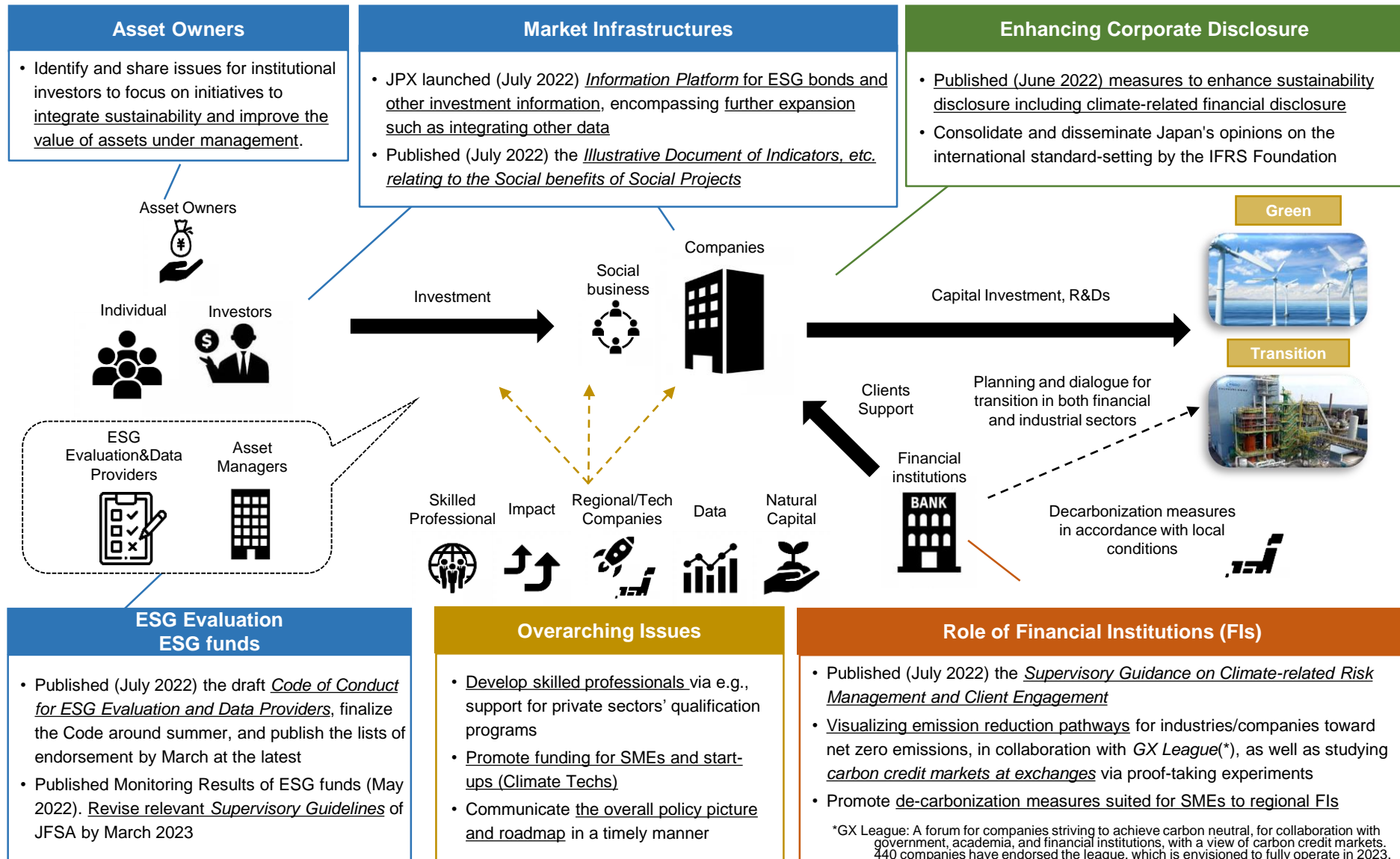


The 2nd Report by the Expert Panel on Sustainable Finance, Japan FSA

- Japan FSA's *Expert Panel on Sustainable Finance* proposed policies for promoting sustainable finance, framed in four agendas of "Enhancing Corporate Disclosure", "Capital Market Functions", "the Role of Financial Institutions", and "Overarching Issues", in its report published on June 2021.
- The **2nd Report of the Panel** was published to communicate the **progress of the past year**, as well as **further issues and recommendations**.



The Expert Panel continues its discussions and follow ups for measures taken, and periodically communicates the overall picture and progress of sustainable finance

Initiatives for Promoting Sustainable Finance - progress and forward -

January to June 2022 (progress)

July to September (forward)

Corporate Disclosure

Encourage companies listed on the TSE Prime Market segment to enhance the quality and quantity of disclosure, based on TCFD or an equivalent international framework

FSA's Financial System Council DWG publicized a report (June) to enhance sustainability-related disclosure in Annual Securities Reports

Based on the DWG report, promptly amend necessary ordinances

Compile and disseminate internationally Japan's opinions, through SSBJ in particular, for the International Financial Reporting Standards (IFRS) Foundation's initiative to establish a framework for sustainability disclosures

Capital Market

Asset Owners

Identify and share issues for institutional investors to focus on initiatives to integrate sustainability and improve the value of assets under management

ESG funds

Conduct survey on ESG funds

Published Monitoring Results of ESG funds (May)

Revise relevant Supervisory Guidelines of FSA by March 2023

ESG evaluation

Publish the draft *Code of Conduct for ESG Evaluation/Data Providers*, as well as recommendations to corporates and investors

Finalize the Code around summer, calling for endorsements

Publish the lists of endorsement for the Code by March

Information Platform

JPX's interim report on the Platform (January)

JPX to launch Information Platform for ESG bonds and other investment information (July)

Encompassing further expansion such as integrating corporate information and other products and improving user convenience,

Social/Green B

Publish *the Illustrative Document of Indicators, etc. relating to the Social benefits of Social Projects*

Disseminate the guidelines, with a view to wider usage including loans

Revise *the Green Bond/Sustainability-linked Bond Guidelines*

Financial Institutions

Conduct and publish the results of pilot exercises for climate scenario analysis

Discuss issues identified in the pilot exercise with FIs and consider revising the methodology and framework for scenario analysis

Published the *Supervisory Guidance on Climate-related Risk Management and Client Engagement* (July 2022)

Conduct dialogue with FIs on their climate-related initiatives and issues
Support FIs' dialogue with industry and companies

Promote decarbonization measures suited for SMEs to regional FIs, at the same time identify and correct issues specific to local decarbonization

Overarching Issues

Transition

Sector Roadmaps

Expand the sectors of roadmaps, develop quantitative models for emission pathways of the roadmap

Carbon Credit Study Group

Developing the GX League

Impact

Phase I: Basic Methodologies

Phase II : impact investment methods for different asset classes

SME/Tech

Promote decarbonization measures by SMEs and start-ups (Climate Techs)

Data

Considering how to utilize climate-related data that is useful for regional FIs and companies

Expertise

Develop skilled professionals via e.g., support for private sectors' qualification programs

Others

Consider natural capital and biodiversity taking into account international discussions

※ The tables above include numbers of, but not all of, various measures implemented by relevant ministries and agencies other than the FSA.

※ In cooperation with relevant ministries and agencies, the overall picture and roadmap of the Government's sustainable finance policies will be updated in a timely manner and disseminated in an integrated manner.