

JICPA

SUSTAINABILITY CAPACITY BUILDING SYLLABUS

The Japanese Institute of Certified Public Accountants
Sustainability Capacity Building Council

TABLE OF CONTENTS

	Page
I SUSTAINABILITY CAPACITY BUILDING FOR PROFESSIONAL ACCOUNTANTS.....	2
1. BACKGROUND OF SUSTAINABILITY CAPACITY BUILDING	2
2. JICPA POLICIES ON CAPACITY BUILDING IN SUSTAINABILITY	4
3. SKILLS AND COMPETENCIES REQUIRED OF PROFESSIONAL ACCOUNTANTS.....	5
II JICPA SUSTAINABILITY CAPACITY BUILDING SYLLABUS.....	8
1. OVERVIEW	8
2. SYLLABUS STRUCTURE.....	9
III JICPA SUSTAINABILITY CAPACITY BUILDING SYLLABUS.....	15

I Sustainability Capacity Building for Professional Accountants

1. Background of Sustainability Capacity Building

In light of the recent surge in the significance of sustainability in corporate management and investor behavior, and the advancement of efforts to disclose sustainability information and ensure its credibility, there is an increasing need for professional accountants to enhance their knowledge and capabilities in sustainability. In response to this recognition, the Japanese Institute of Certified Public Accountants (hereafter referred to as “we,” “us,” “our,” or “JICPA”) launched its sustainability capacity-building initiatives for professional accountants in 2022.

The JICPA has conducted comprehensive studies on the optimal approach to sustainability education for professional accountants. Subsequently, the JICPA published the Sustainability Education Study Project Team Report “Discussion Paper - Integrating Sustainability into Professional Accountants’ Competency -” in June 2022, and the Sustainability Education Study Special Committee Report “Sustainability Capacity-Building Policy and Actions” in April 2023.

Based on the results of these studies, the JICPA established the Sustainability Capacity Building Council (hereinafter referred to as the “Council”) in August 2023, and the Council discussed and issued the “JICPA Sustainability Capacity Building Syllabus” (hereinafter referred to as the “Syllabus”) in April 2024.

< Need to enhance knowledge and understanding of sustainability >

- (1) The need for professional accountants to have a holistic view as they act in the public interest

Professional accountants are responsible for audits, which are acts of a highly public nature; therefore, they need knowledge and understanding that help them understand things holistically. As professional experts, they need to be aware of society’s demand for sustainability and contribute to creating a sustainable society, a common global challenge, based on their high ethical standards and professional knowledge.

- (2) Progress in sustainability disclosure

The international and domestic development of sustainability-related regulations and standards for capital markets has progressed in parallel. Professional accountants who support high-quality disclosure need to deepen their knowledge and understanding of sustainability-related rules and standards. In addition, non-listed companies are also being required to collect and manage sustainability-related information properly because companies disclosing sustainability information need to implement sustainability initiatives and gather such information throughout their value chains, including such non-listed companies. It implies that professional accountants who serve

non-listed companies also need to know and understand sustainability disclosure.

(3) Significance of considering sustainability-related risks and opportunities in financial statement audits

Understanding the financial impact of climate change and other environmental issues is essential in financial statement audits. Failure to adequately consider medium- to long-term sustainability-related risks could ultimately bring risks to financial statement audits. Further, sustainability-related risks and opportunities are closely connected with Key Audit Matters (KAM). Issues associated with the environment and society are also relevant to rules and regulations in jurisdictions where companies operate businesses, and thus, could affect their business continuity and resilience.

(4) Sustainability as a common language for dialogue with senior management and investors

It has become increasingly difficult to view the overall picture of corporate activities with accounting and financial information alone. Sustainability information and other information outside of financial statements have become more important. Mastering the common language of sustainability information provides a baseline for proper dialogue with companies and investors in capital markets.

Auditors should deeply discuss the company's sustainability with management as a part of understanding the corporate environment in financial statement audits. In circumstances where sustainability issues are high on the management agenda, it is critical that professional accountants understand sustainability in the context of management strategies and business risks during financial statement audits.

Further, sustainability has become more important in corporate management, strategy planning, risk management, and corporate governance. Knowledge and understanding of sustainability have thus become essential for any professional accountant, including professional accountants serving as independent directors, professional accountants in business, and other professional accountants supporting businesses.

(5) Public demand for assurance on sustainability disclosures

In circumstances where long-term corporate value reflecting sustainability has become more important, and regulations and standards on sustainability disclosure have advanced, ensuring the reliability of sustainability information has become a key issue. As discussions on future models of assurance engagements have progressed globally, it is imperative that we contribute to building an environment where we can effectively carry out assurance on sustainability information in Japan. With this in mind, we should strive to develop assurance practitioners.

Also, we now see a greater demand for assurance providers to demonstrate sufficient expertise, skills, and competencies in sustainability and assurance engagements. Professional accountants, as the experts in auditing, should upgrade their expertise necessary for assurance engagements of sustainability information based on their current expertise in providing high-quality assurance to sustainability information.

2. JICPA policies on capacity building in sustainability

The objectives of professional accountants' capacity building in sustainability are to help them contribute to achieving high-quality disclosure, realizing resource allocation in capital markets from a long-term perspective, and ultimately developing a sustainable society and economy. More concretely, professional accountants are expected to fulfill these objectives through constructive dialogue and coordination with companies and investors, and by deepening their knowledge and understanding of various sustainability-related issues, the interrelationship of sustainability with corporate management and corporate value, and corporate disclosure and how to ensure its reliability.

< JICPA policies >

(1) JICPA looks ahead to future mega trends and supports autonomous learning of professional accountants

Given the rapidly evolving needs related to sustainability, professional accountants need to address sustainability issues proactively and be able to anticipate changes to create new value. The JICPA will ascertain the overall picture and changing sustainability trends to show its members learning areas and support autonomous learning.

(2) JICPA supports our members in having fundamental sustainability knowledge and understanding and acquiring diverse expertise simultaneously as professional experts

Given the importance of sustainability in corporate management, corporate value, and disclosure, all our professional accountant members need to have fundamental knowledge and understanding of sustainability.

On the other hand, areas requiring a more advanced level of expertise, including assurance engagements for sustainability reporting, need an environment where our members can obtain the necessary skills and competencies in their fields and positions and develop diverse sustainability expertise. We will design sustainability education so that professional accountants can acquire diverse expertise that matches their circumstances and interests.

(3) JICPA coordinates and collaborates with initiatives related to sustainability education in Japan and overseas

We collaborate with international initiatives on a fundamental approach to sustainability education and its content, considering the current global development of sustainability-related disclosure and ensuring its reliability and the characteristics of audit firms as members of global networks.

In Japan, we also actively cooperate with audit firms that provide sustainability education to professional accountants, and with other organizations that offer sustainability education, such as companies, investors, and other capital market participants.

3. Skills and competencies required of professional accountants

The importance of knowledge and understanding of sustainability has been growing for all professional accountants, irrespective of their positions, such as external auditors, professional accountants serving as independent directors, and professional accountants in business. Meanwhile, domains that require a more advanced level of expertise, including assurance engagements for sustainability reporting, require them to acquire the necessary skills and competencies in their respective fields and positions.

Based on the awareness above, we have identified and classified these skills and competencies in developing the syllabus for professional accountants' sustainability capacity-building. These have been divided into the two categories: Those required of all professional accountants and those required of professional accountants who take up leading roles in assurance engagements.

(1) Skills and competencies required of all professional accountants

Based on the recognition of the need for enhancing skills and competencies in sustainability for professional accountants, we have defined the sustainability-related skills and competencies that all professional accountants should have as follows:

- (i) To obtain a holistic understanding of sustainability-related issues and the social and economic consequences based on a comprehensive knowledge base
- (ii) To understand the basic framework of the interrelationship between sustainability and business, as well as corporate value
- (iii) To engage in intensive and constructive dialogue with senior management and directors regarding major sustainability trends and their impact on sectors and companies
- (iv) To have the necessary knowledge and understanding of requirements for sustainability-related disclosure (e.g., regulations and standards)
- (v) To understand the purpose and basic framework of assurance engagements

(2) Skills and competencies required of professional accountants who take up leading roles in assurance engagements

The skills and competencies required of professional accountants who will take up leading roles in assurance engagements (hereinafter referred to as “key personnel in assurance engagements” or “key personnel”) are summarized below. The key personnel in assurance engagements represent those who serve as assurance engagement leaders or those who lead assurance teams onsite.

We identified the following three requirements that are critical for assurance providers (organization or team level) to fulfill in order to meet the needs of capital markets in the assurance of sustainability information: (i) Building trust in assurance engagements and assurance providers (including professional ethics and independence in addition to competence), (ii) Ensuring sufficient resources for an assurance engagement team including diverse expertise, and (iii) Cooperating with financial statement audits (toward providing integrated audit and assurance). We also clarified the skills and competencies required of the key personnel of an assurance firm fulfilling these requirements.

We have reviewed and identified the roles required of key personnel in assurance engagements and the knowledge and understanding necessary to fulfill them in light of the requirements for a firm providing assurance engagements. More concretely, the firm needs to satisfy the requirements to maintain trust in assurance, build an assurance team with diverse expertise, and integrate with financial statement audits.

Roles required of key personnel in assurance engagements

Key personnel in assurance engagements should lead the entire process of assurance engagements, plan and implement assurance procedures that effectively manage risks associated with the assurance of sustainability information, and form an opinion for that assurance engagement.

- Evaluating engagement risk associated with an assurance of sustainability information
- Developing an implementation plan for an assurance engagement (timeline and procedures)
- Communicating with members of the board of directors and audit committee
- Communicating with an audit team
- Evaluating results of works performed
- Forming an opinion (conclusion) for an assurance engagement

Skills and competencies required of key personnel in assurance engagements

In fulfilling the above role, besides the comprehensive knowledge and understanding of the underlying subject matter of sustainability assurance engagements, key personnel are required to have the following knowledge and understanding:

- Comprehensive knowledge and understanding of sustainability
- Understanding of corporate management and corporate governance
- Understanding of companies' material sustainability-related risks and opportunities
- Understanding of disclosure regulations and standards
- Understanding of disclosure processes and internal controls
- Understanding of the interrelationship of sustainability with financial reporting and financial statement audits
- Advanced and professional knowledge and expertise in assurance engagements
- Understanding of professional ethics and independence required of those involved in assurance engagements

II JICPA Sustainability Capacity Building Syllabus

1. Overview

(1) Objectives

The syllabus presents an overall picture of the knowledge and understanding that should be provided through education programs designed to cover the sustainability-related skills and competencies required of professional accountants. It also offers specific guidelines for delivering lectures on the individual themes and subjects of the programs.

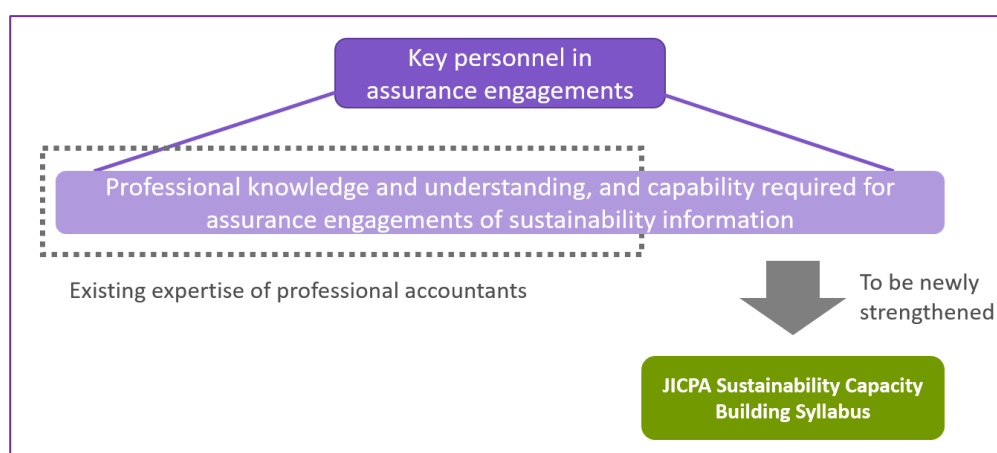
(2) How it works

For the providers of education programs, the syllabus serves as a guideline for the planning and implementation of training programs. For professional accountants who are learners of the programs, the syllabus serves as a “compass” that helps them understand the entire picture and details of themes they should learn about regarding sustainability and study based on plans developed on their own.

(3) Development policy

In the development of the syllabus, we identified and focused on the expertise professional accountants should additionally acquire by classifying the elements of knowledge and understanding for assurance of sustainability information into what they already have and what they should newly obtain or strengthen. This approach will facilitate effective and efficient capacity building in sustainability for professional accountants (Figure 1). For details on professional knowledge and capabilities, refer to Appendix 3.

Figure 1: Expertise required of key personnel in assurance engagements and syllabus



(4) Target members

Our members whom this syllabus targets are as follows.

	Target members
Basic Level	<ul style="list-style-type: none"> • All professional accountants
Advanced Level	<ul style="list-style-type: none"> • Key personnel in assurance engagements • Professional accountants who are not involved in assurance engagements but need to obtain a higher level of knowledge and understanding of sustainability

(5) Development and update process

Because sustainability has been and is expected to continue developing rapidly, we will regularly update the syllabus to ensure it is consistent with the needs of the times.

In developing this syllabus, the Council, which consists of professional accountants and external experts, held discussions based on the draft syllabus presented as an appendix of the Sustainability Education Special Committee Report released in April 2023 and exchanged opinions with audit firms.

The Council will continue to periodically review and update the syllabus, considering changes in the sustainability landscape, the actual utilization of the syllabus, and the development of professional accountants' skills. For the revision history of the syllabus, refer to Appendix 4.

2. Syllabus Structure

The syllabus is comprised of two layers, the Basic Level and the Advanced Level, which are grouped into four subject areas, respectively (Figure 2 Syllabus Structure).

The Basic Level aims to provide educational programs for all professional accountants to attain the basic knowledge and understanding of sustainability, irrespective of their roles, such as external auditors, professional accountants serving as independent directors, and professional accountants in business. On the other hand, the Advanced Level is designed to deliver programs to develop key personnel in assurance engagements.

(1) Introduction to Sustainability

This subject area covers the basic concepts of sustainability, the relationship of business and investments with the environment and society, sustainability-related initiatives by companies and investors, and an overview of professional accountants' roles and required professional ethics with sustainability.

(2) Sustainability, and Corporate Management and Governance

This subject area covers the integration of sustainability into governance, strategy, and risk management including the background and the approaches, as well as management and governing bodies' roles in sustainability, organizational arrangements for fulfilling these roles, risk management processes related to sustainability, and internal control processes to properly collect, measure, manage, and report sustainability information.

It also covers domestic and international policies related to sustainable finance, types of sustainable finance including investments and loans, and their regulations and schemes.

(3) Disclosure

This subject area covers sustainability-disclosure regulations and standards. It also includes laws and regulations related to environment and society surrounding sustainability disclosure (e.g., the Act on Promotion of Global Warming Countermeasures of Japan), trends in disclosure practices, and other major issues regarding sustainability information.

In addition, it covers disclosure frameworks and standards, as well as trends in disclosure practices by thematic topics of sustainability, touching on the background for respective thematic disclosure and related policies. These topics include climate change, biodiversity, ecosystems, ecosystem services, human capital, and human rights.

Furthermore, various industry characteristics and industry-specific disclosure are expected for sustainability disclosure. Thus, this subject area also incorporates industry-specific sustainability disclosure topics, such as an overview of significant sustainability themes by industry and their relationship with business, industry-specific disclosure topics and metrics required by the Sustainability Accounting Standards Board (SASB) standards and other industry-specific standards, and trends in the development of industry-specific standards in the International Sustainability Standards Board (ISSB).

(4) Assurance

This subject area covers assurance standards for sustainability information, the current state of assurance practices, key practical issues, professional ethics and independence related to assurance engagements, and quality management standards. As there are many assurance engagements that scope selected sustainability information, this subject area addresses practical issues related to such engagements in the thematic practical topics section.

Assurance practices are still evolving, and efforts to develop assurance standards and discussions to introduce statutory assurance continue in Japan. In this regard, we have

developed this syllabus based on the International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements (hereinafter referred to as “ISSA5000”), which the International Auditing and Assurance Standards Board (IAASB) released in November 2024, and have included necessary practical issues to perform assurance engagements. In addition, the syllabus incorporates “evolving topics,” which are of particular importance in assurance engagements for sustainability information but require further accumulation of practices and discussions.

We will review these issues and add new subjects from the evolving topics, when necessary, such as assurance practice progress. However, at this point, it is desirable to take courses on these evolving topics based on each learner’s perception of issues.

Figure 2: Outline of Syllabus

	Basic Level	Advanced Level
1. Introduction to Sustainability	Ba1: Sustainability overview and roles expected of professional accountants Basic concepts related to sustainability, the relationship between business/investments and environment/society, sustainability-related initiatives by companies and investors, the roles of professional accountants, and an overview of required professional ethics	
2. Sustainability and Corporate Management and Governance	Ba2: Integration of sustainability issues into governance, strategy, and risk management The need for integrating sustainability issues into governance, strategy, and risk management, the approaches for integration, the requirements on governance in Japanese regulations (e.g., Corporate Governance Code), sustainability-related roles required of management and governance bodies, and internal approaches for fulfilling these roles	Ad2: Sustainable finance Domestic and international policies related to sustainable finance, types of sustainable finance, their regulations and schemes, and use of sustainability-related information in capital markets.
3. Disclosure	Ba3-1: Sustainability disclosure and integrated reporting (overview) Background of the demand for sustainability disclosure and integrated reporting and current trends, characteristics of sustainability disclosure standards, significant issues of sustainability information (e.g., materiality, connectivity) Ba3-2: Climate change (overview) Scientific insights about climate change, international agreements (e.g., Paris Agreement) and respective national policies, the impact of climate change on companies, contents of major climate-related disclosure frameworks (TCFD), trends in voluntary and statutory climate-related disclosures, basics on greenhouse gas (GHG) emissions, impact of climate change risks on the preparation and disclosure of financial statements Ba3-3: Human capital and human rights (overview) Social issues related to human capital and human rights, policy trends (e.g., ITO Report for Human Capital Management), the impact of human capital on companies, concepts involved in human capital (e.g., diversity, equity and inclusion), trends in mandatory disclosure	Ad3-1: Sustainability disclosure and integrated reporting (details) Disclosure Systems regarding sustainability information in Japan and overseas, background and practical points of SSBJ standards, discussions on differences and interoperability between SSBJ standards and major sustainability disclosure standards (e.g., IFRS sustainability disclosure standards, CSRD/ESRS), environmental and social laws related to sustainability disclosure (e.g., Act on Promotion of Global Warming Countermeasures), and trends in disclosure practices Ad3-2: Climate change (details) Discussions on differences and interoperability between climate-related disclosure standards in Japan and other major climate-related disclosure standards (IFRS S2, ESRS E1), elements included in climate-related disclosures (e.g., transition plans, assessment of climate resilience), greenhouse gases (GHG) emissions calculation, Japanese GHG reporting and publication (SHK) systems, differences between GHG protocol and SHK systems, GHG emissions calculation exercise, and trends in disclosure practices Ad3-3: Biodiversity, ecosystems, and ecosystem services (details) Scientific insights on biodiversity, international agreements (e.g., Kunming-Montreal Global Biodiversity Framework) and national policies, the impact of biodiversity on companies, details of major biodiversity disclosure frameworks and standards, and trends in disclosure practices Ad3-4: Human capital (details) Details of major disclosure rules regarding human capital (e.g., Cabinet Office Ordinance on Disclosure of Corporate Affairs, Guidelines for Human Capital Visualization, US Regulation S-K, ESRS S1 and S2) and trends in disclosure practices Ad3-5: Human rights (details) International discussions on business and human rights (e.g., United Nations Guiding Principles on Business and Human Rights), the impact of human rights on companies, human rights due diligence, disclosure information on human rights (ESRS S1, S2, S3 and S4), and trends in disclosure practices

		<p>Ad3-6: Other sustainability themes (details) Trends in national policies and initiatives related to other sustainability themes (i.e., other than climate change, biodiversity, human capital, and human rights), the impact of each theme on companies, disclosures related to each theme in the ESRS, and trends in disclosure practices</p>
	<p>Se3: Key topics by industry Overview of key sustainability themes by industry and their relationship to business, industry-specific disclosure topics and metrics required in SASB and other standards, and trends in the development of industry-specific standards in the ISSB</p>	
<p>4. Assurance Engagements</p>	<p>Ba4: Ensuring the reliability of sustainability information and assurance engagements (overview) Background of the demand for sustainability assurance engagements, overview of standards for sustainability assurance engagements and trends in the development of the International Standard on Sustainability Assurance (ISSA) 5000, the situation of sustainability assurance engagements in Japan and other countries, and considerations in financial statement audits (e.g., International Standards on Auditing (ISA) 720, Key Audit Matters)</p>	<p>Ad4-1-1: Professional ethics and independence Background and history of the revision of the Code of Ethics, professional ethics and independence required of sustainability assurance practitioners, and differences from an audit of financial statements</p> <p>Ad4-1-2: Quality management and relevant regulations Firm-level quality management, engagement-level quality management, and pertinent systems to sustainability reporting and assurance</p> <p>Ad4-2-1: Sustainability assurance standards and practical issues (1) Basic framework for assurance engagements and sustainability assurance standards History and development policy of ISSA 5000, etc., key concepts in assurance engagement for sustainability information under ISSA 5000, an overview of the requirements of ISSA 5000 for assurance engagements, and major issues related to sustainability assurance (issues not addressed in Ad4-2-2 to Ad4-2-5)</p> <p>Ad4-2-2: Sustainability assurance standards and practical issues (2) Acceptance and planning of assurance engagements Preconditions for assurance engagement, acceptance of assurance engagements, planning, considerations in determining suitable criteria for scoping an assurance engagement, and other considerations and current issues</p> <p>Ad4-2-3: Sustainability assurance standards and practical issues (3) Risk assessment procedures / Responding to the risk of material misstatement Planning and performing risk assessment procedures, addressing the entity's systems of internal controls, substantive procedures, and addressing fraud and non-compliance with laws and regulations</p> <p>Ad4-2-4: Sustainability assurance standards and practical issues (4) Forming assurance conclusion and preparing the assurance report Aggregation and review of misstatements identified and evaluation of the description of applicable criteria, subsequent events, written representations from management and those charged with governance, and other information, forming the assurance conclusions, form and content of the assurance report, and communications with the entity related to assurance conclusions</p> <p>Ad4-2-5: Sustainability assurance standards and practical issues (5) Group assurance and value chain information assurance Concepts of assurance engagement for group sustainability information and value chain information, requirements of ISSA 5000, and points to consider in assurance engagement</p> <p>Ad4-2-6: Sustainability assurance standards and practical issues (6) Interaction between financial statement audits and sustainability assurance engagements Expectation on connectivity between financial statements and sustainability information and interaction between audit and assurance, approaches to collaboration between audit and assurance teams, integrated audit and assurance</p>

		<p>Ad4-3: Evolving issues of sustainability assurance engagements Evaluation of entity's materiality processes, assurance on forward-looking information, qualitative information, and climate-related information other than GHG emissions</p> <p>Ad4-4-1: Thematic practice topic - (1) Assurance on greenhouse gas information Process of GHG emissions assurance engagement, types of GHG emissions and considerations in assurance procedures, use work of experts</p> <p>Ad4-4-2: Thematic practice topic – (2) Assurance on human capital and human rights information Process of assurance engagement for human capital information and human rights information, characteristics of human capital information and issues in assurance, characteristics of human rights information and issues in assurance</p>
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III JICPA Sustainability Capacity Building Syllabus

(1) Introduction to Sustainability

Subject	Basic Level Ba1: Sustainability overview and roles expected of professional accountants
Objectives	Understand the basic concepts related to sustainability, the relationship between business/investments and sustainability, and the roles expected of professional accountants (PAs) regarding sustainability.
Contents	<p>Introduce how the concepts of sustainable development and sustainability have been positioned as common global goals, and explain how business operations and investor behavior relate to sustainability. Based on this basic knowledge, describe the relationship between the PAs' work and sustainability matters and the professional ethics expected.</p> <ol style="list-style-type: none"> With the emergence of environmental problems and social issues such as poverty, human rights, and education in the context of globalization and economic development, explain the progress made in building international consensus on and adopting policy measures for sustainability. For example, the following initiatives could be presented: <ul style="list-style-type: none"> The process by which the concept of sustainability has become widespread through the Brundtland Report and other documents. Development of frameworks, such as the Sustainable Development Goals (SDGs), for realizing sustainability by international organizations and national governments in collaboration with the private economic sector, including businesses and investors. Sustainability policies such as carbon pricing and others. Describe how corporate activities and investor behavior relate to the environment, society, and economy. Explain the initiatives and frameworks for integrating sustainability into corporate management and investor behavior. <ul style="list-style-type: none"> Explain the relationship between the company/investor and the environment/society from the following two aspects: <ul style="list-style-type: none"> Impacts of corporate activities and investor behavior on the environment and society. Environmental and social impacts on corporate value and investment performance. Explain corporate sustainability initiatives, considering the following developments. At this time, it may be useful to explain international initiatives such as the United Nations Global Compact. <ul style="list-style-type: none"> Expanding management considering Corporate Social Responsibility (CSR). Growing awareness of identifying sustainability as a core business issue and leading to sustainable value creation through the resolution of the issue. Explain investors' sustainability initiatives, focusing on the following: <ul style="list-style-type: none"> Expanding sustainability investments, including ESG investments, and dialogue between companies and investors (engagement), referring to the United Nations Principles for Responsible Investment (PRI). Challenges investors face in collecting sustainability information (e.g., lack of sufficiency and comparability). Describe the expected roles of PAs using case studies to illustrate that PAs working in various areas, including external auditors and PAs serving as independent directors, will face sustainability issues. Explain the overview of the ethics required of PAs engaged in sustainability reporting and assurance while focusing on the Code of Ethics published by the International Ethics Standards Board for Accountants (IESBA).
Keywords	Brundtland Report, SDGs, Internalizing the externality, CSR, Sustainable value creation, PRI, Sustainability investment (ESG investment), Dialogue between companies and investors (engagement)
Prerequisites (recommended)	—

(2) Sustainability, and Corporate Management and Governance

Subject	Basic Level Ba2: Integration of sustainability issues into governance, strategy, and risk management
Objectives	Understand the need and approaches to incorporating sustainability into corporate management and be prepared to engage in dialogue with key personnel, such as senior management, regarding sustainability management.
Contents	<p>Explain the need for companies to incorporate sustainability into their governance, strategy, and risk management, as well as outline the specific organizational structures and responsive measures that companies should establish accordingly.</p> <ol style="list-style-type: none"> 1. Explain why sustainability issues, such as climate change and other environmental problems, human rights, human capital and other social issues, is crucial for business, its relationship to sustainable value creation and evaluation of corporate value, as well as governance, business models, and strategic responses to sustainability. 2. Explain methods and mechanisms for incorporating sustainability factors into enterprise risk management, referring to the following perspectives: <ul style="list-style-type: none"> • Identification of material sustainability-related risks and opportunities. • Assessment of the short-, medium-, and long-term financial impact of sustainability-related risks and opportunities. • Reflection of sustainability-related risks and opportunities in strategies and financial plans. • Assessment of resilience to sustainability-related risks. 3. Explain the actions required for sustainability in corporate governance under Japanese regulations. For example, it would be possible to explain the content and background of the Corporate Governance Code revised in 2021. 4. Explain the organizational management and governance arrangements supporting management and supervisory bodies to fulfill their roles in sustainability. The following should be addressed: <ul style="list-style-type: none"> • Roles and skills required of management and governance bodies. • Establishment of committees and other bodies to lead sustainability-related initiatives. • Cross-functional collaboration among relevant functions, such as finance and sustainability, together with an overarching supervisory structure. • Processes for reporting and monitoring sustainability information, including management's utilization of the information, data governance, and internal controls. • Incentive schemes, including reflecting sustainability metrics into executive compensation.
Keywords	Corporate Governance Code, Skills matrix, Sustainability committee, Linking executive compensation to sustainability metrics
Prerequisites (recommended)	Basic Level Ba1: Sustainability overview and roles expected of professional accountants

Subject	Advanced Level Ad2: Sustainable finance
Objectives	Understand sustainable finance approaches as a basis for understanding sustainability information needs in capital markets.
Contents	<p>Introduce domestic and international policies related to sustainable finance that aim to promote financing toward sustainability-related projects and explain various types of sustainable finance.</p> <ol style="list-style-type: none"> 1. Explain the current trends regarding sustainable finance policies, in particular, policies and their backgrounds related to sustainable finance in Japan and abroad. 2. Explain methodologies of sustainability investments (ESG investments), such as: <ul style="list-style-type: none"> • ESG integration (passive and active management) • Engagement • Proxy voting • Negative and positive screening • Impact investing 3. Explain the following overview of sustainability-related bonds and loans: <ul style="list-style-type: none"> • Principles and guidelines widely used in Japan and abroad • Types of sustainable finance (e.g., green bonds) • External reviews of sustainable finance 4. Explain the following regarding the use of sustainability-related information in the capital markets: <ul style="list-style-type: none"> • Services provided by ESG data providers, rating agencies, and others • Information use by institutional investors • Reflection in indexes
Keywords	Sustainable Finance Expert Panel, International Capital Market Association (ICMA), PRI, Green bonds, Sustainability-linked loans, Transition finance, JICPA Assurance Engagement Practice Note 3900 Practical Guidelines for Assurance Engagements for Use of Green Bond Funds Report
Prerequisites (recommended)	Basic Level Ba1: Sustainability overview and roles expected of professional accountants

(3) Disclosure

Subject	Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)
Objectives	<p>Understand the latest trends in sustainability disclosure.</p> <p>Understand the overview of the major sustainability disclosure standards.</p>
Contents	<p>After explaining the historical background of the demand for sustainability disclosure and integrated reporting, describe the trends in sustainability disclosure, characteristics of significant sustainability disclosure standards, and critical issues related to sustainability information.</p> <ol style="list-style-type: none"> 1. Explain the historical background of the requirements for companies to disclose sustainability-related information, touching on the demands of investors and other stakeholders. 2. Explain global trends in the increase of voluntary sustainability disclosure and integrated reporting and, in recent years, the development of mandatory sustainability disclosure. 3. Explain sustainability disclosure requirements and voluntary disclosure trends in Japan. 4. Provide an overview of the following major sustainability disclosure standards and clarify the differences among them, including variation in target readers: <ul style="list-style-type: none"> • Sustainability Disclosure Standards issued by the Sustainability Standards Board of Japan (SSBJ) • IFRS Sustainability Disclosure Standards • Sustainability Accounting Standards Board (SASB) standards • European Sustainability Reporting Standards (ESRS) • Task Force on Climate-related Financial Disclosures (TCFD) • Global Reporting Initiative (GRI) standards • International Integrated Reporting Framework 5. Explain the critical issues related to sustainability information, including, but not limited to the following: <ul style="list-style-type: none"> • Concepts of materiality (single materiality, double materiality, and dynamic materiality). • Connectivity of sustainability and financial information. 6. Explain emerging topics regarding sustainability disclosure, including those raised by institutional investors and the evolution of domestic and foreign mandatory reporting regimes.
Keywords	SSBJ, ISSB, Corporate Sustainability Reporting Directive (CSRD), ESRS, TCFD, SASB, GRI, International Integrated Reporting Framework, Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., Materiality, Connectivity
Prerequisites (recommended)	Basic Level Ba1: Sustainability overview and roles expected of professional accountants

Subject	Advanced Level Ad3-1: Sustainability disclosure and integrated reporting (details)
Objectives	<p>Understand the major domestic and international sustainability disclosure regulations.</p> <p>Understand the requirements of the major sustainability disclosure standards.</p>
Contents	<p>Explain the domestic and international systems for sustainability disclosure and related environmental and social laws and regulations. Also, describe the requirements of major sustainability disclosure standards and disclosure practices.</p> <ol style="list-style-type: none"> 1. Explain the sustainability disclosure system in Japan, focusing on the requirements of the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. Similarly, explain the outline of the disclosure systems in major overseas countries. 2. Explain the requirements of the Universal Sustainability Disclosure Standard 'Application of the Sustainability Disclosure Standards' and the Theme-based Sustainability Disclosure Standard No.1 "General Disclosures" issued by the Sustainability Standards Board of Japan (SSBJ), along with their backgrounds and practical points. Practical points include understanding the structure and composition of SASB standards, which an entity shall refer to and consider when identifying sustainability-related risks and opportunities, and how to use them. They also cover supplementary documents issued by the SSBJ and the SSBJ Handbook. 3. Explain the differences between the sustainability disclosure standards in Japan and other major standards described below, as well as the discussions on interoperability. In particular, explain (i) general characteristics such as reporting scope, reporting frequency, cross-references, (ii) the content of key elements of disclosure (core content), and (iii) materiality assessment. Examples of the major standards include: <ul style="list-style-type: none"> • IFRS Sustainability Disclosure Standard * • European Sustainability Reporting Standards (ESRS) • Global Reporting Initiative (GRI) Standards 4. Explain the existing sustainability-related disclosure regulations and how they relate to the disclosure required by the standards and regulations in sections 1 and 2 above. In Japan, for example, companies are required to report environmental and social information under the Act on Promotion of Global Warming Countermeasures, the Act on the Promotion of Women's Active Engagement in Professional Life, and other laws and regulations. 5. Explain statutory and voluntary sustainability disclosure practices in Japan. Where appropriate, refer to "Case Book on Good Practices on Corporate Disclosure of Narrative Information" published by the Financial Services Agency. <p>* In addition, explain the International Integrated Reporting Framework, which ISSB referred to when developing the IFRS sustainability disclosure standards.</p>
Keywords	Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc., ISSB, SSBJ, Corporate Sustainability Reporting Directive (CSRD), ESRS, International Integrated Reporting Framework, Act on Promotion of Global Warming Countermeasures, Act on the Promotion of Women's Active Engagement in Professional Life, ESG report, Integrated report, Sustainability report
Prerequisites (recommended)	<p>Basic Level Ba1: Sustainability overview and roles expected of professional accountants</p> <p>Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)</p>

Subject	Basic Level Ba3-2: Climate change (overview)
Objects	Understand the impact of climate change on companies. Understand the overview of climate-related disclosures.
Contents	<p>Explain the impact of climate change on business, referring to international agreements and national policies on climate change and the scientific background. In addition, describe the major climate-related disclosure frameworks and practical trends in voluntary and statutory climate-related disclosures. Introduce concepts and measurements related to greenhouse gas (GHG) emissions.</p> <ol style="list-style-type: none"> 1. Explain the business environment related to climate change and how it affects corporate strategy and business operations, including the following topics: <ul style="list-style-type: none"> • Scientific insights on climate change presented in Intergovernmental Panel on Climate Change (IPCC) reports • The Paris Agreement and other international agreements on climate change and policies tackling climate change in Japan, including the transition to a decarbonized economy • Requirements and initiatives to transition toward Net Zero by companies, including financial institutions 2. Provide an overview of the core information and metrics in the major climate-related disclosure frameworks used in Japan and abroad, focusing on the four elements (governance, strategy, risk management, and metrics and targets) of the Task Force on Climate-related Financial Disclosures (TCFD) recommendation. 3. Explain the global trend toward voluntary disclosure of climate-related information and the gradual expansion of statutory disclosure. For example, an overview of the following standards could be provided: <ul style="list-style-type: none"> • Sustainability Standards Board of Japan's (SSBJ) Theme-based Sustainability Disclosure Standard No. 2, "Climate-related Disclosures" • International Sustainability Standards Board's (ISSB) IFRS S2 "Climate-related Disclosures" • European Sustainability Reporting Standard (ESRS) E1 "Climate change" 4. Demonstrate the measurement of GHG emissions and the following items, referring to the GHG Protocol: <ul style="list-style-type: none"> • Basic calculation method for direct emissions (Scope 1) and indirect emissions (Scope 2). • Overview of categories included in value chain emissions (Scope 3). 5. Explain the impact of climate change risk on financial statements, considering demands for disclosure from institutional investors and other investors.
Keywords	Paris Agreement, IPCC, Net zero transition, Decarbonized economy, Financed emissions, Carbon pricing, Glasgow Financial Alliance for Net Zero (GFANZ), TCFD, Physical risks, Transition risks, GHG protocol, GHG emissions (Scope 1, Scope 2 and Scope 3)
Prerequisites (recommended)	Basic Level Ba1: Sustainability overview and roles expected of professional accountants Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)

Subject	Advanced Level Ad3-2: Climate change (details)
Objectives	Understand the requirements and key issues of the major climate-related disclosure standards.
Contents	<p>Describe the requirements in the major domestic and international disclosure standards on climate change and explain the main issues in climate-related disclosures. In addition, provide climate-related disclosure examples.</p> <ol style="list-style-type: none"> 1. Explain climate-related information and metrics required by the Theme-based Sustainability Disclosure Standard No. 2 “Climate-related Disclosures” in Japan. 2. Explain the differences between the climate-related standard in Japan and the major climate-related disclosure standards listed below, as well as discussion on interoperability related to climate-related disclosures: <ul style="list-style-type: none"> • International Sustainability Standards Board’s (ISSB) IFRS S2 “Climate-related Disclosures” • European Sustainability Reporting Standard (ESRS) E1 “Climate change” 3. Explain each issue included in climate-related disclosures. For example, the following could be included: <ul style="list-style-type: none"> • Identification and assessment of risks and opportunities (including anticipated financial effects). • Development of transition plans (e.g. Transition Plan Taskforce’s (TPT) reports). • Assessment of climate resilience (scenario analysis). • Use of carbon credits. 4. Explain the following about the measurement of greenhouse gas (GHG) emissions (Scope 1, 2, and 3): <ul style="list-style-type: none"> • Requirements for GHG emissions measurement and reporting under the Act on Promotion of Global Warming Countermeasures and the GHG emissions accounting, reporting, disclosure system (known as the SHK system). It includes its calculation method and the differences between this system and the GHG Protocol. • Method for calculating Scope 3 emissions by category based on the data quality and other factors (performance or estimated value). • Calculation examples for each of Scope 1, 2, and 3 based on the GHG Protocol. <p>In addition, the following may also be included as necessary.</p> <ul style="list-style-type: none"> • GHG emission calculation methods and characteristics under the GX-ETS (emissions trading systems in Japan). 5. Explain specific examples of climate-related disclosures. Where appropriate, refer to “Case Book on Good Practices on Corporate Disclosure of Narrative Information” published by the Financial Services Agency.
Keywords	Scenario analysis, Transition plans, Carbon credits, Contractual instruments, Power Purchase Agreements (PPA), Virtual PPA, Science Based Targets (SBT), Financed emissions (emissions by investees), Avoided emissions, Internal carbon price, Act on Promotion of Global Warming Countermeasures, GHG emissions accounting, Reporting and disclosure system (the SHK system)
Prerequisites (recommended)	<p>Basic Level Ba1: Sustainability overview and roles expected of professional accountants</p> <p>Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)</p> <p>Basic Level Ba3-2: Climate change (overview)</p> <p>Advanced Level Ad3-1: Sustainability disclosure and integrated reporting (details)</p>

Subject	Advanced Level Ad3-3: Biodiversity, ecosystems, and ecosystem services (details)
Objectives	<p>Understand the impact of Biodiversity, ecosystems, and ecosystem services (after this collectively referred to as “biodiversity”) on companies.</p> <p>Understand the requirements of major biodiversity-related disclosure standards and frameworks.</p>
Contents	<p>Explain the impact of biodiversity on companies based on international agreements, national policies on biodiversity, and the scientific background. In addition, cover the major biodiversity disclosure frameworks and standards and provide disclosure examples.</p> <ol style="list-style-type: none"> 1. Explain the business environment related to biodiversity and how it affects corporate strategy and business operations. This includes the following: <ul style="list-style-type: none"> • Scientific insights on biodiversity • International agreements, such as the Kunming-Montreal Agreement and policy trends in Japan 2. Explain the disclosure objectives, basic principles, and key disclosure requirements (e.g., disclosure information, metrics) required by major disclosure frameworks and standards for biodiversity. The following standards and frameworks are examples: <ul style="list-style-type: none"> • Taskforce on Nature-related Financial Disclosures (TNFD) framework • European Sustainability Reporting Standard (ESRS) E4 “Biodiversity and ecosystems” 3. Provide examples of disclosure based on the above framework and standards. 4. Explain the current development status of the disclosure standard related to biodiversity by the International Sustainability Standards Board (ISSB) and the main issues involved.
Keywords	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services (IPBES), Convention on Biodiversity, TNFD, LEAP approach
Prerequisites (recommended)	<p>Basic Level Ba1: Sustainability overview and roles expected of professional accountants</p> <p>Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)</p> <p>Advanced Level Ad3-1: Sustainability disclosure and integrated reporting (details)</p>

Subject	Basic Level Ba3-3: Human capital and human rights (overview)
Objectives	<p>Understand the impact of human capital and human rights on companies.</p> <p>Understand the overview of disclosures regarding human capital and human rights.</p>
Contents	<p>Explain the impact of human capital on companies by referring to social issues and policy trends related to human capital. In addition, describe the concepts regarding human capital and the trend toward mandatory disclosure. Provide also an overview of human rights.</p> <ol style="list-style-type: none"> 1. With the emergence of social issues such as gender inequality, explain the trends of studies on human capital, as well as the improvement of treatment under laws and regulations in Japan such as the Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment and Act on the Promotion of Women's Active Engagement in Professional Life. In addition, explain how human capital issues affect corporate strategy and business operations. The following reports are useful references: <ul style="list-style-type: none"> • Report of the Study Group on Improvement of Sustainable Corporate Value and Human Capital and the Ito Report for Human Capital Management released by the Ministry of Economy, Trade and Industry. • Study Group on Visualizing Non-Financial Information, Guidelines for Human Capital Visualization. 2. Explain the elements included in human capital, such as Diversity, Equity, and Inclusion (DEI) and reskilling. 3. Describe the relationship between business and human rights, with reference to international norms such as the United Nations Guiding Principles on Business and Human Rights and the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct. 4. Explain the trend of increasing mandatory disclosure regarding human capital. For example, the following standards could be explained: <ul style="list-style-type: none"> • Mandatory disclosure related to human capital under the revised Japanese disclosure rule, the Cabinet Office Ordinance on Disclosure of Corporate Affairs, etc. • Mandatory disclosure related to human capital under the revised US Securities and Exchange Commission (SEC) Regulation S-K • European Sustainability Reporting Standards (ESRS) S1 "Own workforce" and S2 "Workers in the value chain"
Keywords	Act on Securing, Etc. of Equal Opportunity and Treatment between Men and Women in Employment, Act on the Promotion of Women's Active Engagement in Professional Life, Ito Report for Human Capital Management, Guidelines for Human Capital Visualization, DEI, Reskilling, Talent development, Employee engagement, Human rights due diligence
Prerequisites (recommended)	<p>Basic Level Ba1: Sustainability overview and roles expected of professional accountants</p> <p>Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)</p>

Subject	Advanced Level Ad3-4: Human capital (details)
Objectives	Understand the disclosure information required by major disclosure rules and standards regarding human capital.
Contents	<p>Explain major disclosure standards and rules regarding human capital and cover examples of disclosures.</p> <ol style="list-style-type: none"> 1. Explain the disclosure requirements related to human capital specified in the Cabinet Office Ordinance on Disclosure of Corporate Information and disclosure objectives, basic principles, and major disclosure requirements (e.g., disclosure information, metrics) by other disclosure standards and rules. For example, the following standards and rules could be included: <ul style="list-style-type: none"> • Study group on Non-Financial Information Visualization, Guidelines for Human Capital Visualization • US Securities and Exchange Commission (SEC), Human capital resources disclosure required by the Regulation S-K • European Sustainability Reporting Standards (ESRS) S1 “Own workforce” 2. Explain specific examples of human capital-related disclosures. Where appropriate, refer to “Case Book on Good Practices on Corporate Disclosure of Narrative Information” published by the Financial Services Agency. 3. Explain the current standard development status of human capital-related disclosure by the International Sustainability Standards Board and the main issues involved.
Keywords	Ratio of women in management positions, Ratio of men taking childcare leave, Gender pay gap
Prerequisites (recommended)	<p>Basic Level Ba1: Sustainability overview and roles expected of professional accountants</p> <p>Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)</p> <p>Basic Level Ba3-3: Human capital and human rights (overview)</p> <p>Advanced Level Ad3-1: Sustainability disclosure and integrated reporting (overview)</p>

Subject	Advanced Level Ad3-5: Human rights (details)
Objectives	<p>Understand the impact of human rights on companies and how to address it.</p> <p>Understand disclosures related to human rights.</p>
Contents	<p>Explain the impact of human rights on companies, referring to the international debate on human rights, the social issues behind it, and the regulatory environment in each country. Also, describe the disclosure standards, content, and examples related to human rights.</p> <ol style="list-style-type: none"> Describe the international agreements and guidance for businesses and the regulatory environment in key jurisdictions to address social issues such as human rights abuses in the supply chain. The following are some examples: <ul style="list-style-type: none"> International agreements and guidance for companies <ul style="list-style-type: none"> Guiding Principles on Business and Human Rights: Implementing the United Nations (UN) “Protect, Respect and Remedy” Framework International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct UN Global Compact Laws and regulations in key jurisdictions <ul style="list-style-type: none"> UK Modern Slavery Act and other regulations requiring disclosure of information Regulations requiring the implementation of human rights due diligence, such as the proposed Corporate Sustainability Due Diligence Directive (CSDDD) in the EU Explain the interaction of human rights with corporate strategy and business operations and measures required of companies to address these issues, such as human rights due diligence. For example, the following guidelines may be used as a reference: <ul style="list-style-type: none"> Ministry of Economy, Trade and Industry, Guidelines for Respecting Human Rights in Responsible Supply Chains OECD Due Diligence Guidance for Responsible Business Conduct Explain major standards and frameworks for disclosure of information regarding human rights (not limited to the following), including the purpose and main disclosure requirements (disclosure information and metrics). <ul style="list-style-type: none"> European Sustainability Reporting Standards (ESRS) S1 “Own workforce,” S2 “Workers in the value chain,” S3 “Affected communities,” and S4 “Consumers and end-users” Explain specific examples of human rights-related disclosures. Where appropriate, refer to “Case Book on Good Practices on Corporate Disclosure of Narrative Information” published by the Financial Services Agency.
Keywords	<p>Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, ILO Declaration on Fundamental Principles and Rights at Work, Modern Slavery Act, Human rights due diligence, Human rights policy, Negative impact, Remedies, Local Communities</p>
Prerequisites (recommended)	<p>Basic Level Ba1: Sustainability overview and roles expected of professional accountants</p> <p>Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)</p> <p>Basic Level Ba3-3: Human capital and Human rights (overview)</p> <p>Advanced Level Ad3-1: Sustainability disclosure and integrated reporting (overview)</p>

Subject	Advanced Level Ad3-6: Other sustainability themes (details)
Objectives	<p>Understand the impact of other sustainability themes (other than climate change, biodiversity, human capital, and human rights) on companies.</p> <p>Understand disclosure information related to other sustainability themes.</p>
Contents	<p>Explain the impact of other sustainability themes (other than climate change, biodiversity, human capital, and human rights) on companies. Also, describe the content and examples of disclosures related to other sustainability themes.</p> <ol style="list-style-type: none"> 1. Explain the impact of each sustainability theme on companies, referring to national policies and initiatives for each sustainability-related theme. 2. Explain the main disclosure purpose, disclosure requirements of major disclosure standards and frameworks related to other sustainability themes and provide specific examples of disclosures. <ul style="list-style-type: none"> • The following standards of the European Sustainability Reporting Standards (ESRS) <ul style="list-style-type: none"> ➤ ESRS E2: Pollution ➤ ESRS E3: Water and marine resources ➤ ESRS E5: Resource use and circular economy ➤ ESRS G1: Business conduct • In addition, GRI standards and other frameworks or standards could be considered.
Keywords	Pollution, Water and marine resources, Circular economy
Prerequisites (recommended)	<p>Basic Level Ba1: Sustainability overview and roles expected of professional accountants</p> <p>Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)</p> <p>Advanced Level Ad3-1: Sustainability disclosure and integrated reporting (details)</p>

Subject	Se3: Key topics by industry
Objectives	Understand sustainability-related issues specific to each industry sector. Understand disclosure topics and indicators in each industry sector.
Contents	<p><i>* This subject will be provided by industry (or multiple industry groups). Learners are expected to select and take lectures relevant to their businesses.</i></p> <p>Explain important sustainability themes in each industry sector, touching on the background of related policies.</p> <p>In addition, explain the industry-specific disclosure topics and metrics required by Sustainability Accounting Standards Board (SASB) standards and others.</p> <p>Cover the development of industry-specific standards at the International Sustainability Standards Board (ISSB) as necessary.</p>
Keywords	SASB
Prerequisites (recommended)	Basic Level Ba1: Sustainability overview and roles expected of professional accountants Basic Level Ba3-1: Sustainability disclosure and integrated reporting (overview)

(4) Assurance Engagements

Subject	Basic Level Ba4: Ensuring the reliability of sustainability information and assurance engagements (overview)
Objectives	<p>Understand the overview of standards related to assurance engagements for sustainability information.</p> <p>Understand the situation of assurance engagements for sustainability information in Japan and abroad.</p>
Contents	<p>Explain the current development and revision of assurance standards for sustainability information and the status of assurance practice, touching on the historical background of the demand for sustainability assurance. In addition, describe sustainability-related issues that auditors should consider in a financial statement audit.</p> <ol style="list-style-type: none"> 1. Explain the historical background of the demand for assurance on sustainability information, mentioning the increasing trend among investors and other stakeholders for reliable sustainability information and their expectations regarding assurance, including requirements for assurance practitioners (e.g., professional ethics and independence standards required of assurance practitioners, quality management standards). 2. Explain the development history, objectives, and approach of the framework for assurance engagements that assurance practitioners refer to in sustainability assurance engagements. <ul style="list-style-type: none"> • International Standards on Sustainability Assurance (ISSA) 5000, “General Requirements for Sustainability Assurance Engagements” <p>In addition, an overview of the following guidelines can be provided, as necessary.</p> <ul style="list-style-type: none"> • International Standards on Assurance Engagements (ISAE) 3000, Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information • ISAE 3410, Assurance Engagements on Greenhouse Gas Statements • Assurance Engagement Practice Notes published by the JICPA • Other assurance-related standards, frameworks, and guidelines (Accountability 1000 Assurance Standard, ISO 14064-3, Green transformation (GX) League Third Party Verification Guideline) 3. Outline the current status of assurance engagements on sustainability information in Japan and abroad, using the International Federation of Accountants (IFAC) survey on voluntary assurance and other publications. 4. Explain the contents of assurance reports, referring to examples of assurance reports, touching on the differences from audits. 5. Explain sustainability-related matters that auditors should consider in a financial statement audit in connection with the following: <ul style="list-style-type: none"> • Auditing Standards Report 720, The Auditor’s Responsibilities Relating to Other Information • Matters stated in Key Audit Matters (KAM) • Accounting estimates
Keywords	Greenwashing, Professional ethics, Independence, Quality management, ISSA 5000, ISAE 3000, ISAE 3410, Auditing Standards Report 720 - the Auditor’s Responsibilities Relating to Other Information, KAM, Accounting estimates
Prerequisites (recommended)	Basic Level Ba1: Sustainability overview and roles expected of professional accountants

Subject	Advanced Level Ad4-1-1: Professional ethics and independence
Objectives	Understand the professional ethics and independence required of those involved in assurance engagements of sustainability information to comply with fundamental principles and to identify, evaluate, and address threats to independence.
Contents	<p>Explain the professional ethics and independence required of those involved in assurance engagements for sustainability disclosures, mainly focusing on the Code of Ethics* published by the International Ethics Standards Board for Accountants (IESBA) using illustrations.</p> <ol style="list-style-type: none"> 1. Explain the background and development process of the revision of the IESBA Code of Ethics. <ul style="list-style-type: none"> • Overview and background of the sustainability project of the IESBA • Characteristic challenges in sustainability • Basic concepts of the Code of Ethics related to sustainability 2. Explain the professional ethics and independence required of sustainability assurance practitioners. <ul style="list-style-type: none"> • Scope of sustainability assurance engagements that apply the IESBA Code of Ethics • Independence required of sustainability assurance practitioners • Professional ethics required of sustainability assurance practitioners (ethics other than independence) • Independence required of other practitioners and external experts used by the assurance practitioners • Value chain entities and independence required of assurance practitioners <p>In a lecture, it is helpful to clarify the differences in ethics and independence needed between a sustainability assurance engagement and a financial statement audit.</p>
Keywords	Professional ethics, Independence, IESBA Code of Ethics, Other practitioners, External experts, Value chain entities
Prerequisites (recommended)	Basic Level Ba4: Ensuring the reliability of sustainability information and assurance engagements (overview)

Subject	Advanced Level Ad4-1-2: Quality management and relevant regulations
Objectives	<p>Understand quality management in assurance engagements of sustainability information and points to apply the International Standard for Sustainability Assurance (ISSA) 5000 "General Requirements for Sustainability Assurance Engagements" and the International Standard for Quality Management (ISQM).</p> <p>Understand the relevant regulations and legislation related to sustainability assurance.</p>
Contents	<p>Explain the quality management required for assurance engagements of sustainability information and the application of ISSA 5000 and ISQMs. In addition, describe relevant regulations and legislation as necessary.</p> <p>1. Quality Management</p> <p>(1) Firm-level quality management</p> <p>For firm-level quality management, ISSA 5000 states that an assurance practitioner shall apply ISQM or other professional requirements, or requirements in laws and regulations, that are at least as demanding as the ISQM. In a lecture, explain mainly the characteristics and differences in assurance engagements for sustainability information, assuming knowledge of ISQM 1 "Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Service Engagements" and ISQM 2 "Engagement Quality Reviews."</p> <p>(2) Engagement-level quality management</p> <p>Explain the requirements of ISSA5000, including the following, regarding operational level quality management:</p> <ul style="list-style-type: none"> • Overall responsibility for quality management • Professional ethics, skills and techniques, professional skepticism and professional judgement • Engagement resources (considerations regarding the responsibilities of engagement staff and the competence and capabilities of engagement teams, etc.) • Sufficient and appropriate involvement and direction, supervision and review • Using the work of others (using the work of another practitioner, using the work of a practitioner's expert, using the work of internal audit function) • Communication • Consultation <p>2. Relevant regulations and legislation</p> <p>Explain major jurisdictions' regulations and legislation for sustainability reporting and assurance, highlighting the differences in the factors, such as assurance practitioners (firm and individual), qualifications of individuals involved in assurance engagements, assurance standards, professional ethics and independence, and quality management. For example, the following may be included.</p> <ul style="list-style-type: none"> • Mandatory assurance under the EU Corporate Sustainability Reporting Directive (CSRD) • Assurance requirements in other jurisdictions
Keywords	Firm-level quality management, Engagement-level quality management, ISQM1, ISQM2, ISA220, Network firms, Professional ethics, Independence
Prerequisites (recommended)	Basic Level Ba4: Ensuring the reliability of sustainability information and assurance engagements (overview)

Subject	Advanced Level Ad4-2-1: Sustainability assurance standards and practical issues (1) Basic framework for assurance engagements and sustainability assurance standards	
Objectives	Understand the structure of sustainability assurance practice standards to sustainability information. Understand key concepts in sustainability assurance and how it differs from auditing.	
Contents	<p>Explain the development of the International Sustainability Assurance Standard (ISSA) 5000 “General Requirements for Sustainability Assurance Engagements” and the key concepts that are prerequisites for understanding the relevant standards. Also, describe cross-cutting issues related to assurance engagements.</p> <ol style="list-style-type: none"> 1. Explain the background and development policy of ISSA 5000. <ul style="list-style-type: none"> • How ISSA 5000 has been developed • ISSA 5000’s development policy and characteristics 2. Explain key concepts in assurance engagements for sustainability information in accordance with ISSA 5000. <ul style="list-style-type: none"> • Sustainability matters, sustainability information (criteria, suitability) • Limited and reasonable assurance • Evidence, including the reliability of the information and the elements of sufficiency and appropriateness of evidence • Materiality (including the relationship between the assurance practitioner’s materiality and the entity’s processes to identify sustainability information to be reported). * • Reporting boundary • Component (group components and value chain components) • Communicate with management, those charged with governance, and other stakeholders • Fraud and non-compliance with laws or regulations • Documentation 3. Explain an overview of the requirements of ISSA 5000 for assurance engagements, covering the entire assurance process from engagement acceptance to issuing an assurance report. In addition, with regard to group engagement, explain the main considerations relating to engagement resources, planning, risk assessment and risk response procedures, and forming an assurance conclusion. 4. Explain the overall cross-cutting issues that are not addressed in Ad4-2-2 through Ad4-2-4, in the application of ISSA 5000. <ul style="list-style-type: none"> • Evidence* • Communicate with management, those charged with governance, and other stakeholders <p>* Ad4-3 “Evolving Issues Related to Sustainability Assurance Engagements” may include discussions about” entity’s processes to identify sustainability information to be reported” and obtaining evidence on qualitative and forward-looking information. In that case, a lecturer will provide an interpretation and points of the requirements of ISSA 5000 and an introduction to the advanced issues.</p>	
Keywords	ISSA 5000, Reasonable assurance, Limited assurance, Rational purpose, Applicable criteria, Sufficient and appropriate evidence, Systems of internal controls, Materiality, Engagement team, Other practitioners, Experts, Those charged with governance, Fraud	
Prerequisites (recommended)	Basic Level Ba4: Ensuring the reliability of sustainability information and assurance engagements (overview) Advanced Level Ad4-1-2: Quality management and relevant regulations	

Subject	Advanced Level Ad4-2-2: Sustainability assurance standards and practical issues (2) Acceptance and planning of assurance engagements
Objectives	Understand the acceptance and planning of assurance engagements under the International Sustainability Assurance Standard (ISSA) 5000 “General Requirements for Sustainability Assurance Engagements.”
Contents	<p>Explain the contents and requirements of ISSA 5000. Providing the relationship with other international standards on assurance engagements and standards on auditing published by the International Auditing and Assurance Standards Board (IAASB) facilitates a broader and deeper understanding.</p> <ol style="list-style-type: none"> 1. Explain the preconditions, acceptance, and planning of assurance engagements, comparing them to those in a financial statement audit. This includes the following: <ul style="list-style-type: none"> • Compliance with professional ethics and independence • Preconditions for an assurance engagement (preliminary knowledge of the engagement, appropriate sustainability matters, suitability and availability of criteria, and existence of rational purpose) • Preconditions not present after acceptance • Terms and conditions of the assurance engagement • Planning of the assurance engagement (including determination of materiality by the assurance practitioner) 2. Explain consideration points in determining suitable criteria for scoping an assurance engagement (e.g., characteristics of the suitable criteria, such as relevance, completeness, reliability, neutrality, and understandability, as well as the appropriateness of the scope of an assurance engagement), using examples of practices. 3. Explain the schedule for disclosure and assurance engagement using examples. The explanation may touch on both the current schedule (i.e., the situation where assurance practitioners rely on substantive procedures performed after the end of the fiscal year) and the desirable schedule (i.e., assurance practitioners allocate workloads throughout the engagement term and perform the assurance work in an integrated manner with the audit). 4. Explain other consideration points and current issues in accepting and planning assurance engagements. Ad4-3 “Evolving Issues Related to Sustainability Assurance Engagements,” which deals with evolving topics, may cover the advanced issues in accepting and planning assurance engagements, such as forward-looking information and qualitative information related to accepting and planning an assurance engagement. In that case, a lecture may provide an introduction to the evolving topics.
Keywords	Sustainability matters, Sustainability information, Topic, Aspects of topic, Rational purpose, Suitable criteria, Availability, Relevance, Completeness, Reliability, Neutrality, Understandability, Appropriateness of the scope of the assurance engagements
Prerequisites (recommended)	Ad4-2-1: Sustainability assurance standards and practical issues (1) Basic framework for assurance practices and sustainability assurance standards

Subject	Advanced Level Ad4-2-3: Sustainability assurance standards and practical issues (3) Risk assessment procedures/Responding to the risk of material misstatement
Objectives	Understand the risk procedures in assuring sustainability information under the International Sustainability Assurance Standard (ISSA) 5000 “General Requirements for Sustainability Assurance Engagements” and how to respond to identified risks of material misstatement.
Contents	<p>Explain the contents and requirements of ISSA 5000. Providing the relationship with other international standards on assurance engagements and standards on auditing published by the International Auditing and Assurance Standards Board (IAASB) facilitates a broader and deeper understanding.</p> <ol style="list-style-type: none"> 1. Explain designing and performing risk assessment procedures (e.g., understanding the business environment, sustainability matters, sustainability information and applicable criteria and inquiring). Also, clearly demonstrate the limited assurance and reasonable assurance, including their differences. 2. Describe how an assurance practitioner addresses an entity’s systems of internal controls, including the difference between limited assurance and reasonable assurance. <ul style="list-style-type: none"> • For both limited assurance and reasonable assurance: <ul style="list-style-type: none"> ➢ Understanding the components of a system of internal controls ➢ Identifying control deficiencies • For limited assurance in which an assurance practitioner plans to test the operating effectiveness of controls and reasonable assurance: <ul style="list-style-type: none"> ➢ Design and implementation of controls ➢ Test of controls • Difference between internal control over financial reporting and internal control over sustainability information. 3. Explain the substantive procedures, illustrating the difference between limited assurance and reasonable assurance. <ul style="list-style-type: none"> • Test of details in assurance of sustainability information • Analytical procedures in assurance of sustainability information • Sampling • Revising risk assessment and determining necessity of additional procedures <p>Although the thematic practical topics (Ad4-4-1 and Ad4-4-2) may deliver illustrative explanations, this course will also use examples to provide a concrete image of the substantive procedures.</p> 4. Describe the response to fraud and non-compliance with laws and regulations. <ul style="list-style-type: none"> • Practitioners’ responsibility for fraud and non-compliance with laws and regulations • Required response to identified or suspected fraud • Required response to identified or suspected non-compliance with laws and regulations • Illustrations of fraud (including greenwashing)
Keywords	Risk assessment procedures, Understanding of systems of internal controls, Components of systems of internal controls, Additional procedures, Test of operating effectiveness, Substantive procedures, Fraud, Greenwashing
Prerequisites (recommended)	Ad4-2-1: Sustainability assurance standards and practical issues (1) Basic framework for assurance practices and sustainability assurance standards

Subject	Advanced Level Ad4-2-4: Sustainability assurance standards and practical issues (4) Forming assurance conclusion and preparing the assurance report
Objectives	Understand how to form an assurance conclusion and prepare assurance reports under the International Sustainability Assurance Standard (ISSA) 5000 “General Requirements for Sustainability Assurance Engagements.”
Contents	<p>Explain the contents and requirements of ISSA 5000. Providing the relationship with other international standards on assurance engagement and standards on auditing published by the International Auditing and Assurance Standards Board (IAASB) facilitates a broader and deeper understanding.</p> <ol style="list-style-type: none"> 1. Explain accumulation and consideration of identified misstatements, as well as evaluation of the description of applicable criteria with the following characteristics of the sustainability assurance: <ul style="list-style-type: none"> • Conditions in which misstatements of sustainability information, including fraud, may occur. • Consideration of quantitative and qualitative factors in evaluating the effects of uncorrected misstatements. • Misstatements related to the measurement or evaluation of uncertainty, including qualitative or forward-looking information. • Consideration points in the evaluation of referencing or describing the applicable criteria and the adequacy of the description of the criteria, including subject matter information, the disclosure form of subject matter information, and a description of the suitable criteria. 2. Explain subsequent events, representation from management and those charged with governance, and other information, including their relationship to a financial statement audit. 3. Explain forming the conclusion of assurance, including the following discussions: <ul style="list-style-type: none"> • Evaluation of the evidence obtained, including factors that affect professional judgment in determining whether the evidence is sufficient and appropriate and in evaluation of indicators of possible management bias. • Existence of a scope limitation and its implications on the opinions expressed. • Overall responsibility for managing and achieving quality on an engagement and engagement quality review. 4. Illustrate the form and content of assurance reports, using examples of domestic and foreign assurance reports, considering the differences from audit reports. Because the content of the limited assurance report varies depending on the nature of the assurance engagement, it is beneficial to explain the content of assurance reports using examples. Explain also the following issues: <ul style="list-style-type: none"> • Short-form and long-form style of assurance reports. • Practitioner’s recommendation and additional information. • References in a practitioner’s expertise in the assurance report. 5. In connection with the conclusion of an assurance engagement, describe how and when a practitioner communicates with the entity, including identified control deficiencies and recommendations for improvements.
Keywords	Identified misstatements, Evaluating the description of applicable criteria, Subsequent events, Written representations, Other information, Assurance opinion, Assurance report, Short-form, Long-form, Unqualified conclusion, Qualified conclusion
Prerequisites (recommended)	Advanced Level Ad4-2-1: Sustainability assurance standards and practical issues (1) Basic framework for assurance practices and sustainability assurance standards

Subject	Advanced Level Ad4-2-5: Sustainability assurance standards and practical issues (5) Group assurance and value chain information assurance
Objectives	Understand the assurance engagements of group sustainability information and value chain information as specified in the International Sustainability Assurance Standard (ISSA) 5000 “General Requirements for Sustainability Assurance Engagements.”
Contents	<p>Explain the contents and requirements of ISSA5000. Providing the relationship with other international standards on assurance engagement and standards on auditing published by the International Auditing and Assurance Standards Board (IAASB) facilitates a broader and deeper understanding.</p> <ol style="list-style-type: none"> 1. Explain the requirements of ISSA 5000 regarding assurance engagements of group sustainability information. Considering the differences from financial statement audits, the following points may be explained: <ul style="list-style-type: none"> • The relationship between material sustainability topics at the group level and those at the component level, identification of components, and materiality assessment. • Identification of differences in legal and regulatory frameworks in the countries/regions where the group operates and challenges in preparing sustainability information. • Approach to risk assessment, including understanding of internal controls at the group level and component level. 2. Explain the requirements for using the work of another practitioner. For example, the following items may be included: <ul style="list-style-type: none"> • Determination of the scope of engagements to be used by another practitioner. • Communication with another practitioner and performing additional procedures. • Use of one-to-many reports and performing necessary additional procedures. 3. Sustainability information is expected to utilize the expertise of more experts than those in financial statements. Therefore, explain effective communication and consideration points when utilizing various experts (internal and external) and another practitioner. 4. Deepen understanding of issues related to assurance engagements involving value chain information and gain insights into methods and approaches for addressing issues through discussions among participants. The following are examples of issues that may be covered, but this list is not exhaustive. <ul style="list-style-type: none"> • Determining the boundaries of the value chain. • Evaluating information obtained from value chain entities. • Evaluating information obtained from third parties (information vendors, etc.). <p>In addition, because there is evidence obtained through use of the work of another practitioner it would be useful to explain this matter with topic 2 above.</p>
Keywords	Group or consolidated sustainability information, Value chain information, Reporting boundaries
Prerequisites (recommended)	Advanced Level Ad4-1-2: Quality management and relevant regulations Advanced Level Ad4-2-1: Sustainability Assurance Standards and Practical Issues 1. Basic framework for assurance engagements and sustainability assurance standards

Subject	Advanced Level Ad4-2-6: Sustainability assurance standards and practical issues (6) Interaction between financial statement audits and sustainability assurance engagements
Objectives	Understand stakeholders' expectations regarding the interaction between a financial statement audit and an assurance engagement of sustainability information and how they should work together.
Contents	<p>Investors and other users of general-purpose financial reporting are increasingly interested in the connectivity between financial and sustainability information. However, the nature of the interaction between a financial statement audit and an assurance engagement for sustainability information is not explicit, even in the International Sustainability Assurance Standard (ISSA) 5000 "General requirements for sustainability assurance services".</p> <p>Therefore, in this subject, incorporating stakeholders' perspectives, including experienced assurance practitioners, preparers, and users, will contribute to understanding the issues and challenges. In addition, interactive learning, such as workshop-style discussions among participants, may deepen understanding of how to respond to issues.</p> <ol style="list-style-type: none"> 1. Expectations for mutual collaboration between a financial statement audit and an assurance engagement on sustainability information <p>Explain expectations for greater interaction between a financial statement audit and an assurance engagement for sustainability information to ensure confidence in a corporate disclosure as a whole, touching on particularly the investors' emphasis on the connectivity between financial statements and sustainability information.</p> 2. Approaches to collaboration between the audit and assurance teams <p>Describe actions and approaches to promote cooperation. For example, explain the expected approach and contents of communication between financial statement auditors and sustainability assurance practitioners at each stage, such as engagement planning, forming a conclusion, and considering the other information. Introduce also the issues and limitations of the communication.</p> 3. Integrated audit and assurance <p>Discuss the shape of integrated audit and assurance using precedent cases in Japan and abroad. For example, it will be beneficial to introduce the following case studies:</p> <ul style="list-style-type: none"> • Foreign company cases where both financial statement audits and assurance on non-financial information, including sustainability information, are performed on integrated reports that include financial statements. • Descriptions of climate change risks in footnotes to financial statements and Key Audit Matters (KAMs) for companies that consider and disclose the risks in their financial statements.
Keywords	Climate change risk, Connectivity, KAM
Prerequisites (recommended)	Other subjects in Advanced Level Ad4-2: Sustainability Assurance Standards and Practical Issues

Subject	Advanced Level Ad4-3: Evolving issues related to sustainability assurance engagements
Objectives	Understand issues and challenges that still need to be fully clarified in the International Sustainability Assurance Standard (ISSA) 5000 “General requirements for sustainability assurance services” and consider how to respond.
Contents	<p>The issues in this subject are evolving issues that need to be adequately clarified in ISSA 5000, while assurance practices still need to be sufficiently fostered.</p> <p>Therefore, in this subject, incorporating stakeholders’ perspectives, including experienced assurance practitioners, preparers, and users, will contribute to understanding the issues and challenges. In addition, the lectures may be designed to be interactive; for example, question-and-answer sessions, questions to participants, or group work among participants can be beneficial in developing approaches and fostering attitudes toward these issues.</p> <p>Potential topics in this lecture include, for example, the following.</p> <ol style="list-style-type: none"> 1. Responding to entity’s processes to identify sustainability information to be reported: Issues in conducting assurance engagements on an entity’s process to identify sustainability information to be reported (so-called materiality process) and matters related to assurance procedures and assurance of disclosure regarding the entity’s materiality process. 2. Forward-looking information: The nature of forward-looking information and issues in assurance engagements of such information, e.g., obtaining evidence, determining whether the evidence is sufficient and appropriate, and evaluating whether information disclosed achieves fair presentation based on the evidence obtained. 3. Qualitative information: The nature of qualitative information (e.g., judgment-based in nature, the difficulty of direct observation, and potential for management bias), determining suitable criteria, planning assurance procedures, obtaining evidence, and determining whether it is sufficient and appropriate, evaluating whether the information disclosed achieves fair presentation. 4. Climate-related information other than greenhouse gas (GHG) emissions: Issues in assurance engagement based on the characteristics of the disclosed information and users’ needs for assurance engagement. <p>In designing lectures, live issues in assurance engagement may be incorporated in addition to the above matters.</p>
Keywords	Materiality Process, Forward-looking information, Qualitative Information
Prerequisites (recommended)	Other subjects in Advanced Level Ad4-2: Sustainability assurance standards and practical issues

Subject	Advanced Level Ad4-4-1: Thematic practice topics (1) Assurance on greenhouse gas information
Objectives	Understand practical matters related to an assurance engagement of greenhouse gas (GHG) emissions and become available to participate in such an assurance engagement.
Contents	<p>Explain specific practical exercises regarding a GHG emissions assurance engagement. Use case studies, if necessary. This lecture will cover at least the following issues.</p> <ol style="list-style-type: none"> Describe the process of GHG emissions assurance engagement: <ul style="list-style-type: none"> Identifying sources of GHG emissions in an entity's business. Site visit and interview. Understanding how to calculate GHG emissions by source. Understanding the information-gathering process. Substantive procedures and sufficiency and appropriateness of evidence. Preparing assurance report. Explain types of GHG emissions and procedural considerations (including financed emissions): <ul style="list-style-type: none"> Characteristics of GHG emissions calculation by GHG Protocol emission scope (including 15 categories for Scope 3 emissions) and by sector and attention points in assurance engagements. Considerations in the use of estimates and technology. Differences in assurance practices between assurance standards developed by the International Auditing and Assurance Standards Board (IAASB) and assurance standards and frameworks developed by entities other than the IAASB. Describe the situations in which the use of an expert may be necessary and the attributes of the expert. <p>In designing this lecture, it may be practical to consider the volume and contents of a lecture related to "Ad3-2: Climate Change (Details)," which deals with disclosure of GHG emissions, and to deliver lectures separately by Scope 1 and 2 and Scope 3, or to integrate lectures for the disclosure regulations and standards and assurance engagement.</p>
Keywords	GHG Protocol, GHG emissions (Scope 1, Scope 2, and Scope 3), Identification of source, Site visits, Use of experts, GX-ETS
Prerequisites (recommended)	<p>Advanced Level Ad3-2: Climate change (details)</p> <p>Each subject of advanced level Ad4-2 series - Sustainability assurance standards and practical issues</p>

Subject	Advanced Level Ad4-4-2: Thematic practice topics (2) Assurance on human capital and human rights information
Objectives	Understand the main issues related to assurance engagement on human capital and human rights information and become available to be involved in assurance engagement.
Contents	<p>Provide practical training on assurance engagements of human capital and human rights information, including exercises in preparation of working papers using case studies while explaining specific practical issues. This lecture will cover at least the following issues.</p> <ol style="list-style-type: none"> 1. Explain the assurance engagement process for human capital and human rights information. <ul style="list-style-type: none"> • Understanding and evaluating the criteria for preparing disclosure information. • Understanding of the information-gathering process* and the technologies used. • Substantive procedures and obtaining evidence. • Preparing assurance reports. 2. Explain the characteristics of human capital information and issues in assurance. The issues may include, for example, the following: <ul style="list-style-type: none"> • Evaluation of metrics and criteria in company-specific human capital information. • Scope of information subject to disclosure. • Issues related to the reliability of information. 3. Explain the characteristics of human rights information and issues in assurance. Issues may include, for example, the following: <ul style="list-style-type: none"> • Appropriateness of the reporting boundary. • Scope of information gathering and human rights due diligence from the value chain. • Determination of the use work of experts and the expert's attributes. <p>* In relation to the information-gathering process, explain the use of reports on internal controls of a service organization (SOC reports) in sustainability information (for example, for engagement scores, employee responses are confidential to even the company, and the vendor may not provide individual response information).</p>
Keywords	Information-gathering process, Technology, Human rights due diligence, Applicable criteria, Value chain, SOC reporting, Use work of experts
Prerequisites (recommended)	Advanced Level Ad3-4: Human capital (details) Advanced Level Ad3-5: Human rights (details) Each subject of advanced level Ad4-2 series - Sustainability assurance standards and practical issues

(Appendix 1) Points in designing lectures for the Advanced Level Ad4-3: Evolving Issues Related to Sustainability Assurance Engagements

The following points outline the design and delivery of lectures for Ad4-3. The topics listed here are issues still in the practical development process and require clarification with assurance standards and guidance, such as the International Sustainability Assurance Standard (ISSA) 5000 “General Requirements for Sustainability Assurance Engagements”, although there are some perspectives and considerations in the ISSA 5000 application guidance.

Therefore, in this subject, incorporating stakeholders’ perspectives, including experienced assurance practitioners, preparers, and users, will contribute to understanding the issues and challenges. In addition, the lectures may be designed to be interactive; for example, question-and-answer sessions, questions to participants, and group work among participants can be beneficial in developing approaches and fostering attitudes toward these issues.

1. Entity’s processes to identify sustainability information to be reported

- Explain the current practice of the execution and disclosure of entity’s process to identify sustainability information to be reported (so-called materiality process) as well as the demands of information users, including investors, for disclosing the materiality process and ensuring the reliability of the disclosed information based on the requirements for the materiality process in disclosure standards and frameworks. A further area for discussion is the differences in the concepts of materiality in disclosure standards, such as financial materiality, impact materiality, and double materiality, and their impacts on assurance engagements.
- Describe the current status and challenges to the materiality process, as well as approaches and possible responses to those challenges, from the perspective of assurance practitioners.
- Discuss issues and challenges in assurance engagements for the disclosure of the entity’s materiality process and solutions and responses to them to gain insights into assurance approaches for these disclosures. Examples may include the following:
 - (i) Involvement and expected role in the materiality process of those charged with governance, such as the audit committee.
 - (ii) Approaches to assurance procedures and obtaining evidence.
 - (iii) Contents of a limited assurance report.

2. Forward-looking statements and qualitative information

- Forward-looking and qualitative information is one of the unique features of sustainability disclosures and is an area that requires more judgment from a practitioner than is required in a financial statement audit. Examples include but are not limited to the following:
 - (i) Disclosure process for forward-looking information and qualitative information.
 - (ii) Difference between assurance of estimates and auditing of accounting estimates.

- (iii) Determination of applicable criteria.
- (iv) Substantive procedures for estimates, forward-looking information, and qualitative (descriptive) information in both reasonable assurance and limited assurance, as well as evaluating the sufficiency and appropriateness of evidence obtained.
- (v) Discussion about forming assurance opinions and evaluating bias, referencing the requirements and guidance in ISSA 5000.
- (vi) Contents of the assurance report. In addition to examples of current assurance practices, explain the needs of users, such as investors.

3. Climate-related disclosures other than greenhouse gas (GHG) emissions

- Explain practical issues regarding limited assurance engagements on climate-related information other than GHG emissions.
- Describe the characteristics of the following climate-related governance and strategy disclosures, the needs of users, challenges of assurance engagement of the information, and approaches to addressing the challenges:
 - (i) Climate-related governance, such as structure and incorporation into compensation
 - (ii) Climate resilience (including scenario analysis)
 - (iii) Impact on the financial position, financial performance, and cash flows
 - (iv) Climate-related risk management
- Describe the characteristics of climate-related metrics other than GHG emissions, the needs of users for these metrics and assurance engagements, and issues related to assurance procedures:
 - (i) Assets and business activities vulnerable to climate-related risks or those aligned with climate-related opportunities.
 - (ii) Internal carbon prices.
 - (iii) Remuneration.
- Discuss attention points for assurance procedures for climate-related information other than GHG emissions. Examples may include the following:
 - (i) Understanding of corporate internal structures and processes related to climate-related governance and strategy.
 - (ii) Substantive procedures and evidence.
 - (iii) Use of experts
 - (iv) Assurance Report
 - (v) Potential challenges in moving to reasonable assurance.

In designing the lectures on these issues, the publication by the International Auditing and Assurance Standards Board “ISSA5000 Application Guide,” “Non-Authoritative Guidance on Applying ISAE 3000 (Revised) to Sustainability and Other Extended External Reporting (EER) Assurance Engagements” and the JICPA’s research paper, “Guidance on Assurance Engagements for Sustainability and Other Extended External Reports (EERs) in Japan (tentative paper)” will also be used as references.

(Appendix 2) List of abbreviations

The abbreviations used in this syllabus are as follows

Abbreviation	Official Name
CSDDD	Corporate Sustainability Due Diligence Directive
CSRD	Corporate Sustainability Reporting Directive
DEI	Diversity, Equity, and Inclusion
ESRS	European Sustainability Reporting Standards
GFANZ	Glasgow Financial Alliance for Net Zero
GHG	Greenhouse Gas
GRI	Global Reporting Initiative
IAASB	International Auditing and Assurance Standards Board
ICMA	International Capital Market Association
IESBA	The International Ethics Standards Board for Accountants
ILO	International Labour Organization
IPBES	Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services
IPCC	Intergovernmental Panel on Climate Change
ISA	International Standards on Auditing
ISAE	International Standard on Assurance Engagements
ISQM	International Standard on Quality
ISSA	International Standard on Sustainability Assurance
ISSB	International Sustainability Standards Board
KAM	Key Audit Matters
OECD	Organisation for Economic Co-operation and Development
PPA	Power Purchase Agreement
PRI	Principles for Responsible Investment
SASB	Sustainability Accounting Standards Board
SBT	Science Based Targets
SEC	Securities and Exchange Commission
SSBJ	Sustainability Standards Board of Japan
TCFD	Task Force on Climate-related Financial Disclosures
TNFD	Taskforce on Nature-related Financial Disclosures
TPT	Transition Plan Taskforce

(Appendix 3) Specialized knowledge and skills required of core personnel in the assurance engagements

Required expertise	Elements of expertise	Professional accountants' fundamental expertise	Expertise to be further strengthened	
			Basic	Advanced
Comprehensive understanding of sustainability	Fundamental concept / framework related to sustainability			
	Common norms and practices related to the environment and society			
Corporate management / corporate governance	Business and investment activities related to sustainability			
	Corporate management (strategy, business model, risk management)			
(Sustainability management)	Corporate finance			
	Corporate governance			
Disclosure	Sustainability management / governance			
	Sustainability-related risk management / internal control			
(Sustainability disclosure)	Environmental management system			
	Sustainable finance			
Disclosure process / internal control	Disclosure system based on Financial Instruments and Exchange Act / Companies Act			
	Investor relations, voluntary disclosure			
Interrelationship of sustainability with financial reporting / financial statements audit	Capital markets, investor behavior, use of disclosure information by investors			
	Sustainability disclosure regulations			
Advanced/professional knowledge and understanding related to assurance engagements	Sustainability disclosure standards (SSBJ, ISSB, ESRS)			
	Related framework, guidance (integrated reporting framework, GRI, SASB)			
Cases of assurance engagements	Major Metrics (e.g., GHG, Water, Air, PRTR, Employee-Sector and Industry Topics)			
	Internal control over financial reporting			
Cases of assurance engagements	Process / internal control over sustainability reporting			
	Basic concept regarding financial reporting (future cash flow, discount rate, materiality, scope of organization)			
Cases of assurance engagements	Financial accounting (revenue/assets, accounting estimates)			
	Auditing: Key Audit Matters (KAM), Auditing Standards Committee report 720 "The Auditor's Responsibilities Related to Other Information"			
Cases of assurance engagements	Connectivity between sustainability disclosure and financial statements			
	Audit and assurance engagements (interrelationship / interaction)			
Cases of assurance engagements	Knowledge, understanding and experience with financial statements audit			
	Knowledge, understanding and experience in ethics and independence required of assurance providers			
Cases of assurance engagements	Assurance engagements for non-financial information (ISSAS000, ISAE3000, assurance framework, etc.)			
	Cases of assurance engagements			

(Source: Japan Institute of Certified Public Accountants, Special Committee on Sustainability Education, Report "Basic Policy and Action Plan for Capacity Development in Sustainability" April 2023)

(Appendix 4) Revision history of Syllabus

Revised on July, 2025	<p>1. Reflection of new sustainability standards</p> <ul style="list-style-type: none"> On 5 March 2025, the Sustainability Standards Board (SSBJ) published its inaugural sustainability disclosure standards in Japan: The Universal Sustainability Disclosure Standard “Application of Sustainability Disclosure Standards” and the Themed-based Sustainability Disclosure Standard No. 1 “General Disclosures” and No. 2 “Climate-related Disclosures.” In response, we have updated the following sections of the syllabus: “Ba3-1: Sustainability disclosure and integrated reporting (Overview),” “Ad3-1: Sustainability disclosure and integrated reporting (Detail),” “Ba3-2: Climate Change (Overview),” and “Ad3-2: Climate Change (Detail).” On 12 November 2024, the International Auditing and Assurance Standards Board (IAASB) published International Sustainability Assurance Standard (ISSA) 5000, “General Requirements for Sustainability Assurance Engagements.” This standard serves as a global baseline for sustainability assurance, and it is expected that assurance standards equivalent to ISSA 5000 will be developed in Japan in the future. In response to the publication of the final standard, the structure has been reviewed, and the content has been updated as necessary. On 17 January 2025, the International Ethics Standards Board for Accountants (IESBA) published the International Ethics Standards on Sustainability Assurance Engagements (including the International Independence Standard) and revisions of other IESBA ethics standards related to sustainability assurance engagements and reporting. In response to the publication, “Ad4-1-1: Professional Ethics and Independence” has been updated. <p>2. Clarification of wording for the syllabus implementation perspective</p> <p>After publishing the inaugural syllabus in April 2024, training programs have been developed in accordance with the syllabus not only by our institution but also by audit firms. During the course of these actions, we have identified descriptions that need clarification to ensure consistent programs development. We have updated the descriptions, including the relationship between the contents and keywords.</p>
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