

TCFD Summit 2022 Discussions (After the Opening Remarks)

(2) Opening Remarks

- Message from Valdis Dombrovskis (Executive Vice-President, European Commission)

Russia's illegal invasion of Ukraine has added urgency to green Europe, and the EU has launched the REPowerEU plan to further accelerate climate change measures. Additionally, the EU uses TCFD recommendations as an important reference and promotes measures focusing on information disclosure and sustainability reports in order to attract sufficient private investment. The EU will continue to make efforts to reach climate neutrality and employ every means available to get out of the dependence on energy sources with large amounts of carbon emissions.



- Message from Mark Carney (UN Special Envoy on Climate Action and Finance, Co-chair for the Glasgow Financial Alliance for Net Zero)

Japanese companies adopting and implementing TCFD disclosures account for 30 percent of all TCFD-supporting companies around the world. They serve as a role model who plays a leading role in measures against climate change while other companies, countries, and regions follow suit. Since transition from voluntary recommendations to mandatory disclosure standards is essential for reforming the entire financial system toward zero-carbon emissions, ISSB's efforts to develop universal disclosure standards based on TCFD recommendations should be welcomed. Ahead of COP 27, I hope that the TCFD will remain influential and that Japan will continue to take a lead in this field with unwavering ambition, leadership, and commitment.



- Message from Mary L. Schapiro (Head of the TCFD Secretariat)

We are at a turning point where we are shifting from voluntary frameworks to mandatory disclosure standards. We use the TCFD to develop an environment where various countries can adopt the TCFD in a wide variety of ways in order to create thresholds for global climate change disclosure. Through appropriate rule making, we need to continue to help companies provide information that is necessary for investors and markets to manage climate change risks and opportunities.



- Message from Ronald P. O'Hanley (Chairman and Chief Executive Officer, State Street Corporation)

In Japan, the improved quality of disclosure due to de-facto mandatory TCFD disclosures and transition roadmaps have enabled financing that uses these frameworks. However, climate change is the most serious investment risk investors are facing for now, and industries with large emissions need funds to reduce their emissions. For that, selling shares is not a solution, and the TCFD is an important tool to enable effective investments in this transition period.



- Message from ITO Kunio (Chair of the TCFD Consortium, Director of Hitotsubashi CFO Education and Research Center)

Approximately 70 percent of TCFD Consortium members are business companies, and it is becoming a norm for business companies to actively promote climate-change measures voluntarily and disclose information. Based on descriptions of TCFD disclosures, achievements of the TCFD Consortium, latest knowledge, etc., we have revised the TCFD Guidance. As the organization that has been joined by the world's largest number of TCFD-supporting organizations, the TCFD Consortium will work together with people around the world and further support the disclosure and utilization of climate-related information going forward.

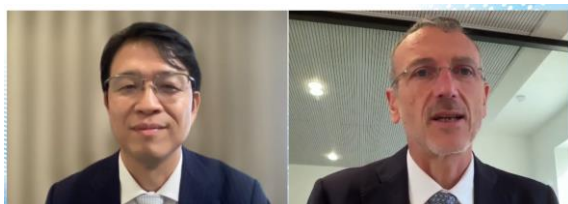


- (3) Opinion Exchange: MIZUNO Hiromichi (Special Envoy of U.N Secretary-General on Innovative Finance and Sustainable Investments) and Emmanuel FABER (Chair, International Sustainability Standards Board (ISSB))

As the ISSB is developing standards for disclosing sustainability-related financial information and climate-related information, the role of the ISSB, the purpose of developing standards, and future directions were discussed, among other topics.

The ISSB is not creating totally new standards from scratch, but it is trying to integrate existing initiatives and utilize them. Among them, the TCFD is of absolute importance and a legacy for ISSB's standard-making.

The overall purpose of the ISSB is to make disclosures cost-effective for disclosing organizations and useful for investors to make decisions and to offer a foundation for discussing business plans, capital costs, and required amounts for transition.



(4) Keynote Speech 1

- Message from MIYAZONO Masataka (President, Government Pension Investment Fund (GPIF))

The GPIF positions climate change as one of the most important themes in ESG activities and discloses climate-related financial information in accordance with TCFD recommendations. In the fiscal 2021 version of TCFD disclosure, we, as part of the “Evaluation and Analysis of Climate Change Risks and Opportunities,” included new elements such as the organizing of information about policy trends for achieving carbon neutrality. We believe that it is desirable for companies to carefully disclose their transition processes and targets in accordance with ESG information disclosure standards, and the GPIF will make efforts to increase the sustainability of the entire market by working to enhance our own disclosure of ESG information including climate-related financial information.



- Presentation by Peter Bakker (President & CEO, World Business Council for Sustainable Development (WBCSD))

Sustainability takes on various faces and paths and is complicated. The WBCSD believes that we all together should think about three challenges: (1) climate crisis, (2) loss of nature and biodiversity, and (3) disparities and widening inequalities. Things to be discussed include the following: How can operations be decarbonized and made nature positive and equal? How should we cooperate through value chains and explain the transition to the capital market, investors, and funders? The TCFD plays an important part in this regard.



(5) Panel Discussion 1: “Responding to the Global Trend of Constructing Disclosure Rules and Assessing Opportunities”

With more and more rules for climate change-related information disclosure being constructed, we discussed the current situation, relevant responses, and the need to assess and respond to not only climate change risks but also climate change opportunities.

On the one hand, it is necessary to encourage companies to identify and disclose opportunities as well as risks. However, if companies fail to identify and disclose opportunities and disclose them, they will not be able to attract attention from investors, and this is quite important for a shift toward decarbonization. On the other hand, discussions on methods to assess aspects of opportunities that contribute to transitions have made less progress than discussions on risk assessment, and we need to consider indicators other than emissions in order to evaluate climate-related opportunities more adequately.

Climate-related disclosure standards will continue to change in the future, and it is of first importance to keep contributing to global dialogues. In this regard, Japanese companies may be able to leave a positive mark.



(6) Keynote Speech 2

- Message from TOKURA Masakazu (Chairman, Japan Business Federation)

The Japan Business Federation compiled a proposal “Toward Green Transformation (GX)” in May, in order to use climate change measures to help develop the economy and fundamentally reform the economy and society. To achieve social change through GX, large amounts of investments are needed in various fields, and it is important to build an environment to mobilize funds. The Japan Business Federation will work to increase the number of TCFD-disclosure companies and promote engagement with financial institutions and investors.



- Message from HANZAWA Junichi (Chairman, Japanese Bankers Association (JBA))
For the social implementation of existing decarbonizing technologies and future technological innovations, financial institutions should carefully examine risks and contribute to realizing carbon neutrality through finance and other means, and that is the role that financial institutions should play. We will promote engagement and disclosure more actively, help decarbonize the real economy, and contribute to global discussions for developing disclosure frameworks.



- Presentation by the Ministry of Economy, Trade and Industry
HATAKEYAMA Yojiro, Director-General of the Industrial Science and Technology Policy and Environment Bureau at the Ministry of Economy, Trade and Industry, explained measures regarding transition finance and innovation finance.



(7) Panel Discussion 2: “Evaluating Business’ Efforts on Green Transformation (GX)”

Massive amounts of investments are needed to achieve carbon neutrality. The panel discussion discussed the current status of transition finance in Japan, formulation of industry-specific roadmaps, responses to newly created model projects, challenges in autonomous expansion of transition finance, issues facing financing for long-term investments such as innovations, and expectations on information disclosure by companies.

To expand the autonomous provision of funds in the private sector for transition finance, it is important to improve the reliability of transition pathways envisioned by companies.

In order to fill information gaps among financial institutions and investors, disclosures and persistent dialogues are crucial. Financial institutions need to evaluate the initiatives and strategies of companies from a medium- and long-term perspective while companies are expected to strengthen responses to information disclosures so that they can withstand engagement. Furthermore, even though the amount of financed emissions by financial institutions increases in the short term, this should not be regarded as increased transition risks or punished for that reason, in case it is an appropriate investment for transition.

For the social implementation of innovation technologies that are not completely commercially established, it is important to promote the sharing of information about updates on the development of technologies requiring investments from the long-term perspective and ensure government financial assistance and involvement.



(8) Keynote Speech 3: “The Role and Outlook of the TCFD Consortium”

TAKEGAHARA Keisuke (Executive Fellow, Research Institute of Capital Formation, Development Bank of Japan Inc.)

With the industrial and financial sectors facing a challenge of responding to a new TCFD framework, the TCFD Consortium was launched as a place for the two sectors to discuss at the same table. Since its launch, the consortium has made more achievements than expected. In the future, we will enhance the activities by utilizing the wonderful TCFD framework so that we can contribute to sophisticating sustainability management in Japan.



(9) Closing Remarks Peter Bakker, (President & CEO, World Business Council for Sustainable Development (WBCSD))

As the representative of WBCSD, the co-organizer, I offer my congratulations to the Ministry of Economy, Trade and Industry and the TCFD Consortium for the success of this summit. Since last year, there has been major progress such as the Glasgow Climate Pact adopted at COP 26, the establishment of the ISSB, and the release of prototype. Topics including Scope 3 emissions and reduction contribution have been discussed; additionally, collaboration toward converging standards is essential, and the TCFD has an important role to play in this issue.

We should facilitate the development of an environment where policies promote businesses, innovations, and sustainable solutions, just like in the host country, Japan. Japan's industry-specific transition technology roadmaps provide investors with an important context to achieve emission reduction targets.

Identifying, assessing, and managing climate change-related risks is important for businesses and its importance is increasing for investment decision-making as well. We should expand the scale of transition not only with disclosures but also with strategies, investment decision-making, performance management, and compensation management.

There is no other place than this where investors, bankers, businesspeople, and policymakers gather together at such a venue and openly discuss system reforms. I have been immensely inspired by the speakers and panelists. We should make every effort to achieve net-zero carbon emissions with ambitious strategies and actions.

