
FY2022 TCFD Consortium Member Survey Result

November 2022

TCFD Consortium



List of questions (1/2)

General questions

| Question | Financial institution | Non-financial institution |
|-------------|--|---------------------------|
| Question 3 | What market segment does your company belong to? (Select one) | |
| Question 4 | What motivated your company to join the TCFD Consortium? (Multiple choice) | |
| Question 5 | How has your company responded to TCFD recommendations? Please indicate the year in which your company made first disclosure in response to TCFD recommendations. If not, please indicate the expected year of disclosure. (select one) | |
| Question 6 | For respondents who chose option a. to e. in Question 5 (those who have already disclosed information based on TCFD recommendations): what media does your company utilize to disclose information based on TCFD recommendations? (Multiple choice) | |
| Question 7 | For respondents who chose option a. to e. in Question 5 (those who have already disclosed). Please describe your company's views on discussions currently underway which support including description relating to general sustainability disclosure issues and climate change topics in annual security reports. (Free description) | |
| Question 8 | What are the challenges for your company in further enhancing its TCFD disclosures or in the future? (Multiple choice) | |
| Question 9 | For respondents who chose option a. in Question 8 (lack of organizational support and personnel for disclosure): Please describe your company's views on what kind of personnel (e.g., directors, managers, professionals in charge of sustainability topics) are lacking. (Free description) | |
| Question 10 | This question is about the 11 recommendations by TCFD. To what extent does your company currently disclose information in terms of the 11 recommendations of TCFD on external reports (e.g., security reports, integrated reports, environmental reports, websites, etc.)? | |
| Question 11 | This question is about the seven cross-industry metric categories recommended by TCFD. Please indicate which metric categories are currently disclosed in your company's disclosure reports (e.g., securities reports, integrated reports, environmental reports, websites, etc.)? | |
| Question 12 | This question is about scenario analysis in your company. Please describe your company's scenario analysis disclosure. | |
| Question 13 | What are the benefits of joining TCFD and disclosing information? What benefits does your company expect? Please provide an answer that is close to the situation in your company. (Multiple choice) | |
| Question 14 | Based on the TCFD disclosure framework, general requirements regarding IFRS sustainability disclosure standards that specify detailed items of climate-related disclosure are currently being considered. Please indicate how your company is responding to the standards. (select one) | |

*The results of the analysis of questions in red are only disclosed and available for TCFD consortium member companies.

List of questions (2/2)

Thematic questions

| Theme | Question | Financial institution | Non-financial institution |
|--|-------------|---|--|
| Use of Certificates and Carbon Credits | Question 15 | How does your company view the introduction of carbon pricing (carbon taxes, emissions trading, credit trading, border adjustment measures, etc.) for long-term decarbonization? (Free description) | Does your company procure certificates or carbon credits as part of its business activities or as a way to reduce emissions? (select one) |
| | Question 16 | How does your company feel about companies disclosing the status of procurement of certificates and credits as part of disclosing long-term decarbonization strategy? (select one) | For respondents who answered a. or b. in Question 15 (those who have procured or are planning to procure certificates or carbon credits): Please provide us with the names of certificates and carbon credits that you have already procured or are considering procuring. (Multiple choice) * Optional |
| | Question 17 | What information does your company wish to be disclosed in your company regarding the status of procurement of certificates and carbon credits? (Multiple choice) | For respondents who answered option a. or b. in Question 15 (those who have procured or are planning to procure certificates or carbon credits) : Please indicate the purpose for which your company has already obtained or are considering obtaining a certificate or credit. (Multiple choice) |
| Issues Related to Engagement | Question 18 | What medium does your company use to obtain disclosure information about investee companies? (Multiple choice) | For respondents who answered option e. (for dealing with domestic and international frameworks) in Question 17: what specific framework does your company aim to address? (Please specify e.g., CORSIA compliance, Act on Promotion of Global Warming Countermeasures reporting compliance, GX League compliance, etc.) (Free statement) |
| | Question 19 | Please respond to the status of utilization of information based on TCFD disclosed by companies included in your company's portfolios. (Multiple choice) | How does your company view the introduction of carbon pricing (carbon taxes, emissions trading, credit trading, border adjustment measures, etc.) for long-term decarbonization? (Free description) |
| | Question 20 | With respect to your company's engagement with financed companies on climate change issues: what aspects of engagement does your company focus on? (Multiple choice) | Please respond on the frequency with which climate change information disclosure is discussed in dialogue (engagement) with financial institutions, e.g., investors. (select one) |
| | Question 21 | Please respond to any concerns your company may have with respect to conducting climate-change related engagement with financed companies. (Multiple choice) | For respondents who answered a., b. and c. in Question 20: what questions were asked during the dialogue (engagement) with financial institutions? (Multiple choice) |
| Decarbonization Efforts | Question 22 | Does your company analyze the GHG emissions (financed emissions) from your company's portfolio and set targets? (select one) | There is a growing trend on transition finance, which aims to support companies that are promoting a shift toward decarbonization. What is your company's perception on transition finance? (select one) |
| | Question 23 | For respondents who answered option a in Question 22 (those who have set targeted values): please indicate the year which your company sets the targeted value. (select one) | Please feel free to write down any activities or requests your company considers should be addressed by the TCFD Consortium. (Free description) |
| | Question 24 | For respondents who answered option a to Question 22: please explain your company's targets. (free description) | |
| | Question 25 | Please feel free to write down any activities or requests your company considers should be addressed by the TCFD Consortium. (Free description) | |

*Red frames indicate the coverage area of each theme.
 ** The results of the analysis of questions in red are only disclosed and available for TCFD consortium member companies.

Summery of Survey

- Of the total **681** TCFD consortium members, **386** responded to the questionnaire (The response rate was **56.7%**. Questionnaire period: **August 31, 2022, to September 26**).
 - ✓ Of the **166** financial institutions, **97** responded to the questionnaire (response rate: **58.4%**).
 - ✓ Of the **515** non-financial institutions, **289** responded to the questionnaire (response rate: **56.1%**).
- **211 institutions (58.6%)** responded to the previous questionnaire conducted in June 2021.

Questionnaire response status

| | Total | Financial | Non-financial |
|--------------------------------------|-------|-----------|---------------|
| Number of members of TCFD Consortium | 681 | 166 | 515 |
| Number of responses to the survey | 386 | 97 | 289 |
| Response rate | 56.7% | 58.4% | 56.1% |

Summary of Survey Results (1)

Disclosure of Climate-related Information

- The majority of financial and non-financial institutions answered that their motivation for joining the TCFD consortium was to gather information and understand trends. (Question 4)
- Concerning the timing of disclosure, no. of non-financial institutions in particular, which have begun to disclose information **rose sharply since 2021**, triggered by the revision of the Corporate Governance Code. (Question 5)
- As to disclosure media, the survey result shows that the **company's website and integrated reports** are the ones used mostly, and disclosure in **security reports** has been increasing. (Questions 6 and 7)
- Challenges for companies to cope with TCFD disclosures are; insufficient analysis in **specialized areas like climate scenarios** and a **lack of human resources and organizational accommodation**. (Question 8)
- **None of the TCFD 11 recommendations had a disclosure ratio of less than 50%; more than 40% of companies disclosed all 11 recommendations.** It is assumed that the reason of high response rate is that highly motivated companies tended to respond to the survey. (Question 10) As for **scenario analysis**, this survey shows that 70% of all **non-financial companies** conduct qualitative analysis while **only 20% conduct quantitative one**. (Question 12)
- Concerning the seven matrix categories proposed by TCFD as cross-industry indicators, the progress made is most evident in identifying and disclosing scope 1 and 2 emissions; about half of financial and non-financial institutions have addressed **scope 3 emissions**. On the other hand, as capital deployment, internal carbon pricing (ICP), and remuneration are **new items**, companies disclosing these categories currently have been few. (Question 11)
- As to the merits of TCFD disclosure, many respondents chose "**better internal understanding of company's climate-related risks and opportunities**" (**option d**), indicating that TCFD disclosure **contributes to a better understanding of climate-related risks and opportunities of disclosing companies**. (Question 13)
- The **awareness of IFRS sustainability disclosure standards** is **high** among both financial and non-financial institutions. (Question 14)

Summery of Survey Results (2)

Regarding Carbon Credits:

- The survey result shows that non-financial institutions widely recognized certificates and credits **as a means of GHG emissions reduction**, suggesting that they are mainly used to **reduce scope 2 emissions through renewable energy certificates**. (Non-financial institutions Questions 15, 16, and 17)
- Many financial institutions are aware of the usefulness of certificates; therefore, they need information such as the **amount of credit and the type of projects** to be disclosed. The survey also shows that they will need more detailed information as the rules develop in the future. (Financial institutions Questions 16, 17)

Regarding Engagement:

- As to the use of disclosure information, the survey result shows that financial institutions have been increasingly utilizing TCFD disclosure information in a decision-useful way; **engagement, screening, and integration have been increasing**. (Financial institutions Questions 18, 19, 20, 21)
- For non-financial institutions, there was an increase in responses of both "not discussed" and "about five times a year or more," suggesting that **engagement** is becoming more focused-based and layered. The survey also points out that a further **"penetration into the organization (on climate-related issues)" will be a future challenge** for non-financial institutions in dialogue with financial institutions. (Non-financial institutions Questions 20, 21)

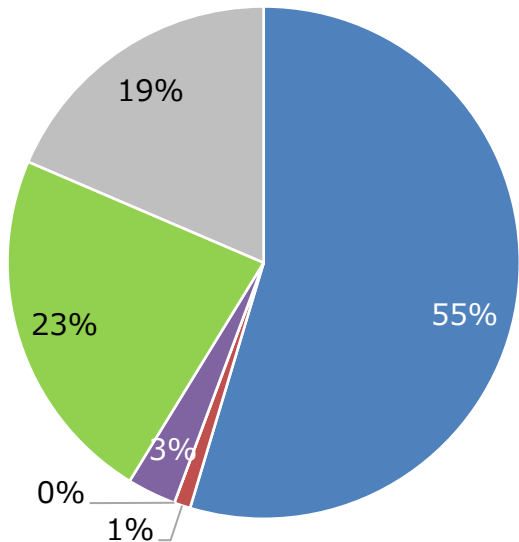
Regarding Decarbonization Efforts:

- A little less than half of responding non-financial institutions have an interest in transition finance in diverse industries, showing that **interest in transition finance continues to be high**. (Non-financial institution question 22)
- **About one-third of responding financial institutions have already set targets** based on analyzing **GHG emissions (financed emissions) from their portfolios; two-thirds of whom have set targets** for 2030 as well as 2050.
- Furthermore, the survey also shows that the number of financial institutions setting and disclosing such targets will **increase in the future**. (Financial institutions Questions 22, 23, 24)

Question 3 (Financial & non-financial institutions)

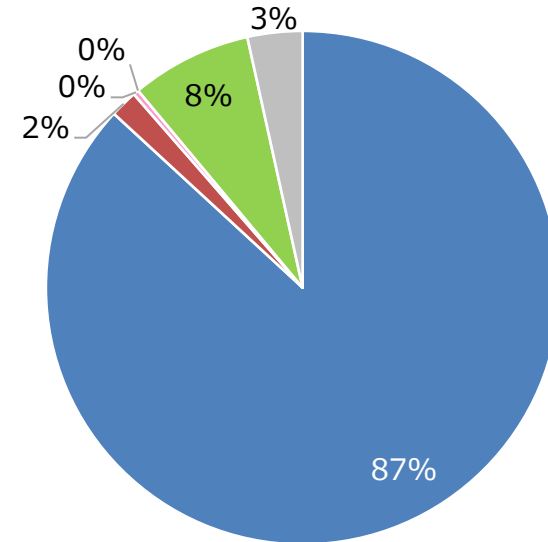
● What market segment does your company belong to? (Select one)

Financial institutions (97 respondents)



- a. prime market
- b. standard market
- c. growth market
- d. overseas market
- e. unlisted
- f. Other

Non-financial institutions (289 respondents)



- a. prime market
- b. standard market
- c. growth market
- d. overseas market
- e. unlisted
- f. Other

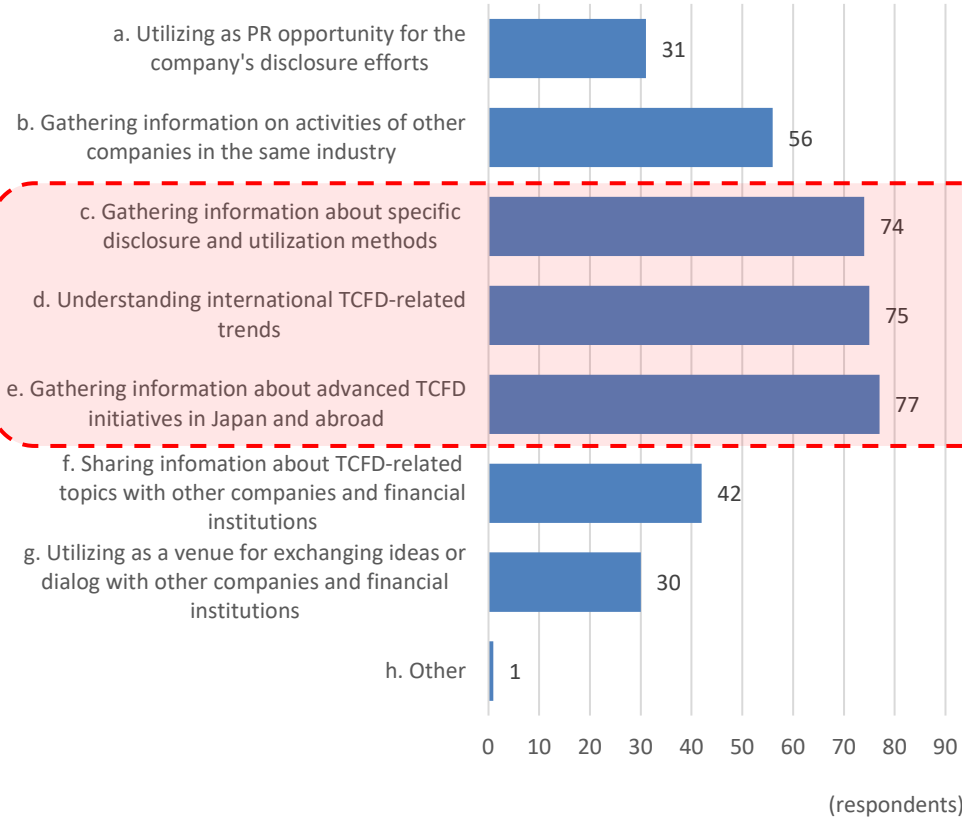
● While a majority of financial institutions are listed in the prime market, less than 90% of non-financial institutions are listed in the prime market. A large proportion of financial institutions are unlisted; these unlisted companies are mainly in the form of subsidiaries, such as asset management companies.

● The standard and growth markets account for around 2% of both responding financial and non-financial institutions.

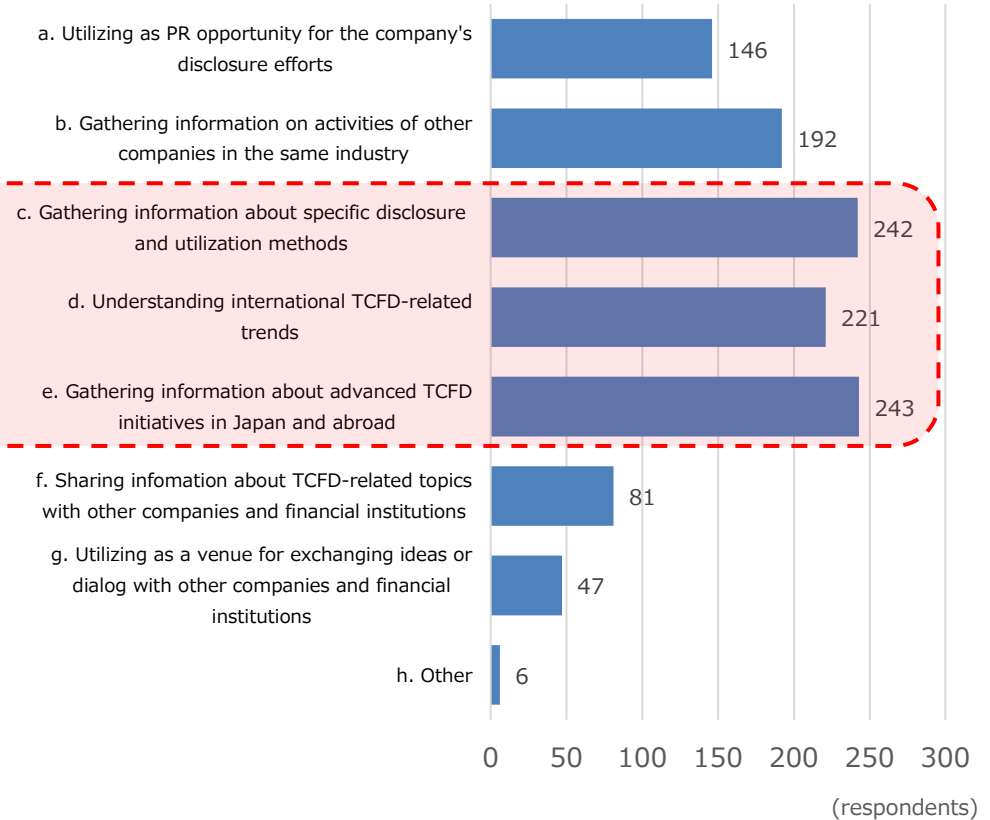
Question 4 (Financial & non-financial institutions)

- What motivated your company to join the TCFD Consortium? (Multiple choice)

Financial institutions (97 respondents)



Non-financial institutions (289 respondents)

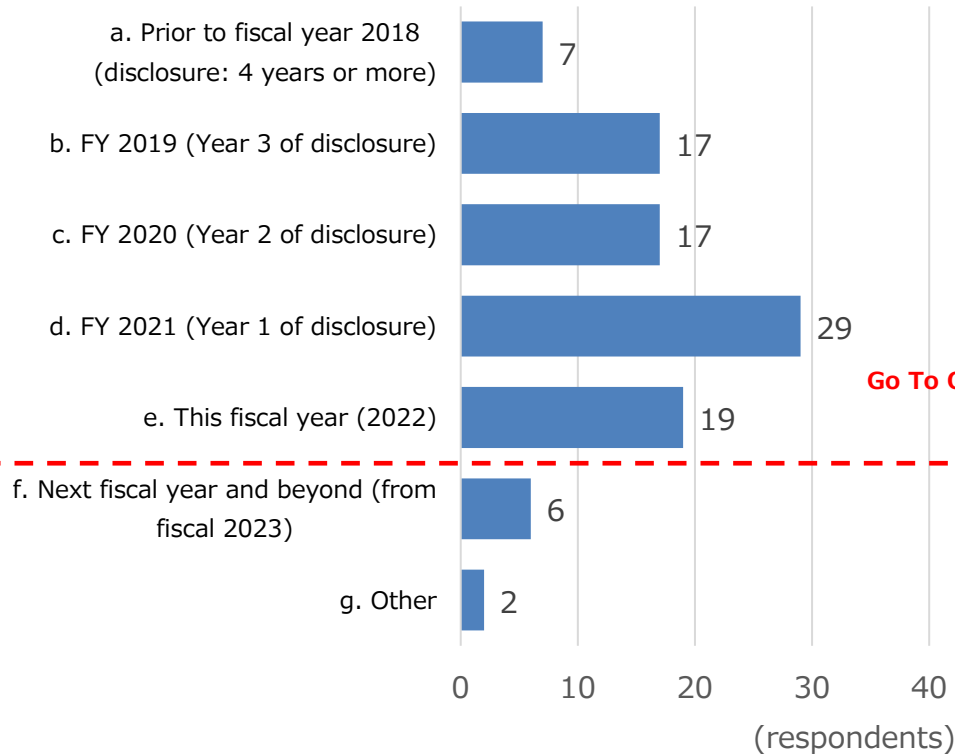


- Both financial and non-financial institutions tended to choose options c to e (information gathering and understanding trends).
- The main difference between financial and non-financial institutions are that financial institutions tended to expect exchange opinions with other companies (options f and g), while non-financial institutions tended to expect utilizing information for disclosure PR purposes (option a).

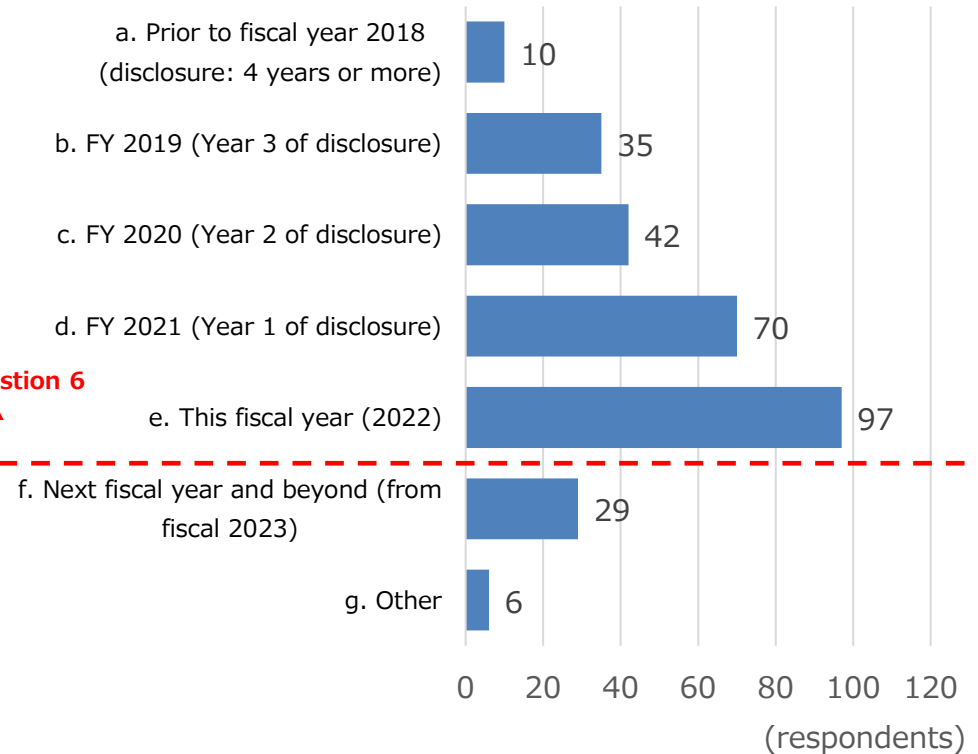
Question 5 (Financial & non-financial institutions)

- How has your company responded to TCFD recommendations? Please indicate the year in which your company made first disclosure in response to TCFD recommendations. If not, please indicate the expected year of disclosure. (select one)

Financial institutions (97 respondents)



Non-financial institutions (289 respondents)

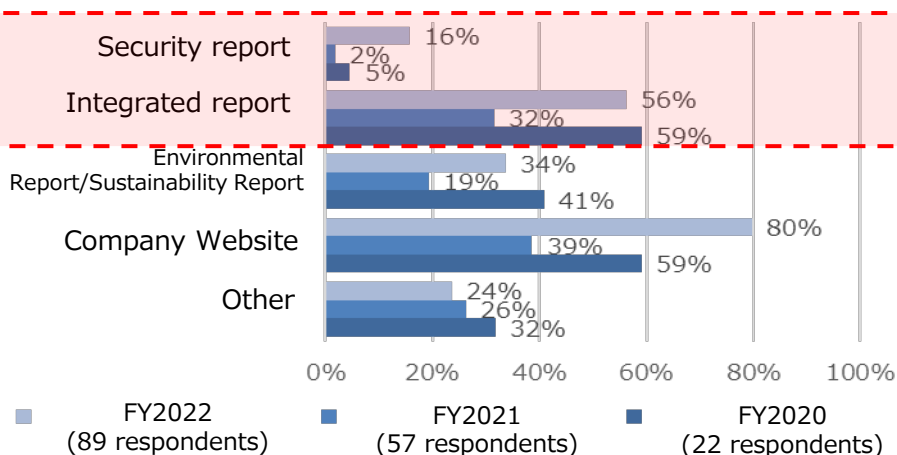


- The survey shows that non-financial institutions have experienced a sharp increase in disclosure since 2021, triggered by the revision of the Corporate Governance Code.
- In financial institutions, TCFD disclosure was first implemented by major institutions such as banks, securities companies, life and non-life insurance companies, and asset management companies. Recently, regional banks have begun TCFD disclosure in accordance with the revision of Corporate Governance Code.

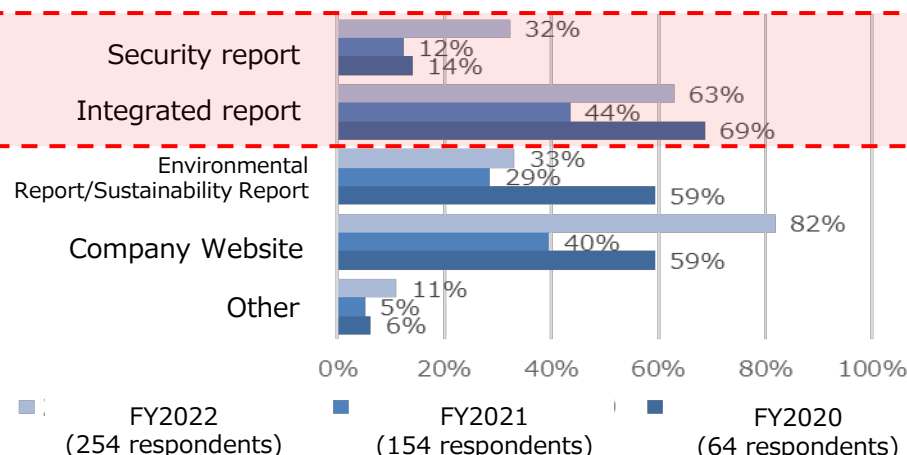
Question 6 (Financial & non-financial institutions)

- For respondents who chose option a. to e. in Question 5 (those who have already disclosed information based on TCFD recommendations): what media does your company utilize to disclose information based on TCFD recommendations? (Multiple choice)

Financial institution



Non-financial institution



| | FY 2020 | FY 2021 | FY 2022 |
|--|---------|---------|---------|
| Security report | 1 | 1 | 14 |
| integrated report | 13 | 18 | 50 |
| Environmental Report/Sustainability Report | 9 | 11 | 30 |
| company website | 13 | 22 | 71 |
| Other | 7 | 15 | 21 |
| Number of respondents | 22 | 57 | 89 |

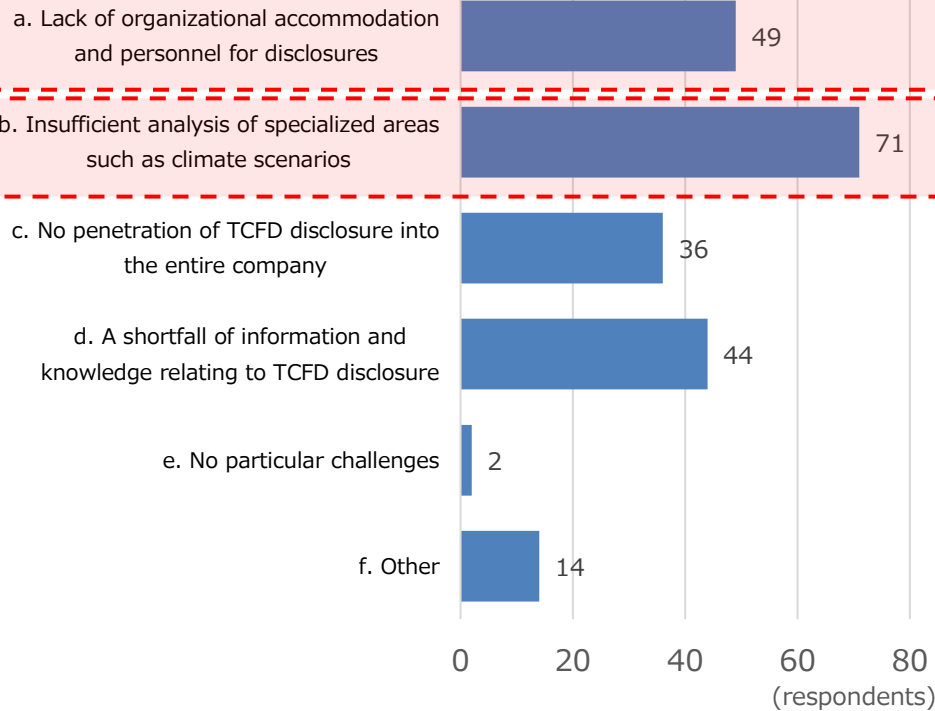
| | FY 2020 | FY 2021 | FY 2022 |
|--|---------|---------|---------|
| Security report | 9 | 19 | 82 |
| integrated report | 44 | 67 | 160 |
| Environmental Report/Sustainability Report | 38 | 44 | 84 |
| company website | 38 | 61 | 208 |
| Other | 4 | 8 | 28 |
| Number of respondents | 64 | 154 | 254 |

- The survey also showed that the use of the company website is increasing. It also indicated that companies in the first year of disclosure are using the website for their disclosures. On the other hand, the utilization rate of integrated reports has not changed much over the past three years at around 60%.
- Time-series analysis showed a sharp increase in both response ratio and no. of respondents regarding the use of security reports, of both of financial and non-financial institutions, for climate-related financial information. The number using security reports is expected to increase further if the law on non-financial information disclosure is amended.

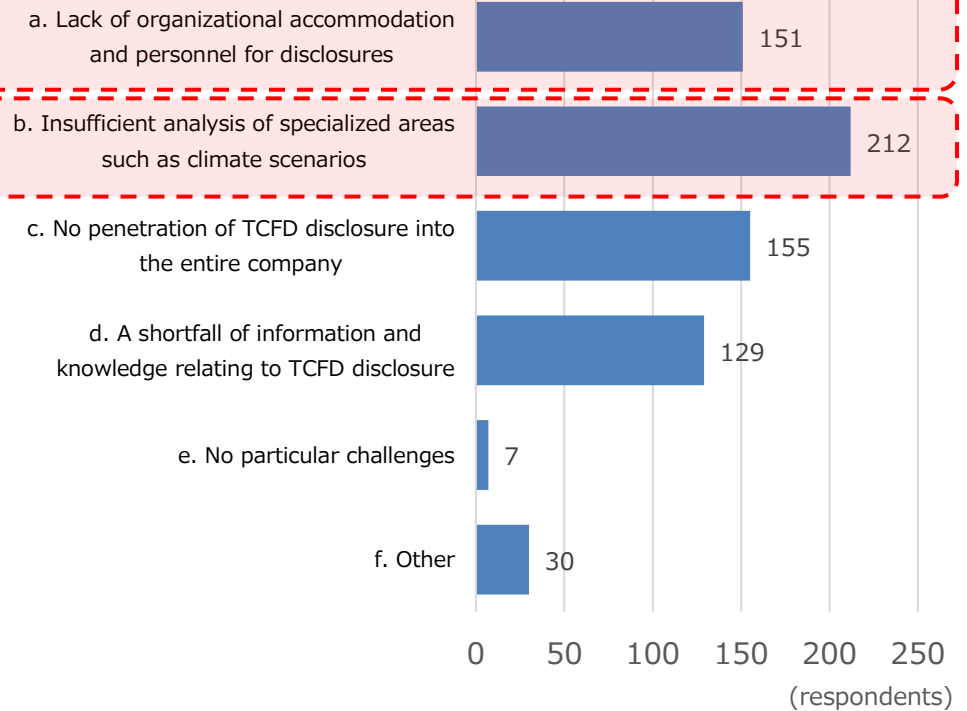
Question 8 (Financial & non-financial institutions)

- What are the challenges for your company in further enhancing its TCFD disclosures or in the future? (Multiple choice)

Financial institutions (97 respondents)



Non-financial institutions (289 respondents)



- A majority of financial and non-financial institutions expressed the opinion that sufficient analysis had not been done in specialized areas like climate scenarios to further enhance the quality of TCFD disclosure.
- Although financial institutions have more awareness of TCFD disclosure than non-financial institutions (option c), the survey highlighted that the lack of organizational accommodation and human resources for their disclosures is a common issue for financial and non-financial institutions.

Questions 10 and 11 (Financial & non-financial institutions)

- The definition of the 11 disclosure recommendations that break down the four core elements recommended by TCFD is shown in the matrix below.
- The seven cross-industry metric categories recommended for disclosure in the October 2021 revision are shown below.

What are the TCFD 11 Disclosure Recommendations?

| TCFD four core elements | Governance | Strategy | Risk Management | Metrics and Targets |
|-----------------------------------|--|---|--|---|
| Objectives of the core elements | <ul style="list-style-type: none"> • Disclose the organization’s governance around climate-related risks and opportunities. | <ul style="list-style-type: none"> • Disclose the actual and potential impacts of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning where such information is material. | <ul style="list-style-type: none"> • Disclose how the organization identifies, assesses, and manages climate-related risks. | <ul style="list-style-type: none"> • Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material. |
| Eleven Disclosure Recommendations | A) Describe the board’s oversight of climate-related risks and opportunities. | A) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | A) Describe the organization’s processes for identifying and assessing climate-related risks. | A) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. |
| | B) Describe management’s role in assessing and managing climate-related risks and opportunities. | B) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning. | B) Describe the organization’s processes for managing climate-related risks. | B) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks. |
| | | C) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | C) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management. | C) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. |

Source: Final Report Recommendations of the Task Force on Climate-related Financial Disclosures, page 14, Figure 4, June 2017 <https://assets.bbhub.io/company/sites/60/2021/10/FINAL-2017-TCFD-Report.pdf> (accessed October 11, 2022)

What are seven “Cross-industry, Climate-Related Metric Categories”?

Cross-industry Metric Categories

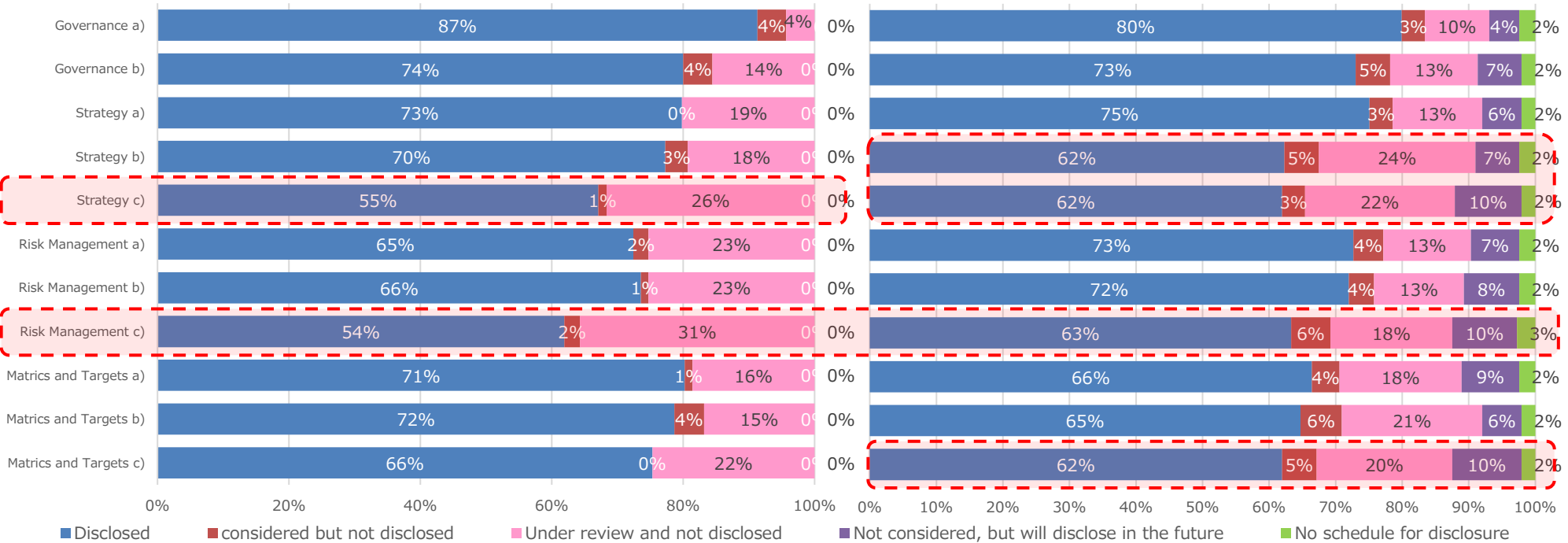
- | | |
|--------------------------------------|---------------------------|
| a) GHG Emissions (Scope 1, 2, and 3) | e) Capital Deployment |
| b) Transition Risks | f) Internal Carbon Prices |
| c) Physical Risks | g) Remuneration |
| d) Climate-Related Opportunities | |

Question 10 (Financial & non-financial institutions)

- This question is about the 11 recommendations by TCFD. To what extent does your company currently disclose information in terms of the 11 recommendations of TCFD on external reports (e.g., security reports, integrated reports, environmental reports, websites, etc.)?

Financial institutions (97 respondents)

Non-financial institutions (289 respondents)

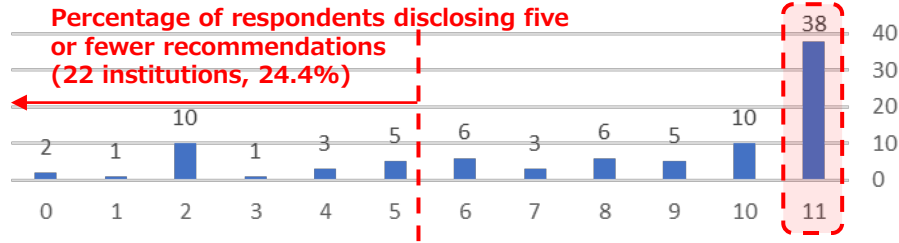


- None of the disclosure recommendations by TCFD had a response ratio of 50% or less. This is where the result differs from this year's TCFD status report; one possible explanation for this discrepancy is that the population responding to this survey includes a large number of highly motivated companies to TCFD disclosure, therefore responding positively to the survey. The survey also showed that both financial and non-financial institutions showed a lower rate of response to strategy c), which deals with resilience, including scenario analysis.
- The response rate for risk management c), which requires integration into risk management, was the lowest among financial institutions, while the response rate also remained relatively low among non-financial institutions. This result suggests that even financial institutions equipped with advanced company-wide risk management systems face difficulty in this integration.

Question 10 Additional Analysis

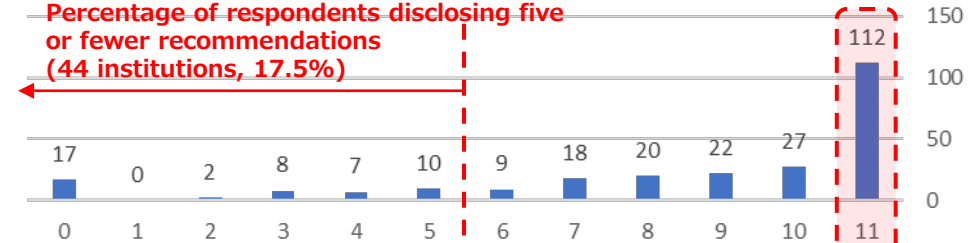
- This page shows a result of an analysis of the change in the responding number of recommendations over time (years since first-year disclosure) in terms of 11 recommendations by TCFD.

Financial institutions (90 respondents)



| Number of TCFD recommendations disclosed | Total | Year 4 | Year 3 | Year 2 | First Year | This fiscal year |
|--|-------|--------|--------|--------|------------|------------------|
| 11 | 38 | 5 | 13 | 8 | 8 | 4 |
| 10 | 10 | 1 | 2 | 2 | 5 | 0 |
| 9 | 5 | 0 | 1 | 0 | 3 | 1 |
| 8 | 6 | 0 | 0 | 2 | 4 | 0 |
| 7 | 3 | 0 | 0 | 1 | 2 | 0 |
| 6 | 6 | 0 | 0 | 1 | 1 | 4 |
| 5 | 5 | 0 | 0 | 0 | 3 | 2 |
| 4 | 3 | 0 | 0 | 0 | 1 | 2 |
| 3 | 1 | 0 | 0 | 0 | 0 | 1 |
| 2 | 10 | 0 | 1 | 3 | 3 | 3 |
| 1 | 1 | 0 | 0 | 0 | 0 | 1 |
| 0 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 90 | 6 | 17 | 17 | 30 | 20 |

Non-financial institutions (252 respondents)

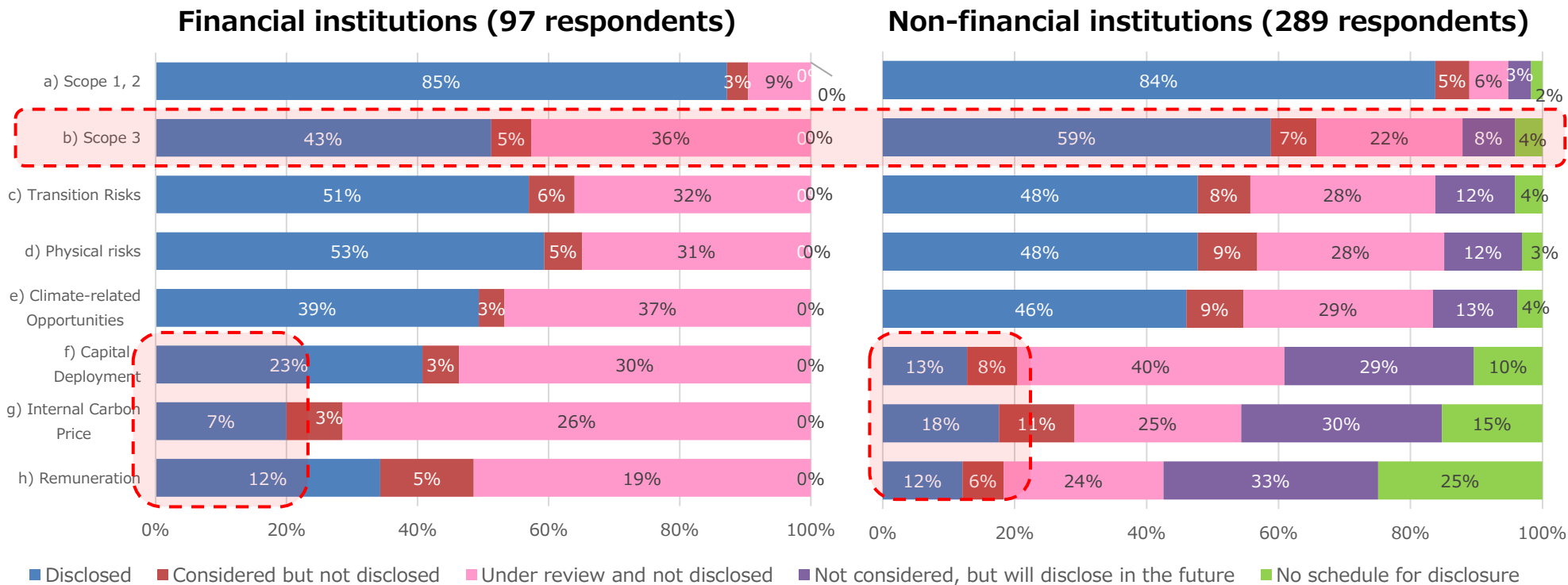


| Number of TCFD recommendations disclosed | Total | Year 4 | Year 3 | Year 2 | First Year | This fiscal year |
|--|-------|--------|--------|--------|------------|------------------|
| 11 | 112 | 6 | 25 | 25 | 30 | 26 |
| 10 | 27 | 2 | 3 | 5 | 6 | 11 |
| 9 | 22 | 1 | 1 | 1 | 7 | 12 |
| 8 | 20 | 0 | 4 | 5 | 6 | 5 |
| 7 | 18 | 1 | 1 | 1 | 9 | 6 |
| 6 | 9 | 1 | 0 | 0 | 3 | 5 |
| 5 | 10 | 0 | 0 | 4 | 2 | 4 |
| 4 | 7 | 0 | 0 | 0 | 3 | 4 |
| 3 | 8 | 0 | 1 | 1 | 1 | 5 |
| 2 | 2 | 0 | 0 | 0 | 0 | 2 |
| 1 | 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 17 | 0 | 0 | 0 | 2 | 15 |
| Total | 252 | 11 | 35 | 42 | 69 | 95 |

- The distribution of the number of disclosure recommendations of responding companies shows that 38 (42.2%) of financial institutions and 112 (44.4%) of non-financial institutions disclose all 11 recommendations, representing more than 40% of the total survey population. (indicated by the red frame)
- In terms of the number of years since first disclosure, most of the companies which have addressed TCFD disclosures for more than three years, both financial and non-financial institutions in common, disclose more than nine recommendations. The result indicating a high level of awareness to TCFD among early adopters. (see red frames at both tables).
- Among companies disclosing TCFD information for the current fiscal year, the total number of companies disclosing all 11 recommendations among non-financial and financial institutions accounts for slightly less than 10% (4 financial institutions, 26 non-financial institutions, 30 institutions in total). On the other hand, a little less than 20% (22 financial and 44 non-financial institutions, a total of 66 institutions) of responding companies disclosed five or fewer recommendations on a total basis.

Question 11 (Financial & non-financial institutions)

- This question is about the seven cross-industry metric categories recommended by TCFD. Please indicate which metric categories are currently disclosed in your company's disclosure reports (e.g., security reports, integrated reports, environmental reports, websites, etc.)?

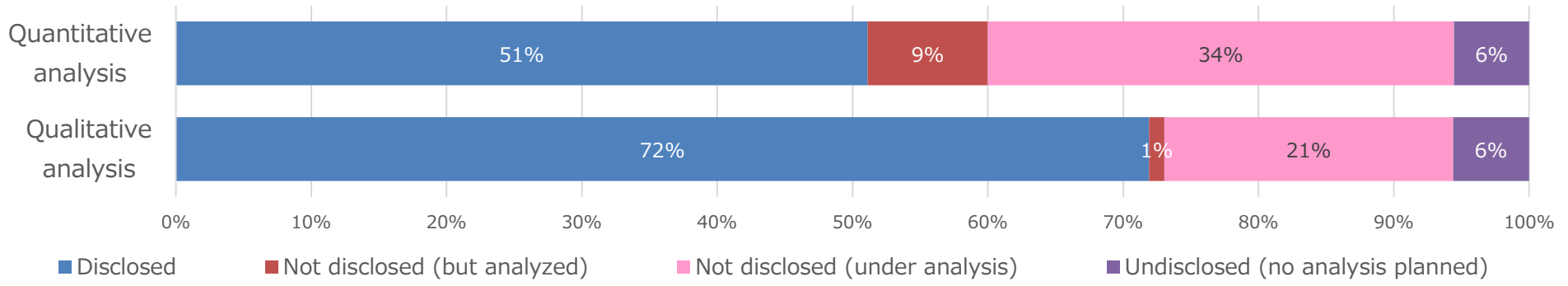


- Of the seven cross-industry metric categories recommended in both financial and non-financial institutions, scope 1 and 2 emissions were found to be the most advanced in terms of measurement and disclosure. Scope 3 emissions were also found to be disclosed by 43% of financial institutions and 59% of non-financial institutions (note that disclosure of any of the Scope 3 categories was counted).
- Of the seven cross-industry metric categories, disclosure of capital deployment, internal carbon price, and remuneration received low response rates in both financial and non-financial institutions, partly because these categories are new; in particular, many companies have no plans to disclose remuneration.

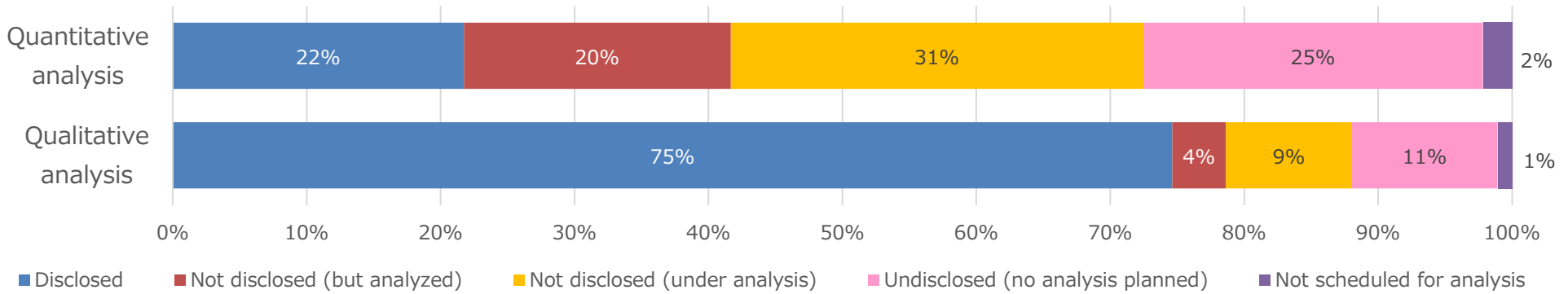
Question 12 (Financial & non-financial institutions)

- This question is about scenario analysis in your company. Please describe your company's scenario analysis disclosure.

Financial institutions (90 respondents)



Non-financial institutions (276 respondents)

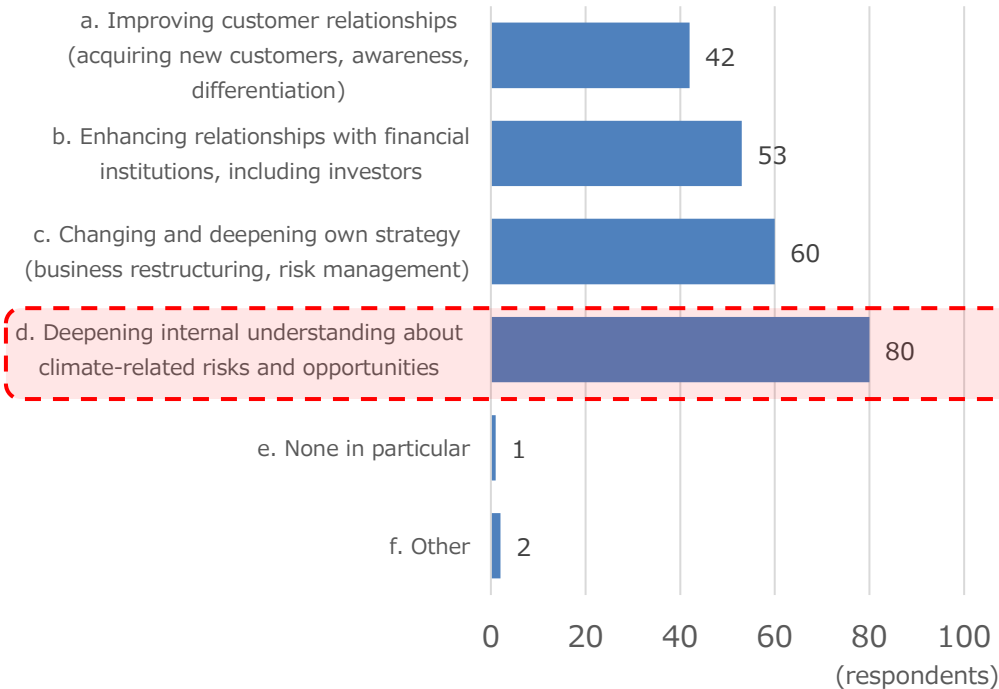


- Among non-financial institutions, 70% of respondents perform qualitative analysis, while only 20% conduct quantitative analysis. One reason for this result is that many non-financial institutions' disclosures have been responses to the Corporate Governance Code; there was only a short time for quantitative analysis to be performed since they started disclosure.
- Concerning quantitative analysis, more than 90% of financial institutions and more than 70% of non-financial institutions are companies that have already conducted or are conducting the analysis and will disclose such information in the future.

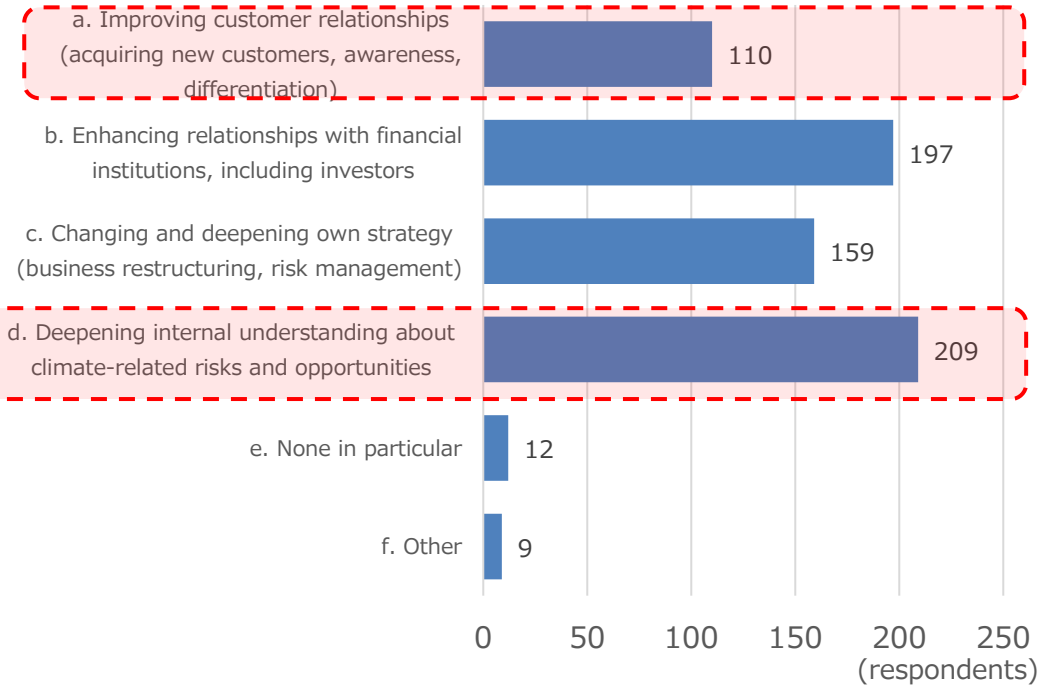
Question 13 (Financial & non-financial institutions)

● What are the benefits of joining TCFD and disclosing information? What benefits does your company expect? Please provide an answer that is close to the situation in your company. (Multiple choice)

Financial institutions (97 respondents)



Non-financial institutions (289 respondents)

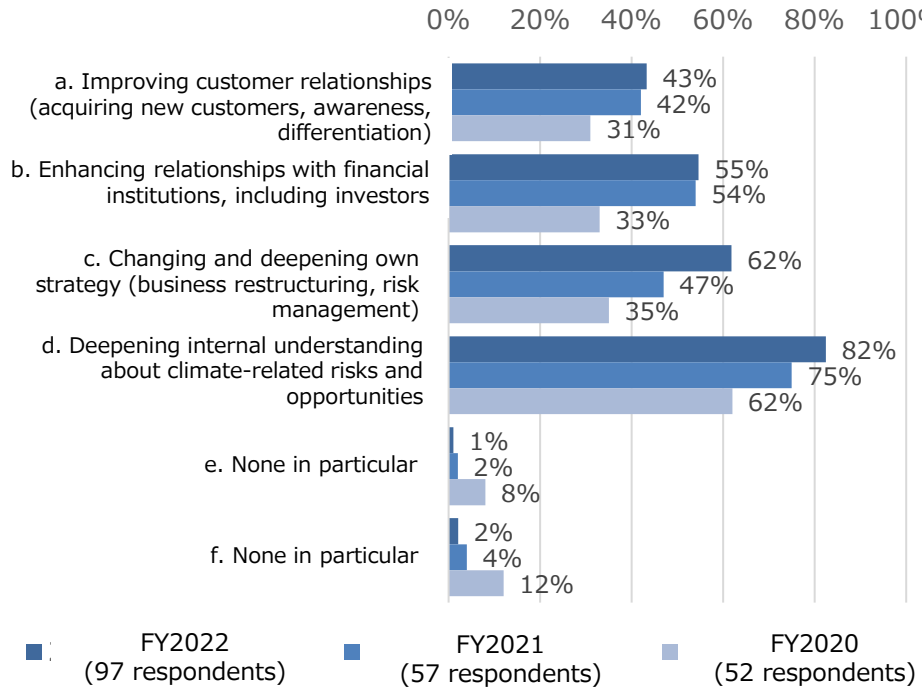


- Both financial and non-financial institutions see a wide range of benefits from joining TCFD and disclosing financial information based on its recommendations; in particular, “developing an internal understanding of the company’s climate-related risks and opportunities” (option d) gathered votes, indicating that TCFD disclosure has contributed to developing an understanding of climate-related risks and opportunities.
- Non-financial institutions see merits in not only improving the relationship between the investor and the investee but also increasing customer awareness and recognition (option a).

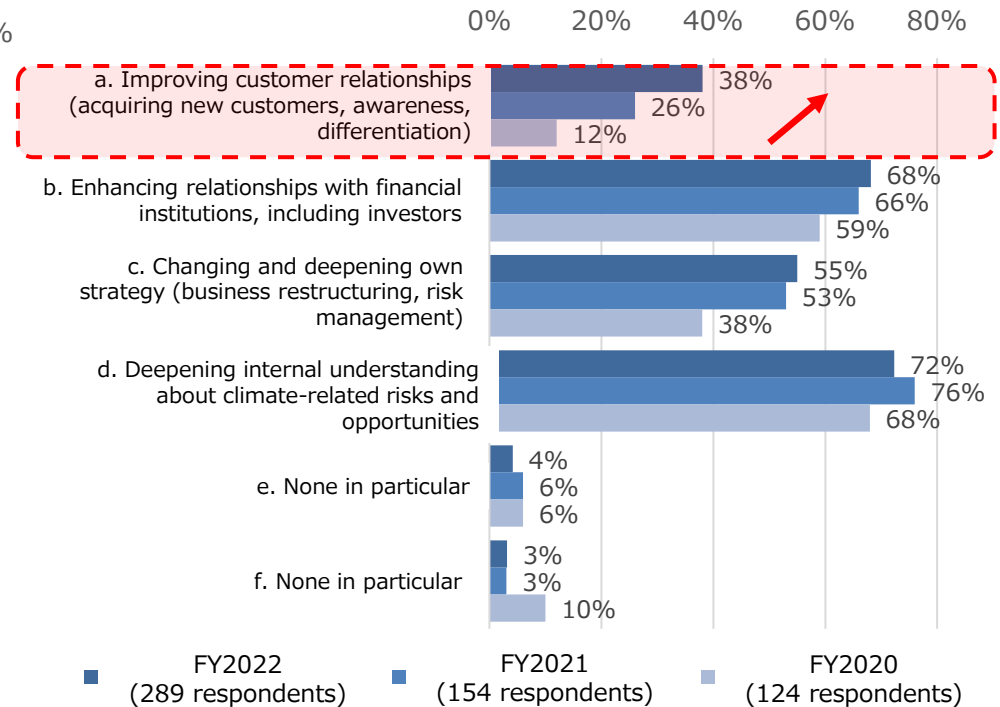
Question 13 Time Series Analysis

- What are the benefits of joining TCFD and disclosing information? What benefits does your company expect? Please provide an answer that is close to the situation in your company. (Multiple choice)

Financial institution



Non-financial institution



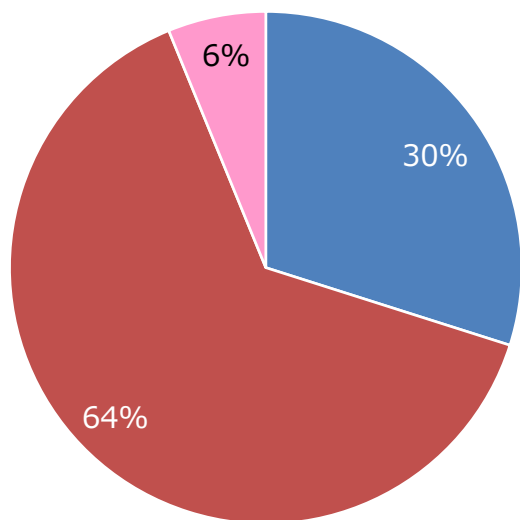
(Note) In the time-series comparison, it is noted that each year a different group of respondents is compared on a different basis.

- It is apparent that many companies recognize the benefits of joining TCFD and its disclosure from the survey result.
- In particular, there has been a marked increase in “improve customer relationships” among non-financial institutions. Through TCFD disclosure, the survey result indicates that disclosing companies are re-discovering “opportunities”.

Question 14 (Financial & non-financial institutions)

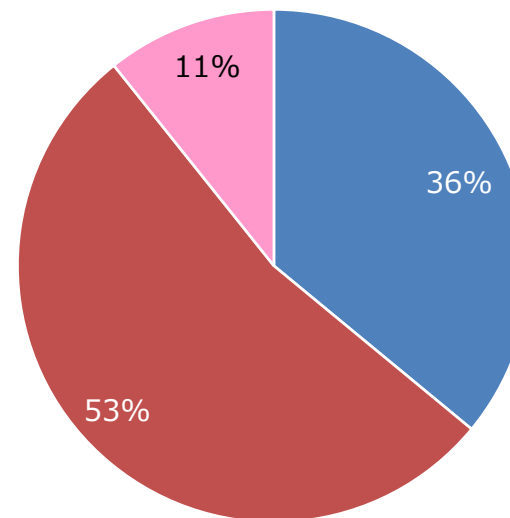
- Based on the TCFD disclosure framework, general requirements regarding IFRS sustainability disclosure standards that specify detailed items of climate-related disclosure are currently being considered. Please indicate how your company is responding to the standards. (select one)

Financial institutions (97 respondents)



- a. Under consideration on IFRS Sustainability Disclosure Standards
- b. Recognized, but not yet considered how to deal with it
- c. No recognition

Non-financial institutions (289 respondents)



- a. Under consideration on IFRS Sustainability Disclosure Standards
- b. Recognized, but not yet considered how to deal with it
- c. No recognition

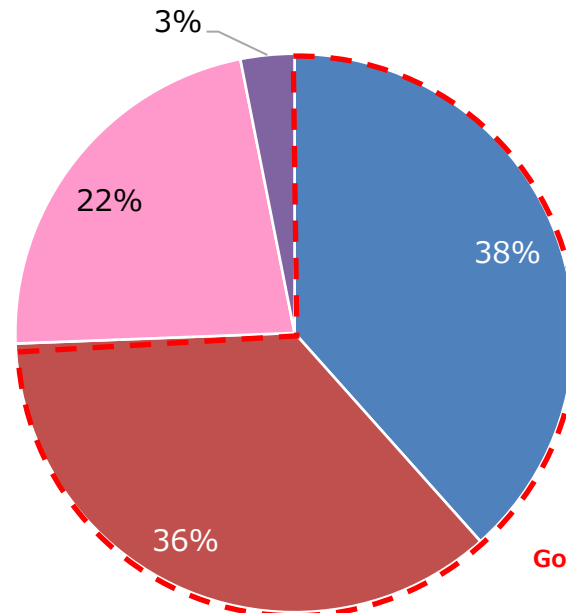
- Although the IFRS Sustainability Disclosure Standards were at the exposure draft stage at the time of the survey conducted, both financial and non-financial institutions indicated that they are aware of the IFRS Sustainability Disclosure Standards.

Use of Certificates and Carbon Credits

Question 15 (Non-Financial Institutions)

- Does your company procure certificates or carbon credits as part of its business activities or as a way to reduce emissions? (select one)

Non-financial institutions (289 respondents)



Go To Questions 16 and 17 (Non-Financial Institutions)

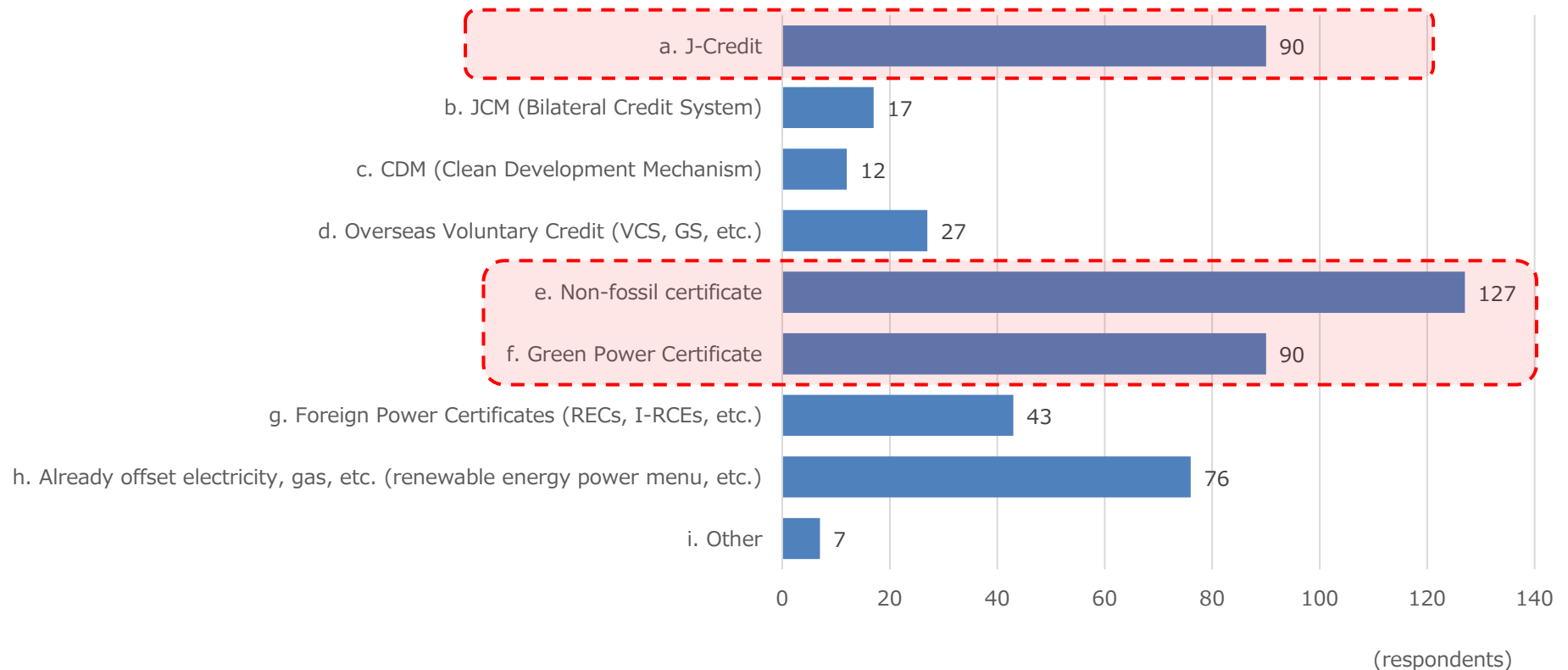
- a. have already procured
- b. To be considered in the future
- c. No procurement planned
- d. Other

- The combined total of “already procured” and “To be considered in the future” (options a, b) reached about 3/4, indicating that certificates and credits are widely recognized as a means of reducing GHG emissions.

Question 16 (Non-Financial Institutions)

- For respondents who answered a. or b. in Question 15 (those who have procured or are planning to procure certificates or carbon credits): Please provide us with the names of certificates and carbon credits that you have already procured or are considering procuring. (Multiple choice) * Optional

Non-financial institutions (194 respondents)

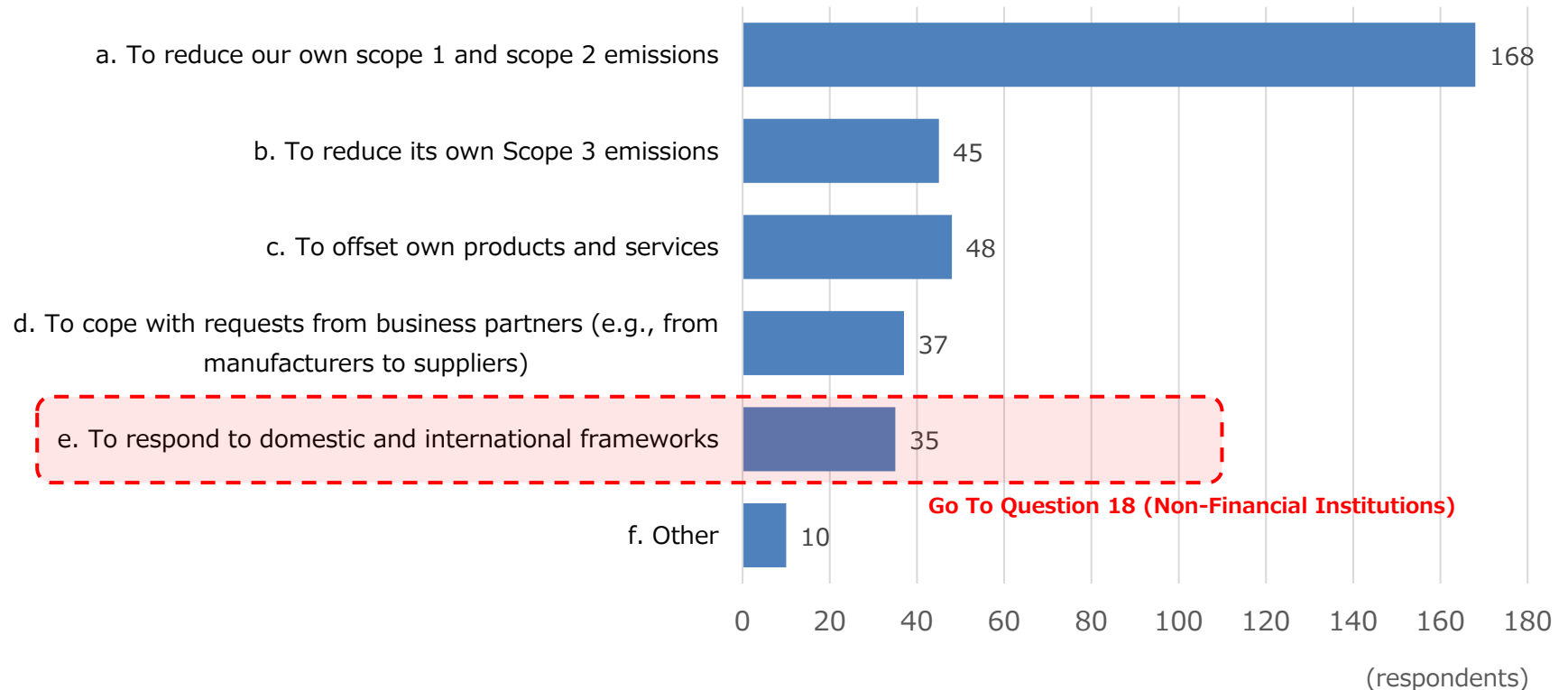


- Non-fossil certificates, J-Credit, and green power certificates were the majority of the types of certificates and carbon credits procured. This result suggests that the purpose of procuring the certificates and credits is to reduce the emission factor of electricity and scope 2 emissions in a manner consistent with SBT.

Question 17 (Non-Financial Institutions)

- For respondents who answered option a. or b. in Question 15 (those who have procured or are planning to procure certificates or carbon credits) : Please indicate the purpose for which your company has already obtained or are considering obtaining a certificate or credit. (Multiple choice)

Non-financial institutions (189 respondents)

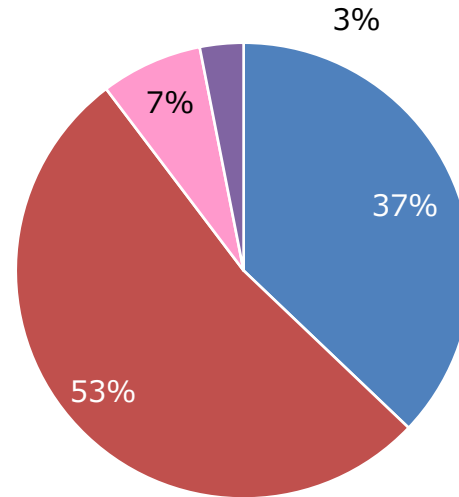


- The majority of respondents responded that the purpose was to reduce their own scope 1 and scope 2 emissions (option a); but when combined with the results of Question 16, it is suggested that the main purpose was to procure renewable energy certificates that can be accounted for in scope 2 emissions.

Question 16 (Financial Institutions)

- How does your company feel about companies disclosing the status of procurement of certificates and credits as part of disclosing long-term decarbonization strategy? (select one)

Financial institutions (97 respondents)



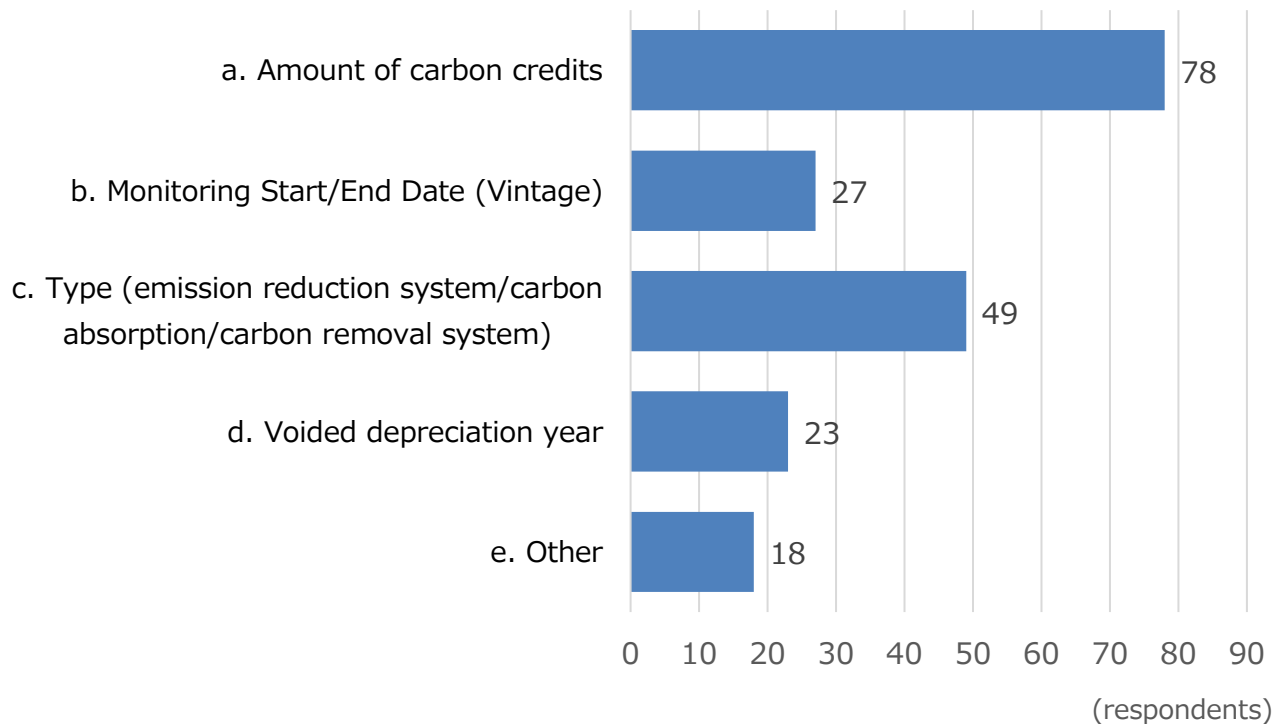
- a. The procurement status of certificates and credits is important information, and it is hoped that appropriate disclosure will be promoted.
- b. Disclosure rules are not always clear and judgment is difficult.
- c. The procurement of certificates or credits is not seriously taken.
- d. Other

- Among financial institutions, about 40% expressed a desire to see progress in disclosure of the procurement status of certificates and carbon credits (option a), while about half expressed the difficulty of judgment (option b).
- It was suggested that while financial institutions are aware of the potential for certificates and carbon credits, their rules need to be further clarified.

Question 17 (Financial Institutions)

- What information does your company wish to be disclosed in your company regarding the status of procurement of certificates and carbon credits? (Multiple choice)

Financial institutions (97 respondents)



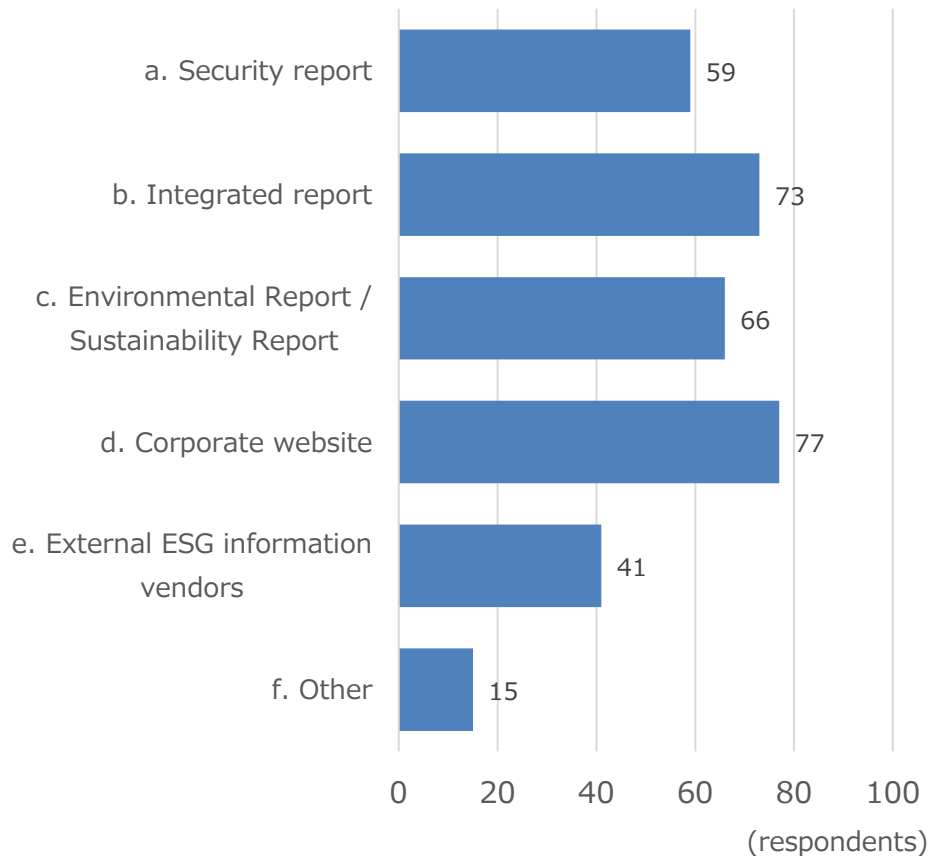
- Many respondents need information on the amount (option a) and type (option c) of carbon credits. On the other hand, there are currently few requests for time-series information such as vintage year of retirement (option b, d); but there is a possibility of an increase in such requests in the future, depending on future trends in framework design.

Issues related to Engagement

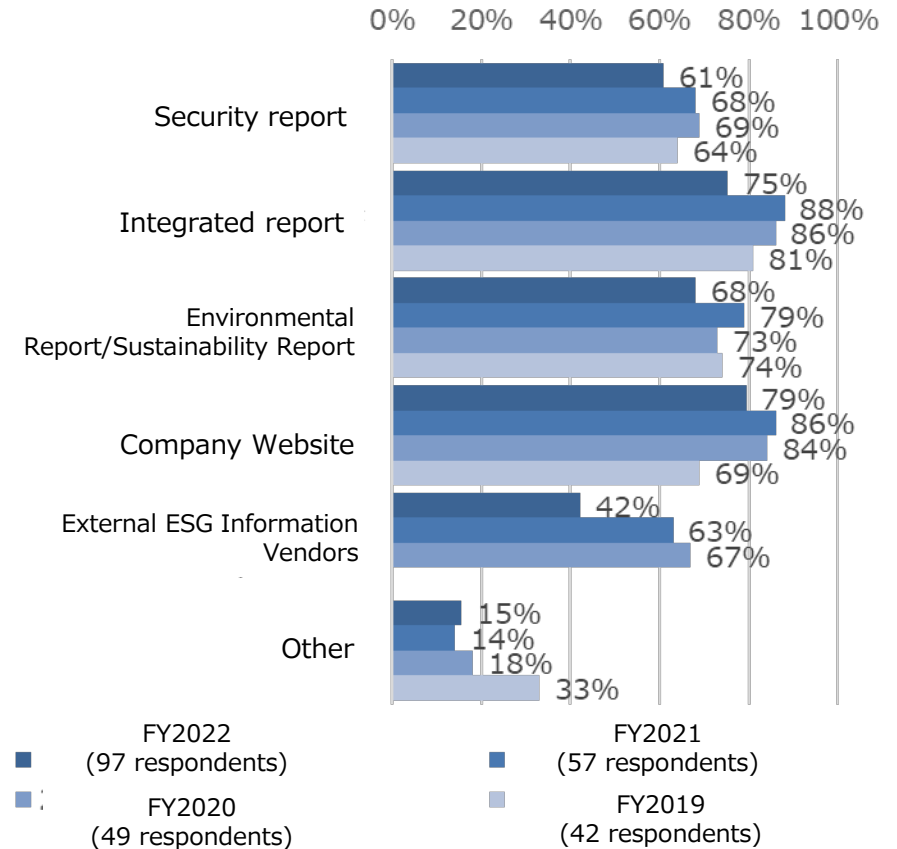
Question 18 (Financial Institutions)

- What medium does your company use to obtain disclosure information about investee companies? (Multiple choice)

Financial institutions (97 respondents)



Year-on-Year Comparison



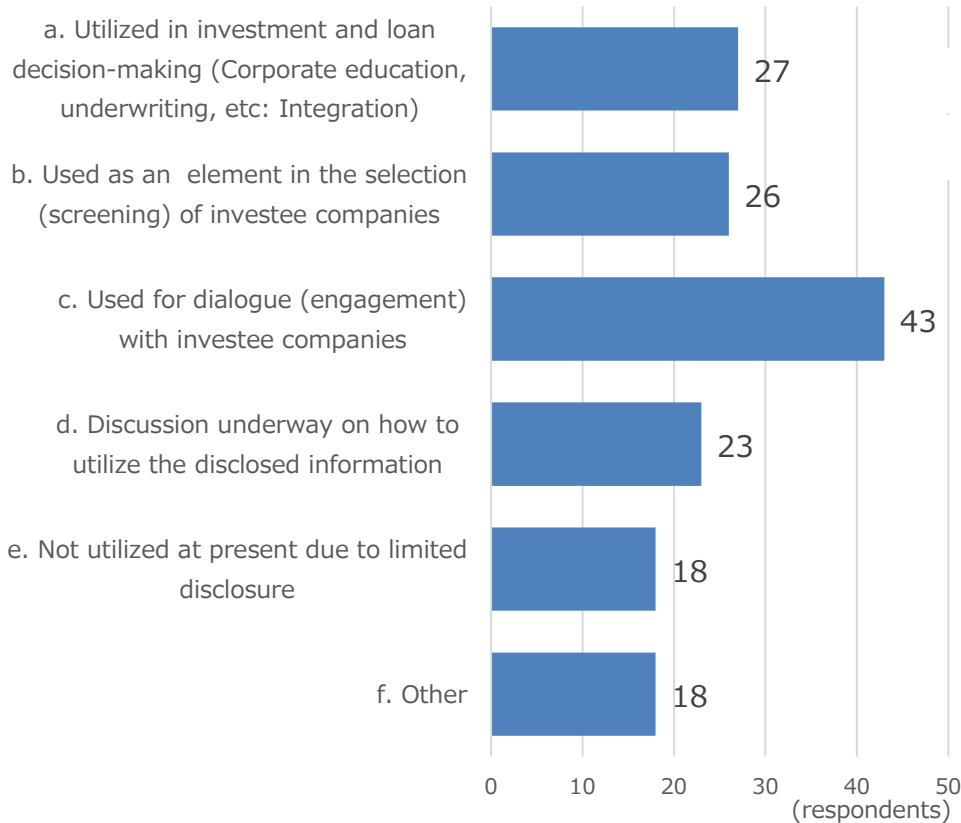
Note: In this time-series comparison, a different lineup of respondents is compared.

- The survey result reveals that financial institutions utilize disclosed information in various media such as corporate websites, integrated reports, sustainability reports, and security reports.

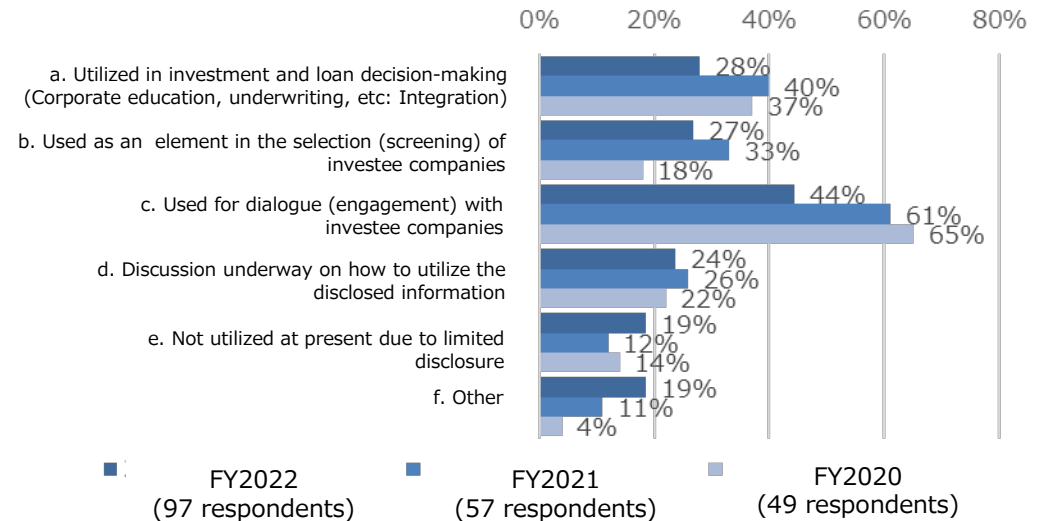
Question 19 (Financial Institutions)

- Please respond to the status of utilization of information based on TCFD disclosed by companies included in your company’s portfolios. (Multiple choice)

Financial institutions (97 respondents)



Year-on-year Comparison



| Options | FY 2022 (97) | FY 2021 (57) | FY 2020 (49) |
|---|--------------|--------------|--------------|
| Utilized in investment and loan decision-making (Corporate education, underwriting, etc: Integration) | 27 | 23 | 18 |
| Utilized in investment and loan decision-making (Corporate education, underwriting, etc: Integration) | 26 | 19 | 9 |
| Used for dialogue (engagement) with investee companies | 43 | 35 | 32 |
| Discussion underway on how to utilize the disclosed information | 23 | 15 | 11 |
| Not utilized at present due to limited disclosure | 18 | 7 | 7 |
| Other | 18 | 6 | 2 |

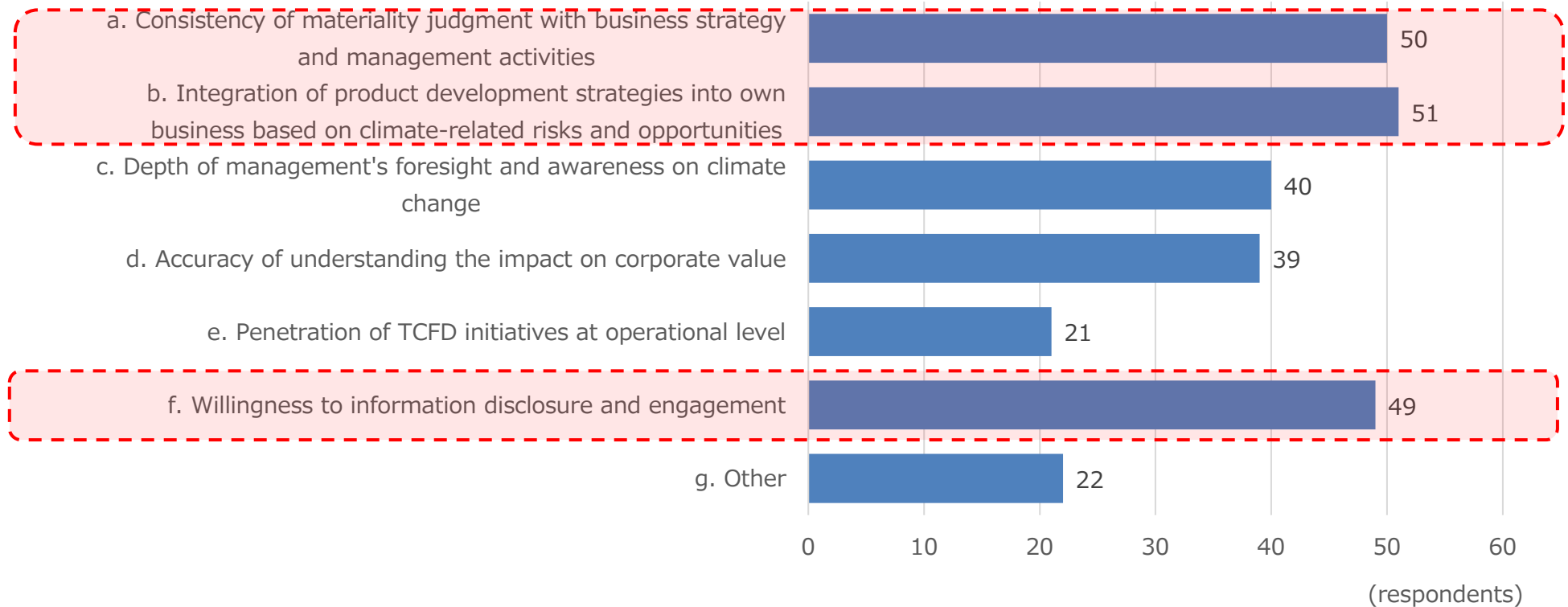
Note: In this time-series comparison, a different lineup of respondents is compared

- The number of financial institutions using disclosed information is increasing, since although the percentage of respondents who uses disclosed information decreased, this is expected to be because an increasing number of respondents are in the early stages of utilizing TCFD disclosure information.
- Among options, “used for dialogue (engagement)” is the highest percentage of responses; the number of responses for “screening” and “integration” also increased. These results suggest that TCFD disclosure information is being used in more decision-useful areas.

Question 20 (Financial Institutions)

- With respect to your company's engagement with financed companies on climate change issues: what aspects of engagement does your company focus on? (Multiple choice)

Financial institutions (97 respondents)

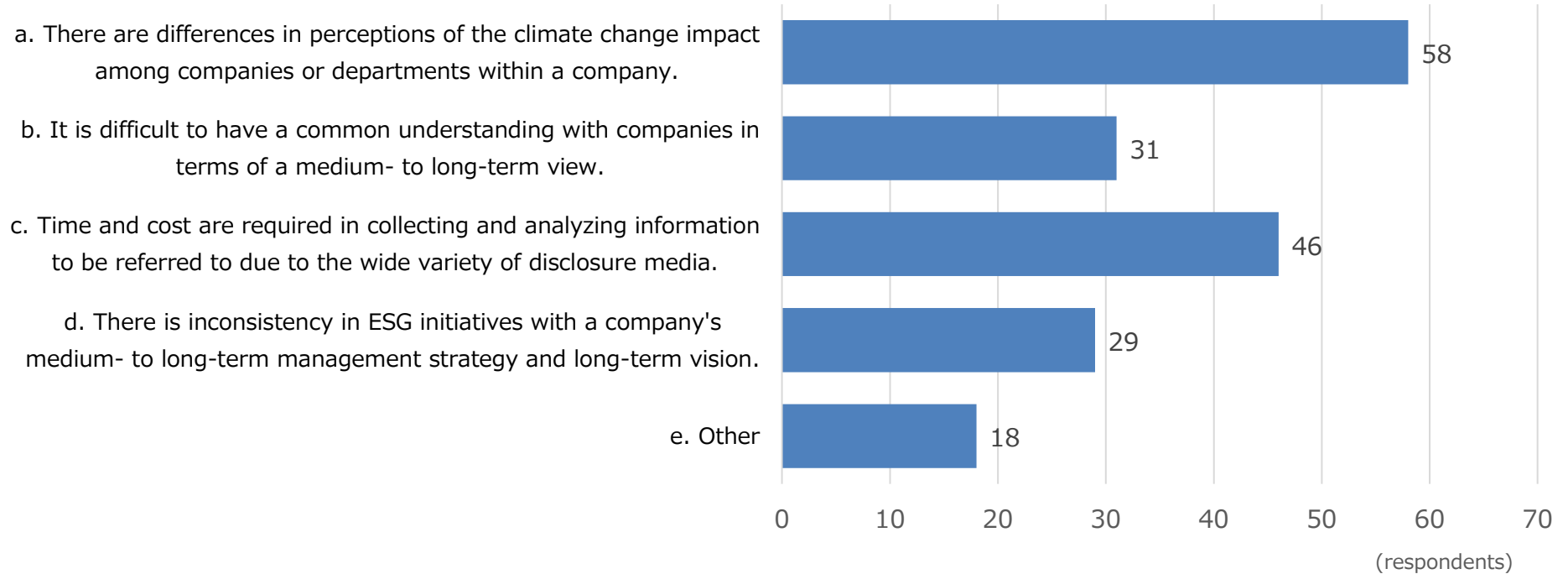


- A wide range of interests was expressed, including materiality, integration to the company's own business, and willingness to engage (options a, b, f). These interests are related to the attitude of the company as a whole, and relatively little interest is shown concerning operational level penetration (option e).

Question 21 (Financial Institutions)

- Please respond to any concerns your company may have with respect to conducting climate-change related engagement with financed companies. (Multiple choice)

Financial institutions (97 respondents)

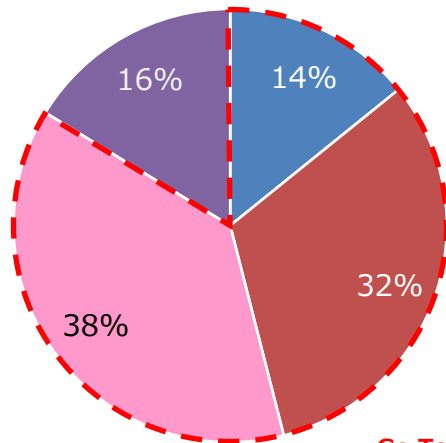


- It was suggested that there were differences between departments in terms of the companies engaged, although they could share a common understanding as a whole (options a and b).
- The time and cost required for collecting information and conducting analysis were pointed to as issues of financial institutions; this result suggests that this is partly due to the speed of changes in the situation and the diversification of media such as websites (option c).
- Other responses included "Differences in disclosure scopes and assumptions including carbon prices and used scenarios among companies" and "depth of management-level foresight and awareness on climate change."

Question 20 (Non-Financial Institutions)

- Please respond on the frequency with which climate change information disclosure is discussed in dialogue (engagement) with financial institutions, e.g., investors. (select one)

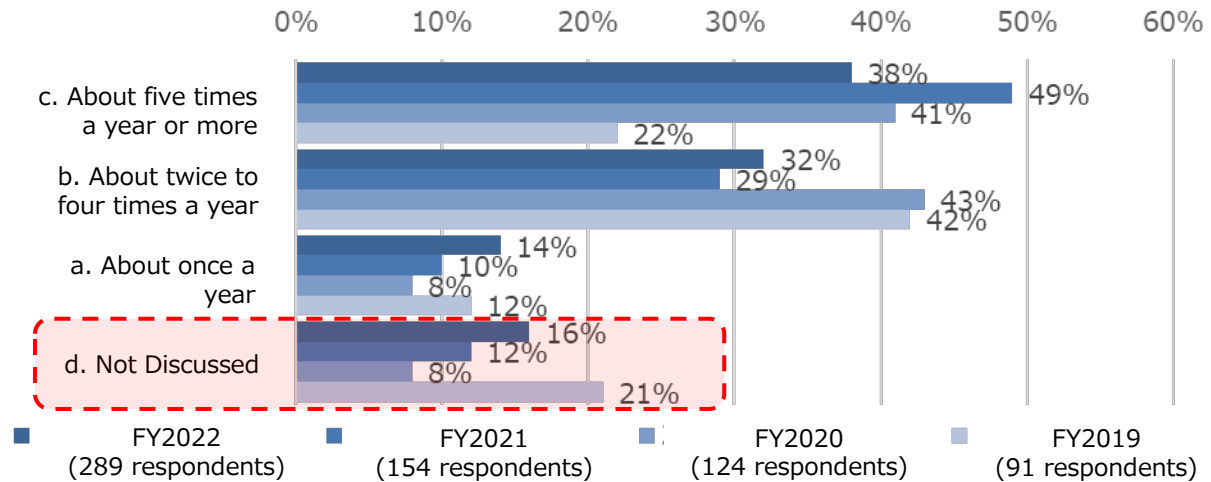
Non-financial institutions (289 respondents)



Go To Question 21

- a. About once a year
- b. About twice to four times a year
- c. About five times a year or more
- d. Not Discussed

Year-on-year Analysis



| Option | FY 2022 (289) | FY 2021 (154) | FY 2020 (124) | FY 2019 (91) |
|----------------------------------|---------------|---------------|---------------|--------------|
| About five times a year or more | 109 | 75 | 51 | 20 |
| About twice to four times a year | 92 | 45 | 53 | 38 |
| About once a year | 41 | 15 | 10 | 11 |
| Not discussed | 47 | 18 | 10 | 19 |

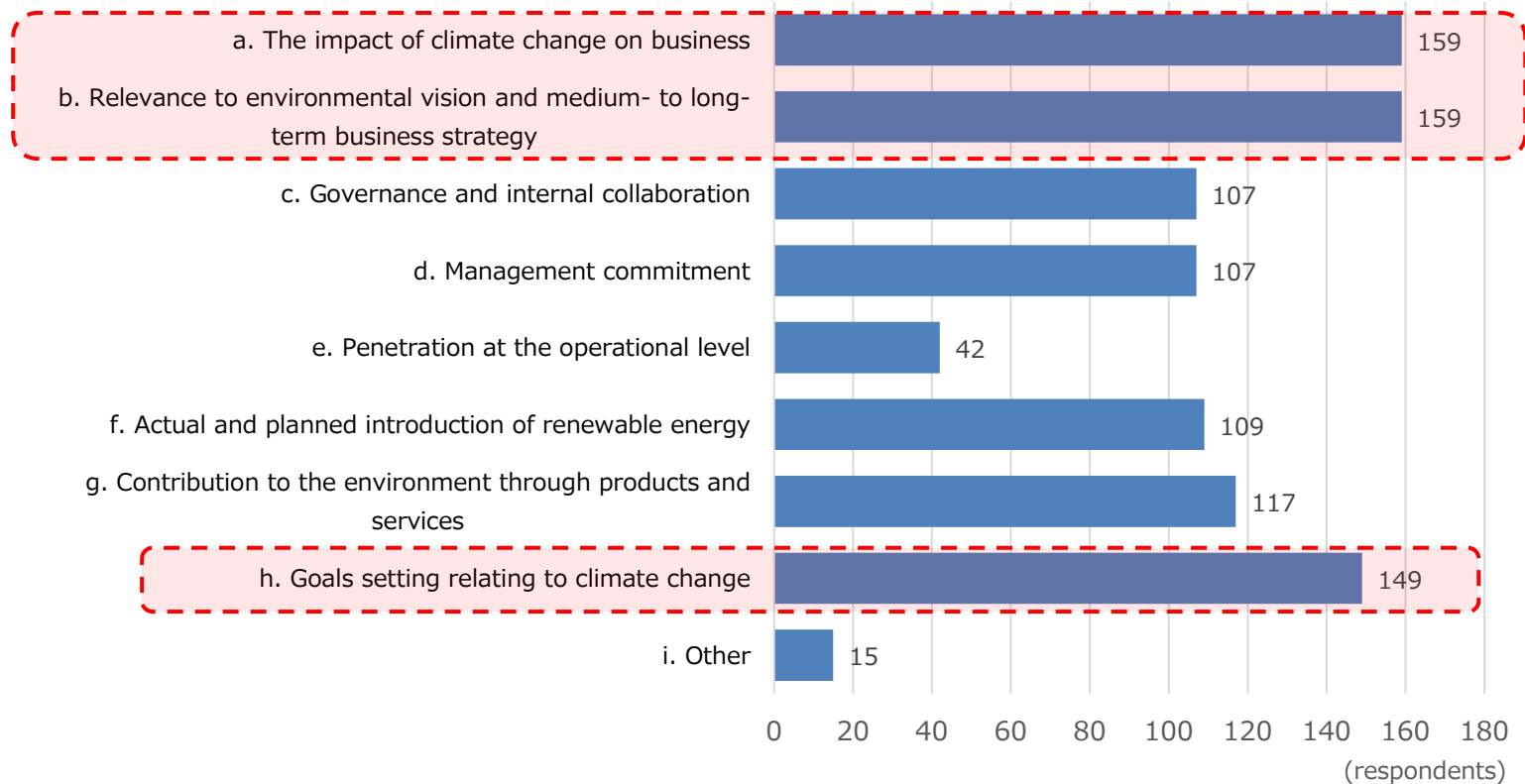
Note: In this time-series comparison, a different lineup of respondents is compared

- Companies engaging in dialogue “about five times a year or more” (option c) had the highest response rate at just under 40%. This result indicates that engagement continues to be active.
- On the other hand, “not discussed” (option d) increased both in proportion and percentage. Analyzing the attributions of companies that responded as such found a tendency that the majority of those were in their first-year disclosure and not in high-emission industries. This result suggests that engagement is layering.

Question 21 (Non-Financial Institutions)

- For respondents who answered a., b. and c. in Question 20: what questions were asked during the dialogue (engagement) with financial institutions? (Multiple choice)

Non-financial institutions (237 respondents)



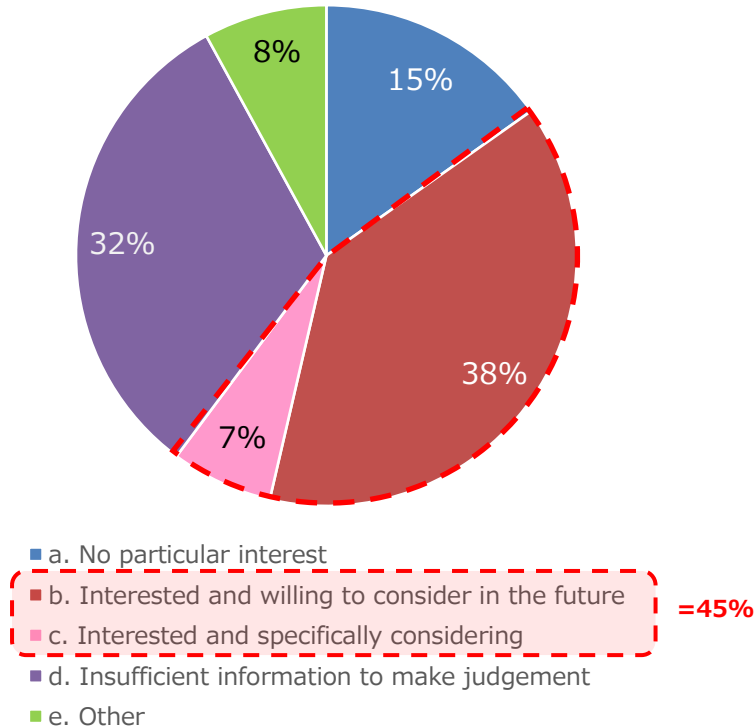
- The survey result shows that, overall, for non-financial institutions, impacts of climate change on business, environmental visions, and goal setting climate change targets (options a, b, and h) are among the top topics of interest.
- The low response regarding the penetration at the operational level (option e) indicates that this may become an issue in the future.

Decarbonization Efforts

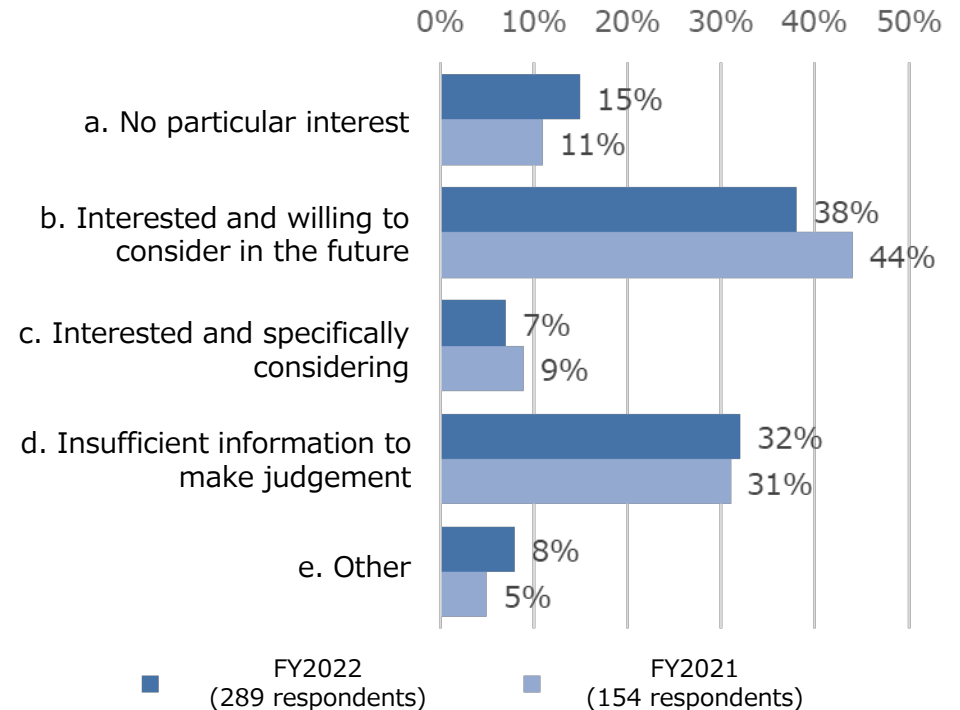
Question 22 (Non-Financial Institutions)

- There is a growing trend on transition finance, which aims to support companies that are promoting a shift toward decarbonization. What is your company's perception on transition finance? (select one)

Non-financial institutions (289 respondents)



Year-on-year analysis



Note: In this time-series comparison, a different group of respondents is compared.

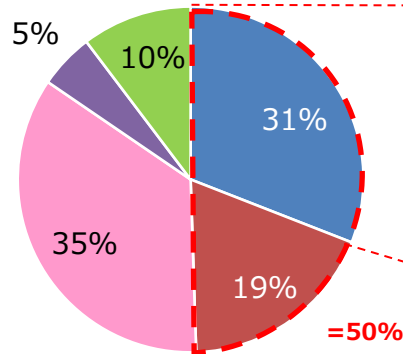
- Just under half of the responding companies showed interest in transition finance. (options b and c).
- Amid an increase in TCFD participation due to addressing the requirements of the Corporate Governance Code, this result suggests that there is a growing interest in transition finance.
- On the other hand, many answered that sufficient information is not available (option d), suggesting that lack of information will be an issue in the future.

Questions 22, 23 and 24 (Financial institutions)

- Question 22: Does your company analyze the GHG emissions (financed emissions) from your company's portfolio and set targets? (select one)
- Question 23: For respondents who answered option a in Question 22 (those who have set targeted values): please indicate the year which your company sets the targeted value. (select one)
- Question 24: For respondents who answered option a to Question 22: please explain your company's targets. (free description)

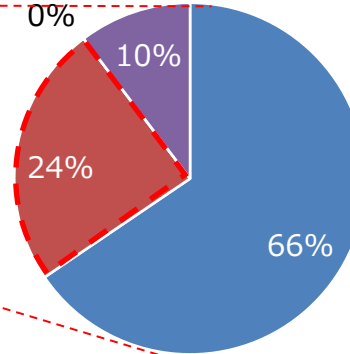
Financial institutions (97 respondents)

- a. Set a targeted value after doing analysis
- b. Not yet set a targeted value while doing analysis
- c. Under consideration on doing analysis
- d. No plans to consider doing analysis
- e. Other



Financial institutions (29 respondents)

- a. Set targets for both 2030 and 2050
- b. Set the target only for 2050, and under discussion about the target for 2030
- c. Set the target only for 2050, but no plan for discussion about the target for 2030
- d. No plan of setting targets for a particular year



- Half of the financial institutions responded that they analyze GHG emissions (financed emissions) of their portfolios, and about 1/3 of financial institutions responded that they have set targets.
- Among those with targets, 2/3 have targets set targets for both 2030 and 2050. While the targets for the year 2050 are commonly achievement of carbon neutrality, the 2030 target varied by industry, ranging from committing to a reduction per unit to a 46% reduction across their portfolio.
- About a quarter of financial institutions is considering targets for 2030 (red frame). As to financial emissions, this result indicates that the number of financial institutions setting and disclosing targets for 2030 will increase in the future.