

# GFANZ

## Japan Chapter

Financing the Transition of High-Emitting Industries



**4 December 2023,**  
**Japan Pavilion**  
**16:15 – 17:30**



**Mary Schapiro**  
Vice-Chair,  
GFANZ



**Chikako Matsumoto**  
Executive Officer,  
Sumitomo Mitsui  
Trust Holdings Inc



**Seiji Inagaki**  
Chair of the Board,  
Dai-ichi Life Holdings/  
GFANZ Japan Chapter  
Consultative Group Chair



**Masamichi Kono**  
Global Advisory  
Board Member, MUFG/  
GFANZ Japan Chapter  
Senior Advisor



**Yutaka Matsuzawa**  
Vice-Minister for Global  
Environmental Affairs,  
Ministry of the  
Environment



**Tiza Mafira**  
Director,  
Climate Policy Initiative



**Takeshi Hashimoto**  
CEO,  
Mitsui O.S.K. Lines



**Yuki Yasui**  
Managing Director,  
GFANZ APAC Network

# AGENDA

## Opening Address

16:15-16:25

Mary Schapiro

## GFANZ Japan Chapter's work on Financing the Transition of High-Emitting Industries

16:25-16:35

Chikako Matsumoto

## Panel Discussion (including 5 mins. for Q&A)

16:35-17:30

Seiji Inagaki

Masamichi Kono

Takeshi Hashimoto

Yutaka Matsuzawa

Tiza Mafira

Moderator: Yuki Yasui



**Mary Schapiro**  
Vice Chair, GFANZ

# OPENING ADDRESS



**Chikako Matsumoto**  
Executive Officer,  
Sumitomo Mitsui Trust Holdings Inc

# **GFANZ** Japan Chapter's **work** on Financing the Transition of High-Emitting Industries

- 1** Accelerating the decarbonization of high-emitting sectors is critical for achieving net-zero emissions.
- 2** “Transitional” activities refer to high-emitting activities that may serve as intermediary decarbonization options for entities in transition. Assessing whether an “transitional” activity is a viable medium-term activity or candidate for immediate phaseout requires a nuanced approach with regional-specific considerations.
- 3** The challenge for financial institutions is to ensure credibility and meaningfulness of “transitional” activities while being inclusive in financing the transition. Transition finance needs to go where the emissions are.
- 4** Japanese financial institutions contributed to the GFANZ Secretariat Technical Review Note on “Scaling Transition Finance and Real-economy Decarbonization” by proposing an approach to assess “transitional” activities within the context of Net Zero Transition Plans of Aligning entities transitioning towards science-based net zero pathways

# Executive summary

# Net-zero committed FIs participating in the GFANZ Japan Chapter are individually working to a 1.5°C pathway



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# Accelerating the decarbonization of high-emitting sectors is critical for achieving net-zero emissions

High-emitting sectors include...

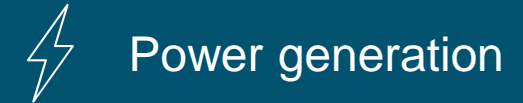
## Transportation



## Materials



## Energy



...accounting for

**~60%**

**of global GHG emissions**

\*In reference to METI's definition of "high-emitting sectors" that may require sectoral GHG pathways  
Source: METI; World Emissions Clock (GtCO<sub>2</sub>e, 2020)

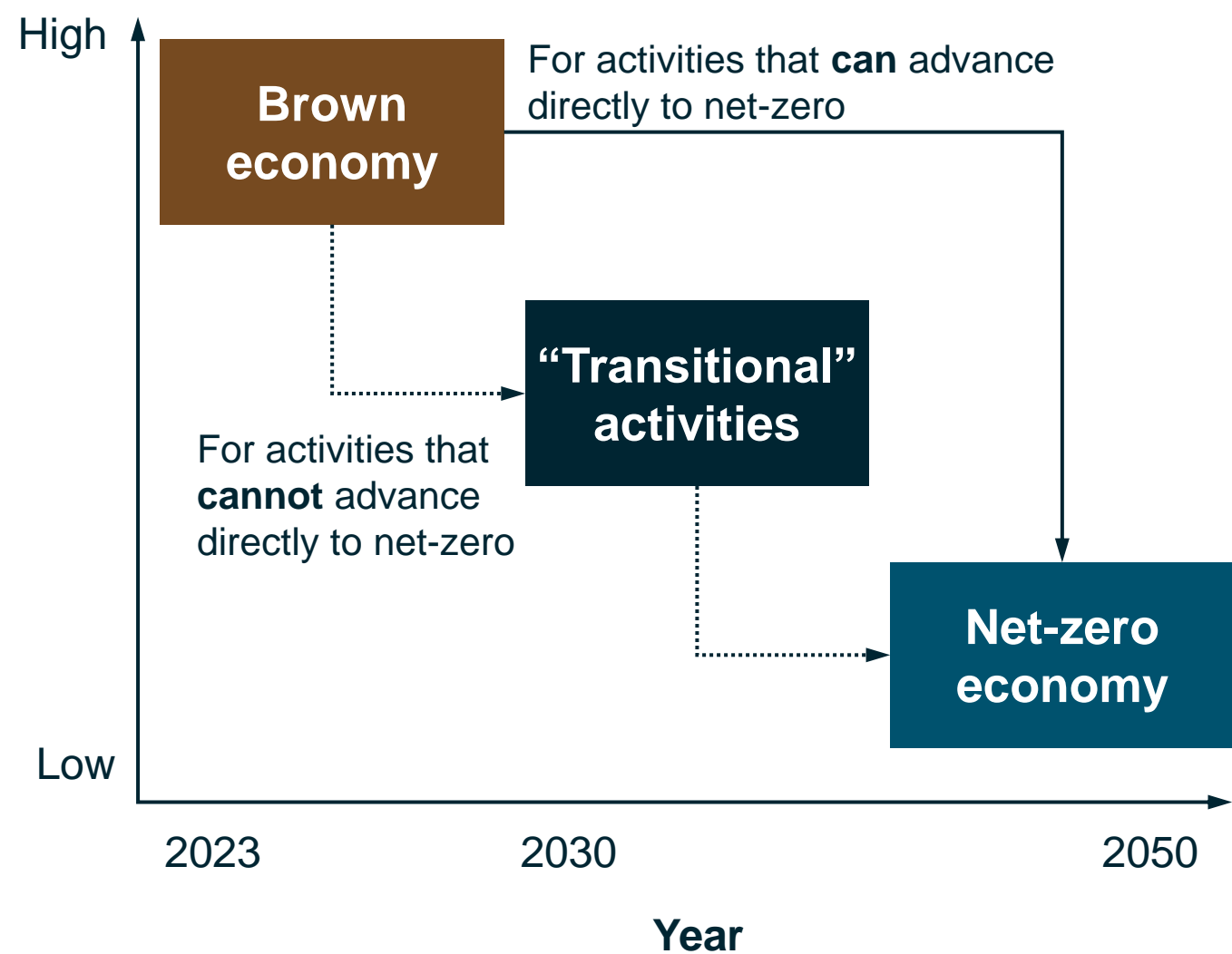
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“Transitional” activities refer to high-emitting activities that may serve as intermediary decarbonization options for entities in transition.

Assessing whether an “transitional” activity is a viable medium-term activity or candidate for immediate phaseout requires a nuanced approach with regional-specific considerations

### GHG emissions



Source: METI, EU, OECD

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# 3

The challenge for financial institutions is to ensure credibility and meaningfulness of “transitional” activities while being inclusive in financing the transition. Transition finance needs to go where the emissions are.

Key challenges include ensuring the...

## Credibility

of “transitional” activities  
as intermediary  
decarbonization options

## Meaningfulness

that “transitional” activities  
significantly contribute to climate  
change mitigation

## Inclusiveness

in financing the transition.  
Finance needs to go  
where the emissions are

# 4

## Japanese FIs contributed to the GFANZ Secretariat Technical Review Note

The GFANZ Japan Chapter put forward an approach to assess “transitional” activities within the context of Net Zero Transition Plans of Aligning entities transitioning towards science-based net zero pathways



Proposed attributes of “transitional” activities include:

- I. No other no/low carbon alternatives exist
- II. The “transitional activity” demonstrates significant contribution to lifecycle GHG emissions reductions
- III. The “transitional activity” demonstrates the ability to enable the Aligning entity to align to a 1.5°C pathway and/or meet its 2030 to 2035 interim targets
- IV. There is a retirement date specified within the Aligning entity’s **established net-zero transition plan** that details **how** the “transitional” activity supports the entity’s alignment to 1.5°C pathways and **when and how** the “transitional” activity will be phased out

# This session aims to encourage constructive dialogue among stakeholders on furthering cooperation to accelerate the just and credible transition

## Panelists will discuss 3 key questions:



What are the **greatest roadblocks** faced in financing the transition of high-emitting sectors?



Are the attributes proposed for “transitional” activities **practical** to implement?



How should stakeholders **cooperate** to accelerate the transition of high-emitting sectors?





# Panelists



**Seiji Inagaki**  
Chair of the Board  
GFANZ Japan Chapter  
Consultative Group Chair



**Masamichi Kono**  
Global Advisory  
Board Member  
GFANZ Japan Chapter  
Senior Advisor



Mitsui O.S.K. Lines

**Takeshi Hashimoto**  
Chief Executive Officer



**Yutaka Matsuzawa**  
Vice-Minister for Global  
Environmental Affairs



**Tiza Mafira**  
Director

# Moderator



**Yuki Yasui**  
Managing Director

# Q1

What are the **greatest roadblocks** faced in financing the transition of high-emitting sectors?



# Q2

## Are the attributes proposed for “transitional” activities **practical** to implement?

The GFANZ Secretariat Technical Review Note suggests conditions to assess the Net-Zero Transition Plans of entities with ‘transitional activities’:

- I. No other no/low carbon alternatives exist
- II. The “transitional activity” demonstrates significant contribution to lifecycle GHG emissions reductions
- III. The “transitional activity” demonstrates the ability to enable the Aligning entity to align to a 1.5°C pathway and/or meet its 2030 to 2035 interim targets
- IV. There is a retirement date specified within the Aligning entity’s established net-zero transition plan that details how the “transitional” activity supports the entity’s alignment to 1.5°C pathways and when and how the “transitional” activity will be phased out



Q3

How should stakeholders **cooperate** to accelerate the transition of high-emitting sectors?





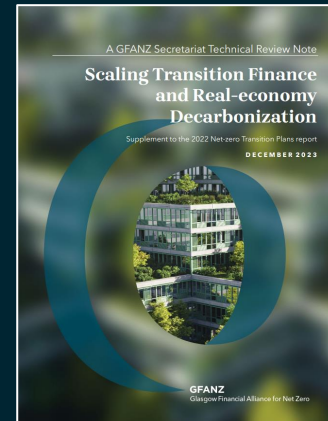


# Q & A



# CLOSING

Please refer to the GFANZ Technical Review Note on “Scaling Transition Finance and Real-economy Decarbonization” for further reading



**Thank you for your participation, and we look forward to continued collaboration towards a net-zero future**