

S1

Question	Comments
1	<p>(a) - (d)</p> <p>We agree with disclosure of financial information about sustainability-related risks and opportunities to which an entity is exposed. We also agree with allowing an entity to provide qualitative information, if it is unable to provide quantitative information regarding its financial position, financial performance, and cash flows. In addition, when there are items which an entity cannot physically disclose due to its system environment, data retention conditions, or for strategic reasons, etc., the requirements should be adjusted/eased to allow it to disclose qualitative information or estimates in an alternative manner.</p> <p>After clarifying the purpose of disclosure and examining the associated costs and benefits, a principle-based approach should be taken when developing these requirements.</p>
9	<p>We do not agree with the proposal. Sustainability-related financial disclosures by insurance companies (financial institutions) include items in which they need to reflect their counterparties' sustainability-related financial disclosures (for example, GHG emissions by their investees). Such counterparty information can only become available after the end of the reporting period. Therefore, it is impossible for insurance companies to make sustainability-related financial disclosures for the same reporting period as their financial statements. In addition, sustainability-related disclosure items are more detailed than items disclosed in financial statements, and require more time to collect and scrutinize. Providing sustainability-related financial disclosures at the same time as financial statements cannot be made possible unless system improvements and environmental arrangements are fully ensured. To enable simultaneous disclosures, rather than requiring entities to comply with all requirements set in this standard, simplified disclosures should also be allowed.</p>
10	<p>(a)</p> <p>We agree with the proposals. Due to the large volume of information required by this standard, as indicated in the exposure draft, it is appropriate to disclose sustainability-related financial information in a different location to financial reporting, and cross-reference them.</p> <p>(b)</p> <p>Although this is not a jurisdiction-specific requirement, disclosing the large volume of information required by this standard in the financial reporting would interfere with an entity's responsibility to disseminate information in a way that is easily understood by users. As per our response to (a), a format, in which sustainability-related financial information is disclosed in a different location to financial reporting with cross-references, should be allowed (as indicated in the exposure draft).</p>

	<p>(c) We agree with the proposal. However, as per our response to Question 9, we do not agree to disclose at the same time as general purpose financial reporting.</p>
11	<p>(b) We agree with the idea only on the condition indicated in the exposure draft ("except when this would be impracticable"). Disclosing the revised comparative amount (based on the amount disclosed in the year prior) will increase the workload of entities. Provided that entities disclose a sufficient explanation about the revisions, they should be given the option not to disclose the revised comparative amount.</p>
12	<p>We agree with the proposal. Entities cannot disclose information which they are prohibited from doing so by local laws or regulations. In addition, for any disclosure of information that is likely to have a certain level of negative impact on an entity's sales strategy, the entity should be allowed to claim compliance with this standard even if it is not disclosed, provided that the reasons are clearly explained in the disclosure. Similarly, an entity should be allowed to claim compliance with this standard even if simultaneous disclosure with its financial statements cannot be achieved, provided that it is impracticable to make these disclosures at the same time.</p>
13	<p>(a) At least 2 years are needed. What this standard requires includes significantly detailed elements, the use of scenario analysis, etc. In order for entities to fully comply with such requirements, they need to carry out fundamental reforms of their data management and internal systems, and further invest in human resources.</p> <p>(b) We agree with the idea.</p>
16	<p>(a) (b) Fundamental reforms of entities' data management and internal systems as well as investment in human resources are necessary to fully comply with what this standard requires (in particular, items, of which calculation and analysis require very detailed information (such as information specific to individual assets, industries, and products), items that require the same level of detailed and complicated calculation as financial indicators, and the use of scenario analysis, which entails a certain level of cost and workload). Relief measures should be set regarding requirements which incur a certain level of cost to comply with.</p>
17	<p>While Paragraph 24 on Page 27 indicates the use of scenario analysis, concrete and detailed descriptions of the relevant scenario</p>

	analysis approaches should be presented.
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S2

Question	Comments
1	<p>(a) - (d)</p> <p>We agree with disclosure of financial information about sustainability-related risks and opportunities to which an entity is exposed. However, fundamental reforms of entities' data management and internal systems as well as investment in human resources are necessary to fully comply with what this standard requires (in particular, items, of which calculation and analysis require very detailed information (such as information specific to individual assets, industries, and products), items that require the same level of detailed and complicated calculation as financial indicators, and the use of scenario analysis, which entails a certain level of cost and workload). There are items which entities may not for practical reasons be able to disclose, because local laws or regulations prohibit them from doing so, or complying with the requirements would incur a certain level of cost. Therefore, we agree with the objective on the premise that, as the exposure draft indicates, relief measures or easing of the requirements regarding such items will be ensured (for example, by allowing entities to disclose qualitative information or estimates, instead of quantitative information). After clarifying the purpose of disclosure and examining the associated costs and benefits, a principle-based approach should be taken when developing these requirements.</p>
3	<p>(b)</p> <p>We agree with the proposal. However, the exposure draft includes lots of overly detailed requirements regarding disclosure of revenue and assets under management per industry and usage, etc., which an entity may not be able to physically disclose due to its system environment, data retention conditions, or for strategic reasons, etc. To deal with such a case, easing of the requirements should be added to the standard to allow the entity to disclose qualitative information or estimates in an alternative manner.</p>
5	<p>(a)</p> <p>We do not agree with the proposal. There are differences among investees in terms of the state of disclosure of their GHG emissions, which insurance companies are required to disclose as part of their transition risk exposure. In addition, the level of disclosure by investees is expected to improve. In view of disclosure consistency and accuracy, relief measures or easing of the requirements should be ensured (for example, by allowing entities to take a phased approach and begin with GHG emissions disclosures for asset classes and industries that they have been able to calculate).</p>
6	<p>(a)</p>

	<p>We agree with the proposal. Alternative responses should be presented to deal with the situation where quantitative disclosures are not possible. Qualitative disclosures are appropriate as an alternative response.</p> <p>(b) (c)</p> <p>We agree with the proposals. However, fundamental reforms of entities' data management and internal systems as well as investment in human resources are necessary to fully comply with what this standard requires (in particular, items, of which calculation and analysis require very detailed information (such as information specific to individual assets, industries, and products), items that require the same level of detailed and complicated calculation as financial indicators, and the use of scenario analysis, which entails a certain level of cost and workload).</p> <p>There are items which entities may not for practical reasons be able to disclose, because local laws or regulations prohibit them from doing so, or complying with the requirements would incur a certain level of cost. Therefore, we agree with the proposals on the premise that, as the exposure draft indicates, relief measures or easing of the requirements regarding such items can be ensured (for example, by allowing entities to disclose qualitative information or estimates, instead of quantitative information).</p> <p>Furthermore, regarding the disclosure of items for which approaches (measurement, target setting, etc.) have not been established, we agree with the proposals on the premise that relief measures or easing of the requirements will be introduced.</p>
7	<p>Based on its business strategies, each entity should be able to determine the scope (targeted entities) of its scenario analysis.</p>
12	<p>(a) (b)</p> <p>Fundamental reforms of entities' data management and internal systems as well as investment in human resources are necessary to fully comply with what this standard requires (in particular, items, of which calculation and analysis require very detailed information (such as information specific to individual assets, industries, and products), items that require the same level of detailed and complicated calculation as financial indicators, and the use of scenario analysis, which entails a certain level of cost and workload). Relief measures should be set regarding requirements which incur a certain level of cost to comply with.</p>
14	<p>(a)</p> <p>In view of expected consistency between the two standards, their effective date should be the same.</p> <p>(b)</p> <p>At least 2 years are needed. What this standard requires includes significantly detailed elements, the use of scenario analysis, etc. In order for entities to fully comply with such requirements, they need to carry out fundamental reforms of their data management and</p>

	internal systems, and further invest in human resources.
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Appendix B

Page		Comments
155	Industry description	<p>The “Note” of this section indicates a reference to the SASB Managed Care Industry Standard (for insurance companies offering health insurance). This annotation appears to be based on the U.S. healthcare system. To be part of an international standard, the annotation should be deleted, and the definition clarified in the Managed Care industry-based disclosure requirements.</p>
156	Table 1. Sustainability Disclosure Topic & Metrics	<ul style="list-style-type: none"> - With regard to disclosures of PML (gross and net, and multiple disclosures), as well as those of insurance payouts, insurance companies purchase reinsurance to maintain soundness, a stable balance between income and expenditure, and efficiency. The difference between gross and net is indicative of the insurance company's reinsurance arrangements, and multiple disclosures are indicative of its reinsurance arrangement status. Such disclosures are likely to hinder continued and sound reinsurance arrangements. For example, possible negative consequences could include a rise in reinsurance and insurance premiums, and a growing call from investors seeking short-term profits for a reduction in the amount of reinsurance. Similarly, disclosing insurance payouts could have a negative impact on the insurance company's soundness, etc. - As stated above, given the negative impact on the soundness of insurance provision and reinsurance arrangements, neither PML nor insurance payout information are suitable for disclosure. It is appropriate to develop and implement standards that allow for the disclosure of assets, lines of businesses, etc. which reflect the individual circumstances of the insurance company's business model, sales policies, as well as optimization of the balance between income and expenditure. - There are differences among investees in terms of the state of disclosure of their GHG emissions, which insurance companies are required to disclose as part of their transition risk exposure. In addition, the level of disclosure by investees is expected to improve. In view of disclosure consistency and accuracy, relief measures or easing of the requirements should be ensured (for example, by allowing entities to take a phased approach and begin with GHG emissions disclosures for asset classes and industries that they have been able to

		calculate). In addition, given the current, transitional situation, the requirements ("shall") should be changed to recommendations ("should").
157	Table 2. Activity Metrics	"Number of policies" is not suitable for inclusion in Activity Metrics. There are problems such as how to count treaty reinsurance policies.
158	FN-IN-410a.2.	<ul style="list-style-type: none"> - The scope of this section is expanded beyond climate change to include ESG investing, and it requires entities to disclose related approaches and organizational responses. It is necessary to allow a certain degree of flexibility for entities in accordance with their actual situation (human resources, data availability, etc.). Therefore, it is desirable to change the disclosure requirements ("shall") to recommendations or examples. - 1.1: While aligning the definition of incorporation of ESG factors with that of the GSIA is required, it is unclear what exactly this is supposed to indicate. When making this a disclosure requirement, the level of incorporation and the granularity of classification should be defined in consideration of feasibility and the burden on entities. - 2: The scope of "regulatory requirements" should be clarified (only hard laws, or both hard and soft laws). - 5.1.3 and 6: "The quality of ESG incorporation" (5.1.3), "scenario analysis and/or modeling in which the risk profile of future ESG factors at the portfolio level is calculated", etc. should be defined. - 6.1: Scenario analysis and/or modeling disclosure should be "voluntary" for the time being. In particular, consideration should be given to the current difficulties in (quantitatively) analyzing the impact of human capital risks on an entity's portfolio. In addition, as it is inappropriate to include cybersecurity risks in ESG factors alongside climate change and natural resource constraints, "cybersecurity risks" should be deleted. - 9.3: It is necessary to change "Federal Reserve policy" to monetary policies, etc. In addition, what is described in 9 will impose an excessive workload on entities.
161	FN-IN-410b.2.	- While the scope of this section is expanded beyond climate change to include ESG investing, the scope of the

		<p>requirements should be related to climate change. Accordingly, the scope of this section should be limited to climate change.</p> <p>- As for disclosure of the actual amount of premiums written, in order to enhance comparability, it is necessary to allow ratio-based disclosures, which are more comparable and in line with the TCFD recommendations. When disclosing the actual amount of premiums written, it is assumed that customers may be concentrated in certain companies with a relatively large volume, which could have a negative impact on the provision of stable insurance capacity.</p> <p>- 2 and 3 should be deleted as they include non-climate-related items.</p>
162	FN-IN-410b.1.	<p>It is difficult to present "energy efficiency and low carbon technology" quantitatively in an internationally comparable manner because there is no globally agreed definition, and the status of each country varies according to its energy situation. Rather than presenting it quantitatively, it would be preferable to present approaches to the promotion of "energy efficiency and low carbon technology" in each country where the insurance company operates.</p>
163	FN-IN-450a.1.	<p>- With regard to disclosures of PML (gross and net, and multiple disclosures), as well as those of insurance payouts, insurance companies purchase reinsurance to maintain soundness, a stable balance between income and expenditure, and efficiency. The difference between gross and net is indicative of the insurance company's reinsurance arrangements, and multiple disclosures are indicative of its reinsurance arrangement status. Such disclosures are likely to hinder continued and sound reinsurance arrangements. For example, possible negative consequences could include a rise in reinsurance and insurance premiums, and a growing call from investors seeking short-term profits for a reduction in the amount of reinsurance. Similarly, disclosing insurance payouts could have a negative impact on the insurance company's soundness, etc.</p> <p>- As stated above, given the negative impact on the soundness of insurance provision, reinsurance arrangements, the disclosure burden on entities, feasibility, and competition strategies, neither PML nor</p>

		<p>insurance payout information are suitable for disclosure.</p> <ul style="list-style-type: none"> - Assessments that incorporate the impact of climate change are being undertaken by entities based on TCFD recommendations. At present, it is important to make disclosures in line with the TCFD recommendations “voluntary”. - Table 3 and Table 4: As tsunamis are not related to climate change, it is inappropriate to include them in the scope. - Note to FN-IN-450a.1: In Japan, PML is calculated for a measurement period of one year, but future climate change factors are not considered. Therefore, if FN-IN-450a.1. indicates calculation of PML at a certain point in the future, it would be impossible to implement such requirements.
164	FN-IN-450a.2.	<ul style="list-style-type: none"> - Assessments that incorporate the impact of climate change are being undertaken by entities based on TCFD recommendations. At present, it is important to make disclosures in line with the TCFD recommendations “voluntary”. - Given the disclosure burden on entities, feasibility, and the impact on competition strategies, detailed disclosure of the actual amount of losses due to past natural peril catastrophe events should not be required.
165	FN-IN-450a.3.	<p>Assessments that incorporate the impact of climate change are being undertaken by entities based on TCFD recommendations. At present, it is important to make disclosures in line with the TCFD recommendations “voluntary”.</p>
168	Topic Summary	<p>As for FN-IN-1 to 5, it is important to take account of the perspective of continued acquisition of reliable data (including the timing when data can be obtained) as well as the workload and cost associated with obtaining and disclosing such data. In addition, for some areas, such as calculation methods for loan commitments and derivatives exposures, are described in considerable detail.</p>
168	FN-IN-1.	<ul style="list-style-type: none"> - There are differences among investees in terms of the state of disclosure of their GHG emissions, which

		<p>insurance companies are required to disclose as part of their transition risk exposure. In addition, the level of disclosure by investees is expected to improve. In view of disclosure consistency and accuracy, relief measures or easing of the requirements should be ensured (for example, by allowing entities to take a phased approach and begin with GHG emissions disclosures for asset classes and industries that they have been able to calculate). In addition, given the current, transitional situation, the requirements ("shall") should be changed to recommendations ("should").</p> <p>- With regard to disclosures by industry, the actual situation, future development, etc. of financial markets should also be considered. For example, if an electricity company issues green bonds, the disclosure of the gross exposure would result in treating straight bonds and green bonds in the same category. This would not allow for a proper assessment of investment in green bonds, and could mislead stakeholders. In this case, the energy situation in each country should also be considered to ensure comparability.</p> <p>- Disclosures regarding loans, etc. are required ("The scope of disclosure includes but is not limited to loans, project finance, bonds, equity investments and derivatives"). This description is the same as the requirements for commercial banks, but the explanation and metrics are inappropriate for the insurance industry. The requirements should be set based on the characteristics of the industry.</p> <p>- As derivatives' underlying assets are highly diversified, the scope of derivative transactions should be clarified. In addition, the calculation of financed emissions for derivatives needs to be defined (for example, which entity needs to calculate GHG emissions for index derivatives).</p>
169	FN-IN-2.	<p>- There are differences among investees in terms of the state of disclosure of their GHG emissions, which insurance companies are required to disclose as part of their transition risk exposure. In addition, the level of disclosure by investees is expected to improve. In view of disclosure consistency and accuracy, relief measures or easing of requirements should be ensured (for example, by allowing entities to take a phased approach and begin with GHG emissions disclosures for asset classes and industries that they have been able to calculate). In</p>

		<p>addition, given the current, transitional situation, the requirements ("shall") should be changed to recommendations ("should").</p> <p>- An explanation is needed on how to deal with the fact that financed emissions are disclosed later than other disclosure items. As financed emissions are calculated based on an investee's GHG emissions, disclosure of the investee's emissions needs to be made first.</p>
170	FN-IN-3.	<p>- There are differences among investees in terms of the state of disclosure of their GHG emissions, which insurance companies are required to disclose as part of their transition risk exposure. In addition, the level of disclosure by investees is expected to improve. In view of disclosure consistency and accuracy, relief measures or easing of requirements should be ensured (for example, by allowing entities to take a phased approach and begin with GHG emissions disclosures for asset classes and industries that they have been able to calculate). In addition, given the current, transitional situation, the requirements ("shall") should be changed to recommendations ("should").</p> <p>- Scope 3 emissions can only be ascertained through data provided by third parties, and often have to depend on estimates. Therefore, we would appreciate careful discussion on the disclosure of Scope 3 emissions, particularly if making it compulsory is to be considered. In addition to data quality and availability, the challenges of so-called double counting (between financial institutions that provide services and execute investments and loans to the same company upstream and downstream in the value chain), etc. should be examined.</p> <p>- An explanation is needed on how to deal with the fact that financed emissions are disclosed later than other disclosure items. As financed emissions are calculated based on an investee's GHG emissions, disclosure of the investee's emissions needs to be made first.</p>
171	FN-IN-4.	<p>- There are differences among investees in terms of the state of disclosure of their GHG emissions, which insurance companies are required to disclose as part of their transition risk exposure. In addition, the level of disclosure by investees is expected to improve. In view of disclosure consistency and accuracy, relief measures</p>

		<p>or easing of requirements should be ensured (for example, by allowing entities to take a phased approach and begin with GHG emissions disclosures for asset classes and industries that they have been able to calculate). In addition, given the current, transitional situation, the requirements ("shall") should be changed to recommendations ("should").</p> <p>- An explanation is needed on how to deal with the fact that financed emissions are disclosed later than other disclosure items. As financed emissions are calculated based on an investee's GHG emissions, disclosure of the investee's emissions needs to be made first.</p>
173	FN-IN-5.	<p>- There are differences among investees in terms of the state of disclosure of their GHG emissions, which insurance companies are required to disclose as part of their transition risk exposure. In addition, the level of disclosure by investees is expected to improve. In view of disclosure consistency and accuracy, relief measures or easing of requirements should be ensured (for example, by allowing entities to take a phased approach and begin with GHG emissions disclosures for asset classes and industries that they have been able to calculate). In addition, given the current, transitional situation, the requirements ("shall") should be changed to recommendations ("should").</p> <p>- An explanation is needed on how to deal with the fact that financed emissions are disclosed later than other disclosure items. As financed emissions are calculated based on an investee's GHG emissions, disclosure of the investee's emissions needs to be made first.</p> <p>- As it is still premature to introduce data verification regarding disclosure, "shall" sounds too strong. It needs to be changed to "may", etc.</p>