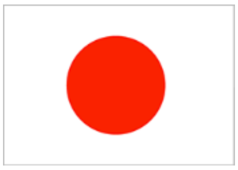
IFRS® SUSTAINABILITY DISCLOSURE STANDARDS (ISSB STANDARDS)—APPLICATION AROUND THE WORLD



JURISDICTIONAL PROFILE: Japan

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This profile provides information about the application of ISSB Standards in Japan. The ISSB Standards are developed and issued in the public interest by the International Sustainability Standards Board (ISSB). The ISSB is a standard-setting body of the IFRS Foundation (Foundation), an independent, not-for-profit organisation.

The Foundation has prepared this profile applying an analysis that is in accordance with the *Inaugural Jurisdictional Guide for the adoption or other use of ISSB Standards* (*Jurisdictional Guide*) and based on information provided by jurisdictional authorities in response to a questionnaire the Foundation issued on the regulatory approach to the use of the ISSB Standards. The Foundation invited the questionnaire's respondent and international accounting firms to review a draft of the profile.

The purpose of the Foundation's jurisdictional profiles is only to illustrate the extent of adoption or other use of the Standards across the globe. The profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact licensing@ifrs.org.

Description of the jurisdictional approach

Jurisdictional approach towards the adoption or other use of ISSB Standards[1]
Updated 16 July 2026

	Current[2]	Target[3]
Jurisdictional approach	Adopting ISSB Standards with limited transition	Fully adopting ISSB Standards

[1] Refers to the range of approaches that jurisdictions may take to 'adopt, apply or otherwise be informed by' ISSB Standards when introducing sustainability-related disclosure requirements in their legal and regulatory frameworks, as set out in Section 3.4 of the *Jurisdictional Guide*. This range includes approaches that involve the adoption or other use of IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* directly, as well as the introduction of local sustainability-related disclosure requirements (or standards) designed to deliver functionally aligned outcomes to those resulting from the application of IFRS S1 and IFRS S2 (referred to as 'requirements with functionally aligned outcomes)'.

[2] The target approach describes the stated jurisdictional target that a jurisdiction aims to achieve for sustainability-related disclosure requirements reflecting either the final milestone in the jurisdictional roadmap or requirements that have already been introduced by law or regulation but where application by entities will only be required at a future date.

[3] The current approach describes the most up-to-date status of a jurisdiction's sustainability-related disclosure requirements reflecting what entities in the jurisdiction are required or permitted to apply at the time the jurisdictional profile is published.

IFRS Sustainability

Regulatory approach to sustainability-related disclosures

Has the relevant authority(ies) in the jurisdiction published a decision to require sustainability-related financial disclosures?	Yes.
Does the jurisdiction's regulatory framework for sustainability-related disclosures adopt or otherwise use ISSB Standards?	Yes.
Description of and links to the relevant announcement, roadmap, standards and/or law or regulation.	In January 2026 the Financial Services Agency (FSA) published a roadmap outlining the mandatory timeline for sustainability-related disclosure in accordance with Sustainability Disclosure Standards issued by the Sustainability Standards Board of Japan (SSBJ) (hereafter collectively referred to as 'SSBJ Standards'). Under amendments on 15 July 2026 to the Financial Instruments and Exchange Act (FIEA), the FSA has mandated sustainability disclosures in accordance with the SSBJ Standards for companies listed on the Tokyo Stock Exchange Prime Market (Prime Market) with average market capitalisation of ¥500 billion or more. The amendment of Cabinet Office Ordinance on Disclosure of Corporate Affairs (20 February 2026) is available in Japanese (a machine-translated English version can be accessed via the language tab), and was published in the Official Gazette. The FSA designated SSBJ Standards as authorised standards by official notification under the Cabinet Office Ordinance and specified them as the standards to be applied in Annual Securities Reports. The SSBJ Standards are designed to deliver outcomes functionally aligned with those resulting from application of ISSB Standards. Please refer to the 'Comparison of ISSB Standards and SSBJ Standards' (as of 31 March 2026) and the 'Table of Concordance between ISSB Standards and SSBJ Standards' (as of 31 March 2026).
Summary of the timeline for the application of the jurisdiction's sustainability-related disclosure requirements by entities in the jurisdiction.	In January 2026 the FSA published a roadmap outlining the mandatory timeline for sustainability-related disclosures in accordance with SSBJ Standards for Prime Market-listed entities as follows: • Annual reporting period ending March 2027: entities with market capitalisation of ¥3 trillion or more. • Annual reporting period ending March 2028: entities with market capitalisation of ¥1 trillion or more. • Annual reporting period ending March 2029: entities with market capitalisation of ¥500 billion or more.

	Market capitalisation will be determined by the average of the market capitalisation on each of the last five fiscal year-end dates. For entities in each group above, voluntary early application of SSBJ Standards is permitted. Timing for disclosure by all other listed entities will be considered in the future, taking into account factors such as current disclosure practices and investor needs.

Extent of application of ISSB Standards

Requirements	
Applicable ISSB Standards: which ISSB Standards does the legal or regulatory framework adopt or otherwise use?	IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures* (incorporated into SSBJ Standards)*. *This includes amendments to IFRS S2 *Amendments to Greenhouse Gas Emissions Disclosures* (early application is permitted). The SSBJ and the ISSB concluded that SSBJ Standards are designed to deliver outcomes functionally aligned with ISSB Standards.
Scope: what information is an entity in the jurisdiction required to disclose?	Material information about the sustainability-related risks and opportunities that could reasonably be expected to affect its cash flows, its access to finance or the cost of capital over the short, medium or long term.
Focus: at whom is the information provided by sustainability-related disclosure requirements in the jurisdiction focused?	Existing and potential investors, lenders and other creditors.
Placement of disclosures: does the jurisdiction require that an entity include sustainability-related financial disclosures as part of its general purpose financial reports?	Yes. The FSA requires that sustainability-related financial disclosures in accordance with SSBJ Standards be included in the Annual Securities Report, in a section outside of the financial statements (located under ‘Section 2 Business Overview’, ‘2. Approach to Sustainability and Initiative’).
Timing of reporting: does the jurisdiction require that an entity report sustainability-related financial disclosures at the same time as its related financial statements?	Yes. Disclosure is required at the same time as the financial statements, after a two-year transition relief, which is longer than that set out in paragraph E4 of IFRS S1 (explained in the *Transition reliefs* section below).

IFRS Sustainability

Transition reliefs: do the jurisdiction’s requirements include any **changes to** the transition reliefs included in IFRS S1 and IFRS S2?

Yes.

	Description of relief	Duration of relief
IFRS S1	For the first two annual reporting periods in which an entity applies SSBJ Standards, FSA regulation permits the entity to disclose its sustainability-related financial disclosures after the publication of its relevant financial statements. In addition to the option set out in paragraph E4(a) of IFRS S1 (disclosure at the same time as the interim report), disclosure may also be made before the interim report, and provided in a document separate from the interim report (referred to as an Amendment Report).	Two years (one year more than the standard transition relief permitted in ISSB Standards)
IFRS S2	SSBJ Standards No. 2 contains standard transition reliefs as provided in IFRS S2.	

Jurisdictional modifications: do the jurisdiction’s requirements include any modifications to the requirements in IFRS S1 and IFRS S2?

Yes.

SSBJ Standards provide jurisdiction-specific alternatives that entities may choose to apply and some requirements that are not included in ISSB Standards.

Please see below for details.

Schedule of differences between ISSB Standards and jurisdictional requirements, if applicable and available

‘Comparison of ISSB Standards and SSBJ Standards’ (as of 31 March 2026)

‘Table of Concordance between ISSB Standards and SSBJ Standards’ (as of 31 March 2026)

Dual reporting: is ‘dual reporting’ allowed, such that entities in the jurisdiction may assert compliance both with IFRS Sustainability Disclosure Standards as issued by the ISSB and another set of standards (for example, compliance with both ISSB Standards and the jurisdiction’s sustainability-related disclosure requirements)?

Yes.

Japanese companies in scope are not prohibited from asserting compliance with both SSBJ Standards and IFRS Sustainability Disclosure Standards, provided that the requirements in both SSBJ Standards and ISSB Standards are met.

Assertion of compliance: does the jurisdiction's legal or regulatory framework require entities to make an explicit and unreserved statement of compliance?	Yes—with SSBJ Standards.

Reporting entities

<table>
<tr><td>Are all or most[4] domestic publicly accountable entities either required or permitted to comply with the jurisdiction's sustainability-related disclosure requirements?</td>
<td>
<table>
<tr><th>Current</th><th>Target</th></tr>
<tr><td>Yes—required</td><td>Yes—required</td></tr>
<tr><td>Annual reporting period ending March 2027: Prime Market-listed companies with market capitalisation of ¥3 trillion or more</td><td>Required for all Prime Market-listed companies with market capitalisation of ¥500 billion or more

Further requirements will be phased in as follows:
• Annual reporting period ending March 2028: Prime Market-listed companies with a market capitalisation of ¥1 trillion or more
• Annual reporting period ending March 2029: Prime Market-listed companies with market capitalisation of ¥500 billion or more</td></tr>
<tr><td colspan="2">All other publicly accountable entities are permitted to apply SSBJ standards</td></tr>
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</td></tr>
<tr><td>Are entities without public accountability either required or permitted to comply with the jurisdiction's sustainability-related disclosure requirements?</td><td>Permitted.</td></tr>
<tr><td>What sustainability-related disclosure requirements apply to foreign publicly accountable entities?</td><td>Foreign publicly accountable entities covered by the regulation (Prime-Market listed companies with market capitalisation of ¥500 billion or more) are required to prepare sustainability reports in accordance with either SSBJ Standards, ISSB Standards (that is, they have the option of using ISSB Standards as issued by the ISSB as the global passport) or standards aligned with ISSB Standards, if approved by the FSA (Article 19-9, paragraph 6 of the Cabinet Office Ordinance).

Other foreign publicly accountable entities are permitted to apply the same provisions.</td></tr>
</table>

[4] In accordance with the *Jurisdictional Guide*, 'most' publicly accountable entities is intended to capture the weight of the entities in relation to the economy or activity in the jurisdiction, instead of the number of entities subject to the requirements. It is based on the relative weight of listed entities captured by the requirements in relation to the jurisdiction's gross domestic product or the overall market capitalisation in the main equity index.

Reporting entity: do the jurisdiction's requirements specify that an entity's sustainability-related financial disclosures shall be for the same reporting entity as the related financial statements?	Yes.

Other sustainability reporting considerations

Additional disclosure requirements: does the jurisdiction require or permit an entity to provide additional disclosures within the report that contains sustainability-related financial disclosures based on ISSB Standards?	Yes—required.
If additional disclosures are permitted or required, what is the basis for such additional information?	The Cabinet Office Ordinance on Disclosure of Corporate Affairs mandates additional disclosure related to human capital, such as human capital management strategies. SSBJ Standards also include additional disclosure requirements, such as a date of authorisation for issuing sustainability-related financial disclosures that are not specified in ISSB Standards.
Does the jurisdiction require that any such additional disclosures are clearly identified and do not obscure information required by ISSB Standards?	Yes. The Annual Securities Report specifies the sections in which SSBJ-aligned sustainability disclosures and additional human capital-related disclosures must be presented. SSBJ Standards include the same requirement as paragraphs 62 and B27 of IFRS S1 that information required by SSBJ Standards is clearly identifiable and not obscured.
Digital reporting: is digital reporting of sustainability-related disclosures required?	Yes, starting with the first reporting period for sustainability-related disclosures.
If yes, what digital reporting taxonomy is used (if applicable)?	IFRS Sustainability Disclosure Taxonomy. The FSA plans to develop a taxonomy based on SSBJ Standards by building on the IFRS Sustainability Disclosure Taxonomy and adding Japan-specific extensions. The FSA also plans to introduce umbrella tags in developing the taxonomy.

Assurance: what level of assurance over sustainability-related disclosures does the jurisdiction require?	Limited assurance is required from the second annual reporting period. The assurance scope will be limited to specified information (Scope 1 and Scope 2 greenhouse gas emissions, governance and risk management) for the first two years. The assurance scope after the third year will be determined based on international practices. Based on international developments, necessary deliberations are currently being conducted regarding the appropriate framework for standards on third-party assurance of sustainability information that would be equivalent to international standards (International Standard on Sustainability Assurance (ISSA) 5000, International Standard on Quality Management (ISQM) 1, International Ethics Standards for Sustainability Assurance (IESSA)).
Other comments regarding the content of sustainability-related financial reporting or the use of ISSB Standards in the jurisdiction	All listed entities have been required to provide sustainability-related disclosures broadly consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) framework since 2023, and this requirement continues to apply to listed entities that are not required to apply SSBJ Standards.

Jurisdictional authorities

Organisation(s):	Financial Services Agency (FSA), the Japanese Government Sustainability Standards Board of Japan (SSBJ)
Role of the organisation(s):	**FSA, the Japanese Government** The FSA is the governmental authority responsible for maintaining the stability of the financial system, protecting investors, and ensuring fair and transparent financial and capital markets through policymaking, supervision and market oversight. In terms of sustainability-related disclosure, the FSA's role is to require listed entities to provide sustainability-related disclosures, to develop frameworks for third-party assurance and to designate the use of SSBJ Standards. **SSBJ** The SSBJ is the national standard-setter that develops sustainability disclosure standards to be applied in Japan and contributes to the development of international sustainability disclosure standards.
Website:	www.fsa.go.jp/en https://www.ssb-j.jp/en/