

Report on Stewardship Activities

(Jul. 2020 - Jun. 2021)



JAPAN POST INSURANCE

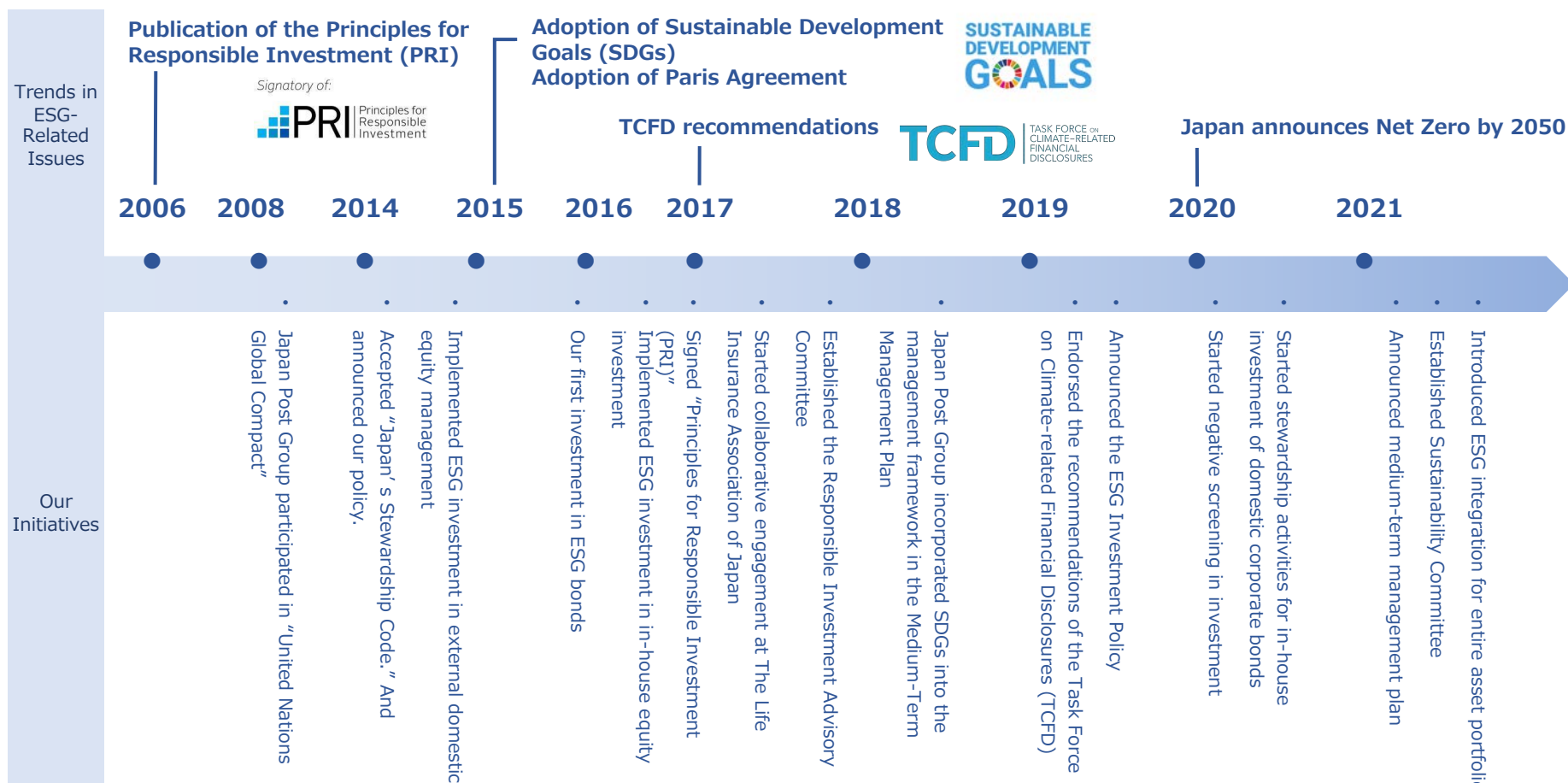
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1 Initiatives for ESG Investment and Stewardship Activities

- As a universal owner*, we have been working on ESG investment and stewardship activities.
- In May 2014, we accepted the Japan's Stewardship Code. We then formulated our policies on this and have been promoting stewardship activities.
- In April 2021, we introduced ESG integration for all assets under management, which take ESG factors into account when making investment decisions, and are promoting ESG investment initiatives.

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



1 Basic Approach to ESG Investment

- As a universal owner that manages diverse, long-term asset portfolio worth approximately 70 trillion yen, we are working to realize a sustainable society, improve investment results, and reduce risks over the long term. In order to realize, we promote investments that contribute to the achievement of the SDGs and the resolution of social issues, taking ESG Investment Initiatives ESG factors into consideration for all assets under our management.
- We focus on the “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection” as initiative themes and make investments and loans with “warmth” unique to Japan Post Insurance.
- We help society to attain carbon neutrality by proactively evaluating investee’s business activities contributing to society's transition toward a low-carbon society and providing them with financial support.

Priority Initiative Themes			ESG Investment Framework	
Enhancement of Well-being	Development of Local Communities and Society	Contribution to Environmental Protection	ESG Integration	We have introduced ESG integration for the entire asset portfolio. When making investments and loans, in addition to financial information, we comprehensively evaluate the ESG initiatives of the investees and incorporate them into our decision-making process.
			Engagement / Exercising Voting Rights	We accurately understand the conditions of investees to engage constructively with them. While building relationships with investees, we ask disclosure of not only financial information but also non-financial information, including ESG elements to confirm their initiatives for ESG issues. When voting, we take into consideration non-financial information, including ESG factors, and information gained from dialogue with companies.
			ESG-themed Investments and Impact Investments	We proactively engage in ESG-themed investments and impact investments centered on “warmth” and in accordance with our priority initiative themes of “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection.”
			Negative Screening	We do not invest in any manufacturers of controversial weapons or new domestic or overseas project financing for coal-fired power generation, which emit a lot of CO ₂ and is known to have an adverse impact on climate change.

Promotion of Investment and Loans with “warmth” unique to Japan Post Insurance

1 ESG Investment Policy

- 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 action based on these policies.

ESG Investment Policy

In order to clarify our basic approach to ESG investment, we have established our ESG Investment Policy and published it.

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.

As a universal owner of long-term assets, we manage assets in line with our ESG investment policy.

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

Policy on Japan's Stewardship Code

In May 2014, we accepted Japan's Stewardship Code and established our policy.

Our stewardship activities are carried out in accordance with this policy.

With the revision of the Japan's Stewardship Code in March 2020, we have revised our policies and have started activities based on the purpose of the Code in domestic corporate bond investment as well as stock investment since October 2020.

https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship_policy.pdf

Policy on Exercise of Shareholder Voting Rights

We exercise shareholder voting rights appropriately in accordance with our Policy on Exercise 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.

https://www.jp-life.japanpost.jp/aboutus/sustainability/esg/stewardship/shareholder_voting_policy.html
(in Japanese)

1 ESG Investment in the Medium-Term Management Plan

- In our Medium-Term Management Plan, we have identified the promotion of ESG investment as one of the key initiatives in our asset management.
- As a KPI for ESG investment, we have set the goal of achieving a total power output of 1.5 million kW for the renewable energy facilities in which we invest and loan during the period of the Medium-Term Management Plan.

Key asset management initiatives in the Medium-Term Management Plan (2021-2025)

Deepening asset
management

Responses to new solvency
regulations

Promotion of ESG
Investment

- Promoting theme-based investment and financing focusing on priority areas of well-being improvement, regional and social development, and environmental conservation including climate change based on our ESG investment approach.
- More proactive investment and financing that contributes to the achievement of a carbon-neutral society
- Start and improve ESG integration on all investments
- Measure, analyse, and disclose carbon footprint of investment portfolio

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

March 31, 2021		Output* ¹
Domestic	Equity	18.8
	Debt	14.0
Overseas	Equity	19.7
	Debt	8.2
Total		60.7

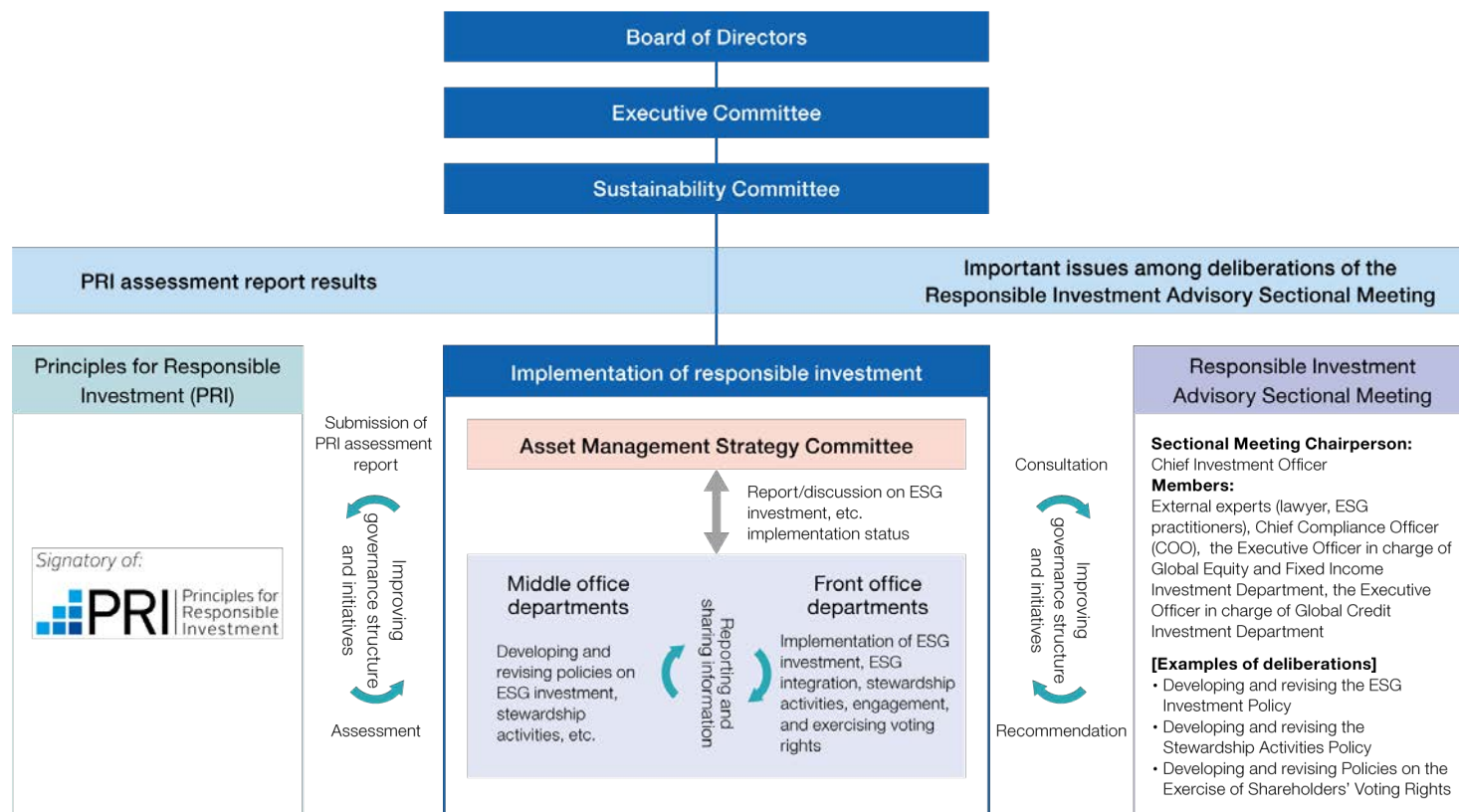
Target of 1.5 million kW*²
under the Medium-term Plan

*1 Unit: 10,000 kW, after calculating the Company's holdings

*2 Limited to power output from renewable energy facilities
that we lend money and invest in

1 Japan Post Insurance Governance Structure for Promoting Responsible Investments

- In order to strengthen the Company's sustainability promotion system, we established the Sustainability Committee as an advisory committee to the Executive Committee in April 2021, and renamed the former Responsible Investment Advisory Committee to the Responsible Investment Advisory Sectional Meeting, making it a specialized subcommittee.
- The Responsible Investment Advisory Sectional Meeting deliberates objectively and professionally on matters related to conflicts of interest that may affect the exercise of shareholder voting rights, as well as matters material to investment based on our social responsibility as an institutional investor. The meetings are held twice a year in principal.



1 Responsible Investment Advisory Committee* Meetings in FY2020

* Renamed the Responsible Investment Advisory Sectional Meeting in April 2021 (see page 7)

- The committee met twice during FY2020 and deliberated on matters related to conflicts of interest that may affect the exercise of shareholder voting rights, as well as matters material to investment based on our social responsibility as an institutional investor.

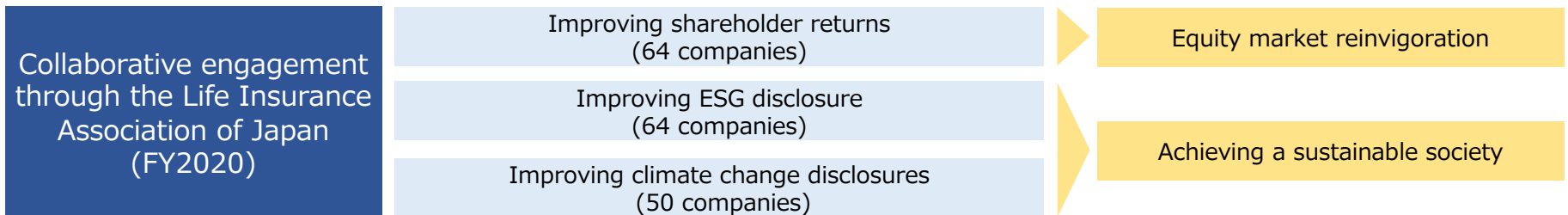
Meeting Date	Agenda
October 2020	<ul style="list-style-type: none"> •Matters concerning the results of exercising shareholder voting rights for in-house investment •Report on stewardship activities
	<ul style="list-style-type: none"> •Revision of various policies, plans and regulations related to responsible investment •Report on the results of the Principles for Responsible Investment (PRI) Assessment Report (2020)
March 2021	<ul style="list-style-type: none"> •Status of stewardship activities •Revision of various rules and regulations related to stewardship activities •Revision of the policy and standards for exercising shareholders' voting rights •Stewardship Activities Plan for FY2021
	<ul style="list-style-type: none"> •Promotion of ESG investment in FY2021 •Transforming Responsible Investment Advisory Committee into a specialized subcommittee

◇ Members of FY2020 Responsible Investment Advisory Committee

Internal	Chief Investment Officer (Chairperson)
	Chief Compliance Officer
External	External Expert (lawyer)

1 Collaborative Engagement, Endorsement of Initiatives

- Through our participation in the Stewardship Activities Working Group and the ESG Investment Working Group of The Life Insurance Association of Japan, we share information with other participants. As a member of the Stewardship Activities Working Group, we participate in collaborative engagement with a view to vitalizing the stock market and realizing a sustainable society.
- In endorsing initiatives, we signed the Principles for Responsible Investment (PRI) in October 2017, as well as expressing our support for the Task Force on Climate-related Financial Disclosures (TCFD) and the Japan Climate Initiative (JCI).



(Source: Compiled by Japan Post Insurance based on The Life Insurance Association of Japan "LIAJ initiatives in FY2020")

Support for Initiatives

Signatory of:



We promote ESG investments in accordance with PRI and report the status of the initiatives once a year.

In the Assessment Report 2020 for activities in 2019, we obtained the highest rating of "A+" for "Listed Equity - Active Ownership" and "A" for "strategy and governance," "Listed Equity - Incorporation" etc.



We expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in April 2019.

We will further promote our existing initiatives related to climate change and work on further information disclosure.



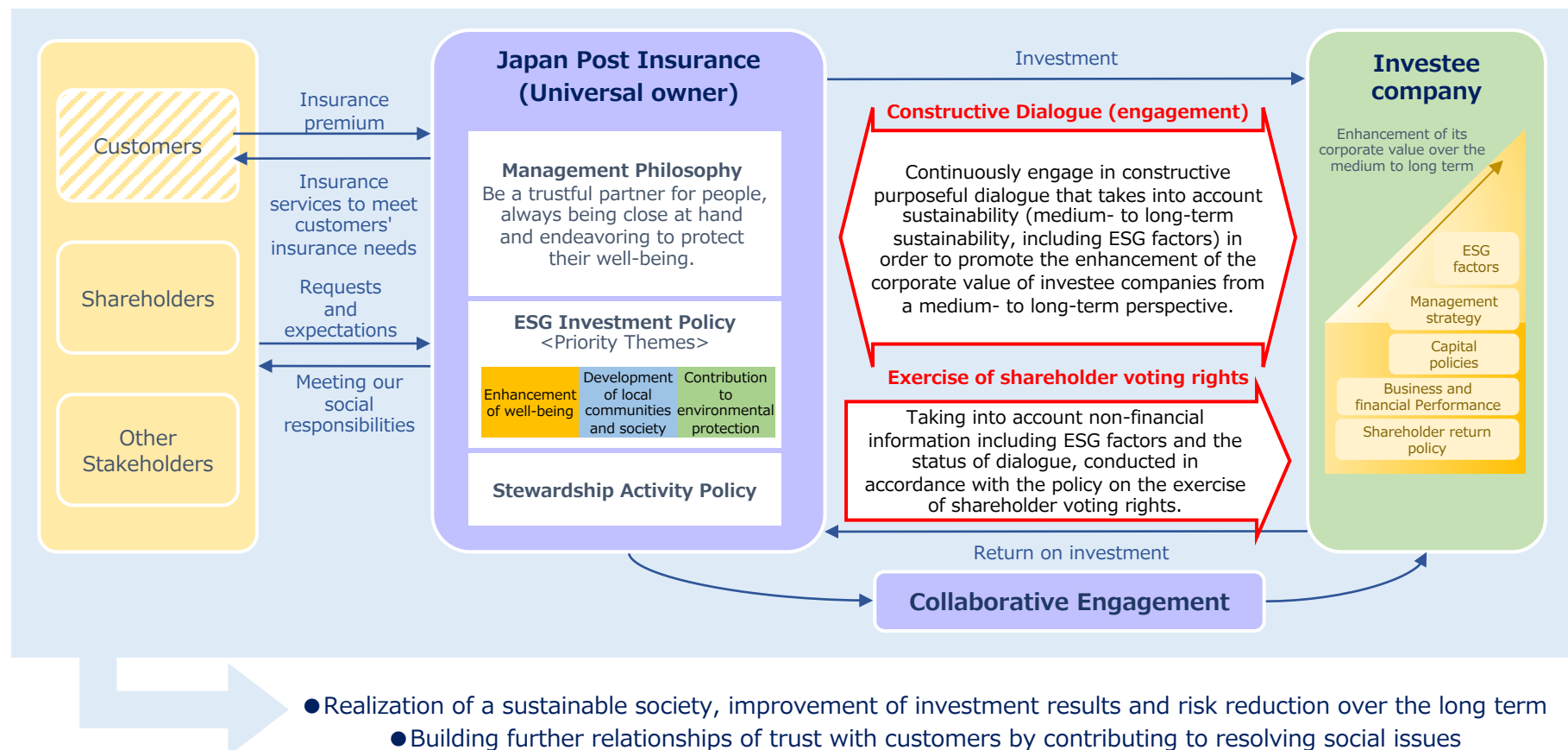
Since 2021, we have been supporting and participating in efforts by the Japan Climate Initiative (JCI), a network committed to realizing a decarbonized society.

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2 Approach to Stewardship Activities

- We have been promoting stewardship activities ((1) insight into investee companies, (2) constructive engagement, and (3) exercise of voting rights) as a universal owner that manages diverse, long-term assets, in order to fulfill our responsibilities and respond appropriately to social demands for compliance with the Japan's Stewardship Code.
- Considering the characteristics of Japan Post Insurance as a long-term investor, we emphasize constructive dialogue (engagement) (engagement) that considers sustainability (medium- to long-term sustainability including ESG factors) and exercising shareholder voting rights.



2 Stewardship Activities Policy and Policies on the Exercise of Shareholders' Voting Rights

- Our Policy on Japan's Stewardship Code and Policy on Exercise of Shareholder Voting Rights are set forth below.

Policy on 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.

The details of our policy are published below.

https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship_policy.pdf

Policy on Exercise of Shareholder Voting Rights

With in-house equity investment, we exercise voting rights in accordance with Policy on Exercise of Shareholder Voting Rights.

[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.

Our stance on each agenda can be found at the link below:

https://www.jp-life.japanpost.jp/aboutus/csr/responsible_investment/stewards_hip/shareholder_voting_policy.html
(in Japanese)

2 Status of Stewardship Activities in FY2020

- In FY2020, we launched stewardship activities for domestic corporate bond. We expanded the content of dialogue (adding ESG factors including supply chain), and conducted dialogue for in-house equity and domestic corporate bond. In case of dialogue with investees that overlap between in-house equity and domestic corporate bond, we conduct in a coordinated manner.
- For external managed equity, we request reports and monitor on policies regarding each principle and the implementation status of stewardship activities of the external managers.
- In addition, in consideration of the growing public interest in sustainability and policy trends, we revised our Policy on Exercise of Shareholder Voting Rights to add a clause on environment, society and corporate governance which contributes to the expansion of corporate value, with the aim of encouraging companies to make further efforts to improve.

https://www.jp-life.japanpost.jp/aboutus/csr/responsible_investment/stewardship/shareholder_voting_policy.html
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◇ Status of Engagement in In-House Management Equity and Domestic Corporate Bond

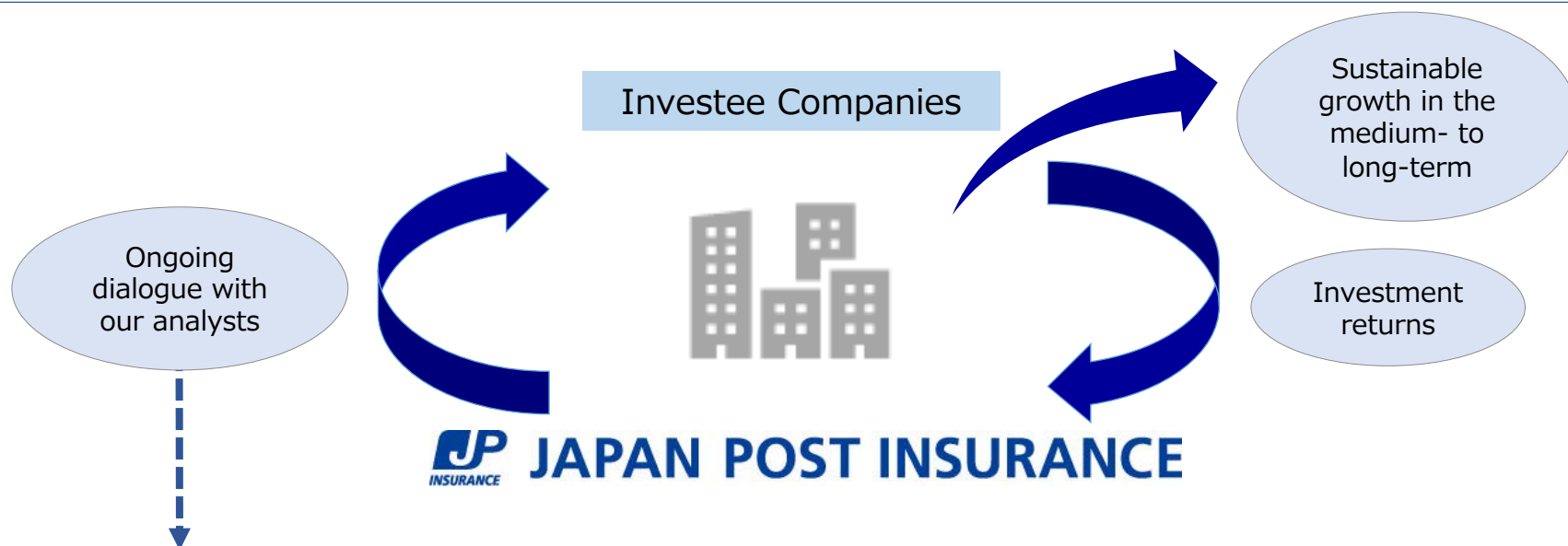
	Dialogue Perspective	Dialogue Implementation Status (July 2020 - June 2021)
In-house Equity management	(1) Medium- to long-term management strategy (2) Capital strategy and shareholder return policy (3) Sustainability (4) Information disclosure policy	Began in 2016 in line with the start of in-house equity investment, and has been continuously implementing (Number of companies involved: 96)
Domestic Corporate Bond Management	(1) CO ₂ reduction (2) Workplace/work environment (3) Regional revitalization	Began in fiscal 2020 in line with the revision of the Japan's Stewardship Code (Number of companies involved: 25)

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3 Dialogue with Companies with In-house Equity Investment - Stewardship Activities

- Since starting in-house domestic equity investment in November 2016, we have continued to engage in dialogue with investee companies.
- While striving to build relationships with investee companies, we conducted dialogue mainly from the perspectives of (1) medium- to long-term management strategy, (2) capital strategy and shareholder return policies, (3) sustainability, and (4) information disclosure policies.



Main Content of Dialogue

(1) Medium- to Long-Term Management Strategy

- Measures to improve ROE
- Measures to achieve the medium-term management plan

(2) Capital Strategy and Shareholder Return Policies

- Dividend policy
- Total return ratio including stock buy-back
- Cross-Shareholdings

(3) Sustainability

- Medium- to long-term sustainability, including ESG factors
- ESG factors in the supply chain

(4) Information Disclosure Policies

- Disclosure of Annual Report
- Disclosure of ESG data
- Policy for addressing climate change

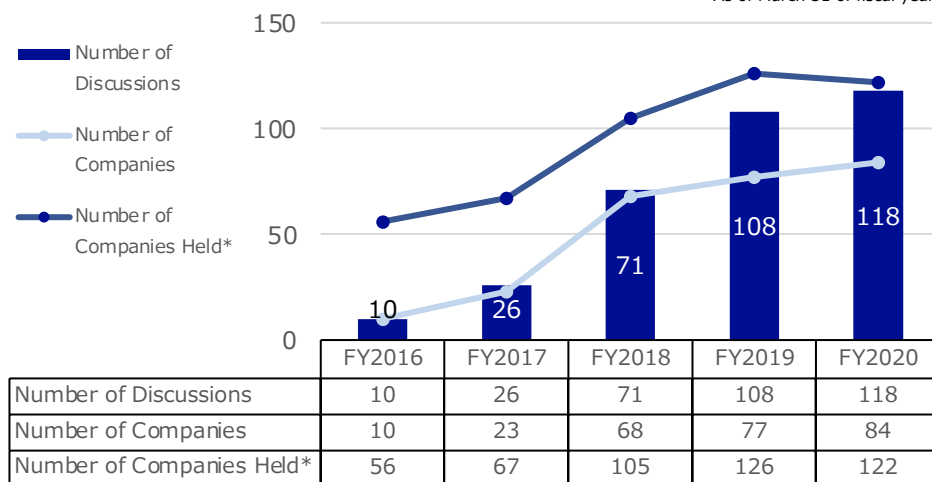
3 Dialogue with Companies with In-house Equity Investment

- Results

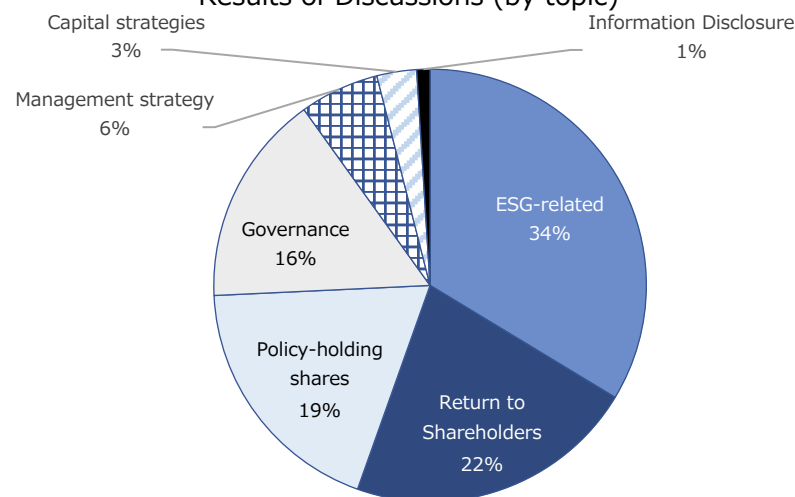
- Since starting in-house domestic equity investment in FY2016, the number of companies we are engaging in dialogue with has increased year by year.
- Of the 118 discussions held in FY2020, 41 were at an executive level or above, emphasizing opportunities for direct dialogue with executive management.
- In terms of topics, we focused on ESG-related issues (disclosure and approach policies), shareholder returns, and cross-shareholdings.

Number of Discussions with Companies

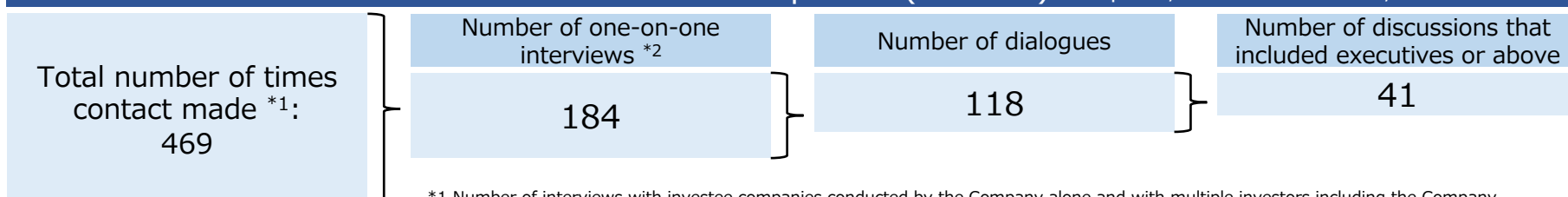
*As of March 31 of fiscal year



Results of Discussions (by topic)



Number of Times Contact made with Companies (FY2020) * April 1, 2020 to March 31, 2021



*1 Number of interviews with investee companies conducted by the Company alone and with multiple investors including the Company

*2 Number of interviews with investee companies conducted by the Company alone

3 Dialogue with Companies with In-house Equity Investment – Discussions Examples (1)

■ The following are examples of major discussions and the results of such discussions on self-managed stock.

Priority Initiative Themes	Ongoing discussions		
	Investee Company Issues	Discussion Content	Progress, Outcomes, Future Plans
Topics: Sustainability Enhancement of Well-being Industry: Retail	Although it is difficult for this industry to address ESG, there is room for innovation as the company also handles health-related products.	We discussed the possibility of using apps and other tools to contribute to improving customer health and enhancing their Well-being.	Although the company expressed its willingness to consider the issue positively, it is necessary to continue dialogue.
Topics: Sustainability Development of Local Communities and Society Industry: Information and communication	While social expectations are high as a provider of significant infrastructure for the local community, contribution to the local community is not listed as an important ESG issue.	We discussed the need to further strengthen and improve disclosure of their contributions to the local economy and their efforts to create local communities.	They indicated that they recognize local development as a business opportunity and would like to consider enhancing disclosure.
Topics: Sustainability Contribution to Environmental Protection Industry: Electrical equipment	Integrated report is not disclosed. Growing interest in environmental protection is positive for their business, they should actively promote quantitative ESG-related disclosures.	Discussion on specific GHG reduction targets including supply chain and policies for future efforts to achieve carbon neutrality.	They expressed their commitment to supply chain disclosure and their positive attitude toward disclosure of integrated reports.

3 Dialogue with Companies with In-house Equity Investment – Discussions Examples (2)

Ongoing discussions

	Investee Company Issues	Discussion Content	Progress, Outcomes, Future Plans
<p>Topics: Medium- to Long-Term Management Strategies</p> <p>Industry: Information and communication</p>	<p>There has been little disclosure on ESG such as in Integrated Reports, and the company should address the relationship between sustainable growth and ESG.</p>	<p>We requested the company appeal to outward on how business growth contributes to the Sustainable Development Goals (SDGs).</p>	<p>The company provided a detailed explanation on the relationship between Sustainable Development Goals (SDGs) and their business at the medium-term management plan briefing.</p>
	Investee Company Issues	Discussion Content	Progress, Outcomes, Future Plans
<p>Topics: Capital Policy and Shareholder Returns</p> <p>Industry: Machinery</p>	<p>Company performance is solid and cash levels are high given business conditions, however excess cash is leading to a decline in capital efficiency.</p>	<p>We expressed our view that it is necessary to provide appropriate shareholder returns commensurate with business performance and requested the company to strengthen shareholder returns through stock buy-back and dividend increases.</p>	<p>The company announced its first stock buy-back in several years to strengthen shareholder returns. The company has expressed its policy of using the total return ratio as a KPI.</p>
	Investee Company Issues	Discussion Content	Progress, Outcomes, Future Plans
<p>Topics: Capital Policy and Shareholder Returns</p> <p>Industry: Transportation equipment</p>	<p>Cross-shareholdings arrangement with companies that are less necessary for business strategy.</p>	<p>We discussed the need to sell cross-shareholdings and provide appropriate shareholder returns from the perspective of efficient use of capital and enhancement of shareholder value.</p>	<p>Sold off the cross-shareholdings, or indicated a policy to continuously decrease.</p>
	Investee Company Issues	Discussion Content	Progress, Outcomes, Future Plans
<p>Topics: Information Disclosure</p> <p>Industry: Machinery</p>	<p>The company has businesses that contribute to a sustainable society. But they are not recognized by the market due to lack of disclosure.</p>	<p>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 Annual Reports.</p>	<p>There is a positive change in attitude toward disclosure, such as the plan to disclose Integrated Reports within the next few years.</p>

3 Exercising Shareholder Voting Rights for In-house Equity Investment - Results

- We surveyed 121 company shareholder meetings covering 402 proposals between July 2020 and June 2021. During this period, we had a total of 154 constructive dialogues with 96 companies.
- The opposition rate to company proposals was 3.3% (down 1.5% from the previous year). The opposition rate is lower than that of the results of the exercise of shareholder voting rights in entrusted management. We believe this is due to the fact that our active self-managed stocks hold many good performing and stocks with good governance, in contrast to our code in entrusted management of shares which is mainly managed passively.
- We publish results of the exercise of shareholder voting rights for each individual agenda item.

https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship_result_2021.pdf

Agenda		Company Proposal (number)				Opposition Ratio
		Total	Approval	Opposition	Abstain	
Proposals regarding Corporate Organization	Appointment and dismissal of Directors	147	142	5	0	3.4%
	Appointment and dismissal of Corporate Auditors	67	65	2	0	3.0%
	Appointment and dismissal of Accounting Auditor	1	1	0	0	0.0%
Proposals on Executive Compensation	Executive Compensation*1	65	63	2	0	3.1%
	Payment of retirement benefits to retiring Officers	6	2	4	0	66.7%
Proposals regarding Capital Policy (excluding proposals regarding the Articles of Incorporation)	Appropriation of surplus	86	86	0	0	0.0%
	Reorganization-related *2	1	1	0	0	0.0%
	Introduction, renewal and repeal of takeover defense measures	0	0	0	0	0.0%
	Other proposals regarding capital policy*3	1	1	0	0	0.0%
Proposals on the Articles of Incorporation		21	21	0	0	0.0%
Other Proposals		0	0	0	0	0.0%
Total Company Proposals		395	382	13	0	3.3%

Total Shareholder Proposals	7	0	7	0	100%
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*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.

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

3 Exercise of Shareholder Voting Rights for In-house Equity Investment - Verification of Conflicts of Interest

- The Responsible Investment Advisory Sectional Meeting has confirmed that there are no conflicts of interest regarding the exercise of shareholder voting rights, as follows.

Item	Confirmation Results
(1) Shareholdings in listed companies in the Japan Post Group	There were no shareholdings in listed companies in the Japan Post Group.
(2) Proposals for which approval or disapproval differs from the Company established Policies on the Exercise of Shareholders' Voting Right	There were no proposals where approval or disapproval differed from the Policies on the Exercise of Shareholders' Voting Right.
(3) 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 code 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 10 proposals whose approval or disapproval differed from those of all external investment managers, all of them were decisions in line with the Policies on the Exercise of Shareholders' Voting Right.

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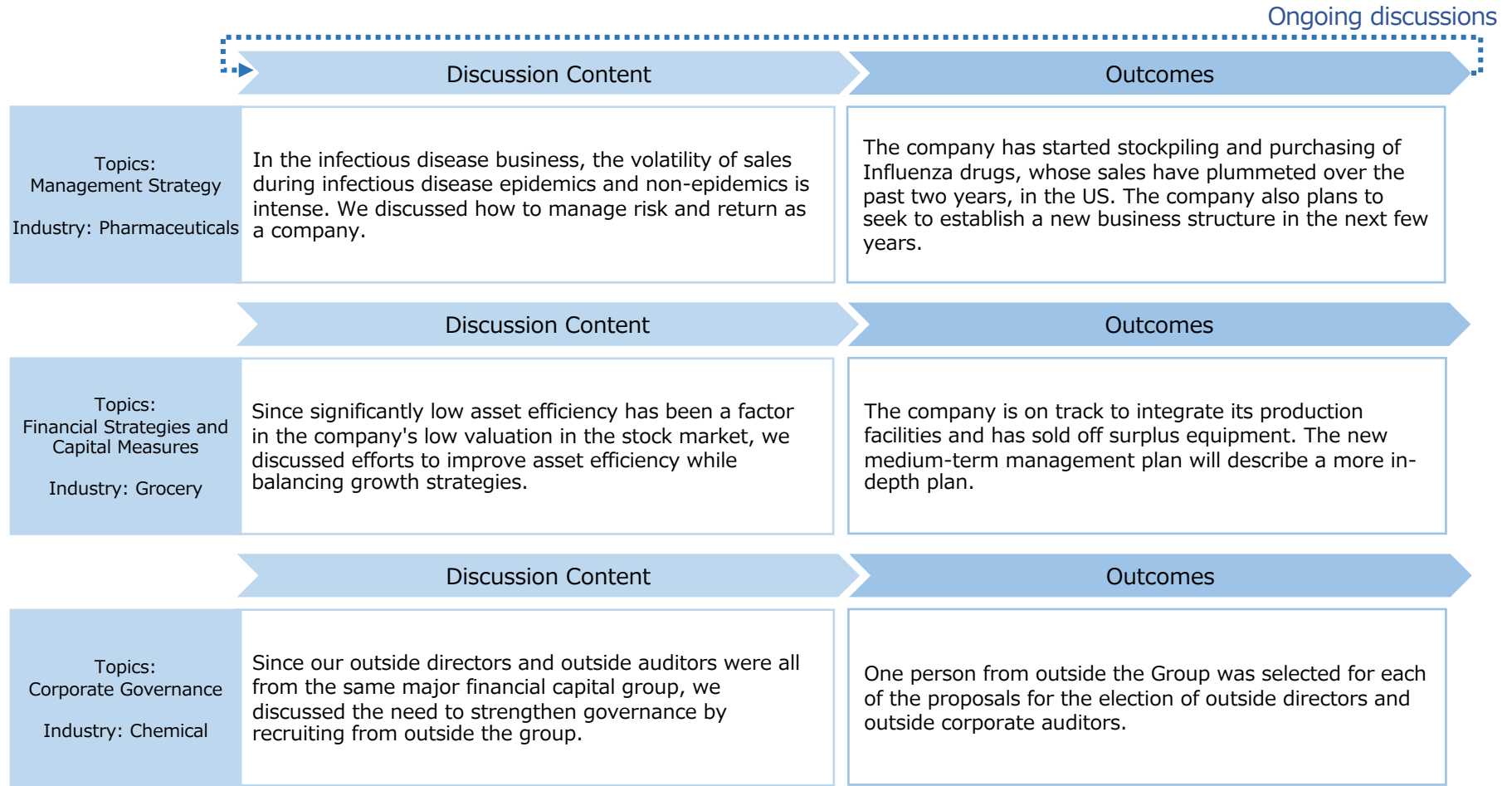
4 Report on Stewardship Activities by External Investment Managers (Equity Investment)

- We hold regular meetings with the external investment managers to discuss stewardship activities.
- In addition, we leave the exercise of individual shareholder voting rights to the external investment managers. We present the Policies for the Exercise of Shareholder Voting Rights, which include matters when the external investment managers exercise voting rights.
- We received the reports from each external investment managers in terms of dialogue with companies and the exercising of shareholder voting rights from July 2020 to June 2021.

Classification		Report Content
Dialogue with Companies	Expansion of framework	<ul style="list-style-type: none"> • The analysts in charge of the survey took the lead in conducting dialogue with companies. In addition, some external investment managers expanded the organization by appointing specialized staff. • We intend to appoint a person responsible for ESG and dialogue, across investment divisions (stocks, bonds, etc.).
	Topics	<ul style="list-style-type: none"> • From a sustainability perspective, based on the four major ESG issues (governance framework, information disclosure, climate change, and health and safety), we held discussions based on the situation of each individual company and sought to share awareness with our investee companies. • We held discussions based on the following topics: 1) management strategy, 2) financial strategy/capital policy, 3) corporate governance, 4) disclosure, 5) scandals, and 6) ESG. • We have added human rights and diversity to our existing four major ESG issues. • Regarding assets other than equities (mainly bonds), to maintain and improve credit, we engaged in dialogue to share issues and encourage efforts for improvement, considering the perspectives of both equities and bonds. • Regarding cross-shareholdings, we requested that companies establish criteria and processes for examining the pros and cons of shareholdings on the premise of reduction and conduct periodic reviews.
	Target companies	<ul style="list-style-type: none"> • The targets are mainly investee companies in active management. For passive management, we select companies with large market capitalization, companies with relatively low ROE (return on equity), and companies that have experienced scandals.
Exercising Shareholder Voting Rights		<ul style="list-style-type: none"> • It is our policy to exercise shareholder voting rights based on the perspectives of both equity and bond analysts. • This fiscal year, several shareholder proposals related to climate change were submitted, and we plan to work on compiling and disclosing our views on climate change.

4 Engagement by External Investment Managers (Equity Investment) – Discussion Examples (1)

- Major examples of discussions held with external investment managers and their outcomes.



4 Engagement by External Investment Managers (Equity Investment) – Discussion Examples (2)

Ongoing discussions

	Discussion Content	Outcomes
Topics: Disclosure Industry: Services	We discussed setting S (society) related goals and the enhancement of disclosure, which will lead to the improvement of corporate value over the medium- to long-term. We also discussed setting goals as a leading company in gender diversity and improving the content of external communications.	The S (social) related goal is to help a cumulative total of 30 million people find employment by halving the time it takes to find a job and reducing barriers (such as racial discrimination) in the job market. The company also announced a goal of increasing the percentage of women in management and other positions to approximately 50%.
	Discussion Content	Outcomes
Topic: Scandals Industry: Electrical equipment	We discussed the necessity of having corporate governance experts as candidates for outside directors to reform organizational culture and solve governance issues.	Concluded that there is no need to appoint additional outside directors at this time, but continue to engage in dialogue to improve the effectiveness of their governance.
	Discussion Content	Outcomes
Theme: ESG Industry: Steel	We discussed switching from coal used as a reductant in blast furnaces to natural gas and hydrogen to achieve a CO ₂ -free business operation.	The company announced a goal of reducing CO ₂ emissions by 30% by 2030 and becoming carbon neutral by 2050.

4 Exercise of Shareholder Voting Rights by External Investment Managers (Equity Investment) -Results

- External investment managers exercised shareholder voting rights in a total of 39,763 cases for 2,174 listed companies in Japan whose general meetings of shareholders were held from July 2020 to June 2021.
- The total opposition rate for company-proposed proposals was 17.3% (-2.9% compared to the previous year). Proposals for the appointment and dismissal of directors and corporate auditors continued to account for the majority of opposition. Companies step up their efforts in terms of the ratio of outside directors and the independence of corporate auditors. The opposition rates for both proposals are decreasing (opposition rates of -3.8% and -4.5%, respectively, compared to the previous year).
- The results of the exercise of shareholder voting rights by external investment managers are as follows.

Agenda		Company Proposal (number)				Opposition Ratio
		Total	Approval	Opposition	Abstain	
Proposals regarding Corporate Organization	Appointment and dismissal of Directors	14,859	10,642	4,217	0	28.4%
	Appointment and dismissal of Corporate Auditors	6,411	5,509	902	0	14.1%
	Appointment and dismissal of Accounting Auditor	311	311	0	0	0.0%
Proposals on Executive Compensation	Executive Compensation*1	5,391	4,762	629	0	11.7%
	Payment of retirement benefits to retiring Officers	607	31	576	0	94.9%
Proposals regarding Capital Policy (excluding proposals regarding the Articles of Incorporation)	Appropriation of surplus	7,862	7,773	89	0	1.1%
	Reorganization-related *2	317	313	4	0	1.3%
	Introduction, renewal and repeal of takeover defense measures	280	20	260	0	92.9%
	Other proposals regarding capital policy*3	245	245	0	0	0.0%
Proposals on the Articles of Incorporation		2,602	2,544	58	0	2.2%
Other Proposals		26	15	11	0	42.3%
Total Company Proposals		38,911	32,165	6,746	0	17.3%

Total Shareholder Proposals	852	29	823	0	96.6%
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*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.

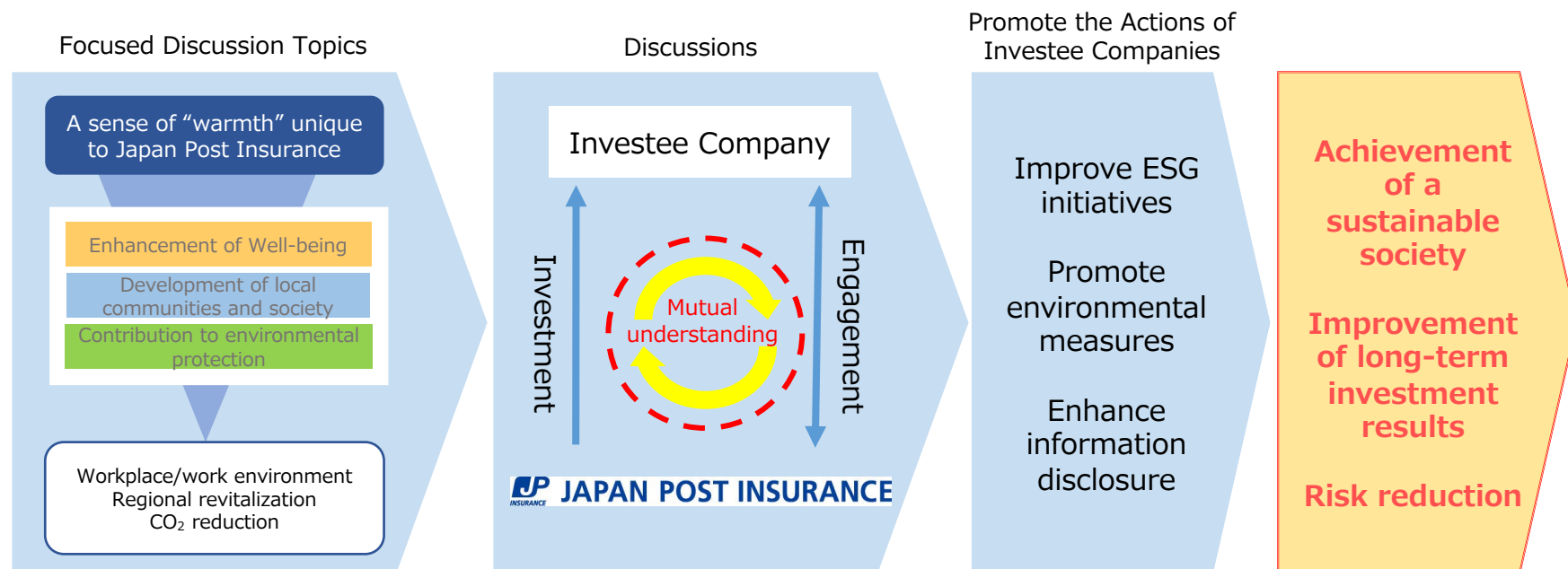
*3 Other proposals regarding capital policy include share repurchases, reduction of legal reserve, capital increase through third-party allotment, capital reduction, and reverse stock split.

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5 Dialogue with Companies with Domestic Corporate Bond Investment - Stewardship Activities

- Based on ESG investment priority initiative themes of the enhancement of well-being, development of local communities and society and contribution to environmental protection, we mainly conducted workplace/labor environment, regional revitalization, and CO₂ reduction discussions. From July 2020 to June 2021, we held discussions with 25 of our investee companies.
- 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 related to ESG/SDGs, we aim to achieve a sustainable society, improve long-term investment results, and reduce risks. In doing so, we will improve the ESG score of our portfolio and contribute to the achievement of a sustainable society.



5 Dialogue with Companies in Domestic Corporate Bond Investment - Examples of Dialogue

- Our priority initiative ESG investment themes in domestic corporate bond investment are the enhancement of well-being, development local communities and society and contribution to environmental protection. Major examples of dialogue on these topics are as follows.

Ongoing dialogue

Priority Initiative Themes	Investee Company Issues	Discussion Content
Topics: Enhancement of Well-being (Workplace/work environment)	In business categories where the ratio of female directors/managers is low, we were not able to confirm the current ratio, despite the company having set targets related to the promotion of female activities. We also recognize the need to improve the disclosure of indicators related to the number of occupational accidents.	We discussed and exchanged opinions on the existence or non-existence of targets for the ratio of women in board/management positions and the specific measures to be taken, and encouraged the implementation of women's activities. We also confirmed targets and safety measures related to the number of occupational accidents.
Topics: Development of Local Communities and Society (Community Revitalization)	Confirm opportunities for communication with the local community, events, cleanup activities, and measures to contribute to local industries. In addition, since natural disasters have become more frequent in recent years, we recognize the need to check measures that contribute to the community in terms of disaster prevention.	We confirmed company efforts related to regional revitalization. In addition, since it is thought that many of the measures that have been taken in the past are becoming impossible to implement because of the spread of COVID-19, we confirmed new approaches and innovations.
Topics: Contribution to Environmental Protection (CO ₂ reduction)	We recognize that while awareness toward CO ₂ reduction is fostered, there is little concrete information on specific measures and milestones toward carbon neutrality, and that confirmation of feasibility is needed.	Based on the Japanese government policy of becoming carbon neutral by 2050, we discussed initiatives and specific targets for CO ₂ reduction. We also urged the company to take action if they have not set specific goals.

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6 Self-Assessment of Stewardship Activities (1)

■ Our stewardship activity self-assessment is as follows.

Stewardship Code Principles		Our Response and Self-Assessment
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"> We have formulated our policy on Japan's Stewardship Code and published it on our website.
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"> We categorize conflicts of interest and describe our response to them in our policy on Japan's Stewardship Code. The Responsible Investment Advisory Sectional Meeting which includes external experts confirmed that there were no conflicts of interest.
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"> With our in-house equity management, we conducted investment research through interviews and teleconferences with almost all our investee companies to gain an accurate understanding of their situation. 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.
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"> With our in-house equity management, we had more constructive dialogues with investee companies than initially planned. As outlined on page 17 and 18, we believe these discussions were very meaningful. 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. 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.

6 Self-Assessment of Stewardship Activities (2)

Stewardship Code Principles		Our Response and Self-Assessment
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"> With our in-house equity management, we have established Policies on the Exercise of Shareholders' Voting Rights which we have published on our website. In exercising shareholder voting rights for in-house equity management, 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. In external equity managers, we request 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.
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"> Once a year, we publish our Stewardship Activity Report on our website to report to our customers. We disclose the results of exercising shareholder voting rights for each investees in addition to a summarized table.
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.	<ul style="list-style-type: none"> In the Responsible Investment Advisory Sectional Meeting, we receive advice from external experts on strengthening stewardship activities and improve the content of these activities. Under the commitment of our management, we are continuously strengthening our systems by increasing and developing human resources. We conduct self-assessment in the form shown here and publish the results on our website annually.
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"> The Company is not a service provider for institutional investors.

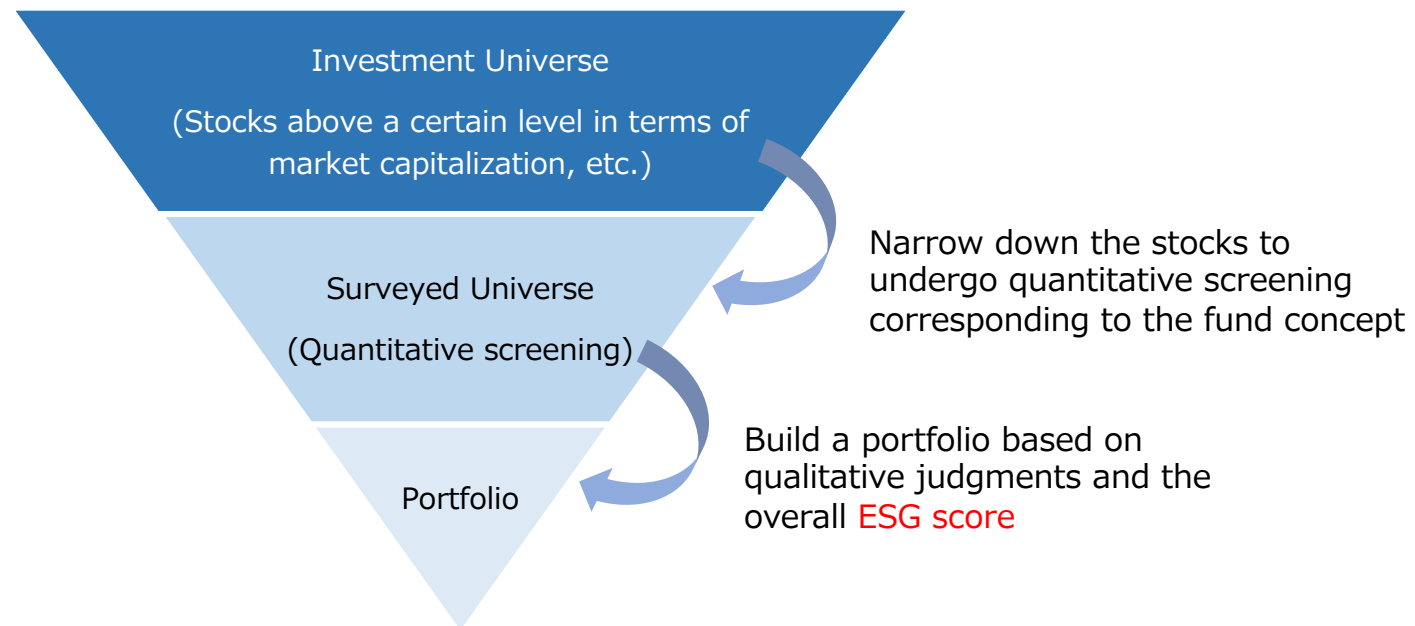
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7(1) ESG Integration of In-house Equity Investment – Japan Post Insurance Domestic Equity Investment Policy

- Our self-managed domestic equity has taken ESG factors into account since the start of management in 2016.
- Japan Post Insurance Domestic Equity Investment Policy:
We manage the following two funds in consideration of **ESG factors (our original ESG score)**.
- [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

◇ Fund Establishment Process (image)



7(1) ESG Integration of In-house Equity Investment - Our Original ESG Score Approach

- We believe that ESG factors have a close relationship with corporate value, and in calculating the ESG score, we have assumed the following corporate value evaluation model.
- The general corporate value evaluation model is calculated 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.

【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.

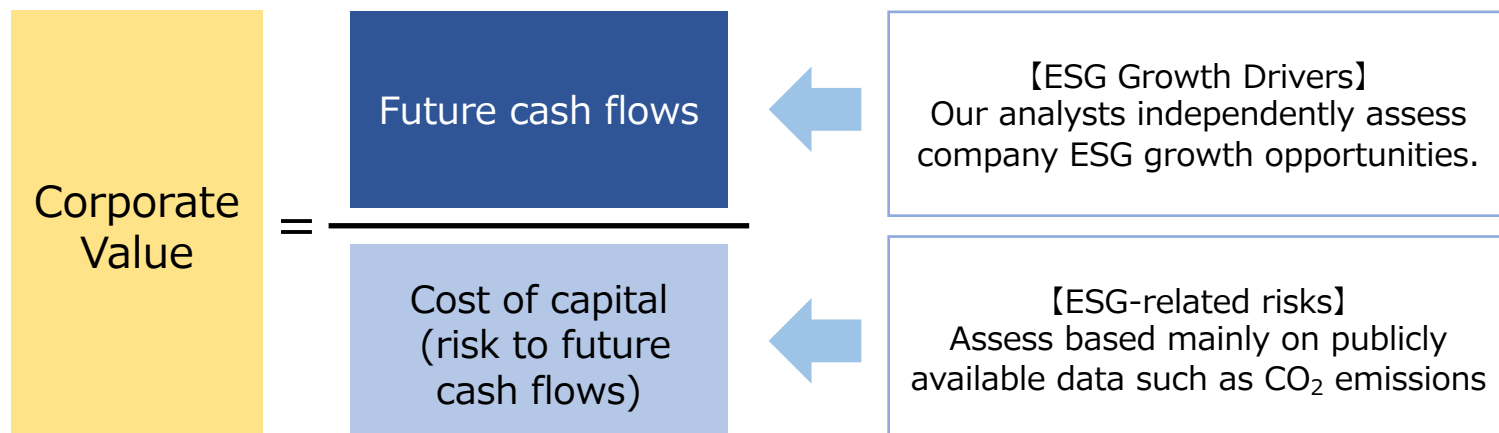
Therefore, our analysts carefully research the investee companies to uniquely assess their growth opportunities based on ESG.

【ESG-related risks】⇒ Impact on cost of capital

We assess these risks using mainly quantitative data published by companies which are factors that pose risks in assessing corporate value, such as CO₂ emissions and plant safety management.

As it is difficult to evaluate our priority initiative ESG investment 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.

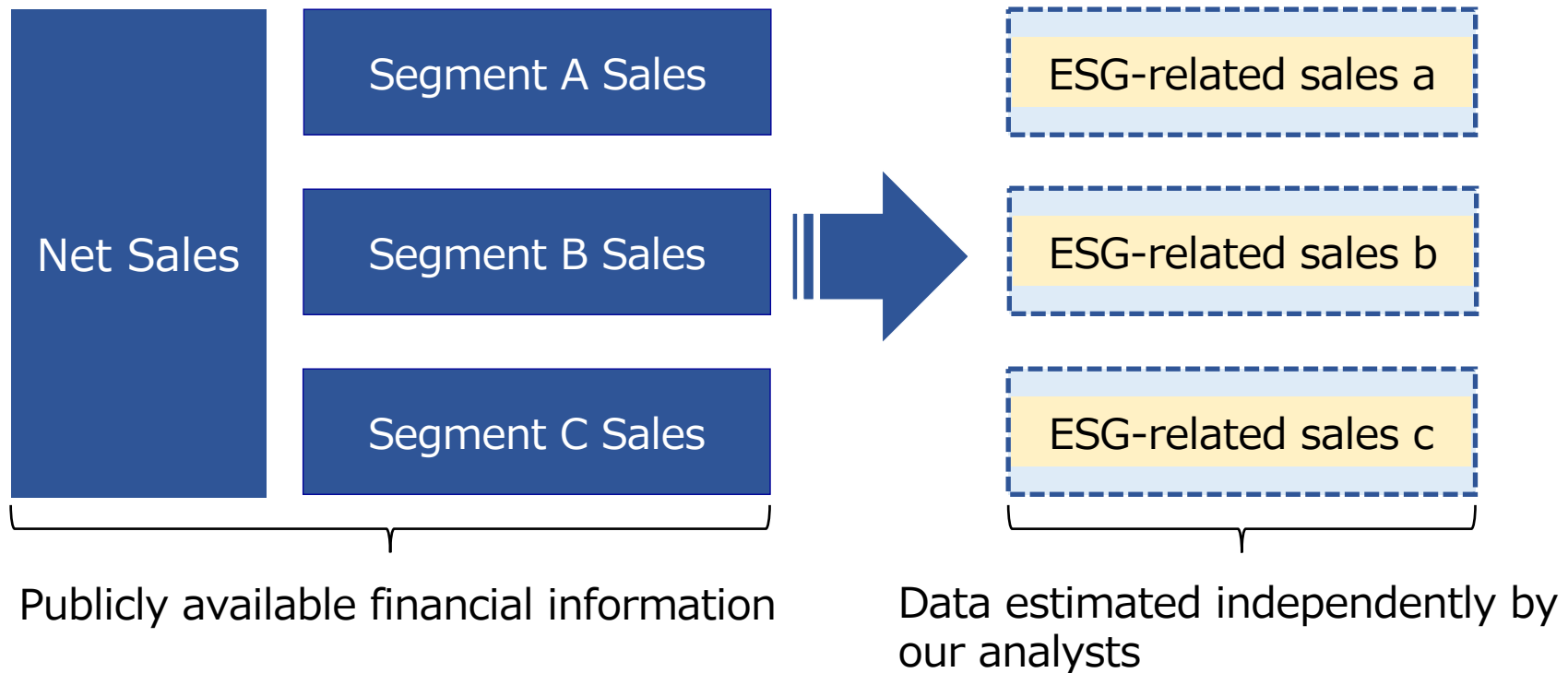
◇ Connection between corporate value and ESG factors



7(1) ESG Integration of In-house Equity Investment - Estimation method for ESG-related sales

- We estimate the sales of ESG-related businesses and products based on 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 estimates based on dialogue with companies and comprehensive analysis of various information.
- For example, chemical company A has the world's top share in one of the materials for lithium-ion batteries used in electric vehicles. We estimate the sales of the material concerned based on company comments and company information on capital investment.

◇ Image of the estimation method



7(1) ESG Integration of In-house Equity Investment

- ESG scoring method

- Items that affect future cash flow and cost of capital are extracted and evaluated for each of the three ESG elements of environment (E), social(S), and governance (G).
 - Environment (E):
Assess based on our analysts' own estimates of ESG-related sales and quantitative data such as CO2 emissions.
 - Social (S):
In addition to quantitative data, such as our analysts' own estimates of ESG-related sales and the ratio of female managers, assess qualitative judgments based on analysts assessment of our priority ESG investment themes of the enhancement of Well-being and the development of local communities and society.
 - Governance (G):
Assess using quantitative data such as the ratio of external directors, as well as qualitative judgments based on analysts assessment of improvements in governance and attitude toward dialogue.

◇ Assessment System

ESG Score (out of 100)	Environment (E)	ESG growth drivers	ESG-related net sales
		ESG-related risks	Evaluation using quantitative data
	Social (S)	ESG growth drivers	ESG-related net sales
		ESG-related risks	Evaluation using quantitative data (e.g., ratio of women in management positions)
			Qualitative determinations
	Governance (G)	ESG-related risks	Evaluation using quantitative data
			Qualitative determinations (governance, attitude toward dialogue)

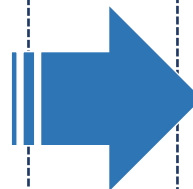
7(1) ESG Integration of In-house Equity Investment - Management Process of Growth Funds

- For growth funds that focus on ESG-related growth drivers, in addition to the **ESG score**, the **ESG growth assessment sheet** is used to further delve into ESG-related growth drivers. **At least two-thirds of our portfolio** is comprised of stocks **ranked A for ESG Growth Index**.

ESG Score

ESG-Related Sales

Estimate the ESG-related sales for each company and rate it on a scale of 1 to 3



ESG Growth Assessment Sheet (growth strategy)

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

At least two-thirds of our portfolio is
comprised by A rank stocks that meet any
of the four assessment items.

7(1) ESG Integration of In-house Equity Investment - Connection with Priority Initiative Themes

- The connection between the priority initiative ESG investment themes and the ESG score assessment items is as follows.

◇ Priority Initiative Themes and ESG Score Assessment Items

Priority Initiative Themes	Examples of Social Issues	Assessment Items
Enhancement of Well-being 	<ul style="list-style-type: none"> Disparities in the lives of children Social inclusion of the aging population, people with disabilities, etc. Gender gap Improvement of health and hygiene 	<ul style="list-style-type: none"> ESG-related sales: Businesses related to education, social inclusion, health promotion, etc. Quantitative items: gender indicators such as the ratio of female managers, indicators related to human rights and supply chain Qualitative items: Contribution to health promotion, etc.
Development of Local Communities and Society 	<ul style="list-style-type: none"> Support for revitalization of local business and attracting business Support for building local community 	<ul style="list-style-type: none"> ESG-related sales: Businesses related to local community development, etc., and businesses related to social infrastructure Qualitative items: Contribution to job creation in rural areas, etc.
Contribution to Environmental Protection 	<ul style="list-style-type: none"> Support for renewable energy GHG emission reduction Conservation of natural resources Biodiversity protection 	<ul style="list-style-type: none"> ESG-related sales: Businesses related to climate change, circular economy, and nature resource conservation 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

7(1) ESG Integration of In-house Equity Investment - Assessment Results (ESG Score)

- The ESG score was higher than the benchmark TOPIX500 in each item as shown below.
- The score for Environment outperforms the benchmark. This is mainly due to the fact that many of our stocks have ESG-related sales (business expected to have a contribution to environmental protection) above the market average.
- The score for Social outperforms the benchmark. This is 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 for Governance outperforms the benchmark both quantitatively and qualitatively, partly due to the inclusion of items related to capital efficiency during screening.

◇ ESG Score (weighted average)

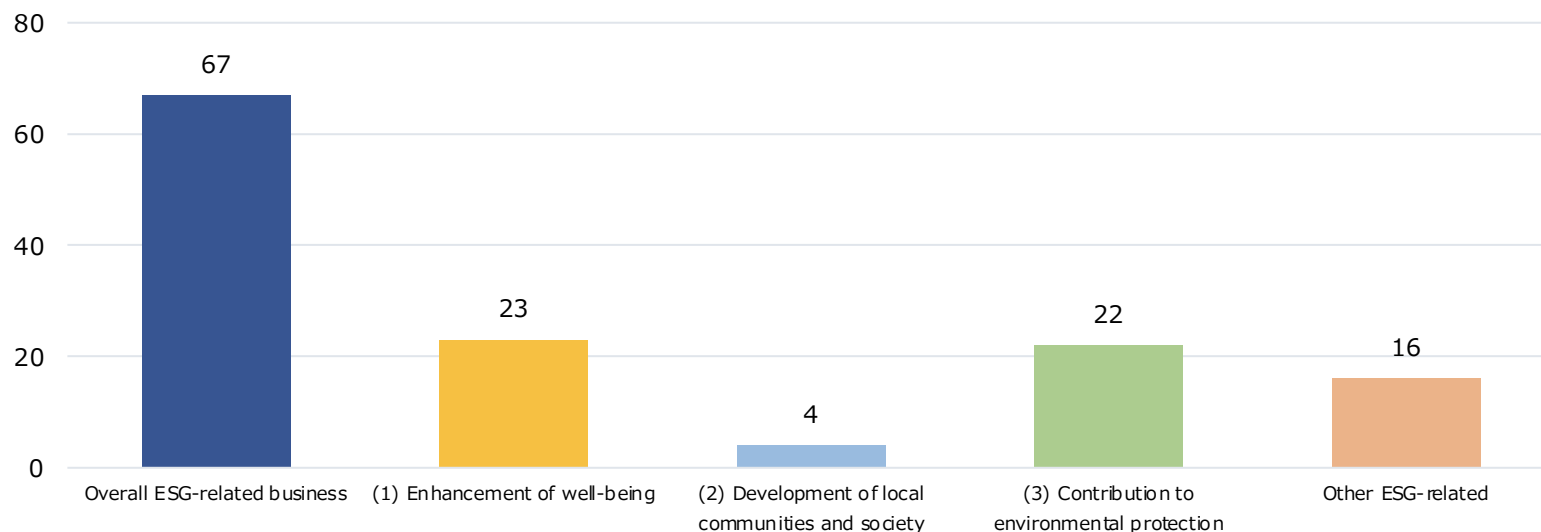
	ESG Score	Environment (E)	Social (S)	Governance (G)
In-House Management	72.7	24.2	25.9	22.6
TOPIX500*	68.9	22.7	25.3	20.8

*Calculate TOPIX500 ESG Score using original ESG Score

7(1) ESG Integration of In-house Equity Investment - Assessment Results (ESG-related Sales)

- Of the 122 stocks held (as of the end of March 2021) that we self-manage, 67 had ESG-related sales that exceeded 20% of the total.
 - (1) Enhancement of Well-being: Stocks which have businesses that contribute to an improvement in healthcare
 - (2) Development of local communities and society: Stocks which have businesses that contribute to social infrastructure, local job creation, and local community interaction
 - (3) Contribution to environmental protection: Stocks which have businesses that contribute to climate change measures such as reducing greenhouse gas emissions
 - (4) Other ESG-related: Stocks which have businesses related to labor productivity improvement, technological innovation, etc.

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

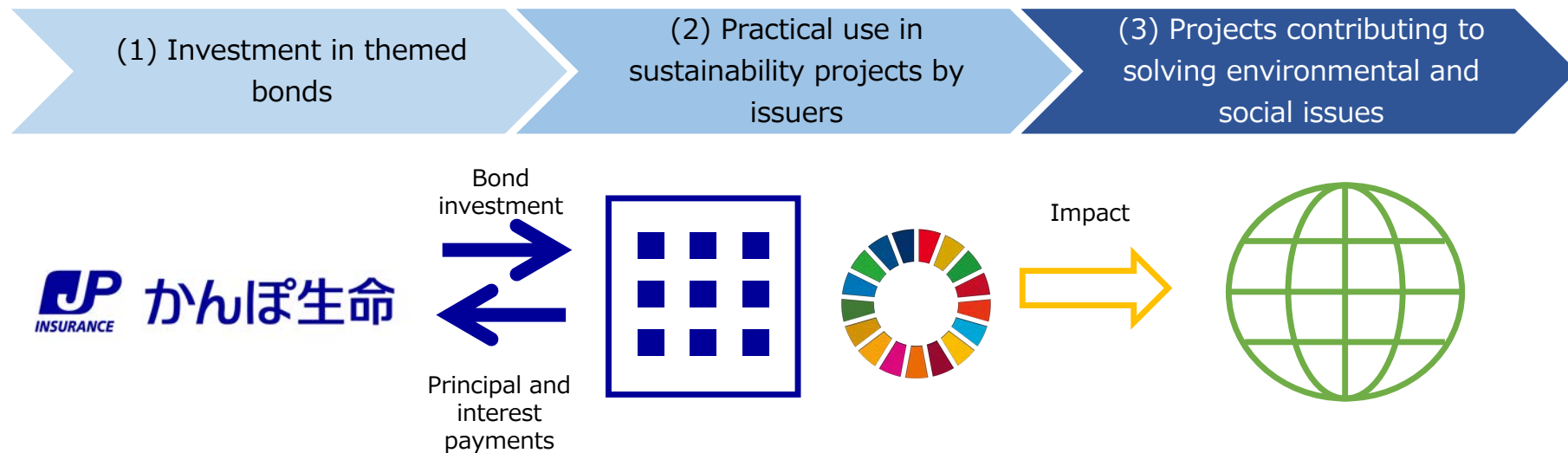


Estimated by our analysts based on information disclosed. Note that the number of stocks with ESG sales ratio of 20% or more does not equal the total number of stocks for each theme, as there are stocks with multiple themes that exceed the criteria in total.

7(2) Impact Assessment of ESG-themed Bonds by International Organizations - Target Issue (1)

- The use of funds for ESG-themed bonds of international organizations is limited to sustainability projects in accordance with the recommendations* of the International Capital Market Association (ICMA). We invest in ESG-themed bonds with the intention of contributing to the resolution of environmental and social issues.
- In this report, we have compiled the outcomes from the themed bonds we hold based on the impact reports issued by the international organizations.

Flow of Funds for ESG-Themed Bonds



*International Capital Market Association (ICMA) "Green Bond Principles," "Social Bond Principles," etc. It is recommended that issuers report regularly on the use of these funds and expected benefits.

7(2) Impact Assessment of ESG-themed Bonds by International Organizations - Target Issue (2)

- Of the 14 issues of themed bonds from six issuers held by the Company (investment amount: approximately 167.5 billion yen), we selected six issues by four issuers (investment amount: approximately 65.9 billion yen) for evaluation based on (1) the length of time since the investment and (2) the availability of quantitative indicators.

List of International Organization Themed Bonds held by the Company

Investment Period	Issuers	Topics	Investment Amount	Press Release
June 2016	International Bank for Reconstruction and Development	Green	¥10.5 billion	June 2016 (in Japanese)
May 2018	African Development Bank	Feed Africa	¥5.1 billion	-
May 2018	Asian Development Bank	Gender	¥5.2 billion	-
May 2018	International Bank for Reconstruction and Development	Awareness of Health and Nutrition of Women, Children, and Adolescents	¥5.2 billion	June 2018
February 2019	African Development Bank	Light up & Power Africa	¥11.4 billion	-
May 2019	European Investment Bank	Climate Awareness	¥28.5 billion	May 2019
May 2020	European Investment Bank	Countermeasures against COVID-19	¥24.2 billion	May 2020 (in Japanese)
May 2020	Inter-American Development Bank	Countermeasures against COVID-19	¥24.3 billion	May 2020 (in Japanese)
January 2021	European Bank for Reconstruction and Development	Green Transition	¥22.5 billion	January 2021
January 2021	International Bank for Reconstruction and Development	Green Recovery	¥10.4 billion	January 2021
February 2021	Inter-American Development Bank	COVAX Facility	¥5.1 billion	March 2021 (in Japanese)
February 2021	Inter-American Development Bank	COVAX Facility	¥5.0 billion	March 2021 (in Japanese)
March 2021	Asian Development Bank	Education	¥5.0 billion	March 2021
March 2021	Inter-American Development Bank	One Health	¥5.0 billion	March 2021
Total Investment Amount: 167.5billion yen				

7(2) Impact Assessment of ESG-themed Bonds by International Organizations - Outcome

- The results of the impact assessment (attributable to our holding) are as follows.

Topics: Enhancement of Well-being

- Number of people benefitting from improved agricultural productivity
Approximately 1.78 million people
- Number of people benefitting from the safety net program
Approximately 700 people
- Number of people benefitting from improved waterworks access
Approximately 2,500 people
- Women with higher education
Approximately 900 people
- Women employed in skilled labor
Approximately 4,100 people
- Number of people benefitting from new electricity connections
Approximately 25,000 people

Topics: Contribution to Environmental Protection

- Annual GHG emission reduction/avoidance amount
234,357t-CO₂e



Equivalent to
51,000 vehicles
(Converted to annual emissions of passenger vehicles*)

- Annual renewable power generation
266 million KWH



Equivalent to
34,000 households
(Converted to the annual electricity consumption of the average household*)

Based on issuer disclosure documents, our calculation is (project outcome) x (our investment amount / project amount scale). We select quantitative indicators based on the intent when starting our investment. We confirm that negative impact is appropriately managed and mitigated by the issuer.

*We use the US EPA Greenhouse Gas Equivalencies Calculator. Emissions from passenger vehicles and electricity consumption by the average household are national averages

7(2) Impact Assessment of ESG-themed Bonds by International Organizations - Outcomes for Each Issue (1)

■ Examples of projects and outcomes (Green Bonds)

(1) Issuer (2) Topics (3) Investment amount	Example of Projects	Assessment Results (attributable to our holding)	Press Release (at time of investment)
(1) International Bank for Reconstruction and Development (2) Green bond (3) Approximately 10.5 billion yen	<ul style="list-style-type: none"> • Construction of small hydropower and geothermal power plants (Turkey) • Forest fire prevention by strengthening forest management (Russia) • Introduction of a district heating system using wood biomass (Belarus) 	<ul style="list-style-type: none"> • Annual GHG emission reduction/avoidance amount 116,083 (t-CO₂e) • Annual renewable power generation 60.9 (million KWH) 	June 2016 (in Japanese)
(1) European Investment Bank (2) Climate Awareness Bond (3) Approximately 28.5 billion yen	<ul style="list-style-type: none"> • Strengthening and expansion of the power grid (Spain) • Construction of an onshore wind power plant (Sweden) • Construction of biomass power plants and waste power plants (Lithuania) 	<ul style="list-style-type: none"> • Annual GHG emission reduction/avoidance amount 118,274 (t-CO₂e) • Annual renewable power generation 205.1 (million KWH) 	May 2019

*Based on the issuer disclosure documents, our calculation is (project outcome) x (our investment amount / project amount scale).

7(2) Impact Assessment of ESG-themed Bonds by International Organizations - Outcomes for Each Issue (2)

■ Examples of projects and outcomes (social and sustainable development bonds)

(1) Issuer (2) Topics (3) Investment amount	Example of Projects	Assessment Results (attributable to our holding)	Press Release (at time of investment)
(1) African Development Bank (2) Feed Africa (3) Approximately 5.1 billion yen	<ul style="list-style-type: none"> Project to improve the living standards of small-scale farmers (Cote d'Ivoire) Project to support sustainable value chains in agriculture and livestock production (Burundi) 	<ul style="list-style-type: none"> Number of people benefitting from improved agricultural productivity Approximately 1.78 million people 	-
(1) International Bank for Reconstruction and Development (2) Awareness of Health and Nutrition of Women, Children, and Adolescents (3) Approximately 5.2 billion yen	<ul style="list-style-type: none"> Improvement of malnutrition among indigenous infants up to 1,000 days of age (Guatemala) Elimination of malnutrition in pregnant women and children under two years of age (Indonesia) 	<ul style="list-style-type: none"> Number of people benefitting from the safety net program Approximately 700 people Number of people benefitting from improved water supply access Approximately 2,500 people 	June 2018
(1) Asian Development Bank (2) Gender bond (3) Approximately 5.2 billion yen	<ul style="list-style-type: none"> Creation of employment opportunities for women through food processing factories (Bangladesh) Financing public transportation with gender-sensitive facilities (China) 	<ul style="list-style-type: none"> Women with higher education Approximately 900 people Women in skilled labor Approximately 4,100 people 	-
(1) African Development Bank (2) Light up & Power Africa (3) Approximately 11.4 billion yen	<ul style="list-style-type: none"> Financial support for power generation projects and promotion of clean power sources (Egypt) Improvement of access to electricity by strengthening transmission line networks (Cote d'Ivoire) 	<ul style="list-style-type: none"> Number of people benefitting from new electricity connections Approximately 25,000 people 	-

*Based on the issuer disclosure documents, our calculation is (project outcome) x (our investment amount / project amount scale).