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International Sustainability Standards Board  
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*

The Japanese Institute of Certified Public Accountants (hereinafter referred to as “JICPA,” “we,” “our,” and “us”) expresses its respect for the ongoing efforts of the International Sustainability Standards Board (hereinafter “ISSB”) and appreciates the opportunity to comment on the “Proposed Amendments to the SASB Standards” (hereinafter “the Proposed Amendments”).

These Proposed Amendments represent the first substantive content amendments since the SASB Standards were brought under oversight of the IFRS Foundation, and we would like to commend the ISSB for providing an opportunity for broad stakeholder input. With the introduction of statutory sustainability reporting, ensuring alignment and interoperability with other standards and frameworks has become increasingly important. We consider the revision of the SASB Standards to be timely in this context.

In preparing sustainability disclosures in accordance with the IFRS Sustainability Disclosure Standards, the SASB Standards serves as an important source of guidance, especially in areas where disclosure standards for sustainability themes other than climate change have not yet been established. The SASB Standards help ensure that disclosures reflect differences in sustainability-related topics and metrics among industries.

Our comments are prepared with this understanding that the SASB Standards serve as the source of guidance for IFRS S1. Therefore, we note that if comments are made under the assumption that the SASB Standards are applied independently, different views may arise regarding aspects such as the incorporation of projects related to Biodiversity, Ecosystems and Ecosystem Services (hereinafter “BEES”) and human capital.

The Proposed Amendments set out multiple objectives. Among these, we support the following objectives that enhance the usefulness and applicability of the SASB Standards:

- further enhancing the international applicability;
- exploring opportunities to improve interoperability with other sustainability-related standards and frameworks;
- exploring opportunities to align the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards;
- enhancing the SASB Standards' clarity, conciseness and cost-effectiveness for preparers.

On the other hand, we do not agree with including the following objective among the SASB Standards amendments at this point in time:

- exploring opportunities to amend the disclosure topics and metrics in the SASB Standards related to BEES and human capital, in order to align with the ISSB's research projects.

We believe that, through its ongoing research projects on BEES and human capital disclosures, the ISSB should clarify the policy regarding what information should be included in disclosures related to these themes (for example, topics and metrics that should be commonly disclosed, or disclosed information focusing on the “environmentally sensitive locations”). Once the policy is clarified, the ISSB should develop industry-specific metrics consistent with this policy and amend the SASB Standards accordingly.

As mentioned above, the IFRS Sustainability Disclosure Standards (i.e., IFRS S1 and S2) constitute the primary standards within ISSB's standard-setting architecture, with the SASB Standards serving as a supplementary role. All requirements necessary for ensuring the quality of disclosures, including requirements related to theme-specific disclosure topics, should be set out in the IFRS Sustainability Disclosure Standards. Enhancing industry-specific disclosure requirements alone will have only a limited effect on ensuring the quality of sustainability disclosures.

In reviewing the Proposed Amendments, metrics related to Air Quality, Water Management, and Workforce Health and Safety have been identified as widely relevant to the industries subject to these amendments. Many of these metrics are also considered widely applicable to manufacturing industries that are not subject to these amendments. To ensure the quality of sustainability disclosures, it is important to define such metrics—which are considered common to a relatively large number of industries—as cross-industry metrics and to determine the necessity of disclosure based on each company's materiality assessment.

We recognize that the development of thematic standards will require considerable time. Therefore, it may be appropriate to build consensus, for example, by publishing discussion papers on topics such as BEES and human capital. Based on the results, amendments to the SASB Standards can proceed in parallel with the development of related thematic standards. We also believe that certain improvements

in BEES and human capital-related metrics can be achieved through enhanced interoperability with other standards.

Furthermore, based on the above perspectives, we have reviewed the metrics, including their applicability to Japanese companies, and have identified areas where further improvement is needed in terms of consistency among industries, disclosure topics and metrics, interoperability with other standards, and international applicability. For details, please refer to the answers to Question 1(b) and Question 6 and subsequent questions.

Yours faithfully,

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Executive Board Member – Sustainability Disclosure and Assurance

The Japanese Institute of Certified Public Accountants

## Responses to Questions

### QUESTION 1—OBJECTIVE

The ISSB is proposing to amend the SASB Standards with the objective of providing timely support to entities applying IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*. 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:

- 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 biodiversity, ecosystems and ecosystem services (BEES) and human capital, to align the SASB enhancements with the ISSB's research projects on those topics and to enable feedback on this Exposure Draft to provide input to those research projects;
- to align the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards; and
- to enhance the SASB Standards' clarity, conciseness and cost-effectiveness for preparers.

(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?

### Our comments

(a) The Proposed Amendments set out multiple objectives. Among these, we support the following objectives that enhance the usefulness and applicability of the SASB Standards:

- further enhancing the international applicability;
- exploring opportunities to improve interoperability with other sustainability-related standards and frameworks;
- exploring opportunities to align the language and concepts in the SASB Standards with IFRS Sustainability Disclosure Standards;
- enhancing the SASB Standards' clarity, conciseness and cost-effectiveness for preparers.

On the other hand, we do not agree with including the following objective among the SASB Standards amendments at this point in time:

- exploring opportunities to amend the disclosure topics and metrics in the SASB Standards related to BEES and human capital, in order to align with the ISSB’s research projects.

We believe that, through its ongoing research projects on BEES and human capital disclosures, the ISSB should clarify the policy regarding what information should be included in disclosures related to these themes (for example, topics and metrics that should be commonly disclosed, or disclosed information focusing on the “environmentally sensitive locations”). Once the policy is clarified, the ISSB should develop industry-specific metrics consistent with this policy and amend the SASB Standards accordingly.

As mentioned above, the IFRS Sustainability Disclosure Standards (i.e., IFRS S1 and S2) constitute the primary standards within ISSB’s standard-setting architecture, with the SASB Standards serving as a supplementary role. All requirements necessary for ensuring the quality of disclosures, including requirements related to theme-specific disclosure topics, should be set out in the IFRS Sustainability Disclosure Standards. Enhancing industry-specific disclosure requirements alone will have only a limited effect on ensuring the quality of sustainability disclosures.

In reviewing the Proposed Amendments, metrics related to Air Quality, Water Management, and Workforce Health and Safety have been identified as widely relevant to the industries subject to these amendments. Many of these metrics are also considered widely applicable to manufacturing industries that are not subject to these amendments. To ensure the quality of sustainability disclosures, it is important to define such metrics—which are considered common to a relatively large number of industries—as cross-industry metrics and to determine the necessity of disclosure based on each company’s materiality assessment.

We recognize that the development of thematic standards will require considerable time. Therefore, it may be appropriate to build consensus, for example, by publishing discussion papers on topics such as BEES and human capital. Based on the results, amendments to the SASB Standards can proceed in parallel with the development of related thematic standards. We also believe that certain improvements in BEES and human capital-related metrics can be achieved through enhanced interoperability with other standards.

Furthermore, for the same reasons outlined above, we do not consider it appropriate for the current amendments to the SASB Standards to serve as a prerequisite or basis for developing thematic standards related to BEES and human capital.

- (b) Compared to the current SASB Standards, we recognize that the Proposed Amendments have enhanced both interoperability and international applicability. In particular, from an interoperability perspective, we assess that significant improvements have been achieved, including the replacement

of inconsistent terminology with terminology that aligns with other standards and the substitution of the required metrics with more interoperable ones.

However, after reviewing the Proposed Amendments in their entirety and specifically examining their applicability to Japanese companies, we identified areas requiring further improvement from the perspectives of consistency across industries and disclosure topics/metrics, interoperability with other standards, and international applicability (see responses to Question 6 and subsequent ones).

We grouped these issues into the following five categories based on their characteristics and underlying factors (see also Figure 1).

**1. Some disclosure topics and metrics lack consistency across industries.**

Even when industries share similar characteristics and have disclosure requirements for related metrics, certain disclosure topics or metrics required in one industry are not required in another (see, for example, the response to Question 6, EM-CO-140a.3). In such cases, the rationale for these differences is often unclear, resulting in a lack of consistency across industries.

**2. The relevance of metrics to disclosure topics is unclear or insufficiently explained.**

The relationship between a disclosure topic and its associated metrics is not clearly explained. Sometimes, metrics corresponding to activities described in the Industry Description or Topic Summary may be missing.

**3. Some metrics or technical protocols are unclear or insufficiently explained.**

The description of technical protocols is sometimes unclear or lacks sufficient guidance. We also identified several cross-cutting issues, including the following:

- Clarification is needed on the approach to defining boundaries for metrics.
- Given the “aggregation and disaggregation” requirements in B29 and B30 of IFRS S1, further guidance is necessary on how to interpret the metrics for which SASB Standards mandate disaggregated disclosure.

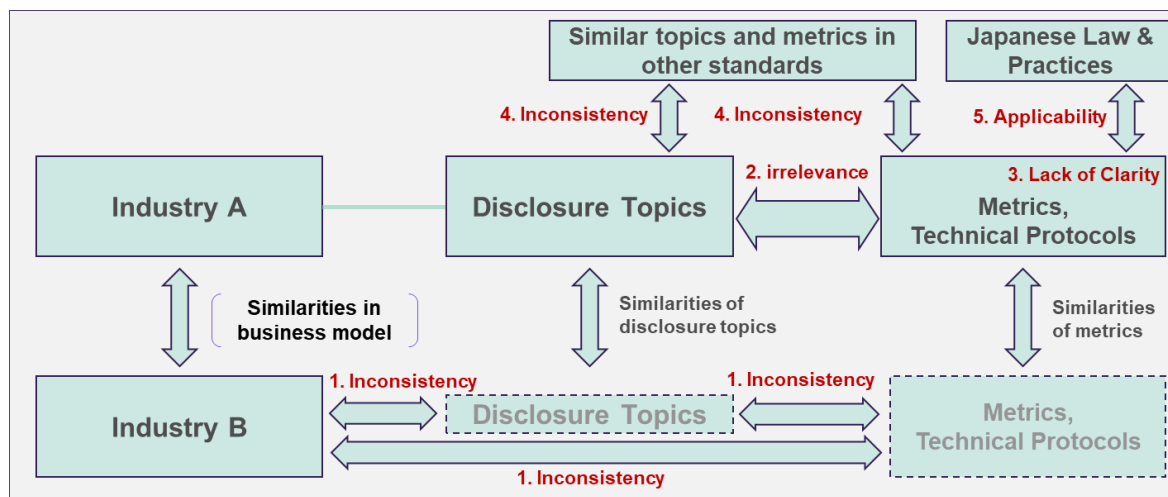
**4. Regarding amendments to ensure interoperability with other standards, some metrics in the Proposed Amendments impose more detailed requirements or prescriptive provisions than the referenced standards, resulting in more stringent requirements.**

For example, the Proposed Amendments require disclosure of “the total volume of water discharged disaggregated by treatment level” to enhance interoperability with GRI 303: Water and Effluents. However, GRI 303 presents this metric as a recommendation, and the rationale for requiring this disaggregated disclosure in the SASB Standards is unconvincing. Furthermore, the relationship between the function of the SASB Standards in IFRS S1 and requirement descriptions in the SASB Standards should be clarified. More specifically, although IFRS S1 positions the SASB Standards as guidance that entities “shall refer to and consider”—under which entities may determine not to disclose these metrics—the SASB Standards themselves require that entities “shall disclose” these items.

Relatedly, we encourage the ISSB to consider whether a distinction should be made within the SASB Standards between items that entities “may disclose” and those “shall disclose.”

**5. Some metrics may not be meaningful or may require further explanation when considered in the context of the Japanese legal frameworks and business environments.**

**Figure 1: Conceptual Diagram of General Issues**



Furthermore, we note that the Proposed Amendments introduce numerous additions and modifications to metrics, thereby increasing the number of metrics required for disclosure under the SASB Standards. Among these are metrics that, although highly relevant to environmental and social matters within the industry, may lack a clearly articulated linkage to the decision-making of the primary users of sustainability-related financial information. We also observe frequent presence of similar metrics with only minor variations across industries. This situation may create practical challenges in applying the SASB Standards under the “refer and consider” approach, particularly for conglomerates that may be subject to multiple industry-specific standards.

We believe the SASB Standards should serve as a useful reference point for identifying risks, opportunities, and metrics in alignment with the IFRS Sustainability Disclosure Standards. From this perspective, we consider it essential to focus on information that is genuinely useful for primary users’ decision-making, thereby reducing the number of metrics required across the standards as a whole, while also advancing consistency among the various industry-specific standards.

**QUESTION 2—ENHANCEMENTS TO INTEROPERABILITY WITH OTHER STANDARDS AND FRAMEWORKS**

In considering necessary amendments to the SASB Standards, the ISSB has identified possible amendments that would enhance the interoperability and alignment of the SASB Standards with other sustainability-related standards and frameworks, such as those of the Global Reporting Initiative (GRI), European Sustainability Reporting Standards, and the guidance published by the Taskforce

## **QUESTION 2—ENHANCEMENTS TO INTEROPERABILITY WITH OTHER STANDARDS AND FRAMEWORKS**

on Nature-related Financial Disclosures (TNFD).

Paragraphs BC33–BC41 of the Basis for Conclusions explain the approach taken to improving interoperability and alignment with other sustainability-related standards and frameworks. Appendix B of the Basis for Conclusions provides a list of some of the proposed amendments that would enhance interoperability with the GRI Standards and alignment with TNFD disclosure recommendations, while maintaining a focus on the needs of primary users of general purpose financial reports.

- (a) Do you agree with the proposed approach to enhancing interoperability and alignment with other sustainability-related standards and frameworks? Why or why not?
- (b) Do you agree that the proposed amendments to the nine priority industries and targeted amendments to other SASB Standards will result in improved interoperability and thus achieve the objectives of improving the decision-usefulness of disclosed information for primary users and cost-effectiveness for preparers? Why or why not?
- (c) Could the interoperability and alignment of any disclosure topics or metrics be further enhanced while achieving the objectives of improving the decision-usefulness and cost-effectiveness of the information? What amendments would you propose and why?

### **Our Comments**

- (a) We agree with the approach to enhance interoperability and consistency with other sustainability-related standards and frameworks.

Our views on the approach outlined in paragraphs BC33 to BC41 of the “Basis for Conclusions” are as follows. We note that the European Sustainability Reporting Standards (ESRS) are currently undergoing a modification process, so further amendments may be necessary after the current amendments to the SASB Standards.

- We agree with the approach to enhance alignment with the GRI Standards by identifying common disclosure topics and using the same requirements, including language, wherever possible.
  - We do not agree with the approach, as outlined in BC41, to enhance alignment with recommendations and guidance published by the Taskforce on Nature-related Financial Disclosures (hereinafter collectively referred to as the “TNFD Recommendations”). This is because we believe that the IFRS Sustainability Disclosure Standards should first clarify their policy regarding BEES, particularly biodiversity, before ensuring alignment with the TNFD Recommendations.
- (b) We expect that enhancing consistency in terminology and other elements will improve cost-effectiveness for preparers.



However, some of the proposed amendments to metrics include items not required by other sustainability-related standards or frameworks referenced in the proposal; therefore, we do not support these amendments. Furthermore, the rationale provided in the Proposed Amendments and the Basis for Conclusions does not sufficiently explain how these amendments provide information about sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects. For our views on individual proposed metrics, please refer to our comments on issues related to interoperability with other standards in our responses to Questions 6 through 15.

- (c) We believe that material information should be disclosed from the perspective of identified risks and opportunities that reflect the entity's unique value-creation model and sustainability context, to enhance decision-usefulness and cost-effectiveness.

A list of disclosure topics and metrics tailored to each industry's context would serve as a useful reference point for identifying material information. Therefore, when developing this list, the perspective of generally anticipated financial impacts (i.e., sustainability-related risks and opportunities that could reasonably be expected to affect an entity's prospects) should be reflected. In such cases, lower priority should be given to ensuring consistency with standards based on impact materiality, such as the GRI Standards or the ESRS.

From this perspective, it is important to ensure during the deliberation process that any amendments to disclosure topics and metrics intended to enhance interoperability align with this objective. For example, the following metrics appear to have unclear disclosure objectives and do not clearly correspond to sustainability-related risks and opportunities:

- EM-CO-140a.4 Total water discharged by (1) destination and (2) level of treatment
- Targeted amendments: (1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable

### **QUESTION 3—AMENDMENTS TO THE CLIMATE-RELATED CONTENT IN THE SASB STANDARDS**

The ISSB is proposing to enhance the nine priority industries comprehensively, including the climate-related content in the priority industries. The ISSB also is proposing targeted amendments to some climate-related metrics in other SASB Standards. The proposed amendments are intended to assist preparers in identifying climate-related risks and opportunities and to enhance the decision-usefulness of industry-specific information about these risks and opportunities.

The *Industry-based Guidance on Implementing IFRS S2* (IFRS S2 industry-based guidance) is derived from, and is largely identical to, the climate-related content in the SASB Standards. The ISSB has maintained alignment between the SASB Standards and the IFRS S2 industry-based guidance. Therefore, the ISSB considered that the proposed amendments to the climate-related content in the SASB Standards could have implications for preparers who are implementing IFRS S2. The ISSB decided that it should propose making consequential amendments to the IFRS S2 industry-based

**QUESTION 3—AMENDMENTS TO THE CLIMATE-RELATED CONTENT IN THE SASB STANDARDS**

guidance should it amend the climate-related content in the SASB Standards. That proposal is set out in the separate Exposure Draft *Proposed Amendments to the Industry-based Guidance on Implementing IFRS S2*. The ISSB also considered how it could use the effective date of the final amendments to ensure that they would not negatively affect preparers' implementation of IFRS S1 and IFRS S2.

- (a) Do you agree that the ISSB should amend the climate-related content in the SASB Standards for the priority industries and make targeted amendments to the climate-related content in the SASB Standards for other industries, as proposed in this Exposure Draft? Why or why not?
- (b) Do you agree that the proposed amendments would enhance the decision-usefulness of the industry-specific information about climate-related risks and opportunities? Why or why not?
- (c) Do you agree that the proposed amendments would further clarify how the climate-related content in the SASB Standards and the IFRS S2 industry-based guidance relates to the requirements in IFRS S2?

**Our Comments**

- (a) We generally agree with the modifications. However, the Proposed Amendments require a reference to the GHG Protocol Scope 2 Guidance, which is not required under the IFRS Sustainability Disclosure Standards. It is necessary to clarify the intended role and application of this guidance in the IFRS Sustainability Disclosure Standards.

Furthermore, as an independent standard-setter, the ISSB should give due consideration to referencing standards or guidance established by organizations other than the ISSB, such as the GHG Protocol Scope 2 Guidance. In this regard, it would be preferable for the ISSB to express, within the SASB Standards, such references using formulations such as “shall refer to and consider” or “may apply,” rather than “shall apply,” when referring to standards or guidance issued by external organizations.

- (b) and (c): We do not have any particular comments.

**QUESTION 4—INFORMATION RELATED TO BIODIVERSITY, ECOSYSTEMS AND ECOSYSTEM SERVICES AND HUMAN CAPITAL**

The ISSB proposes to amend disclosure topics and metrics in the SASB Standards related to biodiversity, ecosystems and ecosystem services (BEES) and human capital. The ISSB is pursuing research projects on BEES 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 BEES and human capital.

**QUESTION 4—INFORMATION RELATED TO BIODIVERSITY, ECOSYSTEMS AND ECOSYSTEM SERVICES AND HUMAN CAPITAL**

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

**Our Comments**

We have provided a combined answer covering parts (a) through (d).

We believe that, as the research projects for BEES and human capital progress, the ISSB should be cautious about prematurely incorporating certain outcomes into the amendments to the SASB Standards and instead allocate resources to developing thematic standards for BEES and human capital.

Reviewing the Proposed Amendments, metrics for Air Quality and Water Management, which relate to subtopics in the BEES project, and Workforce Health and Safety, which relate to the human capital project, are largely identical and applicable across many industries. In addition, these metrics appear to be commonly applicable to manufacturing industries.

Furthermore, some disclosure topics and metrics related to BEES and human capital, such as Labor Practices, are currently proposed for only a limited number of industries, even though they appear relevant to a wider range of industries.

In addition, several metrics related to Biological Impact have been amended to reflect concepts and terminology as set out in the TNFD recommendations, in an effort to enhance interoperability. However, disclosure practices for some of these disclosure requirements are still evolving. Without establishing a fundamental framework for identifying relevant risks and opportunities, it is difficult to assess whether the proposed disclosure requirements are appropriate.

Given this situation, we believe that fundamental concepts and frameworks related to disclosures that should be addressed in projects concerning both themes (e.g., items highly relevant to the LEAP

approach for Biological Impact) should not be included in these amendments to the SASB Standards. Rather, they should be reflected at a stage when consideration of the fundamental concepts and disclosure frameworks has progressed sufficiently.

#### **QUESTION 5—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 permits early application. The ISSB’s rationale for this proposal can be found in paragraph BC161 of the Basis for Conclusions.

Do you agree with the proposed approach for setting the effective date of the amendments and permitting early application? Why or why not?

#### **Our comment**

We agree with the approach proposed in the Proposed Amendments, as it is essential to ensure sufficient awareness and preparation time, while recognizing the necessity for early adoption.

#### **QUESTION 6—*COAL OPERATIONS* SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Coal Operations* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Coal Operations* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Coal Operations industry description;
- to add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics, and add metric EM-CO-110a.3 *Total Scope 1 methane emissions*;
- to revise the Water Management disclosure topic and associated metrics, remove metric EM-CO-140a.2 and add three metrics:
  - EM-CO-140a.3 *Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress*;
  - EM-CO-140a.4 *Total water discharged by (1) destination and (2) level of treatment*; and
  - EM-CO-140a.5 *Percentage of production from mine sites where acid and metalliferous drainage*

## QUESTION 6—*COAL OPERATIONS* SASB STANDARD

*(1) has the potential to occur, (2) is actively mitigated or (3) is under treatment or remediation;*

- to revise the Waste Management disclosure topic and associated metrics, including changing the disclosure topic name to Waste & Hazardous Materials Management;
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, remove metric EM-CO-160a.2 and add metric EM-CO-160a.4 *(1) Total spatial footprint of operations, (2) area disturbed and (3) area restored;*
- to revise the metrics in the Rights of Indigenous Peoples disclosure topic, relocate them to the Community Relations disclosure topic and rename the topic ‘Community Relations & Rights of Indigenous Peoples’, resulting in the metrics:
  - EM-CO-210b.3 *Percentage of (1) proved and (2) probable coal reserves in or near Indigenous Peoples’ land;* and
  - EM-CO-210b.4 *Description of engagement processes and due diligence practices related to upholding Indigenous Peoples’ rights;*
- to add an Operations in Conflict Areas disclosure topic and two metrics:
  - EM-CO-210c.1 *Percentage of (1) proved and (2) probable coal reserves in conflict-affected and high-risk areas;* and
  - EM-CO-210c.2 *Description of engagement processes and due diligence practices related to operating in conflict-affected and high-risk areas;*
- to revise the Labour Relations disclosure topic and associated metrics, including changing the disclosure topic name to Labour Practices;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Reserves Valuation & Capital Expenditures disclosure topic and associated metrics, including changing the disclosure topic name to Climate Resilience; and
- to revise the Tailings Storage Facilities Management disclosure topic and associated metrics.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Coal Operations* SASB Standard? Why or why not?
- (b) Do you agree with the Coal Operations industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the Coal Operations SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Coal Operations* SASB Standard?

**QUESTION 6—COAL OPERATIONS SASB STANDARD**

Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to primary users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?

- (e) Do you agree with the proposed addition of metric EM-CO-110a.3 *Total Scope 1 methane emissions*? Why or why not? If not, what would you suggest instead and why?
- (f) Are there any jurisdictional considerations related to the *Coal Operations* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Coal Operations* SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

**Our Comments**

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Coal Operations* SASB Standard incorporate global discussions on sustainability themes relevant to this industry that have emerged since the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1.

**1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics**

- EM-CO-140a.3 on “Water Management” requires disclosure of a description of water-related risks and opportunities and strategies for managing them, including targets set to monitor their progress. BC108 states this change responds to stakeholder feedback requiring contextual information; however, it does not clearly explain why such descriptions were added for some industries and not for others. In addition, paragraphs 30, 33, and 51 in IFRS S1 require disclosure of sustainability-related risks and opportunities and strategies for managing them (including monitoring metrics). We therefore ask for careful consideration of the necessity of this additional requirement, particularly from the following perspective:
  - a. Despite the fundamental development principle of avoiding duplication of requirements that are already included in IFRS S1 and S2, the rationale for adding these metrics for water management (and for including certain metrics under Packaging Management and Product Innovation in “Processed Foods”) is not clearly explained.
  - b. The amendment identifies water management as a disclosure topic for all industries except “Oil & Gas - Midstream.” However, certain industries – such as “Coal Operations,”

“Metals & Mining,” “Oil & Gas – Exploration & Production,” “Processed Foods,” and several industries subject to targeted amendments – are specifically required to disclose water-related risks and opportunities and strategies for managing them. The rationale for this limitation is unclear.

- The rationale for excluding “Business Ethics” as a disclosure topic for the Coal Operations industry is not clear. For example, EM-CO-210c presents Operations in Conflict-affected Areas as a disclosure topic, implying that operations in certain sensitive areas, such as conflict zones, are anticipated. It is unclear why business ethics is not considered an important topic.

## 2. Issues Related to the Relevance of Disclosure Topics and Metrics

- Technical Protocol 4.4 for EM-CO-420a.3 “Description of how climate-related risks and opportunities influence capital strategy and investments” requires disclosure of “investments in renewable energy or research and development in technologies to improve the entity’s resilience to climate change transition risks.” However, the importance of renewable energy investments within Coal Operations may be low. Furthermore, disclosures related to climate resilience are already required under paragraph 22 in IFRS S2, rendering the addition of this metric to the SASB Standard unnecessary. If the investment is aimed at decarbonization, it should be explicitly described as such.

## 3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- The difference between technical protocol 4 for EM-CO-110a.2 and EM-CO-420a.3 is unclear, as both seem to require the same information. If both are required as distinct metrics, the technical protocol descriptions should be clarified to clearly distinguish them.
- Regarding the disclosure of the total recordable incident rate in EM-CO-320a.1(2), to better reflect occupational accident risks, it would be more useful to define the boundary of incident rate calculations as the total working hours of employees and non-employees directly engaged in high-risk workplaces such as mines and factories.

## 4. Issues Related to Interoperability with Other Standards

- EM-CO-160a.3 requires disclosure of mineral reserves in environmentally sensitive locations. This concept aligns with the LEAP approach in the TNFD recommendations. Introducing metrics based on this concept into the SASB Standards is considered premature until it is determined whether to incorporate the LEAP approach into the ISSB’s framework.
- Similarly, EM-CO-160a.3 specifically and broadly provides a definition of sensitive locations by referencing sources such as the International Union for Conservation of Nature (IUCN) and the Ramsar Convention. In contrast, while the TNFD Recommendations establish criteria for identifying sensitive locations, they only recommend reference indicators and data (such as the IUCN’s Red List). In this respect, the definitions are stricter than those provided in the TNFD Recommendations. Accordingly, it would be advisable to employ the formulation “shall refer” to ensure alignment with the TNFD Recommendations.

- EM-CO-140a.4 is a metric designed to enhance interoperability with GRI 303. However, the total volume of water discharged by treatment level is a recommendation in GRI 303, not a mandatory requirement (see paragraph 2.4.2 in GRI 303-4: Water discharge). The amendment states “shall disclose,” making it a stronger requirement. Furthermore, it is unclear whether this information is material for intended users, particularly investors. Considering the entity’s effort required to calculate this metric and the cost-effectiveness, disclosure of the total volume of water discharged disaggregated by treatment level is deemed unnecessary.

## 5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

- EM-CO-110a.1 requires disclosure of the percentage of greenhouse gas emissions subject to “applicable jurisdictional greenhouse gas laws, regulations or programmes intended to limit or reduce greenhouse gas emissions directly,” such as emissions trading schemes or carbon taxes. For taxes applied broadly and at low rates, such as Japan’s Global Warming Countermeasures Tax (current rate is ¥289/tCO<sub>2</sub>), disclosing only the percentage of greenhouse gas emissions subject to such taxes may mislead information users. We consider it useful to require disclosure of supplementary information, such as the tax rate, rather than just the percentage.
- The definition of collective agreements in EM-CO-310a.1 may not be sufficiently clear in relation to Japanese law. In Japan, there are two types of agreements concerning working conditions between employer and employees: “Collective Agreements,” which an entity concludes with labor unions based on the Labor Union Act, and “Labor-Management Agreements,” which an entity concludes with representatives of a majority of workers based on the Labor Standards Act. However, Collective Agreements are typically negotiated through collective bargaining between labor unions and entities to determine working conditions and other treatment of workers, and they apply only to union members. In contrast, Labor-Management Agreements are concluded to exempt certain provisions of the Labor Standards Act (e.g., permitting overtime or holiday work, which are generally prohibited) and apply to all workers, regardless of union membership. Given differences in labor legislation across jurisdictions, it is desirable to provide a supplementary explanation clarifying what type of “collective agreements” this metric refers to.

## 6. Other: Industry Classification

- The industry description for “Coal Operations” explains that it includes not only coal mining but also industries manufacturing coal-based products such as coke. However, the contents of the Coal Operations SASB Standard seem to be specifically developed with coal mining in mind, and many of its metrics are less relevant to industries manufacturing coal-based products. Coke production is sometimes conducted by companies specializing in coke production, but it is also frequently produced internally by iron and steel companies operating blast furnaces that use coke in their production processes. The disclosure topics and metrics specified in the SASB Standard for “Iron & Steel Producers” are better suited to address the risks and opportunities for these companies. Considering the above, it may be appropriate to separate industries



manufacturing coal-based products from “Coal Operations” and reclassify them under “Iron & Steel Producers.”

#### **QUESTION 7—CONSTRUCTION MATERIALS SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Construction Materials* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Construction Materials* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Construction Materials industry description;
- to add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Energy Management disclosure topic and associated metric;
- to revise the Water Management disclosure topic and associated metric;
- to revise the Waste Management disclosure topic and associated metric;
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Product Innovation disclosure topic and associated metrics;
- to add a Supply Chain Management disclosure topic and associated metric EM-CM-430a.1 *Description of the process to manage supply chain risks arising from environmental and social issues*; and
- to revise the Pricing Integrity & Transparency disclosure topic and associated metric.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

(a) Do you agree with the proposed amendments to the *Construction Materials* SASB Standard? Why or why not?

(b) Do you agree with the Construction Materials industry description, and does it accurately describe

**QUESTION 7—CONSTRUCTION MATERIALS SASB STANDARD**

the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?

- (c) Do you agree with the disclosure topics in the *Construction Materials* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Construction Materials* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to primary users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Do you agree with the proposed addition of the Supply Chain Management disclosure topic and associated metric? If you disagree, which aspects do you disagree with and what would you suggest instead?
- (f) Are there any jurisdictional considerations related to the *Construction Materials* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Construction Materials* SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

**Our Comments**

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Construction Materials* SASB Standard incorporate global discussions on sustainability themes relevant to this industry that have emerged since the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1.

**1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics**

- It is unclear why quantitative metrics on workforce occupational incidents (EM-CM-320a.1) are required, yet a description of the management systems used to foster a safe working environment is not required. The Proposed Amendments require quantitative metrics for workforce occupational incidents for all industries to which the disclosure topic "Worker Health and Safety" applies. However, they do not require descriptions of management systems for "Construction Materials" and "Iron & Steel Producers," potentially creating an inconsistency.

- The rationale for specifically highlighting silicosis as an occupational injury metric in EM-CM-320a.2, although similar metrics are not required for comparable industries, is unclear, potentially creating an inconsistency in addressing similar risks and opportunities across different industries. For example, entities in “Metals and Mining” also face risks of silicosis from silica dust. Additionally, occupational diseases, such as coal pneumoconiosis, in “Coal Operations” and other mining-related operations can also lead to material impacts on worker health and risks such as legal actions against entities.
- Reviewing the technical protocols for EM-CM-520a.1 and EM-RM-520a.1 reveals that the information to be disclosed is largely identical, yet they are treated as distinct metrics with different names. This situation may unnecessarily increase the implementation burden associated with applying similar metrics, particularly for entities operating in multiple industries. It would be desirable to ensure consistency between these metrics.

## 2. Issues Related to the Relevance of Disclosure Topics and Metrics

None in particular

## 3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- Regarding EM-CM-120a.1, emissions of air pollutants from mobile sources differ from stationary sources like factories and they are typically not measured, which makes calculation difficult. Unlike CO<sub>2</sub>, air pollutant emissions cannot be calculated through simple multiplication of fuel consumption and an emission factor. Therefore, we believe the phrase “which includes stationary and mobile sources” should be reverted to the previous wording: “which may include stationary and mobile sources.”
- Regarding the disclosure of the total recordable incident rate in EM-CM-320a.1(2), to better reflect occupational accident risks, it would be more useful to define the boundary of incident rate calculations as the total working hours of employees and non-employees directly engaged in high-risk workplaces such as mines and factories.

## 4. Issues Related to Interoperability with Other Standards

- EM-CM-120a.1 requires disclosure of both PM<sub>2.5</sub> and PM<sub>10</sub> to enhance interoperability with GRI 305-7: Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions, as defined under GRI 305 “Emissions.” The amendment mandates separate disclosures for both, which is more detailed than the requirements in GRI 305-7. Japanese regulations, however, only require unified reporting as soot and dust (particulates). We recommend reconsidering the necessity of separating the two, considering practical applicability.

## 5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

- EM-CM-110a.1 requires disclosure of the percentage of greenhouse gas emissions subject to “applicable jurisdictional greenhouse gas laws, regulations or programmes intended to limit or reduce greenhouse gas emissions directly,” such as emissions trading schemes or carbon taxes. For taxes applied broadly and at low rates, such as Japan’s Global Warming Countermeasures

Tax (current rate is ¥289/tCO<sub>2</sub>), disclosing only the percentage of greenhouse gas emissions subject to such taxes may mislead information users. We consider it useful to require disclosure of supplementary information, such as the tax rate, rather than just the percentage.

- EM-CM-130a.1 specifies that the lower heating value (LHV) should generally be used, while Technical Protocol 1.3.1 allows the use of the heating value required by a jurisdictional authority or exchange. However, since it is theoretically impossible to aggregate LHV and higher heating value (HHV), substituting HHV as required by law and combining it with LHV is inappropriate. If LHV is adopted for the SASB Standards, it should be applied consistently across disclosures. The burden of converting from HHV to LHV is generally regarded as minimal.

#### 6. Other: Industry Classification

- “Construction Materials” SASB standard covers not only the cement industry but also industries producing other materials such as glass, plastics, insulation, bricks, and roofing. While the content of the SASB standard appears primarily designed for cement manufacturing, it also includes metrics that are less specifically relevant to cement production, such as volatile organic compounds (VOCs). It is unclear whether these metrics were intended to address industries beyond cement. However, applying a single standard to such a broad range of materials—cement, glass, plastics, insulation, bricks, and roofing—may not be appropriate. At a minimum, plastics, insulation, bricks, and roofing, which are presumed to have different properties and smaller impacts, should be excluded from the “Construction Materials” standard.

### **QUESTION 8—IRON & STEEL PRODUCERS SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Iron & Steel Producers* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Iron & Steel Producers* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Iron & Steel Producers industry description;
- to revise the activity metric EM-IS-000.A, add two activity metrics relating to workforce composition and add one activity metric to disaggregate recycled steel production;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;

#### QUESTION 8—*IRON & STEEL PRODUCERS SASB STANDARD*

- to revise the Air Quality disclosure topic and associated metric;
- to revise the Energy Management disclosure topic and one associated metric, and remove one metric;
- to revise the Water Management disclosure topic and associated metric;
- to revise the Waste Management disclosure topic and associated metric;
- to add a Labour Practices disclosure topic and two associated metrics:
  - EM-IS-310a.1 *Percentage of employees covered by collective agreements*; and
  - EM-IS-310a.2 *(1) Number of work stoppages and (2) the total days idle*;
- to revise the Workforce Health & Safety disclosure topic and associated metric; and
- to revise the Supply Chain Management disclosure topic and associated metric.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Iron & Steel Producers SASB Standard*? Why or why not?
- (b) Do you agree with the Iron & Steel Producers industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Iron & Steel Producers SASB Standard*? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Iron & Steel Producers SASB Standard*? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Are there any jurisdictional considerations related to the *Iron & Steel Producers SASB Standard* that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (f) Do you have any comments on how the proposed amendments would affect the *Iron & Steel Producers SASB Standard*’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

#### Our Comments

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Iron & Steel Producers SASB Standard* incorporate

global discussions on sustainability themes relevant to this industry that have emerged since the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1

1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics

- It is unclear why quantitative metrics on workforce occupational incidents (EM-IS-320a.1) are required, yet a description of the management systems used to foster a safe working environment is not required. The Proposed Amendments require quantitative metrics for workforce occupational incidents for all industries to which the disclosure topic “Worker Health and Safety” applies. However, they do not require descriptions of management systems for “Construction Materials” and “Iron & Steel Producers,” potentially creating an inconsistency.

2. Issues Related to the Relevance of Disclosure Topics and Metrics

None in particular

3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- Regarding EM-IS-120a.1, emissions of air pollutants from mobile sources differ from stationary sources like factories and they are typically not measured, which makes calculation difficult. Unlike CO<sub>2</sub>, air pollutant emissions cannot be calculated through simple multiplication of fuel consumption and an emission factor. Therefore, we believe the phrase “which includes stationary and mobile sources” should be reverted to the previous wording: “which may include stationary and mobile sources.”
- Regarding the disclosure of the total recordable incident rate in EM-IS-320a.1(2), to better reflect occupational accident risks, it would be more useful to define the boundary of incident rate calculations as the total working hours of employees and non-employees directly engaged in high-risk workplaces such as mines and factories.

4. Issues Related to Interoperability with Other Standards

- EM-IS-120a.1 requires disclosure of both PM<sub>2.5</sub> and PM<sub>10</sub> to enhance interoperability with GRI 305-7: Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions, as defined under GRI 305 “Emissions.” The amendment mandates separate disclosures for both, which is more detailed than the requirements in GRI 305-7. Japanese regulations, however, only require unified reporting as soot and dust (particulates). We recommend reconsidering the necessity of separating the two, considering practical applicability.

5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

- EM-IS-110a.1 requires disclosure of the percentage of greenhouse gas emissions subject to “applicable jurisdictional greenhouse gas laws, regulations or programmes intended to limit or

reduce greenhouse gas emissions directly,” such as emissions trading schemes or carbon taxes. For taxes applied broadly and at low rates, such as Japan’s Global Warming Countermeasures Tax (current rate is ¥289/tCO<sub>2</sub>), disclosing only the percentage of greenhouse gas emissions subject to such taxes may mislead information users. We consider it useful to require disclosure of supplementary information, such as the tax rate, rather than just the percentage.

- EM-IS-130a.1 specifies that the lower heating value (LHV) should generally be used, while Technical Protocol 1.3.1 allows the use of the heating value required by a jurisdictional authority or exchange. However, since it is theoretically impossible to aggregate LHV and higher heating value (HHV), substituting HHV as required by law and combining it with LHV is inappropriate. If LHV is adopted for the SASB Standards, it should be applied consistently across disclosures. The burden of converting from HHV to LHV is generally regarded as minimal.
- EM-IS-150a.1 defines waste as “material for which the entity has no further use and that is discarded or released to the environment by the entity,” according to technical protocol 1.1. However, Item (3) of this metric requires disclosure of the mass of waste generated that has been recycled. Based on these definitions, materials reintroduced into the entity’s manufacturing process would not qualify as waste, as they have an internal use and thus would not be considered recycled waste. Yet technical protocol 3.1.6 includes the phrase “including those transferred externally,” indicating that internal reuse is also intended to be included as recycled waste. This creates a potential contradiction with the definition of waste. Furthermore, technical protocol 1.2 states that “Waste includes slag, dust, scrap steel, reject coal, other solid waste, sludge, used oil and other liquid waste.” However, iron slag and scrap steel are effectively utilized as by-products, at least in Japan. Stating that “Waste includes [...]” could be interpreted to mean that all listed items must be treated as waste, which could lead to counting effectively utilized by-products as waste in generation or recycling calculations.

#### **QUESTION 9—*METALS & MINING* SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Metals & Mining* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Metals & Mining* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments achieve the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

#### QUESTION 9—*METALS & MINING SASB STANDARD*

- to revise the Metals & Mining industry description;
- to revise the activity metrics and add one activity metric relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Water Management disclosure topic and one associated metric, remove one metric and add three metrics:
  - EM-MM-140a.3 *Total water discharged by (1) destination and (2) level of treatment;*
  - EM-MM-140a.4 *Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress; and*
  - EM-MM-140a.5 *Percentage of production from mine sites where acid and metalliferous drainage (1) has the potential to occur; (2) is actively mitigated or (3) is under treatment or remediation;*
- to revise the Waste & Hazardous Materials Management disclosure topic and associated metrics;
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, and to remove one metric and add metric EM-MM-160a.4 *(1) Total spatial footprint of operations, (2) area disturbed and (3) area restored;*
- to revise the Security, Human Rights & Rights of Indigenous Peoples disclosure topic and associated metrics through separating them into two disclosure topics: a revised Community Relations disclosure topic titled Community Relations & Rights of Indigenous Peoples, and a new disclosure topic, Operations in Conflict Areas. Revisions to the metrics would include:
  - revising metrics EM-MM-210a.2 and EM-MM-210a.3 and relocating them to the revised Community Relations & Rights of Indigenous Peoples disclosure topic with new metrics EM-MM-210b.3 and EM-MM-210b.4;
  - revising metric EM-MM-210a.1 and relocating it to the proposed Operations in Conflict Areas disclosure topic as metric EM-MM-210c.1; and
  - adding new metric EM-MM-210c.2 to the proposed Operations in Conflict Areas disclosure topic;
- to revise the Labour Practices disclosure topic and associated metrics;
- to revise the Workforce Health & Safety disclosure topic and associated metric and add metric EM-MM-320a.2 *Description of management systems used to foster a safe working environment;*
- to add a Supply Chain Management disclosure topic and associated metric EM-MM-430a.1 *Description of the process to manage supply chain risks arising from environmental and social issues;*
- to revise the Business Ethics & Transparency disclosure topic, including changing the disclosure topic name to Business Ethics, and associated metrics; and



#### QUESTION 9—*METALS & MINING* SASB STANDARD

- to revise the Tailings Storage Facilities Management disclosure topic and associated metrics.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Metals & Mining* SASB Standard? Why or why not?
- (b) Do you agree with the Metals & Mining industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Metals & Mining* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Metals & Mining* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Do you agree with the proposed addition of a Supply Chain Management disclosure topic and associated metric? Why or why not? If not, what would you suggest instead and why?
- (f) Are there any jurisdictional considerations related to the *Metals & Mining* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Metals & Mining* SASB Standard’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

#### Our Comments

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Metals & Mining* SASB Standard incorporate global discussions on sustainability themes relevant to this industry that have emerged since the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1.

#### 1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics

None in particular

2. Issues Related to the Relevance of Disclosure Topics and Metrics

None in particular

3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- Regarding EM-MM-120a.1, emissions of air pollutants from mobile sources differ from stationary sources like factories and they are typically not measured, which makes calculation difficult. Unlike CO<sub>2</sub>, air pollutant emissions cannot be calculated through simple multiplication of fuel consumption and an emission factor. Therefore, we believe the phrase “which includes stationary and mobile sources” should be reverted to the previous wording: “which may include stationary and mobile sources.”
- Regarding the disclosure of the total recordable incident rate in EM-MM-320a.1(2), to better reflect occupational accident risks, it would be more useful to define the boundary of incident rate calculations as the total working hours of employees and non-employees directly engaged in high-risk workplaces such as mines and factories.

4. Issues related to interoperability with other standards

- EM-MM-120a.1 requires disclosure of both PM2.5 and PM10 to enhance interoperability with GRI 305-7: Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions, as defined under GRI 305 “Emissions.” The amendment mandates separate disclosures for both, which is more detailed than the requirements in GRI 305-7. Japanese regulations, however, only require unified reporting as soot and dust (particulates). We recommend reconsidering the necessity of separating the two, considering practical applicability.
- EM-MM-160a.3 requires disclosure of mineral reserves in environmentally sensitive locations. This concept aligns with the LEAP approach in the TNFD recommendations. Introducing metrics based on this concept into the SASB Standards is considered premature until it is determined whether to incorporate the LEAP approach into the ISSB’s framework.
- Similarly, EM-MM-160a.3 specifically and broadly provides a definition of sensitive locations by referencing sources such as the International Union for Conservation of Nature (IUCN) and the Ramsar Convention. In contrast, while the TNFD Recommendations establish criteria for identifying sensitive locations, they only recommend reference indicators and data (such as the IUCN’s Red List). In this respect, the definitions are stricter than those provided in the TNFD Recommendations. Accordingly, it would be advisable to employ the formulation “shall refer” to ensure alignment with the TNFD Recommendations.

5. Issues Related to Applicability to Japanese Legal Frameworks and Business Environment

- EM-MM-110a.1 requires disclosure of the percentage of greenhouse gas emissions subject to “applicable jurisdictional greenhouse gas laws, regulations or programmes intended to limit or reduce greenhouse gas emissions directly,” such as emissions trading schemes or carbon taxes. For taxes applied broadly and at low rates, such as Japan’s Global Warming Countermeasures Tax (current rate is ¥289/tCO<sub>2</sub>), disclosing only the percentage of greenhouse gas emissions

subject to such taxes may mislead information users. We consider it useful to require disclosure of supplementary information, such as the tax rate, rather than just the percentage.

- EM-MM-130a.1 specifies that the lower heating value (LHV) should generally be used, while Technical Protocol 1.3.1 allows the use of the heating value required by a jurisdictional authority or exchange. However, since it is theoretically impossible to aggregate LHV and higher heating value (HHV), substituting HHV as required by law and combining it with LHV is inappropriate. If LHV is adopted for the SASB Standards, it should be applied consistently across disclosures. The burden of converting from HHV to LHV is generally regarded as minimal.

#### 6. Other: Industry Classification

- “Metals and Mining” appears primarily to target the extraction of minerals other than hydrocarbons and the smelting of non-ferrous metals. However, minerals other than hydrocarbons include metals and limestone. Limestone extraction is typically conducted by cement companies rather than specialized limestone mining companies. It should be clarified that limestone mining is not included in the scope of this industry. Furthermore, it would be appropriate to exclude peat from the scope.

#### **QUESTION 10—OIL & GAS – EXPLORATION & PRODUCTION SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Oil & Gas – Exploration & Production* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Exploration & Production* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Oil & Gas – Exploration & Production industry description;
- to revise the activity metrics and add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics and add metric EM-EP-110a.4 *Total Scope 1 methane emissions*;
- to revise the Air Quality disclosure topic and associated metric.
- to revise the Water Management disclosure topic and associated metrics and add two new metrics:
  - EM-EP-140a.5 *Total water discharged by (1) destination and (2) level of treatment*; and

**QUESTION 10—OIL & GAS – EXPLORATION & PRODUCTION SASB STANDARD**

- EM-EP-140a.6 *Description of water-related risks and opportunities and strategies to manage them, including any targets set to monitor progress;*
- to revise the Biodiversity Impacts disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, and to add metric EM-EP-160a.4 *(1) Total spatial footprint of operations, (2) area disturbed and (3) area restored;*
- to revise the Security, Human Rights & Rights of Indigenous Peoples disclosure topic and associated metrics through separating them into two disclosure topics: a revised Community Relations disclosure topic titled Community Relations & Rights of Indigenous Peoples, and a new disclosure topic, Operations in Conflict Areas. Revisions to the metrics would include:
  - revising metrics EM-EP-210a.2 and EM-EP-210a.3 and relocating them to the revised Community Relations & Rights of Indigenous Peoples disclosure topic as new metrics EM-EP-210b.3 and EM-EP-210b.4;
  - revising metric EM-EP-210a.1 and relocating it to the proposed Operations in Conflict Areas disclosure topic as metric EM-EP-210c.1; and
  - adding new metric EM-EP-210c.2 to the proposed Operations in Conflict Areas disclosure topic;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Reserves Valuation & Capital Expenditures disclosure topic and associated metrics—including changing the disclosure topic name to Climate Resilience;
- to revise the Business Ethics & Transparency disclosure topic and associated metrics—including changing the disclosure topic name to Business Ethics;
- to revise the Management of the Legal & Regulatory Environment disclosure topic and associated metric;
- to revise the Critical Incident Risk Management disclosure topic and associated metrics;

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Exploration & Production SASB Standard*? Why or why not?
- (b) Do you agree with the *Oil & Gas – Exploration & Production* industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Exploration & Production SASB Standard*? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Exploration & Production SASB Standard*? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to

**QUESTION 10—OIL & GAS – EXPLORATION & PRODUCTION SASB STANDARD**

providing resources to the entity? If not, what would you suggest instead and why?

- (e) Do you agree that the proposed amendments to the Water Management disclosure topic would provide useful information to primary users in a cost-effective manner for preparers?
- (f) Do you agree with the proposed addition of metric EM-EP-160a.4 (1) *Total spatial footprint of operations*, (2) *area disturbed* and (3) *area restored* and with the content of that metric? Why or why not? If not, what do you recommend and why?
- (g) Are there any jurisdictional considerations related to the *Oil & Gas – Exploration & Production* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (h) Do you have any comments on how the proposed amendments would affect the *Oil & Gas – Exploration & Production* SASB Standard’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

**Our Comments**

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Oil & Gas – Exploration & Production* SASB Standard incorporate global discussions on sustainability themes relevant to this industry that have emerged since the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1.

1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics

None in particular

2. Issues Related to the Relevance of Disclosure Topics and Metrics

- In relation to methane emissions, BC59 explains that the total amount is more useful than the percentage of methane emissions within the total GHG emissions, and EM-EP-110a.4 has been added. However, EM-EP-110a.1(2) still requires disclosure of the percentage of methane within the total Scope 1 emissions, which creates an inconsistency with the explanation in BC59. Furthermore, since paragraph 29 in IFRS S2 requires disclosure of Scope 1 GHG emissions, the percentage of methane emissions is readily calculable. Therefore, deleting EM-EP-110a.1(2) would be appropriate. If this metric is retained, its necessity should be clearly justified.

### 3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- The difference between technical protocol 4 for EM-EP-110a.2 and EM-EP-420a.3 is unclear, as both seem to require the same information. If both are required as distinct metrics, the technical protocol descriptions should be clarified to clearly distinguish them.
- With respect to the disclosure of flared emissions in EM-EP-110a.2, since the same requirement does not exist in “Oil and Gas—Refining and Marketing” SASB Standard, it would be beneficial to specify the aggregation boundary as limited to the exploration and production phase. Under the current proposal, flare emissions appear to be included without distinction. When applied by operators engaged in both exploration/production and refining, this may be interpreted as encompassing flares arising from refining activities. For metrics characteristic of specific industries, it is advisable to clearly define the boundaries for these metrics.
- Regarding EM-EP-120a.1, emissions of air pollutants from mobile sources differ from stationary sources like factories and they are typically not measured, which makes calculation difficult. Unlike CO<sub>2</sub>, air pollutant emissions cannot be calculated through simple multiplication of fuel consumption and an emission factor. Therefore, we believe the phrase “which includes stationary and mobile sources” should be reverted to the previous wording: “which may include stationary and mobile sources.”
- In EM-EP-160a.3, regarding the scope of ownership interests included in proven and probable reserves calculations, it is advisable to clarify the aggregation boundary. This clarification should account for differences in accounting treatment for joint ventures, joint operations, and associates, as well as minority investments subject to IFRS 9. For minority investments, consideration should also be given to the impact on metrics arising from the lack of control over the investees.
- Regarding the disclosure of the total recordable incident rate in EM-EP-320a.1(2), to better reflect occupational accident risks, it would be more useful to define the boundary of incident rate calculations as the total working hours of employees and non-employees directly engaged in high-risk workplaces such as mines and factories.

### 4. Issues Related to Interoperability with Other Standards

- EM-EP-120a.1 requires disclosure of both PM<sub>2.5</sub> and PM<sub>10</sub> to enhance interoperability with GRI 305-7: Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions, as defined under GRI 305 “Emissions.” The amendment mandates separate disclosures for both, which is more detailed than the requirements in GRI 305-7. Japanese regulations, however, only require unified reporting as soot and dust (particulates). We recommend reconsidering the necessity of separating the two, considering practical applicability.
- EM-EP-160a.3 requires disclosure of mineral reserves in environmentally sensitive locations. This concept aligns with the LEAP approach in the TNFD recommendations. Introducing metrics based on this concept into the SASB Standards is considered premature until it is

determined whether to incorporate the LEAP approach into the ISSB’s framework.

- Similarly, EM-EP-160a.3 specifically and broadly provides a definition of sensitive locations by referencing sources such as the International Union for Conservation of Nature (IUCN) and the Ramsar Convention. In contrast, while the TNFD Recommendations establish criteria for identifying sensitive locations, they only recommend reference indicators and data (such as the IUCN’s Red List). In this respect, the definitions are stricter than those provided in the TNFD Recommendations. Accordingly, it would be advisable to employ the formulation “shall refer” to ensure alignment with the TNFD Recommendations.

#### 5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

- EM-EP-110a.1 requires disclosure of the percentage of greenhouse gas emissions subject to “applicable jurisdictional greenhouse gas laws, regulations or programmes intended to limit or reduce greenhouse gas emissions directly,” such as emissions trading schemes or carbon taxes. For taxes applied broadly and at low rates, such as Japan’s Global Warming Countermeasures Tax (current rate is ¥289/tCO<sub>2</sub>), disclosing only the percentage of greenhouse gas emissions subject to such taxes may mislead information users. We consider it useful to require disclosure of supplementary information, such as the tax rate, rather than just the percentage.

### **QUESTION 11—OIL & GAS – MIDSTREAM SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Oil & Gas – Midstream* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Midstream* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Oil & Gas – Midstream industry description;
- to add two activity metrics relating to workforce composition and one activity metric for the total operational pipeline under management;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics and add metric EM-MD-110a.3 *Total Scope 1 methane emissions*;
- to revise the Air Quality disclosure topic and associated metric;
- to revise the Ecological Impacts disclosure topic and associated metrics;

#### QUESTION 11—OIL & GAS – MIDSTREAM SASB STANDARD

- to add a Workforce Health & Safety disclosure topic and two associated metrics:
  - EM-MD-320a.1 *(1) Number of fatalities and (2) total recordable incident rate for (a) employees and (b) non-employee workers; (3) average hours of health, safety and emergency response training; and*
  - EM-MD-320a.2 *Description of management systems used to foster a safe working environment;*
- to revise the Competitive Behaviour disclosure topic and associated metric; and
- to revise the Operational Safety, Emergency Preparedness & Response disclosure topic and associated metrics, including changing the disclosure topic name to Critical Incident Risk Management, and to remove two metrics and add two metrics:
  - EM-MD-540a.5 *Process safety event rates for loss of primary containment (1) events of greater consequence (Tier 1) and (2) events of lesser consequence (Tier 2); and*
  - EM-MD-540a.6 *Description of management systems used to identify and mitigate low-probability, serious accidents.*

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Midstream* SASB Standard? Why or why not?
- (b) Do you agree with the *Oil & Gas – Midstream* industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Midstream* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Midstream* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Do you agree with the proposed addition of metric EM-MD-110a.3 *Total Scope 1 methane emissions*? Why or why not? If not, what would you suggest instead and why?
- (f) Are there any jurisdictional considerations related to the *Oil & Gas – Midstream* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Oil & Gas – Midstream* SASB Standard’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)



## Our Comments

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Oil & Gas – Midstream* SASB Standard incorporate global discussions on sustainability themes relevant to this industry that have emerged since the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1.

### 1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics

None in particular

### 2. Issues Related to the Relevance of Disclosure Topics and Metrics

None in particular

### 3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- Regarding the disclosure of the total recordable incident rate in EM-MD-320a.1(2), to better reflect occupational accident risks, it would be more useful to define the boundary of incident rate calculations as the total working hours of employees and non-employees directly engaged in high-risk workplaces such as mines and factories.

### 4. Issues Related to Interoperability with Other Standards

- EM-MD-120a.1 requires disclosure of both PM2.5 and PM10 to enhance interoperability with GRI 305-7: Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions, as defined under GRI 305 “Emissions.” The amendment mandates separate disclosures for both, which is more detailed than the requirements in GRI 305-7. Japanese regulations, however, only require unified reporting as soot and dust (particulates). We recommend reconsidering the necessity of separating the two, considering practical applicability.
- EM-MD-160a.3 requires disclosure of mineral reserves in environmentally sensitive locations. This concept aligns with the LEAP approach in the TNFD recommendations. Introducing metrics based on this concept into the SASB Standards is considered premature until it is determined whether to incorporate the LEAP approach into the ISSB’s framework.
- Similarly, EM-MD-160a.3 specifically and broadly provides a definition of sensitive locations by referencing sources such as the International Union for Conservation of Nature (IUCN) and the Ramsar Convention. In contrast, while the TNFD Recommendations establish criteria for identifying sensitive locations, they only recommend reference indicators and data (such as the IUCN’s Red List). In this respect, the definitions are stricter than those provided in the TNFD

Recommendations. Accordingly, it would be advisable to employ the formulation “shall refer” to ensure alignment with the TNFD Recommendations.

5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

- EM-MD-110a.1 requires disclosure of the percentage of greenhouse gas emissions subject to “applicable jurisdictional greenhouse gas laws, regulations or programmes intended to limit or reduce greenhouse gas emissions directly,” such as emissions trading schemes or carbon taxes. For taxes applied broadly and at low rates, such as Japan’s Global Warming Countermeasures Tax (current rate is ¥289/tCO<sub>2</sub>), disclosing only the percentage of greenhouse gas emissions subject to such taxes may mislead information users. We consider it useful to require disclosure of supplementary information, such as the tax rate, rather than just the percentage.

6. Other: Industry Classification

- The industry description for the “Oil and Gas—Midstream” states that “transporting refined products” using marine transport on tankers is included in this industry. However, the current description for the “Maritime Transportation” SASB Standard also includes the “transportation of petroleum products” by tankers. This results in duplication, with maritime transportation of petroleum products by tankers covered under both standards. It is advisable to clarify which single industry classification should apply.

**QUESTION 12—OIL & GAS – REFINING & MARKETING SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Oil & Gas – Refining & Marketing* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Refining & Marketing* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Oil & Gas – Refining & Marketing industry description;
- to revise the activity metrics and add two activity metrics relating to workforce composition;
- to revise the Greenhouse Gas Emissions disclosure topic and associated metrics;
- to revise the Air Quality disclosure topic and associated metrics;
- to revise the Water Management disclosure topic and one associated metric, remove one metric and

**QUESTION 12—OIL & GAS – REFINING & MARKETING SASB STANDARD**

add metric EM-RM-140a.3 *Total water discharged by (1) destination and (2) level of treatment*;

- to revise the Hazardous Materials Management disclosure topic and associated metrics;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Product Specifications & Clean Fuel Blends disclosure topic and associated metrics;
- to revise the Pricing Integrity & Transparency disclosure topic and associated metric;
- to revise the Management of the Legal & Regulatory Environment disclosure topic and associated metric; and
- to revise the Critical Incident Risk Management disclosure topic and associated metrics and remove one metric.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Refining & Marketing* SASB Standard? Why or why not?
- (b) Do you agree with the *Oil & Gas – Refining & Marketing* industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Refining & Marketing* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Refining & Marketing* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Are there any jurisdictional considerations related to the *Oil & Gas – Refining & Marketing* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (f) Do you have any comments on how the proposed amendments would affect the *Oil & Gas – Refining & Marketing* SASB Standard’s interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

**Our Comments**

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Oil & Gas – Refining and Marketing* SASB Standard incorporate global discussions on sustainability themes relevant to this industry that have emerged since

the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1.

1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics

- Reviewing the technical protocols for EM-CM-520a.1 and EM-RM-520a.1 reveals that the information to be disclosed is largely identical, yet they are treated as distinct metrics with different names. This situation may unnecessarily increase the implementation burden associated with applying similar metrics, particularly for entities operating in multiple industries. It would be desirable to ensure consistency between these metrics.

2. Issues Related to the Relevance of Disclosure Topics and Metrics

- Descriptions concerning workforce safety and health seem to focus on petroleum refining, while metrics related to marketing activities, such as gas stations, appear to be excluded. Consideration should be given to the necessity of additional disclosure topics or metrics for these activities.

3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- EM-RM-120a.2 requires disclosure of the production capacity of refineries in or near densely populated areas. However, disclosing production capacity alone may not provide relevant information about the air quality-related risks and opportunities associated with such facilities and could potentially be misleading. To reflect the entity's efforts to reduce air pollutant emissions, it is advisable to also disclose, for example, the amount of air pollutants emitted in or near densely populated areas in parallel.
- Regarding the disclosure of the total recordable incident rate in EM-RM-320a.1(2), to better reflect occupational accident risks, it would be more useful to define the boundary of incident rate calculations as the total working hours of employees and non-employees directly engaged in high-risk workplaces such as mines and factories.

4. Issues Related to Interoperability with Other Standards

- EM-RM-120a.1 requires disclosure of both PM2.5 and PM10 to enhance interoperability with GRI 305-7: Nitrogen oxides (NO<sub>x</sub>), sulfur oxides (SO<sub>x</sub>), and other significant air emissions, as defined under GRI 305 "Emissions." The amendment mandates separate disclosures for both, which is more detailed than the requirements in GRI 305-7. Japanese regulations, however, only require unified reporting as soot and dust (particulates). We recommend reconsidering the necessity of separating the two, considering practical applicability.

## 5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

- EM-RM-110a.1 requires disclosure of the percentage of greenhouse gas emissions subject to “applicable jurisdictional greenhouse gas laws, regulations or programmes intended to limit or reduce greenhouse gas emissions directly,” such as emissions trading schemes or carbon taxes. For taxes applied broadly and at low rates, such as Japan’s Global Warming Countermeasures Tax (current rate is ¥289/tCO<sub>2</sub>), disclosing only the percentage of greenhouse gas emissions subject to such taxes may mislead information users. We consider it useful to require disclosure of supplementary information, such as the tax rate, rather than just the percentage.
- EM-RM-150a.2 requires disclosure of the number of underground storage tanks (USTs) at gas stations and the number of releases requiring clean-up. However, under Japanese law, there is no legal obligation to remove USTs if the gas station is located on entity-owned land; therefore, such UST releases do not occur. Furthermore, when removal is legally required, an asset retirement obligation is recognized in the financial statements, which reduces the necessity for separate disclosure of this metric.

### QUESTION 13—*OIL & GAS – SERVICES SASB STANDARD*

The Exposure Draft includes proposals to enhance the *Oil & Gas – Services SASB Standard*, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Oil & Gas – Services SASB Standard* as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the *Oil & Gas – Services* industry description;
- to revise one activity metric, remove three activity metrics and add two activity metrics relating to workforce composition;
- to revise the Emissions Reduction Services & Fuels Management disclosure topic and one associated metric, including changing the disclosure topic name to Greenhouse Gas Emissions, and to remove metric EMSV-110a.3 and add metric EM-SV-110a.4 (1) *Gross Scope 1 emissions* and (2) *percentage subject to emissions-limiting regulations*;
- to add an Air Quality disclosure topic and associated metric EM-SV-120a.1 *Air pollutant emissions: (1) NO<sub>x</sub> (excluding N<sub>2</sub>O), (2) SO<sub>x</sub>, (3) volatile organic compounds and (4) particulate matter*;
- to revise the Water Management Services disclosure topic and an associated metric, including changing the disclosure topic name to Water Management, and to remove metric EM-SV-140a.1

**QUESTION 13—OIL & GAS – SERVICES SASB STANDARD**

and add two metrics:

- EM-SV-140a.3 (1) *Total water withdrawal, by source, (2) total water consumed; (3) percentages of water (a) withdrawn and (b) consumed from water-stressed locations; and*
- EM-SV-140a.4 *Total water discharged by (1) destination and (2) level of treatment;*
- to revise the Chemicals Management disclosure topic and an associated metric, including changing the disclosure topic name to Hazardous Materials Management, and remove metric EM-SV-150a.1;
- to revise the Ecological Impact Management disclosure topic and associated metrics, including changing the disclosure topic name to Ecological Impacts, and remove metric EM-SV-160a.1;
- to revise the Workforce Health & Safety disclosure topic and associated metrics;
- to revise the Business Ethics & Payments Transparency disclosure topic and associated metrics, including changing the disclosure topic name to Business Ethics;
- to revise the Management of the Legal & Regulatory Environment disclosure topic and associated metric; and
- to revise the Critical Incident Risk Management disclosure topic and associated metric.

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

- (a) Do you agree with the proposed amendments to the *Oil & Gas – Services* SASB Standard? Why or why not?
- (b) Do you agree with the *Oil & Gas – Services* industry description, and does it accurately describe the business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?
- (c) Do you agree with the disclosure topics in the *Oil & Gas – Services* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Oil & Gas – Services* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) The proposed amendments discussed in paragraphs BC126–BC130 would revise, add and remove a series of metrics in the *Oil & Gas – Services* SASB Standard to better reflect an entity’s business activities while ‘offcontract’. Do you agree with these proposed amendments? Why or why not? If not, what would you suggest instead and why?
- (f) Are there any jurisdictional considerations related to the *Oil & Gas – Services* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (g) Do you have any comments on how the proposed amendments would affect the *Oil & Gas –*

**QUESTION 13—OIL & GAS – SERVICES SASB STANDARD**

*Services* SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

**Our Comments**

None in particular

**QUESTION 14—PROCESSED FOODS SASB STANDARD**

The Exposure Draft includes proposals to enhance the *Processed Foods* SASB Standard, with a focus on ensuring that the Standard enables entities applying IFRS Sustainability Disclosure Standards internationally to provide decision-useful information to users of general purpose financial reports. The information provided should enable users to understand the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of an entity engaging in activities associated with this industry.

The ISSB is interested in feedback on the amendments proposed in this Exposure Draft and on the *Processed Foods* SASB Standard as a whole. The ISSB is particularly interested in feedback related to whether the proposed amendments result in a Standard that achieves the objective of meeting the needs of users in a manner that is cost-effective for preparers.

The ISSB proposes:

- to revise the Processed Foods industry description;
- to revise the Energy Management disclosure topic and associated metric;
- to revise the Water Management disclosure topic and associated metrics, remove metric FB-PF-140a.2 and add new metric FB-PF-140a.4 *Total water discharged by (1) destination and (2) level of treatment*;
- to revise the Food Safety disclosure topic and an associated metric, remove metrics FB-PF-250a.1, FB-PF-250a.2 and FB-PF-250a.3, and add two new metrics:
  - FB-PF-250a.5 *Percentage of production volume from sites certified to internationally recognised food safety standards for (1) own operations and (2) co-packing operations*; and
  - FB-PF-250a.6 *Processes, controls and procedures for ensuring food safety throughout the value chain*;
- to revise the Health & Nutrition disclosure topic and associated metrics by removing metrics FB-PF-260a.1 and FB-PF-260a.2, and adding three new metrics:
  - FB-PF-260a.3 *Approach and strategy for managing health and nutrition attributes of product portfolio, including any targets set to monitor progress*;
  - FB-PF-260a.4 *Revenue from products classified as healthy by a recognised nutrient profile model*; and

**QUESTION 14—PROCESSED FOODS SASB STANDARD**

- FB-PF-260a.5 *Revenue from products sold (1) in jurisdictions that require health warning labels and (2) that are required to carry a health warning label;*
- to revise the Product Labelling & Marketing disclosure topic and associated metrics by removing metrics FB-PF-270a.1, FB-PF-270a.2 and FB-PF-270a.4, and adding two new metrics:
  - FB-PF-270a.5 *Description of marketing policy and related governance and oversight processes; and*
  - FB-PF-270a.6 *Revenue from products sold (1) in jurisdictions that restrict the advertising of specific products to children and (2) subject to regulations that restrict the advertising of specific products to children;*
- to revise the Packaging Lifecycle Management disclosure topic and associated metrics;
- to add a Product Innovation disclosure topic and associated metric FB-PF-410b.1 *Use of innovation in food products to address sustainability-related risks and opportunities;*
- to remove the Environmental & Social Impacts of Ingredient Supply Chain and Ingredient Sourcing disclosure topics and all associated metrics, and replace them with new Environmental Supply Chain Management and Social Supply Chain Management disclosure topics;
- to add three metrics to the proposed Environmental Supply Chain Management disclosure topic:
  - FB-PF-430b.1 *Percentages of sourced commodities determined to be deforestation- or conversion-free, including any targets set to monitor progress;*
  - FB-PF-430b.2 *Priority commodities and products that are sensitive to environmental risks in the supply chain;*
  - FB-PF-430b.3 *Description of strategies to manage environmental resources and implement sustainable agriculture practices in the supply chain;*
- to add three metrics to the proposed Social Supply Chain Management disclosure topic:
  - FB-PF-430c.1 *Processes, controls and procedures for managing labour conditions and impacts on local communities in the supply chain, including human rights due diligence;*
  - FB-PF-430c.2 *Percentages of sourced commodities certified to internationally recognised standards that trace the path of products through the supply chain; and*
  - FB-PF-430c.3 *Percentage of high-risk suppliers subject to an independent third-party audit or verification in the previous three years, with description of non-conformances and corrective actions.*

The section on ‘Proposed amendments to the SASB Standards’ in the Basis for Conclusions sets out the ISSB’s reasoning for these proposals.

(a) Do you agree with the proposed amendments to the *Processed Foods* SASB Standard? Why or why not?

(b) Do you agree with the *Processed Foods* industry description, and does it accurately describe the



**QUESTION 14—*PROCESSED FOODS* SASB STANDARD**

business activities of this industry? Do you agree with the industry classification that forms the basis of this Standard? Why or why not?

- (c) Do you agree with the disclosure topics in the *Processed Foods* SASB Standard? Do they accurately identify the sustainability-related risks and opportunities that could reasonably be expected to affect the prospects of entities in this industry?
- (d) Do you agree with the metrics and technical protocols in the *Processed Foods* SASB Standard? Do the metrics help an entity to provide information about sustainability-related risks and opportunities that is useful to users in making decisions relating to providing resources to the entity? If not, what would you suggest instead and why?
- (e) Are there any jurisdictional considerations related to the *Processed Foods* SASB Standard that have not been addressed in the proposals that should be taken into account? If so, please explain.
- (f) Do you have any comments on how the proposed amendments would affect the *Processed Foods* SASB Standard's interoperability and alignment with other sustainability-related standards or frameworks? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity's prospects.)

**Our Comments**

While the response to Question 1 outlines the general approach to each industry standard, we support the view that the proposed amendments to the *Processed Foods* SASB Standard incorporate global discussions on sustainability themes relevant to this industry that have emerged since the publication of the current standard in 2018. They also address implementation challenges, particularly those related to interoperability and international applicability.

On that basis, we provide specific examples of areas where improvements are deemed necessary to meet the objectives of the Proposed Amendments, consistent with the approach outlined in our response to Question 1.

**1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics**

- The rate of occupational incidents in the “Processed Foods” industry (e.g., fatality or injury rate per thousand workers, frequency rate, severity rate) is not lower than in other industries such as petroleum, chemicals, or mining. Therefore, “Workforce Health and Safety” should be a disclosure topic for the “Processed Foods” industry as well.
- The industry description of “Processed Foods” states that “processing activities include milling, grinding, seasoning, cooking, freezing, fermenting, canning and packaging,” which may lead to the interpretation that packaging companies may apply this SASB Standard. Furthermore, with respect to the fishing industry, we understand that there is no directly applicable standard, and in practice, it is often convenient to refer to the “Processed Foods” SASB Standard. It would be beneficial to develop a separate SASB Standard to identify sustainability-related risks

and opportunities specific to the fishing industry. Given these circumstances, it is advisable to add a note to the industry description indicating that the “Packaging” and “Fishing” industries are not covered by this standard.

2. Issues Related to the Relevance of Disclosure Topics and Metrics

None in particular

3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- The technical protocol of FB-PF-250a.5 references the Global Food Safety Initiative (GFSI). Since awareness of this standard is not sufficiently established in Japan, including an explanation of GFSI would help those who may be unfamiliar with it.
- FB-PF-270a.6 presents two metrics, but the difference between them is unclear. We recommend clarifying this difference, either by refining the definitions of the metrics or by providing more detailed guidance in the technical protocol.

4. Issues Related to Interoperability with Other Standards

None in particular

5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

None in particular

6. Other: Industry Classification

- There is significant overlap with the requirements under “Product Life Cycle Management” in the “Containers and Packaging” SASB Standard, and therefore we recommend harmonizing the wording to ensure consistency.

**QUESTION 15—PROPOSED TARGETED AMENDMENTS TO THE SASB STANDARDS**

Beyond the amendments proposed to the nine priority SASB Standards, the ISSB proposes that the corresponding metrics in other SASB Standards be aligned to maintain consistent disclosures on these common topics among industries where appropriate. Forty-one additional industries would be affected by the proposed targeted amendments.

The ISSB proposes targeted amendments to the metrics in other SASB Standards for:

- greenhouse gas emissions;
- energy management;
- water management;
- labour practices; and

- workforce health and safety.

Paragraphs BC47–BC48 of the Basis for Conclusions set out the ISSB’s reasoning for proposing the targeted amendments. The section on ‘Proposed amendments for the SASB Standards’ in the Basis for Conclusions sets out the reasoning for specific amendments to the topics noted above. Appendix A to the Basis for Conclusions contains a full list of SASB Standards and metrics within those that would be affected by the targeted amendments.

- Do you agree with the proposal to align corresponding metrics in other SASB Standards beyond the nine priority industries to maintain consistent disclosures on these common topics in industries subject to equivalent disclosure requirements? Do you agree that doing so would improve the comparability of information? Why or why not?
- Do you agree that these proposed targeted amendments should be implemented before completing a comprehensive review of each of the SASB Standards affected by these amendments? Do you agree that this approach would support the objective of enhancing the SASB Standards to provide timely support to entities in applying IFRS S1? Why or why not?
- Do you agree with the proposed targeted amendments associated with greenhouse gas emissions? Why or why not?
- Do you agree with the proposed targeted amendments associated with energy management? Why or why not?
- Do you agree with the proposed targeted amendments associated with water management? Why or why not?
- Do you agree with the proposed targeted amendments associated with labour practices? Why or why not?
- Do you agree with the proposed targeted amendments associated with workforce health and safety? Why or why not?
- Are the proposed targeted amendments to the additional 41 industries appropriate and relevant for the individual SASB Standards? Are there any jurisdictional considerations related to these SASB Standards that have not been addressed in the proposals for targeted amendments that should be taken into account? If so, please explain.
- Do you agree that the proposed targeted amendments to the SASB Standards would enhance the interoperability and alignment with other sustainability-reporting standards and frameworks? Why or why not? (Note that the ISSB is focused on providing material information for users about the effects of sustainability-related risks and opportunities on an entity’s prospects.)

## Our Comments

### 1. Issues Regarding Inconsistency across Industries in Disclosure Topics and Metrics

None in particular

## 2. Issues Related to the Relevance of Disclosure Topics and Metrics

- Regarding the “Technical Protocol for (1) total energy consumed, (2) percentage grid electricity and (3) percentage renewable”
  - Technical Protocol 1.2.2 states that electricity from self-generated facilities that sell certificates should be classified as purchased energy. BC66 explains this approach as intended to improve consistency with the GHG Protocol Scope 2 Guidance. Nevertheless, the disclosure objective outlined in the summary of “Energy Management” for the “Processed Foods” SASB Standard primarily emphasizes the availability, stability, and reliability of energy supply. Given this purpose, the attributes of the actual supplier of the energy consumed (e.g., the company itself, affiliated companies, or third parties) are critical. This objective differs from the Scope 2 Guidance, which focuses on applying residual mix emission factors after certificate sales to prevent double counting of environmental value. Therefore, we believe that adopting metrics that diverge from the Energy Management disclosure objective solely to ensure consistency with the Guidance would be inappropriate.
  - Adhering to Technical Protocol 3.3 would exclude all electricity procured from partially owned facilities outside the GHG Protocol organizational boundary from “self-generated renewable electricity.” The calculation method provides insufficient justification for its appropriateness in relation to the disclosure objectives of Energy Management—namely, the availability, stability, and reliability of energy supply—making it difficult to assess its suitability.
  - Technical Protocol 3.6 requires entities to disclose information on such instruments when renewable energy is procured through other contractual instruments. However, the Energy Management topic focuses solely on self-generated and directly contracted renewable electricity. Given that the disclosure objective of Energy Management emphasizes the availability, stability, and reliability of energy supply, the relevance of disclosing information on these instruments appears to be limited. In particular, it is difficult to establish a clear link between procurement decisions intended to manage energy-related risks and opportunities and the disclosure of such instrument information.

## 3. Issues Related to the Lack of Clarity in Metrics or Technical Protocols

- Regarding the “Technical Protocol for (1) total energy consumed, (2) percentage grid electricity and (3) percentage renewable”
  - Technical Protocol 1.2.5 states, “Self-generated electricity consumed from fuel is counted only once as fuel consumed.” However, Technical Protocol 1.2.6 states, “If the entity stores any energy, that energy is counted only once when the entity has consumed the energy and it is no longer stored.” When considered together, these provisions may create ambiguity regarding when energy consumption should be recorded in situations where an entity stores electricity it has generated. We recommend clarifying Technical Protocol 1.2.6 by adding language to specify that it applies only to energy that is “purchased or acquired.”

- There is ambiguity regarding which renewable energy procurement methods are included in the “direct contracts” defined in Technical Protocol 3.5 for calculating the amount of electricity from renewable energy sources. Specifically, clarification is needed as to whether this includes designated generation facility contracts with utilities, general renewable energy contracts with utilities, or virtual Power Purchase Agreements (PPAs).
- Technical Protocol 3.7 requires entities to disclose renewable electricity consumption from biomass sources. Furthermore, 3.7.1 mandates that only materials certified by third-party standards be included, and 3.7.2 requires disclosure of the third-party standards to which the materials are certified. While these provisions pose no issues for biomass-based renewable electricity obtained through self-generation or direct contracts, their application becomes problematic when procurement relies exclusively on other contractual instruments.

#### 4. Issues Related to Interoperability with Other Standards

None in particular

#### 5. Issues Related to Applicability within Japanese Legal Frameworks and Business Environment

None in particular