

**SASB Symposium 2020**  
**Implementation Spotlight**

# **SASB Standards and TEPCO's ESG Journey**

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Transmission tower and Mt. Fuji

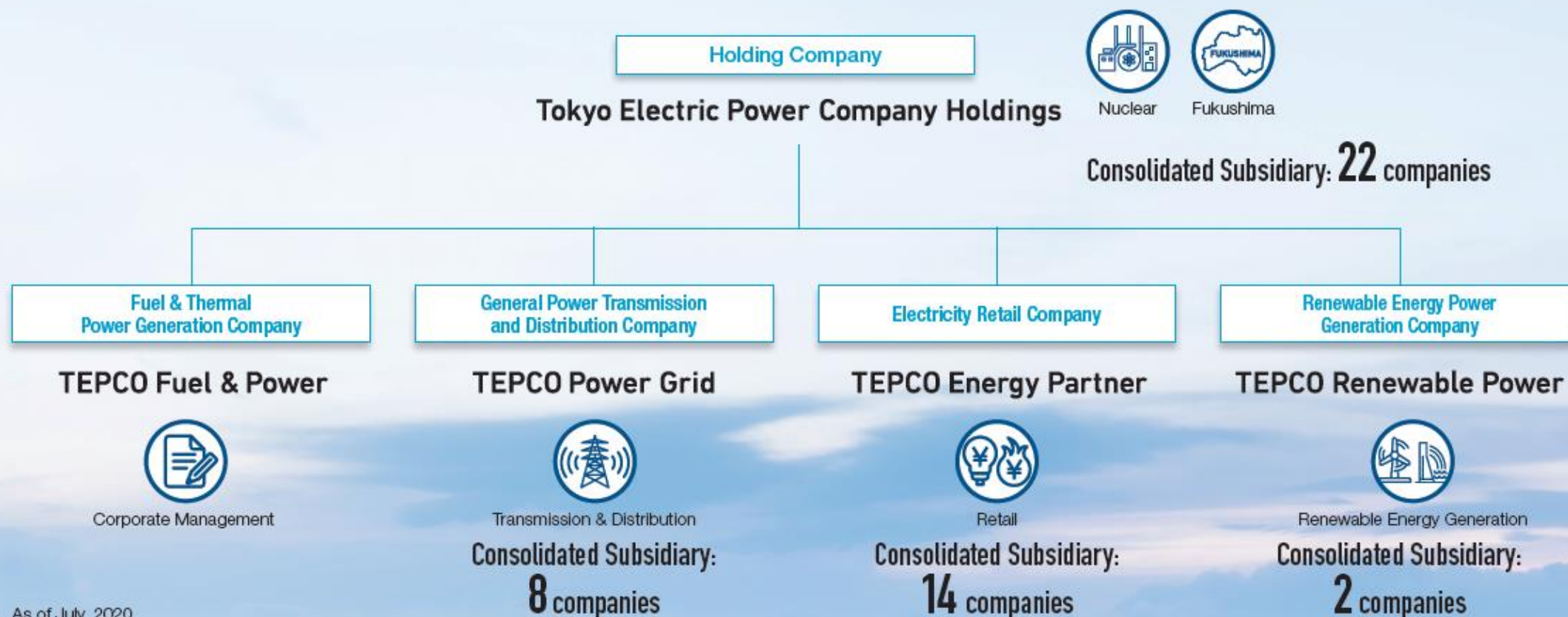
# Who we are

 Employees  
**37,892**

 Total Assets  
**¥11,957 billion**

 Operating Revenues  
**¥6,241 billion**

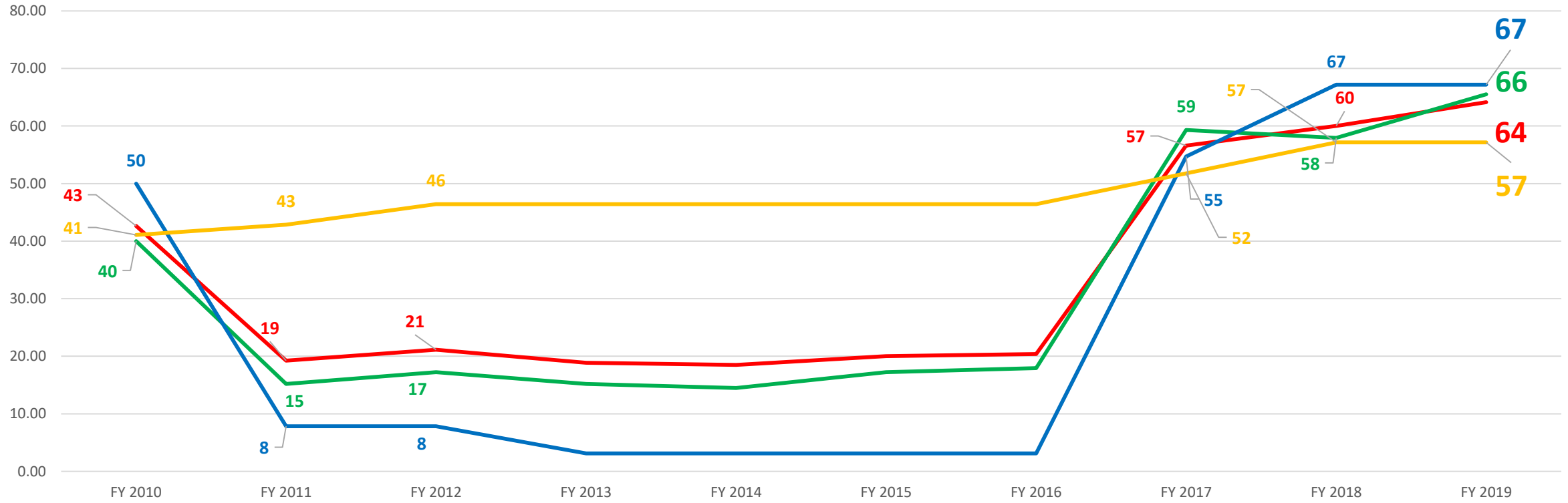
 Electricity Sales  
**222.3 TWh**



As of July, 2020

# TEPCO's ESG Disclosure Score

## Change in Bloomberg ESG Score



Fukushima Nuclear Accident

Start of Integrated Reporting Project

Targets

Contents

Referenced  
guidelines

## Financial stakeholders

- Financial and non-financial/ESG, performance data
- Future business outlook
- Value creation process
  
- IIRC Framework
- SASB
- TCFD

# Why SASB Standards?

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## 1. Growing investor interest

- A letter from BlackRock
- Engagement with financial stakeholders

## 2. Comparability (industry-specific)

- 77 types of industrial standards
- Materiality for each sector

## 3. Consistency and transparency

- Disclosure based on global frameworks and standards

# How to adopt SASB Standards as a Japanese company

## Ex.) “Electric Utilities and Power Generators” : GHG

### SUSTAINABILITY DISCLOSURE TOPICS & ACCOUNTING METRICS

Table 1. Sustainability Disclosure Topics & Accounting Metrics

TOPIC	ACCOUNTING METRIC	CATEGORY	UNIT OF MEASURE	CODE
Greenhouse Gas Emissions & Energy Resource Planning	(1) Gross global Scope 1 emissions, percentage covered under (2) <u>emissions-limiting regulations</u> , and (3) <u>emissions-reporting regulations</u>	Quantitative	Metric tons (t) CO <sub>2</sub> -e, Percentage (%)	IF-EU-110a.1
	Greenhouse gas (GHG) emissions associated with power deliveries	Quantitative	Metric tons (t) CO <sub>2</sub> -e	IF-EU-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	Discussion and Analysis	n/a	IF-EU-110a.3
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market <sup>2</sup>	Quantitative	Number, Percentage (%)	IF-EU-110a.4

# Bridging the gaps

## TEPCO Integrated Report 2019; p.94

### SASB INDEX

The relevant achievements of the TEPCO Group have been noted based on Electric Utilities & Power Generators, an industry standard put forth by the Sustainability Accounting Standards Board (SASB).  
 Since the SASB standard was created for primarily companies and markets in the United States there are disclosure topics that do not apply to Japanese domestic business activities in the accounting metrics, but an attempt has been made to disclose as much information as possible in light of the purpose of this standard.  
 Furthermore, through participation in the SASB Standard Advisory Group the TEPCO Group is proactively involved in the process to revise this standard to enable its use globally.

Topic	Accounting Metric	Category	Unit of Measure	Code	Response
Environment					
	(1) Gross global Scope 1 emissions, percentage covered under (2) emissions-limiting regulations, and (3) emissions-reporting regulations	Quantitative	t-CO <sub>2</sub> , %	IF-EU-110a.1	(1) 82,148,000 (t-CO <sub>2</sub> ) (2) 0 [%] (There is no "regulated market" in Japan.) (3) 100 [%] * Scope 1 emissions are direct emissions of GHG (CO <sub>2</sub> , N <sub>2</sub> O, SF <sub>6</sub> , HFC) based on the Act on Promotion of Global Warming Countermeasures.
	Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	and Analysis	—	IF-EU-110a.3	○ Utilization of nuclear power generation on the premise of ensuring safety Our Scope 1 emissions are decreasing year by year in FY2016 (89,037 thousand tons), FY2017 (84,335 thousand tons), and FY2018 (82,148 thousand tons). In May 2019, we announced that it would electrify about 4,400 commercial vehicles by 2030 and participated in the international initiative EV100. We will continue to examine and proceed with the necessary efforts to achieve our goal of reducing GHG emissions in 2030.
	(1) Number of customers served in markets subject to renewable portfolio standards (RPS) and (2) percentage fulfillment of RPS target by market	Quantitative	Number, %	IF-EU-110a.4	(1) N/A (2) N/A * The RPS law established RPS regulations in Japan was abolished in 2012 and has shifted to a feed-in tariff system. We purchase electricity generated by renewable energy at a fixed price.

(2) 0 [%] (There is no "regulated market" in Japan.)  
 (3) 100 [%]  
 \* Scope 1 emissions are direct emissions of GHG (CO<sub>2</sub>, N<sub>2</sub>O, SF<sub>6</sub>, HFC) based on the Act on Promotion of Global Warming Countermeasures.

(1) N/A (2) N/A  
 \* The RPS law established RPS regulations in Japan was abolished in 2012 and has shifted to a feed-in tariff system. We purchase electricity generated by renewable energy at a fixed price.

Q. **Will the workload increase?**

A. **No**. Because many of the metrics required are based on data collected for statutory reporting, etc.

What is **IMPORTANT** is ...

- ◆ **Having a deep understanding of the SASB metrics**
- ◆ **Identifying new data**
- ◆ **Incorporating into current data collection processes**



# Improving our SASB INDEX

## SASB INDEX

The TEPCO Group systematically follows the industry standard put forth by the SASB (Sustainability Accounting Standards Board), an American non-profit organization. This section provides answers to frequently asked questions regarding the SASB standards.

### FAQs

#### FAQs from stakeholders

##### Why the SASB Standards?

The primary reason is to respond to the growing interest of global financial stakeholders in the SASB Standards. We also highly evaluate the fact that the standards themselves have been organized in accordance with the characteristics of each of the 77 industries, and that each disclosure item has been developed through a detailed materiality extraction process.

The fact that the metrics to be dealt with have been narrowed down to the minimum necessary has also led to a reduction in the practical burden.

##### What effects do we expect that will be made by evaluation of the SASB standards?

We expect that the evaluation of the SASB standards will lead to the improvement of our business performance and the enhancement of our corporate value.

##### How do you use GRI standards differently?

We have referred to GRI standards for a long time and have worked to enhance non-financial information disclosure. In order to ensure the completeness of information, we will continue our efforts to disclose information on our website and other media based on this standard.

##### Did you have any difficulties dealing with the SASB standards?

Since the SASB standards were created primarily for companies and markets in the United States, there were some differences in the metrics compared to the Japanese electric industry standard, and many

##### What are the future improvements in information disclosure?

The 2019 report was a tabular disclosure of results for a single fiscal year. In the 2020 report, however, we would like to disclose results for multiple fiscal years and devise ways to show results for each metric.

## Accounting Metrics with TEPCO's Value Chain

### Value chain

Procurement & Thermal Power Generation

Power Generation

Transmission & Distribution

Development Procurement Transportation

Natural Gas Coal Oil Biomass

Hydro Solar Wind Nuclear

IF-EU-540a.1  
Number of Nuclear Power Units: 17

#### Metrics for Power Generation

	Greenhouse Gas Emissions IF-EU-120a.1		Air Emissions IF-EU-110a.1				Water Management IF-EU-140a.1		Incidents of Non-Compliance Associated with Water IF-EU-140a.2	Coal Ash Management IF-EU-150a.1	
	Scope-1 [t-CO <sub>2</sub> ]	NO <sub>x</sub> [t]	SO <sub>x</sub> [t]	PM10 [t]	Pb [t]	Hg [t]	Total Water Withdrawn [1,000m <sup>3</sup> ]	Total Water Consumed [1,000m <sup>3</sup> ]	Number	Amount [t]	Recycle [%]
2017	84,300,000	18,000	7,000	N/A	N/A	N/A	63,761,486	9,634	0	742,000	99.9
2018	81,600,000	18,000	6,000	N/A	N/A	N/A	56,269,497	9,939	0	741,000	99.9
2019	200,000	2,000	1,000	N/A	N/A	N/A	50,037,979	6	0	0	N/A

\* It should be noted that, with the establishment of JERA in April 2019, data relating to thermal power generation after FY2019 will be excluded from the boundary of the TEPCO Group.

#### Metrics for Transmission & Distribution

	Smart Grid Technology IF-EU-420a.2		Power Outage IF-EU-550a.2		
	Rate of Smart Meters Installed [%]	SAIDI [min]	SAIFI [times]	CAIDI [min/times]	
2017	56	6	0.09	66.66	
2018	74	19	0.13	146.15	
2019	87	200	0.33	606.06	

\* The number has been increased due to the power outages caused by typhoon Faxai in 2019.

#### Metrics for Retail Sales

	Greenhouse Gas Emissions Associated with Power Deliveries IF-EU-110a.2	Average Retail Electric Rate IF-EU-240a.1	Typical Monthly Electric Bill for Residential Customers IF-EU-240a.2		Residential Customer Electric Disconnections for Non-Payment IF-EU-240a.3	
	Emissions [t-CO <sub>2</sub> ]	Residential [JPY]	Commercial & Industrial [JPY]	500kWh [JPY]	1,000kWh [JPY]	Number
2017	115,000,000	25.3	19.83	12,367	26,738	21,928
2018	108,000,000	24.47	23.05	13,188	28,453	50,435
2019	102,000,000	27.95	20.57	13,180	28,494	75,143

\* The term "disconnections" more specifically refers to the number of disconnections.

## Activity Metrics with TEPCO

\* Based on consolidated data published by each company

Number of Customers Served  
IF-EU-000.A

Residential  
**16,990,000**

Commercial & Industrial  
**218,000**

Others  
**7,290,000**

Total Electricity Delivered  
IF-EU-000.B

Residential  
**60.2TWh**

Commercial & Industrial  
**145.4TWh**

Others  
**16.7TWh**

Network Length  
IF-EU-000.C

Transmission (Circuit Length)  
Overhead  
**28,391km**  
Underground  
**12,413km**

Distribution (Line Length)  
Overhead  
**342,222km**  
Underground  
**38,806km**

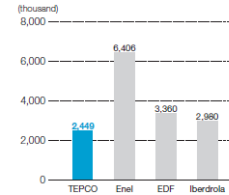
Total Electricity Generated  
IF-EU-000.D

FY2018  
**191.3TWh**

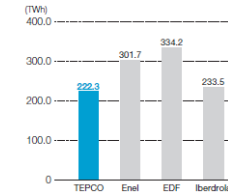
FY2019  
**111.6TWh**

### Competitor comparisons

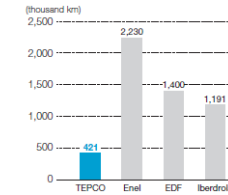
Number of Customers Served  
(thousand)



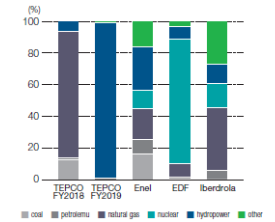
Total Electricity Delivered  
(TWh)



Network Length  
(thousand km)



Percentage by Major Energy Source



### Multi-year data

# Encouragement of SASB Standards

Dimension	General Issue Category <sup>®</sup>	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand	Click to expand
Environment	GHG Emissions											
	Air Quality											
	Energy Management											
	Water & Wastewater Management											
	Waste & Hazardous Materials Management											
	Ecological Impacts											
	Human Rights & Community Relations											

## SASB Standards

< ESG Disclosure Strategies >

Accountability

Comparability

Consistency &  
transparency

You CAN...

- ◆ Meet investors' requests
- ◆ Be evaluated based on industry-specific materiality
- ◆ Have an opportunity to explain the peculiarities



# Toward the future

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Daylily in Oze National Park