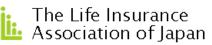
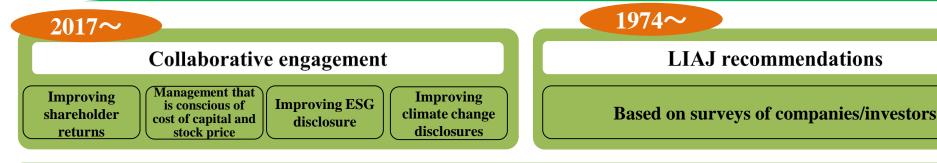
#### LIAJ initiatives in FY2024



- Working groups on stewardship activities and ESG investment and finance were set up to contribute to equity market reinvigoration and achieving a sustainable society. Continued to publish the LIAJ recommendations (this report) and implement collaborative engagement through both working groups in FY2024.
- In addition, LIAJ implemented measures to refine and raise the sophistication of activities at each LIAJ member firm. Measures included holding joint working group (WG) seminars with Environment (E) and Society (S) themes, such as "Addressing climate change," "Human capital" and "Human rights."
- LIAJ believes that when companies and shareholders engage in a constructive dialogue and share a mutual awareness of issues, companies will be encouraged to take steps to increase shareholder value over the medium and long terms. Based on this belief, LIAJ hopes that this report will help to increase shareholder value over the medium and long terms, leading to reinvigoration of the stock market as a whole.

#### Equity market reinvigoration / Achieving a sustainable society



Upgraded initiatives and approaches of WG participants

Stewardship Activities WG (10 life insurers)



ESG Investment and Finance WG (21 life insurers)

# FY2024 policy recommendations

- The Life Insurance
  Association of Japan
- In the survey of companies and investors carried out in FY2024, a positive change was found in the response and disclosure of Japanese companies with respect to management that is conscious of cost of capital and stock price as required by the Tokyo Stock Exchange, as most companies and investors replied that companies are addressing the matter, or have made a commendable effort. At the same time, around half of investors indicated that the ROE levels of Japanese companies are still below capital costs, so it is thought that there is room for further improvement in company initiatives.
- In addition, some investors responded that the ESG initiatives of Japanese companies are not linked to management strategy for raising corporate value as indicated in their medium-term management plans, etc.
- Based on the aforementioned factors, recommendations on management goals / financial strategies and promoting ESG initiatives were partially revised.

Recommendations		Target	Recommendations		Target		
Management goals / financial strategies	Provide investors with thorough explanations of financial and capital strategies, including  (1) shareholder returns, and raise shareholder returns over the medium and long terms (dividend payout ratios of at least 30%)			(8)	Provide further disclosure of non-financial information, including ESG, through integrated reports and other means		
	Set ROE and other return on capital targets  (2) based on analysis and evaluation of the cost of capital and return on capital, and promote			(9)	Formulate and execute ESG initiative plans linked to management strategy as indicated in the medium-term management plan, etc.  Revised		
	initiatives to raise the returns Revised			(10)	Promote initiatives to foster respect for human rights	Companies	
Improving corporate governance	(3) Improve disclosures about expectations of external directors' roles and their performance	Companies	Promoting ESG initiatives	(11)	Appropriately disclose climate change-related information		
	Improve disclosure/dialogue on medium- and long-  (4) term investment strategy, including investments in human capital and intellectual property linked to management strategy				and consider formulating and disclosing greenhouse gas reduction targets and roadmaps		
	(5) Encourage involvement of top management in dialogue				Appropriately use climate change-related information and consider formulating and disclosing greenhouse gas	Investors	
Enhancing dialogue	Promote dialogue based on in-depth understanding of (6) companies and dialogue from a medium- and long-term perspective that contributes to the solution of issues facing companies	Investors		(12)	Take steps to promote ESG initiatives across government ministries/agencies		
Share- holder voting	(7) Facilitate mutual understanding of AGM proposals and shareholder voting through dialogue	Companies		(13)	Further enhance policy-based support to realize carbon neutrality	Government	

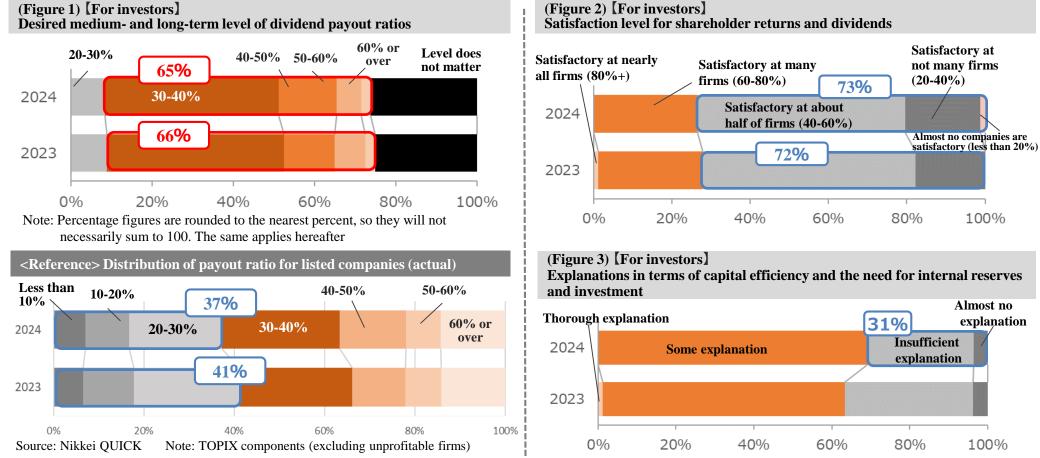
#### Survey on initiatives to enhance corporate value

<sup>&</sup>lt;Purpose> To implement recommendations for equity market reinvigoration and achieving a sustainable society based on results of surveys on initiatives and awareness of companies/investors <Survey targets and response rate> Listed companies 38% (453/1,200 companies); investors 54% (92/170 companies)

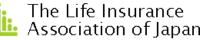
Recommendation (1): Provide investors with thorough explanations of financial and capital strategies, including shareholder returns, and raise shareholder returns over the medium and long terms (dividend payout ratios of at least 30%)

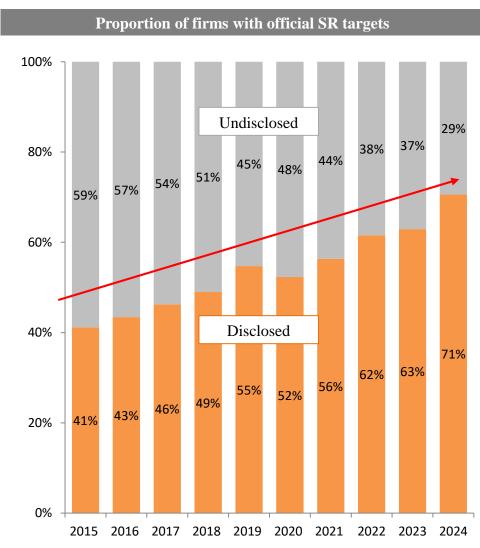


- With 65% of investors expecting a dividend payout ratio of 30% or higher over the medium and long term (Figure 1), companies with payout ratios of 30% or higher have increased from the previous fiscal year, but 37% of companies still have payout ratios of less than 30% (Reference), and 73% of investors are not sufficiently satisfied with shareholder return and dividend levels. (Figure 2)
- More than 60% of investors said that they received some explanation in terms of capital efficiency and the need for internal reserves and investment, while more than 30% of investors reported that these explanations were insufficient. (Figure 3)
  - ⇒ Raise shareholder returns over the medium to long terms, targeting a payout ratio of at least 30%, after gauging investor expectations by providing them with thorough explanations of financial and capital strategies, including shareholder returns



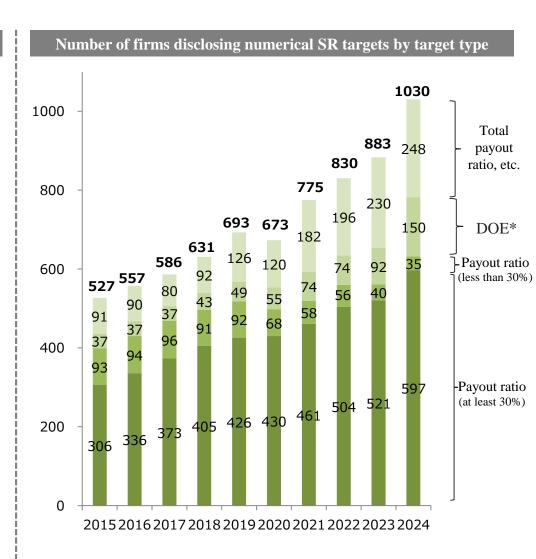
### (Reference) Disclosure of numerical shareholder return (SR) targets





Source: LIAJ research

Based on survey of top 1,200 listed stocks by market capitalization



Source: LIAJ research

Based on survey of top 1,200 listed stocks by market capitalization

Note: Firms with multiple SR targets are counted for each target

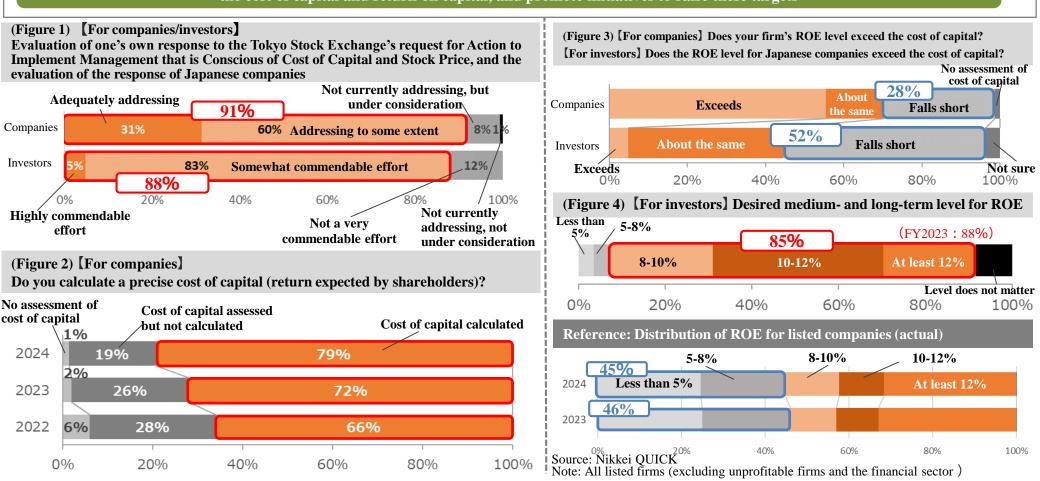
\* DOE: dividend-on-equity ratio

The Life Insurance Association of Japan

and return on capital, and promote initiatives to raise the returns

- With respect to management that is conscious of cost of capital and stock price as required by the Tokyo Stock Exchange, approximately 90% of companies and investors replied that companies are addressing the matter, or have made a commendable effort, and the percentage of companies calculating the cost of capital is increasing. A positive change can be seen in the response and disclosure of Japanese companies. (Figures 1 and 2)
- At the same time, 52% of investors responded that the ROE levels of Japanese companies are below capital costs, so the gap in recognition of the current status between companies and investors has not been adequately closed, and it is thought that there is still room for improvement in company initiatives. (Figure 3)
- 85% of investors expected ROE to be 8% or higher over the medium to long term, but 45% of listed companies have ROEs of less than 8%. (Figure 4, Reference)

⇒ To raise ROE over the medium to long term, set ROE and other return on capital targets based on appropriate analysis and evaluation of the cost of capital and return on capital, and promote initiatives to raise these targets

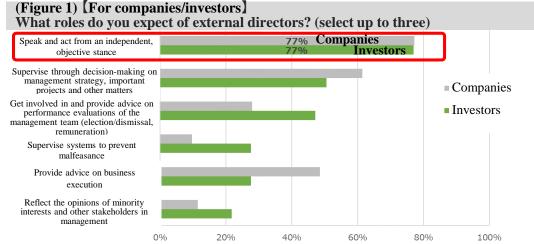


# Recommendation (3): Improve disclosures about expectations of external directors' roles and their performance

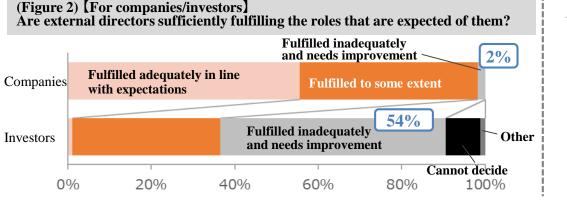


- In terms of the roles expected of external directors, companies and investors both put the strongest emphasis on external directors' ability to speak and act from an independent, objective stance, and trends are generally in line with this (Figure 1), but regarding the fulfillment of roles by external directors, a majority of companies responded that the role is being fulfilled, while roughly half of investors responded that it is being fulfilled inadequately and needs improvement, showing a gap in perception between companies and investors. (Figure 2)
- In monitoring and evaluating the roles, performance, and other aspects of external directors, around 40% of investors give a moderate rating to companies' explanations, but over 50% think the briefings are inadequate (Figure 3), and companies are expected to enhance disclosure of the reasons for selecting external directors and their expected roles. (Figure 4)

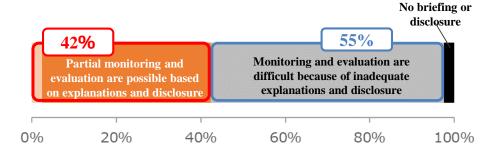
⇒ Improve companies' disclosures about investors' expectations of the roles and performance of external directors, and explain these matters to investors via respectful dialogue



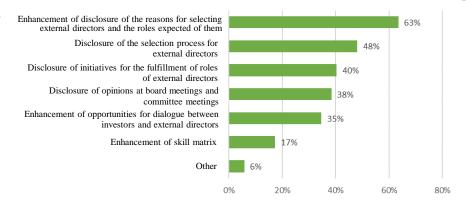
\* Only items with a high investor selection rate are shown. Refer to the document version for questionnaire results, including the selection rates for items not shown in Figure 1 (Company Questionnaire Q1 (4) / Investor Questionnaire Q1 (4)).



(Figure 3) [For investors] Do companies provide adequate explanations and disclosure for monitoring and evaluating the roles, performance, and other aspects of external directors?



# (Figure 4) [For investors] Disclosure expected of companies for monitoring and evaluating the roles, performance, and other aspects of external directors

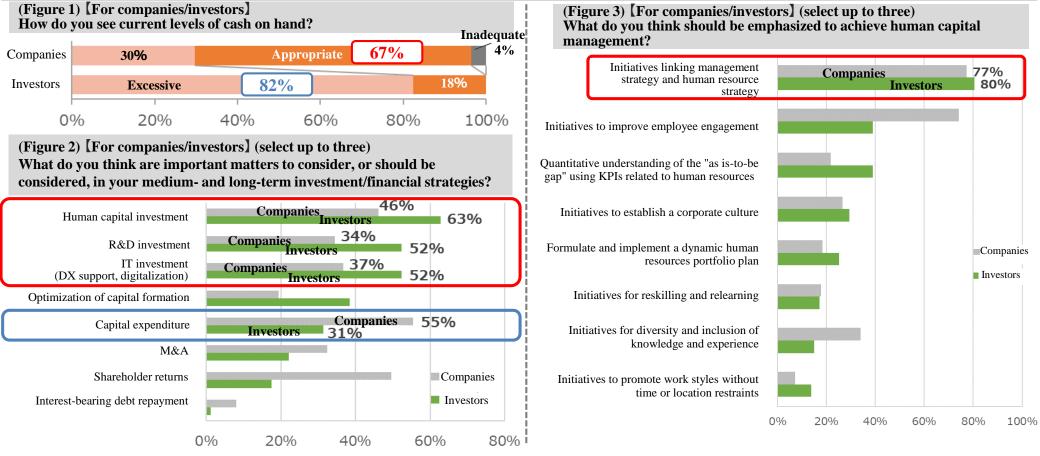


investments in human capital and intellectual property linked to management strategy



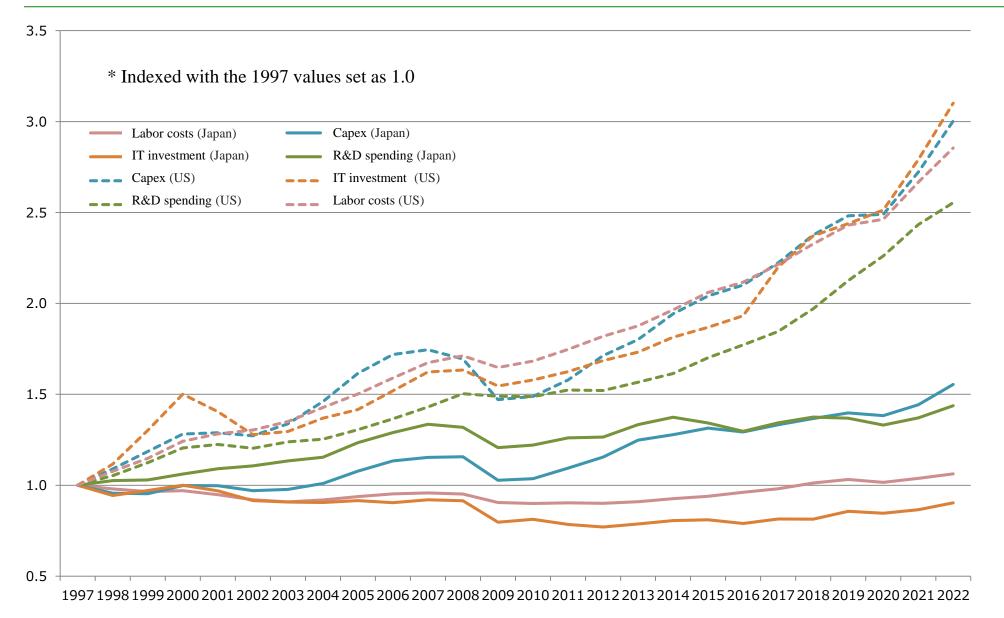
- 67% of companies believe the levels of cash on hand are appropriate. Meanwhile, 82% of investors see current levels of cash balances as excessive, which continues the historical gap in perception between investors and companies. (Figure 1)
- In medium- and long-term investment and financial strategy, investors emphasize investment that includes intangible assets like human capital investment, R&D investment, and IT investment (DX support and digitalization), while a majority of companies still emphasize capital expenditure the most. (Figure 2)
- Companies and investors are both emphasizing "initiatives linking management strategies and human resource strategies" toward realizing the human capital management the Japanese government is promoting. (Figure 3)

⇒ Target appropriate levels of cash on hand, and improve disclosure/dialogue related to medium- and long-term investment strategy, including human capital and intellectual property linked to management strategy

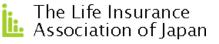


Reference: Trends in labor costs, IT investment, capex, and R&D spending in Japan/US





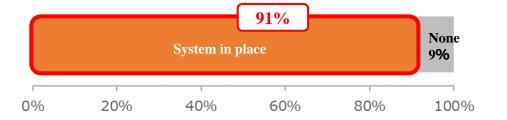
# Recommendation (5): Encourage involvement of top management in dialogue



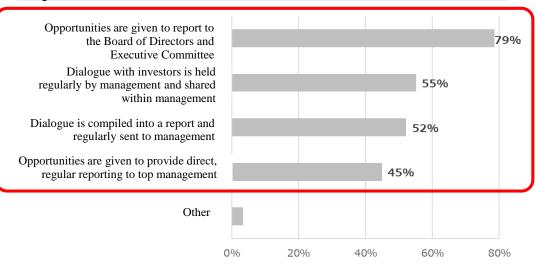
• 91% of companies have systems in place to share dialogue content with management, but the percentage of investors that feel that "dialogue content does not reach management," and there is "non-participation by management, including senior managers" remains at over 40%, though the level is lower than the previous fiscal year. (Figures 1, 2 and 3)

⇒ Actively involve management in dialogue and provide investors with feedback on the results of sharing dialogue within management

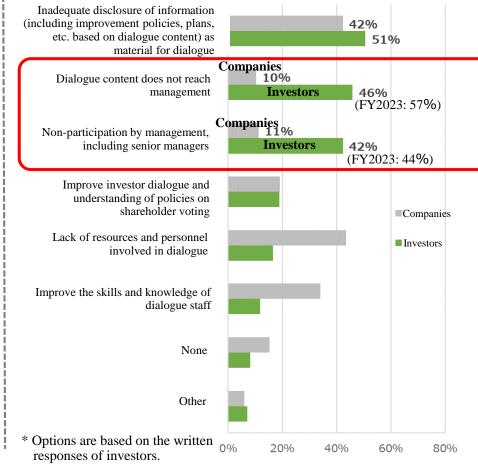




(Figure 2) [For companies] (select multiple) System for sharing dialogue content with management, if such a system is in place



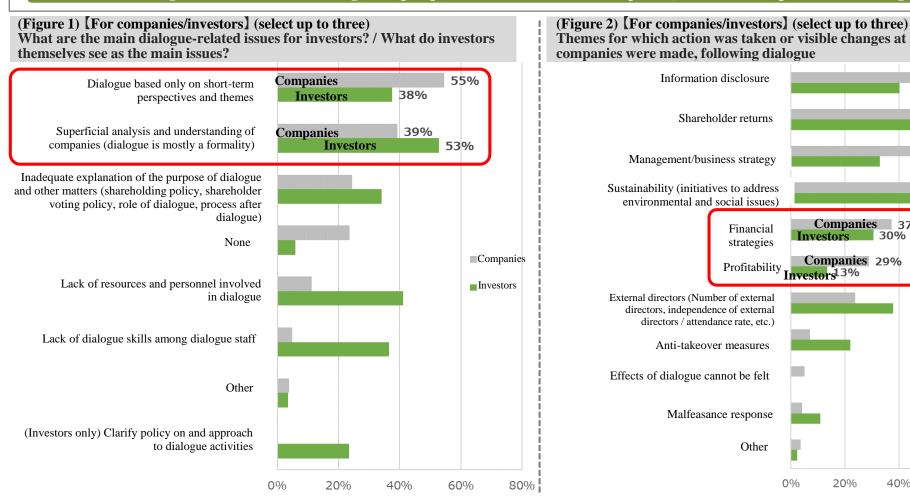
(Figure 3) [For companies/investors] (select up to three) What are the main dialogue-related issues regarding the systems and measures of your company / issues that investors perceive for companies

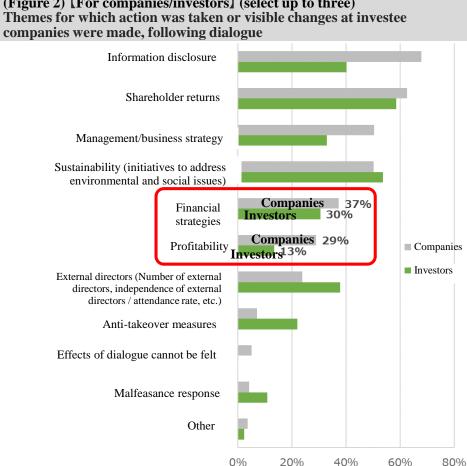


Recommendation (6): Promote dialogue based on in-depth understanding of companies and dialogue from a medium- and long-term perspective that contributes to the solution of issues facing companies

- Both companies and investors feel that a key dialogue-related issue is that dialogue is only a superficial analysis and understanding of companies, and many companies recognize the issue, more so than investors, of dialogue being based only on short-term perspectives and themes. (Figure 1)
- Looking at discussion themes for which companies took action based on dialogue, themes such as information disclosure, and shareholder returns accounted for large shares of the responses. However, financial strategy and profitability represented only around 30% of the responses, indicating that some items have not yet led to specific actions. (Figure 2)

⇒ Promote dialogue from medium- and long-term perspectives that will benefit companies, based on in-depth understanding of companies



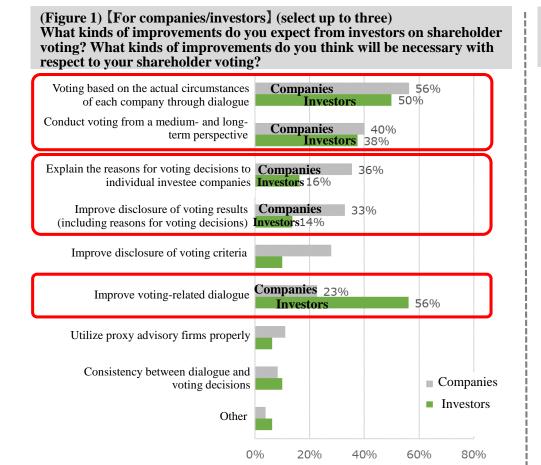


11

# Recommendation (7): Facilitate mutual understanding of AGM proposals and shareholder voting through dialogue

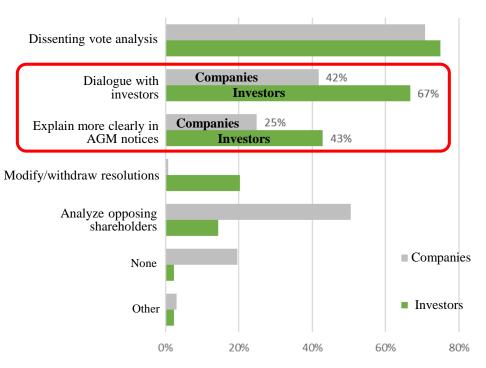
- Both companies and investors recognize the importance of voting based on the actual conditions of each company through dialogue and conducting voting from a medium- and long-term perspective, and investors also emphasize improving voting-related dialogue. (Figure 1)
- Companies believe it is important for investors to explain the reasons for voting decisions and improve disclosure of voting results. (Figure 1)
- Investors have stronger expectations than assumed by companies, for companies "to enhance explanations through dialogue and AGM notices" for prior resolutions that had substantial opposition. (Figure 2)

#### ⇒ Foster mutual understanding of AGM proposals and shareholder voting through dialogue



(Figure 2) [For companies/investors] (select up to three)
What measures do companies take to address prior resolutions that had substantial opposition? / What measures do you expect of companies?

Continued



20%

40%

60%

80%

100%

For Companies

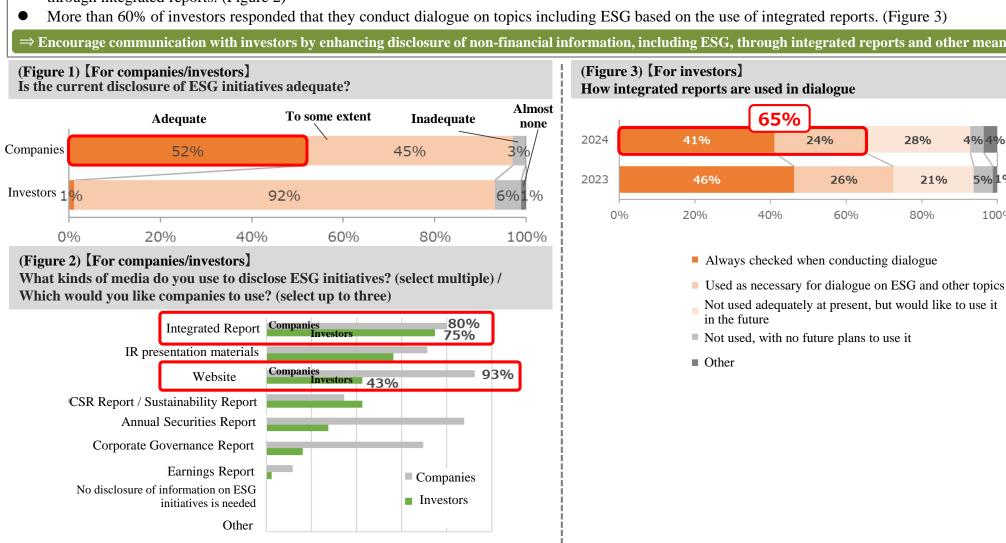
100%

## Recommendation (8): Provide further disclosure of non-financial information. including ESG, through integrated reports and other means

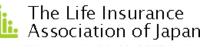


- Regarding disclosure of ESG initiatives, 52% of companies recognize disclosure as being adequate, and most investors indicate that disclosure is made to some extent, but only 1% of investors think that disclosure is adequate, so there continues to be a gap in awareness. (Figure 1)
- Although companies often disclose ESG information on their website, more than 70% of investors are requesting ESG disclosures to be released through integrated reports. (Figure 2)

⇒ Encourage communication with investors by enhancing disclosure of non-financial information, including ESG, through integrated reports and other means

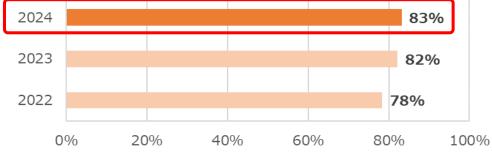


Recommendation (9): Formulate and execute ESG initiative plans linked to management strategy as indicated in the medium-term management plan, etc.



- 83% of companies have incorporated ESG initiatives into their medium-term management plans, and 94% of companies report progress on their ESG initiatives. (Figures 1 and 2)
- Regarding companies' ESG initiatives, 57% of investors think the initiatives have an impact on increased returns over the medium to long term, but, at the same time, 32% of investors responded that companies' ESG initiatives were not linked to management strategy for increasing corporate value as indicated in their medium-term management plan, etc., and so it is recognized that there is room for improvement. (Figures 3 and 4)
  - ⇒ With the view that ESG initiatives do affect corporate value, companies should formulate and implement ESG initiative plans linked to management strategy as indicated in the medium-term management plan, etc., based on a social and economic environment

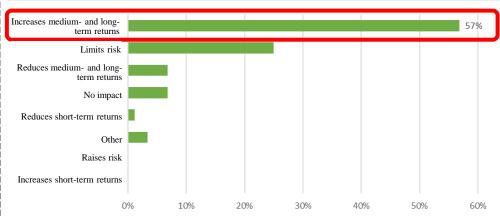




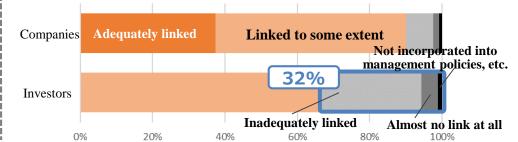
(Figure 2) [For companies] Status of progress on companies' initiatives to solve various ESG issues incorporated into management policies, etc.



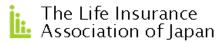
(Figure 3) [For investors] How does responsible investment and financing (ESG initiatives) impact investment performance?



(Figure 4) [For investors] Are the ESG initiatives of Japanese companies adequately linked to management strategy for increasing corporate value as indicated in the medium-term management plan, etc.?

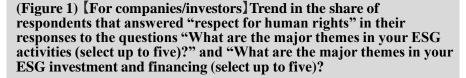


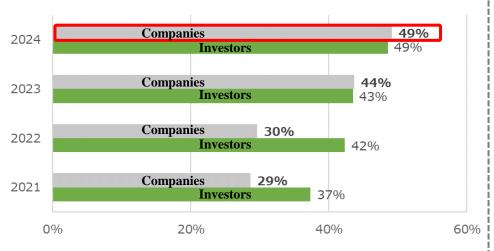
# Recommendation (10): Promote initiatives to foster respect for human rights

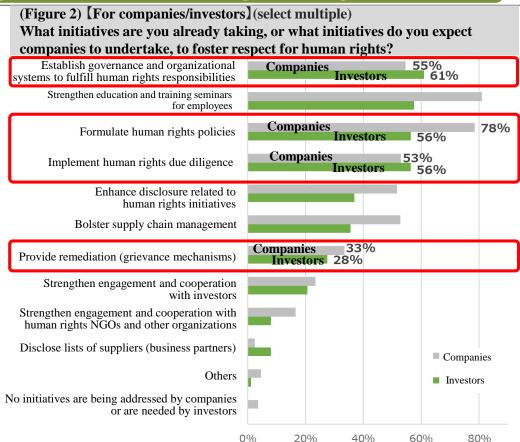


- Approximately 50% of companies cited respect for human rights as a major theme in their ESG activities. (Figure 1)
- Around 80% of companies have formulated human rights policies regarding initiatives to foster respect for human rights as outlined in recommendations such as the United Nations' Guiding Principles on Business and Human Rights. Meanwhile, 53% of companies have implemented human rights due diligence, 33% have provided remediation, and 55% have established governance systems, an initiative that is most highly expected of companies by investors, so there is still room for improvement. (Figure 2)
- Companies are increasingly expected to promote human rights initiatives, as seen by the release of new policies by the Japanese government, such as the National Action Plan on Business and Human Rights and the Guidelines on Respecting Human Rights in Responsible Supply Chains.

 $\Rightarrow$  Promote initiatives to foster respect for human rights as expected by guiding principles, etc. (formulate and announce human rights policies, implement and disclose human rights due diligence, etc.)







Recommendation (11):

[Companies] Appropriately disclose climate change-related information and consider formulating and disclosing greenhouse gas reduction targets and roadmaps



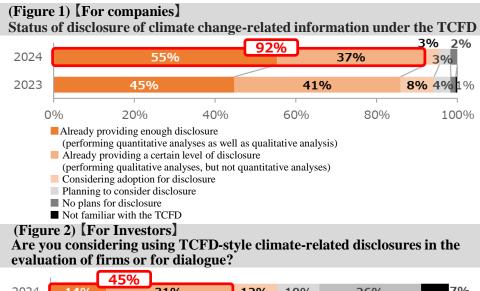
We currently have no plans to take appropriate steps.

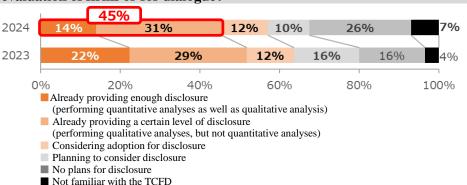
[Investors] Appropriately use climate change-related information and consider formulating and disclosing greenhouse gas reduction targets

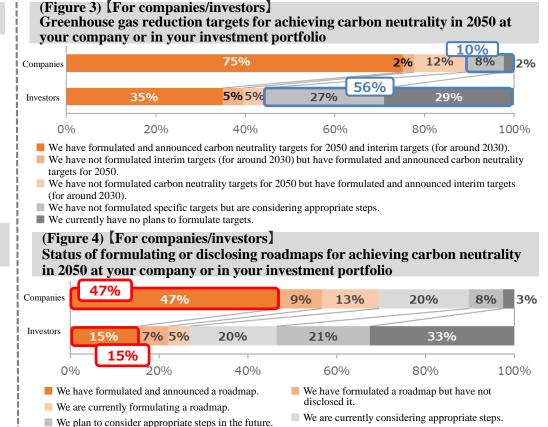
- Around 92% of companies have already disclosed climate change-related information based on TCFD recommendations, but only about 55% of these companies include quantitative analysis in their disclosure. There is room to improve the analysis that serves as the basis for disclosure. (Figure 1)
- Investors are increasingly using disclosure of climate change-related information based on TCFD recommendations for company evaluations or dialogue activities, but the share of these investors remains around half. (Figure 2)
- Around 10% of companies and around 50% of investors have yet to formulate carbon neutrality targets to reduce greenhouse gases. (Figure 3) Only around 50% of companies and around 20% of investors have formulated or disclosed a roadmap. (Figure 4)

⇒ [For companies] Companies that appropriately disclose climate-related information, consider formulating and disclosing GHG emission reduction targets, and emit large amounts of GHGs should consider formulating and disclosing a roadmap.

[For investors] Investors should appropriately use climate change-related information and consider formulating and disclosing GHG emission reduction targets







**For Government** Recommendation (12): Promoting ESG initiatives

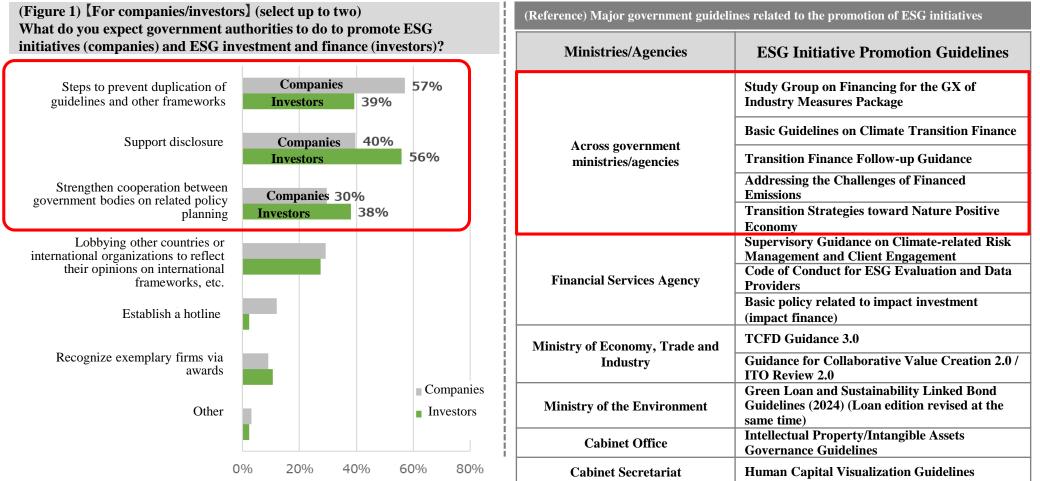
Continued

# Recommendation (12): Take steps to promote ESG initiatives across government ministries/agencies

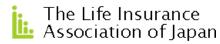


- Following on from the previous fiscal year, investors and companies both continue to expect the government to support corporate disclosure, take steps to prevent duplication of guidelines and other frameworks, and strengthen cooperation between government bodies on related policy planning, in the course of promoting corporate ESG initiatives and ESG investment and finance by investors. (Figure 1)
- Meanwhile, the government has bolstered various initiatives to promote ESG initiatives and it has enhanced cooperation between various government bodies. For example, in March 2024, Transition Strategies toward Nature Positive Economy was announced jointly by the Ministry of the Environment, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, and Ministry of Land, Infrastructure, Transport and Tourism. (Reference)

⇒ Step up the creation of policies on the promotion of ESG initiatives across government ministries and agencies, in order to encourage the disclosure of ESG information and ESG investment and finance



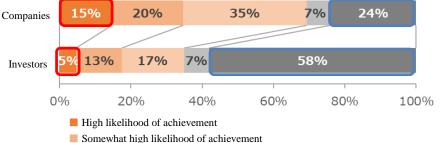
### Recommendation (13): Further enhance policy-based support to realize carbon neutrality



- Only 15% of companies and 5% of investors said there was a "high likelihood" of achieving carbon neutrality in 2050. Meanwhile, the roadmap to achieving this goal is uncertain, with many respondents stating that they "cannot determine the likelihood of achievement at this stage." (Figure 1)
- As for expectations for government actions, responses included building supply chains for next-generation energy, formulating specific roadmaps, and promoting policies across government ministries/agencies. (Figure 2)

#### => Formulate specific policies and further enhance policy-based support to increase the feasibility of realizing carbon neutrality

#### (Figure 1) [For companies/investors] Which of the following statements most closely describes your current position on the likelihood of achieving carbon neutrality in 2050 at your firm or in your firm's investment portfolio?



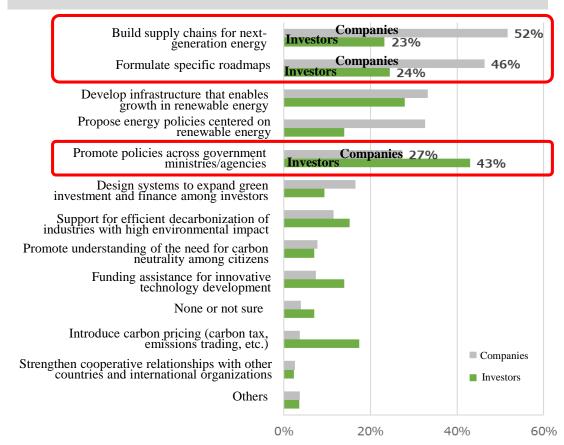
For Government

- Somewhat difficult to foresee achievement, with many issues along the way
- Difficult to foresee achievement, with an extremely large number of issues along the way
- Cannot determine the likelihood of achievement at this stage

#### (Reference) Major initiatives to address climate change by the government

- Issue of Decarbonized Growth-Oriented Industrial Structure Transition Bonds (GX Economy Transition Bonds) (Feb. 2024) Utilize as a source of funds for promoting decarbonization-related investment
- Establishment of GX Acceleration Agency (Jul. 2024) Core agency promoting GX investment in the public and private sectors aimed at realizing GX investment of over 150 trillion yen in the next 10 years
- Announced a summary of the Seventh Strategic Energy Plan (draft) (Feb. 2025) Plan indicating the direction of Japan's energy policy

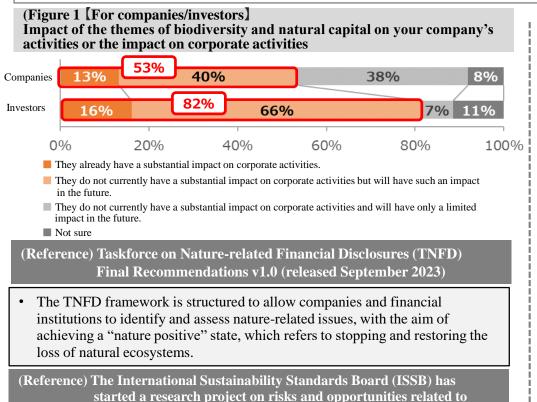
#### (Figure 2) [For companies/investors] (select up to three) What do you expect the government to do to achieving carbon neutrality in 2050?



# [Topics] Trends around the themes of biodiversity and natural capital



- 53% of companies and 82% of investors believe that the themes of biodiversity and natural capital are currently having a substantial impact on corporate activities and will continue to do so in the future. (Figure 1)
- It is assumed that disclosure will proceed in line with the recommendations of the Task Force on Nature-related Financial Disclosures (TNFD), and considerations are planned on introducing international sustainability standards. (Reference)
- About 60% of investors emphasize "Analyze risks and opportunities" and "Formulate and disclose policies and strategies" as initiatives that companies should undertake, while only about 40% of companies are already implementing such initiatives. (Figure 2)

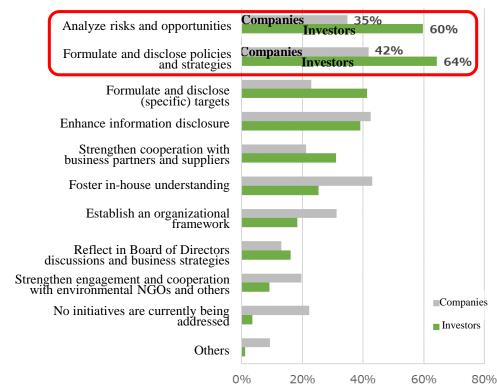


• In April 2024, the ISSB started a project to research biodiversity, ecosystems,

and services, and human capital as priority items for the future.

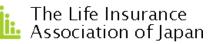
nature and human capital

(Figure 2) [For companies/investors] (select multiple) Initiatives that have already been implemented, or should be implemented by companies, to preserve and address biodiversity and natural capital



Encouraging further initiatives and disclosures by companies to increase corporate value through requests for disclosing their

I he Life Insurance
Association of Japan response for the new theme of "Action to Implement Management that is Conscious of Cost of Capital and Stock Price"



- From FY2017, the life insurers in the Stewardship Activities Working Group (WG) jointly initiated a collaborative engagement campaign to convey their awareness of issues to companies. In FY2024, while continuing the three themes from last fiscal year, improving shareholder returns, integrated disclosures, and improving climate change disclosures, a new theme was added, disclosure of response for action to implement management that is conscious of cost of capital and stock price, and 143 listed companies were targeted (total of 146 companies).
- On the theme of disclosure of a response for action to implement management that is conscious of cost of capital and stock price, of companies listed on the TSE Prime or Standard markets with market caps of 100.0 billion yen or more and P/B ratios of less than 1 time, those companies for which disclosure of a response for action to implement management that is conscious of cost of capital and stock price, as required by the Tokyo Stock Exchange, could not be confirmed are requested to formulate and disclose a plan for analyzing the current status, evaluating and improving their own cost of capital and return on capital.

#### Equity market reinvigoration / Achieving a sustainable society

#### Management goals / financial strategy

Management that is conscious of cost of capital and stock

#### 32 listed companies

Shareholder returns

Companies with sound finances, a low ratio of investing CF relative to operating CF, and a longterm dividend payout ratio of less than 30%

#### 11 listed companies

Listed companies with market caps of 100.0 billion yen or higher and P/B ratios of less than 1 time for which disclosure of a response for action to implement management that is conscious of cost of capital and stock price, as required by the Tokyo Stock Exchange, could not be confirmed

**Integrated disclosures** 

#### 32 listed companies

Companies in the top 300 by market cap that do not provide integrated disclosure of financial and nonfinancial information

# Improve disclosure of sustainability information

#### Improve climate change disclosures

#### **Targeted: 71 listed companies**

#### Companies in about the top 50\* by greenhouse gas emissions (Scope 1 and 2)

\* Including companies to which requests

- (1) Perform a quantitative and qualitative analysis of risks and opportunities
- (2) Requested to formulate and disclose a roadmap

Encourage companies that have already made disclosures to periodically review and upgrade their analyses, etc.

#### Companies in about the top 20\* by greenhouse gas emissions (Scope 3)

\* Including companies to which requests were sent fiscal last year

> Requested to disclose initiatives for reducing Scope 3 emissions

Support for greater sophistication, etc. for companies already disclosing

### Dialogue by letter and meetings

### Stewardship Activities WG (10 life insurers)

100%

Not disclosed

4%

6%

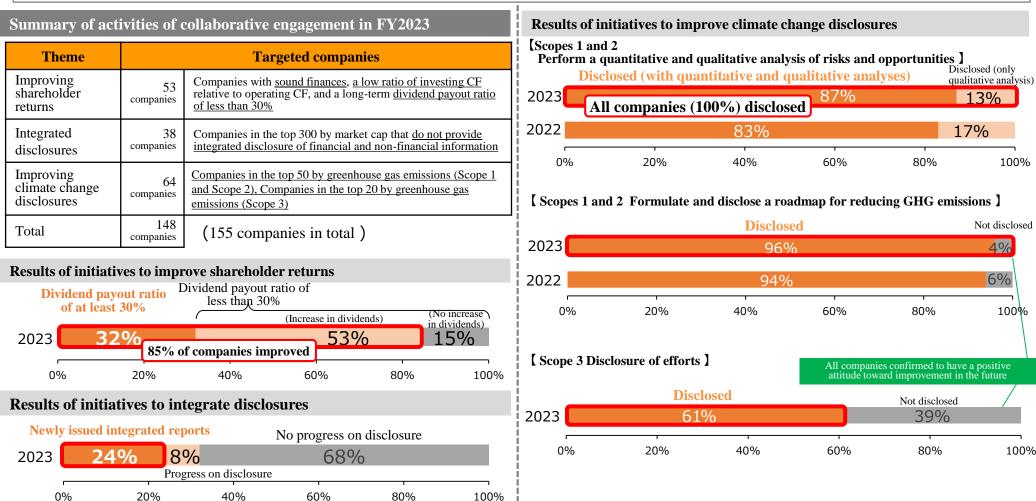
100%

100%

### Results of the collaborative engagement campaign in the previous fiscal year



- With regard to improving shareholder returns, of the 53 targeted companies, 32% met the standard of a dividend payout ratio of 30%. 85% of companies improved, including those companies that increased dividends even if not achieving the standard.
- Looking at integrated disclosures, of the 38 targeted companies, 24% newly issued integrated disclosures.
- In terms of improving climate change disclosures, of the 53 companies targeted for Scopes 1 and 2, all companies have made disclosures about risks and opportunities and 96% have disclosed a roadmap. Of the 18 companies targeted for Scope 3, 61% disclosed initiatives for reducing Scope 3 emissions. Those companies that have not made disclosures have all been confirmed to have a forward-looking attitude toward improvement in the future.



# Initiatives and approaches conducted or considered by WG participants to improve stewardship activities



- Based on the sharing of activity details among WG participants and interviews with external investors and other experts, each WG participant continuously strengthened its initiatives and other activities.
- WG participants are also actively engaged in dialogue on ESG issues such as climate change (E) and human capital and human rights (S).
- Additionally, WG participants took steps to expand stewardship activities beyond domestic listed shares, with initiatives centered on domestic corporate bonds.

Activity details		Comparison with the previous fiscal year		
		FY2023	FY2024	
	(Number of WG participants)	<u>11</u>	<u>10</u>	
	• E (climate change) dialogues	11	10	
Dialogue theme	• S (human rights, diversity) dialogues	11	10	
	Governance (G) dialogue	11	10	
Manage, use and disclose the results	Dialogue findings used in investment decisions	11	10	
of dialogue	Externally disclosed the outcomes and results of dialogue	11	10	
Expand the scope	Expanded stewardship activities to domestic corporate bonds	11	10	
of stewardship activities	<ul> <li>Expanded stewardship activities beyond domestic corporate bonds (to foreign shares and corporate bonds, etc.)</li> </ul>	7 (8)	7 (7)	
Enhance voting	•Disclose voting criteria	10	10	
disclosures	•Disclose voting results and the reasons for voting decisions	11	10	

<sup>\*</sup> Figures in parentheses include the number of companies considering implementation in the next fiscal year.

### Efforts to strengthen initiatives and approaches conducted or considered by WG participants



- Each WG participant is conducting interviews with external investors and other experts, as well as sharing information and exchanging views on participants' initiatives and approaches.
- Each WG participant is establishing systems and pursuing initiatives aimed at promoting Responsible Investment and Finance, based on factors such as their respective investment strategies.
- Notably, in FY2023, each WG participant strengthened initiatives such as disclosing interim GHG emissions reduction targets in the investment portfolio and measuring outcomes.

#### **Activity details** Comparison with the previous fiscal year FY2023 [20 companies] FY2024 [21 companies ] Clearly include the term "responsible investment and Approach 13 13 finance" in the basic investment policy Disclose net zero emission targets in the investment 16 15 portfolio Disclose interim targets for investment portfolio and Addressing 15 15 GHG emissions reduction climate change • Conduct quantitative analysis related to investment 13 13 portfolio and climate change **Measures for** • Endorse TNFD recommendations 10 biodiversity and • Disclose information according to TNFD 8 natural capital recommendations Integration \*1 21 20 Engagement (Dialogue) 17 17 Main ESG • Positive screening \*2 8 investment and finance methods • Negative screening \*3 2.1 20 being used Impact investing 14 13 Measured outcome \*4 12 12

<sup>\*1:</sup> Meaning that ESG factors are reflected in the investment process

<sup>\*2:</sup> Select investment targets for specific stock, etc., from an ESG standpoint

<sup>\*3:</sup> Exclude certain securities and other items from portfolio from an ESG perspective

<sup>\*4:</sup> Include companies that have been measured but not yet disclosed

<sup>\*</sup> Including cases where measures are undertaken at the holding company, group and other levels.