MINUTES of

The 8th Tripartite Roundtable on Environmental Business

Dates: March 7th, 2024

Location: Tokyo, Japan

Method of meeting: Online Meeting

Theme: Addressing environmental issues and information disclosure in the value chain

Participants: Japanese, Korean and Chinese delegates

OPENING SESSION

Mr. Yoichi Fukui, Deputy Director, Minister's Secretariat, Environment and Economy Division, Ministry of the Environment (Japan), the Chair of Opening Session, started the8th TREB.

Mr. Yoshihide Hirao, Director, Minister's Secretariat Environment and Economy Division, Ministry of the Environment, (Japan), made an opening remark welcoming all delegates from Japan, Korea and China.

Mr. Zhou Jun, Division Chief, Asian, African, and Latin American Affairs Division Department of International Cooperation, Ministry of Ecology and Environment, (China), gave a brief summary of the 7th TREB meeting.

TOPIC 1: Government Strategy on addressing environmental issues throughout the value chain and environmental information disclosure

Mr. Min Jaehong, Vice President, Korea Environmental Industry Association (Korea), the Chair of Session 1, started the session with an introduction of the topic and presenters for the session.

Mr. Kaoru Miyahara, Section Chief, Minister's Secretariat Environment and Economy Division, Ministry of the Environment (Japan), delivered a presentation on "Global and Domestic Trends in Environmental Due Diligence (environmental DD) and Environmental Information Disclosure". He introduced international trends in environmental DD and environmental information disclosure, followed by the trends in Japan, and introduced the promotion policies for environmental DD and environmental information disclosure by the Ministry of the Environment, Japan. As efforts to enhance environmental DD, the Ministry has been working on awareness-raising by publishing handbooks referring to the OECD guidance and a collection of good practices for promoting Japanese enterprises to introduce environmental DD. As efforts to enhance environmental information disclosure, the Ministry published a practical disclosure guide in line with the TCFD recommendation and presented corporate awards considering excellent sustainability disclosure initiatives in the assessment process. Further, the Ministry held a workshop for nature-related financial disclosure. The ministry also introduced the Energy Efficiency and Global Warming Countermeasures Online Reporting System (EEGS) as an integrated management tool for information on GHG emissions under the Scheme for Calculation, Report, and Publication of Greenhouse Gas Emissions. The tool will be also available for companies that are not subject to this scheme from the 2024 reporting period. This will be expected to enhance the disclosure of corporate information. At the end of his presentation, he expressed the importance that efforts to address environmental issues and environmental information disclosure are promoted in an integrated manner at the management level, rather than in an individual manner by each section of a company, and the Ministry will also have its overall effort to proceed with these initiatives.

Mr. Yu Zhidi, Senior Specialist, Division of Technology Cooperation Foreign Environmental Cooperation Center, Ministry of Ecology and Environment (China) delivered a presentation on "Reform of China's Environmental Information Disclosure System According to Law and Progress with ESG". He introduced that China's high-level decision-making body, the National Development and Reform Commission, announced a strategic and comprehensive implementation bill on environmental information disclosure in 2021. Since then, under the leadership of the Ministry of Ecology and Environment, about 80,000 companies including financial

institutions have been implementing measures that are conscious of both efficiency and risk. The number of ESG reports published by companies is increasing, and the quality of these reports is improving accordingly. In addition, environmental information disclosure and ESG evaluation are also important factors in government policies such as the "New Development Principles" consisting of "innovation," "coordination," "green," "openness," and "shared results" and the "Construction of a beautiful China" which are the direction of China's macro strategy for green development. He mentioned that implementation methods for ESG information disclosure will be flexibly tailored to various fields, industries, and companies, and will be optimized and subdivided accordingly, conducting pilot studies for ESG information disclosure.

Mr. Heo Junhyuk, Head of department, LCA department, Korea Environmental Industry & Technology Institute (Korea), presented on environmental labeling and the government's environmental information disclosure system under the title of "Life Cycle Assessment (LCA) and Environmental Product Declaration". He explained that the environmental labeling system is ISO14025 Type III environmental labeling certification system with a certification period of three years, and that 463 companies and 2,376 products have been certified so far, as well as the history of the legal system, and the certification of low-carbon products in the area of carbon footprint, which is of great interest to companies, and also explained the certification process. Then not only the operation of the domestic system, based on the trend of tightening regulations overseas, he introduced efforts such as the creation of individual scenarios for each product group, cooperation with Norway and other countries, and the establishment of LCI database to expand a mutual certification system with overseas countries. He also introduced the environmental information disclosure system that started in 2000 still improving based on overseas disclosure standards. Regarding disclosure of environmental information, he explained that verification is conducted focusing on 3 perspectives: appropriateness, consistency, and reliability, and not only just environmental information disclosure but also implementing initiatives to stimulate green investment from companies, and assistance in preparing inventories for GHG emissions assessments.

During the discussion session, active Q&As were made.

1) **Question from Japan to Korea and China:**

I would like to ask both Korea and China about the frequency of reporting on environmental information and how they ensure the appropriateness of such information. Also, I would like to ask how both countries monitor environmental information, who is in charge of this, how they improve the quality of the skills of those in charge, as well as capacity building.

Answer from Korea to Japan:

There is a certification system for each product, and no reporting obligation, but each entity is required to report one year's worth of data each year. For product management certification, there is an auditor system by law, and those who have been educated and qualified are required to conduct the audits. The qualification test is rigorous, with a pass rate of about 20% of examinees. Also, even after certification, additional training is provided twice a year, and the auditors are required to attend training at least once a year. However, the fields of auditing are very diverse, and we are also making efforts such as preparing and distributing case studies of certification for each product group. As for the environmental information disclosure system for each entity, there is no audit system, and researchers from the Korea Environmental Industry & Technology Institute are in charge of auditing.

Answer from China to Japan:

The disclosure system has been reformed, and companies are required for

information disclosure once a year. 80,000 companies disclose information every year. To reduce the burden on companies, they are not required to follow a single method of disclosure but can disclose information at any time during the year. Regarding information on climate change and carbon emissions, their screening organizations are selected through public bidding, and the accuracy of the screening process is checked. We are also reforming the information disclosure system to strengthen the media and social groups to keep a close eye on the issue so that social monitoring can be carried out, and any illegal activities can be reported to the environmental department, which must disclose such information by law. A system for information exchange is also being developed, and an environmental credit system is also being created. We are trying to make environmental information more credible by having the public monitor the information, rather than just disclosing information to the public. If there is a problem, we try to detect it promptly and continuously improve the quality of the disclosed information. Over the past few years, the number of companies participating in disclosure has increased and the quality of the information has improved. We believe that a certain degree of deterrence is necessary to prevent wrong data from being released. In terms of judicial and administrative law enforcement, information disclosure regarding the environment is based on the law, which prevents false reporting, and we are aware that there are almost no false reports. In addition, regarding the improvement of the quality of information, model projects are being implemented so that less experienced companies can learn from more experienced companies.

Topic 2: Various Actions of enterprises corresponding to the environmental issues throughout the value chain and the requirement of environmental information disclosure

Ms. Ma Yajing, Senior Project Manager, Foreign Environmental Cooperation Center, Ministry of Ecology and Environment, China, started the session with an

introduction of the topics and presenters for the session.

Ms. Yukiko Takatori, Corporate Executive, General Manager of Sustainability Development Dept. Ajinomoto Co., Inc. made a presentation on "Environmental Due Diligence and Information Disclosure of Ajinomoto Group". After introducing Ajinomoto Group's history that has continued for more than 100 years, the Core Businesses and the Group's new Purpose "Contributing to the well-being of all human beings, our society, and our planet with “AminoScience"”, the presentation was followed by examples of environmental due diligence initiatives. In terms of governance, materiality, risks and opportunities as well as initiatives and KPIs, which are measured and disclosed as part of the environmental strategy, and the governance system such as the Sustainability Advisory Council and Sustainability Committee were introduced. She also mentioned the importance of building a strong and sustainable food system to achieve the 2030 Outcomes "Reduce our environmental impact by 50%" and "Help extend the healthy life expectancy of 1 billion people," and also introduced the ASV (Ajinomoto Group Creating Shared Value) Social Value (Environmental) Index, as well as information disclosure in accordance with the TCFD including Scope 3 in the process such as the raw material procurement process. She also introduced domestic case of bio-cycle, such as utilization of co-products as useful resources, and agricultural support ecosystem in Thailand to become self-reliant of local farmers. Finally, as a future direction, she stated strategic disclosure based on both financial and non-financial information, and the development of non-financial information as corporate value to realize a positive impact on society.

Mr. Wang Hongtao, Professor, College of Carbon Neutrality Future Technology, Sichuan University, presented “Building Product Carbon Footprint Management System in China”. Professor Wang has been researching and developing methodologies and database construction regarding LCA and carbon footprint in China for over 20 years and has developed the CLCD (Chinese Life Cycle Database). This database is compatible with the EU-led LCDN (Life Cycle Data Network), and by

providing software support, many companies are using it to calculate their carbon footprint and Scope 3 emissions in China. Last year, China issued a circular on “Establishment of Product Carbon Footprint Management System”, encouraging industries and leading companies to establish a database and certify it. A recent challenge is that companies are required to comply with standards created in the EU, such as the EU Batteries Regulation. In order to comply with these regulations, he has developed an application that allows companies to easily download and calculate their carbon footprint using a template available on SNS. He concluded his presentation by stating that he would like to promote exchanges with experts from Japan and South Korea as well as experts from Europe through such research activities.

Mr. Cho Kwangkuk, Project Leader, LCA unit, SK innovation, Korea, delivered a presentation on “Utilization and Expansion of LCA for SK Innovation Energy and Chemical Products”. Mr. Cho explained that LCA is a tool that can analyze various impacts of products on the environment and introduced how SKI decided to proceed with the development of LCA according to customer needs. In particular, the customer needs have increased since 2020, and SKI has been supporting their customers by their own LCA capability that take into account the entire cycle from raw materials, production, use, and to disposal. Such LCA can also be used to analyze product scenarios and business feasibility before commercializing a new business. They are also focusing on improving the accuracy of calculations by considering preconditions in issues such as plastic recycling. In addition, he introduced that they have recently been considering to evaluate the impact of products on biodiversity by adopting the LEAP approach with LCA.

During discussion session, an active Q&As were made.

1) **Question from Korea to Japan:**

It was impressive that Japan has set targets including Scope 3. Ajinomoto aims to reduce Scope 1 and 2 emissions by 50% by 2030, and it has already been reduced by 19%. What kind of technologies have been introduced to achieve the results? Has there been any cost-effectiveness analysis?

Answer from Japan to Korea:

The Ajinomoto Group manufactures amino acids by using the fermentation method which consumes a lot of energy. They, however, successfully reduced Scope 1 emissions by introducing biomass into this process. They also support RE100 and are implementing modest energy savings by introducing renewable energy such as solar power. Regarding cost-effectiveness, they have been analyzing the impact of carbon taxes and the cost of introducing biomass, etc.

2) **Question from Korea to China:**

There is a shortage of LCA experts in South Korea. How many LCA-related experts are there in China? Does the Chinese government provide any support for LCA evaluation?

Answer from China to Korea:

China is also facing the problem of a shortage of experts as carbon footprint becomes more important. Professor Wang himself teaches at a university, and he hopes that the number of such experts will increase in the future. Regarding government activities, there is a movement to create a management system on carbon footprints, and hopefully the Ministry of Ecology and Environment will come up with various policies in the near future. He hopes to have a variety of exchanges through roundtable discussions like this meeting.

CLOSING SESSION

The closing session was made by the chair of the closing session, **Mr. Kaoru Miyahara, Deputy Director, Minister's Secretariat, Environment and Economy Division, Ministry of the Environment (Japan).**

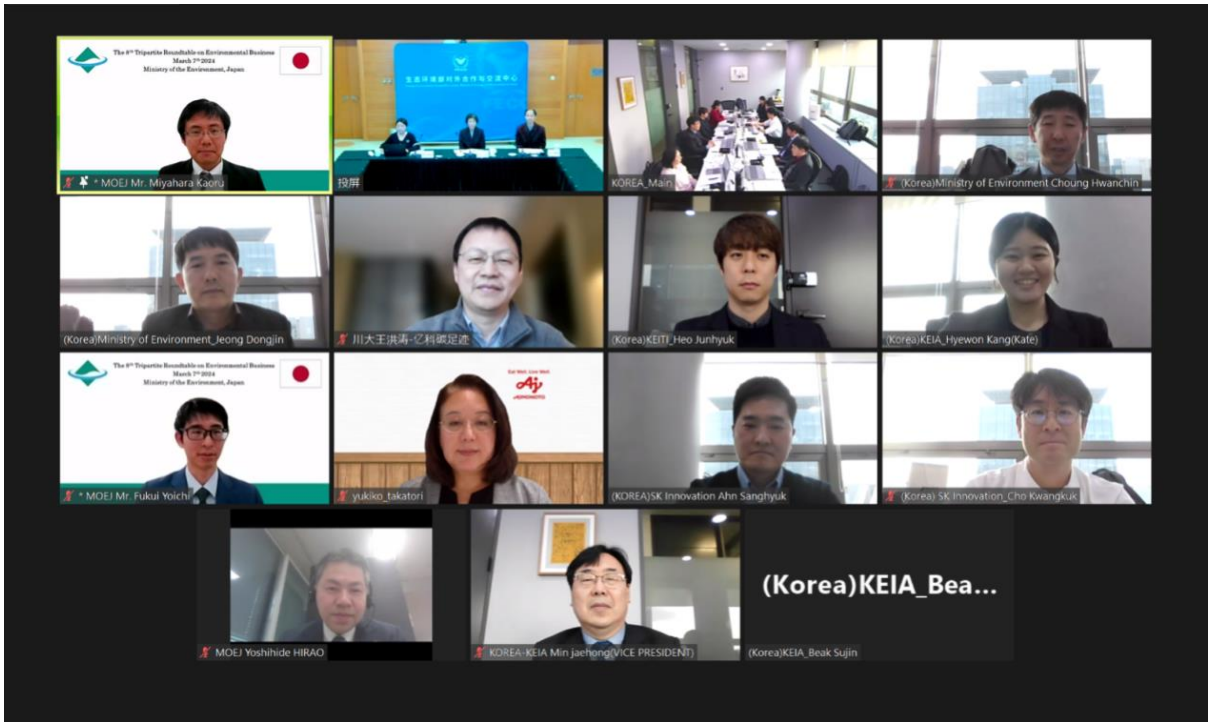
Ms. Zhang Xiaolan, Senior Specialist, Division of Technology Cooperation Foreign Environmental Cooperation Center, Ministry of Ecology and Environment (China) made a closing address. She expressed her gratitude to all the participants and the simultaneous interpreters and wished all continuous communication with each other.

Mr. Yoichi Fukui, Deputy Director, Minister's Secretariat Environment and Economy Division, Ministry of the Environment (Japan) made a closing address. He expressed his gratitude to all the participants and wished all continuous learning among the three countries.

Mr. Jeong Hwanjin, Director, Global Top Green Industry Promotion TF, Ministry of the Environment (Korea) made a closing address. He expressed his gratitude to Japan for preparing the 8th TREB and thanked all the participants.

Mr. Jeong Dongjin, Deputy Director, Global Top Green Industry Promotion TF, Ministry of the Environment (Korea) proposed that the 9th TREB would be held face-to-face in conjunction with the 25th Tripartite Environment Ministers Metting (TEMM25) in Korea.

At the end of the 8the TREB Commemorative photographs were taken during the photo session.


The 8th Tripartite Roundtable on Environmental Business
March 7th 2024
Ministry of the Environment, Japan
* MOEJ Mr. Miyahara Kaoru
投屏
KOREA_Main
(Korea)Ministry of Environment Choung Hwanchin
(Korea)Ministry of Environment_Jeong Dongjin
川大王洪涛-亿科碳足迹
(Korea)KEITI_Heo Junhyuk
(Korea)KEIA_Hyewon Kang(Kate)
The 8th Tripartite Roundtable on Environmental Business
March 7th 2024
Ministry of the Environment, Japan
* MOEJ Mr. Fukui Yoichi
yukiko_takatori
(KOREA)SK Innovation Ahn Sanghyuk
(Korea) SK Innovation_Cho Kwangkuk
MOEJ Yoshihide HIRAO
KOREA-KEIA Min jaehong(VICE PRESIDENT)
(Korea)KEIA_Bea...
(Korea)KEIA_Beak Sujin