

## **BACKGROUND NOTE ON ACTION PLANS**

The SMO Action Plan is intended to provide a summary of:

- The legal and regulatory environment for the profession;
- The status of adoption of international standards and best practices in the jurisdiction; and
- The level of a Member's or Associate's fulfillment of IFAC membership requirements.

IFAC [Statements of Membership Obligations](#) (SMOs) require IFAC Members and Associates to support the adoption<sup>1</sup> and implementation<sup>2</sup> of international standards and other pronouncements issued by independent standard-setting boards under the auspices of IFAC as well as by the International Accounting Standards Board (IASB); and to establish a quality assurance (QA) review and investigation and disciplinary (I&D) systems. The SMOs are recognized as the international benchmarks for credible and high-quality PAOs that are focused on and have the necessary expertise to serve the public interest and meet the market demands of their respective jurisdictions.

IFAC Members and Associates conduct a self-assessment against the requirements of SMOs and identify areas where, if any, improvements are needed. Members and Associates should develop an Action Plan to (a) demonstrate how they fulfill the requirements of the SMOs (revised in 2012), and (b) where some requirements are not yet addressed, to present plans towards their fulfillment. Action Plans are designed to be **ever-green** documents that take into consideration IFAC recommendations. Depending on the PAO's level of fulfillment (see *IFAC's Summary Assessment* – page 2), an Action Plan may not be necessary for each SMO section and instead the '*Attestation of Ongoing SMO Compliance*' is used to confirm their ongoing commitments. However, PAOs may wish and are welcome to utilize the Action Plan as a tool to demonstrate how they are using 'best endeavors' and going beyond their mandate with innovative approaches to fulfilling the SMOs and strengthening the national profession.

The specific details of each organization's actions will vary even where two PAOs are involved in the same SMO area. Each PAO operates in its own unique regulatory and standard-setting framework and has different operating, technical, and resource capacities. Moreover, in deciding when and how a particular SMO requirement is to be addressed, PAOs might have differing timeframes and objectives to achieve. Notwithstanding these inevitable differences, seeking the advice and assistance of other PAOs who have already faced and dealt with similar challenges can save significant time and resources. IFAC staff will offer assistance as needed.

Regular updates of the SMO Action Plans are required as part of the [IFAC Member Compliance Program](#).

### **Use of Information**

Please refer to the [Disclaimer](#) published on the IFAC website.

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<sup>1</sup> *Adoption* is concerned with the decision that international standards are appropriate for use in specific national financial reporting environments and with the actions necessary to affect those decisions, including incorporation into national requirements or requiring the use of international standards through law. Adoption may include a process to review draft international standards, translation, public exposure of proposed standards, approval, incorporation into national requirements as necessary, and promulgation of final standards, and, where applicable, a convergence process to eliminate or minimize differences between international and national standards.

<sup>2</sup> *Implementation* may include a process to build awareness of the adopted standards, provide relevant education and training, develop, or disseminate implementation guidance and any other activities that promote proper understanding and use of the standards in practice.

**ACTION PLAN**

**IFAC Member:** The Japanese Institute of Certified Public Accountants  
**Original Publish Date:** February 2010  
**Last Updated:** August 2023  
**Next Update:** August 2027

**IFAC's Summary Assessment:** IFAC staff will complete this section at the conclusion of each SMO Action Plan review and update process. PAOs are encouraged to take staff's recommendation into consideration as part of future strategic planning conversations at the PAO.

For more information on [IFAC Member Compliance Program](#) and the legends used to describe the status of adoption of international standards, best practices, and fulfillment of SMO requirements, please refer to the Status of Adoption [methodology](#) and SMO Fulfillment [methodology](#).

FOR IFAC COMPLETION	PAO Level of Responsibility for Adoption	Adoption Status as of 2023	Level of SMO Fulfillment as of 2023
QA / SMO 1	Shared	■ Adopted	■ Sustain
IES / SMO 2	Shared	■ Adopted	■ Sustain
ISA / SMO 3	Shared	■ Adopted	■ Sustain
IESBA / SMO 4	Shared	■ Adopted	■ Sustain
IPSAS / SMO 5	No Direct	▲ Partially Adopted	■ Sustain
I&D / SMO 6	Shared	■ Adopted	■ Sustain
IFRS / SMO 7	No Direct	▲ Partially Adopted	■ Sustain

## GLOSSARY

<b>ASBJ</b>	Accounting Standards Board of Japan
<b>SAS</b>	Statement on Auditing Standards
<b>BAC</b>	Business Accounting Council
<b>BOJ</b>	Bank of Japan
<b>CPA</b>	Certified Public Accountant
<b>CPAFOB</b>	Certified Public Accountants and Auditing Oversight Board
<b>CPD</b>	Continuous Professional Development
<b>EU</b>	European Union
<b>FSA</b>	Financial Services Agency
<b>GAAS</b>	Generally Accepted Auditing Standards
<b>I &amp; D</b>	Investigation and Discipline
<b>IAASB</b>	International Auditing and Assurance Standards Board
<b>IAESB</b>	International Accounting Education Standards Board
<b>IES</b>	International Education Standards
<b>IESBA</b>	International Ethics Standards Board for Accountants
<b>IFAC</b>	International Federation of Accountants
<b>IFRIC</b>	International Financial Reporting Interpretations Committee
<b>IFRS</b>	International Financial Reporting Standards
<b>IMF</b>	International Monetary Fund
<b>IPSAS</b>	International Public Sector Accounting Standards
<b>IPSASB</b>	International Public Sector Accounting Standards Board
<b>ISA</b>	International Standards on Auditing
<b>ISQC</b>	International Standards on Quality Control
<b>JBIC</b>	Japan Bank for International Cooperation
<b>JFAEL</b>	Japan Foundation for Accounting Education and Learning
<b>JICA</b>	Japan International Cooperation Agency
<b>JICPA</b>	Japanese Institute of Certified Public Accountants
<b>MIC</b>	Ministry of Internal Affairs and Communication
<b>MOF</b>	Ministry of Finance
<b>MOFA</b>	Ministry of Foreign Affairs
<b>MOU</b>	Memorandum of Understanding
<b>PIE</b>	Public Interest Entities
<b>QA</b>	Quality Assurance
<b>SAS</b>	Statement on Auditing Standards
<b>SQMS</b>	Statement on Quality Management Standards
<b>SME</b>	Small and Medium Enterprises
<b>SMP</b>	Small and Medium Practices

**Action Plan Subject:** SMO 1 and Quality Assurance (QA)  
**Action Plan Objective:** Ensure a Quality Control Review Program is in Place for those Members and Audit Firms, Performing Audits of Financial Statements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>The Japanese Institute of Certified Public Accountants (JICPA) has conducted quality control reviews as part of a self-regulatory function since April 1999 to improve and enhance the quality control system of audit firms that perform financial statement audits. The amendment in 2003 of the Certified Public Accountants (CPA) Act<sup>3</sup>, which took effect in April 2004, made this quality control review a legally-established system to be monitored by the Certified Public Accountants and Auditing Oversight Board (CPAAOB)<sup>4</sup>. The JICPA, Financial Services Agency (FSA) and Certified Public Accountants and Auditing Oversight Board (CPAAOB) work together to design and implement the quality control system for audits in Japan in order to ensure high quality practice.</p> <p>To carry out thorough quality control, JICPA has required all firms that performs audits of listed companies to register with the system for listed company audit firms since 2007.</p> <p>By the revised Certified Public Accountants Act, enacted and promulgated in May 2022, the registration system was stipulated as the Registration System for Auditors that Engage in Audits of Listed Companies and Similar Companies to seek higher discipline for auditors that perform audit for listed companies. The Act came into effect in April 2023 and the JICPA’s self-regulatory registration system is now set by law. JICPA processes the registration affairs of the system.</p> <p>JICPA publishes the list of registered firms on its website, with the overview of the firms and their quality control systems.</p> <p>For more information about the Quality Assurance System in Japan, please visit the JICPA website (<a href="https://jicpa.or.jp/english/what-we-do/qc/">https://jicpa.or.jp/english/what-we-do/qc/</a>).</p>					
<p><i>Revise Statement on Quality Management Standards (SQMS) and Statement on Auditing Standards (SAS)</i></p>					

<sup>3</sup> The Certified Public Accountants Act ([CPA Act](#)) provides the basic framework for the audit profession in Japan. It includes the scope of services to be provided by Certified Public Accountants (CPA), establishment of the national CPA examination, requirements for CPA qualification, establishment of audit corporations, duties and responsibilities of CPAs, roles and organization of the Japanese Institute of Certified Public Accountants (JICPA), roles of the regulatory authority, and the disciplinary and criminal sanctions applicable to CPAs. The CPA Act grants the Financial Services Agency (FSA) the authority to oversee CPAs and the JICPA.

<sup>4</sup> The amended CPA Act in 2003 stipulates the establishment of the CPAAOB as a public oversight body to monitor and oversee CPAs and the JICPA quality control review by reorganizing the CPA Investigation and Examination Board, which formerly oversaw CPA examinations and disciplinary actions for CPAs.

#	Start Date	Actions	Completion Date	Responsibility	Resource
1.	January, 2021	In November 2021, the Business Accounting Council (BAC) issued its "Opinion on Revisions to Quality Control Standards for Audits". JICPA revised Statement on Quality Management Standards (SQMS) No.1 "Quality Management for Audit Firms" and issued No.2 "Engagement Quality Review" on June 12, 2022. JICPA also issued a revision of Statement on Auditing Standards (SAS) 220 on June 12, 2022.	June, 2022	Executive Board Member  - Auditing Standards	Auditing and Assurance Standards Committee  JICPA Auditing Group
<i>Ensuring the Transparency of Quality Control Review</i>					
2.	Ongoing	Publish review results and findings annually as the Quality Control Review Annual Report.  The annual report is <a href="https://jicpa.or.jp/english/files/5-30-0-2-20221020.pdf">widely available online</a> with a summary to communicate the significance of JICPA reviews and its roles, particularly to those sitting on audit and supervisory boards of listed companies. <a href="https://jicpa.or.jp/english/files/5-30-0-2-20221020.pdf">https://jicpa.or.jp/english/files/5-30-0-2-20221020.pdf</a>	Ongoing /annual	Chair of Quality Control Committee  Executive Board Member  - Quality Control	Quality Control Committee, Quality Control Review Team, JICPA Quality Control Group
3.	Ongoing	Publish activity reports and minutes of the Quality Control Committee, the Review Board for Registration on Auditors that Engage in Audits of Listed Companies and Similar Companies, and the Self-Regulatory Monitoring Conference, which oversees the operation of the two committees above, on the website	Ongoing	Chair of the Self-Regulatory Monitoring Conference	Self-Regulatory Monitoring Conference, JICPA Quality Control Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
4.	Ongoing	JICPA regularly communicates and exchanges views with audit firms on the JICPA quality control review policies and procedures to gain wider understanding and cooperation	Ongoing	Chair of Quality Control Committee  Executive Board Member  - Quality Control	Quality Control Committee,  Quality Control Review Team,  JICPA Quality Control Group
<i>Revise the Existing Review Program to Ensure It Addresses All SMO 1 Requirements</i>					
5.	Ongoing	Update the Quality Control Review Standards, the Quality Control Review Procedures, and the Quality Control Review Tools for the effectiveness and quality improvement of the quality control review.	Ongoing / Annually	Chair of Quality Control Committee  Executive Board Member  - Quality Control	Quality Control Committee,  Quality Control Review Team,  JICPA Quality Control Group
<i>Educational and Awareness Building</i>					
6.	Ongoing	Continue to provide seminars on the quality control review system and provide courses on audit quality with specific illustrative examples of findings from reviews	Ongoing /annual	Chair of Quality Control Committee  Executive Board Member  - Quality Control	Quality Control Committee,  Quality Control Review Team,  JICPA Quality Control Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
7.	Ongoing	<p>Communicate with relevant stakeholders and organizations to cultivate further understanding and recognition for the quality control reviews conducted by JICPA</p> <p>JICPA holds a training seminar for audit and supervisory board members of JASBA (Japanese Audit and Supervisory Board Members Association) once a year.</p>	Ongoing	Executive Board Member - Quality Control	JICPA Quality Control Group
<i>Review of JICPA's Compliance Information</i>					
8.	Ongoing	Review and update the sections relevant to SMO 1 as necessary. Once updated, inform IFAC to publish updated information.	Ongoing	Executive Board Member – International Affairs	JICPA International Affairs Group

**Self-Assessment of JICPA's QA Review System and SMO 1 Requirements**

Requirements	Y	N	Partially	Comments
<p><b>Scope of the System</b></p> <p>1. At a minimum, mandatory QA reviews are required for all audits of financial statements.</p>	✓			The main emphasis of the quality control review works is placed on the reviews of audit firms auditing large companies under the Certified Public Accountants Act, such as listed companies and credit unions or other financial institutions above a certain size. Still, all audit firms are subject to reviews under the JICPA regulation.
<b>Quality Control Standards and Other Quality Control Guidance</b>	✓			

Requirements	Y	N	Partially	Comments
2. Firms are required to implement a system of quality control in accordance with the quality control standards.				
3. Most up to date versions of ISQC 1 and other relevant ISA are adopted as the quality control standards.	✓			
4. Member Body assists firms in understanding the objectives of quality control and in implementing and maintaining appropriate systems of quality control.	✓			
<b>Review Cycle</b>				
5. A cycle-based, risk-based, or a mixed approach for selecting firms for QA review is used.	✓			
6. For cycle-based approach, quality control reviews are required to take place at least every six years (and every three years for audits of public interest entities).	✓			
<b>QA Review Team</b>				
7. Independence of the QA Team is assessed and documented.	✓			
8. QA Team possesses appropriate levels of expertise.	✓			
<b>Reporting</b>				
9. Documentation of evidence supporting the quality control review report is required.	✓			



Requirements	Y	N	Partially	Comments
10. A written report is issued upon conclusion of the QA review and provided to the firm/partner reviewed.	✓			
<b>Corrective and Disciplinary Actions</b> 11. Reviewed firms/partners are required to make timely adjustments to meet recommendations from the review report.	✓			
12. QA review system is linked to the Investigation and Discipline system.	✓			
<b>Consideration of Public Oversight</b> 13. The body responsible for QA reviews cooperates with its oversight body and shares information on the functioning of the QA review system, as needed.	✓			JICPA conducts the quality control review, reports the status of quality control reviews to CPAAOB on a monthly basis, and regularly holds staff meetings throughout the year.
<b>Regular Review of Implementation and Effectiveness</b> 14. Regular reviews of implementation and effectiveness of the system are performed.	✓			JICPA monitors operations on the quality control review system through the Self-Regulatory Monitoring Conference.

**Action Plan Subject:** SMO 2 and International Education Standards (IESs)  
**Action Plan Objective:** Continue to Use Best Endeavors to Ensure that All IES Requirements are incorporated into the JICPA Educational Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p><b><u>Initial Professional Development (IPD)</u></b></p> <p>Aspiring Professional Accountants must go through following steps required by the Certified Public Accountants Act:</p> <ul style="list-style-type: none"> <li>• <b>CPA Examination:</b> The first and most challenging step is to pass the CPA examination. The administration and the requirements of the CPA examination are provided by the Certified Public Accountants Act. The examination is conducted by the Certified Public Accountants and Auditing Oversight Board (CPAAOB), the regulatory authority and an advisory body to the Financial Services Agency (FAS). The examination is held annually, only in Japanese. It consists of a multiple-choice test and an essay. Successful candidates of the multiple-choice test are entitled to sit the essay part of the test. Learning outcomes (contents of each subject) that are necessary to pass CPA examination are specifically identified by CPAAOB, which are publicly posted. The review process by CPAAOB is annually conducted.</li> <li>• <b>Practical Experience:</b> At least three-year practical experience is required in the area of either in audit or other related practices including financial accounting work. Practical experience is generally evaluated by the senior reviewers of the audit firms.</li> <li>• <b>Professional Accountancy Education Program:</b> Successful candidates of the CPA examination are required to complete a three-year professional accountancy education program provided by the Japan Foundation for Accounting Education and Learning (JFAEL). The Foundation was established mainly by the CPA profession, with the cooperation of business and academic communities and other parties. The curriculum is reviewed by JICPA and is established by taking into consideration the requirements set out in the International Education Statements issued by the International Accounting Education Standards Board of the IFAC.</li> <li>• <b>Final Assessment:</b> Those who completed the professional accountancy education program are qualified to take the final assessment, which is conducted annually by the JICPA. Those who passed the final assessment are eligible to register with JICPA. This registration is mandated by the Certified Public Accountants Act, and is necessary for CPAs to represent themselves as such to the public.</li> </ul> <p>For more information regarding the process to becoming a CPA in Japan, please visit the JICPA website (<a href="https://jicpa.or.jp/english/what-we-do/profession/">https://jicpa.or.jp/english/what-we-do/profession/</a>).</p> <p><b><u>Continuing Professional Development (CPD)</u></b></p> <p>Under the JICPA's rule for Continuing Professional Development (CPD), all CPAs are required to take 120 CPD credits in three-year rolling period with minimum 20 credits per annum. Mandatory credits are specified for all members in "Professional ethics" and "Tax" (two credits respectively in any given year) and six credits are required in "Audit Quality and Fraud" for those engaging in statutory audits.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Continue to Use Best Endeavors to Ensure that All IES Requirements are Incorporated into the JICPA Educational Requirements</i>					
9.	Ongoing	<p>Communicate with relevant stakeholders and organizations to cultivate further understanding and recognition of IES in Japan.</p> <p>In doing so, Technical Committee on IES engages in the following activities:</p> <ul style="list-style-type: none"> <li>- Translate IESs and other pronouncements published by IAESB</li> <li>- Conduct comparative study of accounting education system in Japan and overseas</li> <li>- Exchange views with stakeholders to call for aligning the entry requirements in Japan with those required in the IES 1.</li> </ul>	Ongoing	Executive Board Member - CPD	JICPA's Technical Committee on IES, JICPA Continuing Professional Development (CPD) Group
10.	April 2015	<p>Consider to incorporate learning outcomes approach introduced in the revised IESs into JICPA CPD curriculum.</p> <p>IPD and CPD System are overall in line with revised IESs as published by IAESB. JICPA does not hold the full responsibility with the implementation of the IPD and it is shared amongst different stakeholders.</p> <p>Examples of the learning outcomes approach applied by the JICPA include, but not limited to:</p> <ul style="list-style-type: none"> <li>• CPD curriculum was recently revised to include learning outcomes expected to achieve after taking each course;</li> </ul>	24th Jan 2018	Executive Board Member - CPD	JICPA's Technical Committee on IES JICPA CPD Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> <li>• minimum CPD credit by area of competence is required based on the current role as a professional accountants; and</li> <li>• multiple choice test and/or short essay sometimes required to earn CPD credits.</li> </ul>			
11.	April 2015	Review professional accounting education program to align its curriculum with the revised IESs.	Ongoing	Executive Board Member - Professional Development and Examinations, and Career Development	Project team on the improving professional accounting education program
<i>Education and Awareness Building</i>					
12.	Ongoing	Provide information on IPAE activities and publication of the revised IESs and related pronouncements through JICPA website and journal	Ongoing	Executive Board Member- CPD	JICPA's Technical Committee on IES JICPA CPD Group
<i>Contribution to Activities of the IPAE</i>					
13.	Ongoing	Contribute to IPAE and its activities by sending a member and technical advisors from Japan	Ongoing	Executive Board Member- CPD	JICPA's Technical Committee on IES JICPA CPD Group and International Affairs Group
14.	Ongoing	Review IPAE agenda materials, exposure drafts, and consultation papers, including submission of comment letters	Ongoing	Executive Board Member- CPD	JICPA's Technical Committee on IES JICPA CPD Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Review of JICPA's Compliance Information</i>					
15.	Ongoing	Review and update the sections relevant to SMO 2 as necessary. Once updated, inform IFAC to publish updated information.	Ongoing	Executive Board Member – International Affairs	JICPA International Affairs Group

**Action Plan Subject:** SMO 3 and International Auditing and Assurance Standards Board (IAASB)

**Action Plan Objective:** Ensure Ongoing Convergence with International Standards on Auditing (ISAs) and International Standards on Quality Managements (ISQMs)

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>Japanese Generally Accepted Auditing Standard (GAAS) consists of the product of two organizations - Auditing Standards codified by the Business Accounting Council (BAC, an advisory body established within the Financial Services Agency (FSA)) together with Statements on Auditing Standards (SASs)* issued by the Japanese Institute of Certified Public Accountants (JICPA). The standards issued by the BAC and SASs and Statements on Quality Management Standards (SQMSs) issued by JICPA, taken together, comprise Japanese GAAS.</p> <p>Since establishing SQMS and SAS in line with the IAASB's Clarity Project, JICPA has been working to make the necessary revisions based on the new standards and revisions issued by the IAASB.</p> <p>Main response:</p> <p>In November 2020, the BAC revised its audit standards to require a section on "other information" in auditor's reports and to enhance a risk-based approach to auditing further. In response, JICPA revised SAS 540 and SAS 720 in January 2021 and SAS 315 in June 2021.</p> <p>In addition, in January 2023, JICPA revised SAS 600 in response to ISA 600 (Revised), which was issued by the IAASB.</p> <p>For more information regarding the Auditing System of Japan, please visit the JICPA website (<a href="https://jicpa.or.jp/english/what-we-do/system/">https://jicpa.or.jp/english/what-we-do/system/</a>).</p> <p>* In October 2022, JICPA reorganized and renamed its publications related to audit and assurance to make them further comparable to ISAs and other publications issued by the IAASB.</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Revise Statements on Auditing Standards (SASs) and Practical Guidelines on Assurance Engagements</i>					
16.	June 2019	<p>○Revision of SAS 800, 805, and 580 (March 17, 2020)</p> <p>Response to revisions of ISA (International Standards on Auditing) regarding audit reporting and “Opinion on the Revision of Auditing Standards” issued in July 2018 and “Opinion on the Revision of Interim Auditing Standards” in September 2019 by the BAC</p>	March 2020	Executive Board Member – Auditing Standards	Auditing and Assurance Standards Committee,  JICPA Auditing Group
	September 2018	<p>○Revision of SAS 540 “Auditing Accounting Estimates and Related Disclosures” and other related SAS (January 14, 2021)</p> <p>Response to ISA 540 (Revised) issued by the IAASB in October 2018 and “Opinion on the Revision of Auditing Standards” issued by the BAC in November 2020</p>	January 2021		
	September 2016	<p>○Revision of SAS 720 and related SAS (January 14, 2021)</p> <p>Response to ISA 720 (Revised) issued by the IAASB in April 2015 and “Opinion on the Revision of Auditing Standards” issued by the BAC in November 2020</p>	January 2021		

#	Start Date	Actions	Completion Date	Responsibility	Resource
	January 2018	○Revision of SAS 315 “Identifying and Assessing the Risks of Material Misstatement” (June 8, 2021) Response to ISA 315 (Revised) issued by the IAASB in December 2019 and “Opinion on the Revision of Auditing Standards” issued by the BAC in November 2020	June 2021		
	October 2020	○Revision of SAS 810 “Engagements to Report on Summary of Financial Statements” (June 10, 2021) Response to “Opinion on the Revision of Auditing Standards” issued in July 2018 and November 2020 by the BAC as well as revisions of ISA (International Standards on Auditing) regarding audit reporting.	June 2021		
	January 2021	○Revision of SAS 220 “Quality Management for and Audit of Financial Statements” and other related SAS (June 12, 2022) Response to ISA 220 (Revised), issued by the IAASB in December 2020, and “Opinion on Revisions to Quality Control Standards for Audits,” issued by the BAC in November 2021. JICPA revised Statement on Quality Management Standards (SQMS) No.1 “Quality Management for Audit Firms” and issued No.2 “Engagement Quality Review” on June 12, 2022.	June 2022		

#	Start Date	Actions	Completion Date	Responsibility	Resource
	January 2022	○Revision of SAS 600 “Special Considerations in Group Audits” (January 12, 2023) Response to ISA 600 (Revised) issued by the IAASB in April 2022	January 2023		
17.	February 2018  September 2018	Assurance Engagements Other Than Audits or Reviews of Historical Financial Information  ○Revision of ISAE 3000 “Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (August 1, 2019) Response to amendments to ISA 250 (Revised) to comply with NOCLAR issued by the IAASB in October 2016  ○Revision of ISAE 3402 “Assurance Reports on Controls at a Service Organization” and ISAE 3000 Practical Guidance No.4 “Q&A on Assurance Reports on Controls at a Service Organization (Practical Guidance)” (August 1, 2019) Amendment to comply with revision to ISAE 3000 issued in August 2019  ○ISAE 3420 “Assurance Reports on the	August 2019  August 2019	Executive Board Member- Assurance Standards	Auditing and Assurance Standards Committee  JICPA Auditing Group



#	Start Date	Actions	Completion Date	Responsibility	Resource
	October 2019	Process to Compile Pro Forma Financial Information Included in a Prospectus” issued (June 9, 2021) Formulation of Practical Guidelines for Assurance Engagements based on ISAE 3420	June 2021		
	June 2021	○Practical Guidelines for Assurance Engagements 3000, the Research Paper No.4- PGAE(Practical Guideline on Assurance Engagements) 3000 "Research Paper on ‘Guidance on Sustainability and Other Extended External Reporting (EER) Assurance Engagements in Japan (Draft)’" issued (July 21, 2022) Non-authoritative guidelines compiled based on ISAE 3000 that reflect current practice in Japan and refer to Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements issued by IAASB in April 2021.	July 2022		
18.	September 2020	Related Services Engagements ○Revision of ISAE 4400 “Agreed-Upon Procedures Engagements” and Practical Guidance for Professional Services 4400 Practical Guidance No.1 “Q&A on Agreed-Upon Procedural Engagements (Practical Guidance)” (November 15, 2021)	November 2021	Executive Board Member - Assurance Standards	Auditing and Assurance Standards Committee, JICPA Auditing Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Response to ISRS 4400 (Revised) issued by IAASB in April 2020  Formulation of Practical Guidelines for Assurance Engagements based on ISAE 3420			
<i>Education and Awareness Building</i>					
19.	Ongoing	Continue to provide information on the latest activities of IAASB through the website, board meetings, and journals, which are distributed to all its members.	Ongoing	Executive Board Member - Auditing Standards,  Executive Board Member - Assurance Standards	Auditing and Assurance Standards Committee,  JICPA Auditing Group
20.	Ongoing	Continue to provide training seminars when the BAC audit standards and Statements on Auditing Standards are newly issued or revised.  For example, a seminar on the Statement on Auditing Standards 600 (revised) was held in February 2023.  Training videos and materials (in Japanese): <a href="https://jicpa.or.jp/about/activity/activities/video/#anchor-02">https://jicpa.or.jp/about/activity/activities/video/#anchor-02</a>  Require JICPA members engaged in statutory audit engagements to take training on quality control for audit engagements and response to fraud risk.	Ongoing	Executive Board Member - CPD	CPD Committee,  JICPA Staff of CPD Group
<i>Contribution to Standard Setting Activities of the IAASB</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
21.	Ongoing	Contribute to IAASB and its activities by sending a board member and a technical advisor from Japan.	Ongoing	Executive Board Member - Auditing Standards	Auditing and Assurance Standards Committee, JICPA Auditing Group
22.	Ongoing	Review IAASB agenda materials, exposure drafts, and consultation papers, including submission of comment letters.	Ongoing	Executive Board Member - Auditing Standards, Executive Board Member - Assurance Standards	Auditing and Assurance Standards Committee, Auditing and Assurance Practice Committee, IAASB Working Group of JICPA JICPA Auditing Group
23.	Ongoing	Provide briefing sessions on IAASB exposure drafts to interested parties when released.	Ongoing	Executive Board Member - Auditing Standards, Executive Board Member - Assurance Standards	Executive Board Member – Auditing Standards, Executive Board Member - Assurance Standards, Council Member – Auditing Standards, JICPA Auditing Group, etc.
24.	Ongoing	Provide information to JICPA members about the IAASB exposure drafts and consultation papers through the website and journal.	Ongoing	Publications	
<i>Review of JICPA's Compliance Information</i>					
25.	Ongoing	Review and update the sections relevant to SMO 3 as necessary.	Ongoing	Executive Board Member -	JICPA International Affairs Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
		Once updated, inform IFAC to publish the updated information.		International Affairs	

**Action Plan Subject:** SMO 4 and International Ethics Standards Board for Accountants (IESBA) Code of Ethics

**Action Plan Objective:** Ensure Ongoing Convergence of JICPA Code of Ethics with IESBA Code

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In Japan, the Ethical rules corresponding to the Code of Ethics of the IESBA are defined in the CPA Act and the Code of Ethics of JICPA. JICPA has continued to revise the JICPA Code of Ethics to adopt the revision of the IESBA Code. Some of the rules in Japan are more stringent (more restrictive or with additional provisions) than the Code of Ethics of the IESBA. As of April 2023, JICPA adopted the IESBA Code (2022 version, except for revisions to “the Definitions of Listed Entity and Public Interest Entity”). JICPA plans to adopt revisions to “the Definitions of Listed Entity and Public Interest Entity,” “the Definition of Engagement Team and Group Audits,” and “Technology” in 2024. For more information regarding the JICPA Code of Ethics, please visit the website (<a href="https://jicpa.or.jp/english/what-we-do/ethics/">https://jicpa.or.jp/english/what-we-do/ethics/</a>).</p>					
<p><i>Ongoing Convergence with IESBA Code</i></p>					
26.	Ongoing	<p>Continue to update the JICPA Code of Ethics in pursuant to the revisions in the IESBA Code of Ethics. In July 2022, JICPA revised the Code to adopt the IESBA restructured Code of Ethics (2022 version, except for revisions to “the Definitions of Listed Entity and Public Interest Entity”). This revision includes a review of the entire structure of the Code. JICPA merges one Code and three sets of Guidance into one set of Code.</p> <p>JICPA plans to adopt revisions to “the Definitions of Listed Entity and Public Interest Entity,” “the Definition of Engagement Team and Group Audits,” and “Technology” in 2024.</p>	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics Group
27.	Ongoing	<p>Continue to update the following guidance and checklists in a timely manner:</p> <ul style="list-style-type: none"> <li>Q&amp;A on the JICPA Code of Ethics</li> </ul>	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
		(Revised on December 2022 in order to incorporate changes in JICPA Code above) <ul style="list-style-type: none"> <li>• Interpretations of the revised CPA Act relating to Independence</li> <li>• Auditors' Checklist on Independence</li> </ul>			
<i>Education and Awareness Building</i>					
28.	Ongoing	Maintain on the JICPA website JICPA Code of Ethics and related implementation guidance to promote further understanding of professional ethics in the general public.	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics Group
29.	Ongoing	Continue to provide information on the latest activities of IESBA through the website, board meetings and journals, which are distributed to all JICPA members.	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics Group
30.	Ongoing	Continue to provide training seminars and courses on professional ethics when revisions are made to the JICPA Code of Ethics and other related implementation guidance.  Require all members engaged in professional services to earn two credits a year in professional ethics.	Ongoing	Executive Board Member- Ethics  Executive Board Member- CPD	Ethics Committee, JICPA Ethics Group  CPD Committee. JICPA CPD Group
31.		JICPA provided its members with the "Declaration of Ethics" mini-card to declare that they will comply with the Code of Ethics as a code of conduct to govern themselves as professional experts, act in accordance with the spirit and intent of its fundamental principles, and strive to practice professional ethics.	July 29,2022	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Code of Ethics Interpretation / Advice / Counseling</i>					
32.	Ongoing	Open a hotline service to JICPA members to provide advice on ethical matters	Ongoing	Chair of Ethics Committee	Ethics Committee, JICPA Ethics Group JICPA Research & Consultation Group
<i>Contribution to Activities of the IESBA</i>					
33.	Ongoing	Contribute to IESBA and its activities by sending a technical advisor from Japan. Support outreach activities of IESBA by arranging meetings and other events with relevant stakeholders in Japan.	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics Group
34.	Ongoing	Review IESBA agenda materials and exposure drafts, including submission of comment letters. Respond to the survey conducted by IESBA.	Ongoing	Executive Board Member- Ethics	Ethics Committee, JICPA Ethics Group
35.	Ongoing	Provide information to JICPA members about the IESBA revised Code of Ethics and exposure drafts through the website and journal.	Ongoing	Publications	
<i>Review of JICPA's Compliance Information</i>					
36.	Ongoing	Review and update the sections relevant to SMO 4 as necessary. Once updated, inform IFAC to publish updated information.	Ongoing	Executive Board Member- International Affairs	JICPA International Affairs Group

**Action Plan Subject:** SMO 5 and International Public Sector Accounting Standards (IPSASs)

**Action Plan Objective:** Continue to Use Best Endeavors to Support Incorporation of IPSAS Requirements into National Public Sector Accounting Requirements

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>At National Government Level:</p> <p>The Japanese government has not applied or referred to IPSAS and has no plan to do so for the time being. The Ministry of Finance (MoF) is responsible for setting the national government’s standards, which are accrual-based and unique to Japan.</p> <p>JICPA nominated Prof. Mari Kobayashi for the IPSASB board member in 2021 and continues to sponsor her activities.</p> <p>JICPA has established an IPSASB working group and has been studying the IPSAS development by submitting comment letters to their exposure drafts and consultation papers. It also carries out awareness-raising activities for the MoF and other stakeholders regarding the IPSASB’s development.</p> <p>When discussions take place at the MoF concerning the revisions of accounting standards, JICPA usually nominates members to their subcommittee of their Fiscal System Council and conducts meetings with the MoF.</p> <p>At Local Government Level:</p> <p>Japanese local governments have not applied or referred to IPSAS and have no plan to do so for the time being. The Ministry of Internal Affairs and Communications (MIC) is responsible for setting local governments’ accounting standards, which are accrual-based and unique to Japan.</p> <p>JICPA has established a special committee on local government accounting and auditing under the Council on Public Sector Accounting and Auditing to support members in preparing financial statements and other related documents based on the unified standards for local governmental bodies. The council administers a registration system for its members, and it is getting increasing numbers of registered members and provides information and training courses as necessary.</p> <p>When discussions take place at the MIC concerning the revisions of accounting standards, JICPA nominates members to the meeting on the utilization of public sector accounting information led by the MIC and conducts meetings with the MIC. In addition, JICPA supports the MIC activities particularly to widen the understanding of using financial information by hosting seminars for JICPA members and local assembly members.</p> <p>JICPA undertakes activities to promote the adoption of pronouncements issued by IPSASB as described in the following table.</p>					
<i>Continue to Use Best Endeavors to Support Incorporation of IPSAS Requirements into National Public Sector Accounting Requirements</i>					



#	Start Date	Actions	Completion Date	Responsibility	Resource
37.	Ongoing	<p>Exchange information and views on the latest activities and work programs of IPSASB with the Ministry of Finance (MoF) * and the Ministry of Internal Affairs and Communication (MIC) ** regularly, and encourage them to converge the Japanese public sector accounting standards with IPSAS.</p> <p>Meetings with the MoF and MIC are held every quarter following the IPSAS meetings. They discuss the development of IPSASB and exchanges views with JICPA. This meeting sometimes includes a discussion or opinion hearing about a particular exposure draft or consultation paper.</p> <p>*The MoF is responsible for developing public sector accounting standards for the Japanese central government.</p> <p>**The MIC is responsible for developing accounting standards for local governments in Japan.</p>	Ongoing	Executive Board Member - Public Sector	Public Sector Accounting and Auditing Practice Committee JICPA Public Sector Accounting and Auditing Practice Group
38.	Ongoing	Exchange information and views on the development of IPSASB with the Board of Audit of Japan on a regular basis.	Ongoing	Executive Board Member - Public Sector	Public Sector Accounting and Auditing Practice Committee, JICPA Public Sector Accounting and Auditing Practice Group
<i>Education and Awareness Building</i>					
39.	Ongoing	JICPA translated some of the IPSAS into Japanese; and made these publicly available through its website. The beginner-level training video is also available on the JICPA's website for all JICPA members.	Ongoing	Executive Board Member - Public Sector	Public Sector Accounting and Auditing Practice Committee,

#	Start Date	Actions	Completion Date	Responsibility	Resource
					JICPA Public Sector Accounting and Auditing Practice Group
40.	Ongoing	<p>Continue to provide information on the latest activities of IPSASB through the website, board meetings, and journals, which are distributed to all JICPA members.</p> <p>Continue to publish articles on the website and journals to provide the overview of IPSAS revision and exposure drafts published by IPSASB.</p> <p>Ex.</p> <p>Report of the IPSASB meeting on December 2022  <a href="https://jicpa.or.jp/specialized_field/ITI/2023/20230524ihg.html">https://jicpa.or.jp/specialized_field/ITI/2023/20230524ihg.html</a></p> <p>Commentary on IPSASB ED83 “Reporting Sustainability Program, 2023”  <a href="https://jicpa.or.jp/specialized_field/ITI/2023/20230208afe.html">https://jicpa.or.jp/specialized_field/ITI/2023/20230208afe.html</a></p>	Ongoing	Executive Board Member - Public Sector	Public Sector Accounting and Auditing Practice Committee, JICPA Public Sector Accounting and Auditing Practice Group
<i>Contribution to Activities of the IPSASB</i>					
41.	Ongoing	<p>Contribute to IPSASB and its activities by sending a board member and technical advisor from Japan.</p> <p>Support outreach activities of IPSASB by arranging meetings and events involving relevant stakeholders in Japan.</p>	Ongoing		

<b>#</b>	<b>Start Date</b>	<b>Actions</b>	<b>Completion Date</b>	<b>Responsibility</b>	<b>Resource</b>
42.	Ongoing	Review IPSASB's exposure drafts and consultation papers, including submission of comment letters.	Ongoing	Executive Board Member- Public Sector	Public Sector Accounting and Auditing Practice Committee, JICPA Public Sector Accounting and Auditing Practice Group
<i>Review of JICPA's Compliance Information</i>					
43.	Ongoing	Review and update the sections relevant to SMO 5 as necessary. Once updated, inform IFAC to publish the updated information.	Ongoing	Executive Board Member – International Affairs	JICPA International Affairs Group

**Action Plan Subject:** SMO 6 and Investigation and Discipline (I & D)

**Action Plan Objective:** Improve and Ensure Ongoing Maintenance of JICPA Investigation and Discipline System

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background:</i></p> <p>In addition to the traditional "information-based" approach, JICPA adopts a "complaint-based" approach to investigate potential misconduct by auditors. Complaint-based actions are taken when JICPA receives a complaint against a member from another member or the public. JICPA has formally collected complaints about audits from members and the public by letters, e-mails, or Fax since November 2005. These complaints may be related to not only audits but also services provided by CPAs. Information collected through those two approaches is first reviewed by the Audit Practice Review and Investigatory Committee. As necessary, the unsatisfactory conclusion of quality control reviews is also to be examined by the Committee. The Audit Practice Review and Investigatory Committee consists of 17 members and includes the Executive Board and the Council members.</p> <p>By the results of a basic investigation at the initial stage, if the Audit Practice Review and Investigatory Committee determine the case needs further investigation or finds concerns of violation of laws or the JICPA's constitution, they will conduct a disciplinary investigation as the second stage. Based on the determination of the Committee, the Chairman and President requests the Disciplinary Committee to review the case. The Disciplinary Committee examines the evidence and judges on sanctions to be imposed.</p> <p>The Disciplinary Committee consists of seven members: five CPAs and two members outside of the profession, and it does not include a member of the Audit Practice Review and Investigatory Committee.</p> <p>The Disciplinary Committee is independent of the Chairman and President, Deputy Presidents, the Executive Board, and the Council.</p> <p>When the member in question is not satisfied with the decision of the Disciplinary Committee, they are entitled to appeal to the Review Board for Appropriate Procedures. The Board comprises five members: two CPAs and three academic experts outside the profession. None of them are members of the Audit Practice Review and Investigatory Committee or the Disciplinary Committee and are expected to make an impartial decision.</p> <p>The Self-Regulatory Monitoring Conference was established to monitor the overall administration of the self-regulatory system and how it should be implemented. They provide opinions and advice from a broad perspective in light of the state of the capital market or social impact in Japan to ensure the institute's self-regulatory system properly functions and to help maintain public trust in the CPA system. The conference consists of eight members; seven distinguished individuals from the outside of the profession, such as academia, including one outside Council member, and one CPA.</p> <p>For more information regarding Investigation and Discipline Mechanisms of JICPA, please visit the website (<a href="https://jicpa.or.jp/english/what-we-do/actions/">https://jicpa.or.jp/english/what-we-do/actions/</a>).</p>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
<i>Improve and Ensure Ongoing Maintenance of JICPA Investigation and Discipline System</i>					
44.	Ongoing	Administrative Process, Investigative Process, Disciplinary Process - Continue to update JICPA Investigation and Discipline System by revising JICPA Constitution and other related rules and regulations	Ongoing	Deputy President – Professional Regulation Executive Board Member – Audit Practice Review and Investigatory	Disciplinary Committee, Review Board for Appropriate Procedures, JICPA Discipline Group, Audit Practice Review and Investigatory Committee, JICPA Audit Practice and Review Group
45.		<p>The number of cases that are investigated by the Audit Practice Review and Investigatory Committee and the outcomes of those cases:</p> <p>April 2022 - March 2023</p> <p>Audit Practice Review and Investigatory Committee 18</p> <p>Disciplinary Committee 16</p>		Chair of Disciplinary Committee Liaison with Disciplinary (Deputy President – Professional Regulation) Executive Board Member – Audit Practice Review and Investigatory	Disciplinary Committee, Review Board for Appropriate Procedures, JICPA Discipline Group, Audit Practice Review and Investigatory Committee, Audit Practice and Review Committee, JICPA Audit Practice and Review Group
46.	July 2022	Administrative process - Issue “Recommended Case Example Book” in the context of the review by the Audit Practice Review and Investigatory Committee,		Executive Board Member – Audit Practice Review	Audit Practice Review and Investigatory Committee, JICPA Audit Practice and Review Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
		and make it available to members in order to contribute to the improvement of audit practices.		and Investigatory	
47.	July 2022	Administrative process - Issue “Case Example Book on Discipline” by the Discipline Committee and make it available to members in order to contribute to the improvement of audit practices.		Chair of Disciplinary Committee Liaison with Disciplinary (Deputy President – Professional Regulation)	Disciplinary Committee, JICPA Discipline Group
48.	July 2021	Administrative process - Issue “Recommended Case Example Book” in the context of the review by the Audit Practice Review and Investigatory Committee, and make it available to our members, in order to serve for improvement of audit practices.		Executive Board Member – Audit Practice Review and Investigatory	Audit Practice Review and Investigatory Committee, JICPA Staff of Audit Practice and Review Group
49.	July 2020	Administrative process - Issue “Recommended Case Example Book” in the context of the review by the Audit Practice Review and Investigatory Committee and make it available to our members, in order to serve for improvement of audit practices.		Executive Board Member – Audit Practice Review and Investigatory	Audit Practice Review and Investigatory Committee, JICPA Staff of Audit Practice and Review Group
50.	July 2019	Administrative process - Issue “Recommended Case Example Book” in the context of the review by the Audit Practice Review and Investigatory Committee, and distribute it to our members, in order to serve for improvement of audit practices.		Executive Board Member – Audit Practice Review and Investigatory	Audit Practice Review and Investigatory Committee, JICPA Staff of Audit Practice and Review Group
<i>Review of JICPA's Compliance Information</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
51.	Ongoing	Review and update the sections relevant to SMO 6 as necessary. Once updated, inform IFAC to publish the updated information.	Ongoing	Executive Board Member- International Affairs	JICPA International Affairs Group

**Self-assessment of JICPA's I&D System and SMO 6 Requirements**

Requirements	Y	N	Partially	Comments
<b>Scope of the System</b>				
1. A system of investigation, discipline and appeals exists for the accountancy profession. The system is operational.	Y			
2. Information about the types of misconduct which may bring about investigative actions is publicly available.	Y			
<b>Initiation of Proceedings</b>				
3. Both a "complaints-based" and an "information-based" approach are adopted.	Y			
4. Link with the results of QA reviews has been established.	Y			
<b>Investigative Process</b>				
5. A committee or similar body exists for performing investigations.	Y			

<b>Requirements</b>	<b>Y</b>	<b>N</b>	<b>Partially</b>	<b>Comments</b>
6. Members of a committee are independent of the subject of the investigation and other related parties.	<b>Y</b>			
<b>Disciplinary Process</b>				
7. A separate disciplinary committee/entity exists to make disciplinary decisions on referrals from the investigation committee.	<b>Y</b>			
8. Members of the committee/entity include professional accountants as well as non-accountants.	<b>Y</b>			
9. The tribunal exhibits independence of the subject of the investigation and other related parties.	<b>Y</b>			
<b>Sanctions</b>				
10. The disciplinary system allows imposing an extensive range of penalties. It is particularly important to include (a) loss of professional designation; (b) restriction and removal of practicing rights; and (c) exclusion from membership.	<b>Y</b>			<p>Together with JICPA's disciplinary actions which include reprimand, suspension of membership rights for a certain period, exclusion from membership (applicable for associate members only), and recommendation of withdrawal from membership, the FSA has the authority to revoke CPA qualification or order of dissolution to audit firms and other disciplinary actions (orders of administrative actions).</p> <p>Disciplinary actions taken by the FSA include reprimand, suspension of services for periods not exceeding two years and revocation of CPA qualification. For audit firms, the FSA can also issue reprimands, an order to improve engagement management, an order to suspend services for periods not exceeding two years, and an order to dissolve. Through requesting the FSA to implement those administrative actions, JICPA can practically take extensive disciplinary actions.</p>



Requirements	Y	N	Partially	Comments
<b>Rights of Representation and Appeal</b>				
11. A third appeals body exists which is separate from both the disciplinary committee and investigative committee.	Y			
<b>Administrative Processes</b>				
12. Timeframe targets for disposal of all cases are set.	Y			
13. Tracking mechanisms to monitor progress in investigation and discipline and related procedures are established.	Y			
14. Records of investigations and disciplinary processes are established.	Y			
<b>Public Interest Considerations</b>				
15. Activities are supported to ensure that the public is aware that an investigative and disciplinary system exists in the jurisdiction.	Y			
16. A process for the independent review of complaints on which there was no follow-up established.	Y			In view of the operation status reports received from relevant committees, including the Disciplinary Committee, the Review Board for Appropriate Procedures, and the Audit Practice Review and Investigatory Committee, the Self-Regulatory Monitoring Conference ensures objectivity and fairness through providing opinions and advice for the institute's self-regulatory activities.
17. The results of the investigative and disciplinary proceedings are made available to the public.	Y			The Self-Regulatory Monitoring Conference holds regular meetings three times a year. The meeting reports and summaries are published on the website or communicated through the journals.

Requirements	Y	N	Partially	Comments
				Annual reports of JICPA Investigation and Disciplinary System are published on the website.
<b>Liaison with Outside Bodies</b> 18. There is an appropriate process for liaison with outside bodies on possible involvement in serious crimes and offences.	Y			
<b>Regular Review of Implementation and Effectiveness</b> 19. Regular review of implementation and effectiveness of the system are performed and corrective actions are implemented.	Y			

**Action Plan Subject:** SMO 7 and International Financial Reporting Standards (IFRSs)

**Action Plan Objective:** Continue to Use Best Endeavors to Support Adoption and implementation of IFRS

#	Start Date	Actions	Completion Date	Responsibility	Resource
<p><i>Background: (Listed company)</i></p> <p>On December 11, 2009, the Financial Services Agency (FSA) of Japan published the final Cabinet Office Ordinances that allowed some public companies to start using, on a voluntary basis, IFRSs designated by the Commissioner of the FSA (Designated IFRSs) in the consolidated financial statements starting from the fiscal year ending March 31, 2010.</p> <p>Following the meeting of the Business Accounting Council (BAC) of the FSA in 2013, BAC published, on June 20, 2013, a report containing the following three key policy recommendations to promote further use of IFRSs in Japan; namely, a) relax the eligibility criteria to use IFRSs voluntarily, b) introduce 'endorsed IFRSs,' and c) simplify disclosure requirements in a separate financial statement under Japanese GAAP.</p> <p>Based on the report by the BAC, the FSA revised its Cabinet Office Ordinances and eliminated certain requirements that stipulated certain categories of companies that are eligible to use IFRS standards. Under the current regulation, a company may voluntarily use IFRS Standards if it meets the following criteria:</p> <ul style="list-style-type: none"> <li>• The company discloses, in its Annual Securities Report, information regarding specific efforts to ensure that the consolidated financial statements will be prepared in accordance with Designated IFRSs; and</li> <li>• The company allocates executives or employees with ample knowledge about Designated IFRSs and puts in place a structure to ensure that the consolidated financial statements will be prepared properly in accordance with Designated IFRSs.</li> </ul> <p>There is the Accounting Standards Board of Japan (ASBJ) as the private-sector Japanese accounting standard-setting body. All accounting standards set by the ASBJ are subject to endorsement by the FSA, a Japanese government agency.</p> <p>The IASB and the ASBJ have been working together to achieve convergence of IFRS Standards and Japanese Generally Accepted Accounting Principles (Japanese GAAP) since 2005. That work was formalized in 2007 with the Tokyo Agreement.</p> <p>On June 30, 2015, Japan inaugurated a new set of accounting standards to be known as Japan's Modified International Standards, bringing to four the number of different accounting frameworks that listed companies in Japan may use. The four frameworks are:</p> <ul style="list-style-type: none"> <li>● <b>IFRS Standards</b> Virtually all listed and unlisted companies preparing consolidated financial statements for listing purposes are permitted to use IFRS Standards. (This means IFRS as designated by the Commissioner of the FSA.)</li> </ul>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
		<ul style="list-style-type: none"> <li>● <b>Japanese GAAP as issued by the ASBJ</b> Historically, most listed companies have used Japanese GAAP.</li>   <li>● <b>Japan's Modified International Standards (JMIS): Accounting Standards Comprising IFRSs and the ASBJ Modifications</b> JMIS was developed based on IFRS Standards with deletions and modifications determined by the ASBJ. Concurrent with the issuance of JMIS on June 30, 2015, the ASBJ published modifications relating to the amortization of goodwill and recycling of other comprehensive income.</li>   <li>● <b>US GAAP</b> With the permission of the Commissioner of the FSA The Japanese government policy has continuously encouraged stakeholders to promote the voluntary adoption of IFRS Standards since 2014. As of May 2023, 268 companies (over 45% of the Tokyo Stock Exchange (TSE) market capitalization) have adopted or plan to adopt IFRS Standards. The 268 companies include 255 companies that have already adopted or are in the process of adopting IFRS Standards and 15 companies that have announced plans to adopt IFRS Standards. However, there are no adopters of JMIS. <i>(Non-Listed Companies)</i> Non-Listed companies follow Japanese GAAP. For more information regarding Accounting Standards Setting and the International Financial Reporting Standards in Japan, please visit the JICPA website (<a href="https://jicpa.or.jp/english/what-we-do/standards/">https://jicpa.or.jp/english/what-we-do/standards/</a>) and the ASBJ website (<a href="https://www.asb.or.jp/en/">https://www.asb.or.jp/en/</a>).</li> </ul>			
<i>Review of the Financial Reporting Environment</i>					

#	Start Date	Actions	Completion Date	Responsibility	Resource
52.	April 2008	Review the financial reporting environment to consider whether or not it is appropriate to maintain the status quo where IFRSs is not required but permitted to use.	Ongoing	Deputy President and Executive Board Member – Accounting Standards and Practice/IFRS	Chairman and President, Chief Executive, Executive Board Members in relevant areas, JICPA Corporate Accounting Group
<i>Support Adoption of IFRS</i>					
53.	July 2009	Assist initiatives in various stakeholders by participating in relevant committee meetings, including IFRS Council where the FSA, the ASBJ, the JICPA, the Japan Business Federation (Keidanren), the Securities Analysts Association of Japan (SAAJ), the Tokyo Stock Exchange (TSE), the Ministry of Economy, Trade and Industry (METI) and the Ministry of Justice get together to share their views and efforts on the promotion of voluntarily adopting IFRSs and technical committees initiated in the private sector as well as the Accounting Committee under BAC of FSA.	Ongoing	Deputy President and Executive Board Member – Accounting Standards and Practice/IFRS	Chairman and President, Advisor, Deputy Presidents, Chief Executive, Executive Board Member, JICPA Corporate Accounting Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
54.	July 2013	<p>Facilitate the discussion and promote the voluntary use of IFRS by initiating activities through the IFRS Technical Committee, including the Working Group for Endorsement of IFRSs, and the Technical Committee on ASAF.</p> <p>Working Group for Endorsement of IFRSs discusses whether or not it is appropriate for the ASBJ to endorse IFRSs without modifications or deletions in the endorsement process of JMIS.</p> <p>Technical Committee on ASAF discusses whether or not the ASBJ's view on important topics for the ASAF meeting (for example, goodwill and other comprehensive income) is appropriate.</p>	Ongoing	Deputy President and Executive Board Member – Accounting Standards and Practice/IFRS	IFRS Technical Committee JICPA Corporate Accounting, Group
55.	Ongoing	Exchange information on IFRS voluntary adoption.	Ongoing	Deputy President – Accounting Practice	Executive Board Members in relevant areas JICPA Corporate Accounting, Group
56.	Ongoing	Conduct research on challenges for IFRS adoption or implementation and provide information to members on IFRS-based disclosure in other countries.	Ongoing	Executive Board Member – Small and Medium Practices (SMP) Executive Board Member – Accounting Standards and Practice/IFRS	Small and Medium Practices Committee, JICPA Small and Medium Practices (SMP) Group, JICPA Corporate Accounting Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
57.	Ongoing	Review ASBJ exposure drafts and discussion papers (as a part of convergence programs with IASB), including submission of comment letters.	Ongoing	Executive Board Member – Accounting Standards and Practice/IFRS	Accounting Practice Committee, JICPA Corporate Accounting Group
<i>Review of Educational Needs and Strategies</i>					
58.	September 2010	Maintain IFRS advisory hotline for members.	Ongoing	Deputy President – Accounting Practice Executive Board Member – Accounting Standards and Practice/IFRS	JICPA Corporate Accounting Group (IFRS Desk)
59.	Ongoing	Provide IFRS training programs to members and run IFRS seminars in Professional Accountancy Education Program provided by Japan Foundation for Accounting Education and Learning (JFAEL).	Ongoing	Executive Board Member – CPD Executive Board Member – Training and Examination Executive Board Member – Accounting Standards and Practice/ IFRS	CPD Committee, Practical Training Committee, JICPA CPD Group, Practical Training Group, JICPA Corporate Accounting Group

#	Start Date	Actions	Completion Date	Responsibility	Resource
60.	September 2017	Organize IFRS Accounting Standards Conference with IFRS Foundation.	Ongoing	Executive Board Member – CPD Executive Board Member – Accounting Standards and Practice/IFRS	CPD Committee JICPA CPD Group JICPA Corporate Accounting Group
61.	Ongoing	Publish, in the journal, through email magazine and other publications, articles on IFRSs, exposure drafts, highlights from IASB and International Financial Reporting Interpretations Committee (IFRIC) meetings and interviews with the IASB members or the IFRS Foundation Trustees and IFRS Accounting Standards Conference.	Ongoing	Executive Board Member – SMP  Executive Board Member – Accounting Standards and Practice/IFRS	Accounting Practice Committee, Small and Medium Practices Committee, JICPA Corporate Accounting Group, JICPA SMP Group
<i>Contribution to Accounting Standard Setting of IASB</i>					
62.	Ongoing	Review IASB exposure drafts and discussion papers (including IFRS for Small and Medium Enterprises (SMEs)), including submission of comment letters.	Ongoing	Executive Board Member – Accounting Standards and Practice/IFRS  Executive Board Member – SMP	Accounting Practice Committee, IFRS Technical Committee, Small and Medium Practices Committee, JICPA Corporate Accounting Group, JICPA SMP Group
63.	Ongoing	Provide comments on public consultations regarding the due process handbook, the governance and	Ongoing	Chairman and President	Chairman and President, Advisor, Deputy Presidents, Chief Executive, Executive



#	Start Date	Actions	Completion Date	Responsibility	Resource
		strategy, or the amendments to the constitution, of the IFRS Foundation and Monitoring Board.			Board Members, IFRS Relations Project Team, JICPA Staff of Corporate Accounting Group (IFRS Desk)
64.	February 2011	Update IFRS for SMEs translation and make the publication publicly available through the IASB website.  <i>(Every five years, the IASB undertakes a comprehensive review to consider whether there is a need to revise IFRS for SMEs to reflect new IFRS or amendments to IFRS, so the translation will be made when IFRS for SMEs is revised.)</i>	Ongoing	Small and Medium Practices Committee	Small and Medium Practices Committee, JICPA SMP Group
65.	November 2012	Cooperate with the IFRS Foundation Asia-Oceania Office in order to provide the IASB with a local presence in the Asia-Oceania region and support greater regional outreach and participation in the IASB's standard-setting activities.	Ongoing	Deputy President and Executive Board Member – Accounting Standards and Practice/IFRS	JICPA Corporate Accounting Group, JICPA International Affairs Group
<i>Review of JICPA's Compliance Information</i>					
66.	Ongoing	Review and update sections relevant to SMO 7 as necessary. Once updated, inform IFAC to publish the updated information.	Ongoing	Executive Board Member – International Affairs	JICPA International Affairs Group