



24 July 2026

Mr. Emmanuel Faber
Chair
International Sustainability Standards Board
The IFRS Foundation
Columbus Building, 7 Westferry Circus
Canary Wharf, London, E14 4HD
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Comments on the Exposure Draft

Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance

Introduction

1. The Sustainability Standards Board of Japan (“the SSBJ” or “we”) welcome the opportunity to provide our comments on the International Sustainability Standards Board (ISSB)’s Exposure Draft *Proposed amendments to the SASB Standards and IFRS S2 Industry-based Guidance* (“this Exposure Draft”), published in March 2026.
2. In response to the Exposure Drafts, *Proposed Amendments to the SASB Standards* and *Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2*, published in July 2025 (“the July 2025 Exposure Drafts”), we submitted our comment letters ¹ in November 2025. Please read this comment letter in conjunction with those comment letters.
3. Our comments are summarised in the following paragraphs.

¹ Our comment letters in response to the July 2025 Exposure Drafts can be found at:
• for the SASB Standards: https://www.ssb-j.jp/en/wp-content/uploads/sites/7/20251128_02_e.pdf
• for the Industry-based Guidance on Implementing IFRS S2:
https://www.ssb-j.jp/en/wp-content/uploads/sites/7/20251128_01_e.pdf

Completing Phase 1 of the Enhancing the SASB Standards Project

4. Our understanding is that this Exposure Draft proposes changes to three of the 12 prioritised SASB Standards, whose changes were not proposed in the July 2025 Exposure Drafts.
5. We view Phase 1 of the Enhancing the SASB Standards Project as a maintenance exercise, as the project does not fundamentally revisit the status of SASB Standards (that is, in accordance with IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, entities applying IFRS Sustainability Disclosure Standards “shall refer to and consider the applicability of” SASB Standards) nor the objective of industry-based guidance. Accordingly, we think the ISSB should finalise the proposals in this Exposure Draft as soon as possible.

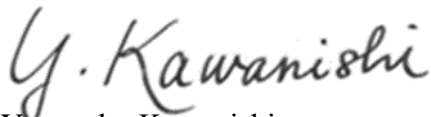
Pausing before Embarking on Phase 2 of the Enhancing the SASB Standards Project

6. We note that, at its February 2026 ISSB Board meeting, the ISSB tentatively decided, as part of its work on the Enhancing the SASB Standards Project, to embark on Phase 2 of the project, which would update SASB Standards for the remaining 65 industries. However, we think the ISSB should pause and discuss the following issues before embarking on Phase 2 of the project:
 - (a) whether industry-based requirements that would constitute IFRS Sustainability Disclosure Standards are needed;
 - (b) if industry-based requirements that would constitute IFRS Sustainability Disclosure Standards are needed:
 - (i) the industry classification to be used;
 - (ii) the balance between cross-industry requirements and industry-based requirements;
 - (iii) the structure of the industry-based requirements, to minimise repetition of requirements across multiple industries (for example, by modularising the requirements); and
 - (c) whether, and if so how, to leverage SASB Standards (as updated by Phase 1).
7. Stakeholders around the world, as well as the ISSB, have limited resources. To make the best use of our limited resources, we think it is critically important that the

ISSB publicly consult stakeholders around the world regarding the issues raised above.

8. In any case, we think the ISSB should prioritise its work to develop industry-based requirements that would constitute IFRS Sustainability Disclosure Standards, if considered necessary. We are not convinced that Phase 2 of the project would advance IFRS Sustainability Disclosure Standards in this direction and, accordingly, think the ISSB should give lower priority to Phase 2 of this project.
9. For our comments on the specific questions on this Exposure Draft, please refer to the Appendix to this letter.
10. We hope our comments are helpful for the ISSB's consideration. If you have any questions, please feel free to contact us.

Yours sincerely,

A handwritten signature in dark ink, reading "Y. Kawanishi" in a cursive script.

Yasunobu Kawanishi

Chair

Sustainability Standards Board of Japan

Question 4— 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 to maintain alignment between the IFRS S2 industry-based guidance and the climate-related content in the SASB Standards.

Paragraphs BC196–BC197 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 this Exposure Draft? Why or why not?

1. As we noted in our comment letters for the July 2025 Exposure Drafts, 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. Accordingly, we think the ISSB should issue the final amendments to the IFRS S2 industry-based guidance concurrently with the final amendments to SASB Standards.

Question 5— Relationship with IFRS Sustainability Disclosure Standards

The proposed amendments to the SASB Standards have been drafted under the assumption that an entity would apply the SASB Standards as well as the IFRS Sustainability Disclosure Standards.

Paragraphs BC40–BC46 of the Basis for Conclusions explain the ISSB’s reasons for this approach.

- (a) Do you agree with the ISSB’s proposed approach to amending the SASB Standards in relation to the content in IFRS Sustainability Disclosure Standards? Why or why not?
- (b) Do you agree that, for preparers applying the SASB Standards as well as IFRS Sustainability Disclosure Standards, the relationship between their contents is sufficiently clear? Why or why not?

2. We do not necessarily disagree with the ISSB’s approach to develop amendments under the assumption that entities would apply SASB Standards with IFRS Sustainability Disclosure Standards. At the same time, we think that, if this approach is taken, it would be difficult for the ISSB to continue addressing the needs of entities that use SASB Standards independently from IFRS Sustainability Disclosure Standards. Accordingly, we suggest that the ISSB clarify its policy of developing SASB Standards solely as guidance to be referred to by entities applying IFRS Sustainability Disclosure Standards.

Question 6— 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 to permit early application. Paragraphs BC198–BC199 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. As we noted in our comment letters for the July 2025 Exposure Drafts, we propose that the ISSB provide a longer period. This would help ensure that the effective date for entities applying IFRS Sustainability Disclosure Standards and the effective date for entities applying the domestic standards that provide outcomes functionally aligned with IFRS Sustainability Disclosure Standards would be aligned. A longer period would also allow stakeholders in our jurisdiction sufficient time to prepare for the changes.

Question 7—Objective
The ISSB is proposing to amend the SASB Standards with the objective of providing timely support to entities applying IFRS S1 and IFRS S2. 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:

Question 7—Objective

- 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 nature and human capital, to align the SASB enhancements with the ISSB’s projects on those topics and to enable feedback on this Exposure Draft to provide input to those projects; and
 - to align the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards.
- (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?

4. In conjunction with our responses to the July 2025 Exposure Drafts, we would like to highlight the following points.

Completing Phase 1 of the Enhancing the SASB Standards Project

5. Our understanding is that this Exposure Draft proposes changes to three of the 12 prioritised SASB Standards, whose changes were not proposed in the July 2025 Exposure Drafts.
6. We view Phase 1 of the Enhancing the SASB Standards Project as a maintenance exercise, as the project does not fundamentally revisit the status of SASB Standards (that is, in accordance with IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*, entities applying IFRS Sustainability Disclosure Standards “shall refer to and consider the applicability of” SASB Standards) nor the objective of industry-based guidance. Accordingly, we think the ISSB should finalise the proposals in this Exposure Draft as soon as possible.

Pausing before Embarking on Phase 2 of the Enhancing the SASB Standards Project

7. We note that, at its February 2026 ISSB Board meeting, the ISSB tentatively decided, as part of its work on the Enhancing the SASB Standards Project, to embark on Phase 2 of the project, which would update SASB Standards for the remaining 65 industries. However, we think the ISSB should pause and discuss the following issues before embarking on Phase 2 of the project:
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 - (c) whether, and if so how, to leverage SASB Standards (as updated by Phase 1).
8. Stakeholders around the world, as well as the ISSB, have limited resources. To make the best use of our limited resources, we think it is critically important that the ISSB publicly consult stakeholders around the world regarding the issues raised above.
9. In any case, we think the ISSB should prioritise its work to develop industry-based requirements that would constitute IFRS Sustainability Disclosure Standards, if considered necessary. We are not convinced that Phase 2 of the project would advance IFRS Sustainability Disclosure Standards in this direction and, accordingly, think the ISSB should give lower priority to Phase 2 of this project.

Question 10—Information related to nature and human capital

The ISSB proposes to amend disclosure topics and metrics in the SASB Standards related to nature and human capital. The ISSB is pursuing projects on nature 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 nature and human capital.

- (a) Do the SASB Standards, including the proposed amendments, enable entities to provide decision-useful information about their nature-related risks and opportunities to users of general purpose financial reports? Why or why not?
- (b) In the three industries that the ISSB has prioritised for enhancement in this Exposure Draft, are there other nature-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 three industries that the ISSB has prioritised for enhancement in this 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.

10. As we noted in our comment letters for the July 2025 Exposure Drafts, 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 nature and human capital for the following reasons:

- (a) It is premature to propose amendments to SASB Standards, because the nature-related standard setting project and the human capital-related research project are still ongoing at the ISSB, and stakeholders have not been sufficiently informed of the outcomes of these projects conducted.
- (b) As a result of these 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.

11. Additionally, we think that the ISSB should not seek feedback through this Exposure Draft on the aspect of its nature-related standard setting project and human capital-related research project that may eventually lead to future standard-setting. We note that SASB Standards do not constitute IFRS Sustainability Disclosure Standards and, therefore, the attention that would be paid to this 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 IFRS Sustainability Disclosure Standards.

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