



## Excellent TCFD Disclosure Selected by GPIF's Asset Managers Entrusted with Domestic Equity Investment

Government Pension Investment Fund (GPIF) requested its external asset managers entrusted with domestic equity investment (hereinafter, "external asset managers") to nominate "excellent TCFD disclosure" as a new initiative based on the Corporate Governance Code revised last year.

GPIF requested external asset managers to nominate up to five companies that provided "excellent TCFD disclosure", and also to each nominate up to three companies that provided "excellent disclosure of (1) governance, (2) strategy, (3) risk management, and (4) metrics and targets", respectively.

As a result, 27 companies listed below were nominated for providing "excellent TCFD disclosure". Among them, the following companies were highly evaluated by many respondents as publishers of "excellent TCFD disclosure".

### [Companies nominated by four or more external asset managers for their excellent TCFD disclosure] (number of external asset managers)

- ◇ Kirin Holdings Company, Limited (8) ◇ Mitsubishi UFJ Financial Group, Inc. (5)
- ◇ RICOH COMPANY, LTD. (5) ◇ Hitachi, Ltd. (4)

### [Companies selected by GPIF's external asset managers for excellent TCFD disclosure]

Code	Company name	Number of nominations	Code	Company name	Number of nominations
2502	Asahi Group Holdings, Ltd.	2	6981	Murata Manufacturing Co., Ltd.	1
2503	Kirin Holdings Company, Limited	8	7203	TOYOTA MOTOR CORPORATION	2
2678	ASKUL Corporation	1	7752	RICOH COMPANY, LTD.	5
2802	Ajinomoto Co., Inc.	1	8001	ITOCHU Corporation	3
4005	SUMITOMO CHEMICAL COMPANY, LIMITED	2	8002	Marubeni Corporation	2
4204	Sekisui Chemical Co., Ltd.	2	8058	Mitsubishi Corporation	3
4307	Nomura Research Institute, Ltd.	3	8252	MARUI GROUP CO., LTD.	1
4452	Kao Corporation	2	8306	Mitsubishi UFJ Financial Group, Inc.	5
5020	ENEOS Holdings, Inc.	2	8316	Sumitomo Mitsui Financial Group, Inc.	2
6301	KOMATSU LTD.	1	8411	Mizuho Financial Group, Inc.	1
6367	DAIKIN INDUSTRIES, LTD.	1	8725	MS&AD Insurance Group Holdings, Inc.	1
6501	Hitachi, Ltd.	4	8766	Tokio Marine Holdings, Inc.	1
6702	FUJITSU LIMITED	2	9613	NTT DATA Corporation	1
6752	Panasonic Corporation	1			

Note: The above list is composed of companies whose TCFD disclosure was selected by external asset managers as "excellent TCFD disclosure". (Listed in order of securities code) The companies highlighted in blue were nominated by two or more external asset managers.

The number of companies whose TCFD disclosure was selected as excellent on the four disclosure items reached 54, as listed on page 4. GPIF also requested its external asset managers entrusted with foreign equity investment to nominate “excellent TCFD Disclosure”, the result of which is shown in GPIF’s English website.

([https://www.gpif.go.jp/en/investment/20220323\\_excellent\\_TCFD\\_disclosure\\_en.pdf](https://www.gpif.go.jp/en/investment/20220323_excellent_TCFD_disclosure_en.pdf))

## **[Key Remarks on the “excellent TCFD disclosure” nominated by four or more external asset managers]**

### **○ Kirin Holdings Company, Limited**

- The company was the only Japanese company selected among the 15 across the globe for an interview conducted by TCFD for publication in the Practical Guide for Scenario Analysis. The company received high evaluations in terms of advanced responses in all items.
- All items required by the TCFD recommendation are carefully disclosed. The descriptions convey that highly effective governance is maintained by sharing the status of improvements and making annual analyses more in-depth.
- The disclosure carefully explains the way of thinking toward risk management, the results of scenario analysis and their reflection in strategies, etc. The company shares the progress of their indicators with capital markets at the annual CSV briefing meeting. The company also discloses the amount of investments to address the SBT 1.5°C scenario and its impact on the profit-and-loss situation, aiming to help investors easily understand the impact on profit and loss and corporate value in response to climate change.
- Detailed and well-balanced disclosure was prepared concerning the four items in the TCFD recommendation, clarifying the company’s policy and strategy to address the climate-related risks and opportunities. Additionally, in the scenario analyses, the company disclosed quantitative financial impacts such as the impact of climate change on crop yields of major agricultural products and assessment of impacts of carbon pricing.
- The disclosure provides detailed analyses of the financial impact of risks and business opportunities based on scenario analysis, which is a disclosure useful for estimating the degrees of the impacts.
- In the scenario analysis, the company analyzed financial impacts based on many drivers, describing specific strategies to respond to them. Risks and opportunities are organized by theme, and multifaceted analyses are also conducted.
- It is highly regarded that disclosure items in the TCFD recommendations are briefly summarized in the summary section, and are described in detail on the reference pages to clarify their initiatives for climate change issues.

### **○ RICOH COMPANY, LTD.**

- The company has pursued environmental management for a long time, ever since the establishment of the Environmental Promotion Section in 1976. In its first-ever TCFD report, the company specifically showed that its environmental goals for decarbonization will be further strengthened, and that the initiative could lead to business opportunities.
- The TCFD report provides comprehensive disclosure while presenting many actual examples.
- The TCFD report explains the initiatives in general for climate change in an easy-to-understand manner by disclosing not only the items recommended by TCFD, but also the company’s history of addressing climate change, measures and specific examples for achievement, and the impact on financial activities as business opportunities.
- The company publishes a TCFD report specialized in the TCFD disclosure in addition to an integrated

report, disclosing in detail the four items recommended by TCFD. Regarding governance, in addition to the governance system in terms of ESG, the company discloses that the goals for reduction of GHG emissions are linked to the compensation of directors. The risk analysis of climate change shows the financial impact by including quantitative factors in a form of classifying the impacts into “Large” (50 billion yen or more), “Medium” (several billion yen to 50 billion yen) and “Small” (several hundreds of million yen), and explains each risk and opportunity in an easy-to-understand manner, such as by using pictures. Furthermore, regarding the disclosure of risk management, the company explains showing not only a diagram of the system, but also a diagram of their decision process for priority management risks. Regarding Metrics and Targets, the company makes reference to Scope 3 and SBT, thus providing well-balanced and high quality TCFD disclosure.

#### ○ Mitsubishi UFJ Financial Group, Inc.

- The company provided highly comprehensive information disclosure, being aware of the significance of its own impact on climate change. The initiative for improvement of disclosure in the scenario analysis, future action plans, and the TCFD disclosure as an asset manager are highly evaluated.
- The linkage among each pillar of the TCFD disclosure improved due to the progress of organizational sophistication in many points such as a declaration of carbon neutrality and the strengthening of the sustainability promotion system. Additionally, the disclosure of metrics, targets and the actual results was improved. The roadmap toward the creation of a declaration of carbon neutrality is also clearly indicated, making the whole picture and timeline of the activity easy to understand.
- The company’s TCFD disclosure is excellent as a whole even relatively within the financial sector, and it is particularly so in terms of disclosure of “metrics and targets/actual results.” The disclosure of opportunities and risks are well-balanced. Regarding opportunities, the targets for reducing CO<sub>2</sub> emissions through renewable energy project financing are also disclosed together with the targets for the balance of sustainable financing. Regarding risks, in contrast to other megabanks that limit disclosure to the balance of coal-fired power generation project financing, the company also discloses “carbon-related assets,” including corporate financing.
- The structure of the report is well organized with “Highlights of activities,” “Long-term vision” and “Report in line with the disclosure items recommended by TCFD,” offering users easy access to necessary information. The content’s consistency was highly evaluated, as each disclosure item recommended by TCFD is developed based on the company’s “MUFG Carbon Neutrality Declaration” and the roadmap for its achievement.

#### ○ Hitachi, Ltd.

- Business environment, risks and opportunities under the 1.5°C and 4°C scenarios are defined in detail, providing a sense of trust in the company’s long-term climate resilience. Advanced targets such as the introduction of ICP aiming at decarbonization are described.
- The disclosure includes progress management of the Environmental Action Plan which is updated every three years, and other disclosures of which the effectiveness can be assessed.
- There are many in-depth descriptions concerning all of the four items as observed in scenario analyses broken down into business unit. We can confirm that the results of various analyses are also associated with strategic decision making, and this will contribute to investors’ decisions.

**[Companies selected by GPIF’s external asset managers for excellent disclosure of each four TCFD disclosure]**

Code	Company name	Number of nominations				Code	Company name	Number of nominations			
		(1)	(2)	(3)	(4)			(1)	(2)	(3)	(4)
1802	OBAYASHI CORPORATION	1	-	-	-	6971	KYOCERA Corporation	-	-	1	-
1803	SHIMIZU CORPORATION	-	-	-	1	6981	Murata Manufacturing Co., Ltd.	1	-	-	-
1925	DAIWA HOUSE INDUSTRY CO., LTD.	1	-	-	-	7203	TOYOTA MOTOR CORPORATION	1	2	2	2
1928	Sekisui House, Ltd.	-	3	-	1	7272	Yamaha Motor Co., Ltd.	-	-	-	1
2269	Meiji Holdings Co.,Ltd.	-	-	1	-	7752	RICOH COMPANY,LTD.	2	1	1	2
2502	Asahi Group Holdings, Ltd.	-	1	-	-	8001	ITOCHU Corporation	-	-	2	1
2503	Kirin Holdings Company, Limited	1	2	3	2	8002	Marubeni Corporation	-	2	-	1
2607	FUJI OIL HOLDINGS INC.	2	-	2	1	8053	Sumitomo Corporation	-	-	-	1
2802	Ajinomoto Co., Inc.	-	-	-	1	8058	Mitsubishi Corporation	1	3	-	-
3086	J. FRONT RETAILING CO., LTD.	-	-	2	-	8252	MARUI GROUP CO., LTD.	1	-	-	1
3401	TEIJIN LIMITED	-	-	-	1	8306	Mitsubishi UFJ Financial Group, Inc.	3	-	2	1
4005	SUMITOMO CHEMICAL COMPANY, LIMITED	5	3	-	4	8316	Sumitomo Mitsui Financial Group, Inc.	1	-	2	-
4186	TOKYO OHKA KOGYO CO., LTD.	-	-	1	-	8411	Mizuho Financial Group, Inc.	1	-	-	2
4204	Sekisui Chemical Co., Ltd.	2	2	-	-	8604	Nomura Holdings, Inc.	-	-	1	-
4307	Nomura Research Institute, Ltd.	-	1	1	1	8725	MS&AD Insurance Group Holdings, Inc.	1	1	3	1
4452	Kao Corporation	3	-	-	-	8750	Dai-ichi Life Holdings, Inc.	-	-	1	-
5020	ENEOS Holdings, Inc.	-	-	1	1	8766	Tokio Marine Holdings, Inc.	-	1	1	1
5401	NIPPON STEEL CORPORATION	-	-	1	-	9020	East Japan Railway Company	-	1	-	-
5411	JFE Holdings, Inc.	-	-	1	-	9086	Hitachi Transport System, Ltd.	1	-	-	-
5713	Sumitomo Metal Mining Co., Ltd.	-	1	-	-	9101	Nippon Yusen Kabushiki Kaisha	1	-	-	-
6367	DAKIN INDUSTRIES,LTD.	-	1	-	-	9104	Mitsui O.S.K. Lines, Ltd.	-	1	-	-
6501	Hitachi, Ltd.	2	4	2	1	9201	Japan Airlines Co., Ltd.	-	-	-	2
6645	OMRON Corporation	1	-	-	-	9432	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	-	1	-	-
6702	FUJITSU LIMITED	-	-	1	1	9501	Tokyo Electric Power Company Holdings, Incorporated	-	-	-	1
6752	Panasonic Corporation	-	1	-	1	9508	Kyushu Electric Power Company, Incorporated	-	-	-	1
6762	TDK CORPORATION	1	-	-	1	9513	Electric Power Development Co., Ltd.	-	1	-	-
6902	DENSO CORPORATION	-	1	-	1	9613	NTT DATA Corporation	1	1	1	-

Note: The above list is composed of companies which were selected by external asset managers as “excellent disclosure of each four TCFD disclosure”. ((1) governance, (2) strategy, (3) risk management, and (4) metrics and targets) (Listed in order of securities code) The companies highlighted in blue were nominated by two or more external asset managers.