



Sustainability Standards Board of Japan
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Consultation on Sustainability Standards Board of Japan's Exposure Drafts of Sustainability Disclosure Standards

We refer to the Sustainability Standards Board of Japan's consultation on the Exposure Drafts of the Sustainability Disclosure Standards to be applied in Japan. We appreciate the opportunity to contribute our investor perspective to the future Japanese sustainability disclosure regime.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with ¥215,031 billion at year end 2023, ¥10,793 billion of which invested in the shares of Japanese companies.

As a long-term, global investor, we consider our returns over time to be dependent on sustainable development in economic, environmental and social terms. We need consistent, comparable and reliable information from companies on social and environmental issues that are financially material to their business. As a global investor with holdings in 70 different countries, we have a clear interest in information being reported in a consistent and comparable manner across markets worldwide. These disclosures inform our investment decisions, our risk management and our ownership activities.

We strongly support the International Sustainability Standards Board (ISSB) and its mission to deliver a global baseline of disclosure standards that provide decision-useful information to investors. The ISSB standards IFRS S1 and S2 build on existing frameworks, such as the Taskforce on Climate-Related Financial Disclosures Recommendations (TCFD), and maintain its four-pillar structure around governance, strategy, risk management, and metrics and targets. We believe that global comparability and consistency of information can be best achieved by the alignment of jurisdictional regimes with the ISSB standards through the so-called "building blocks" approach, which allows standard setters to address any jurisdiction-specific policy objectives by adding to the global baseline.

We welcome the SSBJ Exposure Drafts and their high degree of alignment with the global standards IFRS S1 and S2, marking a significant milestone in the establishment of the global baseline of information required by the ISSB Standards in Japan. We also welcome the requirement for the reporting to align with the Sustainability Accounting Standards Board (SASB), which are international best practice and play a central role in the ISSB architecture. As the SSBJ Standards are finalized by the Sustainability Standards Board of Japan, we suggest some targeted amendments to improve the alignment of the Japanese sustainability disclosures regime with the global standards. Limiting

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modifications to the ISSB Standards as far as possible, and rather addressing jurisdiction-specific requirements through additions instead of deviations, reduces fragmentation and promotes comparability for investors, whilst also alleviating the reporting burden for multinational companies.


We notice that the SSBJ Exposure Drafts allow reporting entities to use a different reporting period under certain circumstances, such as when the jurisdiction requires an entity to disclose certain metrics where the calculation period is different from the financial reporting period (as is the case for the calculation of GHG emissions). This potential lack of alignment between the financial reporting period and the sustainability reporting period could hinder the connectivity between the two sets of disclosures, and users' ability to understand the financial implications of sustainability risks and opportunities. The reporting period for GHG emissions should be the same as for all reported information to ensure its timeliness and consistency. Furthermore, we note that the ED allows entities to report on sustainability-related information at a different time from the entity's financial statements when there are specific legal or regulatory requirements which prohibit entities to do so, or when entities apply the standards on a voluntary basis. We suggest aligning the timing of reporting to ensure that investors have all material information for decision making available at the same time.

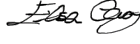
In relation to GHG emissions information specifically, we notice that the Exposure Draft No. 2 allows entities which are subject to the Japanese Act on Promotion of Global Warming Countermeasures to use the latest GHG emissions data reported under that Act for the purpose of sustainability related disclosures. However, this could result in a difference of over one year between the sustainability-related reporting period and the calculation period of GHG emissions under the Act. We encourage the Japanese authorities to remove this discrepancy. More generally, we reiterate the importance of maintaining the same disclosure requirements on climate-related risks and opportunities as in the ISSB Standard S2. We note that the SSBJ proposal makes it optional for entities to disclose the amount and percentage of assets and business activities vulnerable to climate-related risks, and those aligned with opportunities. These disclosures are important for investors and should remain mandatory under the SSBJ Standard. We similarly recommend full alignment with the ISSB Standards in relation to internal carbon prices, where we encourage using exactly the same wording as the global standard.

Finally, we note that further alignment between the SSBJ Exposure Drafts and the ISSB Standards can be achieved in the section about "Resources and Relationships" and "Dependencies and Impacts". Paragraphs B4 and B5 of the IFRS S1 Standard are important to explain the scope of the ISSB Standards, as they detail how an entity's resources, relationships, dependencies and impacts can affect its prospects. This explanation helps entities assess the scope of information to consider when identifying sustainability-related risks and opportunities, in compliance with ISSB Standards.

We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely

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