The LIAJ’s Comments on the ED

IFRS Sustainability Disclosure Standard

[Draft] IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

15 July 2022

The Life Insurance Association of Japan (LIAJ)

Contents

I. General comments on the Exposure Draft

- We, The Life Insurance Association of Japan (or the “LIAJ”), would like to extend our gratitude to the International Sustainability Standards Board (or the “ISSB”) for providing us with the opportunity to submit comments on the draft “IFRS Sustainability Disclosure Standards” (hereafter the “Exposure Draft”), published in March 2022.

<Global baseline>

- The LIAJ welcomes the development of the Exposure Draft as a global baseline based on the TCFD recommendations which are supported by many companies in Japan. However, considering that the Exposure Draft is intended to be a global baseline for building each jurisdictional standard, we are concerned that it may pose an excessive burden on companies that are addressing the TCFD recommendations as the disclosure items are granular and requirements are overly restrictive, particularly in the IFRS S2 and the industry-based disclosure requirements. To encourage the type of disclosure consistent with the ISSB’s standards, we believe a certain level of flexibility needs to be ensured so that the ISSB’s standards would not hinder the development of standards that considers the actual practices of each jurisdiction.

<Scope 3 emissions>

- As for the GHG emissions of an investee entity, which is required to be disclosed by insurers in terms of transition risks, the level of disclosure varies by investee entities, so we believe the reporting of Scope 3 emissions by insurers at this stage should not be required in a uniform manner. Instead, we should continue our discussion and consideration based on the usefulness, comparability and calculation burden for disclosing information.
  - In case a uniform disclosure format is required, there needs to be a reasonable amount of time to prepare and to establish a framework for addressing issues such as data consolidation.
  - Since insurers, as institutional investors, need to calculate the emissions of Scope 3, Category 15 (investments) following the disclosure of GHG emissions by each investee entity, calculating the aggregate amount of emissions would take considerable time. We hence believe operational flexibility should be allowed, including the options to distinguish the reporting period of an investee entity’s GHG emissions from that of financial statements.

<Industry-based disclosure requirements Volume B17−Insurance>

- While the industry-based disclosure requirements are derived from SASB Standards, flexibility should be allowed in the industry classifications and the disclosure requirements for each industry, according to the situation in each jurisdiction.
- While the industry-based disclosure requirements Volume B17 apply to “insurance” as a whole, life and non-life insurers are substantially different in term of business model and the impact thereof. Therefore, we believe considerations need to be made for each disclosure item in this regard.

- The LIAJ is a trade association comprised of all 42 life insurance companies operating in Japan. Its goals are to promote the sound development of the life insurance industry in Japan, maintain its trustworthiness, and thereby contribute to improving the quality of life in Japan. The LIAJ would like to respectfully request the ISSB to carefully consider the comments submitted from the sole representative body of the life insurance industry in Japan, which accounts for approximately 11%[1] of the world's life insurance premiums.

[1] Swiss Re Institute, *sigma* No 3/2021.

II. Responses to the questions on ED General Requirements for Disclosure of Sustainability-related Financial Information

Question S1-1: Overall approach
The Exposure Draft sets out overall requirements with the objective of disclosing sustainability-related financial information that is useful to the primary users of the entity's general purpose financial reporting when they assess the entity's enterprise value and decide whether to provide resources to it. Proposals in the Exposure Draft would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. The assessment of materiality shall be made in the context of the information necessary for users of general purpose financial reporting to assess enterprise value. (a) Does the Exposure Draft state clearly that an entity would be required to identify and disclose material information about all of the sustainability-related risks and opportunities to which the entity is exposed, even if such risks and opportunities are not addressed by a specific IFRS Sustainability Disclosure Standard? Why or why not? If not, how could such a requirement be made clearer? (b) Do you agree that the proposed requirements set out in the Exposure Draft meet its proposed objective (paragraph 1)? Why or why not? (c) Is it clear how the proposed requirements in the Exposure Draft would be applied together with other IFRS Sustainability Disclosure Standards, including the [draft] IFRS S2 *Climate-related Disclosures*? Why or why not? If not, what aspects of the proposals are unclear? (d) Do you agree that the requirements proposed in the Exposure Draft would provide a suitable basis for auditors and regulators to determine whether an entity has complied with the proposals? If not, what approach do you suggest and why?
Comment
・We agree with the requirements in the Exposure Draft as it states clearly that an entity would be required to disclose material information about all of the significant sustainability-related risks and opportunities to which an entity is exposed. ・Additionally, as for the overall approach, we support paragraph 22 which states that if an entity is unable to provide quantitative information on its financial position, financial performance and cash flows, it is allowed to provide qualitative information instead.

Question S1-2: Objective (paragraphs 1–7)
The Exposure Draft sets out proposed requirements for entities to disclose sustainability-related financial information that provides a sufficient basis for the primary users of the information to assess the implications of sustainability-related risks and opportunities on an entity's enterprise value. Enterprise value reflects expectations of the amount, timing and uncertainty of future cash flows over the short, medium and long term and the value of those cash flows in the light of the entity's risk profile, and its access to finance and cost of capital. Information that is essential for assessing the enterprise value of an entity includes information in an entity's financial statements and sustainability-related financial information. Sustainability-related financial information is broader than information reported in the financial statements that influences the assessment of enterprise value by the primary users. An entity is required to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Sustainability-related financial information should, therefore, include information about the entity's governance of and strategy for addressing sustainability-related risks and opportunities and about decisions made by the entity that could result in future inflows and outflows that have not yet met the criteria for recognition in the related financial statements. Sustainability-related financial information also depicts the reputation, performance and prospects of the entity as a consequence of actions it has undertaken, such as its relationships with, and impacts and dependencies on, people, the planet and the economy, or about the entity's development of knowledge-based assets. The Exposure Draft focuses on information about significant sustainability-related risks and opportunities that can reasonably be expected to have an effect on an entity's enterprise value. (a) Is the proposed objective of disclosing sustainability-related financial information clear? Why or why not? (b) Is the definition of 'sustainability-related financial information' clear (see Appendix A)? Why or why not? If not, do you have any suggestions for improving the definition to make it clearer?
Comment
･ We agree with the proposed objective, which is set out clearly, of the Exposure Draft of requiring to disclose sustainability-related financial information that provides a sufficient basis for the primary users of the information to assess the implications of sustainability-related risks and opportunities on the entity's enterprise value. ･ The definition of "sustainability-related financial information" is clear. We support the definition as it focuses on information about significant sustainability-related risks and opportunities that can reasonably be expected to have an effect on an entity's enterprise value and maintains the understanding of single materiality.

Question S1-3: Scope (paragraphs 8–10)

Proposals in the Exposure Draft would apply to the preparation and disclosure of sustainability-related financial information in accordance with IFRS Sustainability Disclosure Standards. Sustainability-related risks and opportunities that cannot reasonably be expected to affect users' assessments of the entity's enterprise value are outside the scope of sustainability-related financial disclosures.

The Exposure Draft proposals were developed to be applied by entities preparing their general purpose financial statements with any jurisdiction's GAAP (so with IFRS Accounting Standards or other GAAP).

Do you agree that the proposals in the Exposure Draft could be used by entities that prepare their general purpose financial statements in accordance with any jurisdiction's GAAP (rather than only those prepared in accordance with IFRS Accounting Standards)? If not, why not?

Comment

・We support the content of the Exposure Draft as it is a comprehensive standard and global baseline for the assessment of enterprise value and is kept within the scope of disclosure to what can reasonably be expected to affect assessments of the entity's enterprise value by primary users of general purpose financial reporting.

Question S1-4: Core content (paragraphs 11–35)

The Exposure Draft includes proposals that entities disclose information that enables primary users to assess enterprise value. The information required would represent core aspects of the way in which an entity operates.

This approach reflects stakeholder feedback on key requirements for success in the Trustees' 2020 consultation on sustainability reporting, and builds upon the well-established work of the TCFD.

Governance

The Exposure Draft proposes that the objective of sustainability-related financial disclosures on governance would be:

> to enable the primary users of general purpose financial reporting to understand the governance processes, controls and procedures used to monitor and manage significant sustainability-related risks and opportunities.

Strategy

The Exposure Draft proposes that the objective of sustainability-related financial disclosures on strategy would be:

> to enable users of general purpose financial reporting to understand an entity's strategy for addressing significant sustainability-related risks and opportunities.

Risk management

The Exposure Draft proposes that the objective of sustainability-related financial disclosures on risk management would be:

> to enable the users of general purpose financial reporting to understand the process, or processes, by which sustainability-related risks and opportunities are identified, assessed and managed. These disclosures shall also enable users to assess whether those processes are integrated into the entity's overall risk management processes and to evaluate the entity's overall risk profile and risk management processes.

Metrics and targets

The Exposure Draft proposes that the objective of sustainability-related financial disclosures on metrics and targets would be:

> to enable users of general purpose financial reporting to understand how an entity measures, monitors and manages its significant sustainability-related risks and opportunities. These disclosures shall enable users to understand how the entity assesses its performance, including progress towards the targets it has set.

(a) Are the disclosure objectives for governance, strategy, risk management and metrics and targets clear and appropriately defined? Why or why not?

(b) Are the disclosure requirements for governance, strategy, risk management and metrics and targets

appropriate to their stated disclosure objective? Why or why not?
Comment
・We appreciate that the Exposure Draft has been developed based on the TCFD recommendations. However, since it is intended as a global baseline, we are concerned that the disclosure items are granular and requirements are overly restrictive. Therefore, a certain level of flexibility needs to be ensured so that the ISSB's standards would not hinder the development of standards that considers the actual practices of each jurisdiction. ・In addition, we agree with the ISSB's approach to avoid unnecessary duplication between different ISSB's disclosure standards (e.g. paragraph 78 of the [draft] IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information*). We would ask for such an approach that is enforced between all standards as well.

Question S1-5: Reporting entity (paragraphs 37–41)

The Exposure Draft proposes that sustainability-related financial information would be required to be provided for the same reporting entity as the related general purpose financial statements.

The Exposure Draft proposals would require an entity to disclose material information about all of the significant sustainability-related risks and opportunities to which it is exposed. Such risks and opportunities relate to activities, interactions and relationships and use of resources along its value chain such as:

- its employment practices and those of its suppliers, wastage related to the packaging of the products it sells, or events that could disrupt its supply chain;
- the assets it controls (such as a production facility that relies on scarce water resources);
- investments it controls, including investments in associates and joint ventures (such as financing a greenhouse gas-emitting activity through a joint venture); and
- sources of finance.

The Exposure Draft also proposes that an entity disclose the financial statements to which sustainability-related financial disclosures relate.

(a) Do you agree that the sustainability-related financial information should be required to be provided for the same reporting entity as the related financial statements? If not, why?

(b) Is the requirement to disclose information about sustainability-related risks and opportunities related to activities, interactions and relationships, and to the use of resources along its value chain, clear and capable of consistent application? Why or why not? If not, what further requirements or guidance would be necessary and why?

(c) Do you agree with the proposed requirement for identifying the related financial statements? Why or why not?

Comment

- We agree with the requirement in the Exposure Draft that sustainability-related financial information be provided by the same entity that reports on related general purpose financial statements. However, while the Exposure Draft assumes the scope of sustainability-related financial disclosure by an entity’s parent company and its subsidiary in paragraph 37, some subsidiaries in a group might have difficulties disclosing an equivalent amount of information compared to its parent company. We believe flexibility needs to be ensured, taking into consideration the type and content of information, as well as the entity’s characteristics.
- We also agree with the significance of requiring entities to disclose information about sustainability-related risks and opportunities in its value chain. However, as there are differences in the understanding of value chains between entities, this could lead to variations in disclosure, and we believe that the need for future adjustments be noted as well.

Question S1-6: Connected information (paragraphs 42–44)
The Exposure Draft proposes that an entity be required to provide users of general purpose financial reporting with information that enables them to assess the connections between (a) various sustainability-related risks and opportunities; (b) the governance, strategy and risk management related to those risks and opportunities, along with metrics and targets; and (c) sustainability-related risks and opportunities and other information in general purpose financial reporting, including the financial statements. (a) Is the requirement clear on the need for connectivity between various sustainability-related risks and opportunities? Why or why not? (b) Do you agree with the proposed requirements to identify and explain the connections between sustainability-related risks and opportunities and information in general purpose financial reporting, including the financial statements? Why or why not? If not, what do you propose and why?
Comment
・We agree with the requirement, which is set out clearly, for an entity to provide the users of general purpose financial reporting with information that enables them to assess the connection between different types of information. However, as there are differences in the degree and understanding of "connection" between entities, this could lead to variations in disclosure, and we believe that the need for future adjustments be noted as well.

Question S1-7: Fair presentation (paragraphs 45–55)

The Exposure Draft proposes that a complete set of sustainability-related financial disclosures would be required to present fairly the sustainability-related risks and opportunities to which an entity is exposed. Fair presentation would require the faithful representation of sustainability-related risks and opportunities in accordance with the proposed principles set out in the Exposure Draft. Applying IFRS Sustainability Disclosure Standards, with additional disclosure when necessary, is presumed to result in sustainability-related financial disclosures that achieve a fair presentation.

To identify significant sustainability-related risks and opportunities, an entity would apply IFRS Sustainability Disclosure Standards. In addition to IFRS Sustainability Disclosure Standards to identify sustainability-related risks and opportunities, the entity shall consider the disclosure topics in the industry-based SASB Standards, the ISSB's non-mandatory guidance (such as the CDSB Framework application guidance for water- and biodiversity-related disclosures), the most recent pronouncements of other standard-setting bodies whose requirements are designed to meet the needs of users of general purpose financial reporting, and sustainability-related risks and opportunities identified by entities that operate in the same industries or geographies.

To identify disclosures, including metrics, that are likely to be helpful in assessing how sustainability-related risks and opportunities to which it is exposed could affect its enterprise value, an entity would apply the relevant IFRS Sustainability Disclosure Standards. In the absence of an IFRS Sustainability Disclosure Standard that applies specifically to a sustainability-related risk and opportunity, an entity shall use its judgement in identifying disclosures that (a) are relevant to the decision-making needs of users of general purpose financial reporting; (b) faithfully represent the entity's risks and opportunities in relation to the specific sustainability-related risk or opportunity; and (c) are neutral. In making that judgement, entities would consider the same sources identified in the preceding paragraph, to the extent that they do not conflict with an IFRS Sustainability Disclosure Standard.

(a) Is the proposal to present fairly the sustainability-related risks and opportunities to which the entity is exposed, including the aggregation of information, clear? Why or why not?

(b) Do you agree with the sources of guidance to identify sustainability-related risks and opportunities and related disclosures? If not, what sources should the entity be required to consider and why? Please explain how any alternative sources are consistent with the proposed objective of disclosing sustainability-related financial information in the Exposure Draft.

Comment

・We agree with the proposal of the Exposure Draft as it states clearly that an entity would be required to ensure presenting a fair/appropriate level of information from the perspective of the user of general purpose financial reporting. While we also agree with the use of guiding sources to identify sustainability-related risks, opportunities and related disclosure, we do not believe that it is necessary for an entity to specify the sources considering the specific circumstances of each jurisdiction.

Question S1-8: Materiality (paragraphs 56–62)
The Exposure Draft defines material information in alignment with the definition in IASB's *Conceptual Framework for General Purpose Financial Reporting* and IAS 1. Information 'is material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions that the primary users of general purpose financial reporting make on the basis of that reporting, which provides information about a specific reporting entity'. However, the materiality judgements will vary because the nature of sustainability-related financial information is different to information included in financial statements. Whether information is material also needs to be assessed in relation to enterprise value. Material sustainability-related financial information disclosed by an entity may change from one reporting period to another as circumstances and assumptions change, and as expectations from the primary users of reporting change. Therefore, an entity would be required to use judgement to identify what is material, and materiality judgements are reassessed at each reporting date. The Exposure Draft proposes that even if a specific IFRS Sustainability Disclosure Standard contained specific disclosure requirements, an entity would need not to provide that disclosure if the resulting information was not material. Equally, when the specific requirements would be insufficient to meet users' information needs, an entity would be required to consider whether to disclose additional information. This approach is consistent with the requirements of IAS 1. The Exposure Draft also proposes that an entity need not disclose information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information. In such a case, an entity shall identify the type of information not disclosed and explain the source of the restriction. (a) Is the definition and application of materiality clear in the context of sustainability-related financial information? Why or why not? (b) Do you consider that the proposed definition and application of materiality will capture the breadth of sustainability-related risks and opportunities relevant to the enterprise value of a specific entity, including over time? Why or why not? (c) Is the Exposure Draft and related Illustrative Guidance useful for identifying material sustainability-related financial information? Why or why not? If not, what additional guidance is needed and why? (d) Do you agree with the proposal to relieve an entity from disclosing information otherwise required by the Exposure Draft if local laws or regulations prohibit the entity from disclosing that information? Why or why not? If not, why?
Comment
・With regard to assessing materiality, which is noted as "Materiality is an entity-specific aspect of relevance based on the nature or magnitude, or both, of the items to which the information relates, in the context of the entity's general purpose financial reporting. This [draft] Standard does not specify any thresholds for materiality or predetermine what would be material in a particular situation"

(Paragraph 58), we appreciate that an entity can assess materiality independently/voluntarily.

- In addition, as it is also noted as “An entity need not provide a specific disclosure that would otherwise be required by an IFRS Sustainability Disclosure Standard if the information resulting from that disclosure is not material. This is the case even if the IFRS Sustainability Disclosure Standard contains a list of specific requirements or describes them as minimum requirements” (Paragraph 60), we appreciate that an entity need not provide a specific disclosure if the information is not material.
- With regard to information which is not material, we would like to confirm if the entity need not disclose the reason for considering the information not material.

Question S1-9: Frequency of reporting (paragraphs 66–71)
The Exposure Draft proposes that an entity be required to report its sustainability-related financial disclosures at the same time as its related financial statements, and the sustainability-related financial disclosures shall be for the same reporting period as the financial statements. Do you agree with the proposal that the sustainability-related financial disclosures would be required to be provided at the same time as the financial statements to which they relate? Why or why not?
Comment
・We do not agree with the proposal in the Exposure Draft that an entity be required to report its sustainability-related financial disclosures at the same time as its related financial statements. ・For example, in terms of GHG emissions, most companies in Japan end their fiscal year in March and are legally required to disclose financial information by the end of June, but companies that emit large amounts of GHG emissions are required by law (Act on Promotion of Global Warming Countermeasures) to calculate and report their GHG emissions by the end of July. Given the need to aggregate GHG emissions including consolidated subsidiaries from the end of July, we believe that it is difficult to disclose and report sustainability-related financial information and financial statements at the same time. With regard to providing sustainability-related financial disclosure and financial statements at the same time, we believe that operational flexibility is necessary considering the specific circumstances of each jurisdiction. ・In addition, since insurers, as institutional investors, need to calculate the emissions of Scope 3, Category 15 (investments) following the disclosure of GHG emissions by each investee entity, calculating the aggregate amount of emissions would take considerable time. We hence believe flexibility in setting standards be allowed, including the options to distinguish the reporting period of an investee entity's GHG emissions from that of financial statements.

Question S1-10: Location of information (paragraphs 72–78)

The Exposure Draft proposes that an entity be required to disclose information required by the IFRS Sustainability Disclosure Standards as part of its general purpose financial reporting—ie as part of the same package of reporting that is targeted at investors and other providers of financial capital.

However, the Exposure Draft deliberately avoids requiring the information to be provided in a particular location within the general purpose financial reporting so as not to limit an entity's ability to communicate information in an effective and coherent manner, and to prevent conflicts with specific jurisdictional regulatory requirements on general purpose financial reporting.

The proposal permits an entity to disclose information required by an IFRS Sustainability Disclosure Standard in the same location as information disclosed to meet other requirements, such as information required by regulators. However, the entity would be required to ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by that additional information.

Information required by an IFRS Sustainability Disclosure Standard could also be included by cross-reference, provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced. For example, information required by an IFRS Sustainability Disclosure Standard could be disclosed in the related financial statements.

The Exposure Draft also proposes that when IFRS Sustainability Disclosure Standards require a disclosure of common items of information, an entity shall avoid unnecessary duplication.

(a) Do you agree with the proposals about the location of sustainability-related financial disclosures? Why or why not?

(b) Are you aware of any jurisdiction-specific requirements that would make it difficult for an entity to provide the information required by the Exposure Draft despite the proposals on location?

(c) Do you agree with the proposal that information required by IFRS Sustainability Disclosure Standards can be included by cross-reference provided that the information is available to users of general purpose financial reporting on the same terms and at the same time as the information to which it is cross-referenced? Why or why not?

(d) Is it clear that entities are not required to make separate disclosures on each aspect of governance, strategy and risk management for individual sustainability-related risks and opportunities, but are encouraged to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way? Why or why not?

Comment

・We agree with the Exposure Draft that states that for general purpose financial reporting, it does not require information be provided in a particular location, as the amount of disclosure information newly required in the Exposure Draft is expected to be voluminous. We believe that permitting an entity to disclose such information in a different location for financial reporting as stated in the Exposure Draft should be maintained.

- It is desirable to have the information required for the IFRS Sustainability Disclosure Standards included by cross-reference for general purpose financial reporting. However, it requires an entity to disclose such information at the same time as the general purpose financial reporting, so we do not agree with it for the same reason stated in our comment to Question S1-9.
- We agree with the proposal that entities are not required to make separate disclosures on each aspect of governance, strategy and risk management for individual sustainability-related risks and opportunities, but are permitted to make integrated disclosures, especially where the relevant sustainability issues are managed through the same approach and/or in an integrated way.

Question S1-11: Comparative information, sources of estimation and outcome uncertainty, and errors (paragraphs 63–65, 79–83 and 84–90)
The Exposure Draft sets out proposed requirements for comparative information, sources of estimation and outcome uncertainty, and errors. These proposals are based on corresponding concepts for financial statements contained in IAS 1 and IAS 8. However, rather than requiring a change in estimate to be reported as part of the current period disclosures, the Exposure Draft proposes that comparative information which reflects updated estimates be disclosed, except when this would be impracticable—ie the comparatives would be restated to reflect the better estimate. The Exposure Draft also includes a proposed requirement that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements, to the extent possible. (a) Have these general features been adapted appropriately into the proposals? If not, what should be changed? (b) Do you agree that if an entity has a better measure of a metric reported in the prior year that it should disclose the revised metric in its comparatives? (c) Do you agree with the proposal that financial data and assumptions within sustainability-related financial disclosures be consistent with corresponding financial data and assumptions used in the entity's financial statements to the extent possible? Are you aware of any circumstances for which this requirement will not be able to be applied?
Comment
・We agree with disclosing comparable information proposed in the Exposure Draft would be useful to users of general purpose financial reporting. However, we believe that based on the burden on an entity, operational flexibility in accordance with the materiality of the information reported should be considered, for example, even for excluding minor items that need to be revised from the previous year.

Question S1-12: Statement of compliance (paragraphs 91-92)
The Exposure Draft proposes that for an entity to claim compliance with IFRS Sustainability Disclosure Standards, it would be required to comply with the proposals in the Exposure Draft and all of the requirements of applicable IFRS Sustainability Disclosure Standards. Furthermore, the entity would be required to include an explicit and unqualified statement that it has complied with all of these requirements. The Exposure Draft proposes a relief for an entity. It would not be required to disclose information otherwise required by an IFRS Sustainability Disclosure Standard if local laws or regulations prohibit the entity from disclosing that information. An entity using that relief is not prevented from asserting compliance with IFRS Sustainability Disclosure Standards. Do you agree with this proposal? Why or why not? If not, what would you suggest and why?
Comment
・We agree with the proposal on the statement of compliance in the Exposure Draft. In addition, we also appreciate the proposal which includes a relief measure that does not require an entity to disclose relevant information if local laws or regulations prohibit the entity from disclosing it.

Question S1-13: Effective date (Appendix B)
The Exposure Draft proposes allowing entities to apply the Standard before the effective date to be set by the ISSB. It also proposes relief from the requirement to present comparative information in the first year the requirements would be applied to facilitate timely application of the Standard. (a) When the ISSB sets the effective date, how long does this need to be after a final Standard is issued? Please explain the reason for your answer, including specific information about the preparation that will be required by entities applying the proposals, those using the sustainability-related financial disclosures and others. (b) Do you agree with the ISSB providing the proposed relief from disclosing comparatives in the first year of application? If not, why not?
Comment
・We believe that since the disclosure requirements in the Exposure Draft are too granular, it is necessary for entities to establish a framework for data consolidation for disclosure, as well as to ensure a reasonable period (at least 2 years or more) for implementation. ・We agree with the proposal that includes a relief measure for disclosing comparable information in the first year of implementation.

Question S1-14: Global baseline
IFRS Sustainability Disclosure Standards are intended to meet the needs of the users of general purpose financial reporting to enable them to make assessments of enterprise value, providing a comprehensive global baseline for the assessment of enterprise value. Other stakeholders are also interested in the effects of sustainability-related risks and opportunities. Those needs may be met by requirements set by others, including regulators and jurisdictions. The ISSB intends that such requirements by others could build on the comprehensive global baseline established by the IFRS Sustainability Disclosure Standards. Are there any particular aspects of the proposals in the Exposure Draft that you believe would limit the ability of IFRS Sustainability Disclosure Standards to be used in this manner? If so, what aspects and why? What would you suggest instead and why?
Comment
・We do not believe that there are such particular aspects. We appreciate that the Exposure Draft is positioned as providing a comprehensive global baseline for the assessment of enterprise value. In order to be applied as a global baseline, it is desirable to maintain the approach to not be overly uniform or restrictive.

Question S1-16: Costs, benefits and likely effects
The ISSB is committed to ensuring that implementing the Exposure Draft proposals appropriately balances costs and benefits. (a) Do you have any comments on the likely benefits of implementing the proposals and the likely costs of implementing them that the ISSB should consider in analysing the likely effects of these proposals? (b) Do you have any comments on the costs of ongoing application of the proposals that the ISSB should consider?
Comment
・We appreciate that the Exposure Draft is aware of appropriately balancing the costs and benefits for implementation. However, we believe that the costs of disclosure required by the Exposure Draft should especially be noted to ensure that the burden on an entity is not excessive considering that there are some parts that are uncertain at this point.

Question S1-17: Other comments
Do you have any other comments on the proposals set out in the Exposure Draft?
Comment
・We appreciate and understand that the discretion of an entity is respected whether measurement of relevant metrics is validated by an external body as stated as "whether measurement of the metric is validated by an external body and, if so, which body" (Paragraph 31(b)). We believe that the discretion of an entity should continue to be respected in the future as well, since requiring mandatory validation by an external body could lead to decelerating the speed of disclosure information.