

31 July 2024

Chair Yasunobu Kawanishi  
Chairman  
Sustainability Standards Board of Japan  
Fukoku Seimei Building 20F,  
2-2-2, Uchisaiwaicho,  
Chiyoda-ku  
Tokyo 100-0011  
Japan

**Subject: Response to the Exposure Draft of the Sustainability Disclosure Standard**

Dear Chair Kawanishi,

On behalf of amfori, a leading global business association for sustainable trade, we appreciate the opportunity to provide feedback on the exposure draft of the Sustainability Disclosure Standard.

Founded in 1977, amfori represents over 2,400 retailers, importers, brands and associations from more than 40 countries. We support companies across the globe to operate successful and responsible businesses, by improving the Environmental, Social and Governance performance of their supply chains.

We welcome SSBJ's initiative to develop a robust sustainability disclosure framework and your commitments to enhancing sustainability reporting that aligns with the standards laid out by the International Sustainability Standards Board ("ISSB"). It provides a useful reference guide for companies in Japan to achieve comprehensive and transparent reporting.

As an international organisation, amfori has long advocated for clear and harmonised regulations across countries and regions to create a level-playing field for responsible companies to operate, increase efficiency and reduce costs. We support the SSBJ's approach to incorporate comprehensively the standards set by ISSB in sustainability reporting to enhance consistency and comparability for businesses operating in multiple markets.

Understanding the fundamental role that climate disclosures play in sustainability reporting and responsible business conduct, amfori supports a transitional approach to climate reporting that incentivises companies to get started as soon as possible and continuously improve their processes over time. For full compliance, we suggest releasing guidance that provide clear and unambiguous requirements to ensure thorough understanding and adherence to the reporting standards.

In such manner, leveraging credible industry initiatives and voluntary schemes is essential to help companies in their sustainability reporting. The adoption of tools and mechanisms developed and

overseen by industry associations and organisations, such as [amfori BSCI](#), [amfori BEPI](#), [amfori SustainaPass](#) and [amfori Insights](#), can complement regulatory efforts by enhancing companies' environmental performance and facilitating compliance.

At the same time, whereas industry standards play an important role to enable progress, the reporting standards should be developed in such a way that companies improve their reporting and risk management processes over time, leading to internal tangible progress within the companies themselves.

These and other comments are further set out in the attached. We hope you will find our comments useful, and we are happy to provide any further assistance or clarifications needed.

Yours sincerely,

amfori

**Consultation Paper Questions 公開草案に対するコメント**

Name or Company/Organization Name (required) 氏名又は企業等の名称 (必須)	amfori
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**Question 1 質問 1**

Do you agree with the proposals on the basic principles for developing this exposure draft? If you do not agree, please explain why.

本公開草案の開発にあたっての基本的な方針に関する提案に同意しますか。同意しない場合には、その理由をご記載ください。また、国際的な基準との整合性を図る程度及びその方法についてどのように考えますか。理由とともにご記載ください。

**Question 2 質問 2**

Do you agree with the proposed treatment of SASB Standards and Industry Guidance in Guidance Sources? If not, please explain why.

「ガイダンスの情報源」における「SASB スタンドアード」及び「産業別ガイダンス」の取扱いに関する提案に同意しますか。同意しない場合には、その理由をご記載ください。

amfori generally agrees with the proposals on the basic principles as the Committee adopts a pragmatic approach with the primary goal to build on the ambition and industry experience set by the ISSB standards while considering the local contexts and realities of the companies in scope. amfori also supports the proposal regarding the treatment of "SASB Standards" and "Industry-specific Guidance". We believe that this is vital in enhancing the robustness and comparability of sustainability disclosures worldwide. It is worth noted that the Committee shall also adhere to the international requirements along the journey to maintain the right level of ambition, expertise and comparability and interoperability of sustainability disclosures to drive progress globally.

**Question 3 質問 3**

Do you agree with the proposed combined Scope 1, Scope 2 and Scope 3 greenhouse gas emissions? If not, please explain why.

スコープ 1、スコープ 2 及びスコープ 3 の温室効果ガス排出量の合計値に関する提案に同意しますか。同意しない場合には、その理由をご記載ください。

**Question 5 質問 5**

Do you agree with the proposal regarding location-based and market-based Scope 2 GHG emissions? If not, why?

スコープ2温室効果ガス排出におけるロケーション基準とマーケット基準に関する提案に同意しますか。同意しない場合には、その理由をご記載ください。

**Question 6 質問 6**

Do you agree with the proposal regarding the application of materiality judgements in disclosing absolute Scope 3 greenhouse gas emissions? If not, please explain why.

スコープ 3 温室効果ガス排出の絶対総量の開示における重要性の判断の適用に関する提案に同意しますか。同意しない場合には、その理由をご記載ください。

amfori supports the proposal requiring the disclosure of the absolute total GHG emissions for Scopes 1, 2, and 3. This approach aligns with recent developments in IFRS S2 and the European Union's Corporate Sustainability Reporting Directive ("CSRD") E1. Given that Scope 3 is often the largest source of emissions, often representing over 90% of a company's total emissions, the disclosure of these emissions is essential. This level of transparency provides a more complete and accurate picture of a company's environmental impact, supports the implementation of management tools to address climate risks along the value chain, serves to prove the robustness of science-based targets, and facilitates continuous improvement in risk management and due diligence processes.

With regards to Scope 3 greenhouse gas emissions, amfori understands the challenges related to data quality and the complex nature of addressing Scope 3 greenhouse gas emissions. At the same time, amfori acknowledges the importance of Scope 3 to gain a realistic and well-informed overview of climate risks. This understanding constitutes the basis for risk management actions, including progress towards science-based targets and continuously improve internal processes within the company.

In this regard and in line with the guidance provided by the GHG Protocol in calculating GHG inventories amfori welcomes the flexibility for reporting companies to select the materiality thresholds that reflect their capacity and circumstances best, provided that the standard ensures a high level of consistency, comparability and transparency of the methodology used in the calculation and disclosure of Scope 3 emissions.

To ensure a right balance between flexibility, comparability and credibility, amfori recommends SSBJ to develop guidance that ensures consistency, comparability and harmonisation, taking into account international standards, notably the Greenhouse Gas Protocol ("GHG Protocol"), and require the disclosure of the methodology used.. The Committee can also recommend the companies to make good use of credible industry initiatives and voluntary schemes, such as [amfori BSCI](#), [amfori BEPI](#), [amfori SustainaPass](#) and [amfori Insights](#), as complementary tools to its reporting.

#### Question 7 質問 7

Do you agree with the proposal regarding cross-industry metrics for climate-related risks and opportunities? If not, why?

「ガイダンスの情報源」における「SASB スタンドアード」及び「産業別ガイダンス」の取扱いに関する提案に同意しますか。同意しない場合には、その理由をご記載ください。

#### Question 8 質問 8

Do you agree with the proposal regarding cross-industry metrics for capital investments related to climate-related risks and opportunities? If not, why?

産業横断的の指標等（資本投下）に関する提案に同意しますか。同意しない場合には、その理由をご記載ください。

amfori supports the inclusion of cross-industry metrics with the international framework. Disclosure of metrics can demonstrate the company's commitment to transparency and accountability by providing stakeholders with standardised and comparable information about the company's climate-related risks and opportunities, and inform the risk management processes and continuous improvement of the reporting company.

**Question 10 質問 10**

Do you agree with the proposal regarding transitional measures? If not, why?

経過措置に関する提案に同意しますか。同意しない場合には、その理由をご記載ください。

While amfori notes the potential of transitional measures to allow companies sufficient time to adjust their reporting practices and ensure the accuracy of their disclosures, we believe that the below modifications shall be implemented to ensure that the transitional measures meet their purpose.

First, while the proposal allows companies not to disclose comparative information and climate-related risks and opportunities in the first reporting year, amfori suggests that companies are encouraged to provide a roadmap or plan outlining how they intend to achieve full compliance in the subsequent years. This is intended to encourage transparency and proactive planning without imposing heavy burden on businesses, encouraging them to kickstart the process and improve over time. In the European Union, the CSRD has incorporated a phased approach that requires companies to gradually enhance their disclosures, including comparative information, to full compliance.

Second, and in line with the CSRD, amfori recommends that the Committee encourages companies to develop a phased approach to Scope 3 reporting, where they are encouraged to start the process as soon as possible and progressively improve their data collection, management and reporting progressively, supported by adequate industry guidance and credible industry tools and initiatives to improve their data collection and reporting capabilities. Similar phased approaches are also seen in frameworks in the GHG Protocol to provide a clear starting point for companies aiming to take a full inventory of Scope 3 emissions over time.

As a final note, amfori strongly recommends not to lose sight of the main goal of sustainability reporting: the reporting exercise is as valuable as it can trigger long-term change within the reporting companies and across their industry, complimenting and underpinning risk management and due diligence.