

FY 2023 TCFD Consortium Member Survey Result

29 September 2023

TCFD Consortium



List of Questions(1/2)

[Common question]

Question	Financial institutions	Non-financial institutions
Question 3	What market segment does your company belong to? (Select one)	
Question 4	What motivated your institution 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 information based on TCFD recommendations): is assurance to the disclosed information provided by an independent organization?	
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	Regarding the 11 recommendations by TCFD, to what extent does your company currently disclose information in terms of the 11 recommendations of TCFD in your publications (e.g., securities reports, integrated reports, environmental reports, websites, etc.)?	
Question 11	What is your organization's transition plan? Do you currently disclose your transition plan in your company's externally publications (securities reports, integrated reports, environmental reports, websites, etc.)?	
Question 12	Regarding the seven cross-industry metric categories recommended by TCFD, please indicate which metric categories are currently disclosed in your company's publications (e.g., securities reports, integrated reports, environmental reports, websites, etc.)?	
Question 13	To those undertaking scenario analysis, please describe your company's scenario analysis disclosure.	
Question 14	What were the benefits of supporting and disclosing information according to TCFD recommendations? What are the expected benefits? Please indicate options closest to the situation in your company. (Multiple choice)	
Question 15	Based on the TCFD disclosure framework, the General Requirements (S1) and Climate-related Disclosures (S2) of the IFRS Sustainability Disclosure Standards are published, which specify disclosure items in detail. Please indicate how your company is responding. (Select one)	

The results of the responses to shaded questions are only disclosed and available for TCFD consortium member companies.

List of Questions(2/2)

[Individual question]

Question	Financial institution	Non-financial institution
Question 16	What medium does your company use to obtain disclosure information about investee companies? (Multiple choice)	Please indicate the frequency with which climate change information disclosure is discussed in dialogue (engagement) with financial institutions, e.g., investors. (select one)
Question 17	Please respond to the status of utilization of information based on TCFD disclosed by companies included in your company's portfolios. (Multiple choice)	For respondents who answered a, b and c in Question 16: what questions were asked during the dialogue (engagement) with financial institutions? (Multiple choice)
Question 18	Regarding your company's engagement with financed companies on climate change issues: what aspects of engagement does your company focus on? (Multiple choice)	Transition financing, which supports companies that are promoting a transition toward decarbonization, is gaining momentum. What is your company's perception of transition finance? (Select one)
Question 19	Please indicate any concerns your company may have with respect to conducting climate-change related engagement with financed companies. (Multiple choice)	What activities and requests do you think the TCFD Consortium should address? (Multiple choices allowed) * Optional answer
Question 20	Does your company analyze the GHG emissions (financed emissions) of your company's portfolio and set targets? (select one)	For respondents who answered option a (publication of guidance, etc.) in Question 19. The TCFD Consortium has published TCFD Guidance 3.0 and Green Investment Guidance 2.0. What topics would you like to see in the guidances to be published in the future? (Free text) * Optional answer
Question 21	For respondents who answered option a in Question 20 (those who have set targets): please indicate the year which your company sets the target. (select one)	For respondents who answered option b (education and awareness-raising) in Question 19. What specific needs do you have? (Multiple choices possible) * Optional answer
Question 22	For respondents who answered option a to Question 20: please explain your company's targets. (free description)	For respondents who answered option b., c. in Question 21. Please be specific about the number of seminars/educational programs and the fees. *optional answer
Question 23	Transition financing, which supports companies that are promoting a transition toward decarbonization, is gaining momentum. Please inform if you have any requests for transition finance. (Free text) * Optional answer	For respondents who answered option c (position paper or opinion paper) in Question 19. Please indicate the topic on which positions paper or opinion paper should be written. (Free text) * Optional answer
Question 24	What activities and requests do you think the TCFD Consortium should address? (Multiple choices allowed) * Optional answer	
Question 25	For respondents who answered option a (publication of guidance, etc.) in Question 24. The TCFD Consortium has published TCFD Guidance 3.0 and Green Investment Guidance 2.0. What topics would you like to see in the guidances to be published in the future? (Free text) * Optional answer	
Question 26	For respondents who answered option b (education and awareness-raising) in Question 24. What specific needs do you have? (Multiple choices possible) * Optional answer	
Question 27	For respondents who answered option b., c. in Question 26. Please be specific about the number of seminars/educational programs and the fees. *optional answer	
Question 28	For respondents who answered option c (position paper or opinion paper) in Question 24. Please indicate the topic on which positions paper or opinion paper should be written. (Free text) * Optional answer	

The results of the responses to shaded questions are only disclosed and available for TCFD consortium member companies.

Survey collection status

- Of the total **802** TCFD Consortium members, **421** responded to the survey (The response rate was **52.5%**. Survey period: **July 20, 2023 - August 21**).
 - ✓ Of the **179** financial institution members, **100** responded to the survey (the response rate: **55.9%**).
 - ✓ Of the **623** non-financial institution members, **321** responded to the survey (the response rate: **51.5%**).

- In the previous survey (conducted from August to September 2022), **386 institutions (56.7%)** responded.

Questionnaire response status

	Total	Financial	Non-financial
Number of TCFD Consortium members	802	179	623
Number of responses to the questionnaire	421	100	321
Response rate	52.5%	55.9%	51.5%

Overview of the FY 2023 status report (questionnaire results)

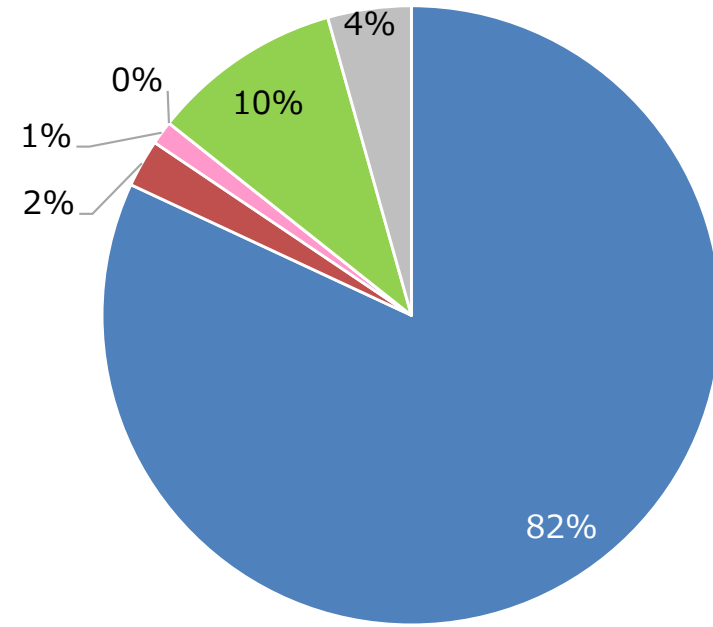
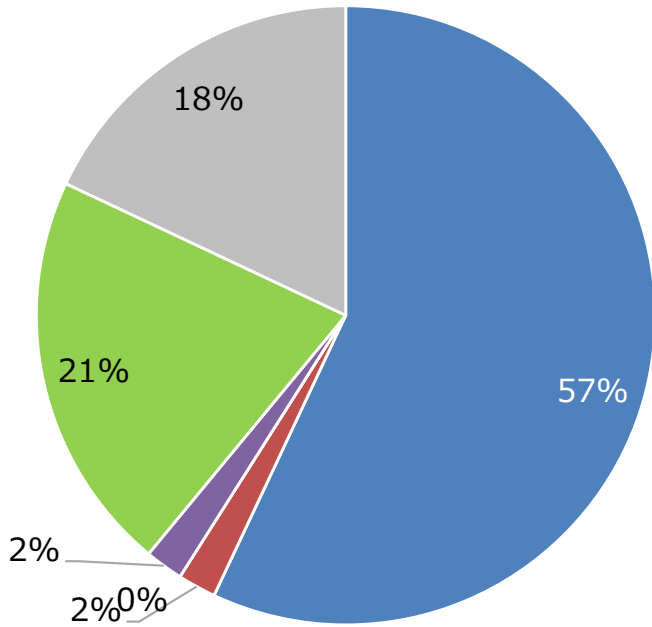
- The Company's **website and integrated reports** are the most frequently used disclosure media, but the number of securities reports has increased significantly compared to last year. (Question 6)
- Challenges for companies to disclose TCFD include insufficient analysis in **specialized areas such as climate scenarios**, inadequate organizational support, and a **shortage of human resources**. (Questions 8)
- Compared to last year's survey, **ratio of disclosure for many items** in the TCFD recommendations have increased, but as last year, **strategy c including scenario analysis is slightly lagging the others** (Question 10).
- **30% of financial institutions and nearly 50% of non-financial institutions disclosed their transition plans. (Question 11)**
- Regarding the 7 cross-industry metrics proposed by TCFD, the **most disclosed are Scope 1 and 2 emissions, with 90% of respondents disclosing. Disclosure of Scope 3 emissions has also progressed compared to last year's survey, with about 60% of respondents disclosing**. On the other hand, capital allocation, internal carbon price (ICP), and compensation are **new items**, and the **disclosure ratio of the respondent companies is currently low**. (Question 12)
- Regarding scenario analysis, the disclosure ratio of **quantitative analysis**, which were 50% for financial institutions and 20% for non-financial institutions in the last year's survey, **increased to 70% for financial institutions and 40% for non-financial institutions in this year's survey**. (Question 13)
- Popular view on the merit of TCFD information disclosure is "**deepening internal understanding of our climate-related risks and opportunities**". (Question 14)
- **Nearly half of non-financial institutions are interested in transition finance**. (Non-financial Question 18)
- Many respondents answered that their motivation for joining the TCFD Consortium was to **gather information and understand trends** in both financial and non-financial sectors. (Question 4)

Question 3 (Financial & non-financial institutions)

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

Financial institutions (100 respondents)

Non-financial institutions (321 respondents)



■ a. Prime market
 ■ b. Standard market
 ■ c. Growth market
■ d. Overseas market
 ■ e. Unlisted
 ■ f. Others

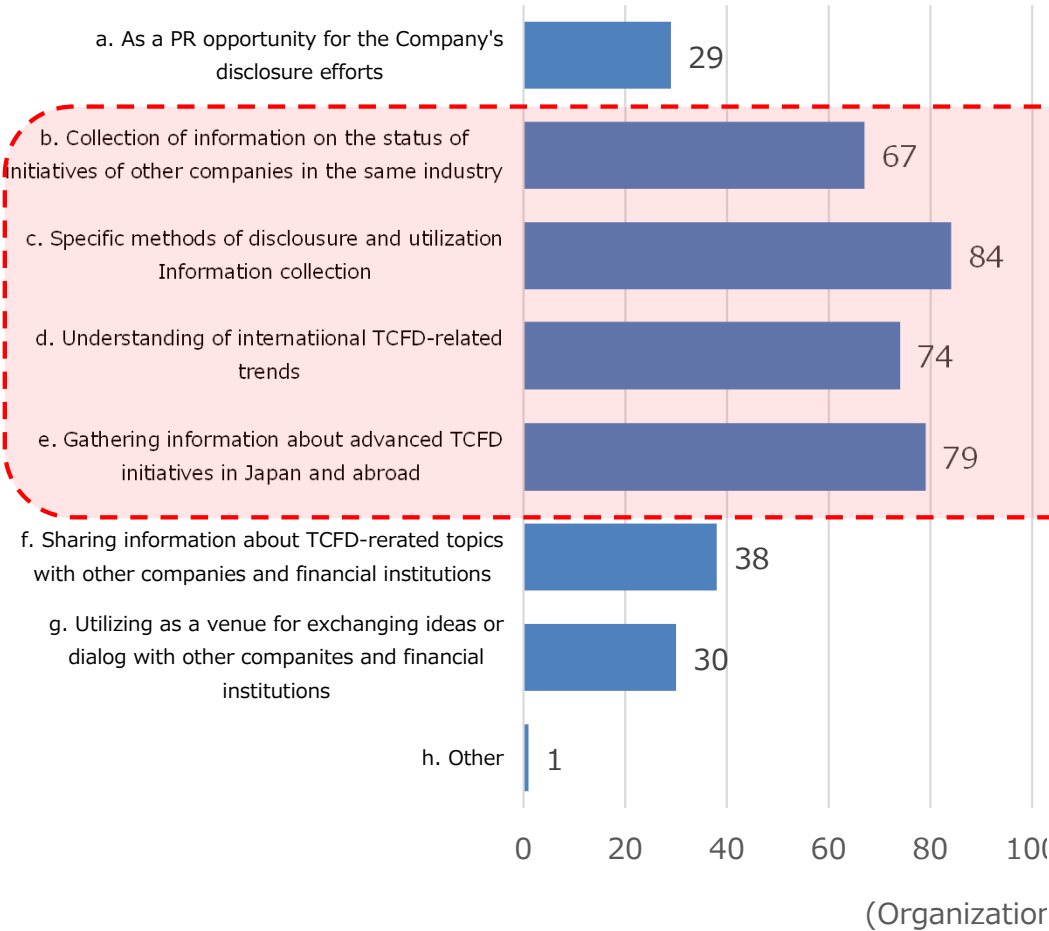
■ a. Prime market
 ■ b. Standard market
 ■ c. Growth market
■ d. Overseas market
 ■ e. Unlisted
 ■ f. Others

- 80% of non-financial institutions are listed on the Prime Market. Financial institutions, on the other hand, have a high ratio of unlisted companies, which includes asset management companies and other subsidiaries.
- The ratio of the standard market and the growth market is about 2% for both financial institutions and non-financial institutions.

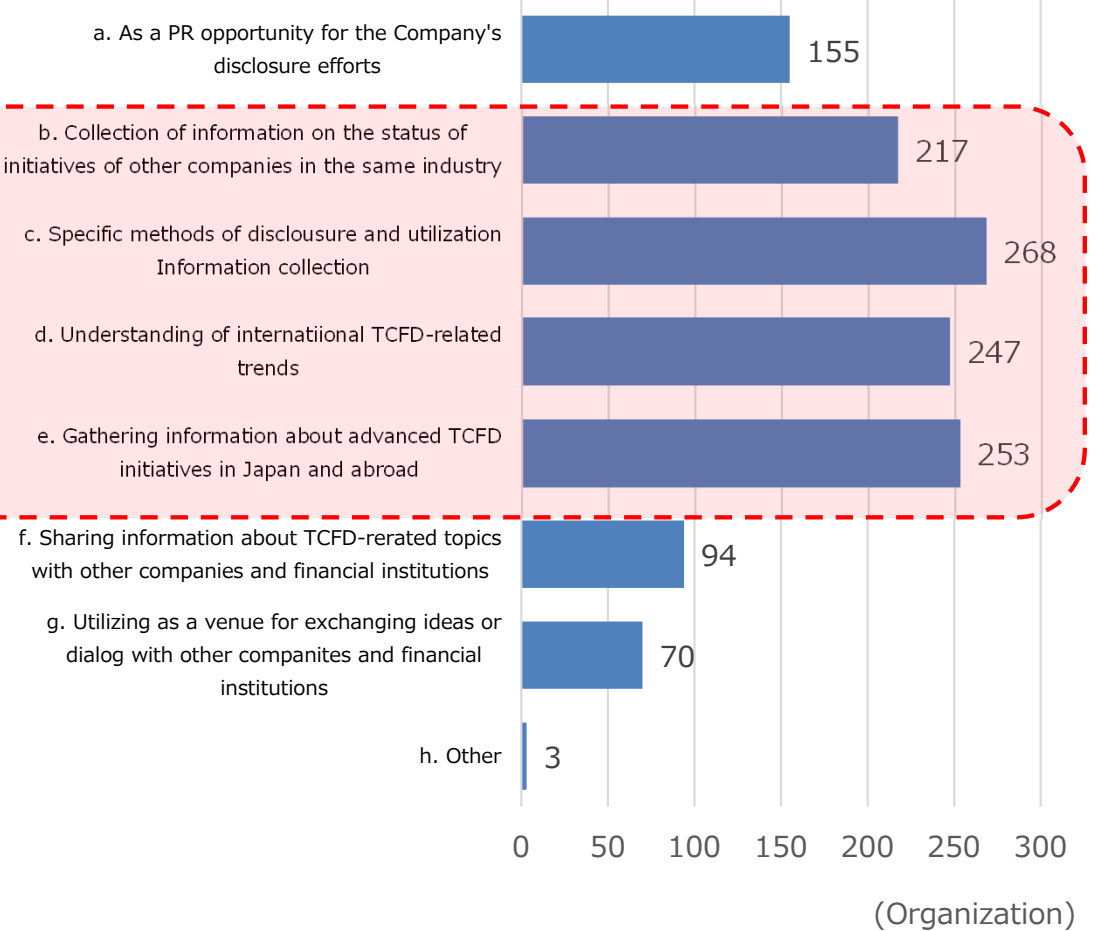
Question 4 (Financial & non-financial institutions)

● What motivated your institution to join the TCFD Consortium? (Multiple choice)

Financial institutions (100 respondents)



Non-financial institutions (321 respondents)

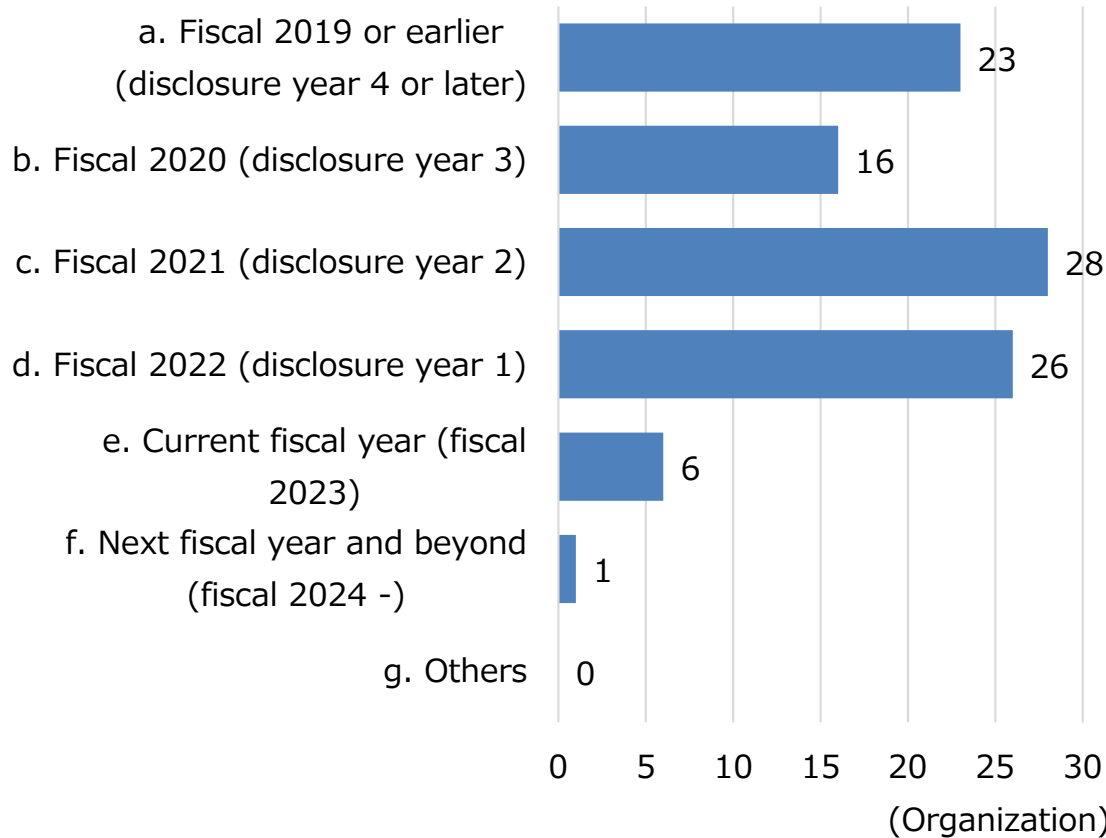


- Popular responses were options b to e (Collecting information and understanding trends) for both financial and non-financial institutions.
- The ratio of respondents selecting option a (PR for disclosure) is relatively high for non-financial institutions.

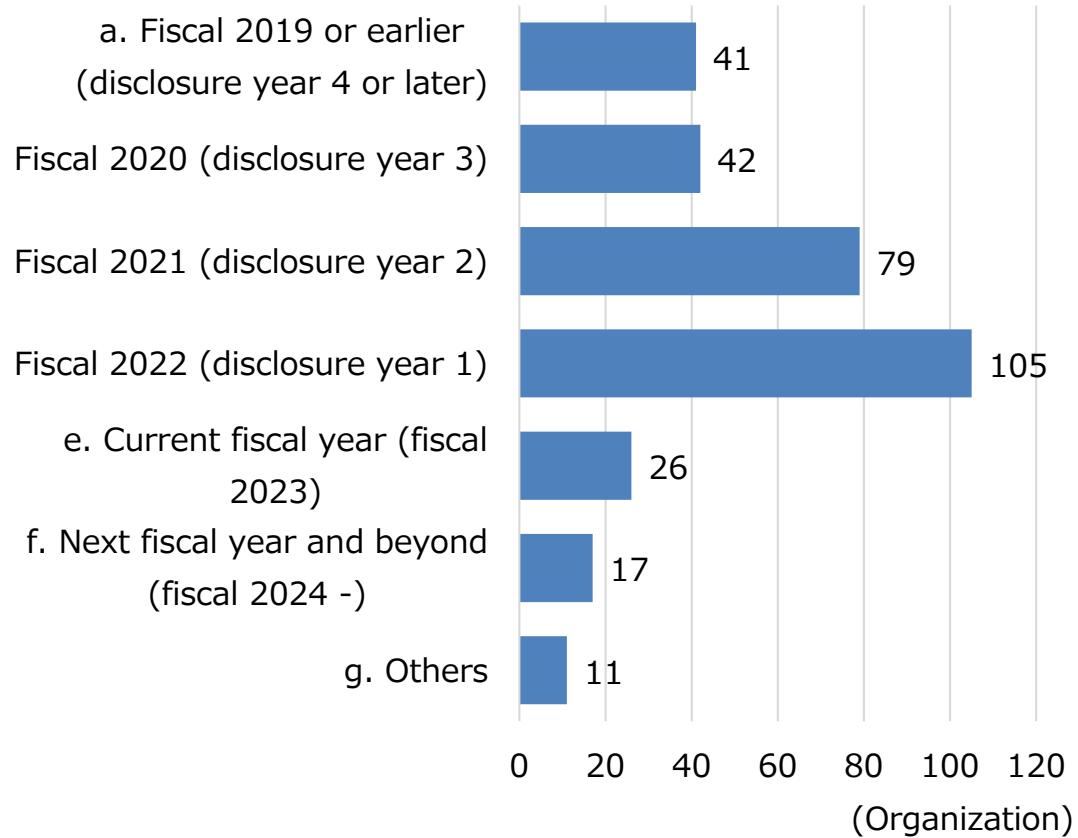
Question 5 (Financial & non-financial institutions)

● 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 (100 respondents)



Non-financial institutions (321 respondents)

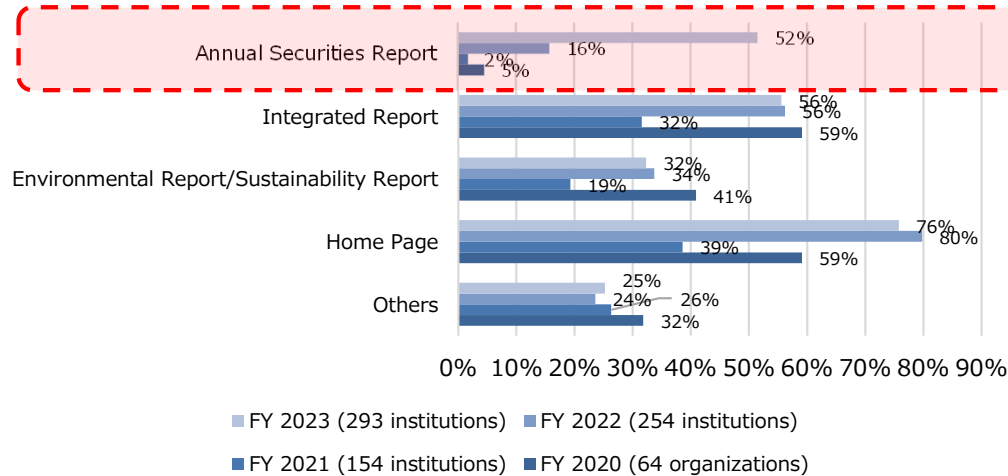


- Non-financial institutions have seen a sharp increase in disclosure since 2021, triggered by the adoption of the Corporate Governance Code.
- For financial institutions, major institutions such as banks, securities companies, life and non-life insurers, and asset management companies have started to disclose information at an early stage, and regional banks have recently started to disclose information in accordance with the Corporate Governance Code.

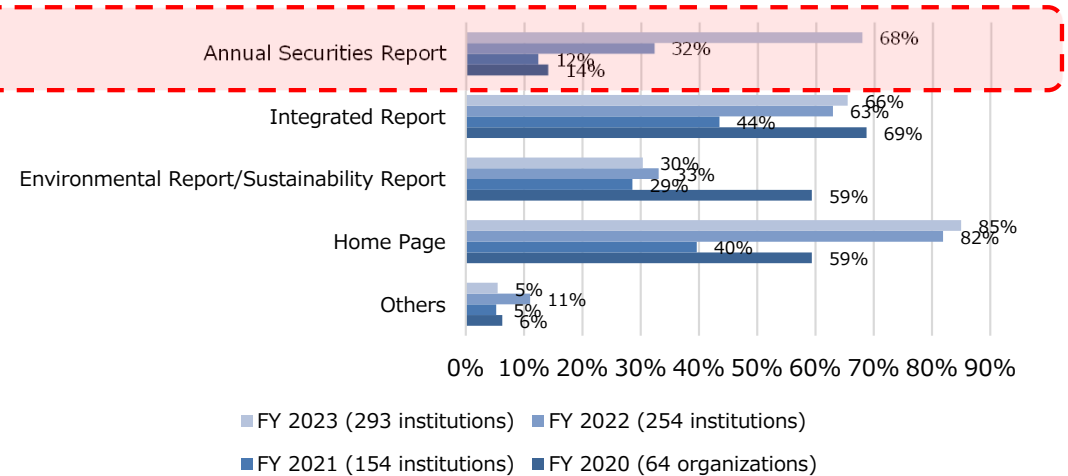
Question 6 (Financial & non-financial institutions)

- 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 Institutions



Non-Financial Institutions



	FY 2020	FY 2021	FY 2022	FY 2023
annual securities report	1	1	14	51
integrated report	13	18	50	55
Environmental Report/Sustainability Report	9	11	30	32
home page	13	22	71	75
Other	7	15	21	25
Number of responses	22	57	89	99

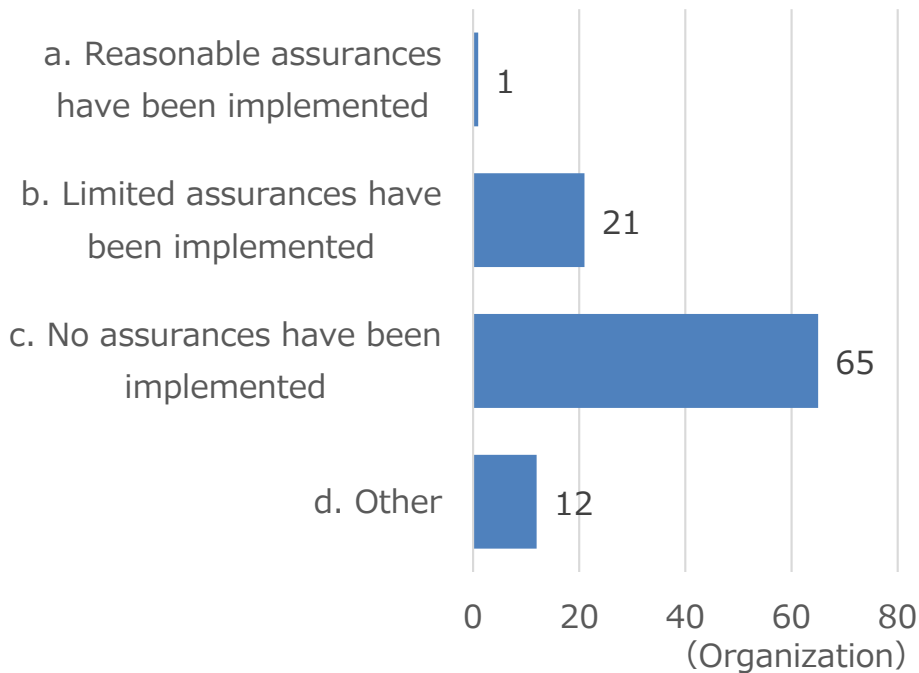
	FY 2020	FY 2021	FY 2022	FY 2023
annual securities report	9	19	82	199
consolidated report	44	67	160	192
Environmental Report/Sustainability Report	38	44	84	89
Home Page	38	61	208	249
Other	4	8	28	16
Number of responses	64	154	254	293

- Time series analysis showed that both financial and non-financial institutions are rapidly increasing their use of securities reports. It is inferred that **in addition to other media, many companies are promoting disclosure in securities reports due to the revision of the Cabinet Office Ordinance.**
- However, in terms of popularity, the largest number of companies disclose information on their own websites, similar to the survey conducted last year.

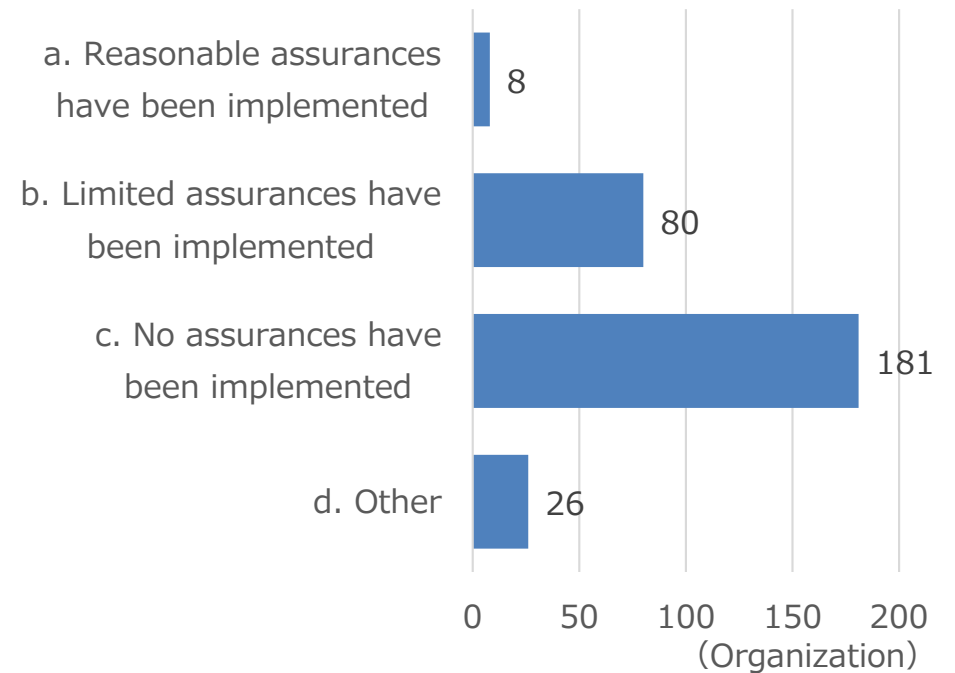
Question 7 (Financial & non-financial institutions)

- For respondents who chose option a. to e. in Question 5 (those who have already disclosed information based on TCFD recommendations): is assurance to the disclosed information provided by an independent organization?

Financial institutions (99 respondents)



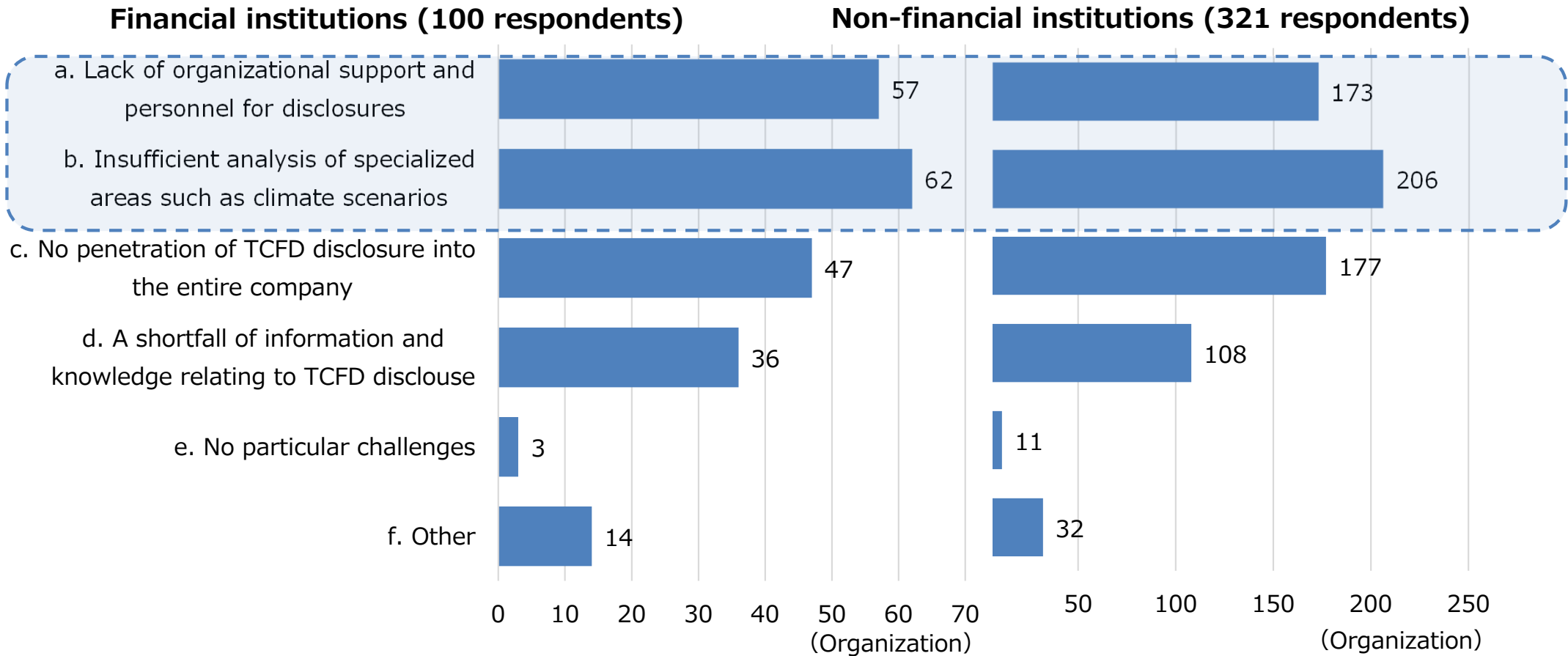
Non-financial institutions (295 respondents)



- On the other hand, 20% of financial institutions and 30% of non-financial institutions provide external assurance (mostly limited assurance).

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)



- In order to further enhance TCFD disclosure, the majority of both financial institutions and non-financial institutions expressed the opinion that there is a **lack of organizational support and personnel, and sufficient analysis is not being done in specialized areas** such as climate scenarios.

Questions 10 and 12 (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.

11 Disclosure Recommendations of TCFD

TCFD four core elements	Governance	Strategy	Risk Management	Metrics and Targets
Four themes	<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.
11 Recommended Disclosure	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 (Scopes 1, 2, and 3)

b) Transition Risks

c) Physical Risks

d) Climate-Related Opportunities

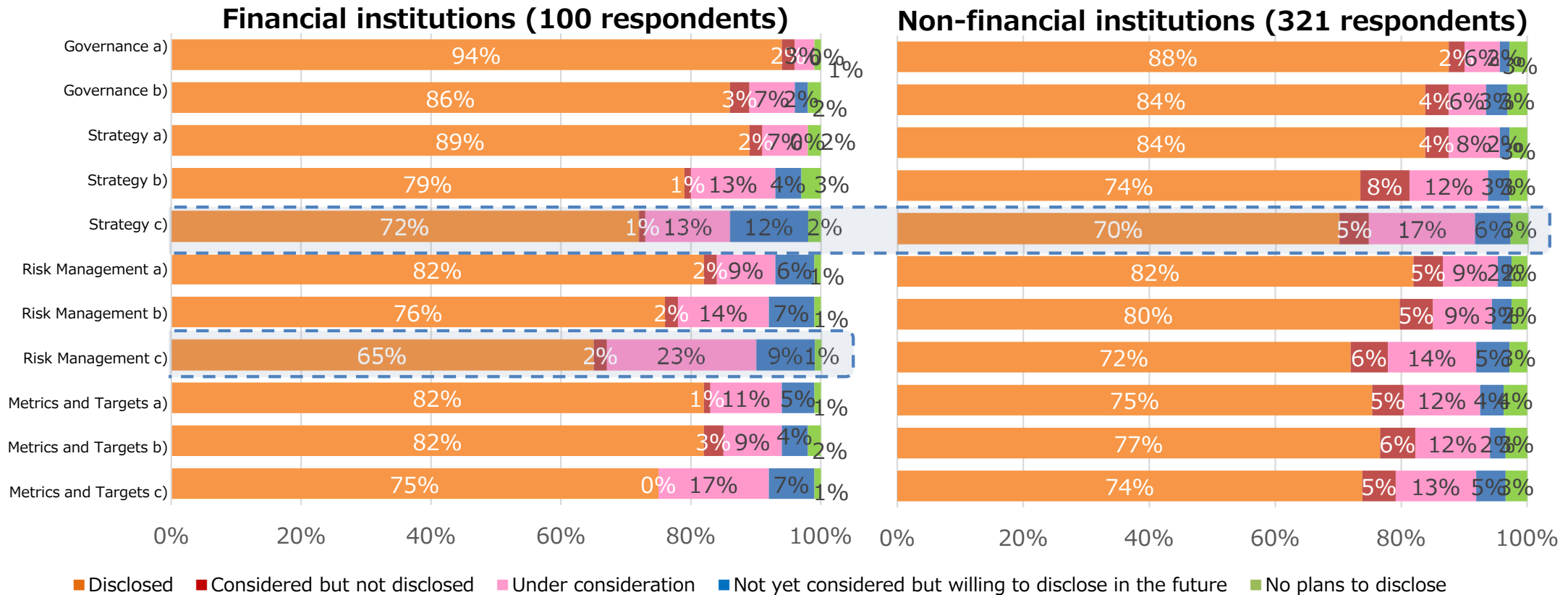
e) Capital Deployment

f) Internal Carbon Price

g) Remuneration

Question 10 (Financial & non-financial institutions)

- Regarding the 11 recommendations by TCFD, to what extent does your company currently disclose information in terms of the 11 recommendations of TCFD in your publications (e.g., securities reports, integrated reports, environmental reports, websites, etc.)?

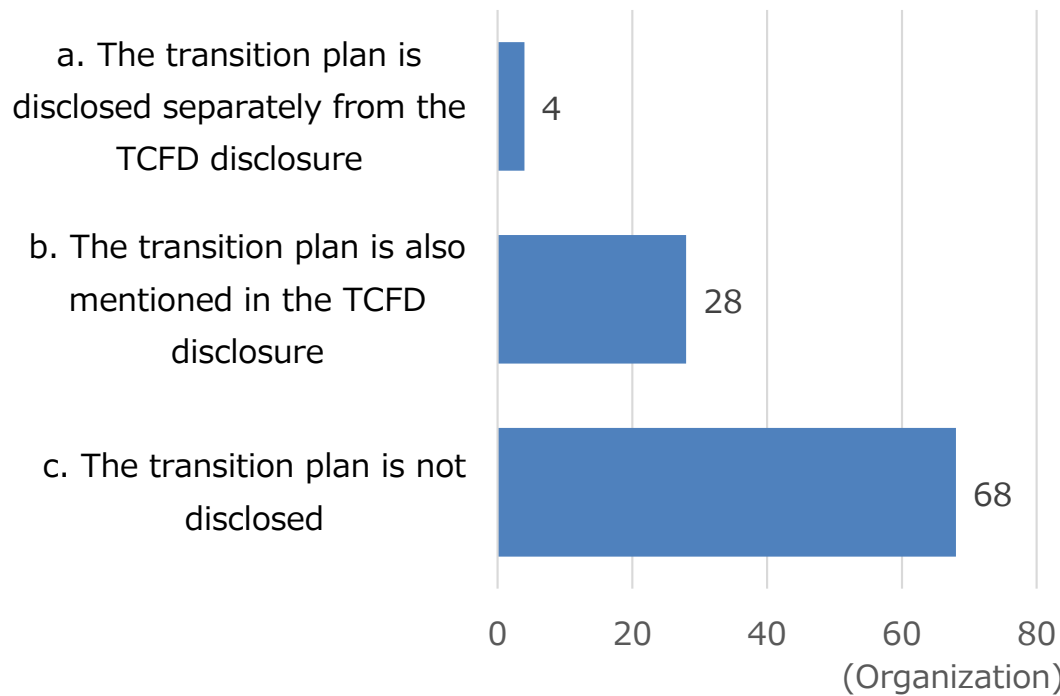


- Among the items recommended by the TCFD, there were no items disclosed by less than 60% of respondents, and most items were disclosed by approximately 70% of respondents. Compared with last year's survey, the **percentage of items disclosed increased in many items.**
- Common among financial and non-financial institutions, **strategies c on resilience including scenario analysis, were shown to be lagging others.**
- For financial institutions, the item with the lowest score is risk management c (integration into overall risk management). Non-financial institutions also showed a low score. This suggests the difficulty of integration in financial institutions that already have sophisticated company-wide risk management systems.

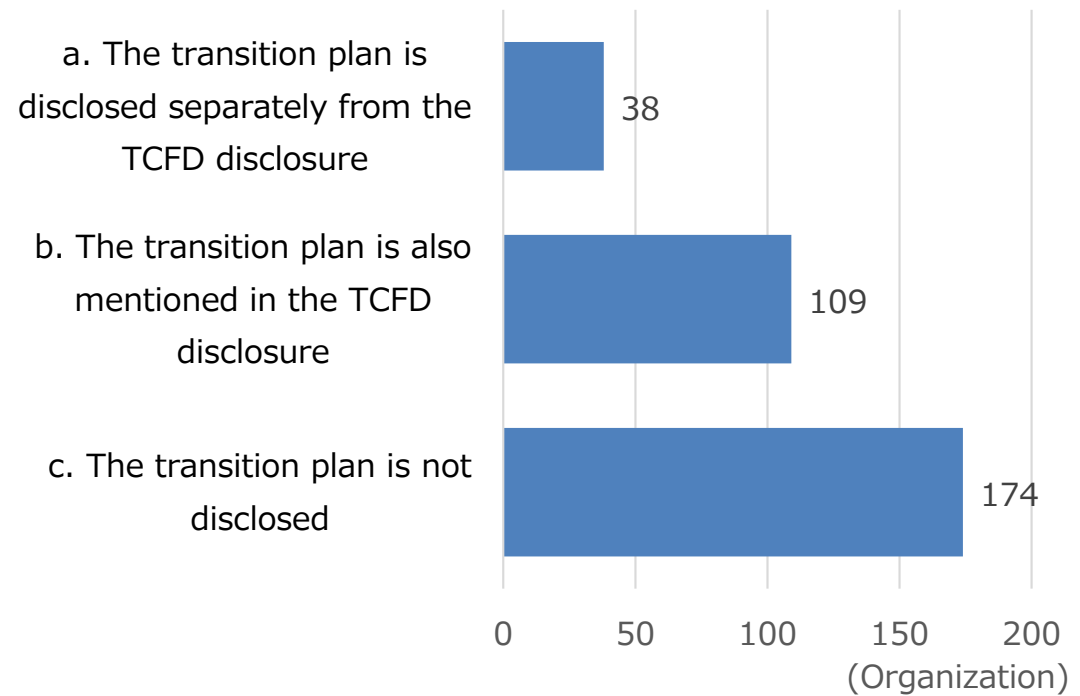
Question 11 (Financial & non-financial institutions)

- What is your organization's transition plan? Do you currently disclose your transition plan in your company's externally publications (securities reports, integrated reports, environmental reports, websites, etc.)?

Financial institutions (100 respondents)



Non-financial institutions (321 respondents)



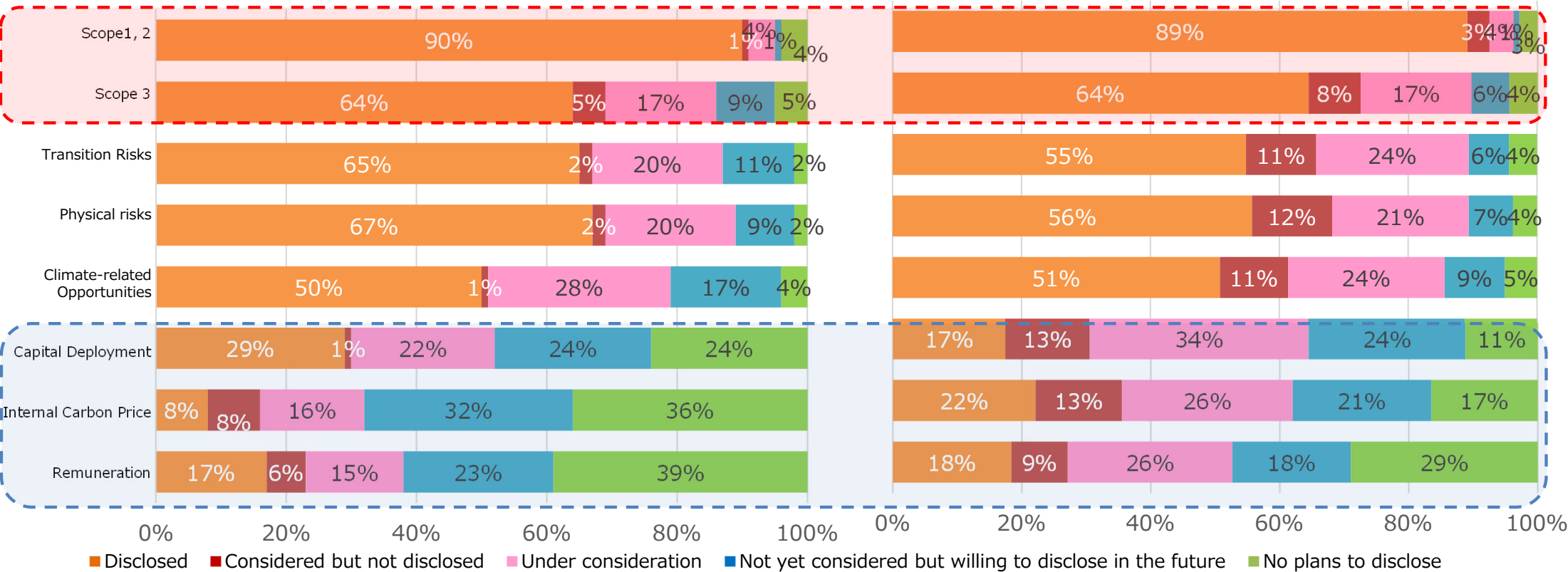
- The largest number of respondents answered that they have not disclosed their transition plan.
- However, 30% of financial institutions and nearly 50% of non-financial institutions disclosed their transition plan, and most of the disclosure was by mentioning on the transition plan in their TCFD disclosure.

Question 12 (Financial & non-financial institutions)

- Regarding the seven cross-industry metric categories recommended by TCFD, please indicate which metric categories are currently disclosed in your company's publications (e.g., securities reports, integrated reports, environmental reports, websites, etc.)?

Financial institutions (100 respondents)

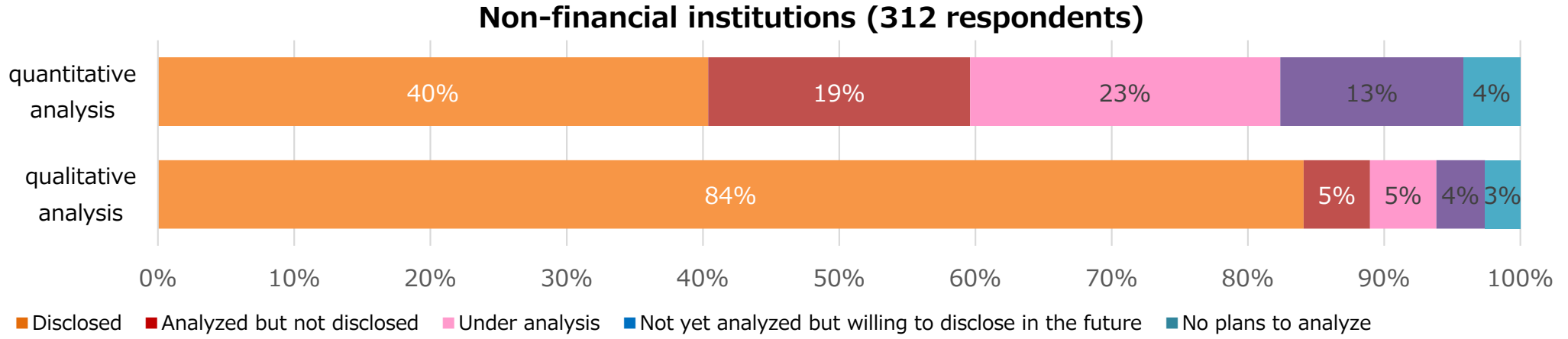
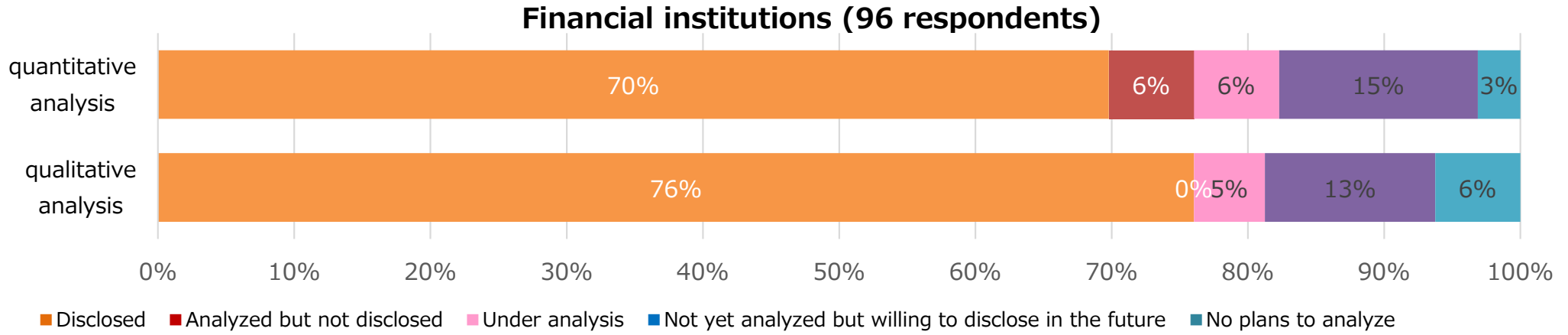
Non-financial institutions (321 respondents)



- Both financial and non-financial institutions demonstrate that disclosure of Scope 1 and 2 emissions is most advanced. As for Scope 3 emissions, 64% of both financial and non-financial institutions have responded (note however that no inquiries are made on categories). **Compared to last year's survey, the percentage of disclosed emissions has increased, especially in Scope 3.**
- Of the seven metrics, disclosure of **capital allocation, internal carbon price, and remuneration** has a **low disclosure rate** in both financial and non-financial sectors, partly because these are new items. Further, many companies currently do not plan to disclose remuneration.

Question 13 (Financial & non-financial institutions)

● To those undertaking scenario analysis, please describe your company's scenario analysis disclosure.



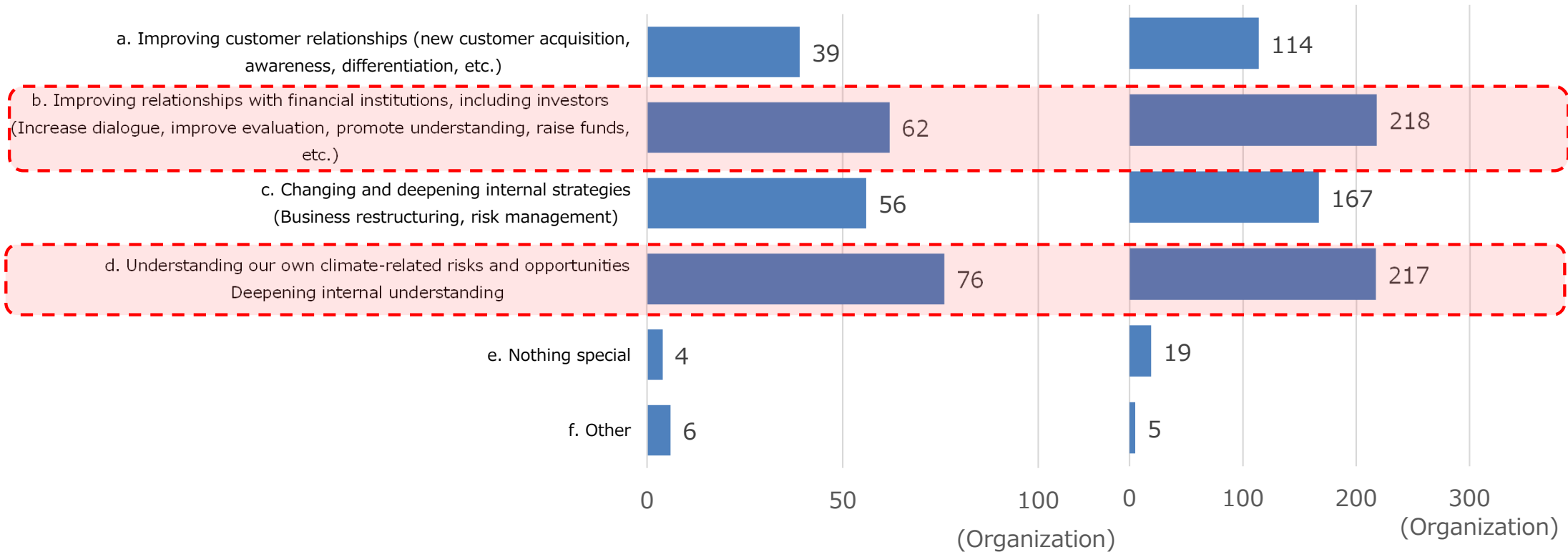
- About 80% of both financial and non-financial institutions disclosed qualitative analysis.
- While only 50% of financial institutions and 20% of non-financial institutions disclosed quantitative analysis in last year's survey, **70% of financial institutions and 40% of non-financial institutions disclosed it in this year's survey**, indicating progress in disclosure status.

Question 14 (Financial & non-financial institutions)

- What were the benefits of endorsing and disclosing information to TCFD? Or what are the expected benefits? Please answer something close to the situation in your company. (Multiple choice)

Financial institutions (100 respondents)

Non-financial institutions (321 respondents)

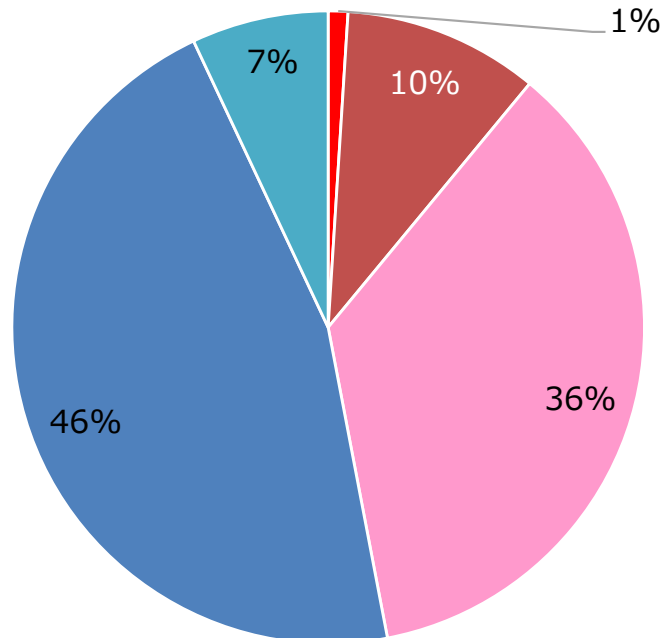


- While both financial institutions and non-financial institutions felt a wide range of benefits from supporting and disclosing according to TCFD recommendations, the popular responses were “improving relationships with financial institutions, including investors” and “understanding of our own climate-related risks and opportunities, ” indicating that TCFD disclosure **contributes to communication with investors and deepening internal understanding**.

Question 14 (Financial & non-financial institutions)

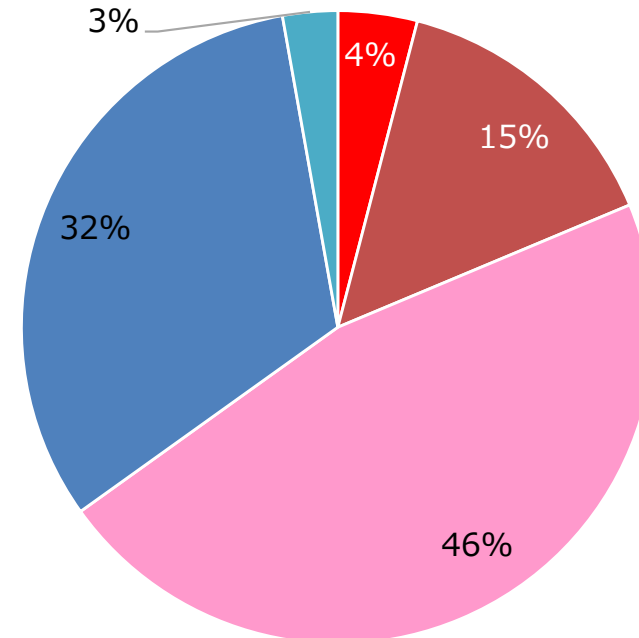
- Based on the TCFD framework, the General Requirements for Climate-related Disclosures (S1) and Climate-related Disclosures (S2) have been published with regard to the IFRS Sustainability Disclosure Standards, which specify disclosure items in detail. Please answer how your company responds. (Select one)

Financial institutions (100 respondents)



- a. Has disclosed or is prepared to disclose under IFRS Standards.
- b. Under preparation to disclose under IFRS Standards.
- c. Considering responding to IFRS Standards
- d. Knew about IFRS Standards but has not given consideration
- e. Did not know

Non-financial institutions (321 respondents)



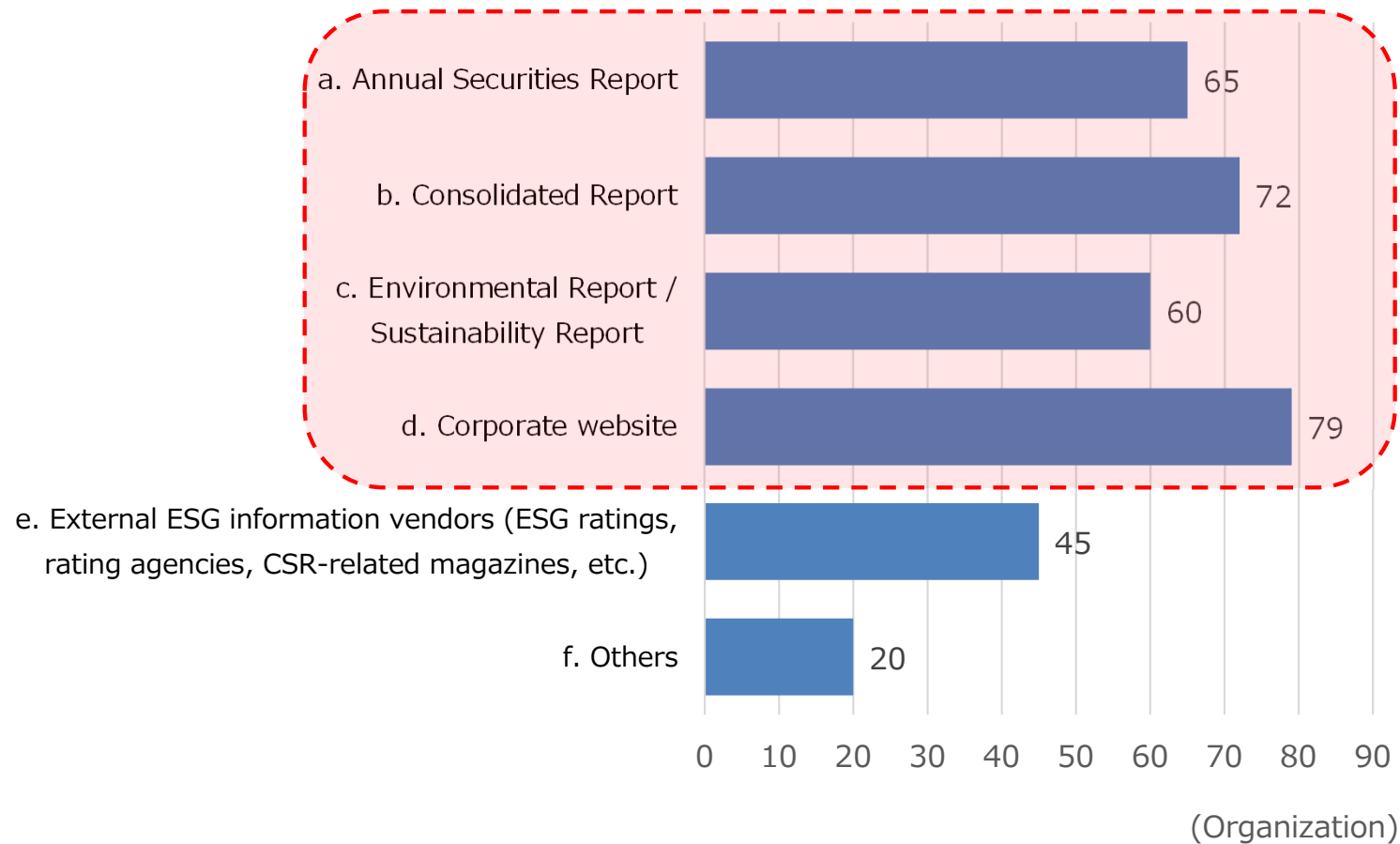
- a. Has disclosed or is prepared to disclose under IFRS Standards.
- b. Under preparation to disclose under IFRS Standards.
- c. Considering responding to IFRS Standards
- d. Knew about IFRS Standards but has not given consideration
- e. Did not know

- About 20% of non-financial institutions have disclosed or are preparing to disclose in accordance with IFRS sustainability disclosure standards, and **just under 70% of non-financial institutions, including those considering measures to be taken.**
- On the other hand, the majority of financial institutions have not yet considered measures to be taken.

Question 16 (Financial Institutions)

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

Financial institutions (100 respondents)

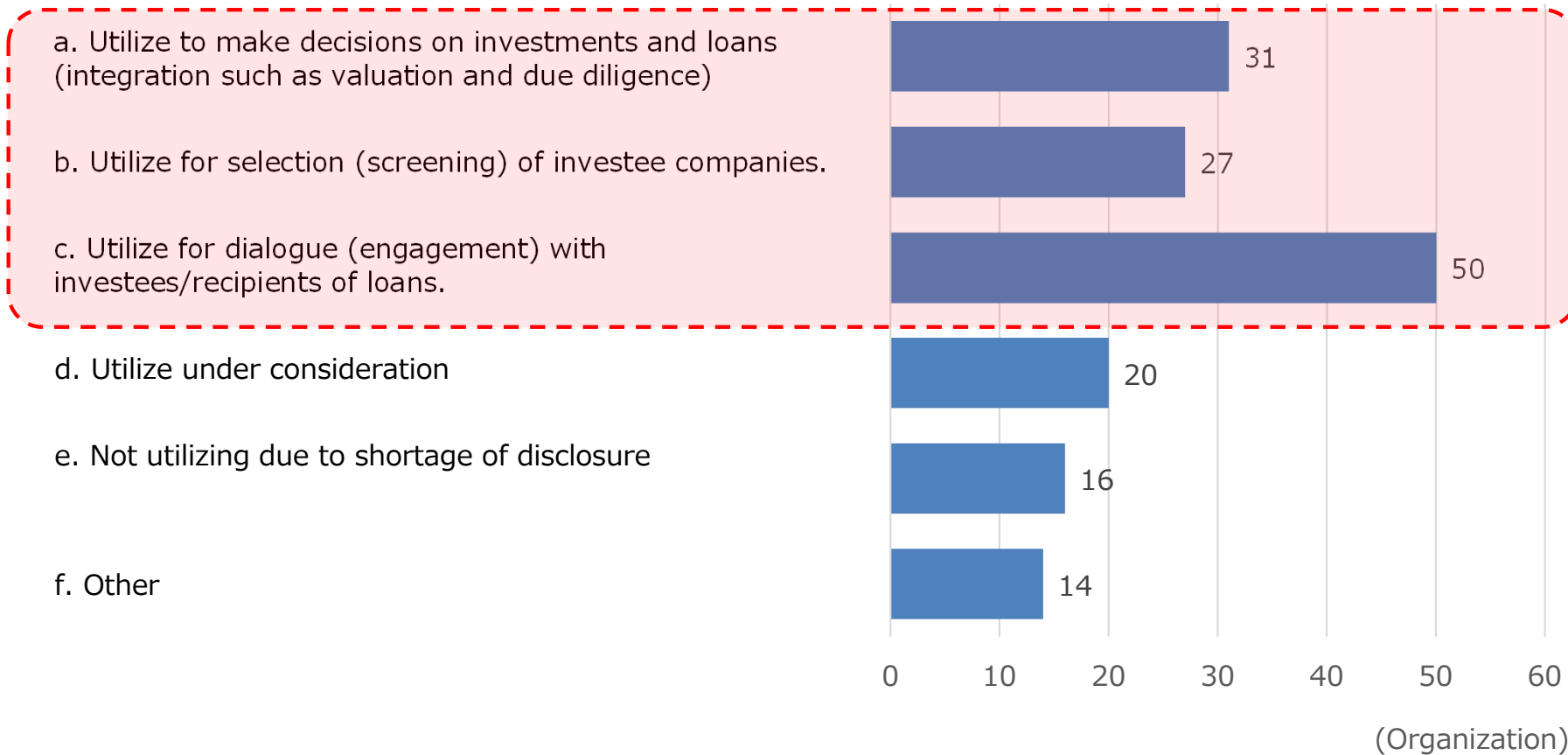


- It has become clear that financial institutions **utilize information from various media** such as corporate websites, integrated reports, sustainability reports, and securities reports.

Question 17 (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 (100 respondents)

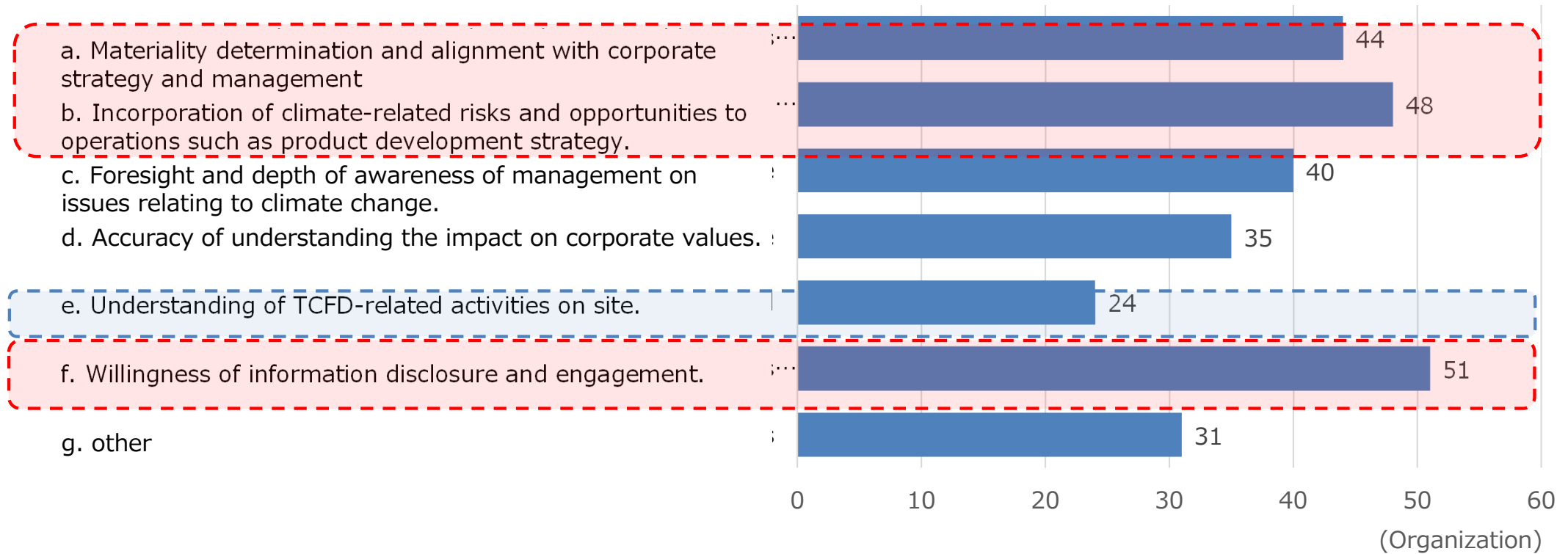


● The highest percentage of responses was for engagement, followed by integration and screening, suggesting that TCFD disclosure information is being used in more **decision-useful areas**.

Question 18 (Financial Institutions)

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

Financial institutions (100 respondents)

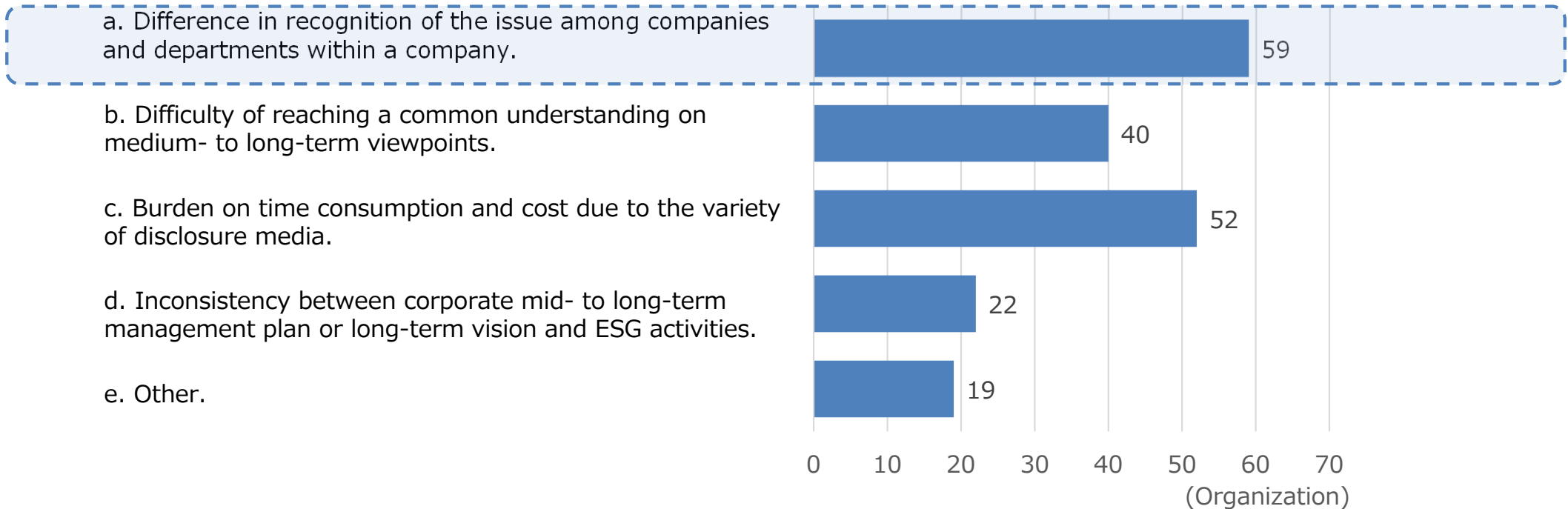


- As options for questioning the **attitude of the company as a whole**, it was shown that while materiality, reflection on the company's own business, and willingness to engage (options a, b, f) were common, there was relatively little interest in **penetration on site** (option e).

Question 19 (Financial Institutions)

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

Financial institutions (100 respondents)

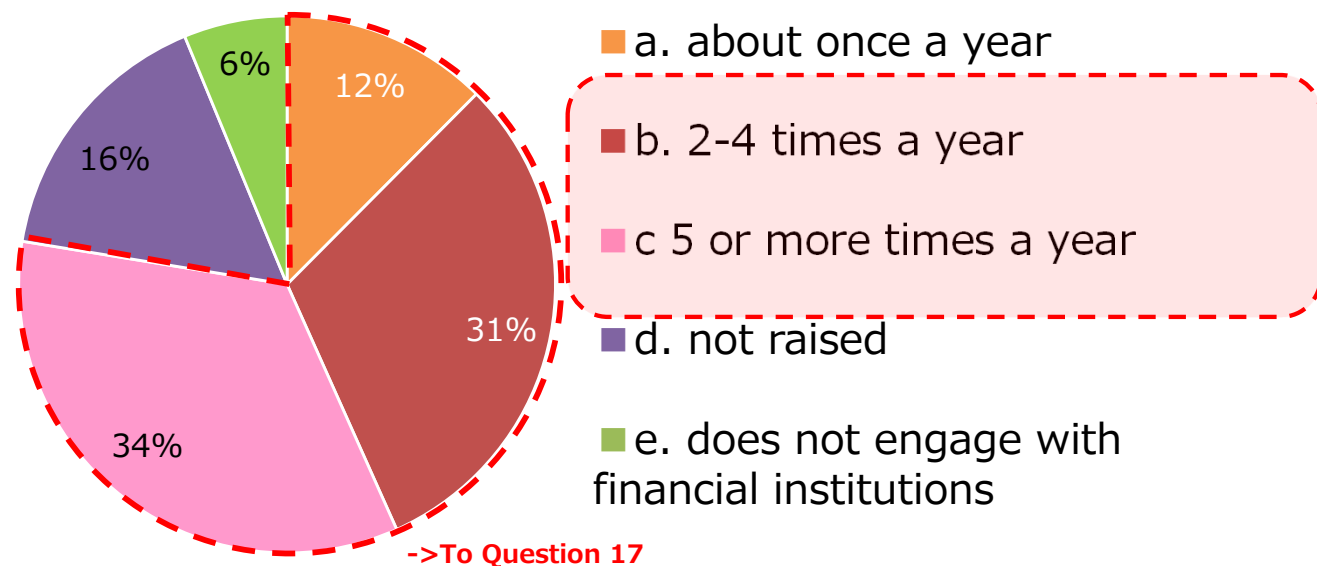


- It was suggested that there is a difference in recognition of the issue among companies as well as between departments of companies subjected to engagement. (option a).
- The time and cost of collecting and analyzing information were mentioned as issues on the part of financial institutions. It was suggested that this was due in part to the speed of changes in the situation and the diversification of media such as websites (option c).
- Compared to last year's survey, the number of respondents who pointed out inconsistencies with medium- and long-term management strategies and long-term visions decreased, suggesting that disclosures are promoting climate change responses aligned with business strategies (option d).

Question 16 (Non-Financial Institutions)

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

Non-Financial Institutions (321 respondents)

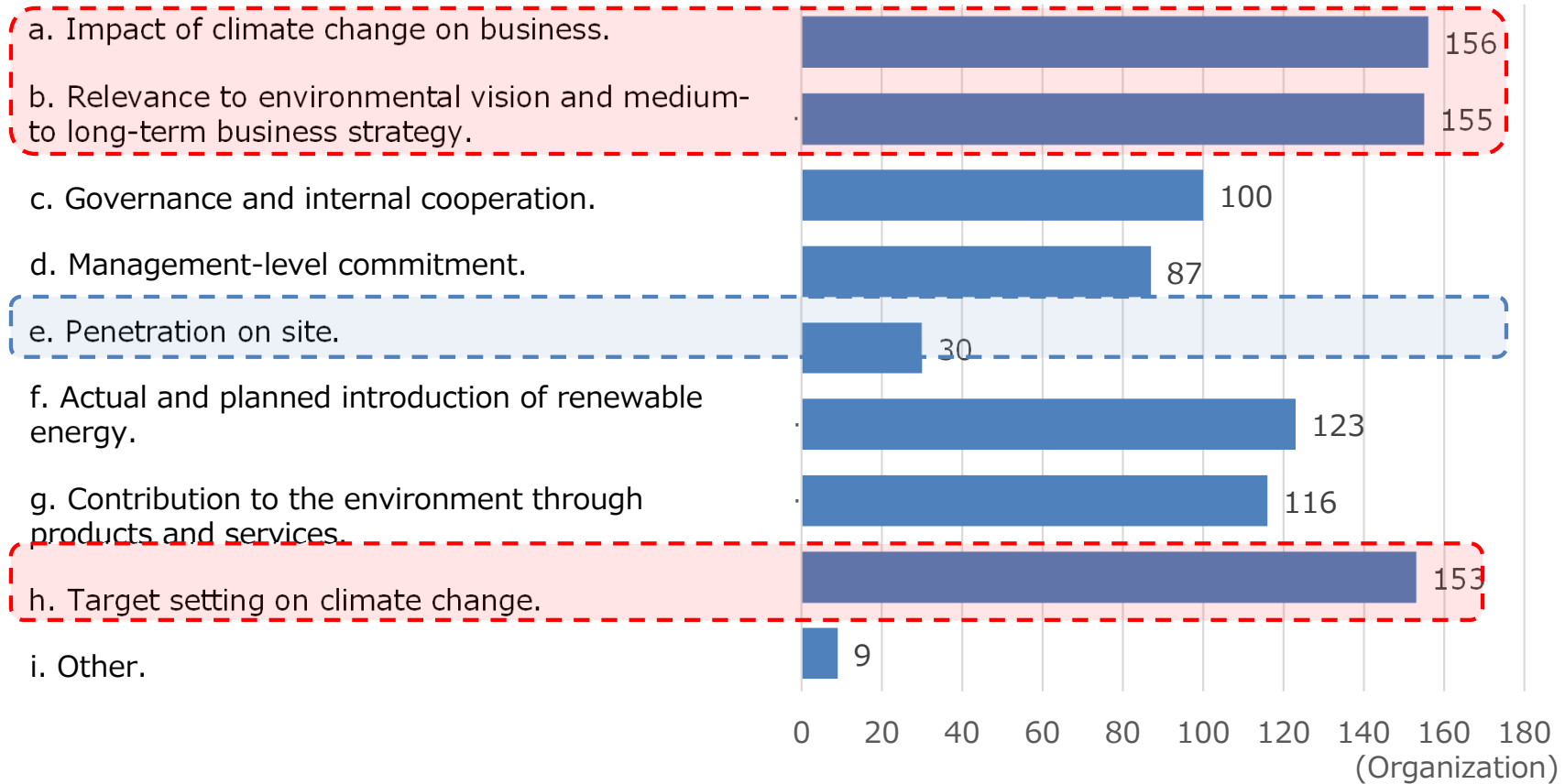


- 30% of companies engaged in "2 - 4 times a year" (option a) and "5 or more times a year" (option c) dialogue. This indicates that engagement continues to be active.
- On the other hand, there are a certain number of responses to "not raised " (option d) and "does not engage with financial institutions " (option e), suggesting that **engagement varies depending on materiality and company size.**

Question 17 (Non-Financial Institutions)

- For respondents who answered a, b and c in Question 16: what questions were asked during the dialogue (engagement) with financial institutions? (Multiple choice)

Non-financial institutions (244 respondents)



- The **impact of climate change on business, environmental vision, and the setting of climate change targets** (options a, b, h) were shown to be topics of greatest interest to non-financial institutions as a whole.
- The response to the situation of penetration on-site (option e) was low, suggesting that it is an issue for the future.

Questions 20, 21 and 22 (Financial Institutions)

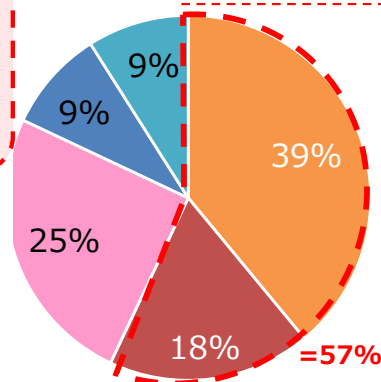
- [Question 20] Does your company analyze the GHG emissions (financed emissions) from your company's portfolio and set targets? (select one)
- [Question 21] For respondents who answered option a in Question 20 (those who have set targeted values): please indicate the year which your company sets the targeted value. (select one)
- [Question 22] For respondents who answered option a to Question 20: please explain your company's targets. (free description)

Financial institutions (100 respondents)

- a. Have set targets after analysis
- b. Have undertaken analysis but have not set targets

- c. Currently under analysis
- d. No plans to undertake analysis

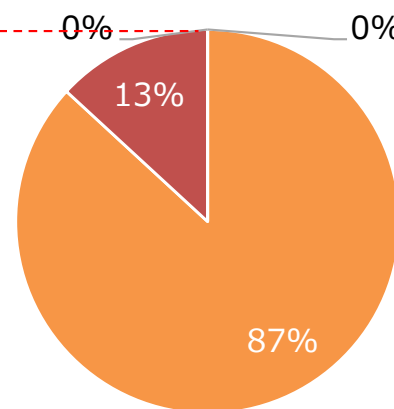
- e. Other



Financial institutions (38 respondents)

- a. Have set targets for 2030 and 2050

- b. Have set targets for 2050 only, and is considering or will consider 2030 targets
- c. Have set targets for 2050 only, but no plans to consider 2030 targets
- d. No targets aimed at a specific year

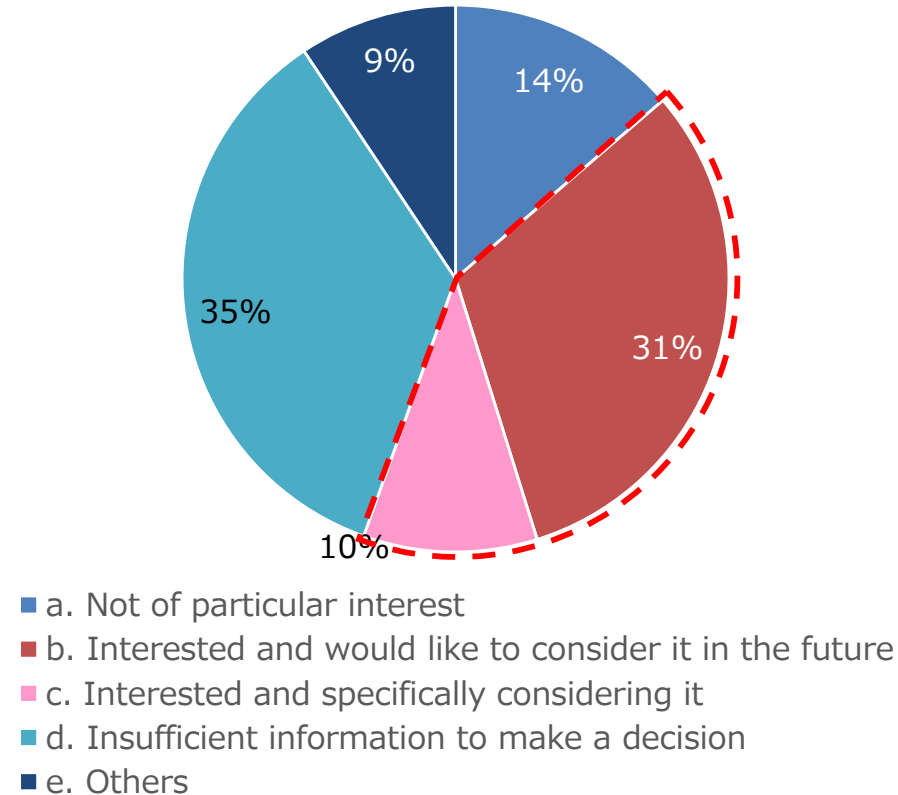


- More than half of the financial institutions analyzed the GHG emissions of their investment and loan portfolios, and 40% of them set targets.
- Of the financial institutions that set targets, 90% set targets for both 2030 and 2050. While the targets common for 2050 is to achieve carbon neutrality, the targets for 2030 varied by industry, from committing to reductions on a per-unit basis to a 46% reduction in the overall portfolio.
- Some financial institutions were considering targets for 2030, indicating that more financial institutions are likely to set and disclose 2030 targets for financial emissions.

Question 18 (Non-Financial Institutions)

- Transition financing, which supports companies that are promoting a transition toward decarbonization, is gaining momentum. What is your company's perception of transition financing? (Select one)

Non-Financial Institutions (321 respondents)



- On the issue of transition finance, just under half of the companies (options b, c) were interested.
- On the other hand, the majority of respondents answered that they did not have sufficient information (option d), suggesting the **possibility of polarization of needs** as well as the **need for continued education**.