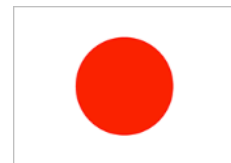


JURISDICTIONAL SNAPSHOT: Japan



‘In developing high-quality and internationally consistent sustainability disclosure standards, the SSBJ decided to align SSBJ Standards with the ISSB’s IFRS Sustainability Disclosure Standards. Accordingly, the SSBJ decided to incorporate all the requirements of ISSB Standards into SSBJ Standards and to add, when considered necessary, any jurisdiction-specific alternatives entities can choose to apply.’

Sustainability Standards Board of Japan

The IFRS Foundation is providing this high-level overview of the regulatory approach the jurisdiction has proposed or indicated it intends to take for the adoption or other use of ISSB Standards (including 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). The IFRS Foundation has undertaken a preliminary review of the proposed regulatory framework. The final jurisdictional approach may differ from the preliminary summary provided herein. This overview may therefore differ from content the IFRS Foundation may publish in a future jurisdictional profile including as a result of additional information or changes made by a jurisdiction in finalising its regulatory approach to sustainability-related reporting.

<p>Regulatory stage</p>	<p>In progress.</p> <p>Sustainability disclosures are currently required for all listed companies in Japan, pursuant to a March 2023 rule by the Financial Services Agency (FSA). That rule requires disclosure in the annual securities report of sustainability-related information that aligns with the four pillars (governance, strategy, risk management, and metrics and targets) in the Task Force on Climate-related Disclosures (TCFD) recommendations. Prior to the FSA rule, the Tokyo Stock Exchange Corporate Governance Code since June 2021 called for TCFD disclosures on a ‘comply or explain’ basis.</p> <p>The Sustainability Standards Board of Japan (SSBJ) was established in July 2022 to develop sustainability disclosure standards to be applied in Japan and, following establishment of the ISSB, to contribute to the development of international sustainability disclosure standards. After public consultation on exposure drafts, the SSBJ issued its inaugural sustainability disclosure standards on 5 March 2025.</p> <p>Any mandatory application of SSBJ Standards would be subject to consideration and decision-making by the FSA. SSBJ Standards are also available for voluntary use.</p> <p>The SSBJ notes that its standards were developed under the assumption that SSBJ Standards would eventually be required, under the Japanese securities laws and regulations, to be applied by entities listed on the Prime Market of the Tokyo Stock Exchange.</p>
<p>Relevant authority or authorities</p>	<p>Financial Services Agency Sustainability Standards Board of Japan</p>

Proposed requirements

Name of framework or standards	<p>SSBJ Standards, which comprise:</p> <ol style="list-style-type: none"> (1) Universal Sustainability Disclosure Standard <i>Application of the Sustainability Disclosure Standards</i> (2) Theme-based Sustainability Disclosure Standard No. 1 <i>General Disclosures</i> (3) Theme-based Sustainability Disclosure Standard No. 2 <i>Climate-related Disclosures</i> <p>SSBJ and the ISSB concluded that SSBJ Standards are designed to provide outcomes functionally aligned with ISSB Standards.</p>
Date when requirements are proposed to become effective	<p>The SSBJ Standards can be applied for annual reporting periods ending on or after 5 March 2025. However, SSBJ Standards do not prescribe when entities would be required to apply SSBJ Standards.</p> <p>The FSA has not yet determined whether and, if so, when to mandate that listed entities in Japan apply SSBJ Standards. In a May 2024 meeting of its Working Group on Disclosure and Assurance of Sustainability-related Financial Information (the Working Group), the FSA discussed a possible schedule for phasing in disclosure requirements based on SSBJ Standards for Prime Market-listed companies, as follows:</p> <ul style="list-style-type: none"> • Annual reporting period ending March 2027: companies with market capitalisation of ¥3 trillion or more • Annual reporting period ending March 2028: companies with a market capitalisation of ¥1 trillion or more • Annual reporting period ending March 2029: companies with market capitalisation of ¥500 billion or more • Timing for disclosure by all other listed companies would not be expected until the 2030s
Reporting entities	<p>SSBJ Standards do not prescribe the scope of entities that would be required to apply SSBJ Standards. However, SSBJ Standards were developed under the assumption that SSBJ Standards would eventually be required, under the Japanese securities laws and regulations, to be applied by entities listed on the Prime Market of the Tokyo Stock Exchange.</p> <p>The FSA has not yet made any decision to require listed companies to apply SSBJ Standards, nor the scope of reporting entities that would be subject to a mandate. However, in a May 2024 meeting of the Working Group, the FSA discussed that possible reporting entities would be the Prime Market-listed companies.</p>
Required or permitted	<p>Currently permitted only for voluntary application by entities, including those that are not listed on the Prime Market of the Tokyo Stock Exchange.</p> <p>The FSA has not yet made any decision to require listed companies to apply SSBJ Standards. However, in an April 2025 meeting of the Working Group, FSA discussed designating SSBJ Standards as generally accepted sustainability-related standards in the Financial Instruments and Exchange Act.</p>
Focus	<p>Existing and potential investors, lenders and other creditors.</p>

<p>Scope of sustainability-related risks and opportunities on which entities must report</p>	<p>SSBJ Standards incorporate IFRS S1 and IFRS S2 thus requiring reporting on all sustainability-related risks and opportunities that could reasonably be expected to affect an entity’s prospects.</p>
<p>Materiality filter for disclosures</p>	<p>Disclosures under SSBJ Standards are subject to materiality.</p> <p>The definition of ‘material information’ is aligned with ISSB Standards.</p>
<p>Timing, location and reporting entity</p>	<p>In the absence of specific law or regulation, there is no difference from the requirements in ISSB Standards and the requirements in SSBJ Standards would be aligned with ISSB Standards with respect to timing and location.</p> <p>However, the SSBJ decided to explicitly relieve an entity from:</p> <ul style="list-style-type: none"> • the requirement to provide information together with its related financial statements if law or regulation prohibits disclosing sustainability-related financial disclosures together with its related financial statements or permits separate reporting. • the requirement to report sustainability-related financial disclosures at the same time as the related financial statements if law or regulation prohibits reporting at the same time or permits reporting at different times. <p>The requirements in SSBJ Standards in relation to the reporting entity are aligned with ISSB Standards.</p>
<p>Extension of transition reliefs</p>	<p>None. Transition reliefs are as provided for in ISSB Standards.</p>
<p>Jurisdictional modifications from requirements in ISSB Standards</p>	<p>A Schedule of Differences between ISSB Standards and SSBJ Standards outlines and explains alternatives added to SSBJ Standards and requirements in SSBJ that are in addition to those in ISSB Standards.</p>
<p>Additional disclosure requirements</p>	<p>Regarding the differences between ISSB Standards and SSBJ Standards, see the description above under <i>Jurisdictional modifications from requirements in ISSB Standards</i>.</p> <p>Regarding the additional information provided beyond those required by SSBJ Standards, SSBJ Standards, like IFRS S1, include a requirement that sustainability-related financial disclosures prepared in accordance with SSBJ Standards should be clearly identifiable, distinguished from other information provided by the entity and not obscured by that additional information.</p>
<p>Assurance requirements</p>	<p>The FSA has not yet made any decision about a mandatory assurance framework. However, in a December 2024 meeting of the Working Group, FSA discussed that limited assurance would be required for sustainability-related information.</p>
<p>Further information</p>	<p>None.</p>
<p>Relevant document(s)</p>	<p>About SSBJ Standards (an overview of the standards, in English) Schedule of Differences between ISSB Standards and SSBJ Standards</p>