

Closing Remarks

by Tomoko Amaya, Vice Minister for International Affairs, the Financial Services Agency of Japan,
at the “*Transition to Net-Zero: The Role of Finance and Pathway toward Sustainable Future*”
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Thank you very much for joining today’s international symposium “Transition to Net-Zero: The Role of Finance and Pathway toward Sustainable Future” hosted by JFSA.

The world is still under the effects of the COVID 19 and most recently we face an unstable international situation which divide the world. Notwithstanding, we have excellent speakers and participants online and onsite at Tokyo. I have just learned that we have about 100 participants onsite while more than 750 people joining virtually. We deeply appreciate all of you who participate and join us for making this event come true. I would like to express special thanks to international participants who flew to Tokyo or joining from different time-zones.

Let me step back a little bit to introduce you three objectives in our mind to have organized this symposium.

Firstly, seizing the momentum. Just as seen in the initiatives by G20 or in the private sector, a consensus has been made that transition is an imminent challenge to realize the contents of the Paris Agreement. We need to ride the momentum not losing any time.

Secondly, call for collaboration. To resolve the global challenge namely, climate change, it is important to ensure collaboration among various stakeholders such as industrial and financial leaders, public sectors around the world. Thus, we wanted to have the key representatives, domestic or overseas, get together at one place.

Thirdly, shedding a light on the role of finance. Given the rising importance of the role of the private financial sector to fund for transition, we as a financial regulator thought it necessary to set a place for discussions on transition from the viewpoint of finance.

Now I am proud to say that these objectives have been satisfied by listening to the speeches and discussions and seeing the list of participants. In the wide range of

discussions, some of you may find faces and names who you have not met before or get inspired by the discussions new to you. If so, that is exactly what we wanted to see today.

Today's discussion was kicked off by the wonderful keynote dialogue between Mr. Mark Carney, Chair of the GFANZ and Mr. Mizuno, UN Special Envoy on Innovative Finance and Sustainable Investments. In addition to the informative explanation of the works at GFANZ, we were given a strong message that there are high expectations for the Japanese companies and JFSA and that the necessity of carbon neutrality is accelerated by the unstable energy situation of these days.

The dialogue was followed by the key note speech by Dr. McBain, Chief Sustainability Officer of Monetary Authority of Singapore. She guided us through the challenges and opportunities of carbon neutral in Asia, also touched upon traditional Japanese art and biodiversity losses.

In order to achieve the goals of the Paris Agreement, financing hard-to-abate companies to pursue transition to a decarbonized society is indispensable. From this perspectives the Japanese government has been promoting the entity-based approach whereby helping these companies facilitate their efforts on transition. More specifically, referencing the sectoral pathways or Sector Specific Roadmaps set by the government, each of the companies needing funds for transition formulates a transition strategy; thus formulated strategy is evaluated by external reviewers and financial institutions. In this way, credibility of the transition plan is secured, leading to activation of the transition finance market.

We are promoting an entity-based approach to facilitate transition finance, but we know that our efforts is just getting started and that continuous improvement and development is needed. Still, we believe that the value of taking this entity-based approach at this point is threefold: Dynamic, Flexible, and Interactive.

In short, through Sectoral-specific Roadmaps for hard-to-abate sectors, the "Dynamic" nature of transition is grasped and each company can deploy the transition plan in a "Flexible" manner, in response to ever-changing transition pathways and the situation surrounding the company. Then, credibility of transition will be enhanced continuously through the "Interactive" process: that is, formulation of a transition plan by each company and evaluation thereof by investors and financial institutions.

In the panel discussions today, which covered sectoral transition pathways of steel, aviation, power and financial sector, I suppose you lively witnessed that efforts for transition are getting sophisticated through “interactive” discussions with various viewpoints of businesses, external evaluators, investors and public sectors.

Each country, including Japan, has set its own mid- to long-term goals towards carbon neutrality, and actions to achieve the goals need to be taken now or never. Particularly one year from now will be a very important period in terms of the realization of transition process for both the financial industry and the real economy.

In concluding, I would like to explain three specific areas of actions currently being taken or considered.

First is the continued efforts by the public sector in cooperation with the private sector. In order to enhance the credibility and feasibility of the “Sector-specific Roadmaps,” we need revise and update the “Roadmaps” continuously and periodically.

The second is to improve the quality and credibility of works by external evaluators and financial institutions. The FSA formulates the code of conduct for ESG ratings and data providers by June covering issues such as on transparency, objectivity, governance. As for financial institutions, supporting clients' transitions is important to make their own business foundation resilient and sustainable. In April, the FSA released a draft "Supervisory Guidance on Climate-related Risk Management and Client Engagement," which places helping clients proactively to deal with climate change as the core of financial institutions' actions in response to climate change. Public consultation of the draft has just closed today and it is scheduled to be finalized in June.

Not to mention that it is also necessary to strengthen the efforts by companies themselves. The Ministry of Economy, Trade and Industry announced in February the establishment of the Green Transformation League, namely “GX League”, which will be a place where leading companies in the initiatives for transition to carbon neutrality contribute to the “Green Transformation” of the Japanese economy in collaboration with the government and academic experts.

This symposium is a mere starting point for a long journey for us to realize the Paris Agreement. All required collaboration and actions start from here. I strongly hope that some links of collaboration and slices of discussion generated in this symposium will

constitute the foundation for a long journey that would last 20 or 30 years ahead. Let me once again thank all participants present today. I sincerely wish you all further success and the realization of a sustainable future. With this, I conclude my remarks and announce the close of the symposium. Thank you.