

## Continuing Efforts to Improve Corporate Governance in Japan

March 29, 2012

The Japan Corporate Auditors Association (JCAA)  
The Japanese Institute of Certified Public Accountants (JICPA)

In the wake of the recent string of corporate scandals, corporate governance in Japan has come under great public scrutiny both inside and outside of Japan. As some of the parties contributing to the practice of good corporate governance, the Japan Corporate Auditors Association (JCAA) and the Japanese Institute of Certified Public Accountants (JICPA) take the recent events seriously and believe that, in order to prevent future scandals and to further improve corporate governance in Japan, it is important that the causes of the recent corporate scandals are identified, and all the parties involved in corporate governance reflect with sincerity on the responsibilities and roles expected of them.

JCAA and JICPA have long shared the belief that, as each party continues to improve on the respective standards of work, both organizations will be able to contribute to the increased reliability of information provided by companies, thus enhancing sound corporate activities. With this in mind, JCAA and JICPA have been working together to strengthen the mutual cooperation in the area of audit. This includes, for example, the publication of “Joint Research Report on the Cooperation between Company (Corporate) Auditors (including Boards of Company(Corporate) Auditors) /Audit Committees and External Auditors in the Work of Audit,” as well as the preparation and distribution of practice guidelines.

To address the needs for enhanced corporate governance in Japan, we, as company (corporate) auditors<sup>i</sup> and external auditors, are committed to improve the quality of audit through strengthened cooperation based on confidence and trust in each other. At the same time, we believe it is important that company (corporate) auditors and external auditors ensure that their respective responsibilities are carried out faithfully, while reinforcing our cooperation in our respective work.

Therefore, in light of the responsibilities and roles of Company (Corporate) Auditors (including Boards of Company (Corporate) Auditors)/ Audit Committees and External Auditors, JCAA and JICPA are determined to further develop, and increase the awareness for, the codes of conducts and practice guidelines for their members, in addition to initiating necessary measures in accordance with these codes and guidelines. As one of the measures, we will be reviewing the aforementioned Joint Research Report for achieving these ends.

---

<sup>i</sup> For the detailed definition and responsibilities of corporate auditors, please refer to: <http://www.kansa.or.jp/en/about-corporate-auditor/about.html>