

Responsible Investment Report 2022

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1 Mission of Japan Post Insurance's Asset Management

Japan Post Insurance's Management Philosophy

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

Mission of Japan Post Insurance's Asset Management

As an insurance
company



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

As a universal
owner



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

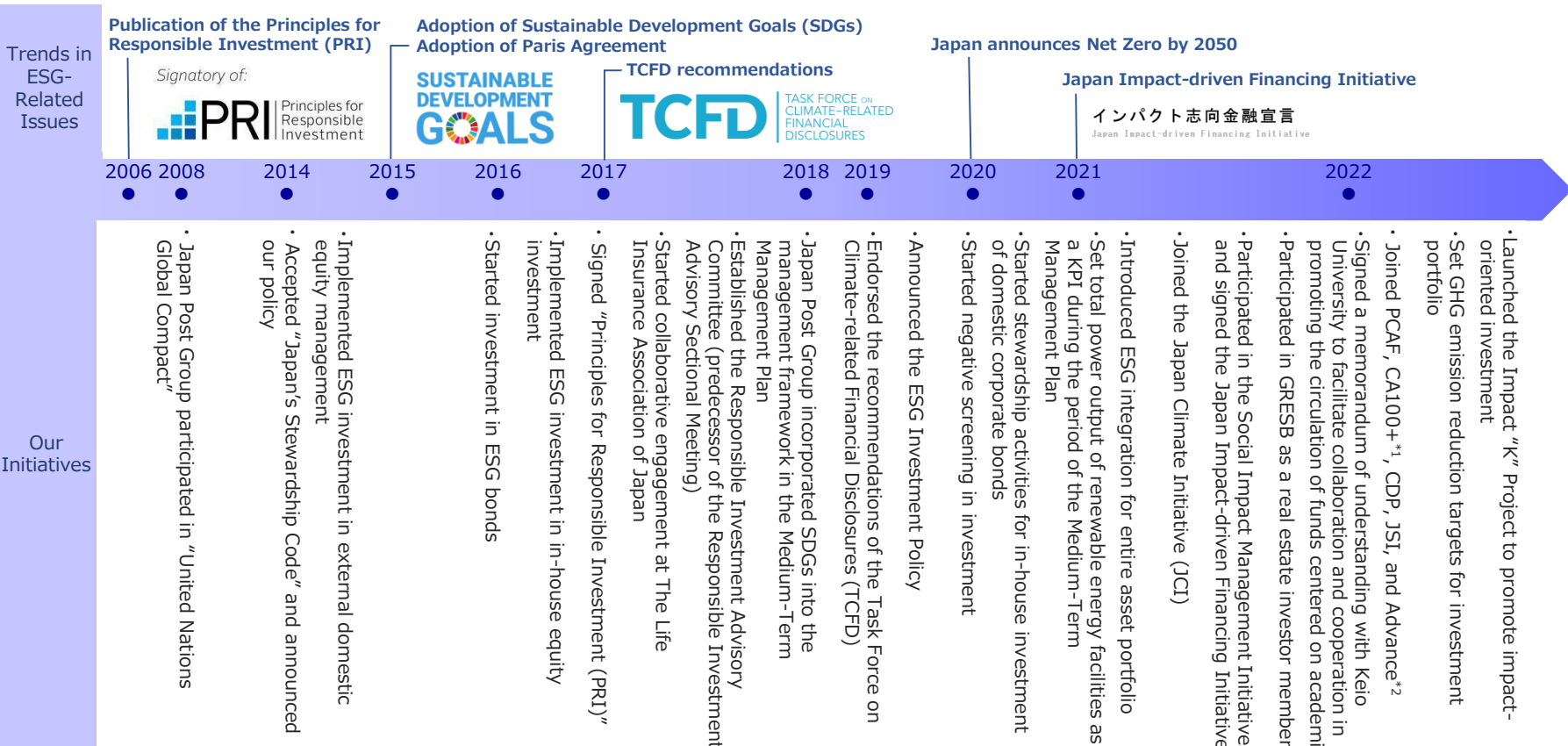
As a listed
company



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

2 Our ESG Investment Initiatives to Date

- We began full-fledged ESG initiatives in our asset management operations in 2016.
 - Starting with the introduction of ESG integration for the entire asset portfolio in FY2021, we have been accelerating our ESG investment efforts by revising our ESG Investment Policy in line with TCFD recommendations, participating in domestic and international initiatives, and achieving impact-oriented investments.
 - As a universal owner*, we will promote investment activities that contribute to the realization of a sustainable society while seeking to maximize investment performance.
- *An investor who invests a large amount of money and diversifies widely across capital markets.



*1 Climate Action 100+ *2 Japan Post Insurance is an Advance endorser and does not participate in any engagement activities in Advance.

3 Priority Initiative Themes of ESG Investments and Framework

- As a universal owner that manages diverse, long-term asset portfolio, we are working to achieve a sustainable society and improve investment and loan results over the long term. In order to realize this, we promote investments that take ESG factors into consideration for all assets under our management.
- We focus on the “enhancement of well-being,” “development of local communities and society,” and “contribution to environmental protection” as priority initiative themes and promote investments and loans and Loans with “warmth” unique to Japan Post Insurance.

Priority Initiative Themes			ESG Investment Framework	
Enhancement of Well-being	Development of Local Communities and Society	Contribution to Environmental Protection	ESG Integration	<p>We have introduced ESG integration for all assets under management, we comprehensively evaluate and use ESG factors as well as financial information. In making investments and loans, we integrate a method that takes each asset’s characteristics into account so as to comprehensively evaluate the ESG initiatives of the investee and incorporate these into our decision-making process.</p> <p>▶Please see “Chapter 2-1 ESG Integration at Japan Post Insurance” on page 11.</p>
			Engagement/ Exercising Voting Rights	<p>We engage in constructive dialogue (engagement) with investees based on an accurate understanding of their conditions. While building relationships with investees, we ask disclosure of not only financial information but also non-financial information, including ESG elements to confirm their initiatives for ESG issues. When voting, we take into consideration non-financial information, including ESG factors, and information gained from dialogue with companies, and appropriately exercise voting rights based on Policies on the Exercise of Shareholders' Voting Rights.</p> <p>▶Please see “Chapter 3 Status of Stewardship Activities” on page 48.</p>
			ESG-themed Investments and Impact Investments	<p>We actively promote ESG-themed and impact investments based on the priority initiative themes. We invest in projects which can widely contribute to the achievement of the SDGs and the resolution of issues upon confirmation of the use of funds and feasibility of the project. In particular, we have established our own framework for impact investments, such as certifying those that meet certain conditions such as the intent to create impact and the ability to set KPIs for outputs that lead to such impact, as Impact “K” Project.</p> <p>▶Please see “Chapter 2-2 ESG-themed Investment Examples” on page 31 and “Chapter 2-3 Impact “K” Project” on page 37.</p>
			Negative Screening	<p>We do not invest in any manufacturers of controversial weapons or new domestic or overseas project financing for coal-fired power generation, which emits a lot of CO₂ and is known to have an adverse impact on climate change.</p> <p>▶Please see “Chapter 2-5 Negative Screening” on page 46.</p>

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

4 ESG Investment Policy, etc.

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

ESG Investment Policy

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

Our ESG Investment Policy stipulates that ESG factors should be incorporated into the investment process and that we should engage in constructive dialogue and shareholder voting with consideration to ESG elements and so forth. In October 2021, the policy was revised to reflect the enhancement of the internal ESG framework, including the introduction of ESG integration for the entire asset portfolio, in addition to the clarification of keywords such as “warmth” unique to Japan Post Insurance, and priority initiative themes for ESG investment.
<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/policy.html>

Stewardship Activities Policy

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

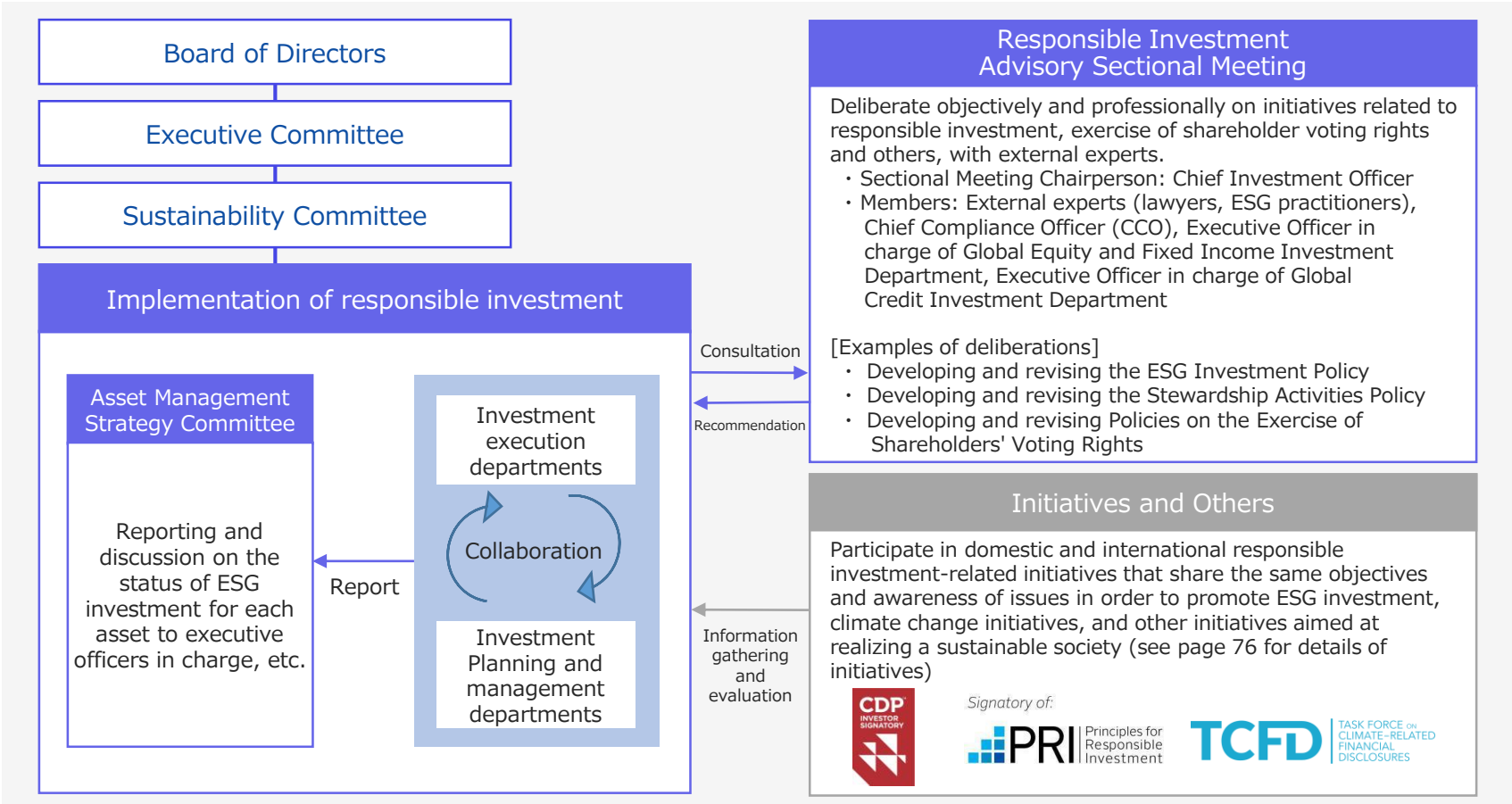
We implement stewardship activities in a manner appropriate to the asset characteristics. In March 2022, the assets covered by the policy were expanded from domestic equity investment (in-house and entrusted) and domestic corporate bond investment (in-house) to other assets. This revise is based on the strengthening of the constructive dialogue (engagement) framework for each asset. Furthermore, the policy has been added an emphasis on dialogue on climate change.
https://www.jp-life.japanpost.jp/english/aboutus/sustainability/assets/pdf/stewardship_policy.pdf

Policies on the Exercise of Shareholders' Voting Rights

We exercise shareholder voting rights appropriately in accordance with our Policies on the Exercise of Shareholders' Voting Rights. In June 2021, taking into account the growing public interest in sustainability and policy trends, we revised our policy to add provisions related to environmental, social and governance (ESG) issues that contribute to the expansion of corporate value, with the aim of encouraging investee companies to make further efforts to improve their sustainability. In addition, we revised our criteria for the exercise of shareholder voting rights in accordance with the Revised Japan’s Corporate Governance Code announced by the Tokyo Stock Exchange on June 11, 2021 and the direction of other companies in the industry in changing their exercise criteria. In addition to this, we have disclosed the equivalent of these criteria. (See page 58 for the details of the revision.)
https://www.jp-life.japanpost.jp/aboutus/csr/responsible_investment/stewardship/shareholder_voting_policy.html (in Japanese)

5 Japan Post Insurance's Governance Structure for Promoting Responsible Investments

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



6 Status of Responsible Investment Advisory Sectional Meeting

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

Meeting Date	Agenda
October 2021	<ul style="list-style-type: none"> • Revision of ESG Investment Policy • Introduction of negative screening for externally managed assets • Consideration of revision of standards for the exercise of shareholder voting rights • Publication of the Report on Stewardship Activities (July 2020 to June 2021) • Matters concerning the results of exercising shareholder voting rights for in-house investment • Status of dialogue regarding overlapping investments in equities and corporate bonds (first half of FY2021)
March 2022	<ul style="list-style-type: none"> • Responsible investment initiatives (review of FY2021 and policy for FY2022) • Promotion of Impact “K” Project • Setting GHG emission reduction targets for the investment portfolio • Revision and disclosure of standards for the exercise of shareholder voting rights • Revision of Stewardship Activities Policy • Stewardship Activities Plan for FY2022 • Status of dialogue regarding overlapping investments in equities and corporate bonds (second half of FY2021)
October 2022	<ul style="list-style-type: none"> • Evaluation of the PRI Assessment Report (2021) and future action plan • Signing the human rights initiative (Advance) • Progress of Impact “K” Project • Status of GHG emissions in the investment portfolio (as of March 31, 2022) • Publication of Responsible Investment Report (July 2021–June 2022) • Matters concerning the results of exercising shareholder voting rights for in-house investment • Status of dialogue regarding overlapping investments in equities and corporate bonds (first half of FY2022)

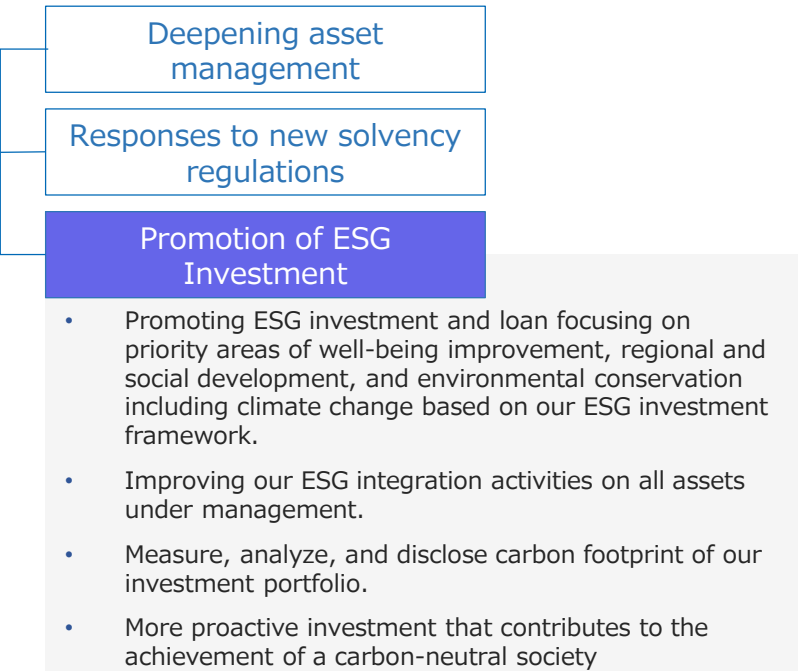
◇ Members of Responsible Investment Advisory Sectional Meeting

External	External experts (lawyers)
	External experts (ESG practitioners)
Internal	Chief Investment Officer (Chairperson)
	Executive Officer in charge of Global Credit Investment Department /Executive Officer in charge of Global Equity and Fixed Income Investment Department
	Chief Compliance Officer

7 ESG Investment in our Medium-Term Management Plan (FY2021–FY2025)

- In our Medium-Term Management Plan (FY2021–FY2025), we have identified the promotion of ESG investment as one of the three key initiatives in our asset management.
 - As a KPI in the Medium-Term Management Plan for ESG investment, we have set a goal of increasing the total power output of the renewable energy facilities in which we invest and loan from approximately 600,000 kW as of March 31, 2021 to 1.5 million kW* by the end of March 2026.
- *Equivalent to the electricity demand of approximately 525,000 regular households.

Three key asset management initiatives in the Medium-Term Management Plan (FY2021–FY2025)



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

		Total output*1	
		March 31, 2021	March 31, 2022
Domestic	Equity	18.8	20.6
	Debt	14.0	19.1
Overseas	Equity	19.7	26.0
	Debt	8.2	9.3
Total		60.7	75.0

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

*1 Unit: 10,000 kW, after calculating the Company's holdings
 *2 Limited to power output from renewable energy facilities that we make finance

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1 ESG Integration at Japan Post Insurance

- Having introduced ESG integration for all assets under management, we comprehensively evaluate and use financial information as well as ESG factors. In making investments and loans, we integrate a method that takes each asset's characteristics into account so as to comprehensively evaluate the ESG initiatives of the investee and incorporate these into our decision-making process.
- We have also measured and analyzed the greenhouse gas emissions of our entire portfolio and for each investees, and use the findings to engage with (have constructive dialogue with) carbon intensive sectors and investees to reduce emissions and, finally, to make investment decisions.

◇ Approach to ESG Integration by Asset

Sovereign Bonds (In-House Management)

- We incorporate ESG factors in investee credit evaluation processes.
- When making investment decisions and during monitoring, we consider investments after an evaluation of the investee's ESG factors with reference to scores of external ESG ratings.
- When making ESG-themed investments, we invest in projects that can broadly contribute to the achievement of the SDGs and the resolution of issues, after checking how funds will be used and their feasibility.
- We conduct impact assessments for ESG bonds in which we have invested with the intention of contributing to the resolution of environmental and social issues.

Corporate Bonds (In-House Management)

- We incorporate ESG factors in investee credit evaluation processes.
- When making investment decisions and during monitoring, we consider investments after an evaluation of the investee's ESG factors with reference to scores from external ESG ratings agencies.
- When making investment decisions, we assess and consider investee companies' responses to climate change, including their efforts to reduce greenhouse gas emissions.
- We evaluate the status of investee company ESG initiatives through dialogues with them and by utilizing the information obtained therein.
- When making ESG-themed investments, we invest in projects that can broadly contribute to the achievement of the SDGs and the resolution of issues, after checking how funds will be used and project feasibility.

1 ESG Integration at Japan Post Insurance

◇ Approach to ESG Integration by Asset

Japanese Municipal Bonds/Loans (In-House Management)

- We consider ESG factors when selecting municipalities for investment, loans or dialogue.
- Specifically, when selecting municipalities for investment, loans, or dialogue, we regularly check their ESG initiatives, such as certification under the Zero Carbon City*¹ and SDGs Future City*² programs.
- We evaluate the ESG initiatives of municipalities for investment or loans through regular dialogues with them and by utilizing the information obtained therein.
- We invest in SDG bonds with the aim of contributing to the sustainable growth of local communities.

*1 As announced by the Ministry of the Environment, a “zero carbon city” is one where the municipality or its chief executive has announced that the municipality aims to reduce greenhouse gas emissions or CO₂ emissions to net zero by 2050.

*2 The Cabinet Office selects municipalities proposing outstanding initiatives for the achievement of the SDGs as “SDGs Future Cities.”

Project Finance (In-House Management)

- We incorporate ESG factors in investee credit evaluation processes.
- We check environmental impact and other factors when assessing potential investments or loans before making decisions on each.
- We do not invest additionally in coal-fired power generation projects regardless of location because those emit a large amount of CO₂, and we are concerned about an impact on climate change.

Externally Managed Assets (Stocks, Corporate and Government Bonds, Alternative Investment, etc.)

- When selecting and monitoring investment managers, we check their ESG investment initiatives (policies and attitudes toward ESG, specific ESG investment approaches, etc.) and take these into consideration when making investment decisions.
- When deciding whether to invest in externally managed funds, we consider the specification of the eligible funds and check whether their negative screening and other efforts to exclude specific businesses, etc. are appropriate in light of Japan Post Insurance’s negative screening criteria.

1 ESG Integration at Japan Post Insurance

◇ Approach to ESG Integration by Asset

Listed Equities (In-House Management)

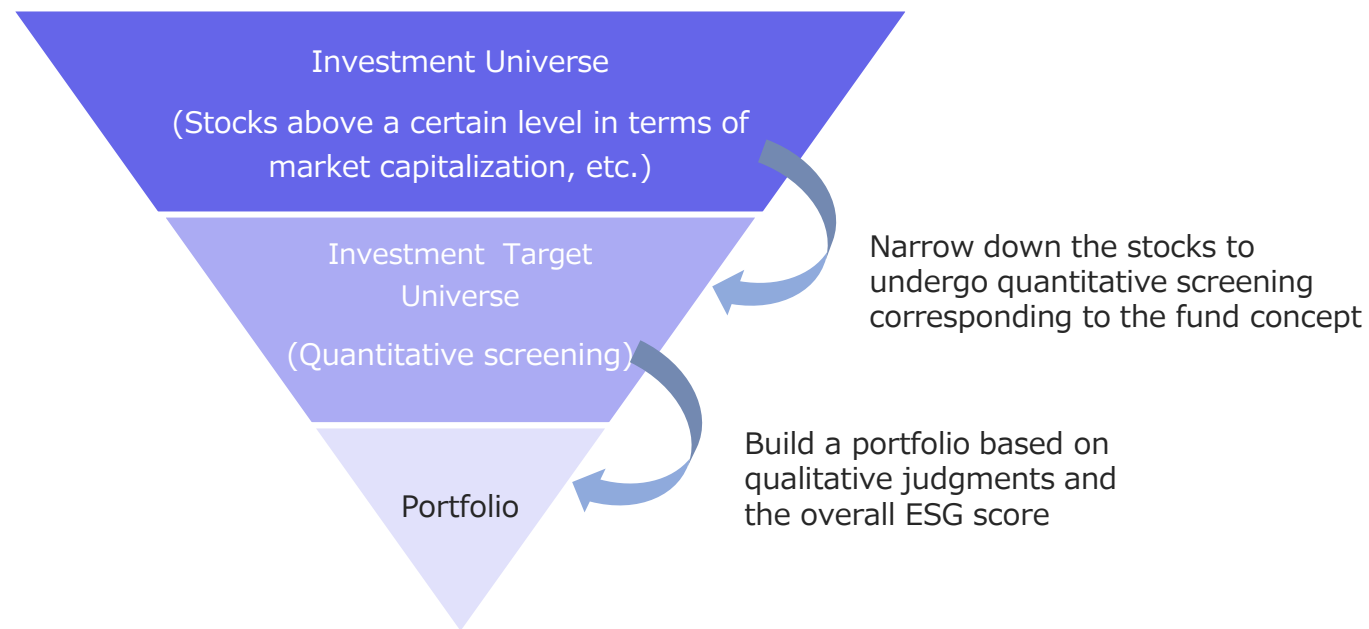
- We use our unique ESG scoring approach to evaluate equity portfolios.
- ESG scoring method:
Items that affect future cash flow and cost of capital are extracted and evaluated for each of the three ESG elements of environment (E), social (S), and governance (G).
- The two types of funds, dividend funds and growth funds, are managed with consideration of this ESG Score.

Specific initiatives for ESG integration for each asset are introduced from page 14.

1 ESG Integration Initiatives by Asset <In-house Equity Investment: Investment Policy>

- Our self-managed domestic equity has taken ESG factors into account since the start of management in 2016.
- Japan Post Insurance Domestic Equity Investment Policy:
We manage the following two funds in consideration of ESG factors (our original ESG score).
 - <Dividend funds>
Investment in high-dividend companies expected to increase their corporate value over the medium to long term, based on a comprehensive evaluation of the company's ESG initiatives in addition to its financial information
 - <Growth funds>
Investment in companies using ESG as a growth opportunity, evaluating their contribution to business performance and growth potential with regard to technological capabilities and business infrastructure contributing to achieving the SDGs and solving issues, while considering financial information

◇ Fund Establishment Process (image)



1 ESG Integration Initiatives by Asset

<In-house Equity Investment: Our Original ESG Score Approach>

- We believe that ESG factors have a close relationship with corporate value, and in calculating the ESG score, we have assumed the following corporate value evaluation model.
- The general corporate value evaluation model calculates value by discounting the future cash flow by the cost of capital. We believe that ESG factors affect both the future cash flow and the cost of capital.

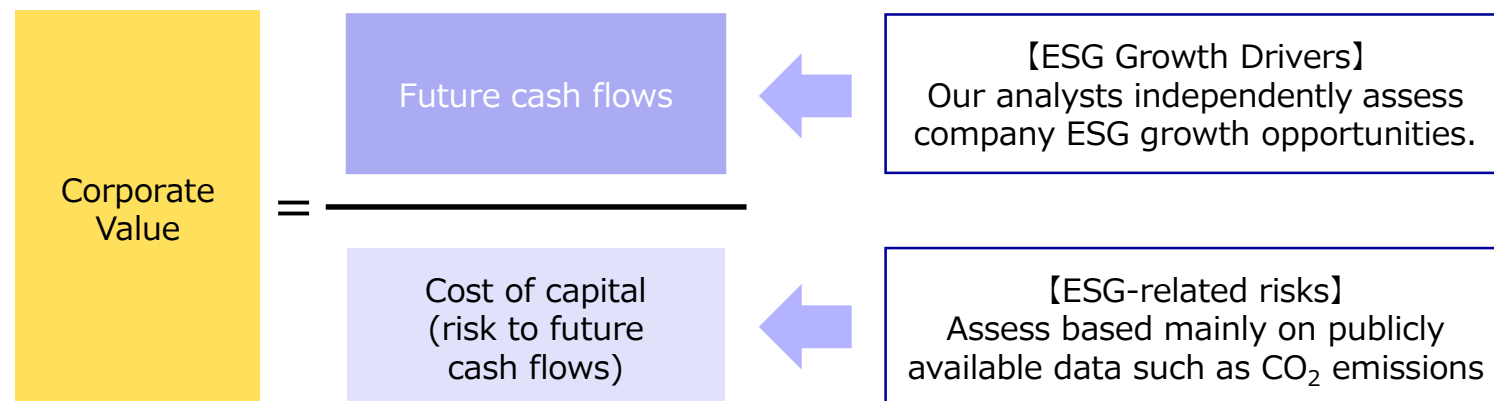
【ESG growth drivers】⇒ Impact on future cash flow

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

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

We assess factors which pose risks in assessing corporate value, such as CO₂ emissions and plant safety management, with using mainly quantitative data published by companies. As it is difficult to evaluate our priority initiative ESG investment themes of the enhancement of Well-being, development of local communities and society, and governance using only quantitative data, our analysts also use qualitative judgment.

◇ Connection between corporate value and ESG factors

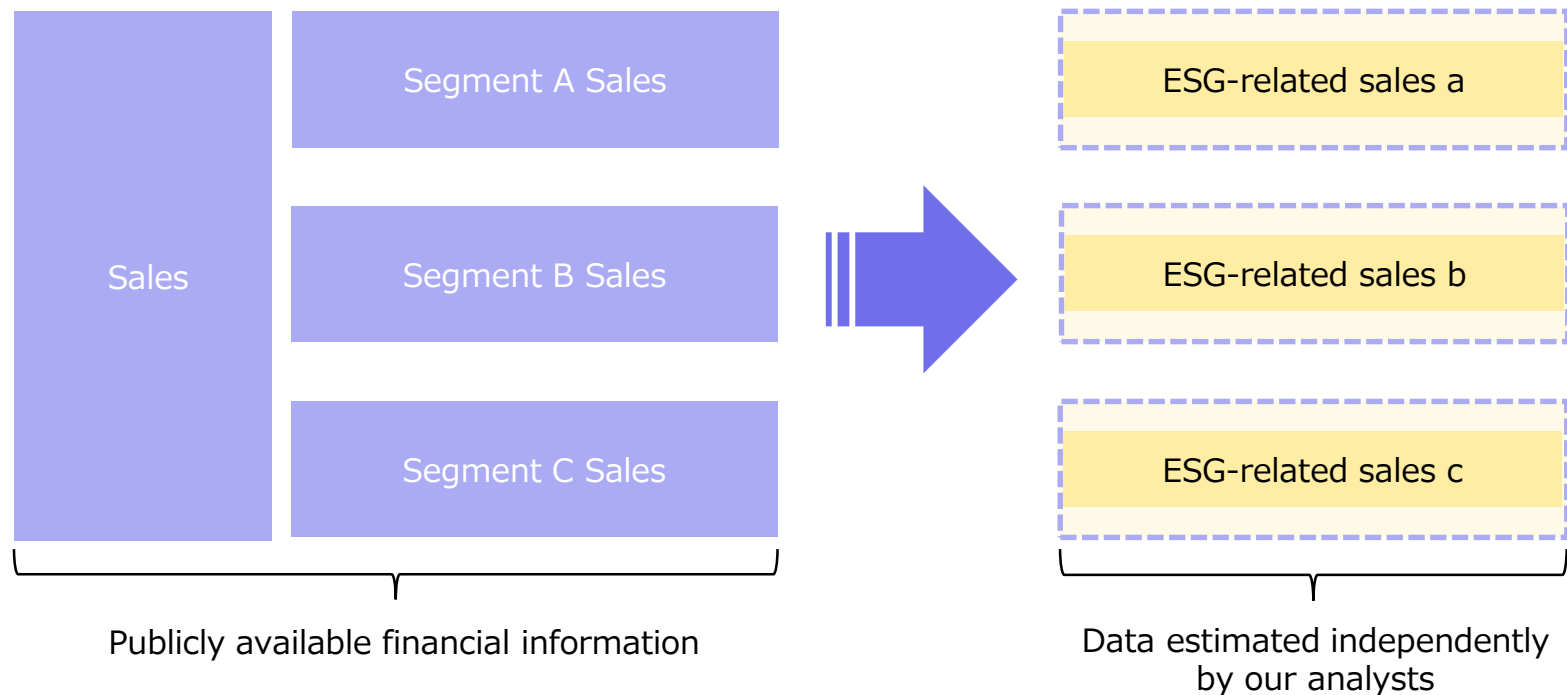


1 ESG Integration Initiatives by Asset

<In-house Equity Investment: Estimation Method for ESG-related Sales>

- We estimate the sales of ESG-related businesses and products based on the following two criteria of company sales: (1) expected contribution to ESG-related materiality (key issue) and (2) expected sustainable growth potential for ESG-related business.
- The financial information disclosed by companies rarely discloses the sales of such ESG-related businesses and products. Therefore, our analysts make estimates based on dialogue with companies and comprehensive analysis of various information.
- For example, chemical company A has the world's top share in one of the materials for lithium-ion batteries used in electric vehicles. We estimate the sales of the material concerned based on company comments and company information on capital investment.

◇ Estimation method



1 ESG Integration Initiatives by Asset

<In-house Equity Investment: ESG Scoring Method>

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

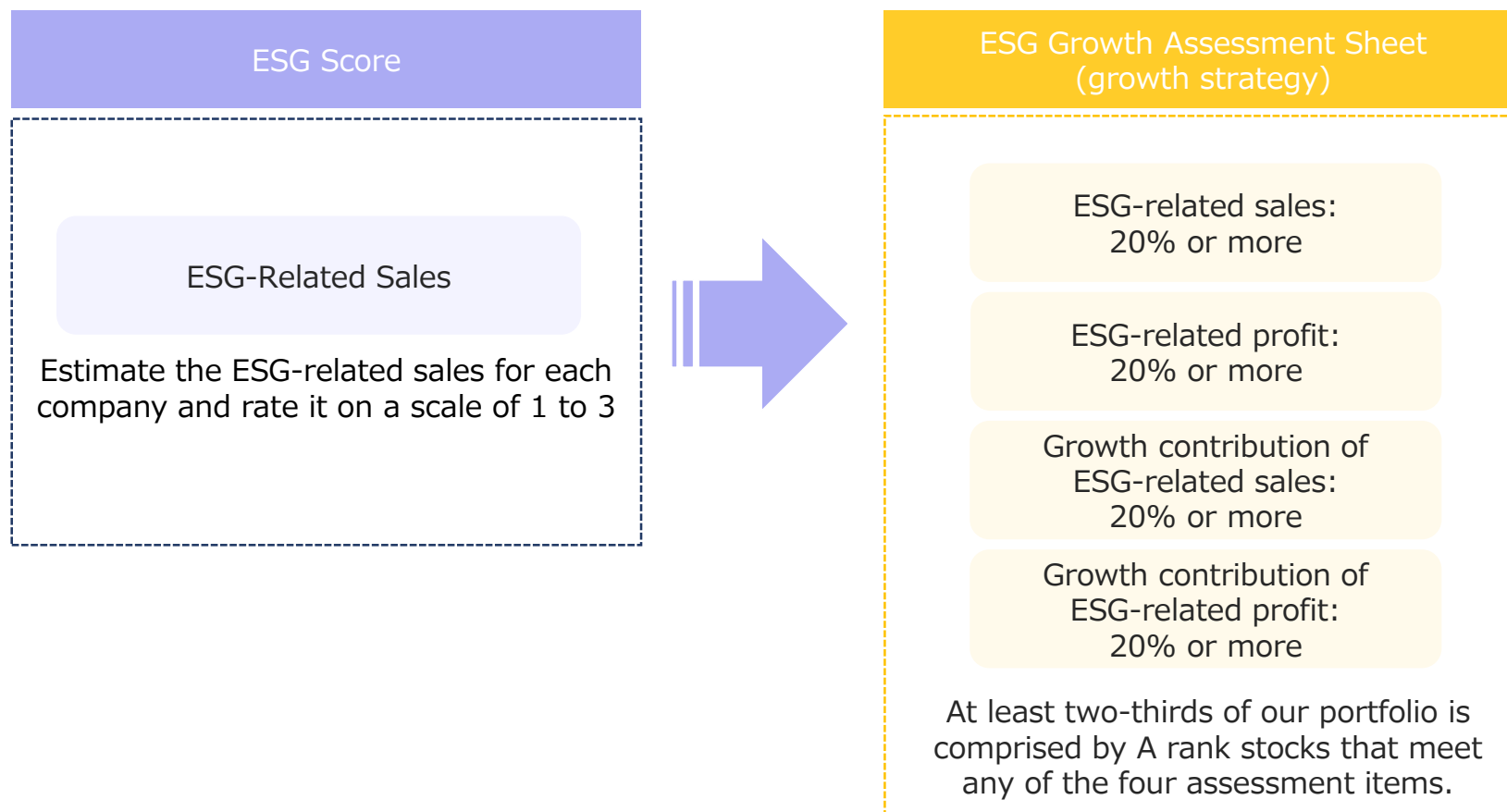
◇ Assessment System

ESG Score (out of 100)	Environment (E)	ESG growth drivers	ESG-related sales
		ESG-related risks	Evaluation using quantitative data
	Social (S)	ESG growth drivers	ESG-related sales
		ESG-related risks	Qualitative evaluation (enhancement of well-being, development of local communities and society)
			Evaluation using quantitative data
	Governance (G)	ESG-related risks	
Qualitative judgments (governance, attitude toward dialogue)			

1 ESG Integration Initiatives by Asset

<In-house Equity Investment: Management Process of Growth Funds>

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






1 ESG Integration Initiatives by Asset

<In-house Equity Investment: Connection with Priority Initiative Themes>

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

◇ Priority Initiative Themes and ESG Score Assessment Items

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

1 ESG Integration Initiatives by Asset

<In-house Equity Investment: Assessment Results (ESG Score)>

- The ESG score was higher than the benchmark TOPIX500 in each item as shown below.
- The score for Environment outperforms the benchmark. This is mainly due to the fact that many of our stocks have ESG-related sales (business expected to have a contribution to environmental protection) above the market average.
- The score for Social outperforms the benchmark. This is due to many stocks having ESG-related sales (businesses that are expected to contribute to the enhancement of Well-being and the development of local communities and society) as well as a ratio of female managers and other factors that are above the market average.
- The score for Governance outperforms the benchmark both quantitatively and qualitatively, partly due to the inclusion of items related to capital efficiency during screening.

◇ ESG Score (weighted average)

	ESG Score	Environment (E)	Social (S)	Governance (G)
In-House Equity Investment	73.0	24.1	26.3	22.5
TOPIX500*	69.2	22.6	25.8	20.8

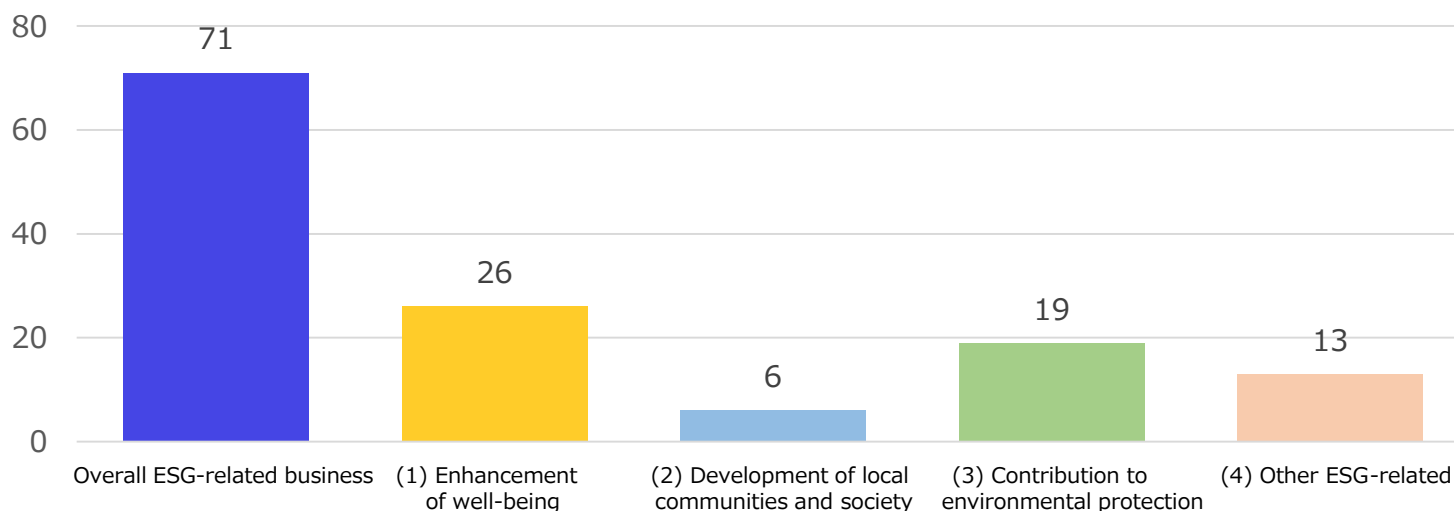
*Calculate TOPIX500 ESG Score using original ESG Score

1 ESG Integration Initiatives by Asset

<In-house Equity Investment: Assessment Results (ESG-related Sales)>

- Of the 124 stocks held (as of the end of March 2022) that we self-manage, 71 had ESG-related sales that exceeded 20% of the total.
 - (1) Enhancement of well-being: Stocks which have businesses that contribute to an improvement in healthcare
 - (2) Development of local communities and society: Stocks which have businesses that contribute to social infrastructure, local job creation, and local community interaction
 - (3) Contribution to environmental protection: Stocks which have businesses that contribute to climate change measures such as reducing GHG emissions
 - (4) Other ESG-related: Stocks which have businesses related to labor productivity improvement, technological innovation, etc.

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



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

1 ESG Integration Initiatives by Asset

<In-house Equity Investment: Initiatives to Reduce GHG Emissions of Investee Companies>

- As a result of ESG integration, the total GHG emissions of the in-house equity investments are lower than TOPIX.
- We will continue to make investment decisions in consideration of GHG emissions through ESG integration and encourage our investee companies to reduce their GHG emissions through dialogue.

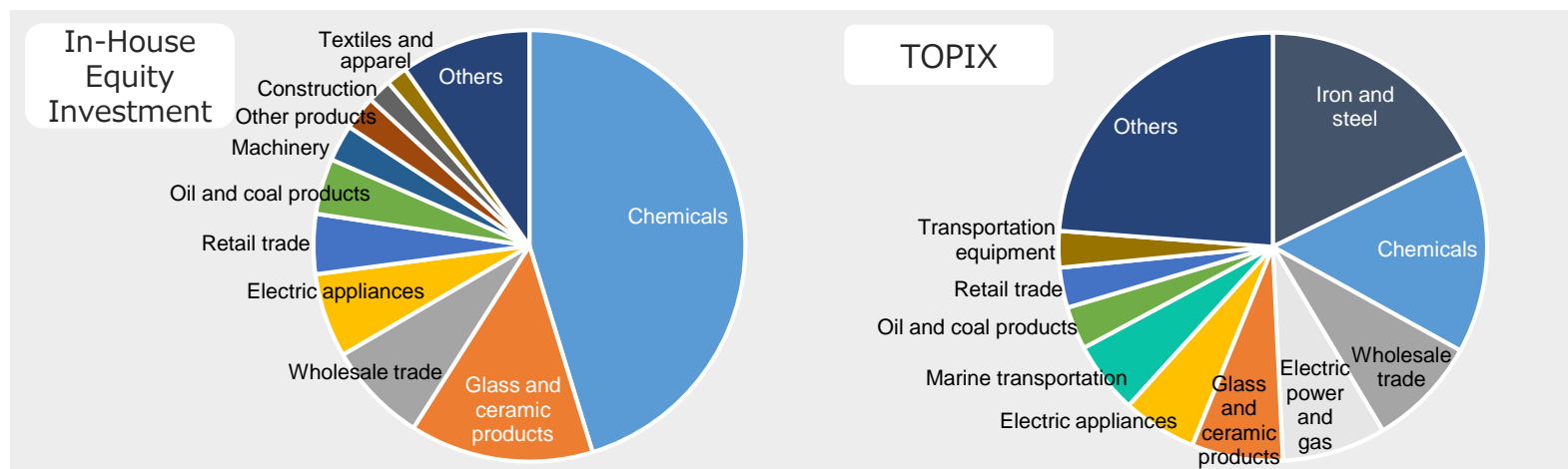
GHG Emissions Measurement Results (As of March 31, 2022)

◇ Measurement Results (tCO₂e)

Scope 1+2	
In-house equity investment	270,819
TOPIX*	287,633

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

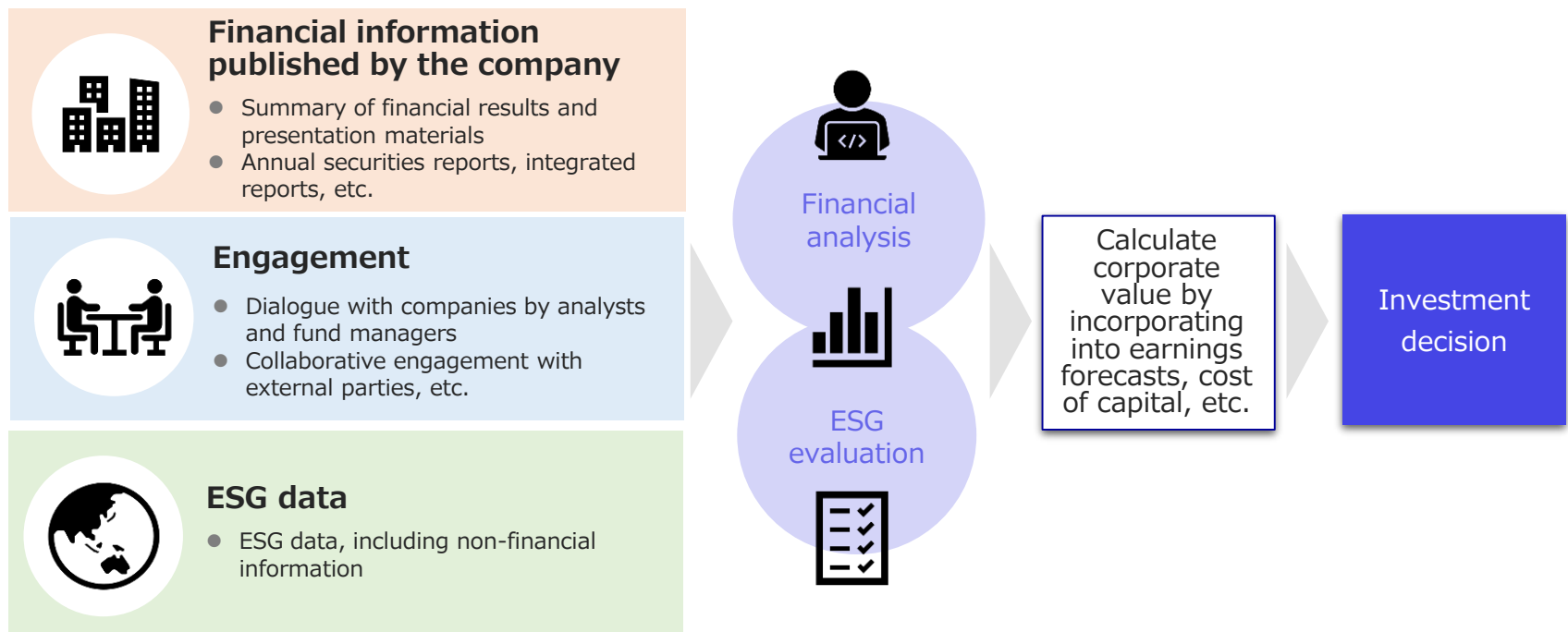
◇ Breakdown of GHG Emissions by Industry



(Source) ©2022, S&P Trucost Limited, Japan Post Insurance

1 ESG Integration Initiatives by Asset <External Equity Investment>

- In external equity investment, in accordance with our Stewardship Activities Policy, we promote appropriate stewardship activities by our external investment managers and promote mutual understanding with them.
- In evaluating external investment managers, the consideration of ESG factors and their integration into the investment process is an important point.
- Annual monitoring includes ESG questionnaires to evaluate ESG initiatives of external investment managers.
- Each external investment manager has introduced its own ESG integration framework based on its investment strategy and fund characteristics, for example, as shown in the figure below.



1 ESG Integration Initiatives by Asset <Foreign Bonds (Sovereign Bonds)>

- We incorporate the items that we consider important as themes for our initiatives (enhancement of well-being, development of local communities and society, and contribution to environmental protection) into ESG integration in our sovereign investment.
 - (1) We select items that can reflect the important elements of our ESG policy as described above from the database published by the World Bank.
 - (2) We calculate and rank the evaluation points for each country by adding our own weighting to each of the selected items, and conduct ESG scoring.
 - (3) In addition to emphasizing economic rationale, such as interest rate levels and economic outlook, we also refer to our own ESG score to make a comprehensive investment decision.

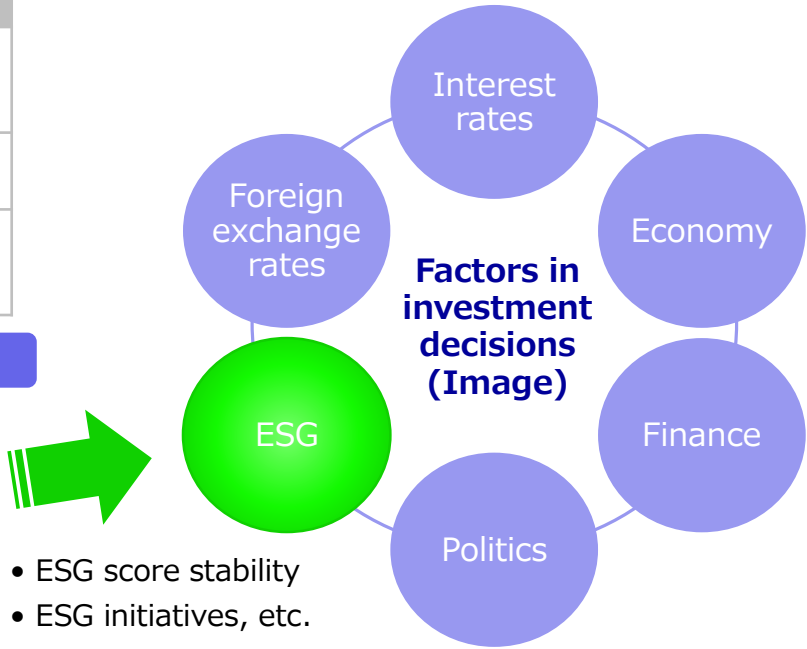
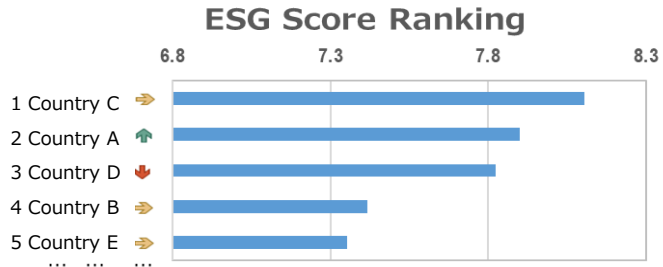
(1) Select items that are consistent with our policies using World Bank data

(3) Refer to ESG factors to make a comprehensive investment decision

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

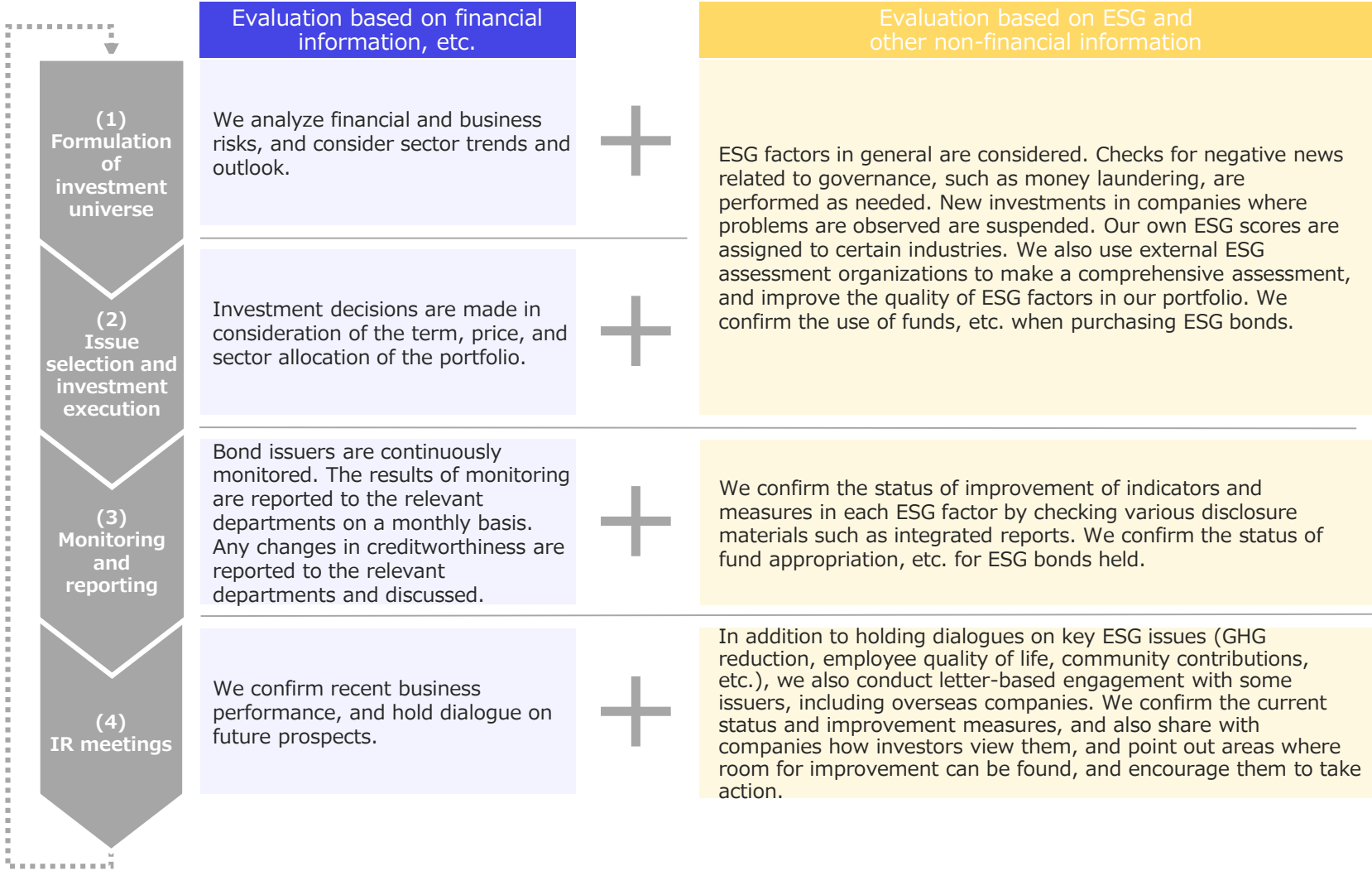
(2) Conduct ESG scoring of each country

<Image>



1 ESG Integration Initiatives by Asset <Corporate Bonds>

■ Non-financial information such as ESG is incorporated into the investment process for domestic and foreign corporate bonds as follows.

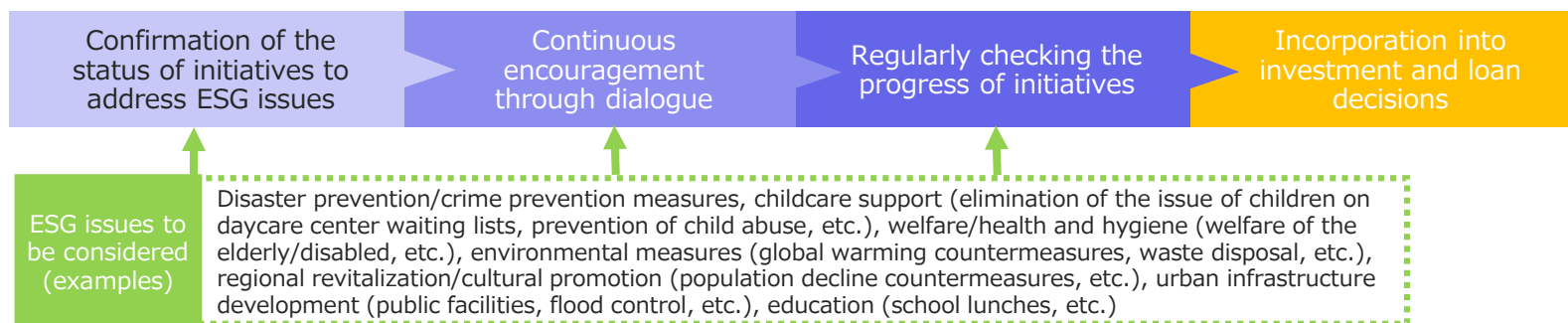


1 ESG Integration Initiatives by Asset <Japanese Municipal Bonds/Loans>

- We select municipalities of investees and dialogue partners based on periodic confirmation of their ESG initiatives, such as declaration of Zero Carbon City and certification as SDGs Future City, using means such as the following format.

	Contents
Zero Carbon City	Announced by the Ministry of the Environment, Zero Carbon City is the local government that has declared its intention to reduce CO ₂ emissions to net zero by 2050.
SDGs Future Cities	The Cabinet Office selects cities that propose outstanding initiatives to achieve the SDGs as SDGs Future Cities.
Status of CDP questionnaire responses	CDP, an international non-profit organization that conducts environmental assessments, analyzes and evaluates the climate change risks of each local government.
SDGs recognition ranking/SDGs measure recognition ranking	A survey of businesspersons in their 20s or older throughout Japan on their level of recognition of the SDGs initiatives of the prefecture in which they currently reside.
SDGs Japan Model Declaration	A declaration by local governments, in cooperation with the national government, companies, organizations, schools, research institutions, residents, etc., that they are committed to promoting SDGs from the local level and aiming to solve local issues and create local communities, and which each local government has endorsed.

- We regularly check the status of various initiatives for issues faced by investee local governments in terms of the priority initiative themes of our ESG investments: enhancement of well-being, development of local communities and society, and contribution to environmental protection, and encourage those local governments to resolve their issues through dialogue.



1 ESG Integration Initiatives by Asset <Project Finance><Infrastructure Equity Fund>

Project Finance (domestic investments and loans, overseas infrastructure debt funds)

- The main targets are renewable energy power generation facilities (solar power, wind power, biomass fuel, etc.) in Japan and overseas.
- In making investment or loan decisions, we confirm the environmental impact (see table below) with the operator and other relevant parties, and make comprehensive judgments based on the results of on-site inspections, economic rationale, and other considerations.
- We do not make new investments or loans for coal-fired power generation facilities.

Points to confirm (example)

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

Infrastructure Equity Fund

- Negative screening is conducted to eliminate investments in specific sectors.
- When selecting an external investment manager, we confirm whether it is prepared to invest in accordance with our ESG Investment Policy by checking its ESG action policy and the implementation status of ESG integration. After the selection of an external investment manager, we continue to monitor the status of the manager.
- Fund due diligence by the external investment manager confirms the fund's commitment to ESG investment.

We do not invest in projects that violate our negative screening criteria.

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

We continuously confirm the following items regarding ESG investment initiatives.

Confirmation items
PRI signatures, published indicators (such as SFDR, GRESB rating), the development of an ESG investment framework (policies and regulations, existence or non-existence of specialized resources), implementation of ESG integration in the investment decision-making process, and regular disclosure of ESG information to investors

1 ESG Integration Initiatives by Asset <Private Equity Fund>

■ ESG investment initiatives have been strengthened in the management process of private equity funds as follows.

Engagement with Asset Management Companies

- We conduct qualitative assessments of private equity fund asset management companies on their ESG investment initiatives based on questionnaires at the start of new management and after the start of management of the fund.
- In addition, we engage with the asset management companies through pipeline meetings and investment reporting meetings to strengthen ESG initiatives.

At the time of new investment	<ul style="list-style-type: none"> • Interviews with potential asset management companies regarding their approach to ESG initiatives, using a questionnaire
After the start of investment	<ul style="list-style-type: none"> • Monitoring of ESG investment initiatives of the asset management companies • Strengthening of ESG investment initiatives through pipeline meetings and investment reporting meetings

Endorsement of Initiatives



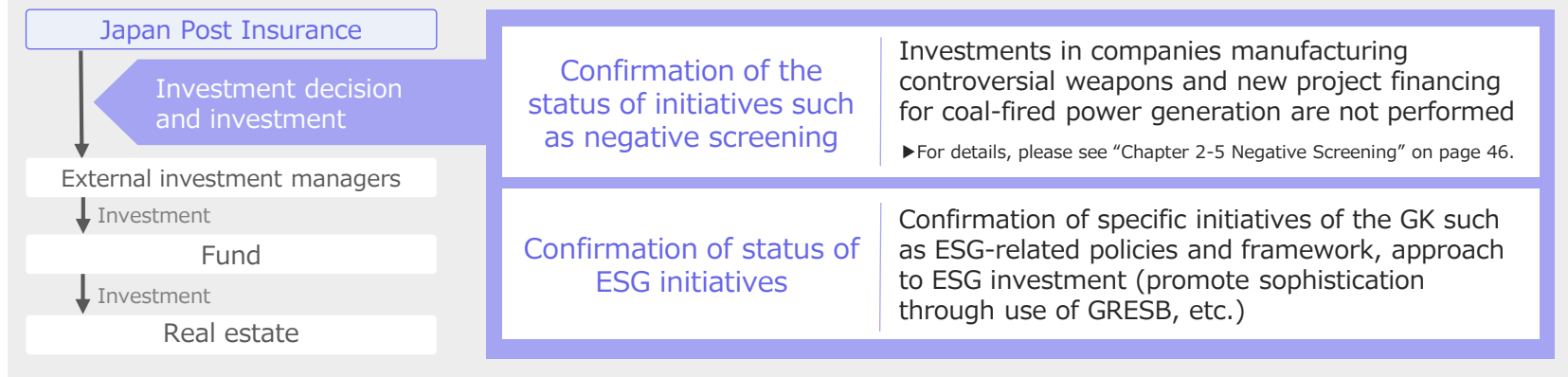
- We have endorsed the ESG Data Convergence Initiative to strengthen ESG investment initiatives in our private equity fund investments.
- The ESG Data Convergence Initiative aims to standardize ESG-related reporting and improve information transparency and portfolio comparability in the private equity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

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

1 ESG Integration Initiatives by Asset <Real Estate Funds>

- We invest in real estate mainly through outsourced management using an external investment manager (gatekeeper: GK).
- When selecting a GK, we confirm that the status of negative screening and other initiatives to exclude specific businesses is appropriate in light of our negative screening criteria. The status of these initiatives is monitored on an annual basis.
- We confirm ESG investment initiatives at the time of GK selection and monitoring, and take them into account in investment decisions.
- We are the first life insurance company in Japan to join as a GRESB investor member, with the aim of promoting and advancing ESG investment in real estate.

Main Real Estate Investment Scheme



Participation in GRESB, an Assessment Organization

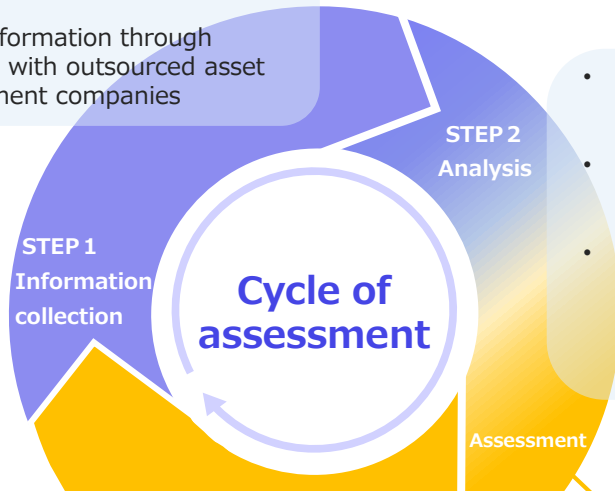


- GRESB is an organization that operates an annual benchmark assessment tool to measure ESG considerations of companies and funds that own and manage real estate and infrastructure.
- We became the first Japanese life insurance company to join as an investor member in December 2021.
- In addition to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

1 ESG Integration Initiatives by Asset <Credit Fund>

- For credit fund outsourced asset management companies, we conduct annually an ESG-related assessment of potential and existing managers, and use the scored assessments in the investment process.
- We use our own proprietary assessment methods in line with our ESG Investment Policy. The assessment items are reviewed and enhanced every year.
- We also use ESG-related assessments in our engagement with outsourced asset management companies to confirm the status of their ESG investment initiatives and encourage them to make improvements.

- Collect information through ESG questionnaires
- Collect information through due diligence
- Collect information through meetings with outsourced asset management companies



- Analyze and assess information obtained through information collection
- Collect additional information with outsourced asset management companies
- Report assessment results within the department and to responsible investment-related departments within the company

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

Also use for engagement with outsourced asset management companies

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

◇ Examples of Assessment Items

1	Status of ESG integration
2	Status of engagement
3	Status of climate change response
⋮	⋮
Total	Scoring with a graded distribution of each assessment item

2 ESG-themed Investment Examples (1) <Investment in ESG bonds>

Examples of investment in ESG bonds



ESG bonds

We invest in projects which can widely contribute to the achievement of the SDGs and the resolution of social issues considering its feasibility and use of funds.

- Investment in a Green Bond which aims to support green recovery (realization of a sustainable society after the COVID-19 crisis) (May 2021)

USD 100 million (approximately ¥10.8 billion)



- Investment in a Transition Bond which aims to support efforts to reduce greenhouse gas emissions (July 2022)

¥0.1 billion



- Investment in an Education Bond which aims to support school education, vocational training, and gender equality, in the Asia-Pacific region (March 2021)

AUD 60 million (approximately ¥5 billion)



- Investment in a Sustainable Development Bond which aims to support optimal health outcomes by "One Health," an approach taking people, animals and global environment as a whole. (March 2021)

AUD 60 million (approximately ¥5 billion)



- Investment in a Sustainable Development Bond which aims to support the purchase and distribution of vaccines through the international framework "COVAX" (March 2021)

•AUD 60 million (approximately ¥5 billion)
 •NZD 66 million (approximately ¥5 billion)



- Investment in a Sustainable Development Bond which aims to respond to the COVID-19 (May 2020)

AUD 340 million (approximately ¥24 billion)



2 ESG-themed Investment Examples (1) <Investment in ESG bonds>

Impact assessment of ESG bonds by international agencies



ESG bonds

- The use of funds for ESG bonds by international agency is limited to sustainability projects in accordance with the guidance* of the International Capital Market Association (ICMA). We invest in ESG bonds with the intention of contributing to the resolution of environmental and social issues.
- This fiscal year, we also have compiled the outcomes from the ESG bonds we hold based on the impact reports released by international agencies that are the issuers of the bonds.

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

Flow of Funds on ESG Bonds investment



Target Issues for Totaling

Investment Period	Issuers	Topics	Investment Amount
June 2016	International Bank for Reconstruction and Development	Green	¥10.5 billion
May 2018	African Development Bank	Feed Africa	¥5.1 billion
May 2018	Asian Development Bank	Gender	¥5.2 billion
May 2018	International Bank for Reconstruction and Development	Awareness of Health and Nutrition of Women, Children, and Adolescents	¥5.2 billion
February 2019	African Development Bank	Light up & Power Africa	¥11.4 billion
May 2019	European Investment Bank	Climate Awareness	¥28.5 billion
May 2020	European Investment Bank	Countermeasures against COVID-19	¥24.2 billion
May 2020	Inter-American Development Bank	Countermeasures against COVID-19	¥24.3 billion

2 ESG-themed Investment Examples (2) <Investment in Renewable Energy Businesses>

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

Priority initiative themes
Contribution to environmental protection



Investment in Renewable Energy Businesses

Overview

- In the Medium-Term Management Plan (FY2021–FY2025), we aim to achieve a total power output of 1.5 million kW from the renewable energy facilities which we invest in and loan to by FY2025.
- The total power output was 750,000 kW as of March 31, 2022.

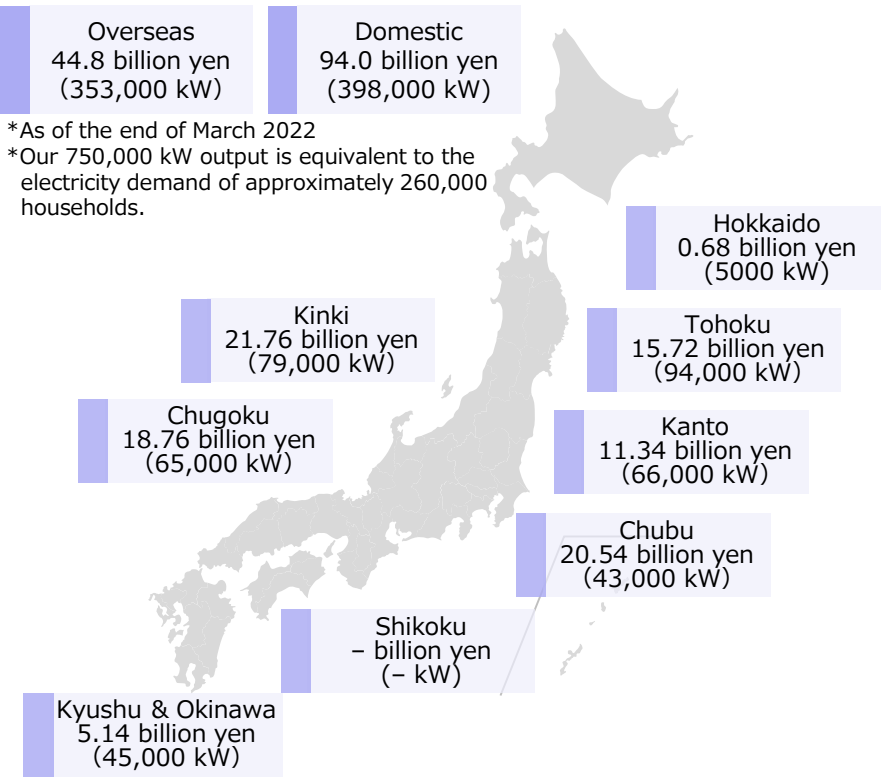
Total power generation output from renewable energy facilities that we loan to and invest in

		Total output*1	
		March 31, 2021	March 31, 2022
Domestic	Equity	18.8	20.6
	Debt	14.0	19.1
Overseas	Equity	19.7	26.0
	Debt	8.2	9.3
Total		60.7	75.0

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

*1 Unit: 10,000 kW, after calculating the Company's holdings
*2 Limited to power output from renewable energy facilities that we make finance.

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



2 ESG-themed Investment Examples (3) <PE Fund Investment>

Investment in funds that contribute to local development (Investment in Japan Post Investment Regional Development and Impact Fund I, ILP)

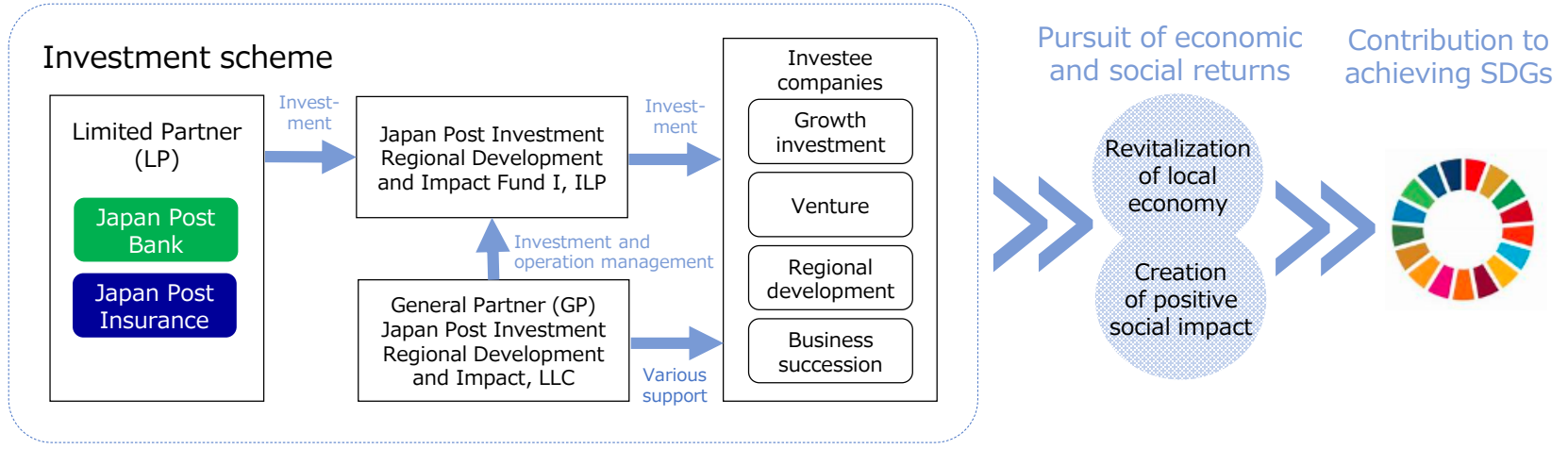
Priority initiative themes
Development of local communities and society



PE Fund Investment

Overview

- We make investments in companies and businesses that contribute to the revitalization of regional economies and the creation of social impact toward the achievement of the SDGs, thereby contributing to the establishment of a sustainable society.
- Specifically, by investing in SMEs, startups, and regional development projects in the region that have needs for growth capital and business succession, we aim to contribute to the achievement of the SDGs by stimulating the regional economy and creating a positive impact on society through the circulation of capital to the region.
- Among the investment targets, investments in companies and businesses that have a particular social impact are regarded as "impact investments", which intend to create positive impacts by pursuing social returns in addition to economic returns.



2 ESG-themed Investment Examples (4) <Real Estate Fund Investment>

Investment in privately placed real estate funds targeting ESG-conscious properties

Priority initiative themes
Contribution to environmental protection



Real Estate Fund Investment

ESG-conscious rental housing properties

Overview

- Investment targets are new and recently built environmentally-friendly rental housing properties located in the 23 wards of Tokyo.
- All properties acquired by the fund have environmental certifications such as DBJ Green Building Certification*1. Going forward, the fund itself plans to participate in the GRESB*2 real estate assessment and conduct ESG-conscious fund management.



ESG-conscious logistics facilities

Overview

- Investment targets are advanced logistics facilities to be developed in major logistics demand areas in Japan.
- The fund has established ESG investment criteria, including acquisition of various environmental certifications such as CASBEE*3 A rank, greening and other heat island measures, use of renewable energy such as solar power generation, security, and disaster and BCP measures, thereby contributing to the realization of a sustainable environment and society.

*1 Based on a comprehensive evaluation system that includes not only the environmental performance of the property, but also consideration of the social demands of the various stakeholders surrounding the property, this is a system in which the Development Bank of Japan Inc. and Japan Real Estate Institute jointly select and certify Green Building that are in demand in the current real estate market.

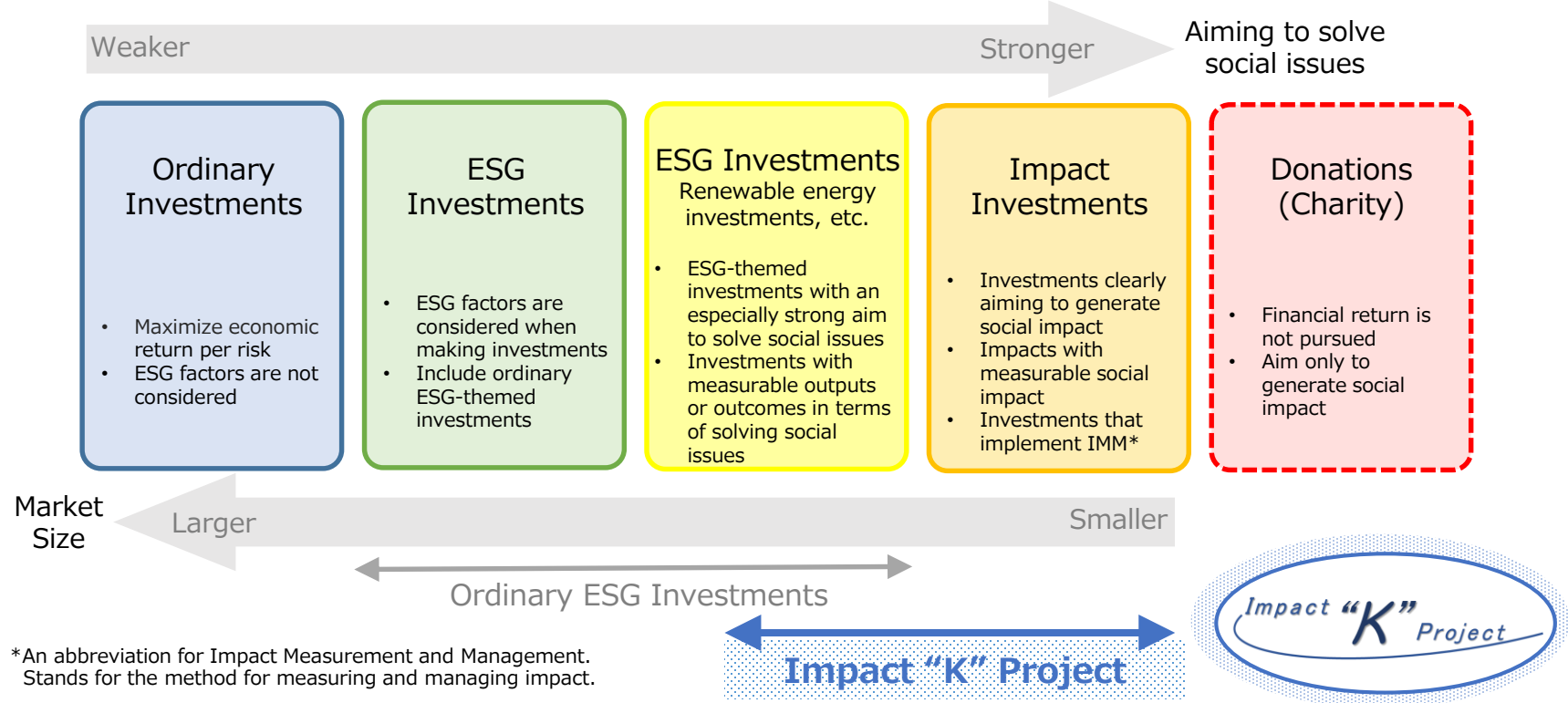
*2 Refers to the annual benchmark assessment (and its managing organization) measuring the ESG considerations of companies and funds that own and manage real estate and infrastructure. We have participated as an investor member since December 2021, and have engaged in dialogue with investee companies while utilizing data and evaluations held by the GRESB.

*3 An environmental performance assessment system for buildings in Japan that evaluates both new and existing buildings.

3 Impact "K" Project Overview

- In order to expand impact-oriented investments and loans, we have launched the Impact "K" Project, a proprietary investment framework, which began full-scale operations in April 2022.
- Investments that fall under the Impact "K" Project must be intended to create an impact. And outputs or outcomes that lead to such impact must be set as KPIs. We aim to scale investments in a way that is appropriate for our company by taking a flexible approach to the IMM* requirements for pure impact investments.

◇ Impact "K" Project investment scope



*An abbreviation for Impact Measurement and Management. Stands for the method for measuring and managing impact.

3 Impact "K" Project Overview

- Internal certification is conducted for investments made under the Impact "K" Project. In addition to ensuring the quality and transparency of impact creation based on the framework, the internal certification is intended to avoid impact washing and to manage and confirm negative impacts.
- Internal certification requires the completion of a Confirmation Sheet, which includes a general investment overview, what KPIs are set, how KPIs are linked to impact, and how negative impact will be handled.
- The Confirmation Sheet will not only enable the execution of investments that create positive impact based on objective verification, but is also intended to be used as a basis for monitoring and engagement after the investment has been made.

◇ Image of Confirmation Sheet for the Impact "K" Project*

Required items	Specific description	Required items	Specific description
Investment overview	Issuer name/fund name	Logic tree and quantitative performance indicators	Targets for setting KPIs (selected from output/outcome/impact)
	Asset manager/gatekeeper		Specific KPIs
	Date of fund establishment/scheduled date of establishment		Methods for calculating quantitative performance indicators (KPIs)
	Type of impact investments (impact target investments/pure impact investments)		Means of obtaining quantitative figures
	Project overview	Response to negative impact	Describe measures to control or address negative impacts if they occur
Use of the funds			
Logic tree and quantitative performance indicators	Business segment to create impact		
	Output (business activity)		
	Outcome (change in beneficiaries)		
	Impact (social impact)		
	Specifics of how the social issue will be resolved and the impact created (for example, who, to whom, what outcome, when, and to what extent the outcome will be created)		

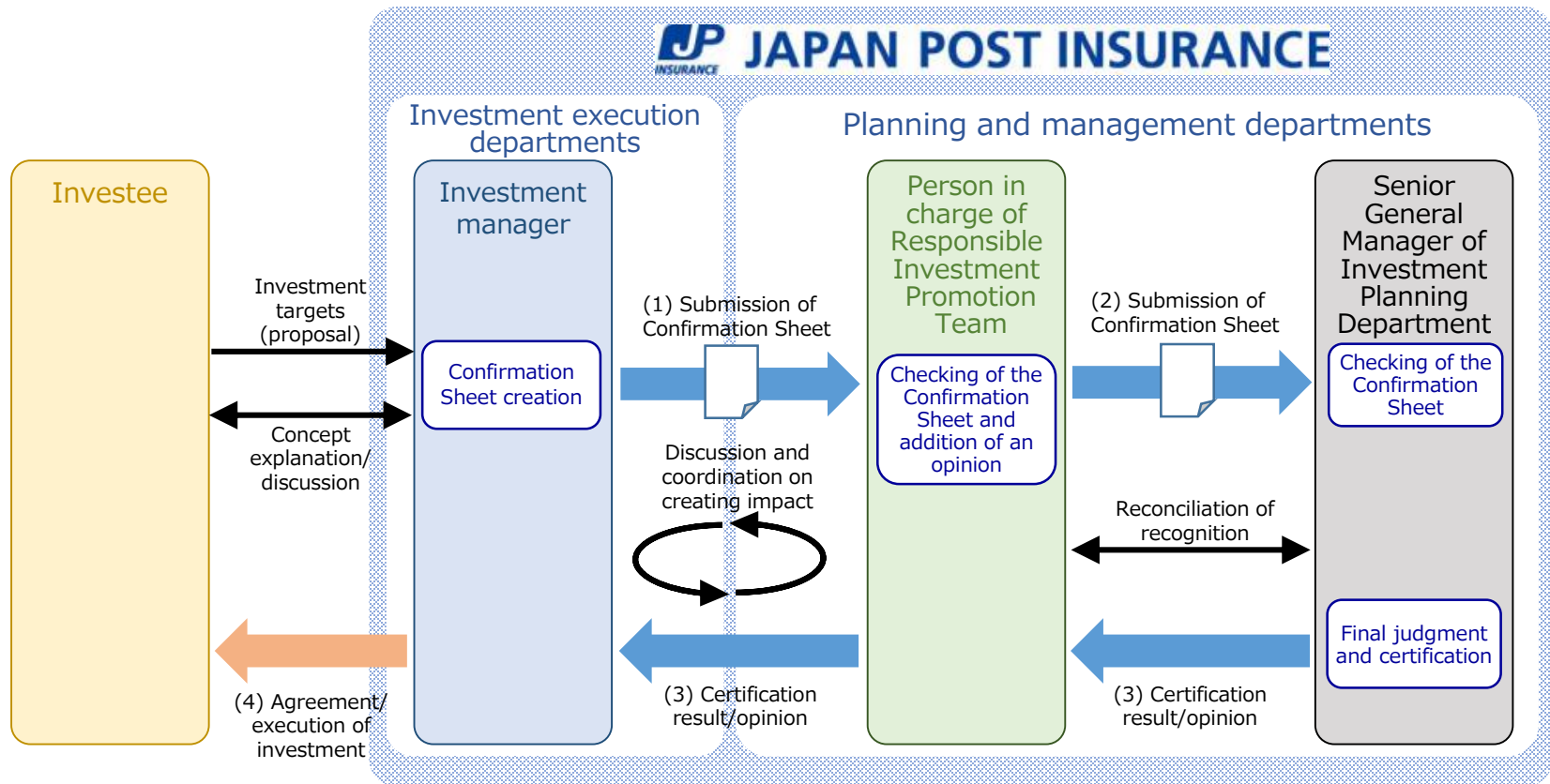
*1 Not all items on the Confirmation Sheet are covered. We will review the necessary items according to the type of investment.

*2 Impact target investments refer to investments other than pure impact investments in the Impact "K" Project. (Yellow box on page 37.)

3 Impact "K" Project Overview

■ The investment manager prepares a Confirmation Sheet, and requests the person in charge of Responsible Investment Promotion Team to certify it. The person in charge of Responsible Investment Promotion Team checks the contents, adds his/her opinion, and submits the request to the Senior General Manager of Investment Planning Department. The Senior General Manager of Investment Planning Department makes the final decision on certification.

◇ Certification Image for Impact "K" Project Internal Certification*



*The description of the normal investment process (other than the certification process for impact investments) by the investment manager is omitted.

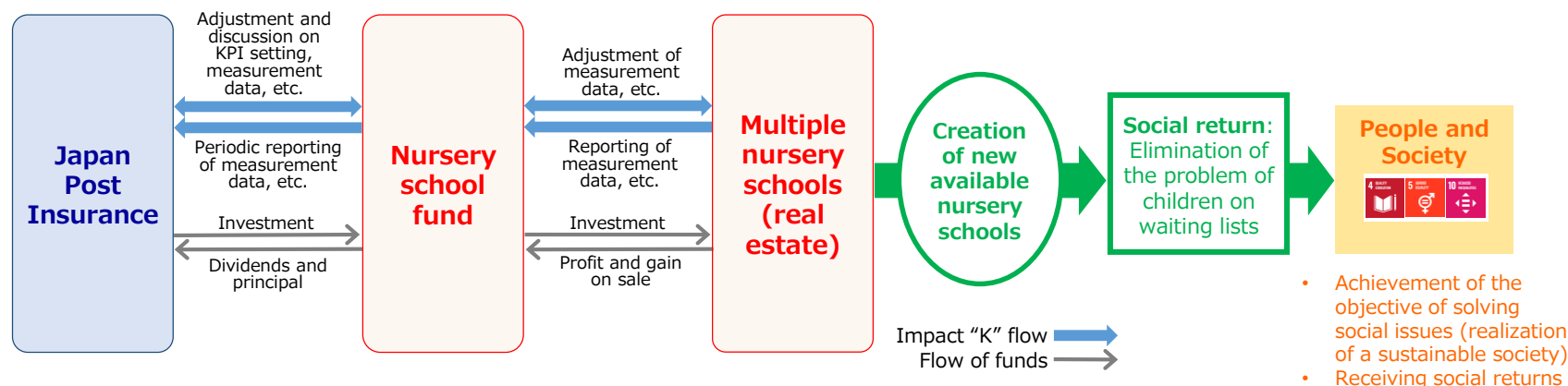
Investment in a nursery school fund



Real Estate Fund Investment

Overview

- By attracting quality nursery school operators to urban areas with large numbers of children on waiting lists for nursery schools, the fund aims to generate stable profits over the long term and contribute to solving the social issue of children on waiting lists.
- As the number of dual-earner households is increasing, nursery schools play an important role as social infrastructure for the future, and this investment aims to have a positive impact on measures to cope with the ultra low birthrate and to contribute to expanding roles of women. The following is an overview of the logic tree leading to positive impact.
 - ▶ Increase in the number of nursery schools that can accept children ➔ Decrease in the number of children on waiting lists ➔ Increase in the number of dual-earner households (➔ Contributing to GDP expansion)
- Output: Creation of new available nursery schools (set as a KPI)
- Outcome: Elimination of the problem of children on waiting lists by securing childcare facilities, increase in dual-earner households, social advancement of women, etc.



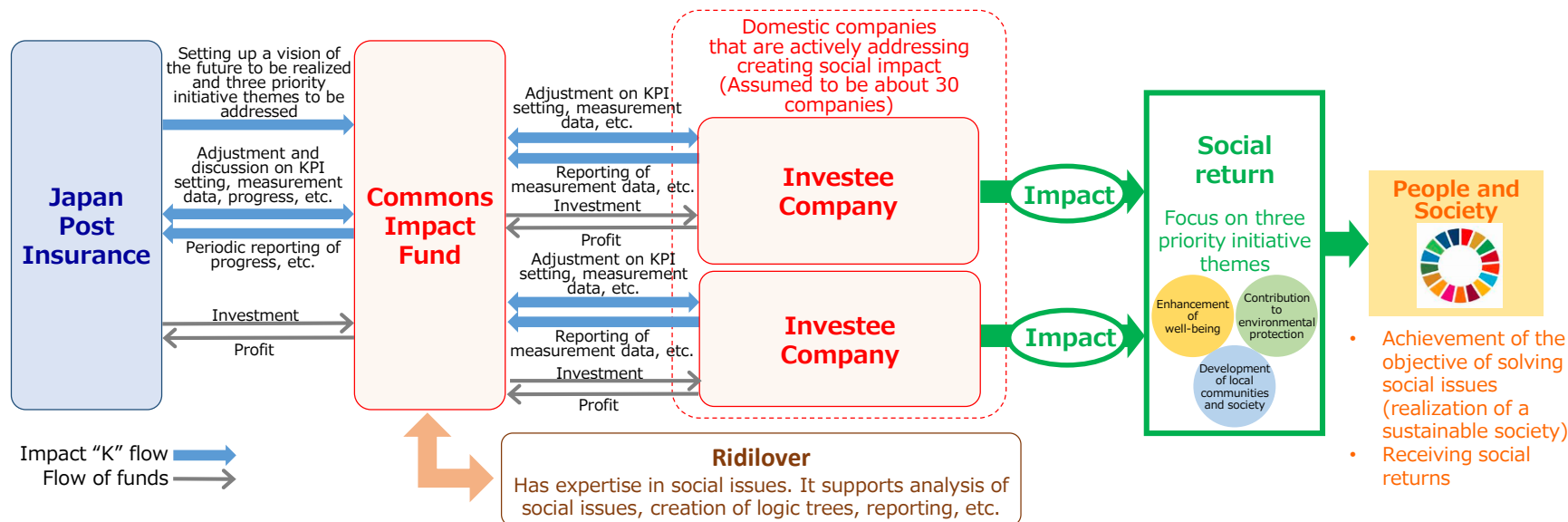
Investment in the listed equity impact fund (Investment in the Commons Impact Fund)



Equity Fund Investment

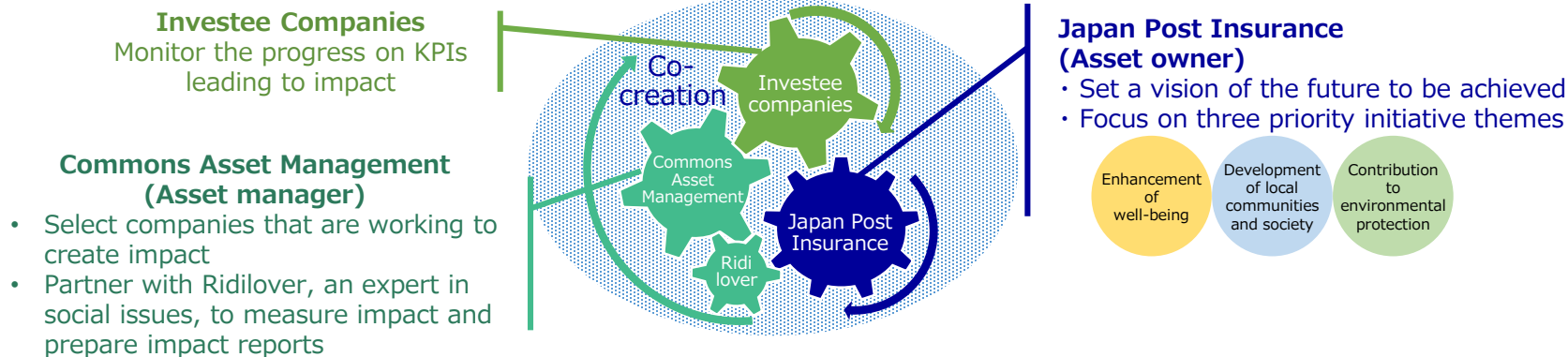
Overview

- The fund aims to achieve both social and economic returns by investing in domestic companies that are actively engaged in creating social impact from a long-term perspective.
- Commons Asset Management, an asset manager, has set KPIs for solving social issues that asset owner Japan Post Insurance focuses on, such as enhancement of well-being, development of local communities and society, and contribution to environmental protection, through individual dialogue with investee companies, and works to create social impact by sharing progress and understanding issues.
- In consultation with investees, a logic tree that leads to positive impact is established for each investee company.
- Ridilover, a specialist in social issues, provides support in analyzing social issues and logic trees and setting KPIs.

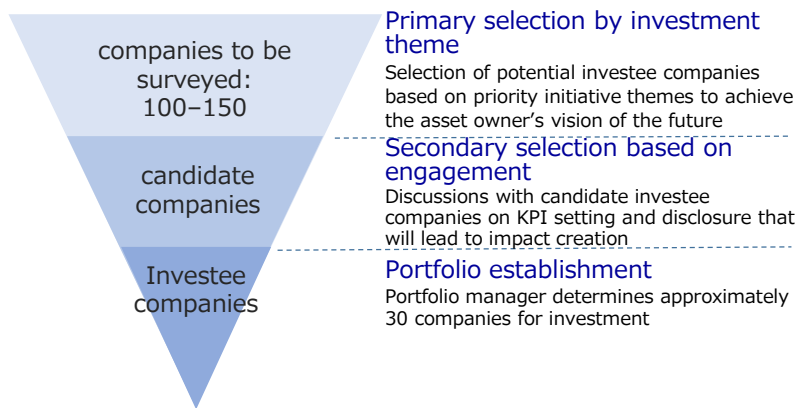


[Investment in the listed equity impact fund (Investment in the Commons Impact Fund) (continued)]

Project participants work together to create social impact

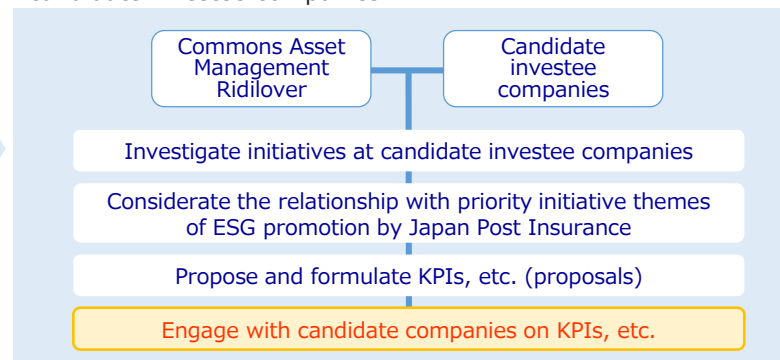


Investment process



KPI setting process

Confirm and set KPIs for solving social issues through dialogue with asset manager Commons Asset Management and candidate investee companies.



[Investment in the listed equity impact fund (Investment in the Commons Impact Fund) (continued)]

◇ Commons Impact Fund Key Themes <Examples>

Examples of Social Issues		Potential ESG investment themes	Related SDGs
Enhancement of well-being	Disparities in the lives of children	<ul style="list-style-type: none"> Support in response to child poverty Support for expansion of after school childcare services and promotion of higher education Support for ICT environment improvement in education Support for IT literacy training for teachers 	
	Social inclusion of the aging population, people with disabilities, etc.	<ul style="list-style-type: none"> Support for efforts to improve the health of the elderly and people with disabilities Support for creating jobs for the elderly and people with disabilities Support for the provision of housing for the elderly and people with disabilities Support for efforts to ensure safe transportation for the elderly and people with disabilities 	
	Gender gap	<ul style="list-style-type: none"> Support for the operation of daycare centers and childcare facilities Support for efforts to help single mothers achieve economic independence Support for creating workplaces where women can work comfortably and improving their skills Support for efforts to support housework 	
	Measures against infectious diseases, improvement of health and hygiene	<ul style="list-style-type: none"> Support for activities contributing to the improvement of health and hygiene Support for facilities and companies that contribute to health promotion Support for measures against infectious diseases, including COVID-19 	
Development of local communities and society	<ul style="list-style-type: none"> Support for local business revitalization and attraction of companies Support for improvement of local transportation systems Support for efforts to promote local community building Support for urban renewal and disaster recovery 		
Contribution to environmental protection	<ul style="list-style-type: none"> Support for renewable energy Support for projects and technologies that contribute to reducing GHG emissions Support for initiatives to protect forests and water resources Support for biodiversity initiatives Support for building social systems to reduce waste Support for projects and technologies that contribute to reducing pollution Support for promotion of ESG education for the next generation 		

[Investment in the listed equity impact fund (Investment in the Commons Impact Fund)
(continued)]

■ Investment Case: Company A

*The following items do not represent all the information available for making investments.

Item		Overview	
Business segment to create impact		Business solution segment (employment support services for people with disabilities)	Business solution segment (BPO services for local governments)
Social issues		There is a lack of employment demand for people with disabilities.	There is a lack of diverse employment opportunities, especially for women, in regional cities.
Logic tree	Output (business activity)	Provision of employment support services for people with disabilities	Outsourcing services for administrative tasks in multiple municipalities
	Outcome (change in beneficiaries)	(Beneficiaries: people with disabilities) <ul style="list-style-type: none"> Demand for employment will increase, making it easier to find work. A good working environment, a support system, and a secure salary income will enable them to work stably. 	(Beneficiaries: women living in rural areas) <ul style="list-style-type: none"> By leveling the workload, various employment opportunities will be created for inexperienced workers and those with limited employment conditions, making it easier for them to find work.
	Impact (social impact)	Building an inclusive society	Maximization of work opportunities/regional and social development
Setting KPIs		Outcome	Outcome
Specific KPIs		FY2025 targets: <ul style="list-style-type: none"> Number of farm facilities: 60 Number of employees with disabilities: 5,000 Maintain an employment retention rate of around 90% for people with disabilities 	FY2025 targets: <ul style="list-style-type: none"> Number of local employees: 750 (ratio of female employees: 90%)
Methods of calculation and means of obtaining quantitative performance indicators		KPIs agreed upon in advance are measured and disclosed by this company.	
Negative impact		No significant negative impact is expected. However, if a negative impact occurs in the future, it will be identified and confirmed, and corrective measures will be encouraged first through dialogue.	

4 Initiatives for Academic-industrial Collaboration

Signed a memorandum of understanding with Keio University

Signed a memorandum of understanding with Keio University regarding collaboration and cooperation to promote ESG investment

Priority initiative themes
Enhancement of well-being



Collaboration and cooperation with academia

Overview

- We signed a memorandum of understanding with Keio University regarding collaboration and cooperation (for enhancing well-being and promoting the circulation of funds to academia at the core) to promote ESG investment.
- The goal is to solve social issues and create innovation through mutual collaboration and cooperation with Keio University, mainly in the area of impact investments, including consideration of providing funds (setting up investment funds) to startups that utilize Keio University's research results.

JAPAN POST INSURANCE

We aim to improve the well-being of all people, including those who are not covered by the life insurance services we provide.

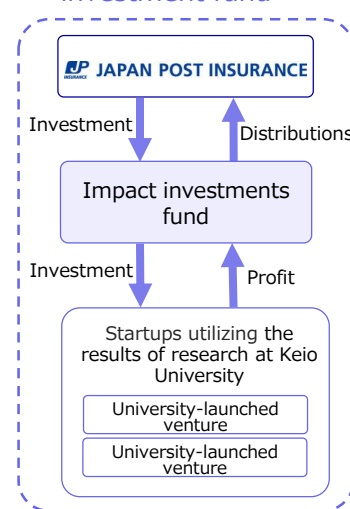
Collaboration and cooperation

慶應義塾 Keio University

In accordance with the spirit of the university's founding, it aims to implement the results of its research, particularly in the areas of medicine and data science, into society in order to solve social issues based on scientific evidence.

Mutually collaborate and cooperate to address social issues such as overcoming hurdles to commercialize technologies owned by universities and other research institutions from scratch, and building a common language to measure and manage the social value created by the projects.

<Image of setting up an investment fund>



Contributing to the achievement of a healthy and happy life for all



Medical/health care area

Digital technology area

5 Negative Screening

■ We conduct negative screening as a responsible institutional investor.

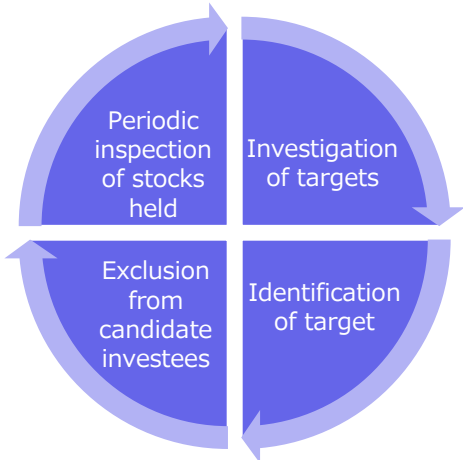
- Screening targets

(1)	 <p>Because controversial weapons (cluster bombs, anti-personnel mines, biological weapons) inflict enormous damage on civilians indiscriminately, we do not invest in companies that manufacture these weapons.</p>
(2)	 <p>Coal-fired power generation emits large amounts of CO₂, and there are concerns about its impact on climate change. For this reason, we will not invest in new domestic or foreign project finance related to coal-fired power generation, regardless of its generation efficiency.</p>

- Screening procedure

Investment Planning Department investigates and identifies screening targets, notifies investment execution departments, that exclude them from candidate investee companies. We also inspect investee companies on our investment portfolio regularly.

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



Chapter 3 Status of Stewardship Activities

Chapter 1 ESG Investment Initiatives

- Mission of Japan Post Insurance's Asset Management P3
- Our ESG Investment Initiatives to Date P4
- Priority Initiative Themes of ESG Investments and Framework P5
- ESG Investment Policy, etc. P6
- Japan Post Insurance's Governance Structure for Promoting Responsible Investments P7
- Status of Responsible Investment Advisory Sectional Meeting P8
- ESG Investment in Our Medium-Term Management Plan (FY2021–FY2025) P9

Chapter 2 Framework for ESG Investments/Investment Cases

- ESG Integration at Japan Post Insurance P11
- ESG Integration Initiatives by Asset P14
- ESG-themed Investment Examples P31
- Impact "K" Project Overview and Past Investments P37
- Initiatives for Academic-industrial Collaboration P45
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Chapter 3 Status of Stewardship Activities

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Chapter 4 Initiatives for Decarbonizing Investment Portfolio

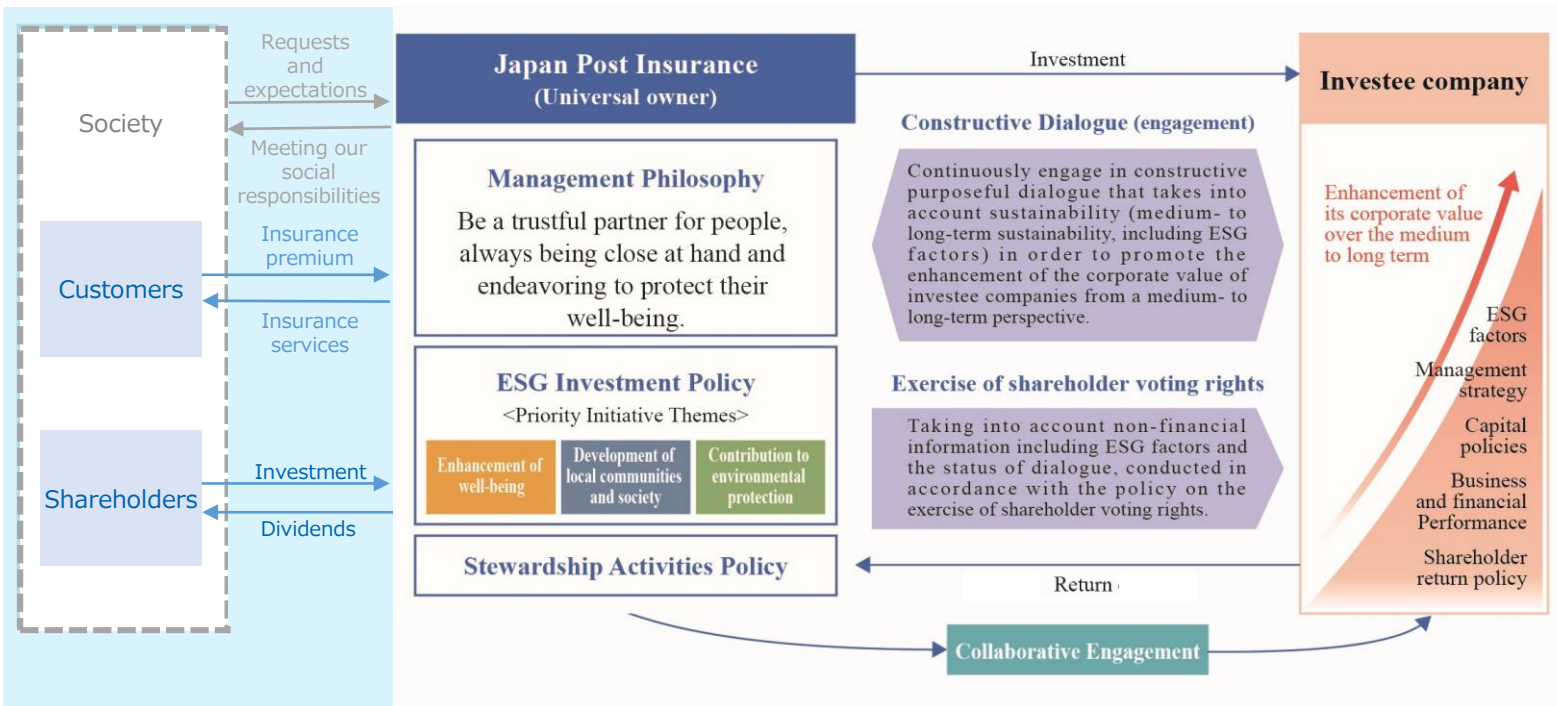
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1 Japan Post Insurance Stewardship Activities

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



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

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

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

Policy on Japan's Stewardship Code

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

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

See below for details.

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

Policies on Exercise of Shareholder' Voting Rights

With in-house equity investment, we exercise voting rights in accordance with the Policies on the Exercise of Shareholders' Voting Rights.

[Basic Concept]

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

3 Status of Stewardship Activities in FY2021

- In FY2021, we conducted dialogue for in-house equity and domestic corporate bond. In case of dialogue with investees that overlap between in-house equity and domestic corporate bond, we conduct in a coordinated manner. (In in-house equity investment, only domestic equities are within the scope.)
- For external equity investment, we request reports and monitor on policies regarding each principle and the implementation status of stewardship activities of the external managers.
- In addition, in consideration of the growing public interest in sustainability and policy trends, we revised our Policies on the Exercise of Shareholders' Voting Rights to add a clause on environment, society and corporate governance which contributes to the expansion of corporate value, with the aim of encouraging companies to make further efforts to improve.

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

◇ Engagement in In-House Equity and Domestic Corporate Bond

	Dialogue theme	Status (July 2021–June 2022)
In-house Equity	(1) Medium- to long-term management strategy (2) Capital strategy and shareholder return policy (3) Sustainability (4) Information disclosure policy	Began in 2016 in line with the start of in-house equity management, and has been continuously implemented (Number of companies involved: 91)
Domestic Corporate Bond	(1) CO ₂ reduction (2) Workplace/work environment (3) Regional revitalization	Began in FY2020 in line with the revision of the Japan's Stewardship Code (Number of companies involved: 40)

4 Stewardship Activities in In-house Equity Investment

Dialogue with Companies: Activity Flow

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



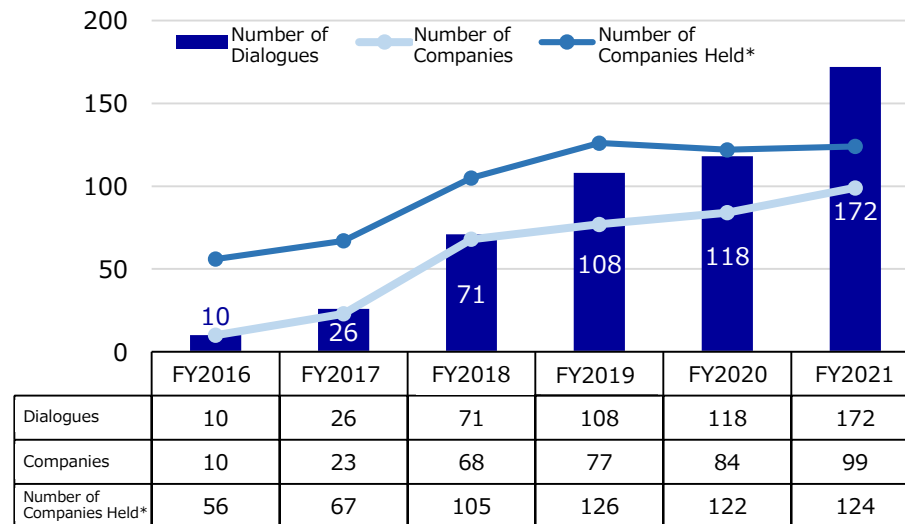
Main Content of Dialogue			
(1) Medium- to Long-Term Management Strategy	(2) Capital Strategy and Shareholder Return Policies	(3) Sustainability	(4) Information Disclosure Policies
<ul style="list-style-type: none"> • Measures to improve ROE • Measures to achieve the medium-term management plan 	<ul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

4 Stewardship Activities in In-house Equity Investment

Dialogue with Companies: Results

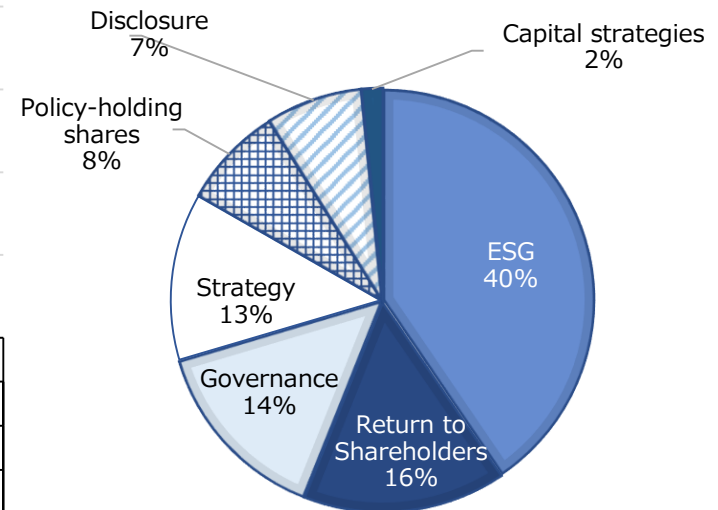
- Since starting in-house domestic equity investment in FY2016, the number of companies we are engaging in dialogue with has increased year by year.
- Of the 172 dialogues held in FY2021, 51 were at an executive level or above, emphasizing opportunities for direct dialogue with executive management.
- In terms of topics, we focused on ESG-related issues (disclosure and approach policies) and shareholder returns.

◇ Number of Dialogues with Companies

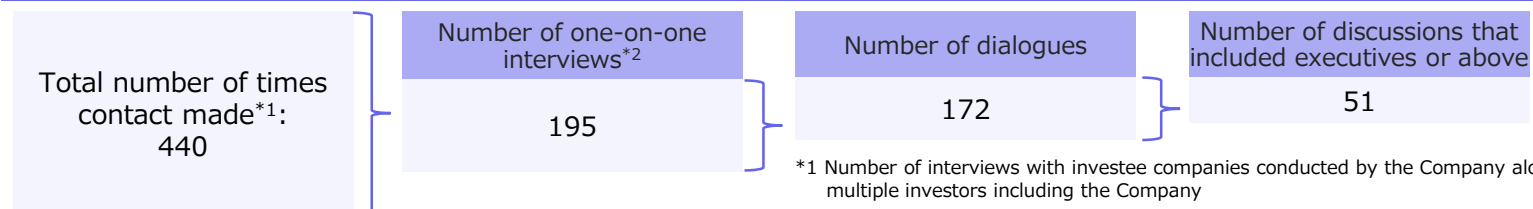


*As of March 31

◇ Results of Dialogues (by topic)



Number of Times Contact Made with Companies (FY2021: April 1, 2021 to March 31, 2022)



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

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

4 Stewardship Activities in In-house Equity Investment Examples of Dialogue (1)

- The following are examples of major discussions and the results of such discussions on in-house equity investment.

	Investee Company Issues	Discussion Content	Progress, Outcomes, Future Plans
<p>Topics Sustainability Enhancement of Well-being</p> <p>Industry Foods</p>	<p>Due to the declining birthrate and aging population, the growth potential of the food business is limited.</p>	<p>We requested the company to enhance the disclosure of the progress because the integration of food and health as a new business domain is a positive initiative and will lead to the enhancement of well-being, which we emphasize as an ESG factor.</p>	<p>In addition to the ambitious KPIs set in the Medium-Term Management Plan for the health business, progress was also made in the specific efforts to create synergies with subsidiaries, which had been an issue, including the disclosure of such efforts.</p>
<p>Topics Sustainability Development of Local Communities and Society</p> <p>Industry Chemical</p>	<p>Although the company is engaged in businesses that contribute to achieving a recycling society such as recycling disposable diaper it is facing challenge in achieving profitability in these businesses.</p>	<p>In order to level the profitability and speed up the recognition of these meaningful initiatives for the society, we strongly stressed that the entire industry should collaborate as a whole.</p>	<p>The entire industry is changing to cooperatively engage in initiatives, and the company has also formed specific plans for achieving profitability.</p>
<p>Topics Sustainability Contribution to Environmental Protection</p> <p>Industry Machinery</p>	<p>Reluctance to disclose ESG related issues and insufficiency in disclosing GHG emission data.</p>	<p>In view of the government policy to achieve carbon neutrality by 2050, we discussed the need for more specific policies on reducing GHG emissions, and determinate target points for 2030 interim report.</p>	<p>In addition to formulating a clear roadmap to reducing GHG emissions and achieving carbon neutrality, the company actively changed their attitude on disclosure of data, such as consideration of integrated report within the next few years.</p>

4 Stewardship Activities in In-house Equity Investment Examples of Dialogue (2)

	Investee Company Issues	Discussion Content	Progress, Outcomes, Future Plans
<p>Topics</p> <p>Medium- to Long-Term Management Strategies</p> <p>Industry</p> <p>Machinery</p>	<p>Although the company has an attractive business that contributes to the achievement of the Sustainable Development Goals (SDGs), unfortunately they are reluctant toward disclosure and is not recognized by the market.</p>	<p>The necessity of disclosure of quantitative data and more promotion of company's electrified agricultural tools and machinery, not only to show the environmental friendly aspect but also will lead to medium and long-term improvement of corporate value on the long run.</p>	<p>In addition to a new slide showing the relationship between business and the SDGs at the financial results meeting, the president's explanation also demonstrated the company's proactive approach to management centered on ESG issues.</p>
<p>Topics</p> <p>Capital Policy and Shareholder Returns</p> <p>Industry</p> <p>Other products</p>	<p>The company is unable to flexibly return profits to shareholders due to the ownership ratio of its major shareholders.</p>	<p>While the company holds excess cash, we expressed our view that it is necessary to provide appropriate shareholder returns commensurate with business performance, and discussed strengthening shareholder returns through means such as stock buy-back.</p>	<p>Announced a stock buy-back program in conjunction with a partial sale of stocks by a major shareholder to strengthen shareholder returns.</p>
<p>Topics</p> <p>Capital Policy and Shareholder Returns</p> <p>Industry</p> <p>Electric appliances</p>	<p>The company had a large amount of cross-shareholdings causing a problem from the capital efficiency perspective.</p>	<p>We discussed the need to sell cross-shareholdings and implement appropriate shareholder returns and growth investment from the perspectives of capital efficiency and shareholder value enhancement.</p>	<p>The company has sold its less meaningful cross-shareholdings. Moreover, in addition to indicating the status of this reduction and the amount of its remaining holdings, important information for shareholders in deciding how to vote, in its convocation notice for its general meeting of shareholders, the company has also indicated its plans for continuing reductions.</p>
<p>Topics</p> <p>Information Disclosure</p> <p>Industry</p> <p>Services</p>	<p>The disclosure of IR materials was poor and the progress on ESG initiatives were weak.</p>	<p>As part of collaborative engagement with the Life Insurance Association of Japan, we requested the disclosure of an integrated report. We also expressed our view that ESG is an important factor in improving corporate value over the medium to long term.</p>	<p>An integrated report was disclosed. Significant progress was also made in disclosing ESG data, including SDG initiatives and CO₂ emission reduction targets.</p>

4 Stewardship Activities in In-house Equity Investment

Results of the Exercise of Shareholder Voting Rights

- We surveyed 125 company shareholder meetings covering 509 proposals between July 2021 and June 2022. During this period, we had a total of 156 constructive dialogues with 91 companies.
- The opposition rate to company proposals was 3.8% (up 0.5% points from the previous year). The opposition rate is lower than that of the results of the exercise of shareholder voting rights in entrusted management. We believe this is due to the fact that our active in-house equity investment hold many good performing stocks with good governance, in contrast to our code in entrusted management of shares which is mainly managed passively.
- We publish results of the exercise of shareholder voting rights for each individual agenda item. We will make efforts to disclose such results even earlier in the future.

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

Agenda		Company Proposal				Opposition Rate
		Total	Approval	Opposition	Abstain	
Proposals regarding Corporate Organization	Appointment and dismissal of Directors	161	149	12	0	7.5%
	Appointment and dismissal of Corporate Auditors	58	56	2	0	3.4%
	Appointment and dismissal of Accounting Auditor	0	0	0	0	0.0%
Proposals on Executive Compensation	Executive Compensation ^{*1}	63	62	1	0	1.6%
	Payment of retirement benefits to retiring Officers	3	1	2	0	66.7%
Proposals regarding Capital Policy (excluding proposals regarding the Articles of Incorporation)	Appropriation of surplus	90	90	0	0	0.0%
	Reorganization-related ^{*2}	0	0	0	0	0.0%
	Introduction, renewal and repeal of takeover defense measures	1	0	1	0	100.0%
	Other proposals regarding capital policy ^{*3}	1	1	0	0	0.0%
Proposals on the Articles of Incorporation		127	126	1	0	0.8%
Other Proposals		0	0	0	0	0.0%
Total Company Proposals		504	485	19	0	3.8%
Total Shareholder Proposals		5	0	5	0	100.0%

*1 Executive compensation includes revision of executive compensation, issuance of stock options, introduction and revision of performance-linked remuneration system, and bonuses for executives.

*2 Reorganization-related includes mergers, business transfer/acquisition, share exchange, share transfer, and company split.

*3 Other proposals regarding capital policy include share repurchases, reduction of legal reserve, capital increase through third-party allotment, capital reduction, and reverse stock split. We use Institutional Shareholder Services, Inc. (ISS), a voting advisory firm. We receive recommendations for decisions based on our Policies on the Exercise of Shareholders' Voting Rights and use them for the purpose of verification against our decisions to exercise shareholder voting rights. We do not use advice based on the ISS Voting Rights Exercise Policy.

4 Stewardship Activities in In-house Equity Investment

Verification of Conflicts of Interest

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

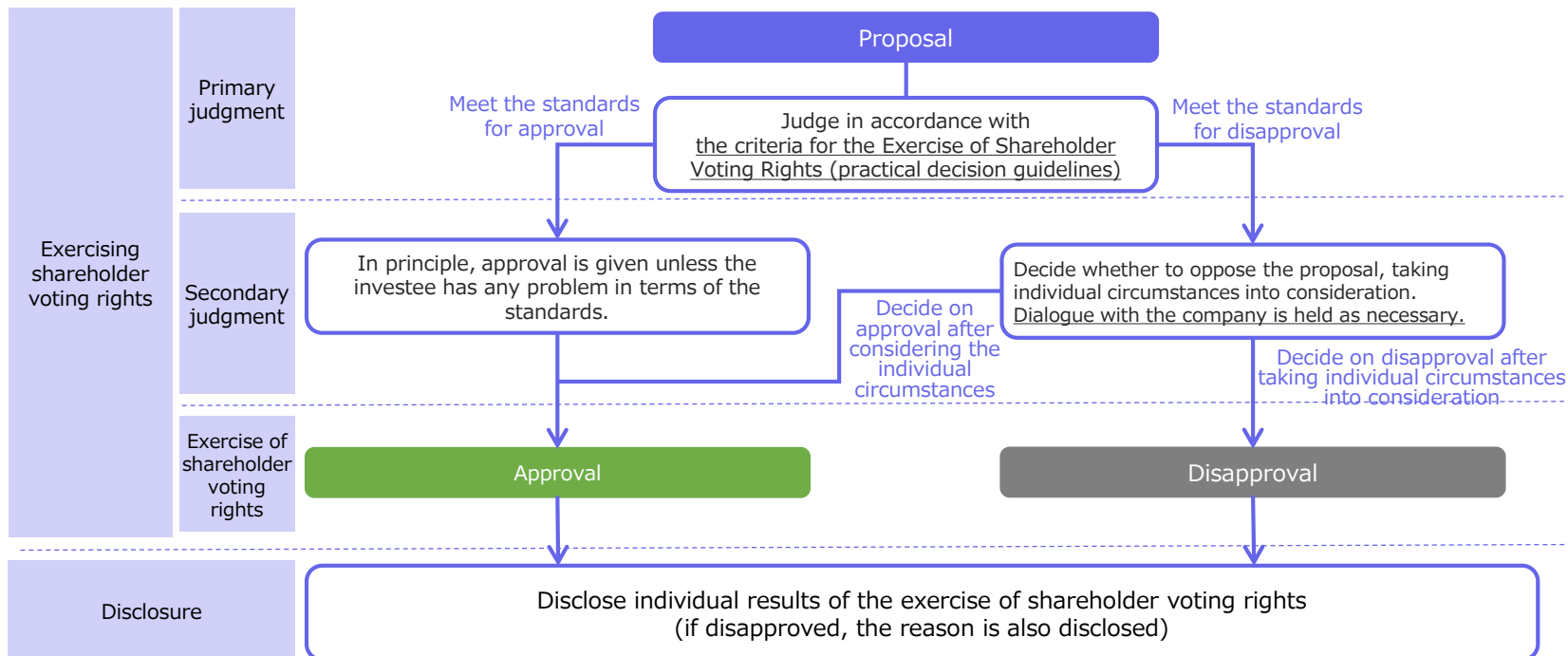
Item	Confirmation Results
(1) Shareholdings in listed companies in the Japan Post Group	There were no shareholdings in listed companies in the Japan Post Group.
(2) Proposals for which approval or disapproval differs from the Policies on the Exercise of Shareholders' Voting Rights established by the Company	There were no proposals where approval or disapproval differed from the Policies on the Exercise of Shareholders' Voting Rights.
(3) Details of proposals that did not agree or disagree with code in entrusted management of shares	We cross-checked the results of the exercise of shareholder voting rights in entrusted management of shares with the decisions for approval or disapproval for self-managed stock. As a result, we confirmed that although there were 11 proposals whose approval or disapproval differed from those of all external investment managers, all of them were decisions in line with the Policies on the Exercise of Shareholders' Voting Rights.

4 Stewardship Activities in In-house Equity Investment

Shareholder Voting Rights Exercise Flow

- We have established the criteria for the Exercise of Shareholder Voting Rights (practical decision guidelines), and exercise shareholder voting rights in all of our investee companies.
- In determining whether to approve or disapprove of exercising shareholder voting rights, we do not just make a uniform judgment, but also carefully consider non-financial information, the content of dialogue, and other factors, as well as whether or not shareholder interests will be maximized over the long term.
- The Policies on the Exercise of Shareholders' Voting Rights, which summarizes our approach to the exercise of shareholder voting rights, and the results of the exercise of shareholder voting rights are posted on our website.
<https://www.jp-life.japanpost.jp/english/aboutus/sustainability/esg/stewardship.html>

◇ Shareholder Voting Rights Exercise Flow



4 Stewardship Activities in In-house Equity Investment

Key Points of the Revision of Standards for the Exercise of Shareholder Voting Rights

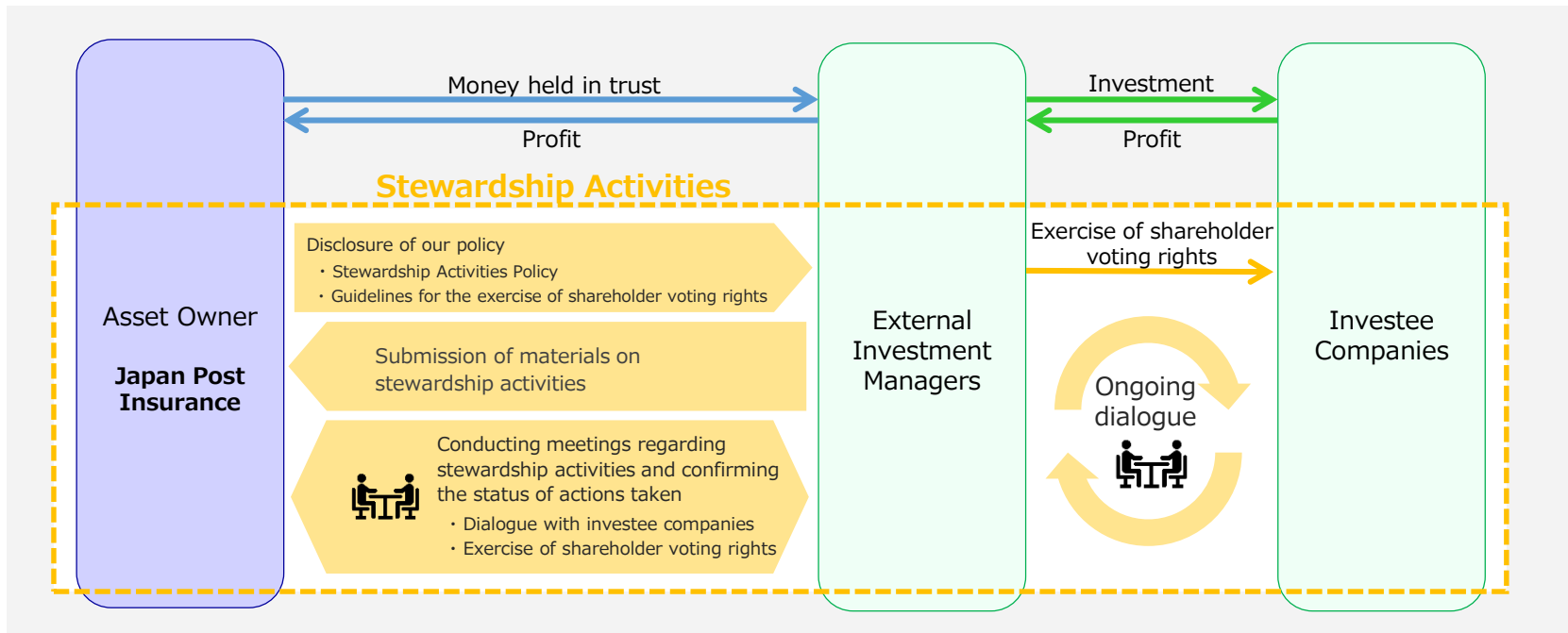
- The criteria for the Exercise of Shareholder Voting Rights are appropriately reviewed according to social and economic conditions.
- In May 2022, we revised the criteria for the Exercise of Shareholder Voting Rights in accordance with the Revised Japan's Corporate Governance Code, as shown below.

Item on the agenda		Before revision	After revision
Appointment of representative director (disapproval)	Outside directors	Listed companies	Outside directors are fewer than two
		Listed subsidiary with parent company, etc.	Outside directors account for less than one-third of the board of directors
	Cross-shareholdings (New)		—
	Ongoing dialogue (New)		—
Appointment of outside directors and corporate auditors (disapproval)	Number of years in office (New)		—
	From a company in which the company has cross-shareholdings (New)		—
Stock options (outside directors, directors who are audit and supervisory committee members, corporate auditors, and outside personnel)		Disapproval	Approval on outside directors and directors who are audit and supervisory committee members
Retirement benefits		Regardless of whether the amount is disclosed or not	Disapproval if the amount is not disclosed

5 Stewardship Activities in External Investment Managers (Equity Investment)

- In external equity investment, we trust external investment managers with money, and they invest in a variety of companies through external investment managers.
- We have released a Stewardship Activities Policy that outlines our response to the principles of the Japan’s Stewardship Code and our basic approach to stewardship activities in general, and we expect external investment managers to consider the intent of this policy when addressing the Japan’s Stewardship Code.
- We conduct appropriate stewardship activities, taking into account the characteristics of the assets. In the external equity investment, as an asset owner, we receive materials describing stewardship activities from external investment managers and conduct interviews to confirm the status of dialogue and results of such dialogue.

◇ Stewardship Activities in External Investment Managers (Equity Investment)



5 Stewardship Activities in External Investment Managers (Equity Investment)

Details of Activities

- We hold regular meetings with external investment managers to discuss stewardship activities.
- While we present the guidelines for the exercise of shareholder voting rights, which include matters that external investment managers should keep in mind when exercising shareholder voting rights, we leave the exercise of individual shareholder voting rights to the external investment managers.
- We received the following reports from external investment managers in terms of dialogue with companies and the exercise of shareholder voting rights from July 2021 to June 2022.

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

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

	Discussion Content	Outcomes
Topics Sustainability Industry Retail	<p>We discussed increasing corporate value through ESG-conscious management from the long-term perspective for the retail company that had lagged behind in ESG initiatives.</p>	<p>Specific efforts to address ESG issues are described in the medium-term management plan. The company responded that it will also begin to formulate the long-term management plan and prepare an integrated report.</p>
Topics Financial Strategies and Capital Measures Industry Banking	<p>Discussions were held on improving low capital efficiency mainly due to large cross-shareholdings, and on improving market valuation by strengthening shareholder returns.</p>	<p>The company announced a plan to increase total shareholder return ratio to 50% and reduce cross-shareholdings, in consideration of the balance between investment in growth and shareholder returns.</p>
Topics Corporate Governance Industry Chemical	<p>Because the company is a subsidiary, we discussed the importance of the majority of independent outside directors in the board of directors from the perspective of ensuring the minority shareholders interests and increasing corporate value.</p>	<p>The independence of the board of directors has improved significantly as the number of independent outside directors has increased from zero in 2014 to five out of nine directors in 2022, which is more than the majority.</p>

5 Stewardship Activities in External Investment Managers (Equity Investment)

Examples of Dialogue (2)

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

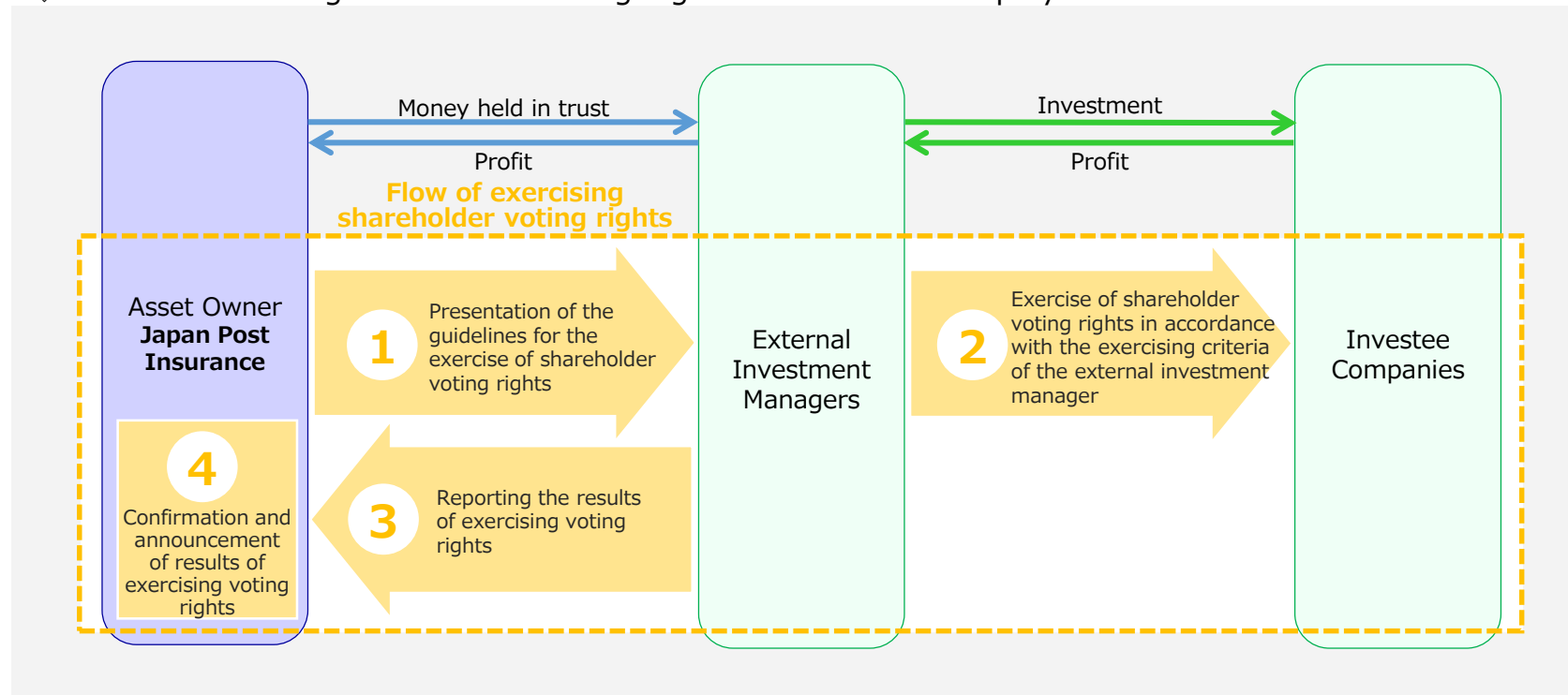
	Discussion Content	Outcomes
<p>Topics</p> <p>Disclosure</p> <p>Industry</p> <p>Chemical</p>	<p>We discussed the importance of ESG information disclosure, including the disclosure of safety data on chemical products that consumers come into direct contact with and the identification of materiality that can lead to corporate value.</p>	<p>The company disclosed in the integrated report the amount of hazardous chemical substances in products and other information. We continue dialogue on enhancing the disclosure of information from an ESG perspective.</p>
<p>Topics</p> <p>Employee Engagement</p> <p>Industry</p> <p>Services</p>	<p>We discussed the importance of employee engagement to address market concerns about organizational culture and employee satisfaction.</p>	<p>The company disclosed a policy to enhance employee satisfaction as one of the policies in the medium-term management plan.</p>
<p>Topics</p> <p>Corporate Governance</p> <p>Industry</p> <p>Pharmaceuticals</p>	<p>We held discussions on abolishing takeover defense measures or changing the requirement to trigger such measures to a resolution of the general meeting of shareholders in order to eliminate medium- to long-term management risks for the company that had introduced takeover defense measures.</p>	<p>The company announced the abolition of takeover defense measures.</p>

5 Stewardship Activities in External Investment Managers (Equity Investment)

Flow of Exercising Shareholder Voting Rights

- In external equity investment, while we present the guidelines for the exercise of shareholder voting rights, which include matters that external investment managers should keep in mind when exercising shareholder voting rights, we leave the exercise of individual shareholder voting rights to the external investment managers.
- The external investment managers shall formulate a policy regarding the exercise of shareholder voting rights and shall exercise voting rights in accordance with such policy.
- Upon receiving a report on the results of the exercise by the external investment managers, we will confirm the results, compile them, and announce them publicly.

◇ Flow of Exercising Shareholder Voting Rights in the External Equity Investment



5 Stewardship Activities in External Investment Managers (Equity Investment)

Results of the Exercise of Shareholder Voting Rights

- External investment managers exercised shareholder voting rights in a total of 47,529 cases for 2,170 listed companies in Japan whose general meetings of shareholders were held from July 2021 to June 2022.
- The total opposition rate for company-proposed proposals was 14.5% (-2.8% points compared to the previous year). The overall opposition rate has tended to decline year by year, partly because of progress in strengthening corporate governance codes at investee companies and a better understanding of voting rights exercising standards.
- Proposals for the appointment and dismissal of directors and corporate auditors continued to account for the majority of opposition. Companies step up their efforts in terms of the ratio of outside directors and the independence of corporate auditors. The opposition rates for both proposals are decreasing (opposition rates of -0.4% points and -0.2% points, respectively, compared to the previous year).
- The results of the exercise of shareholder voting rights by external investment managers are as follows.

Agenda		Company Proposal				Opposition Ratio
		Total	Approval	Opposition	Abstain	
Proposals regarding Corporate Organization	Appointment and dismissal of Directors	15,839	11,399	4,440	0	28.0%
	Appointment and dismissal of Corporate Auditors	5,497	4,713	784	0	14.3%
	Appointment and dismissal of Accounting Auditor	312	311	1	0	0.3%
Proposals on Executive Compensation	Executive Compensation ^{*1}	5,316	4,837	479	0	9.0%
	Payment of retirement benefits to retiring Officers	530	27	503	0	94.9%
Proposals regarding Capital Policy (excluding proposals regarding the Articles of Incorporation)	Appropriation of surplus	7,915	7,623	292	0	3.7%
	Reorganization-related ^{*2}	223	211	12	0	5.4%
	Introduction, renewal and repeal of takeover defense measures	316	19	297	0	94.0%
	Other proposals regarding capital policy ^{*3}	253	253	0	0	0.0%
Proposals on the Articles of Incorporation		11,270	11,206	64	0	0.6%
Other Proposals		58	30	28	0	48.3%
Total Company Proposals		47,529	40,629	6,900	0	14.5%
Total Shareholder Proposals		1,538	96	1,442	0	93.8%

*1 Executive compensation includes revision of executive compensation, issuance of stock options, introduction and revision of performance-linked remuneration system, and bonuses for executives.

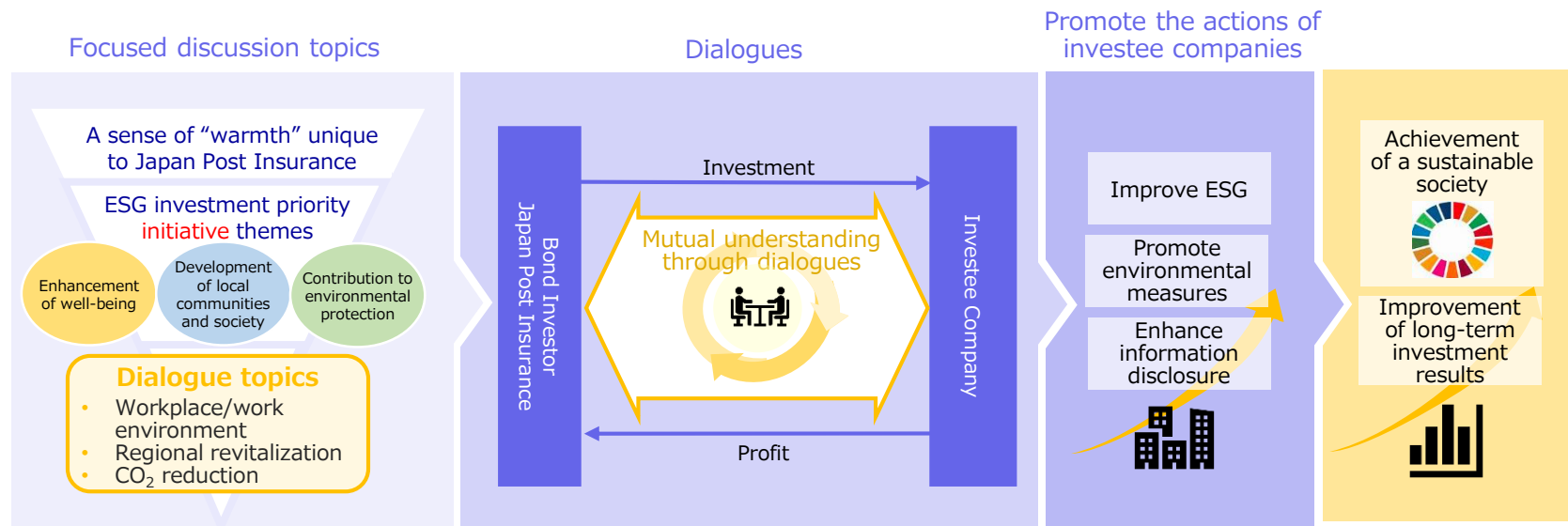
*2 Reorganization-related includes mergers, business transfer/acquisition, share exchange, share transfer, and company split.

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

6 Stewardship Activities in Domestic Corporate Bond Investment

Activity Flow

- Based on ESG investment priority initiative themes of the enhancement of well-being, development of local communities and society and contribution work environmental protection, we mainly conducted engagements on workplace/labor environment, regional revitalization, and CO₂ reduction. From July 2021 to June 2022, we held discussions with 40 of our investee companies.
- Discussions were based on the basic principle of mutual understanding, with an eye to ESG investments with a sense of “warmth” unique to Japan Post Insurance. Our stance is to support companies that work to solve ESG and SDGs issues through investments in corporate bonds. In addition to hearing from us, we try to communicate in both directions by explaining and sharing the Japan Post Insurance approach to ESG investment and our assessment of the investee companies.
- By sharing and working together to resolve issues related to ESG/SDGs, we aim to improve the ESG score of our portfolio, achieve a sustainable society and long-term investment results improvement, fulfill our responsibilities as a universal owner that practices long-term investment, and make a contribution to all stakeholders.



6 Stewardship Activities in Domestic Corporate Bond Investment

Examples of Dialogue

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

	Investee Company Issues	Discussion Content
<p>Topics</p> <p>Enhancement of Well-being (Workplace/work environment)</p>	<ul style="list-style-type: none"> In business categories where the ratio of female directors/managers is low, <ul style="list-style-type: none"> -either no targets have been set for the promotion of expanding roles of women, -although targets have been set, specific measures and the current ratio cannot be confirmed. -the approach toward such activities is unclear. Indicators related to the number of occupational accidents -Specific measures and policies. 	<ul style="list-style-type: none"> We discussed and exchanged opinions on the ratio of women in board/management positions and the specific measures, and encouraged the implementation of women's activities. In the case of a business category with a large number of employees in on-site work departments and a small percentage of female employees, we expressed our understanding of the current situation and commended the company for steadily implementing various measures, such as environmental improvement. We requested the company to continue to implement corrective measures related to occupational accidents, and encouraged progress in improving the number of accidents.
<p>Topics</p> <p>Development of Local Communities And Society (Community revitalization)</p>	<ul style="list-style-type: none"> Opportunities and events for communication with the local community, cleanup activities, and measures to contribute to local industries Contribution to local communities in terms of disaster prevention since natural disasters have become more frequent in recent years. 	<ul style="list-style-type: none"> In addition to efforts related to regional revitalization, we confirmed new initiatives and innovations, as the recent spread of COVID-19 is considered to have made it impossible to implement many of the measures that have been taken up to now. We also shared our ESG investment philosophy and encouraged corporate community contribution activities.
<p>Topics</p> <p>Contribution to Environmental Protection (CO₂ reduction)</p>	<ul style="list-style-type: none"> There is little information on specific measures, milestones and feasibility toward carbon neutrality. Raising the target If it is deemed necessary to raise the target further because the target has been almost achieved or target levels are inadequate. 	<ul style="list-style-type: none"> Based on the Japanese government policy of becoming carbon neutral by 2050, we discussed actions and specific targets for CO₂ reduction. We also urged the company to take action if they have not set specific goals. If interim targets have not been set or target levels are considered inadequate, further action and higher targets are requested. <ul style="list-style-type: none"> -The intention was expressed to share our request with management and to further reduce CO₂ over the medium term.

7 Dialogue with on Other Assets

- As well as equities and domestic corporate bonds, we also have promoted dialogue with each investees of other asset classes under taking into account their characteristics.

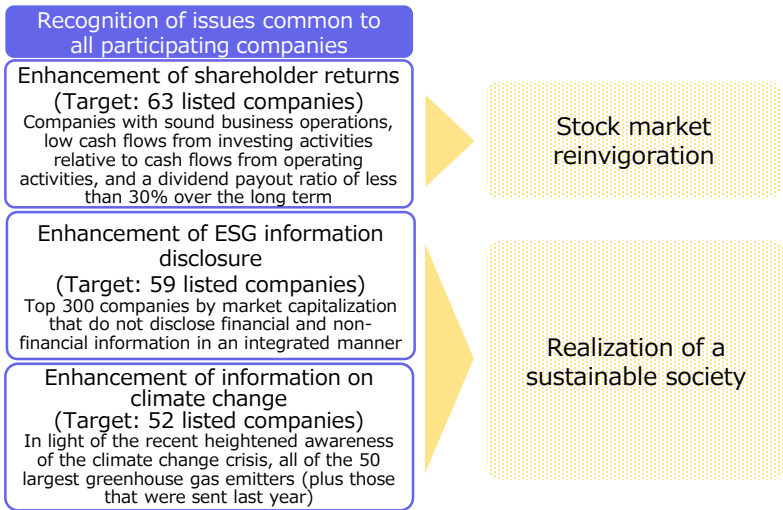
	Key points of dialogue	Dialogue content
Foreign corporate bonds	<p>Due to the difficulty of having face-to-face dialogues with foreign companies resulting from the impact of COVID-19, we are using Zoom and other tools as an approach to communication, as well as responding to the situation of each investee company by sending letters and utilizing collaborative engagement.</p>	<p>ESG issues related to overseas investee companies were identified and letters were sent to them, encouraging them to take action to resolve ESG issues.</p> <ul style="list-style-type: none"> ■ Case 1 - Company A, a major waste disposal company: The industry is exposed to high injury rates when operating heavy equipment, and we urged the company to set long-term targets for labor management indicators, as improvements in this area contribute to sustainable growth. ■ Case 2 - Company B, a major freight forwarder: We requested the company to obtain SBT certification because it was inferior to competitors that had already obtained SBT certification.
Local government bonds and loans	<p>We regularly check the ESG activities of the local governments which are our investees, identify the ESG issues they face, and select the entities with which we will engage in dialogue. Dialogues focus on the status of efforts to resolve issues and enhance disclosure information, and we confirm the status of the response to our requests after dialogues.</p>	<p>We held a dialogue with Local Government A, an investee, regarding the achievement of the Zero Carbon City and the progress of its GHG emission reduction target (50% reduction) by FY2030, and confirmed specific reduction measures.</p> <p>We also explained the importance of the CDP questionnaire to those local governments that had not yet responded to it, and encouraged them to respond to the CDP in the future.</p>

8 Use of Collaborative Engagement

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

Collaborative Engagement through the Life Insurance Association of Japan

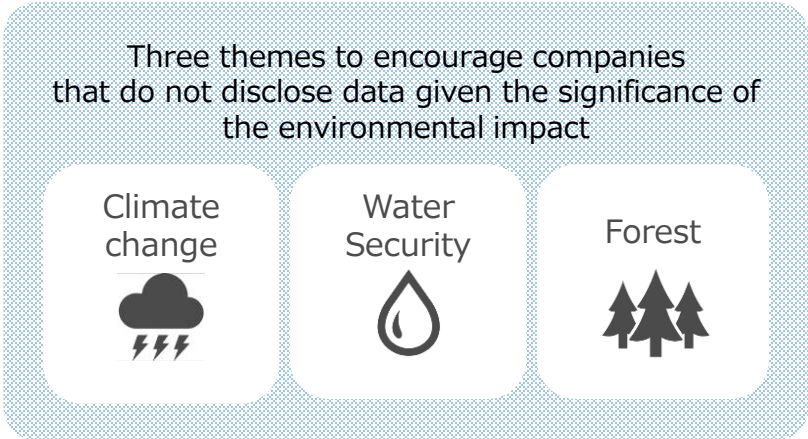
We participate in the Stewardship Activities Working Group and the ESG Investment Working Group of the Life Insurance Association of Japan, and exchange information with other Working Group participants. The Stewardship Activities Working Group, under the joint name of 11 life insurance companies, conducted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



Collaborative Engagement through CDP (Non-Disclosure Campaign)

We selected the companies which were exposed to a significant risk in our portfolio and signed a letter encouraging them to respond to the CDP questionnaire on climate change and to disclose information as co-signatory to the letter.

- ◆ Endorsement of the campaign: Approximately 263 financial institutions in 29 countries (including 8 Japanese institutions including Japan Post Insurance)



(Source) Prepared by the Company based on the Life Insurance Association of Japan website

9 Self-Assessment of Stewardship Activities

■ The self-assessment of our stewardship activity is as follows.

Stewardship Code Principles		Our Response and Self-Assessment
Principle 1	Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.	<ul style="list-style-type: none"> We have formulated the Stewardship Activities Policy and published it on our website.
Principle 2	Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.	<ul style="list-style-type: none"> We categorize conflicts of interest and describe our response to them in the Stewardship Activities Policy. The Responsible Investment Advisory Sectional Meeting which includes external experts confirmed that there were no conflicts of interest.
Principle 3	Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.	<ul style="list-style-type: none"> With our in-house equity investment, we conducted investment research through interviews and teleconferences with almost all our investee companies to gain an accurate understanding of their situation. In domestic corporate bond management, we conducted research and analysis on ESG, business and financial performance, for our investee companies to gain a better understanding of the status of the companies concerned. We also deepened our understanding of the issues and initiatives for sustainable growth.
Principle 4	Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.	<ul style="list-style-type: none"> With our in-house equity investment, we had more constructive dialogues with investee companies than initially planned. As outlined on pages 53 and 54, we believe these discussions were very meaningful. With external equity managers, as the asset owner, we received documentation from them describing their stewardship activities. We conducted hearings with these managers to confirm the status of engagement and the results. In domestic corporate bond management, we offered dialogue on ESG topics to our investees to deepen mutual recognition and understanding of related issues. We exchanged opinions to encourage them to take action for sustainable growth.

9 Self-Assessment of Stewardship Activities

Stewardship Code Principles		Our Response and Self-Assessment
Principle 5	Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.	<ul style="list-style-type: none"> • In our in-house equity investment, we have established the criteria for the exercise of shareholder voting rights, which contain specific criteria for individual proposals regarding the exercise of shareholder voting rights, and have posted them on our website. • In exercising shareholder voting rights for in-house equity investment, we did not make decisions conventionally, but actively engaged in dialogue and took into consideration the individual circumstances of the investee companies. We believe that we were able to exercise shareholder voting rights in an appropriate manner. • With external equity managers, we request in the hearing from them or other opportunities that they do not make conventional judgments but take into consideration of the engagement and other factors to ensure that the exercise of shareholder voting rights contributes to the sustainable growth of the investee companies.
Principle 6	Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.	<ul style="list-style-type: none"> • We post a Responsible Investment Report on our website once a year, which includes information on our stewardship activities, and report to our customers. • The results of the exercise of shareholder voting rights are disclosed in a summary table, and are also disclosed individually in the case of in-house equity investment.
Principle 7	To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.	<ul style="list-style-type: none"> • In the Responsible Investment Advisory Sectional Meeting, we receive advice from external experts on strengthening stewardship activities and improve the content of these activities. • Under the commitment of our management, we are continuously strengthening our systems by increasing and developing human resources. • We conduct self-assessment in the form shown here and publish the results on our website annually.
Principle 8	Service providers for institutional investors should endeavor to contribute to the enhancement of the functions of the entire investment chain by appropriately providing services for institutional investors to fulfill their stewardship responsibilities.	<ul style="list-style-type: none"> • The Company is not a service provider for institutional investors.

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1 Measurement of GHG Emissions in Investment Portfolio (As of March 31, 2022)

- We endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB).
- In order to assess climate-related risks and opportunities in accordance with the recommendations of the TCFD, we continued to calculate GHG emissions and related metrics for our investment portfolio as of March 31, 2022, as we did last year.
- In addition to the four asset classes*1 (domestic equities, foreign equities, domestic credit*2, and foreign credit) of which we measured GHG emissions in the previous fiscal year, from this fiscal year we have also start measuring listed REITs, privately placed domestic real estate funds, and privately placed domestic real estate REITs.

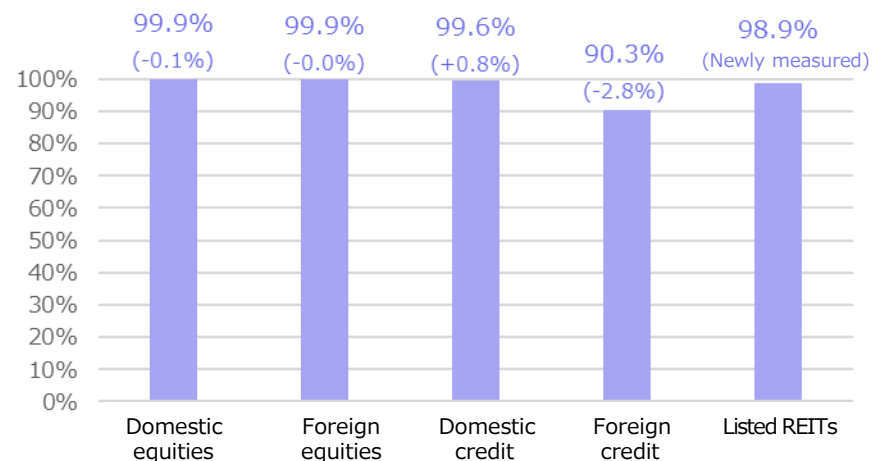
*1 Excludes unlisted equities, project finance, REITs, asset-backed securities, etc. Includes not only in-house managed assets but also externally managed assets.

*2 Includes loans to operating companies, etc.

◇ Asset classes Subject to Measurement

FY2021	FY2022
<ul style="list-style-type: none"> • Domestic equities • Foreign equities • Domestic credit • Foreign credit 	<ul style="list-style-type: none"> • Domestic equities • Foreign equities • Domestic credit • Foreign credit • Listed REITs (New) • Privately placed domestic real estate funds (New) • Privately placed domestic real estate REITs (New)

◇ Measured Coverage Ratio*3



(Source) ©2022, S&P Trucost Limited, Japan Post Insurance

*3 Coverage ratio is calculated as the market capitalization share of stocks for which public company figures and S&P Trucost Limited modeling figures are available. Figures in parentheses are year-on-year changes.

1 Measurement of GHG Emissions in Investment Portfolio (As of March 31, 2022)

- For the GHG emissions from our portfolio, the sum of Scope 1 and Scope 2 emissions was approximately 10.34 million tCO₂e, which is higher than the benchmark emissions.
- By asset class, emissions from the domestic credit portfolio are significantly higher than the benchmark emissions. This is mainly due to the overweight of the utilities sector, including electricity utilities, compared to the benchmark.

◇ Measurement Results as of March 31, 2022

Emission-related indicators Measurement range (Unit)	GHG emissions (*1) Scope 1&2 (tCO ₂ e)		GHG emissions (*1) Scope 1&2&3 (tCO ₂ e)		Carbon Footprint (*3) Scope 1&2 + direct suppliers of Scope 3 (tCO ₂ e/million yen)		Weighted average carbon intensity (*4) Scope 1&2 + direct suppliers of Scope 3 (tCO ₂ e/million yen)	
	Our Company	Benchmark (*2)	Our Company	Benchmark (*2)	Our Company	Benchmark (*2)	Our Company	Benchmark (*2)
Domestic equities	1,703,850	1,819,765	4,846,776	4,930,744	1.07	1.12	1.48	1.54
Foreign equities	298,670	276,396	523,493	498,778	0.63	0.59	2.38	2.24
Domestic credit	6,441,905	4,592,662	8,788,675	7,164,559	3.59	2.70	6.47	4.18
Foreign credit	1,869,583	1,655,483	2,822,119	2,805,117	0.92	0.84	3.90	3.45
Listed REITs	6,914	6,862	8,277	8,159	0.08	0.08	1.52	1.52
Domestic real estate	25,181	–	25,181	–	0.23	–	–	–
Total assets	10,346,104	8,351,168	17,014,522	15,407,357	1.58	1.40	3.64	2.59

(Source) ©2022, S&P Trucost Limited, Japan Post Insurance

*1 Carbon emissions are calculated as follows.

$$\sum_i \left(\frac{\text{Current value of investment } i}{\text{Issuer's EVIC } i} \times \text{Issuer's Scope 1 and Scope 2 GHG emissions } i \right)$$

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

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

*2 We use the following indices as benchmarks for each asset. Each benchmark metric is calculated based on the assumption that we hold the same amount of benchmark to each asset class.

Domestic stocks: TOPIX; Foreign stocks: Bloomberg World Large & Mid-Cap Index; Domestic credit: NOMURA-BPI (Corporate Bonds. However, asset-backed securities and corporate bonds of foreign issuers are excluded.); Foreign credit: A custom index that combines the Bloomberg Barclays US Corp Index, S&P/LSTA B/BB Leveraged Loan Index, and Corporate Emerging Markets Bond Index apportioned by our portfolio weight

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

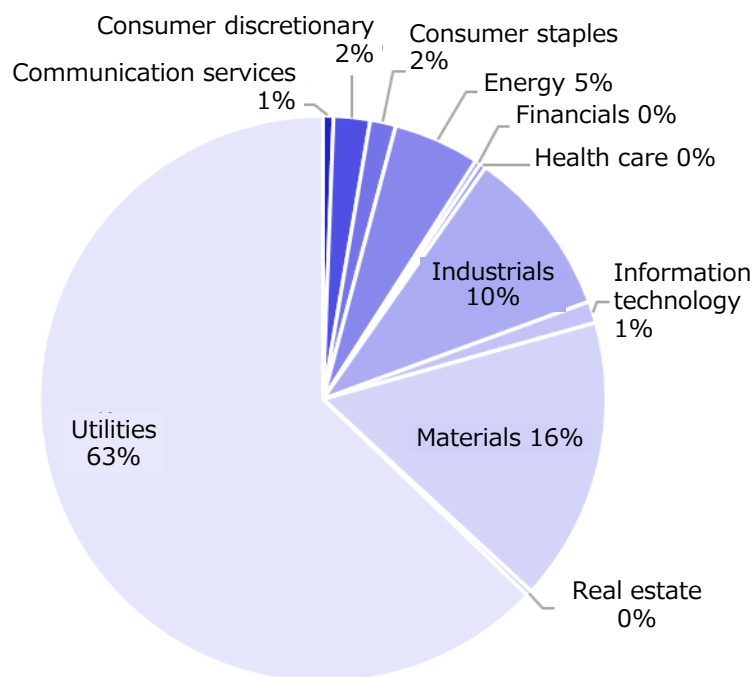
*4 Weighted Average Carbon Intensity indicates the carbon efficiency of the portfolio company. It is calculated by multiplying the GHG emissions per sales of the investee company by the ownership ratio in the portfolio and adding them together.

2 GHG Emission Reduction Targets for Investment Portfolio

- The GHG emissions*¹ from our investment portfolio are dominated by specific sectors, such as utilities and materials.
- By investment product, most emissions are from domestic credit (corporate bonds) investees. This is because many of the investments are in infrastructure sectors such as electricity and energy, which are relatively emission-intensive sectors.
- We aim to reduce the GHG emissions from our investment portfolio as of March 31, 2021, by 50% by March 2030.

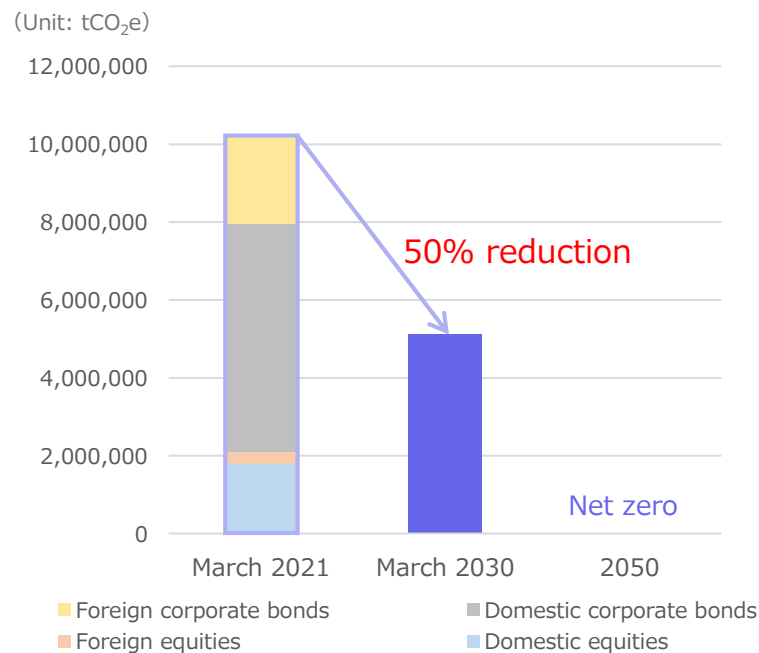
*1 Subsequently, our share of Scope 1 (direct emissions) and Scope 2 (indirect emissions from electricity and heat procured) emitted by each investee is summed.

◇ Our GHG Emissions Sector Composition*² (AS of March 31, 2022)



(Source) ©2022, S&P Trucost Limited, Japan Post Insurance

◇ Our GHG Emissions by Investment Product and the Reduction Targets for Our Investment Portfolio*²



*2 Excludes unlisted equities, project finance, REITs, asset-backed securities, etc. Includes not only internally managed assets but also externally managed assets.

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1 Participation in ESG Investment Initiatives

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

PRI

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



CDP

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



TCFD

Announced endorsement in 2019. Task Force on Climate-related Financial Disclosures.



Japan Impact-driven Financing Initiative

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



Climate Action 100+

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



PCAF

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



SIMI

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



Japan Stewardship Initiative

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



Advance

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

*We are planning to participate as an endorser of Advance and do not intend to participate in any engagement activities in Advance.

2 PRI Annual Assessment Results (2021)

- PRI annually assesses the commitment to responsible investment of its signatory institutions.
- In September 2022, we received the assessment results of the report to which we responded in May 2021.

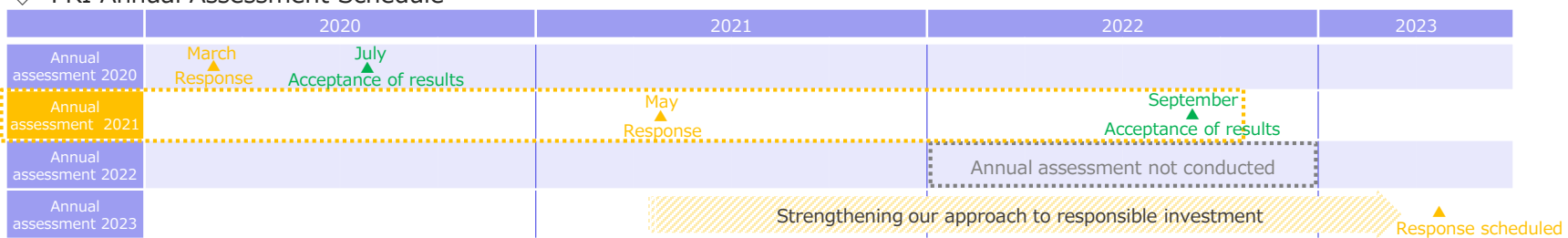
◇ PRI Annual Assessment Result (2021)*

Item	Assessment Results
Investment and stewardship policy (ISP)	☆☆☆
Listed equity (LE) (incorporation)	☆☆☆☆
Listed equity (voting)	☆☆☆☆
Fixed income (FI) (government bonds, quasi-government bonds, supranational bonds, corporate bonds, securitized products)	☆☆☆☆
Managed assets (LE)	☆☆☆☆
Managed assets (FI)	☆☆☆

*Assessment results are awarded up to five stars based on the status of initiatives, with five stars (☆☆☆☆☆) being the highest rank.

- The result reflects the response of the inquiry of PRI over a year ago, and do not represent an assessment of our initiatives from FY2021 onward. The annual assessment for 2022 was not conducted.
- Since FY2021, we have rapidly strengthened our approach to responsible investment, including the introduction of ESG integration for all assets under management. The results of the next assessment in 2023 should reflect the ongoing our responsible investment policy. We have confirmed through a trial assessment of our initiatives as of now that, on the basis of the assessment criteria used in 2021, our overall assessment result should have improved significantly.

◇ PRI Annual Assessment Schedule



- We designate the results of the PRI’s assessment of these reports as a key indicator in order to enhance our approach to responsible investment. We will use the results of this assessment as a reference in our efforts to promote and enhance responsible investment in the future.

3 ESG Investment Awareness Raising Activities

■ As an asset owner that contributes to the sustainable development of all aspects of the economy and society, we have engaged in activities to develop the next generation of financial human resources and promote initiatives related to ESG investment.

Giving lectures at universities and elsewhere

As a universal owner who aims to realize the sustainable development of all aspects of the economy and society, we give lectures on ESG investment at universities to contribute to the development of financial talent to support the next generation.

We explain the significance of ESG investment, specific initiatives undertaken by Japan Post Insurance, and their results with reference to actual investing case studies, and we endeavor to make the lecture content practical.



A lecture in progress (Hiroshima University of Economics)

Open engagement

To increase the awareness of the importance of engagement between investors and investee companies in ESG investments, we conducted an open engagement with issuers at seminars on ESG investments hosted by securities companies.



JAPAN POST INSURANCE