



FINANCIAL SERVICES AGENCY  
GOVERNMENT OF JAPAN

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Dear CEOs,

15 December 2022

Amid the increasing roles of investors' and financial institutions' initiatives to improve the sustainability of companies and the economy, the importance of ESG data and evaluation, which collects, provides, and evaluates information on companies' ESG initiatives has never been greater.

As IOSCO (International Organization of Securities Commissions) suggests in its [final report](#) published on November 2021, with the use and scope of ESG evaluation and data expanding, ensuring transparency and improving quality regarding those services, as well as addressing potential conflicts of interest and enhancing communication with companies and other stakeholders is indispensable.

In this respect, we are pleased to announce that the Financial Services Agency, Japan, in accordance with [the Report](#) by the Technical Committee for ESG Evaluation and Data Providers published on July and based on the results of [public consultation](#) solicited from July to September, finalized and published [\*the Code of Conduct for ESG Evaluations and Data Providers\*](#).

*The Code of Conduct*, in conformity with the final report by IOSCO, present specific principles and guidelines that ESG evaluation providers may adopt to improve the quality and transparency of their services, including the internal control mechanism, disclosure items, and steps for communication with companies subject to evaluations.

Also, as international and national discussions on corporate sustainability disclosure are progressing at the ISSB (International Sustainability Standards Board) and other fora, or the SSBJ (Sustainability Standards Board of Japan) in the case of Japan, there is growing interest in the enhancement, collection, and provision of data on a global basis, and we believe that global initiatives to collect data, and secure quality on data are emerging.

Given the utmost importance of data and the fact that the data is the basis of ESG evaluations, *the Code of Conduct* encompasses both ESG evaluation and data, aiming to improve the quality and transparency on data and evaluations comprehensively.

We respectfully expect and request that ESG evaluation and data providers consider supporting the Code, and subsequently disclose whether or not they are complying with it, or alternatively explain why there are not complying.

Although we believe *the Code of Conduct*, after going through discussions in the Technical Committee and public consultations, is balanced in terms of securing both quality and flexibility of ESG data and evaluation services, should any further questions or concerns arise, please do contact our colleagues at the FSA: [sustainable-fin.esg@fsa.go.jp](mailto:sustainable-fin.esg@fsa.go.jp).

Please in particular note that, since the Code is based on a principle-based approach rather than being a rule-based regulation, what is essential for providers is to present their basic understanding and policies and concretely demonstrate how they are committed to quality control and communication with stakeholders in their own ways, rather than focusing on the details of the individual items of the Principles.

We hope our Code of Conduct presents an important milestone for ESG investment markets worldwide, in enabling wider stakeholders to better understand the nature, as well as limitation, of ESG evaluation and data. The FSA will continue to be committed to promoting sustainable finance, securing both flexibility and soundness of the markets, and is open to any questions and further discussions.

Sincerely yours,



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