

Summary of Differences between IFRS Sustainability Disclosure Standards and the SSBJ Exposure Drafts

Secretariat of the Sustainability Standards Board of Japan (SSBJ)

Introduction

Following the establishment of the International Sustainability Standards Board (“ISSB”), the Sustainability Standards Board of Japan (“the SSBJ”) was established in July 2022 to develop Sustainability Disclosure Standards to be applied in Japan and to contribute to the development of international sustainability disclosure standards.

On March 29, 2024, the SSBJ issued the following three Exposure Drafts of the Sustainability Disclosure Standards (hereinafter collectively referred to as “the SSBJ EDs”):

- 1 Universal Sustainability Disclosure Standard Exposure Draft “Application of the Sustainability Disclosure Standards” (hereinafter referred to as “the Application ED”)**
- 2 Theme-based Sustainability Disclosure Standard Exposure Draft No. 1 “General Disclosures” (hereinafter referred to as “the General ED”)**
- 3 Theme-based Sustainability Disclosure Standard Exposure Draft No. 2 “Climate-related Disclosures” (hereinafter referred to as “the Climate ED”)**

The SSBJ EDs do not prescribe the scope of companies that would be required to apply the sustainability disclosure standards issued by the SSBJ (hereinafter referred to as the “the SSBJ Standards”). However, the SSBJ developed the Exposure Drafts, following the direction indicated by the Financial Services Agency that the scope of companies that would be required to apply the SSBJ Standards should be those companies which center their business on constructive dialogue with global investors (all or a portion of companies listed on the Prime Market of the Tokyo Stock Exchange (TSE)). The SSBJ Standards can also be applied by companies other than those listed on the Prime Market of the TSE (for example, for companies subject to laws and regulations other than the Financial Instruments and Exchange Act and required to provide sustainability-related financial disclosures, or for companies that prepare sustainability-related financial disclosures on a voluntary basis). However, it should be noted that the SSBJ EDs were not developed under the assumption that these companies would apply the SSBJ Standards.

In developing high-quality and internationally consistent sustainability disclosure standards, the SSBJ concluded that it would be useful for market participants to align the SSBJ Standards with the ISSB’s IFRS Sustainability Disclosure Standards. Accordingly, the SSBJ decided to incorporate all requirements in the IFRS Sustainability Disclosure Standards (namely, IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information” and IFRS S2 “Climate-related Disclosures”) and to add, when considered necessary, any jurisdiction-specific alternatives the entity can choose to apply.

The SSBJ proposes to add some jurisdiction-specific alternatives under the following assumptions:

- If a company chooses not to apply any of the jurisdiction-specific alternatives, it is intended that disclosures prepared in accordance with the SSBJ Standards will also result in being prepared in accordance with the IFRS Sustainability Disclosure Standards.
- If a company chooses to apply the jurisdiction-specific alternatives, disclosures prepared in accordance with the SSBJ Standards do not always result in non-compliance with the IFRS Sustainability Disclosure Standards; the disclosures prepared in accordance with the SSBJ Standards may or may not result in compliance with the IFRS Sustainability Disclosure Standards.

The SSBJ also proposes to add some jurisdiction-specific requirements that are not included in the IFRS Sustainability Disclosure Standards. It is intended that the companies preparing disclosures for these additional requirements would not be required to obtain additional information beyond the information obtained in the process of preparing disclosures in accordance with IFRS Sustainability Disclosure Standards.

The objective of this document is to explain the differences between IFRS Sustainability Disclosure Standards and the SSBJ EDs. It should be noted that this document was prepared by the Secretariat of the SSBJ for the convenience of the readers of the SSBJ EDs and was not discussed nor approved by the SSBJ.

Classification of differences

This document classifies the differences between the IFRS Sustainability Disclosure Standards and the proposals in the SSBJ EDs as follows:

I.	Requirements that permit treatments that are different from the requirements of the IFRS Sustainability Disclosure Standards	3
	(1) Alternatives that companies may choose to apply in lieu of the requirements of the IFRS Sustainability Disclosure Standards	3
	(2) Items that specify treatments when laws and regulations that require or permit disclosures in accordance with the SSBJ Standards provide specific requirements	8
	(3) Items that specify treatments when the SSBJ Standards are applied voluntarily	9
II.	Requirements that are not included in the IFRS Sustainability Disclosure Standards	12

I. Requirements that permit treatments that are different from the requirements of the IFRS Sustainability Disclosure Standards

(1) Alternatives that companies may choose to apply in lieu of the requirements of the IFRS Sustainability Disclosure Standards

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{1 2}	Descriptions
1. Sources of Guidance		
<p>An entity shall refer to and consider the applicability of the disclosure topics in the SASB Standards. (S1.55(a))</p>	<p>An entity shall refer to and consider the applicability of the disclosure topics in the SASB Standards (<u>last revised in December 2023</u>) issued by the IFRS Foundation. (paragraph 45 of the Application ED)</p> <p>If the IFRS Foundation makes revisions to the SASB Standards, an entity <u>may</u> refer to and consider the applicability of the revised SASB Standards in lieu of the SASB Standards (last revised in December 2023). (paragraph 46 of the Application ED)</p>	<p>The SSBJ EDs clarify that “the SASB Standards” refer to the SASB Standards last revised in December 2023.</p> <p>Whenever the IFRS Foundation makes revisions to the SASB Standards, it would be necessary for the SSBJ to both discuss the contents of the revisions and make available the Japanese translation of those revised SASB Standards. It is assumed that, if the IFRS Foundation makes revisions to the SASB Standards, the SSBJ will discuss the contents of the revisions and, following its due process, amend the SSBJ Standards to update the reference to the SASB Standards to the latest version.</p>
<p>In the absence of an IFRS Sustainability Disclosure Standard that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information. (S1.57)</p> <p>In making the judgement described in paragraph 57, an entity shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards. (S1.58(a))</p>	<p>In the absence of a sustainability disclosure standard issued by the SSBJ that specifically applies to a sustainability-related risk or opportunity, an entity shall apply judgement to identify information. (paragraph 53 of the Application ED)</p> <p>In making the judgement described in paragraph 53, an entity shall refer to and consider the applicability of the metrics associated with the disclosure topics included in the SASB Standards (<u>last revised in December 2023</u>). (paragraph 54 of the Application ED)</p> <p>If the IFRS Foundation makes revisions to the SASB Standards, an entity <u>may</u> refer to and consider the applicability of the revised SASB Standards in lieu of the SASB Standards (last revised in December 2023). (paragraph 55 of the Application ED)</p>	<p>At the same time, based on the needs heard from constituents, the Application ED proposes to permit an entity to refer to and consider its applicability based on the revised SASB Standard (in the original English text). (paragraph BC74 of the Application ED)</p>
<p>An entity shall identify the industry(s) specified in the IFRS Sustainability Disclosure Standards, the SASB Standards or other sources of guidance relating to a particular industry(s) that the entity has applied in preparing its sustainability-related financial disclosures, including in identifying applicable metrics. (S1.59(b))</p>	<p>An entity shall disclose the industry(s) specified in the SSBJ Standards, the SASB Standards or other sources of guidance relating to a particular industry(s) that the entity has applied in preparing its sustainability-related financial disclosures, including in identifying applicable metrics. (paragraph 62 of the Application ED)</p>	

¹ The English translation of specific paragraphs in the SSBJ EDs in this document are provided by the Secretariat of the SSBJ for information purposes only.

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Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{1 2}	Descriptions
	<p>The SASB Standards issued by the IFRS Foundation include the revised SASB Standards that an entity has chosen to refer to and consider for applicability. (paragraph 63 of the Application ED)</p>	
2. Reporting Period		
<p>An entity’s sustainability-related financial disclosures shall cover the same reporting period as the related financial statements. (S1.64)</p>	<p>An entity’s sustainability-related financial disclosures shall cover the same reporting period as the related financial statements.</p> <p>However, if paragraph 71 of the Application ED applies, or if the Thematic Standards issued by the SSBJ includes specific requirements to do so, an entity <u>may</u> report information for different periods. (paragraph 70 of the Application ED)</p> <p>In measuring greenhouse gas emissions, if an entity is subject to the Japanese Act on Promotion of Global Warming Countermeasures and chooses to report the greenhouse gas emissions measured under that Act, the entity shall use <u>the latest greenhouse gas emissions data that has been submitted to the authorities</u> as of the date authorized for the issuance of the sustainability related financial disclosures. (paragraph 53 of the Climate ED)</p> <p>If the difference between the calculation period for reporting greenhouse gas emissions and the reporting period for sustainability-related financial disclosures (and related financial statements) exceeds one year, an entity shall disclose:</p> <ol style="list-style-type: none"> (1) the fact that the difference between the calculation period for reporting greenhouse gas emissions and the reporting period for sustainability-related financial disclosures (and related financial statements) <u>exceeds one year</u>; (2) the calculation period for reporting greenhouse gas emissions; and (3) if, between the end of (2) and the end of the reporting period for the sustainability-related financial disclosures (and related financial statements), a significant event has occurred or there has been a significant change in 	<p>In principle, the requirements of the SSBJ EDs are the same as those of the IFRS Sustainability Disclosure Standards. However, the SSBJ EDs propose exceptions listed below.</p> <p>Paragraph 53 of the Climate ED does not propose to require adjustments or recalculations in accordance with the “Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004)” (“the GHG Protocol (2004)”) to align the calculation period for greenhouse gas emissions with the reporting period for the sustainability-related financial disclosures (and related financial statements).</p> <p>This proposal is based on the current disclosure requirements under the Financial Instruments and Exchange Act and the Japanese Act on Promotion of Global Warming Countermeasures. If these requirements change, the difference between the reporting period for sustainability-related financial disclosures (and related financial statements) and the calculation period for greenhouse gas emissions could be reduced or eliminated. (paragraph BC121 of the Climate ED)</p>

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{1 2}	Descriptions
	<p>circumstances regarding the entity’s greenhouse gas emissions, the changes and effect of such event. (paragraph 54 of the Climate ED)</p> <p>If an entity is required to report metrics by law or regulation in the jurisdiction in which the entity operates and the calculation period for reporting those metrics is different from the reporting period of sustainability-related disclosures (and the related financial statements), the entity <u>may</u> use the calculation period for reporting those metrics in reporting those metrics if, and only if, it meets the following conditions:</p> <ol style="list-style-type: none"> (1) the length of the calculation period for reporting those metrics is the same as the length of the reporting period of sustainability-related disclosures (and the related financial statements); (2) the entity discloses the name of the law or regulation which requires the reporting of the metrics and the calculation period under that law or regulation; and (3) if a significant event or significant change in circumstances related to the metrics occurs between the end of the calculation period for reporting the metrics and the end of the reporting period of entity’s sustainability-related disclosures (and the related financial statements), the entity discloses the effects of those events or changes in circumstances. <p>(paragraph 71 of the Application ED)</p>	<p>In addition to metrics related to the greenhouse gas emissions, certain metrics, such as those reported under the Pollutant Release and Transfer Register (PRTR) require the use of a calculation period that may be different from the reporting period of sustainability-related disclosures (and the related financial statements). Paragraph 71 of the Application ED was added to permit entities use the calculation period that was used to report the metrics to the authorities.</p>
3. Scope 2 Greenhouse Gas Emissions		
<p>For Scope 2 greenhouse gas emissions, an entity shall disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to inform users’ understanding of the entity’s Scope 2 greenhouse gas emissions. (S2.29(a)(v))</p>	<p>For Scope 2 greenhouse gas emissions, an entity shall disclose its location-based Scope 2 greenhouse gas emissions, and disclose either information about:</p> <ol style="list-style-type: none"> (1) any contractual instruments that is necessary to inform users’ understanding of the entity’s Scope 2 greenhouse gas emissions, if any: or (2) <u>market-based Scope 2 greenhouse gas emissions.</u> <p>(paragraphs 56 and 57 of the Climate ED)</p>	<p>Regarding (1), the requirement is the same as that in the IFRS Sustainability Disclosure Standards. Regarding (2), the alternative was added because, among other reasons, it was considered that the market-based Scope 2 greenhouse gas emissions reflect the entity’s efforts to reduce greenhouse gas emission, and that it would be useful for primary users to disclose this information together with the location-based Scope 2 greenhouse gas emissions. (paragraph BC132 of the</p>

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{1 2}	Descriptions
Climate ED		
4. Financed Emissions		
<p>For Scope 3 greenhouse gas emissions, an entity shall disclose additional information about the entity’s Category 15 greenhouse gas emissions or those associated with its investments (financed emissions), if the entity’s activities include asset management, commercial banking or insurance. (S2.29(a)(vi)(2))</p>	<p>A reporting entity that participates in one or more of the following activities shall disclose additional information about financed emissions:</p> <ol style="list-style-type: none"> (1) asset management activities; (2) commercial banking activities; and (3) insurance activities <p>(paragraphs 60 and C3 of the Climate ED)</p>	<p>In principle, the requirements of the Climate ED are the same as those of IFRS S2, however, the Climate ED proposes the additions described below.</p>
	<p>“Asset management activities” are activities to manage investment portfolios on a commission or fee basis for institutional, retail and high net-worth investors.</p> <p>“Commercial banking activities” are activities to accept deposits and make loans to individuals and corporations, and engage in lending to infrastructure, real estate and other projects.</p> <p>“Insurance activities” are activities to provide both traditional and non-traditional insurance-related products.</p> <p>(paragraphs C4-C6 of the Climate ED)</p>	<p>The Climate ED defines the three activities, considering the “Industry Description” of the activities in the IFRS S2 “Industry-Specific Guidance”.</p>
	<p>A reporting entity <u>may choose</u> not to disclose additional information about financed emissions if the entity engages in these activities and is not regulated by the laws and regulations of the jurisdiction in which it operates to engage in such activities. If an entity chooses not to disclose such information, it shall disclose that fact. (paragraph 61 of the Climate ED)</p>	<p>Entities engaging in these defined activities usually would be regulated if such activities are conducted in Japan.</p>
5. Climate-related Risks and Opportunities		
<p>An entity shall disclose information relevant to the cross-industry metric categories of:</p> <ol style="list-style-type: none"> (b) climate-related transition risks—the amount and percentage of assets or business activities vulnerable to climate-related transition risks (S2.29(b)) 	<p>An entity shall disclose either information relevant to the cross-industry metric categories of climate-related transition risks:</p> <ol style="list-style-type: none"> (1) the amount and percentage of assets or business activities vulnerable to climate-related transition risks; or (2) <u>information about the magnitude</u> of the assets or business activities vulnerable to climate-related transition risks. <p>(paragraph 80 of the Climate ED)</p>	<p>In all of these cases, requirement (1) is the same as that of IFRS Sustainability Disclosure Standards. Requirement (2) is not exactly the same as that of IFRS S2, but requires the disclosure of information that meets the same disclosure objective as in IFRS S2.</p> <p>The requirement refers to “information about the magnitude” because, while it is desirable to disclose quantitative information, it would be appropriate to permit methods that more faithfully represent what the entity purports to represent.</p>

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{1 2}	Descriptions
(c) climate-related physical risks—the amount and percentage of assets or business activities vulnerable to climate-related physical risks (S2.29(c))	<p>An entity shall disclose either information relevant to the cross-industry metric categories of climate-related physical risks:</p> <ol style="list-style-type: none"> (1) the amount and percentage of assets or business activities vulnerable to climate-related physical risks; or (2) <u>information about the magnitude</u> of the assets or business activities vulnerable to climate-related physical risks. <p>(paragraph 81 of the Climate ED)</p>	(paragraph BC171 of the Climate ED)
(d) climate-related opportunities—the amount and percentage of assets or business activities aligned with climate-related opportunities (S2.29(d))	<p>An entity shall disclose either information relevant to the cross-industry metric categories of climate-related opportunities:</p> <ol style="list-style-type: none"> (1) the amount and percentage of assets or business activities aligned with climate-related opportunities; or (2) <u>information about the magnitude</u> of the assets or business activities aligned with climate-related opportunities. <p>(paragraph 82 of the Climate ED)</p>	
6. Remuneration		
<p>An entity shall disclose information relevant to the cross-industry metric categories of:</p> <p>(g) remuneration—the entity shall disclose:</p> <ol style="list-style-type: none"> (i) a description of whether and how climate-related considerations are factored into executive remuneration (see also paragraph 6(a)(v)); and (ii) the percentage of executive management remuneration recognised in the current period that is linked to climate-related considerations. <p>(S2.29(g))</p>	<p>An entity shall disclose information relevant to the remuneration of:</p> <ol style="list-style-type: none"> (1) if climate-related considerations are factored into executive remuneration, information about: <ol style="list-style-type: none"> (i) how to factor climate-related considerations into executive remuneration; (ii) the percentage of executive remuneration recognized in the current period that is linked to climate-related considerations; and (2) if climate-related considerations are not factored into executive remuneration, information of that fact. <p>(paragraph 87 of the Climate ED)</p> <p>If climate-related considerations factored into executive remuneration but are combined with other considerations and cannot be separately identified, the entity <u>may</u> disclose that fact and the information required under paragraph 87(1)(i) and (ii) of the Climate</p>	<p>Paragraph 87 of the Climate ED is the same as the requirements of the IFRS Sustainability Disclosure Standards.</p> <p>Because there may be cases where climate-related considerations are factored into executive remuneration but combined with other considerations, and climate-related considerations cannot always be separately identified, paragraph 88 of the Climate ED proposes to permit this alternative.</p> <p>(paragraph BC189 of the Climate ED)</p>

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{1 2}	Descriptions
	ED <u>may</u> be provided for the combined considerations that include the climate-related considerations. (paragraph 88 of the Climate ED)	

(2) Items that specify treatments when laws and regulations that require or permit disclosures in accordance with the SSBJ Standards provide specific requirements

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{3 4}	Descriptions
1. Location of Disclosures		
An entity is required to provide disclosures required by IFRS Sustainability Disclosure Standards as part of its general purpose financial reports. (S1.60)	An entity shall disclose sustainability-related financial disclosures together with its related financial statements. However, an entity <u>may</u> choose not to disclose sustainability-related financial disclosures separately from its related financial statements if laws and regulations that require or permit disclosure in accordance with the SSBJ Standards prohibit such disclosure or permit non-disclosure. (paragraph 64 of the Application ED)	-
2. Reporting at the Same Time		
An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements. (S1.64)	An entity shall report sustainability-related financial disclosures at the same time as its related financial statements in principle. However, an entity <u>may</u> choose not to report sustainability-related financial disclosures at the same time as its related financial statements if laws and regulations that require or permit disclosures in accordance with the SSBJ Standards prohibit such disclosure or permit non-disclosure. (paragraph 69 of the Application ED)	-
3. Comparative information		
Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an entity shall	An entity shall disclose comparative information in respect of the preceding period for all amounts disclosed	There is no difference between the SSBJ Standards and the IFRS Sustainability Disclosure Standards if the

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Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{3 4}	Descriptions
disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the sustainability-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive sustainability-related financial information. (S1.70)	in the reporting period. If such information would be useful for an understanding of the sustainability-related financial disclosures for the reporting period, the entity shall disclose comparative information for narrative and descriptive sustainability-related financial information. However, in either case, an entity <u>need not</u> disclose comparative information for the preceding reporting period if laws and regulations that require or permit disclosure in accordance with the SSBJ Standards or a specific SSBJ Standard prohibits such disclosure or permits non-disclosure. (paragraph 76 of the Application ED)	Thematic Standards issued by the SSBJ prohibit to disclose or permit not to disclose comparative information in respect of the preceding period.
4. Errors		
An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so. (S1.83)	An entity shall correct material prior period errors by restating the comparative amounts for the prior period(s) disclosed unless it is impracticable to do so. However, if material prior period errors cannot be corrected by restating the comparative amounts for the prior period(s) disclosed in applicable law or regulation that requires disclosure in accordance with the SSBJ Standards, the entity <u>shall apply the requirements of the laws and regulations</u> without restating the comparative amounts. (paragraph 90 of the Application ED)	In Japan, laws and regulations may require the resubmission of financial reports for the prior period(s) to correct prior period errors.

(3) Items that specify treatments when the SSBJ Standards are applied voluntarily

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{5 6}	Descriptions
1. Location of Disclosures		
An entity is required to provide disclosures required by IFRS Sustainability Disclosure Standards as part of its general purpose financial reports. (S1.60)	An entity shall disclose sustainability-related financial disclosures together with its related financial statements. However, an entity <u>may choose</u> not to disclose	-

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Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{5 6}	Descriptions
	<p>sustainability-related financial disclosures together with its related financial statements if it voluntarily discloses sustainability-related financial disclosures in accordance with the SSBJ Standards, rather than as a result of compliance with laws and regulations that require or permit disclosures in accordance with the SSBJ Standards.</p> <p>(paragraph 64 of the Application ED)</p>	
2. Reporting at the Same Time		
<p>An entity shall report its sustainability-related financial disclosures at the same time as its related financial statements. (S1.64)</p>	<p>An entity shall report, in principle, sustainability-related financial disclosures at the same time as its related financial statements.</p> <p>However, an entity <u>may choose</u> not to report sustainability-related financial disclosures at the same time as its related financial statements if it voluntarily reports sustainability-related financial disclosures in accordance with the SSBJ Standards, rather than as a result of compliance with laws and regulations that require or permit disclosures in accordance with the SSBJ Standards.</p> <p>(paragraph 69 of the Application ED)</p>	-
3. Comparative information		
<p>Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the sustainability-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive sustainability-related financial information. (S1.70)</p>	<p>An entity shall disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the sustainability-related financial disclosures for the reporting period, the entity shall disclose comparative information for narrative and descriptive sustainability-related financial information.</p> <p>However, in either case, an entity <u>may choose</u> not to disclose comparative information for the preceding reporting period if it voluntarily reports sustainability-related financial disclosures in accordance with the SSBJ Standards, rather than as a result of compliance with laws and regulations that require or permit disclosures in accordance with the SSBJ Standards.</p> <p>(paragraph 76 of the Application ED)</p>	<p>There is no difference between the SSBJ Standards and the IFRS Sustainability Disclosure Standards if the Thematic Standards issued by the SSBJ prohibit to disclose or permit not to disclose comparative information in respect of the preceding period.</p>
4. Transition relief		
(No applicable requirements)	If an entity that has been voluntarily disclosed in	In the first annual reporting period in which the SSBJ

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{5 6}	Descriptions
	<p>accordance with the SSBJ Standards decides to disclose to comply with laws and regulations that require or permit disclosure in accordance with the SSBJ Standards, the entity <u>may</u> apply transitional relief for the first annual reporting period in which the SSBJ Standards are applied in accordance with such laws and regulations as “first annual reporting period”.</p> <p>(paragraph 100 of the Application ED, paragraph 44 of the General ED and paragraph 107 of the Climate ED)</p>	<p>Standards are applied under the Financial Instruments and Exchange Act, it would be unreasonable for the scope of the transitional relief to differ depending on whether the entity has previously voluntarily disclosed in accordance with the SSBJ Standards. Furthermore, if the SSBJ Standards did not provide this specific relief, there would be a concern that entities that were actively engaged in disclosures would be hesitant to disclose, and the amount of information disclosed would decrease, resulting in reduced benefits for primary users.</p> <p>(paragraph BC169 of the Application ED, paragraph BC65 of the General ED, and paragraph BC217 of the Climate ED)</p>

II. Requirements that are not included in the IFRS Sustainability Disclosure Standards

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{7 8}	Descriptions
1. Units of presentation		
(No applicable requirements)	An entity shall disclose the unit of the presentation (for example, metric tonnes of CO ₂ equivalent (mt(e)), grams (g), joules (J)) in relation to the amounts reported in sustainability-related financial disclosures. (paragraph 11 of the Application ED)	Regarding reported amounts, the Application ED proposes an additional requirement to make information more understandable by presenting information of units.
(No applicable requirements)	Unless otherwise specified, an entity <u>may</u> use units such as thousands, millions or billions to disclose reporting amounts if it is easier to understand the information and material information is not omitted or obscured. In this case, the entity shall clearly disclose which unit they used. (paragraph 12 of the Application ED)	IFRS Accounting Standards prescribe similar requirements (paragraph 53 of IAS 1 “ <i>Presentation of Financial Statements</i> ”).
An entity shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tonnes of CO ₂ equivalent (S2.29(a)(i))	An entity shall present its greenhouse gas emissions expressed as metric tonnes of CO ₂ equivalent (mt(e)). However, an entity <u>may</u> use units such as thousand metrics tonnes (kilo tonnes (kt(e)), million metrics tonnes (Mt(e)) or billion metrics tonnes (Gt(e)) for presentation if absolute gross greenhouse gas emissions for Scope 1, Scope 2 and Scope 3 disclosed in accordance with paragraph 49 of the Climate ED are large, respectively. If an entity chooses to apply this alternative, the entity shall use the same unit for presentation to disclose the greenhouse gas emissions for each Scope. (paragraph 50 of the Climate ED)	-
2. Related financial statements		
An entity shall identify the financial statements to which the sustainability-related financial disclosures relate. (S1.22)	An entity shall identify the financial statements to which the sustainability-related financial disclosures relate. If the related financial statements are not reported in the same document as the sustainability-related financial disclosures, an entity shall disclose (1) how to obtain the related financial statements and (2) the name	-

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Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{7 8}	Descriptions
	of the accounting standards applied in preparing the related financial statements. (paragraph 9 of the Application ED)	
3. Date of authorization for issue		
(No applicable requirements)	An entity shall disclose the date of authorization for issuing sustainability-related financial disclosures and the name of the authorizing body or individual. (paragraph 73 of the Application ED)	Disclosure of the date of authorization for issue is required in IFRS Accounting Standards (paragraph 17 of IAS 10 “ <i>Events After the Reporting Period</i> ”). However, this disclosure is not required in Japanese accounting standards (Japanese GAAP).
4. Applicable Law or Regulation		
(No applicable requirements)	If an entity discloses in accordance with the SSBJ Standards subject to the requirements of laws and regulations, the entity shall disclose the name of such laws and regulations. If an entity discloses voluntarily in accordance the SSBJ Standards without being required by laws and regulations, the entity shall disclose that fact. (paragraph 81 of the Application ED)	-
5. Resilience Assessment		
(No applicable requirements)	In principle, an entity shall assess the entity’s resilience at each reporting period. However, an entity <u>may</u> disclose based on the results of the entity’s resilience assessment in the previous reporting period if other Theme-based Sustainability Disclosure Standards issued by the SSBJ do not have specific requirements, and the entity’s resilience assessment in the reporting period is expected to remain unchanged significantly from the results of the entity’s resilience assessment in the previous reporting period. (paragraph 26 of the General ED)	Regarding of the frequency of the resilience assessment, IFRS S1 is not necessarily clear as to whether an entity is required to assess its resilience in each reporting period. On the other hand, IFRS S2 requires an entity to assess the entity’s climate resilience in each reporting period, with additional requirements taking into account the difficulty in applying the requirements. Similar requirements are incorporated in the Climate ED. (paragraph BC49 of the General ED) The General ED proposes to require an entity to assess the entity’s resilience in each reporting period, but to permit the entity to disclose based on the results of the entity’s resilience assessment in the previous reporting period if certain criteria are met. (paragraph BC50 of the General ED)
6. Total absolute amount of greenhouse gas emissions		
(No applicable requirements)	An entity shall disclose the total absolute amount of Scope 1, Scope 2 and Scope 3 greenhouse gas emissions. (paragraph 49 of the Climate ED)	This requirement was added because, among other reasons, it was considered that primary users would first obtain an understanding of the total absolute amount of

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{7 8}	Descriptions
		greenhouse gas emissions for the three Scopes and the overall picture of the climate change risks to which an entity is exposed and then conduct a more in-depth analysis to identify which specific scope greenhouse gas emissions are the most prevalent and which category or categories within Scope 3 are the most prevalent when Scope 3 greenhouse gas emissions are large. (paragraph BC101 of the Climate ED)
7. Measuring greenhouse gas emissions using a method other than the GHG Protocol (2004)		
(No applicable requirements)	If an entity chooses to measure using a method other than the GHG Protocol (2004), and the amount of greenhouse gas emissions measured using the method other than the GHG Protocol (2004) is material, the entity shall disclose, in addition to the total amount, the disaggregation of the amount of its greenhouse gas emissions disclosed in accordance with paragraph 49 of the Climate ED disaggregated in the following manner: (1) the amount of its greenhouse gas emissions measured in accordance with the GHG Protocol (2004); and (2) the amount of its greenhouse gas emissions measured in accordance with a method other than the GHG Protocol (2004). (paragraph 52 of the Climate ED)	-
8. Scope 3 Greenhouse Gas Emissions		
An entity shall disclose information relevant to the cross-industry metric categories of: (a) greenhouse gases—the entity shall: (vi) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 29(a)(i)(3), and with reference to paragraphs B32–B57, disclose: (1) the categories included within the entity’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) (S2.29(a)(vi)(1))	An entity shall disclose the disaggregated Scope 3 greenhouse gas emissions by categories relevant to the activities of the reporting entity in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011). (paragraph 58 of the Climate ED) However, an entity shall disclose the categories in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) that are relevant to the reporting entity if the entity measures Scope 3 greenhouse gas emissions using a method other than the GHG Protocol (2004) and cannot disclose the Scope 3 greenhouse gas emissions by	The disclosure of the Scope 3 greenhouse gas emissions is required to be disaggregated by categories because, among other reasons, it was considered that the disclosure would allow entities to provide information about greenhouse gas emissions related to various activities by emission sources, which vary in nature and time horizon. (paragraph BC139 of the Climate ED)

Requirements in the IFRS Sustainability Disclosure Standards	Proposals in the SSBJ EDs ^{7 8}	Descriptions
	categories relevant to the activities of the reporting entity. (paragraph 59 of the Climate ED)	
9. Internal carbon prices		
<p>An entity shall disclose information relevant to the cross-industry metric categories of:</p> <p>(f) internal carbon prices—the entity shall disclose:</p> <p>(i) an explanation of whether and how the entity is applying a carbon price in decision-making (for example, investment decisions, transfer pricing and scenario analysis); and</p> <p>(ii) the price for each metric tonne of greenhouse gas emissions the entity uses to assess the costs of its greenhouse gas emissions.</p> <p>(S2.29(f))</p>	<p>Regarding internal carbon prices:</p> <p>(1) If an entity applies an internal carbon price in its decision-making, the entity shall disclose information about:</p> <p>(i) how the entity is applying a carbon price (for example, investment decisions, transfer pricing and scenario analysis); and</p> <p>(ii) the internal carbon prices used to assess the costs of its greenhouse gas emissions (the price for each metric tonne of greenhouse gas emissions).</p> <p>(2) If an entity does not apply an internal carbon price in its decision-making, the entity shall disclose that fact.</p> <p>(paragraph 84 of the Climate ED)</p> <p>If an entity applies internal carbon prices in its decision-making, and uses multiple internal carbon prices in the decision-making for the same purpose (for example, using different internal carbon prices in each business for the same investment decision purpose), the entity shall disclose each internal carbon price in applying paragraph 84(1)(ii) of the Climate ED. However, the entity <u>may</u> disclose a range (minimum and maximum) of internal carbon prices used for the same purpose. (paragraph 85 of the Climate ED)</p> <p>If an entity applies internal carbon prices in its decision-making and uses the internal carbon prices for multiple purposes (for example, investment decisions, transfer pricing and scenario analysis), the entity shall disclose the information in paragraph 84(1)(i) and (ii) of the Climate ED for each purpose. (paragraph 86 of the Climate ED)</p>	-

[End of Document]