion of installed and planned capacity by energy source and storage under metrics IF-EU-110a.5 and IF-EU-110a.6, and in particular the inclusion of a metric describing how climate-related transition risks and opportunities influence capital strategy and investments under IF-EU-110a.7, brings the SASB disclosures closer to decisions on the allocation of capital, on the generation mix, on portfolio transition, on investment in storage, on exposure to carbon-intensive assets and on growth opportunities in renewable sources. We also welcome the topic on assets vulnerable to climate-related physical risks under IF-EU-550a.4 and the topic on operational resilience and system reliability, which are highly decision-useful because extreme climate events, grid failures, the unavailability of assets and the deterioration of reliability can affect revenue, costs, regulatory penalties, investment, consumer satisfaction, allowed returns and cost of capital.

To reinforce that prospective usefulness we recommend that the technical protocol clarify that disclosure should, where material, connect the vulnerability of assets to the potential effects on adaptation capital expenditure, on operating expenditure, on operational availability, on the useful life of assets, on technical losses, on insurance, on service continuity and on investment plans. We also recommend that the metric on non-technical delays under IF-EU-210a.2, which is a particularly useful bridge from a social theme to financial effects, encourage disclosure of the economic relevance of such delays, including their effects on the timing of commercial operation, on additional costs, on project revisions, on litigation and on socio-environmental and regulatory commitments, since a delay that is described only in days idle tells the investor far less than a delay whose consequences for schedule, cost and expected return are made explicit.

(c) Do you agree that the proposed metrics and technical protocols in the Electric Utilities & Power Generators SASB Standard would help an entity provide primary users with decision-useful information about sustainability-related risks and opportunities? If not, what revisions would you suggest and why?

CBPS response. We agree, with recommendations intended to strengthen the connection to financial effects. The topics on energy affordability and on demand-side management under IF-EU-240a and IF-EU-420a are relevant, above all in regulated markets, because they can affect default rates, commercial losses, regulatory pressure, subsidies, tariff policy, consumer satisfaction and the stability of the business model, and we suggest that the disclosure encourage the connection between the affordability and demand-side programmes and their effects on revenue, on regulatory risk, on avoided or deferred investment, on service quality and on

allowed returns. The supply-chain metrics under IF-EU-430a.1 and IF-EU-430a.2 are also relevant, because in a context of energy transition the bottlenecks affecting the suppliers of critical equipment, such as transformers, cables, components for renewable generation, batteries and field services, can affect schedules, costs, reliability and the execution of capital expenditure, and we suggest guidance encouraging entities to explain, where material, their exposure to critical suppliers, the risks of concentration, the dependence on specific technologies and the potential effects on investment schedules.

(d) Do you agree that the proposals would improve the international applicability of the Electric Utilities & Power Generators SASB Standard and would lead to the disclosure of decision-useful information from entities in the industry regardless of their jurisdiction? Why or why not?

CBPS response. We agree. The metrics on installed and planned capacity by source and storage, on transition risks and capital strategy, and on assets vulnerable to physical risks are applicable across jurisdictions and are especially relevant for emerging markets with rapidly evolving generation mixes, significant hydropower exposure and expanding wind and solar capacity, as is the case in Brazil. We recommend that the physical-risk metric accommodate the range of physical hazards that are material in tropical and hydrologically variable contexts, including drought affecting the availability of hydropower, so that the disclosure remains decision-useful regardless of the jurisdiction in which the entity operates.

(e) Do you agree that the proposed amendments would enhance the Electric Utilities & Power Generators SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? Why or why not?

CBPS response. We agree that the amendments enhance interoperability, in particular by strengthening the disclosures on climate transition and on physical risk in a way that is aligned with the logic of IFRS S2. Consistently with our comments on the other two sectors, we recommend that interoperability with the TNFD be reflected wherever the sector interfaces with nature, as it does through land use for transmission lines, hydropower and wind and solar farms, and that the topic on Community Relations and the Rights of Indigenous Peoples remain aligned with the United Nations Declaration on the Rights of Indigenous Peoples, including an explicit reference to Free, Prior and Informed Consent. A structured reconciliation with the GRI and the TNFD, of the kind we recommend for the other sectors, would reduce the compliance cost for entities that report under several frameworks at once.

(f) Are there any proposed metrics in the Electric Utilities & Power Generators SASB Standard that would benefit from the inclusion of specific proportionality mechanisms described in paragraphs BC47 to BC48 of the Basis for Conclusions? If so, identify which metrics you believe would benefit from the introduction of such mechanisms and explain why.

CBPS response. We agree that proportionality is appropriate for the metrics that depend on granular data, for example the disaggregation of assets vulnerable to physical risks by asset type and hazard under IF-EU-550a.4 and the supply-chain audit metric under IF-EU-430a.2, where smaller entities may require a transition period or the use of public data sources. As in the other sectors, this proportionality should remain technical

and never legal, since it may scale the verification methods and the cost to the capacity of the entity but the substantive obligations relating to Indigenous rights and to community consent do not admit gradation based on the size of the entity. We recommend, once more, that proportionality be applied as a cross-cutting application rule rather than through the proliferation of separate metric codes.

6. Question 4 (Consequential amendments to the IFRS S2 industry-based guidance)

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?

CBPS response. We agree, and we consider this alignment important rather than merely formal. Maintaining consistency between the climate-related content of the SASB Standards and the IFRS S2 industry-based guidance preserves coherence, avoids divergences between two sets of materials that are largely identical, reduces application costs and supports comparability between entities and between jurisdictions. Consequential amendments that keep the two sets aligned prevent the emergence of conflicting requirements for preparers that apply IFRS S2 and at the same time reference the SASB Standards under IFRS S1, and they reinforce the role of the SASB Standards as a coherent source of guidance within the architecture of the IFRS Sustainability Disclosure Standards. For preparers in emerging markets, who are often building the necessary systems and controls for the first time, this coherence reduces the burden of implementation and the risk of inconsistent reporting, and for those reasons we support the proposal without reservation.

7. Question 5 (Relationship with the IFRS Sustainability Disclosure Standards)

(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?

CBPS response. We agree. Drafting the amendments on the assumption that an entity applies the SASB Standards together with the IFRS Sustainability Disclosure Standards is coherent with the function of the SASB Standards as a source of guidance for entities that apply IFRS S1 in identifying sustainability-related risks and opportunities and in determining the associated disclosures. This approach preserves the role of the SASB Standards as decision-useful and industry-specific guidance while maintaining the primacy of the concepts of materiality and of the general purpose financial report that belong to the IFRS Sustainability Disclosure Standards. It also supports the overarching recommendation we make throughout this letter, namely that the sector metrics be connected, where material, to the effects on the prospects of the entity, which is precisely the objective of IFRS S1 and IFRS S2, and for that reason we consider the proposed approach sound.

(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?

CBPS response. We partially agree. The relationship is generally clear, yet preparers in emerging markets, and particularly those applying the SASB Standards for the first time alongside IFRS S1 and IFRS S2, would benefit from a clearer articulation of how the industry-based metrics feed the identification of material risks and

opportunities and the determination of disclosures under IFRS S1, and of how the assessment of materiality applies to each metric. We recommend that the Board reinforce, in the guidance, that the SASB metrics are a starting point for identifying potentially material topics rather than a fixed checklist to be completed mechanically, and that it clarify the interaction between the technical protocols and the requirements of connectivity and of prospective information that belong to the IFRS Sustainability Disclosure Standards. A clarification of this kind would reduce the risk of reporting that is mechanical and disconnected from the entity's circumstances, and it would improve comparability between entities that apply both sets of materials.

8. Question 6 (Effective date)

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

CBPS response. We agree in general with an effective date between twelve and eighteen months after issuance and with permitting early application. Early application is desirable because it allows more advanced entities to adopt the enhanced Standards sooner and provides the market with more decision-useful information at an earlier stage. We recommend, nonetheless, that in setting the final effective date the Board take into account the challenges of data availability and traceability faced by preparers in emerging markets, particularly for the new metrics on nature, on the supply chain and on labour, which depend on data from suppliers that are dispersed and often less mature in their systems and controls.

Consistently with our comments on proportionality under Questions 1(i), 2(g) and 3(f), we suggest that the transition arrangements allow a gradual improvement in the quality and coverage of data for the most data-intensive new metrics, through disclosure of the scope covered, the methodological limitations, the degree of estimation and the improvement plans, while preserving from the outset the substantive obligations that do not admit gradation, such as respect for Free, Prior and Informed Consent and the prohibition of forced labour. A balance of this kind would support a timely, high-quality and comparable adoption across jurisdictions without making implementation unfeasible for entities in producer economies, and it would keep the transition faithful to the distinction we draw throughout this letter between what may be scaled to the capacity of the entity and what may not.

9. Closing remarks

CBPS supports the overall direction of the ISSB's proposals and recognises the relevant advances they make in the coverage of themes that are material to emerging markets, including nature, human capital, value chains, deforestation, communities, Indigenous Peoples, biosecurity, operational resilience and the energy transition. Our central recommendation is that the Standards connect their sector metrics more explicitly to the potential effects on the prospects of the entity, and that the ISSB advance the standardisation of prospective financial estimates so that this information becomes comparable across periods and across entities, which is an essential condition for the analysis of trends, the assessment of risk, valuation and investment decisions. This evolution would allow the SASB Standards to fulfil, even more effectively, their role as a source of guidance



for the application of IFRS S1 and IFRS S2, offering information that is comparable, proportionate and genuinely useful to the users of general purpose financial reports.

We remain available to discuss any aspect of this letter and to contribute further to the work of the Board, and we thank the ISSB once again for the opportunity to comment on this Exposure Draft.

Respectfully,

Comitê Brasileiro de Pronunciamentos de Sustentabilidade (CBPS)

Brazilian Committee on Sustainability Pronouncements

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