

**Report of the Technical Committee for ESG Evaluation and
Data Providers**

**- Towards market development through further improvement
of ESG evaluation and data quality -**

(Draft)

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1. Introduction

As sustainable finance (finance for realizing a sustainable society) is expanding around the world, the role of "ESG evaluation and data providers" (hereinafter, in some cases, "rating providers" or "institutions"), which collect, provide, and evaluate information on companies' ESG initiatives or certify of ESG-related bonds, is increasing.

A report which The FSA's Expert Panel on Sustainable Finance (hereinafter referred to as the "Expert Panel") compiled in June last year¹ emphasized the importance of sustainable finance, which supports the development of economy, industry, and society toward an ideal state through the reflection in decision-making and actions for realizing sustainable economic and social system.

The report pointed out several issues regarding ESG evaluation and data providers, such as transparency and fairness of evaluations, while their expected roles are increasing. It called for discussions on codes of conduct and other measures to address these issues.

Internationally, the International Organization of Securities Commissions (IOSCO) published a report entitled "Environmental, Social and Governance (ESG) Ratings and Data Product Providers Final Report " in November last year, compiling and publishing recommendations on ESG evaluation and data providers and the roles expected of investors using them. Jurisdictions such as the UK, Europe, and India are also discussing ways to improve the quality of evaluations, including the possibility of introducing regulations on ESG evaluation and data providers.²

Based on these trends, the FSA established the Technical Committee for ESG Evaluation and Data Providers, etc (hereinafter referred to as the "Technical Committee") in February this year under the Expert Panel, and this report summarizes the results of the Technical Committee's discussions.

Since its establishment in February, the Technical Committee has held a total of # discussions with the participation of international ESG evaluation and data providers, including wide-ranging discussions on the current status of ESG evaluation and data (hereinafter, in some cases, "evaluations, etc."), challenges for stakeholders to properly provide and use ESG evaluation and data, and expected future developments.

Below, 2. summarizes the current status of ESG evaluation and data provision and issues in view of future market development, and 3. to 5. summarize specific actions

¹ <https://www.fsa.go.jp/news/r2/singi/20210618-2.html>

² <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD690.pdf>

expected of ESG evaluation and data providers, investors, and companies as recommendations.

As for 3. Recommendations, which is concerned with ESG evaluation and data providers that are currently unregulated and not subject to supervision or other measures, the Technical Committee expects that the FSA should hold a public consultation for these recommendation as "the Code of Conduct for ESG Evaluation and Data Providers, "and subsequently call for the support for the Code, from ESG evaluation and data providers that actively provide their services in the Japanese market.

Sustainable finance is currently making significant progress, and the provision of ESG evaluation and data, which serve as an information intermediary for investors and companies, is also expected to undergo further changes in service provision and market structure.

It is necessary for the FSA to disseminate the report and, at the same time, to grasp the situation at an early stage and proactively and continuously respond to such changes.

2. This Report

(1) Current status and issues surrounding ESG evaluation and data

With the rapid expansion of sustainable finance, the use of "ESG evaluation and data providers", which collect, aggregate, and evaluate information on companies' ESG initiatives or certify of ESG-related bonds, is becoming widespread.³

Asset owners such as life insurance companies and asset management institutions are widely moving to promote so-called ESG integration (incorporation of ESG factors into investment decisions) when formulating investment policies and selecting portfolios.

Institutional investors⁴, such as asset owners and asset managers, individually make investment decisions using ESG evaluations and data provided by institutions. In addition, an increasing number of institutional investors select corporate indices based on ESG evaluations and data (ESG indices) and invest in companies that track these indices.

The "Green Bond Principles" (International Capital Market Association (ICMA)), which are often referred to as international guidance for green bonds, recommends that ESG evaluation and data providers individually confirm the status of compliance with the principles, such as the use of funds raised and the method of selecting target projects.⁵⁶

In addition, as institutional investors' engagement with issuers of equity, bonds, and other securities regarding ESG is spreading, ESG evaluation and data are widely referred to when selecting engagement targets and considering the content and methods of engagement.⁷

³ According to the Global Sustainable Investment Alliance (GSIA), Japan's total sustainable investment in 2020 was 310 trillion yen, approximately 5.4 times more than it was in 2016.

⁴ Investors engaged in ESG investment can be both individuals and institutional investors. The recommendations of this report are primarily aimed at institutional investors such as asset owners and asset managers, including those who are referred to as "investors" without any particular restriction.

⁵ Generally, they are bonds, etc. that are allocated to projects, etc. that have a clear environmental improvement effect.

⁶ In Japan, the Ministry of the Environment's Green Bond Issuance Support Program requires green bond issuers to obtain an evaluation from rating agencies on compliance with Japan's "Green Bond Guidelines."

⁷ For example, "Climate Action 100 +," an international climate change initiative led by institutional investors, has made it clear that it uses ESG evaluation to examine strategies for dialogue in collaborative engagement with large companies (where multiple investors unite their views and engage with a specific company).

As the use of ESG evaluation and data is diversifying, companies⁸ and business fields subject to ESG evaluation and data are expanding. For example, global ESG evaluation and data providers participating in the Technical Committee report that they are evaluating more than 10,000 companies around the world and providing evaluations on more than 20000 bonds, stocks, and indices⁹.

As the use and scope of ESG evaluation and data expands, several issues have been identified with respect to how these services should be provided.

In the report of the Expert Panel published in June last year, the following four points were identified as challenges:

- i) ensuring transparency and fairness with respect to evaluations that have different standards among ESG evaluation and data providers.
- ii) addressing potential conflicts of interest, such as by providing consulting services for a fee to the company being assessed;
- iii) securing human resources to ensure the quality of evaluation;
- iv) considering the burden on companies, which are required by many evaluation organizations to confirm the evaluation details.

The above-mentioned IOSCO report states that amid growing interest in the financial impact of ESG factors including climate change, demand for ESG evaluation and data is increasing sharply as a means of evaluating ESG-related performance, potentially raising concerns about risks related to investor protection, market transparency and efficiency, and appropriate pricing.

From the perspective of users of ESG evaluation and data, there is room for improvement in ensuring the reliability of services, ensuring the transparency of evaluation methods, addressing conflicts of interest, and communicating with companies.

(2) Overview of this Report

Based on discussions at the Expert Panel and IOSCO, the Expert Committee held # discussions with the participation of domestic and foreign ESG evaluation and data providers that provide services in Japan, with the aim of ensuring that ESG evaluation and data are used reliably throughout the investment chain.

⁸ In addition to companies, there are various organizations such as public corporations and other public institutions as well as international organizations. Hereinafter referred to as companies for convenience.

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Discussions at the Technical Committee pointed out that sustainable finance, which incorporates externalities into investment decisions, is important, and that ESG evaluation and data providers, which serve as intermediaries for market participants' information, play an important role in fostering sustainable finance. It was also pointed out that ESG evaluation and data providers have in fact clarified the focus of evaluation in ESG investment and opened up the market¹⁰.

On the other hand, it was pointed out that if evaluations and data are incorrect, such information could be circulated from one to another, and a wide range of investors could invest in businesses and companies in a manner that they have not intended.

In this regard, it was pointed out that it is not necessarily a problem if evaluation differs from one provider to another, and that it is rather important to improve the understanding of investors and companies alike, by clarifying the philosophy of evaluation with quality ensured and lead to improvement of efforts and dialogue by market participants as a whole.

As the base of ESG investment is rapidly expanding, ESG evaluation and data providers are expected to appropriately provide evaluation and data based on reasonable grounds and professional judgment, while accurately understanding the movement of society as a whole around sustainability.

In addition, when evaluating and providing data, ESG evaluation and data providers engage in constructive dialogue with companies that are evaluated to increase their understanding of evaluations and encourage companies to become more aware of their ESG-related initiatives. This will contribute to ensuring the growth and sustainability of companies and the economy.

Companies subject to evaluation are generally required to constantly review and consider their management strategies and to improve corporate value and sustainable growth through appropriate business execution, and for this purpose, the existence of an ESG evaluation and data provider is considered effective.

Institutional investors can also deepen their understanding of corporate strategies and utilize ESG evaluation and data in light of their identification and limitations. This will enable them to execute appropriate investment strategies, deepen dialogue with companies, and lead to sustainable development of investment assets.

This report summarizes the expectations of market participants regarding the provision of ESG evaluation and data as recommendations to promote sustainable finance and

¹⁰ The JPX Knowledge Hub also summarizes the status of ESG evaluation and data providers in Japan and internationally, including ESG finance evaluation organizations that evaluate bonds and other financial products. (<https://www.jpx.co.jp/corporate/sustainability/esgknowledgehub/esg-rating/index.html>)

contribute to the growth and sustainability of Japan's economy by developing a market environment for appropriate use of ESG evaluation and data.

From the perspective of encouraging constructive initiatives and dialogue throughout the investment chain, this report is a comprehensive compilation of recommendations on ESG evaluation and data providers, as well as on investors and companies.

The report also provides a comprehensive compilation of ESG evaluation and data providers, including ESG evaluations conducted on a stock or company basis (corporate evaluation, ESG rating, etc.) and ESG evaluations conducted on a bond or other project basis (bond evaluation, external review, etc.), as well as data provision related to these two types of evaluation and data provision.

In compiling this report, there are several points to keep in mind, such as that services for providing ESG evaluation and data are still developing, that there are various concepts in ESG, and that standards and regulations are in the process of simultaneous discussions in other countries. Although there are points that can be flexibly reviewed depending on future trends, the Technical Committee summarized these points as described in (3) below.

(3) Points to be considered when compiling a report

(i) Principles-based

The market for ESG evaluation and data provision has been developing rapidly in recent years and is expected to change significantly going forward. ESG, which is a prerequisite for evaluation and data provision, includes a wide range of concepts and will always evolve in response to changes in the social environment.

There is no agreed definition of the scope of ESG evaluation and data provision services, and various entities, including for-profit and non-profit entities, are providing services using their own methods.

In light of this situation, this report presents, on a principles-based basis, recommendations encouraging further improvements in ESG evaluation and data provision services based on individual initiatives and ensuring flexibility in response to future business model changes.¹¹

¹¹ The recommendations for ESG evaluation and data providers are described by dividing them into "Principles," which are the basic pillars of the recommendations, "Guidelines," which summarize points to keep in mind and methodologies for implementing the Principles, and "Concepts," which summarize the background and reasons for establishing the Principles and Guidelines. The recommendations for companies and investors are described by dividing them into "Principles," which are the basic pillars, "Expected Actions," which summarize more specific methodologies for realizing the Principles, and "Concepts," which summarize the background and reasons.

As described below, the recommendations for ESG evaluation and data providers are divided into the "Principles" that are the basic pillars of the recommendations, the "Guidelines" that summarize more detailed points to note and methodologies for implementing the "Principles", and the "Concepts" that summarize the background and reasons for setting these "Principles" and "Guidelines" with a view to developing them as the "Code of Conduct." They are all described on a principle-based basis. In other words, it is positioned that how to realize the contents of the "Principles" should be judged and devised by each market party according to its own situation based on the "Concepts".

The FSA also believes that it is appropriate to review the content and positioning of the recommendations as necessary and as needed in accordance with market developments.

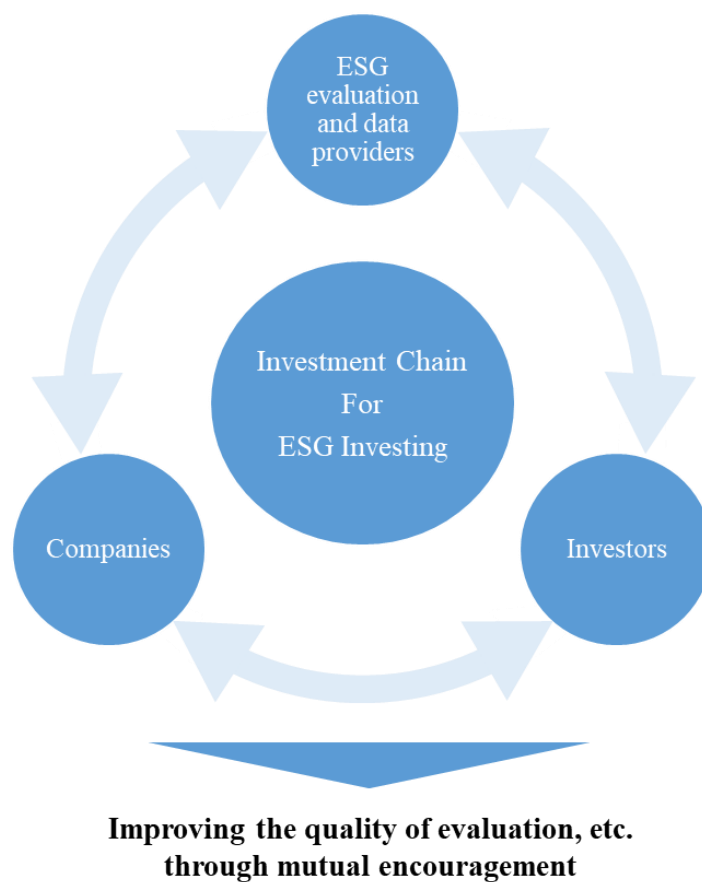
(ii) Scope of the report - Improvement across markets -

This report summarizes recommendations as to ESG evaluation and data providers, as well as regarding investors and companies, from the perspective of developing an environment for the entire investment chain for the appropriate use of ESG evaluation and data.

Discussions at the Technical Committee pointed out that it is important for market participants to fulfill their respective roles and to improve the overall market in a mutually beneficial manner through mutual dialogue and cooperation.

For example, ESG evaluation institutions are receiving needs for service provision from a large number of investors and companies. Under these circumstances, it is important for the market as a whole that evaluation institutions that improve data and evaluation quality based on dialogue with companies and investors are appropriately evaluated.

To this end, investors and companies are expected to encourage improvements in the quality of ESG evaluation and data, including the securing of resources, while actively providing feedback to and encouraging ESG evaluation and data providers. This is included in the recommendations.



In addition, as companies are developing internal systems in parallel with various ESG perspectives, it would be beneficial for investors and ESG evaluation institutions to support companies' efforts through dialogue.

In order to encourage the establishment of an effective PDCA cycle at a time when the burden on companies is becoming an issue, it is important for evaluation organizations and investors to clarify the concepts and methods of evaluation and investment, improve the understanding of companies related to evaluation, and create an environment that facilitates efforts.

(iii) Measures to disseminate the recommendations

With regard to the recommendations regarding ESG evaluation and data providers, they should be disseminated via the endorsement of the Code of Conduct as described below, and for those regarding investors and companies, via the engagement dialogue among market participants and regulators.

In doing so, based on the fact that the recommendations are based on principles, it is considered important for the parties concerned to understand and share the purpose of

the recommendations and mutually confirm and encourage responses in light of the purpose, rather than checking mechanically whether or not the recommendations are being complied with in a check box style and promoting horizontal practice.

Therefore, in addition to the above call, it is important to share the required responses, the actual and limited evaluation methods, and the diversity of evaluation methods through, for example, workshops attended by investors, companies, and evaluation institutions.

(iv) the Code of Conduct for ESG Evaluation and Data Providers

With regard to ESG evaluation and data providers that are currently not subject to any particular regulations and are not subject to monitoring by the authorities, the Technical Committee expects the FSA to compile this report's section 3 and publicize it as "the Code of Conduct for ESG Evaluation and Data Providers," solicit comments, and invite ESG evaluation and data providers that are active in the Japanese market to support the Code.

As with all of the recommendations in this report, and as with similar codes in other areas, the Code of Conduct will be principles-based whereby each institution will consider appropriate implementation in accordance with its own services and market environment, rather than prescribing in detail what is expected of ESG evaluation and data providers.

For this reason, the Code of Conduct should not be laws or regulations that uniformly require actions of parties concerned, but should be a voluntary code on "comply or explain" basis, in which the FSA calls organizations to express its support for the Code via public announcement, in case they supports the Code, they should either implement the principles and guidelines of the Code or, if they do not implement them, explain the reasons why.

(Note) Even if an acceptance declaration is made to the Code of Conduct, it does not mean that all principles and guidelines must be uniformly implemented. However, it would be necessary to make efforts to provide explanations when not implementing them so that a wide range of understanding can be gained by investors who use evaluation and companies who receive evaluation.

When the Code of Conduct is developed, the FSA should request ESG evaluation and data providers to accept the Code of Conduct and, if it is accepted, to publish it on their websites. The FSA should also publish the status of such buy-in in a comprehensive manner.

The supporting and accepting of the Code of Conduct will help investors and companies deepen their understanding of the quality improvement and transparency initiatives of the ESG evaluation and data providers that support and accept the Code. As a result, it is expected to lead to, for example, broad confidence and support from companies and investors, as well as active provision of information to those ESG evaluation and data providers.

(v) Scope of this report

While taking into account international discussions, this report basically focuses on the provision of ESG evaluation and data that can be used for investment in Japanese markets. The scope of the recommendations is based on investors, companies, and ESG evaluation and data providers that participate in or provide services to Japanese financial and capital markets.¹²

Of these, there are currently no specific statutory regulations or definitions for institutions that provide ESG evaluations and data, so the scope of seeking support for the Code of Conduct is an issue. However, as there are various types of ESG-related evaluations and the data market as a whole continues to change, it is not easy to establish a mechanical and uniform definition at this point.

To this end, the Technical Committee would like to propose that it clarify the basic concepts regarding ESG evaluation and data providing organizations that it seeks to be covered by the Code of Conduct as below, and that it call on each organization to judge the purport of the basic concepts based on a principled-based manner and whether or not to support them.

[Basic Concepts to the Scope of ESG Assessment and Data Providers Calling for Endorsement of the Code of Conduct]

- A. An entity, participating in financial markets in Japan or providing services directly to such participants, that provide ESG evaluations and data services as part of its business, and as a service that would contribute to market participants' investment decisions.
- B. The service is provided as part of its business, that is, repeatedly and continuously as part of its own business operations.
- C. When providing services as described above, such services are basically covered regardless of the attributes of the entity providing the services, such as whether it is a

¹²As noted above, investors have institutional investors in mind.

for-profit corporation, non-profit corporation, domestic company, or foreign company.

D. The provision of ESG data shall basically be covered if A to C above are satisfied, and the service adds information on corporate data through calculations, estimates, etc.

For example, various specialized agencies that provide data to ESG evaluation and data providers is one of the issues. ESG evaluation requires a wide variety of knowledge, on factors including industrial production, temperature, sea level, ecosystems, and forests, even when looking at the environment alone. Evaluation institutions often obtain specialized knowledge and data from academic or research institutions to compose their own ESG evaluation and data.

Such organizations that provide expert knowledge to ESG evaluation and data providers while conducting research on their normal course of business, are not, in principle, “organizations that provide ESG evaluations and data directly to investors as part of their own business” as described in A., and do not need to be included in the scope of calling for support for the Code of Conduct.

As services for providing evaluation and data "as a service that would contribute to market participants' investment decisions," services such as a rating provided horizontally to compare companies from an ESG perspective, or evaluation provided for assessing individual financial instruments is expected to be covered. Therefore, for example, when providing only a service of advising individual companies on improvements from an ESG perspective, they are not necessarily under the scope of organizations that are to be called to join the Code of Conduct.

In addition, for example, a news media conducts ESG ranking on a case-by-case ad hoc basis in accordance with the particular content of the news, would not to be called for to join the Code of Conduct, since it does not provide the ranking repeatedly and continuously as part of its own business, unlike the case of B above.

On the other hand, there are various entities that provide ESG evaluation and data, including credit rating agencies, data service providers, and NGOs, both in and outside Japan. Each entity conducts evaluations with its own originality and ingenuity and has a presence. The importance of evaluation and data does not depend on the positioning of the organization, but on the services used. Basically, it is considered appropriate to call for support regardless of the characteristics of the organization.

As pointed out in the IOSCO Report and the Technical Committee, ESG data used by ESG evaluation and data providers includes not only data disclosed by companies but

also data prepared (including estimations, etc.) by ESG evaluation and data providers, both of which form the basis of evaluation, and it is important to ensure accuracy and quality.¹³

For the data that companies themselves publish, the quality of the data, such as whether the accuracy of the data is ensured and whether necessary updates are made at appropriate times, basically depends on the companies themselves that publish the data.

On the other hand, data proceeded by ESG evaluation and data providers using company data, has a wide range of estimation methods. Depending on the estimation method and presentation method, there is a possibility that investors may misunderstand it, and in this case, there is a possibility that investment price formation may be affected outside the knowledge of the company subject to the estimation data.¹⁴

Given the importance of ESG data, this report considers ESG evaluation and data as an integral activities. When the provision of ESG data falls under A through C. above and adds estimates and other information about corporate data, the Technical Committee proposes it to be considered as an "ESG evaluation and data provider" which is the subject of our recommendations.

For this reason, for example, information aggregation on a general website that compiles data by itself but does not produce any particular information is not considered as a service covered by the Code, neither are survey statistics conducted by corporate information companies (since they provide information widely regardless of investment).

(*) Even with company data, errors in transcription and aggregation might occur when the ESG evaluation and data provider aggregates it. In this regard, as described in (P ●) below, it is desirable for the ESG evaluation and data providers to clarify where the company will confirm the accuracy of the data that serves as the basis for the assessment.

The scope stated above still has some room for judgment compared to where the scope is clearly defined by laws and regulations. If the scope were to be strictly defined without leaving any room for discretion, further refinement would be required.

¹³ Data disclosed by companies may also be estimated based on, for example, emissions from suppliers (Scope3). Here, however, the discussion is divided into two categories: data that companies themselves aggregate, estimate, etc. and publish, and data that third parties other than companies process and estimate.

¹⁴ The Technical Committee pointed out that, for example, when we look at greenhouse gas emissions, even though the data for Scope1 and 2 also varies depending on the data provider, the data for Scope3 basically based on estimation varies greatly depending on the provider.

However, for example, "setting a lower limit on the number of times a service can be deemed to have been provided directly to investors" or "setting a upper limit on the frequency of providing a service that is not deemed to be repeated or continuous" would not meet the purpose of these principles-based recommendations. This would also raise issues such as an enormous cost for judgment.

It is assumed that service providers basically understand whether or not a certain number of investors are included in their own service. Furthermore, organizations should not strictly examine whether or not even one investor is included in their service providers, but can judge, in light of the purpose of the principles-based report, whether or not investors are to be included in their service.

With regard to whether data provision should be covered, some members of the Technical Committee stated the view that, given the wide variety of services available, evaluation alone should be covered first. Other members on the other hand stated that it is important to ensure data quality and that data should be covered, as well as those are covered in the IOSCO report.

Based on the recognition that ensuring the quality of ESG data, which forms the basis of ESG evaluation, is an urgent issue, the Technical Committee recommends, while keeping in mind that the scope of data provision services is broad as described above, the FSA calls for support for the Code based on the basic concept above.

On this basis, the Technical Committee makes it clear that when the degree of addition of information is low, simple information disclosure by the organization is just sufficient, compared with cases where the aspect of judgment is large. Also, with regard to ensuring the quality of data, on the condition that the accuracy of transcription, etc. is ensured, the quality of data published by a company is obviously and primarily dependent on the company.

As a whole, based on the recognition that it is important to ensure innovation in ESG evaluation and data providers, the recommendations are limited to basic matters, such as transparency of methods, are generally described based on principles, and encourage creativity and ingenuity in each institution.

With regard to technical issues concerning the definition of ESG data provision services, it is important to take an attitude of overcoming them one by one. It is important to make recommendations as described above, to obtain further opinions through public consultations, etc., whether there will be significant problems in actual judgment, and to continuously collect feedback even after the establishment of the Code of Conduct, and to make improvements as necessary.

(vi) Business model

There are two types of ESG evaluation and data providers: the so-called "subscriber pay model," in which ESG evaluation are conducted and provided on a stock or company-by-company basis, and investors and other users of the evaluation and data bear the costs; and the so-called "issuer pay model," in which the company issuing the bonds bears the costs of issuing the bonds and assesses the consistency with international guidance on the bonds to be issued.

While the IOSCO report notes the existence of both models, many of the recommendations are written with ESG evaluation at the equity and corporate level in mind.

Both models are included in this Report, as the number of ESG-related bonds, including so-called "green bonds" and "transition bonds", is increasing rapidly in Japan and overseas, and the importance of the assessment based on the "issuer pay model" is increasing.

According to the discussions of the Technical Committee, while there were opinions that detailed of required actions for each business model were different, there were also many opinions that many matters would be common when based on principles. In recent years, there has been an increasing tendency for bond evaluation to evaluate not only the business in which funds for bonds are allocated, but also the approach of the entire business entity conducting the business. It was also pointed out that the viewpoints of evaluation of both models are close. Rather, it was pointed out that ESG evaluation and data providers could play a role in linking bond evaluation with corporate and equity evaluation.

In light of these points, this report provides an integrated description of the roles expected of the two business models and separates the points that are if necessary.

(vii) Diversity of assessments

Regarding ESG evaluation, it has been publicly pointed out that the correlation of evaluation results among ESG evaluation and data providers is low.

In this regard, discussions at the Technical Committee pointed out that "it is important to clarify the philosophy of evaluation, including its purpose, approach, and basic methodology. When evaluation is conducted in line with these principles, it does not necessarily matter that evaluation results differ from one institution to another. It is also significant in providing various approaches and devices that capture ESG efforts and their effects." They also pointed out that "ESG encompasses various concepts and

values in the first place, and evaluation results will continue to be diverse in the future." The recommendations are based on these views.

External evaluations of ESG-related bonds, in particular, include second party opinions, verification, certification, ratings, etc., and can be summarized as follows along with the above business model.

(Insert figure)

Basically, the recommendations of this report do not differ significantly depending on these categories. However, if the scope of verification, etc. differs depending on each category, it is desirable that the evaluation organizations clarify this point as part of ensuring transparency (P ●).

(viii) Enhancement of corporate disclosure and future ESG evaluation and data provision services

As the International Sustainability Standards Board (ISSB) and Sustainability Standards Board of Japan (SSBJ) discuss corporate sustainability disclosure standards, ESG evaluation and data services are likely to undergo major changes in the future.

The Technical Committee pointed out that if the disclosure of ESG information is improved, for example, the role of data collection will be reduced and standardized, and the focus will shift to the formation of added value, including the discovery and evaluation of value for initiatives that go beyond corporate financial information.

On the other hand, there was an opinion that even if disclosure data is improved, the ability to obtain and analyze publicly available information will remain important, and the significance of an ESG evaluation and data provider that evaluates ESG based on its expert knowledge will remain significant.

This report presents its recommendations based on principles in order to ensure flexible application and revision while looking ahead to future changes in market structure. It also stresses the importance of clarifying the philosophy of providing services, such as the purpose, approach, and basic methodology of evaluation, in view of the possibility that the creation of added value related to service provision will become important in the future.

Given that ESG-related information disclosure currently consists of so-called unstructured data (data with no clearly defined structure such as the form and order of items), the progress in the enhancement and structuring of information will facilitate the

handling of data that serves as the basis for assessment and lead to the improvement of assessment quality.

Corporate ESG data, particularly climate-change-related data, is the infrastructure of the market. From this perspective, it is expected that further efforts will be made on future responses based on considerations by the FSA Disclosure Working Group, etc., while actively participating in discussions in ISSB and other regions.

3. Recommendations to ESG evaluation and data providers

Principle 1 (Securing Quality)

ESG evaluation and data providers should ensure the quality of ESG evaluation and data they provide, based on public information as much as possible and other sources of information as necessary.

The basic procedures necessary for this purpose should be established.

Guidelines

In order to implement Principle 1, ESG evaluation and data providers should take necessary measures such as:

1. Regarding ESG evaluation and data, establishing necessary procedures, etc. to analyze in detail information available to institutions and formulate and provide them.
2. Establishing logical, rigorous, systematic, cross-organizational and continuously applied methods to provide high-quality ESG evaluation and data, and disclosing it while paying attention to confidentiality, intellectual property, etc.
3. In order to ensure that the prescribed methods are applied consistently across the organization, disseminating them throughout the organization, as well as accumulating and sharing knowledge, such as via cross-sectional monitoring by expert committees.
4. Verifying on a regular basis the service provision methods defined above in the context of actual service provision. As necessary, improving the methods and publicizing the details of improvements and their impacts (implementation of the PDCA cycle for evaluation).
5. Managing ESG evaluation and data on an ongoing basis, with clarifying base point of time for the evaluation, or updating it on a regular basis. Documenting internally data supporting the evaluation.

Concept

Quality control of services provided by ESG evaluation and data providers is the most basic and important issue.

It is important for ESG evaluation and data providers to establish and disseminate accurate guidelines regarding evaluation standards, methods, and key points so that high-quality services are provided across the organization without any particular dispersion among personnel.

In order to ensure that these guidelines are consistently applied, it is possible to devise measures such as cross-sectional verification by expert committees. The composition of the committee, for example, could include internal managers or external experts, and the scope of verification could vary, for example, from checking compliance with procedures to verifying individual evaluation details.

It is also effective to accumulate knowledge gained through a series of processes related to data and evaluation provision, such as information collection, evaluation, and feedback after the evaluation results are released. It is important to establish a PDCA cycle to improve the quality of evaluation, such as reviewing the series of processes and periodically checking evaluation criteria.

Companies subject to evaluation also make various efforts to collect and improve information disclosure on a daily basis, and an evaluation made a year ago may not necessarily still be applicable today. From this perspective, it is important to clarify the date of the evaluation and the date when the data that serves as the basis for the evaluation is used or updated. It is also important for the evaluation institution to maintain records that include the point of time when such data is used or updated.

Principle 2 (Human Resources Development)

ESG evaluation and data providers should secure and assign sufficient human resources to ensure the quality of the evaluation and data provision services they provide, and should develop their own professional skills.

Guidelines

In order to implement Principle 2, ESG evaluation and data providers should take necessary measures such as:

1. Collecting and analyzing information necessary to provide appropriate evaluation and data, and securing sufficient human resources and technology to make decisions.
2. In particular, in order to ensure that human resources engaged in providing ESG evaluation and data have professional and occupational knowledge and carry out their duties in good faith, developing and utilizing capabilities related to both financial and ESG knowledge in cooperation with related parties and organizations inside and outside the institution.
3. In order to ensure that human resources committed to providing high-quality evaluations and data are appropriately evaluated, incorporating fair, professional, and occupational evaluations into personnel evaluations.
4. Top management of the institution should recognize the importance of securing and developing human resources to ensure the continuation of high quality evaluations, and take the necessary actions to this end.

Concept

To ensure and improve the quality of ESG evaluation and data provision, professional and occupational knowledge of human resources who collect, analyze, and evaluate data is essential.

At present, as ESG initiatives are rapidly expanding, the market as a whole is facing a shortage of human resources who have both ESG expertise in environmental and social aspects, etc. and financial aspects such as bond and stock evaluation.

For this reason, it is important for ESG evaluation and data providers to develop capacity building of human resources, as well as to cooperate with related external organizations as necessary to introduce and utilize expertise.

In addition, in order to effectively secure human resources, it is also important to design a framework for personnel evaluation so that human resources who conduct fair and professional evaluation are appropriately evaluated.

Principle 3 (Ensuring Independence and Managing Conflicts of Interest)

ESG evaluation and data providers should establish policies and procedures so that they can make decisions independently and appropriately address conflicts of interest that may arise from their organization and ownership, business, investment and funding, and other compensation for their officers and employees.

With regard to conflicts of interest, institutions should identify their own activities and situations that could undermine the independence, objectivity, and neutrality of their business, and avoid potential conflicts of interest or appropriately manage, reduce, and disclose them.

Guidelines

In order to implement Principle 3, ESG evaluation and data providers should take necessary measures such as:

1. Identifying potential conflicts of interest that may affect the assessment and analysis conducted by the institution or its employees with respect to the services provided, and then establishing and publicizing effective policies and procedures to avoid them or appropriately manage, reduce, and disclose them.
2. In cases where a transaction or other business relationship exists or is under consideration between the institution or its affiliated companies and a company subject to ESG evaluation or data provision, taking appropriate measures to ensure that such relationship does not affect service provision, such as establishing a firewall between sales and evaluation divisions.
3. In particular, for cases based on the Subscriber Pay model, paying attention to the understandability of surveys or questionnaire, etc. and the structure of service provision, so that there would principally be no such situation where the content and structure of the ESG evaluation and data or surveys etc. are too complicated or difficult to effectively understand without using the institution's paid services.
4. Taking appropriate steps to prevent their employees from engaging in securities or derivatives transactions that could create conflicts of interest with ESG evaluation and data provision services.

5. For example, assigning a separate staff member to conduct assessments, etc., from the staff member responsible for sales of ESG evaluation and data services, or not paying compensation based directly on the amount of revenue earned from the companies subject to ESG evaluation and data.
6. If a transaction or other business relationship exists with the company subject to ESG evaluation and data provision, clarifying the nature of the reward for such transaction, bearing in mind confidentiality and other obligations.
7. Given that the Issuer Pay model receives compensation from the company subject to the evaluation, implementing, for example, in addition to establishing an appropriate firewall, more detailed quality control procedures before giving the evaluation, such as having an expert or upper committee examine the concern of conflicts of interest and the appropriateness of the evaluation of the company.

Concept

Ensuring independence and appropriate management of conflicts of interest is fundamental to establish reliability of the quality of ESG evaluation and data provision, and appropriate policy formulation and implementation are essential.

With regard to independence, it is necessary to pay attention to both the independence of the company and that of the employees such as analysts. In both cases, it is important to develop an environment in which evaluations can be conducted professionally with independence and without undue influence from parties concerned, including third parties, clients, and other parties involved in issuance.

With regard to the management of conflicts of interest, it is important for ESG evaluation and data providers to first review the services they provide and the situations in which they are involved with the company to be evaluated, then identify services that potentially cause conflicts of interest.

In addition, when conflicts of interest are suspected, it is important to avoid them or to have in place a specific framework to appropriately manage and reduce risks.

The specific nature of potential conflicts of interest may vary depending on the evaluation methodology and business model. For example, in the Subscriber Pay model, a typical example of conflicts of interest is when an ESG evaluation and data provider provides paid consulting services to the company subject to the evaluation.

Consulting services are meaningful from the perspective of making companies aware of their ESG initiatives and improving them. However, when simultaneously giving an

evaluation to a company that receives a paid service, in general, it can be an incentive to give a good evaluation to such company. In addition, when the evaluation and question items are excessively complex and a sufficient evaluation cannot be obtained without effectively receiving the paid service, it is particularly necessary to pay attention to the possibility that structurally conflicts of interest may arise. Regardless of this, it is important that the questions and evaluation criteria are easy to understand for companies to be evaluated.

On the other hand, since the Issuer Pay model basically receives compensation from the company subject to evaluation, it has a structure in which conflicts of interest are likely to occur due to the nature of business. For this reason, it is important to implement stricter firewalls than the Subscriber Pay model (such as restricting the sharing of information and services) by, for example, requiring inspections by expert or upper committee in individual evaluations.

In addition, the management of conflicts of interest needs to be considered in conjunction with transparency. When an evaluation method is easy to understand from the viewpoint of a wide range of parties, such as investors and companies, the objectivity of the evaluation can be relatively-easily ensured and the risk of conflicts of interest can so be reduced. On the other hand, when the evaluation items are diverse or complex, or when there are many aspects, such as individual qualitative judgments, then the discretion of the institutions or employees involved in the evaluation relatively increases and it potentially raises the risk of conflicts of interest.

For this reason, it is important to disclose evaluation results in more detail, together with measures to prevent conflicts of interest, especially when providing paid consulting services, such as when the evaluation method is complex.

Principle 4 (Ensuring Transparency)

ESG evaluation and data providers should recognize that ensuring transparency is an essential and prioritized issue, and clarify their philosophy in providing services, such as the purpose, approach, and basic methodology of evaluations.

In addition, methods and processes for developing services to be provided should be fully disclosed.

Guidelines

In order to implement Principle 4, ESG evaluation and data providers should take necessary measures such as:

1. While giving necessary consideration to transactions, ensuring the transparency of their services by recognizing that it is an essential and prioritized issue.
2. In order for users of ESG evaluation and data provision services to understand the basic content of the services, including what the evaluation aims to capture and how this is measured, clarifying the philosophy for providing services, including the purpose, concept, and basic methodology of evaluation, etc.
3. In order to enable users and companies subject to evaluation to understand the basic structure of the evaluation, disclosing sufficient information on the methods and processes for formulating the evaluation and any updates on them. When inquiries are received from companies subject to evaluation through a contact point, providing or considering more detailed explanations in addition to general information disclosure to the extent possible.
4. Identifying the sources of information used in the development of ESG evaluation and data. In particular, if estimated data is used, clarifying this fact and the basic method of estimation.
5. Publishing the following matters, including the above, as the purpose, concept, and basic methodology of the evaluation in an easy-to-understand manner:
 - Purpose, approach, and intent of formulation of ESG evaluation and data
 - Specific details of evaluation methods (evaluation criteria, significant initiatives that lead to differences in evaluation results, and targets for evaluation)

- Evaluation process (evaluation procedures and steps, checks and monitoring, etc.)
- Contact point where the evaluation results can be explained in detail in light of the purpose and method of evaluation
- Sources of information on which evaluation is based and whether or not estimated data is used
- Base point of time for the evaluation, preparation and use of data
- Changes made when the evaluation method is updated, especially items that are improved through the PDCA cycle.

6. To the extent possible, name the service so that the purpose and intent of the evaluation can be easily understood by service users.

Concept

In addition to ensuring the quality of ESG evaluation and data, ensuring transparency is extremely important as it leads to improvement in the reliability and understanding of data and evaluation among market participants.

For this reason, it is important for ESG evaluation and data providers to recognize that ensuring transparency is an essential priority issue and respond to it, while giving necessary consideration to transactions.

To ensure transparency, in addition to evaluation methods and processes, it is important to clarify the philosophy, including the purpose, approach, and basic methodology of the evaluation as the premise.

ESG issues are wide-ranging, and there are various approaches to evaluation. For example, even when assessing the financial impact of ESG initiatives, there are different approaches to be used when evaluating ESG-related risks and when evaluating the creation of future corporate value based on ESG.

Based on this assumption, it is necessary to clarify the basic concepts of evaluation, such as from what perspective, what to capture, and how to measure it. By clarifying this philosophy on evaluation, not only investors and other users of evaluation but also companies that receive evaluation can easily gain a sense of understanding about the reasons for the evaluation results. It is also expected to the promotion of the use of evaluation and the improvement of companies that receive evaluation.

At the same time, it is important to provide basic information on evaluation methods. It is pointed out that if evaluation methods are disclosed in excessive detail, intellectual property, business knowledge, and originality and ingenuity in evaluation methods may

be lost. While paying attention to this point, it is important to disclose sufficient information to enable a wide range of users and companies subject to evaluation to understand the basic framework and reasons for leading to the results.. It is also important to clarify the details of any changes in evaluation methods.

Information sources used to develop ESG evaluation and data are also important from the perspective of verifying the accuracy and basis of evaluations. Similarly, when using estimated data, it is important to clarify when and how the estimated data is used.

As stated in Principle 6, it is important for ESG evaluation and data providers to appropriately respond to issues raised by companies being evaluated with respect to the accuracy of information sources used for the assessment. In order to facilitate such mutual communication, the information sources and update dates of data are important. In addition, if it is made clear that the company's own disclosure is used as a source of information, this may further incentivize the company's disclosure.

As some evaluation and data providers are already making creative efforts with regard to these disclosure items, it is important to disclose them in a comprehensive and easy-to-understand manner as much as possible from the perspective of providing substantially effective information to a large number of companies and users.

With regard to ensuring transparency by ESG evaluation and data providers, there can be two types of information: information that should be disclosed to the general public and information that should be disclosed and explained only to companies subject to evaluation.

For example, general matters, such as evaluation objectives, basic methodology, and evaluation procedures, may be disclosed to the general public, while specific matters, such as details of data used for evaluation, may be disclosed only to the parties concerned. Examples of the latter include, in addition to cases involving the rights of the parties concerned, cases that it is the burden on both sides of the information provider and the information user to disclose every specific information about many services.

(*) If it is general information, it is possible to provide information on multiple services at once.

While the recommendations in this report are basically described on the basis of general disclosure, each institution should make appropriate judgments in light of the characteristics of such information and the type and number of services.

As described in 3. above, with regard to publicly disclosed information, it is also important to provide more detailed information or specific information about the company subject to evaluation, when the company makes an inquiry.

Furthermore, the level at which transparency is required also depends on the services provided. For example, in cases where the evaluation largely relies on judgement with a wide range of items with large room for the judgment, it is important to present the basic concept of evaluation more carefully than in other cases.

On the other hand, with respect to services that usually involve provision of data that is less dependent on qualitative judgment, such as services in which the degree of processing of information is minimal and data publicly disclosed by companies is basically supplemented with some estimates, etc., it can be accepted to disclose the basic procedures of such services in a much simpler manner in conjunction with other similar services than those described above.

Principle 5 (Confidentiality)

ESG evaluation and data providers should establish policies and procedures to appropriately protect non-public information when it is obtained in the course of business.

Guidelines

In order to implement Principle 5, ESG evaluation and data providers should take necessary measures such as:

1. Establishing, disclosing and implementing the policies and procedures to protect information provided by companies, investors and institutional investors under a confidentiality agreement or subject to confidentiality.
2. Establishing, disclosing, and implementing the policies and procedures so that such confidential information will not be used for purposes other than ESG evaluation and data services, in accordance with the purpose of provision, unless otherwise agreed.

Concept

When conducting an evaluation based on information obtained from a client under a duty of confidentiality or on the premise of confidentiality, care must be taken to ensure that the information thus obtained is not disclosed to other users or related parties as a result.

In particular, as data standardization progresses, the creation of added value, including the use of non-public information, is expected to become increasingly important, and confidentiality is expected to increase in importance.

A considerable number of ESG evaluation and data providers collect and evaluate data only from disclosed information, and in such cases, it is considered that the development of the same control environment as in the case of handling non-public information is naturally not required.

Principle 6 ESG evaluation and data providers should devise and improve information gathering from companies so that it becomes efficient for both institutions and companies.

When issues are raised by companies, ESG evaluation and data providers should appropriately address them.

Guidelines

In order to implement Principle 6, ESG evaluation and data providers should take necessary measures such as:

1. When collecting information from a company subject to evaluation, communicating to the company sufficiently in advance of the collection period. When making a request, entering in advance information already known, such as publicly disclosed information or information submitted in the past if available, and then seeking confirmation from the company in question.
2. Establishing a unified contact point where companies can make inquiries and raise issues regarding ESG evaluation and data provision, and communicating it to the companies concerned or posting it in an easy-to-understand format.
3. Prior to the release of ESG evaluation and data, notifying a company subject to evaluation of the basic information sources of the evaluation and data to be released, and allowing time for the company to check whether there are any significant deficiencies in the evaluation and data, including the information sources.
4. When a company subject to evaluation raises questions or concerns about the information source of evaluation or data, taking timely and appropriate measures, such as allowing the company to confirm, at least, the accuracy of the underlying data (input) and correcting errors if any.
5. As an ESG evaluation and data provider, publishing a "terms of engagement" regarding how it normally interacts with the company being evaluated with respect to the evaluation and data it provides, including when and how it requests information from the company, when and what the company can verify, how it can raise issues if there are issues, and how the institution can respond to such issues, while also ensuring flexibility as conditions change.

6. Having constructive dialogues with investors and companies from the viewpoint of encouraging positive improvement in the initiatives of market participants, including companies and investors with originality and ingenuity, for example by providing feedback on evaluation results.

Concept

Smooth communication between ESG evaluation and data providers and companies subject to evaluation is an essential element for providing evaluation and data services in an efficient, effective, and sustainable manner.

With regard to the Subscriber Pay model, since it is common for the evaluation not to be based on a request from the company subject to evaluation, in addition to providing information to general stakeholders, investors, etc., smooth communication with the company is considered particularly important.

Issues have been pointed out in the IOSCO report and the Technical Committee regarding the current state of communication between evaluation providers and companies centered on the Subscriber Pay model. It is important for evaluation providers to publicize the overall picture of how companies that provide data are normally engaged with them (such as publishing terms of engagement).

Furthermore, it is important to carefully deal with matters that may significantly increase or reduce the administrative burden even if they appear trivial, such as sharing schedules in advance, entering necessary information in advance, understanding basic matters such as basic management policies in advance, and considering what kind of communication is possible for unclear points of the company.

In addition, it is important to establish a unified contact point through which companies can make inquiries and raise issues regarding ESG evaluation and data, and allow companies to confirm the accuracy of the data (input) that serves as the basis at least when companies subject to evaluation ask questions or raise issues regarding the basis of evaluation and data.

In many cases, companies provide information to evaluation institutions free of charge, and evaluation institutions provide services based on this information. It is possible for the institutions to provide feedback to companies, such as issues of efforts and comparisons with other companies, based on the originality and ingenuity of each company, in order to bring benefits to the market as a whole, including companies subject

to evaluation. It is also important to disclose how investors use evaluations, as described later.

Building a relationship of trust between the institution and the company is important from the viewpoint of improving the quality of evaluation and leading to improvement in efforts by the company, and serves as a basis for dialogue by the institution that leads to changes in corporate behavior.

As stated in Principle 4, for this purpose, it is important for institutions to work together to clarify the objectives and philosophy of evaluation, improve mutual understanding through two way communication, and instill the importance of evaluation as an organization as a company.

Close communication between the institution and the company is important from the viewpoint of making the quality of evaluation appropriate and improving the efforts of the company. At the same time, attention needs to be paid to ensure that the neutrality of evaluation is not undermined.

In many cases, since there usually are numerous evaluation subjects, there are circumstances where the burden of communication with companies exceeds the scope that can be addressed, as a real problem for institutions. In such cases, for example, one solution could be to clarify as much as possible the basic policy of responses in advance and to set up a dedicated person in charge of communication.

4. Recommendations to investors

Concept

For investors who use ESG evaluation and data, when making investment decisions in accordance with their own policies or those of asset owners and beneficiaries, it is important to clarify the basic concept of ESG evaluation and data provision, and how ESG evaluation and data provision is used in investment decisions.

For this purpose, it is important that they carefully understand the characteristics and differences of evaluations that differ by an evaluation institution.

In particular, in the case of the Subscriber Pay model where there are many companies subject to evaluation and a wide range of sources of information, it is important to understand the policies under which each institution conducts evaluation.

Based on this understanding, it is important for investors to actively engage in dialogue with institutions and companies and take steps to ensure quality when there is a gap between the evaluation policy and the results of each evaluation, in order to make appropriate investment decisions based on their own policies.

In addition, as investors, taking into account the revision of the Stewardship Code, it is important to clarify how they should consider ESG in their investment, and how they approach cases where they are conducting and using ESG evaluation and data for investment.

In this way, investors' clarification of how evaluations are used enables companies to gain a concrete understanding of the business benefits that improvements in evaluation results can bring. In addition, encouraging companies' understanding and efforts enables evaluation institutions to constructively and concretely promote dialogue between themselves and companies.

(*) In recent years, an increasing number of institutional investors have used multiple evaluation institutions to compare their assessment results while taking into account investors' own perspectives in investment management. In some cases, investors themselves set industry-specific KPIs or give ratings. It is desirable for investors to clarify how their in-house evaluations should be conducted as part of their use of ESG evaluation and data, which is also important from the viewpoint of improving the entire investment chain.

When investors engage in discussions with evaluation institutions and companies, it is important to utilize the evaluation to enable constructive dialogue on the business of investee companies based on business strategies, policies, and the environment, instead of mechanically confirming the evaluation results of evaluation organizations, in accordance with the purpose of this report.

In addition, while ensuring smooth communication, it is important to give appropriate consideration to the independence of evaluation by the evaluation institution and the necessity of compliance with confidentiality and other related regulations by the evaluation body and company.

Based on the above, the Technical Committee makes following recommendations:

Investors should carefully examine and understand the purpose, methods, and limitations of ESG evaluation and data that they use to make investment decisions. When there are issues, etc. in the evaluation results, they should engage in dialogue with ESG evaluation and data providers or companies. In addition, investors should clarify how they themselves use ESG evaluation and data in making investment decisions, taking into account such characteristics.

Specific recommendations

1. With respect to ESG evaluation and data that investors use to make investment decisions, investors should understand the evaluation's and the data's basic objectives and policies, as well as evaluation methods and limitations such as:
 - Sources of data used for evaluation, timing, and estimation methods
 - Degree of quantitative and qualitative judgment, verifiability, consistency with other evaluation criteria, etc.
 - Considerations and limitations when using such evaluation and dataIf there is an unreasonable gap between the evaluation policy and the results, it is necessary to hold a dialogue with the evaluation institution and the company.

2. Investors should clarify how they use ESG evaluation and data in their investment decisions in active investing and in the use of ESG evaluation and data in passive investing, specifically such as:

- What kind of ESG evaluation and data are used for what purpose investment decisions,
- Importance in investment decisions,
- If there is data that is particularly emphasized or matters that are particularly noted, the details of them,
- Reasons for selecting specific ESG evaluation and data providers for passive investing.

Similarly, when an investor conducts and uses ESG evaluation in making investment decisions (so-called in-house evaluation), the investor should clarify the above points as to the criteria and purpose for which the investor conducts and uses ESG evaluation in making investment decisions.

3. Smooth and constructive communication should be conducted with ESG evaluations and data providers and companies with a view to improving the quality of evaluations. In doing so, care should be taken not to give impression to institutions that they are exercising undue influence in individual evaluations due to their business relationships, etc.

5. Recommendations to Companies

Concept

It is important that companies subject to ESG evaluation and data disclose and enhance information on their management strategies, policies, and initiatives in an easy-to-understand manner.

Disclosure of corporate information is extremely important as it forms ESG evaluation and data in the entire investment chain, which uses ESG evaluation and data, and serves as the basis for decisions by investors and institutions.

In addition, given that much of ESG information is currently considered to be so-called unstructured data, easy-to-understand disclosure could significantly improve the quality of data and assessment by facilitating data compilation and scrutiny.

In light of the significance of such evaluation and data services for company information and the entire investment chain, and in order to have market participants accurately understand their own strategies and initiatives, companies are required to constructively provide information and engage in dialogue with investors who are interested in corporate strategies and ESG initiatives, as well as with institutions that evaluate and intermediates such information.

In particular, each institution has a different philosophy on evaluation, and while understanding this point, if there are any issues in evaluation, etc., companies should encourage improvement through constructive dialogue. In addition, companies should contribute to improving the quality of ESG evaluation and data by, for example, requesting confirmation of the accuracy and timing of the information (input data) that serve as the basis for evaluation, when issues are found with respect to their ESG evaluation and data.

In addition, in order to provide information and facilitate dialogue, it is important for companies to establish and clarify a contact point where institutions can make inquiries to the company when they have questions about company information, etc., in the same way as described in Recommendation 6 for institutions.

Similarly, it is important for companies to clarify how they will respond to inquiries from institutions, for example, what kind of questions they will ask.

Such communication with ESG evaluation and data providers and investors needs to be conducted constructively and smoothly. On the other hand, it is important for investors to

give appropriate consideration to the independence of evaluation by institutions and compliance with confidentiality and other related regulations by institutions and investors.

Based on the above, the Technical Committee makes following recommendations:

Companies should disclose sustainability-related information in an easy-to-understand manner, taking into account regulatory and other trends.

Specific recommendations

1. Companies should organize and publish their sustainability-related information, including risk information, in an easy-to-understand manner.
2. Companies should disclose timing information in their websites and publications, such as the date of update of publicly disclosed content.
3. Companies should identify a contact point for responding to inquiries from ESG evaluation and data providers regarding the company's strategy and policies. In addition, basic response procedures should be clarified, including how to respond to any such inquiries.
4. Companies should smoothly and proactively communicate with ESG evaluation and data providers and investors in order to improve the quality of evaluations. In doing so, companies should be careful not to give impression to ESG evaluation and data providers that they are exerting undue influence on individual evaluations due to their business relationships.

6. Conclusion

Based on the discussions at the 6th Technical Committee meeting, the following might be further added in this end section :

- ✓ Publication of this report, including its English version, and calls for international attention
- ✓ Report to IOSCO and share awareness of issues
- ✓ Ongoing review of the Code and the Report

List of Members of the E Technical Committee for ESG Evaluation and Data Providers

As of June ●, 2022

Chairman	Kitagawa	Emeritus Professor, Aoyama Gakuin University / Specially
	Tetsuo	Appointed Professor, Tokyo Metropolitan University
member	Eiichiro Adachi	Managing Director of Japan Research Institute Co.
	Yōko Ota	Nomura Securities Co., Ltd. Director, Financial Engineering Research Center and Director, Quantitative Solutions Research Department
	Atsuko	Japan Credit Rating Agency, Ltd. Executive Officer, Head of Sustainable Finance Evaluation
	Kajiwara	Division
	Arisa Kshieue	Director, Japan Sustainable Investment Forum Chronos Sustainability Ltd Specialist, Sustainable Investment
	Shigeru	Rating and Investment Information, Inc. (R & I) Executive Officer, Head of Rating Planning
	Kobayashi	
	Yukie Shibano	MSCI ESG Research Senior Analyst
	Kenji Shima	Corporate Planning Department of The Sumitomo Mitsui Banking Corporation Senior Facilitator / Senior Sustainability Expert
	Hideki Suzuki	Director, ESG Research and Integration, Manulife Investment Management
	Masato	Sustainalytics Associate Director
	Takebayashi	
	Masaki	Japan Business Federation Head of Social Communication Division
	Yoshihisa	
	Minoru	Resona Asset Management Co. Executive Officer, General Manager of
	Matsubara	
Toshikazu	Nippon Life Global Investors Europe Plc, Chief Director	
Hayashi		
Masato	Daikin Industries, Ltd. Manager, CSR & Global Environment Center	
Yoshizawa		
Observers	Ministry of Economy, Trade and Industry, Ministry of the Environment	