



Mari Yoshitaka

After graduating from university, she worked for an IT company and an American investment bank before enrolling at the University of Michigan in 1995. After that, while working for a securities company, she launched an eco-fund.

Chief Environmental and Social Affairs (ES) Strategist, Environmental Strategy Advisory Department, Mitsubishi UFJ Morgan Stanley Securities Co., Ltd., and Part-time lecturer at Keio University Graduate School of Policy and Media Studies.

## Climate Change Countermeasures Require Independent Initiatives and Information Disclosure

Climate change is an urgent issue world-wide. Ms. Yoshitaka works through the financial industry to solve some of the problems caused by climate change. She spoke to us about the role financial institutions can play, and the initiatives required from companies.

### Working in America got me to think about both finance and the environment

In 1992, I was assigned to New York and became involved in efforts to make society more sustainable; environmentally, socially, and economically. At that time, under the Clinton administration, sustainability was becoming a hot issue in America. At the end of my assignment, I stayed in the US to take Environment Studies at the University of Michigan. I began to think about the balance between the environment and the financial business. In 2000, after moving to my present company, I launched a department to propose "Clean Development Mechanisms" to companies in developing countries enabling them to monetize reducing their carbon dioxide emissions.

### Social Requirements for Financial Institutions: From ESG to TCFD

In 2006, the UN launched the Principle of Responsible Investment

(PRI), calling on investors to consider Environment, Society and Governance (ESG) issues when making investment decisions. It is now common world-wide practice for institutional investors.

The G20 meeting and the Paris Agreement of 2015 represented a turning point for financial institutions. They recognized climate change as having a significant impact on the financial system. The Financial Stability Board established a task force (TCFD) to gather information.

TCFD recognized two areas of risk; firstly, physical risk, (direct threats to businesses such as abnormal weather disrupting supply chains), and secondly, transition risk, (the impact on business of climate-related legislation such as carbon tax).

In addition to evaluating risks, however, we also identify opportunities, such as business ideas for fighting climate change.

### On to COP25: Independent Initiatives and Information Disclosure

In Europe and the US, financial institutions are actively participating in the COP (Conference of the Parties to the Convention on Climate Change Framework) and the General Assembly of International Environmental by NGOs. Last year, at COP25, it was agreed that the

target for limiting average global warming above pre-industrial levels needed to be tightened to just 1.5 degrees. In recent years, COP has taken a more holistic view on the issues of climate change and limited global resources. It has changed from a confrontation between developed and developing countries to a place of negotiation between various national groups. Instead of imposing target values from above, each country and group voluntarily defines its own goals.

Non-state actors, such as financial institutions and companies presenting "green" business opportunities, are very active in side-events held at the COP meetings. Unfortunately, Japan is more likely to be influenced by pressures to reduce the use of fossil fuels such as coal, and seems reluctant to promote the more positive aspects of dealing with climate change such as goal setting and pursuing business growth opportunities. I feel that a change of attitude would be beneficial.

### Company information using SDGs as communication tools

Japanese companies are doing well, but they are not good at self-promotion. Investors are looking for disclosure of ESG information. Investors want to know things like, how sensitive the management is to future risks, what growth strategies have been identified for the future, how the company's core ESG business aligns with the United Nations' SDGs in contributing to solving social issues. While the paper industry does consume energy in manufacturing, it also uses wood from forests that absorb and fix CO<sub>2</sub>. Investors are looking at companies that can achieve sustainable growth from a long-term perspective by evaluating peer comparison. We look forward to Nippon paper making industry-leading management initiatives and its information disclosure.

It's not just for investors. I teach environmental business design in graduate school, and in recent years, the best young people are highly interested in SDGs.

In ESG's, "Environmental" is the most important issue for climate change, but the "Social" aspect is also a very serious issue for Japanese companies due to declining birthrates, aging populations and human resource challenges they create. How will your business resolve social issues? How will it manage sustainably in the future, instilling ESG concepts in management and employees, and also disseminating them to society? These are vital questions for a sustainable future.

The global issue of climate change can no longer be solved by some specialized departments such as CSR; it is time for the company as a whole to address the problem. As a representative of a financial institution, I would like to work to solve the problem by creating a concrete mechanism that will, with the support of the corporate community, lead to a winning situation.

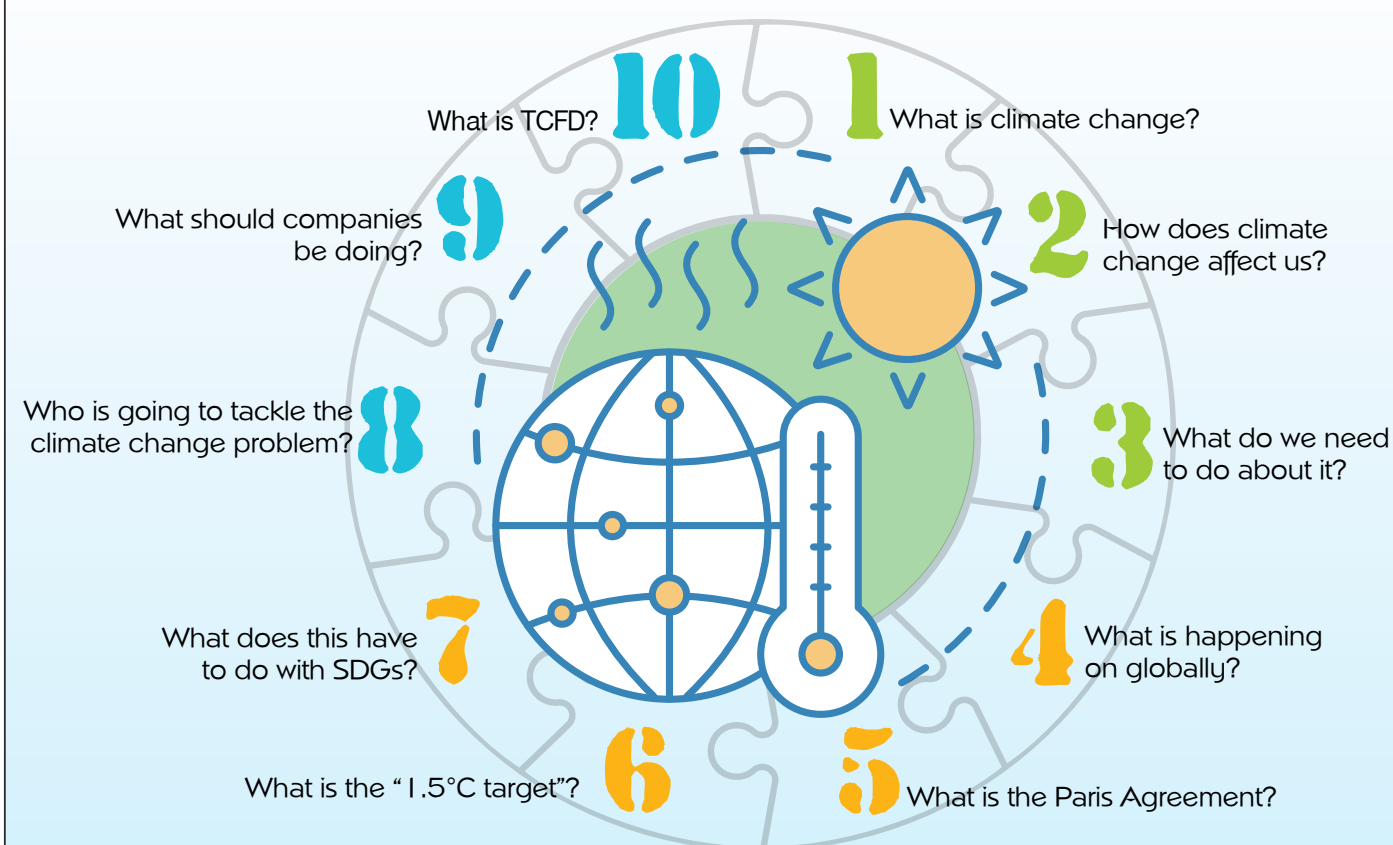
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Nippon Paper Group

CSR Communication Brochure

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## Learn now! Climate change issues you need to know



### TOPIC The Nippon Paper Group Holds the 8th CSR Lecture



Mr. Toshio Arita speaking

January 16, 2020

Against the backdrop of global trends such as the movement to eliminate plastic and respond to climate change, this year's theme was the Group's slogan, "Let paper do what it can". Mr. Toshio Arita, a leading expert in the field of packaging, gave a special, and very well received, talk on the role of paper in a sustainable society.

The event was very successful, with about 350 visitors, including business partners and customers.



Read the lecture summary at <https://bit.ly/2WNMI5w>

### Notice

We are looking forward to hearing from you. Please complete the web survey.



<https://bit.ly/3aEcR4h>

### Editorial Postscript

Mari Yoshitaka has been involved in sustainability from a financial standpoint since the Rio Summit in 1992. She has witnessed a remarkable surge of interest in the financial industry over the past few years. When finance is involved, she says, funds move quickly and the speed of initiatives accelerates.

I was also very impressed by the fact that sustainability and the SDGs are creating new markets and investors are paying attention to how companies are creating opportunities.

(Keiko Fujita)

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# The Paris agreement is now active! It is time for action on climate change!

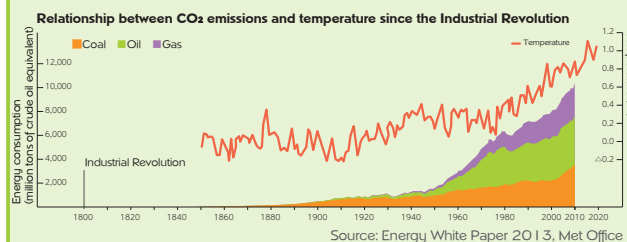
The Paris agreement adopted at COP21 was set to apply from the year 2020. It is now urgent to address the reality of climate change. Not only governments, but also local governments, private companies and organizations, and every single individual will need to participate. Facing the threat to the global economy from the impact of climate change, investors around the world are now asking what companies are doing to address and disclose climate change risks. Here are ten points we should know about it.

## Climate Change Basics

### 1 What is climate change?

#### The various effects of climate change caused by global warming

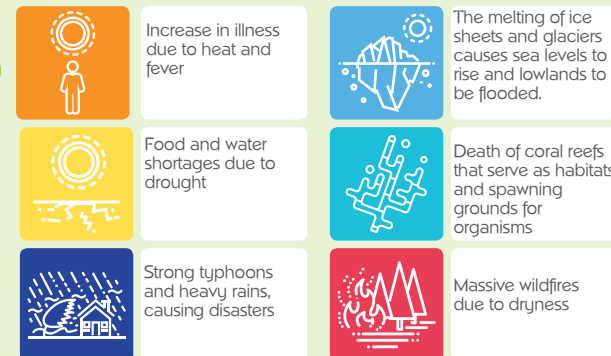
Earth's atmosphere contains greenhouse gases (GHGs), which absorb heat from the surface. Carbon dioxide (CO<sub>2</sub>) is a major GHG component, and is released into the atmosphere as a result of human economic activities such as burning fossil fuels. Since the Industrial Revolution, CO<sub>2</sub> emissions have increased, leading to global warming which causes climate change.



### 2 How does climate change affect us?

#### Extreme weather events such as droughts, heat waves, heavy rains, melting of the icecaps, and rising sea levels

As it progresses, climate change will take a heavy toll on the environment, society and the economy. For example:



### 3 What do we need to do about it?

#### We need both **Mitigation**, to slow global warming, and **Adaptation**, to cope with the effects of changes

It will be necessary to take both mitigation measures to reduce and absorb GHG emissions and take measures to adapt to climate change so that the effects of GHGs that have already begun to occur, are minimized. The Japanese government has enacted the Global Warming Countermeasures Law and the Climate Change Adaptation Law to promote climate change countermeasures.

Examples of mitigation measures include:

- Use of clean energy\*
- Promotion of energy conservation
- Absorbing CO<sub>2</sub> in forests, etc.
- Development of technology to capture and store emitted CO<sub>2</sub>

Examples of adaptations:

- development of plants with high temperature tolerance
- Strengthening disaster prevention
- Prevention of heat and heat-related diseases

\*Energy sources that have zero or low emissions of harmful substances such as CO<sub>2</sub> and nitrogen oxides (NOx)



## NIPPON PAPER GROUP

Based on the Nippon Paper Group's mission of "contributing to better living and cultural progress", the Nippon Paper Group clearly states in its Environmental Charter that it will promote measures to combat global warming.

For more information on our efforts, please refer to the following



CSR Information 2019  
p.32  
<https://bitly/39oXV8t>



Integrated Report 2019  
p.63  
<https://bitly/2WRKqvt>



To SDGs 13 effort  
<https://bitly/39u6ObW>

## Addressing Climate Change

### 4 What is happening globally?

#### International cooperation is underway under the United Nations Framework Convention on Climate Change.

- 1992 The United Nations Conference on Environment and Development (Rio Summit) adopted the United Nations Framework Convention on Climate Change.
- 1995 First Conference of the Parties to the United Nations Framework Convention on Climate Change (COP1) was held in Berlin, Germany.
- 1997 The Kyoto Protocol (Initiatives for the period 2008 to 2020) was adopted at COP3.
- 2015 The Paris Agreement (Initiatives for 2020 and beyond) was adopted at COP21

The United Nations Intergovernmental Panel on Climate Change (IPCC) compiles scientific findings on climate change and regularly reports on them.

### 5 What is the Paris Agreement?

1. Strive to keep the world's average temperature rise to 1.5°C (significantly less than 2°C) above pre-industrial levels
2. A framework that requires all participating countries, including developing countries, to make GHG emission reduction efforts.

Since the industrial revolution, the average global temperature has already risen by about 1.1°C. Unless we take action, it has been estimated that the average global temperature will rise by 5.8°C within 100 years. Keeping the temperature rise to 2°C (let alone 1.5°C) will require considerable effort.

Under the Kyoto Protocol, only developed countries were obliged to reduce their GHG emissions as major emitters. However, with rapid economic development, the amount of emissions from developing countries is increasing, the Paris Agreement calls on all countries to address the problem.

### 6 What is the "1.5°C target"?

#### The goal is to limit the rise in the world's average temperature to 1.5°C above the level it was before the industrial revolution.

In 2018, following the adoption of the Paris Agreement, the Special Report on Global Warming of 1.5°C, was released by the IPCC. Science has shown that the impact of climate change would be greatly reduced if the global average temperature rises by just 1.5°C as opposed to 2.0°C.

Since the IPCC's 1.5°C Special Report, the world has been shifting toward the 1.5°C target, and in order to keep the global average temperature increase in the second half of the 21st century within 1.5°C, a balance between GHG emissions and absorption by forests and other sources must be achieved (effectively zeroed out).

### 7 What does this have to do with SDGs?

#### Goal 13: "Climate Action"

The SDGs (Sustainable Development Goals) promoted by the United Nations include Goal 13, "Take concrete measures to tackle climate change", which aims to overcome the problem of climate change.

The following goals are also relevant.

- **Goal 7: "Affordable and Clean Energy"**  
Promotion of clean energy
- **Goal 9: "Industry, Innovation, and Infrastructure"**  
Reduction of GHG in the atmosphere through innovation
- **Goal 15: "Life on Land"**  
Management of forests as carbon sinks

It is also important to promote measures to ensure that they do not have a negative impact on other SDGs.



## Corporate Movements

### 8 Who is going to tackle the climate change problem?

#### All actors, not just governments, should address climate change problems, especially in the business community

There is a growing recognition that climate change is not only a major political issue, but also a major financial risk facing the entire world.

The World Economic Forum, a gathering of leaders from political and business world, in conjunction with its Conference in Davos, published its estimate of the biggest global risks for the year ahead. For 2020, every single one of these risk factors is an "environmental" issue!

In addition, side events at the COP, in which the business community actively participates and exchanges opinions, are becoming more active every year.

1. Abnormal weather
2. Climate change mitigation and Failure to adapt
3. Natural disasters
4. Loss of biodiversity and Ecosystem collapse
5. Man-made environmental disasters

### 9 What should companies be doing?

#### New innovations are expected as companies work to reduce their own GHG emissions.

Efforts to directly reduce GHG emissions, such as reducing the use of fossil fuels (for example, coal and oil) and shifting to clean energy, are needed. It is also important to reduce the energy intensity, to use less energy.

In addition to recognizing and addressing climate change risks, we need to see the risks as opportunities to ensure sustainable growth into the future.

In order to achieve this, new innovations are expected through new collaborations that go beyond the conventional framework.



### 10 What is TCFD?

#### A framework to encourage companies to report information about how they are addressing and disclosing climate change in order to stabilize the global financial system

The interest of financial institutions in climate change issues has been very high in recent years.

The G20 Financial Stability Board established a Task Force on Climate-related Financial Disclosures (TCFD). Its mission is to encourage companies to disclose, in their financial reporting, the risks posed by climate change to their operations.

As of February 2020, more than 1,000 companies and organizations around the world have endorsed the initiative. In addition, the world's leading investment banks and institutional investors are increasingly emphasizing the importance of corporate climate change measures. While there is a trend to refrain from investing in companies that depend on fossil fuels (divestment), there is a growing trend to actively invest in businesses and developments that can help mitigate climate change.

#### Corporate climate change risk

- **Physical risks** - Physical impacts of climate change (e.g., abnormal weather)
- **Transition Risks** - Risks posed by the response to climate change (e.g., laws and regulations)



See also the back-page interview