

# Overview of TCFD Guidance 2.0

- In order to realize a **"virtuous cycle of environment and growth"**, it is important to provide funds to companies that are actively engaged in climate change measures. In December 2018, the Ministry of Economy, Trade and Industry formulated the **"TCFD Guidance" to promote corporate disclosure based on TCFD recommendations.**
- As disclosure in line with the TCFD recommendations and their utilization is progressing worldwide, **the TCFD Consortium, established under the leadership of the private sector made revisions and released the "TCFD Guidance 2.0" to expand commentary based on up-to-date knowledge and trends from both within Japan and overseas, sector-specific guidance, and case examples.**

(Underlines and red letters indicate major revisions.)

## Chapter 1 (Introduction)

- Background: the purpose of the **preparation and revision of the guidance is explained based on recent trends**
- Explanations on the positioning of the guidance and its relationship with the TCFD recommendations
- The columns also comment on other related matters

### Main columns in this chapter

The Inaugural TCFD Summit

Green Investment Guidance

Other efforts to respond to TCFD

## Chapter 2 (Commentaries on Disclosures in Accordance with the TCFD Recommendations)

Questions concerning the disclosure of climate-related information are discussed focusing on **the four items listed under the TCFD Recommendations. Disclosed cases** also appear in this guidance and supplementary collection of case examples.

- **Media for information disclosure**
  - Material information should be disclosed in financial reports, but others can be reported in other media such as integrated reports etc.
  - Examples of disclosure in multiple media as well as **survey results on disclosure media**
- **Explanation on the four themes of the TCFD recommendations**
  - Each theme is explained based on **domestic and overseas related literature.** [examples of commentaries]
  - Strategy: Introduces how R & D **and innovation can be disclosed**, and existing IEA scenarios
  - Metrics and Targets: Story-based disclosure on how they will lead to corporate value creation, **reduction contribution**, etc.
- **Disclosure methods for companies with diverse business models**
  - Disclose according to the impact of each business models on climate change is recommended.
- **Steps for Implementing the TCFD Recommendations at Mid-cap and Small- and Medium-sized Companies**
  - Companies that is able to contribute to climate change should actively disclose their business opportunities

### Main columns in this chapter

International discussions on the transition towards the realization of the objectives of the Paris Agreement

Initiatives on climate change-related innovation (Zero-Emission Challenge, etc.)

Summary of "Practical guide for Scenario Analysis in line with the TCFD Recommendations: 2nd edition"

Method for assessing and disclosing avoided emission through the global value chain

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## Chapter 3 (Sector-specific guidance)

Desirable strategies and recommended disclosure items for industries with different risks and opportunities for climate change are explained\*

Sector	Examples of disclosure recommendations
Automobiles	R&D of vehicles leading to emission reduction during driving phase, details of specific technological development efforts, and establishment of future targets (Number of units and market share)
Steel	Efforts on improving efficiency (energy intensity) of production process, and progress and prospect on development of advanced technologies
Chemistry	Amount of reduction contribution through environment-contributing products, R & D efforts, and supply chain management efforts (Raw material procurement policy, etc.)
Electrical / Electronic	IoT solution leading to emission reduction and development for energy saving technologies (Energy management, etc.)
Energy	Development of technologies for renewables and efficiency improvement / modernization of power generation facilities, approaches to such technologies, and effects of efficiency improvement
Food	Risks and measures related to the supply of raw materials and water resources, measures to reduce emissions including food loss reduction, product development, and the identification of business opportunities
Banking	Scenario analysis (total credit cost), governance and risk management system, sustainable finance goals and achievements
Life insurance	Policy for ESG investments and loans, efforts to identify risks associated with climate change, status of preparation of investment and loan standards, and engagement with investment and loan recipients
Non-life insurance	Risk management in non-life insurance, disaster prevention and mitigation efforts, and provision of insurance and services in response to climate change and new technologies
International shipping	Efforts to utilize energy efficient vessels and alternative fuel vessels, changes in freight movement, governance structure to reflect the changes

\* For TCFD Guidance 2.0, [food, banking, life insurance, and non-life insurance \(July, 2020\)](#), and [international shipping \(March, 2022\)](#) are added.

## Case examples (separate volume)

- **Collected and categorized examples of disclosure** in line with the TCFD recommendations to **complement the commentaries in TCFD Guidance 2.0**
- For the benefit of many companies, the case examples cover a **wide range of cases relating** to the TCFD recommendations and TCFD Guidance 2.0, primarily based on the opinions of investors (**Especially "GIG Supporters\*"**)
- Since TCFD-aligned disclosure in Japan has been enhanced in both quality and quantity, emphasis was placed on selecting cases of **Japanese companies (47 in Japan and 28 overseas)**

\* The TCFD Consortium established the "GIG Supporters" to promote the "Guidance for Utilizing Climate-related Information to Promote Green Investment (Green Investment Guidance)" released in October 2019. Investors and other stakeholders who support and utilize the "Green Investment Guidance" are registered as Supporters and examples of its use are posted on the TCFD Consortium website