

Japanese Roadmap on Sustainability Disclosure and Assurance

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Background and Issues

- Corporate sustainability information is important to investors for assessing mid- to long-term corporate value. Internationally, the sustainability disclosure standards (ISSB Standards) were issued in June 2023, while the Japanese sustainability disclosure standards (SSBJ Standards) were developed in March 2025.
- Sustainability disclosure has been mandatory for listed companies in Japan, however, comparability and usefulness of the disclosure need to be enhanced. In addition, reliability of the information needs to be ensured for investor protection, as third-party assurance has not been mandated.

Application of Disclosure Standards

- Prime market-listed companies, promoting constructive dialogue with global investors, will be required to prepare annual securities reports in accordance with the SSBJ Standards, beginning with the largest companies by market capitalization.
- Application schedule based on market capitalization of prime market-listed companies:
 - i. ¥3 trillion or more: Fiscal Year Ending March 2027
 - ii. Between ¥1 trillion and ¥3 trillion: Fiscal Year Ending March 2028
 - iii. Between ¥500 billion and ¥1 trillion: Fiscal Year Ending March 2029
 (Note1) Application for other prime market-listed companies will be determined later, based on disclosure practice and investor needs.
 (Note2) Market capitalization will be determined by the average of the last five fiscal year-ends, up to the last fiscal year-end.
- As a transition relief, a company is allowed to report sustainability disclosures after the financial statements, for two years.

Assurance

- Mandatory assurance will begin one year after the mandatory application of the SSBJ Standards.
- The assurance scope will be limited to some specific information for the first two years. Expansion of the assurance scope after the third year will be determined considering the developments in international practices.
- Assurance providers must be registered. Both audit firms and other assurance providers may be eligible for registration, provided they meet requirements. (profession-agnostic approach)

