

Climate Policy in ESG Investing

1. Our Principle

Climate change is a pressing and significant concern for the world today. It also affects the international competitiveness of states and business enterprises. As an asset manager, we believe it important to duly consider climate issues in investment decisions and promote mitigation and adaptation through stakeholder dialogue and other measures. This is because it leads to the sound development of our beneficiaries' assets by improving returns and reducing risk over the medium to long term. Also, in the belief that such efforts will eventually contribute to the realization of a sustainable society, we strive to address climate change issues.

2. Governance

In order to ensure proper implementation of this policy, we establish an appropriate governance framework for its enforcement and supervision.

3. Integration of Climate Change Considerations into Our Investment Process

We undertake ESG assessments, as the core of our ESG investing, in order to understand an investee's corporate sustainability that improves return and mitigate risks for our beneficiaries over the medium to long term. With respect to climate change issues, we assess the impact of the investee's climate-related actions on its corporate value and incorporate it into the investment process.

4. Dialogue with Investees

We engage in dialogue with an investee that has challenges in its climate-related measures and the information disclosure, from the perspective of improving its medium- to long-term corporate values. As necessary, we seek to engage in more constructive dialogue in

collaboration with other institutional investors and initiatives which share the same views with us.

5. Exercise of Voting Rights

When we exercise our voting rights on climate-related proposals, we examine the investee's climate-related measures and the contents of disclosed information, and make our decisions to vote for or against, mainly from the perspective of preserving the medium- to long-term corporate value.

6. Escalation

When an investee has challenges in its climate-related measures and information disclosure, we engage in dialogue in order to address them. If there is a divergence between our approaches, we strive to improve the investee's corporate value by communicating our views as an investor and continuously engaging in constructive dialogues. In such cases, we do not exclude the possibility of divestment as an option.

7. Responses to Companies with Heavy Dependence on Fossil Fuels

Given the fact that international discussions toward fossil fuels phase-out are accelerating, we conduct ESG assessments on the companies that are heavily dependent on fossil fuels based on their risks and countermeasures related to such trends. We also seek to engage in dialogue with such companies to encourage low-carbon transitions.

8. Promoting the Understanding of Beneficiaries and External Investment Management Companies

Through disclosure and dialogue, we make our efforts to promote understanding of this policy among our beneficiaries and external asset management companies to which we outsource our investment management.

9. Information Disclosure

We make our efforts to disclose information appropriately on the status of our climate actions based on this policy, taking into consideration the TCFD and other international disclosure frameworks.