

JBA Comments on the TCFD Consultation on “Proposed Climate-related Metrics, Targets, and Transition Plan Guidance” and “Measuring Portfolio Alignment: Technical Supplement” published on June 7, 2021

**1. Where is your organization headquartered? Please specify country: JAPAN**

**2. Which one of the following best describes your organization? Please select ONE only.**

- a.  Financial services (e.g.,  bank, insurer, asset owner, asset manager, credit rating agency, index provider, stock exchange)
- b.  Non-financial company (e.g., energy, transportation, materials, and buildings, agriculture, food, and forest products group)
- c.  Data/Methodology provider
- d.  Government/Public sector
- e.  Industry/Trade association
- f.  Standard setter or framework
- g.  Non-Governmental Organization (NGO)
- h.  Academia/Education/Research
- i.  Other (please specify): \_\_\_\_\_

**PLEASE ANSWER QUESTION 3 ONLY IF YOUR ORGANIZATION IS DESCRIBED AS FINANCIAL SERVICES (RESPONSE OPTION A IN QUESTION 2):**

**3. Please select your primary firm type from the list below. Check all that apply.**

- a.  Asset manager
- b.   Bank
- c.  Credit rating agency
- d.  Index provider
- e.  Insurance (underwriting)
- f.  Pension plan, endowment, foundation, or other asset owner
- g.  Stock exchange
- h.  Other (please specify): \_\_\_\_\_

PLEASE ANSWER QUESTION 4 ONLY IF YOUR ORGANIZATION IS DESCRIBED AS FINANCIAL SERVICES (RESPONSE OPTION A IN QUESTION 2):

4. In your role, are you responsible for making decisions in any of the following areas? Check all that apply.

- a. Investing
- b. Lending
- c. Insurance underwriting
- d. Trading
- e. Sustainability, ESG decisions
- f. Other capital allocation (please specify): \_\_\_\_\_
- g. None of the above

PLEASE ANSWER QUESTION 5 ONLY IF YOUR ORGANIZATION IS NOT DESCRIBED AS FINANCIAL SERVICES (RESPONSE OPTIONS B THROUGH I IN QUESTION 2):

5. Please select your primary industry from the list below Please select ONE only.

- a. Agriculture
- b. Automobiles and components
- c. Chemicals
- d. Coal and consumable fuels
- e. Conglomerate
- f. Construction materials
- g. Consumer discretionary
- h. Containers and packaging
- i. Food, beverage and tobacco
- j. Healthcare
- k. Industrials
- l. Metals and mining
- m. Oil and gas
- n. Paper and forest products
- o. Professional services
- p. Real estate / Construction
- q. Information technology
- r. Telecommunication services
- s. Transportation
- t. Utilities
- u. Other (please specify): \_\_\_\_\_

**6. What is your role / position? Please select ONE only.**

- a. Academic/industry expert
- b. Administration
- c. Board member
- d. Compliance
- e. Corporate reporting
- f. Corporate strategy
- g. Executive member
- h. Finance
- i. General management
- j. Government/regulatory affairs
- k. Investment/asset management
- l. Legal
- m. Risk
- n. Sustainability
- o. Technology
- p. Underwriting/insurance
- q. Other (please specify): \_\_\_\_\_

**7. Which of the following most closely aligns with your role? Select all that apply.**

- a. I am a preparer of climate-related financial disclosures either at a non-financial company or financial institution
- b. I am a user of climate-related financial disclosures (e.g., an investor, lender, or underwriter)
- c. Neither of the above

**FOR THE REMAINDER OF THE CONSULTATION:**

- QUESTIONS IN RED TEXT ARE TO BE ANSWERED BY PREPARERS
- QUESTIONS IN GREEN TEXT ARE TO BE ANSWERED BY USERS
- QUESTIONS IN BLUE TEXT ARE TO BE ANSWERED BY ORGANIZATIONS DESCRIBED AS FINANCIAL SERVICES (THAT IS, IF YOU SELECTED RESPONSE OPTION A IN QUESTION 2)
- QUESTIONS IN BLACK TEXT ARE TO BE ANSWERED BY ALL (UNLESS OTHERWISE SPECIFIED IN THE INSTRUCTIONS)

## TCFD PROPOSED GUIDANCE ON CLIMATE-RELATED METRICS AND FINANCIAL IMPACTS

We have a few questions about the proposed guidance on climate-related metrics and financial impacts. Please refer to Section C. Climate-related Metrics and Financial Impacts for definitions and more details.

**THE NEXT TWELVE QUESTIONS (IN RED) ARE FOR PREPARERS OF CLIMATE-RELATED FINANCIAL DISCLOSURES. IF THIS DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 20.**

### 8. Which of the following climate-related information does your organization disclose?

	A. Currently disclose	B. Currently estimate, but Do not disclose	C. Planning to estimate, but not Necessarily disclose	D. Planning to disclose	E. No plans to estimate Or disclose	F. I'm not sure
<b>Cross-industry, climate-related metrics</b>						
Absolute Scope 1 and 2 GHG emissions	√					
Relevant, material categories of Absolute Scope 3 GHG emissions				√		
Shadow/internal carbon price(s)					√	
Proportion of assets and/or operating, investing, or financing activities <b>Materially exposed to physical risks, based on key categories of commonly accepted risks</b>			√			
Proportion of assets and/or operating, investing, or financing activities <b>Materially exposed to transition risks, based on key categories of commonly accepted risks</b>	√					
Proportion of assets and/or operating, investing, or financing activities <b>Aligned toward climate-related opportunities, based on key categories of commonly accepted opportunities</b>						√
Amount of senior management remuneration impacted by climate Considerations					√	
Amount of expenditure or capital investment deployed toward climate Risks and opportunities	√					
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>						
Impact of any material climate-related risks or opportunities on financial performance (e.g., cost, profitability, operating cash flow, impairment)	√					

Impact of any material climate-related risks or opportunities on financial <b>Position (e.g., assets and liabilities)</b>	√					
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**9. Is there anything additional you would like to tell us about your responses above?**

Some of the JBA member banks currently disclose the Scope 1 and Scope 2 GHG emission and part of Scope 3 except financed emissions and plan to disclose financed emissions going forward.  
 As to “Amount of expenditure or capital investment deployed toward climate risks and opportunities,” some of the JBA member banks disclose the target setting for sustainable finance and their annual progress.  
 As to “Climate-related financial impacts,” some of the JBA member banks disclose the result of their scenario analysis with the impact of transition risks and physical risks on financial performance and on the credit portfolio.

**10. There are different benefits that preparers may derive from the use of proposed cross-industry, climate-related metrics and climate-related financial impacts. How useful are disclosures of cross-industry, climate-related metrics and climate-related financial impacts in fulfilling the benefits described below?**

	Not at all Useful	Not very Useful	Somewhat Useful	Very Useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)			√	
Better decision making (e.g., risk management, strategy, financial planning)			√	
More effective engagement with my value chain (e.g., with suppliers)			√	
Compliance with regulatory mandates				√
Compliance with investor reporting requests				√
Satisfying customer pressures			√	
Other (please specify): _____				

**11. Is there anything additional you would like to tell us about your responses above?**

- ✓ Some of the JBA member banks set target for sustainable finance to show their commitments to sustainability issues.
- ✓ There remain difficulties in utilizing climate-related metrics to decision making due to limited data availability and unstandardized methodologies.
- ✓ In a regulatory perspective, some of the JBA member banks will be required to conduct scenario analysis on the climate-related risks.
- ✓ Response to growing expectations from investors is another reason for disclosure.

IF YOU ANSWERED CURRENTLY DISCLOSING (THAT IS, RESPONSE OPTION A) IN QUESTION 8 FOR ANY ROW, PLEASE ANSWER QUESTION 12 BELOW. OTHERWISE, PLEASE SKIP TO QUESTION 16.

**12. How difficult is it for your organization to disclose the proposed cross-industry, climate-related metrics and climate-related financial impacts?**

FOR EACH ROW, ANSWER ONLY IF YOU ARE CURRENTLY DISCLOSING THE INFORMATION (THAT IS, RESPONSE OPTION A IN QUESTION 8)	A. Not at all Difficult	B. Not very Difficult	C. Somewhat Difficult	D. Very Difficult
<b>Cross-industry, climate-related metrics</b>				
Absolute Scope 1 and 2 GHG emissions		√		
Relevant, material categories of Absolute Scope 3 GHG emissions				
Shadow/internal carbon price(s)				
Proportion of assets and/or operating, investing, or financing activities materially exposed to <del>Physical risks, based on key categories of commonly accepted risks</del>				
Proportion of assets and/or operating, investing, or financing activities materially exposed to <b>Transition risks, based on key categories of commonly accepted risks</b>			√	
Proportion of assets and/or operating, investing, or financing activities aligned toward <del>climate-Related opportunities, based on key categories of commonly accepted opportunities</del>				
Amount of senior management remuneration impacted by climate considerations				
Amount of expenditure or capital investment deployed toward climate risks and opportunities				√
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>				
Impact of any material climate-related risks or opportunities on financial performance (e.g., Cost, profitability, operating cash flow, impairment)				√
Impact of any material climate-related risks or opportunities on financial position (e.g., assets And liabilities)				√

**13. Is there anything additional you would like to tell us about your responses above?**

- ✓ “Amount of expenditure or capital investment deployed toward climate risks and opportunities”: there are difficulties in capturing contribution to sustainability.
- ✓ “Impact of any material climate-related risks or opportunities on financial performance”: the huge costs and resources for data collection and examination are required.

IF YOU ANSWERED NOT VERY DIFFICULT, SOMEWHAT DIFFICULT, OR VERY DIFFICULT (THAT IS, RESPONSE OPTIONS B, C, OR D) FOR ANY ROWS IN QUESTION 12, PLEASE ANSWER QUESTION 14 BELOW. OTHERWISE, PLEASE SKIP TO QUESTION 16.

**14. In general, what are the key challenges your organization is facing in disclosing the proposed cross-industry, climate-related metrics and climate-related financial impacts? Select all that apply for each row.**

FOR EACH ROW, ANSWER ONLY IF: 1. YOU ARE CURRENTLY DISCLOSING THE INFORMATION AND 2. YOU ANSWERED NOT VERY DIFFICULT, SOMEWHAT DIFFICULT, OR VERY DIFFICULT FOR THE INFORMATION IN QUESTION 12	Lack of internal expertise and / or resources	Lack of buy- in across organization	Hard to get relevant data	Selection / application of methodologies	Not required to disclose	Other (please specify below)
<b>Cross-industry, climate-related metrics</b>						
Absolute Scope 1 and 2 GHG emissions	√					
Relevant, material categories of Absolute Scope 3 GHG emissions						
Shadow/internal carbon price(s)						
Proportion of assets and/or operating, investing, or financing activities <del>Materially exposed to physical risks, based on key categories of commonly accepted risks</del>						
Proportion of assets and/or operating, investing, or financing activities <b>Materially exposed to transition risks, based on key categories of commonly accepted risks</b>						√
Proportion of assets and/or operating, investing, or financing activities <del>Aligned toward climate-related opportunities, based on key categories of commonly accepted opportunities</del>						
Amount of senior management remuneration impacted by climate Considerations						
Amount of expenditure or capital investment deployed toward climate risks And opportunities			√	√		
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>						
Impact of any material climate-related risks or opportunities on financial <b>Performance (e.g., cost, profitability, operating cash flow, impairment)</b>	√		√	√		
Impact of any material climate-related risks or opportunities on financial <b>Position (e.g., assets and liabilities)</b>	√		√	√		

**15. Is there anything additional you would like to tell us about your responses above?**

Banks face difficulties in selecting methodologies and collecting data to disclose these metrics.

- ✓ Regarding “proportion of assets and/or operating, investing, or financing activities materially exposed to transition risks, based on key categories of commonly accepted risks,” there are differences in the interpretation of the definition of the current “carbon-related assets” among banks and it has resulted in lack of comparability in their disclosed information (for example, how to exclude the renewable energy in the power sector, scope of corporate finance).
- ✓ Regarding “Amount of expenditure or capital investment deployed toward climate risks and opportunities”, for example, it is difficult to measure the degree of improvement of environmental impact in projects finance.
- ✓ Regarding “Impact of any material climate-related risks or opportunities on financial performance,” internal or external expertise are required to conduct on climate-related scenario analysis.

PLEASE ANSWER QUESTION 16 FOR ANY INFORMATION THAT YOU ARE NOT CURRENTLY DISCLOSING (THAT IS, RESPONSE OPTIONS B THROUGH E) IN QUESTION 8.  
IF THE ABOVE CONDITION DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 20.

**16. How difficult would it be for your organization to disclose the proposed cross-industry, climate-related metrics and climate-related financial impacts?**

FOR EACH ROW, ANSWER ONLY IF YOU ARE NOT CURRENTLY DISCLOSING THE INFORMATION (THAT IS, RESPONSE OPTIONS B THROUGH E IN QUESTION 8)	A. Not at All difficult	B. Not very Difficult	C. Somewhat Difficult	D. Very Difficult
<b>Cross-industry, climate-related metrics</b>				
Absolute Scope 1 and 2 GHG emissions				
Relevant, material categories of Absolute Scope 3 GHG emissions				√
Shadow/internal carbon price(s)				√
Proportion of assets and/or operating, investing, or financing activities materially exposed to physical <b>Risks, based on key categories of commonly accepted risks</b>				√
<del>Proportion of assets and/or operating, investing, or financing activities materially exposed to transition <b>Risks, based on key categories of commonly accepted risks</b></del>				
Proportion of assets and/or operating, investing, or financing activities aligned toward climate-related <b>Opportunities, based on key categories of commonly accepted opportunities</b>				√
Amount of senior management remuneration impacted by climate considerations				√
<del>Amount of expenditure or capital investment deployed toward climate risks and opportunities</del>				
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>				
<del>Impact of any material climate-related risks or opportunities on financial performance (e.g., cost, Profitability, operating cash flow, impairment)</del>				
<del>Impact of any material climate-related risks or opportunities on financial position (e.g., assets and Liabilities)</del>				

**17. Is there anything additional you would like to tell us about your responses above?**

Regarding “Amount of senior management remuneration impacted by climate considerations,” as the extent and magnitude of climate change risks and impacts may differ from industry to industry and due to data quality issues, it does not necessarily mean that climate change risks and impacts are reflected in the amount of senior management remuneration.

Regarding other metrics listed above, the main challenges remain in data collection and methodology selection, which results in low comparability.

IF YOU ANSWERED NOT VERY DIFFICULT, SOMEWHAT DIFFICULT, OR VERY DIFFICULT (THAT IS, RESPONSE OPTIONS B, C, OR D) FOR ANY ROWS IN QUESTION 16, PLEASE ANSWER QUESTION 18 BELOW. OTHERWISE, PLEASE SKIP TO QUESTION 20.

**18. In general, what are the key challenges your organization may face in disclosing the proposed cross-industry, climate-related metrics and climate-related financial impacts? Select all that apply for each row.**

FOR EACH ROW, ANSWER ONLY IF: 1. YOU ARE NOT CURRENTLY DISCLOSING THE INFORMATION AND 2. YOU ANSWERED NOT VERY DIFFICULT, SOMEWHAT DIFFICULT, OR VERY DIFFICULT FOR THE INFORMATION IN QUESTION 16	Lack of internal expertise and / or resources	Lack of buy- in across organization	Hard to get relevant data	Selection / application of methodologies	Not required to disclose	Other (please specify below)
<b>Cross-industry, climate-related metrics</b>						
Absolute Scope 1 and 2 GHG emissions						
Relevant, material categories of Absolute Scope 3 GHG emissions			√	√		
Shadow/internal carbon price(s)			√	√		
Proportion of assets and/or operating, investing, or financing activities materially exposed to physical risks, based on key categories of commonly accepted Risks			√	√		
<del>Proportion of assets and/or operating, investing, or financing activities materially exposed to transition risks, based on key categories of commonly accepted Risks</del>						
Proportion of assets and/or operating, investing, or financing activities aligned toward climate-related opportunities, based on key categories of commonly Accepted opportunities			√	√		
Amount of senior management remuneration impacted by climate Considerations			√	√		
<del>Amount of expenditure or capital investment deployed toward climate risks And opportunities</del>						
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>						
<del>Impact of any material climate related risks or opportunities on financial Performance (e.g., cost, profitability, operating cash flow, impairment)</del>						

Impact of any material climate-related risks or opportunities on financial <b>Position (e.g., assets and liabilities)</b>						
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**19. Is there anything additional you would like to tell us about your responses above?**

The main difficulties in disclosing climate-related metrics are data collection and methodology selection. More internal and external expertise are required for climate-related scenario analysis in order to prepare metrics to be disclosed in short term.

THE NEXT FOUR QUESTIONS (IN GREEN) ARE FOR USERS OF CLIMATE-RELATED FINANCIAL DISCLOSURES. IF THIS DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 24.

**20. Which of the proposed cross-industry, climate-related metrics and financial impacts would your organization find useful for preparers to disclose?**

	Not at all Useful	Not very Useful	Somewhat Useful	Very Useful
<b>Cross-industry, climate-related metrics</b>				
Absolute Scope 1 and 2 GHG emissions				√
Relevant, material categories of Absolute Scope 3 GHG emissions			√	
Shadow/internal carbon price(s)			√	
Proportion of assets and/or operating, investing, or financing activities materially exposed to physical <b>Risks, based on key categories of commonly accepted risks</b>			√	
Proportion of assets and/or operating, investing, or financing activities materially exposed to transition <b>Risks, based on key categories of commonly accepted risks</b>			√	
Proportion of assets and/or operating, investing, or financing activities aligned toward climate-related <b>Opportunities, based on key categories of commonly accepted opportunities</b>			√	
Amount of senior management remuneration impacted by climate considerations		√		
Amount of expenditure or capital investment deployed toward climate risks and opportunities				√
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>				
Impact of any material climate-related risks or opportunities on financial performance (e.g., cost, Profitability, operating cash flow, impairment)				√
Impact of any material climate-related risks or opportunities on financial position (e.g., assets and Liabilities)				√

**21. Is there anything additional you would like to tell us about your responses above?**

- ✓ Under the Equator Principles, the financial institutions are required to analyze the physical risks and transition risks of a project. If a company's TCFD disclosure includes physical risks and transition risk relevant to certain projects or specific sectors, such information would be appreciated for our Environmental and Social Impact Assessments under the Equator Principles.
- ✓ From risk management perspective, metrics and information of climate-related capital investment plan and its progress is useful to forecast future risks. Information on climate-related financial impacts are also useful.
- ✓ These are all important metrics for investors' decision making.

**22. There are different benefits that users may derive from the preparers' disclosure of proposed cross-industry, climate-related metrics and climate-related financial impacts. How useful are disclosures of cross-industry, climate-related metrics and climate-related financial impacts in fulfilling the benefits described below?**

	Not at all Useful	Not very Useful	Somewhat Useful	Very Useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)			√	
Better decision making (e.g., investment, lending, insurance underwriting)				√
More effective engagement with my value chain (e.g., with beneficiaries and counterparties)			√	
Compliance with regulatory mandates				√
Compliance with investor reporting requests				√
Satisfying customer pressures			√	
Other (please specify): _____				

**23. Is there anything additional you would like to tell us about your responses above?**

- ✓ We would appreciate if prepares to disclose more information which we can utilize for business opportunities or risk management.
- ✓ From risk management perspective, risk policy should be aligned with the corporate strategies and above metrics could be utilized in banks' decision-making process.
- ✓ Credit cost information is important in responding to pressures from regulators and/or investors.

**24. As part of which activities is your organization using climate-related metrics and financial impacts for decision-making?**

**Select all that apply.**

- a. Strategic planning and goal setting
- b. Risk identification and assessment
- c. Financial planning and budgeting (e.g., capex, opex)
- d. Operating and business unit plans
- e. Board and Senior Management understanding of issues
- f. Other (please specify): \_\_\_\_\_

**25. Is there anything additional you would like to tell us about your response above?**

We utilize preparers information to find new business opportunities and to brush up our risk management structure.

**26. If all organizations disclosed the proposed climate-related metrics and financial impacts, how much would that improve the comparability of climate-related disclosures?**

- a. A lot
- b. A little
- c. Not at all

**27. Is there anything additional you would like to tell us about your responses above?**

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**28. Should the proposed cross-industry, climate-related metrics and climate-related financial impacts be subject to a materiality assessment?**

	Should be disclosed Based on materiality assessment	Should be disclosed Irrespective of materiality	I'm Not sure
<b>Cross-industry, climate-related metrics</b>			
Absolute Scope 1 and 2 GHG emissions	√		
Relevant, material categories of Absolute Scope 3 GHG emissions	√		
Shadow/internal carbon price(s)			√
Proportion of assets and/or operating, investing, or financing activities materially exposed to <b>Physical risks, based on key categories of commonly accepted risks</b>			√
Proportion of assets and/or operating, investing, or financing activities materially exposed to <b>Transition risks, based on key categories of commonly accepted risks</b>			√
Proportion of assets and/or operating, investing, or financing activities aligned toward climate- <b>Related opportunities, based on key categories of commonly accepted opportunities</b>			√
Amount of senior management remuneration impacted by climate considerations			√
Amount of expenditure or capital investment deployed toward climate risks and opportunities		√	
<b>Climate-related financial impacts (e.g., those impacted by cross-industry, industry-specific, and company-specific metrics)</b>			
Impact of any material climate-related risks or opportunities on financial performance (e.g., cost, Profitability, operating cash flow, impairment)	√		
Impact of any material climate-related risks or opportunities on financial position (e.g., assets and Liabilities)	√		

**29. Is there anything additional you would like to tell us about your responses above?**

Rather than uniformly applying cross-industry climate-related metrics for all sectors, it would be better to apply those metrics where such metrics are considered material based on the characteristics of industries and strategies, the availability of data, and the feasibility of measurement.

**30. Which types of organizations should implement and disclose a shadow carbon price? Select all that apply.**

- a. Banks
- b. Insurers
- c. Asset owners
- d. Asset managers
- e. Other financial-sector participants (e.g., rating agencies, financial data aggregators)
- f. Companies in the Energy Group (i.e., oil and gas, coal, electric utilities)
- g. Companies in the Transportation Group (i.e., air freight, passenger air, maritime transportation, rail transportation, trucking services, automobiles)
- h. Companies in the Materials and Buildings Group (i.e., metals and mining, chemicals, construction materials, capital goods, real estate and management)
- i. Companies in the Agriculture, Food, and Forest Products Group (i.e., beverages, agriculture, packaged foods and meats, paper and forest products)
- j. Companies in other non-financial sectors (e.g., retail and consumer goods, professional services, information technology, telecommunication services)
- k. NONE of the above
- l. ALL of the above

**31. Is there anything additional you would like to tell us about your response above?**

From the point of view of using disclosed data by banks, we consider that we can utilize the internal carbon pricing data disclosed by the energy-intensive sector for customer analysis. We also chose financial institutions (banks and asset management companies) as internal carbon price disclosed by financial institutions may be useful for investors.

**32. Are there any modifications or additional metrics you would recommend as cross-industry, climate-related metrics to improve comparability?**

- a. No suggested modifications or additional metrics
- b. Yes

**IF YOU ANSWERED 'YES' TO QUESTION 32, PLEASE ANSWER QUESTION 33:**

**33. Please explain the suggested modifications and / or additional metric(s) you would recommend.**

NA

**34. Please provide any additional comments you have on the TCFD proposed guidance on climate-related metrics and financial impacts.**

Regarding the disclosure of Scope 3 emissions, banks face challenges regarding data availability and methodology.

Most of the banks' clients do not collect nor disclose their carbon footprint information such as Scope 1, 2 and Scope 3. It is a key challenge for banks to obtain such information.

Also, large companies should disclose the GHG emissions of their consolidated subsidiaries including SPCs related to power generation business owned by oil and gas companies, but they are not currently disclosing such information of their consolidated subsidiaries. Therefore, we believe the TCFD should recommend that, as stated in the Greenhouse Gas Protocol, the parent company be responsible for disclosing their carbon footprint information of their consolidated subsidiaries.

The overlap (double count) between companies and industries in Scope 3 will also be a challenge for financial sector in calculating Scope 3 as double-counting will not be eliminated completely unless each company discloses it in all transaction units.

THE NEXT FIFTEEN QUESTIONS (IN BLUE) ARE FOR THE FINANCIAL SERVICES SECTOR (THAT IS, IF YOU SELECTED RESPONSE OPTION A IN QUESTION 2).

IF THIS DOES NOT APPLY TO YOU, PLEASE SKIP TO QUESTION 50.

### TCFD PROPOSED SUPPLEMENT GUIDANCE FOR THE FINANCIAL SECTOR

*We would like to ask a few questions about the proposed supplemental guidance for the financial sector. Please refer to Section C.3 Proposed Updates to All Sector Guidance and Supplement Guidance and the Portfolio Alignment Technical Supplement for definitions and more details.*

#### 35. See Section C.3, subsection Scope 3 Emissions for the Financial Sector: Financed Emissions

**What methodology does your organization leverage for estimation of financed emissions?**

- a. Partnership for carbon accounting financials (PCAF) methodology
- b. Weighted average carbon intensity (WACI) methodology
- c. Another methodology (please specify): \_\_\_\_\_
- d. We do not currently disclose financed emissions

#### 36. Is there anything additional you would like to tell us about your response above?

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#### 37. What are the key challenges your organization is facing or may face in disclosing financed emissions? Select all that apply.

- a. Lack of internal expertise and / or resources
- b. Lack of buy-in across organization
- c. Hard to get relevant data
- d. Selection/application of methodologies
- e. Not required to disclose
- f. Other (please specify): \_\_\_\_\_
- g. No challenges

#### 38. Is there anything additional you would like to tell us about your responses above?

Most of the banks' clients do not collect nor disclose their carbon footprint information such as Scope 1, 2 and Scope 3. It is a key challenge for banks to obtain such information.  
Also, large companies should disclose the GHG emissions of their consolidated subsidiaries including SPCs related to power generation business owned

by oil and gas companies, but they are not currently disclosing such information of their consolidated subsidiaries. Therefore, we believe the TCFD should recommend that, as stated in the Greenhouse Gas Protocol, the parent company be responsible for disclosing their carbon footprint information of their consolidated subsidiaries.

The overlap (double count) between companies and industries in Scope 3 will also be a challenge for financial sector in calculating Scope 3 as double-counting will not be eliminated completely unless each company discloses it in all transaction units.

**39. There are different benefits derived from disclosure of financed emissions. How useful are disclosures of financed emissions in fulfilling the benefits described below?**

	Not at all Useful	Not very Useful	Somewhat Useful	Very Useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)			√	
Better decision making (e.g., investment, lending, insurance underwriting)			√	
More effective engagement with my value chain (e.g., with beneficiaries and counterparties)			√	
Compliance with regulatory mandates		√		
Compliance with investor reporting requests			√	
Satisfying customer pressures			√	
Other (please specify): _____				

**40. Is there anything additional you would like to tell us about your responses above?**

[Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)] In setting target on the financed emission, we need to consider alignment with other target such as sustainable or climate finance target amount.
[Compliance with regulatory mandates] Currently there is no regulatory mandates on disclosing financed emissions.

**41. See Section C.3, subsection Portfolio Alignment Technical Supplement**

**Is your organization using portfolio alignment tools, and if so for what purposes? Select all that apply.**

- a. Target setting
- b. Impact reporting
- c. Capital allocation optimization
- d. Informing counter-party engagement
- e. Product development
- f. Transition risk quantification
- g. We are not using portfolio alignment tools

**42. Is there anything additional you would like to tell us about your response above?**

As examples of “Target setting,” some of the JBA member banks set target amount for investing (including loans, equity investment in funds, arrangement of project finance and syndicated loans, underwriting of equities and bonds, and financial advisory services) in positive impact activities to finance clean
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technologies, renewable energies and green finance, and others set carbon-neutral target such as a commitment to achieve net zero emissions in our finance portfolio by 2050 and our own operations by 2030.

As “Informing counter-party engagement,” some of the JBA member banks set out and disclose their policies for negative screening to exclude or limit the exposures to risk sectors to manage environmental and social risks associated with their financing.

As “Transition risk quantification” some of the JBA member banks disclose the result of their scenario analysis with the impact of transition risks and physical risks on the credit portfolio.

**43. In your opinion, what are the key challenges that need to be addressed across climate data and analytics in order to support the usefulness and adoption of portfolio alignment tools? Select all that apply.**

- a. Data availability
- b. Data standardization
- c. Data quality
- d. Challenges specific to Scope 3 GHG emissions data
- e. Climate scenario development or application
- f. Other (specify): \_\_\_\_\_

**44. Is there anything additional you would like to tell us about your response above?**

For calculating financial emission and setting financial emission targets, the sectoral decarbonization approach (SDA) has been the mainstream approach. However, even major companies have not been disclosing their finance emission in accordance with the sectoral approach. For example, it would be ideal for an automobile company to show not only its own CO2 emissions but also the total CO2 emissions of its products in a form such as xxg-CO2/km. The TCFD should develop more specific guidance for disclosing Scope 3 emissions for key sectors referring to the SDA and should encourage companies to disclose them.

**IF YOU ANSWERED A – F (THAT IS, YOU ARE USING PORTFOLIO ALIGNMENT TOOLS) IN QUESTION 41, PLEASE ANSWER QUESTION 45. OTHERWISE, PLEASE SKIP TO QUESTION 46.**

**45. What key benefits does use of portfolio alignment tools have to your organization?**

For example, some of the JBA member banks are the signatories of the Poseidon Principles and will disclose the result of portfolio alignment for ship finance every year.  
We can also utilize portfolio alignment tools for transition risk quantification.

**IF YOU ANSWERED G (THAT IS, NOT USING PORTFOLIO ALIGNMENT TOOLS) IN QUESTION 41, PLEASE ANSWER QUESTION 46. OTHERWISE, PLEASE SKIP TO QUESTION 47.**

~~46. What key benefits do you expect the use of portfolio alignment tools would have to your organization?~~

**47. Are there outstanding questions related to the usefulness, challenges, and/or design of portfolio alignment tools not covered in the Portfolio Alignment Technical Supplement to which answers are needed in order for your organization to better incorporate such tools in your management processes?**

Regarding Recommendation 8 of the Portfolio Alignment Technical Supplement, we appreciate a further guidance on climate scenario development or application of reference scenario used for portfolio alignment activities for financial sector.

**48. TCFD is proposing a number of changes to the supplemental guidance for the financial sector. For each of the following, please tell us whether your organization supports the proposed changes.**

<b>Proposed changes</b>	<b>Yes</b>	<b>No</b>	<b>I'm not sure</b>
1. Banks, asset managers, asset owners, and insurers should disclose exposure to carbon-related assets	√		
2. The term "carbon-related assets" should be expanded to refer to those assets tied to the four Non-financial Groups identified by the Task Force in its 2017 Final Recommendations (i.e. energy, transportation, materials and buildings, and agriculture, food, and forest products groups)	√		
3. Banks, asset managers, and asset owners should disclose financed emissions	√		
4. If banks, asset managers, and asset owners disclose financed emissions, should they use the PCAF's <b>Methodology and WACI, if relevant, or a comparable methodology</b>	√		
5. (Re)insurance underwriters should disclose WACI for their commercial property and specialty lines of business That cover tangible properties and goods			√[NA]
6. All financial institutions should disclose alignment of their portfolios with the goals of the Paris Agreement And incorporate forward-looking alignment metrics into their target-setting framework and management processes	√		

**49. Please provide any additional comments you have on the TCFD proposed supplemental guidance for the financial sector.**

[“Banks, asset managers, asset owners, and insurers should disclose exposure to carbon-related assets” ]  
 [The term "carbon-related assets"]  
 JBA believes that disclosing exposure to carbon-related assets by banks will benefit stakeholders. However, there are issues or challenges to disclose carbon-related assets tied to the Non-financial groups. JBA support the expansion of the carbon-related assets if the following issues or challenges are resolved:  
 -There are differences in the interpretation of the definition of the current “carbon-related assets” among banks and it has resulted in lack of comparability in their disclosed information (for example, how to exclude the renewable energy in the power sector, scope of corporate finance). Therefore, in order to effectively utilize the metric of “exposure to carbon-related assets” for risk management purpose, it is desirable to establish the unified and consistent definitions that narrows the scope of each bank's interpretation. In addition, the proposed

change of the term “carbon-related asset” will cause confusion, as the reference to the GICS classification is deleted and the independent power and renewable electricity producer industries are not excluded. The updated definition should also refer to the GICS classification and the scope of exclusion from “carbon-related asset” for the four Non-financial Groups, such as renewable electricity producer industries electric vehicle. We also appreciate the clarification of the definition of “underwriting” used in the proposed changes to supplement guidance for banks (Strategy a) describes the climate-related risks and opportunities the organization has identified over the short, medium, and long term, if it includes the underwriting of the securities such as bond rather than insurance underwriting.

- Due to lack of definition and difficulty in acquiring relevant data, it will take a considerable time and resources for banks to prepare for the expansion proposed in this consultation. We would appreciate it if the phased-in approach is allowed.

- Looking at future trends, the updated guidelines should include how to disclose such metrics where transition finance and green finance are implemented regarding carbon-related assets.

- We would like to also note that the amount of exposure to carbon-related assets does not necessarily represent the climate-related risk of financial institutions because the transition risk depends on the subsector of the enterprise classified as carbon-related exposure and the level of response to the transition risk. Given the need for financing to facilitate the transition of high-risk sectors, we believe users will need the explanation on the relevance with the Paris Agreement by financial institutions related to such metrics rather than only disclosing metrics.

[disclose financed emissions]&[methodology]

JBA agrees to disclose financed emissions. Some of the JBA member banks have set their target on Scope 3 and plan to disclose financed emissions. We also agree to use the unified methodologies such as PCAF to enhance comparability.

[alignment of their portfolios with the goals of the Paris Agreement /forward-looking alignment metrics]

JBA agrees to disclose alignment of their portfolios with the goals of the Paris Agreement and incorporate forward-looking alignment metrics into their target-setting framework and management processes. Some of the JBA member banks have set their target on portfolio and disclosed their alignment and their target-setting framework and management processes.

## TCFD PROPOSED GUIDANCE ON CLIMATE-RELATED TARGETS

We have a few questions about the proposed guidance on climate-related targets. Please refer to Section D. Climate-related Targets for definitions and more details.

### 50. When will your organization set quantitative targets across cross-industry, climate-related metrics?

	We have set a target	We plan to set a target in the Next year	We plan to set a target, but not This year	We are not planning to Set a target
Absolute Scope 1 and 2 GHG emissions	√			
Relevant, material categories of Absolute Scope 3 GHG emissions	√			
Shadow/internal carbon price(s)				√
Proportion of assets and/or operating, investing, or financing activities materially <b>Exposed to physical risks, based on key categories of commonly accepted risks</b>				√
Proportion of assets and/or operating, investing, or financing activities materially <b>Exposed to transition risks, based on key categories of commonly accepted risks</b>	√			
Proportion of assets and/or operating, investing, or financing activities aligned toward climate-related opportunities, based on key categories of commonly accepted Opportunities				√
Amount of senior management remuneration impacted by climate considerations				√
Amount of expenditure or capital investment deployed toward climate risks and Opportunities	√			

### 51. Is there anything additional you would like to tell us about your responses above?

As to “Scope 1 and 2 GHG emissions” and “Scope 3 GHG emissions,” some of the JBA member banks set carbon-neutral target such as a commitment to achieve net zero emissions in their finance portfolio by 2050 and their own operations by 2030 and will disclose the progress.

As to “Amount of expenditure or capital investment deployed toward climate risks and Opportunities,” some of the JBA member banks set target amount for investing (including loans, equity investment in funds, arrangement of project finance and syndicated loans, underwriting of equities and bonds, and financial advisory services) in positive impact activities to finance clean technologies, renewable energies and green finance.

**52. How useful is it to your organization for preparers to disclose quantitative targets across cross-industry, climate-related metrics?**

	<b>Not at all Useful</b>	<b>Not very Useful</b>	<b>Somewhat Useful</b>	<b>Very Useful</b>
Absolute Scope 1 and 2 GHG emissions			√	
Relevant, material categories of Absolute Scope 3 GHG emissions		√		
Shadow/internal carbon price(s)		√		
Proportion of assets and/or operating, investing, or financing activities materially exposed to physical <b>Risks, based on key categories of commonly accepted risks</b>		√		
Proportion of assets and/or operating, investing, or financing activities materially exposed to transition <b>Risks, based on key categories of commonly accepted risks</b>		√		
Proportion of assets and/or operating, investing, or financing activities aligned toward climate-related <b>Opportunities, based on key categories of commonly accepted opportunities</b>		√		
Amount of senior management remuneration impacted by climate considerations		√		
Amount of expenditure or capital investment deployed toward climate risks and opportunities			√	

**53. Please provide any additional comments you have on the TCFD proposed guidance on climate-related targets.**

We can utilize the above metrics to assess the progress of preparers' effort to achieve sustainability target. However, disclosure of climate-related targets should consider the fact that appropriate target setting is still difficult due to the uncertainty and it may evolve over time.

## TCFD PROPOSED GUIDANCE ON CLIMATE-RELATED TRANSITION PLAN

*We have a few questions about the proposed guidance on climate-related transition plans. Please refer to Section E. Climate-related Transition Plans for definitions and more details.*

### 54. When will your organization set a transition plan?

- a. We have set a transition plan
- b. We plan to set a transition plan in the next year
- c. We plan to set a transition plan, but not this year
- d. We are unlikely to set a transition plan

### 55. Is there anything additional you would like to tell us about your response above?

As examples of transition plan, some of the JBA member banks set target amount for investing (including loans, equity investment in funds, arrangement of project finance and syndicated loans, underwriting of equities and bonds, and financial advisory services) in positive impact activities to finance clean technologies, renewable energies and green finance, and others set carbon-neutral target such as a commitment to achieve net zero emissions in their finance portfolio by 2050 and their own operations by 2030.

### 56. What are the key challenges your organization is facing or may face in setting a transition plan? Select all that apply.

- a. Lack of internal expertise and / or resources
- b. Lack of buy-in across organization
- c. Hard to get relevant data
- d. Unclear which transition plan framework to apply or which elements to include
- e. Lack of agreement of most probable transition pathways
- f. Other (please specify): \_\_\_\_\_
- g. No challenges

### 57. Is there anything additional you would like to tell us about your response above?

-

**58. How useful to your organization would it be for preparers to disclose transition plans?**

- a. Not at all useful
- b. Not very useful
- c. Somewhat useful
- d. Very useful

**59. Is there anything additional you would like to tell us about your response above?**

–

**60. There are different benefits derived from disclosure of transition plans by preparers. How useful are disclosures of transition plans in fulfilling the benefits described below?**

	Not at all Useful	Not very Useful	Somewhat Useful	Very Useful
Ability to deliver on my organization's climate ambition (i.e., one set by the Board and Senior Management)				√
Better decision making (e.g., investment, lending, insurance underwriting)				√
More effective engagement with my value chain (e.g., with beneficiaries and counterparties)				√
Compliance with regulatory mandates				√
Compliance with investor reporting requests				√
Satisfying customer pressures				√
Other (please specify): _____				

**61. Is there anything additional you would like to tell us about your responses above?**

Banks can utilize the information of transition plans for engagement with clients.

**62. How useful are climate-related metrics for structuring and tracking progress of a transition plan?**

	Not at all Useful	Not very Useful	Somewhat Useful	Very Useful	I'm not Sure
<b>Cross-Industry</b>					
Absolute Scope 1 and 2 GHG emissions				√	
Relevant, material categories of Absolute Scope 3 GHG emissions				√	
Shadow/internal carbon price(s)				√	
Proportion of assets and/or operating, investing, or financing activities materially exposed to <b>Physical risks, based on key categories of commonly accepted risks</b>				√	
Proportion of assets and/or operating, investing, or financing activities materially exposed to <b>Transition risks, based on key categories of commonly accepted risks</b>				√	
Proportion of assets and/or operating, investing, or financing activities aligned toward <b>Climate-related opportunities, based on key categories of commonly accepted opportunities</b>				√	
Amount of senior management remuneration impacted by climate considerations				√	
Amount of expenditure or capital investment deployed toward climate risks and Opportunities				√	
<b>Financial Sector</b>					
Financed emissions and / or WACI				√	
Portfolio alignment metric				√	

**63. Is there anything additional you would like to tell us about your responses above?**

Banks can utilize the disclosed metrics on the progress of transition plan by preparers for engagement with clients.

**64. For what types of organizations should TCFD recommend disclosure of a transition plan (as defined in Strategy Recommended Disclosure c)? Select all that apply.**

- a. If an organization operates in a jurisdiction with an emissions reduction commitment
- b. If an organization has made an emissions reduction commitment
- c. If an organization seeks to meet emissions reduction expectations from financial market participants
- d. None of the above
- e. Other (please specify): \_\_\_\_\_

**65. Is there anything additional you would like to tell us about your response above?**

Banks can utilize the information of transition plan for engagement with potential clients.

**66. How helpful would it be for organizations to have more guidance related to disclosure of climate adaptation aspects of their strategy?**

- a. Very helpful
- b. Moderately helpful
- c. Not helpful
- d. I'm not sure

**67. Please provide any additional comments you have on the TCFD proposed guidance on climate-related transition plans.**

Obtaining the mutual consensus of disclose these information is important.

## CLOSING SECTION

**68. Please provide the name of your organization.**

*Note, this information will not be shared in the summary of responses or otherwise made public. It is used to help TCFD understand who is completing the survey.*

Organization name: Japanese Bankers Association

**69. Please check the boxes below as they apply to you:**

- You may contact me to discuss this consultation form
- I'm interested in receiving a summary of the results of this consultation
- I'm interested in staying in touch on further discussion on proposed guidance
- None of the above

**70. Please share a few more details with us. If you wish to remain anonymous, you may leave the following fields blank.**