

Japan Sustainable Finance Policy Update June 2021 – September 2021

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SUMMARY

This IGES Issue Brief is an update of policy developments related to sustainable finance in Japan between June 2021 and September 2021¹.

Notably for this period, the Expert Panel on Sustainable Finance under the Financial Services Agency (FSA) issued 'The Report by the Expert Panel on Sustainable Finance' in mid-June. Building on the recommendations of this Report, the FSA published the 'Japan FSA Strategic Priorities July 2021 – June 2022,' outlining measures to address its policy priorities. On sustainable finance, the document outlines planned work on furthering corporate disclosure, work to create a platform for sustainability-related data, and work to support the climate risk analysis of financial institutions. The document also emphasises the importance and intention to actively participate in ongoing international discussions and developments related to sustainable finance. The work on sustainable finance in the coming year by the FSA is expected to broadly follow this document.

On the aforementioned work on corporate disclosure, discussions began under the Disclosure Working Group, a subgroup of the Financial Systems Council of the FSA. Disclosure related deliberations are taking place simultaneously in multiple fronts, including in the newly established 'Study Group on Disclosure Policies for Non-financial Information' under the Ministry of Economy, Trade and Industry (METI). The Disclosure Working Group will focus on legal disclosure requirements, while the Study Group will focus more on strategic input into the process of the proposed International Sustainability Standards Board (ISSB).

The Bank of Japan (BoJ) announced its strategy on climate change, where it indicated its intentions to begin disclosing in line with the Task Force on Climate-related Financial Disclosure (TCFD) recommendations, while also introducing a fund-provisioning measure for financial institutions against their green investment and loans.

METI continued to move forward with its work on transition finance. METI established the 'Taskforce Formulating Roadmaps for Climate Transition Finance,' which will produce industry transition roadmaps complementing the Basic Guidelines for Climate Transition Finance (METI, FSA, and MOE) published earlier this year. The Taskforce aims to produce roadmaps for the electricity, gas, oil, steel, cement, chemicals and paper/pulp industries this fiscal year. Also in this line of work, METI introduced related financial support measures to promote 'transition' labelled financial instruments.

¹ For policy developments prior to this period, please refer to Section 2 of the [IGES Policy Report 'Japan EU Comparative Analysis on Sustainable Finance Policy' \(Maiko Morishita et al., 2020\)](#), [IGES Issue Brief 'Japan Sustainable Finance Policy Update December 2020 – February 2021'](#) and [IGES Issue Brief 'Japan Sustainable Finance Policy Update March 2021 – May 2021'](#).

1 HIGHLIGHTS of Sustainable Finance Related Developments in Japan

1.1 ***FSA's 'Expert Panel on Sustainable Finance' publishes Recommendations Report***

The FSA's 'Expert Panel on Sustainable Finance' held two more meetings. The eighth meeting wrapped up its discussion on the draft output report. 'The Report by the Expert Panel on Sustainable Finance' was published on 18 June. The ninth meeting began discussing next steps following the Report. The FSA reported on planned activities as the result of the aforementioned Report, and members were asked to provide feedback and input on the following four points: 1) any concerns regarding the specifics of ways forward, 2) what should the added value be for the proposed ESG information platform, 3) what is necessary for the aforementioned ESG information platform to contribute to the increased financing and investment in decarbonisation efforts by companies and any necessary investment decisions, and 4) any additional points to be noted pertaining to the aforementioned points (for example, initiatives should appropriately assess transition, be flexible and accommodating to emerging technologies and market practices, thereby securing confidence from both domestic/global investors).

1.2 ***FSA's 'Social Bonds Study Group' publishes draft Social Bonds Guidelines***

The FSA's 'Social Bonds Study Group' held two more meetings, and published the draft Social Bonds Guidelines for public comment. The third meeting discussed the draft guidelines, which largely follow the structure of and align with the International Capital Markets Association (ICMA) Social Bond Principles and the MOE Green Bond Guidelines. The draft was generally well received by the Study Group. Further input to the draft included: the need to further emphasise the additionality of social impacts, and the requirement of a stronger alignment with the issuer's sustainability strategy. The fourth meeting discussed the revised draft guidelines which were updated as a result of inputs from Study Group members and the changes made to the ICMA Social Bond Principles revision in June. A further revised draft was published on 7 July for public comments (closed 10 August). The study group may reconvene for further deliberation dependent on the level of revision required as a result of the public comments.

1.3 ***FSA publishes the 'Japan FSA Strategic Priorities July 2021- June 2022'***

The FSA published the 'Japan FSA Strategic Priorities July 2021- June 2022' which outlines the strategies and measures to be taken to address its policy priorities. The 182 page document devotes Section 2 of Chapter 3 to the 'Promotion of Sustainable Finance.' Contents largely reflect the recommendations of 'The Report of the Expert Panel on Sustainable Finance.' Priorities include the following.

1) Enhancement of corporate disclosure, both in quality and quantity: In addition to the changes made in the Corporate Governance Code, the Disclosure Working Group established under the FSA will deliberate on appropriate sustainability-related disclosure for listed companies.

2) Demonstration of market functions: The FSA will work with the Japan Exchange Group (JPX) to put in place a platform to bring together sustainability-related data, including certified green bonds. The FSA will bring together an expert group to debate norms for ESG rating agencies and data providers. The FSA will also monitor ESG/sustainability-labelled mutual funds for investor protection. Finally, the FSA will further the ongoing work of the Social Bond Guidelines and consider delivering a document putting together examples of specific indicators.

3) Support provided by financial institutions to borrowers and investees, and climate change risk management: The FSA will work together with the Bank of Japan (BoJ) and conduct a pilot scenario analysis based on the Network for Greening the Financial System (NGFS) climate scenario, with three megabanks and three top non-life insurance companies, to measure their resilience to risks posed by climate change. The exercise is expected to be completed in June 2022.

4) Active participation in international discussions

Taking leadership in international discussions, monitoring of voluntary initiatives, and supporting the participation of financial institutions.

1.4 FSA's 'Disclosure Working Group' to prioritise discussions on sustainability reporting

The FSA began work with the 'Disclosure Working Group' under the Financial System Council, and an initial meeting was held. The Disclosure Working Group debates appropriate company disclosure contributing to constructive dialogue with investors, and builds on the series of meetings held by the previous Disclosure Working Group which concluded in June 2018. In its first meeting, the Working Group took note of the recommendations raised in the Report by the Expert Panel on Sustainable Finance, as well as looking at global developments regarding sustainability disclosure, including that of the proposed International Sustainability Standards Board (ISSB) by the International Financial Reporting Standards (IFRS) Foundation. Proposed items for discussion related to sustainability disclosure include: climate change, human capital investment, and securing diversity. Broad consensus was seen among the majority of Working Group members to make sustainability disclosures a priority issue in discussions. Different perspectives were shared by working group members on whether to base the Working Group's discussions on single or double materiality. Proposed items for discussion related to corporate governance include: activities by the board, cross-shareholdings, and establishing audit credibility.

1.5 FSA and GSG continue work on impacts through the Impact Investing Roundtables

The FSA continued to hold the Impact Investing Roundtable sessions in cooperation with the Global Steering Group for Impact Investment (GSG). The sixth roundtable session focused on impact investing in the context of loans and regional finance, mainly through case studies. The session addressed the differences between impact investment in the context of loans and that of listed and unlisted equities, and the difficulties of impact measurement and management for loans. The seventh study session produced the report, 'Achievements for Phase I and Remaining Tasks,' reflected on the deliberations to date as Phase I and discussed tasks for Phase II, which is currently scheduled to commence in early 2022. Suggested ways forward for Phase II included furthering discussions according to asset class, focusing on best practices where corporate disclosure and impact investment reinforce each other, and further deliberation on impact investment and climate change.

1.6 MOE to open call for support programmes related to sustainable finance and risk analysis

MOE made a call for application to a number of support programmes aimed at corporations and financial institutions. Programmes announced include the TCFD Scenario Analysis Support Programme and the Portfolio Carbon Analysis Pilot Programme.

1.7 METI's new 'Study Group on Disclosure Policies for Non-financial Information' to focus on contributing to global sustainability disclosure processes

METI established the 'Study Group on Disclosure Policies for Non-financial Information' which held three meetings. The Study Group is intended to share ongoing (global) work on the disclosure of non-financial information, discuss disclosure contributing to quality dialogue, and (globally) communicate Japan's position and approach to non-financial information disclosure. The first meeting shared current global initiatives on non-financial disclosure, namely the work of the Value Reporting Foundation and the IFRS Foundation. The second meeting discussed the reporting prototype presented in the 'Reporting on enterprise value illustrated with a prototype climate-related financial disclosure standard' (CDP, Climate Disclosure Standards Board (CDSB), Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC), and Sustainability Accounting Standards Board (SASB)) as the basis for discussion under the IFRS. The third meeting discussed human capital-

related disclosure based on sample case studies after an overview/comparison of dominant regulatory/voluntary frameworks. The fourth meeting (early-October) is to discuss climate related disclosure picking up on the second meeting, and the fifth (mid-late-October) is to bring together an interim report.

1.8 *METI's 'Taskforce Formulating Roadmaps for Climate Transition Finance' discusses draft roadmap for steel*

METI established the 'Taskforce Formulating Roadmaps for Climate Transition Finance,' in response to the work on the Taskforce on Preparation of the Environment for Transition Finance (METI, FSA, MOE). The newly established Taskforce held two meetings in this period. The first meeting discussed the general TOR and schedule of the Taskforce, as well as the general framework for the roadmaps to be drafted. The Taskforce aims to produce roadmaps in the following seven areas this fiscal year: electricity, gas, oil, steel, cement, chemicals and paper/pulp. (A roadmap for the shipping industry has already been established by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT)). The second meeting discussed the draft roadmap for steel.

1.9 *METI's SX Study Group produces interim report*


METI continued its work on the 'Dialogue towards Long-Term Management and Investment for Sustainable Corporate Value Creation Study Group (SX Study Group), which held four meetings (second – fifth meetings) in this period. The meetings discussed the challenges facing sustainable corporate value creation, specifically purpose and materiality in the second meeting, strategy and intangible asset investment in the third meeting, challenges with the 'Guidance for Collaborative Value Creation' in the fourth meeting, and the interim report reflecting on deliberations of the Study Group in the fifth meeting.

1.10 *METI announces financial support programmes and schemes to promote transition finance*

METI announced the 'Financial Support Programme for the Promotion of Transition towards Carbon Neutral,' which would provide financial support to financial institutions granting preferential interest rates through 'transition' labelled sustainability-linked loans, verified/certified by pre-designated third party reviewers. The Programme is currently expected to run through FY2024. METI made a call for designated third party reviewers to assess 'transition' labelled financial instruments and their alignment with the 'Basic Guidelines on Climate Transition Finance' (METI, FSA, MOE) and the 'Sustainability Linked Loan Principles' (LMA, APLMA, LSTA) in mid-June, and five designated third party reviewers were announced in early August for FY2021. METI also made a call for financial institutions providing such transition-related loans in August. Financial institutions must be registered with METI to be eligible to receive financial support under this scheme. Verification of 'transition' labelled financial products will refer to the industry roadmaps currently under development by METI's 'Taskforce Formulating Roadmaps for Climate Transition Finance.' A dedicated website for the Programme was launched in mid-September.

1.11 *BoJ publishes its climate strategy and fund-provisioning measures for financial institutions*

BoJ published the 'Bank of Japan's Strategy on Climate Change' in mid-July. The strategy noted a newly established Climate Coordination Hub, an internal network to enhance bank-wide initiatives on climate change. On monetary policy, the BoJ announced it will be introducing a fund-provisioning measure for financial institutions against their 'green' investment and loans. The BoJ followed-up with the announcement of the 'Principle Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses' in late September. The new fund-provisioning measure offers banks interest-free funds for climate-linked loans/investments and will exempt more of the participating banks reserves held at the central bank from negative interest rates. Eligible



financing operations include green loans and bonds, sustainability-linked loans and bonds with performance targets related to climate change efforts and "transition finance". Participating financial institutions will be required to disclose targets and actual results on green investment and loans, as well as steps taken to meet proposed disclosure rules. Eligible institutions will be selected annually, with possible additional selections if appropriate. Operations are scheduled to continue until the end of March 2031. The first call for applications were made with the announcement of the fund-provisioning measure on 22 September. The application deadline was 29 October. Selected institutions will be announced at the end of November with the first offers to be made at the end of December. Also as part of its strategy, the BoJ will engage with and monitor financial institutions and their efforts in addressing climate related risks. The BoJ also mentioned its intentions on green bond purchases, and will begin disclosure in line with TCFD, working with relevant authorities and stakeholders to increase the availability of data necessary to assess climate related risk. The BoJ also launched a new page on its website dedicated to climate change to communicate the bank's work on climate change. Governor Haruhiko Kuroda also followed up with an interview on the subject at the Japan National Press Club.

2 TIMELINE of Policy Developments

Section 2 provides a timeline of policy developments and relevant sources at a glance with direct links to English material where available, and to Japanese sites in the absence of English material. '(J)' indicates material in Japanese.

Date	Relevant Ministry/ Agency, etc.	Policy Development	Reference to HIGHLIGHTS (Section 1)	Reference to OVERVIEW (Section 3)
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Financial Services Agency (FSA)				
3 June 2021	FSA	3 rd Meeting of the 'Social Bonds Study Group' meeting records (J) / materials (J)	1.2	-
11 June 2021	FSA	8 th Meeting of the 'Expert Panel on Sustainable Finance' meeting records (J) / materials (J)	1.1	-
11 June 2021	FSA	Issuance of the revised 'Guidelines for Investor and Company Engagement'	-	-
18 June 2021	FSA	Issuance of the Final Report of the Expert Panel on Sustainable Finance full report (E) / report summary (E)	1.1	-
23 June 2021	FSA	4 th Meeting of the 'Social Bonds Study Group' meeting records (J) / materials (J)	1.2	-
29 June 2021	FSA, GSG ²	6 th Impact Investing Roundtable overview (E) / materials (J)	1.5	-
7 July 2021	FSA	Publication of the draft 'Social Bond Guidelines' Social Bond Guidelines (draft for public comment)	1.2	-
31 August 2021	FSA	Publication of the 'JFSA Strategic Priorities July 2021 – June 2022' JFSA Strategic Priorities July 2021 – June 22 (J) JFSA Strategic Priorities July 2021 – June 22 Summary (E)	1.3	-
2 September 2021	FSA	1 st Meeting of the 'Disclosure Working Group' meeting records (J) / materials (J)	1.4	(i)
3 September 2021	FSA, GSG	7 th Impact Investing Roundtable overview (E) / materials (J) Achievements for Phase I and Remaining Tasks (J)	1.5	-
22 September 2021	FSA	9 th Meeting of the 'Expert Panel on Sustainable Finance' meeting records (J) / materials (J)	1.1	-

Ministry of the Economy, Trade and Industry (METI)				
3 June 2021	METI	Establishment of the 'Study Group on Disclosure Policies for Non-financial Information' press release (E)	1.7	-
4 June 2021	METI	Establishment of the 'Taskforce Formulating Roadmaps for Climate Transition Finance' and Call for Model Projects press release (E) / materials (J) call open between 4 June 2021 – 14 January 2021	1.8	-

² The Global Steering Group for Impact Investment

10 June 2021	METI	1 st meeting of the 'Study Group on Disclosure Policies for Non-financial Information' meeting records (J) / materials (J)	1.7	(ii)
15 June 2021	METI	Call for designated third party review providers announcement of call (J) list of designated third party review providers (announced 3 August) (J)	1.10	-
16 July 2021	METI	2 nd Meeting of the 'Study Group on Disclosure Policies for Non-financial Information' meeting records (J) / materials (J)	1.7	(iii)
6 August 2021	METI	1 st Meeting of the 'Taskforce Formulating Roadmaps for Climate Transition Finance' meeting records (J) / materials (J)	1.8	-
11 August 2021	METI	Call for designated financial institutions applicable to the transition financial support programme announcement of call (J) application ongoing with no particular deadline	1.10	-
24 August 2021	METI	2 nd Meeting of the 'Taskforce Formulating Roadmaps for Climate Transition Finance' meeting records (J) / materials (J) draft roadmap for steel (J)	1.8	-
1 September 2021	METI	3 rd Meeting of the 'Study Group on Disclosure Policies for Non-financial Information' meeting records (J) / materials (J)	1.7	(iv)
21 September 2021	METI	Publication of the website for the 'Financial Support Programme for the Promotion of Transition for the Realization of Carbon Neutral' website (J)	1.10	-

Ministry of the Environment (MOE)				
17 June 2021	MOE	Call for applicants to the TCFD Scenario Analysis Support Programme (for corporates) announcement of call (J) chosen list of corporates (announced 20 July) (J)	1.6	-
29 June 2021	MOE	Call for research on pricing/risk/impact of green bonds announcement of call (J) chosen list of research themes/researchers (J)	-	-
6 July 2021	MOE	Call for Green Finance Model Cases announcement of call (J) call open between 6 July 2021 – 21 January 2022	-	-
6 August 2021	MOE	Call for applicants to the TCFD Scenario Analysis Support Programme (for financial institutions) announcement of call (J) chosen list of institutions (announced 6 September) (J)	1.6	-
6 August 2021	MOE	Call for applicants to the Portfolio Carbon Analysis Pilot Programme (for financial institutions) announcement of call (J) chosen list of institutions (announced 6 September) (J)	1.6	-
3 September 2021	MOE	Online Event to Promote the 'Environmentally Sustainable Companies Division Awards' of the ESG Finance Awards Japan programme, materials and online video recording (J)	-	-
6 September 2021	MOE	Call for nominations for the Environmentally Sustainable Companies Awards announcement of call (J) call open between 6 September 2021 - 29 October 2021	-	-



16 September 2021	MOE	Hokkaido Regional Environment Office of the MOE to sign a Partnership Agreement on ESG Regional Finance with Sumitomo Mitsui Trust Bank press release (J) / materials (J)	-	-
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Bank of Japan (BoJ)

16 July 2021	BoJ	Publication of the 'BoJ Strategy on Climate Change' BoJ's Strategy on Climate Change (E) Speech at the Japan National Press Club by Governor KURODA Haruhiko (27 July) (E)	1.11	-
22 September 2021	BoJ	Publication of the 'Principal Terms and Conditions of the Funds Supplying Operations to Support Financing for Climate Change Responses' 'Principal Terms and Conditions of the Funds Supplying Operations to Support Financing for Climate Change Responses' (E)	1.11	-

3 OVERVIEW of Key Meetings and Documents

Section 3 provides a supplementary overview of key meeting records and documents mentioned in this update which have an explicit focus on finance or which are only available in Japanese. The type of document is listed in parenthesis after each headline (e.g. (Press Release)).

(i) 1st Meeting of the 'Disclosure Working Group' (Meeting Records)

- In the first meeting of the Disclosure Working Group in 2021 (DWG2021), a presentation on the expected terms of reference of the Working Group was presented by the secretariat.
- Presentation by the Secretariat
 - Terms of Reference: The Working Group is mandated to discuss appropriate corporate disclosure which contributes to constructive dialogue between investors and corporates, and provides useful investment information in a timely and clear manner, while taking into consideration recent social economic developments.
 - Reporting from the deliberations of the previous Disclosure Working Group in 2018 (DWG2018), and an overview of subsequent social economic developments.
 - Proposed Discussion Points
 1. Discussion Points from DWG2018: strengthening financial information and non-financial information disclosure, providing information on governance to promote constructive dialogue, ensuring credibility and timeliness of information, other challenges (such as utilisation of digital technology in reporting and reporting in English)
 2. New Discussion Points to be added for work in 2021: sustainability (climate change, investment in human capital, ensuring diversity), corporate governance (activities of the Board, cross-shareholdings, ensuring credibility of audits), specific issues (utilisation of IT, important contracts, English disclosure, timeliness)
 3. Any other issues to be discussed or matters to be noted
- Following the presentation by the Secretariat, the floor was opened to Working Group members for questions and comments to the presentation. Broad consensus was reached in terms of prioritising discussions on sustainability, while there were differences regarding whether to base the Working Group's discussions on single or double materiality.

(ii) 1st Meeting of the 'Study Group on Disclosure Policies for Non-financial Information' (Meeting Records)

- In the first meeting of the Study Group on Disclosure Policies for Non-financial Information, a presentation by the secretariat on the terms of reference of the Study Group, expected working schedule, and an overview of related ongoing discussions at the IFRS Foundation and the EU, was followed by presentations on the Value Reporting Foundation and the CDP.
- Presentation by the Secretariat
 - Terms of Reference: The Study Group will share and update recent (global) developments on non-financial information disclosure, while deliberating on appropriate directions and mediums for disclosure. The Study Group will also aim to (globally) convey Japan's position on such disclosure.
 - Developments at the IFRS Foundation, including public consultations on the Sustainability Standards Board (SSB) and revision of the charter related to the establishment of the International Sustainability Standards Board (ISSB)
 - Developments on EU disclosure regulations, namely the Corporate Sustainability Reporting Directive (CSRD)
 - Proposed Discussion Points
 1. Questions regarding the presentations

- 2. Clarification of scope, medium and intended users of non-financial information disclosure
- 3. Ways and matters to be noted regarding communication and outreach by the Study Group
- 4. Responding to, and consideration regarding developments on EU disclosure regulations
- Presentation: 'Collaboration among standard setting organizations on non-financial information and the establishment of the Value Reporting Foundation (Yoichi Mori, IIRC Framework Panel Member)
- Presentation: 'Trends in Non-financial information disclosure through the CDP Lens' (Miyako Enokibori & Michiyo Morisawa, CDP)
- An open discussion followed the three presentations. Study Group members discussed appropriate parameters for discussion, the timing for when non-financial information becomes financial information, and the nature and characteristics of the different reporting frameworks and standards (e.g. GRI, Value Reporting Foundation, TCFD, CDP)

(iii) 2nd Meeting of the 'Study Group on Disclosure Policies for Non-financial Information' (Meeting Records)

- In the second meeting of the Study Group on Disclosure Policies for Non-financial Information, a presentation by the secretariat was followed by presentations on prototype climate-related reporting, investor perspective, and discussions regarding indicators and targets for the TCFD.
- Presentation by the Secretariat
 - Related developments since the last meeting
 - Summary report of discussions in the last meeting, with presentations on two possible takeaways as possible statements.
 - 1. Sustainability related matters to be included in corporate value reporting should affect corporate value. Does a greater impact on people/environment/economy of a particular sustainability related matter imply that there may be a greater impact on corporate value?
 - 2. Does a longer timeframe allow for a more accurate understanding of the impact of sustainability-related matters on corporate value?
 - A detailed overview of the 'Reporting on enterprise value illustrated with a prototype climate-related financial disclosure standard' (CDP, CDSB, GRI, IIRC, SASB), and how it should be interpreted vis-à-vis the TCFD recommendations.
 - Proposed Discussion Points
 - 1. Feedback on aforementioned takeaways from discussion at the previous meeting
 - 2. Issues related to the climate-related financial disclosure standard prototype
 - Should all companies adhere to the same standard?
 - Should details or content be dependent on industry and or traded market?
 - How long would it take for companies to report in line with the prototype?
 - 3. On TCFD related additions to the prototype
 - Any content deemed unnecessary from the point of corporate value?
 - Any content which would require additional preparation?
 - Any content which should be disclosed, despite not being included in the prototype?
 - 4. Are there any areas, in addition to climate change, where standards and formats for reporting would be useful?
- Presentation: 'Feedback on the climate-related financial disclosure standard prototype' (Ryosuke Mizouchi, Kirin Holdings Co. Ltd.)
- Presentation: 'Investor perspective' (Keisuke Takegahara, Development Bank of Japan)
- Presentation: 'Discussions on indicators and targets at the TCFD' (Masaaki Nagamura, Tokyo Marine Holdings / TCFD member)
- An open discussion followed the four presentations. On the two possible takeaways from the first meeting, some members challenged the given statements. On sustainability-related matters and corporate value, the statement would stand only if it came under the premise of double materiality. For example, climate change has a profound impact on society, but not equally on the corporate

value of companies. On the assumption regarding a longer timeframe allowing for a more accurate understanding of the impact of sustainability related matter on corporate value, it is also about when and how perceptions of risk change and manifest. On the climate-related financial disclosure standard prototype, the study group took note that the Technical Readiness Working Group (TRWG) of the IFRS is currently in the process of brushing up the prototype, and developments need to be closely followed along with discussions regarding a certain standardisation of indicators. Some members also noted that disclosure in line with such standards should primarily apply to companies trading on the prime market, and/or should be based on the relevant materiality of the company. On the timeline, there seemed to be consensus that a few years would be sufficient for companies to be able to appropriately report in line with the standard. A few also indicated a framework/format for social (labour, human rights, and supply-chain) issues would also be helpful.

(iv) 3rd Meeting of the ‘Study Group on Disclosure Policies for Non-financial Information’ (Meeting Records)

- In the third meeting of the Study Group on Disclosure Policies for Non-financial Information, a presentation by the secretariat was followed by three case-study presentations on disclosure on human capital.
- Presentation by the Secretariat
 - Upcoming schedule
 - Related developments since last meeting
 - Summary report of discussions at the last meeting
 - A proposed outline of how to understand human capital disclosure (range of issues can be plotted on a risk management and value-add scale), an overview of related reporting initiatives and their characteristics (i.e. NFRD, SEC, SASB, GRI, WEF, ISO), an overview of the revised Regulation S-K of the US Securities and Exchange Commission (SEC), and case studies of human capital disclosure (Intel, The Coca-Cola Company, Adidas, Danone, HSBC, GlaxoSmithKline, Marks and Spencer, and SAP)
 - Proposed Discussion Points
 1. On human capital disclosure generally
 - What is the appropriate granularity of (regulatory) disclosure requirements?
 - What is the appropriate level of disclosure requirement according to company level?
 - How should human capital disclosure and its connection to financial information / company strategy be presented?
 - How should comparability and originality be balanced?
 - What should be noted given ongoing global discussions on this theme?
 2. On specific human capital disclosure items
 - What is the appropriate disclosure – from a company/investor perspective – on the following specific items: training (skills investment, education and training investment, qualification and licenses), liquidity (recruitment, retention, engagement), diversity (diversity in workplace, non-discrimination, parental leave, leave), health (physical health, mental health), labour safety, human capital-related supply-chain risk
- Presentation: ‘Human capital-related disclosure’ (Toshihiro Yamauchi, Sumitomo Chemical)
- Presentation: Human capital-related disclosure – from the 2020 integrated report ‘(Emi Nose, MS&AD Insurance Group)
- Presentation: Human capital-related disclosure – active management perspective’ (Ryusuke Ohori, Institutional Investors Collective Engagement Forum)
- An open discussion followed the four presentations. Members discussed the importance of the narrative as disclosure is naturally company-specific and path-dependent, while recognising that there are common indicators.

APPENDIX English/Japanese Translation Table

B	Bank of Japan	日本銀行
	Bank of Japan's Strategy on Climate Change	気候変動に関する日本銀行の取り組み方針について
	Basic Guidelines on Climate Transition Finance	クライメート・トランジション・ファイナンス に関する基本指針
C	Climate Coordination Hub	気候連携ハブ
D	Dialogue towards Long-Term Management and Investment for Sustainable Corporate Value Creation Study Group' (SX Study Group)	サステナブルな企業価値創造のための長期経営・ 長期投資に資する対話研究会 (SX 研究会)
	Disclosure Working Group	ディスクロージャーワーキンググループ
E	Expert Panel on Sustainable Finance	サステナブルファイナンス有識者会議
F	Financial Services Agency	金融庁
	Financial Support Programme for the Promotion of Transition towards Carbon Neutral	カーボンニュートラル実現に向けたトランジション推進のための 金融支援
	Financial Systems Council	金融審議会
G	Guidance for Collaborative Value Creation	価値協創ガイダンス
I	Impact Investment Roundtable	インパクト投資に関する勉強会
J	JFSA Strategic Priorities July 2021 -June 2022	2021 事務年度金融行政方針
M	Ministry of Economy, Trade and Industry	経済産業省
	Ministry of the Environment	環境省
	Ministry of Land, Infrastructure, Transport and Tourism	国土交通省
P	Principle Terms and Conditions of the Funds-Supplying Operations to Support Financing for Climate Change Responses	気候変動対応を支援するための資金供給 オペレーション基本要領
S	Social Bonds Study Group	ソーシャルボンド検討会議
	Social Bonds Guidelines (draft)	ソーシャルボンドガイドライン(案)
	Study Group on Disclosure Policies for Non-financial Information	非財務情報の開示指針研究会
T	Taskforce on Preparation of the Environment for Transition Finance	トランジション・ファイナンス環境整備検討会
	Taskforce Formulating Roadmaps for Climate Transition Finance	クライメート・トランジション・ファイナンスの ためのロードマップ策定に向けた検討会

Supported by:



This publication was produced with the financial support of the European Union's Partnership Instrument. Its contents are the sole responsibility of Institute for Global Environmental Strategies (IGES) and do not necessarily reflect the views of the European Union.

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