

Overview of TCFD Guidance 3.0

- To achieve 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**. In July 2020, the **TCFD Consortium**, established by the private sector, formulated TCFD Guidance 2.0.
- In light of **recent developments and** the **wealth of guidance documents** by TCFD and others, the Guidance is thoroughly revised as “TCFD Guidance 3.0” and is published in October 2022, **primarily for institutions that have begun to make disclosure efforts**.
- Sector-specific recommendations are separated into separate volumes, and the main text is made compact. A collection of case examples comprising of the latest developments will be published separately.

Structure of TCFD Guidance 3.0

Item	Overview	Major revisions from previous version
Chapter 1 Introduction	<ul style="list-style-type: none"> ● Explains the background of TCFD, the purpose of developing and revision of the guidance, as well as the positioning of this guidance. 	<ul style="list-style-type: none"> ● Update on the situation surrounding TCFD is provided.
Chapter 2 Commentaries on Disclosures in Accordance with the TCFD Recommendations	<ul style="list-style-type: none"> ● In addition to the four themes of TCFD ie, Governance, Strategy, Risk Management, and Metrics and Targets, guidance is provided on medium of disclosure, disclosure for companies with diverse business models, and by mid-cap and SMEs. 	<ul style="list-style-type: none"> ● Reflects the latest developments, including disclosures in securities reports, transition plans in strategy, and cross-industry metrics in Metrics and Targets.
Chapter 3 Increasing Corporate Value through TCFD Disclosure	<ul style="list-style-type: none"> ● Summarization of the volume, including “Increasing Corporate Value through TCFD Disclosure”, “Importance of Getting Started in Disclosure,” and “Refining for Better Disclosure” 	<ul style="list-style-type: none"> ● Update in information is provided.
Chapter 4 Addendums (new)	<ul style="list-style-type: none"> ● The latest trends are treated, focusing on important issues as well as topical issues. ● The following six topics are covered: (A) Overview of related guidance, (B) Institutional background on climate-related disclosure in Japan, (C) Measures related to TCFD Recommendations in other frameworks and standards, (D) IFRS Sustainability Disclosure Standards, (E) Overview of discussion on transition, and (F) Recent publications from TCFD. ● (A) (B) (C) and (E) are transposed and updated from the columns in the previous edition, while (D) and (F) are new. 	