

POINTS

- ➔ We summarize the governance and organizational and operational systems that are building a foundation for JICPA.
- ➔ We introduce the activities of the committee that creates rules and materials to support CPAs and examples of the creation process.
- ➔ We introduce JICPA's financial status.

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Chapter 4

Building the

Foundation to Support JICPA

GOVERNANCE

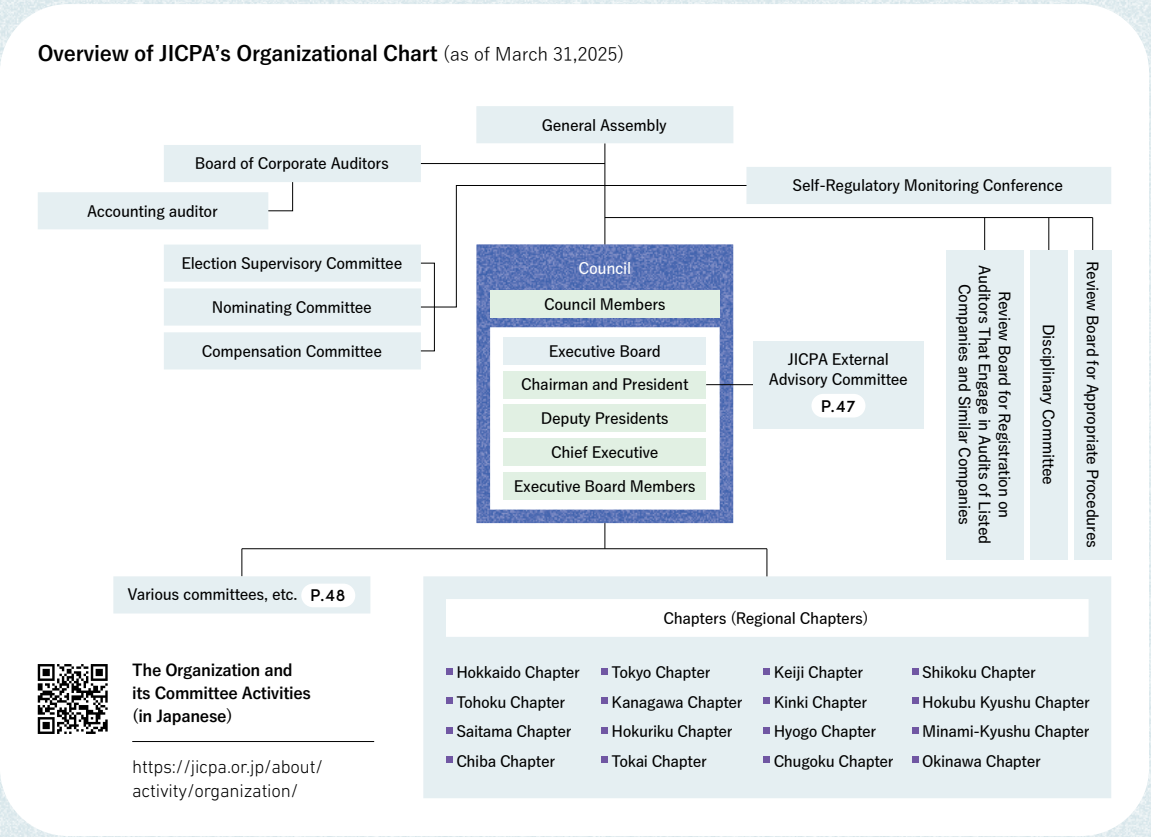
Managing Sustainable Trust Creation

As an independently regulated group of CPAs active in diverse fields, JICPA plans, formulates, and manages the progress of its policies at bodies starting with its Council with the goal of sustainable operations.

At each of JICPA’s committees, we ensure broad perspectives by incorporating external experts’ opinions, which are used in building an unshakable management platform.

Basic Approach to Governance

In addition to its General Assembly, which serves as the highest decision-making body, its Executive Board and Council, which implement and monitor institute operations, and committees that act as advisory bodies, JICPA has established both the Board of Corporate Auditors and the Self-Regulatory Monitoring Conference as monitoring organizations. Moreover, so that CPAs working in locations throughout Japan can provide uniform, high-quality service, JICPA has established Regional Chapters as branches for 16 regions covering all of Japan to provide the necessary guidance, communication, and oversight.



Message

Policy Statement from the Next Chairman and President of JICPA

Naruhito Minami
Deputy President

Aiming to Become “An Attractive Industry”

My name is Naruhito Minami, and I was recently chosen to serve as the next Chairman and President of JICPA. Serving as the representative of more than 45,000 nationwide members and associate members is a very important responsibility, and I promise that I will do my absolute best to develop our industry. One of my goals is to make our industry “an attractive industry” in which the younger generation can be successful, and which fills them with dreams and pride. Toward this goal, I plan to implement policies from two main perspectives. First and foremost, I will work to improve the auditing environment to enhance “the appeal of auditing.” Next, I will contribute to resolving social issues by expanding the fields in which CPAs are active, including sustainability assurance. To implement these policies, I will be conducting a review of JICPA’s governance system to contribute to securing a sustainable financial foundation and enhancing our ability to execute.

Engagement with External Advisors

JICPA has appointed non-member experts as advisors and holds meetings of the JICPA External Advisory Committee three times a year for the advisors to provide advice on the necessary items related to progress in improving the work of CPAs.

External Advisory Committee Members (as of March 31, 2025) *Positions and titles are current as of March 31, 2025

- | | | |
|--|---|---|
| Noriaki Shimazaki Special Professor, Otaru University of Commerce/ Former Trustee, IFRS Foundation | Takaaki Nishii Director, Japan Investor Relations Association/ Senior Corporate Advisor, Ajinomoto Co., Inc. | Mariko Bando Chancellor, Showa Women’s University/ Former Director General, Gender Equality Bureau Cabinet Office |
| Kazuhiko Fushiya Chairman, The Institute of Internal Auditors – Japan | Yuko Miyazaki Attorney/ Former Justice of the Supreme Court of Japan | Yamaji Hiromi Director & Representative Executive Officer, Group CEO Japan Exchange Group, Inc. |



VOICE

I Expect All CPAs to Have a Sense of Professionalism

I believe that trust in the entire CPA profession from both society and the market is ultimately earned as the result of the trust that is built through the earnest efforts of individual CPAs. However, that trust can be easily broken by unethical behavior or scandals by even a very small number of CPAs. In that sense, all CPAs must have a strong sense of professionalism as accounting experts, humbly engage in self-learning and gain experience, and constantly strive to perform their work in an honest manner. I expect JICPA to take the lead in supporting CPAs in this mission, including providing information and education to our members.

Committee Activities

Committee Activities That Connect JICPA with Society

JICPA creates both the rules with which its member CPAs must comply in performing their work as well as work reference materials. We also conduct surveys and research that can be used not only by our CPA members, but also by the general public.

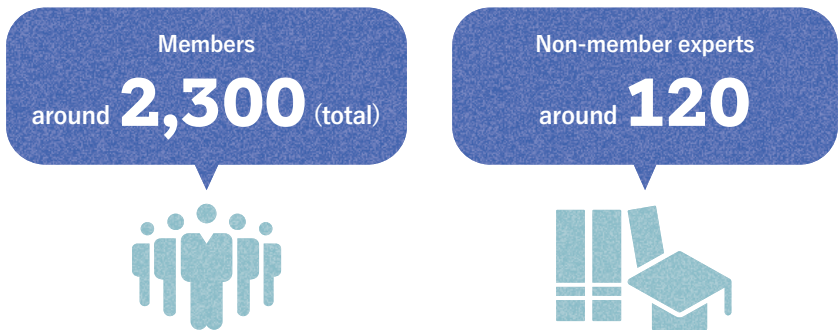
These activities are carried out mainly through JICPA's committees, which are made up of CPA members who are active at the cutting edge of a wide range of fields. Our committees are also attended at times by non-member experts to request outside perspectives.



List of Publications Including Practical Guidelines (in Japanese)

https://jicpa.or.jp/specialized_field/publication/

Committee Participation
(as of March 31, 2025)



List of Committees (as of March 31, 2025)

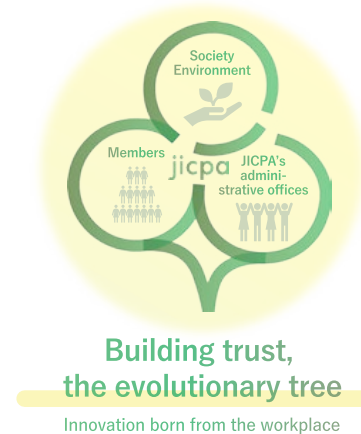
| PICK UP | Ethics Standards Committee P.49 | | |
|---|---|---|--|
| | | | |
| Ethics Standards Committee Expert Advisory Council | Public Sector Accounting and Audit Practice Committee | Continuing Professional Development Systems Committee | |
| Auditing and Assurance Standards Committee | Management Research Committee | Sustainability Capacity Building Council | |
| Auditing and Assurance Standards Committee Expert Advisory Council | Tax Research Committee | Practice Training Council | |
| Industry-specific Committees | Small and Medium Practices Committee | Final Assessment Committee | |
| Accounting System Committee | Small and Medium Practices Policy Committee | Integrated Skill Development Special Evaluation Committee | |
| Technology Committee | Laws, Regulations and Systems Committee | Certified Public Accountants Act Special Evaluation Committee | |
| Corporate Disclosure Committee | Audit Practice Review and Investigatory Committee | General Affairs Committee | |
| Not-for-profit Organization Accounting and Audit Practice Committee | Quality Control Committee | Public Relations Committee | |
| | Qualification Review Committee | Publishing Planning and Editing Committee | |
| | Registration Review Committee | SDGs Promotion Committee | |
| | Dispute Mediation Committee | Accounting Education Promotion Council | |

- Evaluating guidelines and other topics related to the work of CPAs
- Maintaining the integrity of CPAs and ensuring the quality of their work
- Maintaining and improving the skills of CPAs
- Addressing special issues
- Sharing the appeal of the CPA profession and the importance of accounting



COLUMN

JICPA Member Hall Renewal Project



Renewal
project concept

Building trust, the evolutionary tree

Renewal initiative to accommodate workplace innovation guidelines

01 Creating
comfortable work
environments

- Maximizing productivity and creativity
- Stimulating communication

02 Expanding
member services

- Expanding space for members
- Increasing convenience for members

03 Social and
environmental
responsibility

- Sustainability initiatives
- Responding to social issues ⇒ trust

Reinventing the Workplace

Along with the increase in the number of JICPA member CPAs, the administrative staff has increased at the JICPA Member Hall where JICPA is located, demanding effective use space. JICPA is currently engaged in a renewal project for our JICPA Member Hall to make it easier for CPAs to participate in association affairs and increase productivity of the administrative staff and improve JICPA's organizational capabilities. These initiatives will enable CPAs to more effectively contribute to the economy and society.

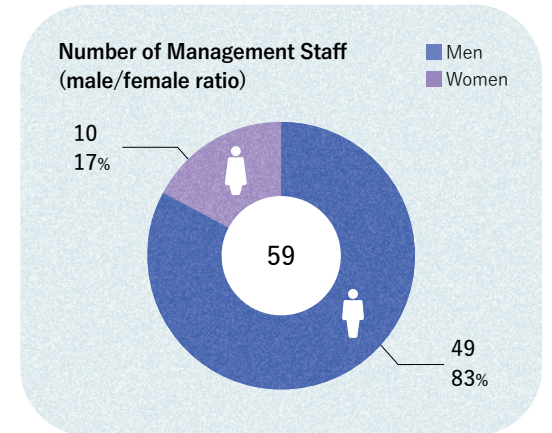
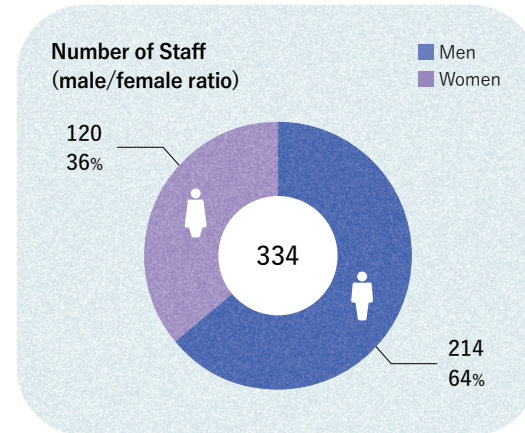
Through the renewal project, the JICPA Member Hall will evolve into a workplace where activities expand and spread synergistically through the mutually beneficial relationship of “society and environment,” “JICPA member CPAs,” and “JICPA administrative staff.”

Introduction to JICPA's Administrative Offices

Administrative Office Data (as of March 31, 2025)

The administrative offices that support the operations of JICPA are staffed by 334 people (214 men and 120 women).

Around 30% of those staff members are CPAs, and the rest are made up of attorneys, judicial scriveners, administrative scriveners, tax accountants, U.S. CPAs, small and medium-sized enterprise consultants, labor and social security attorneys, and information technology engineers. Moreover, JICPA is promoting female empowerment at its administrative offices, with women making up 17% of management positions.



VOICE

My 20-year Fascination with the CPA Industry

I only planned to be at JICPA for two or three years, but before I knew it, twenty years had passed. I have been involved with the JICPA administrative offices supporting the CPA profession in general affairs, self-regulation, professional standards and practices, and planning. The CPA profession has always fascinated me. It acts as the source of value creation for trust in society. Currently, to share the appeal of this profession with others, I am involved with initiatives in PR and accounting education. In recent years, JICPA has provided career support and built human resources systems, and even as a manager, I could take childcare leave. JICPA is dedicated to creating workplaces in which everyone can be successful.

Hiddenari Kitazawa

Chairman and President's Office
Public Relations and Accounting
Education Group Director
(management position)



Kaori Fujishima

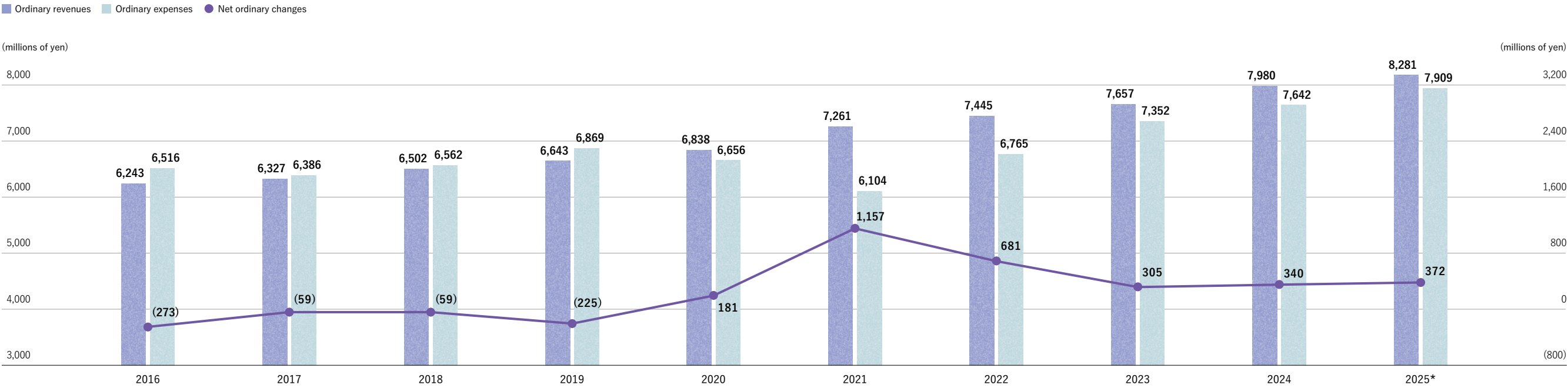
Professional Standards and
Practices Division
Small and Medium-sized Audit
Firm Group Manager

VOICE

JICPA's Has a Complete Support System That Matches Work Styles

I first came to know JICPA when I was in the process of changing jobs. In my previous job, I became interested in providing support for sustainability information disclosure and being involved in the field of finances and accounting, so I decided to join JICPA. In my first two years after joining, I worked with sustainability information, and I now provide support for small and medium-sized audit firms. The scope of the work is very broad, and can be difficult to understand, but JICPA has a support system in place for training and qualifications, as well as the right environment for daily learning. I also make use of telework and JICPA's leave system, so I am able to work in a way that fits the circumstances.

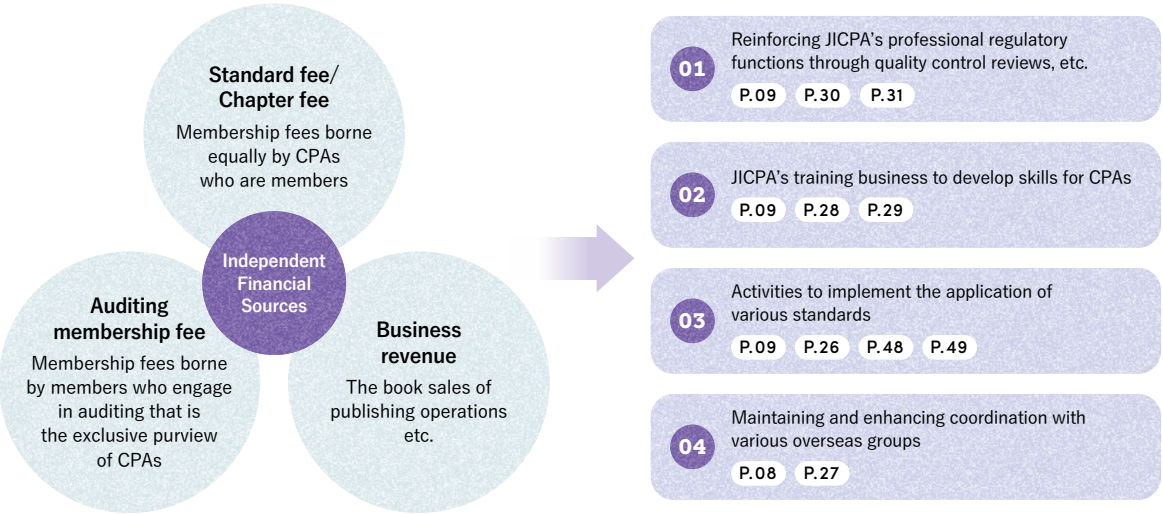
Trends in Ordinary Revenues, Ordinary Expenses, and Net Ordinary Changes



*The financial results figures in this report are unconfirmed figures for the year ended March 2025 that have not yet been approved by the General Assembly. The confirmed figures will be provided on the website on the bottom right of this page.

JICPA's Revenue and Cost Structure

The revenues for JICPA, which promotes policies related to CPAs, are made up of independent financial sources in the form of fees from members, including CPAs and audit firms, and associate members. These revenues are allocated to strengthening both the types of initiatives described below and JICPA's administrative offices responsible for those activities.



JICPA's Financial Conditions in Recent Years

As shown in the Trends in Ordinary Revenues, Ordinary Expenses, and Net Ordinary Changes graphs, the scale of JICPA's business has expanded along with the increase in our member and associate member numbers, and both ordinary revenues and ordinary expenses are following a trend of increase.

Ordinary expenses decreased temporarily with the restrictions placed on our businesses by the impact of COVID-19. However, with the relaxation of restrictions on movement stimulating activity in Japan and overseas, and faced with global inflation, ordinary revenues are being used efficiently and effectively to contribute to value creation by the CPAs responsible for work that is expanding and diversifying to respond to a changing business environment.

Furthermore, we are working to strengthen the financial foundation to support sustainable institute operations.

Number of Members and Associate Members **P.08**

Please visit the following website for JICPA's detailed financial information.



Activity Report and Plans/Budget and Financial Results/
Integrated Reports (in Japanese)

<https://jicpa.or.jp/about/activity/report/>