

# Responsible Investment Report 2023

A 100-year life. It goes by like a long movie.

Sunny days and rainy days alike, the story goes on.

For you to live happily amid the coming changes...

Japan Post Insurance will always be by your side.

A 100-year life.  
Japan Post Insurance is  
by your side

## Social Mission (Purpose) of Japan Post Insurance

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We will remain trusted and selected by customers, thereby protecting their lives by providing life insurance product.

## Management Philosophy

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Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.

**A base** for the day-to-day thoughts, decisions, and actions of all employees

(1)

The value of our existence shines when people tell us "Thank you for being here."

We are a company that customers can rely on when they are anxious or when they want support.

(2)

We will continue to develop, grow, and exist as a company so that we can always protect the lives of all our customers.

(3)

To this end, each and every one of us will independently think, act, and challenge ourselves every day.



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This report is available on our website.

**Sustainability Website of Japan Post Insurance**

☐ Sustainability  
<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/index.html>



# 1 Introduction

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# Mission of Japan Post Insurance's Asset Management

## Management Philosophy

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.



As a **life insurance company**

Carefully invest premiums entrusted by customers in preparation for future insurance claims and other payments



As a **universal owner**

Have a responsibility to contribute to the sustainable growth of the economy and society as an institutional investor with a high investment amount and a broad diversification across capital markets

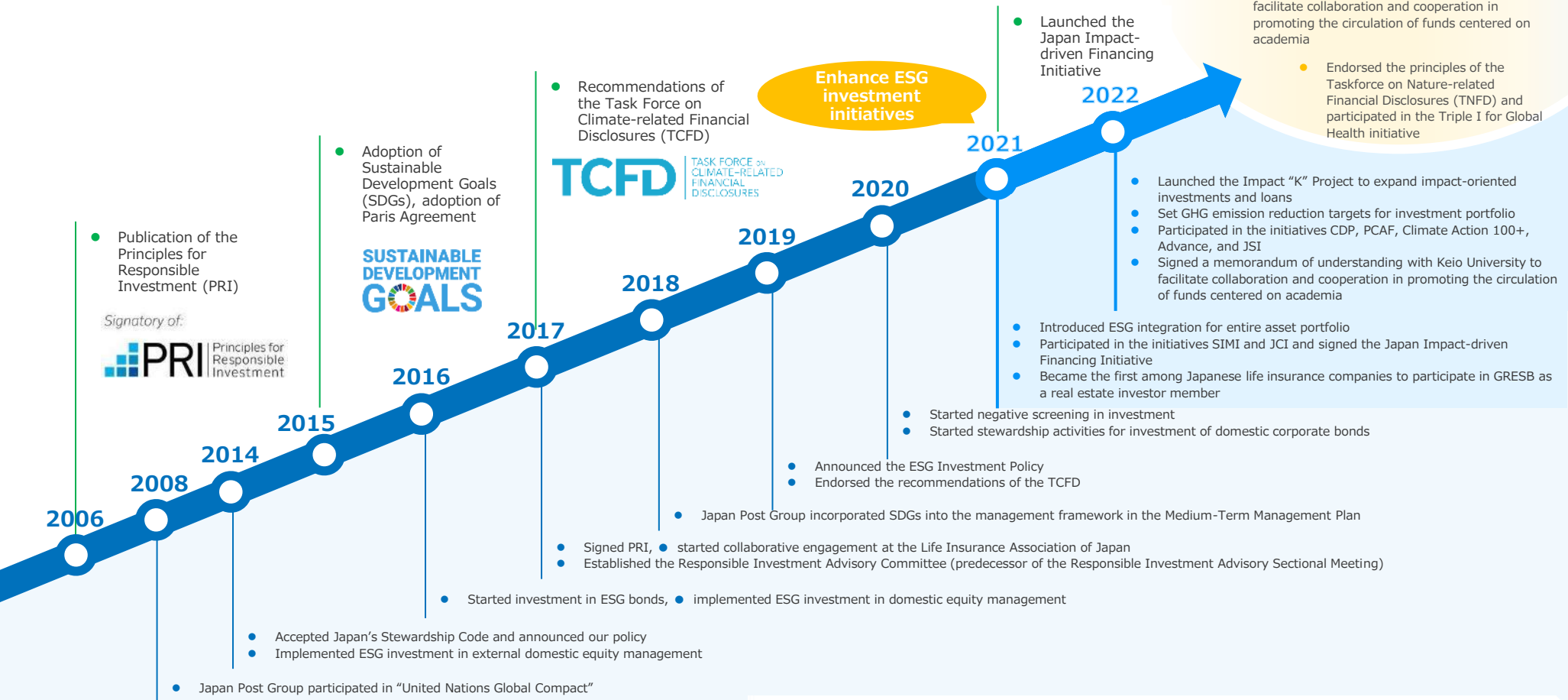


As a **listed company**

Achieve sustainable growth and increase of the corporate value over the medium to long term

# History of ESG Investments at Japan Post Insurance

## Trends in global ESG investments



## Promotion of ESG investments at Japan Post Insurance



Senior Managing Executive Officer  
TACHIBANA Atsushi

Managing Executive Officer  
HARUNA Takayuki

## What philosophy does Japan Post Insurance have towards ESG investment, and what does it aim to become?

We will discuss the strengths of Japan Post Insurance's asset management and its vision for the future, along with the initiatives and projects currently underway.

### —Why does Japan Post Insurance engage in ESG investment?

**Tachibana:** Life insurance is a product that involves long-term relationships with customers and is characterized by a long investment period. Accordingly, to ensure the payment of insurance claims decades into the future, the Company, under the ERM (enterprise risk management) framework, closely monitors the market environment, primarily conducts stable asset management centered on government bonds, and manages assets under appropriate risk management, while diversifying its investments to improve profitability.

The foundation of our asset management lies in our Management Philosophy, "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being." In order to fulfill our responsibilities to all stakeholders, we promote ESG investments with "warmth" unique to Japan Post Insurance, aiming to realize a sustainable society and improve long-term investment results.

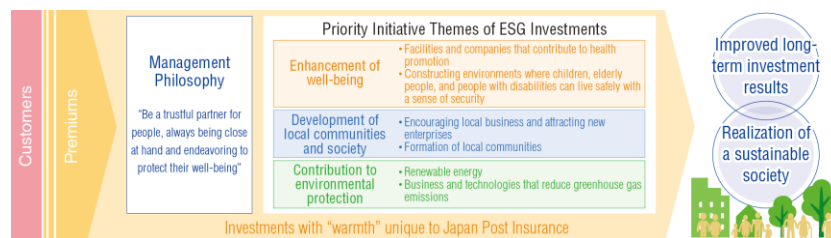
**Haruna:** As the Company manages a wide range of assets over the long term, it is extremely important to foresee not only the current market trends, such as continued large interest rate hikes by foreign central banks and the ongoing appreciation of the dollar against the yen / depreciation of the yen against the dollar, but also corporate growth and economic conditions decades ahead.

When thinking about the future society from such a long-term perspective, I feel that the impact of various social issues, including environmental problems, infectious diseases, and conflicts, on the world is growing year by year. At the same time, I feel that the significance of existence of institutional investors such as the Company and the demands from society towards financial institutions have grown more since we signed the Principles for Responsible Investment (PRI) in 2017.

### — Have there been any changes within the Company since signing the PRI in 2017?

**Tachibana:** Yes, there have. Since signing the PRI in 2017, we have been gradually developing a governance structure for promoting responsible investments for ESG investment and stewardship activities, in order to fulfill our responsibility as an institutional investor. Since 2021, we have implemented ESG integration (considering ESG in investment decisions) for our entire asset portfolio, including externally managed assets. As the ESG investment market grows and the methods and concepts of ESG investment diversify, although there is a lot to consider, we aim not to fall behind and not to go too far down our own path. Accordingly, we participate in Japanese and international ESG investment initiatives, communicate with investors who have the same objectives and awareness of issues as we do, and actively engage in information sharing and discussions on frameworks.

▶ p.12 ESG Investment Initiatives



# Message from Officers



**Haruna:** The entire division needs to be aligned to fully engage in ESG investment. The ESG investment we aim for can be expressed in one phrase: “investments with ‘warmth’ unique to Japan Post Insurance.” As the pillars for implementation, we have set the priority initiative themes of enhancement of well-being, development of local communities and society, and contribution to environmental protection. For example, contribution to environmental protection includes a wide range of initiatives such as investments in ESG bonds that contribute to environmental protection, measurement and analysis of GHG emissions of investees and incorporating the results into investment decisions, setting greenhouse gas reduction targets in our investment portfolio, and setting KPIs for total power generation output at renewable energy facilities of investees. In addition, due to the growing public interest in and importance of sustainability, we believe it is necessary to strengthen our initiatives, and in March 2023, we set natural capital, human rights, and human capital as key sustainability themes in our dialogue (engagement) with investees, in addition to the existing climate change theme.

**Tachibana:** The newly set natural capital covers a broader range than climate change and involves a wide range of points to consider, due to reasons such as the lack of established measurement standards, which makes it challenging. It feels more difficult than responding to climate change. However, considering the importance of natural capital, Japan Post Insurance decided to take the first step from what we can do, and disclosed our analysis on “Nature-related risks and opportunities in investment and financing activities” and “Major nature-related dependencies and impacts of our equity and bond portfolios” in

May 2023, ahead of the release of the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations. Going forward, we plan to proceed with and disclose the analysis of nature-related risks and opportunities in our portfolio in accordance with the TNFD framework on which final recommendations were published in September.

▶ p.100 Sustainability Themes

## — What is the Impact “K” Project, launched to expand impact-oriented investments and loans?

**Tachibana:** Impact-oriented investments and loans is one of the areas the Company is focusing on. Recently, impact investment, as a field of sustainable finance, has suddenly gained attention in the Japanese asset management industry and policy fronts, with the establishment of an Impact Investment Study Group, jointly organized by the Financial Services Agency and the GSG-NAB Japan in June 2020, and the inclusion of impact investment in the Japanese government’s Basic Policy on Economic and Fiscal Management and Reform in 2022, reflecting the increasing interest. Impact investment aims to create positive impacts contributing to solving social issues, in addition to securing economic returns, and we believe it is one of the ESG investment methods that will lead to the future society we want to achieve. However, the current impact investment market in Japan is limited, and many projects are too small for institutional investors such as the Company, which manages approximately ¥62.5 trillion, to provide funds. Therefore, in order to expand impact-oriented investments and loans, we launched a proprietary certification framework, the Impact “K” Project, in 2022 and began its full-scale operation. The “K” stands for *Kampo* (Japan Post Insurance) as well as *kizuna* (bonds), *kyoso* (co-creation), *kibo* (hope) in Japanese, and various other thoughts for the future. Through this project, we aim to increase the creation of impact that contributes to solving social issues.

**Haruna:** Investors recognizing the ability to create impact as one aspect of corporate value has a certain appeal to executives. The growing interest of executives in creating impact leads to an expansion of the impact generated by companies, the public recognizing the value of impact, and further investments into companies that consider creating impact, thereby creating a virtuous cycle that is essential for maximizing the effect of impact investments. In May 2022, focusing on the ability to create impact and the social influence of listed companies, we invested ¥10 billion in Commons Impact Fund—Co-Creation—, an impact fund targeting domestic listed equities. The concept of this fund is to achieve both social and economic returns by investing in domestic companies that are actively engaged in creating social impact from a long-term perspective. It would be wonderful if, ten or twenty years from now, it becomes commonplace for listed companies to take the lead in operating businesses that create impact towards solving social issues, with this fund being the catalyst for that change.

**Tachibana:** Yes, I agree. In order for impact investments to have an effect on society, it is necessary to go beyond the framework of the investment industry and raise awareness and promote understanding of impact investments in the economic market as a whole. We are looking forward to their future developments. In addition, the spread of values regarding impact and impact investments can be a force for internalizing external diseconomies by visualizing the external diseconomies arising from a company’s economic activities and incorporating them in the capital markets. In this sense, incorporating impact investments is very important as an asset owner.

▶ p.75 Impact “K” Project

## — Thank you for your answer. Could you also tell us about academic-industrial collaboration in asset management, an initiative which has been expanding recently?

**Tachibana:** Yes, sure. Along with impact investments, another area we have been focusing on is academic-industrial collaboration with educational institutions such as universities through asset management. The contribution of education and research in academia, such as universities, to society is significant and essential for medium- to long-term economic growth, and there are expectations for technological development that contributes to solving social issues. However, to date, the supply of risk money from financial institutions to such research or technological development has not been very active. For this reason, as an institutional investor, we hope to achieve the future society we envision by supporting education and contributing to the social implementation of innovative technologies and businesses through the power of finance.

**Haruna:** So far, we have signed memorandums of understanding for collaboration and cooperation with three organizations: Keio University in 2022, Osaka University and the Ritsumeikan Trust in 2023. As a first step, we are meeting regularly with the stakeholders at each university and holding discussions, focusing on setting up funds centered on impact investment.





# Message from Officers



As a result, in October 2023, we established the KII3, LPS as an impact fund discussed with Keio University and Keio Innovation Initiative, Inc. (Keio University's official venture capital), for which the Company has pledged an investment of up to ¥10 billion. This fund is the first impact fund managed by a university-launched venture capital firm. Investment is not something that can be done alone. We want to be a meaningful provider of risk money, while advancing our understanding of GPs (general partners/partners with unlimited liability for the fund's operations), funds, and investee companies, and supporting them as an investor.

**Tachibana:** Furthermore, in order to fully utilize our abundant human resources and knowledge, we have signed a memorandum of understanding with educational corporations with the hope of having many contact points in the field of education, in addition to the investment business. Thanks to this, we have been able to communicate with university corporations beyond the scope of the fund, and we are just beginning to see this growth. Through these connections, we have received opportunities this year to provide financial lectures on topics such as ESG investment to college students and financial education to elementary school students. We believe it is a significant role for us as a financial institution and a long-term investor that looks decades ahead for asset management to communicate the role and power of finance to the younger generation who will carry the future of Japan and support its growth, and we want to continue these initiatives going forward.

**Haruna:** I have actually given lectures at several universities and want the students to learn about the joys of the financial world. Therefore, in addition to learning about asset management and ESG investment in a classroom setting, we are planning to offer internships at our head office in the near future to give them a real-world experience of finance.

[▶ p.113 Academic-industrial Collaboration](#)

## —Lastly, what is your outlook for ESG investments in the future?

**Tachibana:** The Postal Life Insurance Service, the predecessor of Japan Post Insurance, was founded in 1916 with the social mission of “protecting the means of fundamental livelihood of the public through simple procedures.” Since then, we have fulfilled our role of ensuring the stability of people's lives by providing an insurance system available at relatively affordable fees with simple enrollment procedures and no medical examination. Even before privatization, we invested in elementary school buildings and sewage systems through local governments, as we engaged in asset management that contributed to strengthening social infrastructure, through the power of finance, even before the term “ESG investment” existed. Even though forms have changed over time, we are committed to ESG investment in this era in light of our long history of supporting the lives of many people.

[▶ p.46 Loans to Local Governments \(using Postal Life Insurance funds\)](#)

**Haruna:** We believe that our responsibility as a life insurance company has a very broad meaning. For example, let's assume we use the premiums collected from our educational endowment insurance customers as the source of funds to invest while only considering profitability, investing in stocks and bonds of companies that do not actively address environmental issues or are said to be socially problematic. We might be able to pay the maturity insurance benefit to policyholders without any issues if we only consider short-term investment results. However, if our investment exacerbates environmental problems, even in an indirect sense, the insured children will inherit a society that is very difficult to live in when they grow up. What is the significance of our investments in light of this? We believe it is necessary to make investment decisions and conduct investment activities that truly benefit our customers and society in the long run as a life insurance company, rather than just chasing short-term profits.

**Tachibana:** This is an important concept that is linked to our Management Philosophy, which is fundamental to our business activities. As an investor, we want to explore what can be achieved through asset management, and by each member of the investment divisions thinking and acting according to our Base, we aim to take on new challenges as a company.

**Haruna:** I expect so. For example, as a first-time initiative this fiscal year, we participated as a member of the recipient selection committee for the social issue resolution program (donation program) Comorebi conducted by Commons Asset Management. This program involves Commons Asset Management contributing approximately 1% of the trust fees earned from the Commons Impact Fund—Co-Creation—to non-profit organizations working on solving social issues, and the selection of candidate organizations takes into consideration the fund's concept of three priority initiative themes. This flow of funds stemming from our fund investments has become a new opportunity for us, who felt frustrated by the existence and gravity of social issues beyond the reach of the power of finance, to address such issues, and we believe it

has demonstrated a new approach within the investment chain.

[▶ p.95 Domestic Listed Equity Impact Fund “Commons Impact Fund”](#)

**Tachibana:** While expanding the scope of our efforts in this manner, we aim to ensure payment of insurance claims to our customers in the future and contribute to the realization of a better society in the later future, by including deepening asset management, responses to new solvency regulations, and promotion of ESG investment as three priority asset management initiatives in the Medium-Term Management Plan (FY2021–FY2025). To ensure the realization and promotion of these goals, we are also working on strengthening the foundation of asset management, which includes human resources, organizational structure, and administrative and system infrastructure.

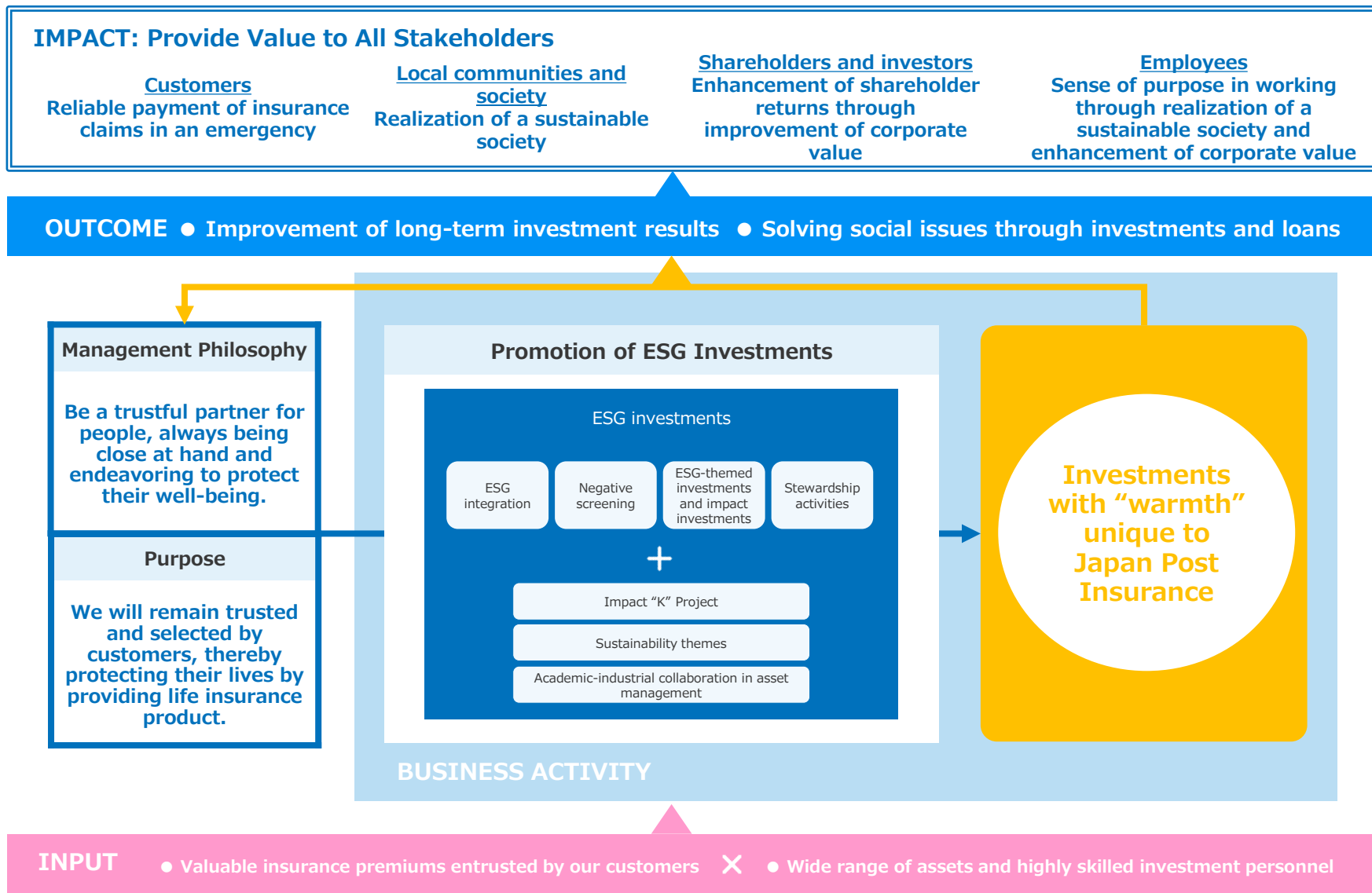
[▶ p.19 ESG Investment in Our Medium-Term Management Plan](#)

**Haruna:** To make the diverse initiatives effective in asset management, it is essential to enhance the human resources and organizational structure that serve as its foundation, and the importance of these aspects will only increase as the environment surrounding the Company and its customers will become more complex in the days ahead. Accordingly, it is extremely important for companies to strategically secure personnel through recruitment and training by assessing the quantity and quality of human resources needed in the future. We have established training systems such as overseas trainee programs, and hope that the younger generation take advantage of these systems, not only to enhance their skills and knowledge but also to experience the global atmosphere firsthand and apply it to their work.

**Tachibana:** Investment divisions will continue to aim to secure stable profits while maintaining a sense of unity, and we will strive to deepen our asset management and ESG investments.



# Approach Toward Value Creation Through ESG Investments



# Highlights of This Report

	Our initiatives to date	New initiatives and updates
1. Introduction	<ul style="list-style-type: none"> <li>Mission of Japan Post Insurance's Asset Management</li> <li>History of ESG Investments at Japan Post Insurance</li> </ul>	<ul style="list-style-type: none"> <li>Message from our officers on promotion of ESG investment</li> <li>Illustrated approach toward value creation through ESG investments</li> </ul>
2. ESG Investment Initiatives	<ul style="list-style-type: none"> <li>Signed "Principles for Responsible Investment" (PRI)</li> <li>Strengthened ESG investment initiatives from 2021 onward, setting the priority initiative themes of enhancement of well-being, development of local communities and society, and contribution to environmental protection</li> <li>Participated in and endorsed initiatives: TCFD, CDP, PCAF, Climate Action 100+, Japan Impact-driven Financing Initiative, SIMI, Advance, JSI, JCI</li> </ul>	<ul style="list-style-type: none"> <li>Collaborated between execution departments and management departments to promote ESG investments</li> <li>Revised Stewardship Activities Policy to place greater emphasis on sustainability issues</li> <li>Responded to PRI Assessment (2023)</li> <li>Participated in and endorsed initiatives: Triple I for Global Health, TNFD Forum</li> </ul>
3. ESG Integration	<ul style="list-style-type: none"> <li>Implemented ESG integration for the entire asset portfolio based on the ESG Investment Policy</li> <li>Implemented negative screening</li> </ul>	<ul style="list-style-type: none"> <li>Enhanced ESG integration for entire asset portfolio</li> <li>Revised ESG Questionnaire to be used for externally managed assets</li> </ul>
4. ESG-themed Investment	<ul style="list-style-type: none"> <li>ESG bonds, impact investments, ESG-conscious fund investments, investments in renewable energy projects, providing financial support to universities through investment in university bonds</li> </ul>	<ul style="list-style-type: none"> <li>Promoted ESG-themed investment</li> </ul>
5. Stewardship Activities	<ul style="list-style-type: none"> <li>Implemented stewardship activities based on the Stewardship Activities Policy and methods according to asset characteristics</li> <li>Appropriately executed shareholder voting rights based on the Policy on Exercise of Shareholder Voting Rights</li> <li>Promoted collaborative engagement</li> </ul>	<ul style="list-style-type: none"> <li>Appropriately implemented stewardship activities</li> <li>In-house dialogue companies: 101 domestic equity investment companies, 25 domestic corporate bond investment companies</li> <li>In-house exercise of shareholder voting rights: 376 company proposals and 8 shareholder proposals</li> </ul>
6. Impact "K" Project	<ul style="list-style-type: none"> <li>Launched the Impact "K" Project to expand impact-oriented investments and loans</li> </ul>	<ul style="list-style-type: none"> <li>Accumulated impact investment projects</li> <li>Expanded information disclosure (Impact "K" Project-certified funds, etc.)</li> </ul>
7. Sustainability Theme Initiatives	<ul style="list-style-type: none"> <li>Set GHG emission reduction targets for investment portfolio                             <ul style="list-style-type: none"> <li>▶ 50% reduction by March 31, 2030 (FY2029) compared to the end of FY2020</li> <li>▶ Carbon neutrality by 2050</li> </ul> </li> <li>Measured GHG emissions in investment portfolio</li> </ul>	<ul style="list-style-type: none"> <li>Set natural capital, human rights, and human capital along with climate change as key sustainability themes for dialogue</li> <li>Disclosed initial analysis results on natural capital risks in our investment portfolio</li> <li>Expanded investments into renewable energy businesses</li> </ul>
8. Academic-industrial Collaboration	<ul style="list-style-type: none"> <li>Signed a memorandum of understanding with Keio University to facilitate collaboration and cooperation in promoting the circulation of funds centered on academia</li> <li>Conducted lectures on asset management and ESG investments by our officers and employees at universities</li> <li>Providing financial support to universities through investment in university bonds</li> </ul>	<ul style="list-style-type: none"> <li>Signed a memorandum of understanding with Osaka University and the Ritsumeikan Trust to facilitate collaboration and cooperation in promoting the circulation of funds centered on academia</li> <li>Invested in KII3, LPS, the first impact fund by a university-launched venture capital</li> <li>Conducted financial education classes for children in the higher grades of elementary school</li> </ul>
9. Other Initiatives	<ul style="list-style-type: none"> <li>Spread information on ESG investment (public engagement, information disclosure through owned media)</li> </ul>	<ul style="list-style-type: none"> <li>Promoted the spread of information in multiple directions</li> </ul>

## 2 ESG Investment Initiatives

- ◆ Our ESG Investment Initiatives to Date p.13
- ◆ Policies Regarding Asset Management p.14
- ◆ ESG Investment Priority Initiative Themes, Investment Methods p.15
- ◆ Governance Structure for Promoting Responsible Investments p.16
- ◆ Asset Portfolio of Japan Post Insurance p.18
- ◆ ESG Investment in Our Medium-Term Management Plan (FY2021–FY2025) p.19

# Our ESG Investment Initiatives to Date

## Enhancement of ESG Investment Promotion Structure

Since we signed the PRI in 2017, we have been promoting and enhancing our ESG investment initiatives to fulfill our responsibilities to our stakeholders while making ESG investments. In particular, since the introduction of ESG integration for the entire asset portfolio and the setting of ESG investment priority initiative themes in 2021, we have been engaged in our proprietary initiatives while keeping up with the times, such as launching the Impact “K” Project aimed at expanding impact-oriented investments and loans in 2022, and signing memorandums of understanding with several university corporations to promote a cycle of funds centered on academia. As a universal owner\*, we will continue to promote investment and loan activities that contribute to the realization of a sustainable society while seeking to maximize investment performance.

		2017	2018	2019	2020	2021	2022	2023		
Policies, etc.	ESG Investment Policy	▶ PRI signature		▶ Enactment		▶ Revision   Addition of ESG integration for the entire asset portfolio, ESG investment priority initiative themes, etc.				
	Stewardship Activities Policy	▶ Enacted in 2014		▶ Revision		▶ Revision   Expanding the scope of engagement to include the entire asset portfolio, etc.		▶ Revision   Set natural capital, human rights, and human capital along with climate change as key sustainability themes		
	Policy on Exercise of Shareholder Voting Rights	▶ Enacted in 2016				▶ Revision		▶ Revision		
	ESG investment priority initiative themes						▶ Setting   Enhancement of well-being, development of local communities and society, and contribution to environmental protection			
Organization	Meeting body	▶ Establishment   Responsible Investment Advisory Committee (one outside expert)		▶ Reorganization   Responsible Investment Advisory Sectional Meeting (two outside experts)						
	Investment execution departments	▶ Global Equity and Fixed Income Investment Department, Credit and Alternative Investment Department, Loan Department		▶ Global Equity and Fixed Income Investment Department (Alternative Investment Office), Loan Department		▶ Global Equity and Fixed Income Investment Department, Global Credit Investment Department, Alternative Investment Department				
	Planning and management departments			▶ Establishment: 3 staff members		▶ 5 staff members		▶ 5 staff members	▶ 6 staff members	
Initiatives	Investments	▶ PRI		▶ TCFD		▶ Japan Impact-driven Financing Initiative ▶ SIMI ▶ JCI		▶ CDP ▶ PCAF ▶ Climate Action 100+ ▶ Advance ▶ JSI	▶ Triple I for Global Health ▶ TNFD Forum	
		Total power generation output from renewable energy facilities that we loan to and invest in					▶ Target: aim for 1.5 million kW by the end of FY2025			
Targets						▶ End of March 2021: 607,000 kW		▶ End of March 2022: 750,000 kW	▶ End of March 2023: 981,000 kW	
	GHG emission reduction targets					▶ GHG emission reduction targets in the investment portfolio: 50% reduction by March 31, 2030 (compared to the end of FY2020), carbon neutrality by 2050				
Projects	Impact “K” Project							▶ Full-scale start		▶ Accumulation of investment projects and expansion of disclosure
	Academic-industrial collaboration	Keio University						▶ Jan. 2022 Signing of memorandum of understanding		▶ Oct. 2023 Investment in impact fund
		Osaka University								▶ Jan. 2023 Signing of memorandum of understanding
		Ritsumeikan Trust								▶ Mar. 2022 Signing of memorandum of understanding

\* An institutional investor who invests a large amount of money and diversifies widely across capital markets.

# Policies Regarding Asset Management

## Policies Regarding Asset Management

We have established policies that clarify our basic approach to ESG investment, stewardship activities, and the exercise of shareholder voting rights. We are taking appropriate asset management based on these policies.

### ESG Investment Policy

As a universal owner managing a wide variety of assets over the long term, in order to manage assets in accordance with a policy about ESG investment, we have established and announced our ESG Investment Policy to clarify our basic approach to ESG investment.

Our ESG Investment Policy stipulates that ESG factors should be incorporated into the investment process and that we should engage in constructive dialogue and shareholder voting with consideration to ESG elements and so forth.

In October 2021, the policy was revised to reflect the enhancement of the internal ESG framework, including the introduction of ESG integration for the entire asset portfolio, in addition to the clarification of keywords such as “warmth” unique to Japan Post Insurance, and priority initiative themes for ESG investment.

<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/policy.html>

### Stewardship Activities Policy

We have established and announced our Stewardship Activities Policy that clearly states our basic approach, including our emphasis on stewardship activities that take ESG factors into account as a universal owner, and our response to Japan’s Stewardship Code.

In March 2023, we made a revision to newly set natural capital, human rights, and human capital as key sustainability themes for purposeful dialogue (engagement), in addition to the traditional theme of climate change.

[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship\\_policy.pdf](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship_policy.pdf)

### Policy on Exercise of Shareholder Voting Rights

The Company has established and publicly announced the Policy on Exercise of Shareholder Voting Rights for the appropriate execution of shareholder voting rights.

In June 2021, taking into account the growing public interest in sustainability and policy trends, we revised our policy to add provisions related to environmental, social and governance (ESG) issues that contribute to the expansion of corporate value, with the aim of encouraging investee companies to make further efforts to improve their sustainability.

In addition, we revised our criteria for the exercise of shareholder voting rights in accordance with the Revised Japan’s Corporate Governance Code announced by the Tokyo Stock Exchange on June 11, 2021 and the direction of other companies in the industry in changing their exercise criteria. Additionally, the information is also disclosed on our website. (For details of the revision, please see “Revision of the Standards, etc. for the Exercise of Shareholder Voting Rights” (p.69).)

[https://www.jp-life.japanpost.jp/aboutus/sustainability/esg/stewardship/shareholder\\_voting\\_policy.html](https://www.jp-life.japanpost.jp/aboutus/sustainability/esg/stewardship/shareholder_voting_policy.html) (in Japanese)

In addition, the Company’s human rights policy stipulates not to tolerate any form of discrimination, and from the perspective of fulfilling our social responsibility through the companies we invest in and finance, we will respect human rights in our stewardship activities, including how we make decisions on investment and financing, and engage in dialogue with the companies we invest in and finance.

▶ For details on human rights initiatives, please refer to “Sustainability Theme: Human Rights Initiatives” (p.110).

# ESG Investment Priority Initiative Themes, Investment Methods

## ESG Investment Priority Initiative Themes

As ESG investment priority initiative themes, we focus on the “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection,” and promote investments with “warmth” unique to Japan Post Insurance.



## ESG Investment Methods

We are engaged in ESG investment while focusing on the following items:

<b>ESG Integration</b>	For the entire asset portfolio* <sup>1</sup> , when making investments and loans, we comprehensively evaluate the ESG initiatives of the investees based on the characteristics of the assets and incorporate them into decision-making.
<b>Negative Screening</b>	We do not invest in any manufacturers of controversial weapons or new domestic or overseas project financing for coal-fired power generation, which emits a lot of CO <sub>2</sub> and is known to have an adverse impact on climate change.
<b>ESG-themed Investment</b> <b>Impact Investments*<sup>2</sup></b>	We actively promote ESG-themed investments and impact-oriented investments and loans, considering ESG investment priority initiative themes. ● ESG bonds, ● impact investments, ● ESG-conscious fund investments, ● investments in renewable energy projects
<b>Engagement</b> <b>Exercise of Shareholder Voting Rights</b>	We gain an accurate understanding of ESG-related issues and management strategies of investees, and conduct engagement (purposeful dialogue). When voting, we take into consideration non-financial information and information gained from dialogue with companies, and appropriately exercise voting rights based on the Policy on Exercise of Shareholder Voting Rights.

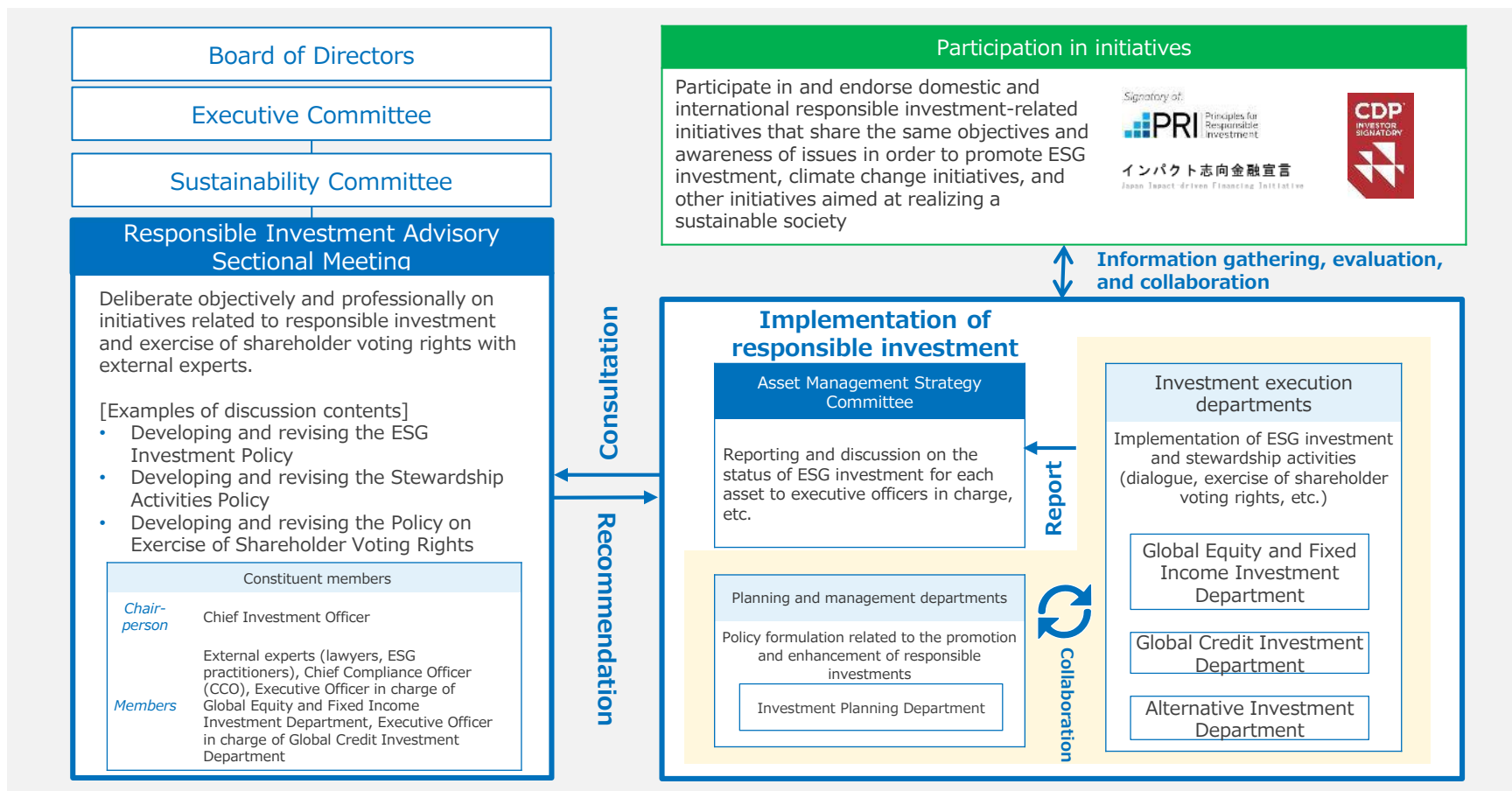
\*1 Including externally managed assets. In externally managed assets, we confirm and evaluate the approach to ESG investments when selecting external investment managers and fund managers and during meetings with fund managers.

\*2 Refers to investment activities intended to generate a positive and measurable social and environmental impact along with financial returns.

# Governance Structure for Promoting Responsible Investments

## Governance Structure for Promoting Responsible Investments

At Japan Post Insurance, we work to promote responsible investment, including ESG investment and stewardship activities, under the following governance structure. Through the Responsible Investment Advisory Sectional Meeting, which includes outside experts, as well as participation in various initiatives, we fully utilize outside perspectives and continue to promote and advance responsible investment.





# Governance Structure for Promoting Responsible Investments

## Status of Responsible Investment Advisory Sectional Meeting

The Responsible Investment Advisory Sectional Meeting meets twice a year and deliberates on matters related to conflicts of interest that may affect the exercise of shareholder voting rights, as well as matters that contribute to socially responsible investment as an institutional investor.

<Recent meetings held>

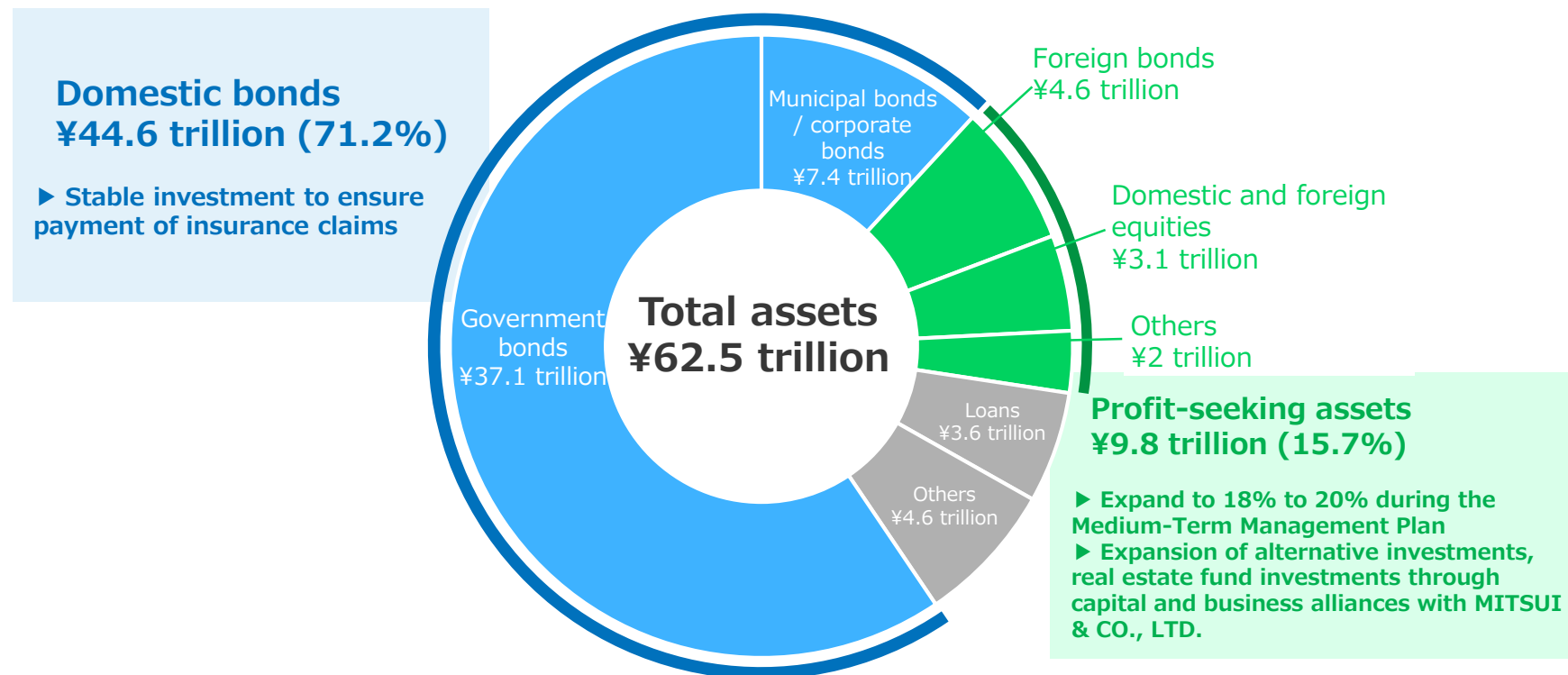
Meeting Date	Agenda	Attendance Rate of Members
October 2022	<ul style="list-style-type: none"> <li>Evaluation of the PRI Assessment Report (2021) and future action plan</li> <li>Signing the human rights initiative (Advance)</li> <li>Progress of Impact “K” Project</li> <li>Status of GHG emissions in the investment portfolio (as of March 31, 2022)</li> <li>Publication of Responsible Investment Report (July 2021–June 2022)</li> <li>Matters concerning the results of exercising shareholder voting rights for in-house investment</li> <li>Status of dialogue regarding overlapping investments in equities and corporate bonds (first half of FY2022)</li> </ul>	100%
March 2023	<ul style="list-style-type: none"> <li>Status of responsible investment initiatives (review of FY2022 and policy for FY2023)</li> <li>Policy for PRI Annual Assessment in 2023</li> <li>Conducting and disclosing quantitative scenario analysis in TCFD disclosure</li> <li>Analysis and publication of natural capital risk in line with TNFD</li> <li>Revision of Stewardship Activities Policy</li> <li>Stewardship Activities Plan for FY2023</li> <li>Status of dialogue regarding overlapping investments in equities and corporate bonds (second half of FY2022)</li> </ul>	100%
October 2023	<ul style="list-style-type: none"> <li>Response to the PRI Assessment Report (2023) and future action plan</li> <li>Progress towards GHG emission reduction targets in the investment portfolio (as of March 31, 2023)</li> <li>Impact “K” Project initiatives (first half of FY2023)</li> <li>Status of review of new sustainability issues (human rights, etc.)</li> <li>Publication of Responsible Investment Report (July 2022–June 2023)</li> <li>Matters concerning the results of exercising shareholder voting rights for in-house investment</li> <li>Status of dialogue regarding overlapping investments in equities and corporate bonds (first half of FY2023)</li> </ul>	100%

# Asset Portfolio of Japan Post Insurance

## Asset Portfolio of Japan Post Insurance

Under the ERM (enterprise risk management) framework, we primarily employ ALM operations to match assets and liabilities, while monitoring market conditions and continuing to invest in profit-seeking assets based on appropriate risk management, in order to ensure payment of insurance claims to customers.

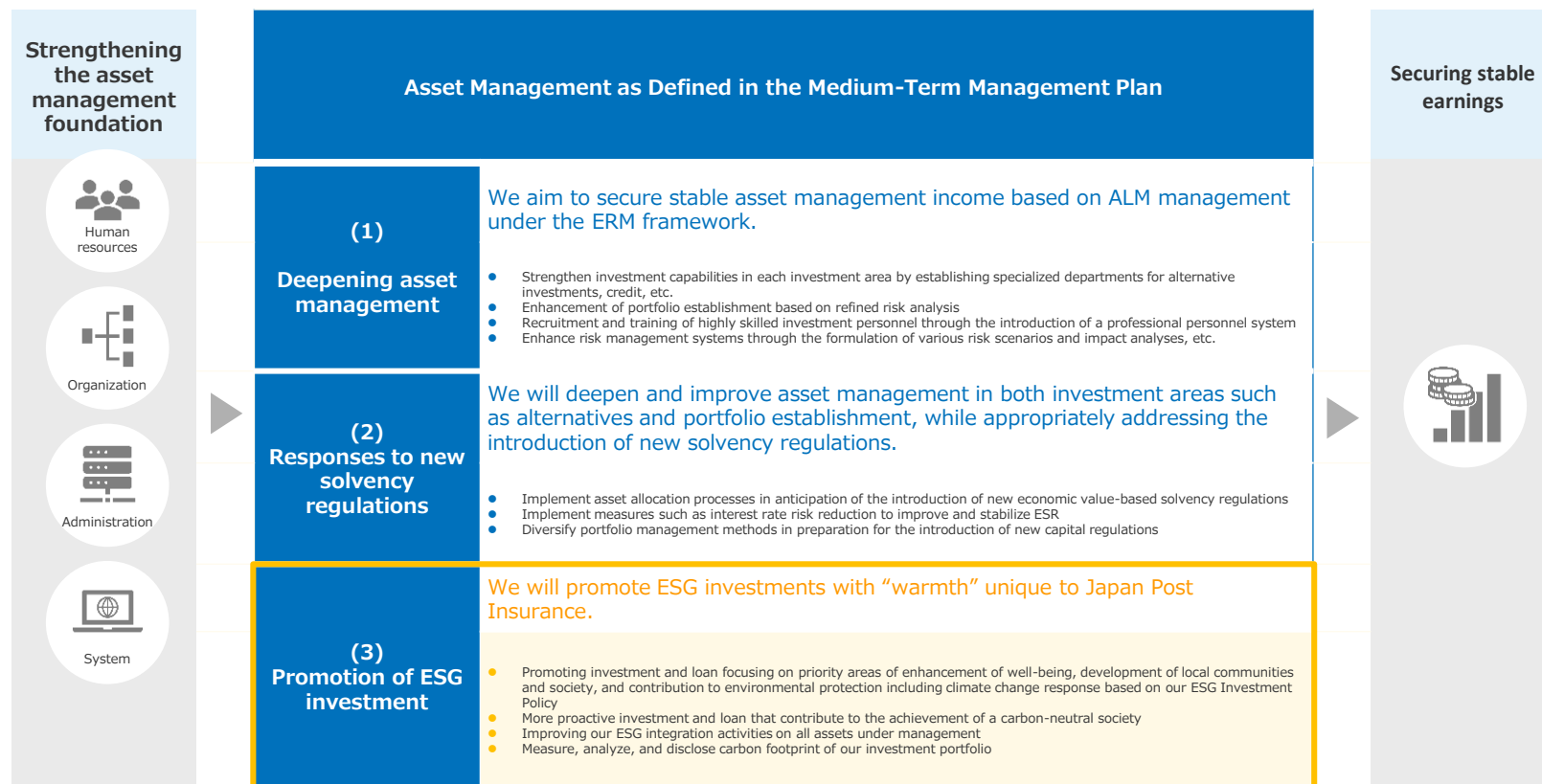
Asset portfolio composition of Japan Post Insurance (as of March 31, 2023)



# ESG Investment in Our Medium-Term Management Plan (FY2021–FY2025)

## Asset Management as Defined in the Medium-Term Management Plan

We have formulated a Medium-Term Management Plan that will serve as a milestone to contribute to the resolution of social issues surrounding sustainability and the achievement of our social mission, based on which we are working towards sustainable growth and regeneration into a company truly trusted by our customers. In asset management, we have declared the promotion of ESG investments as one of the three aspects with the aim of securing stable earnings.



## 3 ESG Integration

- ◆ ESG Integration Initiatives p.21
- ◆ ESG Integration by Investment Asset p.23
- ◆ Negative Screening Initiatives p.38


## ESG Integration for Entire Asset Portfolio

Japan Post Insurance conducts ESG integration for its entire asset portfolio by comprehensively evaluating the ESG initiatives of investees in addition to financial information and incorporating these considerations into investment decisions. As a universal owner that manages a wide range of assets over the long term, we believe that investments considering ESG and other non-financial information enhance the sustainability of society and improve long-term investment outcomes (reduce risks). In addition, there is a correlation between financial conditions and non-financial information over the long term, and we believe considering ESG contributes to the strengthening of portfolio risk management and the selection of investees that are expected to grow over the medium to long term, thus leading to improved investment outcomes.

Furthermore, Japan Post Insurance, from the perspective of fulfilling its fiduciary responsibility, also applies ESG integration to externally managed assets. At the time of making investment decisions and annually in principle after investment, we regularly monitor and evaluate the status of membership in initiatives, management processes, systems, responsible investment policies, engagement policies, as well as engage in dialogue with external investment managers using our proprietary ESG Questionnaire. Our ESG Questionnaire is updated with added and revised questions as deemed necessary by the Company to promote and advance ESG for the funds in which we invest and to maintain and improve their quality. In FY2023, we reviewed the questionnaire items considering factors such as the revision of PRI assessment items.

Asset Portfolio of Japan Post Insurance

	Global Equity and Fixed Income Investment Department	Global Credit Investment Department	Alternative Investment Department	Investment Planning Department
<b>In-house</b>	<ul style="list-style-type: none"> <li>Government bonds and quasi-government bonds</li> <li>Domestic equities</li> </ul>	<ul style="list-style-type: none"> <li>Domestic and foreign corporate bonds</li> <li>Domestic local government bonds and loans</li> </ul>	<ul style="list-style-type: none"> <li>Project finance</li> </ul>	
<b>Externally managed</b>	<ul style="list-style-type: none"> <li>Domestic equity funds</li> <li>Foreign equity funds</li> </ul>	<ul style="list-style-type: none"> <li>Credit funds</li> </ul>	<ul style="list-style-type: none"> <li>Real estate funds</li> <li>PE funds</li> <li>Hedge funds</li> </ul>	<ul style="list-style-type: none"> <li>Multi-asset</li> </ul>

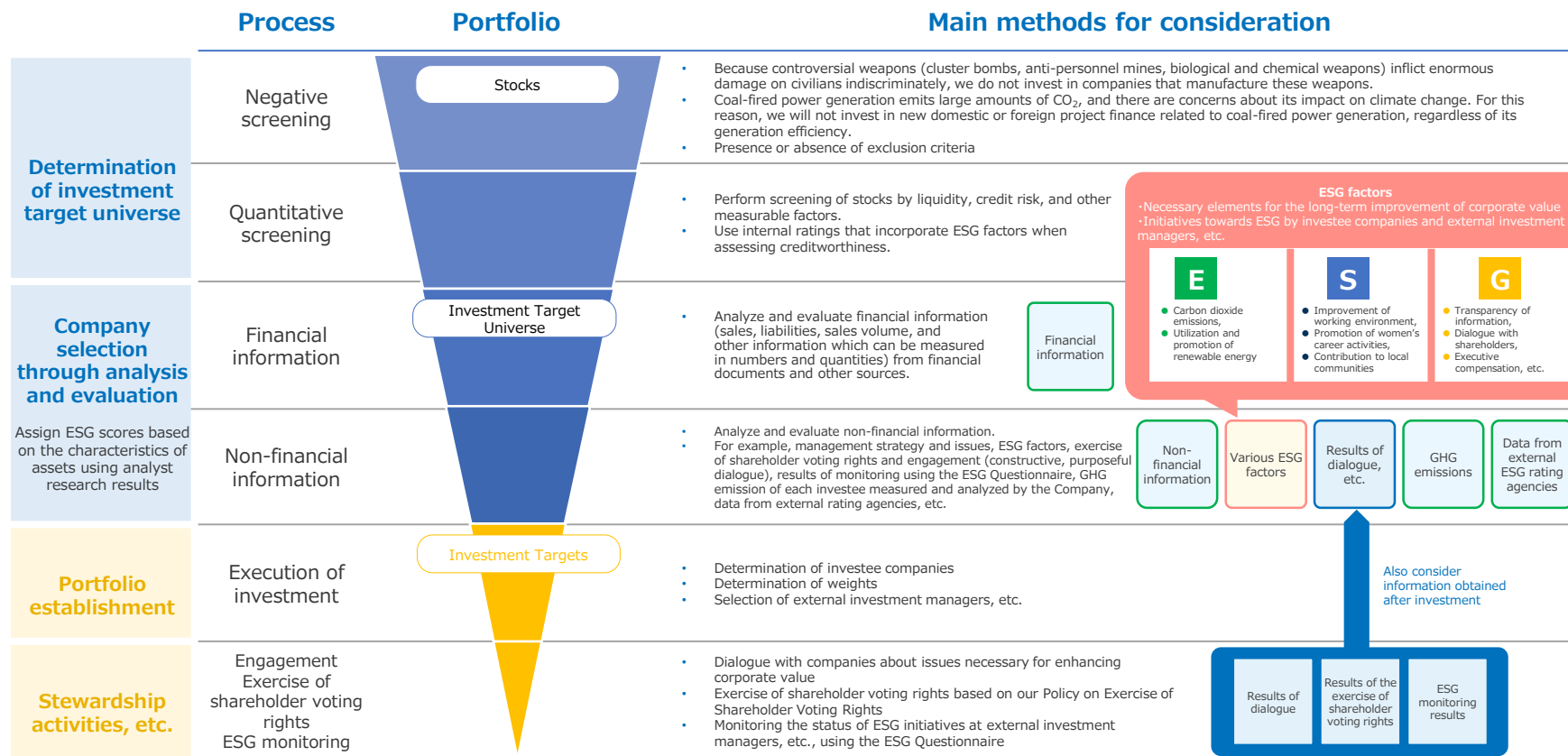


Consider ESG for every investment assets

# ESG Integration Initiatives

## ESG Integration Flow

In portfolio establishment and selecting external investment managers, we incorporate into investment and loan decisions not only various ESG factors (initiatives towards ESG by investee companies and external investment managers, etc.) but also the results of engagement and monitoring, greenhouse gas emissions of each investee measured and analyzed by the Company, and data from external ESG rating agencies. Moreover, we have established criteria for negative screening to address ESG issues and achieve a sustainable society.



# ESG Integration by Investment Asset

## Approach to ESG Integration by Investment Asset

Having introduced ESG integration for all assets under management, we comprehensively evaluate and use financial information as well as ESG factors. In making investments and loans, as stated below, we integrate a method that takes each asset’s characteristics into account so as to comprehensively evaluate the ESG initiatives of the investee and incorporate these into our decision-making process. In addition, we use internal ratings that incorporate ESG elements in the credit rating process.

### ESG Integration by Investment Asset at Japan Post Insurance

Investment assets		Main methods for ESG considerations by asset under management
In-house	Government bonds and quasi-government bonds	<ul style="list-style-type: none"> <li>When making investment decisions and during monitoring, we evaluate the investee’s ESG factors with reference to scores from external ESG ratings agencies.</li> <li>When making ESG-themed investments, we invest in projects that can broadly contribute to the achievement of the SDGs and the resolution of issues, after checking how funds will be used and project feasibility.</li> <li>We conduct assessments on created sustainability impact for ESG bonds in which we have invested with the intention of contributing to the resolution of environmental and social issues.</li> </ul>
	Domestic and foreign corporate bonds	<ul style="list-style-type: none"> <li>When making investment decisions and during monitoring, we evaluate the investee’s ESG factors with reference to scores from external ESG ratings agencies.</li> <li>When making investment decisions, we assess and consider investee companies’ responses to climate change, including their efforts to reduce greenhouse gas emissions.</li> <li>We evaluate the status of investee company ESG initiatives through dialogues with them and by utilizing the information obtained therein.</li> <li>When making ESG-themed investments, we invest in projects that can broadly contribute to the achievement of the SDGs and the resolution of issues, after checking how funds will be used and project feasibility.</li> </ul>
	Domestic equities	<ul style="list-style-type: none"> <li>We use our uniquely developed ESG scoring system to evaluate our equity portfolio and manage two domestic equity ESG funds (dividend fund/growth fund).</li> <li>ESG scoring method: extract and evaluate items that affect future cash flows or cost of capital for each of the three elements of environment (E), social (S), and governance (G) ▶ For more details on the score, see “ESG Integration (Domestic Equities)” (p.24).</li> </ul>
	Project finance	<ul style="list-style-type: none"> <li>We check environmental impact and other factors when assessing potential investments or loans before making decisions on each.</li> <li>We do not invest additionally in coal-fired power generation projects regardless of location because those emit a large amount of CO<sub>2</sub>, and we are concerned about an impact on climate change.</li> </ul>
	Domestic local government bonds and loans	<ul style="list-style-type: none"> <li>We consider ESG factors when selecting municipalities for investment, loans or dialogue. (Specifically, when selecting municipalities for investment, loans, or dialogue, we regularly check their ESG initiatives, such as certification under the Zero Carbon City<sup>*1</sup> and SDGs Future City<sup>*2</sup> programs.)</li> <li>We evaluate the ESG initiatives of municipalities for investment or loans through regular dialogues with them and by utilizing the information obtained therein.</li> <li>We invest in SDG bonds with the aim of contributing to the sustainable growth of local communities.</li> </ul> <p><small>*1 As announced by the Ministry of the Environment, a “zero carbon city” is one where the municipality or its chief executive has announced that the municipality aims to reduce greenhouse gas emissions or CO<sub>2</sub> emissions to net zero by 2050. *2 The Cabinet Office selects municipalities proposing outstanding initiatives for the achievement of the SDGs as “SDGs Future Cities.”</small></p>
Externally managed	Stocks, corporate and government bonds, alternative investment, etc.	<ul style="list-style-type: none"> <li>When selecting and monitoring external investment managers, we check their ESG investment initiatives (policies and attitudes toward ESG, specific ESG investment approaches, etc.) using our proprietary “ESG Checklist” and take these into consideration when making investment decisions.</li> <li>When deciding whether to invest, we consider the specification of the eligible funds and check whether their negative screening and other efforts to exclude specific businesses, etc. are appropriate in light of Japan Post Insurance’s negative screening criteria.</li> </ul>

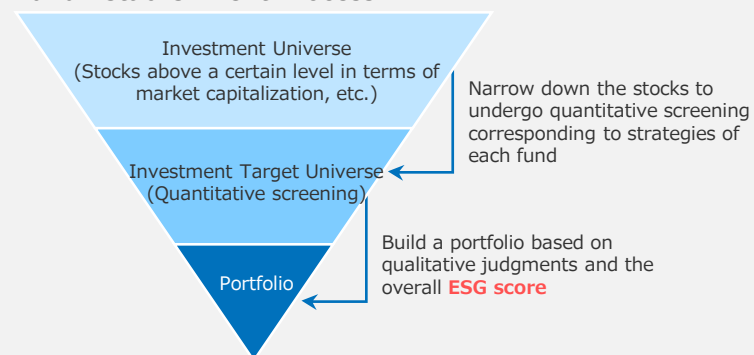
Consider ESG for every investment asset

## Approach

We believe that ESG factors are closely related to corporate value and consider ESG factors in the management of most funds.

Dividend funds	Investment in high-dividend companies expected to increase their corporate value over the medium to long term, based on a comprehensive evaluation of the company's ESG initiatives in addition to its financial information
Growth funds	Investment in companies using ESG as a growth opportunity, evaluating their contribution to business performance and growth potential with regard to technological capabilities and business infrastructure contributing to achieving the SDGs and solving issues, while considering financial information
Undervalued dividend funds	Investment in undervalued companies expected to ensure income revenue and offer high returns during market recovery based on a comprehensive evaluation of the company's ESG initiatives in addition to its financial information

### <Fund Establishment Process>



## Our Proprietary ESG Score Approach

The general corporate value evaluation model calculates value by discounting the future cash flow by the cost of capital. We believe that ESG factors affect both the future cash flow and the cost of capital, and calculate ESG scores and incorporate them into investment decisions.

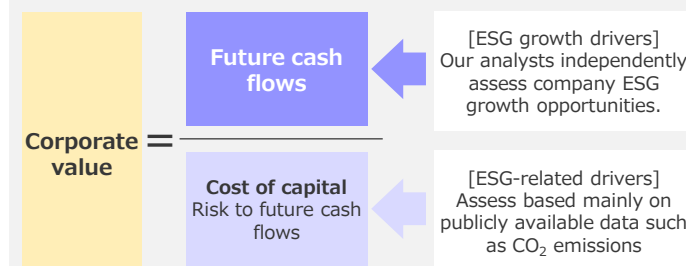
### [ESG growth drivers] ▶ Impact on future cash flow

ESG factors are expected to have a significant impact on corporate performance, such as the many business opportunities created by SDGs and the future large economic benefits estimated worldwide. And we believe that it is difficult to assess growth opportunities based on publicly available information alone. Therefore, our analysts carefully research the investee companies to uniquely assess their growth opportunities based on ESG.

### [ESG-related risks] ▶ Impact on cost of capital

We assess factors which pose risks in assessing corporate value, such as CO<sub>2</sub> emissions and plant safety management, using mainly quantitative data published by companies. As it is difficult to evaluate our ESG investment priority initiative themes of the enhancement of well-being, development of local communities and society, and governance using only quantitative data, our analysts also use qualitative judgment.

### ◇ Connection between corporate value and ESG factors

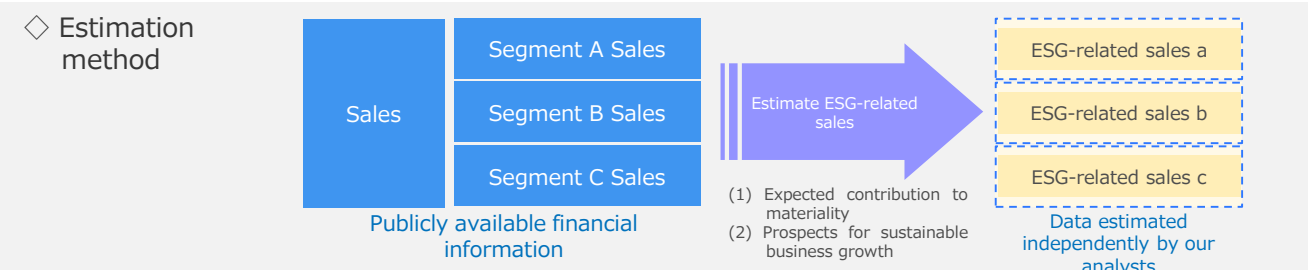




## ESG Score Calculation Flow

### (1) Estimate sales of ESG-related businesses and products

We estimate the sales of ESG-related businesses and products by establishing the following two criteria of company sales: (1) expected contribution to ESG-related materiality (key issue) and (2) expected sustainable growth potential for ESG-related business. The financial information disclosed by companies rarely discloses the sales of such ESG-related businesses and products. Therefore, our analysts make proprietary estimates based on dialogue with companies and comprehensive analysis of various information. For example, for Chemical Company A, one of the world's top chemical companies in materials for lithium-ion batteries used in cars, our analysts estimate sales of such materials based on company comments and information on capital investments if the sales of such materials are not disclosed.



### (2) Evaluate the company's ESG score based on our proprietary assessment system

We extract items believed to affect a company's future cash flows and cost of capital for each of the three ESG elements of environment (E), social (S), and governance (G), and evaluate the company's ESG score on a three-level scale (1 to 3) in accordance with our proprietary assessment system developed based on them.

◇ Proprietary assessment system

ESG Score (out of 100)	Environment (E)	ESG growth drivers	ESG-related sales
		ESG-related risks	Evaluation using quantitative data (CO <sub>2</sub> emissions, etc.)
	Social (S)	ESG growth drivers	ESG-related sales
		ESG-related risks	Qualitative evaluation (enhancement of well-being, development of local communities and society)
	Governance (G)	ESG-related risks	Evaluation using quantitative data (ratio of female managers, etc.)
			Evaluation using quantitative data (ratio of outside directors, etc.)
		Qualitative judgments (status of improvements in governance, attitude toward dialogue, etc.)	

## Point 1: Delve into Growth Drivers in the Growth Fund

For growth funds that focus on ESG-related growth drivers, we create an ESG growth assessment sheet in addition to calculating ESG scores to delve into ESG-related growth drivers, and select companies with high strategic growth potential related to ESG.

◇ Flow of growth fund portfolio establishment

(1) Estimate sales of ESG-related businesses and products

(2) Evaluate the company's ESG score

(3) Create an ESG growth assessment sheet

We create an ESG growth assessment sheet for the target company, and delve into the company's ESG-related growth drivers.

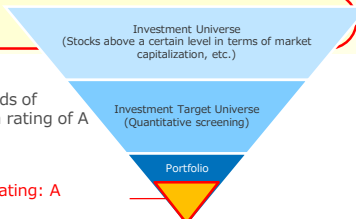
(4) Select companies with ESG growth rating of A

- Items that meet any of the following assessment items are rated A
- ESG-related sales: 20% or more
  - ESG-related profit: 20% or more
  - Growth contribution of ESG-related sales: 20% or more
  - Growth contribution of ESG-related profit: 20% or more

(5) Portfolio establishment




Establish a portfolio with two-thirds of companies having an ESG growth rating of A

ESG Growth Rating: A



## Point 2: Connection Between ESG Investment Priority Initiative Themes and Assessment Items Used in the Calculation of ESG Scores

We identify social issues related to our ESG investment priority initiative themes, using items believed to contribute to their improvement as assessment items for calculating ESG scores.

Priority Initiative Themes	Social Issues (Examples)	Assessment Items Used in the Calculation of ESG Scores
 Enhancement of well-being	<ul style="list-style-type: none"> <li>Disparities in the lives of children</li> <li>Social inclusion of the aging population, people with disabilities, etc.</li> <li>Gender gap</li> <li>Improvement of health and hygiene</li> </ul>	<p>ESG-related sales: Businesses related to education, social inclusion, health promotion, etc.</p> <hr/> <p>Quantitative items: Gender indicators such as the ratio of female managers, indicators related to human rights and supply chain</p> <hr/> <p>Qualitative items: Contribution to health promotion, etc.</p>
 Development of local communities and society	<ul style="list-style-type: none"> <li>Support for local business revitalization and attraction of companies</li> <li>Support for building local community</li> </ul>	<p>ESG-related sales: Businesses related to local community development, etc., and businesses related to social infrastructure</p> <hr/> <p>Qualitative items: Contribution to job creation in rural areas, etc.</p>
 Contribution to environmental protection	<ul style="list-style-type: none"> <li>Support for renewable energy</li> <li>GHG emission reduction</li> <li>Conservation of natural resources</li> <li>Biodiversity protection</li> </ul>	<p>ESG-related sales: Businesses related to climate change, circular economy, and nature resource conservation</p> <hr/> <p>Quantitative items: GHG emissions per unit of sales, amount of waste, water consumption, and wastewater discharge. Environmental impact mitigation policies, supply chain environmental impact mitigation measures</p>

## <Analysis> Verification of ESG Evaluation of Portfolio Constituent Companies (As of March 31, 2023)

### Comparison of portfolio constituent companies and TOPIX500

For the 121 constituent companies of the dividend fund, growth fund, and undervalued dividend fund in domestic listed equity management, the results exceeded the benchmark TOPIX500 for each of the E, S, G categories.

#### ◇ ESG Scores (weighted average)

	ESG Score	Environment (E)	Social (S)	Governance (G)
TOPIX500*	69.8	22.8	26.1	20.9
Constituent companies of the dividend fund, growth fund, and undervalued dividend fund	72.8	23.6	26.9	22.4

\* Calculate TOPIX500 ESG Score using original ESG Score

The score outperformed the benchmark due to many stocks having ESG-related sales (business expected to have a contribution to environmental protection) above the market average.

The score outperformed the benchmark due to many stocks having ESG-related sales (businesses that are expected to contribute to the enhancement of well-being and the development of local communities and society) as well as a ratio of female managers and other factors that are above the market average.

The score outperformed the benchmark both quantitatively and qualitatively, due to the inclusion of items related to capital efficiency during screening.

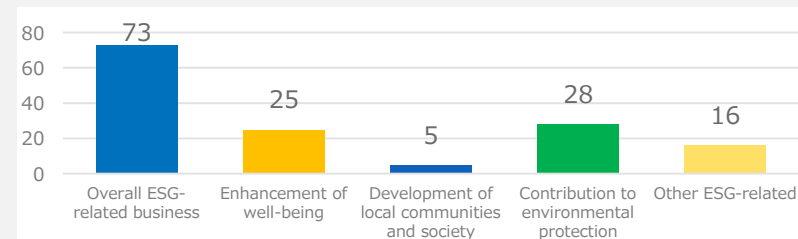
### ESG-related sales as a percentage of constituent companies

Of the 121 stocks held for domestic listed equity management, 73 had ESG-related sales that exceeded 20% of the total.

<Characteristics of each stock>

Enhancement of well-being	Development of local communities and society	Contribution to environmental protection	Other ESG-related
Stocks which have businesses that contribute to an improvement in healthcare	Stocks which have businesses that contribute to social infrastructure, local job creation, and local community interaction	Stocks which have businesses that contribute to climate change measures such as reducing GHG emissions	Stocks which have businesses related to labor productivity improvement, technological innovation, etc.

#### ◇ Number of stocks with ESG-related sales ratio of 20% or more



\* Estimated by our analysts based on information disclosed. Because ESG-related sales may consist of multiple themes, the number of companies under "Overall ESG-related business" in the table above does not match the sum of companies by each theme.

## <Analysis> Effect of GHG Emission Reduction as a Result of ESG Integration (March 31, 2023)

### Comparison of portfolio constituent companies and TOPIX

The GHG emissions (Scope 1 + 2) from stocks held in domestic listed equity management were measured to be lower than the GHG emissions by TOPIX companies. Therefore, we believe that ESG integration contributes to the reduction of GHG emissions. We will continue to make investment decisions in consideration of ESG factors including GHG emissions and encourage our investee companies to address them through dialogue.

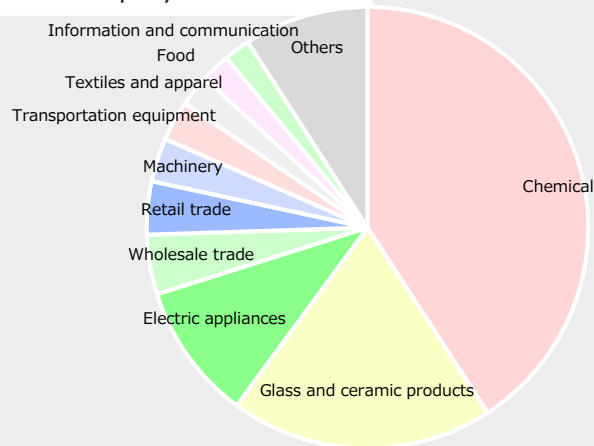
<Measurement results>

GHG emissions (Scope 1 + 2)	
In-house equity investment	199,411
TOPIX*	254,152

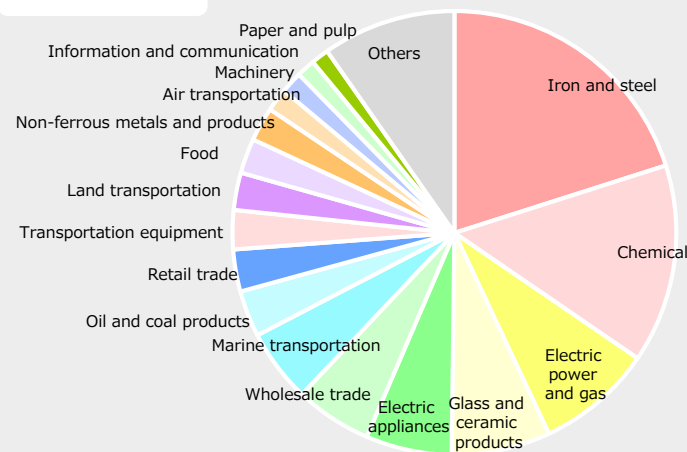
\* Benchmark figures are calculated based on the emissions of a benchmark holding the same amount as our investment balance.

### ◇ Breakdown of GHG emissions by industry

In-house Equity Investment



TOPIX



Source: ©2023, S&P Trucost Limited, Japan Post Insurance

## Approach

Based on the items we prioritize as ESG investment priority initiative themes (enhancement of well-being, development of local communities and society, and contribution to environmental protection), we conduct our own proprietary ESG scoring and incorporate it into investment decisions.

## Process and Initiatives

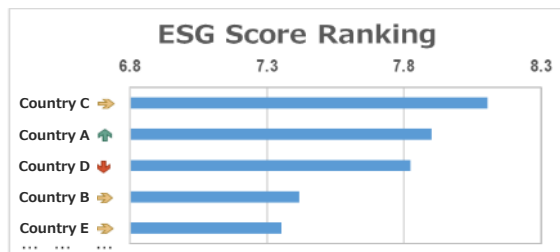
(1) Select items that are consistent with our policies using World Bank data

We select items judged to reflect the factors emphasized in our ESG Investment Policy from the database published by the World Bank.

Focus area	Item examples
<b>E</b> Natural resources and transition risks	<ul style="list-style-type: none"> <li>Natural resources and transition risks</li> <li>Food security</li> </ul>
<b>S</b> Health and equality	<ul style="list-style-type: none"> <li>Health and nutrition</li> <li>Poverty and inequality</li> </ul>
<b>G</b> Political conditions and public freedom	<ul style="list-style-type: none"> <li>Public voice and accountability</li> <li>Regulatory quality</li> </ul>

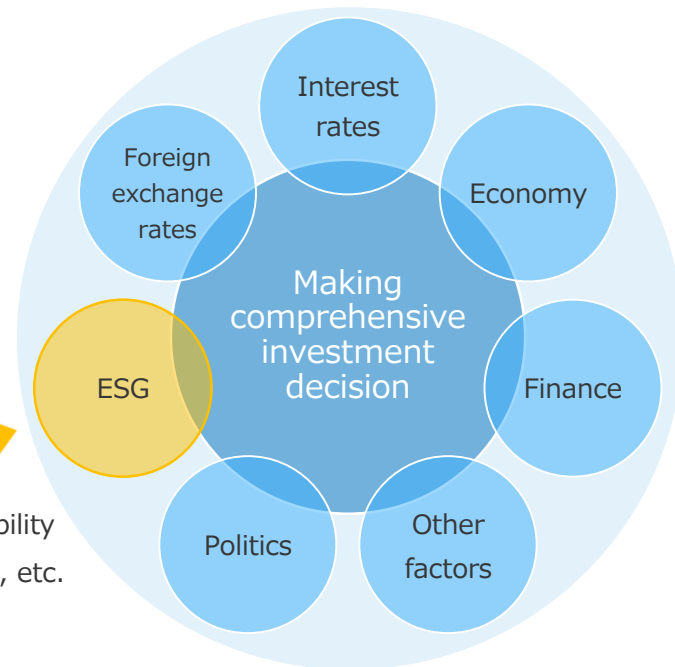
(2) Conduct ESG scoring of each country

<Image>



- ESG score stability
- ESG initiatives, etc.

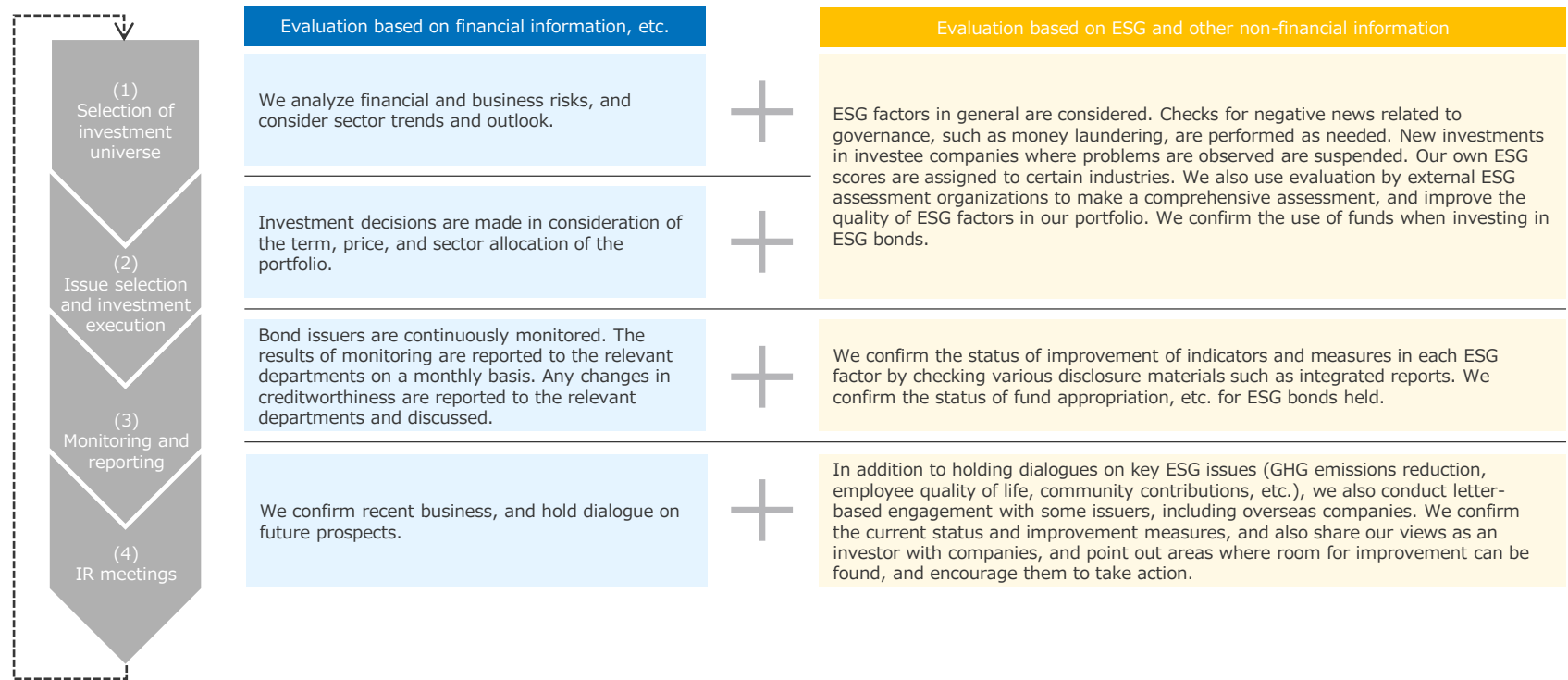
(3) Make a comprehensive investment decision while referring to ESG factors



## Approach

In both domestic and foreign corporate bond management, we promote ESG integration by incorporating evaluations based on non-financial information such as ESG in addition to financial information when making investment decisions. In addition, to avoid greenwashing in investments in ESG bonds, we verify the allocation of funds not only when making investment decisions but also after investment.

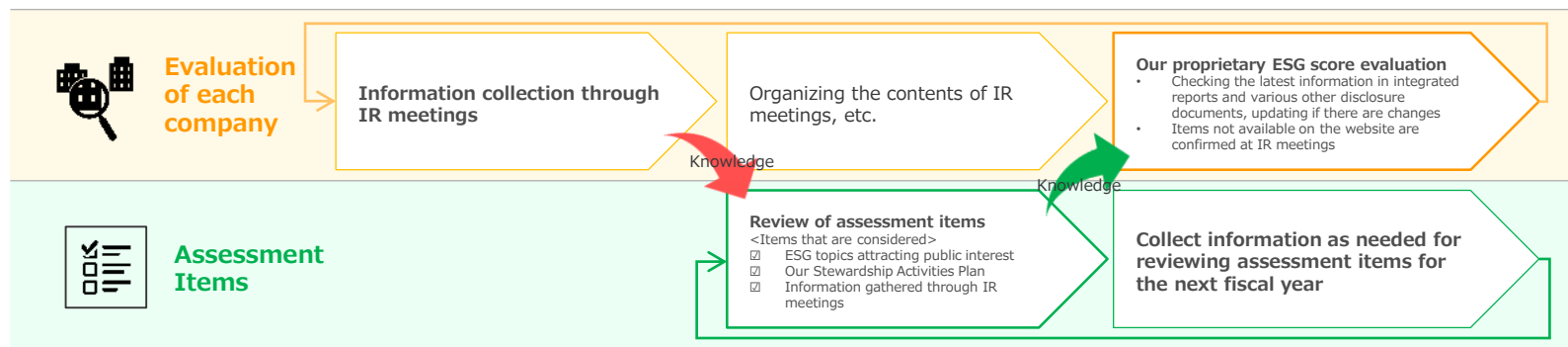
## Process and Initiatives



## Evaluation Based on Our Proprietary ESG Scores

We assign our proprietary ESG scores to certain industries in domestic corporate bond management. We review the assessment items and individual company evaluation that we use when assigning scores on an annual basis in principle, and we are working to enhance them by utilizing the knowledge we have gained.

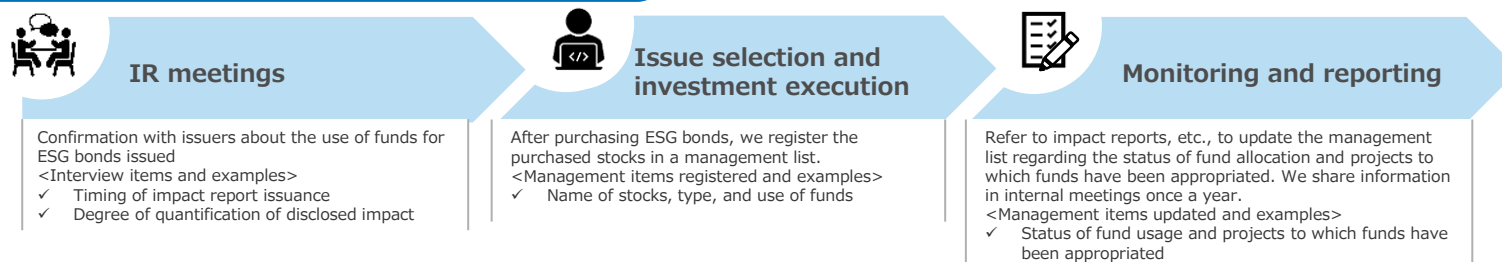
### Evaluation process using ESG scores



## Investment and Management Process for ESG Bonds

When purchasing ESG bonds in domestic corporate bond investment, we check the use of funds for ESG bonds as necessary at IR meetings, etc. prior to investment. In addition, we list the ESG bonds we hold, and the results of confirmation of the appropriation of funds are compiled and shared at internal meetings once a year, in principle.

### Investment and management process for ESG bonds

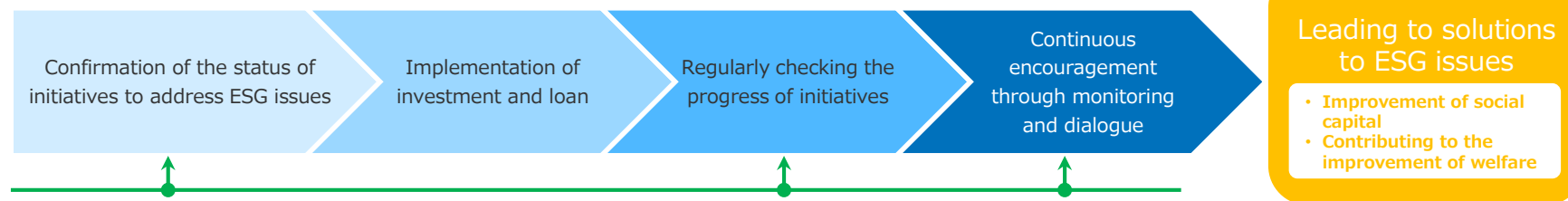


## Approach

In addition to economic rationality, such as yield levels and financial conditions, in investments and loans to local governments, efforts toward our ESG investment priority initiative themes (enhancement of well-being, development of local communities and society, contribution to environmental protection) are also incorporated into investment and loan decisions.

<p>Incorporation into investment and loan decisions</p>	<p>In addition to economic rationality such as yield levels of bonds and loans and financial conditions of our investees, we also evaluate initiatives towards ESG issues such as the status of Zero Carbon City*<sup>1</sup> declarations and SDGs Future Cities*<sup>2</sup> certifications before making investment and loan decisions. In addition, we conduct ongoing verification through monitoring and dialogue even after making investments and loans.</p> <p>*<sup>1</sup> As announced by the Ministry of the Environment, the local government where the municipality or its chief executive has announced that the municipality aims to reduce greenhouse gas emissions or CO<sub>2</sub> emissions to net zero by 2050.</p> <p>*<sup>2</sup> The Cabinet Office selects “municipalities proposing outstanding initiatives for the achievement of the SDGs.”</p>
<p>Dialogue with investees (Engagement)</p>	<p>We regularly conduct dialogue with the local governments which are our investees to check their efforts on ESG issues and encourage them to take steps to resolve the ESG issues they face. In addition, information obtained through dialogue is reflected in the evaluation of initiatives in response to ESG issues.</p>

## Process and Initiatives



### ESG issues to be considered (examples)

- Environmental measures (global warming measures, waste disposal, etc.)
- Regional promotion/urban development (renovation, etc.)
- Social welfare (welfare for the elderly, disabled, etc.)
- Disaster prevention/crisis management (flood control, etc.)
- Measures in response to population decline (support for marriage and child raising, promotion of settlement of people moving, etc.)
- Education (school environment improvement, etc.)





## Project finance

### Approach

Our investments and loans in project finance mainly target debts for renewable energy power generation facilities (solar power, wind power, biomass fuel, etc.) in Japan and overseas. In making investment or loan decisions, we confirm the environmental impact with the operator and other relevant parties, and make comprehensive judgments based on the results of on-site inspections, economic rationale, and other considerations. Note that in accordance with our negative screening, we do not make any new investments or loans related to coal-fired power generation.

### Process and Initiatives

Points to confirm (examples)

 Interaction with the local community	Appropriate explanation to local residents
 Impact on the surrounding environment	Third-party surveys of the surrounding environment have been conducted, and appropriate measures against impacts on the ecosystem, etc. have been taken.



## Infrastructure funds

### Approach

When selecting an external investment manager, we confirm whether it is prepared to invest in accordance with our ESG Investment Policy by checking its ESG action policy and the implementation status of ESG integration. Furthermore, after the selection of an external investment manager, we continue to monitor the status of the manager. In addition, in fund-of-funds-style operations, we request external investment managers to conduct due diligence on the funds regarding their ESG investment initiatives, and we verify the contents of these initiatives. Note that in accordance with our negative screening, we do not make any new investments in project financing related to coal-fired power generation.

### Process and Initiatives

#### Confirmation of status of ESG investments

Points to confirm	<ul style="list-style-type: none"> <li>● PRI signatures</li> <li>● published indicators (such as SFDR, GRESB rating)</li> <li>● the development of an ESG investment framework (policies and regulations, existence or non-existence of specialized resources)</li> <li>● implementation of ESG integration in the investment decision-making process, and</li> <li>● regular disclosure of ESG information to investors</li> </ul>
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#### Negative screening criteria

Common	Companies involved in controversial weapons, project financing for coal-fired power generation
Domestic/Overseas	Domestic: Military-related facilities Overseas: Companies involved in the manufacture and sale of illicit drugs

## Approach

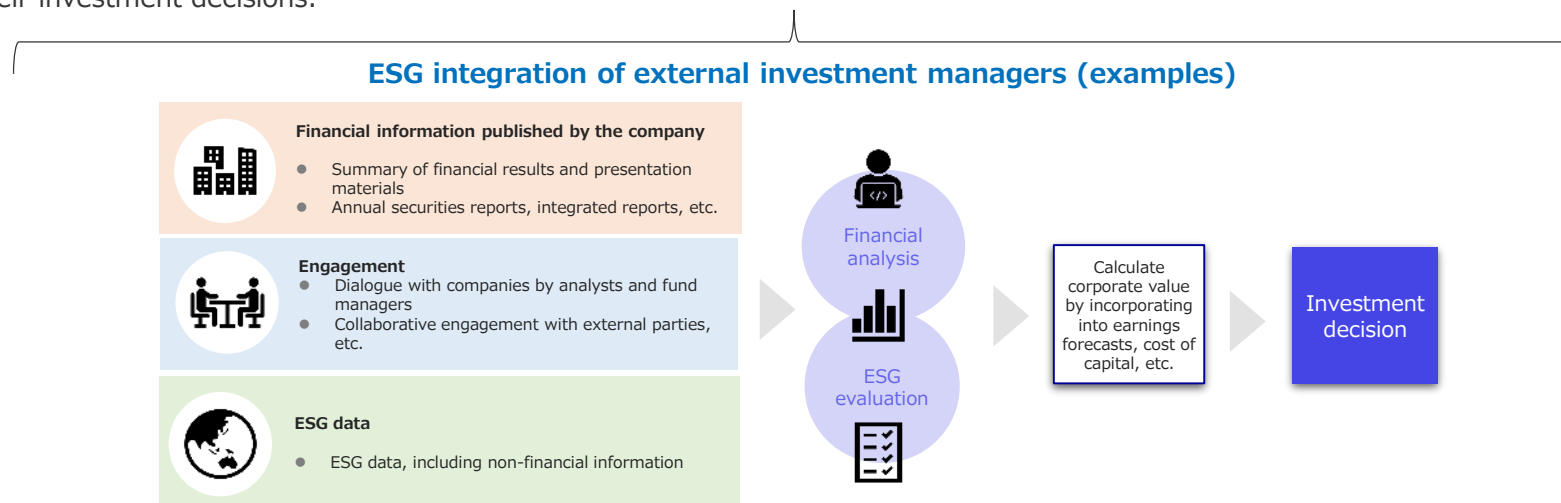
For external equity investment, we continuously verify the initiatives in ESG investments by the external investment manager at the time of making investment decisions and during monitoring after investment.

<Main confirmation methods>

Questionnaires and interviews regarding ESG	We check the ESG investment initiatives (policies and attitudes toward ESG, specific ESG investment approaches, etc.) of external investment managers through ESG questionnaires and interviews.
Negative screening	When deciding whether to invest, we consider the specification of the eligible funds and check whether their negative screening defined by the funds and other efforts to exclude businesses, etc. are appropriate in light of Japan Post Insurance’s negative screening criteria.

## Process and Initiatives

For external equity investment, we confirm the process and information based on which the external investment manager make their investment decisions.



## Approach

For credit fund external investment managers, we conduct annually an assessment based on ESG-related scoring of potential and existing managers, and use them in the investment process. We use our own proprietary assessment methods in line with our ESG Investment Policy, and we review the assessment items annually to enhance them. We also use ESG-related assessments in our engagement with outsourced asset management companies to confirm the status of their ESG investment initiatives and encourage them to make improvements.

## Process and Initiatives

- Collect information through the ESG Questionnaire
- Collect information through due diligence
- Collect information through meetings with external investment managers

STEP 1  
Information collection

Cycle of assessment

STEP 2  
Analysis

- Analyze and assess information obtained through information collection
- Collect additional information with external investment managers
- Report assessment results within the department and to responsible investment-related departments within the company

Assessment

STEP 3  
Review of assessment items

- Review assessment items and discuss appropriateness and weighting of items every year
- Revise assessment items as objective as possible

### Also use for engagement with external investment managers

- Confirm status of assessment items in detail
- Share recognition of issues and promote improvements to resolve them

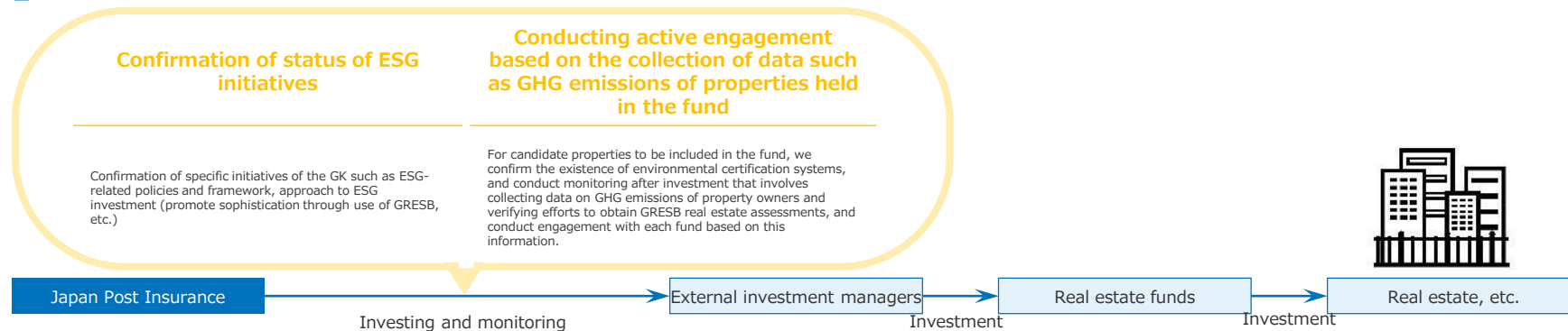
### ◇ Examples of assessment items

1	<a href="#">Status of engagement</a>
2	<a href="#">Status of climate change response</a>
3	<a href="#">Status of information disclosure related to ESG</a>
4	<a href="#">Human rights initiatives</a>
⋮	⋮
Total	Scoring with a graded distribution of each assessment item

## Approach

We conduct real estate fund investment mainly through outsourced management using an external investment manager (GK: gatekeeper). When selecting a GK, we confirm the status of ESG initiatives of the candidate external investment manager through means such as using the ESG Questionnaire and GRESB information. In addition, even after investment, we continuously confirm their initiatives toward ESG investment and other aspects through annual engagement and monitoring using the ESG Questionnaire.

## Process and Initiatives



### Participation in GRESB, an Assessment Organization



- GRESB is an organization that operates an annual benchmark assessment tool to measure ESG considerations of companies and funds that own and manage real estate and infrastructure.
- We became the first Japanese life insurance company to join as an investor member in December 2021.
- In addition to enhancing ESG integration, we use it to deepen our engagement, understand industry trends, and collaborate with other institutional investors.

## Approach

We consider ESG factors in the investment process of private equity fund investments, and we are strengthening our efforts in the following areas.

## Process and Initiatives

### Confirmation of ESG investment initiatives by external investment managers

We conduct continuous confirmation of ESG investment initiatives by external investment managers both at the time of selection (new investments) and after the start of investment.



Selection of asset management companies  
(New investment)

- Confirmation and interviews using the ESG Questionnaire regarding the ESG initiatives of candidate external investment managers



After the start of investment

- Continuous monitoring of ESG investment initiatives of the external investment managers
- Engagement through pipeline meetings and investment reporting meetings

### Endorsement of initiatives



**ESG Data  
Convergence  
Initiative**

- We have endorsed the ESG Data Convergence Initiative to strengthen ESG investment initiatives in our private equity fund investments.
- The ESG Data Convergence Initiative aims to standardize ESG-related reporting and improve information transparency and portfolio comparability in the private equity industry, and contribute to the development of the industry.
- We support this initiative and have been a participant since 2022.

Source: <https://www.esgdc.org>



# Negative Screening Initiatives

## Negative Screening

As a responsible institutional investor, we aim to solve ESG issues and achieve a sustainable society by setting criteria for negative screening and incorporating ESG integration into portfolio establishment.

### Screening Targets

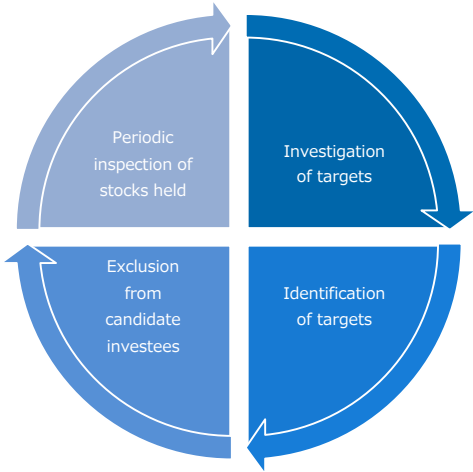
We are working to address ESG issues and achieve a sustainable society through the following.

 <p><b>Controversial weapons</b> (cluster bombs, anti-personnel mines, biological and chemical weapons)</p>	<p>Because controversial weapons (cluster bombs, anti-personnel mines, biological and chemical weapons) inflict enormous damage on civilians indiscriminately, we do not invest in companies that manufacture these weapons.</p>
 <p><b>New domestic and foreign project finance related to coal-fired power generation</b></p>	<p>Coal-fired power generation emits large amounts of CO<sub>2</sub>, and there are concerns about its impact on climate change. For this reason, we will not invest in new domestic or foreign project finance related to coal-fired power generation, regardless of its generation efficiency.</p>

### Screening Procedure

Planning and management departments investigate and identify screening targets, notifies investment execution departments, that exclude them from candidate investee companies. We also inspect investee companies on our investment portfolio regularly.

The basis of negative screening is reviewed on an ongoing basis, taking into account social conditions in Japan and overseas.



## 4 ESG-themed Investment

- ◆ ESG-themed Investment Examples p.40
- ◆ Measuring Sustainability Outcomes p.44
- ◆ Loans to Local Governments (using Postal Life Insurance funds) p.46















# ESG-themed Investment Examples

## Main ESG-themed Investment Examples

We invest in projects which can widely contribute to the achievement of the SDGs and the resolution of social issues, considering the relevance to priority initiative themes for ESG investment and the use of funds. Investment examples are introduced in the table below.

### Investment in ESG Bonds

#### ✓ Bonds that contribute to addressing climate change issues and protecting biodiversity, etc.







Type	Overview	Issuers	Investment period	Investment amount	Related SDGs targets
Blue Bond	Proceeds are allocated to projects that contribute to the development of the blue economy as defined in the SDGs framework formulated by the Indonesian government	Republic of Indonesia	May 2023	Approximately ¥14.7 billion	 
Green Bond	Proceeds are allocated to projects in accordance with the Green Finance Framework formulated with the aim of realizing a decarbonized society	NTT FINANCE CORPORATION	Jul. 2023	¥30.0 billion	 
Green Bond	Aims to support green recovery (realization of a sustainable society after the COVID-19 crisis)	SNCF	May 2021	Approximately ¥10.8 billion	  
Sustainable Development Bond	Aims to support “One Health,” optimal health outcomes in people, animals, and global environment taken as a whole.	Inter-American Development Bank	Mar. 2021	Approximately ¥4.9 billion	   
Green Transition Bond	Supports the transition toward decarbonization of carbon-intensive industries	European Bank for Reconstruction and Development	Jan. 2021	Approximately ¥22.5 billion	  

▶ Please see “Sustainability Themes” (p.100) for initiatives related to addressing climate change and other issues.



# ESG-themed Investment Examples

## Impact Investments




 <b>Impact “K” Project-certified Funds</b>					
Type	Overview	Name of fund	Investment period	Investment amount	Related SDGs targets
Private equity	A fund that seeks to “improve wellness literacy” and “enhance social capital,” which we believe are leverage points for achieving wellness equity	SIIFIC Wellness Investment LPS	Aug. 2023	Not disclosed	
Private equity	A fund that invests in companies that solve social issues and funds that seek the development of a sustainable Japanese society in which people have a high degree of well-being and live in harmony with the environment	GLIN Impact Capital Investment LPS	Jul. 2022	Not disclosed	
Domestic listed equity	A fund that aims to achieve both social and economic returns by investing in domestic companies that are actively engaged in generating a social impact	Commons Impact Fund - Co-creation -	May 2022	¥10.0 billion	
Real estate	A fund whose main tenants are licensed nursery schools in urban areas with a large number of children on waiting lists	Nursery School Mirai Fund III	Mar. 2022	Not disclosed	

▶ Please see “Impact “K” Project” (p.75) for information on social issues that have been addressed through the Impact “K” Project and funds that have been certified by the project.

# ESG-themed Investment Examples

## ESG-conscious Fund Investments

### Other ESG-conscious funds

Type	Overview		Investment period	Investment amount	Related SDGs targets
Private equity	A fund that aims to achieve both social and economic returns by investing in medical and health fields and digital technology fields originating in academia	KII III Impact LPS	Oct. 2023	Maximum of ¥10.0 billion	
Real estate	A privately placed real estate fund that invests in ESG-friendly residential properties for leasing	LF Property I LLC LF Property II LLC	Jul. 2022	Not disclosed	
Private equity	A fund that invests in companies that contribute to generating a social impact to achieve regional economic revitalization and the SDGs	Japan Post Investment Regional Development and Impact Fund I, ILP	Apr. 2022	¥4.0 billion	

## Investment in Renewable Energy Businesses (started in 2017)





Renewable energy businesses such as solar power, wind power, and biomass power generation



▶ We measure the sustainability outcomes generated through these investments. See “Measuring Sustainability Outcomes” (p.45) for measurement results.

## Providing Financial Support to Universities Through Investments in University bonds

Investments in university bonds issued for the development of education and research at universities and for the improvement of facilities, etc.

Type	Name	Investment period	Investment amount	Related SDGs targets
Sustainability Bond	THERS Commons Bonds	May 2023	¥0.3 billion	
Sustainability Bond	Tohoku University Future Creation Bonds	Jan. 2023	¥1.3 billion	
Sustainability Bond	Tokyo Institute of Technology Tsubame Bonds	Dec. 2022	¥3.0 billion	
Social Bond	University of Tokyo FSI Bonds	Oct. 2020	¥1.8 billion	

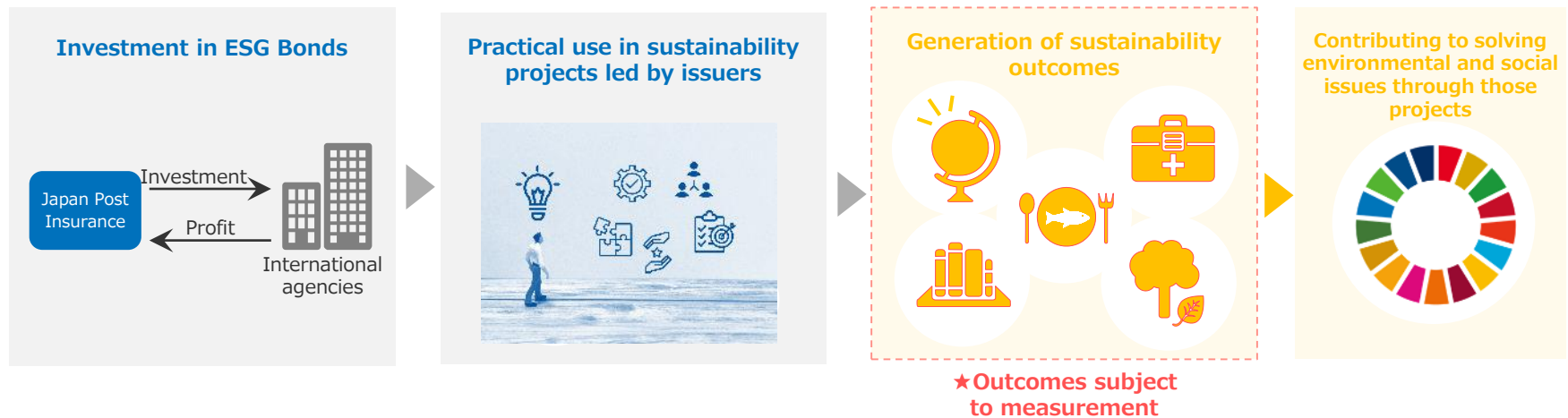
▶ Please see “Academic-industrial Collaboration” (p.113) for other initiatives for academic-industrial collaboration via asset management.

# Measuring Sustainability Outcomes

## Measuring Sustainability Outcomes Generated by ESG Bonds

The use of funds raised from ESG bonds by international agencies is limited to sustainability projects as stipulated by the principles issued by the International Capital Market Association (ICMA). We invest in these ESG bonds with the intention of contributing to the resolution of environmental and social issues. We have compiled the estimates on our contribution to the sustainability outcomes generated by the ESG bonds based on the impact reports released by international agencies that are the issuers of the bonds.

Flow of generating sustainability outcomes through investment in ESG bonds



### Bond Selection and Calculation Method

Considering two perspectives ((1) holding period and (2) availability of quantitative indicators), we selected 14 bonds issued by six issuers for assessment (investment amount is approximately 167.4 billion yen) from international agencies' ESG bonds we hold.

Calculation method

We select quantitative indicators from the intended outcomes at the start of the investment. Based on issuer disclosure documents, we have set our calculation formula as “sustainability outcomes generated by the project × (our investment amount / the entire financial scale of the project).” We confirm that negative impact is appropriately managed and mitigated by the issuer.

# Measuring Sustainability Outcomes

## Aggregate Results for Sustainability Outcomes (FY2022: six issuers, 14 bonds)

### Target Bonds

Type	Topics	Issuers	Investment period	Investment amount
Green Bond	Green	International Bank for Reconstruction and Development	Jun. 2016	Approximately ¥10.4 billion
Climate Awareness Bond	Raising awareness of climate change	European Investment Bank	May 2019	Approximately ¥28.5 billion
Social Bond	Feed Africa	African Development Bank	May 2018	Approximately ¥5.1 billion
Sustainable Development Bond	Health and Nutrition of Women, Children, and Adolescents	International Bank for Reconstruction and Development	May 2018	Approximately ¥5.2 billion
Social Bond	Gender	Asian Development Bank	May 2018	Approximately ¥5.2 billion
Light up & Power Bond	Light up & Power Africa	African Development Bank	Feb. 2019	Approximately ¥11.3 billion
Sustainability Awareness Bond	Countermeasures against COVID-19	European Investment Bank	May 2020	Approximately ¥24.2 billion
Sustainable Development Bond	Countermeasures against COVID-19	Inter-American Development Bank	May 2020	Approximately ¥24.3 billion
Green Transition Bond	Green Transition	European Bank for Reconstruction and Development	Jan. 2021	Approximately ¥22.5 billion
Green Bond	Green Recovery	International Bank for Reconstruction and Development	Jan. 2021	Approximately ¥10.4 billion
Sustainable Development Bond	COVAX Facility	Inter-American Development Bank	Mar. 2021	Approximately ¥5.0 billion
Sustainable Development Bond	COVAX Facility	Inter-American Development Bank	Mar. 2021	Approximately ¥4.9 billion
Education Bond	School education, vocational training, and gender equality in the Asia-Pacific region	Asian Development Bank	Mar. 2021	Approximately ¥5.0 billion
Sustainable Development Bond	"One Health," optimal health outcomes in people, animals, and global environment taken as a whole	Inter-American Development Bank	Mar. 2021	Approximately ¥4.9 billion

\*1 We use the US EPA Greenhouse Gas Equivalencies Calculator.

\*2 Emissions from passenger vehicles and electricity consumption by the average household are national averages.

### Results of Measuring Sustainability Outcomes (attributable to our holding)



#### Contribution to Environmental Protection

■ Annual GHG emission reduction/avoidance amount  
**582,147 t-CO<sub>2</sub>e/year**



Equivalent to **130,000 vehicles**  
(Converted to annual emissions of passenger vehicles\*1)

■ Annual renewable power generation  
**98.34 million kWh/year**



Equivalent to **5,000 households**  
(Converted to the annual electricity consumption of the average household\*2)



#### Enhancement of Well-being

- Number of people benefitting from improved agricultural productivity:  
Approximately 220,000 people
- Number of people benefitting from the safety net program:  
Approximately 14,000 people
- Number of people benefitting from improved access to water sources:  
Approximately 8,600 people
- Number of people participating in improved education, etc.:  
Approximately 47,000 people
- Women and girls completing secondary or tertiary education or other training:  
Approximately 4,600 people
- Number of women who participated in decision-making:  
Approximately 500 people
- Skilled jobs for women generated:  
Approximately 16,000 people
- Number of people benefitting from new electricity connections:  
Approximately 140,000 people
- Number of people benefitting from healthcare services:  
Approximately 650,000 people

\* Investment amounts are calculated at the exchange rate at the time of investment. Impact assessments are calculated at the exchange rate at the time of assessment.

# Measuring Sustainability Outcomes

## Investment in renewable energy businesses such as solar power and biomass power generation

Total power generation output from renewable energy facilities that we loan to and invest in

As a KPI in the Medium-Term Management Plan (FY2021–FY2025), we aim to achieve a total power output of 1.5 million kW from the renewable energy facilities which we invest in and loan to by the end of FY2025. Progress toward this target is as follows.

▶ Total power output\*1

	As of March 31, 2021	As of March 31, 2023
Domestic	328,000 kW	479,000 kW
Overseas	279,000 kW	502,000 kW
<b>Total</b>	<b>607,000 kW</b>	<b>981,000 kW</b>

Medium-Term Management Plan target:  
(As of March 31, 2026)

**1,500,000 kW\*2**

\*1 Limited to power output from renewable energy facilities that the Company invests in and loans to after calculating our holdings.

\*2 Based on current forward-looking statements, and may be revised depending on changes in social trends and the technological innovation status.

Breakdown of investment amount in renewable energy facilities which we invest in and loan to and total power generation output by region



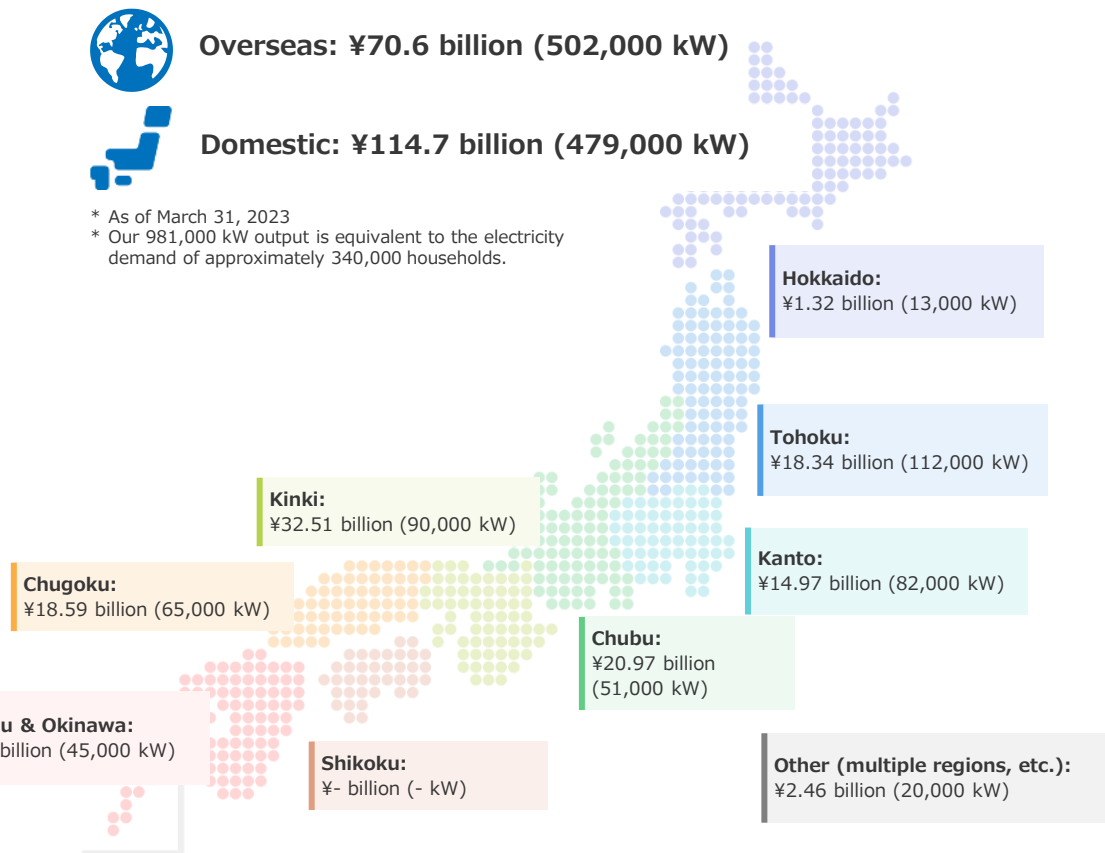
**Overseas: ¥70.6 billion (502,000 kW)**



**Domestic: ¥114.7 billion (479,000 kW)**

\* As of March 31, 2023

\* Our 981,000 kW output is equivalent to the electricity demand of approximately 340,000 households.



# Loans to Local Governments (using Postal Life Insurance funds)

## - Loans to local governments are being used for various infrastructure development across Japan -

Loans to local governments from the Postal Life Insurance (in operation from 1919 to 2007 until Japan's postal service was privatized) funds have contributed to the development of infrastructure in local communities, such as the development of elementary and junior high schools, the construction of public housing, the spread of the public sewerage system, and improving the welfare of residents. While these loans were carried on by the Organization for Postal Savings, Postal Life Insurance and Post Office Network (hereinafter the "Organization") after the privatization of the postal service, Japan Post Insurance undertakes credit management duties for these loans under an operations consignment agreement with the Organization. These loans continue to support local communities throughout Japan today, with loans to approximately 1,700 local governments and totaling approximately ¥2 trillion as of September 30, 2023.



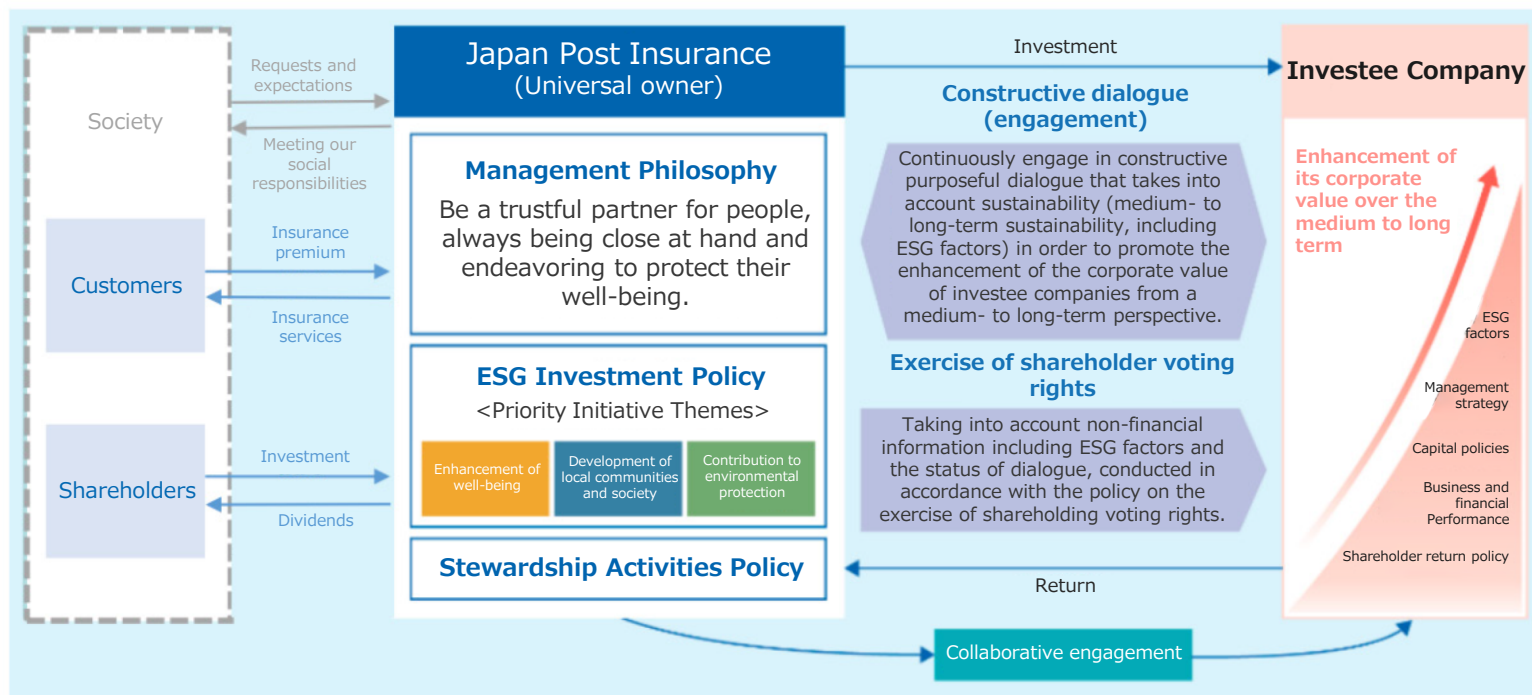
## 5 Stewardship Activities

- ◆ Initiatives for Stewardship Activities p.48
- ◆ Policy and Approach to Dialogue p.49
- ◆ Main Activities from July 2022 to June 2023 p.52
- ◆ Engagement Concerning Other Assets p.64
- ◆ Collaborative Engagement p.65
- ◆ External Communication Related to Engagement p.66
- ◆ Policies and Approach Toward Exercising Shareholder Voting Rights p.67
- ◆ Results of the Exercise of Shareholder Voting Rights p.70
- ◆ Self-assessment of Stewardship Activities p.74

# Initiatives for Stewardship Activities

## Our Approach to Stewardship

We have been promoting stewardship activities as a responsible institutional investor engaged in long-term investments, in order to increase investment returns over the medium to long term by enhancing the corporate value and sustainable growth of investees, while responding to social demands such as compliance with Japan's Stewardship Code. We also actively participate in initiatives and collaborative engagement with asset management companies in Japan and overseas.



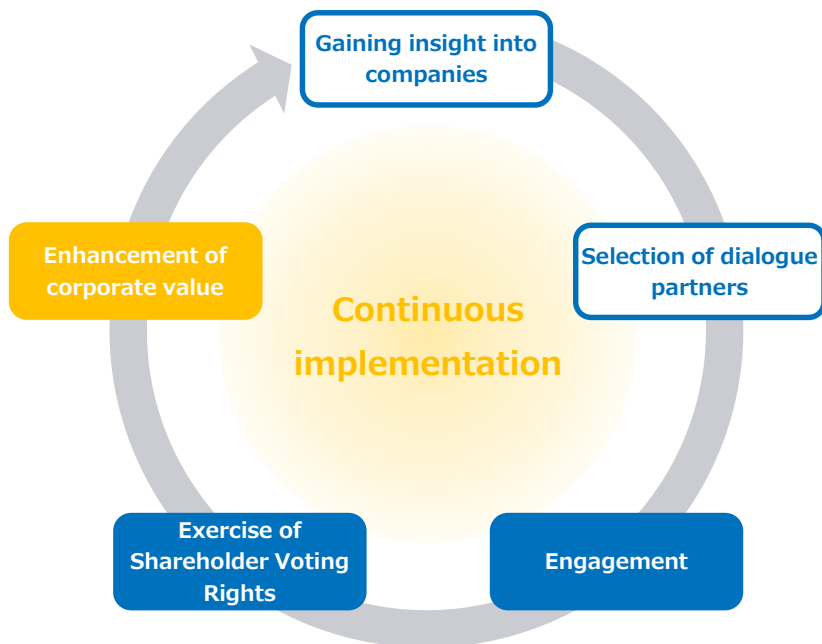
**Realization of a sustainable society, improvement of investment results over the long term**  
**Building further relationships of trust with customers by contributing to resolving social issues**



# Initiatives for Stewardship Activities

## Implementing Stewardship Activities

The medium- to long-term growth of companies is essential to increasing long-term investment returns and realizing a sustainable society through ESG investment. We endeavor to accurately understand the status of companies by research activities and dialogues, and fulfill our stewardship responsibilities through constructive engagement (dialogue) and exercise of voting rights that take sustainability into consideration.



## Stewardship Activities Policy

We have established a policy on and are addressing each principle of Japan's Stewardship Code.

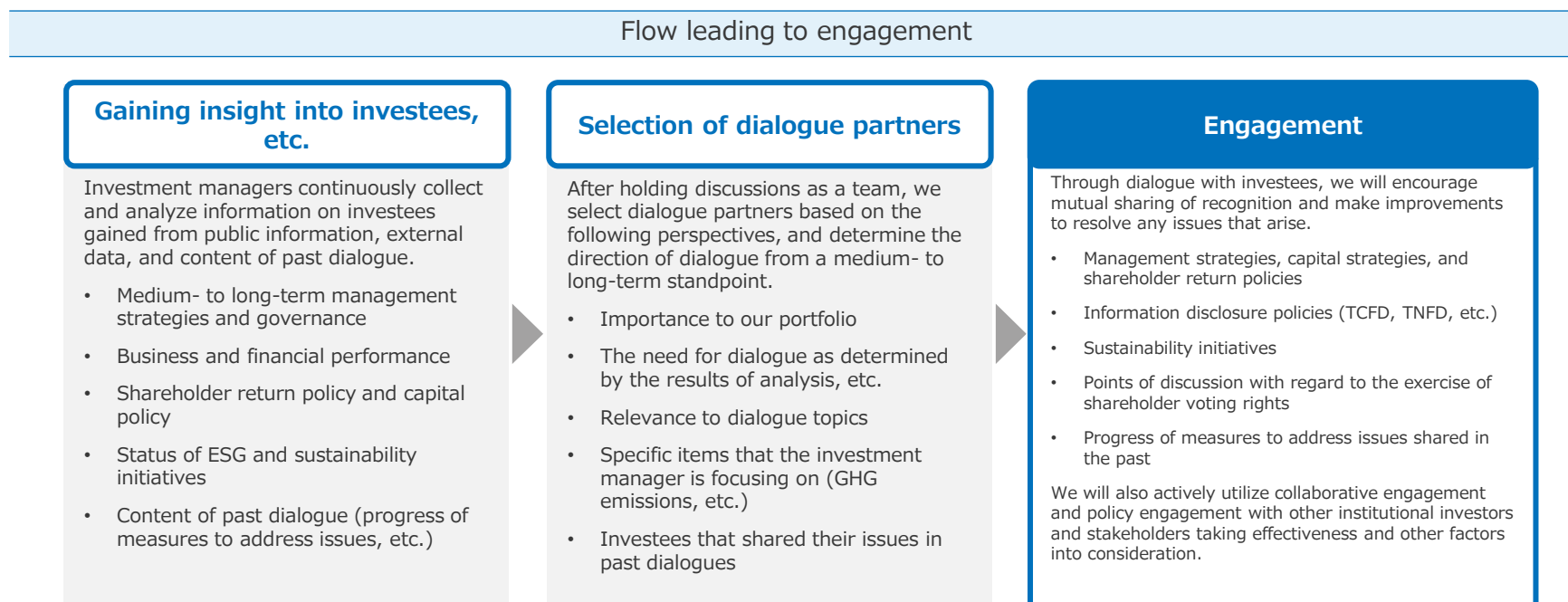
Japan's Stewardship Code	
Principle 1	Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.
Principle 2	Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.
Principle 3	Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.
Principle 4	Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.
Principle 5	Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.
Principle 6	Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.
Principle 7	To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

▶ Stewardship Activities Policy  
[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship\\_policy.pdf](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship_policy.pdf)

## Constructive Dialogue (Engagement)

We carry out constructive engagement with the aim of improving the corporate value and sustainable growth of investees.

In order to engage in appropriate dialogue, we conduct research activities regarding investees and strive to accurately understand their situation. We engage in dialogue with investees from a medium- to long-term standpoint, share our recognition of management strategies, sustainability initiatives, and issues we are aware of from our position as an investor, and also encourage the enhancement of disclosures. In addition, we explain our approach, assessments, and the initiatives we focus on with regard to ESG as an investor, and how we incorporate them into our investment decisions. We also respond to questions and requests from investees. Through such measures, we aim to engage in constructive engagement based on our mutual relationship taking into account the enhancement of investees' corporate value.

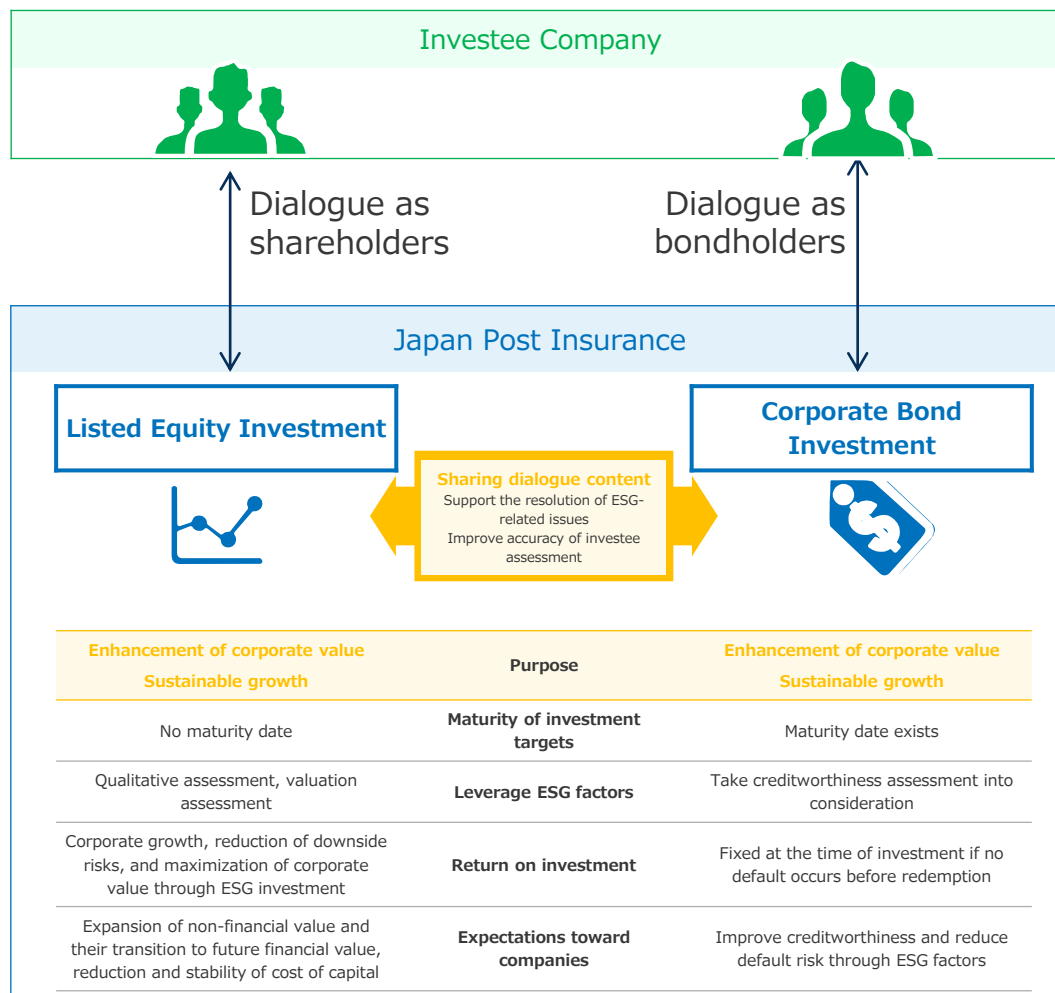


# Policy and Approach to Dialogue

## Initiatives when holding the same investee as a different asset type

The points that require consideration differs for equity investments and bond investments, in terms of integration methods and factors to consider when making investment decisions. A particularly significant difference is the fact that bondholders do not have voting rights. Meanwhile, we believe that bondholders hold an important position in corporate management since they maintain long-term relationships with investees as a direct contributor of funds.

Although there are such differences depending on the investment method, this does not change our goal of helping investees enhance their corporate value and achieving their sustainable growth through dialogue. Therefore, when our investment managers in charge of domestic equity investment and those in charge of domestic corporate bond investment engage in dialogue with an investee at around the same time, they share the dialogue content in advance and coordinate with one another while engaging in dialogue with said investee.



# Main Activities from July 2022 to June 2023

## Main Activities

- For each investment asset, we engaged in dialogue while leveraging the characteristics of the asset.
- In March 2023, we revised our Stewardship Activities Policy in order to realize a sustainable society. In addition to “the realization of a decarbonized society,” we newly set “protection of biodiversity,” “human rights,” and “human capital” as matters related to sustainability we focus on when conducting dialogue with investees.

▶ Please see Sustainability Themes (p.100) for details on initiatives related to sustainability matters that we focus on.

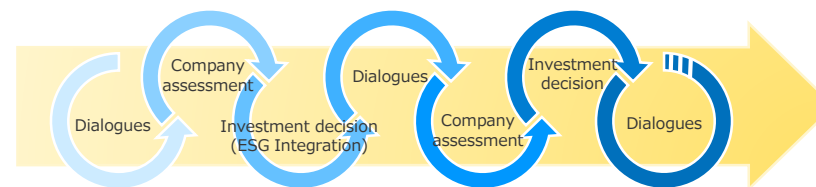


## Conducting Dialogue for In-house Investment Management

Investment assets		Common viewpoints	Viewpoint as investment manager	Companies
Domestic equities	Implemented continuously since start of investment in 2016	<ul style="list-style-type: none"> <li>• Medium- to long-term sustainability, including ESG factors</li> </ul>	<ul style="list-style-type: none"> <li>• Medium- to Long-term Management Strategies</li> <li>• Capital strategy and shareholder returns</li> <li>• Sustainability</li> <li>• Information disclosure policies</li> </ul>	101 companies
Domestic corporate bonds	Began in 2020 in line with the revision of Japan’s Stewardship Code	<ul style="list-style-type: none"> <li>• Medium- to Long-term Management Strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting expanding roles for female / workplace environment / human rights</li> <li>• Regional revitalization</li> <li>• CO<sub>2</sub> reduction / Biodiversity</li> </ul>	25 companies

## Utilization of Dialogue Results to Make Investment Decisions

The Company views dialogue with investees as an important opportunity to confirm the direction of future activities by sharing information on business conditions and matters that contribute to the enhancement of corporate value, thereby leading to improved investment outcomes. Investment managers record their insight into investees gained through dialogue and the content of said dialogue. They later utilize this information for following discussions and when making investment decisions (ESG integration).

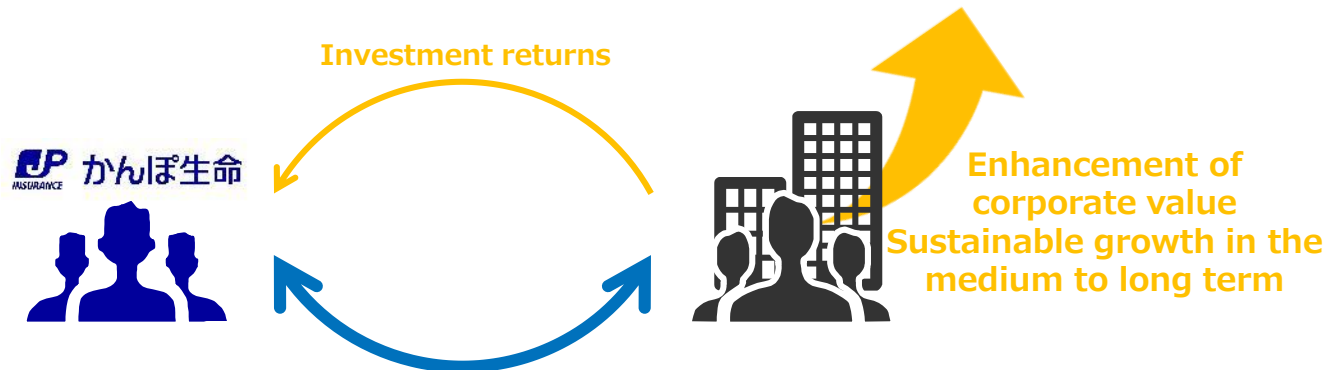


As a life insurance company, we base our asset management on long-term investments. Accordingly, we strive to help investees enhance corporate value and achieve sustainable growth through continuous dialogue.

# Engagement in Domestic Equities

## Engagement in Domestic Equities

Since starting domestic equity investment in 2016, we have continued to engage in dialogue with investees with the aim of generating investment returns fueled by an enhancement of their corporate value, and helping them achieve sustainable growth in the stock market over the medium to long term. Analysts in charge carry out comprehensive activities from a medium- to long-term perspective, ranging from ESG integration, engagement to the exercise of shareholder voting rights. While striving to build relationships with investees, we conduct dialogue with the aim of enhancing their corporate value and achieving their sustainable growth from a medium- to long-term perspective, with our main focus on (1) medium- to long-term management strategy, (2) capital strategy and shareholder return policies, (3) sustainability, and (4) information disclosure policies.



### Ongoing dialogue

#### Main Content of Dialogue

(1) Medium- to long-Term Management Strategy	(2) Capital Strategy and Shareholder Return Policies	(3) Sustainability	(4) Information Disclosure Policies
<ul style="list-style-type: none"> <li>Measures to improve ROE</li> <li>Measures to achieve the medium-term management plan</li> </ul>	<ul style="list-style-type: none"> <li>Dividend policy</li> <li>Total return ratio including stock buyback</li> <li>Cross-shareholdings</li> </ul>	<ul style="list-style-type: none"> <li>Medium- to long-term sustainability, including ESG factors</li> <li>ESG factors in the supply chain</li> <li>GHG emission reduction</li> </ul>	<ul style="list-style-type: none"> <li>Disclosure of Annual Report</li> <li>Disclosure of ESG data</li> <li>Policy for addressing climate change</li> </ul>

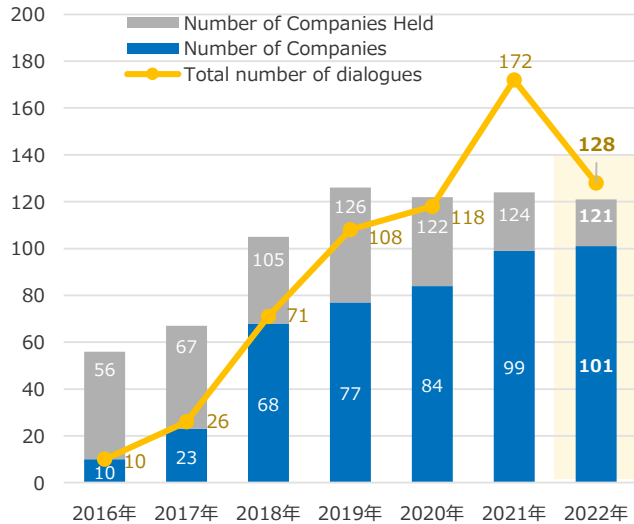
# Engagement in Domestic Equities

## Results of Activities from July 2022 to June 2023

During the above period, we held 128 dialogues with 101 companies to confirm their management conditions and discuss issues that affect corporate value, among others. When selecting a dialogue partner, we focus on their importance to our portfolio and the need for dialogue to confirm details and make requests. The Company places importance on opportunities for direct dialogue with executive management from the perspective of promoting mutual understanding and improving engagement effectiveness. In the current fiscal year, 32 discussions were held with executives or above.

Ratio of companies we held dialogue with relative to the number of companies we hold	Number of companies	Total number of dialogues	Number of discussions that included executives or above
<b>83.4%</b>	<b>101</b>	<b>128</b>	<b>32</b>

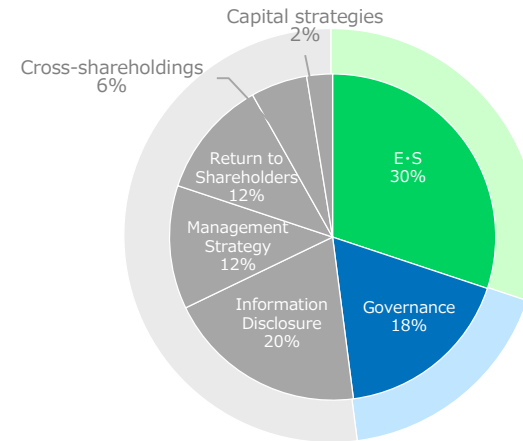
Number of dialogues and number of times contact was made with companies



<b>Dialogues:</b>	<b>128</b>
Number of discussions that included executives or above	<b>32</b>
Number of one-on-one interviews	195
Total number of times contact was made (Number of interviews conducted by the Company alone and with multiple investors including the Company)	440

Breakdown of dialogue topics

In addition to ESG-related topics, topics discussed include information disclosure, management strategies, and shareholder returns.






# Engagement in Domestic Equities

## Examples of Dialogue

Chemical Company A Topics: <b>Medium- to Long-Term Management Strategies</b>	Land Transport Company B Topics: <b>Capital Policy and Shareholder Returns</b>	Construction Company C Topics: <b>Information Disclosure Policies</b>
<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>Although the company has conducted many M&amp;As in the past, some businesses have low ROIC and are not profitable. We are concerned that it has unreasonably increased sales volumes.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>The company's shareholder return policy is abstract, and shareholders do not have a clear understanding of its capital policy.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>The company does not publish an integrated report. Although it has businesses that contribute to ESG, its disclosure content is lacking.</li> </ul>
<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We requested that it take measures to restructure unprofitable businesses and disclose the cost-effectiveness and impact on business performance of each M&amp;A deal.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We requested the disclosure of logical capital and shareholder return policies.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We expressed our view that ESG is an important factor in improving corporate value over the medium to long term, and requested the disclosure of ESG data, including integrated reports.</li> </ul>
<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>In collaboration with upper management, ROIC targets were set for each business as KPIs, not only as a company-wide target. Plans for reorganization will be implemented for the company's businesses as necessary.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>The company disclosed medium-term targets to achieve management that is conscious of capital cost and share price.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>The company disclosed its first integrated report. The report included disclosures of quantitative data such as targets for reducing GHG emissions and the effect of reducing CO<sub>2</sub> emissions generated by its businesses.</li> </ul>
<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We plan to confirm whether these measures will be reflected and disclosed in the medium- to long-term management policy.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>The company is required to present the progress it is making toward medium-term targets to stock market participants.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We highly rate the comprehensive content of the integrated report. We requested the company to disclose more quantitative data going forward, such as on GHG emission reduction initiatives.</li> </ul>

# Engagement in Domestic Equities

## Examples of Dialogue Related to Priority Initiative Themes for ESG Investments

Services Company D Topics: <b>Enhancement of Well-being</b> 	Retail Company E Topics: <b>Development of Local Communities and Society</b> 	Automobile Parts Company F Topics: <b>Contribution to Environmental Protection</b> 
<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>External assessment revealed that customer satisfaction was declining as the number of customers increased.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>The company has set a target for the number of stores as part of plans to expand its store network nationwide.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>Automobile internal combustion engines have accounted for a high proportion of total sales for a long time, leaving the impression that the company is slow in responding to vehicle electrification.</li> </ul>
<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We requested that the company should mainly focus on customer satisfaction and set prices based on customer satisfaction rather than customer numbers.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We stated that KPIs for contribution to local communities would be also appreciated, in addition to financial indicators and the number of stores.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We requested that the company showcases the gradual increase in products compatible with electric vehicles, in addition to its sales lineup that are necessary for supporting environmental conservation, such as products that detect emissions.</li> </ul>
<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>The company conducted a survey on the effects of children's experiences and disclosed the analysis results.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>We gained insight into its approach to meeting the needs in different regions through its disclosure of the usage rate of its store collection service (customers can also collect items that are not sold at nearby stores), etc.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>Disclosures are considered for proactive measures to respond to vehicle electrification. Active consideration is also made for additional disclosure of its environmentally-friendly products.</li> </ul>
<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We requested that the survey be expanded to include age groups other than children, and that the figures be disclosed in the integrated report.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We requested continued setting of medium- to long-term numerical targets.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We requested the enhancement of disclosure for environmentally-friendly products, as we expect it to lead to enhanced corporate value.</li> </ul>

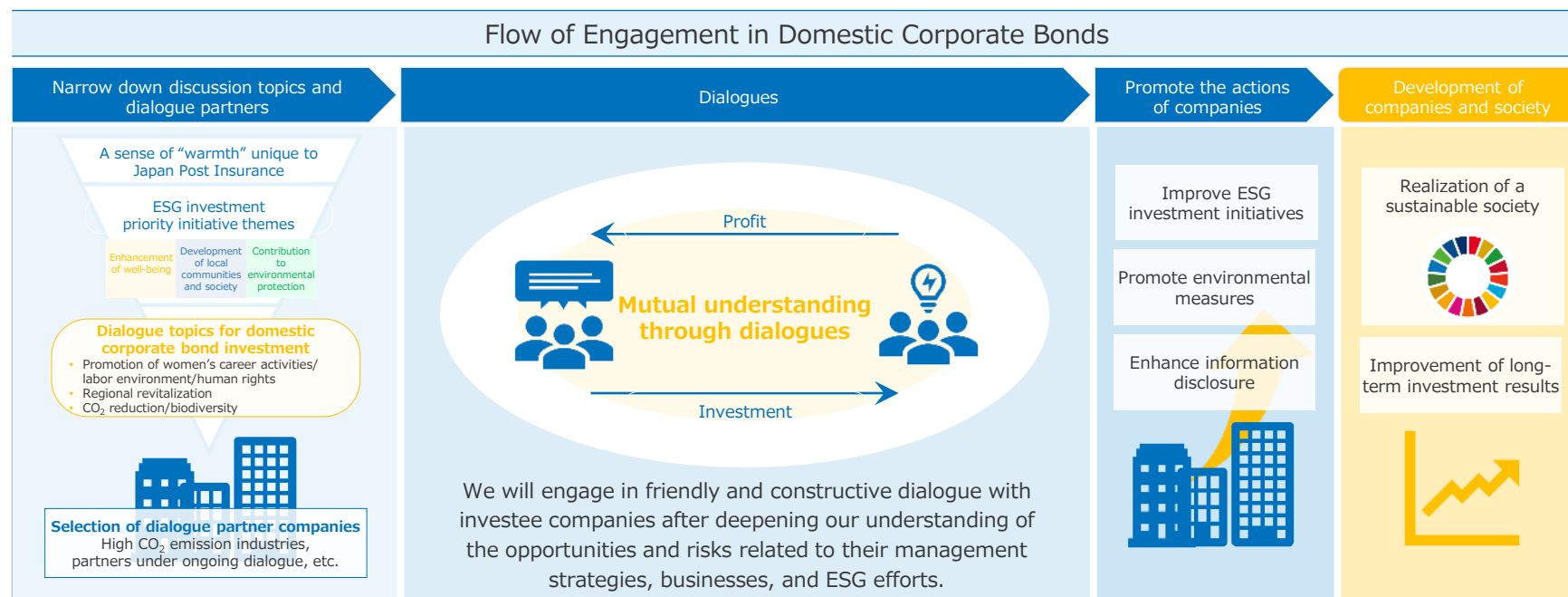


# Engagement in Domestic Corporate Bonds

## Engagement in Domestic Corporate Bonds

We consider ESG initiatives to be essential to enhancing corporate value over the medium to long term. Based on our ESG investment priority initiative themes, we mainly conducted engagements on promotion of women's career activities/labor environment/human rights, regional revitalization, and CO<sub>2</sub> reduction/biodiversity, since commencing dialogue for domestic corporate bond investment in FY2020. From July 2022 to June 2023, we held discussions with 25 of our investees.

Discussions were based on the basic principle of mutual understanding, with an eye to ESG investments with a sense of "warmth" unique to Japan Post Insurance. Our stance is to support companies that work to solve ESG and SDGs issues through investments in corporate bonds. In addition to hearing from us, we try to communicate in both directions by explaining and sharing the Japan Post Insurance approach to ESG investment and our assessment of the investee companies. By sharing and working together to resolve issues, we aim to improve the ESG score of our portfolio, achieve a sustainable society and long-term investment results improvement, fulfill our responsibilities as a universal owner that practices long-term investment, and make a contribution to all stakeholders.



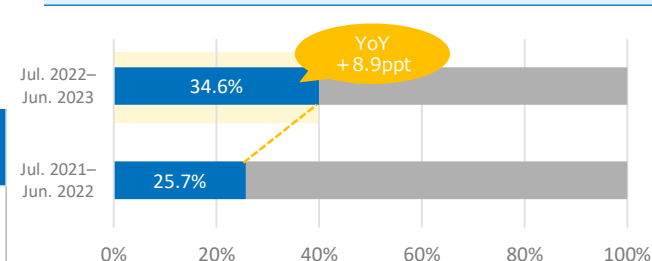
# Engagement in Domestic Corporate Bonds

## Results of Activities from July 2022 to June 2023

We held discussions with 25 investees during the above period. When selecting dialogue partners, we prioritized high CO<sub>2</sub> emission companies for which we have measured and analyzed their emissions, and companies that we deemed that continuous dialogue is highly necessary from a governance perspective.

Dialogue companies	Partners under ongoing dialogue (at least twice in the past 3 years)	Dialogue retention rate
<b>25 companies</b>	<b>13 companies</b>	<b>34.6%</b>

Trends in Dialogue Retention Rate






## Priority Dialogue Themes

We held discussions on priority ESG themes as follows. We also received questions from investee companies, and shared information mainly on Japan Post Insurance's corporate bond investment policy and our investment stance toward ESG bonds (especially transition bonds and sustainability-linked bonds).

Priority ESG themes	Dialogue topics	Number of dialogue companies	Our viewpoint as an investor	Companies' reactions and trends
Enhancement of well-being	Promotion of women's career activities	25 companies	<ul style="list-style-type: none"> <li>Initiatives to promote women's career activities</li> <li>Targets, results, etc.</li> </ul>	We are seeing progress toward improvement as a whole. Companies are implementing a wide range of initiatives to promote women's career activities, including providing support for career development and raising awareness, as well as revising its system design, such as expanding its HR system and work placement locations. Some companies have been struggling to make progress toward their targets due to the nature of their industries and occupations. We recognize that changing workforce composition in a short period of time is no easy task, and that each company is taking steps to make changes from a long-term perspective. We were also able to confirm epoch-making cases, such as the appointment of the first female executive officer.
	Occupational accidents	6 companies	<ul style="list-style-type: none"> <li>Initiatives, systems, training, and other efforts to prevent the occurrence of occupational accidents and near-miss incidents</li> <li>Number and rate of occupational accidents, causes of occurrence, and preventive measures</li> </ul>	We were able to confirm the sincere efforts of each company geared toward achieving zero occupational accidents. In particular, emphasis is being placed on fostering company-wide safety awareness to prevent accidents, such as having all employees participate in training at safety centers and establishing systems to enable sharing of matters managed by each department throughout the entire company. In addition, the overall approach to safety by each company is being further refined. Although the causes of the accidents that occurred varied, each company is working to prevent recurrence, such as by having executives visit the accident site to consider recurrence prevention measures.
Development of local communities and society	Regional revitalization	18 companies	<ul style="list-style-type: none"> <li>Initiatives related to regional contribution and revitalization</li> <li>Frequency of implementation, number of participants, etc.</li> </ul>	Although the scale of initiatives at most companies has been reduced and the systems changed significantly due to the COVID-19 pandemic, from FY2022, efforts on this front have gradually grown more active while also prioritizing measures to prevent the spread of infection. The COVID-19 pandemic also helped some companies to realize the importance of relationships with local communities, prompting them to deepen cooperation.
Contribution to environmental protection	Climate change	25 companies	<ul style="list-style-type: none"> <li>GHG emission reduction targets and progress</li> <li>Initiatives to reduce emissions</li> </ul>	Many companies have set GHG emission reduction targets for 2030 and carbon neutral targets for 2050. Progress has been solid on the whole. Some companies were discussing new and challenging targets due to their steady progress and social trends calling for efforts to achieve the 1.5°C scenario.
	Biodiversity	8 companies	<ul style="list-style-type: none"> <li>Biodiversity protection initiatives</li> <li>Quantitative targets</li> <li>Adhering to TNFD recommendations</li> </ul>	Overall, we sensed a growing awareness toward biodiversity conservation. In addition to the expansion of forest and ocean conservation activities that each company has been carrying out, such as eco-friendly construction work and green space development that takes regional characteristics into account, the disclosure of these efforts has been enhanced in integrated reports and on corporate websites. Partly due to the fact that there is no standardized method of quantitative measurement or target setting related to biodiversity, many companies are still at the investigation stage, even though they do recognize the importance of biodiversity. Amid such circumstances, in anticipation of the publication of the TNFD (Taskforce on Nature-related Financial Disclosures) guidelines, companies that are one step ahead have begun preparations to identify their dependence on natural capital and the impact of their operations on biodiversity, and to examine risks and opportunities for business activities focused on nature.

# Engagement in Domestic Corporate Bonds



## Examples of Dialogue Related to Priority Initiative Themes for ESG Investments

Electric Power and Gas Company G Topics: <b>Enhancement of Well-being</b> 	Electric Power and Gas Company H Topics: <b>Development of Local Communities and Society</b> 	Air Transport Company I Topics: <b>Contribution to Environmental Protection</b> 
<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>While the company, which belongs in the industry where the number of female managers is low, has set targets for promoting women's career activities, we recognized the need to set new targets as its target period ends in the fiscal year in which the dialogue was held.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>We have previously confirmed that the company places importance on communication with local communities, and conducts environmental conservation and volunteer activities. However, since its approach to initiatives and future plans were unclear, we recognized the need for confirmation on this front.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>As milestone targets geared toward carbon neutrality were set conservatively in light of the nature of the industry, we recognized the need to confirm the appropriateness of target levels. We also recognized the need to confirm the feasibility of specific measures aimed at carbon neutrality.</li> </ul>
<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>After discussing and exchanging opinions on the degree of achievement of its target number of female managers and specific measures on this front, we encouraged the promotion of women's career activities. We also discussed the setting of new targets and confirmed that the company will not simply increase the number of female managers, but also improve their skills through training.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We discussed the implementation status of the company's conservation activities and volunteer activities. We confirmed the setting of targets related to the development of local communities, etc., and encouraged the setting of new targets.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We discussed specific measures and interim targets for achieving carbon neutrality. We conveyed to the company that if its target levels are considered inadequate going forward, we will request to further raise its targets. While stating that it would be difficult to take immediate action, the company expressed its intention to share our request with management and to further reduce CO<sub>2</sub> over the medium term.</li> </ul>
<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>A subsequent target has been newly set for the promotion of women's career activities. In addition to raising the target value, a new target was set for the ratio of female managers.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>The company has started disclosing its targets related to the development of local communities in an easy-to-understand manner on its website.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>Approximately six months after the dialogue, the company raised its interim target for achieving carbon neutrality based on revisions to airlines' CO<sub>2</sub> reduction target levels and the development of advanced technology.</li> </ul>
<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>Despite the low number of female managers in the industry, we highly rate the company's efforts to further raise its target and improve not only the number but also the skills of its female managers. On the other hand, since the number of female managers remains small compared to other industries, we will continue to support the efforts of the company to promote women's career activities.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We highly rate the company's move to renew its website and disclose targets in a more comprehensive manner. Going forward, we will work to support the company in resuming their activities that had been suspended due to the impact of COVID-19, and in setting new targets related to the development of the community and society.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We positively view the raising of the company's interim target and its growing feasibility of achieving carbon neutrality. On the other hand, since there are many uncertainties surrounding its measures to achieve carbon neutrality, such as the development of new technologies, we plan to conduct regular interviews on its progress.</li> </ul>

# Engagement in Domestic Corporate Bonds

## Ongoing Dialogue



In order for companies to operate their businesses in a long-term and stable manner, it is essential that they first gain an understanding of the risks and opportunities for a variety of matters, then identify any issues, and work to address them. As a life insurance company that invests in ultra-long-term bonds, we intend to contribute to the enhancement of investees' corporate value and sustainability over the medium to long term through continuous dialogue with these companies. Bond investors do not possess the right to directly influence companies, such as shareholder voting rights, but opportunities for dialogue are increasing as the ESG bond market expands. Taking advantage of this opportunity, we aim to solve any issues that we have identified together with investees, by engaging in continuous dialogue and sharing our insights with them about our areas of focus and matters we expect of them from the perspective of a bond investor.

	First year	Second year	Third year	Outcomes
<b>Electric Power and Gas Company J</b> 	<p>While the company is aware of the growing demand for ESG bonds, it cannot issue them unless there is solid demand for such funds such as large-scale renewable energy development projects, as the use of the funds generated from these bonds is limited. The company has a cautious stance on issuing ESG bonds, since there is no such need at present. Meanwhile, the company is highly curious of Japan Post Insurance's degree of interest in ESG integration.</p>	<p>Although the company is aware of the trend of growing interest in Scope 3, it is yet to set any targets. The company has received suggestions from various stakeholders such as financial institutions, and is actively considering setting targets within the company.</p> <p><b>Issuance of ESG bonds</b></p>	<p>As the interim target for achieving carbon neutrality was set after making various deliberations, current conditions are not conducive to raising this figure further. That said, the company plans to consider revising the target while monitoring the progress and global trends.</p> <p><b>Set Scope 3 emission reduction targets</b></p>	<p>Initially, the company was cautious about issuing ESG bonds. However, in the year following the discussion, it made a decision to issue ESG bonds. Moreover, by sharing our focus on ESG integration each year through engagement, we were able to make the company realize the importance and urgency of ESG initiatives. This led to expansion of the scope of disclosure for GHG emissions and the setting of new targets.</p>
<b>Japan Post Insurance</b> 	<p>We held an interview regarding the status of ESG bond initiatives and future policies. We shared our current focus on ESG integration.</p>	<p>After conveying our intention to work together to achieve carbon neutrality in the target investee's industry, we held interviews to ask about their approach toward Scope 1, 2, and 3 emission reduction targets.</p>	<p>We recognize that the interim targets for achieving carbon neutrality would prove extremely challenging even at current levels. However, global trends suggest that there will be increasing demand for efforts to reduce GHG emissions going forward. In addition to this, in consideration of the GHG emission reduction targets of our investment portfolio, we shared our request for the company to set higher targets.</p>	

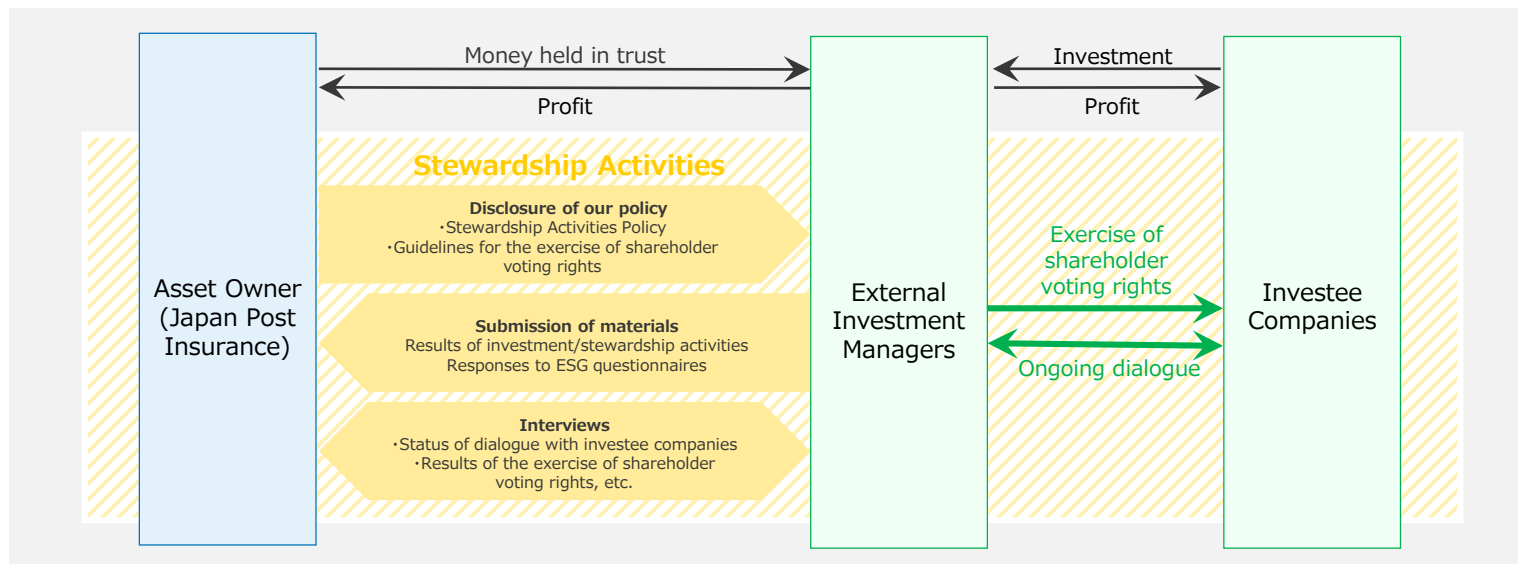
# Engagement in External Equity Investments

## Engagement in External Equity Investments

In external equity investment, we trust external investment managers with money, and they invest in a variety of companies through external investment managers. In order to proactively fulfill our fiduciary responsibilities as an asset owner, we also place importance on encouragement through stewardship activities for our externally managed assets, including constructive dialogue that take ESG factors into consideration. As such, we expect our external investment managers to engage in dialogue that takes our ESG Investment Policy into account. In addition, we regularly receive explanations from external investment managers on the results of their investment, their stewardship activities, as well as their responses to our ESG questionnaires. We also conduct interviews with external investment managers to confirm the status of dialogue and results of such dialogue.

<p>Confirmation of ESG</p> 	<p>Once a year, we receive responses to ESG-related questionnaires and conduct interviews to check the ESG investment initiatives (ESG policies and systems, and specific ESG investment approaches) at external investment managers. For example, we check whether engagement is being conducted in accordance with our investment policy, whether there are changes to guidelines or processes, and other initiatives and their effects.</p>
<p>Confirmation of stewardship activities</p> 	<p>Once a year, we conduct questionnaires on Japan's Stewardship Code and hold interviews to confirm the stewardship activities and engagement of external investment managers.</p> <ul style="list-style-type: none"> <li>▶ Stewardship activities: Policies, organizations, systems, etc.</li> <li>▶ Engagement: Definition, frequency, number of engagements, examples of improvements made, persons in charge/managers, method to decide which company to engage with, whether or not independent outside directors, corporate auditors, etc., participate, perspectives and key points for implementation, status of post-engagement response (sharing of content, monitoring systems)</li> <li>▶ In addition to the above, their approach to conflicts of interest, etc.</li> </ul>

### Activity Flow



# Engagement in External Equity Investments

## Examples of Dialogue

Banking Company J Topics: <b>Financial Strategies and Capital Measures</b>	Other Products Company K Topics: <b>Corporate Governance</b>	Non-ferrous Metals Company L Topics: <b>Business Strategies</b>
<b>Issues and background</b> <ul style="list-style-type: none"> <li>Capital efficiency remains low mainly due to large amounts of cross-shareholdings.</li> <li>The pace of strategic shareholding reductions is slowing down (average for the last three years: reduction of ¥100.0 billion → average for the next two years: reduction of ¥75.0 billion)</li> </ul>	<b>Issues and background</b> <ul style="list-style-type: none"> <li>Although the company's executive compensation consists of fixed and performance-linked compensation, the details of their calculation methods are unknown.</li> <li>With the fixed compensation ratio set at 65%, it is unclear whether it is functioning as a sufficient incentive.</li> </ul>	<b>Issues and background</b> <ul style="list-style-type: none"> <li>With ROE trending at low levels, there is no indication that the company will conduct appropriate balance sheet management or revamp its business portfolio, including listed subsidiaries.</li> </ul>
<b>Dialogue content</b> <ul style="list-style-type: none"> <li>As having zero cross-shareholdings is ideal, the bank should set a final target, and disclose reduction plans as well as reduction targets on a market value basis.</li> </ul>	<b>Dialogue content</b> <ul style="list-style-type: none"> <li>We proposed an increase in the performance-linked compensation ratio.</li> <li>We deemed it beneficial to design its executive stock ownership plan so that executives are granted stock in line with business performance that cannot be sold until after they retire from their post.</li> <li>We also suggested reflecting non-financial items in executive compensation.</li> </ul>	<b>Dialogue content</b> <ul style="list-style-type: none"> <li>The existence of listed subsidiaries with low profitability and little prospects generating synergies through their businesses is a factor for increase in cost of capital from the perspective of governance such as conflicts of interest and business portfolio investment efficiency.</li> </ul>
<b>Progress and outcomes of dialogue</b> <ul style="list-style-type: none"> <li>The bank announced its new medium-term management plan one year ahead of schedule. The bank set the reduction amounts of its cross-shareholdings at an annual average of ¥100.0 billion (book value basis), targeting less than 20% of net assets on a market value basis (less than 10% on a book value basis), and stated plans to continue selling shareholdings after the medium-term management plan ends.</li> </ul>	<b>Progress and outcomes of dialogue</b> <ul style="list-style-type: none"> <li>The company announced the introduction of a stock-based compensation system. It is designed with an increased performance-linked compensation ratio.</li> <li>The company also disclosed details of the executive compensation system in its integrated report.</li> </ul>	<b>Progress and outcomes of dialogue</b> <ul style="list-style-type: none"> <li>The company made some listed subsidiaries into wholly owned subsidiaries.</li> <li>The company responded that it would work to improve the profitability of other listed subsidiaries by the next medium-term management plan.</li> </ul>
<b>Future policies</b> <ul style="list-style-type: none"> <li>We deemed that our dialogue goals have been achieved, and will monitor the bank's progress toward its targets.</li> <li>With regard to reductions after the new medium-term management plan ends, we plan to encourage the bank to set a target of reducing the balance of cross-shareholdings to zero depending on the progress made.</li> </ul>	<b>Future policies</b> <ul style="list-style-type: none"> <li>We will check whether the introduction of the stock ownership plan has resulted in an increase in the performance-linked compensation ratio, and monitor the effects of this increase.</li> <li>We will continue to engage in dialogue on the reflection of non-financial items in executive compensation.</li> </ul>	<b>Future policies</b> <ul style="list-style-type: none"> <li>We positively view the reorganization of listed subsidiaries as results of our efforts through continuous dialogue with upper management.</li> <li>We intend to encourage the company to revamp its business portfolio, including other listed subsidiaries.</li> </ul>

# Engagement in External Equity Investments

## Examples of Dialogue

Logistics Company M Topics: Disclosure	Services Company N Topics: Corporate Governance	Information and Communication Company O Topics: Misconduct, etc.
<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>The company does not provide specific targets or action plans for addressing climate change.</li> <li>Its initiatives and disclosures are lagging behind competitors.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>There are concerns that the board of directors is composed entirely of male directors, with those that have experience in sales having a bigger voice.</li> <li>Improving the diversity of directors through the appointment of female directors should enhance the company's supervisory functions from a neutral standpoint.</li> </ul>	<p><b>Issues and background</b></p> <ul style="list-style-type: none"> <li>Actions with insufficient or lacking business ethics lead directly to the loss of social trust and damage to corporate value. On the other hand, fair actions in line with business ethics lead to the maintenance and enhancement of corporate value.</li> <li>Since a large-scale communication failure occurred, it is necessary to urge thorough measures to prevent recurrence.</li> </ul>
<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>Since climate change increases raw material procurement costs, it would be beneficial to conduct and disclose a climate change scenario analysis in order to gain insight into business risks.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We plan to vote against the appointment of representative directors for companies listed on both the Prime Market and TOPIX 100 that do not have at least one female director.</li> <li>We plan to expand the scope of this policy going forward, and also express concerns regarding the absence of female directors at the company.</li> </ul>	<p><b>Dialogue content</b></p> <ul style="list-style-type: none"> <li>We discussed with the company regarding investigation into the cause after the large-scale communication failure occurred and measures to prevent recurrence.</li> <li>We confirmed the implementation of thorough measures to prevent recurrence, and development status of an industry-wide response plan in cooperation with the relevant authorities.</li> </ul>
<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>The company disclosed information on its response to the TCFD recommendations on its website.</li> <li>The company responded that it aims to enhance its disclosures on the impact of climate change in its next annual securities report and integrated report.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>The company recognized the matter as an issue including the growing demands of society.</li> <li>The company appointed a female outside director.</li> </ul>	<p><b>Progress and outcomes of dialogue</b></p> <ul style="list-style-type: none"> <li>The company has made progress with measures to investigate the cause of large-scale communication failures, prevent recurrence, and enhance resilience of communication infrastructure across the entire industry in cooperation with the relevant authorities.</li> </ul>
<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We view that our continued dialogue led to the enhancement of information disclosure.</li> <li>Going forward, we plan to discuss its management strategies and business portfolio based on the scenario analysis results.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We deemed that the company has achieved its set target.</li> <li>However, as its number of independent outside directors remains insufficient (less than one-third), we plan to continue holding dialogue from this perspective.</li> </ul>	<p><b>Future policies</b></p> <ul style="list-style-type: none"> <li>We will continue to monitor the company's measures to build a resilient communication infrastructure.</li> </ul>

# Engagement Concerning Other Assets

## Examples of Dialogue (Government Bonds and Quasi-government Bonds)

In addition to interviews with issuers we have already invested in, we also conducted interviews to see if it is possible to establish ESG bonds that will lead to the generation of the sustainability outcomes that we seek for future investments.

International Organization Organization A

- We gave explanations on our investment policy regarding ESG and our needs for ESG bonds. We confirmed with the issuer the possibility of issuing privately placed bonds with KPIs that reflect our own targets.
- We confirmed that there is room to consider issuing bonds based on our needs. We will continue to gather information.

## Examples of Dialogue (Policymakers)

In order to promote the sound development of ESG investment and expand the market, we held dialogue on ESG integration matters we focus on and requests from external investment managers in the respective countries as a Japanese institutional investor.

Europe Country C

- We explained the following measures we expect our external investment managers to take.
- Establish an internal structure that complies with the frameworks of international initiatives such as PRI
  - Conduct engagement with high GHG emission companies to encourage them to conduct decarbonization initiatives, with an awareness of the need to reduce GHG emissions of our portfolio
  - Disclose ESG investment initiatives to investors at least once a year upon compiling sufficient data

## Examples of Dialogue (Foreign Corporate Bonds)

Due to the difficulty of having face-to-face dialogues with foreign companies at the height of the COVID-19 pandemic, we used Zoom and sent letters as an approach to communication. Currently, however, we basically hold face-to-face discussions.

Railway Company B

- The company is proactive about its ESG initiatives and has received high praise from external evaluation organizations.
- The company expressed gratitude to us for pointing out several indicators related to occupational accidents in our previous dialogue.
- We confirmed that they were following up on the aforementioned points thereafter with a focus on departments in charge of them.

## Examples of Dialogue (Local Government Bonds and Loans)

We regularly conduct dialogue with the local governments which are our investees to check their efforts on ESG issues and encourage them to take steps to resolve the issues they face. In the current fiscal year, we held dialogues to confirm the status of initiatives related to the Zero Carbon City Declaration and the SDGs Future City Declaration.

Japan Prefecture D

- We confirmed that the prefecture is considering carrying out specific initiatives to become a Zero Carbon City (such as considering the introduction of EVs, supporting small and medium-sized enterprises [SMEs] that are addressing environmental issues) and issuing SDG bonds.
- After we had encouraged the addition of an ESG section to its IR materials in our previous dialogue, an ESG-related section had been added in the current fiscal year.



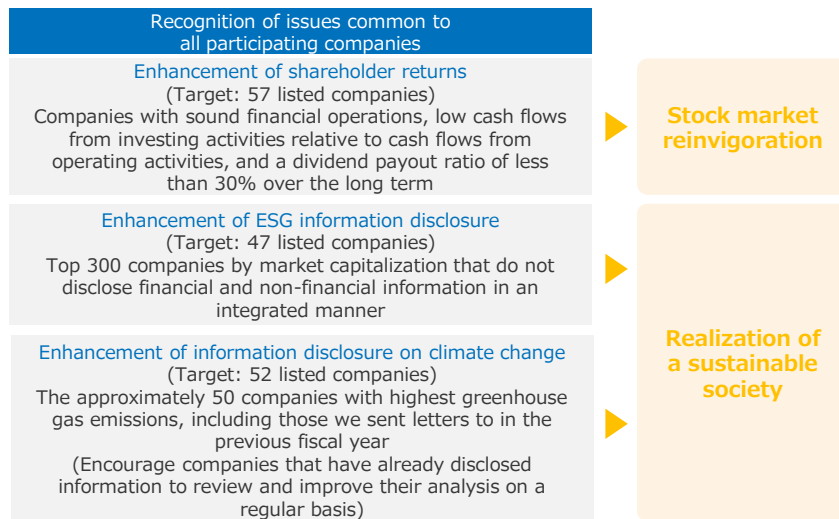
# Collaborative Engagement

## Use of Collaborative Engagement

We passionately pursue collaborative engagement with other institutional investors through ESG initiatives such as the Life Insurance Association of Japan, CDP, and CA100+ to promote ESG investment and to address climate change.

### Collaborative Engagement through the Life Insurance Association of Japan

We participate in the Stewardship Activities Working Group (hereinafter, "WG") and the ESG Investment WG of the Life Insurance Association of Japan, and exchange information with other WG participants. The Stewardship Activities Working Group, which is established jointly by 11 life insurance companies, conducted collaborative engagement with listed companies by sending letters and holding dialogues on recognition of issues common to all participating companies, with the aim of revitalizing the stock market and realizing a sustainable society.



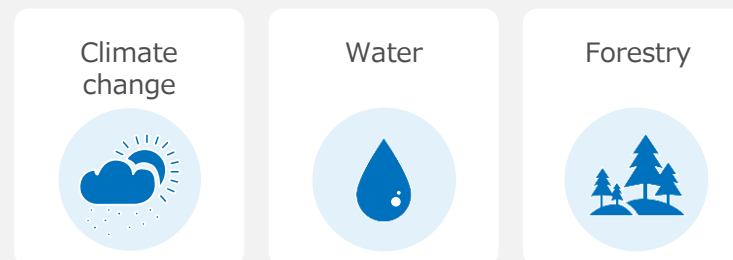
(Source) Life Insurance Association of Japan

### Collaborative Engagement through CDP (Non-disclosure Campaign)

We signed a letter as a co-signatory to encourage the companies selected by the CDP due to having a significant impact on the environment but providing inadequate disclosure to respond to the CDP questionnaire on climate change and to disclose information.



The three themes on which we encourage companies to disclose information



# External Communication Related to Engagement

## Conducting Open Engagement

As part of our efforts to increase the awareness of the importance of engagement in ESG investments, Japan Post Insurance has been conducting open engagement with issuers at seminars on ESG investments hosted by securities companies since 2022.

In the three seminars held so far, top management of operating companies have participated as speakers in each seminar. The engagement between companies and investors, which is not what people are usually able to witness, was then streamed as an online seminar. Through these seminars, the importance of engagement and Japan Post Insurance's approach to ESG investment policies are communicated to the companies that watched them.



An open engagement seminar in progress (September 2023)

### Speaker Comments

The enhancement of investees' corporate value will also lead to better equity investment income, as well as the enhancement of our management and customer service. As an institutional investor involved in equity investment, we strive to analyze companies and gather information on a daily basis so that we can conduct high-quality dialogue.

OTANI Shuhei, Global Equity and Fixed Income Investment Department



From the perspective of ESG, in addition to company performance, governance and social contribution are also very important. Through engagement, we will support investees and improve their corporate value in the long run.

ZHANG Hongzhi, Global Equity and Fixed Income Investment Department



By directly confirming matters such as the focus of investees, we can gain insight into the degree of focus and gain mutual understanding more easily. We will continue to make improvements so that we can support the enhancement of their corporate value.

KAWABE Tomoaki, Global Equity and Fixed Income Investment Department



# Policies and Approach Toward Exercising Shareholder Voting Rights


## Exercise of Shareholder Voting Rights


As a responsible institutional investor, the Company exercises its shareholder voting rights in all of its in-house and external equity investments with the aim of increasing medium- to long-term investment returns by promoting the enhancement of corporate value and sustainable growth of investees through the exercise of shareholder voting rights.

Decisions regarding the exercise of shareholder voting rights for in-house investments are in principle made in accordance with our Policies on Exercise of Shareholder Voting Rights. Decisions are made not only as a formality, but also in careful consideration of ESG factors and other non-financial information, status of dialogue, and whether the interests of shareholders will be maximized over the long term.

We may also hold a dialogue beforehand in order to align our understanding on issues related to the exercise of shareholder voting rights. In order to maintain transparency regarding the exercise of shareholder voting rights and to report to stakeholders in a timely and appropriate manner, we summarize our approach and publish on our website our Policies on Exercise of Shareholder Voting Rights, as well as our Standards for the Exercise of Shareholder Voting Rights and the results of exercise of shareholder voting rights.

### Sustainability Website of Japan Post Insurance

 Policies on Exercise of Shareholder Voting Rights  
[https://www.jp-life.japanpost.jp/aboutus/sustainability/esg/stewardship/shareholder\\_voting\\_policy.html](https://www.jp-life.japanpost.jp/aboutus/sustainability/esg/stewardship/shareholder_voting_policy.html) (in Japanese)

 Standards for the Exercise of Shareholder Voting Rights  
[https://www.jp-life.japanpost.jp/aboutus/company/assets/pdf/stewardship\\_voting.pdf](https://www.jp-life.japanpost.jp/aboutus/company/assets/pdf/stewardship_voting.pdf) (in Japanese)



### Policies on Exercise of Shareholder Voting Rights

We periodically review the content of the Policies on Exercise of Shareholder Voting Rights. Revisions are deliberated at the Responsible Investment Advisory Sectional Meeting.

[Basic Concept]

(1)	We seek to increase investment returns on our equity investment through the exercise of voting rights for the benefit of our shareholders and policyholders.
(2)	We recognize the importance of ESG (Environmental, Social, and Corporate Governance) factors in achieving a sustainable society, improving long-term investment results, and reducing risk, and request appropriate corporate activities that consider the environment and society as well as high corporate governance.
(3)	In making decisions on the exercise of voting rights, we do not make conventional judgments, but will make individual decisions from the perspective of whether the interests of shareholders will be maximized in the long term, based on non-financial information and the content of dialogue.
(4)	We do not use the exercise of voting rights as a means to resolve specific social or political issues.
(5)	In principle, we shall exercise voting rights for all shares under our management and shall not waive or abstain from voting.
(6)	To ensure that the interests of our shareholders and policyholders are not unreasonably impaired, the investment management division will make decisions independently regarding the exercise of voting rights, and will make appropriate decisions regardless of whether or not there is a business relationship with the investee company.

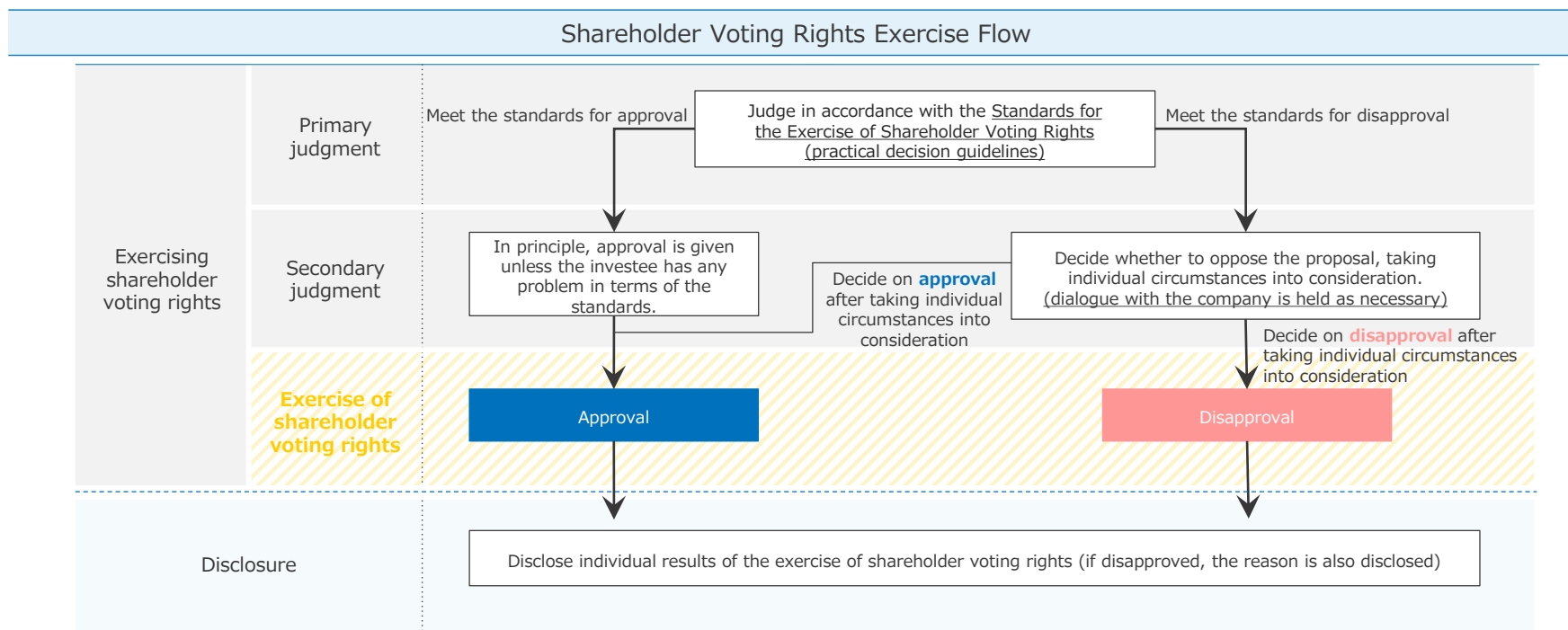
# Policies and Approach Toward Exercising Shareholder Voting Rights

## Shareholder Voting Rights Exercise Flow

In addition to the Policies on Exercise of Shareholder Voting Rights, we have established the Standards for the Exercise of Shareholder Voting Rights which serves as our practical decision guidelines. These standards set forth specific decision-making standards regarding the exercise of shareholder voting rights for individual proposals. Based on these standards, we exercise our shareholder voting rights for all stocks held and all proposals.

Sustainability Website of Japan Post Insurance

Standards for the Exercise of Shareholder Voting Rights  
[https://www.jp-life.japanpost.jp/aboutus/company/assets/pdf/stewardship\\_voting.pdf](https://www.jp-life.japanpost.jp/aboutus/company/assets/pdf/stewardship_voting.pdf) (in Japanese)



\*For the purpose of verification against our decisions to exercise shareholder voting rights, we use Institutional Shareholder Services, Inc. (ISS), a voting advisory firm, to receive recommendations for decisions based on our Policies on Exercise of Shareholder Voting Rights. We do not use advice based on the ISS Voting Rights Exercise Policy.

# Policies and Approach Toward Exercising Shareholder Voting Rights

## Revision of the Standards, etc. for the Exercise of Shareholder Voting Rights

Since formulating them in 2017, we revised our standards, etc. for the exercise of shareholder voting rights in accordance with the revisions to Japan's Stewardship Code and Corporate Governance Code. We also analyze the results of voting decisions of other asset management institutions, such as our external investment managers, confirm the differences with our decisions, and check how the standards are relatively evaluated.

The main matters that we check through dialogue that are not in our standards	Our policies
Disclosure that adheres to TCFD recommendations or the equivalent	As data calculation methods and other matters related to the TCFD recommendations have not yet been standardized as of date, it is difficult to make relative comparisons. We thus encourage disclosure through dialogue.
Guidelines and disclosure on diversity	Since there are structural factors that affect each industry, we have decided not to set uniform standards at this time, and are confirming investees' initiatives through dialogue.

### Flow of Revision of the Standards, etc. for the Exercise of Shareholder Voting Rights

	2019	2020	2021	2022
<b>Background and approach of the revision</b>	▶ We incorporated into the standards our request for appropriate corporate activities that consider the environment and society as well as high corporate governance, based on the recognition of the importance of ESG factors in achieving a sustainable society and improving long-term investment results.			Response in line with the revision of Japan's Corporate Governance Code ▶ Amendments to regulations related to the functions of the board of directors ▶ Amendments to regulations related to the independence of outside officers
<b>1. Corporate structure, directors, and board of directors</b>	▶ <b>Appointment and reappointment of directors</b> Addition of standards: "Directors who are deemed to be liable for acts which may have a profound impact on the environment or society"	▶ <b>Outside directors whose independence is deemed to be impaired</b> Addition of standards: "Whether or not the director has been notified to the financial instruments exchange as an independent officer" ▶ <b>Appointment of representative directors for listed subsidiaries</b> Stricter standards for disapproval in principle: "Outside directors do not account for the majority"	▶ <b>Appointment and reappointment of directors</b> Addition of standards: "Directors who are deemed to be liable for <b>events</b> which may have a profound impact on the environment, society, or <b>corporate governance</b> "	▶ <b>Appointment of representative directors</b> Stricter standards for disapproval: "Outside directors do not account for at least one-third, or multiple outside directors have not been appointed," "(in the case of a listed subsidiary) Outside directors do not account for the majority, or multiple outside directors have not been appointed, and no permanent special committees have been established," "Cross-shareholdings account for 20% or more of consolidated net assets and 10% or more of consolidated total assets," "Companies facing major issues, such as those related to the environmental, social and corporate governance themes, that have shown no improvement despite ongoing dialogue" ▶ <b>Ratio of outside directors</b> Addition of standards in the case of listed subsidiaries: "Outside directors account for the majority of the board of directors, or a permanent special committee has been established." ▶ <b>Outside directors whose independence is deemed to be impaired</b> Addition of standards: "Persons whose term of office as a director is 12 years or more at the time of the general meeting of shareholders (including term of office as an outside director)," "Persons who have worked at cross-shareholding investees (in which the company holds 10% or more of voting rights; have worked at the investee within the past five years)"
<b>2. Corporate auditors and board of corporate auditors</b>	▶ <b>Appointment and reappointment of corporate auditors</b> Addition of standards: "Corporate auditors who are deemed to be liable for acts which may have a profound impact on the environment or society"	▶ <b>Outside corporate auditors whose independence is deemed to be impaired</b> Addition of standards: "The person has not been notified, or there are no plans to be notified, to the financial instruments exchange as an independent officer"	▶ <b>Appointment of corporate auditors</b> Addition of standards: "Corporate auditors who are deemed to be liable for <b>events</b> which may have a profound impact on the environment, society, or <b>corporate governance</b> "	▶ <b>Outside corporate auditors whose independence is deemed to be impaired</b> Addition of standards: "Persons whose term of office as a corporate auditor is 12 years or more at the time of the general meeting of shareholders (including term of office as an outside director)," "Persons who have worked at cross-shareholding investees (10% or more of voting rights of investee companies; within the past five years)" ▶ <b>Determining the appropriateness of the execution of duties by outside corporate auditors</b> Addition of standards: "Past attendance rate of board of directors meetings"
<b>3. Executive compensation, etc.</b>	▶ <b>Increase in compensation, bonus payments, payment of retirement benefits</b> Addition of standards: "The occurrence of acts which may have a profound impact on the environment or society"		▶ <b>Increase in compensation, bonus payments, payment of provision of retirement benefits</b> Addition of standards: "Occurrence of <b>events</b> which may have a profound impact on the environment, society, or <b>corporate governance</b> "	▶ <b>Payment of retirement benefits</b> Stricter standards: In principle, we oppose the payment of retirement benefits when the amount is not disclosed ▶ Executive compensation, etc. Relaxation of standards: Allow stock options to be granted to outside directors
<b>4. Appropriation of surplus</b>				
<b>5. Reorganization</b>				
<b>6. Capital policy</b>		▶ Addition of standards: "In principle, we oppose the payment of bonuses to outside directors, directors who are audit and supervisory committee members, or corporate auditors, unless there are reasonable grounds for the payment."		
<b>7. Amendments to the Articles of Incorporation</b>				
<b>8. Shareholder proposals</b>			▶ Addition of standards: "Shareholder proposals related to environmental and social issues shall be assessed from the perspective of maximizing shareholder returns over the long term and the degree of environmental and social impact."	
<b>9. Takeover defense measures</b>		▶ Stricter standards for approving takeover defense measures: "Independent outside directors account for a majority of the board of directors after the conclusion of the general meeting of shareholders."		
<b>10. Others</b>	▶ "Various ESG factors, etc." was added to decision-making factors			

# Results of the Exercise of Shareholder Voting Rights for Domestic Equity Investment

## Results of the Exercise of Shareholder Voting Rights (July 2022 to June 2023)

We exercised our shareholder voting rights for 384 proposals at 121 companies' general meetings of shareholders held in the last year. The opposition rate to all company proposals was 4.5% (up 0.7% from the previous year). The opposition rate is lower than that of the results of the exercise of shareholder voting rights in externally managed equity investment, which mainly involves passive management. We believe this is due to the fact that in-house equity investment involves active management, in which we hold many stocks with good earnings performance and governance.

Sustainability Website of Japan Post Insurance

Stewardship Activities  
<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/stewardship.html>



\*Shows the results of the exercise of shareholder voting rights over the last three years.

### Results of the Exercise of Shareholder Voting Rights

Company Proposal	Approval	Disapproval	Abstain	Opposition Rate
	359	17	0	4.5%



Shareholder Proposal	Approval	Disapproval	Abstain	Opposition Rate
	0	8	0	100.0%

### Exercise Status for Company Proposals

Proposals regarding Corporate Organization	Approval	Disapproval	Opposition rate
Appointment and dismissal of Directors	138	12	8.0%
Appointment and dismissal of Corporate Auditors	69	4	5.5%
Appointment and dismissal of Accounting Auditor	2	0	0%
<b>Proposals on Executive Compensation</b>			
Executive Compensation*1	36	1	2.7%
Payment of retirement benefits to retiring Officers	1	0	0.0%
<b>Proposals regarding Capital Policy (excluding proposals regarding the Articles of Incorporation)</b>			
Appropriation of surplus	83	0	0.0%
Reorganization-related*2	1	0	0.0%
Introduction, renewal and repeal of takeover defense measures	0	0	0.0%
Other proposals regarding capital policy*3	0	0	0.0%
Proposals on the Articles of Incorporation	28	0	0.0%
Other Proposals	1	0	0.0%

\*1 Executive compensation includes revision of executive compensation, issuance of stock options, introduction and revision of performance-linked remuneration system, and bonuses for executives. \*2 Reorganization-related includes mergers, business transfer/acquisition, share exchange, share transfer, and company split. \*3 Other proposals regarding capital policy include share repurchases, reduction of legal reserve, capital increase through third-party allotment, capital reduction, and reverse stock split. \*4 The results in the above table are based on parent proposals.

## Individual Cases of Exercising Shareholder Voting Rights

Examples of cases in which we have determined that dialogues are necessary in advance before exercising shareholder voting rights

Type of shareholder meeting	Proposer	Proposal type	Approval/disapproval	Reasons for approval/disapproval
Ordinary	Company	Appointment of directors	Approval	Although the ratio of independent outside directors of the company owned by the parent company does not account for the majority, it has established a Governance Committee. We confirmed through dialogue that said committee is composed only of independent outside personnel.
Ordinary	Company	Appointment of directors	Disapproval	The outside director candidate has worked for a major bank of the company within the past five years, and we were unable to confirm through disclosure materials or dialogue with the company whether said financial institution is not a major business partner.


Examples of shareholder voting rights exercised on shareholder proposals related to sustainability

Type of shareholder meeting	Proposer	Proposal type	Approval/disapproval	Reasons for approval/disapproval
Ordinary	Shareholders	Proposals on the Articles of Incorporation	Disapproval	The company has made visible progress in disclosing climate change issues, and we positively view its stance on addressing climate change. As such, we determined that there is little need for such matters to be included in the Articles of Incorporation.

### Disclosure of Results of the Exercise of Shareholder Voting Rights for Each Individual Proposal, including Reasons for Approval or Disapproval

We disclose the individual results of the exercise of shareholder voting rights for all stocks held and all proposals, including the reasons for approval or disapproval. From FY2021, we decided to publish all reasons for approval or disapproval. We will continue to maintain and enhance the level of transparency in the exercise of shareholder voting rights.

#### Sustainability Website of Japan Post Insurance

 Stewardship Activities  
<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/sg/stewardship.html>



\*Shows the results of the exercise of shareholder voting rights over the last three years.

### Verification of Conflicts of Interest related to Exercise of Shareholder Voting Rights

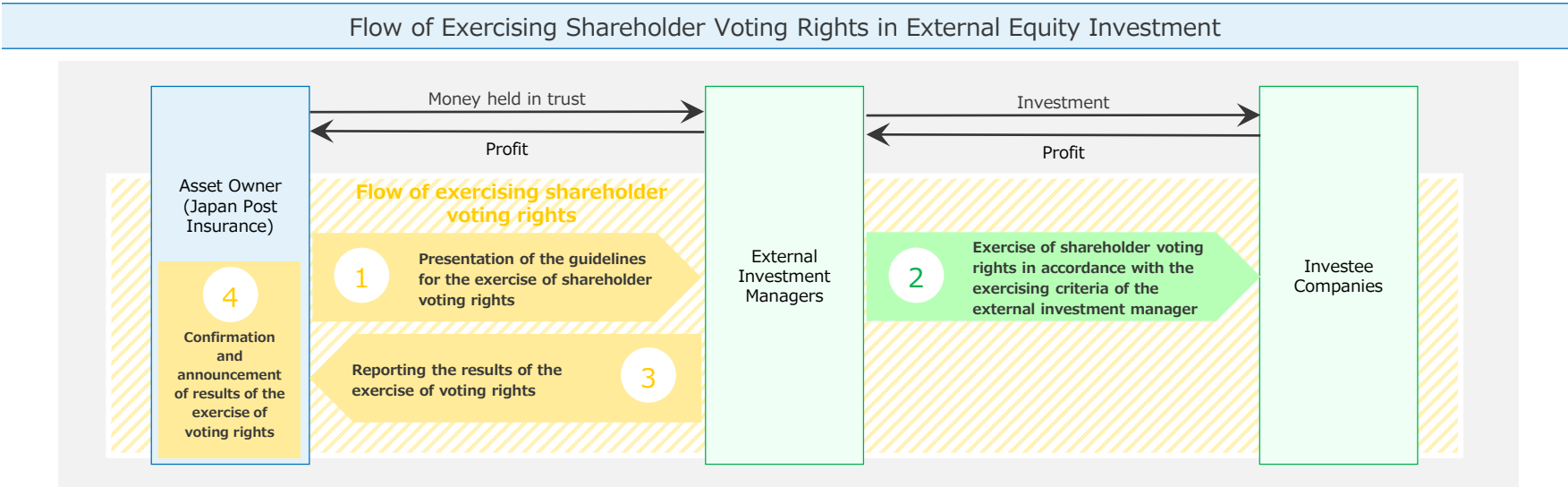
The Responsible Investment Advisory Sectional Meeting (held on October 16, 2023) has confirmed that there are no conflicts of interest regarding the exercise of shareholder voting rights.

Item	Confirmation Results
Shareholdings in listed companies in the Japan Post Group	There were no shareholdings in listed companies in the Japan Post Group.
Proposals for which approval or disapproval differs from the Policies on Exercise of Shareholder Voting Rights established by the Company	There were no proposals where approval or disapproval differed from the Policies on Exercise of Shareholder Voting Rights.
Details of proposals that did not agree or disagree with code in entrusted management of shares	We cross-checked the results of the exercise of shareholder voting rights in entrusted management of shares with the decisions for approval or disapproval for self-managed stock. As a result, we confirmed that although there were 14 proposals whose approval or disapproval differed from those of all external investment managers, all of them were decisions in line with the Policies on Exercise of Shareholder Voting Rights.

# Exercising Shareholder Voting Rights in External Equity Investment

## Flow of Exercising Shareholder Voting Rights in External Equity Investment

For externally managed equity investment, while we entrust the exercise of shareholder voting rights to the external investment managers, we provide the guidelines for the exercise of shareholder voting rights, which include matters that external investment managers should keep in mind when exercising shareholder voting rights. The external investment managers shall formulate a policy regarding the exercise of shareholder voting rights, and shall exercise shareholder voting rights in accordance with said policy. Upon receiving a report on the results of the exercise by the external investment managers, we confirm the results and compile reports on them.



## Monitoring the Exercise of Shareholder Voting Rights of External Investment Managers

Once a year, we conduct ESG questionnaires and interviews to confirm external investment managers’ basic approach to the policies on exercise of shareholder voting rights, their organizational structure, decision-making process for exercising shareholder voting rights, system for monitoring consistency with the exercise policies, and their analysis of trends in the results of the exercise of shareholder voting rights.



# Results of the Exercise of Shareholder Voting Rights in External Equity Investment

## Results of the Exercise of Voting Rights (July 2022 to June 2023)

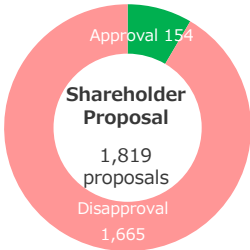
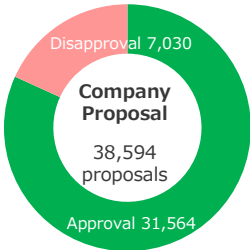
The results of the exercise of shareholder voting rights at the general meetings of shareholders of 2,153 listed companies in Japan held in the last year are as follows. The opposition rate to all company proposals was 18.2% (up 3.7% from the previous year).

**Analysis of the opposition rate**

- As in the previous fiscal year, proposals for the appointment and dismissal of directors and the appointment and dismissal of corporate auditors continued to account for the majority of opposition (7,030 proposals).
- In 2021, many companies proposed amendments to the Articles of Incorporation related to the delivery of electronic documents. Thus, the number of proposals on the Articles of Incorporation, which have a low opposition rate, decreased significantly (7,890 fewer proposals compared to the previous year), resulting in an increase in the opposition rate.
- The opposition rate for proposals related to the appointment and dismissal of directors increased (up 1.6% from the previous year) due to stricter criteria for the ratio of independent outside directors at some external investment managers.

### Results of the Exercise of Shareholder Voting Rights

Company Proposal	Approval	Disapproval	Abstain	Opposition Rate
	31,564	7,030	0	18.2%



Shareholder Proposal	Approval	Disapproval	Abstain	Opposition Rate
	154	1,665	0	91.5%

### Exercise Status for Company Proposals

Category	Total	Approval	Disapproval	Opposition rate
<b>Proposals regarding Corporate Organization</b>				
Appointment and dismissal of Directors	15,731	11,073	4,658	29.6%
Appointment and dismissal of Corporate Auditors	6,628	5,473	1,055	15.9%
Appointment and dismissal of Accounting Auditor	383	383	0	0.0%
<b>Proposals on Executive Compensation</b>				
Executive Compensation*1	3,661	3,349	312	8.5%
Payment of retirement benefits to retiring Officers	381	3	378	99.2%
<b>Proposals regarding Capital Policy (excluding proposals regarding the Articles of Incorporation)</b>				
Appropriation of surplus	7,768	7,538	230	3.0%
Reorganization-related*2	157	157	0	0.0%
Introduction, renewal and repeal of takeover defense measures	408	24	384	94.1%
Other proposals regarding capital policy*3	175	175	0	0.0%
<b>Proposals on the Articles of Incorporation</b>				
	3,380	3,369	11	0.3%
<b>Other Proposals</b>				
	22	20	2	9.1%

\*1 Executive compensation includes revision of executive compensation, issuance of stock options, introduction and revision of performance-linked remuneration system, and bonuses for executives. \*2 Reorganization-related includes mergers, business transfer/acquisition, share exchange, share transfer, and company split. \*3 Other proposals regarding capital policy include share repurchases, reduction of legal reserve, capital increase through third-party allotment, capital reduction, and reverse stock split.

# Self-assessment of Stewardship Activities

Principle 1	Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.	<ul style="list-style-type: none"> <li>We have formulated the Stewardship Activities Policy and published it on our website.</li> </ul>
Principle 2	Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	<ul style="list-style-type: none"> <li>We categorize conflicts of interest and describe our response to them in the Stewardship Activities Policy.</li> <li>The Responsible Investment Advisory Sectional Meeting which includes external experts confirmed that there were no conflicts of interest.</li> </ul>
Principle 3	Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	<ul style="list-style-type: none"> <li>With our in-house equity investment, we conducted investment research through interviews and teleconferences with almost all our investee companies to gain an accurate understanding of their situation.</li> <li>In domestic corporate bond management, we conducted research and analysis on ESG, business and financial performance, for our investee companies to gain a better understanding of the status of the companies concerned. We also deepened our understanding of the issues and initiatives for sustainable growth.</li> </ul>
Principle 4	Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	<ul style="list-style-type: none"> <li>With our in-house equity investment, we had more constructive dialogues with investee companies than initially planned, and we believe these discussions were very meaningful.</li> <li>With external equity managers, as the asset owner, we received documentation from them describing their stewardship activities. We conducted hearings with these managers to confirm the status of engagement and the results.</li> <li>In domestic corporate bond management, we offered dialogue on ESG topics to our investees to deepen mutual recognition and understanding of related issues. We exchanged opinions to encourage them to take action for sustainable growth.</li> </ul>
Principle 5	Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	<ul style="list-style-type: none"> <li>In our in-house equity investment, we have established the standards for the exercise of shareholder voting rights, which contain specific standards for individual proposals regarding the exercise of shareholder voting rights, and have posted them on our website.</li> <li>In exercising shareholder voting rights for in-house equity investment, we did not make decisions conventionally, but actively engaged in dialogue and took into consideration the individual circumstances of the investee companies. We believe that we were able to exercise shareholder voting rights in an appropriate manner.</li> <li>With external equity managers, we request in the hearing from them or other opportunities that they do not make conventional judgments but take into consideration of the engagement and other factors to ensure that the exercise of shareholder voting rights contributes to the sustainable growth of the investee companies.</li> </ul>
Principle 6	Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	<ul style="list-style-type: none"> <li>We post a Responsible Investment Report on our website once a year, which includes information on our stewardship activities, and report to our customers.</li> <li>The results of the exercise of shareholder voting rights are disclosed in a summary table, and are also disclosed individually in the case of in-house equity investment.</li> </ul>
Principle 7	To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	<ul style="list-style-type: none"> <li>With our in-house equity investment, we conducted investment research through interviews and teleconferences with almost all our investee companies to gain an accurate understanding of their situation.</li> <li>In domestic corporate bond management, we conducted research and analysis on ESG, business and financial performance, for our investee companies to gain a better understanding of the status of the companies concerned. We also deepened our understanding of the issues and initiatives for their sustainable growth.</li> </ul>
Principle 8	Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.	<ul style="list-style-type: none"> <li>The Company is not a service provider for institutional investors.</li> </ul>

## 6 Impact “K” Project

- ◆ Impact Investment Initiatives p.76
- ◆ About Impact “K” Project p.78
- ◆ Social Issues Approached p.84
- ◆ Impact “K” Project-certified Funds p.91
- ◆ Domestic Listed Equity Impact Fund “Commons Impact Fund” p.95

# Impact Investment Initiatives

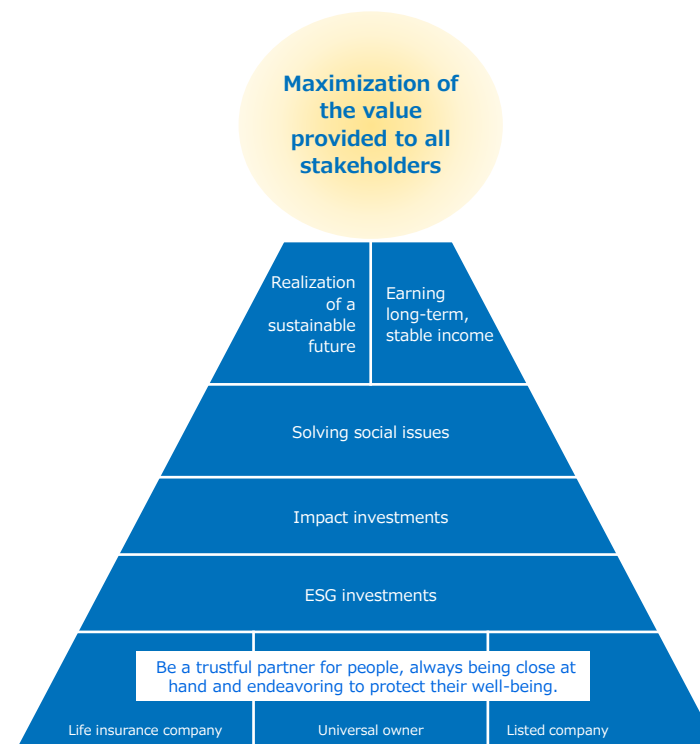
## Our Philosophy on Impact Investment

The foundation of Japan Post Insurance's asset management lies in its Management Philosophy, "Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being."

Based on this management philosophy, as a life insurance company managing the valuable insurance premiums entrusted to us by our customers, a universal owner diversifying investments across a wide range of assets, and a listed company aiming for sustainable growth and long-term improvement of corporate value, we are committed to ESG investment to fulfill our social responsibility to all of our stakeholders, to realize a sustainable society, and to improve long-term investment results.

We believe that solving the various social issues we currently face is essential for achieving the future society that we envision.

Accordingly, we have taken a step further from traditional ESG investments and focused on Impact investing, a method that can directly contribute to creating impact that solve social issues through asset management, and have been working to expand impact-oriented investments and loans since 2022.



### <Impact investments>

Investment activities intended to generate positive and measurable social and environmental impact in parallel with financial returns.

# Impact Investment Initiatives

## Affinity Between Asset Management and Impact Investing At Japan Post Insurance

We aim to achieve stable medium- to long-term returns under appropriate risk management to ensure the future payment of life insurance claims contracted with our customers through broadly diversified investments. Our asset management style and impact investments aiming for the resolution of medium- to long-term social issues have a high level of affinity, and we believe that expanding impact investment will be effective for enhancing our future corporate value.

## Role as an Asset Owner in the Impact Investment Market

We believe that it is necessary to improve recognition and foster an awareness of impact investing across the overall economic market, beyond the financial industry to enhance and maximize the effects generated by impact investing. By leveraging our characteristics as an asset owner, we aim to lead the expansion of the impact investment market by promoting impact-oriented investments and loans through diversified assets, in collaboration with investee companies, asset managers, and others to broadly involve the economic market.

### Expected effects of expanding impact investments



#### Cultivating markets that grows sustainably and stably

By accumulating solutions to a wide variety of social issues through diversified investments, we promote the sustainable and stable growth of the overall economic market, leading to the acquisition of medium- to long-term financial returns.



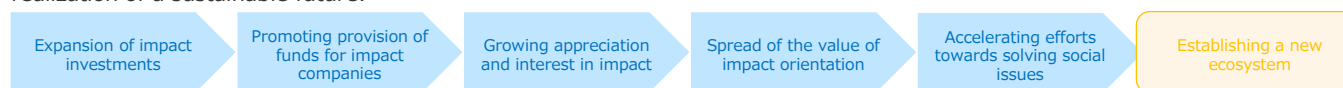
#### Identification and nurturing of investment targets with growth potential

New technologies and business models that lead to the solution of long-standing social issues are considered to have high competitiveness and growth potential, contributing to the medium- to long-term business stability of the company or project. Initiatives in impact investing encapsulate the opportunity to identify and nurture companies and projects that create social transformation.



#### Establishing a new ecosystem

By providing funds to companies that create impact, we spread the value of impact orientation beyond the financial industry, and accelerate their respective efforts to contribute to solving social issues, thereby establishing an ecosystem that will lead to the realization of a sustainable future.



# About Impact “K” Project

## Japan Post Insurance’s Proprietary Impact Investment Framework: Impact “K” Project

In 2022, in order to expand impact-oriented investments and loans, we have launched the Impact “K” Project, a proprietary impact investment framework. The “K” embodies meanings such as *Kampo* (Japan Post Insurance), *kizuna* (bonds), *kyoso* (co-creation), *kenko* (health), *kyoryoku* (cooperation), and *kibo* (hope for the future) in Japanese. We certify and manage impact investment projects that meet the requirements as Impact “K” Projects within the Company.



### Features of Impact “K” Project

The Impact “K” Project was formulated with the intention of contributing to the development of the impact investment industry as an asset owner and social contribution through solving social issues with investments and loans, in addition to ensuring the quality and transparency of impact creation through establishing certification processes and accumulating a variety of impact investment projects with flexible KPI settings. We will co-create with a diverse range of stakeholders and contribute to the sound development of the impact investment industry by establishing our proprietary certification process and contributing to the expansion of impact investments that contribute to solving social issues.

#### Features of Impact “K” Project



**Ensuring the quality and transparency of impact creation**  
—Impact “K” Project certification requirements—



**Accumulation of diverse impact investment projects**



**Contribute to the development of the impact investment industry and society as an asset owner**

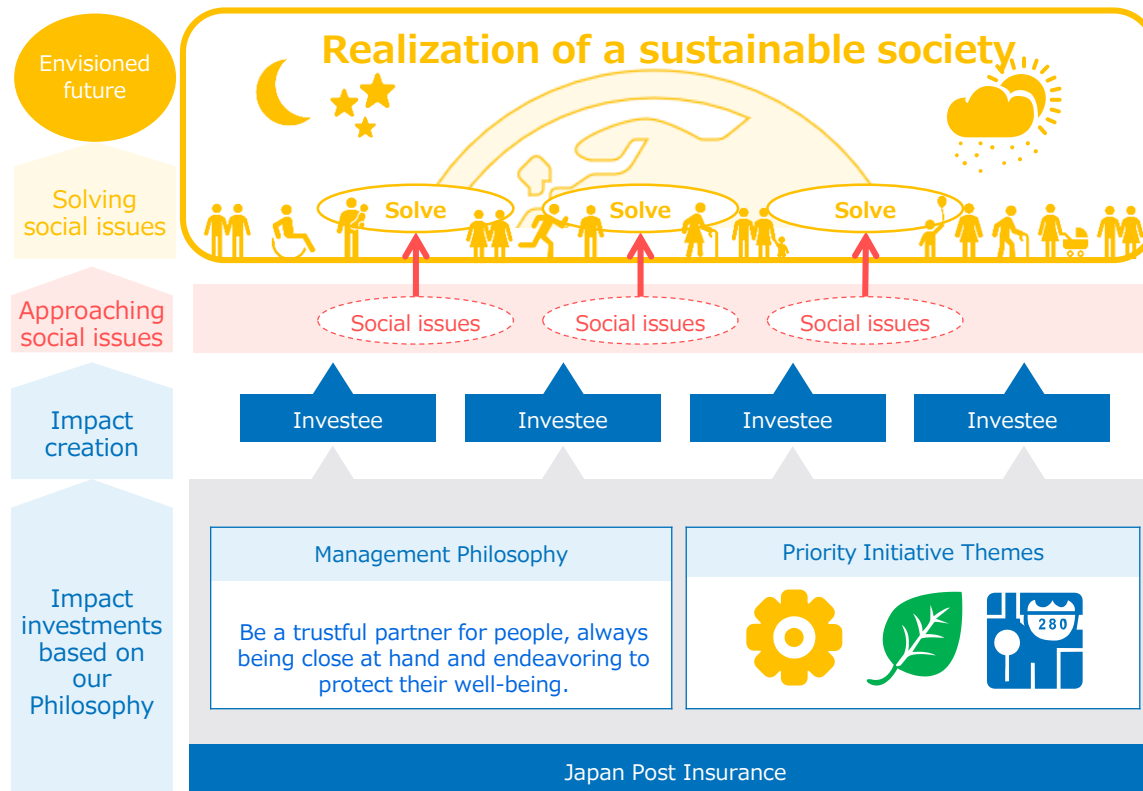
# About Impact “K” Project



## Ensuring the Quality and Transparency of Impact Creation —Impact “K” Project Certification Requirements

For each of our impact investments, beyond merely setting KPIs or implementing IMM (impact measurement and management) as a formality, we emphasize ensuring that the social issues recognized by the investees, the theory of change\*, logic model, KPIs, etc., are consistent and confirm that the impact intended for creation aligns with our three ESG investment priority initiative themes.

As the term impact investment becomes more widespread, there are cases of investments that might be considered “impact washing,” where the actual substance does not match the purported impact. By developing certification requirements that encompass various standards and concepts of impact investment to eliminate the risk of impact washing, we have established a process to certify only carefully selected projects.



\* Theory of change: A comprehensive explanation and illustration of how and why the desired change is expected to occur in a specific context.

# About Impact “K” Project



## Ensuring the Quality and Transparency of Impact Creation —Impact “K” Project Certification Requirements

We certify projects as Impact “K” Projects based on factors such as whether the investee intends to create an impact, and whether it aligns with our Management Philosophy and our direction toward the society we envision.

### Impact “K” Project certification requirements

#### ✓ **Consistent with the Management Philosophy and ESG investment priority initiative themes of Japan Post Insurance**

We confirm that the business or project of the investee aligns with our Management Philosophy and our three ESG investment priority initiative themes of enhancement of well-being, development of local communities and society, and contribution to environmental protection, and support the creation of impacts that contribute to realizing the future society we envision.

#### Management Philosophy

Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.

#### ESG investment priority initiative themes



#### ✓ **Creates not only economic returns but also social returns at the same time**

We evaluate investments from the perspective of not only whether they bring economic and financial returns to the Company, but also whether they can produce positive impacts on society and the environment.

#### ✓ **Intentionality: Clear intent to create positive and new social impact**

We evaluate from multiple perspectives, whether the operators or businesses have committed to identifying or targeting a specific issue from among various social issues for a particular reason, and whether they are firmly committed to creating an impact, in addition to having a process for creation as a strong declaration of intent to create impact.

#### ✓ **Additionality/Contribution: Solving unmet environmental or social needs**

We verify the clarity of the path from the recognition of a specific social issue to its resolution, focusing on what the investee creates and how it will contribute to society.

#### ✓ **Quantitative KPI setting and regular monitoring are possible**

For the impact created by businesses, we require quantitative target setting and progress to be confirmed in terms of how the results of impact will be manifested in resolving the targeted social issues. As for the elements of impact, we refer to the 5 Dimensions of Impact advocated by IMP (Impact Management Project, currently Impact Frontiers), clarifying and analyzing who is targeted (who), what is created (what), how much will be created (how much), how the operators and businesses can contribute to its creation (contribution), and the risks if the impact is not generated (risk).



# About Impact “K” Project



## Ensuring the Quality and Transparency of Impact Creation —Impact “K” Project Certification Requirements

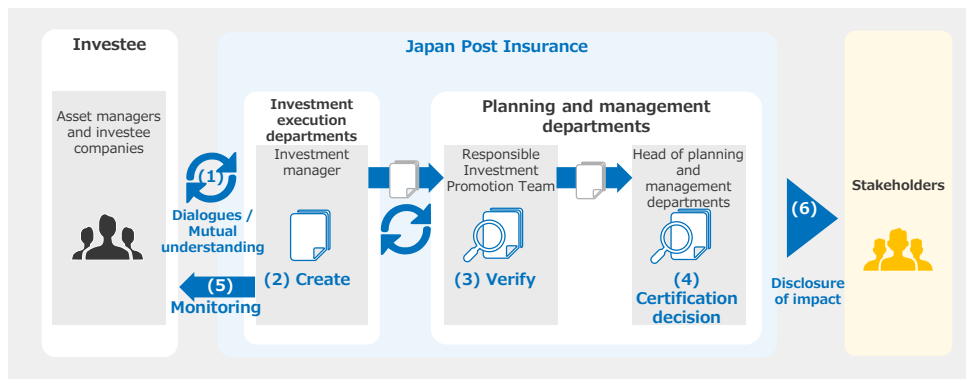
In the flow of our certification process, the planning and management departments responsible for certification works collaboratively with the investment execution departments, which makes investment decisions, thereby placing focus on ensuring an appropriate system of checks and balances.

The investment execution departments engage in multiple dialogues with the investees, create a Confirmation Sheet, and apply to the planning and management departments. This Confirmation Sheet, while comprehensively covering various concepts and requirements of impact investments in Japan and overseas, also incorporates our unique perspectives, such as alignment with our Management Philosophy and our three ESG investment priority initiative themes. In addition, by adopting a flowchart-style format, we clarify the points of discussion for impact creation with investees and endeavoring to facilitate understanding between planning and management departments and the investment execution departments regarding impact investments and the Impact “K” Project.

Upon receipt of the Confirmation Sheet from the investment execution departments, the planning and management departments examine the fulfillment of the certification requirements and verify the clarity of the path to impact creation. When deficiencies or unclear points are found, the planning and management departments request the investment execution departments for improvements and work towards fully meeting the requirements, including holding direct discussions with the investees as necessary.

After several interactions between the investment execution departments and the planning and management departments, the head of the planning and management departments decides on the certification.

### Overview of Impact “K” Project certification



### Certification flow

- (1) Dialogue and mutual understanding between the investment execution departments and the investee**  
Through dialogue with investees, the investment manager confirms the certification requirements of the Impact “K” project (theory of change, social issues to solve, creating impact, system, etc.) and shares the Impact “K” Project framework to deepen mutual understanding.
- (2) The investment manager prepares the Confirmation Sheet**  
The investment manager compiles the necessary requirements for certification into the Confirmation Sheet for investment projects deemed eligible for the Impact “K” Project and submits it to the planning and management departments.
- (3) The planning and management departments verify the Confirmation Sheet**  
The planning and management departments check the eligibility for the Impact “K” Project based on the Confirmation Sheet.
- (4) The head of the planning and management departments decides on the certification**  
The head of the planning and management departments confirms the content of the Confirmation Sheet and decides on certification.
- (5) Regular monitoring**  
The status of achievement of KPIs, etc. is regularly confirmed.
- (6) Disclosure of impact through the Responsible Investment Report, etc.**

When we can obtain the cooperation and understanding of an investee, an overview of the investee and the effects of their impact investing are disclosed through means such as our Responsible Investment Report.

# About Impact “K” Project



## Accumulation of Diverse Impact Investment Projects

Setting KPIs and quantitatively managing and measuring the social and environmental impacts generated through investees is a very important part of impact investing. However, depending on the asset class, it can be difficult to set KPIs or measure the impact in a strict sense at the start of the investment, and there is still much debate about the methodology.

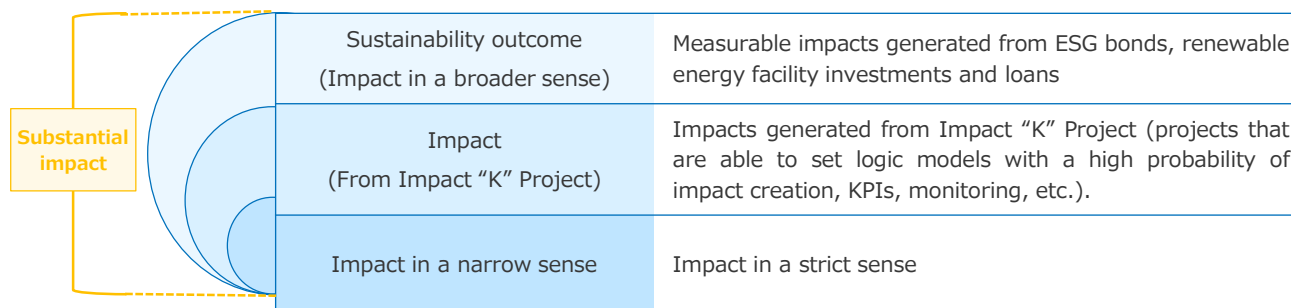
We believe that hesitating to invest in investees that could potentially have a positive impact on society and the environment because of the difficulty of setting KPIs and measuring impact in a strict sense could lead to missing opportunities to achieve the future society we envision.

We aim to expand impact investing by verifying the logic and theory of change leading to the impact, the certainty of outputs and outcomes generated from the investees, and enabling the setting of KPIs for outcomes that encompass potential outputs.

### Definition of each term

Output	Products, services, etc. resulting from the activities of an organization or business.
Outcome	Changes, benefits, learning, and other effects resulting from the outputs of an organization or business.
Impact	Social and environmental outcomes resulting from business or activity, including short- and long-term changes.

Source: Japan Social Innovation and Investment Foundation (SIIF)



► See “Measuring Sustainability Outcomes” (p.43) for measurement results of sustainability outcomes.

# About Impact “K” Project



## Contribute to the Development of the Impact Investment Industry and Society as an Asset Owner

In order for impact investments to have an effect on society, we believe that it is necessary to expand the impact market and go beyond the framework of the asset management industry and raise awareness and understanding of the economic market as a whole. In addition, long-standing social issues that have not been resolved to date requires efforts from multiple perspectives due to the complex interaction of various factors.

As an asset owner with a broad portfolio, we have contributed to solving various social issues through the medium of finance, including investing in ESG bonds since 2016. In the field of impact investing, by promoting the Impact “K” Project, we aim to approach and address social issues from various assets and work towards solutions. In order to fulfill our fiduciary duty to our customers, we carefully examine the impact investing framework, strategy, achievements, and the selection and management of investees of the investment managers to which we entrust investments, and promote impact investing.

We also plan to introduce investees certified for the Impact “K” Project to our stakeholders through various means, including external PR opportunities, such as various reports, presentations at seminars, financial education, and our owned media.

We expect that this initiative will result in a rise in interest in social issues, the improvement of the image of investee companies, and the attraction of new funding to the business, thus creating a virtuous cycle for the development of the impact investment industry and social contribution, including further expansion of impact and the initiation of solutions to new social issues.

Going forward, we will continue to engage in dialogue with investees and institutional investors who are in a similar position as we are, by studying and deliberating on what we can do and what we should do to achieve a better society.

▶ We are showing the status of our activities. Please see p.84 to p.99.

### Disseminating information to raise awareness of impact investing

#### Video presentation on impact investing

We have introduced the Impact “K” Project through a 5-minute video using our owned media to reach a wider audience with information about impact investing.



#### Japan Post Insurance Junction

Japan Post Insurance Junction was established in 2022 as a hub for people, information, and communities. It is a new form of web media that delivers diverse and attractive information from Japan Post Insurance.

<https://www.jp-life.japanpost.jp/junction/> (in Japanese)



#### Delivering the voices of planners working on the Impact “K” Project

We have delivered the real voice of planners working on the Impact “K” Project in an interview format.



#### JP CAST

We continue to communicate the future vision of the Japan Post Group and the charms of each region of Japan nurtured together with the community, presenting the continuous close relationship with our customers through post offices.

<https://www.jpcast.japanpost.jp/> (in Japanese)



# Social Issues Approached

## Enhancement of Well-being

**A society where terminal cancer patients and their families can have hope**

J-Pharma Co., Ltd.  
(Specific cancer treatment drug development business)

p.87

**Elimination of the problem of children being wait-listed for nursery schools in urban areas**

Real estate management business in desirable urban locations  
(Attracting daycare centers)

p.85

## Development of Local Communities and Society

**Shortage of labor in SMEs due to the decline in the working-age population**

Money Forward, Inc.  
(Cloud services business for corporate clients)

p.88

Approaching social issues

## Contribution to Environmental Protection

**Lack of employment opportunities for people with intellectual and mental disabilities/ lack of employment opportunities for women in rural areas**

S-Pool, Inc.  
(Employment support service for people with disabilities/ BPO services for local governments)

p.86

**Sustainability of agriculture and living**

SAKA NO TOCHU Co., Ltd.  
(Distribution and sales of agricultural products)

p.89, 90

Asset	Real estate fund
Fund	Nursery School Mirai Fund III

# Real Estate Management Business in Desirable Urban Locations (Attracting Daycare Centers)

## Social issues to be solved

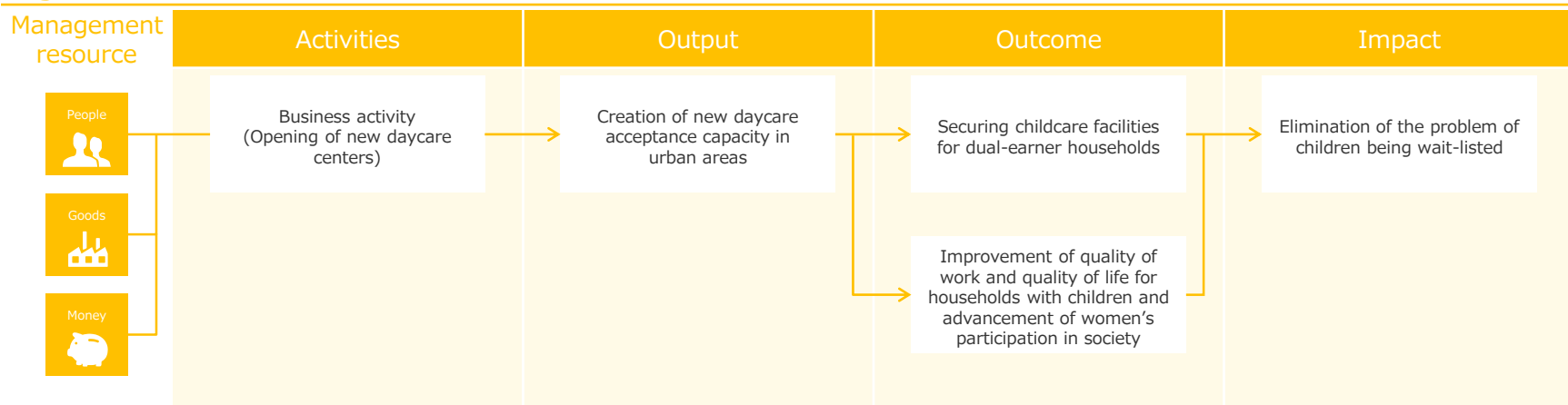
With the increasing demand for daycare centers as social infrastructure due to factors including the rise in dual-earner households, etc., children being wait-listed for nursery schools has become a social issue, due to the shortage of daycare centers in urban areas. In addition, in urban areas, there are many hidden children being wait-listed that are not counted by the national or local governments even though they are not enrolled in the approved daycare centers of their choice, indicating large divergence between the number of children on the waiting list on the surface and the actual number of children being wait-listed, and the potential need for daycare centers is still considered high.

## Business activities and initiatives for social issues

The fund invests in and holds real estate that is conveniently located near stations in Tokyo that can be expected to suppress the risk of asset value depreciation and maintain high occupancy rates. By attracting licensed nursery schools that can cover most of the rent with government subsidies, it achieves long-term stable investment and offers high convenience to users with daycare needs due to the excellent locations. The establishment of new daycare centers will create additional capacity for childcare acceptance, serving as a place for accepting children being wait-listed and hidden children being wait-listed, thereby contributing to the resolution of the problem of children being wait-listed.



## Logic model





[Social issues to be solved]

Lack of employment opportunities for people with intellectual and mental disabilities and lack of employment opportunities for women in rural areas

Asset

Domestic listed equity fund

Fund

Commons Impact Fund—Co-creation—

# S-Pool, Inc. (Employment support service for people with disabilities/ BPO services for local governments)

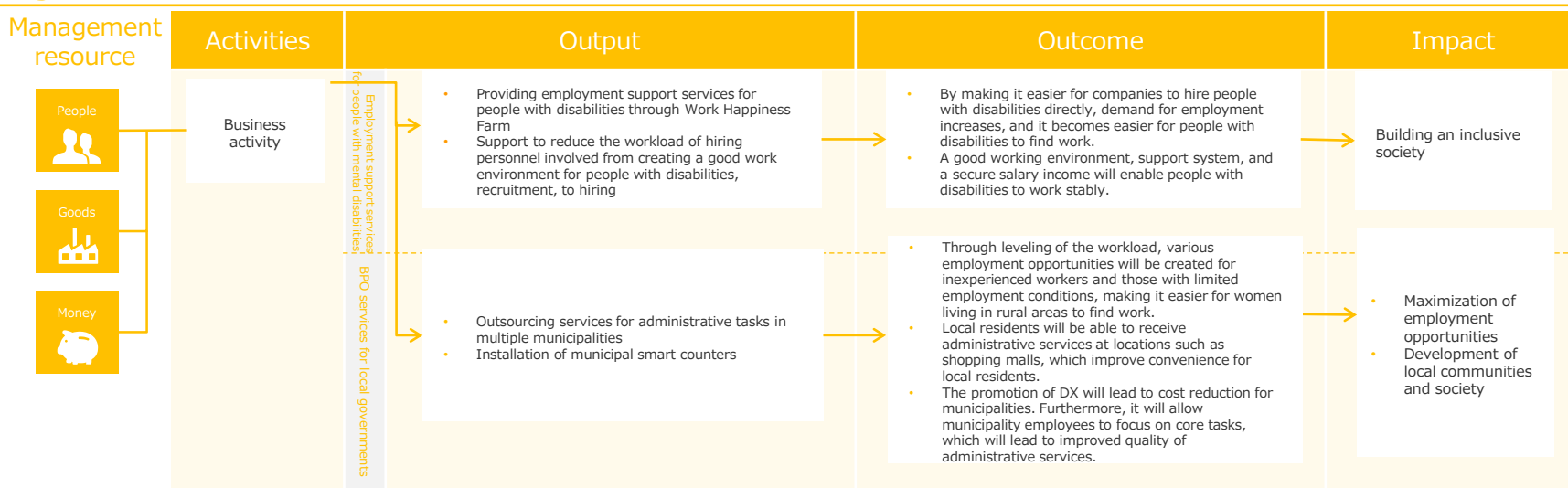
## Social issues to be solved

- Although the employment of people with disabilities by companies is rapidly increasing against a backdrop of growing momentum for diversity and an increase in the legal employment rate, the majority are physically disabled, and not enough people with intellectual and mental disabilities are being hired. In addition, about 30% of employees leave their jobs within three months due to labor conditions, the nature of the job, interpersonal relationships, and the workplace environment, resulting in a low employment retention rate and challenges for the employers.
- Labor productivity and wage levels tend to be low due to the slow pace of transition to IT, technological innovation, and DX, particularly for SMEs and municipalities in rural areas. Moreover, the labor market in rural areas offers limited job types and benefits, creating a situation where there are not enough job opportunities for women with limited working conditions.

## Business activities and initiatives for social issues

- The company provides employment support services for people with disabilities that assist both employers and employees through the use of farms (owning over 40 farms nationwide, utilized by more than 560 companies and over 3,500 people with disabilities). By employing a special farming method that does not use soil, allowing year-round cultivation and harvesting, the company maintains constant work availability while also implementing satisfaction-enhancing measures such as team systems and compensation systems, promoting a comfortable working environment and initiatives for motivation improvement, thereby achieving a high retention rate of 92%. From the perspective of the company, positioning specialized staff on both the user company and farm reduces the workload of the company's hiring personnel. We believe that this service has special characteristics as it is direct employment by companies, not Type B continuous employment support, which also leads to an increase in salary of the employees.
- The company provides BPO (Business Process Outsourcing) services for local governments to consolidate common tasks across municipalities, thereby supporting cost reduction and operational efficiency in administrative management. By consolidating the work of several adjacent municipalities, this service has made it possible to accept contracts from smaller municipalities, which had previously been considered difficult for outsourcing. In addition, a shared administrative counter by several neighboring municipalities has been set up in the SC to provide services on weeknights and weekends when administrative counters are not normally open, and enabled online consultation, thereby promoting DX by municipalities and improving convenience for local residents.

## Logic model





[Social issues to be solved]

Creating a society where patients and their families can live the life they want with hope until the end of their life, even if they are in the terminal stages of cancer

Asset

Private equity fund

Fund

SIIFIC Wellness Investment LPS

# J-Pharma Co., Ltd. (Specific cancer treatment drug development business)

# J-Pharma

## Social issues to be solved

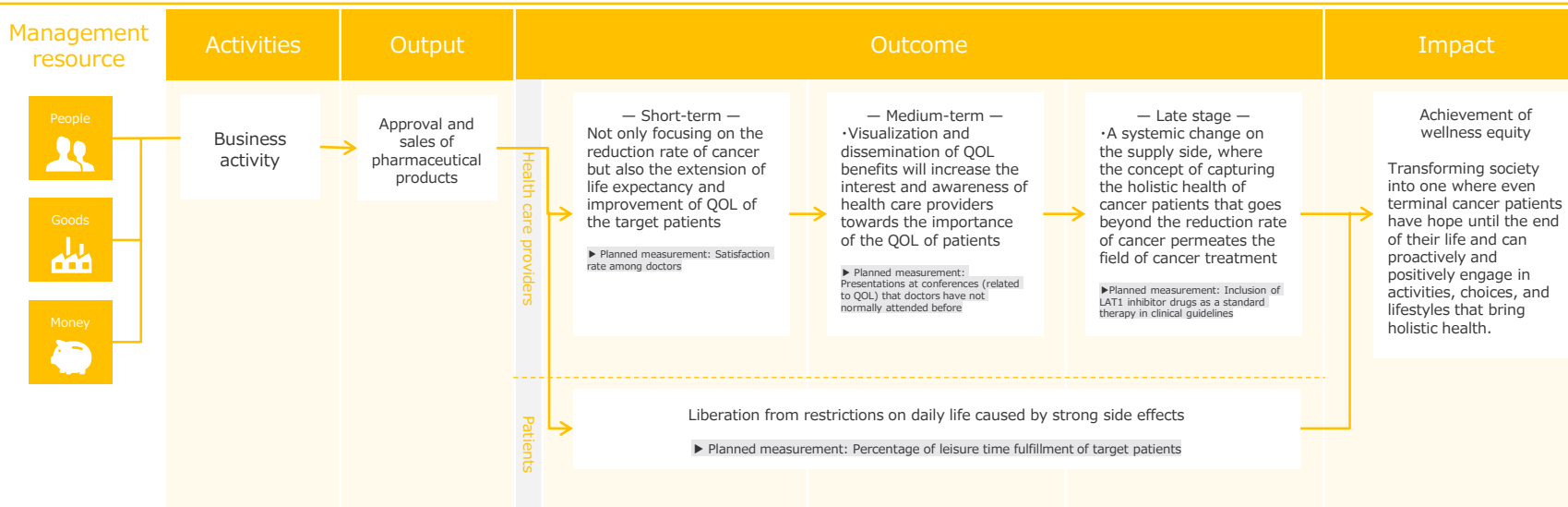
In cancer drug development, the reduction rate of solid tumors (RECIST) has been set as the endpoint for its effectiveness, rather than the quality of life of patients. In some cases, this leads to increased side effects and lifestyle restrictions for patients, and so the development of drugs that are more cancer-specific and with a milder mechanism is desired. J-Pharma is developing treatment drugs with gentler effects that target only cancer cells, enabling patients and their families to continue the life they want, even in the terminal stage, aiming to transform society into one where individuals can proactively and positively engage in society until the end.

## Business activities and initiatives for social issues

Gallbladder and bile duct cancer affects approximately 23,000 people per year in Japan, and the 5-year relative survival rate is the second lowest among both men and women for 21 types of cancer, following pancreatic cancer. (Source: National Cancer Center Japan Information Service)

J-Pharma is developing Nanvuranlat (Development code: JPH203), a cancer treatment that inhibits amino acid uptake via LAT1 (SLC7A5) in cancer cells, driving them to cell death, while not inhibiting LAT2 expressed in normal cells, and is proceeding with clinical trials of Nanvuranlat for biliary tract cancer, a condition with few effective treatments, with the aim of making it an anti-cancer drug with fewer side effects. Development is being conducted with gallbladder and bile duct cancer as the first indication, and there are plans to extend development to other diseases with high unmet medical needs (medical needs for diseases for which there is still no effective treatment).

## Logic model



Asset	Domestic listed equity fund
Fund	Commons Impact Fund—Co-creation—

# Money Forward, Inc. (Cloud services business for corporate clients)

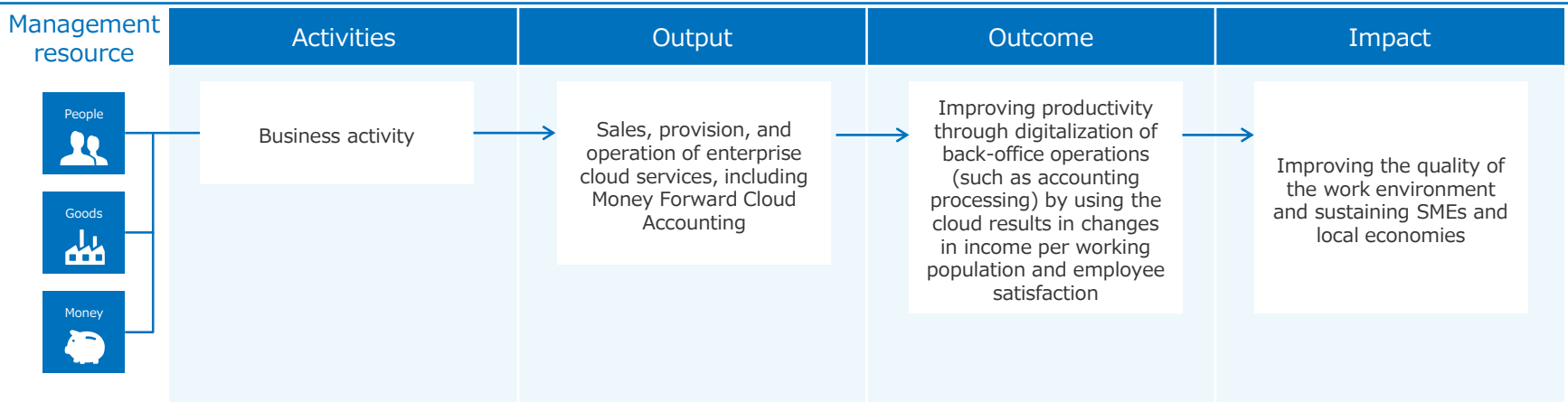
## Social issues to be solved

Japan’s aging population and declining birthrate are leading to a steady decrease in the working-age population. According to the Ministry of Health, Labour and Welfare’s projections, the population is expected to decrease to 60.82 million by 2025 and 52.45 million by 2040, which is anticipated to have a serious impact on economic growth and the maintenance of the social security system. Against this backdrop, SMEs in particular are facing difficulties in securing workers, necessitating the improvement of productivity and the management of business operations with limited resources. However, back-office work such as accounting are mainly performed by hand due to the generation of paper documents such as receipts and invoices and the need for data entry and verification tasks for detailed numbers. In addition, it is not always possible to secure the necessary personnel, which results in long working hours due to back-office operations.

## Business activities and initiatives for social issues

Money Forward covers a wide range of back-office operations such as corporate accounting, expense settlement, invoice processing, and payroll calculation. By providing the tools necessary for these tasks, it enables reduction of work hours through automation of work, and digitization through cloud services for paperless operations and telework. Money Forward also facilitates smooth compliance with the latest legal frameworks such as the Act concerning Preservation of Electronic Books and the invoice system. Improving the efficiency of these back-office operations brings various benefits, such as improved productivity for companies and increased employee satisfaction. In the accounting software market, companies offering fully cloud-based services are very rare, which means that Money Forward is a scarce product in the industry. In addition, because back-office operations are directly related to the management of the company, it means that the cancellation rate of the product is low once it is introduced, and it holds the business advantage of easily increasing LTV (lifetime value). Another special characteristic of the business structure is that the more value is provided in improving users’ productivity and security quality, the higher the barriers for entry for other companies and LTV become.

## Logic model





# SAKA NO TOCHU Co., Ltd. (Distribution and sales of agricultural products)



## Social issues to be solved

While modern agriculture evolves daily, its evolution that focuses on short-term profit maximization and cost reduction. This has led to a distribution structure based on mass production, consumption, and waste, and has also caused a deterioration in the energy efficiency of agriculture. Although agriculture that relies on pesticides and chemical fertilizers consumes a large amount of oil and natural gas, the multifaceted value of agriculture and forestry has been neglected because it is cheaper to use chemical fertilizers than to recycle local resources. On the other hand, organic farming, which does not rely on pesticides and chemical fertilizers, tends to have unstable yields and often does not fit into existing distribution channels, making it very difficult for domestic newcomers who are eager to get involved in organic farming to make a living. In mountainous areas of Southeast Asia, mountains are stripped bare to cultivate crops such as corn for animal feed. Laos, for example, has lost 30% of its forests over a period of about 30 years. SAKA NO TOCHU has vision of “agriculture that will last even 100 years from now,” which incorporate the idea of taking responsibility for the future by looking at least 100 years ahead. By not just looking at immediate profits but also considering the distant future in time and geography, the company engages in business to increase the number of farmers who practice agriculture with low environmental footprint, under the belief that it can pass on a society coexisting with rich natural environments to the future.



## Business activities and initiatives for social issues

(1) Domestic business (online regular delivery of vegetables purchased mainly from new farmers who practice agriculture with low environmental footprint)

Although new farmers attempt organic farming in Japan, it is difficult to sustain business, and the shift to farming with low environmental footprint is not progressing. This accelerates the destruction of the natural environment and the heavy use of energy resources. In the domestic business, the company focuses on new producers who engaged in organic farming, providing them with opportunities for learning from one another, systems for producers, and purchasing unique agricultural products and processed products (securing distribution channels). Through these initiatives, the company aims to improve the business conditions of producers, enhance the quality and appeal of products, support new farmers in taking on the challenge of organic farming and in expanding their business scale, thereby aiming to reduce the rate of new farmers leaving farming and shift to low-input agriculture.



(2) Overseas business (introduced a cultivation method called agroforestry in production areas mainly in Southeast Asia; import and sales of environmentally friendly coffee beans)

In the mountainous areas of Southeast Asia, many means of making a livelihood are accompanied by environmental destruction, as the expansion of extractive agriculture, excessive slash-and-burn, and timber exports have accelerated forest reduction and caused income disparities among producers as well.

The company's overseas business supports people attempting coffee cultivation with the sustainable agriculture method called agroforestry, and it is working to improve quality and provide technology for post-harvest processes, develop products utilizing regional characteristics, and import and sell local coffee beans. Through these efforts, the company aims to improve the business conditions of producers and enhance the quality and appeal of products, increase the number of people engaged in coffee cultivation with sustainable farming methods, expand the area of coffee cultivation, create employment in production areas, and achieve forest protection and regeneration in coffee production areas worldwide.



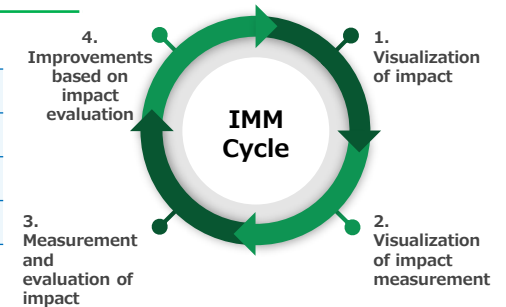
# SAKA NO TOCHU Co., Ltd. (Distribution and sales of agricultural products)

## GLIN's investor contribution (support for building an impact management cycle as a companion)

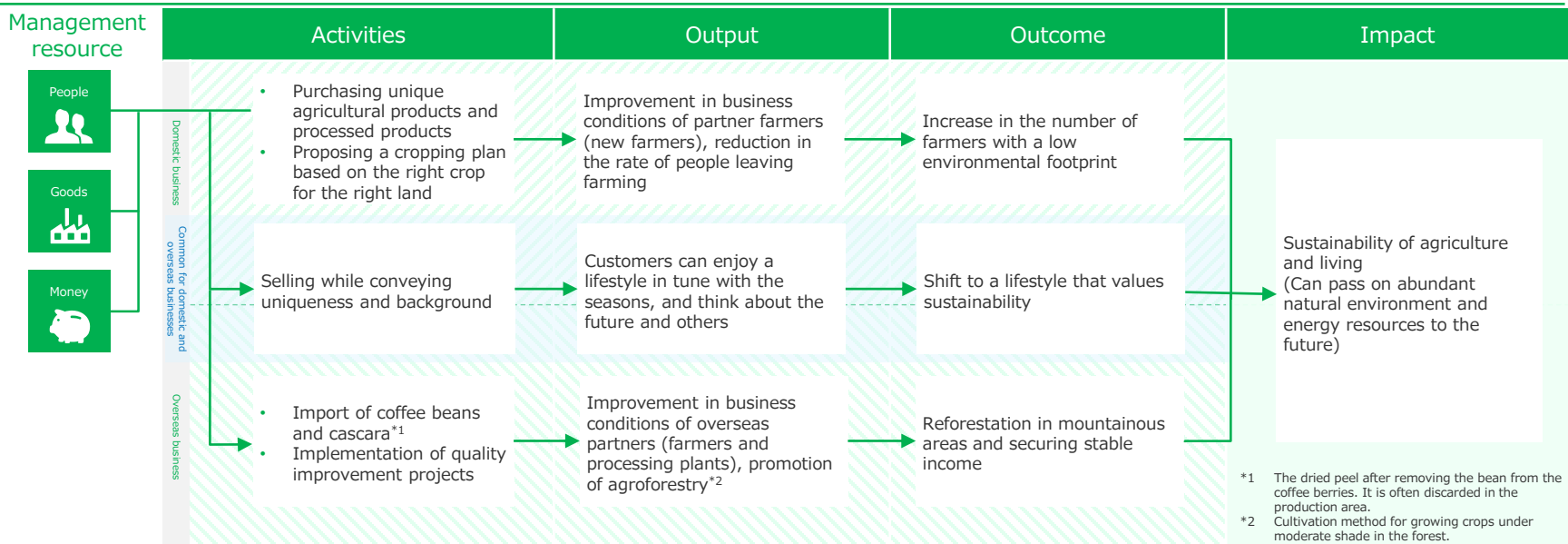
GLIN supports the establishment of the impact management cycle for SAKA NO TOCHU as a companion. In the process of formulating the logic model, GLIN visualized who is affected, how change is caused, and what is aimed to be achieved ultimately by SAKA NO TOCHU. There is an overlap in the changes it wishes to bring about through its domestic and international businesses, and although the social issues it wants to solve and the products it handles are different, we believe that selling with an emphasis on individuality and background can bring about a shift in society towards a lifestyle that values sustainability, ultimately contributing to the sustainable development of agriculture and daily life. The company recognizes the need to reconstruct the value chain (a value chain that values enjoyment of diversity and utilization of individuality rather than a supply chain that has emphasized efficiency to the point of excluding diversity for the sake of optimization), and with the support of GLIN, we are working on carefully examining and identifying the most important outcomes as the first step of IMM.

<Flow of establishing an impact management cycle>

- (1) Visualization of impact: Formulate the logic model
- (2) Visualization of impact measurement: Set impact KPI
- (3) Measurement and evaluation of impact: Measure impact
- (4) Business improvements based on impact evaluation




## Logic model



## SIIFIC Wellness Investment LPS



<b>Investment company</b>	SIIFIC LLP	<b>Investment targets</b>	Innovative startups in the wellness sector intending to generate financial returns alongside with positive and measurable social and environmental impacts				
<b>Fund establishment date</b>	June 2023	<b>Fund scale</b>	Not disclosed				
<b>URL</b>	<a href="https://www.siific.co.jp">https://www.siific.co.jp</a> (in Japanese)						
<b>Theory of change</b>	<ul style="list-style-type: none"> <li>The impact goal of this fund is to achieve wellness equity. This means creating a society where everyone can actively engage in activities and lifestyles that bring about holistic health.</li> <li>The fund invests in startups that “improve wellness literacy” and “enhance social capital,” which we believe are leverage points for achieving wellness equity.</li> </ul>						
<b>Fund concept</b>	<ul style="list-style-type: none"> <li>The fund uniquely identifies innovative investment candidate projects in the wellness sector, and engages in impact investing with the intent to generate financial returns alongside positive and measurable social and environmental impacts, in order to create value for companies in the new capitalism.</li> <li>The fund has identified “improve wellness literacy” and “enhance social capital” as leverage points and has established four investment themes.                             <ol style="list-style-type: none"> <li>Products and services that can become the default standard for reliable healthcare (behavioral change on the supply side)</li> <li>Products and services that encourage positive and diverse activities and lifestyles (behavioral change on the demand side)</li> <li>Products and services that loosely connect independent individuals</li> <li>Startups that have the potential to create local employment and an environment where people can live vibrantly</li> </ol> </li> <li>Through the following investor contributions, the fund works on solving social challenges and creating social impacts towards the “achievement of wellness equity.”                             <table border="1" data-bbox="404 906 1371 1021"> <tr> <td><b>Hands-on as a venture capitalist</b></td> <td>The fund provides support for management strategy and business plan formulation, financing (grants, equity, debt, foreign institutional investors), and international expansion.</td> </tr> <tr> <td><b>Engagement and hands-on as an impact investor</b></td> <td>The fund supports the formulation of a theory of change using systematic thinking, a process that follows the whole picture from multiple perspectives, and visualization based on the latest international trends.</td> </tr> </table> </li> <li>For example, in the case of J-Pharma Co., Ltd., which was introduced in previous slides, systematic thinking was used to provide a deep understanding of what the challenges in cancer treatment are through dialogues with patients, their families, medical professionals, pharmaceutical companies, and government agencies. This process revealed the realities of cancer treatment, patterns, and points requiring intervention. The fund’s impact goal of achieving wellness equity is consistent with the philosophy of the founder, Dr. Endou, “We must build a medical system that continues to give hope to even terminal cancer patients until their final days.”</li> </ul>			<b>Hands-on as a venture capitalist</b>	The fund provides support for management strategy and business plan formulation, financing (grants, equity, debt, foreign institutional investors), and international expansion.	<b>Engagement and hands-on as an impact investor</b>	The fund supports the formulation of a theory of change using systematic thinking, a process that follows the whole picture from multiple perspectives, and visualization based on the latest international trends.
	<b>Hands-on as a venture capitalist</b>	The fund provides support for management strategy and business plan formulation, financing (grants, equity, debt, foreign institutional investors), and international expansion.					
	<b>Engagement and hands-on as an impact investor</b>	The fund supports the formulation of a theory of change using systematic thinking, a process that follows the whole picture from multiple perspectives, and visualization based on the latest international trends.					
							

### Comments from a representative of Japan Post Insurance

The achievement of wellness equity that the fund aims for by “creating a society where everyone can actively engage in activities and life cycles that bring about holistic health,” also aligns with our Management Philosophy of “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being.”

In the case of the fund’s investee company developing cancer treatment drugs, it is not only about focusing on the reduction rate of cancer, but emphasizes the reduction of side effects to enhance patients’ quality of life, leading to the development of treatment drugs that accompany, support, and protect the lives of patients, which is something we have high expectations for.

As in the case of this investment, by continuing accumulating investments with a sense of warmth through investments in research and developments that solve social (or environmental) issues, we aim to not only achieve financial returns but also realize social transformation that can support many people’s lives, and we will continue to take on challenges together alongside everyone at SIIFIC.



Alternative Investment Department  
In charge of Private Equity Investment  
KASAIISHI Yohei

## GLIN Impact Capital Investment LPS

**GLIN**  
IMPACT CAPITAL

Comments from a representative  
of Japan Post Insurance

<b>Investment company</b>	GLIN Impact Capital LLP	<b>Investment targets</b>	Middle-later stage unlisted company (Japan and some overseas companies)
<b>Fund establishment date</b>	March 2021	<b>Fund scale</b>	Not disclosed
<b>URL</b>	<a href="https://glinimpact.com/">https://glinimpact.com/</a> (in Japanese)		

### Theory of change

- GLIN believes that many of today’s social issues stem from the lack of incorporation of external economic and long-term sustainability factors within the system of economic resource allocation, based on experiences living in developing countries and attending and working at U.S. business schools and investment funds.
- Accordingly, toward its mission “to achieve a society in which social issues are solved autonomously along with economic growth,” GLIN aims to contribute to the development of a sustainable economy and society through the introduction of ESG and impact investment methods and frameworks to incorporate external economic and long-term sustainability perspectives, such as environmental and social impacts, into all business and financial activities.



- In an aim to create “a sustainable society where people have a high level of well-being and coexist with the environment,” the fund invests in the following two themes and ten areas, and creates value through ESG and impact investment methods, aiming to achieve a society where social issues are solved alongside economic growth.

#### Theme (1) Sustainable living environment

Climate change mitigation, maintaining biodiversity, solving water and food problems, disaster prevention and mitigation, safe and secure society, circular economy

#### Theme (2) Society with a high level of well-being

Addressing the declining birthrate and aging population, promotion of physical and mental health, promotion of an inclusive society, women’s participation in society, diversification of education, and individual empowerment

### Fund concept

- In addition to providing funds to investees, the fund conducts IMM (impact measurement and management) for each individual investee, visualization of the social impact (logic models) and organization of ESG management priorities (materiality identification), then sets future actions and KPIs, and performs regular monitoring.
- By conducting IMM, the fund clarifies the relation between business and impact, supports investees in formulating business strategies that balance economic growth and impact growth, and communicates the impact to stakeholders in an easy-to-understand manner, which supports investee companies create more impact through their business.



GLIN uses advisors centered on Harvard Business School professors and its international network, and has broad knowledge and expertise in ESG impact investment methods, including IMM. In addition, by signing the international Operating Principles for Impact Management, GLIN is working to improve the quality of IMM from an objective standpoint as well.

In managing the valuable insurance premiums entrusted to us by our customers, we aim to not only secure economic returns, but to also expand impact-oriented investments and loans by implementing our uniquely defined investment framework, the Impact “K” Project.

We will work together with GLIN to create successful examples of impact investments to realize the future society envisioned by the Impact “K” Project and addresses the related social challenges, to create a better environment and society surrounding our customers.



Alternative Investment Department  
In charge of Private Equity Investment  
MATSUMOTO Hidetaka

## Nursery School Mirai Fund III

<b>Investment company</b>	A.P. Asset Management Co., Ltd. PROFITZ Co.Ltd.	<b>Investment targets</b>	Well-located real estate in Tokyo with licensed nursery schools
<b>Fund establishment date</b>	March 2022	<b>Fund scale</b>	Approximately ¥6.6 billion
<b>Theory of change</b>	Aims to solve the social issue of children on waiting lists by attracting quality nursery school operators to urban areas with large numbers of children on waiting lists for nursery schools and providing long-term stable management for childcare.		

- The investment manager established Japan’s first nursery school asset-focused fund in May 2020, followed by the second fund in April 2021 and this fund as the third in March 2022. All of these funds operate real estate with its main tenants as licensed nursery schools that meet the standards set by the Ministry of Health, Labour and Welfare and the Tokyo Metropolitan Government.
- This fund was jointly established by A.P. Asset Management Co., Ltd., and PROFITZ Co.Ltd., with the aim of acquiring long-term stable profits and solving the social issue of children on waiting lists by attracting quality nursery school operators to urban areas with large numbers of children on waiting lists for nursery schools.

### Fund concept



### Comments from a representative of Japan Post Insurance

The fund does not invest in the nursery school business itself. However, we perceive it as more than just an investment in community buildings as income-producing real estate.

The underlying principle of investing in real estate funds as an alternative investment is that the pursuit of profit as pure investment will lead to the pursuit of benefit of many stakeholders including our customers, shareholders, and investors.

Japan Post Insurance had to place more emphasis and consideration on its social and public significance, including the background and history of its establishment, and has always been searching for opportunities to invest in funds that incorporate added value leading to the solution of social issues.

Going forward, as we explore various investees, we aim to promote even more ESG investments and our Impact “K” Project. To this end, we will take the lead ourselves as the real estate investment team and involving external investment managers to proactively and autonomously engage with the fund managers responsible for fund formation, to invest in as many funds as possible that can solve such social issues.



Alternative Investment Department  
In charge of Real Estate Investment  
YOKOYAMA Sumito

## Commons Impact Fund —Co-creation—



Comments from a representative of Japan Post Insurance

When the fund was first established, conducting impact investments through listed stocks was extremely challenging. The fund is the embodiment of our intentions as the asset owner and the society we aim to achieve, which has been made possible through discussions with all parties involved.

On the other hand, the fundamental concepts of impact investing and life insurance are close. Both aim to create social value through finance and improve the overall happiness of society, and we feel that it is a field that responsible institutional investors like our company should actively promote.

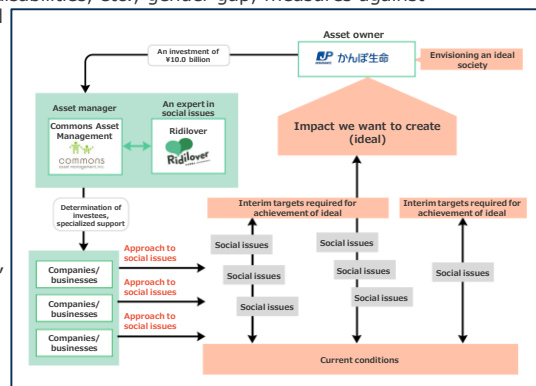
Because we manage assets with the insurance premiums entrusted to us by customers as the source of funds, we believe it is very important to communicate the significance of impact investing as we see it, and how impact investing is useful in addressing social issues through what kind of businesses as a result of investing in such funds. Through this report, we hope that many of our stakeholders will experience the investments with “warmth” unique to Japan Post Insurance.



Senior General Manager of Global Equity and Fixed Income Investment Department and in charge of External Equity Investment  
(Top) From left, HASHIMOTO, KAWABE (Bottom) BABA, Senior General Manager KUGA, KANEDA

<b>Investment company</b>	Commons Asset Management, Inc.	<b>Investment targets</b>	Domestic listed equity
<b>Fund establishment date</b>	May 2022	<b>Fund scale</b>	¥10.0 billion
<b>URL</b>	<a href="https://www.common30.jp/">https://www.common30.jp/</a> (in Japanese)		
<b>Theory of change</b>	By investing in companies that create impact in line with the impact themes of “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection,” the fund makes investments with “warmth” unique to Japan Post Insurance.		

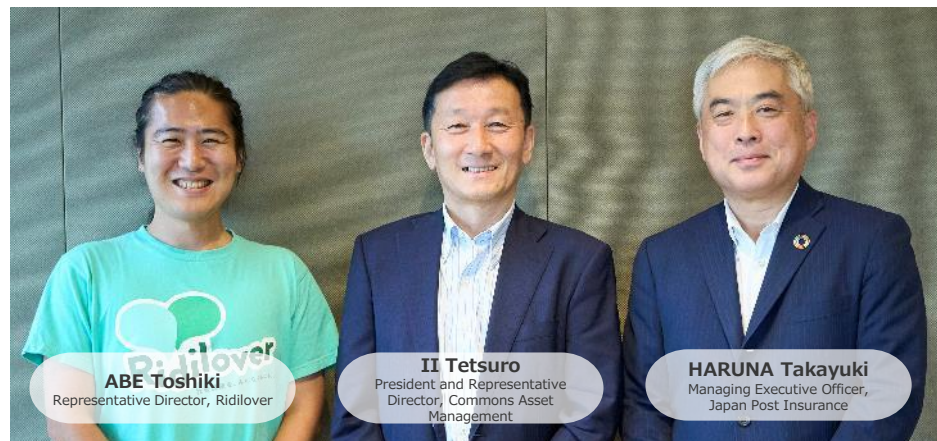
- The fund aims to invest, from a long-term perspective, in domestic companies that are actively addressing the creation of favorable social impact. The fund selects approximately 20 to 50 stocks for investment, targeting large-cap to small-cap stocks, and contributes to the long-term value creation of the companies.
- Commons Asset Management, the asset manager, manages assets based on the priority initiative themes of “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection” set by Japan Post Insurance as the asset owner.
- Specific social issues expected to be addressed include disparities in the lives of children; social inclusion of the aging population, people with disabilities, etc.; gender gap; measures against infectious diseases, improvement of health and hygiene; revitalization of local businesses; support for promoting local community building; and response to climate change.
- In collaboration with Ridilover, an expert in social issues, the fund is considering the appropriate KPI settings for addressing these social issues.
- Engagement with companies is characterized by a framework with an awareness of the entire investment chain, involving Commons Asset Management and Ridilover, and at times, the asset owner Japan Post Insurance.



# Domestic Listed Equity Impact Fund “Commons Impact Fund”

## Dialogue among three companies involved in the Commons Impact Fund, a domestic listed equity impact fund

Representatives and business managers of these three companies once again discussed the background and vision behind the creation of this fund, and then reflected on the past year.



**ABE Toshiki**  
Representative Director, Ridilover

**II Tetsuro**  
President and Representative  
Director, Commons Asset  
Management

**HARUNA Takayuki**  
Managing Executive Officer,  
Japan Post Insurance

—To start, please tell us about the background of how the collaboration among the three companies came about.

**Haruna:** Although Japan Post Insurance manages over ¥60 trillion in total assets, creating social impact through investment is a significant challenge. Although there is private equity for startups, because startups are not the only entities that create impact, we thought it would be interesting to have an impact fund that targeted listed companies and we started exchanging opinions with Mr. II.

**II:** Japan Post Insurance made an extremely big decision to allocate its entire asset portfolio towards ESG in 2021, and I proposed the concept of an impact fund as a further step. We held specific discussions to start a fund based on the concept of the investment chain for nearly a year and a half. What kind of impact do we want to create in society as asset owners? After requesting Japan Post Insurance to give us a clearer picture of the society they wish to realize, we also held study sessions and exchanged opinions with various people involved in investment, such as the president, executives, and the investment divisions. Through the accumulation of such dialogues, we manage the fund after digesting the thoughts and messages of the asset owner, Japan Post Insurance.

**Haruna:** Although I felt no discomfort with the progress of ESG investments and SDGs leading to impact investments, the process of

creating a clearer picture of the level of impact was quite stressful. To create a clearer picture, you have to have a focal point somewhere. The person in charge of investment on site held repeated discussion with Mr. II and his team, like knocking on their door, and set the focal point on the three areas of “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection,” and created a clearer picture for the impact we wanted to create.

—We see that the fund was established as a result of a difficult preparation period. We understand that one of the features of the fund is the inclusion of Ridilover, a business specializing in social issues, in its structure. How did this structure come about?

**II:** For example, although ESG consultants have knowledge about regulations and frameworks, they are not necessarily familiar with the essential issues in the field of social issues. When engaging with companies as an investor to address social issues together, I thought it would be necessary to have a partner who is more knowledgeable about such social issues than a company, and who could analyze the essential issues from a social perspective, rather than from the perspective of a company who is a supplier. As such,

I decided to consult with Mr. Abe.

**Abe:** I have known Mr. II for quite some time, and over a long period of time and through multiple dialogues, I felt some kinship with the approach of Commons Asset Management towards improving society.



# Domestic Listed Equity Impact Fund “Commons Impact Fund”



In addition, Ridlover has also been considering for years on how to commit financially to solving social issues. In the coming era, there will be calls for external diseconomies and social issues that we have turned a blind eye to in the past to be internalized in the market and economy. Addressing increasingly diversified and complex social issues is becoming difficult with only players such as the government, NPOs, and volunteers, and there is a strong social demand for companies to get involved. In that sense, I think this fund for listed equities presents a great opportunity. For example, an exit strategy such as becoming listed is needed in order for risk money to be attracted to startups that address social issues. If impact investment in listed equities becomes widespread and the impact of business activities is reflected in corporate value in the stock market, it will become easier for startups working on social issues to envision exit strategies. Risk money will also be more readily available as a result.

**—It seems that the fund was established based on the unique roles of the three parties involved. Could you tell us about the prospects for this fund?**

**Haruna:** Currently, when it comes to impact investing in listed equities, people sometimes react skeptically and wonder whether such a thing is even possible. However, value criteria such as solving social issues and creating impact through business will become naturally incorporated into investment. I hope that in five, ten, or twenty years, when impact investing becomes more of a norm in society, people will look back on and remember that it was this impact fund that started it all.

Another point is, the more we engage in impact investing, the more we become acutely aware of the weight of social issues that cannot be solved by investment alone. Although social issues vary widely, if the areas that can be addressed as businesses are expanded, this

means that administrative, NPO, or voluntary efforts might be able to focus more on the social issues they are addressing than now. Japan Post Insurance aims to achieve a society where people can feel a sense of “warmth.” We want to become an investor who can support the framework of society as a whole, through means including investments and donations.

**ii:** Since our founding, we have been engaged in long-term investment and taken great pride in our engagement with investee companies. However, it feels like we’ve deepened our involvement by leaps and bounds through this fund. We also ask Japan Post Insurance to participate in meetings with investee companies to convey our thoughts as asset owners to the companies. It is rare for asset owners to communicate their thoughts directly.

Top management and executives from the corporate side also attend meetings. Companies are backcasting from 2030 or 2050 to engage in efforts such as deciding on materiality and setting non-financial KPIs through a process of trial and error. In contrast, in our meetings, we request Ridlover’s attendance and discuss the value of the business and the essential issues based on the structure of social issues.

We’ve received comments such as “it was the best meeting ever,” after these meetings.

I get the sense that the relationship between finance and companies still suffers from the aftermath of the bursting of the bubble economy. During the period of high economic growth, both companies and finance really worked hard and achieved excellent growth together. However, after the bubble economy was born and burst, both sides felt negative towards each other, and I feel that the relationship of trust between finance and companies still remains broken.

There is a sense that we can rebuild the trust between these two once again with this impact fund. In finance, we want to support companies from behind the scenes. As mentioned earlier, if social issues can be solved as a business within the investment chain, corporate value will definitely increase.

I believe that we will find the answers to updating to a new form of capitalism that incorporates external diseconomies as we pursue these efforts.

**—Thank you for your answer. Next, Mr. Abe, could you tell us where these initiatives are headed?**

**Abe:** I think that it is necessary to properly consider whether the economy is functioning to promote the will of companies and their employees, or in a manner that discourages that will.

For example, when an entrepreneur starts a new business or a student takes the plunge into an NPO, they generally start with the intent to improve society and the idea that what they are about to start is needed in the world. However, over the last several decades, this intent has been undermined by the surrounding voices telling them that they will not be able to make money through such efforts. I think that an economy that discourages people’s will has permeated everywhere, including stories of partners stopping people from starting a business or joining an NPO, telling them that it is not a viable way to make a living.

Turning this situation around and making the economy a lubricant that encourages people’s will is exactly what we should achieve through impact investing. The unique concept of questioning companies from the market about what they intend to do and what kind of impact they want to bring about is valued in impact investing. In response, companies will predictively express the impact they will make to the market and work to achieve it. Rather than just saying, “Here’s the impact we ended up making by doing business,” they will foresee the impact they will create and engage in dialogue with the market from the moment they start their business. I believe the economy will become something that respects and supports the human will when such an approach becomes the standard in investing. Furthermore, impact investing can become a catalyst that creates change in areas other than investment. For example, when it becomes commonplace for providers of funds to support the intentions of businesses, the nature of donations could change.





# Domestic Listed Equity Impact Fund “Commons Impact Fund”

Currently, donations are what people with spare money give out of sympathy. However, companies and other fund providers could take an alternative approach of envisioning the kind of impact they want to create in society, and strategically collaborating with NPOs in the form of donations in areas that cannot be approached through investment.

It could also be possible to establish a portfolio of impacts that a company aims for while supporting the aspirations of an NPO, or the perspective towards the government could change. Is the government running truly effective programs from the perspective of impact? There could be more constructive criticism in a positive way.

Currently, there is a sense that the projects run by private companies, NPOs, and the government are separate. However, the goal is to view the businesses of society as whole and aim for overall optimization, by using impact as a common yardstick.

**—Thank you all for sharing your prospects. Lastly, a year has passed since the fund has started operating in June 2022. Do you have any feelings or challenges you would like to share, looking back on the past year?**

**Haruna:** As I mentioned earlier, impact funds are still often associated with investments in startups that are established with their primary focus on solving social issues. As such, we still get reactions wondering if it is really possible to do impact investing with listed stocks. Frankly speaking, there are times when we receive questions with the nuance of suspecting greenwashing or other washing. However, we have established internal standards and held discussions with Mr. Ii and others for a year and a half in order to continue real impact investing that is not a kind of washing. I believe we have to prove ourselves through the results in response to reactions of those around us. We will set KPIs and visualize the impact on solving social issues, along with gaining economic returns. We will financially support long-term efforts as an asset owner. Meanwhile, there have been moves to set up impact funds for listed equities elsewhere over the past year. There are similarities in the structure to our fund, and I think that our fund has kindled an opportunity for society to a certain extent. I feel that many people are beginning to see the possibilities, so I hope to make the fund known to more people and accelerate this trend.

**—Thank you for your answer. Next, Mr. Ii, could you please tell us about the efforts over this past year, including the specific flow of the meetings?**

**Ii:** Usually investors have the approach of just wanting to know the quantitative performance to start with. However, this fund is different. When there are social issues and a business, we start by discussing what kind of quantitative performance should be achieved. We also discuss the approach to disclosure, including communication during the fiscal year and in the integrated report. We go even further in our engagement. Together with the asset owner Japan Post Insurance and Ridilover, we have spent a whole day on fieldwork at an investee company. We held a number of dialogues on whose issues this business is solving and what kind of impact it is making on society, while observing the business in the field.

**—Thank you for your answer. Lastly, Mr. Abe, as you have been involved in impact evaluation for the past year, what is your future outlook?**

**Abe:** Much of corporate disclosure up to now has been only from the perspective of companies themselves. In this project, we are committed to creating an axis to evaluate corporate activities from the perspective of society. We have researched and analyzed various social issues using the method of structuring. In this project, we report and visualize how the businesses of investee companies are positioned against the structure of social issues and what kind of impact they are creating. A social consensus is needed on what is considered a social impact.

Although it may take time, I hope to build a consensus and a foundation for discussion through engagement with companies and information dissemination to society regarding impact investing.



# Domestic Listed Equity Impact Fund “Commons Impact Fund”



**II Tetsuro** President and Representative Director,  
Commons Asset Management



**ABE Toshiki** Representative Director, Ridilover



**HARUNA Takayuki** Managing Executive Officer,  
Japan Post Insurance



## Commons Asset Management, Inc.

Commons Asset Management has been a frontrunner in selecting stocks that incorporate non-financial information such as ESG and engaging in dialogue with management, and has consistently contributed to the long-term enhancement of corporate value since its foundation. The fund also engages in various initiatives aimed at achieving a sustainable society, including seminars for children of the next generation and allocating a certain percentage of trust fees to donations for social entrepreneurs.

<https://www.common30.jp/> (in Japanese)



## Ridilover Inc.

Ridilover Inc. has addressed at least 400 types of social issues with the mission of breaking through societal indifference. The company engages in businesses that discover problems from someone else, businesses that socialize the problems, and businesses that invest resources in social issues that should be resolved by everyone, as it takes on the challenge of the early resolution of social issues.

<https://ridilover.jp/> (in Japanese)



## JAPAN POST INSURANCE Co., Ltd.

Japan Post Insurance is the life insurance company of the Japan Post Group. Based on the management philosophy of “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” it provides customers peace of mind and warm services with insurance through its directly-managed stores and community-based post office network.

<https://www.jp-life.japanpost.jp/english/>



▶ Please see here for the overview of Commons Impact Fund and further details of its initiatives.  
Commons Asset Management website: Publication of the Annual Report “Commons Impact Fund —Co-creation—”  
<https://www.common30.jp/customer/2926/> (in Japanese)

## Participation in the Commons Asset Management’s social issue resolution program Comorebi

We participated in the Comorebi social issue resolution program (donation program) conducted by Commons Asset Management in relation to the Commons Impact Fund —Co-creation—.

### ■ About Comorebi

Comorebi is a social issue resolution program conducted by Commons Asset Management in connection with the “Commons Impact Fund — Co-creation—.” Through this program, Commons Asset Management aims to donate approximately 1% of the trust fees earned from the operation of the fund to non-profit organizations working to resolve social issues related to the themes of the “Commons Impact Fund — Co-creation—,” namely the “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection.”

While impact investment is an investment activity that aims to achieve both social and economic returns, Comorebi intends to play a part in solving social issues outside the scope of impact investment, including non-profit activities not targeted by investment, without leaving any social issue behind.

### ■ Participation of Japan Post Insurance

We participated as a member of the Comorebi Donation Selection Committee. We were approached by Commons Asset Management as the fund’s external investment manager with the view of “creating a program that reflects the thoughts of the fund’s stakeholders.”

In deciding the recipient of the recommendation by the Company for the selection committee, not only the asset management departments but also all internal departments involved in providing insurance services conducted a vote to reflect the thoughts of Japan Post Insurance in the selection.

Comorebi has served as an opportunity for the Company, including individual employees, to focus our attention on a variety of social issues. Through such initiatives, we will continue to pursue measures to contribute to society through the investment chain.

### ■ Implementation of the first donation by Comorebi ■

The first donation by Comorebi was made in September 2023. Based on the theme of “parents and children,” and through discussions by the Selection Committee consisting of Commons Asset Management, external members (experts), and the Company, Certified Nonprofit Corporation 3keys (Shinjuku-ku, Tokyo) was selected as the donation recipient to support children in difficult circumstances, and it received ¥700,000 from Commons Asset Management.



◀ Commons Asset Management presents a donation to the Certified Nonprofit Corporation 3keys (The Company was also present.)

Although not selected, the Certified NPO Piccolare (Toshima-ku, Tokyo) and NPO LivEQuality HUB (Nagoya, Aichi), which were also chosen as donation candidates, also received ¥80,000 each.

## 7 Sustainability Themes

- ◆ Establishment of Key Sustainability Themes and Initiatives p.101
- ◆ Climate Change Initiatives p.104
- ◆ Natural Capital Initiatives p.108
- ◆ Human Rights Initiatives p.110
- ◆ Human Capital Initiatives p.112

# Establishment of Key Sustainability Themes and Initiatives

## Key Sustainability Themes of Japan Post Insurance

As a responsible institutional investor, we seek to leverage our investments to solve sustainability issues in order to bring about a sustainable society. In light of trends both inside and outside the Company, we have set four key themes in asset management. In engagement (purposeful dialogue) conducted with investees, we encourage the enhancement of disclosure and implementation of initiatives in these areas.

In addition to promoting initiatives on these themes, we are also addressing other themes (such as cybersecurity and taxation transparency) while closely monitoring social trends.

We also disclose our initiatives to address the sustainability issues in our investment and loan activities on our website and in our Responsible Investment Report.



### Establishment of Key Sustainability Themes

#### STEP1 Selection of Sustainability Themes

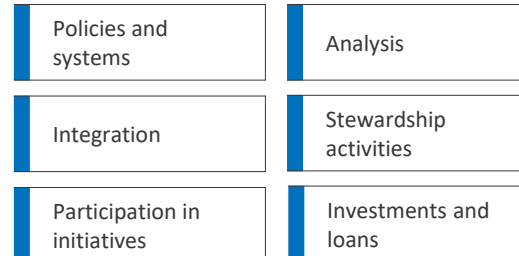
Based on internal and external trends, we select key themes in asset management.



#### STEP2 Initiatives as an Institutional Investor

As an institutional investor, we promote initiatives for each theme mainly from the following perspectives

#### JAPAN POST INSURANCE



# Establishment of Key Sustainability Themes and Initiatives

## Stewardship Activities:

### Revision of Stewardship Activities Policy

In March 2023, we revised our Stewardship Activities Policy and set forth four themes as key matters related to sustainability when encouraging investees to enhance their corporate value.



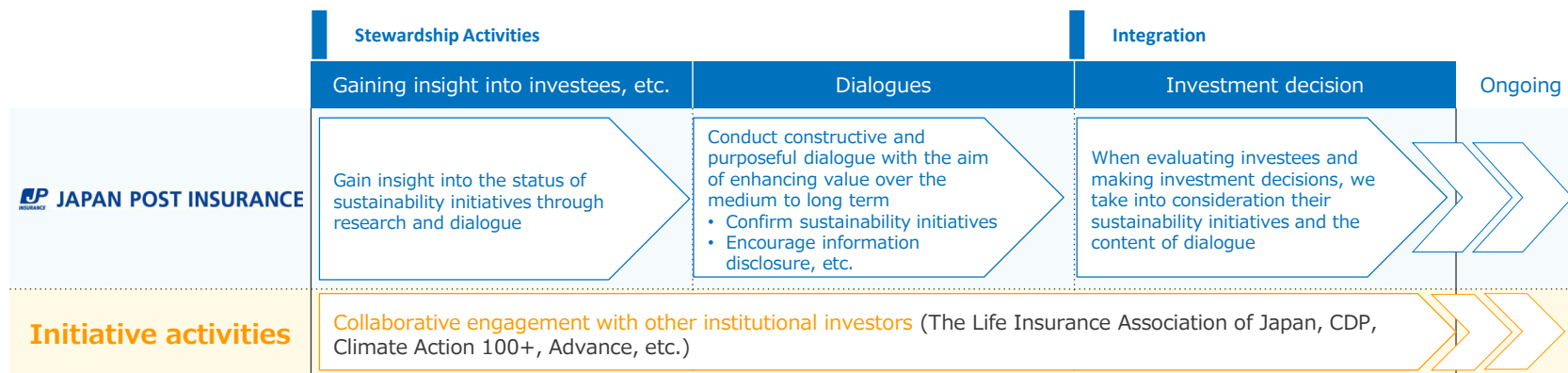
In addition to our own engagement activities with investees and representatives in charge of policy-making, we will work to strengthen engagement from multiple perspectives through initiatives led by financial institutions and institutional investors such as The Life Insurance Association of Japan and the CDP.

## Integration:

### Sustainability Themes Are Taken into Consideration When Evaluating Investees and Making Investment Decisions

- Evaluate the sustainability initiatives of investees and reflect them in investment decisions
- Analysts confirm disclosure items and initiatives based on investees' individual conditions such as their industry, business performance, scale, and management strategy
- The results of our dialogue with investees and ESG evaluations by external organizations are also taken into account

## Initiatives for Investees Based on Our Key Sustainability Themes





# Sustainability Theme: Climate Change Initiatives

## Climate Change

Based on the Paris Agreement, a treaty on climate change, we have set a target of net-zero greenhouse gas emissions from our investment and loan portfolio by 2050 (including an interim target for 2030).

We evaluate the climate change-related risks and opportunities of investees and reflect them in our investment decisions. We also conduct engagement centered on investees for which climate change poses a considerable risk, and encourage them to reduce greenhouse gas emissions. We also actively invest and provide loans in renewable energy power generation projects and companies promoting the transition to decarbonized operations. We will endeavor to enhance the disclosure of progress with these initiatives and the climate change risk analysis of our portfolio in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) framework.

### Participation in Initiatives:

#### Participation in Climate Change Initiatives

We participate in and endorse global initiatives aimed at realizing a decarbonized society.



An initiative to encourage the world's leading companies to disclose information on climate change, water, forests, and other issues and conduct collaborative engagement



An organization established to consider how to disclose climate-related information and how financial institutions should respond



An international investor initiative that seeks to address climate change through collaborative engagement



An international initiative to measure and disclose indirect GHG emissions through investment and loans by financial institutions

### Integration:

#### Negative Screening Criteria for Environmental Protection

As a responsible institutional investor, we aim to solve ESG issues and achieve a sustainable society by setting criteria for negative screening and incorporating ESG integration into portfolio establishment.

Coal-fired power generation emits large amounts of CO<sub>2</sub>, and there are concerns about its impact on climate change. For this reason, we will not invest in new domestic or foreign project finance related to coal-fired power generation, regardless of its generation efficiency.



# Sustainability Theme: Climate Change Initiatives

## Integration: Incorporation into Company Assessment

Based on “contribution to environmental protection,” set as one of our ESG investment priority initiative themes, we will actively make investments and provide loans that contribute to the realization of a decarbonized society.

In establishing our portfolio and selecting external investment managers, we incorporate into our investment and loan decisions factors such as the status of decarbonization initiatives and the results of dialogue with potential investees, greenhouse gas emissions of each investee we have measured and analyzed ourselves, and data from external ESG assessment organizations.

When conducting dialogue, we mainly confirm companies’ initiatives (disclosure in line with the TCFD framework, and target setting, progress, measures, and the development status of new technologies in connection with reducing GHG emissions) and encourage the disclosure thereof.

In light of global trends such as the Paris Agreement adopted in 2015, and the Japanese government’s statement to achieve carbon neutrality in 2050, we aim to reduce the GHG emissions across our entire investment portfolio through these measures.

<Examples of Dialogue>

Industry: Retail Theme: Resetting CO <sub>2</sub> reduction targets	
Issues and background of investee	The company has policies to strategically implement environmental management by setting it as a priority task and integrating it into business management.
Dialogue content	The company had set the target of a 30% reduction in CO <sub>2</sub> emissions by 2030, but we requested further expansion of the target.
Progress and outcomes of dialogue	In its new medium-term management plan, the company raised its CO <sub>2</sub> reduction target for 2030 from 30% to 50%.
Our evaluation / future policies	We highly rate the company’s progress to promote environmental management. We requested the disclosure of the progress relative to the above targets in an easy-to-understand manner. Going forward, we plan to encourage the establishment of a long-term target for achieving carbon neutrality, such as in 2050.

## Stewardship Activities: Dialogue with Companies

## Investments and Loans: ESG Bonds and Investments in Renewable Energy Businesses

Green Bonds	Proceeds are allocated to projects in accordance with the Green Finance Framework formulated with the aim of realizing a decarbonized society (July 2023)	NTT FINANCE CORPORATION	¥30.0 billion
Green Transition Bonds	Supports the transition of carbon-intensive industries to low-carbon businesses (January 2021)	European Bank for Reconstruction and Development (EBRD)	approximately ¥22.5 billion

Investment in renewable energy businesses such as solar power, wind power, and biomass power generation (launched in 2017)



## Investments and Loans: Total Power Generation Output from Renewable Energy Facilities That We Loan to and Invest In

As a KPI in the Medium-Term Management Plan (FY2021–FY2025), we aim to achieve a total power output of 1.5 million kW\*<sup>1</sup> from the renewable energy facilities which we invest in and loan to by the end of FY2025. Progress toward this target is as follows.

▶ Total output\*<sup>2</sup>

	As of March 31, 2021	As of March 31, 2023
Total (domestic+overseas)	607,000kW	981,000kW

\*<sup>1</sup> Based on future outlook at this point, and may be revised depending on changes in social trends and the technological innovation status.

\*<sup>2</sup> Limited to power output from renewable energy facilities that the Company invests in and loans to after calculating our holdings.





# Sustainability Theme: Climate Change Initiatives

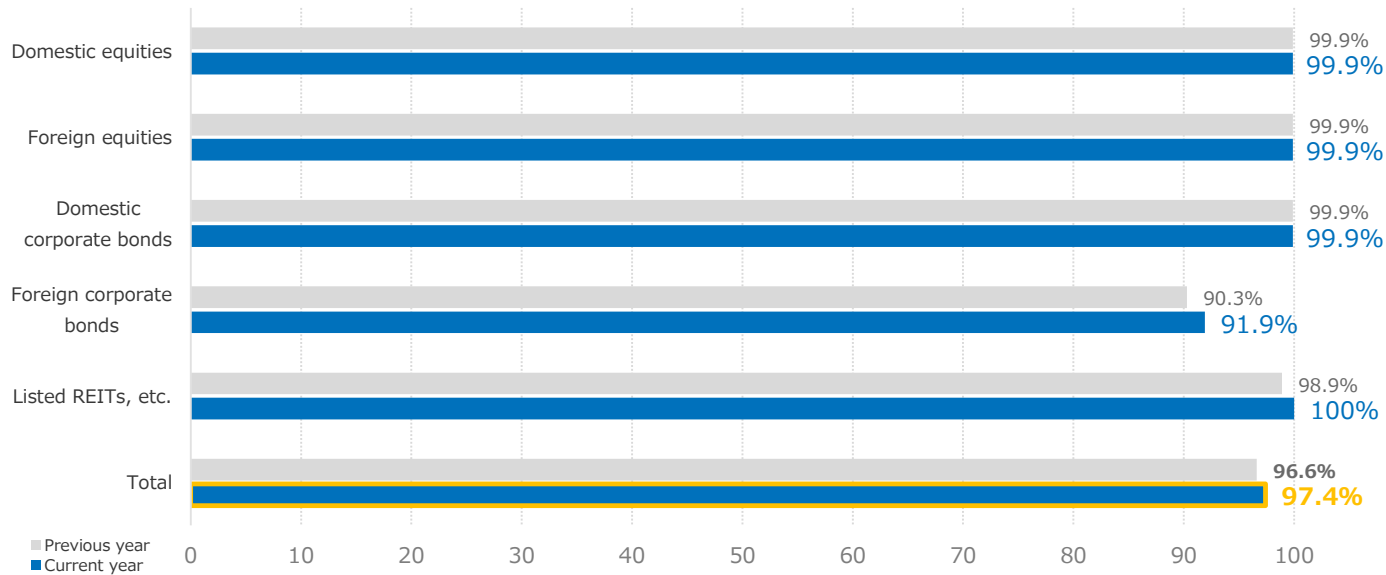
## Analysis (Analysis and Disclosure Based on TCFD Recommendations): Measurement of GHG Emissions in Investment Portfolio (As of March 31, 2023)

We endorsed the recommendations of TCFD established by the Financial Stability Board (FSB). Furthermore, in order to assess climate-related risks and opportunities in accordance with the recommendations of the TCFD, we calculate GHG emissions and related metrics for our investment portfolio.

### Asset Classes Subject to Measurement and Measured Coverage Ratio

Asset classes subject to measurement this fiscal year include domestic equities, foreign equities, domestic corporate bonds\*, foreign corporate bonds\*, listed REITs (listed REITs, privately placed domestic real estate funds, and privately placed domestic real estate REITs), etc. Coverage ratio is calculated as the market capitalization share of stocks for which public company figures and S&P Trucost Limited modeling figures are available. The measured coverage ratio for all assets subject to measurement was 97.4% (up 0.8% from the end of the previous fiscal year).

\*Domestic corporate bonds and foreign corporate bonds include loans. Hereafter, the same applies to p.105 to p.107.



Source: ©2023, S&P Trucost Limited, Japan Post Insurance



# Sustainability Theme: Climate Change Initiatives

## Analysis (Analysis and Disclosure Based on TCFD Recommendations):

### Measurement of GHG Emissions in Investment Portfolio (As of March 31, 2023)

For the GHG emissions from our portfolio, the sum of Scope 1 and Scope 2 emissions was approximately 8.99 million tCO<sub>2</sub>e, which marks an approximately 1.36 million tCO<sub>2</sub>e decrease from the previous fiscal year. By asset, GHG emissions decreased across all asset classes except real estate. In particular, the reduction for domestic corporate bonds, which account for approximately 60% of the total, provided a reduction of 910,000 tCO<sub>2</sub>e.

#### Measurement Results

Emission-related indicators Measurement range (Unit)	GHG emissions (*1) Scope 1+2 (tCO <sub>2</sub> e)		GHG emissions (*1) Scope 1&2&3 (tCO <sub>2</sub> e)		Carbon Footprint (*2) Scope 1&2 + direct suppliers of Scope 3 (tCO <sub>2</sub> e/million yen)		Weighted average carbon intensity (*3) Scope 1&2 + direct suppliers of Scope 3 (tCO <sub>2</sub> e/million yen)	
	As of March 31, 2022	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023	As of March 31, 2022	As of March 31, 2023
Domestic equities	1,703,850	1,517,996	4,846,776	4,585,855	1.07	0.98	1.48	1.37
Foreign equities	298,670	267,854	523,493	530,675	0.63	0.67	2.38	1.97
Domestic corporate bonds	6,441,905	5,529,498	8,788,675	7,607,963	3.59	3.27	6.47	6.01
Foreign corporate bonds	1,869,583	1,636,371	2,822,119	2,560,194	0.92	0.90	3.90	3.23
Listed REITs	6,914	5,898	8,277	7,377	0.08	0.07	1.52	1.32
Domestic real estate	25,181	29,978	25,181	29,978	0.23	0.19	–	–
Total assets	10,346,104	8,987,594	17,014,522	15,322,721	1.64	1.51	3.64	3.21

\*1 Carbon emissions are calculated as follows.

$$\sum_i \left( \frac{\text{current value of investment } i}{\text{issuer's market capitalization } i} \times \text{issuer's Scope 1 and Scope 2 GHG emissions } i \right)$$

\* EVIC is an abbreviation for Enterprise Value Including Cash, which is the value of a company including cash. It is calculated as follows:  
market capitalization of preferred stock + total debt (book value) + minority interests.

\* i represents the portfolio companies that are included in the portfolio.

\*2 Carbon Footprint is the amount of GHG emissions per million yen of portfolio balance.

\*3 Weighted Average Carbon Intensity indicates the carbon efficiency of the portfolio company. It is calculated by multiplying the GHG emissions per sales of the investee company by the ownership ratio in the portfolio and adding them together.

Source: ©2023, S&P Trucost Limited, Japan Post Insurance



# Sustainability Theme: Climate Change Initiatives

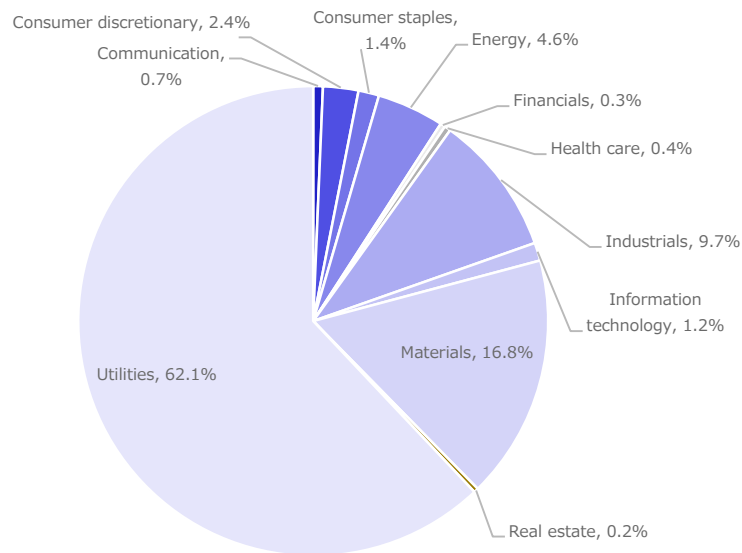
## Analysis (Analysis and Disclosure Based on TCFD Recommendations): GHG Emission Reduction Targets for Investment Portfolio

With regard to the GHG emission reduction targets\* for our investment portfolio, we aim to achieve carbon neutrality by 2050 for equities and bonds, and have set an interim target of a 50% reduction (compared to March 31, 2021) by March 31, 2030 (FY2029). As of March 31, 2023, the GHG emissions from our investment portfolio were down by 1.43 million tCO<sub>2</sub>e compared to the end of FY2020, marking steady progress toward the above targets.

We will continue to contribute to the realization of a carbon-neutral society by strengthening engagement with investees in order to achieve our targets.

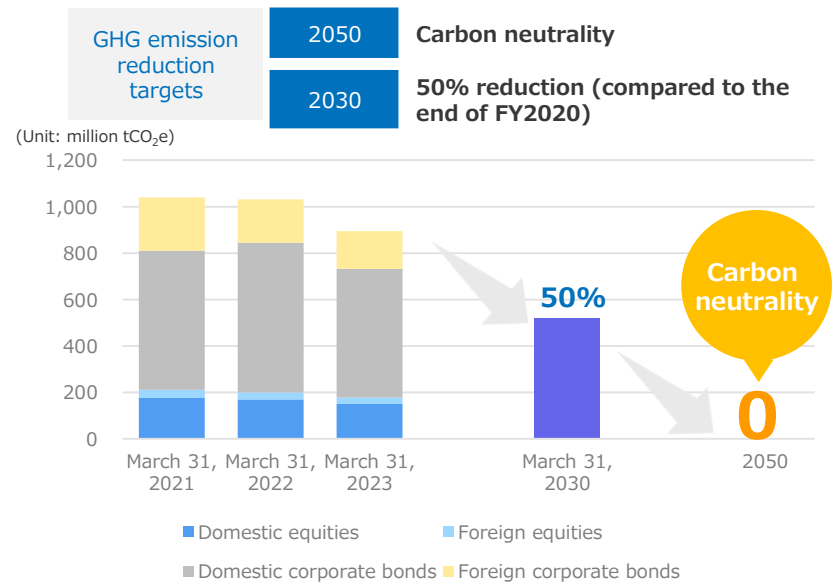
\* Subsequently, our share of Scope 1 (direct emissions) and Scope 2 (indirect emissions from electricity and heat procured) emitted by each investee is summed.

Our GHG Emissions Sector Composition (as of March 31, 2023)



\* Domestic equities, foreign equities, domestic corporate bonds, and foreign corporate bonds are in scope of calculation.

Our GHG Emissions by Asset and the Reduction Targets for Our Investment Portfolio





# Sustainability Theme: Natural Capital Initiatives

## Natural Capital

Companies' business activities are dependent on the blessings of nature and the ecosystem (such as water resources, forest resources, and raw materials/ingredients for food and daily necessities). At the same time, the excessive extraction of resources and the release of toxic substances may adversely affect the natural environment. In accordance with the Kunming-Montreal Global Biodiversity Framework and the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD), which are both international guidelines related to the natural environment, we make investment decisions that take into account the risks and opportunities companies face with regard to the natural environment, with a focus on industries with high exposure on this front. Through dialogue with investees, we also encourage them to implement nature risk management and enhance related information disclosure.

### Integration:

#### Incorporation into Company Assessment

As natural capital is indispensable for economic activity, and all businesses depend directly and indirectly on natural capital and are exposed to risks on this front, we believe both companies and investors would gain from recognizing such risks. We take these factors into consideration in our proprietary ESG score calculations, which we use when making investment and loan decisions. When conducting dialogue, we mainly confirm companies' initiatives (biodiversity-conscious initiatives, initiatives in line with the framework provided by the TNFD recommendations, etc.) and encourage the disclosure thereof. We also check the extent of the impact on companies when an issue materializes, and how they plan to respond going forward.

<Dialogue content> Disclosure on biodiversity, initiatives to adhere to the TNFD recommendations, etc.

Transport Company A	The company discloses its biodiversity conservation efforts on its website. It recognizes that disclosure in accordance with the TNFD framework is also important, and plans to make such disclosure going forward. However, it is currently still at the stage of assessing the risks it faces, etc.
Electric Power Company B	Although the company has been working on biodiversity to begin with, it does not employ a uniform approach as in GHG emission reduction, and its measures vary by region. It is thus considering what kind of disclosure would be appropriate for the integrated report and investor briefings.
Manufacturing Company C	In anticipation of the publication of the TNFD guidelines, the company is making preparations to identify its dependence on natural capital and impact on biodiversity, and to identify risks and opportunities for its nature business activities.
Integrated Gas Company D	The company has set challenging numerical targets for water resources. While it has not set any quantitative targets related to biodiversity, action guidelines have been established.

### Stewardship Activities:

#### Dialogue with Companies

### Initiatives:

#### Participation in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum

We support the philosophy of TNFD and joined the TNFD Forum in June 2023 to support its activities.



### Investments and Loans:

#### Investment in ESG Bonds

Blue Bonds	Proceeds allocated to projects that contribute to the development of the Blue Economy as defined in the SDGs Framework formulated by the Government of Indonesia (May 2023)	Republic of Indonesia	approximately ¥14.7 billion
Sustainable Development Bond	Aims to support optimal health outcomes by "One Health," an approach taking people, animals and global environment as a whole (March 2021)	Inter-American Development Bank (IDB)	approximately ¥4.9 billion



# Sustainability Theme: Natural Capital Initiatives

## Analysis:

### The Relationship Between Natural Capital and Our Investment and Loan Portfolio

Based on the TNFD recommendations published in September 2023, we have begun to analyze the relationship between natural capital and our investment and loan portfolio.

In the future, we plan to further analyze and disclose the risks and opportunities of our portfolio with respect to nature in terms of the TNFD framework. In addition, based on the results of our analysis and demands from society, we will incorporate nature-related issues into our investment decisions, engage appropriately with portfolio companies on nature-related topics, and make investments that contribute to the maintenance and improvement of the natural environment.

#### STEP 1 Nature-related risks and opportunities in our investment/loan activities

We analyzed the nature-related risks and opportunities in our investment and loan portfolio based on the relationship between our portfolio companies' business activities and nature, as outlined below.

Physical risks	Increased costs for portfolio companies due to the decline, deterioration, and depletion of natural assets and ecosystem services on which portfolio companies depend, such as water resources, and loss of value of portfolio assets due to production disruptions
Transition risks	Increased costs for portfolio companies due to stricter environmental protection laws, regulations, and social demands, litigation risk, and loss of value of investment assets due to increased reputational risk
Opportunities	Increase in the value of portfolio companies and expansion of investment and financing opportunities due to the need for environmentally protective technologies and alternative products and services with a smaller environmental impact

#### STEP 2 Impacts and dependencies on nature

We have used ENCORE<sup>\*1</sup> to analyze<sup>\*2</sup> which natural environments our equity and corporate bond portfolios have particularly strong dependencies and influences on. The results showed that our equity and bond portfolio is strongly dependent on nature, mainly in relation to water resources. It also has the potential to have a strong impact on the natural environment, mainly in relation to water use and land use.

	Nature-related factors (top 3)	Related business categories	Investment status	Assessment summary
Evaluation of dependencies (Very High)	Wind and flood control	Electricity, telecommunications, etc.	15.4%	Mainly <b>very high dependency</b> on nature related to <b>wind and flood prevention and water resources</b>
	Surface water (rivers, etc.)	Electricity, food, beverages, etc.	13.6%	
	Climate adjustments	Electricity, etc.	10.6%	
Evaluation of impacts (Very High)	Impact of land use	Electricity, integrated oil and gas, construction, real estate, etc.	16.7%	Mainly <b>very high impact</b> on nature related to <b>use of land and use of water resources</b>
	Impact of water use	Electricity, integrated oil and gas, building materials, chemicals, etc.	15.9%	
	Impacts on freshwater ecosystems	Electricity, integrated oil and gas	11.5%	

\*1 ENCORE

An analysis tool for nature-related risks developed by the Natural Capital Finance Alliance, etc. Source: Natural Capital Finance Alliance (Global Canopy, UNEP FI, and UNEP-WGMC) (2022). ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. [On-line], [11/2022]. Cambridge, UK: the Natural Capital Finance Alliance. Available at: <https://encore.naturalcapital.finance> DOI: <https://doi.org/10.34892/dz3x-y059>

\*2 Calculation method: Based on ENCORE's evaluation of the dependencies and impacts of various business categories on nature, we calculated the investment ratio by summing up the investment ratio in business categories rated as "Very High" for each factor.



## Human Rights

Human rights are a universal value tied to human dignity. With the globalization of value chains, the risks of human rights violations faced by investees in our asset management operations are becoming more diverse and complex. We respect international guidelines on protecting human rights, such as the United Nations Global Compact, the United Nations Guiding Principles on Business and Human Rights (UNGPs), and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. Accordingly, we make investment decisions while checking the governance (including human rights policies) of investees, as well as their human rights due diligence, relief systems, and other efforts, with a focus on industries and companies identified to have potentially high risk of human rights violations. Through dialogue with these investees, we also encourage them to enhance their responses to human rights-related risks.

### Systems and Policies, etc.:

#### Human Rights Policy

The Company’s human rights policy states that we do not tolerate discrimination of any kind based on race, color, gender, sexual orientation, gender identity, language, religion, politics or creed, nationality or social origin, poverty or wealth, birth, disability, etc.

In addition to the executives and employees of the Company, the policy expects all stakeholders, including customers, suppliers, and investees, to respect human rights.

Please see the sustainability section of our website for company-wide initiatives related to human rights, including our Human Rights Policy and promotion system for human rights awareness.

#### Sustainability Website of Japan Post Insurance

Human Rights

[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/social/human\\_rights.html](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/social/human_rights.html)



#### Japan Post Insurance Human Rights Policy (Excerpt)

##### 1. Commitment to Respect Human Rights

Working to realize our management philosophy to “Be a trustful partner for people, always being close at hand and endeavoring to protect their well-being,” Japan Post Insurance Co., Ltd. (hereinafter referred to as “the Company”) recognizes that the respect for human rights is an important social responsibility and respects the human rights of all individuals, including its executives and employees, customers, and business partners. By promoting human rights initiatives through the business and social activities of the Company and Japan Post Group, the Company will contribute to the realization of a society that is safe, secure, and enriched.

##### 2. Respect for International Norms

As a signatory company of the United Nations Global Compact, the Company complies with applicable laws in the areas where it operates its business, and upholds human rights by respecting the International Bill of Human Rights, the International Labour Organization Declaration on Fundamental Principles and Rights at Work and the United Nations Guiding Principles on Business and Human Rights. In cases where national or regional laws and regulations conflict with internationally recognized norms of human rights, we will seek ways to respect the international human rights norms while also complying with the respective laws and regulations.

##### 3. Scope of Our Policy

This policy applies to executives and employees of the Company who will work to build stronger ties with our customers by engaging in all business activities with the customer’s point of view in mind. The Company expects that all of its stakeholders, including customers, investees, and suppliers, will also respect human rights in the same manner based on this policy.

##### 4. Human Rights Initiatives

The Company does not discriminate based on race, color, gender, sexual orientation, gender identity, language, religion, politics, creed, nationality, ethnicity, age, social origin, poverty or wealth, birth, disability, etc. We also do not tolerate human rights abuses such as forced labor, child labor, and human trafficking. In addition to not being directly involved in any human rights violations, the Company also aims to avoid indirect human rights violations.

- 
- (Omitted)
- 

##### 7. To Our Investees

From the perspective of fulfilling our social responsibility through investment and financing, we will respect human rights in our stewardship activities, including how we make decisions on investment and financing, and engage in dialogue with the companies we invest in and finance.



# Sustainability Theme: Human Rights Initiatives

## Integration: Incorporation into Company Assessment

## Stewardship Activities: Dialogue with Companies

We take human rights issues into consideration when making investment decisions. In addition, we also confirm the following human rights issues in dialogue with investees, in accordance with the UN Guiding Principles on Business and Human Rights (UNGPs), as corporate management is particularly important in mitigating human rights risks. In the event that a human rights issue arises, we request appropriate action and disclosure.

- Human rights procedures, human rights policies, etc.
- Human rights due diligence processes and the effectiveness thereof
- Relief processes and the effectiveness thereof
- Enhance information disclosure

<Examples of Dialogue>

Industry: Chemical	Theme: Development of internal frameworks, including the formulation of human rights policies
Issues and background of investee	The company claims to have formulated a human rights policy, but the details are unknown.
Dialogue content	We requested that details of its human rights policy be disclosed as soon as they are finalized. We confirmed the status of monitoring human rights management in overseas supply chains.
Progress and outcomes of dialogue	The company pledged to disclose details on human rights due diligence etc., as soon as they are finalized. With regard to human rights management in overseas supply chains, it has already conducted research on working environments through questionnaires, and has confirmed that no problems have occurred so far.
Our evaluation / future policies	The company is currently in the process of developing a human rights framework. We offered to cooperate, such as by sharing information including examples of other companies.

## Integration: Negative Screening Criteria for Controversial Weapons

As a responsible institutional investor, we aim to solve ESG issues and achieve a sustainable society by setting criteria for negative screening and incorporating ESG integration into portfolio establishment.

In human rights risk management, we aim to contribute to the prevention and mitigation of human rights violations at our investees. To this end, we do not invest in companies that manufacture controversial weapons that cause significant harm to civilians, such as indiscriminately killing or injuring civilians or causing irreparable damage to those affected (cluster bombs, anti-personnel mines, biological and chemical weapons).

## Initiatives: Endorsement of Advance

We have endorsed Advance, a collaborative stewardship initiative for institutional investors to act on human rights and social issues.



## Investments and Loans: Investment in ESG Bonds

Education Bonds	Supports school education, vocational training, and gender equality in the Asia-Pacific region (March 2021)	Asian Development Bank (ADB)	approximately ¥5.0 billion
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## Human Capital

With the servitization and digitalization of the economy, the talent and skills of companies' employees are becoming increasingly important as a source of sustainability. We evaluate investees' human resource initiatives and reflect them in our investment decisions. We consider factors such as consistency between business strategies and human resources strategies, investments in human resources, efforts to secure and develop human resources, and efforts to enhance the diversity and inclusiveness of the workforce. Through dialogue with investees, we also share issues related to human capital and encourage the enhancement of information visualization and disclosure.

### Integration: Incorporation into Company Assessment

We take into account human capital, which is deeply tied to a company's growth, when making investment decisions. Human capital issues and the direction of initiatives differ depending on the individual circumstances of a company. As such, when conducting dialogue, we confirm investees' management policies, business strategies, and human resources strategies before sharing our awareness of issues and proposing improvements. In addition, we encourage the enhancement of their disclosure on policies, strategies, and status of initiatives related to human capital investment.

We seek to share awareness by explaining that human capital is a factor indispensable for enhancing their management foundation, and that disclosing the status of initiatives related to human capital is a key element that leads to enhancement of corporate value over the medium to long term and favorable evaluation from investors.

### Stewardship Activities: Dialogue with Companies

<Examples of evaluating investments in human resources>

	Management strategies and policies, etc.	Disclosure of related matters
<b>Human resource development</b>	Develop, secure, and retain excellent human resources	Training hours, training costs, training participation rate, identification of lacking skills and expertise, etc.
<b>Employee engagement</b>	Formulate policies for human resource development and for internal environment development, and measure employee engagement levels	Stretch assignments based on engagement levels, current engagement levels, targets, progress, etc.
<b>Liquidity</b>	Formulate policies for human resource development and for internal environment development, succession planning for CEO, etc.	Employee turnover rate, employee retention rate, total number of new hires, etc.
<b>Diversity</b>	Policies for human resource development aimed at ensuring diversity Policies and procedures for appointing directors	Employee-management ratio by attribute, employee gender wage gap, the skills matrix of directors, etc.

<Examples of Dialogue>

Industry: Electricity and gas	Theme: Female managers
Issues and background of investee	The company's ratio of female managers is low compared to competitors of the same industry.
Dialogue content	We confirmed progress toward the target number set for the new appointment of female managers.
Progress and outcomes of dialogue	The company has already met its target for the number of newly appointed female managers, and thus plans to set a new target in the next fiscal year. As an increasing percentage of new graduate hires are women, the ratio of female managers also looks set to increase going forward.
Our evaluation / future policies	In setting new targets, we requested that the company consider setting a target for the ratio of female managers.



## 8 Academic-industrial Collaboration

- ◆ Initiatives for Academic-industrial Collaboration in Asset Management p. 114
- ◆ Example Initiatives p.116

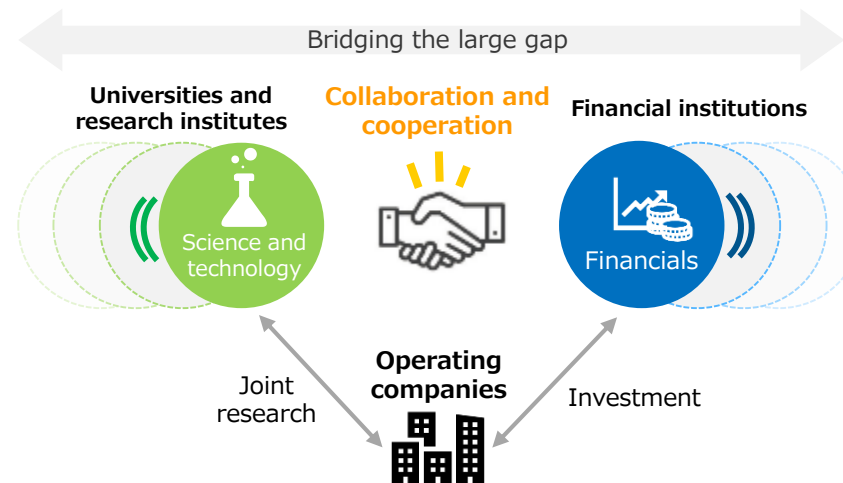
# Initiatives for Academic-industrial Collaboration in Asset Management

## Finance and Education Moving Toward the Future Together

At Japan Post Insurance, we believe that educational institutions that provide advanced and innovative education and training for the young people that will lead the next generation, and that bring together the latest knowledge and technology to create innovation, can play a major role in society. In particular, research conducted at universities and other academic institutions is indispensable for Japan's economic growth, and is also expected to result in the development of technologies that can contribute to solving various social issues.

Examples of academic-industrial collaboration in Japan to date have mainly consisted of companies and universities, etc. teaming up to conduct collaborative research, technical guidance, and technology transfers with the aim of utilizing the research outcomes and technologies owned by these institutions in companies' product development. Meanwhile, due to the high hurdles faced in terms of funding and other factors, there have been only few cases where companies have worked to commercialize the technologies and research outcomes owned by universities and other research institutions from scratch.

By providing funds for research at universities and other academic institutions, we aim to improve investment outcomes over the medium to long term and realize a sustainable society. At the same time, we are going beyond simply providing funds, and also creating multi-faceted contact points with educational institutions and academia. In doing so, we aim to foster co-creative academic-industrial collaboration and bridge the gap between financial institutions and the education industry, enabling us to move toward the future we envision together.

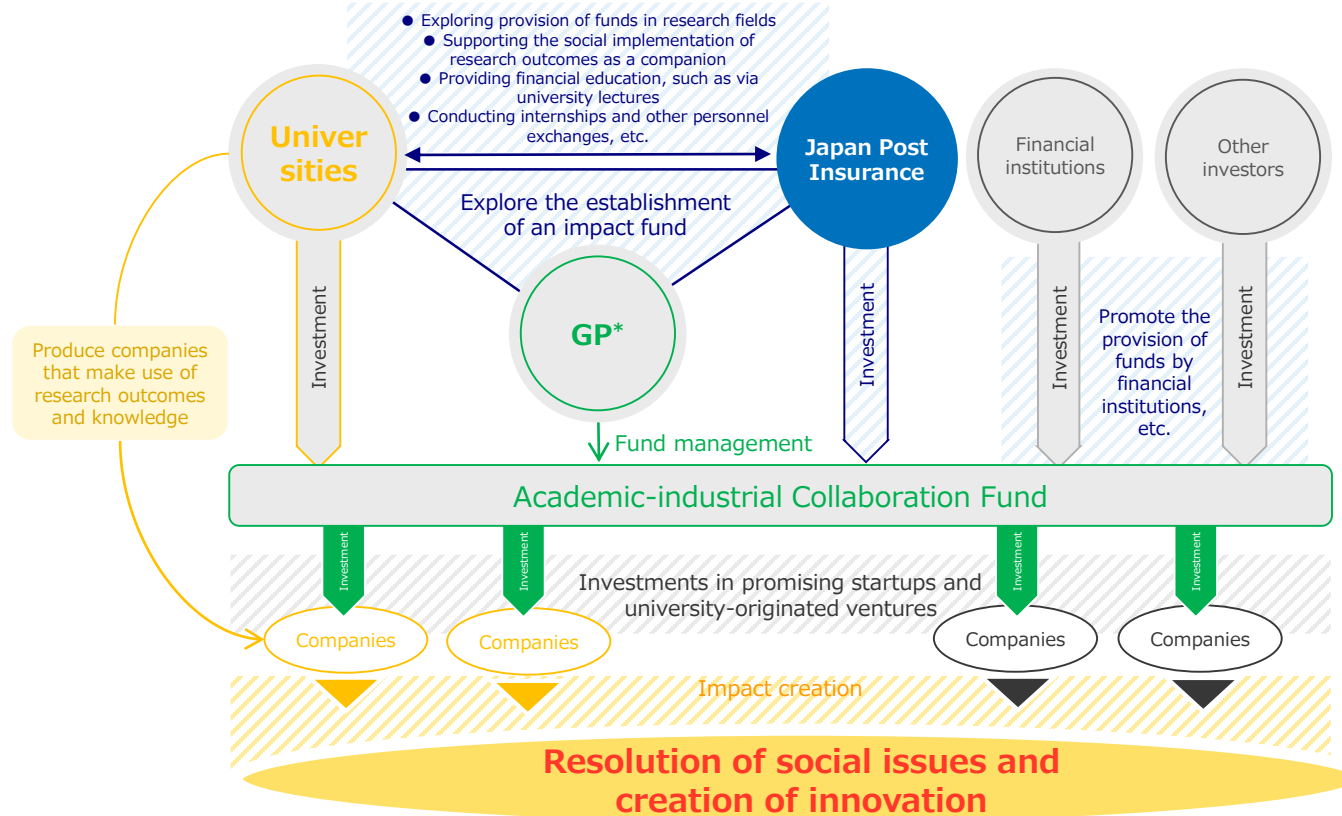


# Initiatives for Academic-industrial Collaboration in Asset Management

## Collaboration and Cooperation with Educational Institutions in Various Fields

By making full use of the assets, human resources, and knowledge we possess as one of Japan's leading life insurance companies, and by collaborating and cooperating with educational institutions in a wide range of fields, we plan to contribute to the development of innovative technologies and research in academia and the development of human resources.

(Examples of collaboration and cooperation) Exploring provision of funds in research fields; supporting the social implementation of research outcomes as a companion; providing financial education, such as via university lectures; conducting internships and other personnel exchanges, etc.



\*Abbreviation for General Partner; an investor with unlimited liability for the funds invested by limited partners and other investors.

# Example Initiatives

## Signing of Memorandums of Understanding with Educational Institutions




As of October 2023, we have signed memorandums of understanding regarding collaboration and cooperation with the following three educational institutions, in order to clarify the purpose and principles of academic-industrial collaboration, as well as the direction of specific initiatives, thereby cementing our mutual understanding.

- **Keio University** January 2022
- **Osaka University** January 2023
- **The Ritsumeikan Trust** March 2023



Kick-off meeting to promote collaboration between Japan Post Insurance and Osaka University (Jul. 2023, Osaka University Nakanoshima Center)

## Main Initiatives for Academic-industrial Collaboration

 <p><b>Sharing knowledge and accumulating practical knowledge</b></p>	<ul style="list-style-type: none"> <li>◆ Exploring the establishment of impact funds aimed at solving social issues</li> </ul>
 <p><b>Provision of funds</b></p>	<ul style="list-style-type: none"> <li>◆ Promoting investments in the development of innovative technologies and businesses in academia               <ul style="list-style-type: none"> <li>• Investments in university bonds</li> <li>• Investments in academic-industrial collaboration funds</li> </ul> </li> </ul>
 <p><b>Financial education</b></p>	<ul style="list-style-type: none"> <li>◆ Financial education aimed at contributing to the development of the next generation of financial professionals               <ul style="list-style-type: none"> <li>• University students: Conduct lectures on asset management and ESG investment, etc., as a life insurance company</li> <li>• Elementary school students: Financially educate them to provide life skills</li> </ul> </li> <li>◆ Initiatives related to recruitment, such as internships for developing employees with scientific/digital expertise</li> </ul>

▶ We introduce the details of these initiatives on the following pages.

# Example Initiatives

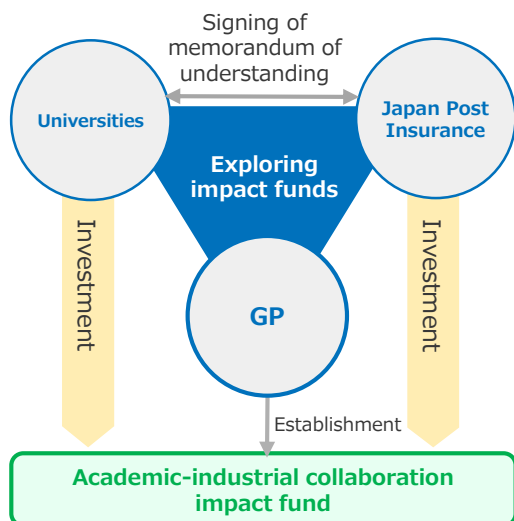


## Sharing knowledge and accumulating practical knowledge

### Exploring the Establishment of Impact Funds Aimed at Solving Social Issues

Each of the three institutions with which we signed memorandums of understanding have been considering the establishment of impact funds aimed at solving social issues.

While sharing each other's principles and vision for the future, discussions are being held between Japan Post Insurance, the universities, and the GP to explore the impact fund concept.



## Provision of funds

### Funds Provided to Universities Through Investments in University Bonds

Investments in university bonds issued for the development of education and research at universities and for the improvement of facilities, etc.

Category	Name	Investment period	Investment amount
Sustainability Bond	THERS Commons Bonds	May 2023	¥0.3 billion
Sustainability Bond	Tohoku University Future Creation Bonds	Jan. 2023	¥1.3 billion
Sustainability Bond	Tokyo Institute of Technology Tsubame Bonds	Dec. 2022	¥3.0 billion
Social Bond	University of Tokyo FSI (Future Society Initiative) Bonds	Oct. 2020	¥1.8 billion

# Example Initiatives



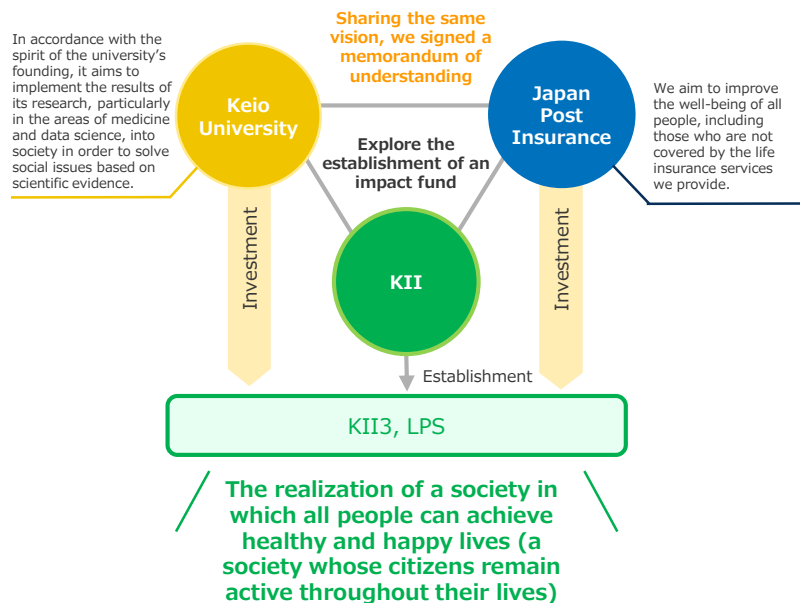
## Provision of funds

### Investments in Academic-industrial Collaboration Funds

In October 2023, we invested in KII3, LPS. The fund was established by Keio Innovation Initiative, Inc. (KII), the official venture capital of Keio University, and is the first impact fund by a university-launched venture capital. With the aim of creating social and environmental impact, it invests in university-launched venture companies that are working to innovate society through digital technology and solve social issues in the medical and healthcare field.

#### Support for the establishment of academic-industrial collaboration funds

Japan Post Insurance, Keio University, and KII held discussions to explore the establishment of an impact fund.



#### Investment in KII3, LPS

Name	KII3, LPS
Total amount of funds	¥20.0 billion (target; of which, a maximum of ¥10.0 billion from Japan Post Insurance)
Investment areas	Medical/health care area, digital technology area
Concept	We aim to create positive and measurable social and environmental impact alongside monetary returns by making impact investments in university-launched venture companies that are working to solve issues in areas such as medical and healthcare.
Purpose	Turning academic research and invention into businesses that change society.
Ultimate outcome	The realization of a society in which all people can achieve healthy and happy lives (a society whose citizens remain active throughout their lives)
Investee contributions	<div style="display: flex; justify-content: space-around;"> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Improved quality of life</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Transformation of the socio-economic ecosystem</div> <div style="border: 1px solid black; padding: 5px; background-color: #fff9c4;">Environmental protection</div> </div>
Social issues	<ul style="list-style-type: none"> <li>The difference between the average life expectancy and a healthy life expectancy, the heavier burden on national finances and households caused by an increase in medical and nursing care costs, and regional disparities in medical technology</li> <li>The isolation of individuals due to population aging, trends toward nuclear families, and economic/digital divides, the declining working-age population and low productivity</li> <li>Deterioration of the global environment and climate change caused by global warming (rising sea levels, impact on ecosystems, and increasing harm to food supply, water, people's health, and the economy)</li> </ul>

# Example Initiatives



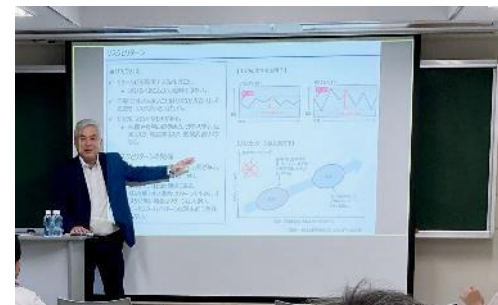
## Financial education

### Developing Human Resources that will Lead the Next Generation

As a universal owner that contributes to the sustainable development of all aspects of the economy and society, we are actively working to provide financial education to the students and children that will lead the future.

#### ✓ Lectures at universities and other educational institutions

As a life insurance company that manages assets worth approximately ¥60 trillion on a long-term basis, we give lectures on our role in society, our approach to asset management, and the significance of impact investment and other ESG investments. We endeavor to make the lecture content more practical while also incorporating our specific initiatives, so that attendees can become familiar with financial and social issues.



A lecture at a university in progress (Sep. 2023)

#### Lectures given in FY2023

Date	Educational institution	Contents	Lecturer(s)
June, December 2023	Hiroshima University of Economics	ESG investment as an institutional investor (two lectures in total)	Investment management division employees
October to November 2023	Osaka University	Introduction to SDGs/ESG investment and investment in practice (based on investment behavior of institutional investors) (eight lectures in total)	Executives and investment management division employees
January 2024 *scheduled	Keio University	Latest investment trends such as ESG investment and impact investment (one lecture planned)	Executive Officer
2024 * schedule TBD	Ritsumeikan University	ESG investment (tentative)	Executives

#### Examples of lecture content

Osaka University (October to November 2023)	
Lecture	Introduction to SDGs/ESG investment and investment in practice (based on investment behavior of institutional investors)
Lecturer(s)	Managing Executive Officer, Senior General Manager of Global Equity and Fixed Income Investment Department, Senior General Manager of Alternative Investment Department, Section Chief of Investment Planning Department
	<ul style="list-style-type: none"> <li>• <b>1st and 2nd: Introduction to capital markets and asset management</b> An overview of capital markets and asset management by institutional investors The basic knowledge of bonds, equities, and alternative investments, and the concept of asset allocation</li> <li>• <b>3rd: Introduction to SDGs and ESG investment (1)</b> Engagement in equities and ESG investment</li> <li>• <b>4th: Introduction to SDGs and ESG investment (2)</b> System and framework of ESG investment by institutional investors, and basics of impact investment</li> <li>• <b>5th: Introduction to SDGs and ESG investment (3)</b> Alternative investments and ESG investments</li> <li>• <b>6th: Regional revitalization and SDGs</b> Regional revitalization and SDGs from the perspective of local communities (with a focus on food and agriculture)</li> <li>• <b>7th and 8th: Summary and group work</b> Corporate venture capital, summary and group discussion/Q&amp;A session</li> </ul>

# Example Initiatives

## Financial education

### ✓ Classes for children in the higher grades of elementary school

We aim to create opportunities for children to think about money, life, society, and other matters with a focus on the life insurance we offer.

#### Financially educating children to provide life skills

- ◆ In order to improve financial literacy as a necessary life skill for the children that will lead the next generation, we conduct on-site classes on finance for the higher grades of elementary school.
- ◆ We use our original Sugoroku-style teaching material, so that students can learn about the importance of financial preparedness and the means to do so, such as through savings and insurance, in a fun and practical way.



Japan Post Insurance original teaching material  
"Money and the Future"




Classroom activities at an elementary school  
(Jun. 2023)

### ✓ On-the-job training and internships to recruit specialist employees (digital and science)

We are conducting personnel exchange initiatives for undergraduate and graduate students at Japan Post Insurance, such as on-the-job training and internships aimed at recruiting specialist employees (digital and science).

Sustainability Website of Japan Post Insurance

 Social Contribution Activities

[https://www.jp-life.japanpost.jp/english/aboutus/sustainability/social/social\\_contribution.html](https://www.jp-life.japanpost.jp/english/aboutus/sustainability/social/social_contribution.html)





## 9 Other Initiatives

- ◆ Participation in Initiatives p.122
- ◆ Spreading Information in Multiple Directions p.123

# Participation in Initiatives

We participate in domestic and international investment-related initiatives that share the same objectives and awareness of issues related to ESG investment, such as climate change and impact investment, and we work to enhance our initiatives based on the knowledge we gain from these initiatives.

## PRI (Principles for Responsible Investment)

Signed in 2017. It is an action principle proposed by the United Nations and consists of six principles, including the incorporation of ESG issues into the investment decision-making process.



PRI annually assesses the commitment to responsible investment of its signatory institutions. We designate the results of the PRI's assessment of these reports as a key indicator in order to enhance our approach to responsible investment. With regard to the most recent report we submitted, we responded to PRI's assessment in September 2023, and we plan to disclose the results thereof on our website.

### Sustainability Website of Japan Post Insurance

ESG Investment Policy / Structure

<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/policy.html>



## CDP

Joined in 2022. It is an initiative to encourage the world's leading companies to disclose information on climate change, water, forests, and other issues and conduct collaborative engagement.



## Climate Action 100+

Joined in 2022. It is an international investor initiative that seeks to address climate change through collaborative engagement (dialogue with companies).



## TCFD

Announced endorsement in 2019. It is an organization established to consider how to disclose climate-related information and how financial institutions should respond.



## PCAF

Joined in 2022. It is an international initiative to measure and disclose indirect GHG emissions through investment and loans by financial institutions.



## Japan Impact-driven Financing Initiative

Signed in 2021. An initiative to implement impact-driven investments and loans based on the idea that the purpose of financial institutions is to holistically understand the impact and lead to solutions for environmental and social issues.



## Advance

Announced endorsement in 2022. It is a collaborative stewardship initiative for institutional investors to act on human rights and social issues.



## TNFD Forum

We support the philosophy of TNFD, an international initiative to develop a framework for appropriate evaluation and disclosure of business risks and opportunities related to natural capital, and in June 2023, we joined the TNFD Forum to support its activities.



## SIMI

Participated in 2021. It is a multi-sector initiative to promote social impact management throughout Japan.



## Japan Stewardship Initiative

Joined in 2022. It is an initiative that aims to facilitate the exchange of opinions on practical issues across industries and support efficient information transmission to achieve more sophisticated and profound stewardship activities.



## Triple I for Global Health

Participated in 2023. It is an initiative that aims to contribute to sustainable fund procurement and the solving of social issues in the global healthcare by expanding impact investment in this field.



# Spreading Information in Multiple Directions

## External Activities

We spread information related to ESG investment through seminar participation by our executives and employees, among other means.

Main seminars and other events	<ul style="list-style-type: none"> <li>Participated in a panel discussion at GIIN Forum 22, an event for impact investment held in the Netherlands (Organizer: The Global Impact Investing Network)</li> </ul>
	<ul style="list-style-type: none"> <li>Sponsored Social Impact Day 2023 and held Sponsored Session: “What is Possible with Listed Equity Fund - Challenges to solve social issues and expand impact economy through ‘collaborative creation’” (Organizer: Social Impact Management Initiative)</li> </ul>
	<ul style="list-style-type: none"> <li>Participated in a panel discussion: “Impact Investment: Now and In the Future” (Organizer: Japan Impact-driven Financing Initiative)</li> </ul>
	<ul style="list-style-type: none"> <li>Participated in a panel discussion: “FDSF Global Conference 2023” (Organizer: Future Design Initiative by Science and Finance [FDSF])</li> </ul>
	<ul style="list-style-type: none"> <li>Participated in a panel discussion: “Moody’s Insurance Series” (Organizer: Moody’s Japan K.K.)</li> </ul>
	<ul style="list-style-type: none"> <li>Held lecture: “Project for Thinking about the Future Vision of Asset Management Companies” at Nikkei SDGs Forum (Organizers: Nikkei Inc., Nikkei Business Publications, Inc.)</li> </ul>
External committee membership, etc.	<ul style="list-style-type: none"> <li>Open engagement (Organizer: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.)</li> <li>▶See “External Communication Related to Engagement” on p.66 for more details.</li> </ul>
	<ul style="list-style-type: none"> <li>Member of the Impact Investment Study Group (jointly hosted by GSG and the Financial Services Agency)</li> <li>Director of Future Design Initiative by Science and Finance (FDSF)</li> </ul>
Giving lectures at universities, etc.	<ul style="list-style-type: none"> <li>Keio University, Osaka University, Ritsumeikan University, Hiroshima University of Economics, etc.</li> <li>▶Please see “Academic-industrial Collaboration” (p.113) for other initiatives for academic-industrial collaboration for asset management.</li> </ul>



External seminar on ESG Investment (Sep. 2023)



Panel discussion at GIIN Forum 22 (Oct. 2022)



A lecture in progress (Jun. 2023, Hiroshima University of Economics)

# Spreading Information in Multiple Directions

## External Communication and Information Mediums

Web media

### Sustainability Website

We communicate to all stakeholders the results of our initiatives to realize a sustainable society, including our approach to sustainability and reports on activities in each area.

<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/index.html>



Report

### Annual Report

In order to provide stakeholders with an easy-to-understand explanation of Japan Post Insurance's initiatives to create sustainable value, this report includes an overview of the Company, its business strategies, and management issues.

[https://www.jp-life.japanpost.jp/english/aboutus/financial/en\\_abt\\_fnc\\_ar.html](https://www.jp-life.japanpost.jp/english/aboutus/financial/en_abt_fnc_ar.html)



Report

### Responsible Investment Report

The purpose of this report is to communicate to all stakeholders our approach to ESG investment and stewardship activities and the details of specific initiatives.

<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/stewardship.html>

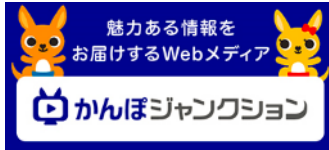


Web media

### Kampo Junction

Kampo Junction was established in 2022 as a hub for people, information, and communities. It is a new form of web media that delivers diverse and attractive information from Japan Post Insurance.

<https://www.jp-life.japanpost.jp/junction/> (in Japanese)

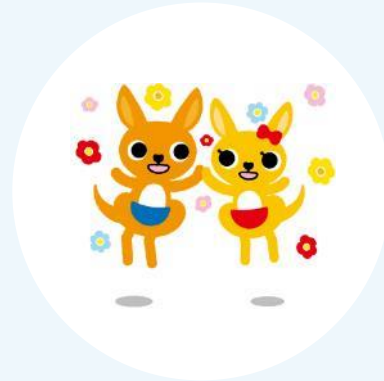


Web media

### JP CAST

It is a form of web media that spreads vibrant information about the Japan Post Group, such as the initiatives of the Group, the new challenges it is taking on, the thoughts of employees involved in these efforts, and trivia that you'll want to share with others.

<https://www.jpcast.japanpost.jp/> (in Japanese)



# Responsible Investment Report 2023

Investment Planning Department,  
JAPAN POST INSURANCE Co., Ltd.


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Tokyo 100-8794, Japan  
TEL: +81-3-3477-2509 (Representative in charge of Responsible  
Investment Promotion Team, Investment Planning Department)

## Materials Posted on our Website

In addition to this report, you can also view the following materials posted on the Company's website.

### Sustainability Website of Japan Post Insurance

- Sustainability Report
- Corporate Governance Report
- Responsible Investment Report

 <https://www.jp-life.japanpost.jp/english/aboutus/sustainability/index.html>



### IR Website of Japan Post Insurance

- Annual securities reports
- Financial Results & Corporate Strategy Meeting Materials
- Other financial materials

 <https://www.jp-life.japanpost.jp/IR/en/index.html>



### <Important Notes>

- This report is intended to provide information to stakeholders and is not intended to constitute a solicitation to invest in stock or other marketable securities of Japan Post Insurance Co., Ltd. or its subsidiaries (the "Group"). This report contains forward-looking statements regarding the outlook and targets of the Group, which are based on information available when the report was prepared or on Japan Post Insurance's expectations derived from projections or assumptions made at the time of the report's preparation. Please note that these forward-looking statements are subject to a broad range of risks and uncertainties, and actual results might vary materially from the statements contained in this report as a result of changes in the economic conditions or business trends, revisions to laws or regulations, effects of large-scale disasters, fluctuations in the value of assets owned, harmful rumors or false information.
- While this report is based upon various forms of data available to the Company that it considers reliable, the Company does not guarantee the accuracy or completeness of said data.
- The images in this document are for illustrative purposes only.
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**JAPAN POST INSURANCE**