



# Responsible Investment Report **2021**

By your side, for life

**DAI-ICHI LIFE**

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 Dai-ichi Life Group

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# Message from the President

DAI-ICHI LIFE

Dai-ichi Life Group

## We seek to solve climate change and other sustainability issues through responsible investments for the well-being of all present and future generations

In March 2021, the Dai-ichi Life Group announced the new Re-connect Medium-term Management Plan from the current fiscal year to 2023. Re-connect incorporates our passion to connect all of our stakeholders in better ways through business, from our shareholders and other investors to our business partners and employees. As Dai-ichi Life Group pursues Re-connect, finding harmony with society and the global environment is essential. The Dai-ichi Life Group will engage in sustainability initiatives as one key aspect of management strategy.

### For the well-being of all present and future generations

We revised our Group vision to “Protect and improve the well-being of all” when formulating this new medium-term management plan. “Well-being” refers to living a happy and healthy life with peace of mind and prosperity. Re-connect incorporates this desire to contribute to the well-being of all present and future generations. A life insurance company receives premiums from life insurance policyholders and transfers insurance claims to their children’s generation. In other words, the job of a life insurance business is to bridge and connect the present generation with the next generation. I believe the greatest stakeholders of the Dai-ichi Life Group are our children and those to come in future generations.

However, conventional economic growth models have stagnated in the modern world. Numerous social challenges have arisen from climate change, conservation of biodiversity, and a social divide driven by economic disparity. French Author Antoine De Saint-Exupery once said, “We do not inherit the earth from our parents, we borrow it from our children.” These words ring true. We must not pass down the cost of growth in our generation to our children’s generation. I believe sustainability initiatives are an important responsibility for the well-being of present and future generations as well as a sustainable society anticipating the next century.

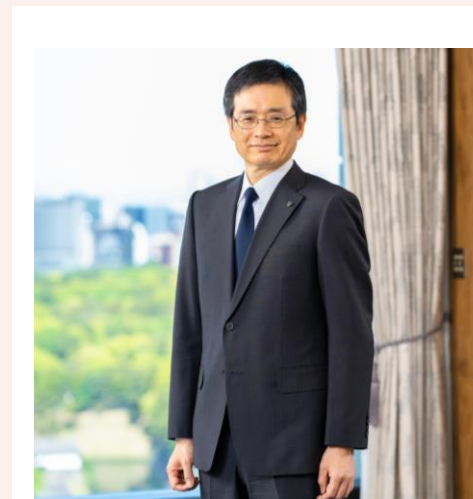
### Initiatives to combat climate change

The response to climate change is one of the most important challenges the world faces among many other social issues. Even as the novel coronavirus infection continues to spread, concerns about climate change around the world are at an all-time high. In 2020, the Japanese government committed to becoming carbon neutral by 2050, taking a large turn toward decarbonization throughout Japan.

Many other countries also showed a transition to stronger decarbonization efforts globally for the 2021 United Nations Climate Change Conference (COP26) to be held in November. As the core operating company of our Group and a universal owner that manages broad, long-term assets of roughly JPY 38 trillion entrusted to us by our policyholders, Dai-ichi Life positions ESG investments as one mainstay of asset management and has promoted initiatives to address climate change and a broad range of other social issues. In February 2021, Dai-ichi Life became the first Asian institutional investor to join the Net-Zero Asset Owner Alliance, an international initiative in which institutional investors aim to transition to carbon neutral portfolios by 2050. We have set targets to reduce the greenhouse gas emissions of our listed equities, corporate bonds, and real estate portfolios 25% by 2025. I hope these targets will work to overcome these issues and transition us to a low-carbon society through engagement encouraging corporate transformation as well as active financial support, such as technological innovation and infrastructure investments, while working more closely with portfolio companies.

### Together with our stakeholders

This “Responsible Investment Report” is published to inform all of our stakeholders, including policyholders, shareholders, clients, and local communities, about our commitment to responsibly investing in the assets of our life insurance company as well as our concrete efforts. To realize a sustainable society, we will continue to work with our stakeholders to contribute to solving social issues through our ESG investment and stewardship activities.

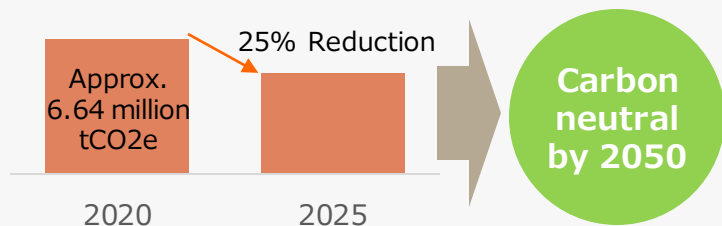


**Seiji Inagaki,  
President and  
Representative Director**

# Our Initiatives of Responsible Investment Activities

## Commit to realize carbon neutrality of investment portfolio by 2050 and set mid-term greenhouse gas (GHG) emission reduction goals

- ✓ Reduce GHG emissions 25% in listed equities, corporate bonds, and real estate by 2025 (compared to March, 2020)
- ✓ Support initiatives to combat climate change at investee companies through engagement



## Support corporate initiatives to build a sustainable society

- ✓ Set important issues as themes of engagement according to the external social environment, such as coronavirus and climate change initiatives and more effective corporate governance

## Participate in cooperative engagement through initiatives

- ✓ Participate in cooperative engagement through Institutional Investors Collective Engagement Forum, Life Insurance Association of Japan Working Group, and other such opportunities as an effort to enhance effectiveness of engagement activities



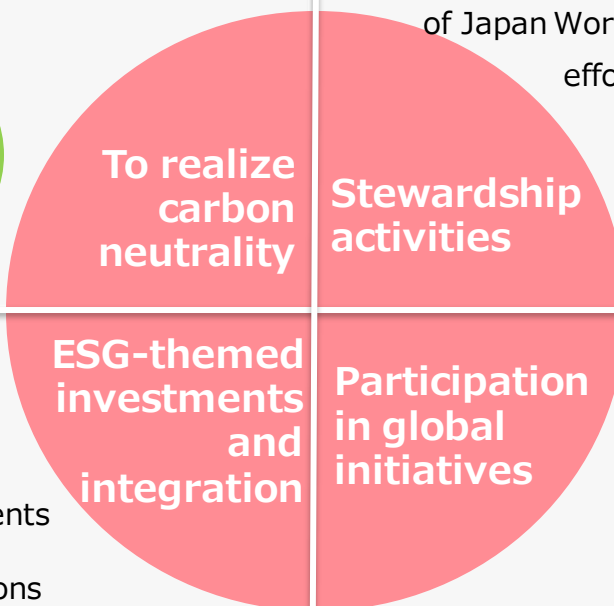
## Expand ESG-themed investment and positive impact

Approx. JPY 940 billion: ESG-themed investments  
 Approx. JPY 390 billion: Investments in climate change solutions

Approx. 800,000 tons: Avoided GHG emissions

## Enhance sophistication of ESG integration

- ✓ Refine ESG integration in research, incorporate ESG factors as part of the real estate investment criteria, etc.



## First Japan member of Net-Zero AOA

\*Net-Zero Asset Owner Alliance is an initiative of global institutional investors aiming to realize net-zero of investment portfolios by 2050

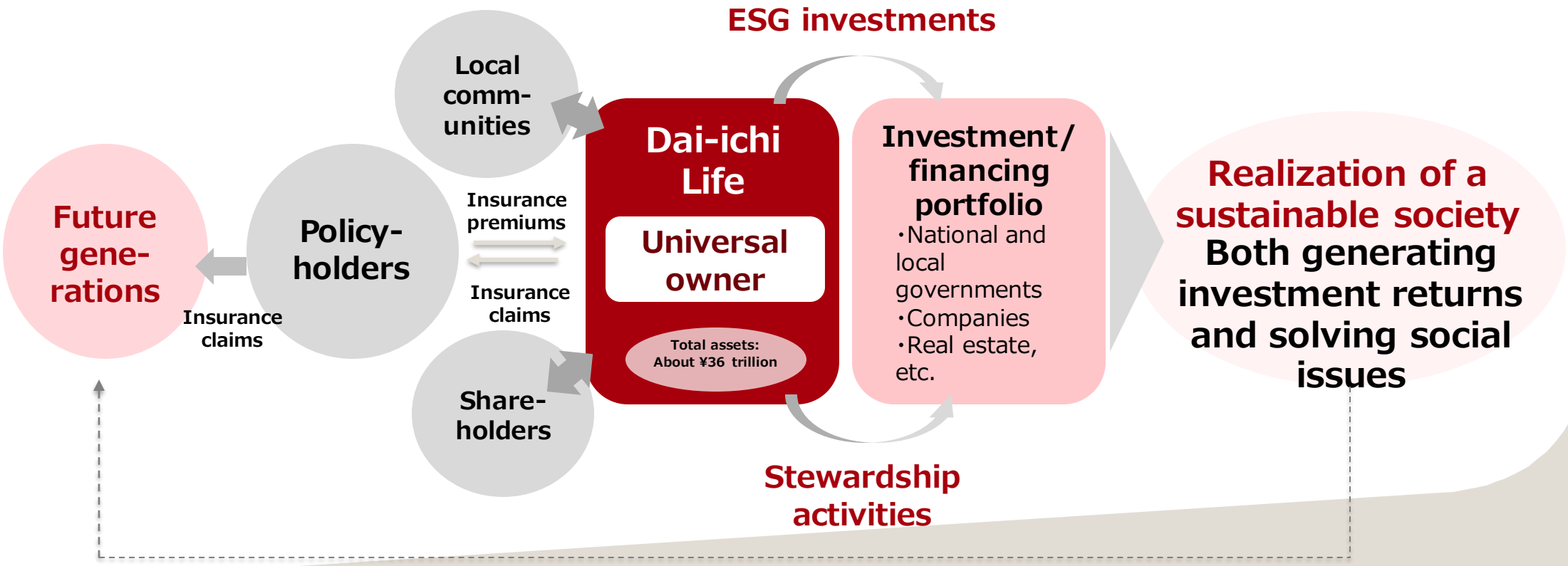


## Only Asian company selected as a member of the GFANZ CEO Principals Group

\*Glasgow Financial Alliance for Net Zero (GFANZ) is a strategic forum aiming to decarbonize the entire financial industry by integrating net-zero initiatives in the financial industry.

# Our Role as a Responsible Investor

- ◆ With customers throughout Japan, Dai-ichi Life, as a responsible investor which hold multi asset class in our portfolio, believes it is essential to pursue investment strategy & management for caring various stakeholders.
- ◆ The life insurance business that the company carries out is seen as critical work for protecting the next generation as the bridge between the present and the future. In this context, we view that the next generation is our largest stakeholder and that our mission is to ensure a sustainable future for them.
- ◆ We aim to generate mid- to long-term investment returns and realize a sustainable society by promoting responsible investment (ESG investment and stewardship activities) as one of the priorities of the company whose mission is "By your side, for life."



# Basic Policy on ESG Investments

- ◆ From a medium- to long-term standpoint as an asset owner of a wide range of assets, Dai-ichi Life has positioned ESG investment as a pillar of its asset management and aims to both generate investment returns and solve social issues.
- ◆ To promote ESG investment in “the Dai-ichi Life way,” the Company takes initiatives with a focus on “creating a positive impact” and “engagement.”

## Incorporating ESG factors in investment processes

### Incorporate ESG factors in investment policies and processes for all assets (Target completion by or before fiscal year 2023)

- Aim to build a portfolio for both generating returns on investments and solving social issues.
- Incorporate ESG factors into investment policies, investment process and internal ratings in all assets to make investment decisions considering climate change and other ESG factors

## Investing in solutions to social issues

### Create a positive impacts on society by investments that contribute to solving social issues (At least double the cumulative investment amount by fiscal year 2023)

- Actively invest in institutions and projects striving to promote businesses mitigating climate change and contributing to the achievement of the SDG goals
- Expand investments in growth and venture companies to create innovation (impact investments)
- Strengthen disclosure by establishing methods to monitor social impact

## Engaging in stewardship activities

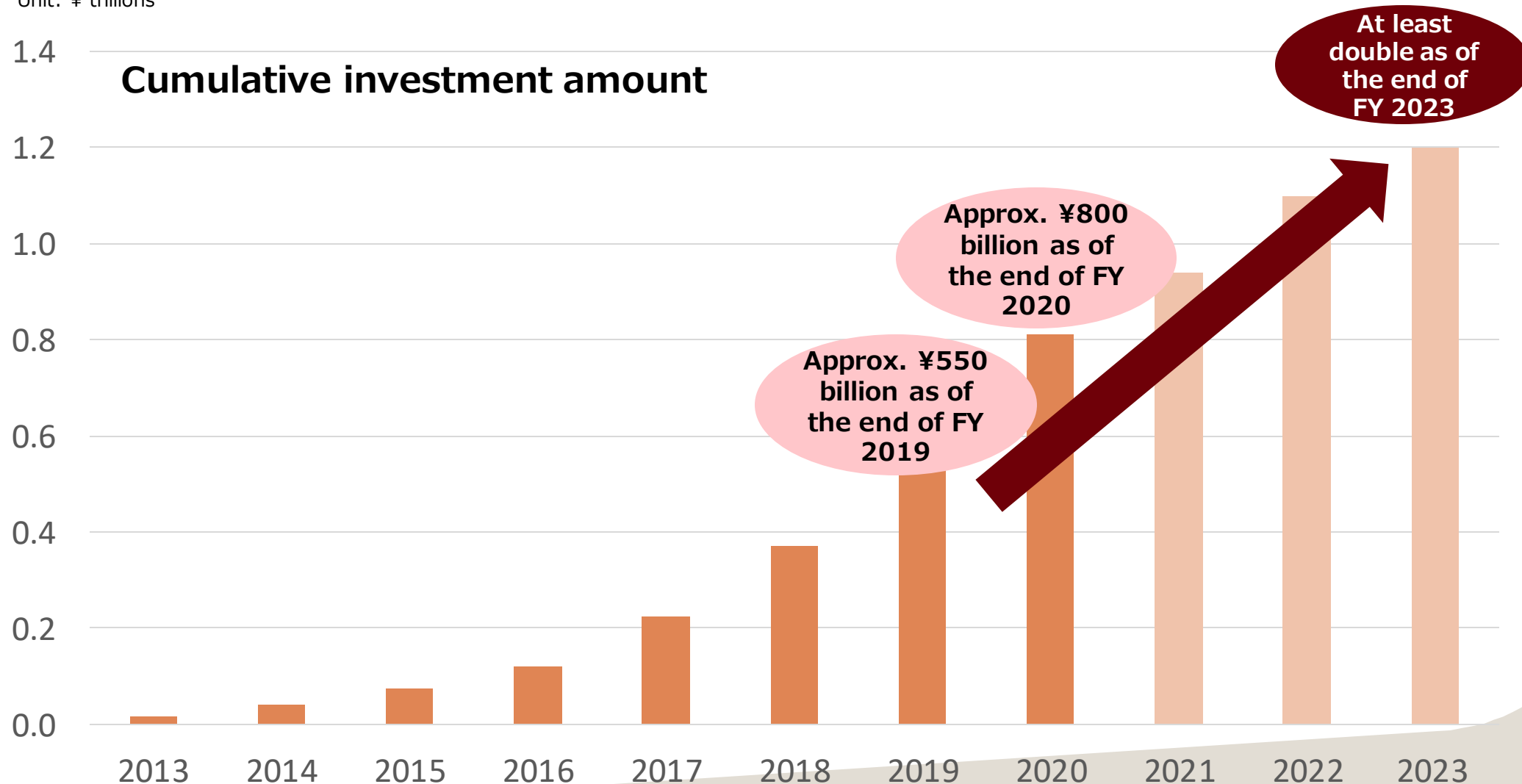
### Support corporate initiatives to solve social issues through engagement with investee companies

- Disclose information and propose solutions according to ESG challenges of investee companies
- Promote climate change initiatives and advocate disclosure climate risks/opportunities
- Actively participate in collective engagement groups and other initiatives to drive the positive impact on investee companies as well as society as a whole
- Properly execute voting rights taking into account engagement activities working closely with investee companies on challenges which differ at each stage of growth.

## Investments for Solving Social Issues

- ◆ Cumulative total amount of investment (mainly for QOL improvement, mitigation of climate change, and regional development and revitalization) reached approx. ¥800 billion as of the end of FY2020
- ◆ We will at least double the investment amount by FY2023 based on the end of fiscal year 2019 for creating further positive impact on society

Unit: ¥ trillions



# Our Approach for Responsible Investment

## ESG investment

### ESG-themed investment

We make investments in a wide variety of assets that have ESG themes leading to solving issues, to aim for both obtaining investment returns and solving social issues.



From p. 21

### ESG integration

With the ESG factors systematically incorporated into the investment process, we aim for improving mid to long term investment returns and making



From p. 31

## Stewardship Activities

### Engagements (Dialogues)

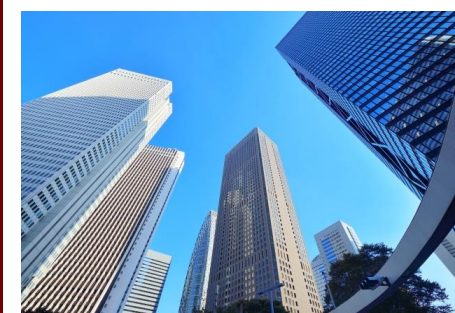
Based on the Stewardship Code and Corporate Governance Code, we engage in constructive dialogues with investee companies to facilitate their sustainable growth and consequently to aim for the improvement of mid to long term investment returns.



From p. 36

### Exercising voting rights

We closely examine the bills of the shareholders' general meetings to make judgments for approval or disapproval based on the details of the engagements. This is also in accordance with the standards for exercising voting rights established in terms of raising the corporate value of the investee companies, and enhancing their sustainable growth.

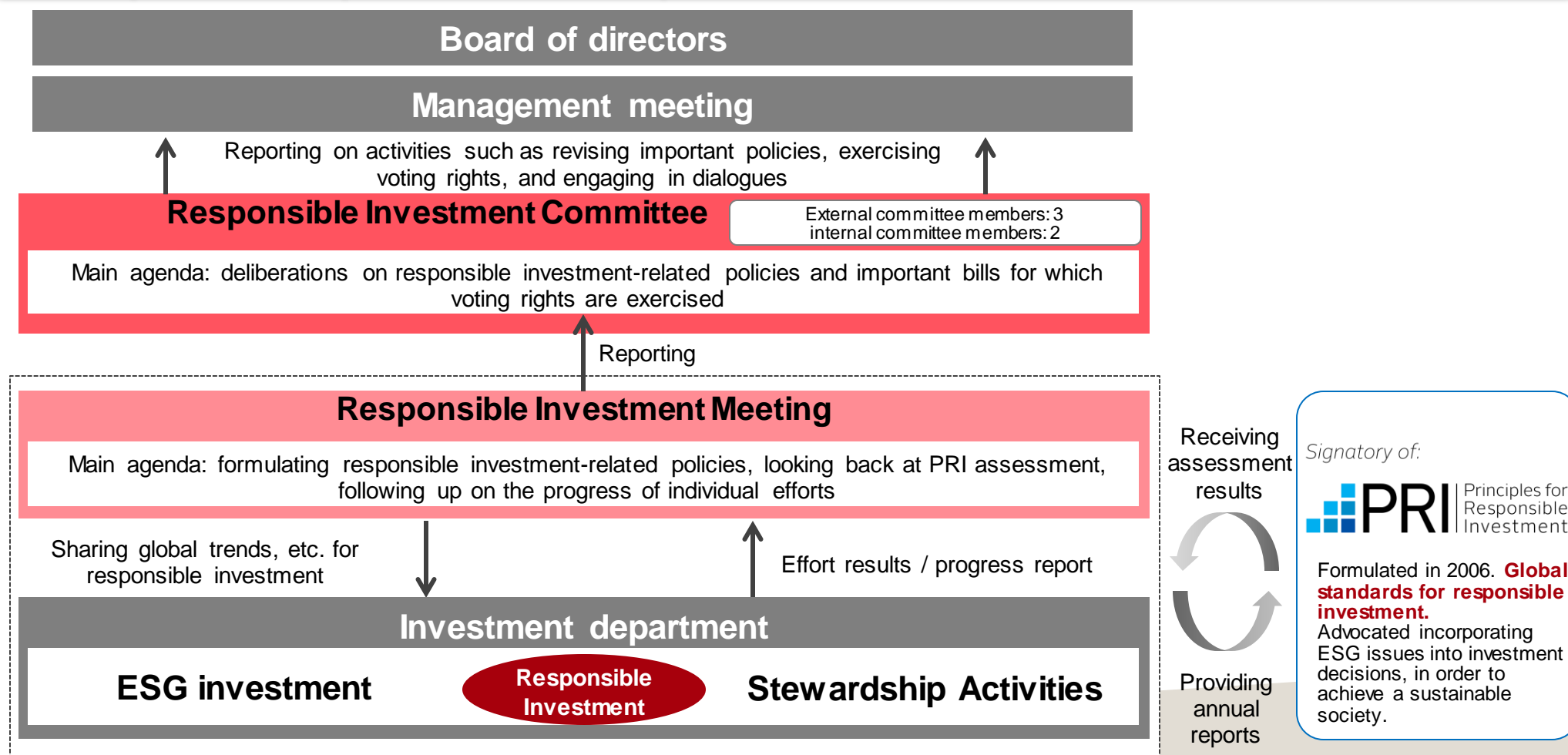


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# Our Framework for Responsible Investment






- ◆ We formulate policies of responsible investment through deliberations at the Responsible Investment Committee of which the majority of its members are external members. Matters of particular importance are also reported to the Board of Directors and Management Meeting.
- ◆ We promote efforts in the entire investment department through activities including progress follow-ups and holding discussions at the Responsible Investment Meeting comprised of members engaged in responsible investment. We analyze the annual assessment results for the Principles for Responsible Investment (PRI) to raise the level of our efforts based on global standards.
- ◆ We continuously seek to enhance the sophistication of our framework, which has included appointing ESG analysts from fiscal year 2020 to carry out cross-asset ESG analyses.



# System of Responsible Investment : Our Responsible Investment Governance Committee

- ◆ The majority of the members of the Responsible Investment Committee are external experts with plenty of specialized knowledge regarding business strategies, governances, ESG investment, etc., enabling a system that reflects a wide variety of external opinions in the Committee.
- ◆ In addition to external experts, officers in charge of compliance are added to the committee members, and therefore deliberations and confirmations are made for important policies regarding responsible investment and important exercising of voting rights, etc. These are based on the perspectives regarding management for conflicts of interest with life insurance contracts.

## Committee members

	Name / title	Attendance / No. of meetings
Internal Committee members	 <b>Kazuyuki Shigemoto</b> Chairperson Executive Officer in charge of Responsible Investment Dept.	4 times/ 4 times
	 <b>Ichiro Okamoto</b> Director, Managing Executive Officer in charge of Compliance Control Dept.	4 times/ 4 times
External Committee members	 <b>Tetsuya Hishida</b> Partner / Auditor Industrial Growth Platform, Inc.	4 times/ 4 times
	 <b>Haruka Matsuyama</b> Attorney at Law and Partner Hibiya Park Law Offices	4 times/ 4 times
	 <b>Kikuo Kuroiwa</b> President Kuroiwa Associates	4 times/ 4 times

(As of September 2021)

## Meetings

<July 2020 to June 2021>

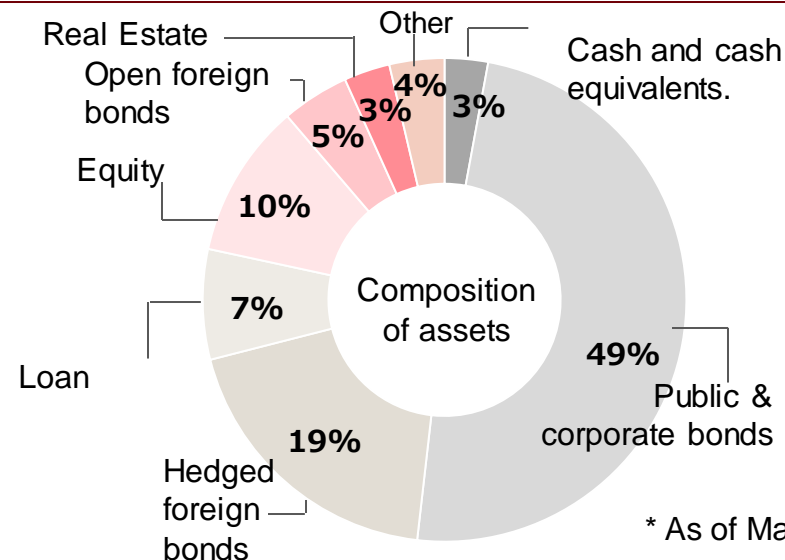
Period	Main deliberation agenda/reported matters
July 2020	<ul style="list-style-type: none"> <li>• Exercise of voting rights on important resolutions*</li> </ul>
September 2020	<ul style="list-style-type: none"> <li>• Management of exercising voting rights taking into account COVID-19 pandemic</li> <li>• Revision of standards for nominating directors, auditors and other executives at companies that were causes of scandal</li> <li>• Stewardship Activity Report 2019</li> <li>• 2019 PRI assessment results</li> <li>• Announcement of Responsible Investment Report 2020</li> </ul>
March 2021	<ul style="list-style-type: none"> <li>• Revision of standards for exercising voting rights</li> <li>• Exercise of voting rights on important resolutions*</li> </ul>
June 2021	<ul style="list-style-type: none"> <li>• Exercise of voting rights on important resolutions*</li> <li>• Management of exercising voting rights taking into account COVID-19 pandemic</li> <li>• Formulation and announcement of Responsible Investment Policies 2021</li> <li>• Setting of targets to reduce CO2 emissions in our portfolios</li> </ul>

\*Verified there were no problems with exercise of judgment at departments responsible for managing conflicts of interest

# Highlights - As a Responsible Institutional Investor -

## Assets Under Management

About **¥38** trillion



## ESG-themed investment

\* As of August 2021

Investment amount

About **¥940** billion

Investments in Climate Change Solutions

About **¥390** billion

SDGs bonds

About **¥360** billion

SDGs projects

About **¥390** billion

Impact investment

About **¥30** billion

Regional development

About **¥160** billion

## Engagements

Number of companies engaged in dialogues

**248** companies

Rate of interviews with Executives

About **63%**

\* FY2020

Ratio of companies engaged in dialogues in Japanese Equities portfolio

Accumulated for 3 years

About **86%**

FY2020

About **58%**

(based on market value)



# Highlight – Promotion of Investments to Solve Social Issues

- ◆ We strive to create a positive impact by investing in assets that contribute to solving social issues.
- ◆ Avoided GHG emissions from investment of green infrastructure projects were 800,000 tons, equivalent to 12% of emissions from our portfolios (listed equities, corporate bonds, and real estate).

Investment Theme	Relevant SDGs	Cumulative Total
Climate change action	 	Approx. JPY 390 billion
Better QOL	     	Approx. JPY 310 billion
Regional development and revitalization	   	Approx. JPY 160 billion
Sustainability of natural capital	   	Approx. JPY 30 billion
Respect of human rights and promotion of diversity	 	Approx. JPY 10 billion

<b>Positive impact of investments</b>	<b>Avoided GHG emissions</b>	<b>People benefited in emerging nations</b>
	Approx. <b>800,000</b> tons	Approx. <b>500,000</b> people

Impact of projects already disclosed under the theme of climate change action, such as renewable energy businesses and green bonds (\*).

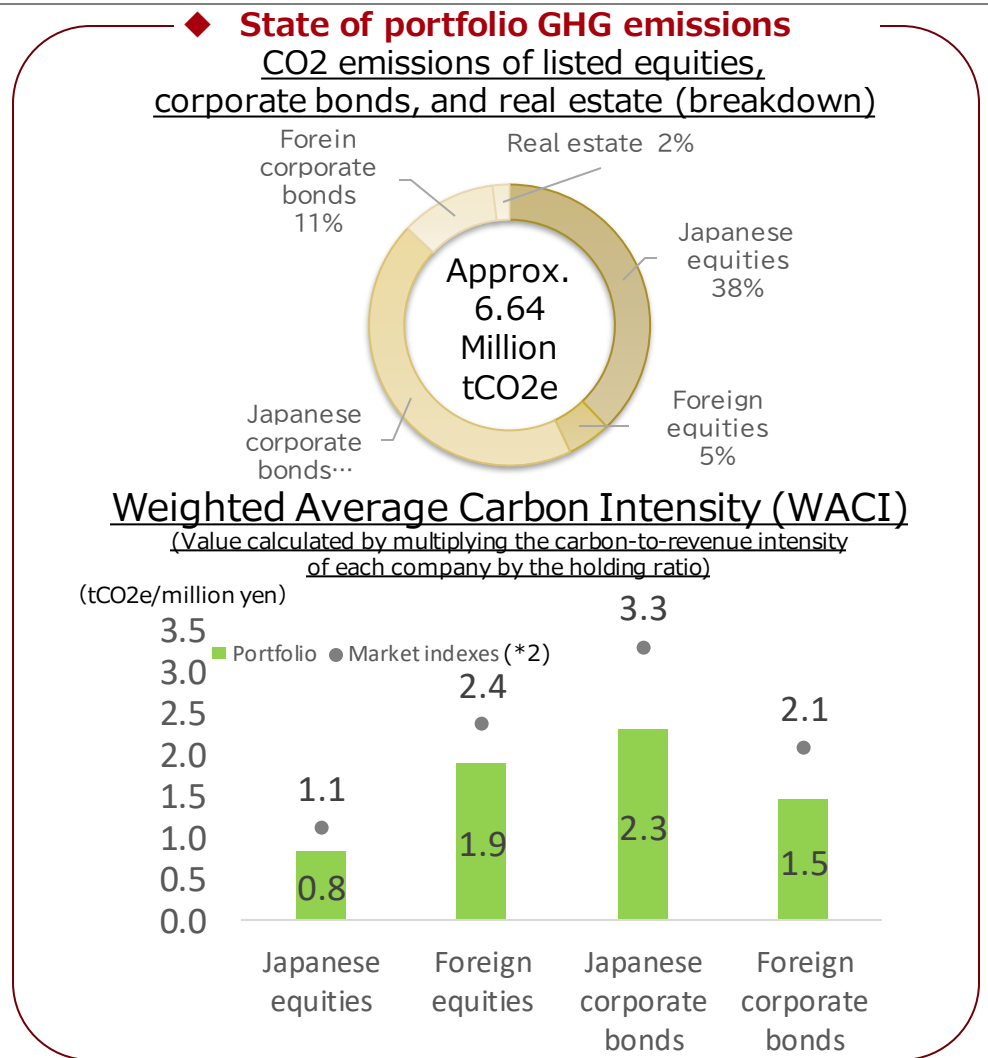
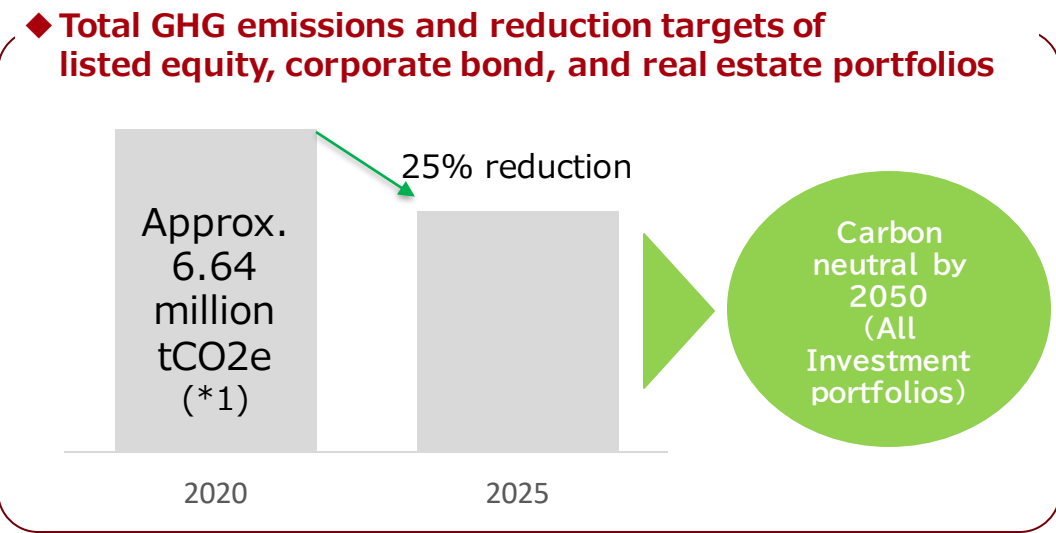
Impact of microfinancing, agricultural support, and power supply projects already disclosed in emerging nations

\*The avoided GHG by investment of renewable power generation businesses is calculated using the PCAF concept. The PCAF is an international initiative developing methods to measure and calculate GHG emissions in investment and financing portfolios.



# Highlight – GHG Emission Reduction Targets of Investment Portfolios

- ◆ We have positioned solutions to climate change as the highest priority issue for responsible investment. Dai-ichi Life joined the Net-Zero Asset Owner Alliance in February 2021 as the first member in Japan and has made a public commitment to transition to carbon neutral investment portfolios by 2050.
- ◆ We have set a target to cut GHG emissions 25% (compared to March, 2020) in listed equities, corporate bonds, and real estate by 2025 and have analyzed the GHG emissions of our portfolios in accordance with the TCFD guidance.



◆ **Net-Zero Asset Owner Alliance**

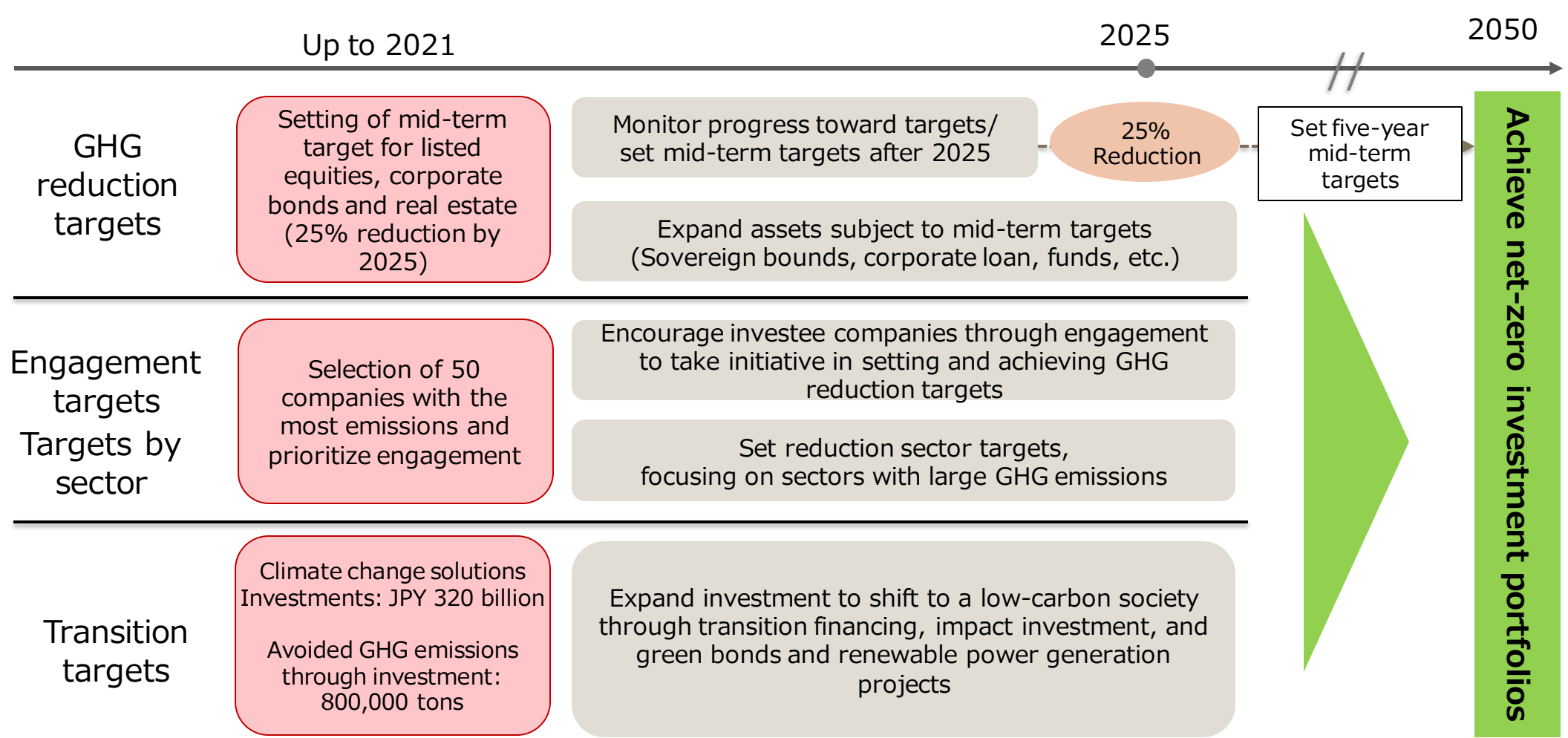
- International initiative of institutional investors aiming to transition portfolios to net-zero GHG emissions by 2050
- 42 global insurance companies, pensions funds and other institutions are members who manage over USD 6.6 trillion (as of May 2021) in total

(\*1) Total value of Scope 1 and Scope 2 emissions from listed equities, corporate bonds, and real estate as of March 31, 2020.

(\*2) Uses the TOPIX, MSCI ACWI ex-Japan, S&P Japan Corporate Bond Index, and S&P International Corporate Bond Index as the market indexes.

# Highlight -Initiatives to Realize Carbon Neutrality -

- ◆ We set mid-term reduction targets every five years aligned to the Net-Zero Asset Owner Alliance Target Setting Protocol to achieve carbon neutral in investment portfolios by 2050, while monitoring progress and working to expand assets subject to these targets.
- ◆ We also support the initiatives of investee companies through engagement as well as further contributions toward a low-carbon society and innovation through broader investment and financing in solutions that contribute to mitigating climate change.



# Highlight – Participating in initiatives-

## Climate change-related



Participating since Sep. 2018

First by Japanese life insurance company

Task force established in December 2015 by the Financial Stability Board (FSB) at the request of the G20. Published recommendations that encourage knowing climate change-related opportunities and risks and disclosing such information.



Participating since Aug. 2019

First by Japanese life insurance company

An initiative of institutional investors that carries out constructive dialogues regarding emissions reduction efforts and information disclosure with companies that are large emitters of greenhouse gases.



Participating since Feb, 2021

First by Japanese life insurance company

An international initiative in which institutional investors aim to transition to portfolios with net-zero greenhouse gas emissions by 2050. \*Dai-ichi life pays annual membership fee of 20,000 EUR.



Participating since Apr, 2021

First by Japanese life insurance company

A strategic forum bringing together the leading net-zero initiatives across the financial sector.



Participating since 2011

Involved with establishment

First by Japanese life insurance company

Formulated in October 2011, these action guidelines for financial institutions are designed to encourage actions for creating a sustainable society.



Participating since Nov. 2015

Launched in 2006, the Principles for Responsible Investment advocates incorporating ESG issues into investment processes to realize a sustainable society.



Participating since Sep. 2018

First by Japanese life insurance company

Evaluates the top 20 global pharmaceutical companies to improve access to pharmaceuticals in developing countries. Its purpose is to help improve access to pharmaceuticals by incorporating indices into institutional investors' investment decisions.



Participating since Sep. 2019

An initiative that aims to improve effective standards of corporate governance and investor stewardship to advance efficient markets and sustainable economic development worldwide.



Participating since Nov. 2019

Involved with establishment

First by Japanese life insurance company

An initiative established for exchanging opinions on practical issues, sharing information, and reviewing measures between asset owners and industry participants, including asset management institutions, on a cross-industry basis.



Participating since Mar. 2020

First by Japanese life insurance company

Forum established in 2017 to support collaborative engagements by institutional investors.



Participating since May 2020

Japan Investor Group

First by Japanese life insurance company

Established in 2019, this group of institutional investors aims to promote gender diversity to raise mid- to long-term corporate value.



Participating since Jul. 2020

First by Japanese life insurance company

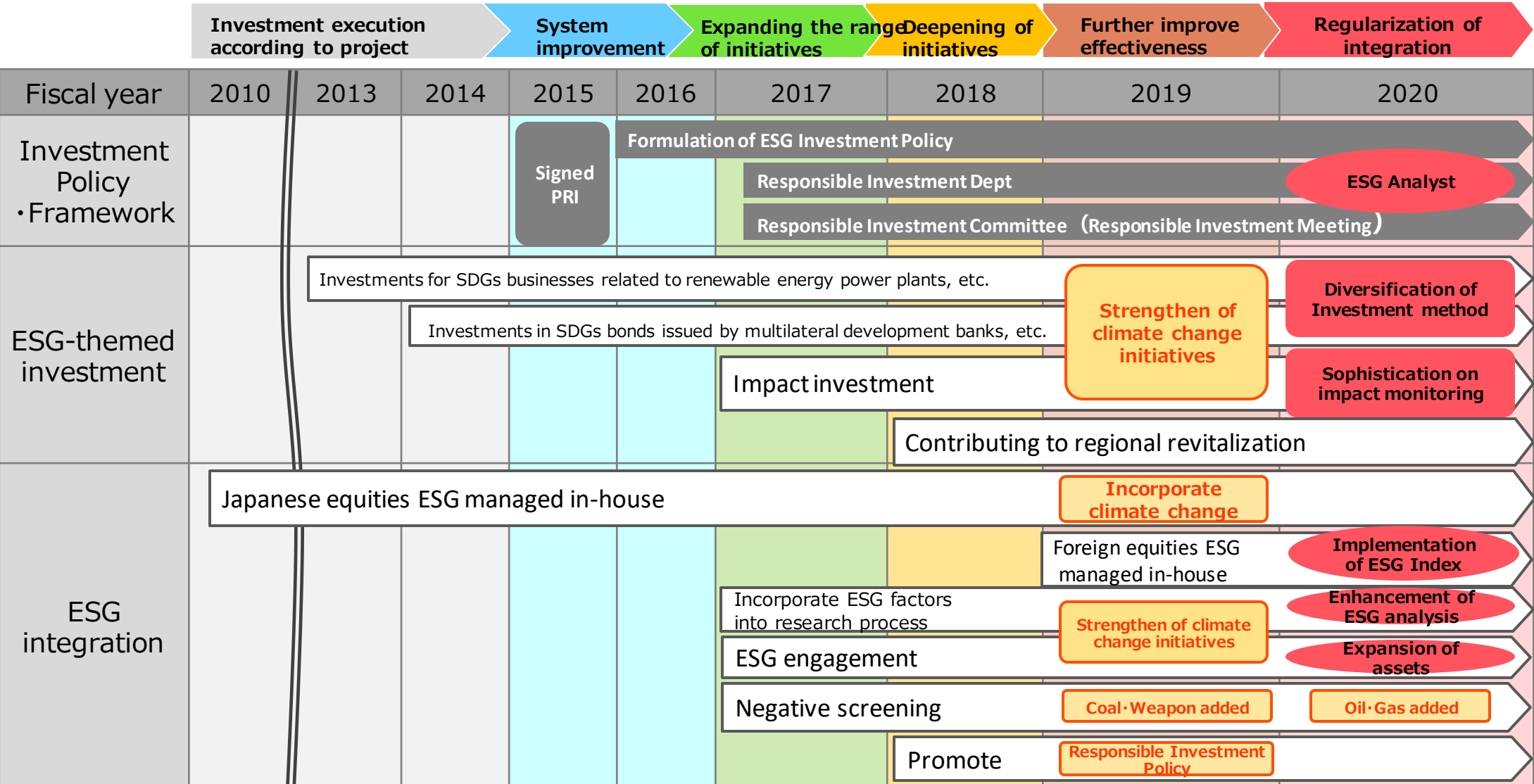
An independent and non-profit organization established in the United States in 2011 that formulates ESG information disclosure standards.

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# Our History for ESG Investment and 2020 Review

- ◆ In fiscal year 2020, we have worked to enhance the sophistication of ESG integration, such as introducing ESG index as the benchmark for foreign equities investments and incorporating climate change and waste plastic issues in ESG research.
- ◆ Since we have set the climate change as the priority theme of responsible investment, we have invested in assets that contribute to solve climate change issues.



# Responsible Investment Policy 2021

DAI-ICHI LIFE

Dai-ichi Life Group

## ESG integration

**Incorporating ESG factors into investment processes for all assets**  
(Aiming for completion in FY2023)

Basic Policy

### ◆ Policy development for incorporating ESG into all assets

- ✓ In FY2020, ESG analysis has been reflected to internal credit ratings for sovereign bond
- ✓ Further, ESG index has been introduced as the benchmarks for foreign equity
- ✓ Moving forward, consideration/execution of expanded adoption of the ESG index in benchmarks, sophistication of reflecting ESG elements in externally consigned assets, etc.

### ◆ Further strengthening of ESG research

- ✓ In FY2020, the strengthening of a structure for cross-asset ESG analysis by appointing ESG analysts to analyze climate change and the issue of plastic waste
- ✓ The sophistication of corporate evaluations through evaluation method related to new ESG issues (improvement of sustainability of natural capital and the respect for human rights and promotion of diversity) as well as incorporation into research, and the strengthening of partnerships between ESG analysts and front analysts in various operations

## ESG-themed investment

**Enhancement of investments aimed at resolving important social issues**  
(At least doubling of total investment amount by FY2023 compared to FY2019)

### ◆ Active promotion of investment to facilitate resolving social issues

- ✓ Actively investing in themes that contribute to responding to new ESG issues, the key themes in the Company's ESG investment, and the realization of "Protect and improve the well-being of all," the Company group's new vision

Improvement of quality of life

Easing of climate change

Regional revitalization

Improvement of sustainability of natural capital

NEW

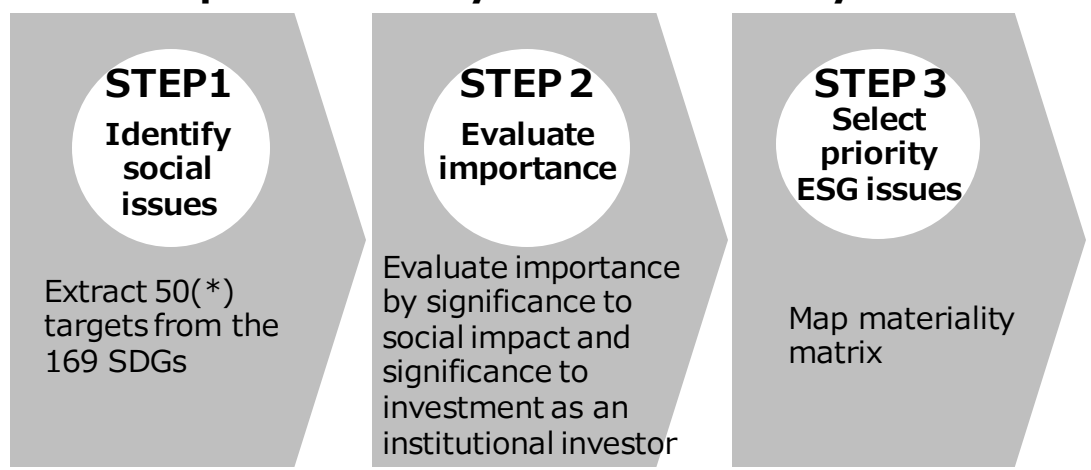
Respect for human rights, promotion of diversity

- ✓ In addition to investment in SDG bonds and SDG businesses, active efforts toward investment in growth companies/startups aimed at the creation of innovation (impact investment)
- ✓ Active promotion of "transition finance," which supports initiatives aimed at decarbonization
- ✓ No longer invest in new fossil fuels power plants (includes coal, petroleum, and gas\*)  
\*Petroleum and gas were added from FY2021

# Signification and Process of Identifying ESG Materiality

- ◆ As a responsible investor, Dai-ichi Life scrutinizes important ESG issues of portfolio companies across various industries, business categories and regions, knowing it is necessary to reflect these in investment processes.
- ◆ We identified priority ESG issues from the many ESG challenges, and promote incorporation in investment process, such as investment decisions, priority of ESG themed investments as well as stewardship activities.

## Steps to identify ESG materiality



(\*) Dai-ichi Life HD's materiality

## Materiality matrix



## Reasons for selecting critical and priority ESG issues

Materiality	Main reason for selection
<b>Mitigate climate change</b>	We regard climate change as a serious global issue with a huge environmental and social impact. As an institutional investor, we believe the risks / opportunities can affect the value of investee companies.
<b>Strengthen governance</b>	As exemplified by the revisions to Japan's Corporate Governance Code in June 2021, each board of directors is required to fulfill their duties and secure diversity. We know enhancing governance directly connects to heightening medium- to long-term corporate value.
<b>Better QOL</b>	Better QOL is related to the Dai-ichi Life HD's materiality (safety in old age/health promotion), and we see Japan's super-aging society as a high-priority issue.
<b>Regional development and revitalization</b>	Regional development and revitalization relate to Dai-ichi Life HD's materiality (building safe and secure places to live) and see the aging society with a low birthrate and dwindling population in Japan as a high-priority issue.
<b>Respect of human rights and promotion of diversity</b>	Japan announced the National Action Plan on Business and Human Rights in Oct. 2020, while most European countries made human rights due diligence mandatory. Respect for human rights and diversity promotion are high-priority issues to society, and also enhance corporate value.
<b>Improve sustainability of natural capital</b>	Damage to biodiversity and other natural resources has become a serious issue. With the launch of the Taskforce on Nature-related Financial Disclosures (TNFD), investors consider the impact caused by the sustainability of natural resources a high-priority for corporate value.

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## (Reference) Our Definitions of ESG Investment Method

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Dai-ichi Life Group

ESG Investment Method	Definitions
<b>ESG-Themed Investment</b>	Investment in fields that help resolve social issues premised on secure investment returns ( <b>Climate Change Solution Investments</b> :Of the above, investments that contribute to solving climate change issues)
Investment and Financing for SDGs Bonds, etc.	Funding for international organizations and companies promoting businesses that contribute to achieving SDGs (Green, social, sustainability bonds, etc.)
Investment and Financing for SDGs Businesses	Funding for businesses that contribute to achieving SDGs (social infrastructure development, environment preservation, etc.)
Impact Investment	An investment method in which decisions for investments are made while intending to both obtain income from investments and create a social impact (structural changes to society, etc.)
<b>ESG Integration</b>	Systematic integration of ESG factors into the investment process
Integration into Research	Systematic integration of ESG factors into analysis and evaluation performed by the Company
Positive Screening	Building a portfolio comprised of companies with high ESG ratings
Negative Screening	Excluding certain uses of funds and industries, etc. from the portfolio
Dialogue on ESG	Dialogue activities related to ESG issues

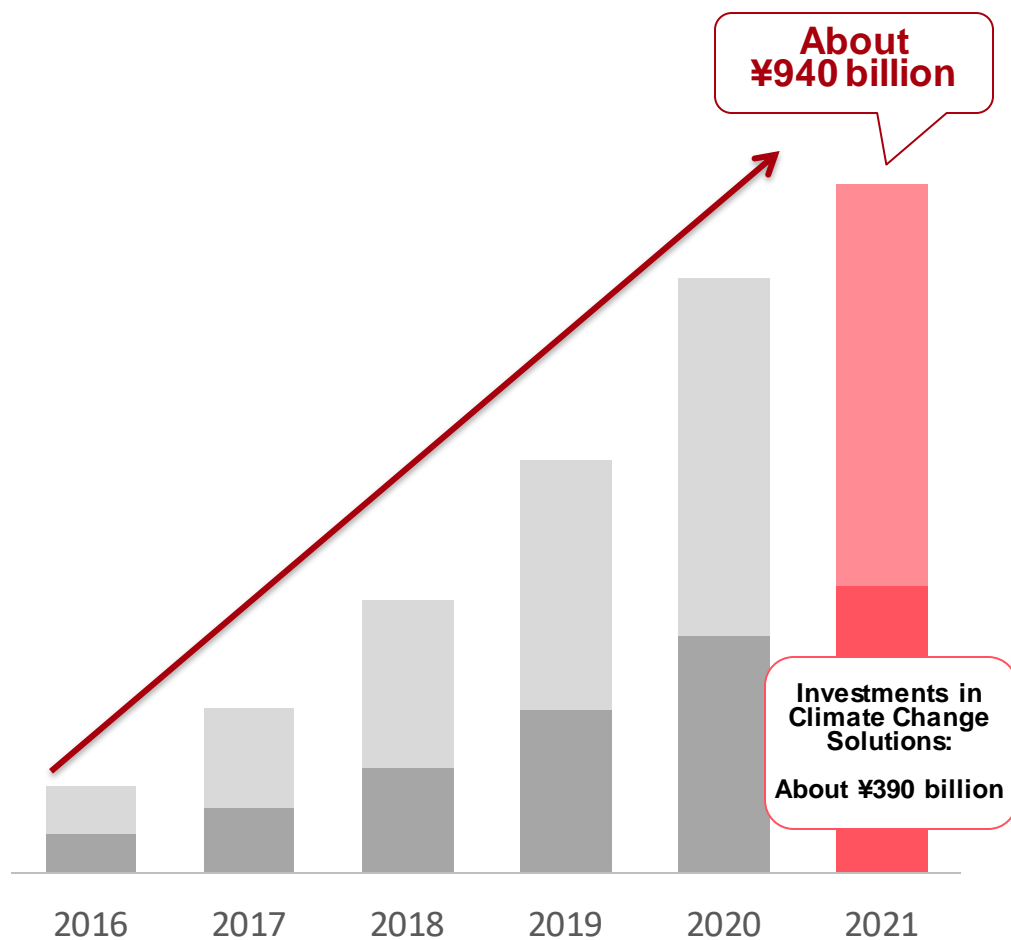
# ESG-themed investment

\* As of the end of August 2021

- ◆ ESG-themed investment has accumulated the assets and reached to ¥940 billion.
- ◆ Mainly, we actively invested in Climate Change Solutions.

## <ESG-themed investment assets change>

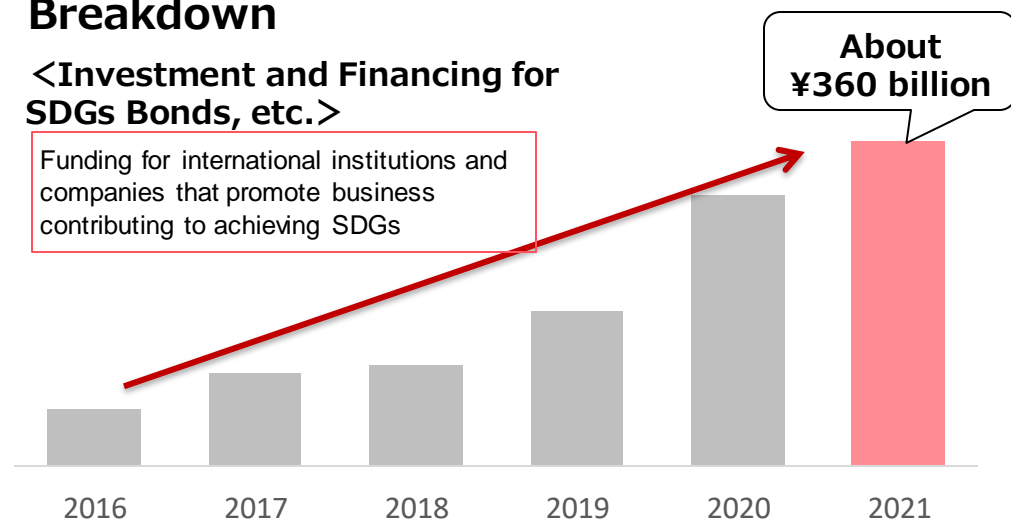
### ● Total



### ● Breakdown

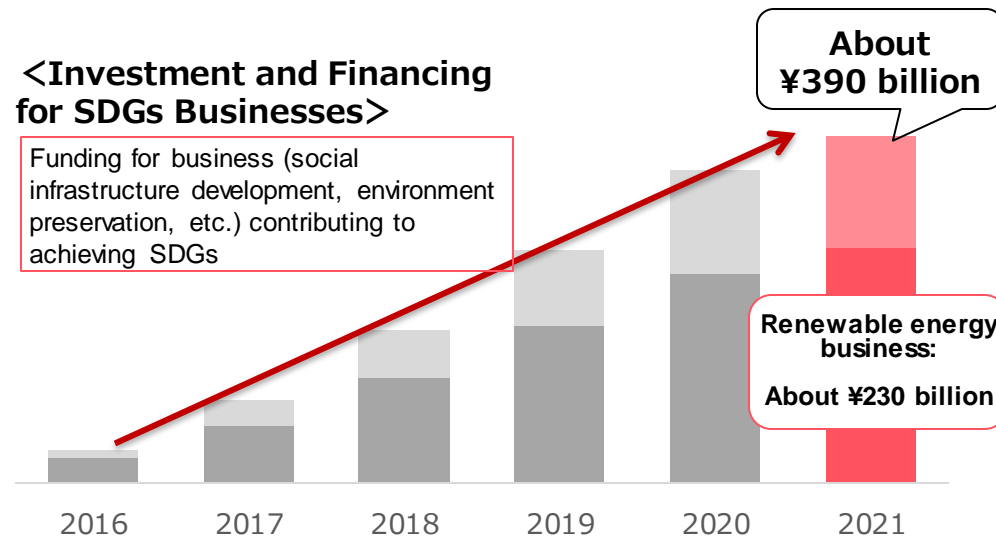
#### <Investment and Financing for SDGs Bonds, etc.>

Funding for international institutions and companies that promote business contributing to achieving SDGs



#### <Investment and Financing for SDGs Businesses>

Funding for business (social infrastructure development, environment preservation, etc.) contributing to achieving SDGs



\* In addition to the above, ESG-themed investments include impact investments and real estate investments that contribute to regional development and revitalization.

# Climate Change Solution Investments\* As of the end of August 2021

**Cumulative investment amount:  
About ¥390 billion**

## Classifications

## Investment amount

### Investments in SDGs projects

(Investments and Financing for Renewable Energy Power Generation projects)

**About ¥250 billion**

Domestic:  
About  
¥140 billion

Overseas:  
About  
¥110 billion



### Investments in SDGs Bonds

(Investments for Green, sustainability link bonds, etc)

**About ¥100 billion**

Domestic:  
About  
¥50 billion

Overseas:  
About  
¥50 billion



### Impact Investment / Others

**About ¥40 billion**








Domestic:  
About  
¥20 billion

Overseas:  
About  
¥20 billion



# Examples of Investments in Climate Change Solutions

\*As of August 31, 2021  
\*investment cases after October 2020

Project summary	Investment	Period	
<p><b>Sustainability-Linked Bonds</b> (Nomura Research Institute: NRI)</p> <ul style="list-style-type: none"> <li>• Issued to support NRI’s initiatives aiming to eliminate GHG emissions by 2050</li> <li>• The world’s first sustainability-linked product enabling pre-payment by achieving sustainability performance targets</li> </ul> <p>*Sustainability-linked bonds have interest rates which vary based on progress toward achieving sustainability performance targets set in advance.</p>	<p><b>JPY 4.8 billion</b></p>	<p><b>2021/3</b></p>	 
<p><b>Climate resilience bond</b> (European Bank for Reconstruction and Development)</p> <ul style="list-style-type: none"> <li>• The use of funds is limited to climate resilient infrastructure and other such projects</li> <li>• Dai-ichi Life has purchased the first climate resilience bond issued to an institutional investor in Japan by the European Bank for Reconstruction and Development</li> </ul>	<p><b>JPY 13.2 billion</b></p>	<p><b>2021/7</b></p>	 
<p><b>Infrastructure fund for renewable energy in emerging countries</b> (BlackRock)</p> <ul style="list-style-type: none"> <li>• This fund invests in projects or facilities constructing or operating renewable power generation plants in emerging countries, such as solar or wind power</li> <li>• Governmental financial institutions and private investors invest jointly in this fund</li> <li>• This fund monitors the social impact of the projects</li> </ul>	<p><b>JYP 5.5 billion</b></p>	<p><b>2021/7</b></p>	 <p>Image provided by BlackRock</p>  



## Investment to Support the COVID-19 Response

\*As of August 31, 2021

\*Includes main projects in or after October 2020

DAI-ICHI LIFE

Dai-ichi Life Group

**Cumulative investment: Approx. JPY 60 billion**

◆ **Invested in the Health Bond issued by Asian Development Bank (ADB):**  
**Supporting acquisition and supply of COVID19 vaccines in Asia-Pacific region**

- Investment amount: Approx. JPY 10 billion
- Support ADB health and medical initiatives, including assistance in acquiring and supplying COVID-19 vaccines

Invested in  
2021/2

◆ **Invested in Education Bond issued by the Asian Development Bank (ADB):**  
**Supporting provision of high-quality education opportunities in anticipation of life after COVID-19 in the Asia-Pacific region**

- Investment amount: Approx. JPY 6 billion
- Support initiatives to increase high-quality education opportunities in life after COVID-19 by enhancing online education, building inexpensive and safe internet environments, and other such measures

Invested in  
2021/2

©ADB

◆ **Provided financing to African Export-Import Bank:**  
**Supporting financing of companies in Africa impacted by the COVID-19 pandemic**

- Investment: Approx. JPY 3 billion
- Support initiatives of the African Export-Import Bank for the purpose of assisting African countries impacted by the COVID-19 pandemic

Invested in  
2020/12

## Other ESG-themed Investments









\*As of August 31, 2021

\*Includes main projects in or after October 2020

DAI-ICHI LIFE

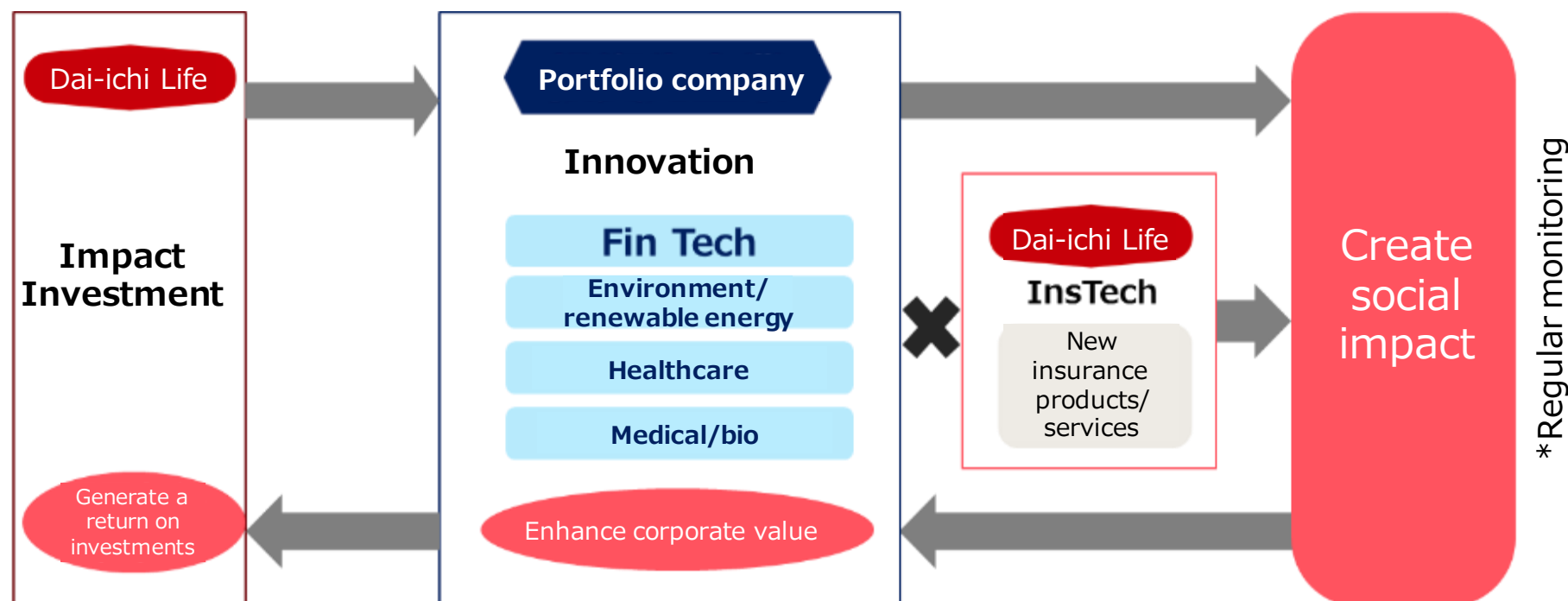
Dai-ichi Life Group

Cumulative investment: Approx. JPY 490 billion

Project summary	Investment	Period		
<p><b>Blue bond</b> (Asian Development Bank)</p> <ul style="list-style-type: none"> <li>The first blue bond issued by the Asian Development Bank to support marine and ocean-based initiatives</li> </ul>	JPY 16.5 billion	2021/9		
<p><b>Social bond</b> (The University of Tokyo)</p> <ul style="list-style-type: none"> <li>The first bond issued by a national university in Japan provides procurement funds for building large-scale, state-of-the-art research facilities, networks, data usage environments, etc.</li> </ul>	JPY 1.8 billion	2020/10		
<p><b>Children's bond</b> (International Bank for Reconstruction and Development)</p> <ul style="list-style-type: none"> <li>International Bank for Reconstruction and Development and UNICEF each put in half of the procurement funds</li> <li>Dai-ichi Life is the first institutional investor in the world that supports UNICEF through debt investment</li> </ul>	JPY 10 billion	2021/3		
<p><b>Global venture capital fund</b> (MPower Partners Fund L.P.)</p> <ul style="list-style-type: none"> <li>The purpose of the fund is to support venture companies aiming to solve social issues through the power of technology</li> <li>The fund invests in venture companies worldwide in the healthcare/wellness, financial technology, next-generation work-style/education, next-generation consumer, and environment/sustainability fields</li> </ul>	- (Amount of investment not released)	2021/5		

# Purpose of Impact Investment

- ◆ We promote impact investments for the purpose of both generating a return on investments and creating a social impact in unlisted and listed equities as well as external trust investments
- ◆ We select projects by considering whether they have a clear vision to solve social issues, whether their businesses exhibit certain barriers to entry such as innovativeness and originality, and their potential social impact, which we continuously monitor after investment.
- ◆ Even in our engagement activities, we make proposals to companies for impact investing, such as more comprehensive disclosure.



# Impact Investment

\*As of August 31, 2021

\*Includes main projects in or after September 2020

DAI-ICHI LIFE

Dai-ichi Life Group

**Cumulative investment: Approx. JPY 30 billion**  
**(Listed equities: JPY 16 billion; Unlisted equities: JPY 8 billion; Funds: JPY 6 billion)**

## Summary

## Social impact

## Investment

## Period

### Sharing Energy

- Japanese venture company providing the Share Denki service for use of third-party residential solar power generation systems

**Reduces CO2 emissions**  
by popularizing renewable energy, etc.

**JPY 100 million**

**2021/2**



### GITAI

- Venture company researching, developing, and manufacturing space robotics

**Encourage space development to foster economic growth**  
by dramatically reducing labor costs in space

**JPY 200 million**

**2021/3**



### Noile-Immune Biotech

- Venture company developing new cancer immunotherapies centered upon CAR-T therapies

**Extend the healthy lifespan of cancer patients**  
by developing and providing next-generation cancer immunotherapies

**JPY 500 million**

**2021/3**



### Riverfield

- Venture startup of Tokyo Institute of Technology developing pneumatically driven surgical robots capitalizing on proprietary pneumatic control technologies

**Better quality of life**  
for patients by expanding medical care using surgical robots

**JPY 500 million**

**2021/9**





# Efforts for Solving Social Issues through Industry-Academia Partnership

- ◆ We actively partner with universities, which are educational institutions that shape the future, with the aim of creating innovations through industry-academia partnerships and solving social issues through regional development and revitalization.
- ◆ We carry out joint research that contributes to improving quality of life and extend healthy lifespans and promote its implementation in society. We are also engaged in initiatives aimed at solving social issues, including through revitalization of regional economies, by concluding comprehensive partnership agreements that set forth training innovative talents and creating businesses at university campuses and in local regions.

## Comprehensive partnership agreement partners

**Institute for Advanced Biosciences (IAB), Keio University**

**Concluded August 2018**

**Tokyo University of Science**

**Concluded March 2019**

**Tohoku University**

**Concluded August 2019**

## Examples of investments in university-launched venture companies and university venture capital



\* VC launched by Keio University  
Investment: June 2016

**TUSIC**

東京理科大学イノベーション・キャピタル株式会社

\* VC launched by Tokyo University of Science  
Investment: September 2019

**MIYAKO CAPITAL**

\* VC launched by Kyoto University  
Investment: November 2017



\* Venture company launched by Nagoya University  
Investment: July 2020



\* VC launched by Tokyo University  
Investment: March 2018



\* VC launched by Tohoku University  
Investment: December 2020



\* Venture company launched by IAB, Keio University  
Investment: November 2018



\* Venture company launched by Yamaguchi University  
Investment: March 2021



\* Venture company launched by Kobe University  
Investment: September 2019



\* Venture company launched by Tokyo University of Technology / Tokyo medical and dental University  
Investment: July 2021



\* Venture company launched by Osaka University  
Investment: September 2021

# ESG Initiatives for Real Estate Investment

## ◆ Plan for rental office building with a wood hybrid structure

- We have begun considering a new architectural plan for a rental office building with a wood hybrid structure in Kyobashi, Chuo-ku, Tokyo.
- The project aims to reduce CO2 emission during construction at least 20% compared to steel structures through cyclical use of resources by using domestic timber and the adoption of a wood hybrid structure.
- ESG factors are taken into the evaluation and calculation of investment return, which is one of the investment criteria.



## ◆ Regional economic revitalization by promoting workcation in Obihiro City

- We aim to create and expand the population in cooperation with Obihiro City through workcation and other promotions
- This project strives to revitalize the region through workcations and other projects by launching a hotel business through renovations of the Dai-ichi Life office in Obihiro City and setting up co-working spaces.



1. Message from the President	---2	8. <b>ESG Investment Report</b>	---15
2. Main Initiatives of Responsible Investment Activities	---3	✓ Our History for ESG Investment and 2020 Review	
3. Our Role as a Responsible Investor	---4	✓ ESG-themed investment	
4. Basic Policy on ESG Investments	---5	✓ <b>ESG integration</b>	
5. Our Approach for Responsible Investment	---7	9. Report on Stewardship Activities	---35
6. Our Framework for Responsible Investment	---8	✓ Basic approach and processes	
7. Highlights	---10	✓ Our History for stewardship activities and Review	
		✓ Examples of engagements	
		✓ Policy for FY2021	
		✓ Voting Policy and Voting records	
		✓ Self-evaluation and evaluation by others	
		✓ Message from the General Manager of the Responsible Investment Dept.	
		✓ Reference (Glossary)	

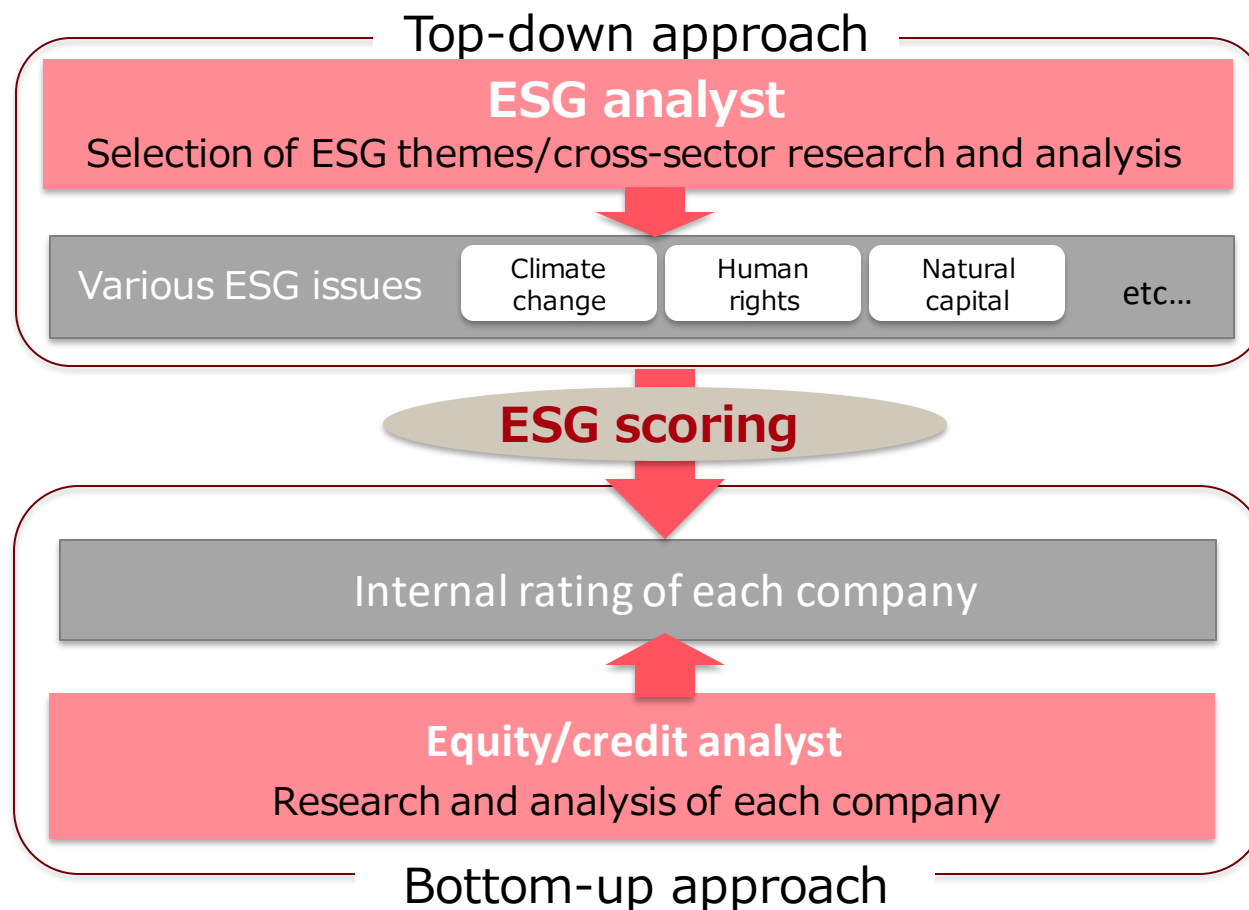
# Enhancing Sophistication of ESG Integration

- ◆ We optimally integrate ESG factors into each asset according to asset liquidity and characteristics, and aim to complete ESG integration into all assets.
- ◆ ESG analysts select priority themes from various ESG issues and conduct cross-sector analyses. The research results are shared with equity and credit analysts, and then each asset analyst reflects those results into the evaluation of each company.

## Methods of ESG Integration

Investment portfolio	How to integrate ESG factors
Bonds Listed equities Loans	<ul style="list-style-type: none"> <li>• Reflected in benchmark</li> <li>• Reflected in internal ratings (*See right)</li> </ul>
Unlisted equities Project finance Funds	<ul style="list-style-type: none"> <li>• Reflected in due diligence and monitoring process</li> </ul>
Real estate	<ul style="list-style-type: none"> <li>• Reflected in hurdle rate</li> </ul>

## Approach to ESG issues

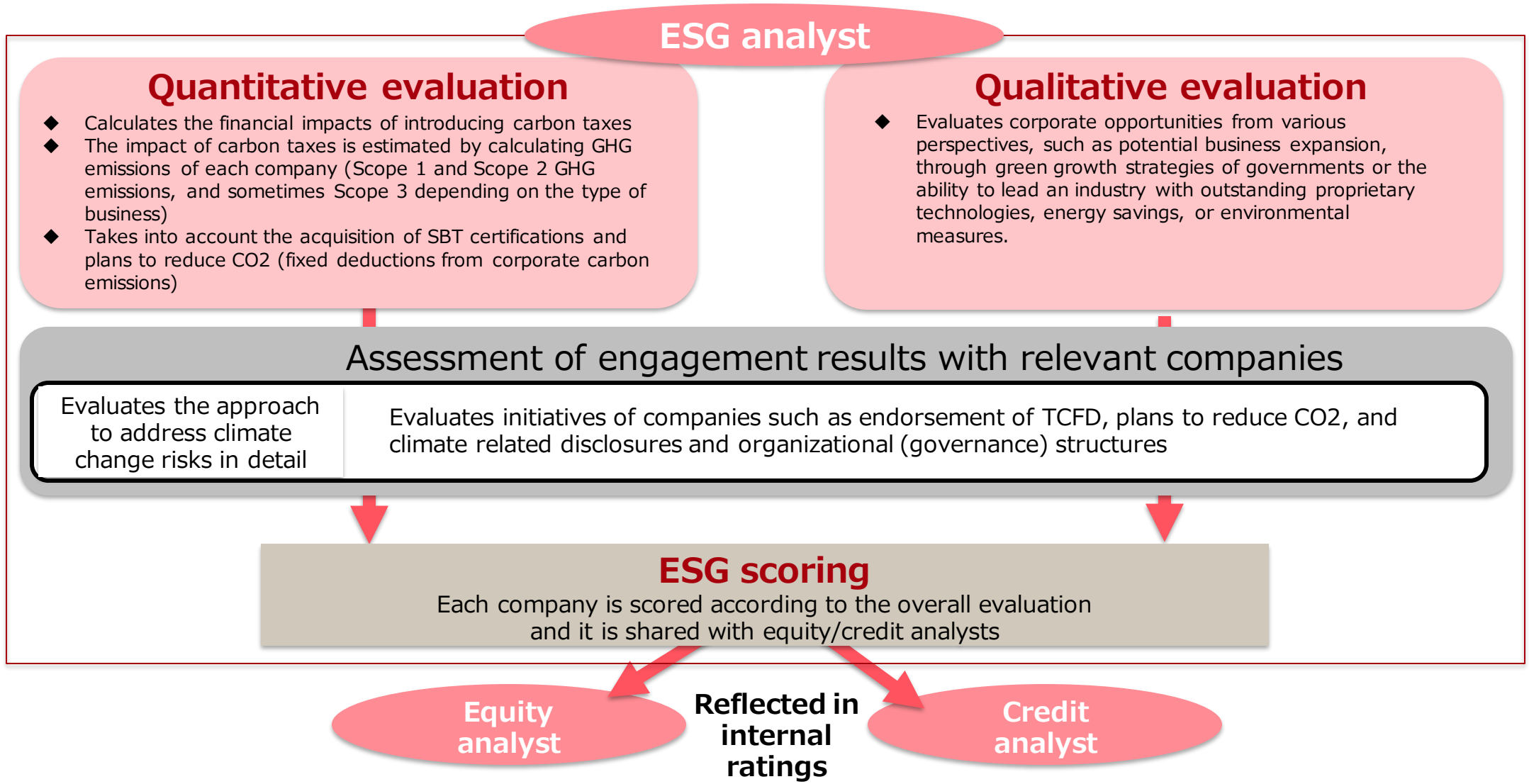






# Examples of ESG Integration (Climate Change)

- ◆ In terms of climate change integration, we score each company after quantitatively and qualitatively evaluations taking into account engagement results.
- ◆ More specifically, our quantitative evaluation calculates the effects of carbon taxes while our qualitative evaluation considers future opportunities, such as environmental technologies. Our engagement verifies and assesses initiatives of companies to address climate change risks, corporate governance, etc.



## ESG analyst

### Quantitative evaluation

- ◆ Calculates the financial impacts of introducing carbon taxes
- ◆ The impact of carbon taxes is estimated by calculating GHG emissions of each company (Scope 1 and Scope 2 GHG emissions, and sometimes Scope 3 depending on the type of business)
- ◆ Takes into account the acquisition of SBT certifications and plans to reduce CO2 (fixed deductions from corporate carbon emissions)

### Qualitative evaluation

- ◆ Evaluates corporate opportunities from various perspectives, such as potential business expansion, through green growth strategies of governments or the ability to lead an industry with outstanding proprietary technologies, energy savings, or environmental measures.

## Assessment of engagement results with relevant companies

Evaluates the approach to address climate change risks in detail

Evaluates initiatives of companies such as endorsement of TCFD, plans to reduce CO2, and climate related disclosures and organizational (governance) structures

## ESG scoring

Each company is scored according to the overall evaluation and it is shared with equity/credit analysts

Equity analyst

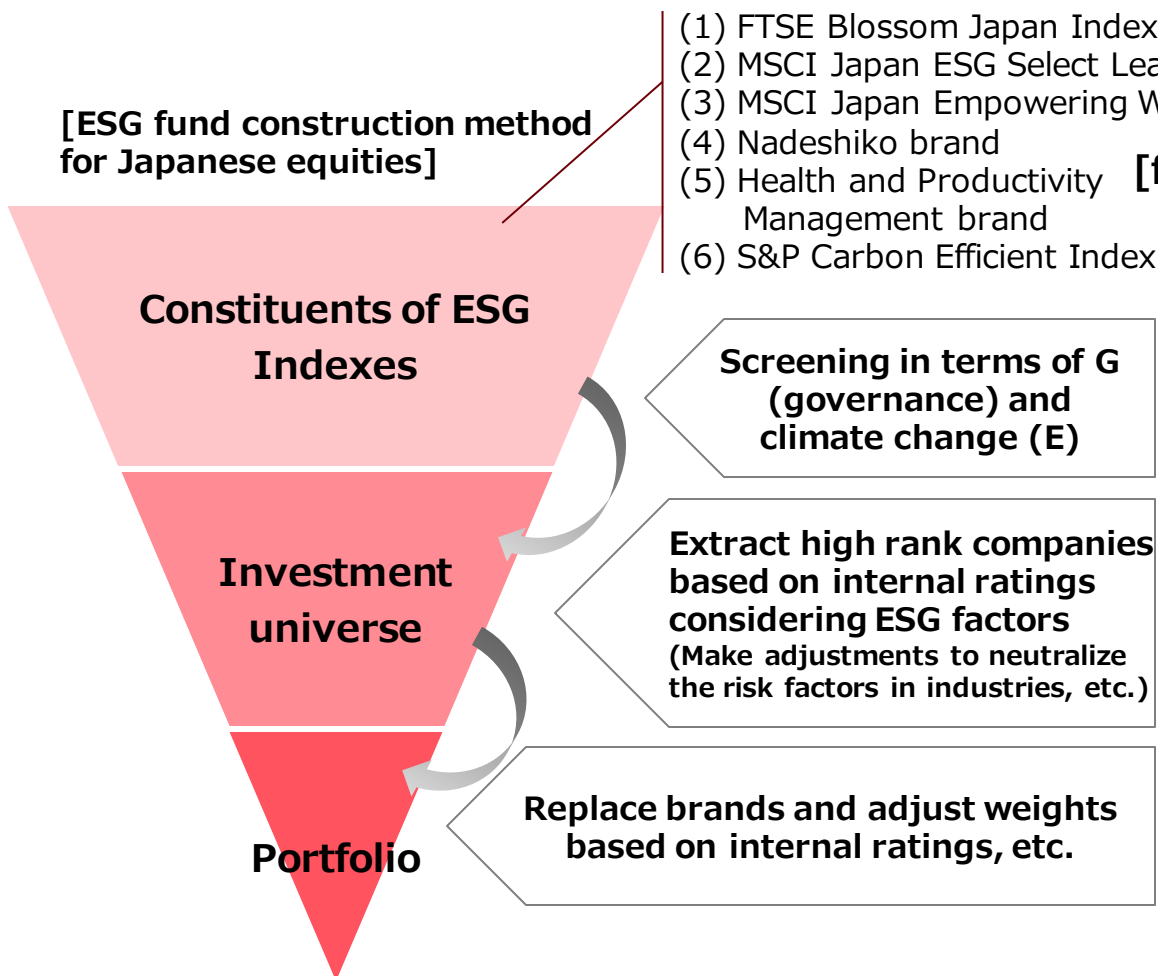
Reflected in internal ratings

Credit analyst

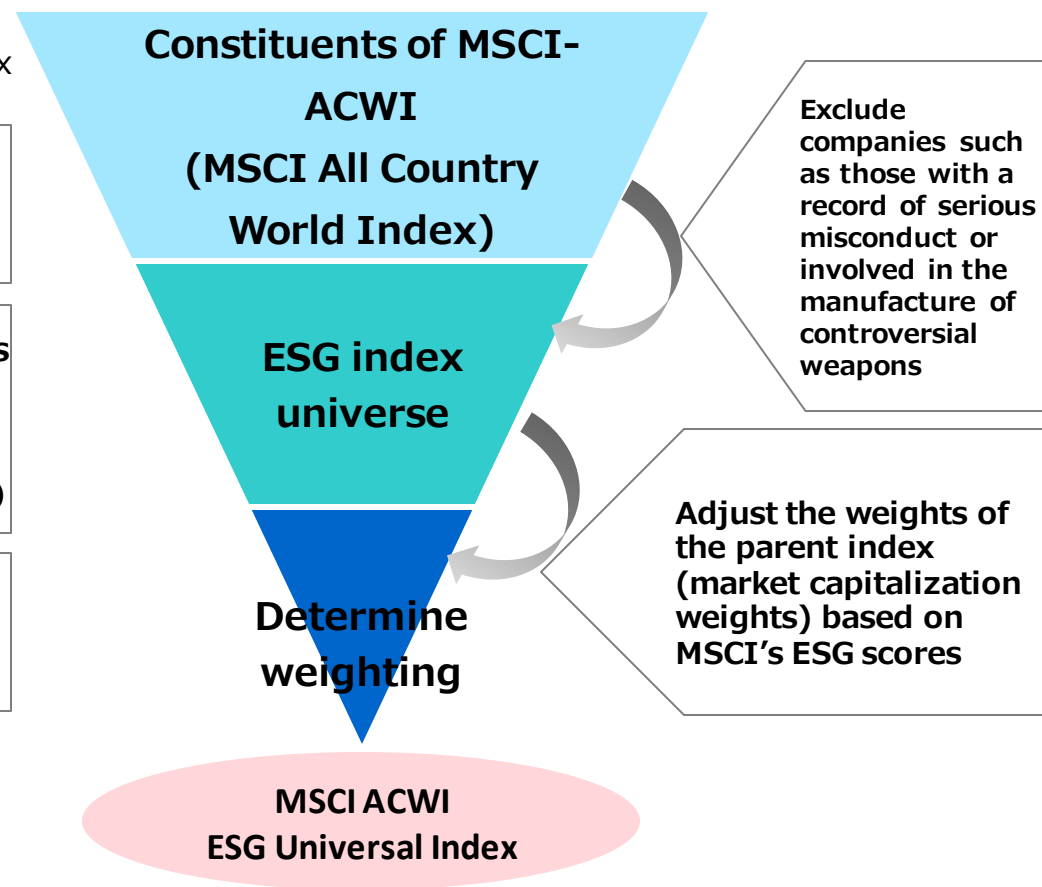
# Positive Screening (Japanese Equities/Foreign Equities)

- ◆ An ESG fund in domestic equity portfolio conduct screening from the viewpoint of governance and climate change, and integrate ESG factors in internal ratings, and adjust the weight based on it.
- ◆ Since September 2020, the company has introduced an ESG index as a benchmark for foreign equity portfolio, and began reflecting ESG factors in all of its foreign equity investments managed in-house.

[ESG fund construction method for Japanese equities]



[foreign equity investments managed in-house]



# Negative Screening

- ◆ Our negative screen list is continuously reviewed taking into account the characteristics of the life insurance business and the sustainability of society.

## List of negative screening

Screening targets	Assets under screening
<ul style="list-style-type: none"> <li>● Specific arms manufacturing (cluster bombs, biological/chemical weapons, anti-personnel mines, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>● Equity</li> <li>● Bond</li> <li>● Corporate financing</li> <li>● Project finance</li> <li>● Real estate</li> </ul>
<ul style="list-style-type: none"> <li>● New thermal power plant-related projects using fossil fuels(including coal, oil, and gas)</li> <li>● coal mining projects</li> </ul>	<ul style="list-style-type: none"> <li>● Project finance</li> </ul>

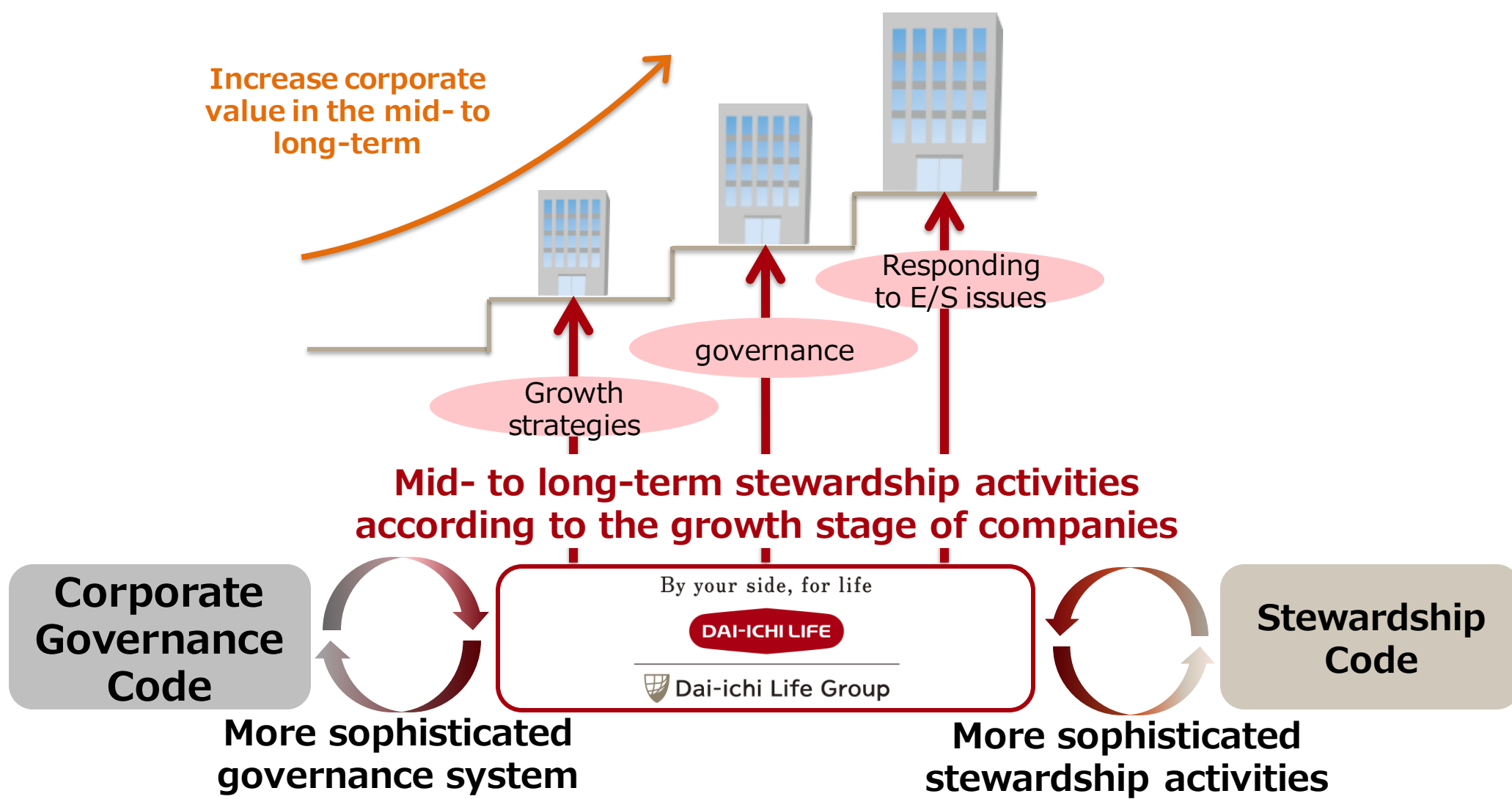
## Process of negative screening



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		✓ Reference (Glossary)	

# Our Basic Approach for Stewardship Activities

- ◆ We engage in stewardship activities the “Dai-ichi Life way,” reflecting our group mission of “By your side, for life.” We undertake activities with a close understanding of the issues facing investee companies which differ by growth stage, and help increase corporate value in the mid- to long-term.
- ◆ We are actively pursuing more sophisticated efforts, based on both Japan’s Stewardship Code and Corporate Governance Code.



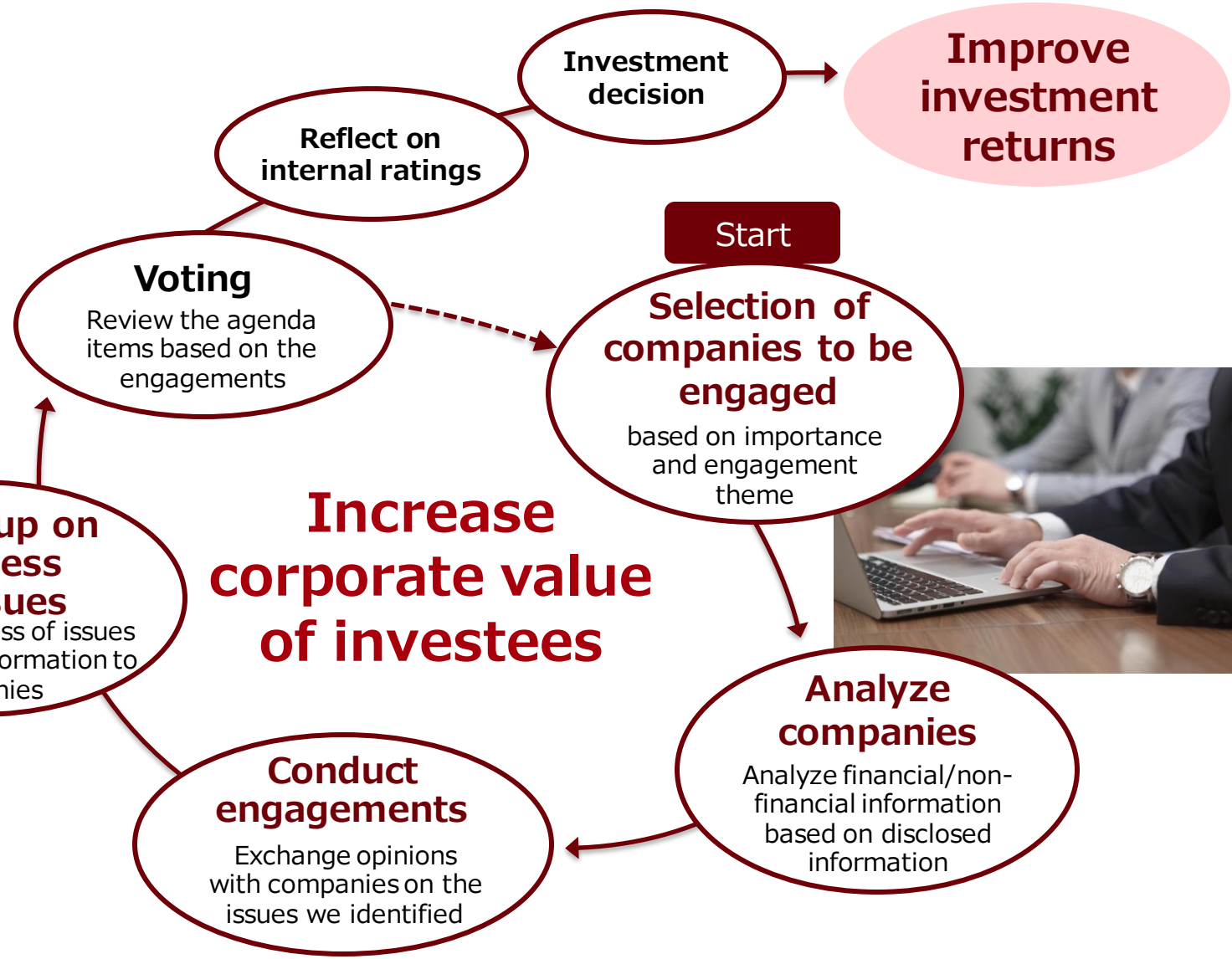


# Our Stewardship Activity Process

◆ We conduct stewardship activities focused on engagements, with a view to promoting increases in the corporate value of investee companies and improving our mid- to long-term investment returns.



\*Deliberations by the Responsible Investment Committee



# Following up Progress of Engagement Issues

◆ We regularly follow up on the progress of the issues based on engagements, and help solve the issues of investee companies by providing information in response to the issues.

## Tracking 4-step milestones

- 1 **Raise issue: Dai-ichi Life raises a matter it considers to be an issue with a investee company**
- 2 **Recognize issue: The investee company recognizes that it must address this issue**
- 3 **Address issue: The investee company begins addressing the issue**
- 4 **Solve issue: Dai-ichi Life confirms that the issue has been solved**



Help solve issues through providing information

## Examples of issues of each theme

### Governance

- Application of independent outside directors
- Composition of board of directors and its effectiveness
- Nomination/remuneration

### Management/financial strategies

- Identifying materiality and reflecting it in management strategy
- Formulating and disclosing mid-term management plan and KPI considering validity
- Business portfolio
- Formulating and disclosing capital policies (investment, shareholder return and retained earnings )
- Improving total return ratio
- Cross-Shareholdings
- Capital efficiency

### Environmental /social issues

- Addressing climate change
- Human rights and diversity
- Approach to natural capital and biodiversity

# Past Stewardship Activities

- ◆ We continuously raised the level of our stewardship activities focusing on engagements, strengthening our mechanisms to diversify engagement methods and themes, along with enhancing information disclosures on voting activity to improve transparency.
- ◆ In FY2020, we focus on ESG issues, such as climate change and plastic waste in our engagement activities. Also, we encouraged initiatives that take into account the impact of the spread of COVID-19.

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Number of persons conducting engagement (Number of dedicated persons)	14 people (0 person)	17 people (2 people)	17 people (3 people)	19 people (6 people)	20 people (7 people)	20 people (7 people)	20 people (7 people)
Engagement companies	110 companies	233 companies	277 companies	271 companies	251 companies	239 companies	248 companies
			Collaborative engagements (LIAJ)	About 100 companies (Send letters)	About 110 companies (Send letters / engagements)	About 140 companies (Send letters / engagements)	About 140 companies (Send letters / engagements)
Engagement themes	Corporate governance			Environmental/ social issues	ESG	Strengthen climate change engagements	Plastic waste engagements
	Management/ Financial strategies						COVID-19 engagements
Disclosure of voting records	Disclose voting tally table (for each agenda item type)			Disclose details of voting policy			
	Disclose summary of voting policy			Disclose votes in favor/against each agenda item (quarterly)			

Announced commitment to Stewardship Code

Established Responsible Investment Center

Commence bonds engagements

Cover about 90% of market capitalization of portfolio as 3-year cumulative total

Full-scale launch ESG

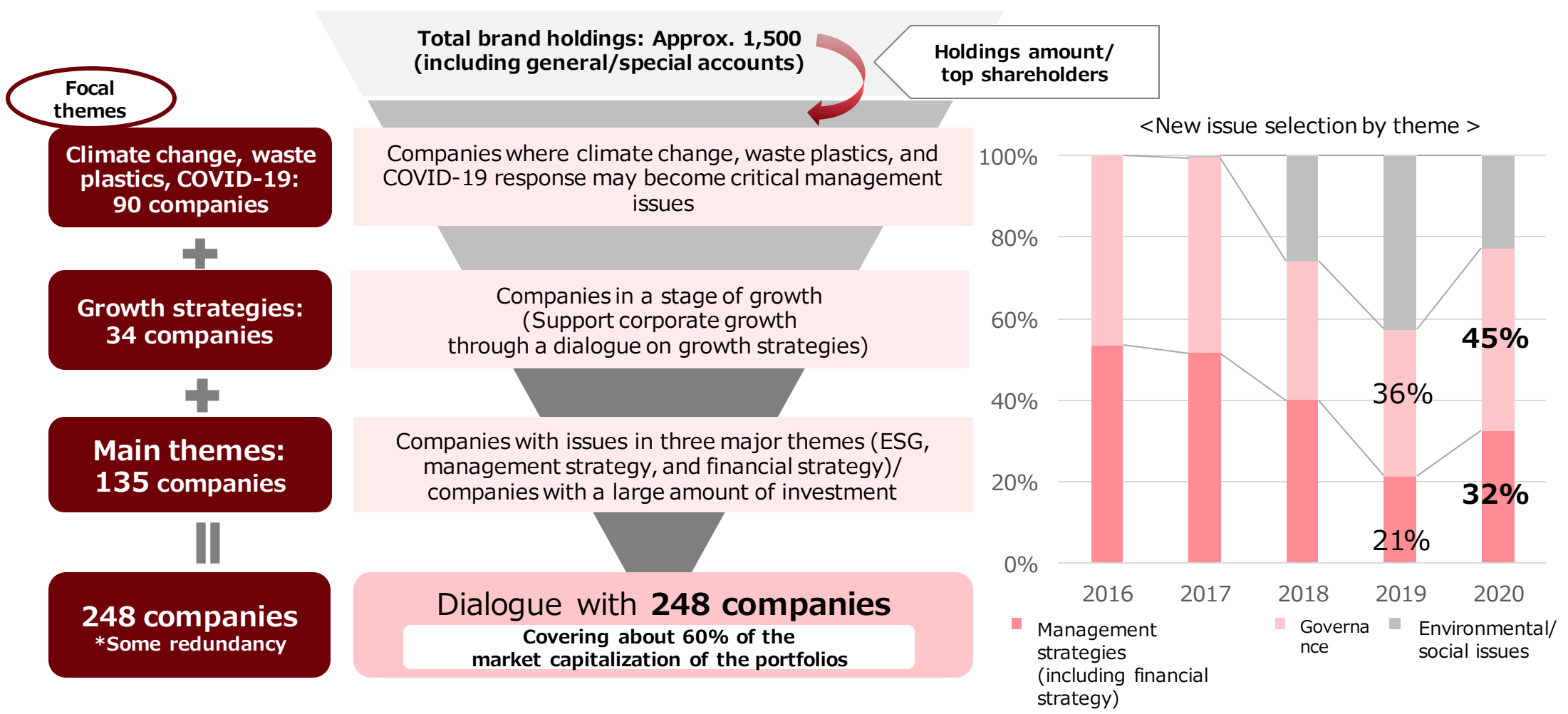
Improve transparency





# Review of Stewardship Activities in FY2020

- ◆ In fiscal year 2020, we selected companies where climate change, waste plastics, COVID-19, and our other important dialogue themes may become critical management issues taking into account the importance of their holding amounts, top shareholders and other such factors.
- ◆ We conducted dialogues with 248 of these companies.
- ◆ Revisions of Japan's Corporate Governance Code and the impact of the COVID-19 pandemic have increased the number of new management issues related to governance and management strategy.

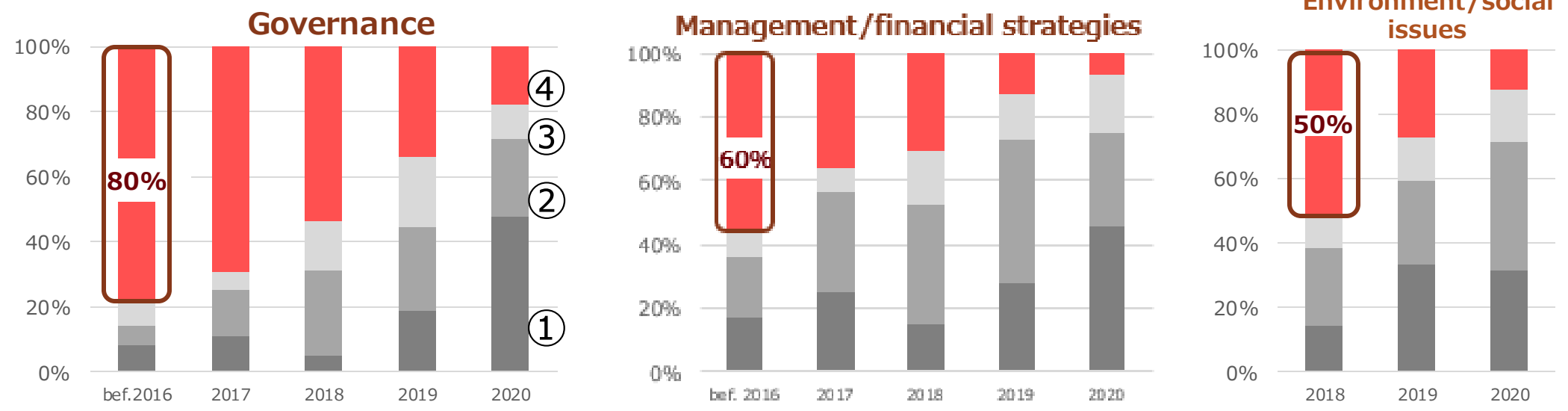




# Medium-term Engagement Outcomes

- ◆ Progress has been made to solve the issues raised with companies over time. The companies have resolved roughly 80% of governance and 60% of management strategy issues identified before fiscal year 2016.
- ◆ In light of factors such as Japan’s commitment to carbon neutrality, investee companies have also furthered their response to environmental and social issues and have resolved about 50% of the issues identified in fiscal year 2018.
- ◆ We will continue to identify and follow themes centered on critical issues for investee companies.

< Status of the issues raised in each fiscal year as of the end of June 2021 >



### Tracking engagement milestones

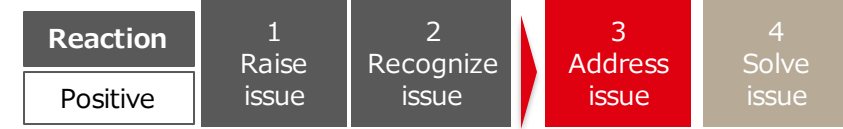
- ① Raise issue: Dai-ichi Life raises a matter it considers to be an issue with a company
- ② Recognize issue: The company recognizes that it must address this issue
- ③ Address issue: The company begins addressing the issue
- ④ Solve issue: Dai-ichi Life confirms that the issue has been solved

Progress of engagement

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# Leading Examples of Engagement



**Company A**  
Construction/  
real estate

**Examples enhancing corporate value by furthering governance and ESG management at startup companies**

**Identification of issues at the company**

- Company A is a startup with significant growth that runs a real estate business.
- We conducted dialogues with Company A three times since 2019 to improve governance structure and ESG management.

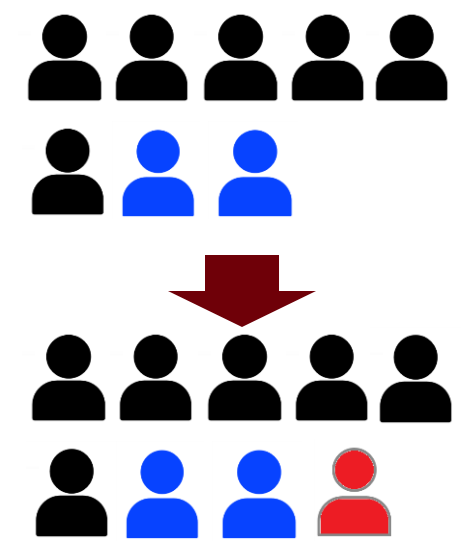
**Dialogue overview and company initiatives**

- [Strengthening Governance]
- We engaged in an ongoing dialogue over several sessions about the composition of the company's board of directors because ensuring diversity on the board of directors (diversity in skills suited to strategies, lack of female directors, etc.) is an important element for enhancing the effectiveness of corporate management strategies. Company A took a positive view of exchanging opinions with us and other investors and reformed its member composition (increased outside directors, appointed a female director, etc.) toward strengthening functions of the board of directors.
- [Promotion of ESG management]
- As a startup with limited resources, the priority of ESG disclosure had been relatively low at first. Recognizing the importance of social contributions of its businesses through our dialogue, Company A began to promote the disclosure of ESG information and published an ESG report.

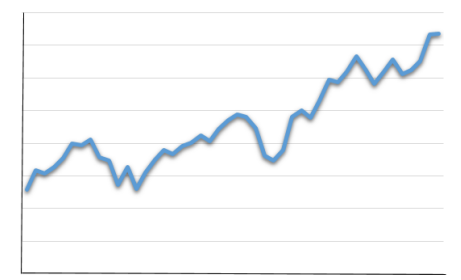
**Future policies**

- In addition to a favorable business performance, Company A enriched the comprehensiveness of its disclosure and its stock price has been on an upward trend.
- Company A continues to review its board of directors; and we will continue dialogue with them to further enhance its effectiveness.
- Company A already has a relatively high level disclosure about its initiatives to promote ESG management, but we encourage them to disclose more comprehensive information that is useful for long-term investors.

[Composition of the Board of Directors]



[Trend of stock price]





# Leading Examples of Engagement

**Company B**  
Fiber products

**Issue** Strengthening governance

**Goal** Reform board of directors' composition

**Reaction** Positive

1 Raise issue  
2 Recognize issue  
3 Address issue  
4 **Solve issue**

Overview of dialogue	Company response	Voting record	Future policies
<p>Number of dialogues: 6 (2017 to 2021)</p> <p>Shared opinions on reforming the composition of the board of directors due to a large number of members and overwhelming number of internal director appointments.</p>	<p>Company B decided to cut the total number of directors by half while increasing the number of outside directors to one-third of the board by 2020.</p>	<p>—</p>	<p>Continue dialogues with the company to ensure a diverse board of directors, such as the appointment of female directors.</p>

**Company C**  
Apparel

**Issue** Low-level of capital efficiency

**Goal** Increase capital efficiency

**Reaction** Positive

1 Raise issue  
2 **Recognize issue**  
3 Address issue  
4 Solve issue

Overview of dialogue	Company response	Voting record	Future policies
<p>Number of dialogues: 5 (2016 to 2021)</p> <p>Shared opinions on establishing business strategies to improve profitability</p>	<p>Business performance drastically declined due to store closures caused by the COVID-19 pandemic.</p> <p>Company C began drafting business strategies in anticipation of business after the pandemic to strengthen business performance via eCommerce and other channels.</p>	<p>Voted in favor of the proposal to appoint a director in view of the COVID-19 pandemic.</p>	<p>Support future business performance and corporate strategies.</p>



# Leading Examples of Engagement

**Company D**  
Retail

Governance	<b>Issue</b>	Minimal shareholder return ratio	Reaction	1 Raise issue	2 Recognize issue	3 Address issue	4 Solve issue
	<b>Goal</b>	Set targets and increase the level of the shareholder return ratio					

Management/ finance	<b>Overview of dialogue</b>	<b>Company response</b>	<b>Voting record</b>	<b>Future policies</b>
	Number of dialogues: 5 (2016 to 2021) Shared opinions on setting target for shareholder return and raising the level of return in line with capital adequacy.	Company D took an active part in exchanging ideas with investors as well as set and disclosed targets for returns to shareholders in a new medium-term plan.	—	Continue dialogue with the company about specific improvement measures as it heightens its capital efficiency even more.
Environment/ society				

**Company E**  
Retail

Governance	<b>Issue</b>	Minimal shareholder return ratio	Reaction	1 Raise issue	2 Recognize issue	3 Address issue	4 Solve issue
	<b>Goal</b>	Increase the level of the shareholder return ratio					

Management/ finance	<b>Overview of dialogue</b>	<b>Company response</b>	<b>Voting record</b>	<b>Future policies</b>
	Number of dialogues: 3 (2015 to 2021) Shared opinions on increasing the level of the shareholder return ratio and target disclosure.	Company E had already begun discussing the problem after other shareholders had pointed out the same issue but felt that it was difficult to increase the shareholder return ratio and disclose target as it need to keep certain internal reserves.	Voted against a proposal for the appropriation of surplus because the internal reserves are substantial while the total return ratio is low.	Dai-ichi Life sold off its shareholdings because Company E did not intend to take any initiative and there was a strong uncertainty about medium- to long-term recovery in business performance.
Environment/ society				



# Leading Examples of Engagement

**Company F**  
Machinery

Governance	<b>Issue</b>	<b>Integration of ESG issues into management vision</b>	Reaction	1 Raise issue	2 Recognize issue	3 Address issue	4 Solve issue
	<b>Goal</b>	<b>Shift to ESG-oriented business management and draft a medium- to long-term management plan</b>					

Management/finance	Environment/society	<b>Overview of dialogue</b>	<b>Company response</b>	<b>Voting record</b>	<b>Future policies</b>
		Number of dialogues: 3 (2016 to 2021) Although Company F has businesses closely related to environmental and social contributions and does publish a report, we shared opinions on integrating ESG factors into the vision of the medium-term management plan.	Company F worked to align its efforts with the SDGs and KPI and has announced a medium- to long-term plan which shifts to ESG-oriented business management in 2021.	—	Regularly support the progress of the public plan and continue a dialogue with the company on the specific initiatives and challenges toward achieving its plan.

**Company G**  
Iron and steel

Governance	<b>Issue</b>	<b>Setting of long-term climate change targets</b>	Reaction	1 Raise issue	2 Recognize issue	3 Address issue	4 Solve issue
	<b>Goal</b>	<b>Create a road map to CO2 emission reductions</b>					

Management/finance	Environment/society	<b>Overview of dialogue</b>	<b>Company response</b>	<b>Voting record</b>	<b>Future policies</b>
		Number of dialogues: 6 (2016 to 2021) Mutually recognized the importance of addressing climate change and shared opinions about endorsement of TCFD, target disclosure, and details of corporate initiatives.	Company G has endorsed TCFD since 2019 and has disclosed scenario analyses. It also disclosed its CO2 emission reduction targets in 2021.	—	Encourage more sophisticated scenario analyses and other further measures and support progress of its specific initiatives to reduce emissions.

# Participation in Collective Engagement Initiatives

- ◆ We participate in collective engagement initiatives as an effort to strengthening and enhance the effectiveness of our own engagement activities.
- ◆ In FY 2020, we participated in collective dialogues with the Institutional Investors Collective Engagement Forum, an exchange of ideas with outside female directors at the 30% Club Investor Group.



- ◆ The Institutional Investors Collective Engagement Forum is an initiative overseeing collective engagement of institutional investors. This group of seven institutional investors sends letters to companies and engages with them collectively around themes that include materiality, publicly listed parent/subsidiary pairs, cross-shareholding policies, defense against hostile takeovers, many “against” votes, and scandals.

## Example of FY2020 Collective Dialogues (April 2021) Theme: Materiality Company: Mitsui O.S.K. Lines

- Addressed the relationship between materiality and medium- to long-term strategies in this dialogue, such as efforts to handle the oil spill after the Wakashio incident where a vessel ran aground in the Republic of Mauritius in the summer of 2020
- Shared opinions with company management about communication methods and materiality reforms (taking a stance that overlooks the entire supply and value chains)
- Deepened mutual understanding, which helped facilitate a constructive dialogue



- ◆ Shared favorable examples of engagement at the regular meeting held with institutional investors in the Asia region
- ◆ Announced the Net-Zero Company Benchmark in December 2020, which evaluates corporate climate change initiatives



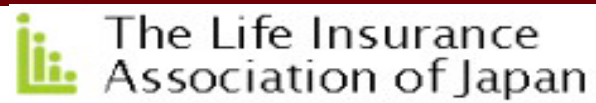
- ◆ Exchanged ideas several times in the Best Practices Subgroup, which Dai-ichi Life participates, on outside female directors who belong to public certified accountant and lawyer associations
- ◆ Gathered examples of best corporate practices related to women’s empowerment to publish in the annual report



# Participation in Collaborative Engagements through the Life Insurance Association of Japan

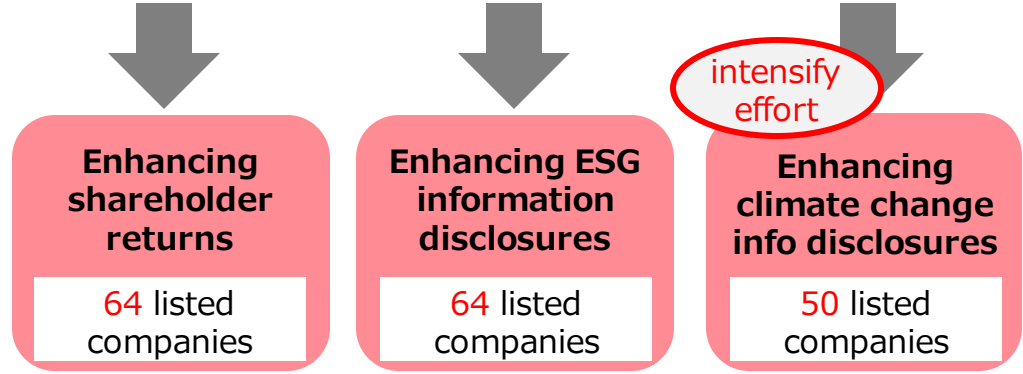
- ◆ As an effort to strengthen our engagement activities and enhance effectiveness, we continuously participate in collaborative engagements conducted by the Working Group for Stewardship Activities of the Life Insurance Association of Japan (LIAJ).
- ◆ In FY2020, LIAJ carried out engagements with the themes of “increasing shareholder returns,” “improving ESG information disclosures” and “enhancing climate change information disclosures” with 171 companies in total (cumulative total 178 companies), based on the recognition of issues shared by the participating companies. Especially for the theme of “enhancing climate change information disclosures”, LIAJ has encouraged the top 50 largest GHG emitters companies to promote further efforts toward decarbonizing.
- ◆ We will also strengthen efforts for other collaborative engagement initiatives in which we participate.

## FY2020 Engagement themes



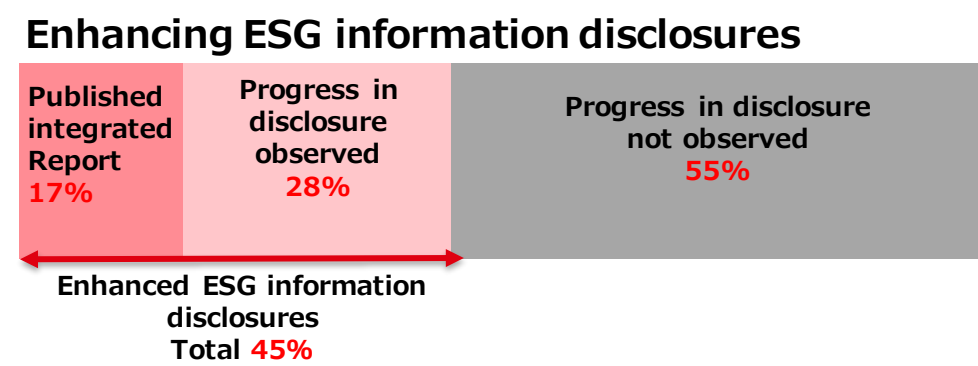
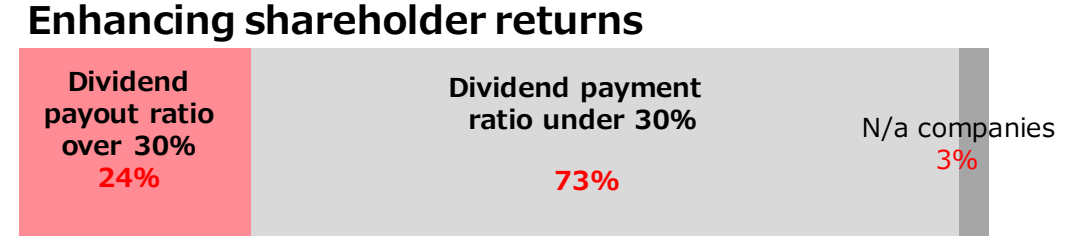
LIAJ Working Group for Stewardship Activities  
 (11 life insurance companies including our company)

Letter sent under joint signatures of  
 11 life insurance companies  
 Explain the purpose through engagements, etc.



## FY2019 Results of efforts

<Status of efforts of engagement partner companies>



Source: Prepared by Dai-ichi Life based on LIAJ, “Life Insurance Companies’ Efforts to Revitalize the Stock Market and Realize a Sustainable Society through Asset Management”

1. Message from the President	---2	8. ESG Investment Report	---15
2. Main Initiatives of Responsible Investment Activities	---3	✓ Our History for ESG Investment and 2020 Review	
3. Our Role as a Responsible Investor	---4	✓ ESG-themed investment	
4. Basic Policy on ESG Investments	---5	✓ ESG integration	
5. Our Approach for Responsible Investment	---7	9. Report on Stewardship Activities	---35
6. Our Framework for Responsible Investment	---8	✓ Basic approach and processes	
7. Highlights	---10	✓ Our History for stewardship activities and Review	
		✓ Examples of engagements	
		✓ <b>Policy for FY2021</b>	
		✓ Voting Policy and Voting records	
		✓ Self-evaluation and evaluation by others	
		✓ Message from the General Manager of the Responsible Investment Dept.	
		✓ Reference (Glossary)	

# Responsible Investment Policy 2021

## Engagement

- ✓ Strengthening engagement aimed at resolving important issues of investee companies
- ✓ Support initiatives aimed at creating sustainable society, such as climate change response, governance effectiveness improvement, etc.

### ◆ Strengthening climate change engagement

- ✓ Consistent with the target-setting protocol of the Net-Zero Asset Owner Alliance, active support for the further raising and execution of net-zero targets for the top 50 GHG emitting companies of our portfolio
- ✓ Strengthening climate change-related engagement such as to the endorsement of TCFD, the information disclosure related to the financial impact brought by climate change, and other initiatives related to climate change based on analysis and proposals from our ESG analysts

### ◆ Emphasis on engagement regarding management strategy

- ✓ Sharing issues with investee companies while confirming consistency between corporate purpose/management principles and business models
- ✓ Ascertaining business strategies to maximize corporate value, financial strategies to realize capital efficiency that exceeds capital costs, and sustainable management strategies based on drastic changes in the external environment such as the spread of COVID-19 infections

### ◆ Improvement of effectiveness of corporate governance

- ✓ In accordance with revisions to Japan's Corporate Governance Code, the raising of issues based on a skill matrix recognized to be necessary for business models for companies faced with challenges on the diversity and selection process of their board of directors.

### ◆ Incorporation of important ESG-related themes

- ✓ Investigating on Major ESG themes such as the improvement of sustainability of natural capital and the respect for human rights and promotion of diversity, and incorporate these into the engagement themes.

### ◆ Promotion of collaborative engagement

- ✓ Actively participate in collaborative engagement initiatives, and demonstrate the ability to influence companies

THE NET-ZERO  
ASSET OWNER  
ALLIANCE

一般社団法人  
機関投資家協働対話フォーラム  
Institutional Investors Collective Engagement Forum

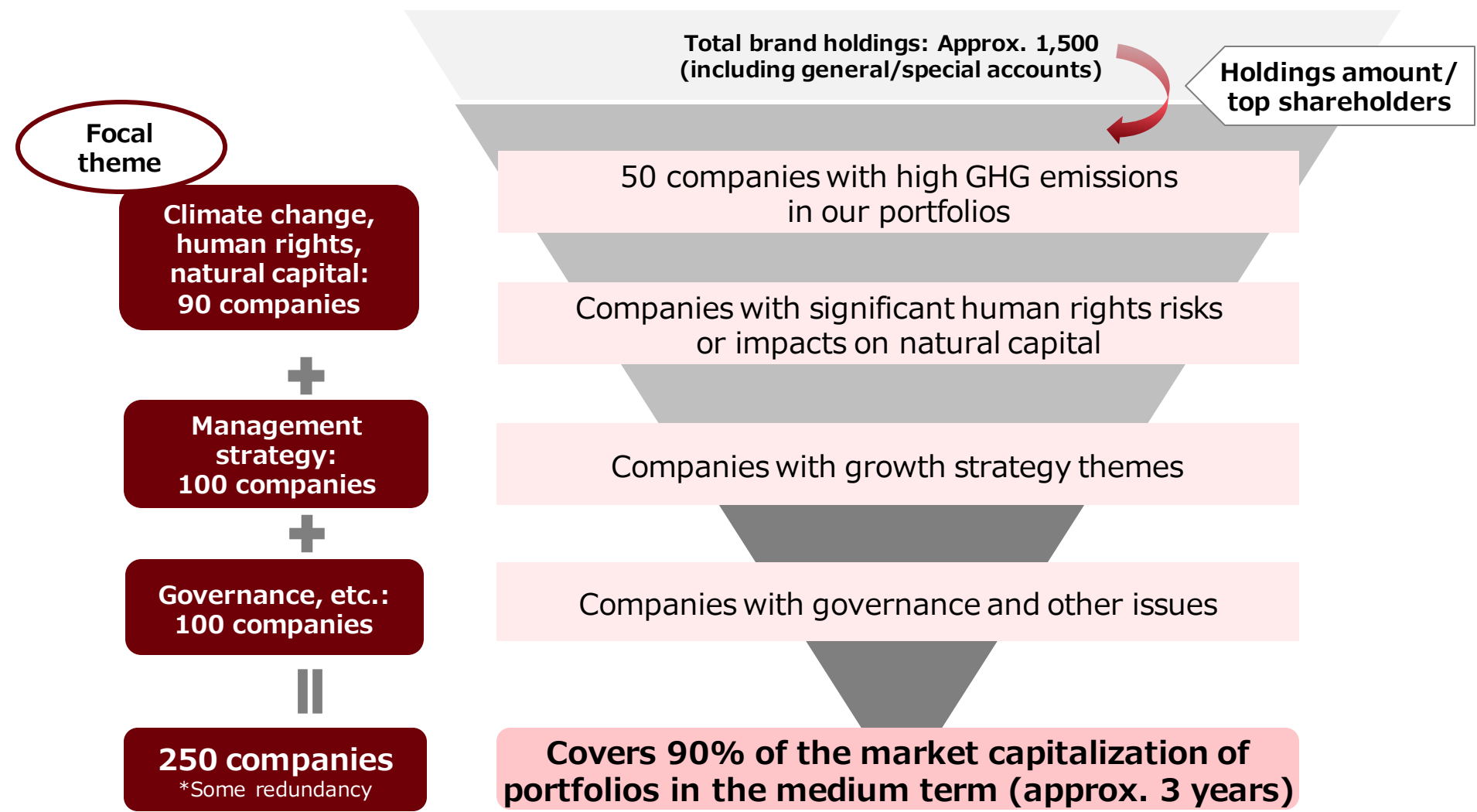
 The Life Insurance  
Association of Japan

 Climate  
Action 100+  
Global Investors Driving Business Transition

 30% Club  
GROWTH THROUGH DIVERSITY

# Companies Targeted for Engagement in FY2021

◆ In FY 2021, we selected and carried out engagement at companies where climate change, growth strategies, human rights, natural capital, and our other important dialogue themes may become critical management issues as well as companies where critical issues were identified during engagement in past, taking into account the importance of their holding amounts, top shareholders and other such factors.



1. Message from the President	---2	8. ESG Investment Report	---15
2. Main Initiatives of Responsible Investment Activities	---3	✓ Our History for ESG Investment and 2020 Review	
3. Our Role as a Responsible Investor	---4	✓ ESG-themed investment	
4. Basic Policy on ESG Investments	---5	✓ ESG integration	
5. Our Approach for Responsible Investment	---7	9. Report on Stewardship Activities	---35
6. Our Framework for Responsible Investment	---8	✓ Basic approach and processes	
7. Highlights	---10	✓ Our History for stewardship activities and Review	
		✓ Examples of engagements	
		✓ Policy for FY2021	
		✓ Voting Policy and Voting records	
		✓ Self-evaluation and evaluation by others	
		✓ Message from the General Manager of the Responsible Investment Dept.	
		✓ Reference (Glossary)	

# Voting Policy (Main Points)

- ◆ Our voting policy is designed to increase the corporate value of portfolio companies and promote sustainable growth.
- ◆ We review the voting policy as needed based on various factors, including the social and economic situations surrounding the companies.

Agenda item	Candidate	Current		Planned Revision		
		Market	After April 2021	Market	After April 2022	After April 2023
Appointing directors, auditors, etc. (*)	Representative director	All markets	<b>When ongoing dialogues do not show improvements</b> in ESG issues that use problems and priority themes of portfolio companies	All markets	No change	
	Representative director	First Section of TSE	<b>One</b> independent outside director	TSE Prime	<b>1 person</b>	<b>Under 1/3, or 1 person</b>
		Other than First Section of TSE	<b>Absence</b> of independent outside director	TSE Standard	<b>1 person</b>	
				TSE Growth	<b>Absent</b>	
	Director	All markets	<b>Deficit for three consecutive fiscal years/under 5% ROE for five straight fiscal years</b> (expand applicable people to reappointed directors) <b>In the process of special measures in view of the COVID-19 pandemic</b>	All markets	No change	
	Representative director of listed subsidiary that has a controlling interest	All markets	–	All markets	<b>Independent outside director: under 1/3, or 1 person</b>	
	Independent outside officer (director/auditor, etc.)	Only First Section of TSE	<ul style="list-style-type: none"> <li>•Originally from major shareholders with <b>15% or more</b> holding ratio</li> <li>• Long tenure (<b>total of 12 years or more</b>)</li> </ul>	TSE Prime	No change	<ul style="list-style-type: none"> <li>•Originally from major shareholders with <b>10% or more</b> holding ratio</li> <li>•Long tenure (<b>total of 12 years or more</b>)</li> </ul>
				Other than TSE Prime	–	<ul style="list-style-type: none"> <li>•Originally from major shareholders with <b>10% or more</b> holding ratio</li> </ul>
Outside officer (director, auditor, etc.)	Only First Section of TSE	<b>Under 75% attendance rate</b> at board of directors and board of auditors meetings	All markets	No change		

(\*) Includes directors serving as Audit & Supervisory Committee members

# Voting Policy (Main Points)

Agenda item	Current		Planned Revision		
	Market	After April 2021	Market	After April 2022	After April 2023
Officer compensation, retirement allowance, stock-based compensation, and issuing and granting stock options	All markets	Granting stock-based compensation and stock options <b>to auditors, etc.</b>	All markets	No change	
		Granting of stock-based compensation and stock options that may cause <b>over 10% dilution</b>			
		Increase in officer compensation and payment of officer bonuses <b>in poorly performing companies</b>			
	Only First Section of TSE	Provision of retirement allowances <b>to auditors, etc.</b>	Only TSE Prime		
Appropriation of surplus (representative director is reappointed as director if there is no applicable agenda item)	All markets	<b>Under 20% total return ratio</b> for three cumulative fiscal years and most recent fiscal year	All markets	No change	
Introduction and update of takeover defense measures	All markets	(One of the following applies) <b>Under 5% ROE for three consecutive fiscal years; less than two independent outside directors;</b> economic compensation provided	All markets	(One of the following applies) Under 5% ROE for three consecutive fiscal years; independent outside director: <b>under 1/3, or 1 person</b>	

\*See materials on our website for more information on our voting policy. <https://www.dai-ichi-life.co.jp/dsr/investment/ssc2.html>

# Voting Records (July 2020–June 2021)

- ◆ The ratio of our votes against agenda items proposed by companies remains relatively low, in part because we emphasize mid- to long-term engagements with investee companies and we make efforts to spread awareness of our policies on voting against proposals.
- ◆ On the other hand, the ratio of our votes against proposals regarding the appointment of directors has increased with the revision of our voting policy (establishment of criteria on tenure of independent directors, etc.) dated April 1, 2020.
- ◆ We voted in favor of 4 agenda items proposed by shareholders that we deemed contribute to increasing corporate value.

## Agenda items proposed by companies

## Agenda items proposed by shareholders

<Based on the number of companies>

**16.1% voted against**  
(-1.0%)



**1,275 votes in favor**  
245 votes against

<Based on the number of parent agenda items>

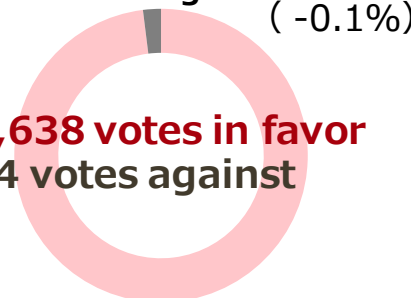
**5.5% voted against**  
(-0.2%)



**4,669 votes in favor**  
271 votes against

<Based on the number of subordinate agenda items>

**2.0% voted against**  
(-0.1%)



**15,638 votes in favor**  
314 votes against

<Based on the number of companies>

**8.6% voted in favor**  
(-6.1%)



**3 votes in favor**  
32 votes against

<Based on the number of parent agenda items>

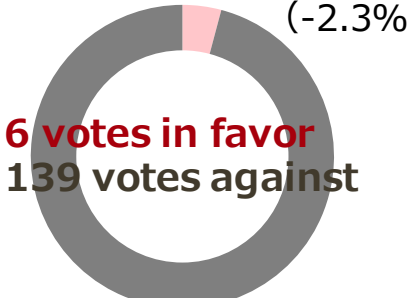
**3.1% voted in favor**  
(-1.6%)



**4 votes in favor**  
127 votes against

<Based on the number of subordinate agenda items>

**4.1% voted in favor**  
(-2.3%)



**6 votes in favor**  
139 votes against

\* Parent agenda item is counted as one agenda item when it includes several subordinate agenda items such as proposals to appoint directors.

\* For a detailed tally and individual voting records, see materials on our website. <https://www.dai-ichi-life.co.jp/dsr/investment/ssc2.html>

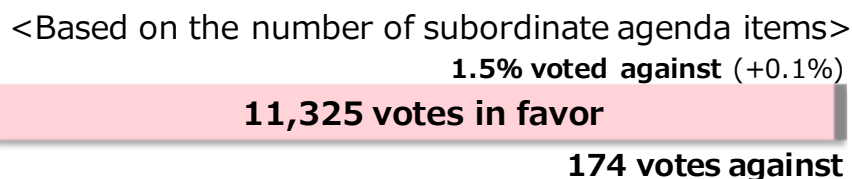
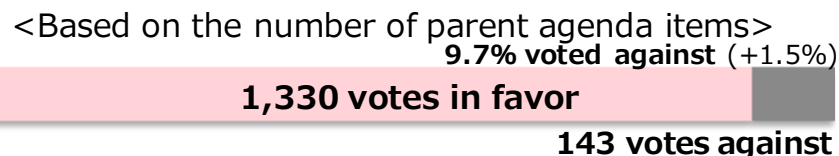
(Year on year)



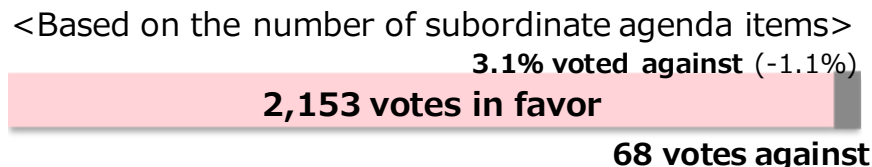
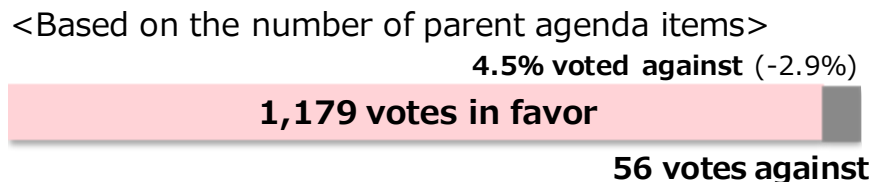
# Voting Records (July 2020–June 2021)

## ■ Agenda items related to corporate organizations

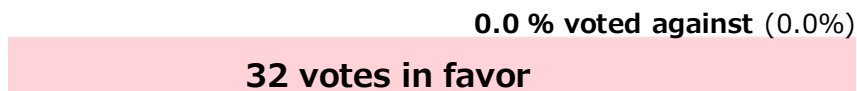
### [Selecting/dismissing directors]



### [Selecting/dismissing auditors]

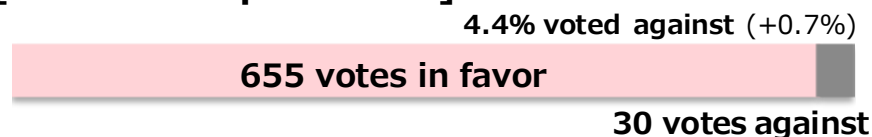


### [Selecting/dismissing independent auditor]

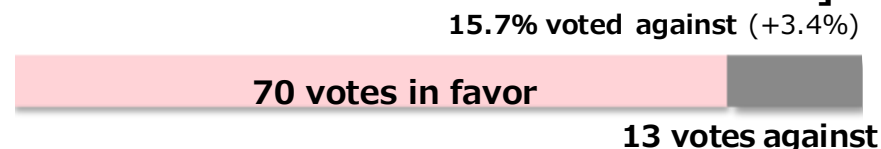


## ■ Agenda items related to officer compensation

### [Officer compensation]

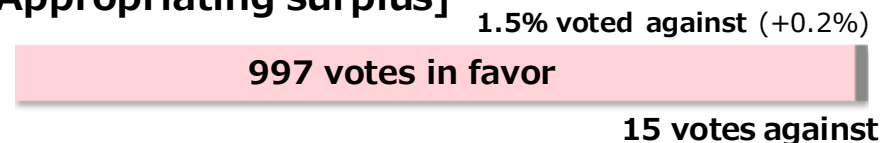


### [Retirement allowances for retired officers]



## ■ Agenda items related to capital policies (except those for Articles of Incorporation)

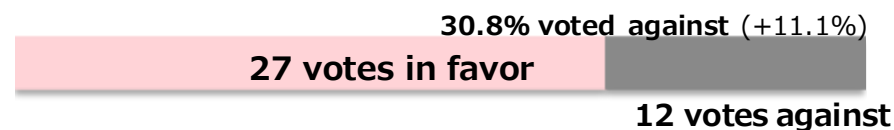
### [Appropriating surplus]



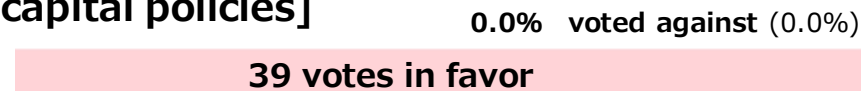
### [Related to organization restructuring]



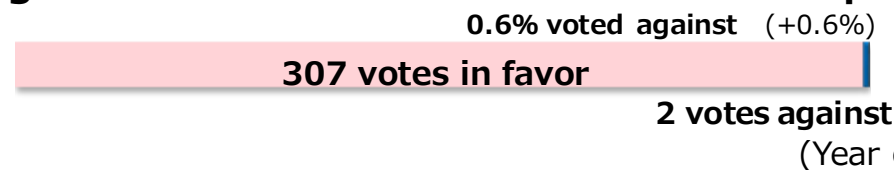
### [Introducing, updating, and abolishing takeover defense measures]



### [Agenda items related to other capital policies]



## ■ Agenda items related to Articles of Incorporation



# Our Compliance with Japan’s Stewardship Code (self-evaluation)

## ● Status of efforts and self-evaluation by principle

Principle	Status of efforts	Self-evaluation
<p><b>Principle 1</b> Formulate and publicly disclose policy</p>	<ul style="list-style-type: none"> <li>In April 2019 and July 2020, we revised and publicly disclosed the “Policy on Stewardship Activities” as follows.                             <ul style="list-style-type: none"> <li>✓ Taking into account the developments related to the UK Stewardship Code, the PRI assessment results, etc., the policy was revised to state that stewardship activities also cover Japanese bonds and Japanese unlisted investees.</li> <li>✓ We added “sustainability considerations” to the definition of “stewardship responsibilities.” We also newly added “contributing to solving regional and social issues” to the existing “maintaining and expanding mid- to long-term investment returns” as the purpose of our stewardship activities.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>We evaluate that we are executing this principle appropriately by revising and publicly disclosing our policy based on domestic and overseas developments.</li> </ul>
<p><b>Principle 2</b> Manage conflicts of interest</p>	<ul style="list-style-type: none"> <li>In April 2017, we established the Responsible Investment Committee for strengthening our governance of stewardship activities, among other purposes. Since April 2018, the committee has three external members and two internal members (one of whom is the executive officer for the Compliance Control Dept. in charge of managing conflicts of interest), such that external members make up the majority of the committee.</li> <li>The Responsible Investment Committee deliberates and decides on particularly important exercises of voting rights, e.g., companies that have a large amount of holdings and other companies and agenda items that are attracting significant attention in society. Simultaneously, we report all important exercises of voting rights to the Responsible Investment Committee.</li> </ul>	<ul style="list-style-type: none"> <li>We evaluate that we are executing this principle appropriately by establishing and running the Responsible Investment Committee, etc.</li> </ul>
<p><b>Principle 3</b> Monitor investee companies</p>	<ul style="list-style-type: none"> <li>We quantitatively monitor business results and financial situations, as well as collect and analyze non-financial information including regarding governance, environmental, and social issues (especially response to climate change in FY2019) in order to evaluate the mid- to long-term profit growth of investee companies.</li> <li>In April 2020, we newly assigned ESG analysts, which will lead to more in-depth ESG surveys. By organically linking the survey findings to in-house ratings and investment decisions, we seek to increase the sophistication of our ESG integration.</li> </ul>	<ul style="list-style-type: none"> <li>We consider that <b><u>our issues are: more comprehensive and systematic inclusion of non-financial information, increasing the effectiveness of collaborative engagements including initiatives we newly participated in, and increasing the sophistication of our engagements through participation in collaborative engagements.</u></b></li> </ul>
<p><b>Principle 4</b> Engagements with companies</p>	<ul style="list-style-type: none"> <li>We conducted engagements with companies having about 90% of market capitalization of the Japanese equity portfolio as a three-year cumulative total from FY2018 to FY2020.</li> <li>In the case of around 60% of the companies with which we conducted engagements in FY2020, we sought to share issues with the management of the companies, including through interviews with their officers.</li> <li>We have participated in The Net-Zero Asset Owner Alliance and plan to engage with top GHG emitters companies.</li> <li>We continuously participate in the collaborative engagements of the Working Group for Stewardship Activities of the Life Insurance Association of Japan. We also newly participated in domestic and overseas initiatives, including Climate Action100+ and the Institutional Investors Collective Engagement Forum.</li> </ul>	<ul style="list-style-type: none"> <li>We consider that <b><u>our issues are: more comprehensive and systematic inclusion of non-financial information, increasing the effectiveness of collaborative engagements including initiatives we newly participated in, and increasing the sophistication of our engagements through participation in collaborative engagements.</u></b></li> </ul>

## Our Compliance with Japan's Stewardship Code (self-evaluation)

Principle	Status of efforts	Self-evaluation
<b>Principle 5</b> Voting	<ul style="list-style-type: none"> <li>● In FY2020, the Responsible Investment Dept. exercised all voting rights for 1,520 listed companies in Japan (we did not use any services of voting advisory companies).</li> <li>● We revised our voting policy and announced the details in March 2021 based on deliberations at the Responsible Investment Committee. The timing for applying the revised policy is set to a period deemed feasible for companies to appropriately adapt to each item of the revised policy.</li> <li>● Every quarter, we disclose the aggregated results of each type of agenda item that has been voted on, as well as the number of votes in favor and against the proposals by individual investee company and each agenda item. We disclose the reasons for any agenda item we deem especially require an explanation, irrespective of whether we voted in favor or against the item.</li> </ul>	<ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by revising our voting policy and disclosing our voting activity, including reasons for voting in favor or against proposals.</li> </ul>
<b>Principle 6</b> Report periodically	<ul style="list-style-type: none"> <li>● The status of our overall stewardship activities is disclosed each fiscal year in the Stewardship Activities Report (Responsible Investment Report since FY2018) available on our website.</li> <li>● Our entire voting policy, any scheduled revisions of the policy, and the quarterly voting results are disclosed on our website.</li> </ul>	<ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by disclosing our responsible investments, including stewardship activities, on our website, etc.</li> </ul>
<b>Principle 7</b> Acquire competency	<ul style="list-style-type: none"> <li>● We established the Responsible Investment Dept in April 2017 to consolidate personnel and functions related to stewardship activities. It seeks to increase the sophistication of our efforts for stewardship activities, accumulate know-how, and train talents.</li> <li>● We regularly held in-house workshops for improving engagement skills and acquiring knowledge on environmental and social issues surrounding companies, inviting external experts as lecturers.</li> <li>● We participated in opinion exchange for inviting external experts and investors, held at the Working Group for Stewardship Activities of the Life Insurance Association of Japan.</li> <li>● We actively exchanged opinions with other financial institutions and participants of initiatives such as The Net-Zero Asset Owner Alliance on climate change-related measures.</li> </ul>	<ul style="list-style-type: none"> <li>● We evaluate that we are executing this principle appropriately by consolidating personnel and functions through the establishment of the Responsible Investment Dept., as well as through participation in workshops and opinion exchange with external experts and investors.</li> </ul>

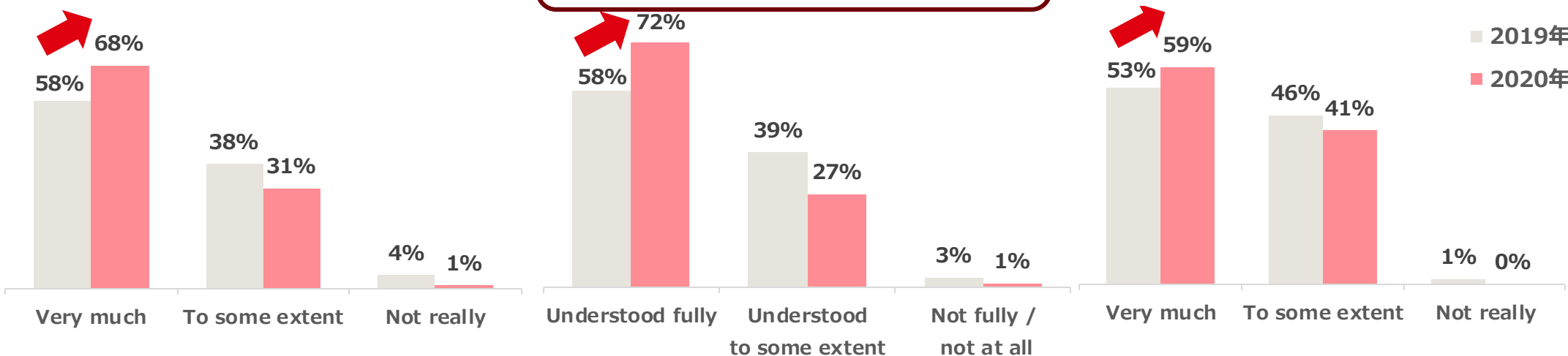
# Engagement Partner Survey Results (evaluation by others)

- ◆ We conducted an anonymous survey that was sent to engaged companies and others. The results showed that our engagement and the content of our Responsible Investment Report are highly evaluated compared to previous year.
- ◆ Although there are a certain number of companies that keep feedback of engagement with us at the level of department in charge, rather than at the board of directors / executive officers, the more companies have reported it to senior managements compared to last year.
- ◆ We will take stock of the opinions received in the survey for further improving our engagement activities.

Was Dai-ichi Life's engagement helpful?

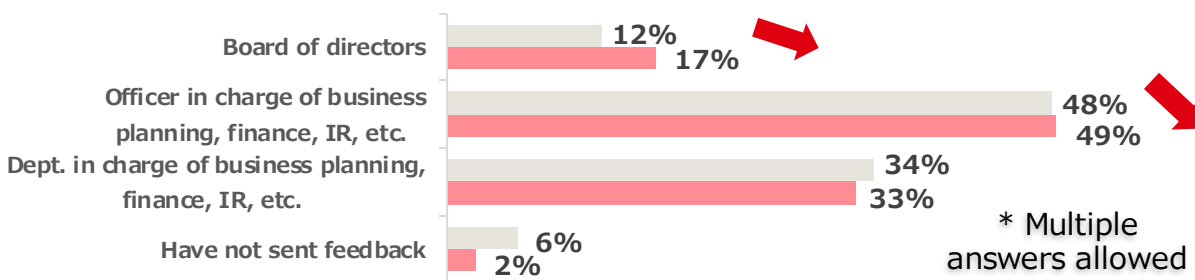
Did the Dai-ichi Life person in charge of engagement fully understand your company's situation?

Was the Responsible Investment Report useful?



To whom you report feedback of engagement with us .

Examples of measures taken based on the opinions received



- ◆ Engagement
  - Flexible time settings for engagement (more than 1 hour)
  - Accumulation of good practices of other companies and posting them in engagement materials
- ◆ Responsible Investment Report
  - Creating summary slides that make it easy to understand the points of efforts

# (Reference) 2020 Result of PRI assessments

- ◆ In the 2020 PRI assessment, we received the highest “A+” score in four modules and above the global median score in all modules for the third consecutive year.

module	2019 (Assessment period: January–December 2018 ))		2020 (Assessment period: January–December 2019)		Future initiatives based on the results
	Dai-ichi's score	(Median)	Dai-ichi's score	( Median )	
Strategy and Governance	A	(A)	<b>A+</b>	(A)	✓ Establish systematic climate change risk analysis and social impact measurement methods for the entire investment portfolio
Listed Equity - Incorporation	A	(B)	<b>A+</b>	(A)	✓ Adopt ESG index as a benchmark for foreign equity investments
Listed Equity - Active Ownership	A+	(B)	<b>A+</b>	(B)	✓ Consider expanding disclosure of engagements
Fixed Income	A	(B)	<b>A</b>	(B)	✓ Consider setting in-house rankings for SSA based on ESG analysis
Property	A+	(B)	<b>A+</b>	(B)	✓ Enhance measures for properties held to reduce Dai-ichi Life's CO2 emissions (e.g., change to renewable energy, obtain environmental certification)

\* As the result of PRI assessment of 2021 will be disclosed in 2022, the latest result is 2020 assessment.

\* Fixed income score is the average of four modules  
(SSA, corporate financial, corporate non-financial, and securitized)

\* Number of PRI signatory institutions as of the end of August 2020: 3,311

## Message from the General Manager of the Responsible Investment Dept.

### Toward Responsible Investment Activities Leaving No One Behind in a Dramatically Changing Economic and Social Environment

Thank you for your continued understanding and cooperation with Dai-ichi Life responsible investment activities.

The "Responsible Investment Report", is a new version of the previous "Stewardship Activity report" and has been published as a booklet for the third year since 2021. Over the past three years, the global economic and social environment has drastically changed. After Japan revised its Stewardship Code in June 2020, the way in which people work and communicate has changed in the face of the ongoing COVID-19 pandemic. Interests in climate change and other sustainability initiatives grows more rapidly, and sustainability efforts have become essential to companies as well as investment activities. Japan's Corporate Governance Code revised in June 2021 also clarifies the necessity of tackling sustainability issues.

Companies and institutional investors are doing everything in their power to not be left behind in this rapidly changing environment, but not everyone can keep up with the tremendous speed of these changes. In February 2021, Dai-ichi Life became the first institutional investor in Asia to join the Net-Zero Asset Owner Alliance, committing to targets to make our investments portfolios carbon neutral by 2050. However, as not every sector can further reduce GHG emission reductions at the same pace, it is essential to provide supports to encourage initiatives of companies, such as building infrastructure or expanding investments in technological innovation to make the transition to a low-carbon society.

Therefore, Dai-ichi Life, as a long-term investor, aims to facilitate responsible investment activities that "no one leave behind", by staying close with each company facing various challenges, conducting engagements, and providing financial supports to help resolve such challenges. At a time when sustainability initiatives are commonplace for institutional investors worldwide, we must clarify what kind of "outcomes" our responsible investment activities provided.

We would like to promote responsible investments committed to the next generation of sustainability by presenting the impact of investments, issues resolved through engagement, and other outcomes in a form shareholders can see with their very own eyes.

September 2021



**Hiroko Ishii, General Manager,  
Responsible Investment Dept.**

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4. Basic Policy on ESG Investments	---5	✓ ESG integration	
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# (Reference) Glossary

\* In alphabetical order

Term	Explanation
<b>Blue bonds</b>	Bond issued by limiting the use of funds for purposes related to water, such as marine and ocean conservation, sustainability of the fishing industry, and waste processing
<b>Carbon neutral</b>	Balance between the amount of greenhouse gas emissions and absorption through greenhouse gas reduction, absorption and other initiatives.
<b>Climate Action 100+</b>	A global initiative of institutional investors that engages companies with large greenhouse gas emissions to take actions, including improving climate change governance, curbing emissions, and strengthening information disclosures
<b>Collaborative engagement</b>	Multiple investors collaborate to hold engagement with companies aimed at increasing their mid- to long-term corporate value
<b>Corporate Governance Code</b>	Code of conduct on corporate governance outlining behavioral standards to be followed by listed companies. Established in 2015, it provides guidelines for securing shareholder rights and equality, ensuring appropriate information disclosure and transparency, and the responsibilities of the board of directors.

Term	Explanation
<b>Engagement</b>	Dialogue between investors and companies aimed at increasing their mid- to long-term corporate value
<b>ESG</b>	Stands for Environment, Social, and Governance. It is often used in the context of corporate initiatives for increasing corporate values through environmental and social considerations and enhancement of corporate governance, as well investment strategies of institutional investors that reflect such corporate initiatives.
<b>ESG integration</b>	Systematic inclusion of ESG factors in investment decision-making (buy or sell) processes
<b>FinTech</b>	Term coined by combining finance and technology. It refers to innovative efforts that link financial services and the latest information technologies.
<b>GHG</b>	Acronym for greenhouse gases, which includes carbon dioxide (CO <sub>2</sub> ), methane (CH <sub>4</sub> ), nitrous oxide (N <sub>2</sub> O) and other gases causing the greenhouse effect



# (Reference) Glossary

\* In alphabetical order

Term	Explanation
<b>Green bond</b>	Bond issued to raise funds needed for environmental initiatives (tackling global warming, renewable energy measures, etc.)
<b>Hedged foreign bond</b>	A foreign bond that can reduce the impact of foreign exchange fluctuations on income and expenditure by using a mechanism that avoids foreign exchange fluctuation risks (hedging)
<b>Hurdle rate</b>	One standard of investment evaluation indicating the minimum rate of return
<b>InsTech</b>	Term coined by combining insurance and technology. Similar to FinTech, it refers to the creation of new insurance services through combining insurance and the latest information technologies.
<b>KPI</b>	Acronym for Key Performance Indicator. An important indicator measuring progress toward achieving a business goal.

Term	Explanation
<b>Materiality</b>	Critical issues related to the environment, society, governance, and other areas that may have a significant impact on the sustainability of a company's business model
<b>Negative screening</b>	Exclusion of specific industries and companies from the investment portfolio
<b>Portfolio</b>	A collection of financial products (stocks, bonds, etc.) held by investors
<b>Positive screening</b>	Selection of specific industries and companies to include in the investment portfolio
<b>PRI</b>	Acronym for Principles for Responsible Investment. An initiative advocated by then UN Secretary-General Annan to the financial industry in 2006. It presents principles aimed at incorporating ESG issues into investment decision-making by institutional investors.

# (Reference) Glossary

\* In alphabetical order

Term	Explanation
<b>Project finance</b>	Provision of funds obtained from a specific project (cash flow) as a source of repayment
<b>QOL</b>	Acronym for Quality Of Life
<b>Resilience</b>	An ability to adapt flexibly to the circumstances, including strong external pressure
<b>ROE</b>	Acronym for Return On Equity. It is the ratio of net income to a company's own capital, and is one of the management efficiency indicators showing how much profit is generated relative to capital.
<b>SBT</b>	Acronym for the Science Based Targets initiative that sets greenhouse gas reduction targets for companies conforming to accepted scientific knowledge inline with the standards outlined in the Paris Agreement

Term	Explanation
<b>Scope 1 Scope 2 Scope 3</b>	Categories of greenhouse gas emissions; Scope 1 refers to direct emissions from companies; Scope 2 refers to power consumption and other indirect emissions; Scope 3 refers to all other indirect emissions throughout the entire supply chain
<b>SDGs</b>	Acronym for the Sustainable Development Goals. They are international goals adopted at the UN Summit in September 2015 to create a sustainable and better world by 2030, and consist of 17 goals and 169 targets.
<b>SDGs bond</b>	Bonds that limit the use of proceeds to projects that contribute to the SDGs
<b>Social bond</b>	Bond issued to raise funds needed for solving social issues

# (Reference) Glossary

\* In alphabetical order

Term	Explanation
<b>Stewardship activities</b>	Activities by institutional investors to improve and foster investee companies' corporate value and sustainable growth through constructive engagement, or purposeful dialogue, and the exercise of voting rights
<b>Stewardship Code</b>	Code of conduct of institutional investors to promote the sustainable growth of companies. Established in 2014, it provides guidelines for the formulation of stewardship policies, development of structures for conflict of interest management, exercise of voting rights, and other efforts.
<b>Sustainability bonds</b>	Bond issued by limiting the use of funds to businesses contributing to environmental and social sustainability

Term	Explanation
<b>TCFD</b>	Acronym for Task Force on Climate-related Financial Disclosures, which was established by the Financial Stability Board in 2016. It presents a framework for companies to voluntarily disclose climate-related risks and opportunities.
<b>Transition finance</b>	Provision of funds for initiatives to transition out of an economy that uses large quantities of coal to a low-carbon economy
<b>Universe</b>	A collection of financial products (stocks, bonds, etc.) chosen for investment in accordance with a certain objective
<b>WACI</b>	Acronym for weighted average carbon intensity calculated by multiplying the carbon-to-revenue intensity of each company by the holding ratio of our portfolio

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