# DOES JAPAN NEED A SUSTAINABLE FINANCE TAXONOMY?

## RESULTS FROM AN INVESTOR SURVEY AND STAKEHOLDER INTERVIEWS

March 2023



An investor initiative in partnership with UNEP Finance Initiative and UN Global Compact

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# ABOUT THIS BRIEFING

This briefing sets out the results of a survey and targeted stakeholder interviews regarding the requirements and expectations of investors in relation to a potential sustainable finance taxonomy for Japan. These results are accompanied by an analysis of selected existing sustainable finance policies, regulations and guidance and a set of policy recommendations.

This research and the report have been prepared and carried out in conjunction with CSR Design Green Investment Advisory Co., Ltd (CSR Design).

The PRI develops policy analyses and recommendations based on signatory views and evidence-based policy research.

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# EXECUTIVE SUMMARY

Since the adoption of the Paris Agreement at the UN Climate Change Conference in 2015 (COP21), governments, companies and investors have accelerated their actions to reduce greenhouse gas (GHG) emissions to reach net-zero targets. The adoption of the UN Sustainable Development Goals (SDGs) has also provided a clear articulation of broader sustainability objectives. However, to achieve the Paris Agreement goals and SDGs, more investments aligned with these objectives will be required.

To facilitate such investments and navigate the transition to a decarbonised and inclusive economy, many kinds of sustainability-related policy instruments have been developed. The EU, for example, published its Sustainable Finance Action Plan in 2018 to promote investments in sustainable projects and activities.[1] As a key component of this plan, the EU has developed a sustainable finance taxonomy to create a common classification system for sustainable economic activities. Sustainable taxonomies of various sorts have also been developed or are under development in other regions and countries, including the ASEAN region, the United Kingdom, Canada, China and Australia.

In Japan, a variety of sustainable finance measures to support the achievement of net zero by 2050 have been developed, including sector-specific technology roadmaps for the transition to decarbonization, green bond principles and corporate and investor disclosure requirements, which are explained in the next chapter. However, Japan does not have a comprehensive sustainable finance taxonomy that classifies whether particular economic activities are aligned with its national GHG emissions reduction objectives or other sustainability goals.

In light of this state of affairs, questions have arisen regarding the possible introduction of a sustainable finance taxonomy in Japan. For example, do investors think that existing sustainable finance policy measures in Japan meet their needs? What do investors think about possibly introducing a sustainable finance taxonomy in the Japanese market? And what do other key stakeholders think about this issues?

To explore such questions, the PRI conducted an online survey and stakeholder interviews from February to April 2022 with CSR Design. This research aimed to identify investors' expectations and stakeholders' views regarding policy instruments for sustainable finance, including a sustainable finance taxonomy, and provide recommendations for policymakers. The key messages from the survey and associated policy recommendations are set out below.

[1] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52018DC0097

## KEY MESSAGES AND RECOMMENDATIONS

**Key messages**

- Only 35% of respondents agreed that existing financial disclosure regulations and frameworks adequately support their achievement of sustainability-related investment objectives.
- Around 60% of respondents supported the development of a sustainable taxonomy in Japan.
- Over two-thirds of respondents perceived the absence of a sustainable finance taxonomy for Japan as a potential risk for investors.
- The majority of respondents agreed that if a taxonomy is introduced in Japan, taxonomy-based information disclosure should be mandatory for companies.

**Key recommendations**

1. Japanese policymakers and regulators should carry out a study to consider developing and implementing a sustainable finance taxonomy for Japan.
2. Existing tools, such as the basic guidelines on climate transition finance and sector-specific technology roadmaps for the transition to decarbonization, need to be better integrated into disclosure frameworks and financial and investor regulations and supervision.
3. The Japanese Financial Services Agency (FSA) should play a leadership role in considering the development and implementation of a sustainable finance taxonomy for Japan.
4. Japanese policymakers and regulators should keep working towards supporting global harmonisation and interoperability between different taxonomies and disclosure frameworks.

# BACKGROUND

## WHAT IS A SUSTAINABLE FINANCE TAXONOMY?

A sustainable finance taxonomy is a classification system that aims to help investors understand whether an economic activity is environmentally and socially sustainable and to navigate the transition to a decarbonised, inclusive economy. Such taxonomies are, as part of a broader mix of sustainable finance policy measures, expected to work as a common language among investors, issuers, project promoters and policymakers when assessing whether certain investments satisfy sustainability standards and are aligned with high-level policy commitments.

While there are a variety of approaches that are now being taken, sustainable finance taxonomies generally include the following:

- Objectives that define the aims of the taxonomy (i.e. climate change mitigation, climate change adaptation, the protection of biodiversity and the transition to a circular economy).
- Activity lists that detail eligible economic activities (i.e. those activities that can make a positive contribution to the objectives of the taxonomy).
- Performance criteria that determine whether the eligible activities are aligned with the objectives of the taxonomy.
- Minimum safeguards, such as requirements to ‘do no significant harm’ (DNSH) to other environmental or social objectives.

Detailed criteria and the implementation and enforceability of sustainable taxonomies vary among jurisdictions. For example, the EU published its Taxonomy Regulation in 2020, which requires companies to disclose the proportion of turnover, capital expenditure (CapEx) and operational expenditure (OpEx) from products or services associated with Taxonomy-aligned activities. Likewise, certain financial institutions are required to disclose to what extent they invest in activities that meet these criteria.

In other markets, different approaches to implementation are being taken. For example, ASEAN has developed the ASEAN taxonomy for sustainable finance, which was designed to cater to the different ASEAN economies, financial systems and transition paths. Currently, usage of the ASEAN taxonomy is voluntary, and ASEAN member countries have not yet set any mandatory related disclosure requirements by reference to the taxonomy.

# JAPAN'S SUSTAINABLE FINANCE STRATEGY

The Japanese government and financial regulators have not yet introduced a comprehensive sustainable finance taxonomy. Nonetheless, they have developed a variety of sustainable finance initiatives and tools, some of which aim to achieve related objectives.

### *Japan's net-zero strategy*

In October 2020, the Japanese government declared that Japan would aim for net-zero GHG emissions by 2050[2] and announced the establishment of a 2 trillion yen fund to support decarbonisation innovation.[3] In advance of this declaration, the Ministry of Economy, Trade and Industry (METI) compiled its 'Climate Innovation Finance Strategy 2020',[4] which sets out the importance of simultaneously advancing finance to each of three types of efforts:

1. 'transition' to steadily advance low carbonisation through existing technologies,
2. 'green' to promote already decarbonised activities, e.g. renewable energy, and
3. 'innovation' to achieve decarbonisation by developing new technologies, e.g. hydrogen.

Subsequently, the Japan Financial Services Agency (FSA) established its Expert Panel on Sustainable Finance, which has now published two reports with recommendations on developing a financial system that supports a sustainable society.[5] Building on this work, the FSA has included the promotion of sustainable finance in its annual Strategic Priorities and established a work plan that aims to do so.[6] A number of the initiatives and tools that have been developed include some of the features of a taxonomy.

### *Basic guidelines on climate transition finance and sector-specific technology roadmaps for the transition to decarbonization*

As part of its promotion of transition finance, METI, together with FSA and the Ministry of the Environment (MOE), developed the Basic Guidelines on Climate Transition Finance.[7] These guidelines aim to enable companies to raise funds through bonds and loans labelled 'transition' for activities promoting decarbonisation. To date, METI has issued seven sector-specific technological roadmaps[8] for carbon-intensive sectors, which supplement the Basic Guidelines.

According to METI, the sector-specific technological roadmaps indicate the technologies that are expected to be necessary in order to help key sectors, such as steel and chemicals, achieve carbon neutrality by 2050. These technologies include future innovative technologies as well as low-carbon technologies that are currently available. The roadmaps refer to domestic policies and international scenarios and present the technologies along with their backgrounds and timeframes. While they do not include the level of detail or specific performance criteria contained in the EU Sustainable Finance Taxonomy, in this respect, METI's technological roadmaps have some taxonomy-like features.

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[2] https://japan.kantei.go.jp/99_suga/statement/202010/_00006.html
[3] https://japan.kantei.go.jp/99_suga/statement/202012/_00003.html
[4] https://www.meti.go.jp/english/press/2020/0916_001.html
[5] https://www.fsa.go.jp/en/news/2021/20210618/04.pdf; https://www.fsa.go.jp/news/r4/singi/20220713/02.pdf
[6] https://www.fsa.go.jp/en/news/2022/20220926.html
[7] https://www.meti.go.jp/press/2021/05/20210507001/20210507001-3.pdf
[8] The most recent information on the technology roadmap can be found at the following link: https://www.meti.go.jp/policy/energy_environment/global_warming/transition_finance.html

### *Green Bond Guidelines*

In March 2017, the MOE issued the Green Bond Guidelines 2017[9] to promote the use of green bonds in Japan by increasing the credibility of their environmental benefits, while reducing the cost and administrative burden on issuers. Designed to be consistent with the International Capital Market Association (ICMA) Green Bond Principles, these guidelines provide issuers, investors and other market participants with illustrative examples of specific approaches and interpretations tailored to Japan's bond market to aid decision-making regarding green bonds. After this, guidelines were revised in 2020 based on the revision of ICMA's Green Bond Principles and in light of market trends surrounding green bonds, the latest version, 'Green Bond and Sustainability-Linked Bond Guidelines 2022',[10] was published in July 2022. This revised version aims to clarify the concept of greenness and includes an appendix with examples relating to the use of proceeds, key performance indicators (KPIs) and negative impacts.

### *Social Bond Guidelines*

In October 2021, the FSA published the Social Bond Guidelines[11] to promote the wider adoption of social bonds by the private sector in Japan by ensuring the credibility of their social benefits while reducing the cost and administrative burden on issuers. Developed in accordance with the ICMA Social Bond Principles, the guidelines provide practical examples and interpretations that are tailored to the situation in Japan, including many of the challenges common to advanced economies. The FSA updated the guidelines in July 2022 to add examples of impact indicators for social projects in the appendix.[12]

### *Corporate climate-related disclosures*

Alongside these efforts by METI and MOE, FSA has been leading the implementation of climate-related disclosure policies. Most notably, FSA collaborated with the Tokyo Stock Exchange to revise Japan's Corporate Governance Code to require climate-related disclosure aligned to the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), or an equivalent framework, to companies listed on the Toky Stock Exchange (TSE) Prime Market from April 2022.[13] In addition, the FSA amended the Cabinet Office Ordinance on Disclosure of Corporate Information, etc. in January 2023 to make the disclosure of sustainability information mandatory in securities reports[14], and plans to develop domestic standards based on those currently under development by the International Sustainability Standards Board (ISSB)[15].

[9] https://www.env.go.jp/content/900453296.pdf
[10] https://www.env.go.jp/content/000047699.pdf (Only a Japanese version is available)
[11] https://www.fsa.go.jp/en/news/2021/001.pdf
[12] https://www.fsa.go.jp/en/news/2022/20221111en.html
[13] https://www.jpx.co.jp/english/news/1020/b5b4pj0000046kxj-att/b5b4pj0000046l07.pdf
[14] https://www.fsa.go.jp/news/r4/sonota/20230131/20230131.html (Only a Japanese version is available)
[15] https://www.fsa.go.jp/singi/singi_kinyu/tosin/20221227.html(Only a Japanese version is available)

## ARE THESE TOOLS AND INITIATIVES EQUIVALENT TO A SUSTAINABLE FINANCE TAXONOMY?

A number of the initiatives and tools discussed above seek to provide relevant information and guidance to financial sector actors to better integrate sustainability factors into their decision-making. However, they do not yet represent a comprehensive sustainable finance taxonomy. Corporate disclosure requirements, for example, encourage the disclosure of entity-level information aligned with the four pillars of the TCFD but do not require the provision of information about the alignment of an entity's activities with sustainability or transition objectives in a consistent or easily comparable manner.

The basic guidelines on transition finance, together with sector-specific technology roadmaps, aim to facilitate the disclosure and consideration of activity-level information. However, they do not currently provide the granularity or technical thresholds that would allow entities to accurately disclose or assess the percentage of revenues or expenditures that are aligned with transition objectives. The guidelines and roadmaps also appear to be designed to apply to a limited set of debt market instruments rather than a comprehensive set of asset classes and financial products.

Similarly, the Green Bond Guidelines and Social Bond Guidelines provide useful principles-based guidance and examples of categories of activities that may be considered to meet 'green' or 'social' criteria. They do not, however, provide a comprehensive classification system. Similarly to the Basic Guidelines on Transition Finance, they apply only to a narrow sub-category of debt instruments.

# A SUSTAINABLE FINANCE TAXONOMY FOR JAPAN: SURVEY AND INTERVIEWS

As set out in the previous section, a number of existing sustainable finance tools and initiatives have been introduced in Japan, which potentially help investors integrate sustainability factors and objectives into their decision-making. Currently, however, these do not amount to a comprehensive sustainable finance taxonomy. In its absence, a question remains as to whether investors with exposure to the Japanese market currently have the information they need about the sustainability characteristics of particular activities, entities, securities and funds in order to meet their financial and sustainability objectives.

In order to better understand investors' needs and opinions on this issue, the PRI surveyed selected PRI signatories to obtain their perspectives. Alongside the survey, the PRI also conducted a series of interviews with policymakers to understand their priorities and preferences for different approaches. Details of the methodology and key findings are included below.

## SURVEY METHODOLOGY

The PRI, in cooperation with CSR Design, conducted an online survey of financial institutions with exposure to the Japanese market to investigate their needs and expectations for a sustainable taxonomy in Japan and their views about other related policy instruments. The survey was shared with PRI signatories headquartered in Japan and members of the PRI's Global Policy Reference Group.[16]

The survey was open for two weeks in April 2022. It included nineteen questions and was provided in both Japanese and English. In total, it retrieved 43 responses: 28 (65%) investment managers, 9 (21%) asset owners and 6 (14%) service providers. Among the 43 responses, 37 respondents (86%) were from Japan, five respondents (12%) claimed that their primary office was located in Europe, and one respondent's primary location was in North America.

## KEY FINDINGS FROM THE SURVEY

Overall, the findings from the survey indicate that existing policy tools and frameworks are not providing investors with adequate support to meet their sustainability-related investment objectives and that there is significant support for the development of a more granular taxonomy of sustainability-related information.

- Only 35% of respondents agreed that existing financial disclosure regulations and frameworks adequately support their ability to achieve sustainability-related investment objectives.
- Around 60% of respondents supported the development of a sustainable finance taxonomy in Japan.
- Over two-thirds of respondents perceived the absence of a sustainable finance taxonomy for Japan as a potential risk for investors.
- The majority of respondents agreed that if a taxonomy is introduced in Japan, taxonomy-based information disclosure should be mandatory for companies.

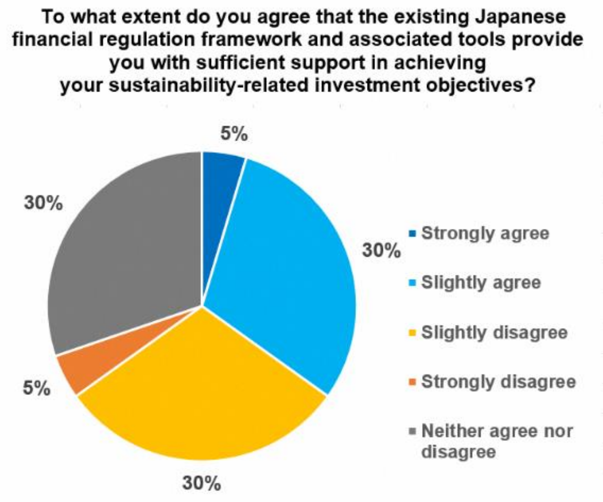
[16] https://www.unpri.org/signatory-resources/advisory-committees-and-working-groups/320.article

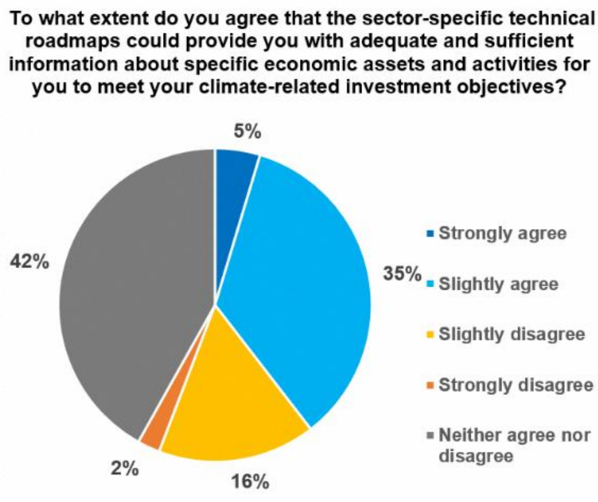
- 68% of respondents said that quantitative technical standards and thresholds in the taxonomy should take into account the regional characteristics of Japan. The importance of comparability and interoperability was highlighted in free-text comments.
- Many respondents expected the FSA, METI and MOE to be involved and take the lead in developing the taxonomy.

Further details of these findings are set out below.

## ASSESSMENT OF EXISTING DISCLOSURE REGULATIONS AND FRAMEWORKS

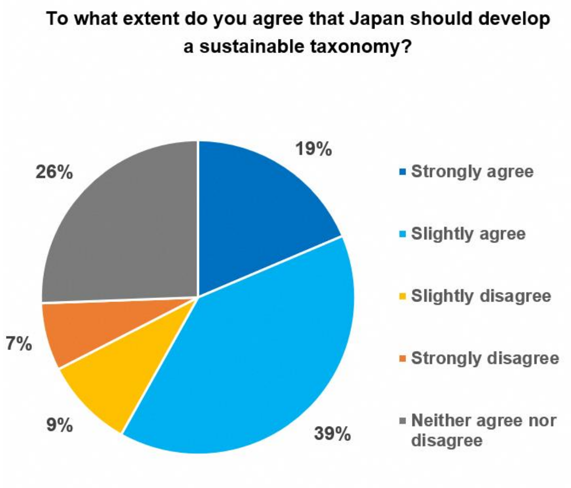
- Regarding the extent to which existing financial disclosure regulations and frameworks adequately support their achievement of sustainability-related investment objectives, the responses were split into three categories: 35% of respondents agreed that the existing framework offered sufficient support, 35% disagreed, and the rest (30%) did not have an opinion.
- Some respondents commented that they saw progress in disclosure regulations, including mandatory TCFD disclosures for prime market–listed companies; however, other respondents pointed out that the level and quality of disclosures were limited due to the absence of uniform and comprehensive standards for sustainability-related disclosures.
- As for the sector-specific technology roadmaps provided by METI, 40% of respondents agreed that these provide adequate information to meet their climate-related investment objectives. However, 42% of our respondents did not agree or disagree with the statement, potentially indicating a lack of familiarity with the roadmaps. Many respondents who had not yet formed opinions commented that their company was not yet ready to evaluate the roadmaps.
- Respondents without investments in fixed income but that had invested in other asset classes, including equity, were less likely to agree that the roadmaps provided them with adequate and sufficient information (28%) compared with those investing in fixed income (50%).

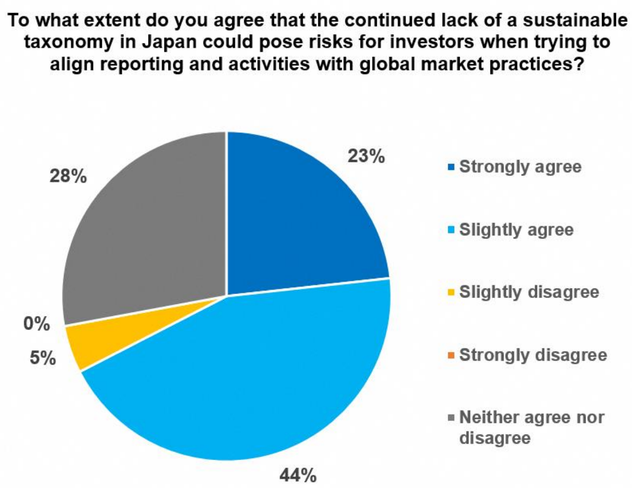


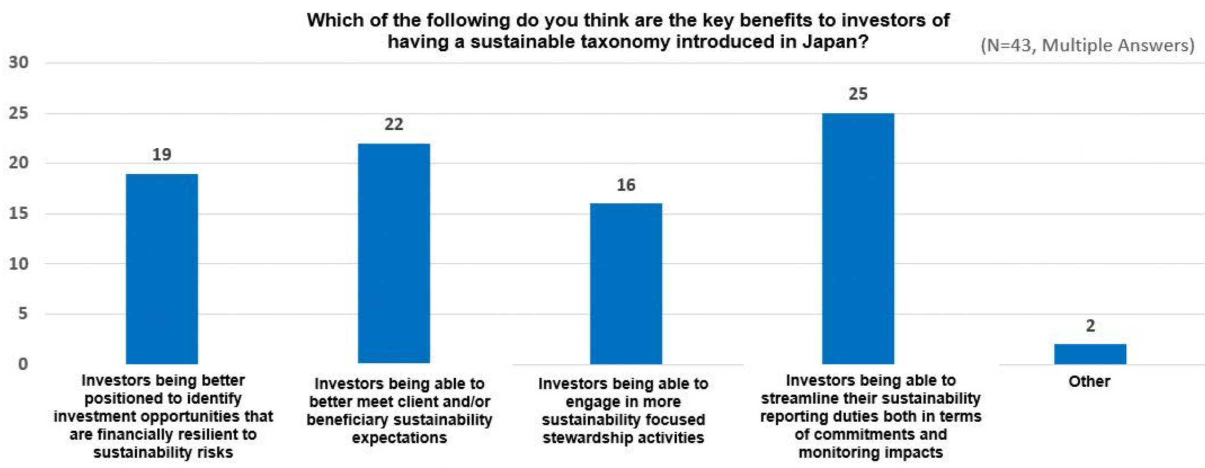



## OPINIONS ON THE INTRODUCTION OF A SUSTAINABLE TAXONOMY IN JAPAN

- 58% of the respondents agreed that Japan should develop a sustainable taxonomy. The most commonly claimed benefit of a sustainable taxonomy by the respondents was streamlining investors' reporting duties, both in terms of commitments and monitoring impacts (58%), followed by the benefit of being able to better meet the sustainability expectations of clients and/or beneficiaries (51%).
- 67% of respondents thought the continued lack of a sustainable taxonomy would create risks for investors when trying to align reporting and activities with global market practices.
- Respondents who disagreed with developing a sustainable taxonomy also stressed the importance of having a shared viewpoint and trying to align with taxonomies and standards on a global scale.

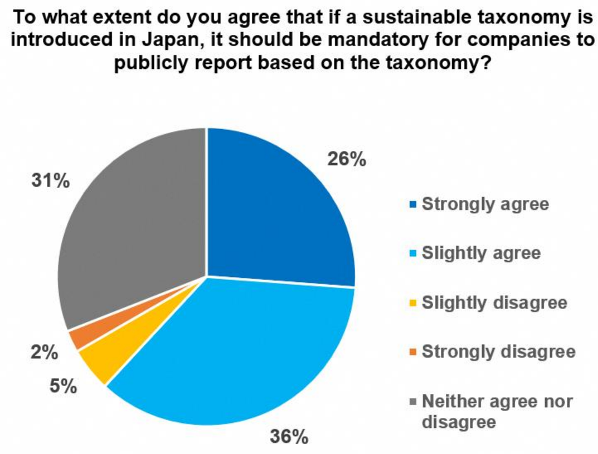


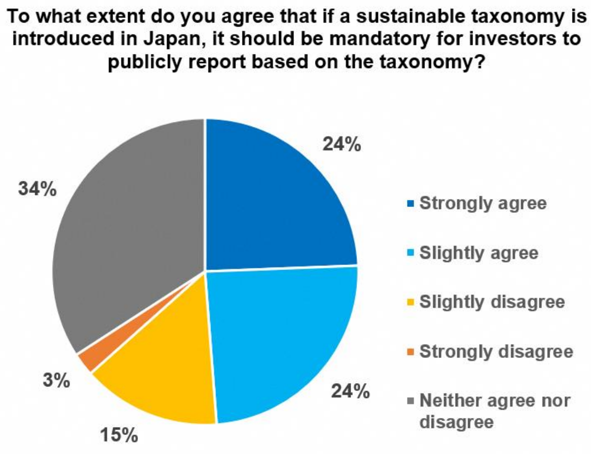



## MANDATORY TAXONOMY-BASED DISCLOSURES

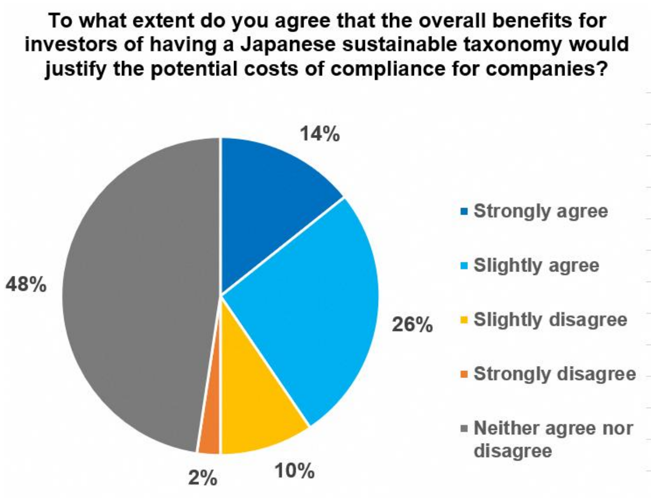
- 62% of the respondents believed that it should be mandatory for companies to publicly report based on a sustainable taxonomy if one is introduced in the Japanese market. As for a mandatory reporting obligation for investors, 48% of the respondents agreed that public reporting based on the taxonomy should be mandatory for investors.



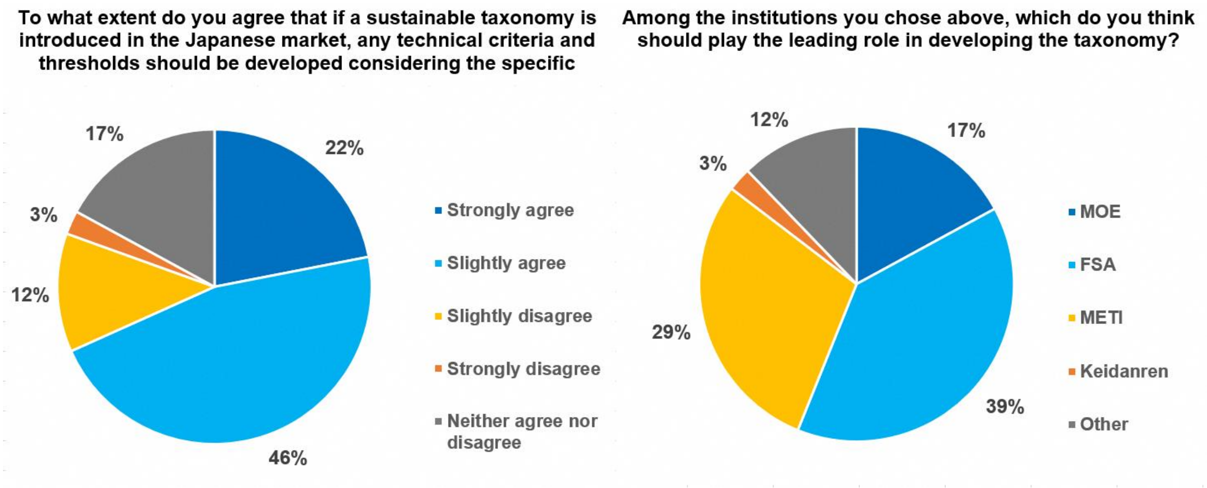

## COSTS AND BENEFITS OF A TAXONOMY

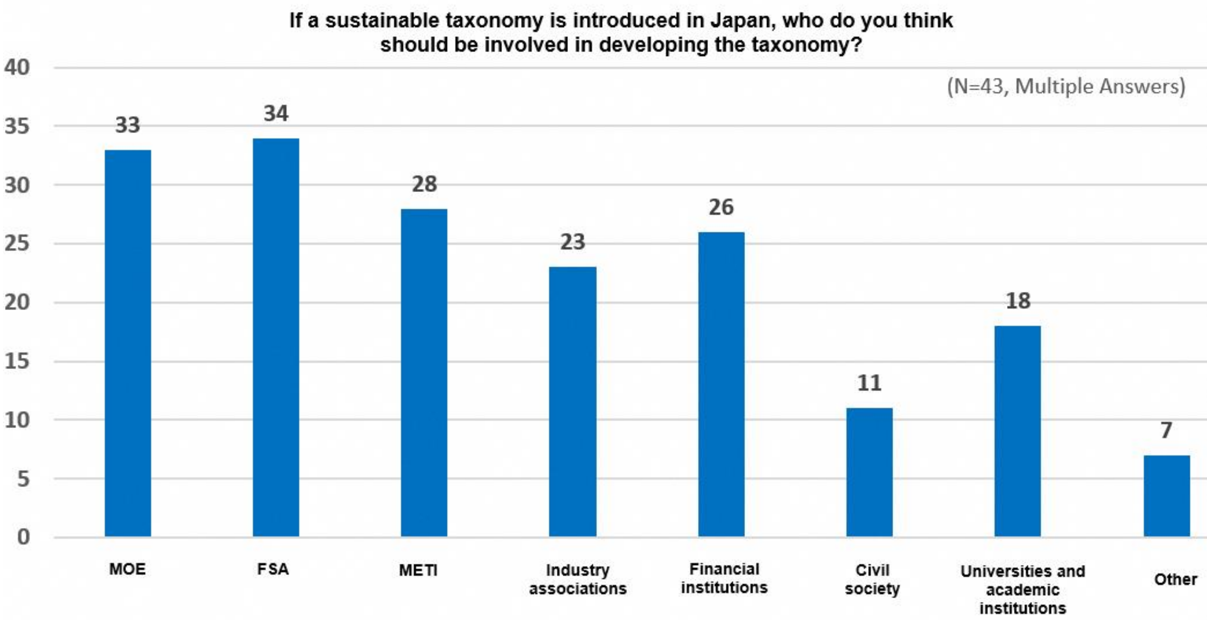
- Although nearly half of the respondents were undecided, the proportion of respondents stating that the benefits of introducing a taxonomy would outweigh the costs (40%) was significantly higher than those stating the opposite (12%).



## TAXONOMY DESIGN AND DEVELOPMENT

- 68% of respondents agreed that the technical criteria and thresholds for a sustainable taxonomy should be developed considering the specific context of the Japanese market. However, multiple comments provided noted the importance of ensuring comparability and interoperability with taxonomies in other regions and countries.
- The majority of the respondents thought that if Japan were to develop a sustainable taxonomy, government ministries and agencies such as the Financial Service Agency (FSA, 79%), the Ministry of Economy, Industry, and Technology (METI, 77%), and the Ministry of the Environment (MOE, 65%) should be involved in the process and work together. Overall, 39% of respondents favoured the FSA to lead the development of any taxonomy.



## STAKEHOLDER INTERVIEW METHODOLOGY

In addition to the survey, in March 2022, the PRI and CSR Design jointly conducted a series of separate online interviews with senior representatives from the FSA, METI, MoE and Keidanren (Japan Business Federation). The length of each interview was approximately one hour, and all interviews were conducted in Japanese using a semi-structured format. Interviewees were provided with a list of questions in advance and asked follow-up questions during the interviews to clarify their answers. The list of questions was tailored to each interviewee, taking into account the different contexts of their respective institutions. Key questions, such as those regarding their views on the development of a sustainable taxonomy for Japan, were maintained.

## KEY FINDINGS FROM THE INTERVIEWS

### INTRODUCTION OF A TAXONOMY

- All interviewees felt that more discussion is required before deciding if Japan is to develop and introduce a sustainable taxonomy. Interviewees noted that as Japan has already developed sustainable finance tools such as the Green Bond Guidelines and sector-specific technology roadmaps for the transition to decarbonization, the use of those tools can promote sustainable finance without creating an additional burden.
- FSA, METI and MOE representatives believed that introducing a sustainable taxonomy could impose a heavy burden on the organisation responsible for developing and maintaining the taxonomy. They also raised concerns that an exclusive focus on a ‘green’ taxonomy could limit the flow of funds toward other projects and activities, including transition and innovation-related activities, which are not technically classified as ‘green’ but are nonetheless considered necessary to achieve net-zero emissions of the economy in the longer term.
- FSA representatives expressed the view that political compromise would be unavoidable to set technical thresholds for the taxonomy (e.g. discussion of natural gas). However, it was noted that ideally, any thresholds should be based on scientific grounds. Further, the introduction of a taxonomy without links to other financial regulations, especially disclosure regulations, would not be effective.
- FSA, METI and MOE representatives noted that they have already attempted to define ‘green’ and ‘social’ through examples in the Green Bond Guidelines and the Social Bond Guidelines. They expressed the view that these could function partially as a green and social taxonomy.
- Despite these reservations, there was an explicit acknowledgement of the importance of international harmonisation. The importance of interoperability and comparability, in particular, were identified by FSA and MOE members. Moreover, METI representatives noted that it would be important to ensure that the flexibility of any taxonomy fits with the local context.
- FSA representatives proposed that it could be more practical to track the emissions performance of each company against sector-specific reduction pathways than to introduce a sustainable taxonomy since the disclosure of GHG emissions (at least for Scope 1 and Scope 2) would be mandatory in the next few years.

## SECTOR-SPECIFIC TECHNOLOGY ROADMAPS FOR THE TRANSITION TO DECARBONIZATION

- METI suggested that the sector-specific technology roadmaps can be used in the dialogue between investors and issuers. To promote the use of the roadmaps, they plan to include quantitative information, such as GHG reduction targets in 2030, 2040 and 2050, in a guide for investors. Keidanren welcomed the ministry's development of roadmaps to draw future industry-specific technology pathways. Keidanren representatives also expressed their expectation that METI would issue some materials to explain the roadmaps because they contain technical topics that are difficult to understand.

## SUSTAINABLE FINANCE MEASURES FOR EQUITY INVESTORS

- The FSA recognised that sustainable finance measures related to equity investment to help prevent greenwashing have been delayed while measures for debt investment are being implemented. All the interviewees maintained that further regulation is necessary for equity investment to better ensure the substantiation of green claims. However, the general view was that there could be a more cost-effective way than the introduction of a taxonomy.

# KEY MESSAGES AND RECOMMENDATIONS

Japan has made some significant progress in developing a regulatory framework and a set of tools to support investors seeking to align their activities with sustainability objectives, such as those set out in the Paris Agreement and the SDGs. At the same time, the survey results indicate that investors' needs are not currently being met and that more can be done to provide the detailed and granular information that is now being demanded. Clearly, there is substantial demand from investors for some form of comprehensive sustainable finance taxonomy that is aligned with global developments but also takes into account the particular circumstances of Japan.

A taxonomy could build on tools that have already been developed, such as existing disclosure requirements, green and social bond guidelines and sector-specific technology roadmaps. However, such developments would need to be supported by a clear plan for implementation and greater guidance on how these tools – or additional guidance – could or should be used across a broad range of asset classes. At the same time, some of the practical considerations raised in the policymaker and regulator interviews would need to be taken into account.

With these points in mind, we set out below some initial recommendations:

1. **Japanese policymakers and regulators should carry out a study to consider developing a sustainable finance taxonomy for Japan.**
   - Our survey shows that investors recognise robust data is needed to make their capital allocation and other investment decisions more aligned with sustainable objectives.
   - The interviews carried out indicate that Japanese policymakers are concerned that capital allocation to transition activities could be hindered by a taxonomy. However, if it is designed to align with the extended taxonomy proposed by EU PSF or other markets that are seeking to include transition elements, an appropriately designed taxonomy can help mobilise capital to transition technologies.
   - Although designed with a narrower focus, existing tools such as MOE's Green Bond Guidelines and METI's technology roadmaps can potentially be used as a foundation for the development of a more comprehensive sustainable finance taxonomy.
   - As in other markets, a sustainable finance taxonomy can complement entity-level disclosures (e.g. GHG emissions and targets) and provide investors with a view of the alignment of company revenues and expenditures (CapEx) at the level of specific assets and activities.

2. **Existing tools and any sustainable finance taxonomy that is developed need to be better integrated with disclosure frameworks and financial and investor regulations and supervision**
   - The survey indicates that there is currently a lack of awareness or uncertainty among investors about how the sector-specific technology roadmaps and green and social bond guidelines can and should be used.
   - According to the survey, the benefit most noted by respondents regarding a sustainable taxonomy was streamlining investors' reporting duties both in terms of commitments and monitoring impacts.

- In order to ensure that market participants have a clear understanding of the role of existing sustainable finance tools, these should be clearly integrated into existing financial and investor regulations and guidance.
- For any sustainable finance taxonomy that is developed, issuers should be required to disclose relevant information through statutory financial reporting rules, and investors should similarly be required to disclose the consideration of taxonomy alignment in their own market disclosures.

3. **FSA should play a leadership role in considering the development and implementation of a sustainable finance taxonomy for Japan**
    - A sustainable taxonomy is a part of financial policy, and the survey results indicate that, overall, the majority of investors believe that the FSA should lead the discussion.
    - When considering such developments, the FSA should engage with the investment community to better understand investors' information needs.
    - While the FSA should lead, METI and MOE should also be involved.

4. **Japanese policymakers and regulators should continue to work towards supporting global harmonisation and interoperability of different taxonomies and disclosure frameworks**
    - As identified in responses to the survey, investors care about the harmonisation and interoperability among taxonomies in different jurisdictions. Japanese policymakers should be actively involved in the global discussion and ensure that their frameworks align with those emerging in other markets.