E(SG) information analysis & communication Platform
Pilot Project of Ministry of the Environment Japan

October, 2016
Introduction
Background

- More than 60% Japanese listed companies disclose their Environmental data.
- About 35% companies hope investors to use their Environmental data.

But we are wondering whether their information is used by investors or not?

Information Share

Are you satisfied with provided ESG data?

Companies: 80.2%
N=167

Investors: 37.7%
N=61

Experience of ESG Engagement

Have you ever had ESG engagement?

Companies: 15.0%
N=167

Investors: 41.0%
N=61

Source: Ministry of Environment (2016.3)
Problems of non-financial information

Progress of corporate value

Financial information

Non-financial information

ICT Platform

Reporting Standards
Overview of the Pilot Project

- Environmental Reporting Platform enables companies and investors to actively communicate on environmental information disclosed by the companies.
- Analysis support tool provides file download function (XBRL to Excel) and helps investors and companies to analyze registered information.
- Communication tool provides chatting function and helps investors and companies to easily access to person in charge mutually.
What is the communication tool?

Companies

Hello, I’m AA of BB Securities. I read the environment information on your company. I understand especially the superiority of the CC technology described in the "Competitive advantage of our products and services on the environmental front" through the specific numerical information also presented there. Could you also tell me about your efforts on DD?

Investors, etc.

Thank you for your comment. I’m EE of FF Co., Ltd. Thank you for your interest in CC technology. Regarding DD, we are currently implementing initiatives such as GG, but didn’t include them as an important environment issue this time, as we consider the impact of our business activities is relatively low compared with other environmental issues.

Thank you for your response. I understood the DD in relation to your materiality.

Direct dialogue like SNS communication

Communication available between companies and between investors
Vision of the project

This project contributes to the social platform to help in the promotion of ESG dialogue, and aims to build a society where the companies engaged in the environment matters are properly evaluated by investors, etc. and funds flows appropriately.

Political positioning of the project

On September 27, 2015, Japan’s Prime Minister Shinzo Abe announced in the United Nations General Assembly, that GPIF (Government Pension Investment Fund) signed the UN PRI (Principles for Responsible Investment).

The fifth initiative of the “Action 50-80 to start from the Paris Agreement - 11 initiatives for the future of our planet” highlights "ESG investment promotion" and "operation of the environmental information disclosure system."

The Action Plan for Global Warming Countermeasures (cabinet decision in May 2016) mentions that the Japanese government promotes the infrastructure development of information disclosure using ICT, as well as the efforts to promote the ESG (Environment, Society and Governance) investment from financial terms.
Schedule of the project ~Summary~

FY2013 - FY2015
Technology demonstration
- Basic Survey
- Adoption of XBRL
- Cooperation with CDP
- Addition of functions such as analysis and interactive features
- Availability in English

FY2016 – FY2019
Operational demonstration
- Verification of method and rules for the full-year publication of the system, etc.

FY2020
Full operation
Non-financial information platform by making Environment (E) information as an axis

Paris Agreement enters into force
The Pilot Project is treated as “Highly important” by Japanese Ministry of Environment and it’s mentioned in the latest annual report of MOE and The Global Warming Prevention Plan established in May of 2016.

Platform will be practically launched from 2020. (Goal and target of the Pilot Project)

<table>
<thead>
<tr>
<th>Year</th>
<th>Technical Demonstration</th>
<th>Trial Operation</th>
<th>Practical Operation</th>
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<tbody>
<tr>
<td>2013</td>
<td>Basic research</td>
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<tr>
<td>✓ Cooperating with CDP</td>
<td>✓ Developing Analysis Support and Communication Tools</td>
<td>✓ Revising response format in view of other global rating questionnaires</td>
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<tr>
<td>✓ Adopting XBRL</td>
<td>✓ Providing English version</td>
<td>✓ Upgrading Analysis Support and Communication Tools</td>
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<tr>
<td>2014</td>
<td>✓ Revising response format in view of other global rating questionnaires</td>
<td>✓ Data linkage to other XBRL data base such as EDINET &amp; TDnet</td>
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<tr>
<td>2015</td>
<td>✓ Upgrading Analysis Support and Communication Tools</td>
<td>✓ Promotion to overseas investors</td>
<td></td>
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<td>2016</td>
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<td>2019</td>
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<td>2020</td>
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EDINET: Electronic Disclosure for Investors NETwork of FSA
TDNET: Timely Disclosure network of JPX
What we have achieved ~ Growth of the participants

- FY 2016: 300 (223*)
- Companies:
  - Fiscal 2013: 64
  - Fiscal 2014: 103
  - Fiscal 2015: 206
- Investors:
  - Fiscal 2013: 13
  - Fiscal 2014: 27
  - Fiscal 2015: 95

* as of 7th October
Companies which published their information in the FY2015 project

- 旭化成株式会社
- アサヒグループホールディングス株式会社
- アスクル株式会社
- アステラス製薬株式会社
- アズビル株式会社
- アルプス電気株式会社
- AEON CO., LTD.
- ワシオ電機株式会社
- 宇部興産株式会社
- SCSK Corporation
- SBSホールディングス株式会社
- 株式会社エヌ・ティ・ティ・データ
- NTTデータコーポレーション
- 株式会社ジャパンディスプレイ
- 大阪ガス株式会社
- OMRON Corporation
- Kao Corporation
- 鹿島建設株式会社
- 川崎汽船株式会社
- 株式会社ディスコ
- YKK株式会社
- 株式会社ファンケル
- 株式会社フジクラ
- SUBARU CORPORATION
- FUJITSU LIMITED
- 富士フイルムホールディングス株式会社
- 芙蓉総合リース株式会社
- ブラザーファクトリーズ株式会社
- 古河電気工業株式会社
- 文化ジャイアンツ株式会社
- 前田建設工業株式会社
- Mazda Motor Corporation
- ミサワホーム株式会社
- 三井不動産株式会社
- 株式会社三菱ケミカルホールディングス
- Mitsubishi Motors
- 三菱電機株式会社
- 株式会社村田製作所
- 株式会社安川電機
- ヤマトホールディングス株式会社
- ヤマハ株式会社
- ユニ・チャーム株式会社
- 横浜ゴム株式会社
- 株式会社LIXILグループ
- 株式会社ローチ
- リコーリース株式会社
- リンナイ株式会社
- ルネサスエレクトロニクス株式会社
- レンゴー株式会社
- 株式会社ローソン
- Panasonic Corporation
- パナホーム株式会社
- 浜松ホトニクス株式会社
- 日立化成株式会社
- 日立キャピタル株式会社
- Hitachi, Ltd.
- 特定株式会社
Financial institutions, etc. which participated in the FY2015 project

- 株式会社アイ・アール ジャパン
- Amundi Japan Ltd.
- アリアンツ・グローバル・インベスター ズ・ジャパン
- 一般社団法人 XBRL Japan
- エフ・ティ・エス・イー・ジャパン・リミテッド
- MFSインベストメント・マネジメント株式会社
- 大阪信用金庫
- 認定特定非営利活動法人環境経営学会
- 株式会社QUICK
- 株式会社クレアン
- KPMGあずさサステナビリティ株式会社
- International Integrated Reporting Council (IIRC)
- 株式会社滋賀銀行
- 株式会社商工組合中央金庫
- しんきんアセットマネジメント投信株式会社
- SUMITOMO LIFE INSURANCE COMPANY
- セコム企業年金基金
- 株式会社ソーシャルインパクト・リサーチ
- 損保ジャパン日本興亜リスクマネジメント株式会社
- DIAMアセットマネジメント株式会社
- 第一生命保険株式会社
- 株式会社第四銀行
- 大東文化大学
- 高崎経済大学
- WWFジャパン
- T&Dアセットマネジメント株式会社
- 株式会社帝国データバンク
- 有限責任監査法人トーマツ
- Tokio Marine Asset Management Co., Ltd.
- 株式会社東京商エリサーチ
- 株式会社東洋経済新報社
- Nissay Asset Management Co., Ltd.
- Development Bank of Japan Inc.
- 株式会社日本総合研究所
- 一般財団法人日本品質保証機構
- 野村アセットマネジメント株式会社
- 日立キャピタル株式会社
- 株式会社フィスコIR
- 富国生命投資顧問株式会社
- PwCあらた監査法人
- PwCサステナビリティ合同会社
- Bloomberg L.P.
- 株式会社プロネクサス
- 法政大学
- みずほ情報総研株式会社
- みずほ信託銀行株式会社
- 三井住友アセットマネジメント株式会社
- 三井住友信託銀行株式会社
- Bank of Tokyo-Mitsubishi UFJ, Ltd.
- 三菱UFJ信託銀行株式会社
- 株式会社リそな銀行
- Lloyd's Register Quality Assurance Limited
- BMO Global Asset Management (EMEA)
- Fourth Swedish National Pension Fund, AP4
- UBS Asset Management (Americas) Inc.
What we have achieved ~

Government putting Japanese companies' environmental records online

TOKYO -- Japan’s Environment Ministry, working with NTT Data, has developed an online database to allow users to easily browse how friendly listed companies are to the planet.

The database will start to offer information on about 200 companies, including Toyota Motor, Panasonic and Sony, perhaps by fall, sources said.

The ministry intends to make information on 800 companies on the first section of the Tokyo Stock Exchange available for browsing in Japan and abroad by 2020.

The hope is that the database, in English and Japanese, will lure overseas investors, some of whom are starting to take into account how companies treat the environment.

The sources said the system is the world's first government-led effort to create a publicly available database on corporations' environmental policies. It is to complement corporate financial information available to anyone online on the Financial Services Agency’s Edinet database, the sources said.
What we have achieved ~ Questionnaire results

Q. Do you think Communication tool is useful in your engagement?

Companies: 80.2% Very useful, 19.8% Useful
Investors: 68.8% Very useful, 31.2% Useful

N=111
N=48
A Voice of participant ~Foreign Asset Owner~

The communication tool is one source of contact with a company. If there is no tool like this, I collect the info via different company sources like reports and web-sites, and when having more and specific questions a either e-mail or call a company. Of course is personal meeting when possible the best way to gather information.
On-going project in 2016
Benefits/features of the project

• Provide list of ESG information of companies which is currently scattered
• Enable direct dialogue like SNS communication between responsible persons of companies and investors
• Promote internal communication through dialogue of the ESG information (between CSR / environment department and IR department, further to the management layer)
• Promote and improve the efficiency of engagement activities that utilize the ESG information

Provide a place of ESG information utilization for companies and investors
Upgrading Communication tool

- Interactive communication not only “Investors⇔Companies” but also “Investor ⇔ Investor” and “Company ⇔ Company”.

Last year (2015)

First contact could be made only from Investors.

This year (2016)

Interactive
Upgrading data linkage

Companies

Investors

Core items of major global environmental rating questionnaires

Environmental Info.
Climate change, Water, Waste, Chemical substance, Biodiversity, etc.

XBRL Environmental Reporting Platform

Link

IR library
Financial Info.

Link

CSR, Environment Report, etc.
Social Info.

Link

Corporate Governance Report
Governance Info.

NEW!

NEW!
Upgrading Analysis support tool (to be developed)

- Calculation of CO2 intensity importing financial data from EDINET XBRL data base.

![Diagram showing data flow from database to analysis tool to CO2 intensity calculation.]

Results:

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<tr>
<th>Year</th>
<th>A社</th>
<th>B社</th>
<th>C社</th>
<th>D社</th>
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<td>2013</td>
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EDINET: Electronic Disclosure for Investors NETwork of FSA
Portal site opened (currently Japanese only)

- New "ESG Information Library"
- Strengthened “communication tools”
- English site will be prepared
Thank you.

Ministry of the Environment