Few Japanese companies in the field of industrial and product safety have been conveying sufficient information on their safety-related efforts to investors despite the fact that investors consider such information as significant. The Ministry of Economy, Trade and Industry (METI) decided to formulate a guidance for enriching understanding of “integrated thinking” among companies, aiming to promote useful information disclosure.

**Background to Formulation of the Guidance**

- No disclosure of information on safety-related efforts: 76
- Disclosure of information on safety-related efforts: 41
- Industrial and product safety field: 432 companies
- No issuance of any integrated report: 305
- Companies that issued an integrated report: 117

**Current status of companies disclosing information on their safety-related efforts in their integrated reports (in the field of industrial and product safety)**

- As plant or product accidents are critical information that impacts the financial situations or stock prices of companies, companies, rightly, should convey information on their efforts for enhancing safety to a broad range of investors.

- Nevertheless, only a limited number of companies have been disclosing information on their safety-related efforts in their integrated reports, a reference with which long-term investors make decisions on investment.

- Aiming to encourage companies to disclose information on their safety-related efforts, which is useful for investors, METI established a study group of researchers, institutional investors and other stakeholders and held intensive discussions.

  - In particular, some members pointed out that very few companies have a “value-creation roadmap” centering on their safety-related efforts, an essential point that helps investors in making decisions on investment.

- To overcome this challenge, METI decided to formulate guidance to enrich the understanding of integrated thinking among companies in order to encourage companies to create a consistent roadmap incorporating the following elements: core values, business models, sustainability and growth, business strategies, performance and key performance indicators (KPIs), and governance.

- Moreover, METI examined integrated reports issued by companies in the field, chose those by Mitsui Chemicals, Inc. and Joshin Denki Co., Ltd. as “outstanding companies in integrated disclosure of information on safety-related efforts,” and presented them in the guidance as specific case examples.
This guidance is expected to contribute to fostering understanding of information disclosure among companies and thereby create a “virtuous cycle” in which companies accelerate communication of information and investors further invest in companies and encourage them to disclose information, and as a synergistic effect of these efforts, companies are able to achieve sustainable growth.

Effects Expected to be Brought about by Utilization of the Guidance

<table>
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<tr>
<th>Target users of the guidance and purpose of their formulation</th>
<th>Concept of companies’ ideal approaches to enhancing safety-related efforts taking advantage of ESG investment</th>
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| **Companies**       | • The guidance **targets personnel involved in formulation of integrated reports of companies** in the industrial and product safety field, such as **business operators and personnel in charge of IR- or ESG/CSR-related departments**.  
  • It aims to help companies in preparing integrated reports to communicate information to investors while providing investors’ perspectives so as to encourage companies to disclose the most significant information.  
  • METI considers it **important** that companies not set information disclosure as a goal in and of itself, but **think of systems created to consistently communicate the details in the reports as the manifestation of their commitment to investors**.  
| **Investors**       | • The guidance also targets investors and aims to encourage them to **utilize the guidance as a reference in holding dialogues with companies**.  
  • It aims to encourage investors not to wait for companies’ disclosure and explanations of information on safety-related efforts, but to proactively pursue dialogues with companies while referring to the guidance, in order to fill in the gaps between their preconceptions and actual information that investors receive from companies; and encourage companies to disclose information useful for investment decision-making.  
| **Investors’ utilization of information on companies’ safety-related efforts in making investment decisions, which contributes to investors’ further investment and companies’ sustainable growth and enhancing safety-related efforts** | **Goal** |
| **Companies’ further understanding of the importance of information disclosure from the standpoint of investors through utilization of the guidance** | **Current state** |
| **Investors’ utilization of information on companies’ safety-related efforts in making investment decisions, which contributes to investors’ further investment and companies’ sustainable growth and enhancing safety-related efforts** | **Investment in companies engaging in enhancement of safety-related efforts** |
| **No consideration of investor perspectives in information disclosure by companies (= integrated thinking) and no appropriate assessment of companies by investors** | **Companies’ disclosure of information on their safety-related efforts** |
Overview of the Guidance for Integrated Corporate Disclosure Concerning Industrial and Product Safety

The guidance focuses on ideal approaches to integrated thinking (the most important concept in this guideline), offers basic examples, perhaps "and provides more effective strategies than other conventional guidance, including descriptions and case examples analyzed from the perspective of investors.

- **Part I** explains the chain and circulation of the components of the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation as the Overview of Integrated Thinking in Safety.
- It also focuses on the cases of Mitsui Chemicals, Inc. and Joshin Denki Co., Ltd. and interprets their integrated reports to uncover approaches that these companies took to advancing integrated thinking concerning their safety-related efforts.
- Instead of providing instructions on preparing an integrated report, it aims to provide a way of thinking in preparing the report, since companies need to formulate the reports with originality and describe their own value-creation roadmap.

- **Part II** describes specific, organized, key facets of companies’ information disclosure and presents and explains case examples of integrated reports that leading companies have issued, aiming to enrich understanding of information disclosure among companies.

Key points of information disclosure for safety by item according to the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation

- Core Values
- Business models
- Sustainability and growth
- Strategies
- Performance and KPIs
- Governance

7. Recommended amount of information conveyed to investors