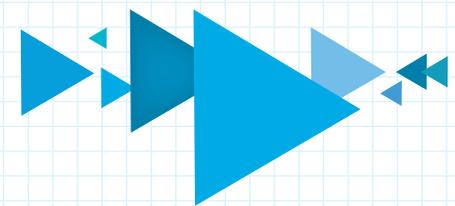




Women's advancement
and information disclosure:



what institutional investors look for

30.3%* of institutional
investors have
ESG investment portfolios of
more than JPY 1 trillion



Almost 70%* of
institutional investors answered
they use information
on women's advancement
because they think that
"such information has
a long-term impact on
business performance"



*Source: Cabinet Office: "Questionnaire for research project on ESG investors' usage of information on women's advancement"

ESG investment and information on women's advancement

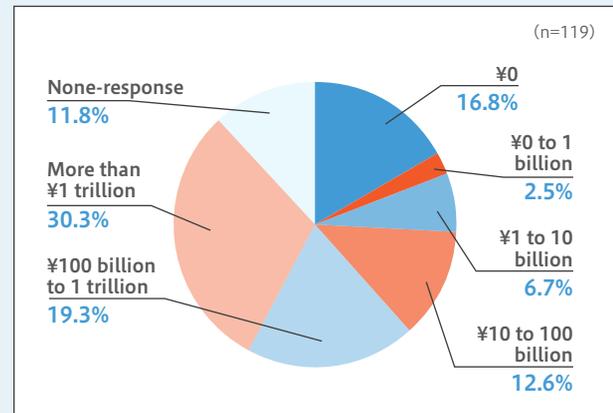
🔑 The amount of ESG investment is increasing

Looking at current capital markets, one global trend is the increase in so-called ESG investment, in which non-financial environmental, social, and governance (ESG) information is incorporated into investment decisions for the purpose of improving long-term return on investment.

A questionnaire-based survey, conducted by the Cabinet Office, of 227 institutional investors* (response rate 52.4%) who have pledged to follow Japan's Stewardship Code found that 30.3% of respondents had an ESG investment portfolio worth more than JPY 1 trillion. This shows that ESG investment is having a significant impact in Japan.

*As of April 5, 2018

■ AUM of ESG investment



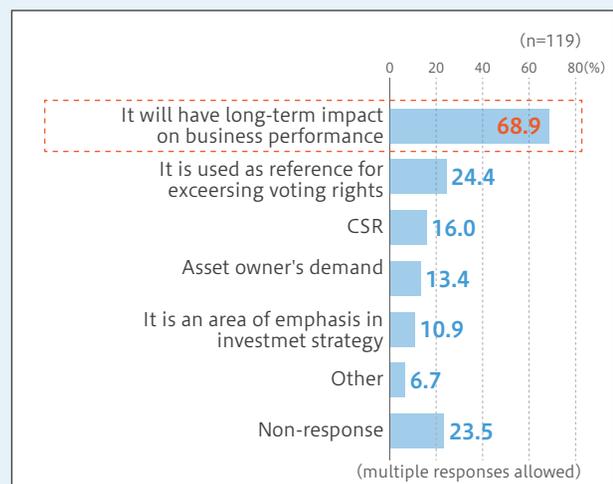
Source: Cabinet Office: "Questionnaire for research project on ESG investors' usage of information on women's advancement"

🔑 Information on women's advancement is being paid attention to as information that impacts business performance

The aforementioned survey also revealed that almost 70% of institutional investors use information on women's advancement for investment decisions and in operations because they believe that "such information has a long-term impact on business performance."

This highlights how many institutional investors hold the opinion that promoting women's advancement is linked to the long-term growth of companies.

■ Reasons for using information on women's advancement



Source: Cabinet Office: "Questionnaire for research project on ESG investors' usage of information on women's advancement"



As information on women's advancement is a type of non-financial information, it may initially appear far removed from financial indicators such as sales and expenses.

However, many institutional investors consider such information to have a long-term impact on future performance, and treat it as useful reference material when forecasting future performance and making investment decisions.

Four key points for how promoting women's advancement leads to growth

1 Innovation



Institutional investor B

There are cases in which women have taken on positions that only men have handled in the past, and lines have been revised as a result so that quality can be maintained regardless of who comes in and conducts the work.

Women's participation is an opportunity for companies to take things to an even higher level.

2 Productivity Increase by working-style reform



Institutional investor F

Women's advancement and working-style reforms are closely connected. The issue of population decline also plays into this. There is a need to increase linkages between these issues and solve them in a comprehensive manner.

3 Talent acquisition (recruitment, retention measures)



Institutional investor D

Promoting diversity in a workplace creates the impression that said workplace can actually achieve diversity. That heightens things like employees' motivation and loyalty to the company, **improving its ability to attract diverse—and particularly talented—individuals.**

4 Risk reduction



Institutional investor J

A certain company's advertisement included expressions that were undesirable for women. The mistake could have been spotted before the advertisement was released, if only a woman had been asked to review it in advance. **It is important to have diversity become established in decision-making.**

Five key points for disclosure of information on women's advancement that institutional investors place importance on

1 The importance of disclosing what is thought to be "obvious"



Institutional investor K

It is definitely better to disclose information than not. If you at least make an attempt at disclosure, it'll be valued because you made an effort to become aware of the current situation.

2 Presenting the relevance for business strategy instead of only listing numbers



Institutional investor M

It is important to show what impact women's advancement has on corporate value in story form, and how you think that eventually ties in with your company's resilience.

3 Upper management's projection of its stance, which ties into actual measures



Institutional investor J

I think the responsibility displayed in behavior and messages from upper management is significant. No matter how hard employees work, **things often don't change unless those at the top take the initiative.**

4 Data that allows for comparison over time



Institutional investor F

Instead of looking at the numbers for a specific situation, it is more important to look at **how those numbers have changed** for the company.

5 KPIs having been set



Institutional investor L

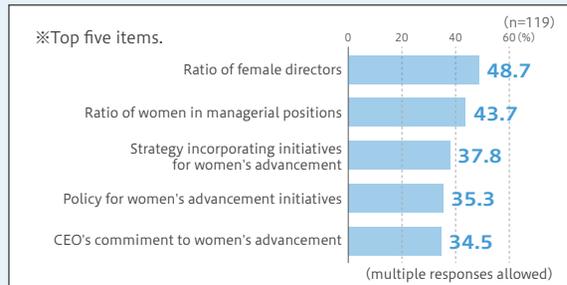
The good thing about KPIs is that **they show you whether the things being said and the things being done match.**

Information on women's advancement that institutional investors pay attention to, and how they obtain it

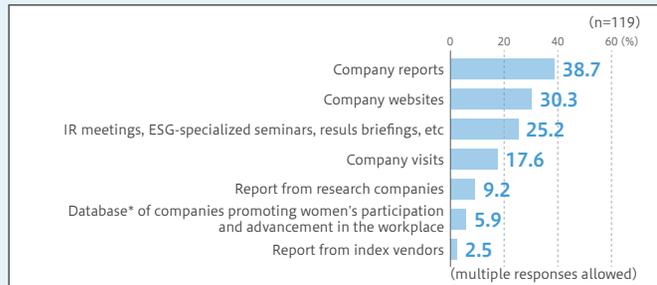
Institutional investors refer to a variety of information, including the ratio of female directors and the ratio of women in managerial positions.

This information is obtained through a diverse set of means, including from company websites and annual reports, and by actually visiting companies. In addition, interviews revealed that in case sufficient information for institutional investors is not available, such investors actively seek to collect information through means such as referring to information provided for recruitment purposes.

■ Type of information on women's advancement that investors use



■ How/where to find information on women's advancement



Source: Cabinet Office: "Questionnaire for research project on ESG investors' usage of information on women's advancement"

Companies leading the way (information disclosure)

Komatsu Ltd.

Considering matters such as increasing employment mobility and industry-specific factors, and evaluation based on uniform indicators such as ratios and percentages of women should be avoided, but that does not mean not disclosing them. In fact, we are actively disclosing information because we think **it is more important to disclose and face questions.**

The reports are excellent, and both the quality and amount of published information are at a level that allows the company to quickly respond to the questions and requests of institutional investors from Europe and other regions where ESG-related initiatives are common.

Expert 



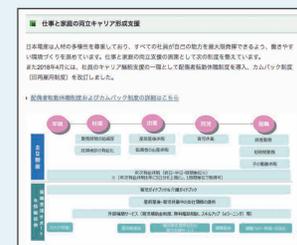
CSR & Environmental Report 2018

Nidec Corporation

Information related to women's advancement, such as interviews with the head of the office for promoting women's advancement, mid- to long-term plans, related data, and the details of various initiatives, is published on our website and can be viewed by external parties. **Information will not reach our stakeholders unless it is disclosed.** Our current disclosure system is the result of continued discussions between our departments and the IR & CSR Department, which is in charge of disclosing information.

The information on initiatives for promoting women's advancement disclosed on the corporate website is extensive, as is that related to childcare leave and support for combining work and family life. This allows us to gain a practical understanding of the company's approach to women's advancement.

Institutional investor 



Various measures disclosed on the website

Shionogi & Co. Ltd.

We think that providing information on ESG- and CSR-related activities, including initiatives for promoting the advancement of women, to investors and our stakeholders **in story form** as part of our annual reports is **a matter of the utmost importance.** Instead of going after each item one by one, we emphasize providing our company's take on specific items within an overall story.

The company's CEO is willing to take the initiative. The CEO saying something like "not promoting diversity is not an option" is quite significant.

Expert 



CEO's message in the integrated reports

Companies leading the way (women's advancement)

Japan Petroleum Exploration Co. Ltd.

We are promoting diversity by focusing on three core issues: talent acquisition, increased opportunities for female employees, and working-style reform. We hire talented individuals regardless of gender, and revised HR system to convert all of our positions into career-track position.(abolished clerical positions) These changes are made so that all of our employees can be successful and continue to grow as self-reliant professionals regardless of changes in their personal lives.



Institutional investor

The company has released an action plan with numerical targets, which include raising the ratios of female graduate hires and women in managerial positions to three times, the latter by 2020. We think this will diversify the company's workforce and enhance the sustainability of its business model in the mid-to-long term.



Promoting female employees and reforming employee's awareness

Omron Corporation

We are working on preparing an environment where women can be active in two axes, support for career formation and support for balancing work and family. We have prepared in-house systems so that both men and women can overcome their life event and continue to demonstrate their strength in the company at the same time, we support female employees so that they can imagine and realize future carriers.



Institutional investor

The company has published an action plan for promoting women's advancement and details on support for combining work and family life from a mid- to long-term perspective, indicating how serious it is about these initiatives. The support for combining work and family life is directly connected to talent acquisition, and our evaluation is that it will result in a productivity advantage.



Established two nursery facilities in the company

Recruit Holdings Co. Ltd.

Promoting women's advancement is often thought of as "something for women," but from a diversity standpoint, it means respect for individuality and thus involves everyone. However, such a perspective is easy to lose track of, so we are striving to conduct very visible initiatives that make it clear we are taking the concept seriously. In addition, as we hope that respect for individuality becomes entrenched throughout society, not only among our employees, we are relaying information about our culture-creating initiatives outside the company as well.



Institutional investor

The company is promoting diversity through initiatives such as its "iction! project" and a program for cultivating female executives, which can be said to contribute to its already strong corporate culture (sense of ownership, emphasis on individuals).



Developed services and solutions, widely providing value to society

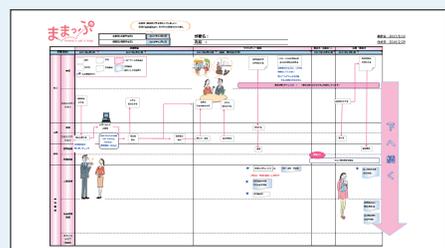
LIXIL Group Corporation

We are taking measures to deepen communication between employee and their bosses for the purpose of shaping the careers of working mothers. For example, even if a woman wants to further her career while raising children, male bosses sometimes do not assign challenging tasks right after coming back from childcare leave, because they think this would be too tough on her. In order for ambitious women not to be left on the sidelines, we think it is necessary for bosses and employee to be on the same page. That is why we started the "Mamap" initiative.



Institutional investor

The company has clarified its commitment to the importance of diversity and established targets for KPIs such as director diversity, ratio of female hires, and training participation ratio. The company's disclosure makes it clear that diversity is very important for the business in terms of product development, and the KPIs set are effective.



Working mother's career formation support tool "Mamap"



What should I do in this situation?

—Let's fill in the perception gap between companies and institutional investors.—



Is there a basic approach to disclosing information on women's advancement?



Institutional investors decide that the company is not engaged in promoting women's advancement without disclosure even if the company does not disclose it as "obvious". The attitude to disclose is important. Disclosing information is about more than just number disclosure: the important thing is to present an understanding of the issues that the company faces in trying to improve its long-term value, which is what institutional investors are looking for.



Our ratios of female directors and women in managerial positions are low. Does that information need to be disclosed?



Disclosure itself is important, because it indicates that you are aware of the issues.



What indicators of women's advancement should be disclosed?



For example, the MSCI Japan Empowering Women Index (WIN) uses the following indicators for evaluation:

- Percentage of women among new hires
- Ratio of female employees
- Difference in average years of service between men and women
- Ratio of women in managerial positions
- Ratio of women on the Board of Directors

You can also refer to the items in the MHLW's "Database of Companies Promoting Women's Participation and Advancement in the Workplace," the "Actions that Companies Should Take Concerning Information Disclosure" in "the Diversity 2.0 Action Guidelines" (METI), and the evaluation items of ratings agencies used by institutional investors.

Institutional investors also pay attention to the following kinds of information:

- Pay gap between men and women
- Ratio of female executive directors
- Information concerning next-generation female talent potentially considered for director positions in the future



We recognize the need for disclosure, but do not have sufficient resources (people, capital, time) for it.



Some are of the opinion that disclosed documents can be simple, and do not have to be particularly refined. What matters is the content, not how good the documents look.



What should be done when the IR department wants to disclose information, but HR is against it?



It is important to conduct discussions between departments to get everyone to agree. During such discussions, try to talk about what benefits the company through disclosure.



Are investors really interested in information on women's advancement?



The questionnaire results in this project show that about 70% of institutional investors answered "because such information has a long-term impact on business performance" for reasons using information on women's advancement. Many institutional investors think that women's advancement is linked to the long-term growth of companies.



There are few women in our business to begin with, and all of our ratios concerning women are of course also low. Would disclosing our ratios of women not have a negative impact?



Institutional investors do not look at numbers in isolation. There are fewer women in some businesses to begin with, and institutional investors take such businesses' characteristics (low ratios in Japan in comparison to the industry average and global levels) into account when using information on women's advancement.



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Cabinet Office

The full report for this research project is available on the Cabinet Office Gender Equality Bureau website (http://www.gender.go.jp/english_contents/30esg_research.html).

Please take a look at your convenience.