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28 November 2025

Mr. Emmanuel Faber
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Comments on the Exposure Draft
Proposed amendments to the SASB Standards

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 SASB Standards* ("the Exposure Draft"), published in July 2025.

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

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

3. Before we comment on the specific proposals in the Exposure Draft, we express our views on how industry-based guidance should be developed by the ISSB.

4. We think that the ISSB should prioritise its work to incorporate the relevant contents in SASB Standards into industry-based disclosure requirements that constitute ISSB Standards, rather than enhancing existing SASB Standards, which IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* ("IFRS S1") requires entities that apply ISSB Standards to "refer to and consider the applicability of." Given that the ISSB has limited resources, we think it is essential that the ISSB establishes project priorities properly and undertake its activities accordingly.

5. We note the following fundamental problems with SASB Standards, most of which were raised by stakeholders around the world in the comment letters on the Exposure Draft (ED/2022/S2) IFRS S2 *Climate-related Disclosures*. We are of the view that most of these problems cannot be resolved through the enhancement of SASB Standards. Accordingly, a fundamental reconsideration would be necessary when incorporating the relevant contents in SASB Standards into the industry-based disclosure requirements that constitute ISSB Standards:

   (a) There is no global consensus on the use of the Sustainable Industry Classification System® (SICS®) as the industry classification for sustainability-related financial information, mainly because it is not comprehensive and certain major industries are not covered.

   (b) There are cases where the same requirements are included in SASB Standards across multiple industries. This raises a question as to whether these requirements should be included as industry-specific guidance. In our view, some of these requirements should be treated as cross-industry requirements.

   (c) Because the specificity of the disclosures required for each industry is not necessarily consistent, the entities' efforts required to "refer to and consider the applicability of" SASB Standards would depend heavily on the industries the entities are engaged in.

   (d) Existing SASB Standards do not provide Bases for Conclusions and, therefore, in many cases, it is unclear why specific disclosures are required under SASB Standards. This makes it difficult for preparers that "refer to and consider the applicability of" SASB Standards to identify their risks and opportunities and the specific items to disclose for each risk and opportunity. It also makes it difficult for users of the disclosed sustainability-related financial information to understand how preparers identify the risks and opportunities that are disclosed.

6. 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 above. Our comments were developed from the perspective of entities that apply ISSB Standards and would be required to "refer to and consider the applicability of" SASB Standards in accordance with IFRS S1.

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Our Main Comments on the Exposure Draft

(Revising the industry classification)

7. As noted in paragraph 5(a), our understanding is that there is no global consensus on the use of SICS as the industry classification for sustainability-related financial information.

8. The Exposure Draft does not propose revising SICS fundamentally but proposes only updating the industry descriptions for certain priority industries. We emphasise that such updating would not address the fundamental concerns about the industry classification. Accordingly, agreement with the proposals in the Exposure Draft should not be understood as stakeholders reaching a global consensus on the appropriate industry classification.

(Basis for requiring disclosures under SASB Standards)

9. As noted in paragraph 5(d), in many cases, it is unclear why a specific disclosure is required under SASB Standards. We think that disclosures should only be required when the basis for requiring disclosures can be clearly explained.

10. In the following paragraphs, we discuss the following problems related to the lack of a clear basis:

    (a) Basis for requiring disclosures for specific industries

    (b) Basis for focusing on specific disclosure topics in the Exposure Draft

    (c) Basis for making changes in the Exposure Draft in general

<u>Basis for requiring disclosures for specific industries</u>

11. It is unclear why a specific disclosure is required for specific industries and not for others.

12. The Exposure Draft proposes several amendments that are consistently applied across multiple industries. For example, paragraph BC68 in the Exposure Draft states that the ISSB proposes making targeted amendments to 21 SASB Standards, reflecting the proposed changes to certain metrics in the Energy Management disclosure topic for the priority industries.

13. Furthermore, there are many other disclosures for which no amendments are proposed in the Exposure Draft that are required consistently across multiple industries.

14. While we do not necessarily disagree with having consistent requirements, it is important that SASB Standards clearly explain why a specific disclosure is required for specific industries but not for others.

15. Moreover, we note that the fact that SASB Standards include many requirements that are consistently required across multiple industries raises questions as to whether the requirements are truly industry specific. In our view, SASB Standards may include cross-industry requirements to avoid duplication of the requirements.

Basis for focusing on specific disclosure topics in the Exposure Draft

16. It is unclear why the ISSB concluded that the scope of the targeted amendments would be limited to the metrics in the five disclosure topics of Greenhouse Gas Emissions, Energy Management, Water Management, Labor Practices, and Workforce Health and Safety.

Basis for making changes in the Exposure Draft in general

17. The Basis for Conclusions of the Exposure Draft only explains that the proposals reflect feedback from stakeholders as the rationale for making changes to SASB Standards. Little or no explanation is provided regarding the attributes of the stakeholders who provided feedback (such as preparers, investors, or assurance providers), the basis for their views, nor whether there were any conflicting views.

18. Furthermore, the Exposure Draft does not clearly explain how the ISSB analysed the feedback from stakeholders. It does not include the ISSB's analyses and its conclusions on whether the proposed amendments would result in more useful sustainability-related financial information in light of the conceptual foundations, nor does it provide an analysis from a cost-benefit perspective.

(Interoperability with other sustainability-related standards and frameworks)

19. We do not necessarily disagree with the ISSB improving the interoperability with other sustainability-related standards and frameworks, because such initiative is likely to reduce the costs for preparers in disclosing sustainability-related financial information.

20. However, we note that stakeholders (including investors, preparers, assurance providers and academics) in our jurisdiction have expressed concerns that improving the interoperability with other standards and frameworks may imply the following:

    (a) The ISSB will automatically incorporate into SASB Standards future changes in other standards or frameworks, in the name of improving interoperability; or

    (b) The ISSB is changing the concept of materiality applied in ISSB Standards by incorporating into SASB Standards requirements in other standards and frameworks that adopt a different concept of materiality and requiring entities applying ISSB Standards to "refer to and consider the applicability of" SASB Standards.

21. We think that the ISSB needs to alleviate the concerns in the previous paragraph and that the ISSB should clearly explain that the objective of pursuing interoperability is to reduce costs. Such a clear explanation can be provided by setting the criteria that the ISSB applies when proposing amendments aimed at enhancing interoperability, and by including explanations of the ISSB's analyses and conclusions in light of those criteria in the Basis for Conclusions.

(Information related to biodiversity, ecosystems and ecosystem services (BEES) and human capital)

22. We disagree with the ISSB's proposals to proceed, at this time, with the amendments to the disclosure topics and metrics in SASB Standards related to BEES and human capital for the following reasons:

    (a) It is premature to propose amendments to SASB Standards, because research projects on BEES and human capital are still ongoing at the ISSB, and stakeholders have not been sufficiently informed of the outcomes of the research conducted.

    (b) As a result of the research projects currently being conducted, the ISSB may need to make further revisions to SASB Standards. Considering the potential costs that could arise from revising SASB Standards twice in a short time period, we think it would be inappropriate to proceed with amendments to SASB Standards at this time. In particular, given that the ISSB has announced that it will undertake standard-setting to introduce incremental

disclosure requirements for BEES, any amendments to the SASB Standards should be considered in conjunction with the related standard-setting discussions.

23. Additionally, we think that the ISSB should not seek feedback through the Exposure Draft on the aspect of its research projects on BEES and human capital that may eventually lead to future standard-setting projects. We note that SASB Standards do not constitute ISSB Standards and, therefore, the attention that would be paid to the Exposure Draft that proposes changing SASB Standards and the depth of the analyses of the proposals would be relatively limited compared to an Exposure Draft that would propose changing ISSB Standards.

(Repetition of the requirements across multiple industries)

General observation

24. SASB Standards repeat the same requirements in multiple industries. This imposes unnecessary costs for entities that prepare disclosures for multiple industries, such as conglomerates, because they need to repeatedly "refer to and consider the applicability of" the same requirement for multiple industries.

Minor inconsistencies in metrics and technical protocols across industries

25. Furthermore, there are cases where some minor inconsistencies exist in the descriptions of metrics and technical protocols required for the same disclosure topics in multiple industries. Because it is not necessarily clear whether these inconsistencies were intended or unintended, entities that prepare disclosures for multiple industries question whether these minor differences are necessary, given that they increase costs when entities "refer to and consider the applicability of" SASB Standards.

Challenges in translation

26. In our jurisdiction, the translated version of SASB Standards into the official language of our jurisdiction must be made available in order for entities to apply the domestic standards that provide outcomes functionally aligned with ISSB Standards under our legal framework.

27. SASB Standards currently impose significant translation costs to repeatedly translate the same requirements. This is exacerbated by the minor inconsistencies

across industries, which we note above. We think that translation costs could be reduced by reconsidering the structure of SASB Standards, without changing the contents of SASB Standards.

(Aligning the terminology used in SASB Standards with that in IFRS S1)

28. We propose that the ISSB align the key terms used in SASB Standards with those in IFRS S1.

29. In particular, as stated in footnote 15 in the Basis for Conclusions of the Exposure Draft, the term "Metrics" in SASB Standards is used to describe disclosures and encompasses qualitative and quantitative information, which is inconsistent with how the term is used in IFRS S1. We think this inconsistency should be addressed, by, for example, replacing the term with "Required Disclosures," considering the confusion this may cause in practice.

30. In addition, other misalignments of the key terms used in SASB Standards, such as "Topic Summary," and "Technical Protocols," should also be addressed by, for example, replacing "Topic Summary" with "Related Risks and Opportunities," and "Technical Protocols" with "Guidance Associated with Disclosure Requirements".

Effective Date

31. We are of the view that the version of SASB Standards that entities would be required to "refer to and consider the applicability of", as well as whether earlier use of that version is permitted, should be specified in IFRS S1. This is because IFRS S1 specifies how the sources of guidance, including SASB Standards, are to be used.

32. In terms of the time needed to prepare for changes to SASB Standards, we note that the domestic standards in our jurisdiction that is designed to provide outcomes functionally aligned with ISSB Standards will clarify the version of SASB Standards 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 SASB Standards and, following due process, amend the domestic standards to update the version of SASB Standards that entities should "refer to and consider the applicability of"; and

(b) make available the translated version of the amended SASB Standards into the official language in our jurisdiction.

33. 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 the changes.

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

35. 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

Appendix

QUESTION 1—OBJECTIVE

The ISSB is proposing to amend the SASB Standards with the objective of providing timely support to entities applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. The proposed amendments have been drafted under the assumption that an entity would apply the SASB Standards alongside IFRS Sustainability Disclosure Standards. This assumption allows the SASB Standards to remain targeted and proportionate while avoiding unnecessary duplication of requirements already included in IFRS S1 and IFRS S2. The proposed amendments aim:

- to further enhance the international applicability of:
  - industry groupings, including to reflect value chains in emerging markets and developing economies;
  - disclosure topics in those industry groupings; and
  - metrics and supporting technical protocols;
- to improve interoperability with other sustainability-related standards and frameworks, while ensuring continued focus on the needs of investors in order to serve as a global baseline of sustainability-related disclosures to meet the needs of capital markets;
- to amend the disclosure topics and metrics in the SASB Standards related to biodiversity, ecosystems and ecosystem services (BEES) and human capital, to align the SASB enhancements with the ISSB's research projects on those topics and to enable feedback on this Exposure Draft to provide input to those research projects;
- to align the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards; and
- to enhance the SASB Standards' clarity, conciseness and cost-effectiveness for preparers.

(a) Do you agree with the objective of the proposed amendments to the SASB Standards and related areas of focus?

(b) Do the proposed amendments meet this objective? Why or why not?

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

1. We think that the ISSB should prioritise its work to incorporate the relevant contents in SASB Standards into industry-based disclosure requirements that constitute ISSB Standards, rather than enhancing existing SASB Standards, which IFRS S1 requires entities that apply ISSB Standards to "refer to and consider the applicability of". Given that the ISSB has limited resources, we think it is essential that the ISSB establishes project priorities properly and undertake its activities accordingly.

2. We note the following fundamental problems with SASB Standards, most of which were raised by stakeholders around the world in the comment letters on the Exposure Draft (ED/2022/S2) IFRS S2 *Climate-related Disclosures*. We are of the view that most of these problems cannot be resolved through the enhancement of SASB Standards. Accordingly, a fundamental reconsideration would be necessary when incorporating the relevant contents in SASB Standards into the industry-based disclosure requirements that constitute ISSB Standard:

   (a) There is no global consensus on the use of the SICS as the industry classification for sustainability-related financial information, mainly because it is not comprehensive and certain major industries are not covered.

   (b) There are cases where the same requirements are included in SASB Standards across multiple industries. This raises a question as to whether these requirements should be included as industry-specific guidance. In our view, some of these requirements should be treated as cross-industry requirements.

   (c) Because the specificity of the disclosures required for each industry is not necessarily consistent, the entities' efforts required to "refer to and consider the applicability of" SASB Standards would depend heavily on the industries the entities are engaged in.

   (d) Existing SASB Standards do not provide Bases for Conclusions and, therefore, in many cases, it is unclear why specific disclosures are required under SASB Standards. This makes it difficult for preparers that "refer to and consider the applicability of" SASB Standards to identify their risks and opportunities and the specific items to disclose for each risk and opportunity. It also makes it difficult for users of the disclosed sustainability-related financial information to

understand how preparers identify the risks and opportunities that are disclosed.

Our Main Comments on the Proposed Approach to the Amendments of SASB Standards

3. 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 above. Our comments were developed from the perspective of entities that apply ISSB Standards and would be required to "refer to and consider the applicability of" SASB Standards in accordance with IFRS S1.

(Revising the industry classification)

4. Our understanding is that there is no global consensus on the use of the SICS as an industry classification for sustainability-related financial information.

5. The Exposure Draft does not propose revising SICS fundamentally but proposes only updating the industry descriptions for certain priority industries. We emphasise that such updating would not address the fundamental concerns about the industry classification. Accordingly, agreement with the proposals in the Exposure Draft should not be understood as stakeholders reaching a global consensus on the appropriate industry classification.

(Basis for requiring disclosures under SASB Standards)

6. In many cases, it is unclear why a specific disclosure is required under SASB Standards. We think that disclosures should only be required when the basis for requiring disclosures can be clearly explained.

7. In the following paragraphs, we discuss the following problems related to the lack of a clear basis:

   (a) Basis for requiring disclosures for specific industries

   (b) Basis for focusing on specific disclosure topics in the Exposure Draft

   (c) Basis for making changes in the Exposure Draft in general

Basis for requiring disclosures for specific industries

8. It is unclear why a specific disclosure is required for specific industries and not for others.

9. The Exposure Draft proposes several amendments that are consistently applied across multiple industries. For example, paragraph BC68 in the Exposure Draft states that the ISSB proposes making targeted amendments to 21 SASB Standards, reflecting the proposed changes to certain metrics in the Energy Management disclosure topic for the priority industries.

10. Furthermore, there are many other disclosures for which no amendments are proposed in the Exposure Draft that are required consistently across multiple industries.

11. While we do not necessarily disagree with having consistent requirements, it is important that SASB Standards clearly explain why a specific disclosure is required for specific industries but not for others.

12. Moreover, we note that the fact that SASB Standards include many requirements that are consistently required across multiple industries raises questions as to whether the requirements are truly industry specific. In our view, SASB Standards may include cross-industry requirements to avoid duplication of the requirements.

Basis for focusing on specific disclosure topics in the Exposure Draft

13. It is unclear why the ISSB concluded that the scope of the targeted amendments would be limited to the metrics in the five disclosure topics of Greenhouse Gas Emissions, Energy Management, Water Management, Labor Practices, and Workforce Health and Safety.

Basis for making changes in the Exposure Draft in general

14. The Basis for Conclusions of the Exposure Draft only explains that the proposals reflect feedback from stakeholders as the rationale for making changes to SASB Standards. Little or no explanation is provided regarding the attributes of the stakeholders who provided feedback (such as preparers, investors, or assurance providers), the basis for their views, nor whether there were any conflicting views.

15. Furthermore, the Exposure Draft does not clearly explain how the ISSB analysed the feedback from stakeholders. It does not include the ISSB's analyses and its

conclusions on whether the proposed amendments would result in more useful sustainability-related financial information in light of the conceptual foundations, nor does it provide an analysis from a cost-benefit perspective.

(Interoperability with other sustainability-related standards and frameworks)

16. We do not necessarily disagree with the ISSB improving the interoperability with other sustainability-related standards and frameworks, because such initiative is likely to reduce the costs for preparers in disclosing sustainability-related financial information.

17. However, we note that stakeholders (including investors, preparers, assurance providers and academics) in our jurisdiction have expressed concerns that improving the interoperability with other standards and frameworks may raise certain implications.

18. For more details, please see our response to Question 2.

(Information related to biodiversity, ecosystems and ecosystem services (BEES) and human capital)

19. We disagree with the ISSB's proposals to proceed, at this time, with the amendments to the disclosure topics and metrics in SASB Standards related to BEES and human capital for the following reasons:

    (a) It is premature to propose amendments to SASB Standards, because research projects on BEES and human capital are still ongoing at the ISSB, and stakeholders have not been sufficiently informed of the outcomes of the research conducted.

    (b) As a result of the research projects currently being conducted, the ISSB may need to make further revisions to SASB Standards. Considering the potential costs that could arise from revising SASB Standards twice in a short time period, we think it would be inappropriate to proceed with amendments to SASB Standards at this time. In particular, given that the ISSB has announced that it will undertake standard-setting to introduce incremental disclosure requirements for BEES, any amendments to the SASB Standards should be considered in conjunction with the related standard-setting discussions.

20. For more details, please see our response to Question 4.

(Repetition of the requirements across multiple industries)

General observation

21. SASB Standards repeat the same requirements in multiple industries. This imposes unnecessary costs for entities that prepare disclosures for multiple industries, such as conglomerates, because they need to repeatedly "refer to and consider the applicability of" the same requirement for multiple industries.

Minor inconsistencies in metrics and technical protocols across industries

22. Furthermore, there are cases where some minor inconsistencies exist in the descriptions of metrics and technical protocols required for the same disclosure topics in multiple industries. Because it is not necessarily clear whether these inconsistencies were intended or unintended, entities that prepare disclosures for multiple industries question whether these minor differences are necessary, given that they increase costs when entities "refer to and consider the applicability of" SASB Standards.

Challenges in translation

23. In our jurisdiction, the translated version of SASB Standards into the official language of our jurisdiction must be made available in order for entities to apply the domestic standards that provide outcomes functionally aligned with ISSB Standards under our legal framework.

24. SASB Standards currently impose significant translation costs to repeatedly translate the same requirements. This is exacerbated by the minor inconsistencies across industries, which we note above. We think that translation costs could be reduced by reconsidering the structure of SASB Standards, without changing the contents of SASB Standards.

(Aligning the terminology used in SASB Standards with that in IFRS S1)

25. We propose that the ISSB align the key terms used in SASB Standards with those in IFRS S1.

26. In particular, as stated in footnote 15 in the Basis for Conclusions of the Exposure Draft, the term "Metrics" in SASB Standards is used to describe disclosures and

encompasses qualitative and quantitative information, which is inconsistent with how the term is used in IFRS S1. We think this inconsistency should be addressed, by, for example, replacing the term with "Required Disclosures," considering the confusion this may cause in practice.

27. In addition, other misalignments of the key terms used in SASB Standards, such as "Topic Summary," and "Technical Protocols," should also be addressed by, for example, replacing "Topic Summary" with "Related Risks and Opportunities," and "Technical Protocols" with "Guidance Associated with Disclosure Requirements".

QUESTION 2—ENHANCEMENTS TO INTEROPERABILITY WITH OTHER STANDARDS AND FRAMEWORKS

In considering necessary amendments to the SASB Standards, the ISSB has identified possible amendments that would enhance the interoperability and alignment of the SASB Standards with other sustainability-related standards and frameworks, such as those of the Global Reporting Initiative (GRI), European Sustainability Reporting Standards, and the guidance published by the Taskforce on Nature-related Financial Disclosures (TNFD).

Paragraphs BC33–BC41 of the Basis for Conclusions explain the approach taken to improving interoperability and alignment with other sustainability-related standards and frameworks. Appendix B of the Basis for Conclusions provides a list of some of the proposed amendments that would enhance interoperability with the GRI Standards and alignment with TNFD disclosure recommendations, while maintaining a focus on the needs of primary users of general purpose financial reports.

(a) Do you agree with the proposed approach to enhancing interoperability and alignment with other sustainability related standards and frameworks? Why or why not?

(b) Do you agree that the proposed amendments to the nine priority industries and targeted amendments to other SASB Standards will result in improved interoperability and thus achieve the objectives of improving the decision-usefulness of disclosed information for primary users and cost-effectiveness for preparers? Why or why not?

(c) Could the interoperability and alignment of any disclosure topics or metrics be further enhanced while achieving the objectives of improving the decision-usefulness and cost-effectiveness of the information? What amendments would you propose and why?

28. We do not necessarily disagree with the ISSB improving the interoperability with other sustainability-related standards and frameworks, because such initiative is likely to reduce the costs for preparers in disclosing sustainability-related financial information.

29. However, we note that stakeholders (including investors, preparers, assurance providers and academics) in our jurisdiction have expressed concerns that improving the interoperability with other standards and frameworks may imply the following:

    (a) The ISSB will automatically incorporate into SASB Standards future changes in other standards or frameworks, in the name of improving interoperability; or

    (b) The ISSB is changing the concept of materiality applied in ISSB Standards by incorporating into SASB Standards requirements in other standards and frameworks that adopt a different concept of materiality and requiring entities applying ISSB Standards to "refer to and consider the applicability of" SASB Standards.

30. We think that the ISSB needs to alleviate the concerns in the previous paragraph and that the ISSB should clearly explain that the objective of pursuing interoperability is to reduce costs. Such a clear explanation can be provided by setting the criteria that the ISSB applies when proposing amendments aimed at enhancing interoperability, and by including explanations of the ISSB's analyses and conclusions in light of those criteria in the Basis for Conclusions.

31. More specifically, we think the ISSB should clearly explain the following points:

    (a) Why the ISSB focuses on the interoperability between three standards and frameworks (that is, the GRI Standards, the European Sustainability Reporting Standards (ESRS), and the TNFD Recommendations) and not between the others. On this point, we note the following:

        (i) Merely noting that the ISSB engages in regular dialogue with the GRI, EFRAG, and the TNFD, and that it has entered into a Memorandum of Understanding with the GRI and with the TNFD, is not a convincing reason to pursue interoperability and consistency with these three standards and frameworks.

(ii) The ISSB should explain why interoperability or consistency with standards and frameworks other than the three was not considered. If any standards and frameworks other than the three were considered but not pursued, that should also be explained.

(b) The ISSB's criteria, together with their rationale, for determining when amendments to the SASB Standards are made to pursue interoperability and consistency. On this point, we note the following:

(i) When pursuing the interoperability and consistency with other standards or frameworks that adopt a different concept of materiality, the ISSB should clearly explain its criteria for determining which requirements included in those other standards and frameworks should be considered based on the concept of materiality adopted by the ISSB.

(ii) The ISSB should clearly explain that the proposed amendments to SASB Standards do not involve adding new disclosure topics or metrics, but merely revise the descriptions of existing metrics.

(iii) When the ISSB decides not to amend SASB Standards in relation to the specific requirements included in the other standards and frameworks with which it has determined to pursue interoperability, the ISSB should explain its reason for reaching such conclusion.

QUESTION 3—AMENDMENTS TO THE CLIMATE-RELATED CONTENT IN THE SASB STANDARDS

The ISSB is proposing to enhance the nine priority industries comprehensively, including the climate-related content in the priority industries. The ISSB also is proposing targeted amendments to some climate-related metrics in other SASB Standards. The proposed amendments are intended to assist preparers in identifying climate-related risks and opportunities and to enhance the decision-usefulness of industry-specific information about these risks and opportunities.

The *Industry-based Guidance on Implementing IFRS S2* (IFRS S2 industry-based guidance) is derived from, and is largely identical to, the climate-related content in the SASB Standards. The ISSB has maintained alignment between the SASB Standards and the IFRS S2 industry-based guidance. Therefore, the ISSB considered that the proposed amendments to the climate-related content in the SASB Standards could have implications for preparers who are implementing IFRS S2. The ISSB decided that it should propose making consequential amendments to the IFRS S2

QUESTION 3—AMENDMENTS TO THE CLIMATE-RELATED CONTENT IN THE SASB STANDARDS

industry-based guidance should it amend the climate-related content in the SASB Standards. That proposal is set out in the separate Exposure Draft *Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2*. The ISSB also considered how it could use the effective date of the final amendments to ensure that they would not negatively affect preparers' implementation of IFRS S1 and IFRS S2.

(a) Do you agree that the ISSB should amend the climate-related content in the SASB Standards for the priority industries and make targeted amendments to the climate-related content in the SASB Standards for other industries, as proposed in this Exposure Draft? Why or why not?

(b) Do you agree that the proposed amendments would enhance the decision-usefulness of the industry-specific information about climate-related risks and opportunities? Why or why not?

(c) Do you agree that the proposed amendments would further clarify how the climate-related content in the SASB Standards and the IFRS S2 industry-based guidance relates to the requirements in IFRS S2?

32. We agree with the ISSB's proposal to maintain the alignment between SASB Standards and the Industry-based Guidance on Implementing IFRS S2.

33. Having said that, as for the ISSB's proposals to amend the climate-related contents in SASB Standards, we have concerns about the overall approach to amending SASB Standards, as discussed in our responses to Question 1.

QUESTION 4—INFORMATION RELATED TO BIODIVERSITY, ECOSYSTEMS AND ECOSYSTEM SERVICES AND HUMAN CAPITAL

The ISSB proposes to amend disclosure topics and metrics in the SASB Standards related to biodiversity, ecosystems and ecosystem services (BEES) and human capital. The ISSB is pursuing research projects on BEES and human capital.

The ISSB seeks to understand the extent to which the SASB Standards, and the proposed amendments, meet user needs for information on risks and opportunities related to BEES and human capital.

QUESTION 4—INFORMATION RELATED TO BIODIVERSITY, ECOSYSTEMS AND ECOSYSTEM SERVICES AND HUMAN CAPITAL

(a) Do the SASB Standards, including the proposed amendments, enable entities to provide decision-useful information about their BEES-related risks and opportunities to users of general purpose financial reports? Why or why not?

(b) In the nine industries that the ISSB has prioritised for enhancement in the Exposure Draft, are there other BEES-related disclosures not addressed through the proposed amendments that would be useful for users of general purposes financial reports in their decision-making? If so, please explain which disclosures and why.

(c) Do the SASB Standards, including the proposed amendments, enable entities to provide decision-useful information about their human capital-related risks and opportunities to users of general purpose financial reports? Why or why not?

(d) In the nine industries that the ISSB has prioritised for enhancement in the Exposure Draft, are there other human capital-related disclosures not addressed through the proposed amendments that would be useful for users of general purposes financial reports in their decision-making? If so, please explain which disclosures and why.

34. We disagree with the ISSB's proposals to proceed, at this time, with the amendments to the disclosure topics and metrics in SASB Standards related to BEES and human capital for the following reasons:

    (a) It is premature to propose amendments to SASB Standards, because research projects on BEES and human capital are still ongoing at the ISSB, and stakeholders have not been sufficiently informed of the outcomes of the research conducted.

    (b) As a result of the research projects currently being conducted, the ISSB may need to make further revisions to SASB Standards. Considering the potential costs that could arise from revising SASB Standards twice in a short time period, we think it would be inappropriate to proceed with amendments to SASB Standards at this time. In particular, given that the ISSB has announced that it will undertake standard-setting to introduce incremental disclosure requirements for BEES, any amendments to the SASB Standards should be considered in conjunction with the related standard-setting discussions.

35. Additionally, we think that the ISSB should not seek feedback through the Exposure Draft on the aspect of its research projects on BEES and human capital that may eventually lead to future standard-setting projects. We note that SASB Standards do not constitute ISSB Standards and, therefore, the attention that would be paid to the Exposure Draft that proposes changing SASB Standards and the depth of the analyses of the proposals would be relatively limited compared to an Exposure Draft that would propose changing ISSB Standards.

QUESTION 5—EFFECTIVE DATE
The ISSB proposes to set an effective date for the amendments that will occur between 12 and 18 months after their issuance and permits early application. The ISSB's rationale for this proposal can be found in paragraph BC161 of the Basis for Conclusions. Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

36. We are of the view that the version of SASB Standards that entities would be required to "refer to and consider the applicability of", as well as whether earlier use of that version is permitted, should be specified in IFRS S1. This is because IFRS S1 specifies how the sources of guidance, including SASB Standards, are to be used.

37. In terms of the time needed to prepare for changes to SASB Standards, we note that the domestic standards in our jurisdiction that is designed to provide outcomes functionally aligned with ISSB Standards will clarify the version of SASB Standards 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 SASB Standards and, following due process, amend the domestic standards to update the version of SASB Standards that entities should "refer to and consider the applicability of"; and

    (b) make available the translated version of the amended SASB Standards into the official language in our jurisdiction.

38. 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 the changes.

QUESTION 15—PROPOSED TARGETED AMENDMENTS TO THE SASB STANDARDS

Beyond the amendments proposed to the nine priority SASB Standards, the ISSB proposes that the corresponding metrics in other SASB Standards be aligned to maintain consistent disclosures on these common topics among industries where appropriate. Forty-one additional industries would be affected by the proposed targeted amendments.

The ISSB proposes targeted amendments to the metrics in other SASB Standards for:

- greenhouse gas emissions;
- energy management;
- water management;
- labour practices; and
- workforce health and safety.

Paragraphs BC47–BC48 of the Basis for Conclusions set out the ISSB's reasoning for proposing the targeted amendments. The section on 'Proposed amendments for the SASB Standards' in the Basis for Conclusions sets out the reasoning for specific amendments to the topics noted above. Appendix A to the Basis for Conclusions contains a full list of SASB Standards and metrics within those that would be affected by the targeted amendments.

(a) Do you agree with the proposal to align corresponding metrics in other SASB Standards beyond the nine priority industries to maintain consistent disclosures on these common topics in industries subject to equivalent disclosure requirements? Do you agree that doing so would improve the comparability of information? Why or why not?

(b) Do you agree that these proposed targeted amendments should be implemented before completing a comprehensive review of each of the SASB Standards affected by these amendments? Do you agree that this approach would support the objective of enhancing the SASB Standards to provide timely support to entities in applying IFRS S1? Why or why not?

QUESTION 15—PROPOSED TARGETED AMENDMENTS TO THE SASB STANDARDS
(c) Do you agree with the proposed targeted amendments associated with greenhouse gas emissions? Why or why not? (d) Do you agree with the proposed targeted amendments associated with energy management? Why or why not? (e) Do you agree with the proposed targeted amendments associated with water management? Why or why not? (f) Do you agree with the proposed targeted amendments associated with labour practices? Why or why not? (g) Do you agree with the proposed targeted amendments associated with workforce health and safety? Why or why not? (h) Are the proposed targeted amendments to the additional 41 industries appropriate and relevant for the individual SASB Standards? Are there any jurisdictional considerations related to these SASB Standards that have not been addressed in the proposals for targeted amendments that should be taken into account? If so, please explain. (i) Do you agree that the proposed targeted amendments to the SASB Standards would enhance the interoperability and alignment with other sustainability-reporting standards and frameworks? Why or why not? (Note that the ISSB is focused on providing material information for users about the effects of sustainability related risks and opportunities on an entity's prospects.)

(Basis for proposing targeted amendments to SASB Standards)

39. As discussed in our response to Question 1, in many cases, it is unclear why a specific disclosure is required under SASB Standards. We think that disclosures should only be required when the basis for requiring disclosures can be clearly explained.

40. Regarding the basis for focusing on specific disclosure topics in the Exposure Draft, it is unclear why the ISSB concluded that the scope of the targeted amendments would be limited to the metrics in the five disclosure topics of Greenhouse Gas Emissions, Energy Management, Water Management, Labor Practices, and Workforce Health and Safety.

(Discussions on why a specific disclosure is required for specific industries)

41. The Exposure Draft proposes several amendments that are consistently applied across multiple industries. For example, paragraph BC68 in the Exposure Draft states that the ISSB proposes making targeted amendments to 21 SASB Standards, reflecting the proposed changes to certain metrics in the Energy Management disclosure topic for the priority industries.

42. Furthermore, there are many other disclosures for which no amendments are proposed in the Exposure Draft that are required consistently across multiple industries.

43. We note that the fact that SASB Standards include many requirements that are consistently required across multiple industries raises questions as to whether the requirements are truly industry specific. In our view, SASB Standards may include cross-industry requirements to avoid duplication of the requirements.

[End of Document]