

August 9, 2023

International Sustainability Standards Board  
Columbus Building  
7 Westferry Circus, Canary Wharf  
London, E14 4HD



Japanese Bankers Association

## **JBA comments on the ISSB Exposure Draft: “Methodology for Enhancing the International Applicability of the SASB® Standards and SASB Standards Taxonomy Updates”**

Dear Sirs/Madams:

The Japanese Bankers Association<sup>1</sup> (JBA) appreciates the opportunity to provide our comments on the International Sustainability Standards Board’s (ISSB) Exposure Draft: “*Methodology for Enhancing the International Applicability of the SASB® Standards and SASB Standards Taxonomy Updates*”<sup>2</sup> (hereafter “the Exposure Draft”) released on May 11, 2023.

We hope that our comments will contribute to further discussions at the ISSB.

### **Responses to specific questions**

#### **Question 1— Methodology objective**

The Exposure Draft describes the proposed methodology to amend non-climate-related SASB Standards metrics to enhance their international applicability when they contain a jurisdiction-specific reference.

- (a) Are the scope of the intended enhancements and the objective of the proposed methodology stated clearly in paragraph 9? If not, why not?
- (b) Are the constraints of the objective as listed in paragraph 9 (preserving structure and intent, decision-usefulness and cost-effectiveness) appropriate? Why or why not?
- (c) Should any other objective(s) or constraint(s) be included in the proposed methodology? If so, what alternative or additional objective(s) or constraint(s) would you suggest? How would these add value to the proposed methodology?

(a)

Yes. The inclusion of jurisdiction-specific standards in the SASB should be given priority as a gap with the

<sup>1</sup> The Japanese Bankers Association is the leading trade association for banks, bank holding companies and bankers associations in Japan. As of August 9, 2023, the JBA has 114 Full Members (banks), 3 Bank Holding Company Members (bank holding companies), 76 Associate Members (banks & bank holding companies), 51 Special Members (regionally-based bankers associations) and one Sub-Associate Member for a total of 245 members.

<sup>2</sup> <https://www.ifrs.org/news-and-events/news/2023/05/consultation-to-enhance-the-international-applicability-of-the-sasb-standards-now-open/>

ISSB standards, which is an international standard, and the scope and purpose of the discussion is clearly described to eliminate the gap.

(b)

Yes. There is no particular objection to the policy of revising while maintaining SASB's disclosure intent and considering cost-effectiveness.

(c)

No.

### **Question 2—Overall methodology**

The Exposure Draft explains the proposed methodology to amend the SASB Standards metrics to enhance their international applicability when they contain jurisdiction-specific references.

(a) Do you agree that the proposed methodology would enhance the international applicability of the SASB Standards metrics? If not, what alternative approach do you suggest and why?

(a)

Yes. We understand that the Exposure Draft has been prepared in light of the results of public consultation for IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*, and would like to express our gratitude for the ISSB's consideration to practices that vary across jurisdictions.

As the SASB Standards contain U.S.-specific references, it would be necessary to take a comprehensive approach to enhance their international applicability.

We do not have any particular objection to the ISSB's approaches, including the approach proposed in the Exposure Draft, to enhance international applicability of the SASB Standards as they place priority on replacing jurisdiction-specific references with international standards. We however request the ISSB to solicit comments from stakeholders for its proposed future SASB Standards refinements before their finalisation.

If issues are not resolved, it is requested that the SASB Standards will not be applied uniformly and entities will be given discretion in applying requirements that are determined to be material for them.

### **Question 3—Revision approaches**

The Exposure Draft explains five revision approaches to enhance the international applicability of non-climate-related SASB Standards metrics. Every disclosure topic, metric and technical protocol amended using the methodology will apply these five revision approaches, either individually or in combination. The methodology begins with Revision Approach 1, which uses internationally recognised frameworks and guidance to define relevant terms of reference.

(a) Do you agree that replacing jurisdiction-specific references with internationally recognised frameworks

and guidance—if identified—should be the first course of action? If not, why not?

- (b) If Revision Approach 1 is not feasible, do you agree that using the remaining four revision approaches would enhance the international applicability of the SASB Standards? Why or why not?
- (c) Could the revised metrics resulting from any specific revision approaches or combination of approaches pose problems for the preparers applying them? Why or why not?
- (d) Do you agree with the criteria for determining which of the proposed revision approaches applies in different circumstances? Why or why not?

(a)

Yes. The jurisdiction-specific reference is the largest gap in using the SASB Standards as a global standard, and there is no particular objection.

(b)

Yes. There is no particular objection to the approach of eventually removing irreplaceable references.

(c)

No. No matter how logical approach undertaken may be, the possibility of problems cannot be ruled out. It is therefore necessary to scrutinise each of the individual standards before finalising them.

(d)

Yes. There is no particular objection to the flow of approach selection, which is arranged in stages from high to low consistency with international standards.

#### **Question 5—Future SASB Standards refinements**

The Exposure Draft focuses specifically on the first phase of narrow-scope work to amend the SASB Standards metrics in accordance with the proposed methodology to enhance their international applicability when they contain jurisdiction-specific references. In subsequent phases, the ISSB will consider further enhancements to the SASB Standards to improve their decision-usefulness, balance their cost-effectiveness for preparers and ensure their international relevance.

- (a) What other methods, considerations or specific amendments would be useful to guide the ISSB's future work of refining the SASB Standards to support the application of IFRS S1? Why would they be useful?
- (b) Do you have any specific comments or suggestions for the ISSB to consider in planning future enhancements to the SASB Standards?

(a)

We believe that disclosure under the SASB Standards should first be applied on a trial basis, and in the process,

gaps and improvements with the IFRS S1 standard should be identified. In that light, issues such as phased application and adoption of the Safe Harbor rule should be on the agenda.

(b)

In addition to providing a long and broad list of metrics, we believe that it is important to explicitly provide the disclosure objectives of metrics in the Standards from the perspective of providing users with useful information.

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We thank the ISSB for the opportunity to comment on the Exposure Draft and hope our comments will contribute to further consideration in the ISSB.

Yours faithfully,

Japanese Bankers Association