

ESG Investing and COVID-19

The importance of science-driven and evidence-based decision-making in times of crisis



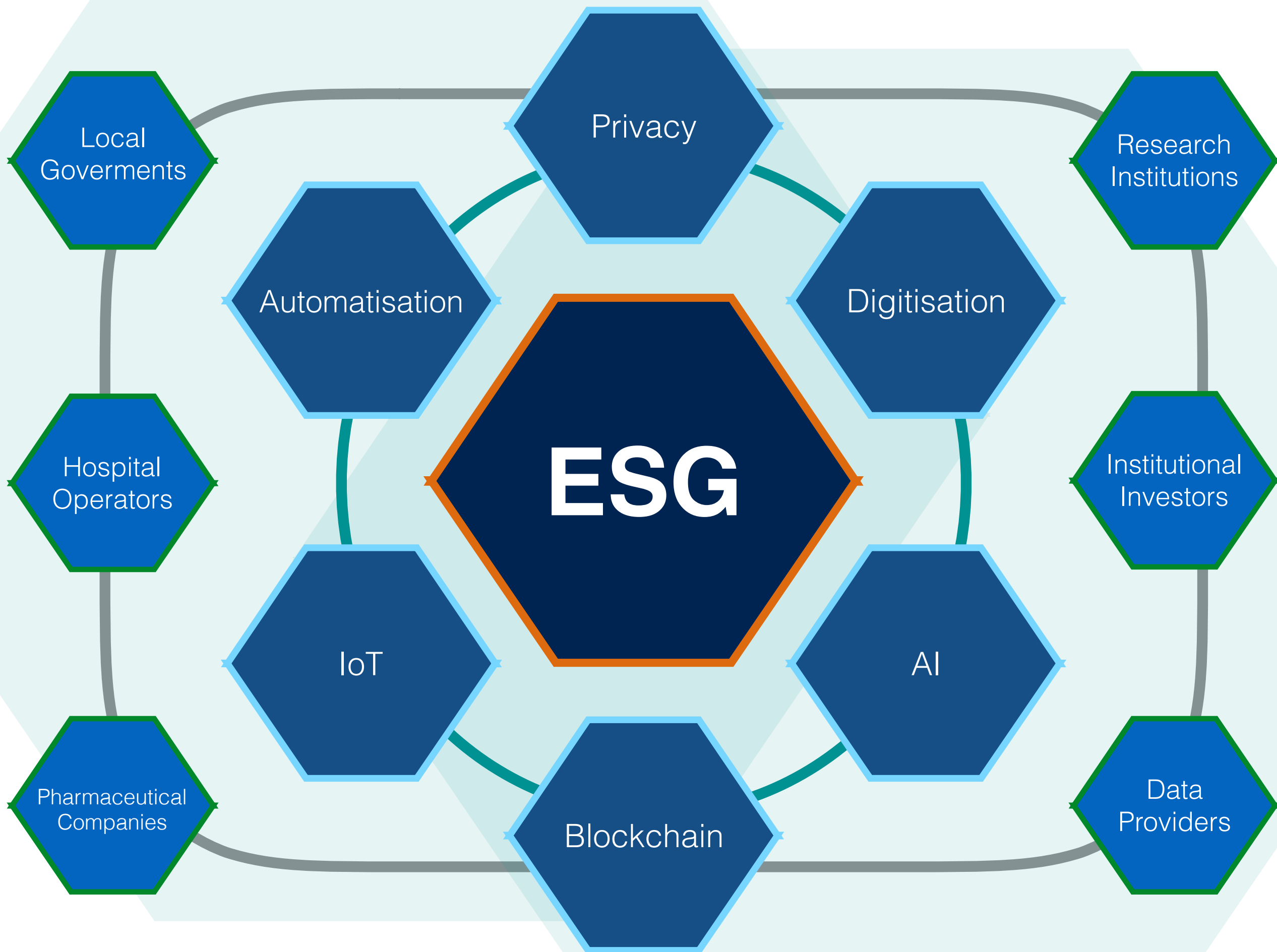
東京工業大学
Tokyo Institute of Technology



Regional Climate Change Policy Dialogue:
Learning from the COVID-19 Pandemic

Tokyo, Japan - 19 June 2020

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COVID-19 Data Metrics

- *Number of total tests administered*
- *Number of tests per capita*
- *Quality of tests administered (PCR or Antibody)*
- *Expertise of test administrators*
- *Expertise of policy decision makers*

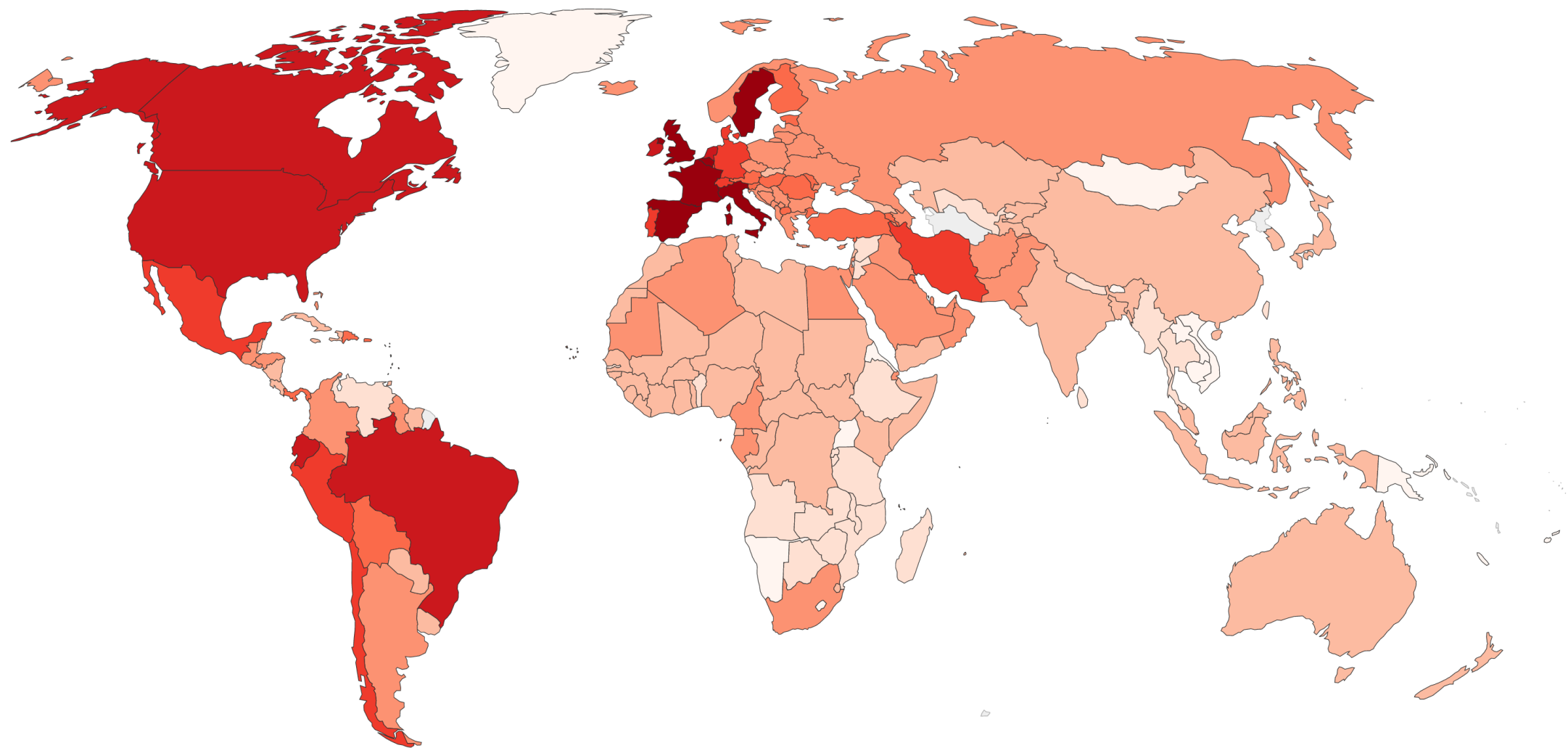
ESG Data Metrics

- *Quantity of ESG data metrics*
- *Quality of ESG data metrics*
- *Quality of data providers*
- *Expertise of data administrators*
- *Expertise of data verifiers*

Total confirmed COVID-19 deaths per million people, Jun 14, 2020

Our World
in Data

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true total number of deaths from COVID-19.

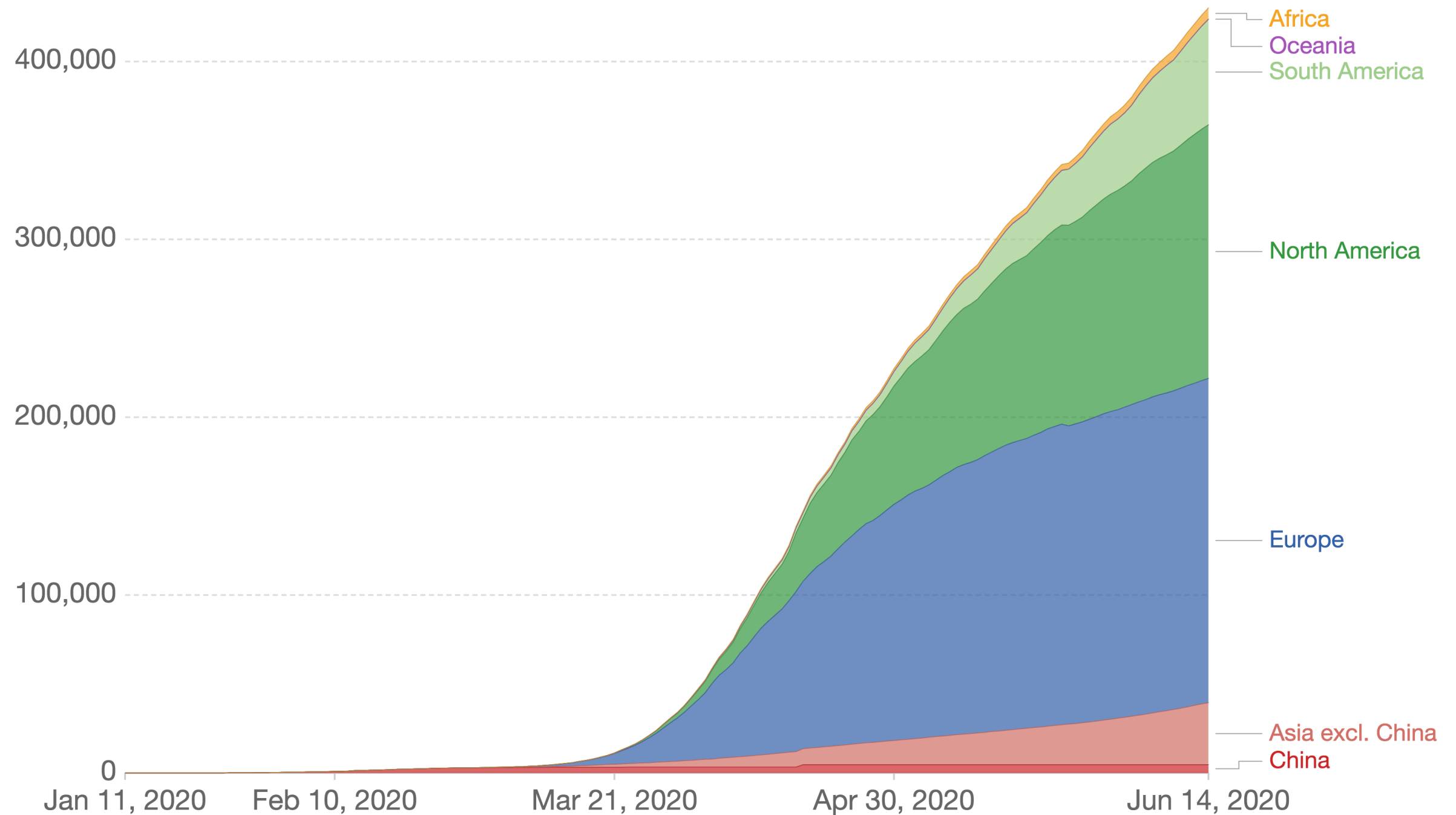


Source: European CDC – Situation Update Worldwide – Last updated 14th June, 11:15 (London time) OurWorldInData.org/coronavirus • CC BY

Total confirmed COVID-19 deaths

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Our World
in Data

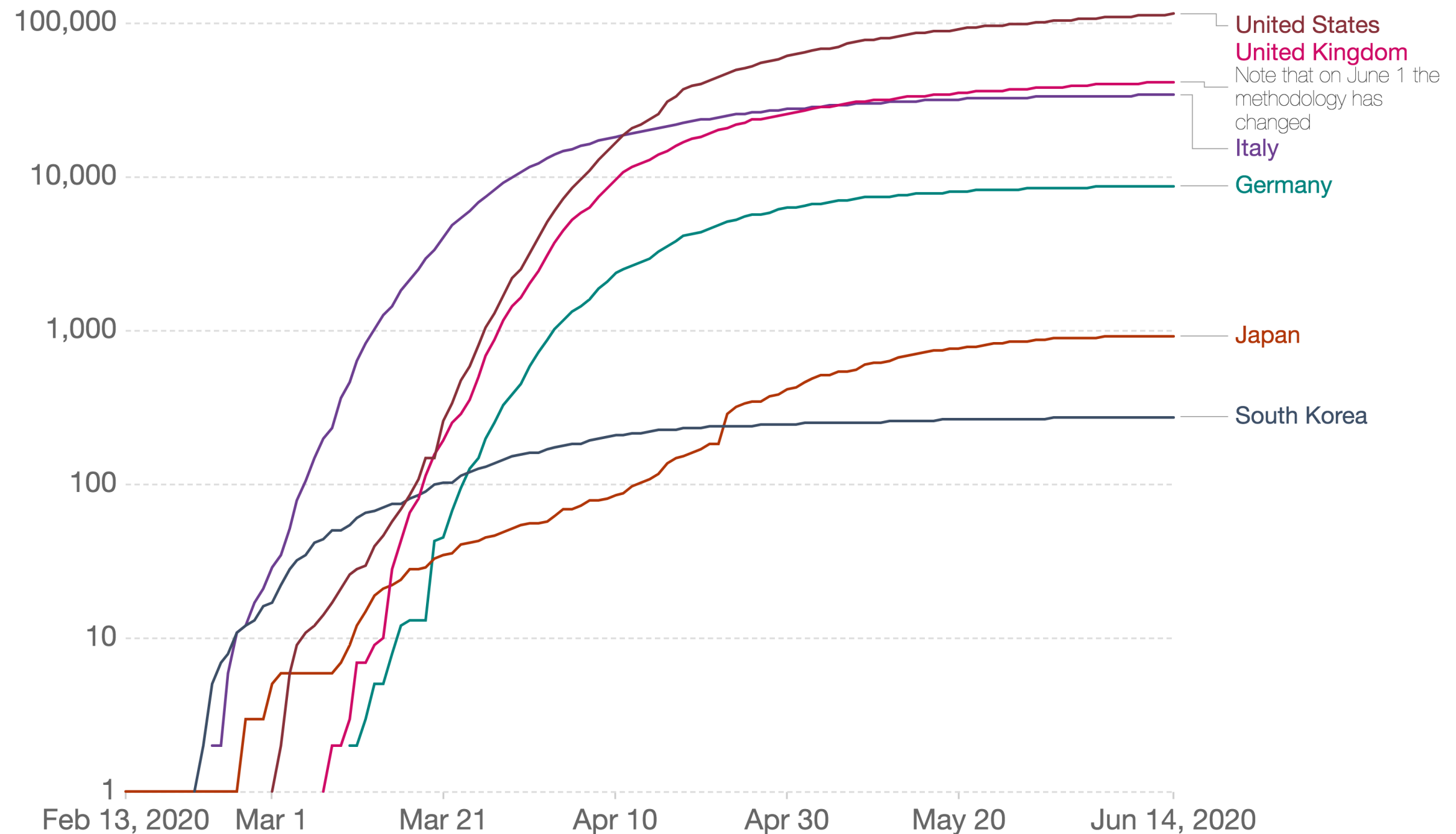


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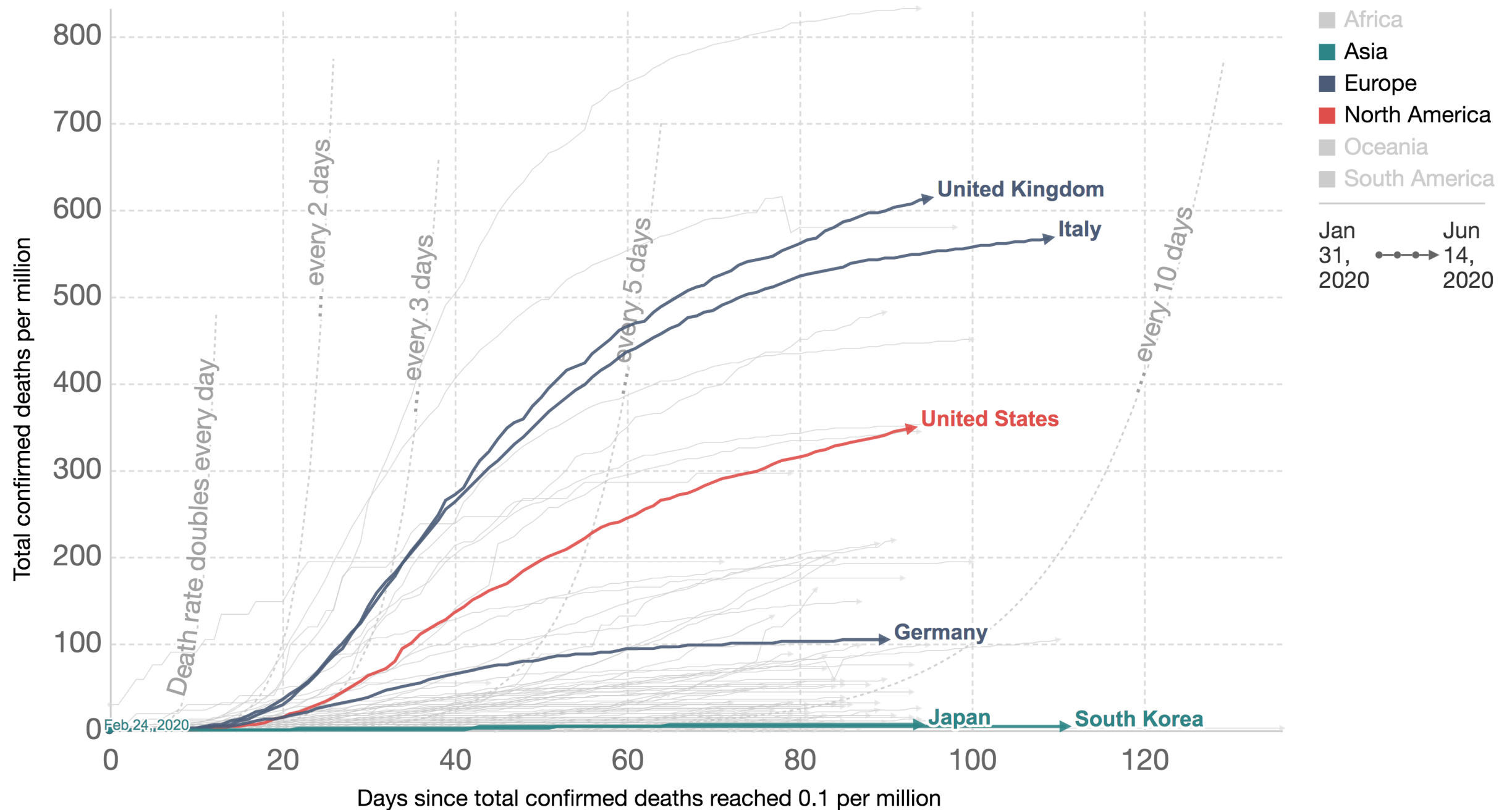


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Total confirmed COVID-19 deaths per million: how rapidly are they increasing?

Our World
in Data

Shown are the total confirmed deaths per million people. Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

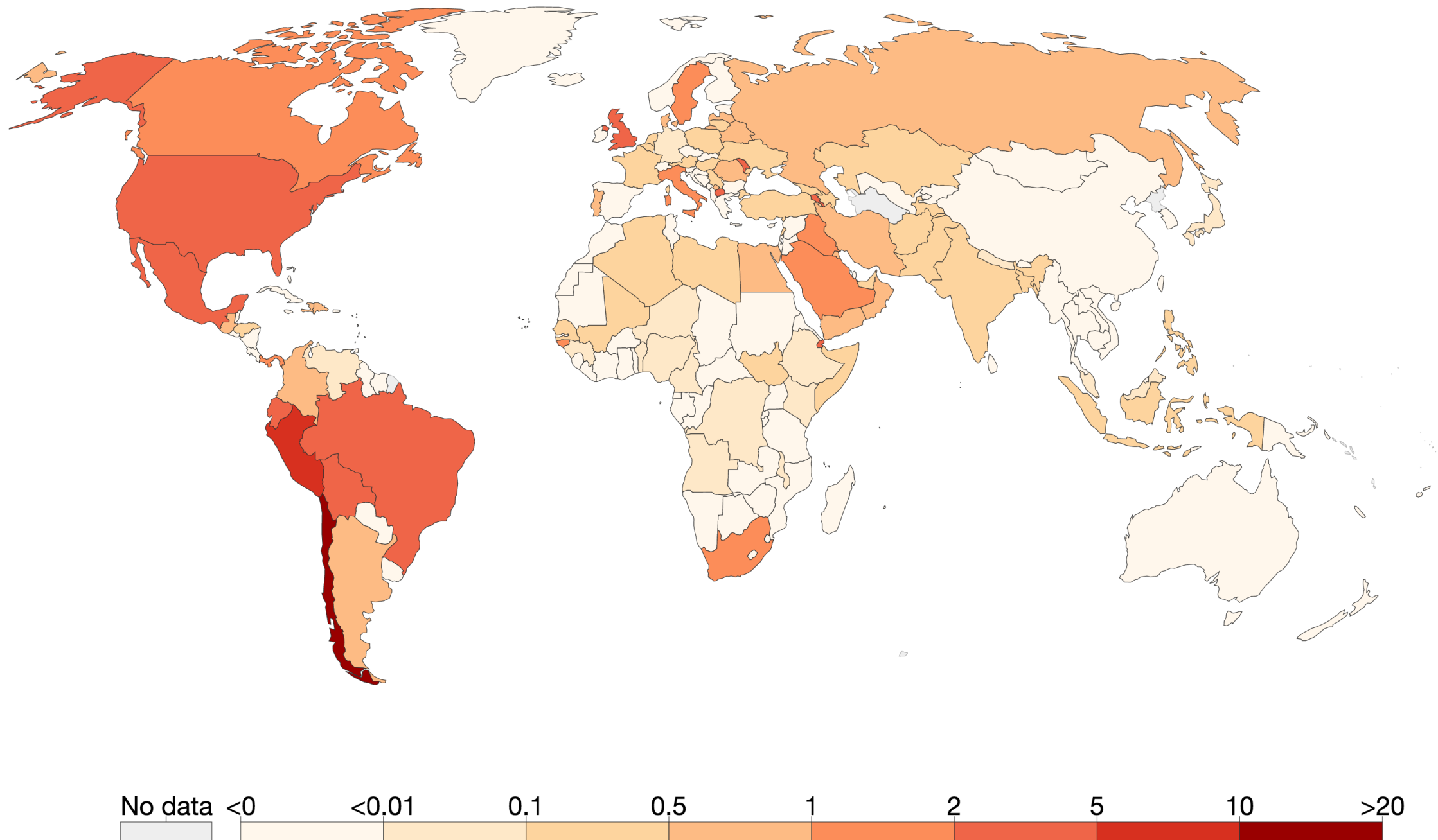


Source: European CDC – Situation Update Worldwide – Last updated 14th June, 11:15 (London time) OurWorldInData.org/coronavirus • CC BY

Daily confirmed COVID-19 deaths per million people, Jun 14, 2020

Our World
in Data

Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.

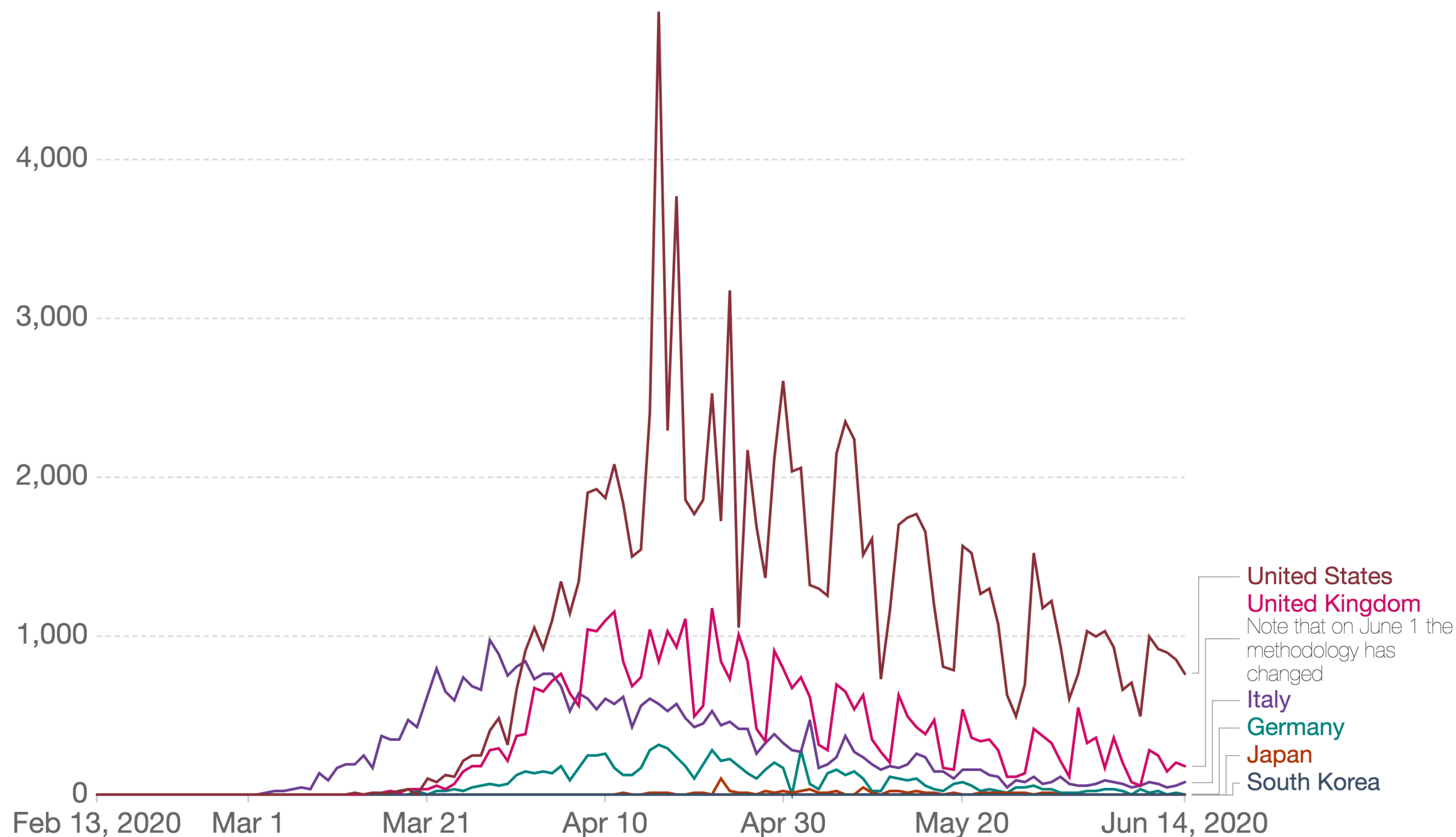


Source: European CDC – Situation Update Worldwide – Last updated 14th June, 11:15 (London time) OurWorldInData.org/coronavirus • CC BY

Daily confirmed COVID-19 deaths

Our World
in Data

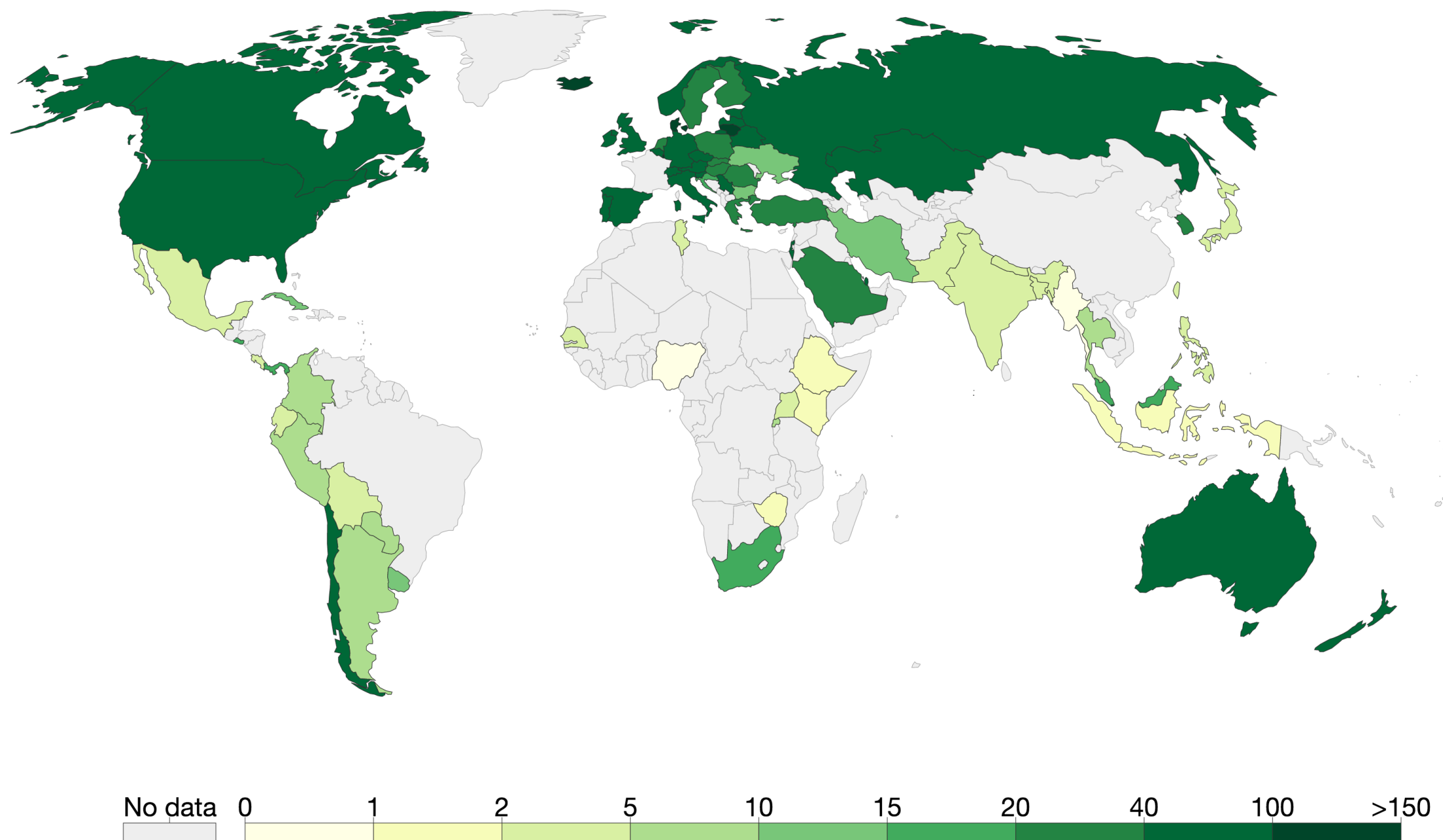
Limited testing and challenges in the attribution of the cause of death means that the number of confirmed deaths may not be an accurate count of the true number of deaths from COVID-19.



Source: European CDC – Situation Update Worldwide – Last updated 14th June, 11:15 (London time) OurWorldInData.org/coronavirus • CC BY

Total COVID-19 tests per 1,000 people, Jun 13, 2020

The figures shown relate to the closest date for which we have data, with a maximum of 10 days' difference.



Source: Official sources collated by Our World in Data

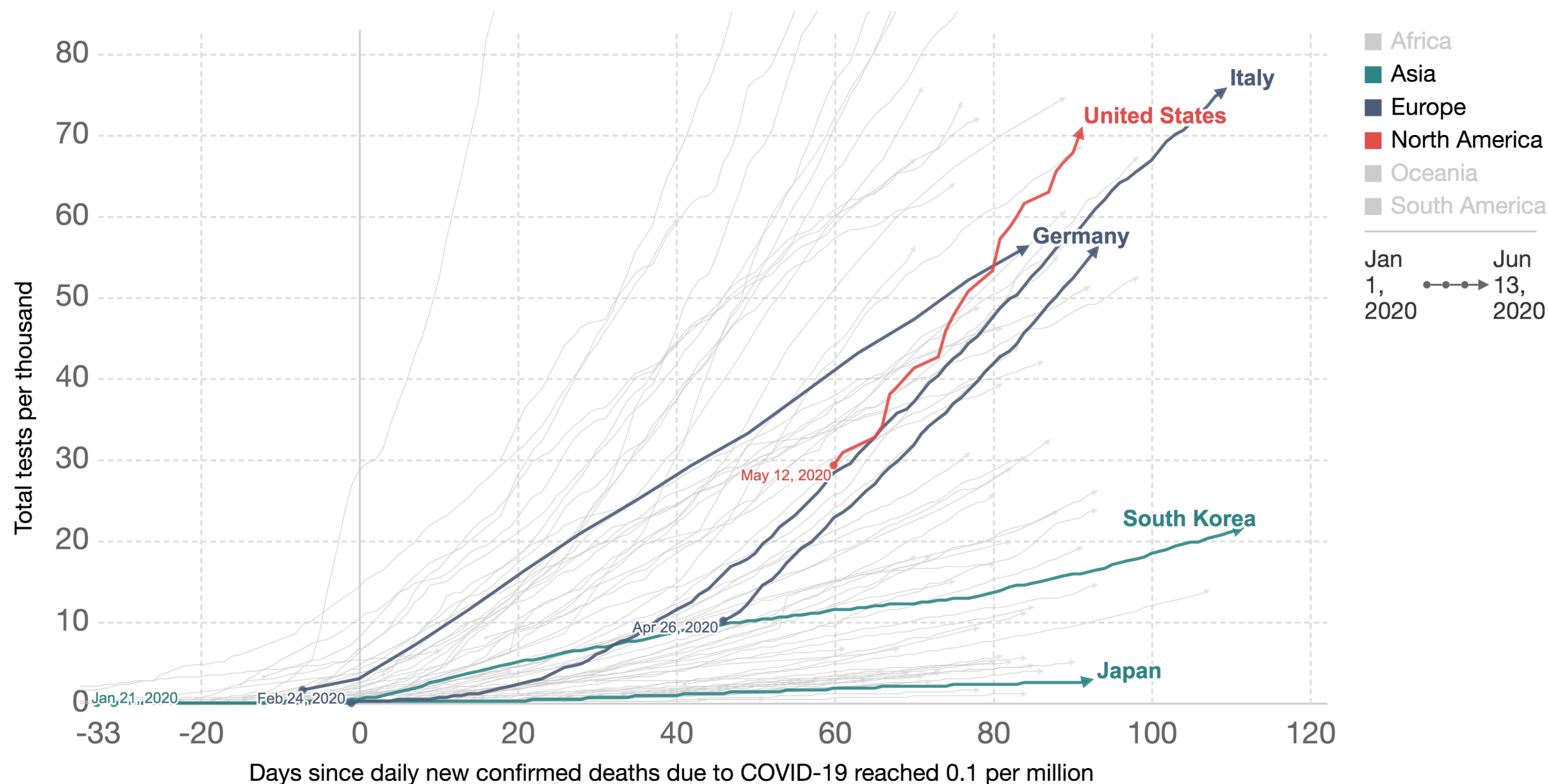
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Note: Comparisons of testing data across countries are affected by differences in the way the data are reported. Details can be found at our [Testing Dataset](#) page.

Total COVID-19 tests per 1,000: how are testing rates changing?

Total tests for COVID-19 per thousand people of the country's population since the daily new confirmed deaths reached 0.1 per million people.

All trajectories are lined up to the day at which the death rate reached 0.1 per million – this is the vertical line at the center of the chart.



Source: Testing data from official sources collated by Our World in Data, ECDC

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Note: Comparisons of testing data across countries are affected by differences in the way the data are reported. Details can be found at our Testing Dataset page.

Peter Navarro on his qualifications to disagree with Dr. Anthony Fauci on coronavirus treatments: 'I'm a social scientist'



By [Chandelis Duster](#), CNN

Updated 1639 GMT (0039 HKT) April 6, 2020



Berman to Navarro: What are your qualifications? 04:19

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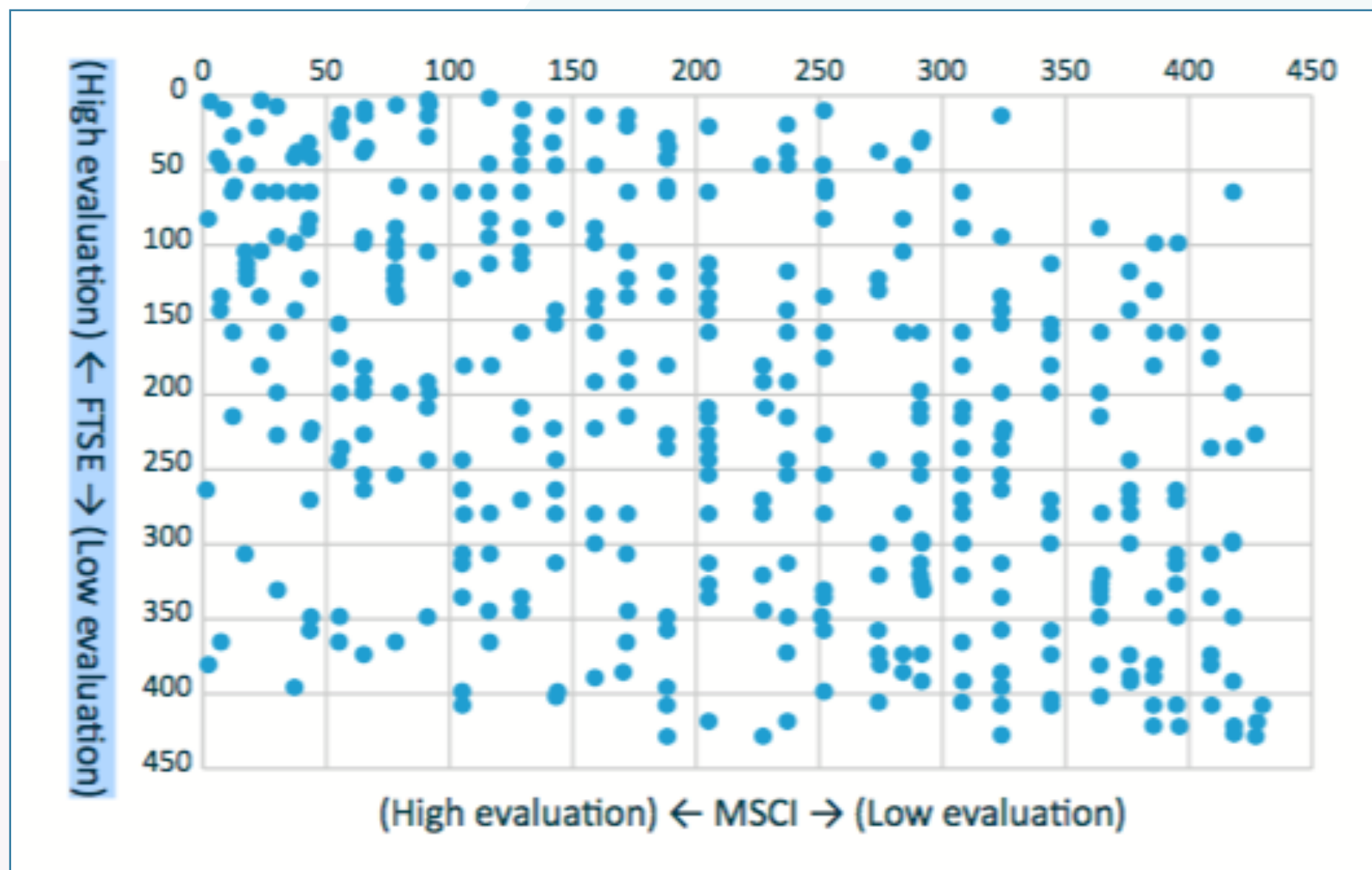
Hospitals sound alarm over privately run virus test centre at Surrey theme park

Exclusive: Frontline staff complain over 'lost Covid-19 test results' from Chessington drive-in site

- [**Coronavirus - latest updates**](#)
- [**See all our coronavirus coverage**](#)



▲ Chessington drive-in coronavirus testing centre, Surrey. Photograph: Andy Rain/EPA





MIT Sloan School of Management

MIT Sloan School Working Paper 5822-19

AGGREGATE CONFUSION: THE DIVERGENCE OF ESG RATINGS

Florian Berg, Julian F. Koelbel, and Roberto Rigobon

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August 15, 2019

Table 6
Correlation of Category Scores

Correlations between the different categories from different rating agencies. We calculate a value for each criterion on the firm level by taking the average of the available indicators for firm f and rater k . The panel is unbalanced due to differences in scope between different ratings agencies and categories being conditional on industries.

	KL SA	KL VI	KL RS	KL A4	KL MS	SA VI	SA RS	SA A4	SA MS	VI RS	VI A4	VI MS	RS A4	RS MS	A4 MS	Average
Access to Basic Services	0.08			0.13	0.85			0.49	0.15						0.16	0.31
Access to Healthcare	0.66		0.57	0.49	0.85		0.67	0.56	0.74				0.44	0.71	0.7	0.64
Animal Welfare								0.44								0.44
Anti-competitive Practices		-0.06		0.56	0.76					0	-0.05				0.56	0.30
Audit						0.57		0.66			0.62					0.62
Biodiversity		0.06	-0.08	0.06	0.66					0.61	0.41	0.47	0.47	0.01	0.2	0.29
Board						0.37		0.58			0.51					0.49
Board Diversity								0.8								0.80
Business Ethics	0.04		-0.11	0.4	0.6		0.33	0.03	0.01				-0.1	-0.15	0.38	0.14
Chairperson-CEO Separation								0.59								0.59
Child Labor				0.49												0.49
Climate Risk Mgmt.			0.44	0.42	0.8								0.54	0.54	0.5	0.54
Clinical Trials								0.73								0.73
Collective Bargaining						0.59		-0.04			0					0.18
Community and Society	-0.15	0.25	0.2	0.11		-0.1	-0.19	-0.13		0.51	0.5		0.56			0.16
Corporate Governance														0.08		0.08
Corruption	0.26	0.24		-0.18	0.7	0.54		-0.19	0.37		-0.15	0.33			-0.12	0.18
Customer Relationship	0.38	-0.08	-0.09	0		-0.04	-0.13	-0.05		0.49	0.47		0.41			0.14
Diversity	-0.06	-0.02		0.03		0.61		0.52			0.56					0.27
ESG Incentives																
Electromagnetic Fields							0.68									0.68
Employee Development	0.22	0.29	0.37	0.37	0.73	0.23	0.19	0.36	0.34	0.39	0.29	0.31	0.55	0.45	0.51	0.37
Employee Turnover								0.4								0.40
Energy	0.22	0.13	0.49	0.25	0.8	0.4	0.27	0.27	0.4	0.32	0.41	0.59	0.2	0.4	0.48	0.38
Environmental Fines								0.05								0.05
Env. Mgmt. System	0.65			-0.09				0.46								0.34
Environmental Policy						0.52	0.46	0.46		0.63	0.61		0.62			0.55
Environmental Reporting							0.52	0.25					0.36			0.38
Financial Inclusion	0.29				0.7				0.51							0.50
Forests																
GHG Emissions	0	-0.03		-0.06		0.28		0.31			0.5					0.17
GHG Policies							0.48	0.62					0.41			0.50
GMOs							0.38	0.43					0.25			0.35
Global Compact Member								0.92								0.92
Green Buildings	0.54		0.59	0.21	0.83		0.25	0.26	0.55				-0.02	0.66	0.28	0.42
Green Products	0.23	0.07	0.27	0.34	0.76	0.1	0.37	0.47	0.32	0.31	0.29	-0.05	0.53	0.44	0.53	0.33
HIV Programs														0.59	0.1	0.28
Hazardous Waste							0.22	0.13	0.34							
Health and Safety	0.01	0.27	0.27	0.35	0.73	-0.1	-0.16	-0.16	-0.05	0.63	0.67	0.5	0.57	0.44	0.6	0.30
Human Rights	0	0.19		0.08		-0.01		-0.08			0.42					0.10
Indigenous Rights	0.26			-0.11				-0.46								-0.10
Labor Practices	0.21	-0.04	-0.14	0.07	0.1	0.2	0.14	0.32	0.27	0.54	0.45	0.43	0.35	0.34	0.37	0.24
Lobbying						-0.28										-0.28
Non-GHG Air Emissions								0.28								0.28
Ozone-Depleting Gases								0.44								0.44
Packaging																
Philanthropy						0.42	0.39	0.32		0.48	0.19		0.17			0.33
Privacy and IT	0.48		0.27		0.75		0.17		0.45					0.42		0.42
Product Safety	-0.05	0.06	0.16	0	0.63	-0.14		-0.03	0.07	0.46	0.21	0.11	0.38	-0.03	0.1	0.14
Public Health			0.6		0.74		0.38							0.63		0.59
Recycling																
Remuneration	0.15	0.09	-0.21	0.17		0.71	0.22	0.83		0.25	0.75		0.37			0.33
Reporting Quality								0.48								0.48
Resource Efficiency							0.35	0.42					0.57			0.45
Responsible Marketing	-0.5	-0.06	-0.38	0.24		0.38	0.68	0		0.49	0.05		-0.1			0.08
Shareholders											0.39					0.39
Site Closure																
Supply Chain	0.15	0.17	0.13	0.16	0.62	0.57	0.53	0.56	0.61	0.66	0.62	0.6	0.53	0.34	0.48	0.45
Sustainable Finance	0.58		0.47	0.46	0.52		0.7	0.74	0.7				0.59	0.61	0.59	0.60
Systemic Risk			0.24		0.65									0.24		0.38
Taxes							0.1	0.02					0.01			0.04
Toxic Spills				0.21												0.21
Unions				0.68												0.68
Waste		0.34		0.23							0.33					0.30
Water	0.36	0.36	0.23	0.23	0.67	0.47	0.29	0.31	0.45	0.48	0.32	0.5	-0.02	0.24	0.44	0.36
Average	0.20	0.12	0.20	0.21	0.69	0.29	0.32	0.33	0.37	0.48	0.38	0.34	0.35	0.37	0.38	



To: Mr. John Berrigan

Director General, European Commission, DG Fisma

Cc: Mr. Ugo Bassi, Director

Mr. Martin Merlin, Director

Mr. Martin Spolc, Head of Unit

Mr. Alain Deckers, Head of Unit

Mr. Sven Gentner, Head of Unit

Brussels, 9th June 2020

Ref: HG/EB/20-024

Subject: Call for EU Action: a centralized register for environmental, social and governance (ESG) data in the EU

Dear Mr. Berrigan,

Our associations are committed to supporting the transition to a more sustainable economy and to tackling climate change that we consider a priority. We strongly support the EU objective of transforming Europe into the first climate-neutral continent in the world by 2050 and are ready to contribute as representatives of the financial sector.

With this letter, we would like to address a project that we consider particularly important: the **creation of a centralized electronic register for Environmental, Social and Governance (ESG) data in the EU.**

The recent regulatory developments in the context of the EU Sustainable Finance agenda create an urgent **need for publicly available ESG data as well as how to enhance their sourcing.** Compliance with the **new disclosure obligations** introduced by the sustainability disclosures Regulation¹ (SFDR) requires financial market participants to have access to comparable robust and reliable ESG data at the level of companies. From the perspective of the EU taxonomy Regulation², companies subject to the NFRD³ (non-financial reporting directive) will have to disclose how and to what extent their activities qualify as environmentally sustainable as defined in the Regulation.

Robust, comparable and reliable ESG data is also key to identify and assess sustainability risks in lending activities. In addition, availability of ESG data is also necessary to enable financial

Sustainable financial markets: translating changing risks and investor preferences into regulatory action

European Financial Forum 2020 – Dublin

Steven Maijoor
Chair
European Securities and Markets Authority

public authorities are needed to provide the strong registration and supervision required to prevent greenwashing.

In that context, I also want to mention ESG ratings, as they are becoming increasingly important but the level of public scrutiny and supervision of them, in my view, is far from optimal. The lack of clarity on the methodologies underpinning those scoring mechanisms and their diversity does not contribute to enabling investors to effectively compare investments which are marketed as sustainable, thus contributing to the risk of greenwashing.

Personally I believe that, where ESG ratings are used for investment purposes, ESG rating agencies should be regulated and supervised appropriately by public sector authorities.



Sustainable finance in Japan

Kim Schumacher, Hugues Chenet & Ulrich Volz

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Sustainable finance in Japan

Kim Schumacher^{a,b}, Hugues Chenet^{c,d} and Ulrich Volz^{e,f}

^aSchool of Environment and Society, Tokyo Institute of Technology, Tokyo, Japan; ^bSchool of Geography and the Environment, University of Oxford, Oxford, UK; ^cInstitute for Sustainable Resources, University College London, London, UK; ^dChair Energy and Prosperity, Paris, France; ^eSOAS Centre for Sustainable Finance and Department of Economics, SOAS University of London, London, UK; ^fGerman Development Institute, Bonn, Germany

ABSTRACT

This article examines the role of sustainable finance and investment in Japan and how the Japanese financial sector can mitigate growing climate risks and support Japan's transition towards a zero-carbon, sustainable economy. It first illustrates Japan's exposure to physical and transitional climate risks before reviewing emerging practices in sustainable finance. These include the growing importance of environmental, social, and governance (ESG) criteria in financial decision-making; more rigid reporting and disclosure standards; and the development of green bond and sustainable investment markets. The article also assesses the role of policies and regulations in scaling up sustainable finance and low-carbon infrastructure investments. Subsequently, it analyses transitional climate risks via scenario analysis, applying the Paris Agreement Capital Transition Assessment (PACTA) tool to examine the exposure of subsectors of the Japanese equity market over several climate scenarios. The article concludes with policy recommendations for aligning Japan's financial sector with global climate and sustainability goals.

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KEYWORDS

Sustainable finance and investment; ESG; Japan; climate-related risks; TOPIX; TCFD

JEL Classification

G2; G3; Q5

1. Introduction

The world has seen an intensifying materialization of climate-related physical impacts. These range from an increase in the number and intensity of storms, flood disasters, and heat waves to the accelerated melting of polar ice caps and glaciers. The effects of anthropogenic climate change on the world's atmosphere and ecosystems have been well documented in recent IPCC reports on the impacts of global warming of 1.5°C above preindustrial levels (IPCC 2018) as well as on the consequences of climate change on land and the oceans (IPCC 2019a, 2019b). These reports not only outline the cataclysmic externalities that unmitigated global warming has on humanity and the environment, but they also highlight that certain sectors play key roles in mobilizing the necessary resources to limit warming to 'well below 2°C' and preserve the earth's natural environment (UNFCCC 2015).

CONTACT Kim Schumacher schumacher.kaa@mt.titech.ac.jp School of Environment and Society, Tokyo Institute of Technology, Bldg. G5-12, 4259 Nagatsuta-cho, Midori Ward, Yokohama, Kanagawa 226-8502, Japan
This article has been republished with minor changes. These changes do not impact the academic content of the article.

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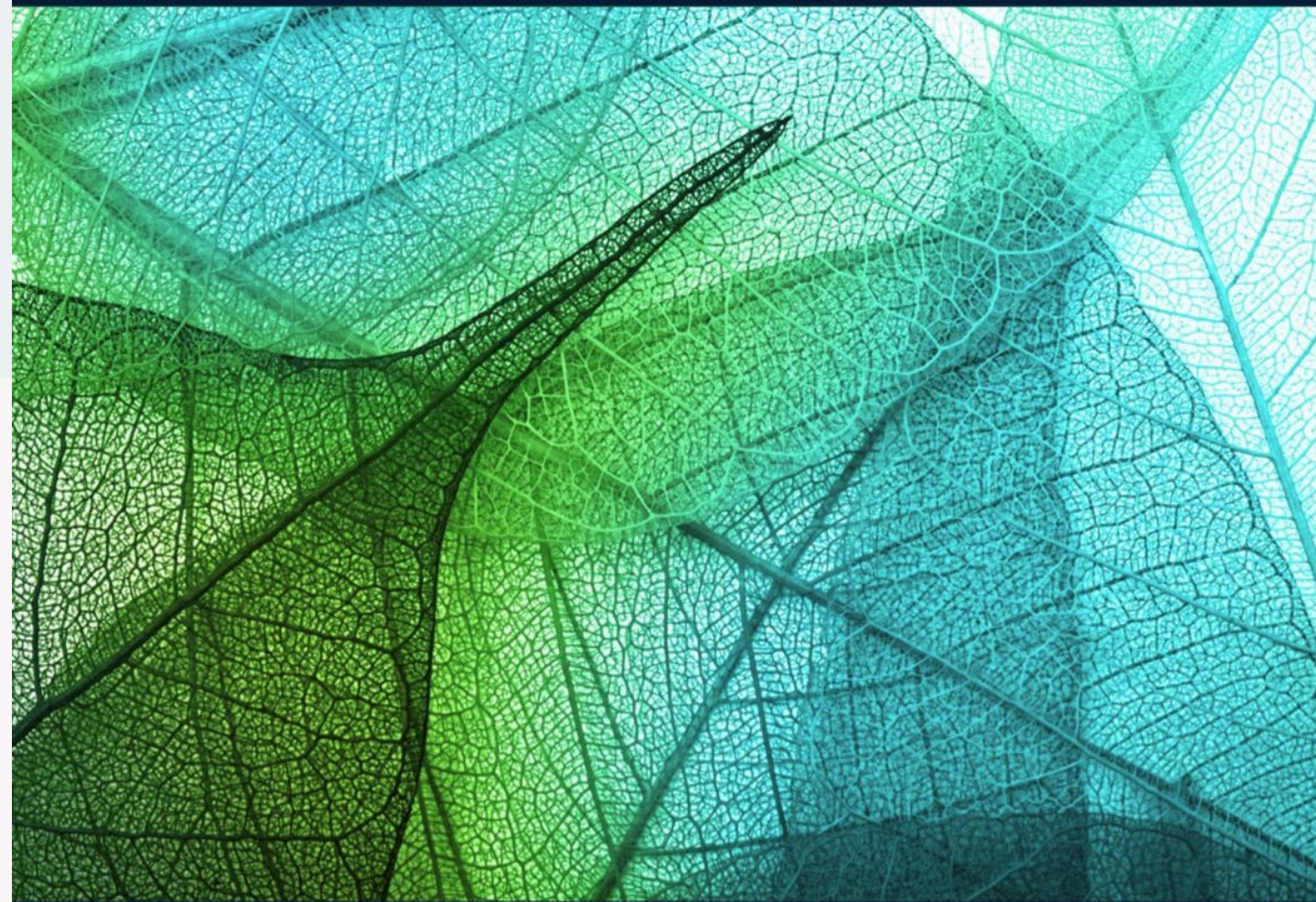
The Effect of Firm-level ESG Practices on Macroeconomic Performance

Xiaoyan Zhou, Ben Caldecott, Elizabeth Harnett, & Kim Schumacher

3rd June 2020

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Thank you very much for your attention.



東京工業大学
Tokyo Institute of Technology



Dr. Kim SCHUMACHER
Lecturer in Sustainable Finance and ESG
Tokyo Institute of Technology
schumacher.k.aa@m.titech.ac.jp