



Corporate Japan's sustainability disclosures and the SASB Standards

Responding to ISSB/SSBJ standards

—Challenges remain in disclosure of product-related metrics—

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Foreword



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SASB Standards are an important source of guidance for applying the IFRS Sustainability Disclosure Standards. However, cases have been identified where the standards are difficult to apply to companies outside the United States, as the standards were primarily based on U.S. laws and regulations. As a result, the IFRS Foundation developed a methodology to increase the international applicability of the disclosure topics and metrics in the SASB Standards. After incorporating feedback from various stakeholders, the revised SASB Standards were published in December 2023.

This revision is intended to enable companies to apply the SASB Standards regardless of the jurisdictions in which they operate or the type of Generally Accepted Accounting Principles (GAAP) they apply, while maintaining the composition, completeness and intent of the SASB Standards. Going forward, it is expected that new IFRS sustainability disclosure standards will be developed, and the revised SASB Standards will likely play an even greater role as industry-specific disclosure standards applicable worldwide.

Continuing from our work last year, we have conducted another survey on corporate Japan's use of the SASB Standards for information disclosure. We hope that our reporting on the findings of this survey will help companies respond to the new standards.



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For companies, sustainability issues represent important business risks and opportunities for medium- to long-term growth, and they vary widely from industry to industry. While there has been rapid progress in the development of sustainability-related disclosure standards and legislation over the past several years, most of this progress relates to industry-agnostic disclosure standards, with the development of industry-specific disclosure standards lagging behind.

In this context, it is very significant that the SASB Standards—disclosure standards that account for industry-specific characteristics—have been defined in the IFRS Foundation's sustainability disclosure standards, IFRS S1, as standards to be referenced and considered for applicability. These industry-specific disclosure standards will greatly help companies focus on reporting information that is material to their business.

To help understand the current state of sustainability disclosure by Japanese companies and what further improvements can be made in the future, PwC conducts surveys of TOPIX 100 companies to determine the extent to which they meet the disclosure requirements outlined in the SASB Standards, and reports the findings each year.

Our survey results show that the number of Japanese companies using the SASB Standards has been increasing year by year, and that the content of disclosures has improved, but many issues remain. As the disclosure of sustainability information becomes increasingly important globally, we hope that the results of this survey will help to further improve sustainability reporting going forward.

About this report

Progress in the development of sustainability disclosure standards

In June 2023, the International Sustainability Standards Board (ISSB) of the IFRS Foundation issued its first set of standards, the IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures.

The Sustainability Standards Board of Japan (SSBJ) was established in July 2022. Since then, it has been developing domestic standards consistent with the content of the IFRS Sustainability Disclosure Standards.

The draft Sustainability Disclosure Standards published by the SSBJ in March 2024 state that the SASB Standards, like the IFRS Sustainability Disclosure Standards, are a source of guidance that entities need to refer to and consider the applicability of.

Specifically, the ‘identification of sustainability-related risks and opportunities’ and ‘identification of material information about identified risks and opportunities’ call for referencing and considering the applicability of the disclosure topics and metrics in the SASB Standards.

Survey method

We compared publicly available information from TOPIX 100 companies with the SASB Standards (or industry-specific SASB Standards) relevant to each company surveyed in order to clarify the current status and issues relating to disclosure. In terms of information sources, the survey considered not only the SASB content indexes published by companies but also other information disclosed by each company, including sources such as sustainability reports, integrated reports and websites.

Purpose of this survey

The purpose of this survey is to clarify the current status of sustainability disclosures by Japanese companies and related challenges by surveying the extent to which disclosures by TOPIX 100 companies align with the SASB Standards. Since some TOPIX 100 companies may not be referencing the SASB Standards, the results of this survey can be interpreted as representing the efforts of companies to disclose sustainability information, in this case as seen through the lens of the SASB Standards.

As the SASB Standards are incorporated into the development process for the SSBJ Standards, understanding the extent to which they are applied will also help clarify how Japanese companies can align with both the IFRS Sustainability Disclosure Standards and the anticipated SSBJ Sustainability Disclosure Standards.

The survey findings clarify the areas where Japanese companies are responding well to the SASB Standards and areas where there is still room for improvement. They will also provide information to help Japanese companies and investors respond to future developments in sustainability disclosure standards.

The survey covers the status of utilisation of the SASB Standards as a whole (1. ‘Use of SASB Standards’) and the status of utilisation of SASB Standards disclosure topics and metrics (2. ‘Materiality and metrics’). It then analyses the results, including a comparison with the findings from the previous year’s survey.

New for this year, looking at metrics that are not being fully utilised by TOPIX 100 companies, we include a section (3. ‘Disclosure practices of leading companies’) that presents examples of disclosures by leading companies, including overseas companies, that utilise the SASB Standards.

1 Use of SASB Standards

- Are the SASB Standards being used? If they are, how?
- Does use differ by sector, industry, etc.?

2 Materiality and metrics

- To what extent do the material issues identified by the company’s materiality assessment include the SASB Standards’ industry-specific disclosure topics?
- For which metrics and disclosure topics does the company lead in terms of utilisation (or disclosure)? Which ones is it lagging in?

3 Disclosure practices of leading companies

- Can some useful information be obtained by examining examples of disclosures by leading companies that use the SASB Standards, including overseas companies, by focusing on metrics that are not being fully utilised by TOPIX 100 companies?



Breakdown by sector and industry



Breakdown by dimension and disclosure topic (general issue category)

Overview of SASB Standards

Components of the SASB Standards

When examining the status of disclosures in terms of the SASB Standards, research and analysis were conducted based on the following main components. For more details on the SASB Standards please refer to the IFRS Foundation's official website: <https://sasb.ifrs.org/>

SASB Standards	The SASB Standards (or industry-specific SASB Standards) are a large set of standards that identify the subset of environmental, social and governance issues most relevant to financial performance of individual industries. They are designed to help companies disclose financially-material sustainability information to investors.
Sectors and industries	The SASB Standards include 77 industry-specific standards that cover 11 different sectors. Ten out of the 11 sectors, and 34 out of 77 industries are represented in the TOPIX 100. For the companies surveyed this year, there has been no change in their SASB industry classification since the survey last year (please note that some companies are newly added as a result of the rebalancing of TOPIX 100 constituent stocks).
Dimensions, categories and topics	The SASB Standards encompass a broad range of sustainability issues which are organised into five dimensions and 26 general issue categories. Industry-specific disclosure topics are tied to these general issue categories. All topics are represented in the relevant industry-specific standards used by companies in the TOPIX 100.
Metrics	Each industry-specific disclosure topic includes a variety of metrics that require either specific quantitative data or disclosure on certain discussion points. These metrics align with the dimensions and topics. Additionally, for each metric, specific criteria that elaborate what information is needed are provided in the standards.
SASB content indexes	SASB content indexes are tables or charts in which companies disclose their responses against the metrics of the relevant standards.



The sectors and industries included in this research (34/77 Industry Standards)

Sectors	Industries	
Consumer Goods	<ul style="list-style-type: none"> Apparel, Accessories & Footwear Toys & Sporting Goods 	<ul style="list-style-type: none"> Household & Personal Products Multiline and Specialty Retailers & Distributors
Extractives & Minerals Processing	<ul style="list-style-type: none"> Iron & Steel Producers Metals & Mining 	<ul style="list-style-type: none"> Oil & Gas - Refining & Marketing
Financials	<ul style="list-style-type: none"> Commercial Banks Investment Banking & Brokerage 	<ul style="list-style-type: none"> Insurance Security & Commodity Exchanges
Food & Beverage	<ul style="list-style-type: none"> Alcoholic Beverages Food Retailers & Distributors 	<ul style="list-style-type: none"> Processed Foods Tobacco
Health Care	<ul style="list-style-type: none"> Biotechnology & Pharmaceuticals 	<ul style="list-style-type: none"> Medical Equipment & Supplies
Infrastructure	<ul style="list-style-type: none"> Home Builders 	<ul style="list-style-type: none"> Real Estate
Resource Transformation	<ul style="list-style-type: none"> Chemicals Electrical & Electronic Equipment 	<ul style="list-style-type: none"> Industrial Machinery & Goods
Services	<ul style="list-style-type: none"> Leisure Facilities 	<ul style="list-style-type: none"> Professional & Commercial Services
Technology & Communications	<ul style="list-style-type: none"> Hardware Semiconductors Telecommunication Services 	<ul style="list-style-type: none"> Internet Media & Services Software & IT Services
Transportation	<ul style="list-style-type: none"> Airlines Automobiles Marine Transportation 	<ul style="list-style-type: none"> Auto Parts Rail Transportation
Renewable Resources & Alternative Energy	—	



5 dimensions and 26 general issue categories included in this research

Dimensions	General Issue Categories	
Environment	<ul style="list-style-type: none"> • Greenhouse Gas Emissions • Energy Management • Waste & Hazardous Materials Management 	<ul style="list-style-type: none"> • Air Quality • Water & Wastewater Management • Ecological Impacts
Social Capital	<ul style="list-style-type: none"> • Human Rights & Community Relations • Data Security • Product Quality & Safety • Selling Practices & Product Labeling 	<ul style="list-style-type: none"> • Customer Privacy • Access & Affordability • Customer Welfare
Human Capital	<ul style="list-style-type: none"> • Labor Practices • Employee Engagement, Diversity & Inclusion 	<ul style="list-style-type: none"> • Employee Health & Safety
Business Model & Innovation	<ul style="list-style-type: none"> • Product Design & Lifecycle Management • Supply Chain Management • Physical Impacts of Climate Change 	<ul style="list-style-type: none"> • Business Model Resilience • Materials Sourcing & Efficiency
Leadership & Governance	<ul style="list-style-type: none"> • Business Ethics • Management of the Legal & Regulatory Environment • Systemic Risk Management 	<ul style="list-style-type: none"> • Competitive Behavior • Critical Incident Risk Management

What a SASB content index looks like

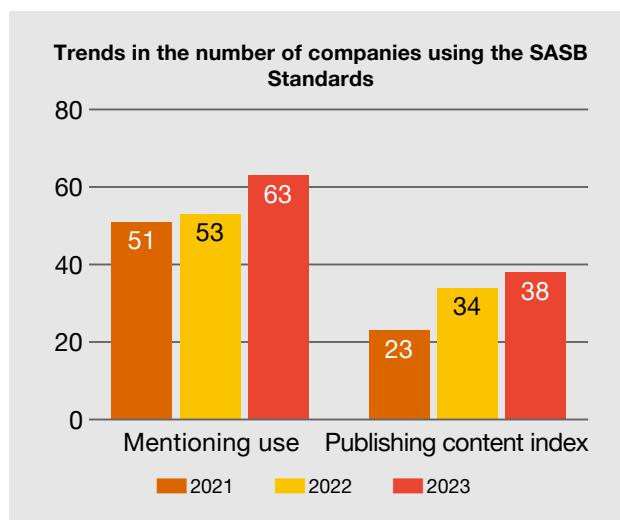
How companies align their disclosure with the SASB Standards can differ. However, one common tool used for disclosure is a SASB content index. These indexes are published on company websites or in their reports and include specific responses or links to relevant information for each applicable metric.

SASB content index			
Topic	Code	Metric	Response
Greenhouse Gas Emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	–
	RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	–
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1)NO _x (excluding N ₂ O), (2)SO _x (3)volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	–
–	–	–	–

Key findings

The SASB Standards are referenced or used by 63% of TOPIX 100 companies, and about 60% of those companies provide a SASB content index (Section 1).

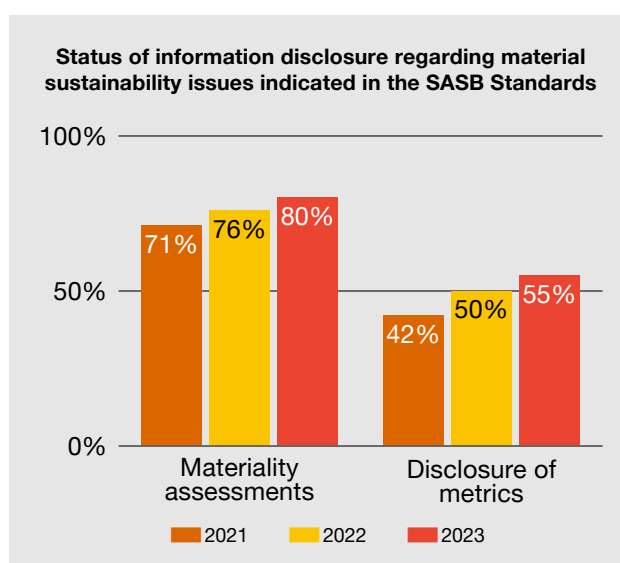
This year's survey found that 63 companies were using the SASB Standards. Regarding utilisation of the SASB Standards, 38 companies disclosed a SASB content index. Both numbers have continued to increase since this survey started two years ago.



For sustainability disclosure, TOPIX 100 companies increased the provision of information on key metrics in the SASB Standards (Section 2).

This year's survey results show that 80% of the industry-specific disclosure topics defined in the SASB Standards were identified as material issues in the materiality assessments of TOPIX 100 companies. Full or partial disclosure of metrics came to 55% in total. In both cases, the numbers have steadily increased since the survey two years ago.

Meanwhile, there is a high percentage of metrics that were not disclosed at all. The results indicate that the most room for improvement is in the use of product-related metrics in the Product Design & Lifecycle Management and Product Quality & Safety categories.



We identified and summarised examples of disclosures by leading companies to serve as a reference for efforts to improve on metrics that are not being fully utilised by TOPIX 100 companies (Section 3).

Specific categories of metrics, such as Product Design & Lifecycle Management and Product Quality & Safety, were found to have particular potential for use.

Examples of disclosures by leading companies that use the SASB Standards for these metrics are introduced. Examples include not only how the metrics are disclosed, but also information on performance management using the underlying metrics, and the formulation of strategies and action plans that underpin that performance management.



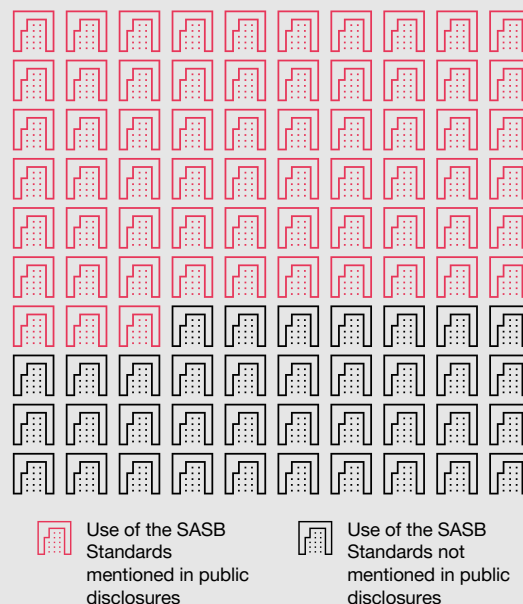
1. Use of SASB Standards

Use of SASB Standards

Companies use the SASB Standards in various ways. 63 companies used the SASB Standards to some extent, such as referring to them as guidance for reporting sustainability information, using them as a source of information to identify material issues in materiality assessments, or disclosing key metrics via a SASB content index to indicate how the SASB Standards are applied.

Some metrics in the original SASB Standards were not internationally applicable. The IFRS Foundation's ISSB identified these metrics and implemented a process to amend the SASB Standards, resulting in an updated version being released in December 2023. With the improved international applicability of the SASB Standards, further progress in their use is anticipated in the coming fiscal year, when companies are expected to begin applying the updated version.

Number of companies using the SASB Standards (63/100)



Disclosure of SASB content index

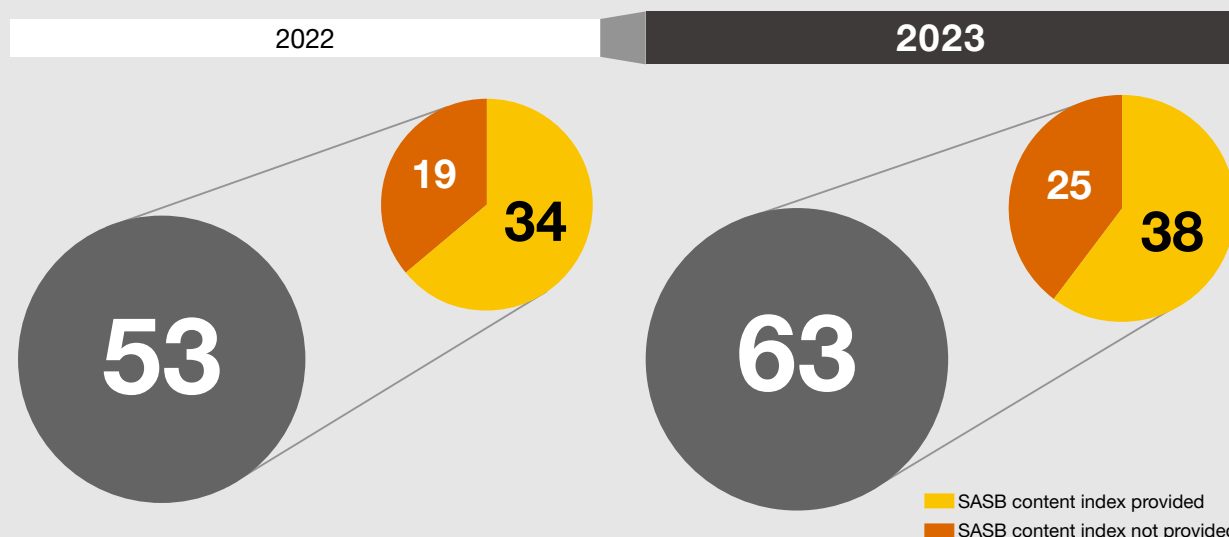
This year, 38 companies disclosed a SASB content index referring to the SASB Standards, marking an increase of more than 10% compared to 34 companies in last year's survey.

The SASB Standards Application Guidance outlines practical points for applying the SASB Standards. It states: 'When reporting using a SASB Standards, an entity shall

cite the relevant SASB Standards in order to be in conformance with the standard.'

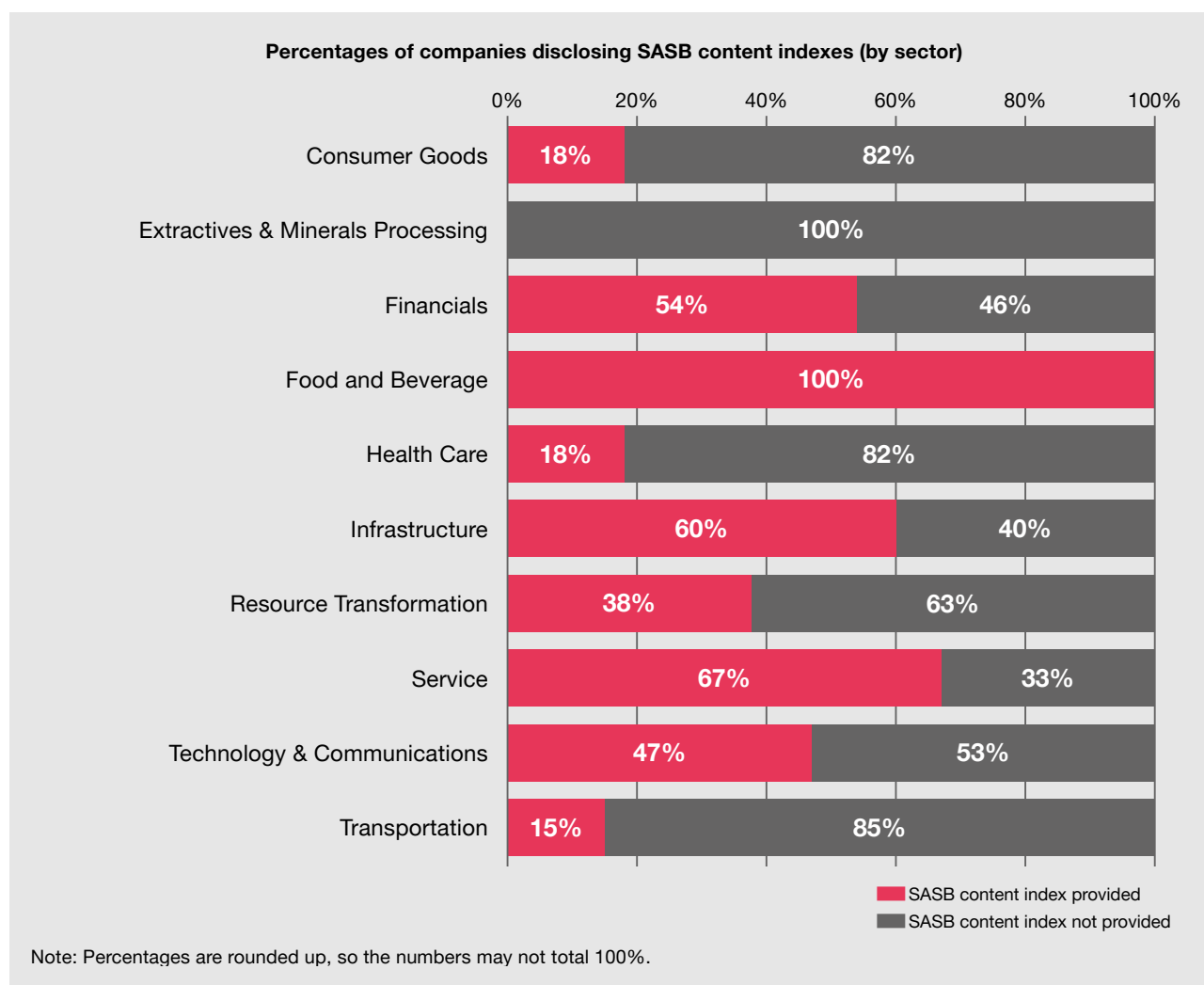
When using the SASB Standards, it is important to indicate alignment, such as in the form of a SASB content index. The increase in the number of companies providing SASB content indexes is expected to lead to better utilisation of the SASB Standards.

Number and breakdown of companies using the SASB Standards



Trends in disclosure of SASB content indexes (by sector)

Examining the TOPIX 100 companies that were found to be disclosing a SASB content index, examples were found in all sectors (as defined in the SASB Standards) except Extractives & Minerals Processing.



Looking at the results by sector, the number of companies publishing a SASB content index in Technology & Communications increased by three, in Food & Beverages by one and in Services by one, while in Financials, the number decreased by one.

Looking at the breakdown of changes by industry, there was an increase of six companies across five industries and a decrease of two companies across two industries, resulting in a net increase of four companies disclosing an index. As for the reasons for the increase, no particular industry showed notable changes, suggesting that the use of the SASB Standards is progressing simultaneously across multiple industries. The decrease in the Chemicals industry was due to the rebalancing of TOPIX 100 constituent stocks.

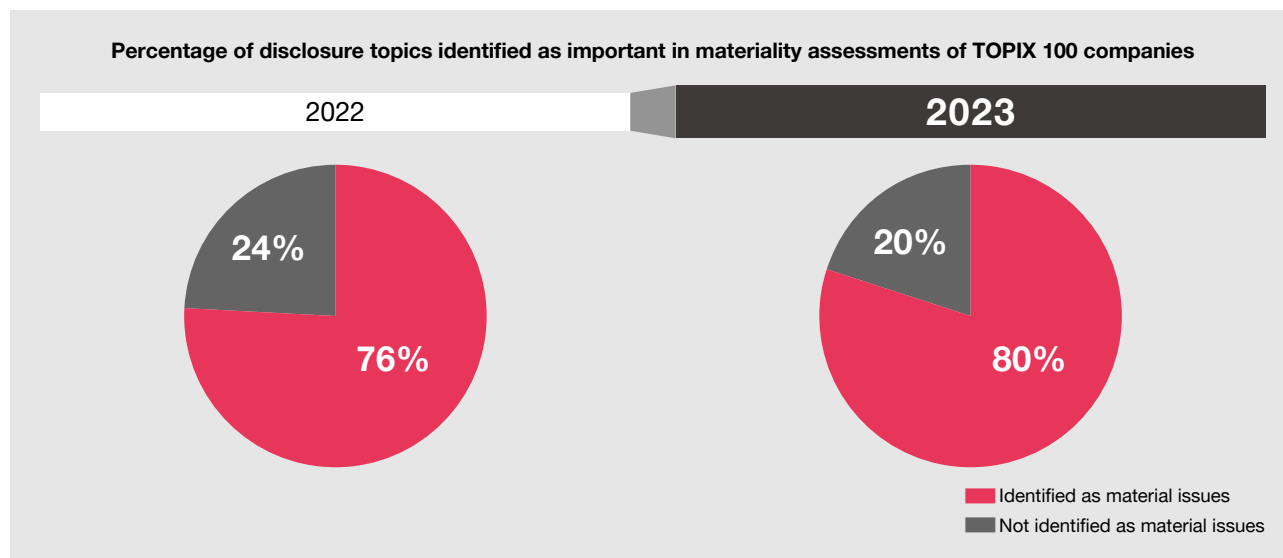
- | | |
|-------------------------------------------------------------|---------------------------|
| • Semiconductors (Technology & Communications): | Increase of two companies |
| • Telecommunication Services (Technology & Communications): | Increase of one company |
| • Tobacco (Food & Beverage): | Increase of one company |
| • Professional & Commercial Services (Services): | Increase of one company |
| • Industrial Machinery & Goods (Resource Transformation): | Increase of one company |
| • Commercial Banks (Financials): | Decrease of one company |
| • Chemicals (Resource Transformation): | Decrease of one company |

2. Materiality and metrics

Alignment between SASB Standards and material issues of TOPIX 100 companies

This survey investigated the degree to which the key sustainability issues identified in materiality assessments by TOPIX 100 companies are aligned with the disclosure topics as defined in the SASB Standards.

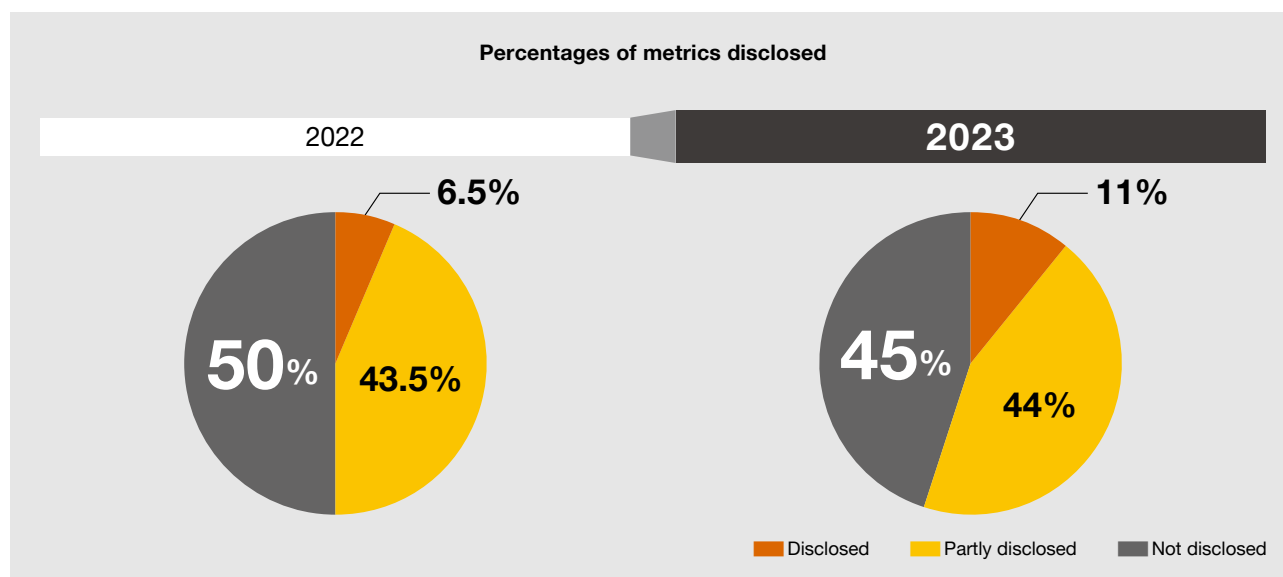
It was found that 80% of the disclosure topics as defined in the SASB Standards were identified as material issues in the materiality assessments of TOPIX 100 companies. Since the survey results last year put the percentage at 76%, this represents a 4-point increase from last year.



The use of SASB Standards metrics by TOPIX 100 companies

We examined the extent to which important sustainability metrics defined in the SASB Standards are provided in disclosures by TOPIX 100 companies. While there is some variation from industry to industry, the SASB Standards define approximately 10 to 20 metrics per industry. This year's survey found that the TOPIX 100 companies applied a total of 1,302 metrics.

In this research, we compared the full disclosure, partial disclosure and non-disclosure of metrics between this year and last year. We found that a total of 55% of metrics were fully or partially disclosed this year, marking an increase of five percentage points from 50% last year.



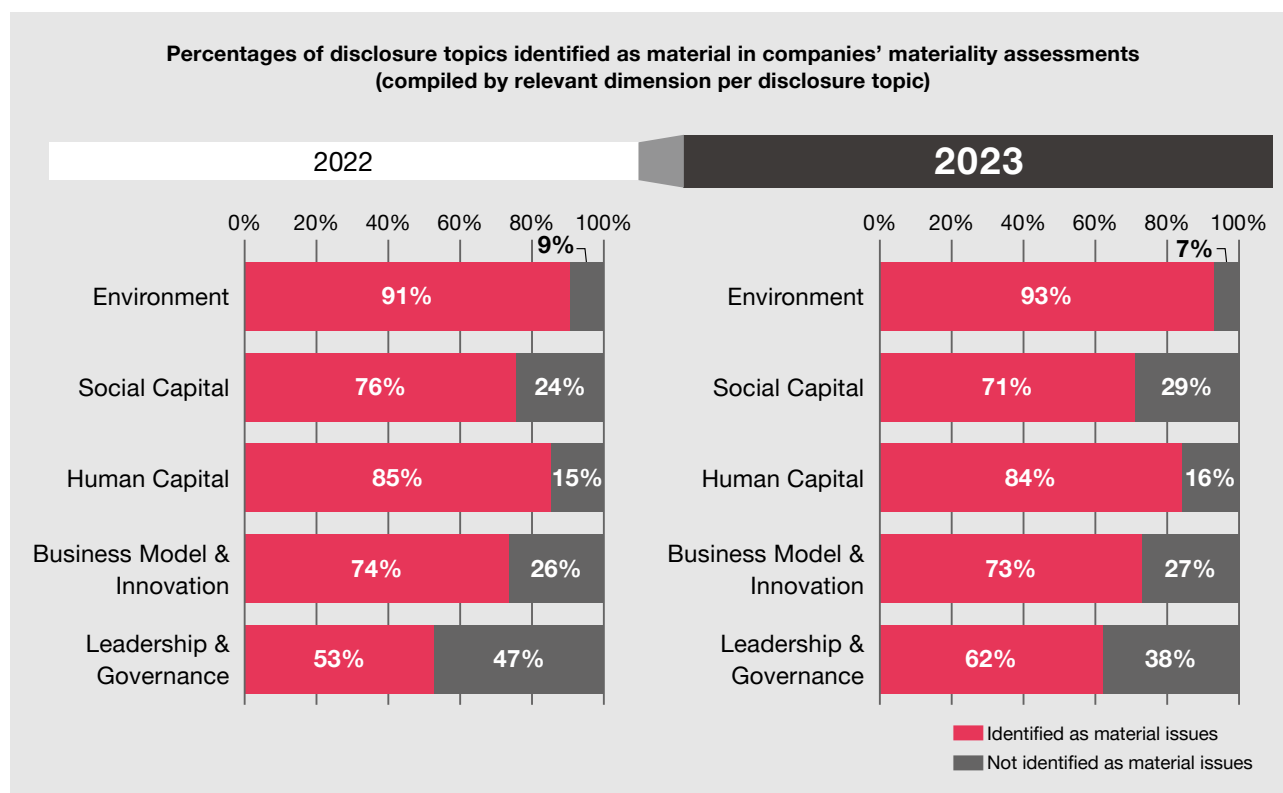
Corporate materiality assessments - Overall trends

We compiled numbers on the alignment between the material issues identified by companies and the disclosure topics of the SASB Standards, categorised by the dimensions associated with each disclosure topic. Analysis of the findings based on dimensions provided by the SASB Standards reveals trends in the materiality assessments done by TOPIX 100 companies.

Among the five dimensions, the Environment dimension has the highest percentage of disclosure topics identified as material issues, while Leadership & Governance has the lowest percentage. The results are similar to the findings of last year's survey.

However, 62% of respondents identified Leadership & Governance disclosure topics as material issues in the survey this year, up nine percentage points from 53% the previous year.

The specific definition of materiality assessments and the scope of issues to be analysed will naturally vary from company to company. Although the materiality assessments of Japanese companies continue to be biased towards specific issues, this bias may gradually be decreasing.



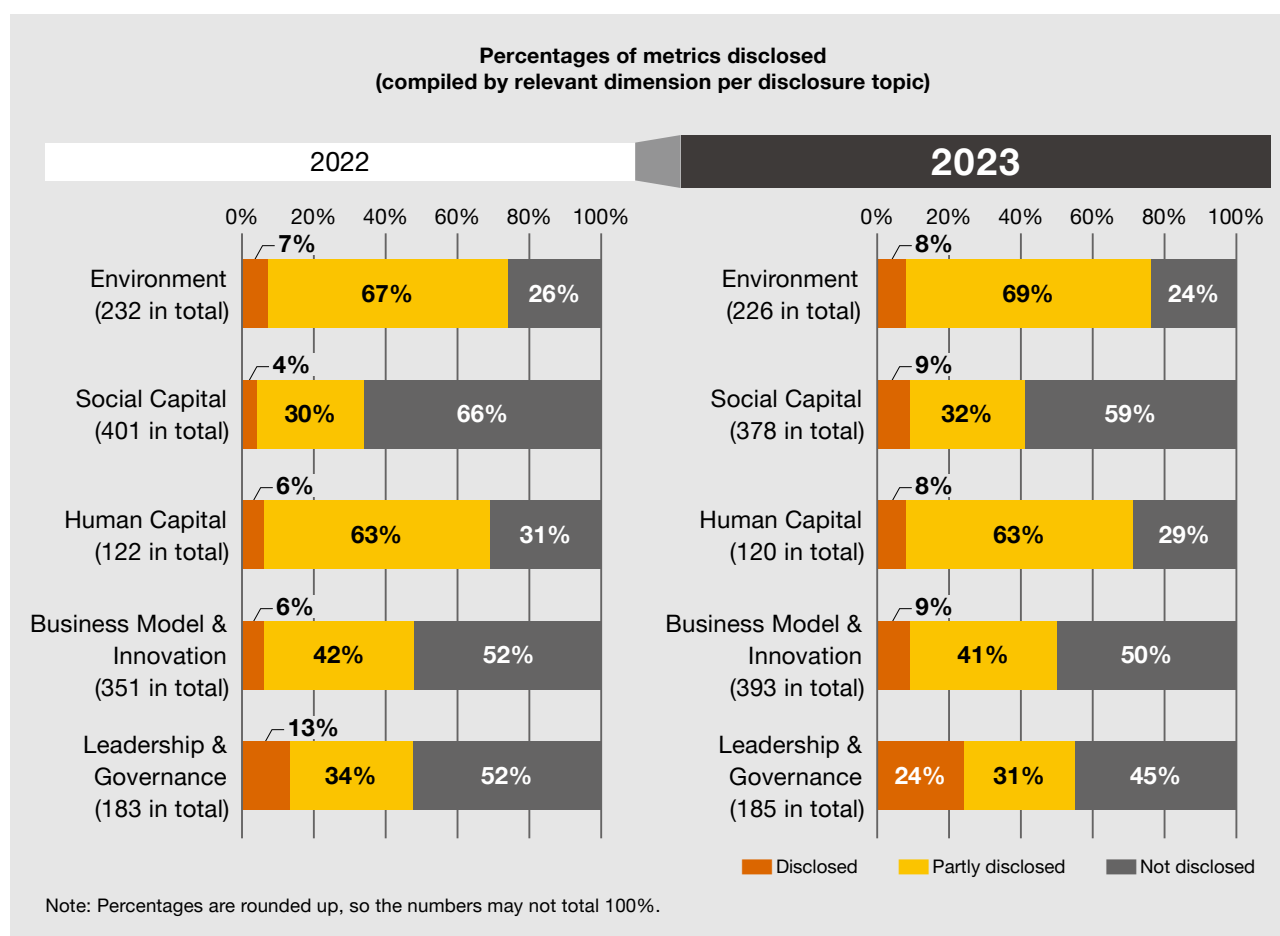
Companies' disclosures of metrics - Overall trends

We aggregated companies' disclosure status for SASB Standards metrics by the dimension of the disclosure topic to which the metric belongs, and verified the usage trend of the metrics among TOPIX 100 companies.

The analysis showed that the percentage of metrics being disclosed for the Environment dimension was the highest, while the percentages for Social Capital and Business Model & Innovation were lower. The results are similar to

the findings of last year's survey.

The percentage of metrics for Social Capital being disclosed to some extent was 41%, up seven percentage points from 34% the previous year. However, the percentage of Business Model & Innovation-related metrics disclosed to some extent remained almost unchanged from last year.



Corporate materiality assessments - Trends at the general issue category level

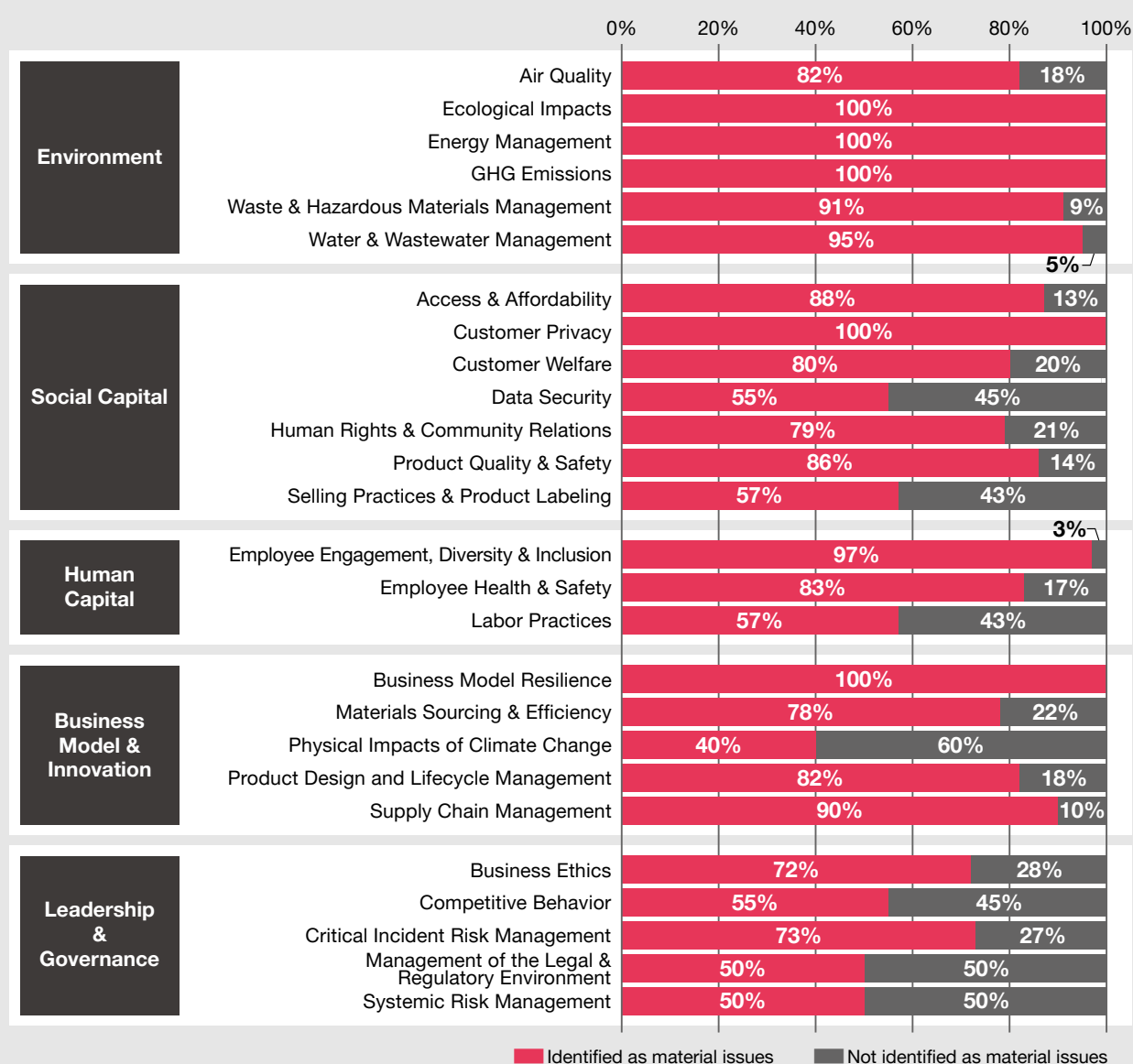
In terms of the alignment between material issues recognised by companies and the SASB Standards disclosure topics, the increase in numbers in this year's survey results was the highest for disclosure topics related to Leadership & Governance, when aggregated by dimension. A deeper analysis was then conducted from the dimension level to the general issue category level associated with the disclosure topic.

The analysis found that no specific disclosure topic (general issue category) had a distinct impact on progress

this year among the Leadership & Governance disclosure topics. All five general issue categories related to Leadership & Governance (Business Ethics, Competitive Behavior, Critical Incident Risk Management, Management of the Legal & Regulatory Environment, and Systemic Risk Management) have seen rising numbers.

Other than in the Leadership & Governance general issue categories, there were no significant changes in numbers, except for the impacts of the rebalancing of TOPIX 100 constituent stocks.

**Percentages of disclosure topics identified as material in companies' materiality assessments
(compiled by relevant dimension per disclosure topic)**



Note: Percentages are rounded up, so the numbers may not total 100%.

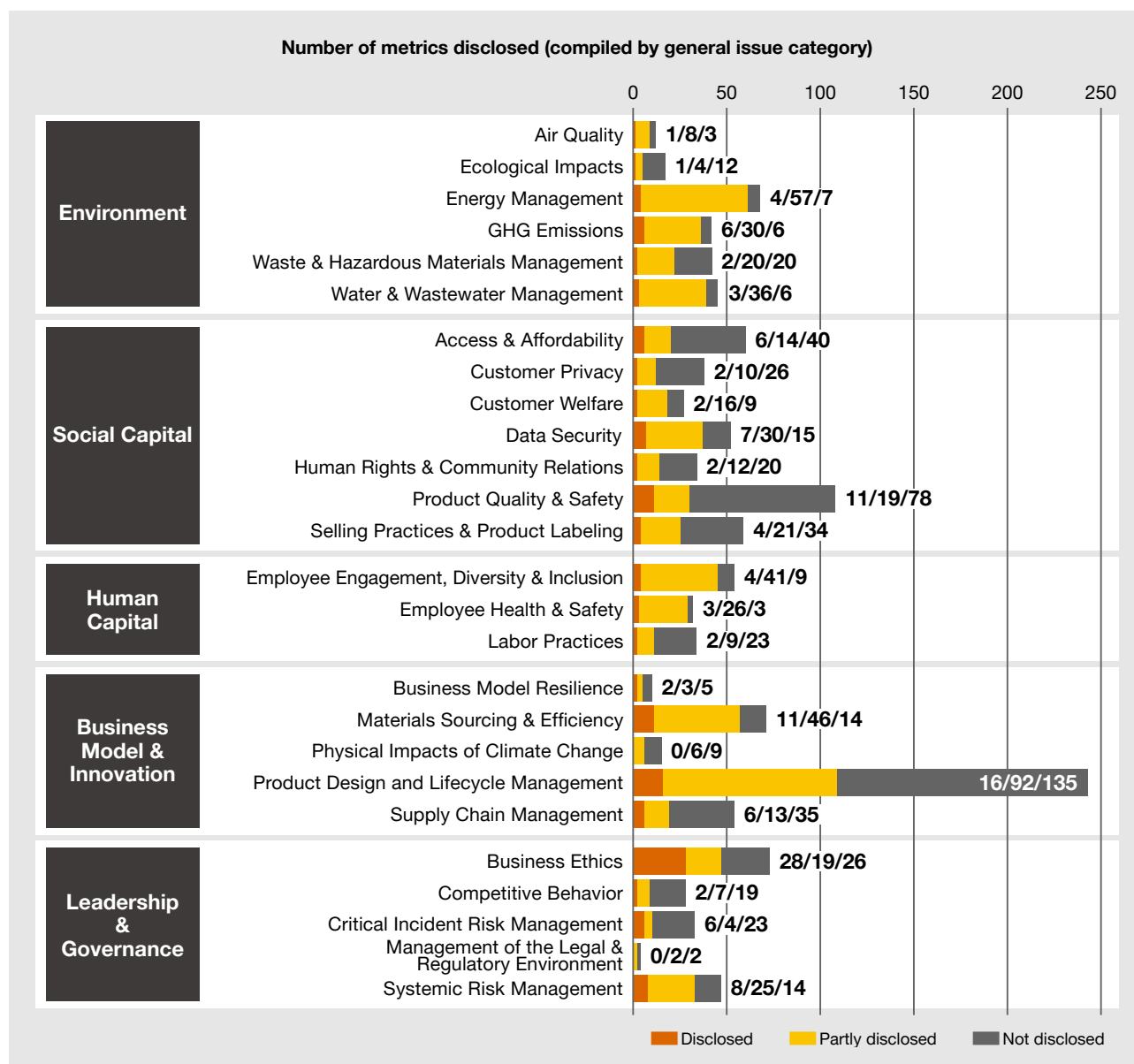
Companies' disclosure of metrics - Trends at the general issue category level

The results of the analysis of companies' disclosures of SASB Standards metrics by dimension shows that there is much room for improvement relating to Social Capital and to Business Model & Innovation. These are dimensions where the SASB Standards call for disclosure of a large number of metrics.

Looking more closely at companies' disclosures of SASB Standards metrics from the dimension level to the general issue category level, noting that the SASB Standards call for disclosure of many metrics for Product Quality & Safety (Social Capital dimension) and Product Design & Lifecycle Management (Business Model & Innovation), these general issue categories were found to have the most room for improvement. This observation is similar to the findings of last year's survey.

The number of metrics disclosed by TOPIX 100 companies in the Product Design & Lifecycle Management general issue category increased for both full disclosure and partial disclosure; additionally, the status of no disclosure increased. The December 2023 update to the SASB Standards is one factor contributing to the increase in the number of metrics, as it includes several new metrics associated with the Product Design & Lifecycle Management category (Commercial Banks industry and Insurance industry).

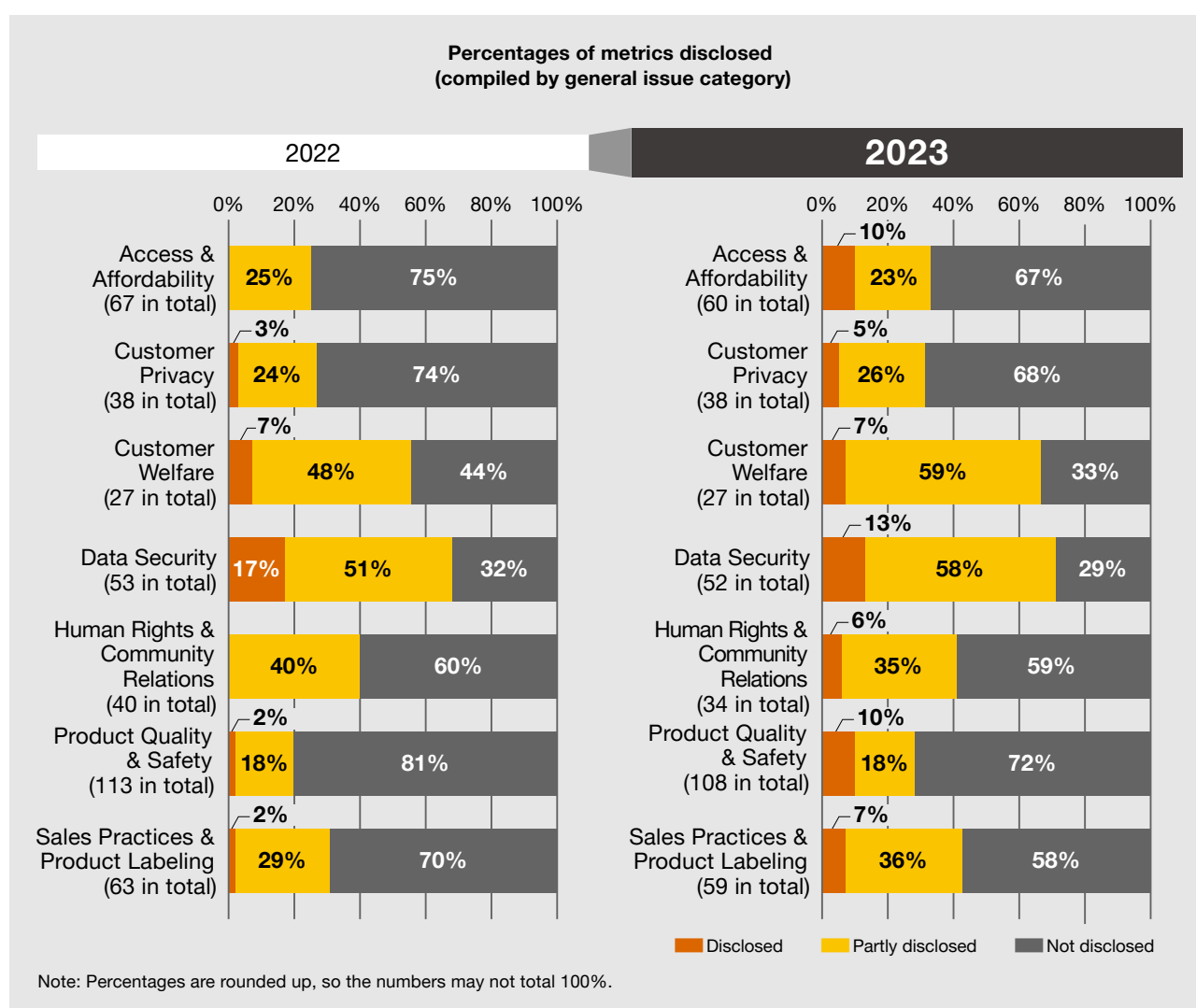
The next page provides a comparison of percentages in the survey results last year to this year at the general issue category level (Social Capital dimension and Business Model & Innovation dimension) and looks in detail at the year-to-year changes.



Trend details at the general issue category level - Social Capital

The percentages for the disclosure of metrics in the Social Capital dimension were aggregated at the general issue category level. The increase in disclosure related to Social Capital is thought to be due to higher disclosure in three general issue categories (Product Quality & Safety, Access & Affordability, and Selling Practices & Product Labeling) in the Social Capital section of the graph on the previous page, for which metrics were indicated as 'not disclosed' last year.

However, there was no change to the fact that the percentage of metrics 'not disclosed' was higher in each of these three than in other categories, and that there is still much room for improvement.



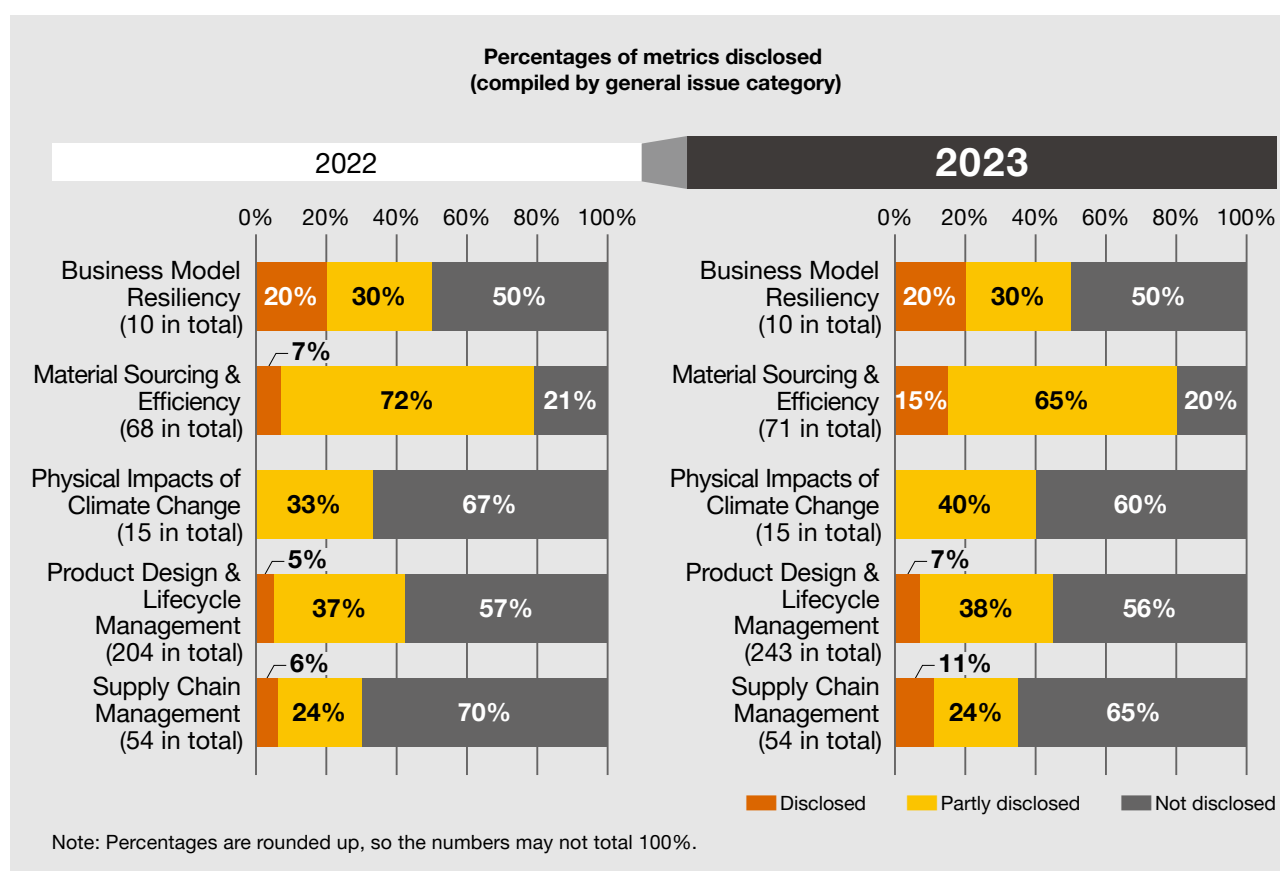
Trend details at the general issue category level - Business Model & Innovation

The percentages for the disclosure of metrics related to the Business Model & Innovation dimension were aggregated at the general issue category level.

There was no change between survey results last year and this year in the overall disclosure of metrics related to Business Model & Innovation. For general issue categories with the highest numbers of 'not disclosed' metrics in the 'Number of metrics disclosed' graph on page 14 in the Business Model & Innovation dimension (most undisclosed

being Product Design & Lifecycle Management, and second, Supply Chain Management), there was no increase in the number of metrics disclosed, in contrast to the three general issue categories in the Social Capital dimension that saw increases.

There was no change to the fact that both general issue categories (Product Design & Lifecycle Management and Supply Chain Management) still have significant room for improvement.



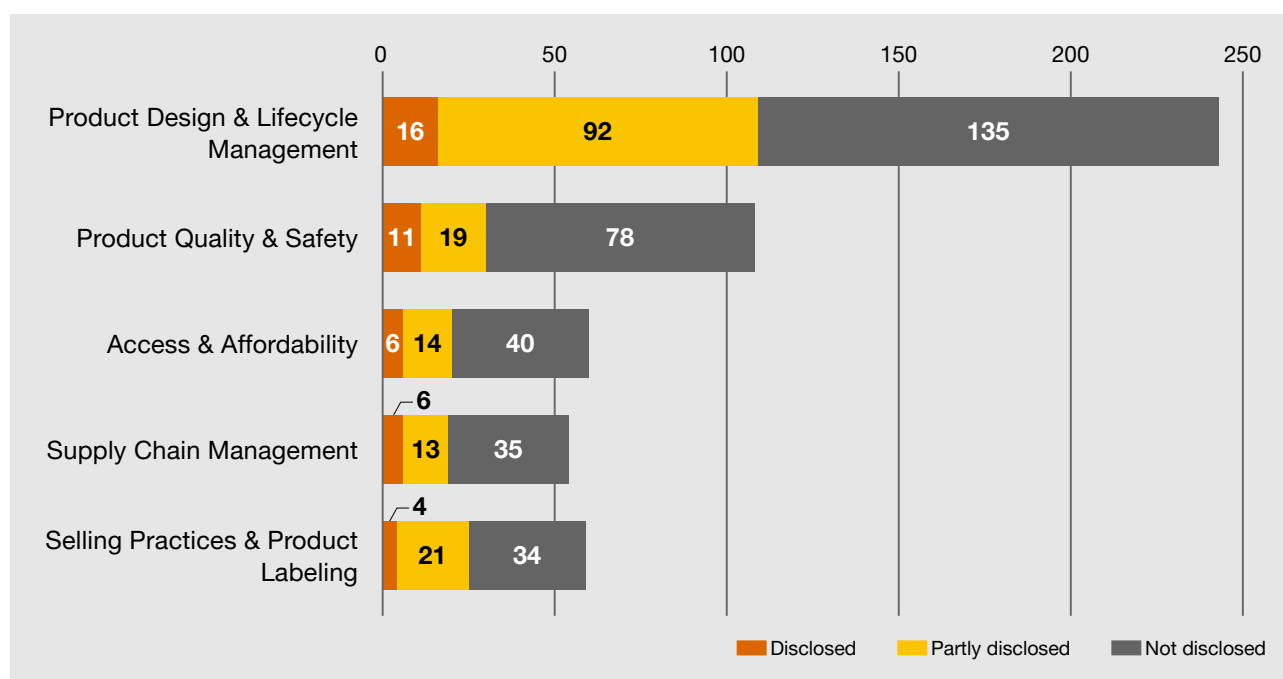
3. Disclosure practices of leading companies

Key general issue categories covered

The analysis so far confirms that TOPIX 100 companies have significant room for improvement in the use of metrics for the SASB Standards in three general issue categories in the Social Capital dimension (namely, Product Quality & Safety, Access & Affordability, and Selling Practices & Product Labeling), and two issue categories in the Business Model & Innovation dimension (namely, Product Design & Lifecycle Management, and Supply Chain Management).

These five general issue categories had the highest number of metrics not disclosed at all, both this year and in last year's survey results.

In order to identify opportunities for further progress in sustainability disclosure by Japanese companies, we surveyed examples of disclosures by leading companies that use the SASB Standards, including overseas companies, targeting these five general issue categories.



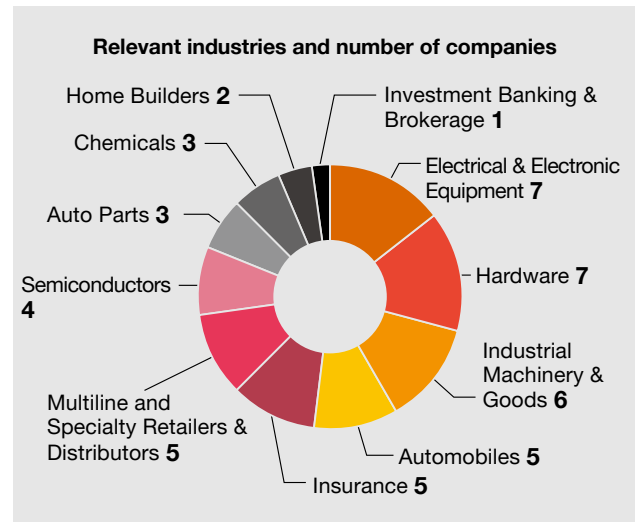
Product Design & Lifecycle Management

Sales or performance of products that contribute to sustainability

In Product Design & Lifecycle Management, metrics that require the disclosure of sales or performance of products that contribute to sustainability account for more than half of all metrics that were not disclosed at all.

Sales or performance metrics of products that contribute to sustainability were relevant for 48 TOPIX 100 companies in 11 industries (see the pie chart on the right for a breakdown of industry names and the number of companies).

The percentage of metrics that had at least some degree of disclosure of sales or performance of products that contribute to sustainability was 23% in the survey results this year, which is almost unchanged from 24% last year.



Examples of disclosures by leading companies that use SASB Standards

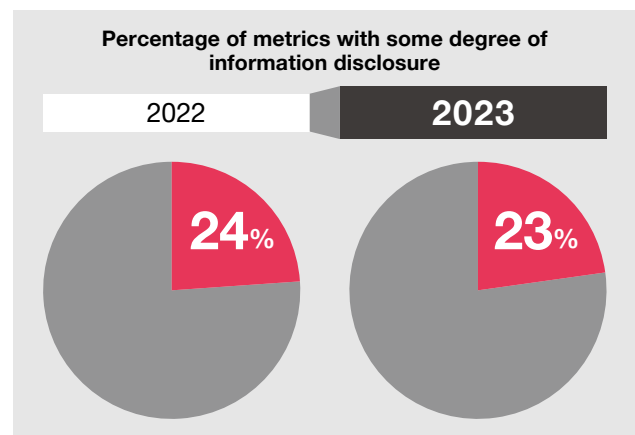
There were examples of disclosures regarding progress management for strategies and action plans using metrics at leading companies that use the SASB Standards.

First, we were able to determine examples of disclosures regarding metrics for sales of products that contribute to sustainability.

Company A (Chemicals industry, Germany): Disclosure of its portfolio management initiatives for sustainable products

- SASB Standards metrics (code): RT-CH-410a.1
- Disclosure example: Company A classifies its products into multi-level sustainability performance segments using its proprietary product sustainability evaluation methodology. The company used sales and percentages from the top segments in its disclosures.

Meanwhile, for product performance metrics, in the Industrial Machinery & Goods industry for which the disclosure of metrics on product fuel consumption is challenging, there were cases in which metrics other than those of the SASB Standards were used for disclosure.



Company B (Industrial Machinery & Goods industry, United States): Disclosure of efforts to reduce GHG emissions and improve product fuel efficiency

- SASB Standards metrics (code): RT-IG-410a.2
- Disclosure example: Because of the diversity of its product lineup, Company B did not use the sales-weighted fuel efficiency index called for by the SASB Standards, but instead disclosed the GHG emission reduction ratio of its products as a metric.

One of the TOPIX 100 companies disclosed information using a metric of GHG emission reduction ratios for its products.

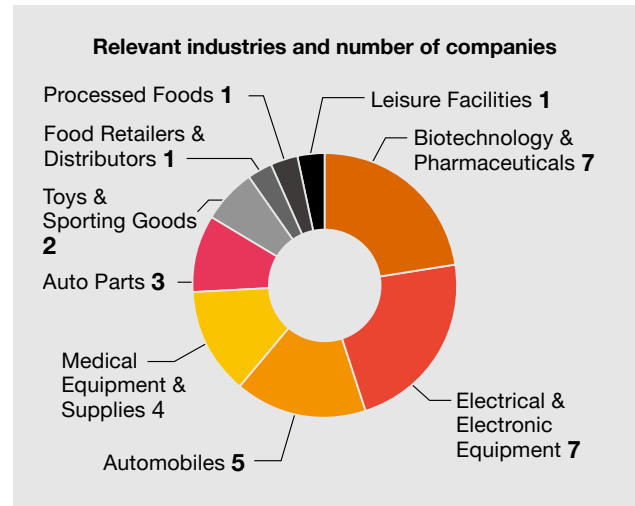
Product Quality & Safety

Product recalls, fatalities, violations, warnings, defects

Product-related recalls, fatalities, violations, warnings and defects (referred to below as ‘negative product quality and safety performance indicators’) account for approximately 70% of all undisclosed metrics in Product Quality & Safety.

Negative product quality and safety performance indicators were relevant for 31 TOPIX 100 companies in nine industries (see the pie chart on the right for a breakdown of industry names and the number of companies).

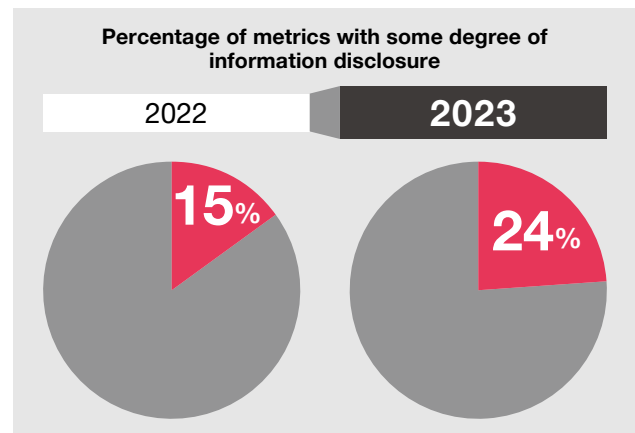
The percentage of negative product quality and safety performance indicators disclosed to some degree was 24% this year, up nine percentage points from 15% last year.



Examples of disclosures by leading companies that use SASB Standards

This year’s survey found that TOPIX 100 companies have made progress in disclosing negative product and safety performance indicators. In the Automotive, Biotechnology & Pharmaceuticals, Electrical & Electronic Equipment, and Medical Equipment & Supplies industries, some companies newly implemented the disclosure of metrics.

On the other hand, some leading overseas companies that do use the SASB Standards did not disclose negative product quality and safety performance indicators. Although there were not many cases where the reason for non-disclosure was stated, for the ‘Number of recalls issued, total units recalled’ metric (RT-EE-250a.1), one company explained that it was ‘not currently compiling these numbers at a company-wide level’.



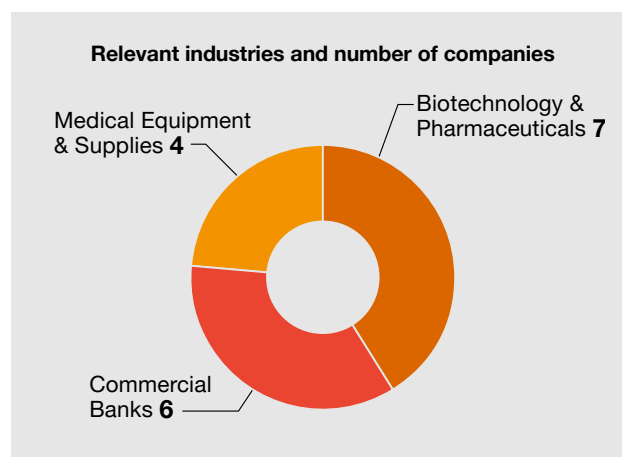
Access & Affordability

Access & Affordability

For Access & Affordability, all metrics were researched and analysed. This is because there are few types of metrics, so it is not possible to meaningfully classify them as in the case of other general issue categories.

Access & Affordability metrics were relevant to 17 TOPIX 100 companies in three industries (see the pie chart on the right for a breakdown of industry names and the number of companies).

The percentage of Access & Affordability metrics disclosed to some degree was 33% this year, up slightly from 29% last year.



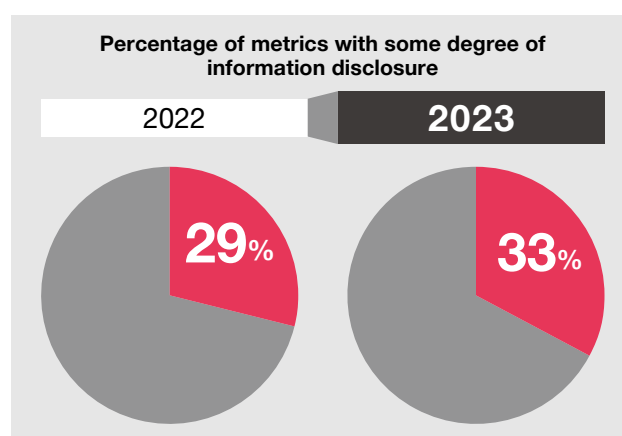
Examples of disclosures by leading companies that use SASB Standards

Among the Access & Affordability metrics, those such as average list price of products and the rate of change in the average net price of products are considered difficult to use (difficult to disclose), from the perspective of commercial confidentiality.

Besides metrics that are considered difficult to use, other metrics challenge companies' perceptions of opportunities with regard to sustainability. For example, in the Biotechnology & Pharmaceuticals industry, one metric is the Access to Medicine Index (HC-BP-240a.1), which relates to opportunities in developing markets; several TOPIX 100 companies are disclosing information with this metric.

On the other hand, in the Commercial Banking industry, there is an indicator (FN-CB-240a.3) regarding support for the unbanked demographic, which is not disclosed by TOPIX 100 companies.

The following disclosure example was by a company in the UK which has a higher rate of adults with bank accounts than Japan*¹.



Company C (Commercial Banks industry, UK): Disclosure of efforts to support the unbanked demographic

- SASB Standards metrics (code): FN-CB-240a.3
- Disclosure example: Company C discloses the metrics in the SASB Standards after explaining its efforts to support the unbanked demographic in line with the purpose of the disclosure topics of the SASB Standards.

*1 Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, and Saniya Ansar. 2022. The Global Findex Database 2021: Financial Inclusion, Digital Payments, and Resilience in the Age of COVID-19. World Bank, pp176-178.

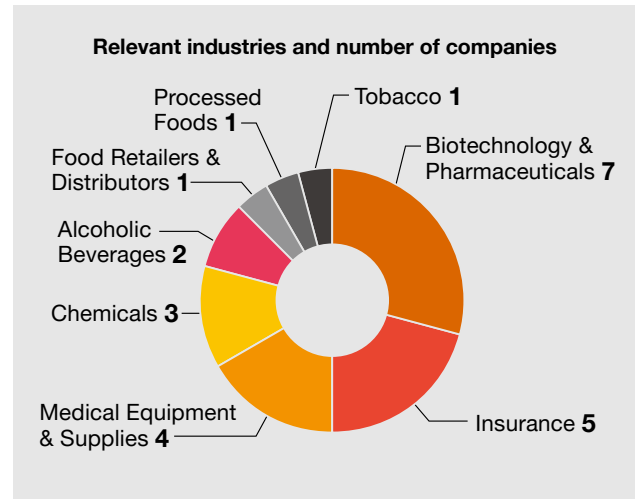
Selling Practices & Product Labeling

Marketing performance

All metrics in Selling Practices & Product Labeling are metrics for marketing performance, and cannot be further broken down meaningfully. We researched and analysed all of the metrics under the title of 'Marketing performance metrics'.

Marketing performance metrics were relevant for 24 TOPIX 100 companies in eight industries (see the pie chart on the right for a breakdown of industry names and the number of companies).

Marketing performance metrics that were disclosed to some degree were at 40% this year, up ten percentage points from 30% last year.



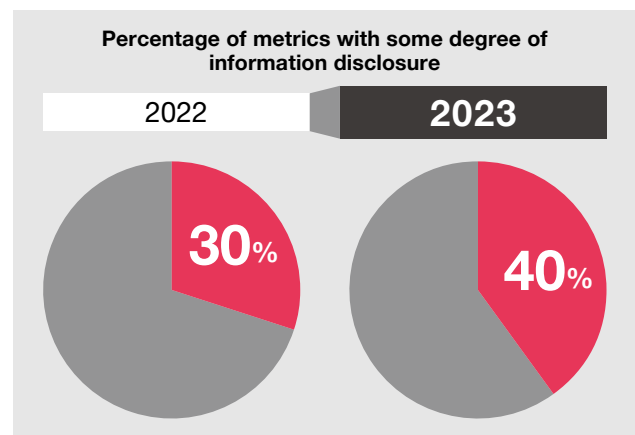
Examples of disclosures by leading companies that use SASB Standards

TOPIX 100 companies have showed progress in disclosing negative performance indicators, which are the majority of marketing performance metrics (for example, marketing litigation costs and number of compliance violations). In this year's survey, some companies in the Biotechnology & Pharmaceuticals and the Medical Equipment & Supplies industries newly disclosed negative performance indicators.

On the other hand, for metrics other than negative performance, the following examples were disclosed by leading companies that use the SASB Standards.

Company D (Insurance industry, UK): Disclosure of marketing activity management efforts using metrics such as Net Promoter Score (NPS)

- SASB Standards metrics (code): FN-IN-270a.3
- Disclosure example: Company D uses metrics such as NPS to manage its marketing activities. For the 'customer retention rate' metric of the SASB Standards, the company disclosed metrics such as the NPS of its services as an alternative and explained the progress of its activities.



One TOPIX 100 company used the NPS metric for information disclosure. The company presented the NPS values of its competitors as well as its own, and explained its performance in an easy-to-understand manner.

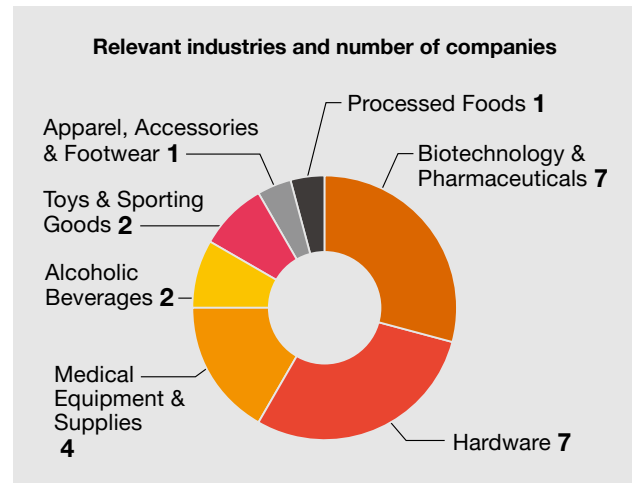
Supply Chain Management

Supply chain assessments and audits

Supply chain assessment and audit metrics (such as production sites and supplier companies) account for more than 80% of the metrics that were not disclosed in Supply Chain Management.

Supply chain assessment and audit metrics were relevant for 24 TOPIX 100 companies in seven industries (see the pie chart on the right for a breakdown of industry names and the number of companies).

The supply chain assessment and audit metrics disclosed to some degree were at 17% in the survey this year, up six percentage points from 11% last year.



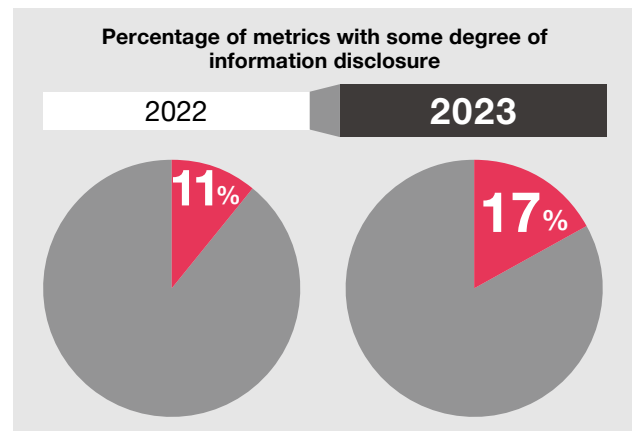
Examples of disclosures by leading companies that use SASB Standards

Although the items subject to supply chain assessments and audits vary from industry to industry^{*2}, corporate social responsibility, including labour issues, is shared across multiple industries.

For example, in the Hardware industry, audits based on the standards of the Responsible Business Alliance (RBA)^{*3} are being applied. The RBA is a corporate alliance committed to responsible corporate behaviour in global supply chains, and its standards address corporate social responsibility, including labour issues. The following disclosure is an example from an RBA member company.

Company E (Hardware industry, United States): Disclosure of pioneering efforts in supply chain management

- SASB Standards metrics (code): TC-HW-430a.1
- Disclosure example: Company E has been implementing supply chain management initiatives for many years. As part of its efforts, the company publishes a separate report annually explaining the status of its supply chain. The report describes the performance of various supply chain-related activities at Company E, including supply chain assessments and audits.



^{*2} For example, wastewater discharge (CG-AA-430a.1) is being applied in the Apparel, Accessories & Footwear industries, and manufacturing and product quality (HC-MS-430a.1) is being applied in the Medical Equipment & Supplies industries.

^{*3} Participants in the RBA include not only hardware but also companies from a wide range of other industries. TOPIX 100 companies include companies from industries such as Automotive, Electrical & Electronic Equipment, Industrial Machinery & Goods, Semiconductors, and Software & IT Services.



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