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Mr. Emmanuel Faber
Chair
International Sustainability Standards Board
The IFRS Foundation
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Comments on the Exposure Draft
Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2

1. The Sustainability Standards Board of Japan ("we") welcome the opportunity to provide our comments on the International Sustainability Standards Board (ISSB)'s Exposure Draft *Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2* ("the Exposure Draft"), published in July 2025.

2. Our comments on the Exposure Draft build on the views expressed in our comment letter on the Exposure Draft *Proposed amendments to the SASB Standards* ("the SASB Standard ED"). Please read this comment letter together with our comment letter on the SASB Standard ED.

3. Our comments can be summarised in the following paragraphs.

Our Views on How Industry-based Guidance Should be Developed by the ISSB

4. At the beginning of our comment letter on the SASB Standard ED, we express our views on how industry-based guidance should be developed by the ISSB. Our comments on the specific proposals in the Exposure Draft reflect our views on how industry-based guidance should be developed by the ISSB, as outlined in the SASB Standard ED.

Our Comments on the Exposure Draft

(Consequential amendments to the IFRS S2 industry-based guidance)

5. We agree with the ISSB's proposal to maintain the alignment between the Industry-based Guidance on Implementing IFRS S2 ("IFRS S2 industry-based guidance") and the climate-related contents in SASB Standards, as well as the basis for such proposal stated in paragraph BC11 of the Exposure Draft.

6. Having said that, as for the ISSB's proposals to amend the IFRS S2 industry-based guidance, we have concerns about the proposed overall approach to amending SASB Standards, including the climate-related contents in SASB Standards. Our concerns are expressed in our responses to Question 1 in our comment letter on the SASB Standard ED.

(Effective date)

7. We agree with the ISSB's proposal to set an effective date for the consequential amendments to the IFRS S2 industry-based guidance that would be the same as the effective date of the corresponding amendments to SASB Standards.

8. At the same time, we note that the Exposure Draft is not clear as to how the ISSB proposes to include the requirements regarding the "effective date" when it amends the IFRS S2 industry-based guidance. Our understanding is that the version of the IFRS S2 industry-based guidance that entities would be required to "refer to and consider the applicability of", as well as whether earlier use of that version is permitted, needs to be specified as a part of the requirements in IFRS S2 *Climate-related Disclosures* ("IFRS S2"). This is because IFRS S2 specifies how the sources of guidance, including the IFRS S2 industry-based guidance, are to be used.

9. In terms of the time needed to prepare for changes to the IFRS S2 industry-based guidance, we note that the domestic standard in our jurisdiction that is designed to provide outcomes functionally aligned with ISSB Standards will clarify the version of the IFRS S2 industry-based guidance that entities should "refer to and consider the applicability of". As a result, it would be necessary for us to:

   (a) discuss the contents of the amendments to the IFRS S2 industry-based guidance and, following due process, amend the domestic standards to update the version of the IFRS S2 industry-based guidance; and

(b) make available the translated version of the amended IFRS S2 industry-based guidance into the official language in our jurisdiction.

10. Consequently, we propose that the ISSB provide a longer period. This would help ensure that the effective date for entities applying ISSB Standards and the effective date for entities applying the domestic standards that provide outcomes functionally aligned with ISSB Standards would be aligned. A longer period would also allow stakeholders in our jurisdiction sufficient time to prepare for these changes.

11. For our comments on the specific questions on the Exposure Draft, please refer to the Appendix to this letter.

12. We hope our comments are helpful for the ISSB's consideration. If you have any questions, please feel free to contact us.

Yours sincerely,

Yasunobu Kawanishi
Chair
Sustainability Standards Board of Japan

SSBJ

Appendix

Question 1—Consequential amendments to the IFRS S2 industry-based guidance
The ISSB proposes to make consequential amendments to the IFRS S2 industry-based guidance when it makes amendments to the SASB Standards in order to maintain alignment between the IFRS S2 industry-based guidance and the climate-related content in the SASB Standards. Paragraphs BC11–BC14 of the Basis for Conclusions describe the reasons for this proposal. 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 the SASB exposure draft? Why or why not?

1. We agree with the ISSB's proposal to maintain the alignment between the IFRS S2 industry-based guidance and the climate-related contents in SASB Standards, as well as the basis for such proposal stated in paragraph BC11 of the Exposure Draft.

2. Having said that, as for the ISSB's proposals to amend the IFRS S2 industry-based guidance, we have concerns about the proposed overall approach to amending SASB Standards, including the climate-related contents in SASB Standards. Our concerns are expressed in our responses to Question 1 in our comment letter on the SASB Standard ED.

Question 2—Effective date
The ISSB proposes to set an effective date for the consequential amendments that is the same as the effective date of the corresponding amendments to the SASB Standards. The ISSB proposes that the effective date be 12–18 months after the amendments are issued and to permit early application. Paragraph BC15 of the Basis for Conclusions describes the reasons for this proposal. Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

3. We agree with the ISSB's proposal to set an effective date for the consequential amendments to the IFRS S2 industry-based guidance that would be the same as the effective date of the corresponding amendments to SASB Standards.

4. At the same time, we note that the Exposure Draft is not clear as to how the ISSB proposes to include the requirements regarding the "effective date" when it amends the IFRS S2 industry-based guidance. Our understanding is that the version of the IFRS S2 industry-based guidance that entities would be required to "refer to and consider the applicability of", as well as whether earlier use of that version is permitted, needs to be specified as a part of the requirements in IFRS S2. This is because IFRS S2 specifies how the sources of guidance, including the IFRS S2 industry-based guidance, are to be used.

5. In terms of the time needed to prepare for changes to the IFRS S2 industry-based guidance, we note that the domestic standard in our jurisdiction that is designed to provide outcomes functionally aligned with ISSB Standards will clarify the version of the IFRS S2 industry-based guidance that entities should "refer to and consider the applicability of". As a result, it would be necessary for us to:

   (a) discuss the contents of the amendments to the IFRS S2 industry-based guidance and, following due process, amend the domestic standards to update the version of the IFRS S2 industry-based guidance; and

   (b) make available the translated version of the amended IFRS S2 industry-based guidance into the official language in our jurisdiction.

6. Consequently, we propose that the ISSB provide a longer period. This would help ensure that the effective date for entities applying ISSB Standards and the effective date for entities applying the domestic standards that provide outcomes functionally aligned with ISSB Standards would be aligned. A longer period would also allow stakeholders in our jurisdiction sufficient time to prepare for these changes.

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