



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

Government Pension Investment Fund (GPIF) requested its 13 external asset managers entrusted with domestic equity investment (hereinafter, "external asset managers") to nominate "excellent TCFD disclosure."

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, 28 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 (10)
- ✧ RICOH COMPANY, LTD. (5)
- ✧ Hitachi, Ltd. (7)
- ✧ ITOCHU Corporation (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	7752	RICOH COMPANY,LTD.	5
2503	Kirin Holdings Company, Limited	10	8001	ITOCHU Corporation	4
2607	FUJI OIL HOLDINGS INC.	1	8002	Marubeni Corporation	1
4091	NIPPON SANSO HOLDINGS CORPORATION	1	8058	Mitsubishi Corporation	1
4307	Nomura Research Institute, Ltd.	1	8306	Mitsubishi UFJ Financial Group, Inc.	3
4452	Kao Corporation	1	8331	The Chiba Bank, Ltd.	1
4528	ONO PHARMACEUTICAL CO., LTD.	1	8411	Mizuho Financial Group, Inc.	2
6361	EBARA CORPORATION	1	8766	Tokio Marine Holdings, Inc.	1
6501	Hitachi, Ltd.	7	9042	Hankyu Hanshin Holdings, Inc.	1
6702	Fujitsu Limited	1	9104	Mitsui O.S.K. Lines, Ltd.	3
6724	Seiko Epson Corporation	1	9432	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	1
6752	Panasonic Holdings Corporation	1	9508	Kyushu Electric Power Company, Incorporated	2
6758	Sony Group Corporation	1	9513	Electric Power Development Co., Ltd.	1
6902	DENSO CORPORATION	1	9613	NTT DATA 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 55, as listed on page 5. GPIF also requested its external asset managers entrusted with foreign equity investment to nominate “excellent TCFD disclosure,” the result of which is shown on GPIF’s English website.

(https://www.gpif.go.jp/en/investment/202303_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 descriptions of all items are in line with the TCFD recommendations and the guidance for implementation, and are also rich in content. And it is very easy to understand.
- I was impressed with the method of developing strategies for the timeline of risk emergence divided into a short-, medium- and long-term period, respectively. Among others, all items concerning climate change are highly evaluated for the descriptions which are detailed to an incredible degree, at a level which I believe may become a good example for other companies.
- All four thematic areas of the TCFD recommendations are fully completed, and the descriptions are also interesting to read. The company’s unique global presence is well described by analyses of agricultural products by region, policy risks in the relevant countries and policy of overseas M&A. Covering a wide range of risk factors, the scenario analysis presents reality by showing embodied countermeasures and mitigation measures.
- For all elements, the progress during the past one year is described in addition to the details of the initiatives, which enables us to easily understand the changes. The financial impact is also explained in detail, which facilitates easy evaluation of the impact on future corporate value. Furthermore, the relationship between biodiversity and natural capital is also considered in the disclosure. The consideration of the mutual relationship between climate change and natural capital is seldom found in other companies.
- It is a high-quality disclosure throughout. Starting with an overview, the four items are disclosed in a well-balanced manner. Furthermore, we highly evaluate that details from the reflection in TCFD and strategy to financial impact are described.
- Based on the forecast of the crop yield of ingredients by item and region, using a matrix, specific countermeasures such as the development of brewing technology not relying on barley are disclosed. In the water risk section, the company assesses its own sites and barley exporting ports, explaining risk reduction measures such as diversification of procurement sources.
- On the back of its business characteristics which are highly dependent on natural capital, the company significantly improved the content as an environmental report, containing the TNFD disclosure, from an integrated approach to mutually relating environmental issues in addition to climate-related information. This point in particular is highly evaluated. It is also highly evaluated that the content of the description in each item of the TCFD disclosure is easy to understand and detailed.
- In all of the four items of the TCFD recommendations, the content of disclosure is excellent. Ingenuity is exercised everywhere in the report as seen in the descriptions of risks and opportunities which are organized by dividing them into the short-, medium- and long-term periods, and also in the explanation of financial impact which describes specific adaptation measures and mitigation measures.

- Risks are described in detail in the disclosure of impacts by business site and product based on the consideration of each risk scenario. The strategies of the countermeasures are also highly visible by simulating specific measures. The disclosure of investment plans corresponding to the acquisition of the SBT certification (1.5°C target) is also excellent. The company's commitment is very clear as non-financial indices such as climate change are adopted as business performance evaluation indices. "
- Based on the company's proprietary risk analysis concerning natural capital, the content is detailed and wide-ranging, which is clearly different from that of other companies. The report explains the risk management approach, the results of scenario analysis and their reflection in strategies, the target and achievement of GHG reduction of each business, and the priority fields for reduction of Scope 3 emissions.

○ Hitachi, Ltd.

- The impact and strategy of each business segment under the 1.5°C and 4°C scenarios are disclosed in a table in an easy-to-understand manner. It is also clearly described that the company is highly resilient through strategically developing its businesses to operate under either of those scenarios.
- In both the Hitachi Environmental Innovation 2050 and 2024 Medium-term Plan, the emphasis is placed on the solution of social issues from the perspective that it leads to the creation of business opportunities and the expansion of corporate value. We can understand that the necessary goal setting and capital allocation are being implemented.
- The expansion of investments contributing to the reduction of CO2 by using internal carbon pricing, and the initiatives for carbon neutrality in the value chain are highly evaluated.
- In-depth analyses spanning all of the four items are described by conducting scenario analysis by business. Furthermore, detailed explanations on the initiatives in each single year in addition to long- and medium-term targets are also highly evaluated.
- It is a high-quality disclosure throughout. Particularly, the detailed definitions in the scenario analysis such as risks, opportunities and business environment in each of the 1.5°C and 4°C scenarios are evaluated favorably. The guide to relevant pages also supports the readers.
- The company promotes initiatives at a high level for each of the four items of the TCFD recommendations. The status of progress of the achievement of the long-term environmental targets is very clear to understand due to the Environmental Action Plan which was formulated and managed in line with the updated Medium-term Management Plan.
- The TCFD disclosure and the story of collaborative value creation of the company are combined at a high level, and the TCFD disclosure greatly helps us understand the business strategies. Detailed information has been disclosed concerning GHG emissions.

○ RICOH COMPANY, LTD.

- Regarding GHG emissions, the company has set aggressive targets: -63% (vs. 2015) for Scopes 1 & 2, and -40% (vs. 2015) for Scope 3 by 2030; and zero GHG emissions across the entire value chain by 2050. Regarding transition risks and physical risks, the analyses such as financial impact and urgency level based on each of the 2°C/1.5°C scenarios and 4°C scenario are also disclosed. Case examples of initiatives are also presented in detail through the TCFD Report.
- The company, which has placed an emphasis on environmental management from an early stage, specifically stated measures to achieve the targets for 2030 and 2050 based on the relationship with business opportunities and risks. There are high expectations for their effectiveness.

- The disclosure of the state of deliberation of ESG issues at the Board of Directors' meetings in addition to the reduction rate of GHG (Scopes 1, 2 & 3) being linked to executive compensation as ESG targets, are highly evaluated.
- The Integrated Report gives an outline of climate change risks and opportunities. The TCFD Report and the Circular Economy Report are issued and in-depth information is disclosed in the supplementary volumes (also linked to the Integrated Report). Easily accessible disclosure to meet the readers' needs is evaluated favorably.
- In each scenario, the risk level is judged by "impact" and "urgency level" to disclose the impact on businesses, the status of responses and the areas of contribution, which are highly visible. Regarding governance, a governance system unifying management and execution in collaboration between the Board of Directors and the ESG Committee is in place. It is highly evaluated that non-financial indices such as climate change are adopted as performance indices, making the commitment clear.

○ ITOCHU Corporation

- The characteristics of the report include sophisticated risk management and metrics and targets consistent with strategies. The highly effective company-wide initiatives are illustrated. The disclosure helps investors' decisions based on the in-depth explanation of the status of progress on top of the summary of material issues by business.
- It is a high-quality disclosure throughout. Among others, governance, transition risks and scenario analysis are described in detail and in an easy-to-understand manner.
- The explanation on the TCFD recommendation is described in detail. Regarding risks and opportunities, the affected time frames and the related businesses are well organized, and the status of activities is also clearly explained by disclosing actual content of climate change-related meetings of the Board of Directors and committees.
- The report is rich in content, covering the structure of the governance system, scenario analysis based on which risks and opportunities are grasped, countermeasures and their impact, and the status of progress.

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

Code	Company name	Number of nominations			
		(1)	(2)	(3)	(4)
1605	INPEX CORPORATION	-	-	1	1
1911	Sumitomo Forestry Co., Ltd.	1	-	-	-
1928	Sekisui House, Ltd.	-	-	1	-
2502	Asahi Group Holdings, Ltd.	-	2	1	-
2503	Kirin Holdings Company, Limited	4	5	4	4
2607	FUJI OIL HOLDINGS INC.	-	1	2	-
3382	Seven & i Holdings Co., Ltd.	2	-	-	-
4005	SUMITOMO CHEMICAL COMPANY, LIMITED	2	1	-	-
4091	NIPPON SANSO HOLDINGS CORPORATION	-	1	-	-
4204	SEKISUI CHEMICAL CO., LTD.	1	-	1	-
4307	Nomura Research Institute, Ltd.	-	1	-	-
4528	ONO PHARMACEUTICAL CO., LTD.	-	1	-	-
4901	FUJIFILM Holdings Corporation	-	-	-	1
5401	NIPPON STEEL CORPORATION	-	1	-	1
5411	JFE Holdings, Inc.	-	-	1	-
5741	UACJ Corporation	1	-	-	-
6301	Komatsu Ltd.	-	2	-	-
6305	Hitachi Construction Machinery Co., Ltd.	1	-	-	-
6361	EBARA CORPORATION	1	-	-	-
6479	MINEBEA MITSUMI Inc.	-	-	-	1
6501	Hitachi, Ltd.	4	1	2	3
6645	OMRON Corporation	1	-	1	-
6702	Fujitsu Limited	-	1	-	-
6758	Sony Group Corporation	-	-	-	3
6902	DENSO CORPORATION	-	-	-	1
6981	Murata Manufacturing Co., Ltd.	-	-	-	1
7250	PACIFIC INDUSTRIAL CO., LTD.	-	-	1	-
7731	NIKON CORPORATION	-	1	-	-
7752	RICOH COMPANY,LTD.	1	2	2	4
8001	ITOCHU Corporation	1	1	3	2
8002	Marubeni Corporation	-	2	-	-
8015	Toyota Tsusho Corporation	1	-	-	-
8031	mitsui & CO., LTD.	1	1	-	1
8035	Tokyo Electron Ltd.	-	-	-	1
8058	Mitsubishi Corporation	-	1	2	1
8252	MARUI GROUP CO., LTD.	1	-	-	-
8306	Mitsubishi UFJ Financial Group, Inc.	5	1	-	2
8309	Sumitomo Mitsui Trust Holdings, Inc.	-	-	1	1
8316	Sumitomo Mitsui Financial Group, Inc.	3	-	2	-
8331	The Chiba Bank, Ltd.	-	-	-	1
8411	Mizuho Financial Group, Inc.	1	-	2	1
8591	ORIX Corporation	-	1	-	-
8601	Daiwa Securities Group Inc.	1	-	-	-
8630	Sompo Holdings, Inc.	-	-	-	1
8750	Dai-ichi Life Holdings, Inc.	-	-	-	1
8766	Tokio Marine Holdings, Inc.	1	-	2	-
9042	Hankyu Hanshin Holdings, Inc.	-	-	-	1
9101	Nippon Yusen Kabushiki Kaisha	-	-	2	-
9104	Mitsui O.S.K. Lines, Ltd.	1	2	1	-
9143	SG Holdings Co., Ltd.	-	1	1	-
9201	Japan Airlines Co., Ltd.	-	1	1	-
9432	NIPPON TELEGRAPH AND TELEPHONE CORPORATION	1	-	-	1
9508	Kyushu Electric Power Company, Incorporated	-	3	-	1
9513	Electric Power Development Co., Ltd.	-	1	-	-
9613	NTT DATA Corporation	-	2	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.