



Excellent Integrated Reports and Most-improved Integrated Reports 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 integrated reports" and "most-improved integrated reports."

This year, GPIF requested external asset managers to each nominate up to 10 companies, and the results of the survey were compiled into two lists, comprised of 70 (67 in the previous survey) and 100 (95 in the previous survey) companies selected for creating excellent integrated reports and most-improved integrated reports, respectively, as shown on pages 2 and 3. Looking at companies by size, approximately half of the companies selected for excellent integrated reports are large companies with relatively abundant management resources, whereas the majority of companies selected for most-improved integrated reports are small- and medium-sized. This shows that the preparation of integrated reports is becoming more widespread and the quality is improving.

This time, we also asked external asset managers to respond to questions about "their approach to selection, their perspectives and key points in their evaluation," regarding which we had received many inquiries from companies in the past (for details, see page 5 onwards). In response, many external asset managers mentioned whether the content is connected to an increase in corporate value. This time, we also asked, as a result of sustainability disclosure in securities reports having become more substantial, if there are any changes in the content of disclosure that asset managers would require, expectations regarding integrated reports, and the significance of integrated reports. While details are provided on page 8 onwards, there was no external asset manager who responded that the significance of integrated reports had decreased.

[Companies nominated by four or more external asset managers for their excellent integrated reports] (number of external asset managers)

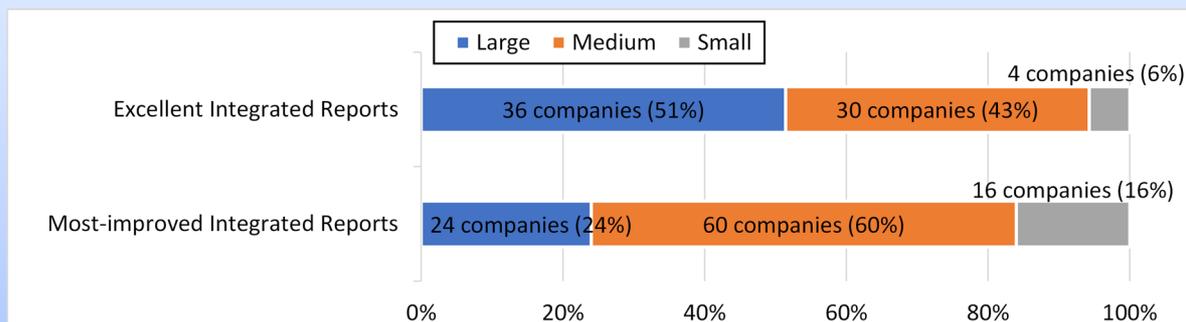
- ◇ ITOCHU Corporation (6)
- ◇ Asahi Group Holdings, Ltd. (5)
- ◇ Hitachi, Ltd. (5)
- ◇ Sojitz Corporation (4)
- ◇ Mitsubishi UFJ Financial Group, Inc. (4)

[Companies nominated by four or more external asset managers for their most-improved integrated reports] (number of external asset managers)

- ◇ Not applicable.

Note: As the definition of integrated report depends on the individual external asset manager, a report that is not even specified as an integrated report may be nominated if it is considered by an external asset manager that information disclosure has been conducted based on "integrated thinking." The names of the companies are listed in the order of their securities code in cases where the number of nominating external asset managers is the same.

Distribution of number of companies selected by external asset managers by company size



The company size is that at the time of requesting selection. “Large” represents companies included in TOPIX 100, “Medium” those included in TOPIX Mid400, while “Small” represents other companies.

[Companies selected by GPIF’s external asset managers for excellent integrated reports]

Code	Company name	Sector	Small	Number of nominations
1332	Nissui Corporation	Fishery/Agriculture & Forestry		1
1925	DAIWA HOUSE INDUSTRY CO., LTD.	Construction		1
1928	Sekisui House, Ltd.	Construction		3
2124	JAC Recruitment Co., Ltd.	Services	☆	1
2146	UT Group Co., Ltd.	Services	☆	1
2502	Asahi Group Holdings, Ltd.	Foods		5
2503	Kirin Holdings Company, Limited	Foods		3
2768	Sojitz Corporation	Wholesale Trade		4
2802	Ajinomoto Co., Inc.	Foods		3
3086	J. FRONT RETAILING CO., LTD.	Retail Trade		1
3106	Kurabo Industries Ltd.	Textiles & Apparels	☆	1
3697	SHIFT Inc.	Information & Communication		1
4004	Resonac Holdings Corporation	Chemicals		3
4183	Mitsui Chemicals, Inc.	Chemicals		2
4188	Mitsubishi Chemical Group Corporation	Chemicals		1
4204	Sekisui Chemical Co., Ltd.	Chemicals		1
4307	Nomura Research Institute, Ltd.	Information & Communication		3
4503	Astellas Pharma Inc.	Pharmaceutical		2
4519	Chugai Pharmaceutical Co., Ltd.	Pharmaceutical		1
4536	SANTEN PHARMACEUTICAL CO., LTD.	Pharmaceutical		1
4540	TSUMURA & CO.	Pharmaceutical		1
4568	DAIICHI SANKYO COMPANY, LIMITED	Pharmaceutical		1
4732	USS Co., Ltd.	Services		1
4901	FUJIFILM Holdings Corporation	Chemicals		1
5019	Idemitsu Kosan Co.,Ltd.	Oil & Coal Products		1
5076	INFRONEER Holdings Inc.	Construction		1
5108	BRIDGESTONE CORPORATION	Rubber Products		1
5201	AGC Inc.	Glass & Ceramics Products		2
5332	TOTO LTD.	Glass & Ceramics Products		1
5406	Kobe Steel, Ltd.	Iron & Steel		1
5411	JFE Holdings, Inc.	Iron & Steel		1
5711	Mitsubishi Materials Corporation	Nonferrous Metals		2
6098	Recruit Holdings Co., Ltd.	Services		1
6361	EBARA CORPORATION	Machinery		3
6465	HOSHIZAKI CORPORATION	Machinery		1
6479	MINEBEA MITSUMI Inc.	Electric Appliances		1
6501	Hitachi, Ltd.	Electric Appliances		5
6645	OMRON Corporation	Electric Appliances		3
6701	NEC Corporation	Electric Appliances		1
6702	FUJITSU LIMITED	Electric Appliances		1
6752	Panasonic Holdings Corporation	Electric Appliances		1
6758	SONY GROUP CORPORATION	Electric Appliances		3
6762	TDK CORPORATION	Electric Appliances		1
6902	DENSO CORPORATION	Transportation Equipment		2
6963	ROHM COMPANY LIMITED	Electric Appliances		1
6981	Murata Manufacturing Co., Ltd.	Electric Appliances		2
6988	Nitto Denko Corporation	Chemicals		1
7186	Concordia Financial Group, Ltd.	Banks		2
7267	Honda Motor Co., Ltd.	Transportation Equipment		1
7752	RICOH COMPANY,LTD.	Electric Appliances		1
7915	Nissha Co., Ltd.	Other Products	☆	1
8001	ITOCHEU Corporation	Wholesale Trade		6
8031	mitsui & CO., LTD.	Wholesale Trade		1
8035	Tokyo Electron Limited	Electric Appliances		1
8058	Mitsubishi Corporation	Wholesale Trade		2
8113	Unicharm Corporation	Chemicals		1
8252	MARUI GROUP CO., LTD.	Retail Trade		1
8306	Mitsubishi UFJ Financial Group, Inc.	Banks		4
8308	Resona Holdings, Inc.	Banks		1
8411	Mizuho Financial Group, Inc.	Banks		1
8591	ORIX CORPORATION	Other Financing Business		1
8601	Daiwa Securities Group Inc.	Securities & Commodity Futures		2
8630	Sompo Holdings, Inc.	Insurance		1
8725	MS&AD Insurance Group Holdings, Inc.	Insurance		1
8766	Tokio Marine Holdings, Inc.	Insurance		2
8801	Mitsui Fudosan Co., Ltd.	Real Estate		1
9202	ANA HOLDINGS INC.	Air Transportation		2
9433	KDDI CORPORATION	Information & Communication		1
9508	Kyushu Electric Power Company, Incorporated	Electric Power & Gas		3
9532	Osaka Gas Co., Ltd.	Electric Power & Gas		1

Note: The above list is composed of companies whose integrated reports were selected by external asset managers as “excellent integrated reports” (listed in order of securities code). The companies highlighted in blue were nominated by two or more external asset managers. Small size refers to companies other than those in the TOPIX 500 at the time of requesting selection.

[Companies selected by GPIF's external asset managers for most-improved integrated reports]

Code	Company name	Sector	Small	Number of nominations	Code	Company name	Sector	Small	Number of nominations
1332	Nissui Corporation	Fishery/Agriculture & Forestry		1	6501	Hitachi, Ltd.	Electric Appliances		1
1333	Maruha Nichiro Corporation	Fishery/Agriculture & Forestry		1	6632	JVCKENWOOD Corporation	Electric Appliances	☆	1
1812	KAJIMA CORPORATION	Construction		1	6701	NEC Corporation	Electric Appliances		2
1925	DAIWA HOUSE INDUSTRY CO., LTD.	Construction		1	6724	SEIKO EPSON CORPORATION	Electric Appliances		1
2127	Nihon M&A Center Holdings Inc.	Services		1	6762	TDK CORPORATION	Electric Appliances		2
2201	Morinaga & Co., Ltd.	Foods		1	6869	SYSMEX CORPORATION	Electric Appliances		1
2607	FUJI OIL HOLDINGS INC.	Foods		1	6925	USHIO INC.	Electric Appliances		1
2651	Lawson, Inc.	Retail Trade		1	6952	CASIO COMPUTER CO., LTD.	Electric Appliances		1
2802	Ajinomoto Co., Inc.	Foods		1	6963	ROHM COMPANY LIMITED	Electric Appliances		1
2871	NICHIREI CORPORATION	Foods		1	6981	Murata Manufacturing Co., Ltd.	Electric Appliances		1
2897	NISSIN FOODS HOLDINGS CO., LTD.	Foods		1	6988	Nitto Denko Corporation	Chemicals		1
3088	MatsukiyoCocokara & Co.	Retail Trade		1	7004	Hitachi Zosen Corporation	Machinery	☆	1
3132	MACNICA HOLDINGS, INC.	Wholesale Trade		1	7012	Kawasaki Heavy Industries, Ltd.	Transportation Equipment		1
3231	Nomura Real Estate Holdings, Inc.	Real Estate		1	7186	Concordia Financial Group, Ltd.	Banks		2
3382	Seven & i Holdings Co., Ltd.	Retail Trade		1	7199	Premium Group Co., Ltd.	Other Financing Business	☆	1
3407	ASAHI KASEI CORPORATION	Chemicals		1	7220	Musashi Seimitsu Industry Co., Ltd.	Transportation Equipment	☆	1
3626	TIS Inc.	Information & Communication		1	7241	Futaba Industrial Co., Ltd.	Transportation Equipment	☆	1
3994	Money Forward, Inc.	Information & Communication		1	7267	Honda Motor Co., Ltd.	Transportation Equipment		1
4004	Resonac Holdings Corporation	Chemicals		1	7272	Yamaha Motor Co., Ltd.	Transportation Equipment		1
4043	Tokuyama Corporation	Chemicals		1	7381	Hokkoku Financial Holdings, Inc.	Banks	☆	1
4061	Denka Company Limited	Chemicals		1	7701	Shimadzu Corporation	Precision Instruments		1
4063	Shin-Etsu Chemical Co., Ltd.	Chemicals		1	7741	HOYA CORPORATION	Precision Instruments		1
4204	Sekisui Chemical Co., Ltd.	Chemicals		2	7911	TOPPAN Holdings Inc.	Other Products		1
4208	UBE Corporation	Chemicals		1	7936	ASICS Corporation	Other Products		2
4307	Nomura Research Institute, Ltd.	Information & Communication		1	7972	Itoki Corporation	Other Products	☆	1
4385	Mercari, Inc.	Information & Communication		1	7994	OKAMURA CORPORATION	Other Products	☆	1
4443	Sansan, Inc.	Information & Communication	☆	1	8002	Marubeni Corporation	Wholesale Trade		1
4523	Eisai Co., Ltd.	Pharmaceutical		2	8015	TOYOTA TSUSHO CORPORATION	Wholesale Trade		2
4544	H.U. Group Holdings, Inc.	Services		1	8058	Mitsubishi Corporation	Wholesale Trade		2
4612	NIPPON PAINT HOLDINGS CO., LTD.	Chemicals		1	8114	DESCENTE LTD.	Textiles & Apparels	☆	1
4613	Kansai Paint Co., Ltd.	Chemicals		1	8174	NIPPON GAS CO., LTD.	Retail Trade		1
4666	PARK24 CO., LTD.	Real Estate		1	8253	Credit Saison Co., Ltd.	Other Financing Business		1
4768	OTSUKA CORPORATION	Information & Communication		2	8267	AEON Co., Ltd.	Retail Trade		1
5020	ENEOS Holdings, Inc.	Oil & Coal Products		1	8316	Sumitomo Mitsui Financial Group, Inc.	Banks		1
5021	COSMO ENERGY HOLDINGS CO., LTD.	Oil & Coal Products		1	8418	Yamaguchi Financial Group, Inc.	Banks		1
5105	Toyo Tire Corporation	Rubber Products		1	8439	Tokyo Century Corporation	Other Financing Business		1
5108	BRIDGESTONE CORPORATION	Rubber Products		1	8591	ORIX CORPORATION	Other Financing Business		2
5201	AGC Inc.	Glass & Ceramics Products		1	8595	JAFCO Group Co., Ltd.	Securities & Commodity Futures		1
5393	NICHIAS Corporation	Glass & Ceramics Products	☆	1	8601	Daiwa Securities Group Inc.	Securities & Commodity Futures		1
5406	Kobe Steel, Ltd.	Iron & Steel		1	8616	Tokai Tokyo Financial Holdings, Inc.	Securities & Commodity Futures	☆	1
5741	UACJ Corporation	Nonferrous Metals	☆	1	8804	Tokyo Tatemono Co., Ltd.	Real Estate		1
5805	SWCC Corporation	Nonferrous Metals	☆	2	8929	Aoyama Zaisan Networks Co., Ltd.	Real Estate	☆	1
5832	Chugin Financial Group, Inc.	Banks		1	9020	East Japan Railway Company	Land Transportation		2
5901	Toyo Seikan Group Holdings, Ltd.	Metal Products		1	9104	Mitsui O.S.K. Lines, Ltd.	Marine Transportation		1
6098	Recruit Holdings Co., Ltd.	Services		1	9302	MITSUI-SOKO HOLDINGS Co., Ltd.	Warehousing & Harbor Transportation Services	☆	2
6268	Nabtesco Corporation	Machinery		1	9401	TBS HOLDINGS, INC.	Information & Communication		1
6305	Hitachi Construction Machinery Japan Co., Ltd.	Machinery		1	9434	SoftBank Corp.	Information & Communication		1
6326	KUBOTA Corporation	Machinery		2	9501	Tokyo Electric Power Company Holdings, Incorporated	Electric Power & Gas		1
6370	Kurita Water Industries Ltd.	Machinery		1	9613	NTT DATA Japan Corporation	Information & Communication		1
6479	MINEBEA MITSUMI Inc.	Electric Appliances		1	9843	Nitori Holdings Co., Ltd.	Retail Trade		2

Note: The above list is composed of companies whose integrated reports were selected by external asset managers as "most-improved integrated reports" (listed in order of securities code). The companies highlighted in blue were nominated by two or more external asset managers. Small size refers to companies other than those in the TOPIX 500 at the time of requesting selection.

[Remarks on the “excellent integrated reports” nominated by four or more external asset managers]

○ ITOCHU Corporation

- As usual, CEO Okafuji's message was excellent. It is interesting that the chapters of the integrated report are organized in the following form: corporate value, created value, growth rate and cost of capital. The story of the efforts to enhance corporate value is easy to understand.
- While the CEO message was as powerful as ever, this year's special feature on human resources strategy was rich in data and worth reading. The descriptions of governance, including the governance of listed subsidiaries, are very useful.
- As a general trading company involved in a variety of businesses, we appreciate the detailed analysis of risks and opportunities that are highly relevant to each business, as well as the approach to business investment to deal with them. It also includes extensive analysis of financial and non-financial initiatives and the status of progress, making the report a useful information source for investors.
- The structure is designed to promote readers' understanding. It is a high-level integrated report in each financial and non-financial aspect, as shown in specific diagrams such as logic trees and PEST analysis, and the PDCA cycle for human capital.
- The PDCA cycle for financial and non-financial (including human) capital can be confirmed, and we appreciate the chronological structure of issues and measures since the previous period, the status of initiatives taken, and new challenges. Additionally, we can confirm that all measures are consistent with the company's corporate mission “Sampo Yoshi.”
- Management is carried out using the highest-level reporting and integrated thinking. The medium- to long-term value creation capabilities are clearly explained in the form of relationships with each stakeholder. A model for sustainable value creation is expressly defined.

○ Asahi Group Holdings, Ltd.

- We appreciate the way the report demonstrates through the “creation and test of value relevance map,” what kind of business and social impact each sustainability measure generates.
- Progressive initiatives are being implemented, such as visualizing impact, sophisticating human capital, and responding in connection to TCFD and TNFD recommendations.
- In promoting sustainability management, the company tries to visualize the social impact generated by its business activities. In addition to its initiatives for the TCFD recommendations, the efforts to respond to the TNFD recommendations are also introduced. Furthermore, regarding alcohol issues, the company's sales targets for non-alcoholic drinks are disclosed, taking the WHO's recommendations into consideration.
- There was dialogue between the Executive Officer, Head of Sustainability of Asahi Group Holdings and those responsible for sustainability in the regions of Europe, Oceania, Southeast Asia and Japan regarding the promotion of global sustainability strategies. Such kind of discussion is highly unique and has the effect of increasing the persuasiveness of the explanation of the factors for improving corporate value.
- The report achieved both comprehensiveness and conciseness. The company clarified its strengths in the value chain and the unique value generated, thereby accurately expressing the robustness of the business model. We appreciate the company's efforts to sophisticate its business model by integrating sustainability and management. In terms of ESG, we appreciate the company's forward-looking initiatives such as visualizing social impact, creation and test of value relevance map, R&D strategies based on the company's vision, disclosure in line with the TNFD recommendations, improving the well-being of agricultural producers and realizing stable procurement.

○ Hitachi, Ltd.

- It clearly shows that the CFO oversees the information disclosure working group and the entire company is committed to planning and production of the report. President Kojima's remarks “Finishing an over a decade-long structural reform” strengthens confidence in realizing sustainable growth.
- An impressive integrated report that clearly shows the trajectory of change and long-term direction, including the CEO message, management reform and evolution of governance.
- The mechanism that brings about business growth is well explained and a detailed explanation on the

governance that supports it is provided. Furthermore, the report links sustainability to the improvement of corporate value, making the report worthy of being called an "integrated" report.

- Although the volume (number of pages) was reduced by half compared to last year, the content was rich enough to make up for this.
- Using group identity as a starting point, the report clarifies the elements for achieving sustainable growth and incorporates them into the company's management strategy. The content conveys the status in which both supervision and execution are functioning effectively. Explanations on business and financial strategies are specific and clear, and the content regarding sustainability, especially governance, is also of a high standard.

○ Sojitz Corporation

- In terms of financial and non-financial initiatives, a thorough analysis is presented concerning the gaps and issues between the current situation and medium- to long-term goals, making it easy to understand the actual situation. Although they are involved in a variety of businesses, they provide highly transparent and useful information, such as their respective initiatives and the progress of investment recovery.
- Disclosure regarding D&I gave us a favorable impression compared to other companies. The company's efforts to promote the advancement of women, including disclosure of the female pipeline and life events, are commendable.
- "Human Resource Strategies Tied to Management and Business Strategies" presents human resource development policies, strategies, and KPIs as a consistent story, and can be said to be a model example of disclosure regarding human capital. Furthermore, "Analysis of Scope 3 and Scope 4 Emissions across the Supply Chain" is an ambitious disclosure that was organized based on the awareness that it is difficult to present an overall picture of a trading company's GHG emissions using existing GHG protocols.
- It's difficult to choose one report over another because the overall level of trading companies' reports is high, but Sojitz, in particular, is easy to understand because of its growth story, financial discipline, and visualization of goals and processes for human resources and environment issues. Furthermore, the company's push-type efforts to communicate the message to investors in various ways, such as integrated report briefings and meetings with outside directors (the videos are also distributed), are impressive.

○ Mitsubishi UFJ Financial Group, Inc.

- Both CEO and CFO messages show us a strong commitment to disciplined capital management and improved ROE. We appreciate the company's disclosure from a high perspective, taking stock price and valuation into consideration with an awareness of global standards.
- In addition to the CEO message, which is worth reading as in the past, the CFO message this year was highly praised for being updated to more clearly convey the company's approach to its business portfolio and awareness of problems in the efforts to improve shareholder value.
- In each part of the CEO message, which is very clear, links are provided for the topics presented to the relevant section of the person in charge, which makes it easy to read. In addition, there are detailed disclosures related to human capital, such as explanations of human capital KPIs by the CHRO, disclosure of the results of employee surveys, and comments of members on various initiatives being implemented across the group.
- Integration of financial and non-financial thinking and value creation is clearly disclosed, including factor analysis for improving ROE, clear capital allocation and human capital KPIs.

[Remarks on the "most-improved integrated reports" nominated by four or more external asset managers]

○Not applicable.

[Thoughts on selection of excellent integrated reports and most-improved integrated reports, viewpoints and important points for evaluation, etc. (*)]

Category	Remarks of external asset managers
Does the content lead to increased corporate value?	<ul style="list-style-type: none"> • Are financial and non-financial materiality clearly defined in the process of achieving "the vision"? Is the explanation provided in a manner so that the reader can understand that short-, medium- and long-term initiatives for materiality are being carried out under appropriate governance and based on the PDCA cycle? Is the explanation provided in a manner that the above series of initiatives are linked to improving corporate value? • The relationship between management strategy and initiatives to improve corporate value, and ESG and sustainability initiatives, must be clearly demonstrated. • First, we believe that it is necessary that the business model (the mechanism for generating profits) should be explained in a way that is linked to the company's strengths and competitive advantage. Second, it is indispensable that the relationship with stakeholders, including human capital, customers, business partners, and the environment, should be explained from the viewpoint of what kind of relationships the company has built in order to sustainably increase profits. • Are the disclosures made in a persuasive manner by including quantitative information and market data, while giving the reader an impression that the company is proactively seeking to improve its corporate value? • Is the value improvement process differentiated and sustainable? • Based on the perspective of how useful the written content is in judging the company's corporate value, we comprehensively consider the typical content and highly unique content. For example, we confirm top management's understanding of the company's current situation and future outlook through the message of top management. And we use comments of outside directors as references in evaluating the effectiveness of governance, such as the leadership of management and the feasibility of the board of directors. • Is a convincing value creation story developed? • How is the company working to visualize non-financial value? • Does the company balance its initiatives that leverage the strengths and financial contributions to address social issues? • When reading integrated reports, we focus on "integrated thinking" and "connectivity." For example, in response to climate change issues, we evaluate not only the company's GHG reduction targets and the disclosure of the achievement trend but also the concreteness and effectiveness of their GHG reduction strategies. We place importance on whether these sustainability strategies are developed and disclosed in an integrated manner with management strategies. Furthermore, we also place emphasis on the "connectivity" of the company's value creation process, from input to outcome. At the same time, we confirm that the story is highly concrete and that the message from top management is consistent with the corporate philosophy and purpose/vision, in which the content is such that investors can have confidence in the hypothesis of increasing corporate value. • Is the description suggest outcomes that will lead to increased corporate value (improved productivity and fostered innovation)? • There are still a lot of cases of separation between management strategy and vision, and sustainability strategy. The key point is whether the sustainability strategy is integrated into the management strategy. • We confirm that the company has formulated a medium- to long-term management plan that aims to create value. • It is easier to understand if the correlation between medium- and long-term business profit improvements as a result of initiatives that mitigate sustainability / ESG risks is demonstrated by numerical values. Additionally, we believe it would be effective if each company's business model shows medium- to long-term resilience.

Category	Remarks of external asset managers
	<ul style="list-style-type: none"> • Is the company present a long-term vision and explain the growth story in an easy-to-understand manner? • Is the company explain in an easy-to-understand manner its competitive advantage that leads to improvement of corporate value? • Does the company recognize its sustainability efforts as an opportunity rather than just corporate social responsibility? • While we understand that integrated reports are prepared for multiple stakeholders, we expect disclosures to be made, keeping institutional investors and the capital market in mind. We have selected excellent integrated reports from that perspective. • With regard to sustainability information, the materiality issues to which attention should be paid vary depending on the company and industry. We highly rate the unique disclosures that emphasize the corporate value of each company listed as a good example this time. • Is disclosure made in accordance with integrated thinking?
Message from Top Management and Governance	<ul style="list-style-type: none"> • We believe it is especially important that CEO messages and interviews with outside directors show not only the appealing features but also an awareness of current issues. • Does the top message convey the company's willingness to improve its corporate value? • Do the outside directors' messages convey how effective supervision is being carried out? • Does the president's message explain in his own words how they will conduct management to increase corporate value, as well as their determination and enthusiasm? • Does the top message convey a strong willingness to engage in sustainability initiatives? • We consider the CEO's message very important as everything is condensed in it. • Realistic disclosure regarding governance (the status of not only the board of directors but also the nomination and compensation committees, etc.) is still insufficient. Communication of outside directors who represent shareholders with investors are also expected. • As there are already many consultants, integrated reports are becoming more and more standardized. However, we feel that the most important thing is the story that fleshes out the necessary data and the way the management tells it. In that sense, by presenting the company's future vision in a top message and including ESG and financial measures as its elements, it becomes more than just a data book. The content of the story is extremely important. • Is the top message delivered in the top management's own words rather than just being a generic statement? • Does top management clearly indicate the direction of management?
Content and quality of specific information	<ul style="list-style-type: none"> • In addition to qualitative explanations, the company's strengths and the deepening of initiatives must be specifically described by quantitative data and indicators. • Since an integrated report is not a statutory disclosure document, we positively evaluate companies that are more proactive in disclosing useful quantitative figures, especially regarding non-financial information. • Is the company promoting disclosure that is one step ahead of other companies in terms of TCFD, TNFD recommendations, etc.? • Setting and implementing original non-financial KPIs (e.g. a way of thinking unique to the company) • The current situation is that the focus is still on the disclosure of the "what," such as what kind of initiatives have been made and what kind of results have been achieved. There is still room for improvement in the disclosure of the "how," such as how the company will implement its initiatives and the process to achieve the goals. • Are the gaps between the current situation and the company's state that it should be recognized by the company as a whole including employees, and are the initiatives to resolve them disclosed?

Category	Remarks of external asset managers
	<ul style="list-style-type: none"> • Detailed and consistent information disclosure must be carried out in line with multiple disclosure frameworks (e.g. GRI, SASB, TCFD, CDP, SBTi, TNFD, etc.). • explanations of risks and opportunities, especially climate change risks, must be substantial. • The company must show a clear policy for setting targets such as ROE regarding cost of capital and financial strategies. • Does the company clearly explain its values (purpose, etc.)? • Are financial disclosures (CF discussion, PBR 1x issue, cash allocation, etc.) clear? • Is non-financial information (ESG, carbon neutrality roadmap, human capital, skills matrix and succession plan under the governance, etc.) disclosed in a clear manner? • Is disclosure provided in an original form and does it contain information useful for investors' analysis? • Are noteworthy/positive initiatives and disclosures made throughout the integrated report and in each section?
Presentation of the report	<ul style="list-style-type: none"> • Is the disclosure explicit and detailed rather than comprehensive? • Visibility and intelligibility are also important. Having too many pages is not a good idea. The most important point is whether the company's responsibilities for business and society are explained in an easy-to-understand manner from a long-term perspective. • Quality of information disclosed. Even if there is a lot of information, it is difficult to understand what the company is trying to achieve unless concrete examples are provided.

*Comments of each external asset managers are classified and categorized by GPIF.

[Is there any changes in the content of disclosure that you require for the integrated reports, expectations, and the significance as a result of sustainability disclosure in securities reports having become more substantial?]

Remarks of external asset managers
<ul style="list-style-type: none"> • The content of disclosure required in an integrated report is whether it tells a "story" of improving corporate value based on the uniqueness of the company's business model, which cannot be captured in regulatory disclosures, and we recognize that this has become more important than ever.
<ul style="list-style-type: none"> • We don't think there have been any major changes in the content expected from integrated reports. We understand that the companies' work has increased due to similar descriptions being required in multiple documents. As the content disclosed in securities reports continues to increase, we believe that it is important to be aware that integrated reports should not be standardized, but should be designed to convey what each company should convey. • As the Financial Services Agency holds study sessions, we continue to expect further improvements in the written information in securities reports. Disclosure in securities reports, which are statutory disclosure documents, is even more important. While we understand that sustainability information is mandatory for us to read through, it is also important that an audit firm has reviewed it. Although a majority of companies have improved their sustainability information disclosure, there still exist companies whose disclosure in securities reports is insufficient. Further pressure is required on these companies, including engagement of institutional investors. With regard to securities reports, there still exists the challenge of acceleration of publication timing, as well as the challenge of reflecting the SSBJ's disclosure standards for sustainability information in the future. We are keeping an eye on future development.
<ul style="list-style-type: none"> • While we welcome the expansion of quantitative data disclosure in the field of human capital as a result of enhanced sustainability disclosure in securities reports, we believe that the roles of an integrated report will continue to be important, in terms of showing the link between ESG / sustainability and management strategy, setting medium- to long-term goals and showing progress from the past (preferably over a longer time frame), or organizing materiality.

Remarks of external asset managers

- The disclosure of sustainability information has become mandatory in securities reports since the fiscal year ended March 2023, thereby it seems that the disclosure of climate change-related information and human capital matters has been enhanced across all listed companies. For companies that prepare integrated reports, which are not statutory disclosure materials, their disclosed content basically exceeds the information contained in securities reports. Therefore, the importance of integrated reports remains unchanged, and we, as investors, expect that each company will become more positive in disclosing its originally set KPIs, the monitoring of the status of target figures, specific measures for solving problems and others.
- The Top Message is an opportunity for top management to share a review of their company's initiatives in their own words every year, and is valuable disclosure information for investors. In integrated reports, companies should be conscious of communicating their unique and differentiated business models and value creation process in a persuasive manner.
- Detailed explanations of E, S and G should be provided in a securities report, while for an integrated report, we look forward to a persuasive story development that improves corporate value from two perspectives: social value created through the realization of the long-term vision, and economic value created therefrom.
- The division of roles is becoming clearer due to improved disclosure through multiple documents. For securities reports we focus on the data demonstrated in a unified format, taking comparability into consideration, while for integrated reports we focus on qualitative features and readability.
- The basic sustainability policies, etc. should be described in their securities reports, while integrated reports should visualize the non-financial values.
- Although comparability would be increase if a securities report includes more in-depth disclosure of sustainability information, which will serve as financial information in the future, it should be still static, focusing on disclosure of actual results.
- On the other hand, in integrated reports, the “uniqueness,” that is whether dynamic and attractive forward-looking stories will be demonstrated, such as “How will we solve problems through our business by leveraging the strengths of management resources and the business model?” or “Can we strengthen our management resources and transform our business model in response to changes in the times?” We also believe that it will play an important role as a communication tool to convey the company's message to investors based on the previous year's dialogue.
- The importance of integrated reports is becoming greater than ever. Although disclosure seems to be improving from the viewpoint of comprehensive disclosure of a company's initiatives, we still find few descriptions that make us assume relationship to future improvement of corporate value (input-centered, lacking outcomes). The company's unique initiatives and ways of thinking are not described, therefore, we cannot sense its competitive advantage or factors of differentiation (lack of originality).
- From an investor's perspective, while emphasizing the connection to "corporate value," the report will help us confirm the actual movement within the company and the status of initiatives if not only the "what" but also the "how" is disclosed. Furthermore, by disclosing once again the "why" of the initiatives in the company's top management's own words, including their thoughts and awareness of the problems, and by expanding disclosure of the status of dissemination of these initiatives across the company, we believe that such information disclosure will improve investors' confidence as investors understand more about the company's seriousness and the feasibility of achieving sustainable increases in corporate value.
- We have the impression that companies are not yet sure about which information is best to include in which section. In some cases, securities reports are easier to understand than environment reports or sustainability reports, if issued by the same company, perhaps due to space limitations.
- We have the impression that many companies disclose only the minimum level of information related to sustainability in their securities reports. After all, integrated reports provide a lot of information, making it easier to understand a company's sustainability efforts. We believe that more substantial information needs to be disclosed in integrated reports.
- We expect that more detailed sustainability information will help easier comparison with other companies, but no change is observed at present.
- No particular change is observed.