10th January 2025

Secretariat of the Sustainability Standards Board of Japan
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Subject: Response to Exposure Draft on Reporting Metrics Calculation Period

Dear Sir or Madam,

Thank you for the opportunity to respond to the Sustainability Standards Board (SSBJ) Exposure Draft titled "Revised Proposals Related to the Calculation Period for the Reporting of Metrics," issued on 29 November 2024.

The Asian Corporate Governance Association (ACGA) is a non-profit membership association founded in 1999. We conduct research on corporate governance related topics for 12 markets in Asia-Pacific and advocate at the regulatory and corporate level across the region to advance standards and practices. ACGA is a membership-based organization with 102 members, of which 80% are institutional investors with more than US$40 trillion in assets under management globally.

We refer to the open letter written on 31 July 2024 by ACGA regarding the public consultation relating to three Exposure Drafts issued by SSBJ on 29 March 2024 and would like to reiterate the key points therein. We note SSBJ's efforts to finalise the standards so as to be aligned with ISSB and that SSBJ has provisionally decided to retain the requirement of Scope 3, to require that companies "shall" rather than "may" consider SASB standards and to include IFRS S1 B4 and B5.

We would like to highlight we only have access to the English translation provided by SSBJ Secretariat and would encourage all the material to be available in English as well going forward. We appreciate SSBJ's efforts to enhance the sustainability disclosure standards and recognise the importance of aligning the calculation period for reporting metrics with the sustainability-related financial disclosures. If the calculation period does not match the reporting period, companies will be required to adjust their calculation methods to ensure consistency. While SSBJ has not specified what constitutes a "reasonable method" for this adjustment, we note that it plans to provide non-authoritative guidance on best practices in the future.

Support for alignment

We support the proposal that emphasizes alignment between the calculation period and reporting period. This approach not only enhances transparency but also reduces confusion among users of sustainability reports. By ensuring that metrics reflect the same timeframe as financial disclosures, it would provide a comprehensive view of an organization's sustainability performance which is consistent with the financial reporting that is provided.

Concerns regarding implementation

While we agree with the proposed adjustments, we urge SSBJ to provide clear guidance on what constitutes a "reasonable method" for adjusting calculation periods. The lack of specific guidelines may lead to inconsistencies in application across different reporting entities. SSBJ may consider educational materials that would help guide entities on best practices when making these adjustments.

Feedback on GHG Emissions Reporting

We acknowledge the need for flexibility in methods used regarding GHG emissions reporting, especially when they differ from those prescribed by the GHG Protocol (2004). However, it is crucial that any alternative methods should adhere to principles of accuracy and comparability, ensuring that reported figures remain reliable and meaningful.

Conclusion

We commend SSBJ for its proactive approach in revisiting these proposals based on stakeholder feedback. Thank you for the opportunity to provide these further comments and for considering our input. We and our members look forward to finalisation of the reporting standards to enhance sustainability reporting standards in Japan and welcome further opportunity to share our views or discuss these matters if there are any other queries.

Yours faithfully,

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