

Summary of “Practical Handbook for ESG Disclosure”

Background

- More investors are now taking into account ESG factors when evaluating mid- to long-term corporate value. Listed companies are also expanding ESG-related activities and information disclosure.
- Following this trend, Japanese and overseas entities have published standards, frameworks and guidance on ESG disclosure, but listed companies struggle to tell between them and want more information in Japanese.

Objective

- Aimed at all listed companies, but especially those who are thinking of beginning ESG disclosure in the near future.
- The aim of the Handbook is to be a helpful reference material for companies wanting to improve their mid- to long-term corporate value by understanding ESG and the spread of ESG investment, progressing their ESG activities in a way fitting to the company, and enacting dialogue with investors and other stakeholders.

Important points

1. The Handbook brings together issues that listed companies face when starting ESG activities and disclosure, and splits them into **four steps** that companies can use as needed depending on their current situation.
2. To encourage disclosure of information useful to investors for making investment decisions, the Handbook incorporates **investors' points of view (such as deciding what is material and linking ESG to strategy)**.
3. The Handbook introduces useful **existing ESG disclosure standards and frameworks** (SSE Model Guidance, TCFD, SASB, the Japanese government's Guidance for Collaborative Value Creation, etc.) and **actual cases of disclosure** based on these.

The four Steps and their contents

- Rather than simply focusing on what specific points to disclose and how, **it is important that companies can come to these decisions through a process of linking ESG issues to corporate value.** The Handbook brings together the issues involved in this and splits them into the below four Steps.
- None of the processes or other points are prescriptive or absolute. We hope that companies can use them where possible, depending on their current situations, to improve ESG disclosure and engagement with investors.

The four Steps of the Practical Handbook for ESG Disclosure

