

International Sustainability Standards Board  
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**Opinion Paper on the  
Exposure Draft on Methodologies to Improve the International  
Applicability of the SASB Standards and Update the SASB Standards Taxonomy**

- The Study Group on Disclosure Policies for Non-financial Information was inaugurated by Ministry of Economy, Trade and Industry of Japan in June 2021 with a view to discussing what directions policies should have in order to achieve high-quality disclosure of non-financial information. The Study Group consists of experts from various stakeholder groups relevant to information disclosure. We appreciate being given an opportunity to comment on the Exposure Draft published by the International Sustainability Standards Board (ISSB) in May 2023.
- This paper summarizes our views on the following three points, based on the reviews conducted by the Study Group to date.
  1. Comments on the position of the SASB Standards based on the revision approaches
  2. Support for the methodology objective and overall methodology
  3. Opinions on revision approaches
- We hope that this paper will contribute to further discussion by the IFRS Foundation and the ISSB

## **1. Comments on the position of the SASB Standards based on the revision approaches**

- Once the ISSB has completed this project, we understand that the content of the revised SASB Standards will be available for public comment in accordance with due process. However, referring to paragraph 13 of the Exposure Draft, it says that the scope for revising the SASB standards in this context is very limited with a short period of time. Therefore, the SASB Standards revised based on the methodology should not be used beyond their current position as a reference material to be considered when applying IFRS S1.
- Practical challenges in applying the IFRS Sustainability Disclosure Standards will be clarified as IFRS S1 and S2 become effective in January 2024 and companies around the world begin implementing them. We believe that the ISSB should focus on monitoring such practical issues for the time being, and that it would not be appropriate to make further revisions to the SASB Standards in parallel.

## **2. Support for the methodology objective and overall methodology**

- We agree that the objective of the methodology proposed in this Exposure Draft is to enhance the international applicability of the SASB Standards without substantially changing the structure or original intent of the content, and that the methodology also is designed to ensure the amendments preserve the decision-usefulness of the SASB Standards for users of general-purpose financial reports and that the amendments do not increase the costs of application for preparers. We believe that the SASB Standards should be revised in a manner faithful to this objective.
- However, if the methodology proposed in this Exposure Draft is intended to enhance the international applicability of the SASB standards, we believe it is necessary to reconsider Revision Approach 5, and even if this is not possible, Revision Approach 5 should be applied with enough caution. as described below.

## **3. Opinions on revision approaches**

- We agree with Revision Approaches 1 - 4, as we believe that they can enhance the international applicability within the scope of the objectives of the methodology.
- However, Revision Approach 5 means to create new metrics, which may exceed the constraints of the objective of the methodology (preserving structure and intent, decision-usefulness, and cost-effectiveness), and in short may be beyond the narrow -scope of the revision. Therefore, we propose reconsidering the inclusion of Revision Approach 5 in the revision approaches, and even if this is not possible, that Revision Approach 5 should be applied within the objective of the methodology.