



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

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

As a result, 44 companies were nominated by 19 external asset managers for providing excellent TCFD disclosure. Among them, five companies received high evaluations from four or more respondents.

### Companies evaluated highly by four or more external asset managers for their excellent TCFD disclosure (number of external asset managers)

- ◇ Mitsubishi UFJ Financial Group, Inc. (6)
- ◇ Asahi Group Holdings, Ltd. (5)
- ◇ Hitachi, Ltd. (5)
- ◇ ITOCHU Corporation (5)
- ◇ Mitsui O.S.K. Lines, Ltd. (5)

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

Code	Company name	Number of nominations	Code	Company name	Number of nominations
1332	Nissui Corporation	1	6701	NEC Corporation	1
1605	INPEX CORPORATION	2	6702	Fujitsu Limited	2
1878	DAITO TRUST CONSTRUCTION CO.,LTD.	1	6723	Renesas Electronics Corporation	1
1911	Sumitomo Forestry Co.,Ltd.	1	6758	SONY GROUP CORPORATION	2
2502	Asahi Group Holdings,Ltd.	5	6841	YOKOGAWA ELECTRIC CORPORATION	1
2503	Kirin Holdings Company,Limited	3	6857	ADVANTEST CORPORATION	1
2607	FUJII OIL HOLDINGS INC.	1	6902	DENSO CORPORATION	1
3407	ASAHI KASEI CORPORATION	1	7203	TOYOTA MOTOR CORPORATION	2
4043	Tokuyama Corporation	2	7701	Shimadzu Corporation	1
4091	NIPPON SANSO HOLDINGS CORPORATION	1	7741	HOYA CORPORATION	1
4204	Sekisui Chemical Co.,Ltd.	2	7752	RICOH COMPANY,LTD.	3
4307	Nomura Research Institute,Ltd.	2	8001	ITOCHU Corporation	5
4385	Mercari,Inc.	1	8015	TOYOTA TSUSHO CORPORATION	1
4452	Kao Corporation	1	8306	Mitsubishi UFJ Financial Group,Inc.	6
4519	CHUGAI PHARMACEUTICAL CO.,LTD.	1	8309	Sumitomo Mitsui Trust Group,Inc.	1
4911	Shiseido Company,Limited	1	8316	Sumitomo Mitsui Financial Group,Inc.	3
5401	NIPPON STEEL CORPORATION	1	8411	Mizuho Financial Group,Inc.	2
5411	JFE Holdings,Inc.	2	8766	Tokio Marine Holdings,Inc.	2
5938	LIXIL Corporation	1	9064	YAMATO HOLDINGS CO.,LTD.	1
6361	EBARA CORPORATION	2	9104	Mitsui O.S.K.Lines,Ltd.	5
6479	MINEBEA MITSUMI Inc.	1	9508	Kyushu Electric Power Company,Incorporated	1
6501	Hitachi,Ltd.	5	9513	Electric Power Development Co.,Ltd.	3

Note: The above list comprises 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.

GPIF also asked its external asset managers who are 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/202501\\_excellent\\_TCFD\\_disclosure\\_en.pdf](https://www.gpif.go.jp/en/investment/202501_excellent_TCFD_disclosure_en.pdf))

## **Key remarks on the excellent TCFD disclosure nominated by four or more external asset managers**

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

- The whole picture of the emissions by the financed portfolio is clearly depicted by demonstrating the scenario analyses on each high-emission sector, target setting for the period up to 2030 and approach formulation, considering the characteristics of businesses, guidelines, and the status of target setting by customers in each sector.
- In addition to the disclosure of detailed governance system and initiatives, the emission reduction targets, status, and achievement methods by the borrower sector are disclosed in detail.
- The reduction targets and progress of the key sectors toward the net zero target of the financed portfolio is disclosed, and detailed disclosure on engagement and financial support is also provided.
- The most recent four TCFD factors and action plan are comprehensively disclosed on the Company's website, which gives readers a favorable impression.
- The important points are described in an easy-to-understand manner in the Climate Change Report. In addition to the description of policy recommendations in which investors are highly interested, we value the disclosure of a summary version and other information responding to various types of stakeholders.
- The method for setting metrics and targets concerning climate change is clearly disclosed, climate change risk is integrated appropriately into business management, and the content was positively evaluated as a solid governance and risk management system.

### **○ Asahi Group Holdings, Ltd.**

- The report analyzes in detail and discloses the financial impact of climate change in combination with the deterioration of nature, and fully explained decarbonization measures taken in the Company's entire value chain.
- Comprehensive analyses are conducted by using the TCFD framework. The report also identifies the focus of business risks, showing the details of the relevant initiatives for it. Substantial information disclosure concerning the entire supply chain, such as analysis on raw material farms, is positively evaluated.
- Asahi has been a forward-thinking company when it comes to monitoring ESG market trend. Asahi has been one of the first to include TNFD into its TCFD assessment work. Monetized impact of climate scenario analysis disclosed in a comprehensive manner, including impact from the supply chain. Use of carbon tax with actual price - \$130 also disclosed in its transition risk analysis. 5-year historical emissions including scope 3 disclosed to allow trend analysis. 2025 (short) + 2030 (Mid) quantified GHG reduction goals disclosed.
- A detailed description on initiatives for TCFD is provided while showing specific examples in the Sustainability Report. The description up to Scope 3 from the medium- and long-term perspectives in "Metrics and Targets" is highly evaluated.
- The probability of occurrence of scenario, financial impact, and the countermeasures are described in detail by implementing scenario analysis based on the integration of TCFD and TNFD.

## **O Hitachi, Ltd.**

- Amid multiple business domains, an analysis of the business environment, including opportunities and risks contained in each business, is disclosed in detail, which provides investors with useful information in an easy-to-understand form. The milestones to be achieved and measures to be taken concerning reduction targets are clearly indicated, making progress easy to confirm, and this was highly evaluated.
- In the Sustainability Report, detailed guidance is provided to each of the four items in accordance with TCFD, allowing the understanding to a deeper level.
- TCFD compliant reporting since 2018. Emissions disclosure to CDP; top rank (A grade). Committed to setting SBTi<sup>1</sup> aligned emission reduction targets - achieving carbon neutrality in business sites by FY2030 and throughout the value chain by FY2050. Detailed reporting in line with TCFD recommendations. Carbon neutrality forms an integral part of the management strategy and action plans. Management of natural capital and human rights are communicated effectively.
- The decarbonization business strategy is explained in detail, from which we can understand that the Company is striving to achieve both the growth of business and contributions to emission reductions in parallel. Furthermore, the disclosure of the implementation results, such as the number of cases adopted by ICP<sup>2</sup> and the invested amount of money, makes it easy to understand their use in the investment decision process.
- This disclosure report is composed in a simple, clear form. In the strategy-related section, both climate change risks and opportunities are outlined in detail by business unit.

## **O ITOCHU Corporation**

- Governance: Itochu explains the structure of the governance system concerning climate change matters, on the frequency of meetings and reports and the main items deliberated on from FY2019-2024. Risk management: Itochu conducts very extensive scenario planning, across both the medium and long-term, for 8 different business segments, considering risk and opportunity factors from the perspective of procurement, business operations and market demand. Through TCFD scenario analysis, they have identified a range of risk and opportunity factors and subsequent evaluation and management activities. Metrics & Targets: They set both long and short-term GHG emissions targets. Itochu also release a specific Climate Change Information Disclosure report based around TCFD recommendations, separate to their ESG report.
- Information on each of the four pillars of the TCFD disclosure is extremely substantial. Particularly, the scenario analysis is shown in detail, with both positive and negative impacts being indicated in a waterfall chart, rather than single figure calculated by offsetting the two impacts. At the same time, the amounts of profit and total assets of the segment to which the target business belongs are presented, making it easy to estimate the impact by combining with financial position. While other companies analyze multiple scenarios (STEP, APS and NZE, etc), the Company calculates based on a single scenario. However, since the disclosed assumptions were carefully prepared, it is possible to imagine another scenario by independently adjusting the assumption. It is also highly evaluated that yearly progress can be checked in the action plan, which allows for a higher level of confidence regarding the mitigation of climate change risk.

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<sup>1</sup> Science Based Targets initiative

<sup>2</sup> Internal Carbon Pricing

- In addition to disclosing analysis and setting of metrics and targets for each business in details, the financial impact of each business is clearly indicated, providing very useful information from an investors' perspective. Also, the effectiveness of the climate change governance system can be seen from the fact that those responsible are clearly identified.
- The Company has carried out excellent analyses amid a wide range of business domains operating as a trading Company, such as disclosure of the transition in "Governance" and "Metrics and Targets" and scenario analyses by business unit.
- This is a good example of climate change risk scenario analysis. Risks and opportunities are analyzed by subdivided business unit. Financial impact on an EBITDA basis, climate-related targets and strategies toward the achievement are clearly disclosed.

#### **O Mitsui O.S.K. Lines, Ltd.**

- The scenario analysis clearly indicates profit/loss fluctuating factors, suggesting that investment in decarbonization is meaningful, taking carbon tax into consideration. The Company also describes physical risks in detail. Furthermore, a fleet structure is specifically demonstrated concerning the initiatives for decarbonization.
- An easy-to-understand disclosure in line with the TCFD framework is provided on the Company's website. Furthermore, the "Environmental Vision" provides a detailed explanation on the countermeasures against climate change integrated into business strategies, such as investment plans for replacement of the Company's own assets and the establishment of supply chains for the expansion of low-carbon businesses, thus summarizing information which is useful for investors.
- The GHG reduction roadmap for each cargo segment and the transition plans (2050) in the scenario analysis are very clear, showing not only the TCFD disclosure but also the approach to climate change from the back casting approach.
- The Company presents a concrete road map toward its environmental goal by doing a trial calculation of financial impact based on a more realistic scenario after revising the demand forecast for 2050.
- KPIs have been set and implemented in concrete actions in addition to the sophistication of risk analysis in the international shipping industry. The Company is a front-runner in securing carbon dioxide removal and absorption sources, contributing to the creation of carbon credits.

#### **[Reference]**

##### **O Purpose for the publication of "Excellent TCFD Disclosure"**

GPIF has made many ongoing efforts to promote engagement based on the concept that constructive dialogue(engagement) between asset managers and investee companies, and the promotion of long-term corporate value enhancement and sustainable growth are important to expand long-term investment returns.

As part of such efforts, the publication of "Excellent TCFD Disclosure" began in FY2021. To encourage companies to improve their information disclosure as a foundation for constructive dialogues, we have asked external asset managers to select best practices of information disclosure in line with the TCFD recommendations, and publicized the results.

### **○ Number of respondents**

GPIF asked its 20 external asset managers to select up to five companies that conduct “Excellent TCFD Disclosure,” and received responses from 19 asset managers.

### **○ About TCFD**

The Task Force on Climate-related Financial Disclosures (TCFD) was established by the Financial Stability Board (FSB) based on a request from the G20 Finance Ministers and Central Bank Governors meeting. In 2017, TCFD announced an arbitrary recommendation to urge companies and other organizations to disclose information on financial impacts arising from climate-related risks and opportunities, consisting of four factors of “Governance”, “Strategy”, “Risk Management” and “Metrics and Targets”, in order to help investors appropriately make investment decisions. While TCFD discontinued its activities in 2023, the content of the recommendations was integrated into the International Sustainability Standards Board (ISSB) of the IFRS and continued to be referred to by companies. Therefore, we also implemented this initiative in FY2024.