

## **About SSBJ Standards**

### **Introduction**

1. On March 5, 2025, [the Sustainability Standards Board of Japan \(“the SSBJ”\)](#) issued its inaugural sustainability disclosure standards (hereinafter referred to as “SSBJ Standards”).
2. This paper explains the background and overview of SSBJ Standards. It should be noted that this paper was prepared by the SSBJ Secretariat for the convenience of English speakers for information purposes only and has not been officially approved for issuance by the SSBJ Board.

### **Background**

3. 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](#), following the establishment of the International Sustainability Standards Board (“the ISSB”).
4. On March 29, 2024, the SSBJ issued the following [three Exposure Drafts of SSBJ Standards](#) (hereinafter collectively referred to as “the March 2024 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”)
5. The comment period for the March 2024 EDs ended on July 31, 2024, and the SSBJ received [more than 100 comment letters](#). Based on these comments and other feedback from constituents, the SSBJ redeliberated the proposals with the aim of issuing the final standards by the end of March 2025.
6. In its redeliberations related to the March 2024 EDs, the SSBJ decided that the issue regarding the calculation period for the reporting of metrics was identified as an issue that warranted re-exposure. Accordingly, the SSBJ issued [the Exposure Draft “Revised Proposals Related to the Calculation Periods for the Reporting of Metrics”](#)

## For Information Purposes Only

on November 29, 2024 (hereinafter referred to as “the November 2024 ED”) to seek comments on this specific issue.

7. The comment period for the November 2024 ED ended on January 10, 2025, and the SSBJ received [27 comment letters](#).
8. After extensive discussions considering the feedback received on the March 2024 EDs and the November 2024 ED, the SSBJ approved the issuance of SSBJ Standards at its 49<sup>th</sup> Board Meeting held on February 19, 2025.
9. The SSBJ issued the finalized set of SSBJ Standards on March 5, 2025. SSBJ Standards comprise the following standards:

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

### **Alignment with ISSB Standards**

10. In developing high-quality and internationally consistent sustainability disclosure standards, **the SSBJ decided, as its basic policy, to align SSBJ Standards with the ISSB’s IFRS Sustainability Disclosure Standards** (hereinafter referred to as “ISSB Standards”). Accordingly, **the SSBJ decided to incorporate all the requirements of ISSB Standards** (namely, IFRS S1 “General Requirements for Disclosure of Sustainability-related Financial Information” and IFRS S2 “Climate-related Disclosures”) **into SSBJ Standards** and to add, when considered necessary, any jurisdiction-specific alternatives entities can choose to apply.

### **Structure of SSBJ Standards**

11. For the convenience of users of SSBJ Standards, the standard corresponding to IFRS S1 has been divided into two standards (namely, **the Application Standard** and **the General Standard**) and issued separately. Specifically, the requirements in the “**Core content**” section of IFRS S1 that prescribe disclosures regarding sustainability-related risks and opportunities have been included in **the General Standard**, and the requirements **other than** those included in the “**Core content**”

## For Information Purposes Only

section of IFRS S1 that prescribe the basic requirements for preparing sustainability-related financial disclosures have been included in **the Application Standard**. The SSBJ thinks that dividing the standard corresponding to IFRS S1 into two standards would not affect the resulting disclosures by entities applying SSBJ Standards, because **all three standards need to be applied together**.

12. In addition, when incorporating the requirements of ISSB Standards into SSBJ Standards, the order of the paragraphs and expressions in ISSB Standards have been changed to make them easier to understand in the Japanese language.

### **Jurisdiction-specific alternatives in SSBJ Standards**

13. The SSBJ added some jurisdiction-specific alternatives under the following assumptions:
  - (1) If an entity chooses not to apply any of the jurisdiction-specific alternatives, disclosures prepared in accordance with SSBJ Standards will also result in being prepared in accordance with ISSB Standards.
  - (2) If an entity chooses to apply the jurisdiction-specific alternatives, disclosures prepared in accordance with SSBJ Standards would not always result in non-compliance with ISSB Standards; the disclosures prepared in accordance with SSBJ Standards may or may not result in compliance with ISSB Standards.
14. The SSBJ also added some requirements that are not included in ISSB Standards. Whenever such requirements were added, it was intended that entities preparing the disclosures would not be required to obtain additional information beyond the information obtained in the process of preparing disclosures in accordance with ISSB Standards.
15. SSBJ Standards are available in the Japanese language only. Nevertheless, for the convenience of English speakers, the overview of SSBJ Standards (that is, this document) is made available in the English language. In addition, the schedule of differences and the table of concordance between ISSB Standards and SSBJ Standards prepared in the English language will be published shortly.

### **Jurisdictional application requirements regarding SSBJ Standards**

16. **SSBJ Standards do not prescribe the scope and timing of entities that would be required to apply SSBJ Standards.** However, SSBJ Standards were developed under the assumption that SSBJ Standards would eventually be required, under the Japanese securities laws and regulations, to be applied by entities listed on the Prime

Market of the Tokyo Stock Exchange (TSE).

### **Voluntary application**

17. **SSBJ Standards can be applied voluntarily by entities that are not listed on the Prime Market of the TSE** (for example, by entities subject to laws and regulations other than the Financial Instruments and Exchange Act and required to provide sustainability-related financial disclosures, or by entities that prepare sustainability-related financial disclosures on a voluntary basis). When SSBJ Standards refer to “voluntary application”, this does not include early application in accordance with jurisdictional application requirements.
18. While any entity can apply SSBJ Standards voluntarily, it should be noted that SSBJ Standards were not developed under the assumption that these entities would apply SSBJ Standards and thus do not consider the specific needs of these entities.
19. SSBJ Standards state that entities can voluntarily apply SSBJ Standards for annual reporting periods ending on or after the issuance of the final SSBJ Standards.

### **Transition reliefs**

20. **SSBJ Standards set out transition reliefs separately, for entities applying SSBJ Standards in accordance with jurisdictional application requirements and for entities applying SSBJ Standards voluntarily.**
21. If an entity applies SSBJ Standards in accordance with jurisdictional application requirements, such entity is permitted to use transition reliefs for the first annual reporting period in which it applies SSBJ Standards in accordance with jurisdictional application requirements, regardless of whether the entity had applied SSBJ Standards voluntarily.

### **SSBJ Supplementary Documents**

22. The SSBJ thinks supplementary guidance and educational materials issued by the ISSB (hereinafter collectively referred to as the “ISSB educational materials”) may be useful to reference when entities apply SSBJ Standards. Accordingly, **the SSBJ will consider each ISSB educational material and, when approved by the SSBJ Board, the document will be introduced as a SSBJ Supplementary Document.** Consistent with how ISSB educational materials are treated in relation to ISSB Standards, **SSBJ Supplementary Documents do not form part of SSBJ Standards.** Therefore, it is possible to make an explicit statement of compliance with SSBJ

Standards without following the contents of SSBJ Supplementary Documents.

**The SSBJ Handbook**

23. **The SSBJ Secretariat is currently developing educational materials (hereinafter referred to as the “the SSBJ Handbook”), to enhance constituents’ understanding of SSBJ Standards.**
24. **The SSBJ Handbook does not form part of SSBJ Standards**, and it is possible to make an explicit statement of compliance with SSBJ Standards without following the contents of the SSBJ Handbook. The contents of the SSBJ Handbook will be prepared by the SSBJ Secretariat and will not be discussed by the SSBJ Board.
25. The topics to be included in the SSBJ Handbook will be determined based on the needs of stakeholders (for example, questions frequently asked by constituents) and the resources of the SSBJ Secretariat. The SSBJ Handbook will be updated based on developments in practice as necessary.

**Future standard-setting**

26. To ensure international comparability of the disclosures prepared in accordance with SSBJ Standards, **the SSBJ intends to take the following actions in the future:**
  - (1) Whenever the ISSB publishes new or revised ISSB Standards, the SSBJ will discuss whether corresponding changes should be made to SSBJ Standards.
  - (2) Whenever the ISSB publishes ISSB educational materials, the SSBJ will discuss whether it should be introduced as an SSBJ Supplementary Document.
  - (3) Whenever the SSBJ receives a request from constituents stating that the relevant requirements are clear but there is significant difficulty in applying those requirements in practice, the SSBJ will make the request public and discuss whether any additional actions are needed.
  - (4) To ensure international comparability of the disclosures prepared in accordance with SSBJ Standards, the SSBJ will monitor the disclosures made under SSBJ Standards and ISSB Standards and, if determined necessary, consider whether SSBJ Standards need to be changed.

[End of Document]