

- Outline -

1. Introduction

- **“Sustainable Finance,”** which aims to build a sustainable society through fund mobilization has become the global trend. Given recent developments that aim to simultaneously solve the issues of economic recovery from COVID-19 and climate change, **this trend has become strong in the area of climate change,** where there are significant funding needs.
- Against this backdrop, in September, the Japanese Government announced the “Climate Innovation Finance Strategy 2020,” presenting its basic approach to sustainable finance on climate change and its strategies.

2. Basic Approach to Sustainable Finance

- In order to achieve a decarbonized society, we need not only to **lower the costs of zero emission technologies and to accelerate their social implementation (Green),** but also to **simultaneously and comprehensively develop innovative technologies (Innovation) and disseminate & utilize technologies that play an important role in shifting to decarbonization (Transition).**
- **The Government and Keidanren, both promoting finance for Innovation, Transition and Green,** need to enhance our efforts and **further encourage the shift to a decarbonized society through finance.** At the same time, Japan should lead global decarbonization by **internationally communicating the effective sustainable finance concept that enables a broad range of fund mobilization and forming global partnerships and collaboration.**

3. Actions to Further Promote Sustainable Finance

(1) Innovation Finance

- Collaboration between the Government’s “Zero Emission Challenge” and Keidanren’s “Challenge Zero.”
- Expanding and focusing government R&D expenditure
- Government support for securing marketability, etc.

(2) Transition Finance

- Formulating Japan’s basic guidelines and industry-specific roadmaps
- Active participation in discussions on basic guidelines and providing input from the business, etc.

(3) Green finance

- Enhancing the provision of information by the Government (e.g., market scale outlook and deployment targets, etc.)
- Policy support leading to autonomous deployment through cost reductions and creating a new market, etc.

(4) Disclosure

- Increasing the number of companies practicing TFCD disclosure, promoting constructive dialogue and engagement, considering ways to enhance disclosure content
- Making further improvements to the existing institutional basis of ESG disclosure, including the Japan’s Corporate Governance Code
- Active involvement in discussions on developing sustainability reporting standards at the IFRS Foundation

(5) International Communications & Alliance-Building

- Participating in the IPSF (International Platform on Sustainable Finance) and actively introducing Japan’s basic approach and best practices on sustainable finance; working on ISO
- Engaging in discussions on sustainable finance in other countries and regions and offering inputs from Japan
- Building partnerships with overseas business organizations in Asia, EU and the US, etc.

4. Conclusion

- This is a proposal on sustainable finance in the area of climate change. However, building a sustainable society essentially requires **efforts toward the achievement of all SDGs.**
- Keidanren will continue to promote “Society 5.0 for SDGs” to achieve all SDGs, and consider **presenting a method for evaluating economic activities from the viewpoint of all SDGs,** instead of just the climate change goal.