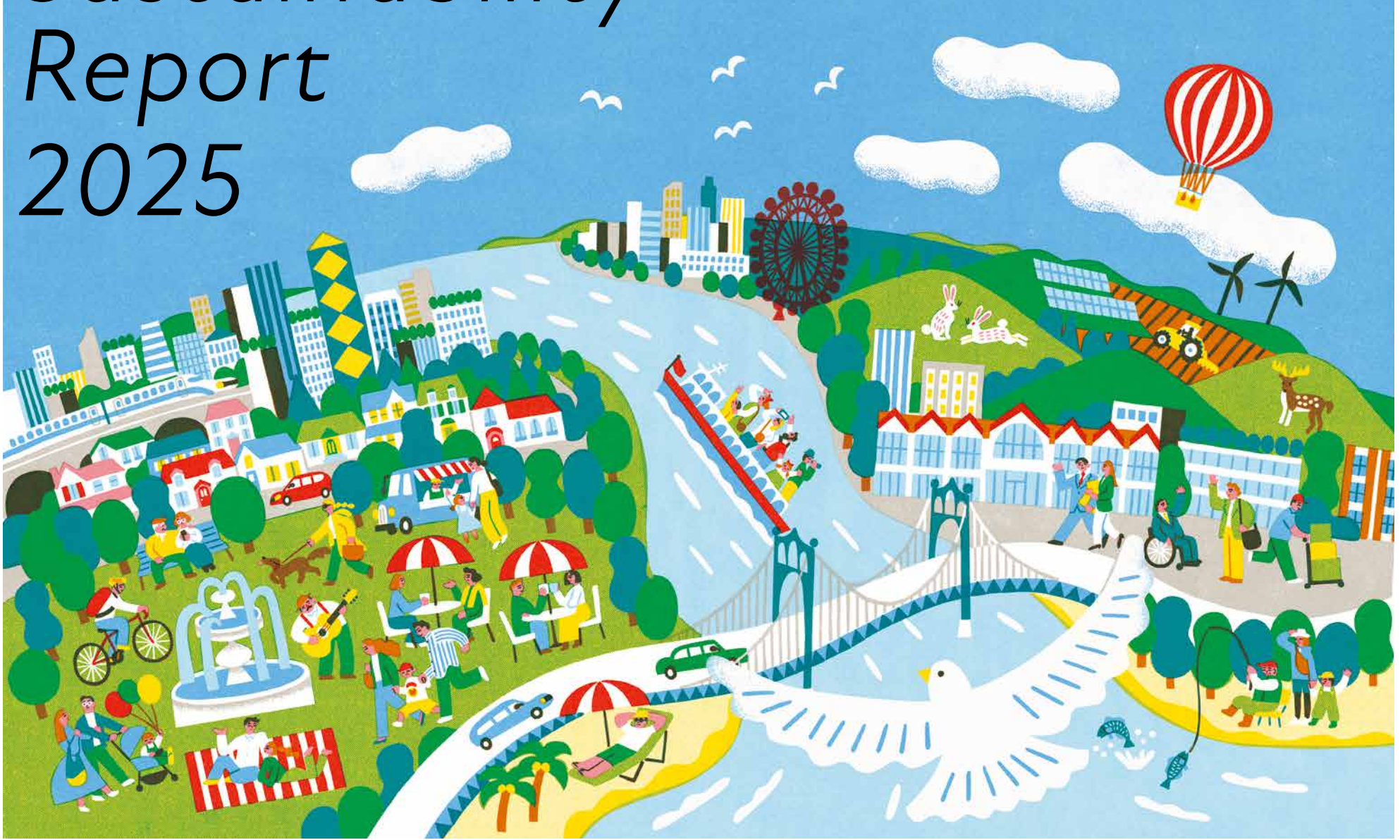


# Sustainability Report 2025

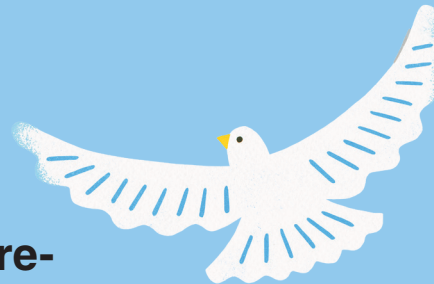
ひたむきにその先を見つめ、より良い未来へつなぐ  
—A Good Investment for the Future—



# We build long, trusting relationships with clients by providing the highest added value and ensuring client satisfaction.

## Purpose

### -A Good Investment for the Future-



#### The ideals behind our Purpose

Nissay Asset Management is dedicated to contributing to society by delivering peace of mind and trust to a diverse range of stakeholders, including clients, the environment, society, and employees, through responsible asset management. We are committed to long-term thinking with a relentless curiosity, continuously challenging ourselves, and engaging with sincerity.

Maintaining a long-term perspective means thinking and acting not only for the present but also with future generations in mind as we manage asset formation. We are dedicated to upholding our fiduciary duty, acting in the best interests of our direct clients as well as a diverse range of stakeholders.

As professionals in asset management, we will continue to strive for a better future, passing it down to subsequent generations.

## Business Principles

Our mission as professionals is to provide our clients with the highest added value in each aspect of our asset management services. We build long, trusting relationships with clients by continuing to provide the highest added value and ensuring client satisfaction.

### 1 Dedicate ourselves to client satisfaction

- We provide the high-quality investment products and services necessary to realize clients' future plans and ambitions, and work unrelentingly to ensure client satisfaction over the long term.
- We believe that to ensure sound asset formation for clients, investment decisions must be backed by accurate knowledge and understanding. Committed to this belief, we act as clients' "best partner" to help them with their investments.

### 2 Pursue professionalism

- All our officers and employees feel a sense of responsibility and pride in managing clients' assets, and make continuous and untiring efforts as professionals in their respective fields.

### 3 Foster a fair and honest corporate culture

- We strive to maintain a fair and honest corporate culture in view of the societal mission fulfilled by asset management services.
- We comply with laws and regulations as a global corporate citizen, and all our officers and employees strive to contribute to society, bearing their mission and responsibility in mind.
- We are resolutely opposed to all antisocial organizations that threaten the order or security of civil society, including organized crime groups or corporate extortionists.

## Investment Philosophy

We will maintain a consistent decision-making process within the organization and invest responsibly as a major investment firm.

### Active investment management

By identifying market inefficiencies, we will capture the gap between the fair value and the market price of the asset, and produce excess return.



### Intensive research

We look for investment opportunities through intensive research, analysis, and insight.



### Disciplined investment

With a continuous and consistent investment approach and extensive risk management, we aim to steadily reach our investment goal.



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# We aim to be the world's most trustworthy and reliable asset management company for our clients.

## Hiroshi Ozeki

President and Chief Executive Officer  
Nissay Asset Management Corporation



The year 2025 marks a major milestone for both society and for Nissay Asset Management, commemorating 80 years since the end of World War II and the company's 30th anniversary. Global political and economic structures are reaching a significant turning point, and the world is undergoing profound change. While the future is said to be increasingly uncertain and difficult to predict, several megatrends are expected to continue, such as declining birthrates, aging populations, the development of generative AI, and the acceleration of climate change from “global warming” to “global boiling.”

In this era of dynamic change, merely following long-established conventions is no longer sufficient to adapt to new environments and sustainably grow our business. Today, it is essential for each individual working on the front lines, where change is occurring, to exercise autonomous judgment. At the same time, if everyone moves independently, confusion is inevitable. A firm organizational compass is necessary to ensure a unified direction. That is why, in 2024, we established our Purpose, “A Good Investment for the Future,” to serve as our guiding principle in this era of change.

What we aim for is a flexible, resilient organization that unites around our Purpose as a shared foundation, while fully respecting diverse values. Individuals from various backgrounds and areas of expertise must be allowed to openly challenge each other's perspectives. This healthy clash of ideas will generate energy that can be focused on building a better future and transformed into a powerful driving force. It is this dynamism, which turns individual differences into strengths rather than weaknesses, that propels our

growth.

This style of organization is inseparable from the pursuit of sustainability. Sustainability challenges—particularly food risks brought about by climate change—pose a major issue for humankind. To address these complex problems, we aim to discover innovative solutions through the collective strength of diverse individuals. Sustainability is not only a social responsibility but also a source of new business opportunities.

As an asset management company, we approach sustainability from the perspective of single materiality. In other words, what kinds of opportunities or risks do corporate sustainability issues create for businesses? As investors, we analyze and answer this question to inform our investment decisions. In this sense, sustainability is at the core of our investment philosophy. Building co-creative relationships to enhance corporate value and address social issues through engagement is the very embodiment of our Purpose.

Each of us must express the thoughts behind our Purpose, “A Good Investment for the Future,” in our own words and embody them in our daily work. The unity generated through this effort will enable us to contribute to the sustainability of our clients, investee companies, and society, without compromising our pursuit of investment returns. We are committed to fulfilling our fiduciary duty and aim to become the world's most trusted asset management company for our stakeholders over the long term. I hope this report offers readers a glimpse into these activities.



# Nissay Asset Management at a Glance in Numbers

\*Figures in square brackets are from the 2024 report

## Assets under management

**41.2** trillion yen

(As of the end of March 2025)

[41.5 trillion yen]



## Proportion of female managers

**13.4%**

(As of the end of March 2025)

[12.2%]



## Average years of experience of investment managers

Approx. **13** years

(As of the end of March 2025)

[Approx. 12 years]



## Number of domestic equity proxy voting proposals

**13,286** proposals

(Sub-proposal basis, May/June 2025)

[14,220 proposals]

## Proportion of voting against company proposals

**10.4%**

(Sub-proposal basis, May/June 2025)

[12.1%]

## Carbon footprint of portfolios



**62.8** t-CO<sub>2</sub>e/\$mil

(Only for equities and corporate bonds. As of March 2025)

[59.3t-CO<sub>2</sub>e/\$mil]

## AUM of ESG funds

**6,735** billion yen

(As of the end of March 2025)

[733.8 billion yen]



## Number of in-house analysts and economists

**38**

(As of the end of March 2025)

[41]



## CO<sub>2</sub> emissions reduction

**1,942** t-CO<sub>2</sub>e

(FY2024)

[2,036 t-CO<sub>2</sub>e]



## Number of days of paid leave

**18.3** days

(As of the end of March 2025)

[18.1 days]



## Number of individual dialogues with companies

**2,291**

(FY2024)

[2,022]



# CIO Message



## Daisuke Fukayama

Co-Chief Investment Officer  
Director, Member of the Board

### Fiduciary duty: the origin of sustainable investing

If I were to raise one important turning point in the history of sustainable investing, it would be the establishment of the PRI (Principles for Responsible Investment) in 2006. This code of conduct for institutional investors, which was established at the initiative of then United Nations Secretary-General Kofi Annan, is now a universal concept supported by more than 5,000 institutional investors around the world.

We deeply resonated with this forward-thinking philosophy and wasted no time in signing the PRI in 2006, the year they were established. The PRI's preamble states environmental, social, and corporate governance (ESG) issues can affect investment performance and underscores the importance of considering ESG factors in order to fulfill our fiduciary duty as long-term investors.

Awareness of the fundamental role of ESG factors in the sustainable growth of corporate value and long-term investment performance is steadily spreading throughout Japan. This awareness is also reflect-

ed in Japan's Stewardship Code, Corporate Governance Code, and Asset Owner Principles.

As CIO of Nissay Asset Management (NAM), I believe the origin of sustainable investing is fiduciary duty and am confident sustainable investing is the key to the long-term protection and maximization of the value of the important assets entrusted to us by our clients.

Therefore, since being appointed CIO in March 2024, I have been committed to strengthening our investment capabilities and foundation. Specifically, I have promoted a system that autonomously advances the PDCA (plan-do-check-act) cycle toward evolving an investment process that will help deliver sustainable added value. Additionally, I am also working to build teams that will contribute to the creation of a sustainable investment structure and to provide solutions that utilize the investment know-how of Nippon Life Group. Progress is slow, but results are gradually coming to fruition. Strengthening our investment capabilities and foundation are indispensable in implementing sustainable investing, so I will remain committed to doing so going forward.

### The thoughts behind this report in its sixth year

This marks the sixth publication of our company's Sustainability Report, including the Stewardship Report that preceded it.

For this year's report, we focused on conveying the significance and importance of our sustainable investing to readers from a fiduciary duty-oriented perspective and as simply as possible.

Furthermore, we also put the spotlight on recent company initiatives. For example, we have introduced a "third" engagement approach, that is neither individual nor collaborative, new attempts to enhance engagement activities based on nature-related risks and opportunities, and impact investing efforts aimed at creating a positive cycle between climate transition and corporate value enhancement.

The PRI mentioned previously will be 20 next year, but the sustainable investing sector is still developing and has a lot of room to expand. It is a world filled with new challenges and transformations.

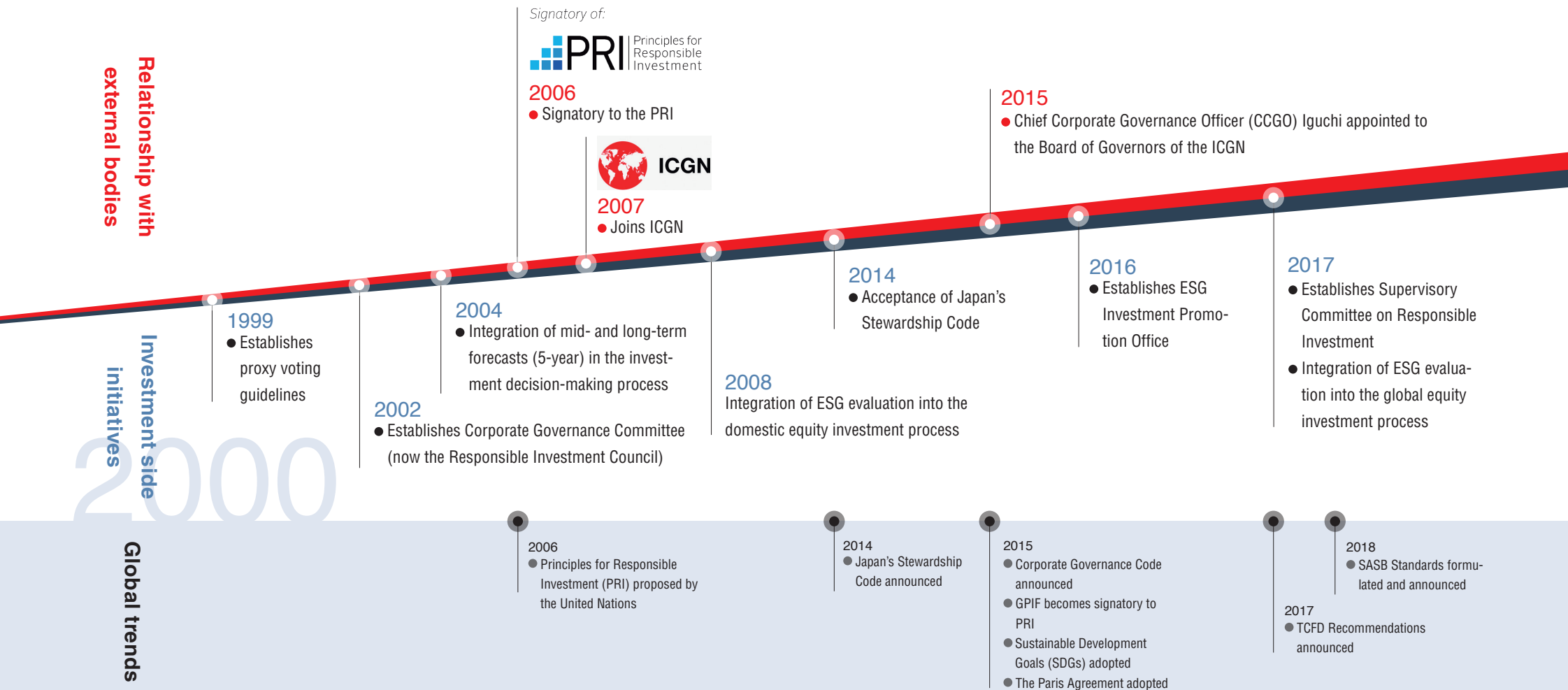
So that we may fulfill our fiduciary duty as a responsible institutional investor and provide excellent services to all clients, I will continue to put my all into acquiring the latest knowledge on sustainable investing and putting it into practice as CIO. I sincerely request your candid opinions and support going forward.





# History of Commitment to Sustainable Investment

To fulfill our social mission as a responsible investor in enhancing corporate value, creating a sustainable society, and developing a healthy capital market, Nissay Asset Management (NAM) has been engaged in sustainable investment for over 15 years since it began ESG evaluations in 2008. We became a signatory to the Principles for Responsible Investment (PRI), launched by the United Nations in 2006, and since 2008, we have integrated ESG evaluations into domestic and foreign equities and bonds, clarifying the focus of our long-term investments. Additionally, since accepting Japan's Stewardship Code in May 2014, we have been continuously engaged in improving quality, actively promoting dialogue with investee companies and the exercise of proxy voting rights. In February 2023, we joined the Global Impact Investing Network (GIIN) and have been striving to enhance our impact investments.



## History of Commitment to Sustainable Investment

## 2019

- January: Signatory to the TCFD
- March: CCGO Iguchi appointed an IFRS Advisory Council member
- May: Joins SASB's Investor Advisory Group (IAG)
- September: Acknowledged as Lead Sponsor of PRI in Person 2020 (Canceled due to COVID-19)

## 2021

- March: Participates in the Net Zero Asset Managers initiative
- October: The PRI Digital Conference held, with NAM serving as Lead Sponsor

## 2023

- February: Joins the Global Impact Investing Network (GIIN)



## 2024

- January: Joins the TNFD Forum and registered as a TNFD Adopter
- March: Joins the Impact Consortium
- April: Joins the Japan Impact-driven Financing Initiative

## 2019

- Discloses ESG investing approach by asset class

## 2020

- Extends our stewardship responsibilities to domestic corporate bond investment

## 2021

- Upgrades ESG Investment Promotion Office into a department
- Establishes the Sustainability Committee

## 2022

- Announces "2030 interim targets" for portfolio greenhouse gas emissions
- Establishes the Sustainability Management Office
- Enhances stewardship activities in foreign equity investment
- Shares thoughts on the definition of ESG funds. Enhances disclosure of ESG investing information in prospectuses, monthly reports, etc.

## 2024

- ESG Investment Promotion Department changed to Sustainable Investment Department

2020

## 2019

- US Business Roundtable revises its corporate governance principles away from "shareholder primacy" to "stakeholder capitalism (employees, local community, etc.)"

## 2020

- Then-Prime Minister Suga pledges carbon neutrality for greenhouse gas emissions by 2050 in his first policy speech to the Diet

## 2021

- IFRS Foundation establishes the International Sustainability Standards Board (ISSB)
- Glasgow Financial Alliance for Net Zero (GFANZ) launched

## 2022

- Tokyo Stock Exchange launches its new market segmentation (Prime Market, Standard Market, and Growth Market)
- Kunming-Montreal Global Biodiversity Framework adopted as global goals for 2030 in pursuit of preserving biodiversity

## 2023

- Financial Services Agency (FSA) announces supervision guidelines for ESG investment trusts
- Disclosure of human capital-related information in securities reports mandated
- ISSB announces the IFRS Sustainability Disclosure Standards
- TNFD Recommendations announced

## 2024

- FSA announces the Basic Guidelines on Impact Investment (Impact Finance)

## 2025

- The Sustainability Standard Board of Japan (SSBJ) announces Sustainability Disclosure Standards for Japan

# Recent Global Trends and the Importance of Sustainable Investing

## A growing pushback against ESG initiatives, particularly in the United States

Under the second Trump administration, which began in January 2025, a series of pushbacks against ESG initiatives, often referred to as the “anti-ESG movement,” has emerged.

Specifically, major financial institutions have begun withdrawing from initiatives such as the Climate Action 100+ (CA100+), an investor-led initiative that encourages the world’s largest corporate greenhouse gas emitters to take appropriate action on climate change, as well as other financial industry-led initiatives aimed at achieving a decarbonized economy. In addition, there has been growing public attention to and media coverage of major companies reconsidering their DEI (diversity, equity, and inclusion) initiatives, and of a leading proxy advisory firm suspending diversity considerations in the selection of US companies’ board members.

Amid the spread of these “anti-decarbonization” and “anti-DEI” movements, we believe it is extremely important to reaffirm the significance of commitment to sustainable investing.

## Science reveals what influences corporate value

First and foremost, we must not forget that both climate change and DEI are critical issues that influence corporate value. This is not a matter of personal beliefs or opinions. Science confirms it.

For example, scientific research has shown that rising temperatures have wide-ranging negative effects on our economy and society. If global warming continues unchecked, it is certain that corporate activities will be significantly affected in various ways.

The same applies to DEI initiatives. Numerous scientific studies have demonstrated that enhancing organizational diversity improves a company’s problem-solving capabilities.

Of course, circumstances differ among companies. Some companies may even make use of climate change as a business opportunity. Similarly, promoting DEI is not necessarily a silver bullet for increasing corporate value across the board. Assessing the impact and effectiveness of these efforts requires investors’ expertise. Nevertheless, one key point remains: science reveals that, as a general trend, both climate change and DEI are issues that influence corporate value.





## Recent Global Trends and the Importance of Sustainable Investing

### The importance of identifying business opportunities

Another key point is that pushback against ESG initiatives vary by sector, resulting in an uneven pattern of progress.

As mentioned earlier, there are pushbacks against initiatives such as urging the major greenhouse gas emitters to promote decarbonization and encouraging companies with DEI challenges to take action. At the same time, however, little pushback is seen in areas such as responding to the growing threat of climate disasters, for example, by developing disaster-resilient infrastructure. Amid rising energy prices, demand is also increasing for energy-saving technologies from a cost-efficiency perspective.

For profit-driven companies and return-seeking investors, it is becoming increasingly important to identify business opportunities with a clear understanding of these uneven patterns.

### SSBJ Standards highlight business opportunities and risks

In March 2025, the Sustainability Standards Board of Japan (SSBJ) Standards were completed. These standards serve as the Japanese version of sustainability disclosure standards, developed based on the IFRS Sustainability Disclosure Standards completed in June 2023, which in turn build on the TCFD recommendations published in 2017. From the fiscal year ending March 2027, listed companies in Japan will be required to disclose sustainability-related information according to the SSBJ Standards.

The required disclosures cover sustainability-related risks and opportunities, including climate change, as well as their financial impacts. In other words, the SSBJ Standards are expected to make each company's business opportunities and risks more transparent. For investors, this information will serve as a valuable resource for assessing risks with potential financial consequences or identifying attractive investment opportunities.

### The essence of sustainable investing is the ability to analyze financial impact

There is no universally accepted definition of sustainable investing, and interpretations vary among investors. However, we believe that the essence of sustainable investing lies in incorporating ESG analysis into investment analysis and then making investment decisions based on the understanding that key ESG factors, which may affect companies' future financial value, are not always fully reflected in their current asset prices.

Even amid growing pushback against ESG initiatives, the importance of sustainable investing continues to grow. We are committed to continuously improving our analytical capabilities to identify ESG-related business opportunities, risks, and financial impacts.

#### Column

### SSBJ Standards: Three key points

The SSBJ Standards are disclosure standards for sustainability-related financial information, developed by the Sustainability Standards Board of Japan underof the Financial Accounting Standards Foundation (FASF) and published in March 2025.

As there are already various books and articles explaining the standards in detail, we will focus here on three key points you should know.

Our Chief Corporate Governance Officer Iguchi also serves as a member of SSBJ.

#### 1. Information disclosure valuable to all investors

Sustainability-related investment goes by various names, such as ESG investing, sustainable investing, responsible investing, and impact investing. The SSBJ Standards require companies to disclose information that is broadly useful for all investors in making investment decisions, rather than providing information for a specific group of investors.

#### 2. Information disclosure from a financial perspective

The SSBJ Standards require companies to disclose sustainability-related information from a "financial perspective." This refers to data that serves as leading indicators of future financial metrics, such as sales, profits, and costs. Such information is essential for investors who make decisions based on future prospects.

#### 3. Mandatory information disclosure for listed companies

A crucial point is that disclosure under the SSBJ Standards will be mandatory for listed companies, rather than optional. While many Japanese companies have previously published integrated reports on a voluntary basis, the SSBJ Standards are expected to make such disclosures compulsory for listed companies in Japan starting with the fiscal year ending March 2027.

# Approach to ESG Integration and Its Relationship with Engagement

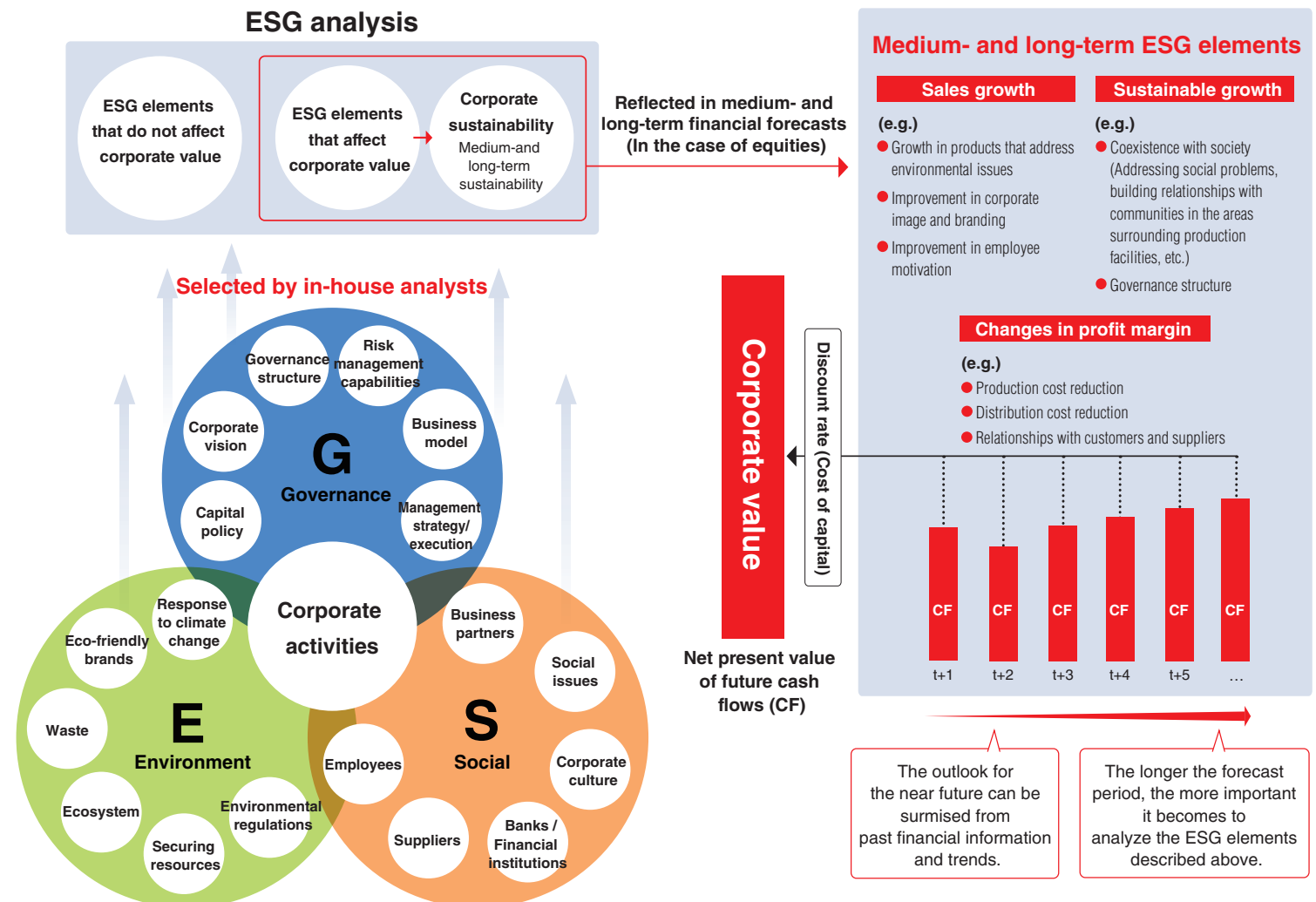
## Identifying major ESG drivers through ESG analysis to understand financial impact

The ESG integration at our company incorporates ESG analysis into investment analysis to make investment decisions based on the idea that major ESG drivers that impact future financial value are not always sufficiently reflected in current asset price.

Especially in equity investment, equity analysts identify key ESG drivers for companies through ESG analysis and gain a clear understanding of their impact on corporate value by reflecting these financial impacts in the medium- to long-term financial forecasts. In regard to fixed income investment, the financial impact of ESG drivers is reflected in a creditworthiness evaluation.

This process is called an “ESG evaluation.” During the process, we use our company’s proprietary ESG analysis sheet to record results of analyses related to ESG drivers reflected in financial forecasts and those related to sustainability risks and opportunities that can impact the future. Based on this, we assign an ESG rating, which visualizes the assessment of the degree of impact on corporate value.

In light of the completion of the IFRS Sustainability Disclosure Standards and the SSBJ (Sustainability Standards Board of Japan) Standards based on them, we expect companies to focus more on disclosing sustainability-related information, making this kind of ESG integration essential.



## Approach to ESG Integration and Its Relationship with Engagement

### About NAM's proprietary ESG ratings

We grant ESG ratings based on substantive evaluations made by in-house analysts through interviews and engagement with companies as well as analyses of public corporate information.

For each evaluation item, we evaluate the effects of companies' ESG initiatives on medium- and long-term corporate value, in terms of a three-level rating scale: "positive," "neutral," and "negative" (where a rating of 1 is the highest and 3 is the lowest).

If it is anticipated that a company's value will be significantly impaired due to ESG-related issues, we usually exclude it from our investment universe and cease to assign it an ESG rating. However, if there are reasons to retain such companies within the investment universe, such as large market capitalization, a rating of 4 may be assigned.

### Classes and description of NAM's ESG ratings

Rating classes	Description
1	The company's ESG initiatives are positive for its corporate value
2	The company's ESG initiatives are neutral for its corporate value
3	The company's ESG initiatives are negative for its corporate value
4	The company's ESG initiatives are significantly negative for its corporate value
Not assigned	Excluded in principle from the investment universe for active investing, from perspectives such as liquidity and/or credit risk

Note: This description might not apply to the ESG approach and rating method used for external investment managed by a third-party asset management company.

### Relationship with engagement

Engagement with companies is an important process of ESG integration. Through engagement, analysts improve their understanding of investee companies and conduct analyses based on that understanding, aiming to produce high-quality medium- and long-term financial forecasts and creditworthiness evaluations. Furthermore, even when companies change as a result of engagement, analysts continually reevaluate financial forecasts and creditworthiness evaluations from a medium- to long-term perspective through ESG analyses (ESG ratings are also continually reevaluated).

As described above, ESG analyses and engagement are mutually related activities, and we believe it is important that analysts implement them not as separate processes, but in an integrated manner.





# Engagement Activities Aimed at the Medium- and Long-term Enhancement of Corporate Value

## Aiming to enhance and realize corporate value through engagement

NAM's ideal engagement involves conducting constructive discussions with investee companies, based on relationships of mutual trust and an awareness of supporting the realization of corporate growth.

Frequent discussions with senior management and IR representatives will reveal aspects such as the business issues currently faced by the investee company and management issues associated with future business expansion. Many companies that aspire to grow are closely focused on these issues, and investors play an important role in providing a bird's-eye view that can hint at solutions to the company's weaknesses and issues.

NAM is engaged in analyst activities with a consciousness of providing support that will enable companies to perceive what they need to do to improve by expressing objective opinions and introducing examples of similar problem solving from other industries, etc.

## Establishing an engagement agenda focused on bottom-up engagement

In order to promote NAM's ideal engagement, we must have a deep understanding of the company. NAM's analysts are deepening their understanding of the company through a series of ESG integration processes, including conducting ESG analyses, forecasting medium- to long-term financial performance, and analyzing corporate value.

On top of that, our analysts endeavor to cultivate a mutual sense of trust through engagement with the senior managers of investee companies and strive to ascertain the essence of each company. This also leads to greater confidence in our medium- and long-term financial forecasts that are based on ESG evaluations.

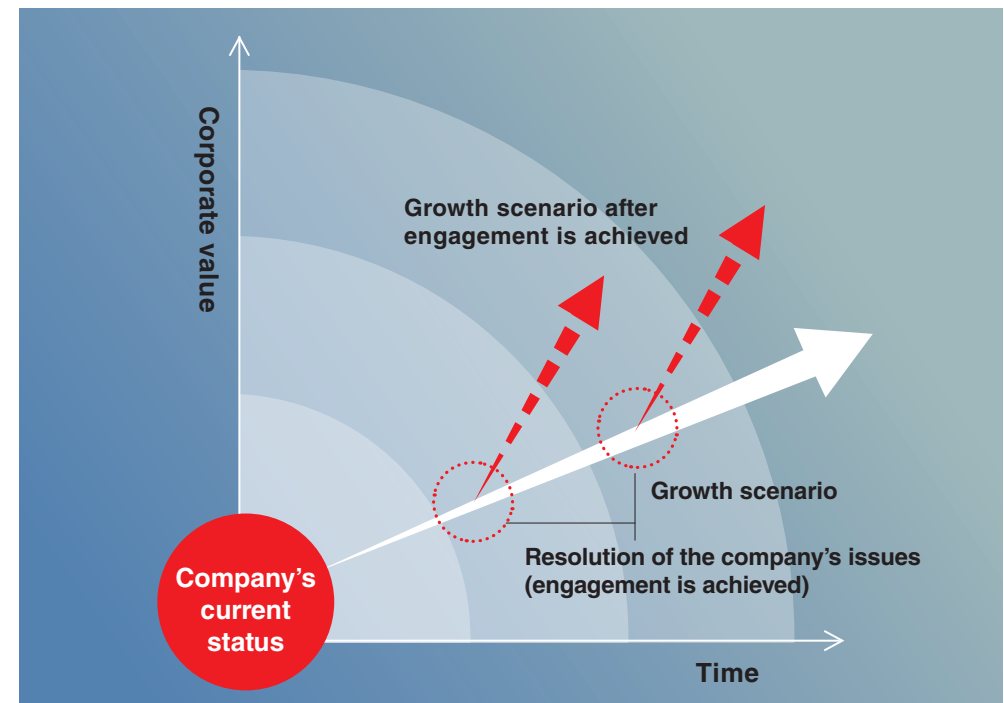
We designate companies as "key engagement targets" if their corporate value can be enhanced through engagement activities and their senior management is receptive to such dialogues.

Of course, companies are encountering a diverse range of issues and receive opinions from stakeholders with different interests, as well as investors with different views on timelines for enhancing corporate value. We get the impression that a lot of companies face difficult decisions about which issues to prioritize.

The same applies for engagement. It is necessary to engage in continuing discussions after narrowing down the issues to discuss based on their order of priority, accounting for elements that will impact long-term corporate value.

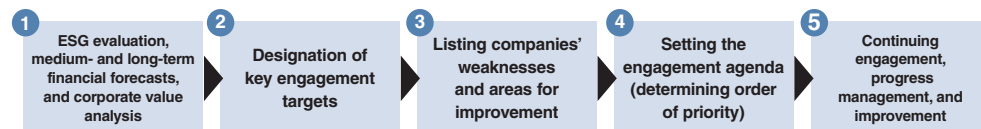
For this reason, NAM's success criteria for engagement agenda items are not results-based criteria such as ROE targets or operating margin targets. Instead, we aim to enhance corporate value by setting criteria related to specific management actions that should be taken by the company. By using this framework to manage progress, we hope to continue our association with companies behind the scenes to support the actions they take to improve.

### NAM's ideal engagement (image)

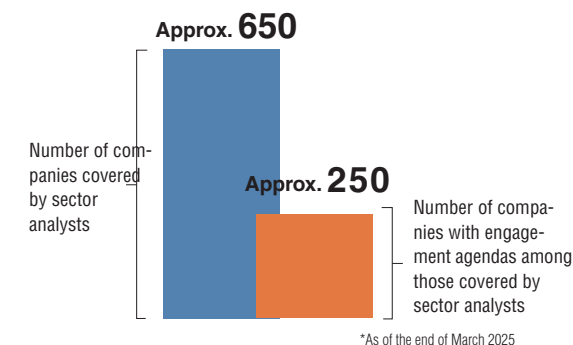


## Engagement Activities Aimed at the Medium- and Long-term Enhancement of Corporate Value

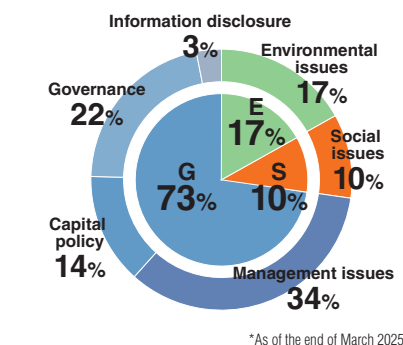
### Main flow of bottom-up engagement for domestic equities



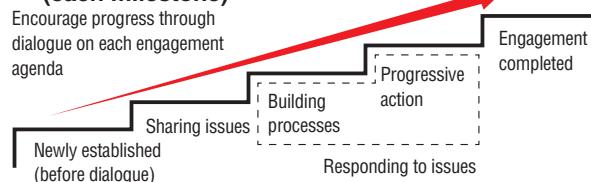
#### Number of companies with engagement agendas, including key engagement targets



#### Proportion of engagement agenda devoted to each ESG item

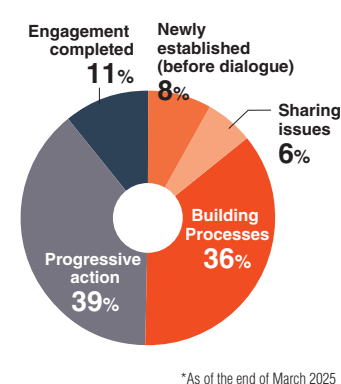


#### Progress management for engagement agenda items (each milestone)



Stage	Status
Engagement completed	Agenda target achieved
Re-sponding to issues	Progressive action
	Initiatives underway to resolve issues
Sharing issues	Building processes
	Shared awareness of issues up to the senior management level, with processes under construction
Newly established (before dialogue)	Shared awareness of issues below the senior management level, or shared awareness not yet achieved
Newly established (before dialogue)	New agenda items established (Engagement unconcluded at the end of the fiscal year)

#### Proportion of progress of engagement agendas



#### The process from listing the engagement agenda items to determining an order of priority

Listing companies' weaknesses and areas for improvement (phase 3 of the main flow of bottom-up engagement)

Taking the manufacturing industry as an example, we can present the issues faced by companies in each facet of ESG as shown in the table below. From among the possible engagement themes, including those not shown in the table, we consider the most important initiatives from the perspective of stakeholders to avoid the engagement becoming too vague and diffuse. We emphasize the setting of the engagement agenda by our analysts, based on their investigative activities, according to an order of priority determined through comprehensive consideration of the “enhancement of corporate value,” the “timeframe for successfully resolving issues,” and the “probability of a successful resolution.”

	Examples of engagement agenda items	Engagement perspectives based on enhancing corporate value
Environmental (E) engagement	1 Improvement of manufacturing methods	<ul style="list-style-type: none"> <li>Initiatives to suppress CO<sub>2</sub> emissions from manufacturing processes</li> <li>Balance between promoting the development of energy-saving products and new manufacturing methods and managing invested capital</li> <li>Formulation of management strategy to achieve carbon neutrality by 2050</li> <li>Enhanced disclosure of business risks, opportunities, and response measures</li> </ul>
	2 Environmental management and net-zero GHG emissions	
	3 TCFD recommendations and environmental information disclosure	
Social (S) engagement	1 Corporate culture and relationships with employees	<ul style="list-style-type: none"> <li>Penetration of corporate philosophy and enhanced disclosure of employee engagement</li> <li>Promotion of human resources development measures and DEI, and utilization of mid-career hires</li> <li>Building relationships with suppliers and others</li> <li>Enhanced disclosure of work practices, safety and health, etc.</li> </ul>
	2 Relationships with stakeholders and customers	
	3 Occupational safety and human rights response	
Governance (G) engagement	1 Management strategy and efficiency of invested capital	<ul style="list-style-type: none"> <li>Optimal composition of investment and returns and the establishment of high-quality investment discipline</li> <li>Disclosure of directors' skills and the construction of a governance structure that incorporates diversity</li> <li>Stronger function as a monitoring board and deeper discussion by the Board of Directors</li> <li>External involvement in the nomination and compensation committee, and governance of listed subsidiaries</li> <li>Monitoring to prevent misconduct</li> </ul>
	2 Governance structure and attitude toward engagement	
	3 Compliance and risk response	

#### Setting the engagement agenda (determining order of priority)

(phase 4 of the main flow of bottom-up engagement)

#### Perspectives on determining the order of priority of engagement agenda items

- 1 Enhancement of corporate value
- 2 Timeframe for successfully resolving issues
- 3 Probability of a successful resolution

The analyst determines the engagement agenda

## Engagement Activities Aimed at the Medium- and Long-term Enhancement of Corporate Value

### Accompanied support from a team responsible for enhancing the quality of engagement

In FY2024, as the importance of engagement activities grew, we established a team responsible for enhancing the quality of engagement to accompany and support the activities of the analysts conducting dialogue with companies. The team also assists in establishing optimal engagement agendas for the analysts, thoroughly managing engagement progress, and promoting the PDCA cycle of engagement activities.

Since FY2025, we have been further strengthening the team and centrally managing dialogue performed not only by equity analysts but also by credit analysts. We are also enhancing engagement related to addressing sustainability issues that are important for increasing medium- and long-term corporate value.

### To verify the effectiveness of engagement

The aforementioned team responsible for enhancing the quality of engagement is at the center of our efforts to verify the effectiveness of engagement. It is difficult to scientifically verify cases in which analysts engage in dialogue and hypothetical cases in which they do not. However, for example, by investigating changes in the dividend payout ratios after engaging in dialogue with companies for which we have set engagement agendas related to capital policy, shareholder returns, and the appropriation of surplus earnings, we confirmed dividend payout ratios were rising on average.

Additionally, we observed improvement trends in many companies whose shareholder meeting proposals we initially intended to oppose based on our proxy voting guidelines, following our engagement efforts aimed at encouraging positive changes.

We will continue to further enhance the PDCA cycle of engagement activities by focusing more on effectiveness verification.

### Proxy voting on the basis of dialogue (escalation)

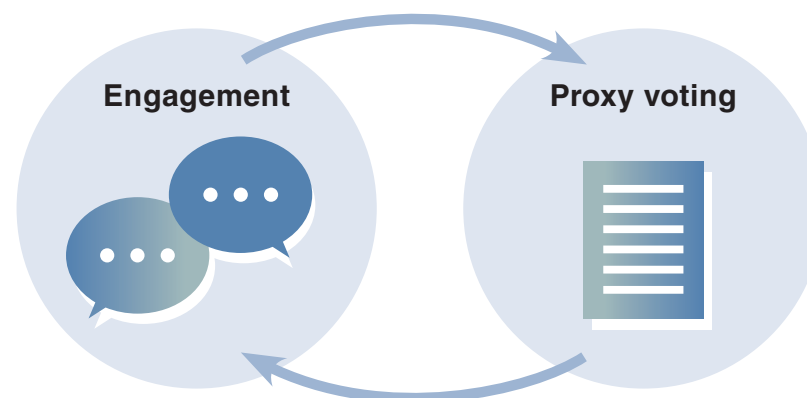
The status and results of dialogue that analysts continually conduct with companies are reflected in proxy voting decisions. If deemed effective, NAM may make stricter proxy voting decisions (escalation).

We disclose all proxy voting decisions along with reasons. As for companies where we voted in opposition, we set relevant themes as engagement agendas and encourage improvements through dialogue.

We aim to improve the corporate value of investees by implementing proxy voting and engagement in an integrated manner.

#### Proxy voting on the basis of engagement

(if deemed effective, stricter decisions may be made = escalation)



**Proxy voting decisions are all announced, along with reasons.**  
**Engagement is continued even after proxy voting.**



# Examples of Bottom-up Engagement Activities

## Pharmaceutical company A

## Succession plan development



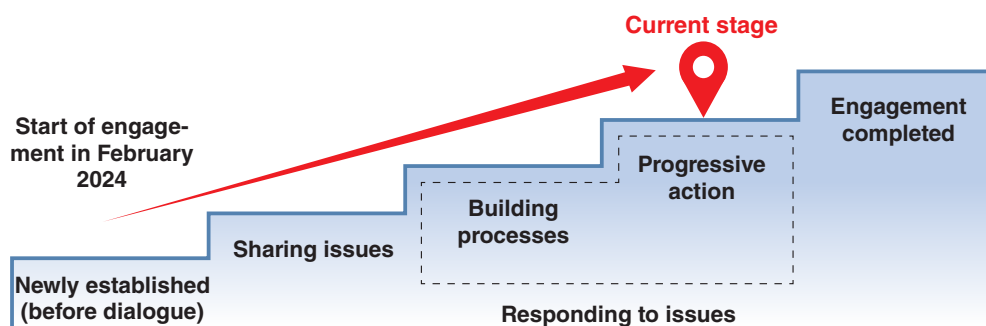
### Issues recognized by analysts

- ▶ Development and steady implementation of a succession plan from their highly charismatic founder-president (at the time) as a critical issue for achieving sustainable growth
- ▶ Need to enhance the independence and transparency of their nomination and remuneration committee (An initial issue of having an inside director serve as chairperson had been addressed, but the need for more effective operations remains.)



### Overview of engagement activity

Goal	Developing a succession plan and enhancing the transparency of their nomination and remuneration committee
Expected effects	Continuous enhancement of corporate value based on a well-established succession plan, even after changes in the president or management team
Target	President, directors, etc.
Current situation	Due to the appointment of a new president in light of the founder's health issues, development of a succession plan remains in progress. However, efforts such as changing the chairperson of the nomination and remuneration committee from an internal director to an outside director demonstrate their commitment to addressing these issues. As a result, the engagement status is "progressive action." We are continuing engagement.



### Engagement Timeline: February 2024 start; five sessions total

#### Spring 2024



We consider the development of a succession plan to be a critical management issue. Could you share your system and approach for developing the next generation of management?



Developing the next generation of management is a critical management issue. For example, in our R&D division, we are focused on strengthening development of experienced managers overseeing each clinical department, as well as executive officers.



For the next generation of management, we are concerned from a corporate governance perspective that an internal director serves as the chairperson of your nomination and remuneration committee. Wouldn't it be more appropriate to have an outside director serve as the chairperson?



Our board of directors has had repeated discussions about whether we need to appoint an outside director as the chairperson. Although it is possible to appoint an outside director as a formality, we have chosen an internal director for the role while taking into account the importance of fostering substantive discussions within the committee and the benefits of having someone with deep knowledge of our internal operations.

#### Summer 2024 to winter 2024 (Appointment of new president and outside director as chairperson of the committee)



Appointment of an outside director as the chairperson of the committee has alleviated our concerns about corporate governance. However, based on our understanding that the leadership change was due to the former president's health conditions, we believe that it is important for your company to stay committed to developing your succession plan in order to continue to enhance corporate value.



Through repeated dialogues, we concluded that appointing an outside director as the chairperson was appropriate and took action accordingly. Although the leadership change was unexpected, the new president brings extensive knowledge and experience. We are committed to our continuous growth. We first aim to establish a solid foundation under the new management structure.

#### Spring 2025



Could you share the current status of creating a succession plan under the new management structure?



We are now entering the phase of steadily developing a succession plan, which includes developing the next generation of management.

## Examples of Bottom-up Engagement Activities

## Information and communication company B

## Further promotion of work style reforms



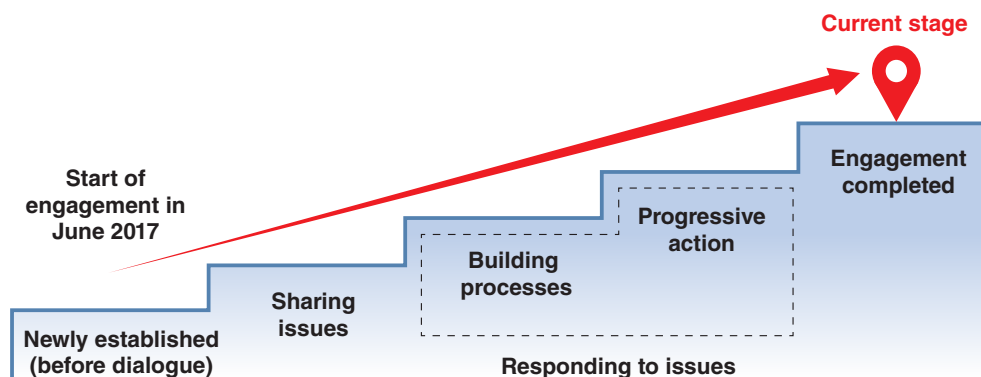
## Issues recognized by analysts

- Even though the company strives to reduce overtime hours and increase the rate of paid leave usage as part of work style reforms, progress has stagnated. This requires additional efforts to improve productivity.



## Overview of engagement activity

Goal	Enhancing corporate value through work style reforms
Expected effects	Increasing profitability and attractiveness through improved productivity
Target	Executive officers, etc.
Current situation	We observed specific numerical improvements, such as improving operating income per person along with responding to strong demand for their services without an increase in average overtime hours and decrease in the rate of paid leave usage. These results also contribute to a rise in both new graduate and mid-career hires, which has enabled us to confirm the increased attractiveness of their work environment. As a result, the engagement is concluded.



## Engagement Timeline: June 2017 start; seventeen sessions total

## From 2017 to 2019



NAM

How is the progress of achieving quantitative targets such as reducing overtime hours and increasing the rate of paid leave usage? We believe that your work style reforms should not only achieve these targets, but also contribute to enhancing corporate value through improvement in productivity and hiring.

We are reaching the achievement of our quantitative goals, and we will move on to the next stage focusing on the quality of how we work and the level of job satisfaction in order to improve productivity.



Investee

## From 2020 to 2023



NAM

The COVID-19 pandemic has accelerated the shift toward location-independent work styles, intensifying competition for talent. If progress stalls in areas such as decreasing work overtime hours, promoting the rate of paid leave usage, and increasing the level of employees' job satisfaction, it could have a significant negative impact on your company. What do you think about the need of further proactive and advanced initiatives, including human resources system reforms, to create systems and work environments so that your engineers can work more comfortably?

We have developed a platform that supports remote work with the aim for enhancing productivity and expanding the scale of business. We also exchanged information with our partner companies to promote work style reforms, with the goal of improving work environments across our business ecosystem. Our efforts are focused on avoiding dependence on specific employees, enhancing productivity, and securing talent for growth areas.



Investee

## From 2024 onward



NAM

We confirmed that, despite growing demand for your services, your company has successfully responded without compromising your efforts to reduce work overtime hours and increase the rate of paid leave usage. We have also observed an increase in operating income per person and the number of new graduate hires. These efforts appear to be contributing to making work style reforms take root and enhancing your position in the employment market.

Both inside and outside our company, we have created an engaging work environment that attracts talent. While there are certain limitations in reducing overtime hours and increasing the rate of paid leave usage, we believe that the results of our work style reforms have clearly contributed to enhancing productivity and securing talent. We will continue to carry out our efforts to maintain an inviting corporate culture.



Investee

## Examples of Bottom-up Engagement Activities

## Grocery company C

## Enhancement of profitability in low-profit business



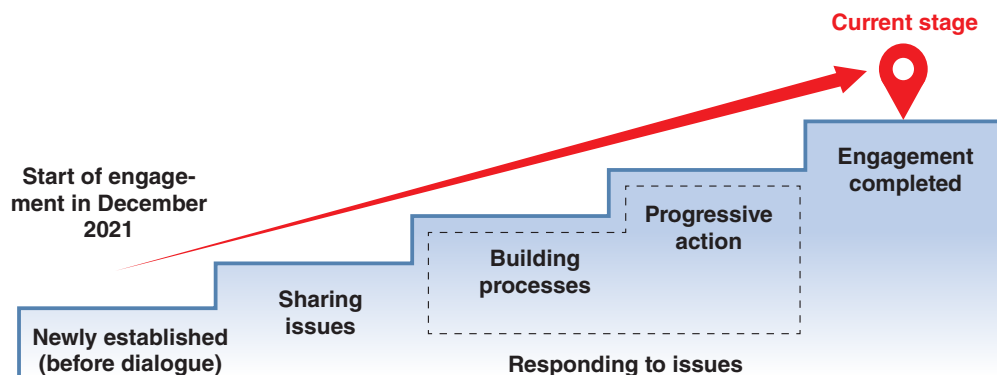
## Issues recognized by analysts

- Uncertain outlook for improving the company's low-profit business leads to a decline in corporate value. This requires planning and implementing specific improvement measures to increase profitability.



## Overview of engagement activity

Goal	Enhancing profitability of low-profit business through review of business plans and management systems
Expected effects	Improvement of low-profit business contributing to not only enhanced corporate value but greater trust in future potential and management
Target	CFO, etc.
Current situation	Efforts for enhancing the value of the low-profit domestic business have positioned it as the company's second pillar of profitability behind the core domestic business. Engagement concluded having observed that the profitability of the low-profit business had improved through various initiatives.



## Engagement Timeline: December 2021 start; nine sessions total.

## From 2021 to 2022



NAM

We believe that improving the low-profit business requires the use of financial indicators and the development of a more detailed management framework.

For a management framework, we are promoting a SKU (stock keeping unit) management and digital transformation.



Investee



NAM

For instance, we think that it is necessary to discuss business continuity by managing profitability through the implementation of ROIC into each business segment.

We believe that disclosing ROIC is important not only within our company but also for investors. However, as with other financial indicators, we recognize that simply disclosing it may not be sufficient. Therefore, we are discussing effective methods for enhancing business value.



Investee

## 2023



NAM

Although your medium-term ROE targets have been announced, we still do not see any clear signs of improved profitability in each business segment to underpin those targets.

As for profitability, we are thoroughly reviewing our investment and financing plans across the company.



Investee



NAM

We think that, given the decline in profits from your overseas operations and subsidiaries due to a changing business environment, it is necessary to establish a management structure that can effectively support improvement efforts and to clarify your strategies. Could you share how you are handling product price increases and any brand strategies, related to improving profitability?

While enhancing the value of products across each business segment in order to improve our ability to revise prices, we are also strengthening our efforts for achieving continuous profit improvement.



Investee

## From 2024



NAM

We recognize that the implemented measures have had a positive impact on the low-profit business within Japan, resulting in the significant improvement of profitability.

Our new approaches to promoting products and enhancing product value have begun to yield results. We are committed to ensuring these outcomes are sustainable, and we will appropriately control the impact of marketing investments with the aim of improving profitability and maintaining the growth of our businesses.



Investee

## Examples of Bottom-up Engagement Activities

### Chemical company D

## Disclosure of a feasible growth strategy



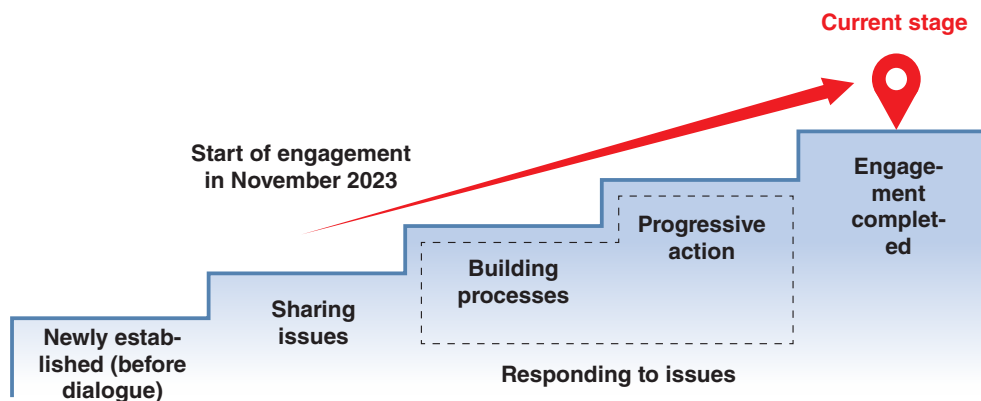
### Issues recognized by analysts

- The lack of disclosure regarding the company's growth strategy has led to its underestimation, which poses an issue. This requires fostering understanding from the equity market through story-based explanations included in integrated reports and on their website.



### Overview of engagement activity

<b>Goal</b>	Disclosure of a feasible growth strategy
<b>Expected effects</b>	Enhancing corporate value by eliminating discount factors from perspective of equity market
<b>Target</b>	Directors
<b>Current situation</b>	The integrated report included specific details on their growth strategy, leading to the conclusion of the engagement. This disclosure is expected to eliminate discount factors from the perspective of the equity market and contribute to enhancing corporate value.



### Engagement Timeline: November 2023 start; two sessions total

#### Winter 2023



NAM

We understand that one of your businesses serves as a medium- to long-term growth driver. Is it correct?

Yes. It serves as our medium- to long-term growth driver.



NAM

We recognize that the business is entering a phase of full-scale growth. However, the equity market has yet to fully appraise its competitive advantages, resulting in undervaluation. Would you consider including a story-based explanation of the business in the next integrated report to help foster the equity market's better understanding?

Thank you, as always, for your valuable insight. We will take your suggestions into consideration.



Investee



Investee

#### Winter 2024



NAM

This integrated report dedicates substantial space to the business, and the narrative clearly conveys expectations for its future growth. We highly appreciate your efforts.

We are always grateful for your valuable suggestions. While we may not be able to address all of your suggestions, we remain committed to always acting on at least one each time. Based on your advice, we decided to feature one of our growth drivers in this integrated report to enhance the capital market's understanding of it,



Investee



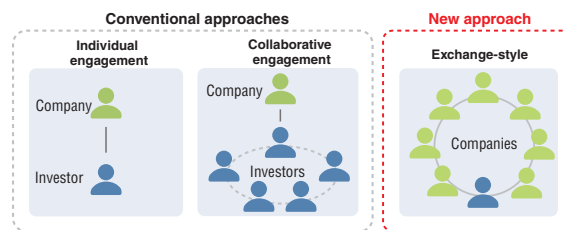
# Combining Diverse Engagement Approaches to Maximize Impact

## A “third” engagement approach: neither individual nor collaborative

In Japan, the introduction of Japan’s Stewardship Code in 2014 marked a turning point, raising awareness of the importance of constructive engagement with investees and promoting its wider adoption.

To further enhance the effectiveness of our engagement activities, we have introduced a new approach. Until now, our efforts have focused primarily on individual engagement with investees and collaborative engagement with other institutional investors, as outlined in the 2017 revision of the Code. We are now supplementing these methods with an exchange-style approach, in which we invite multiple companies from different industries to participate in meetings facilitated by our team, with agendas we set. By applying these approaches as necessary, we aim to maximize the impact of our engagement activities.

In the exchange-style approach, participants not only interact directly with our team but also share information and ideas with one another. We believe that learning from cross-industry best practices and experiences will further encourage positive change among investees.



## Example: Exchange meeting with CFOs (held in March 2025)

In recent years, Japan’s Corporate Governance Code has explicitly emphasized the importance of capital cost-conscious management. In addition, the Tokyo Stock Exchange announced “Actions to Implement Management that is Conscious of Cost of Capital and Stock Price,” reflecting a growing interest in capital efficiency and cost of capital.

In light of these developments, in March 2025, we invited CFOs from listed companies across various industries, who are tackling challenges such as improving capital efficiency and reducing the cost of capital, to participate in an exchange meeting aimed at supporting the



A group discussion at the exchange meeting

development of their companies’ management strategies. Our engagement team facilitated the event, fostering lively cross-industry discussions and the exchange of ideas.

While we routinely engage in individual dialogue with many participating companies to enhance medium- and long-term corporate value, we believe that hosting exchange meetings like this helps foster cross-industry relationships and mutual learning, further driving meaningful change toward corporate value enhancement.

## Messages from participants

### Naoshi Asano

(Director, Senior Managing Executive Officer, Warabeya Nichiyo Holdings Co., Ltd.)

Through discussions with other CFOs, I was able to learn about initiatives at other companies that I rarely have the chance to encounter. In particular, concrete examples of cost-of-capital management—not only aimed at increasing profits but also at reducing the cost of capital—were highly informative. This event also offered a valuable opportunity to objectively assess our own position by understanding how other companies perceive their challenges and the level at which they are addressing those challenges.



### Shinichi Kiyota

(Senior Managing Executive Officer and Corporate Headquarters General Manager, Nippon Gas Co., Ltd.)

I was very pleased to participate in this CFO meeting, as such gatherings are still relatively rare. Through the meeting, I recognized that I shared similar concerns with other CFOs and also that efforts to improve capital efficiency have become more advanced. While the scope of a CFO’s responsibilities continues to expand, I believe that the optimization of capital raising and capital allocation remains at the core of the role. I look forward to future opportunities to learn from other companies’ best practices.



## Message from our engagement team member

### Iori Nakayama

(Chief Analyst (engagement), Investment Research Office)

We sincerely appreciate the participation of so many CFOs despite their busy schedules. The active discussions, through which participants shared advanced initiatives and concrete examples of capital cost-conscious management, were extremely valuable. We will continue to create such opportunities for exchange and remain committed to supporting the enhancement of corporate value.



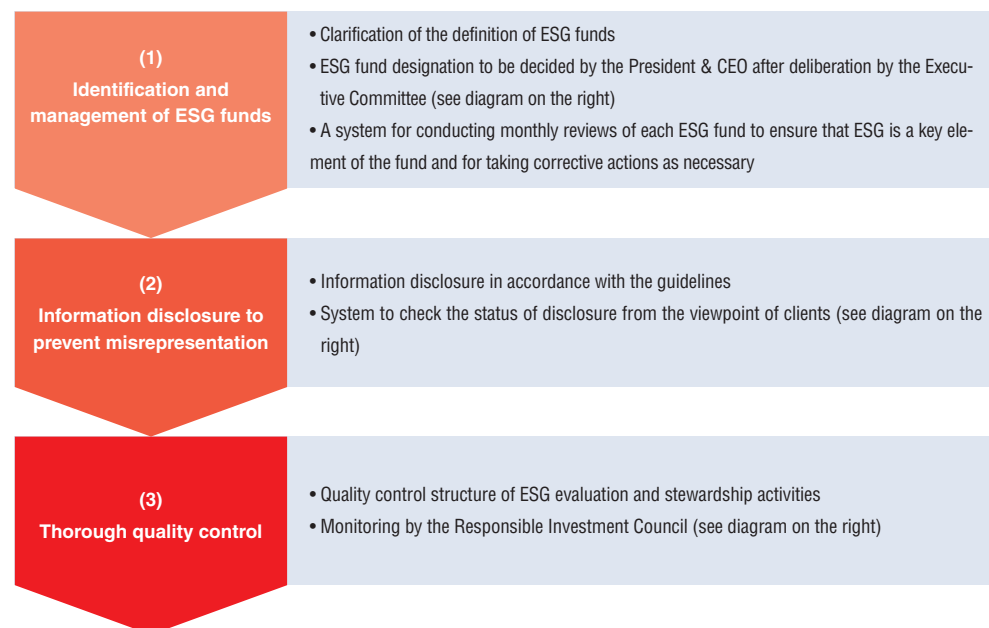
# Our Approach to ESG Funds

In 2023, the Financial Services Agency (FSA) partially revised the Comprehensive Guidelines for Supervision of Financial Instruments Business Operators, clarifying ESG investment trusts (publicly offered investment trusts) as those where ESG is considered as a key factor in selecting investment assets. In light of this, we are stepping up our initiatives to offer ESG funds that provide our clients a sense of security, while also strengthening our governance structure.

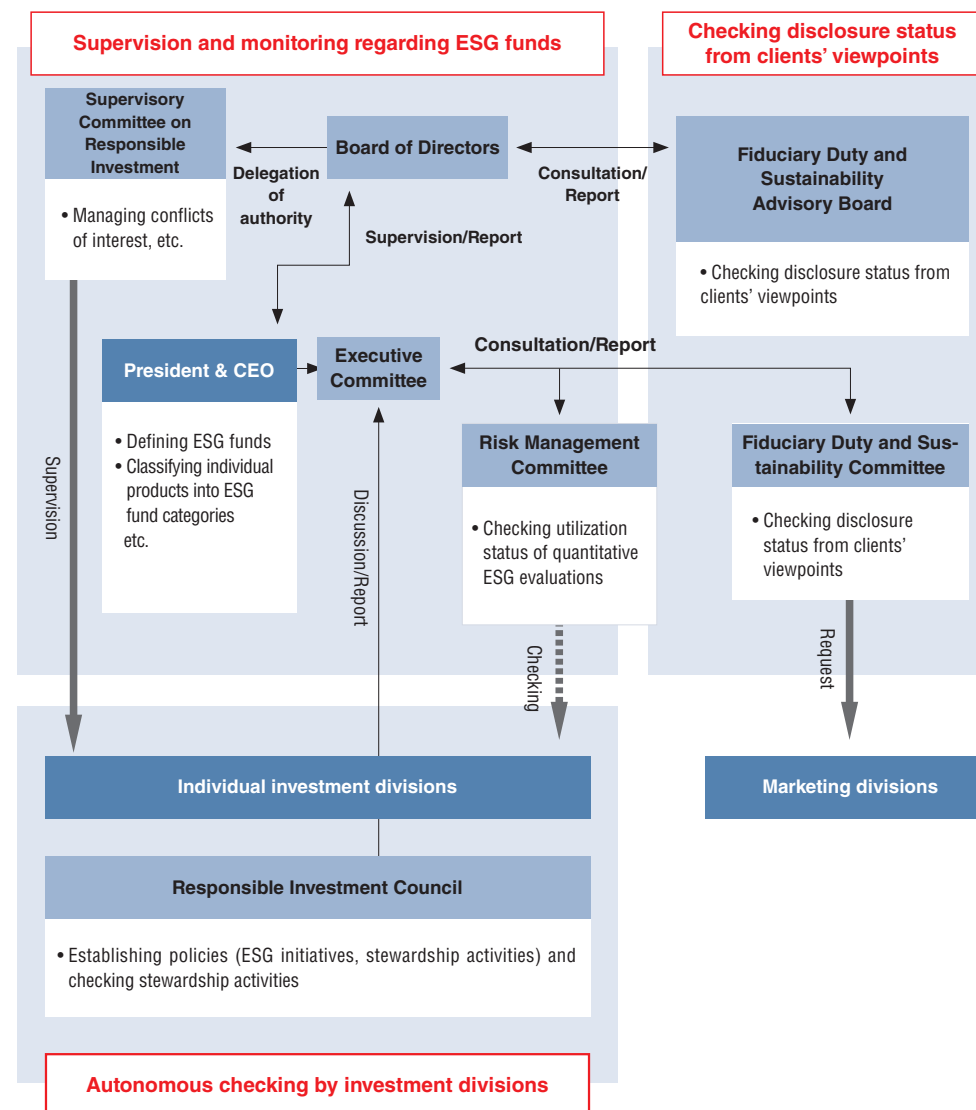
In terms of initiatives, we have clarified the definition of ESG funds. For those classified as ESG funds, we have established a system to review their compliance with our internal standards on a monthly basis and to take corrective action if deviations are identified. At the same time, we are improving the disclosure of information related to ESG funds and ensuring strict quality control of ESG assessments and stewardship activities.

## Initiatives to provide ESG funds with a sense of security

Based on the above guidelines, we have established the following initiatives and governance structures for providing ESG funds.



## Governance structure for providing ESG funds with a sense of security



## Our Approach to ESG Funds

### NAM's definition of ESG funds

NAM defines ESG funds for both in-house and externally managed funds. ESG funds are funds that actively utilize ESG factors to build their portfolios. They are defined separately for active and passive investing, as shown in the table below. We believe that these definitions align with the concept that “ESG must be considered as a key factor in the selection of investment assets,” as outlined in the FSA's guidelines on the previous page.

Additionally, depending on the extent of incorporation of ESG factors, we classify funds as “funds that systematically integrate ESG factors into the investment process,” “funds that consider ESG factors in negative screenings, etc.,” and “funds that do not consider ESG factors.”

Incidentally, we consider impact funds to be a subset of ESG funds. Our impact funds are managed in accordance with the FSA's guidelines mentioned on the previous page, as well as the Basic Guidelines on Impact Investment (Impact Finance) established by the FSA in March 2024, which are detailed on page 40.

### NAM's definition of ESG-related fund classification

All investment funds	ESG funds	Funds that actively utilize ESG factors to build their portfolios
	Active investing	Funds that select investees with relatively high ESG evaluations or that have the potential to create an impact from an ESG perspective.
	Passive investing	Funds tracking indexes that we believe are constructed by actively utilizing ESG factors
	Funds that systematically integrate ESG factors into the investment process	
	Funds that consider ESG factors in negative screenings, etc.	
	Funds that do not consider ESG factors	

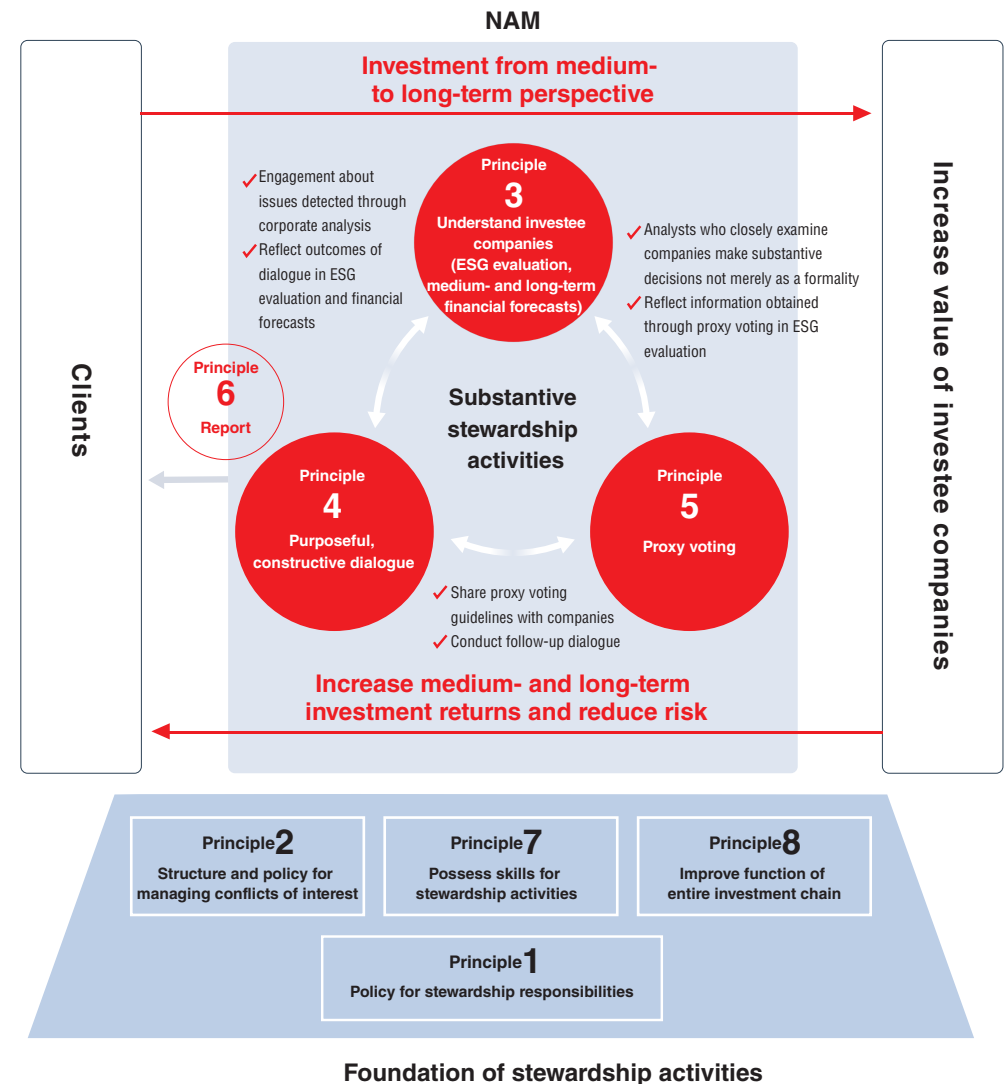
# Overview of Stewardship Activities and Structure

## Aiming for the co-creation of value with clients and investee companies

We consider our research and investment activities, which aim to enhance the medium- and long-term investment returns and reduce risk for clients, as integral to our investment process. We strive for the co-creation of value with clients and investee companies by fulfilling our stewardship responsibilities through “understanding investee companies,” “purposeful, constructive dialogue,” and “proxy voting,” which are essential parts of the process leading to increased value of investee companies.

## Overview of stewardship activities

The diagram on the right shows how NAM's stewardship activities relate to each principle of the Stewardship Code.





## Overview of Stewardship Activities and Structure

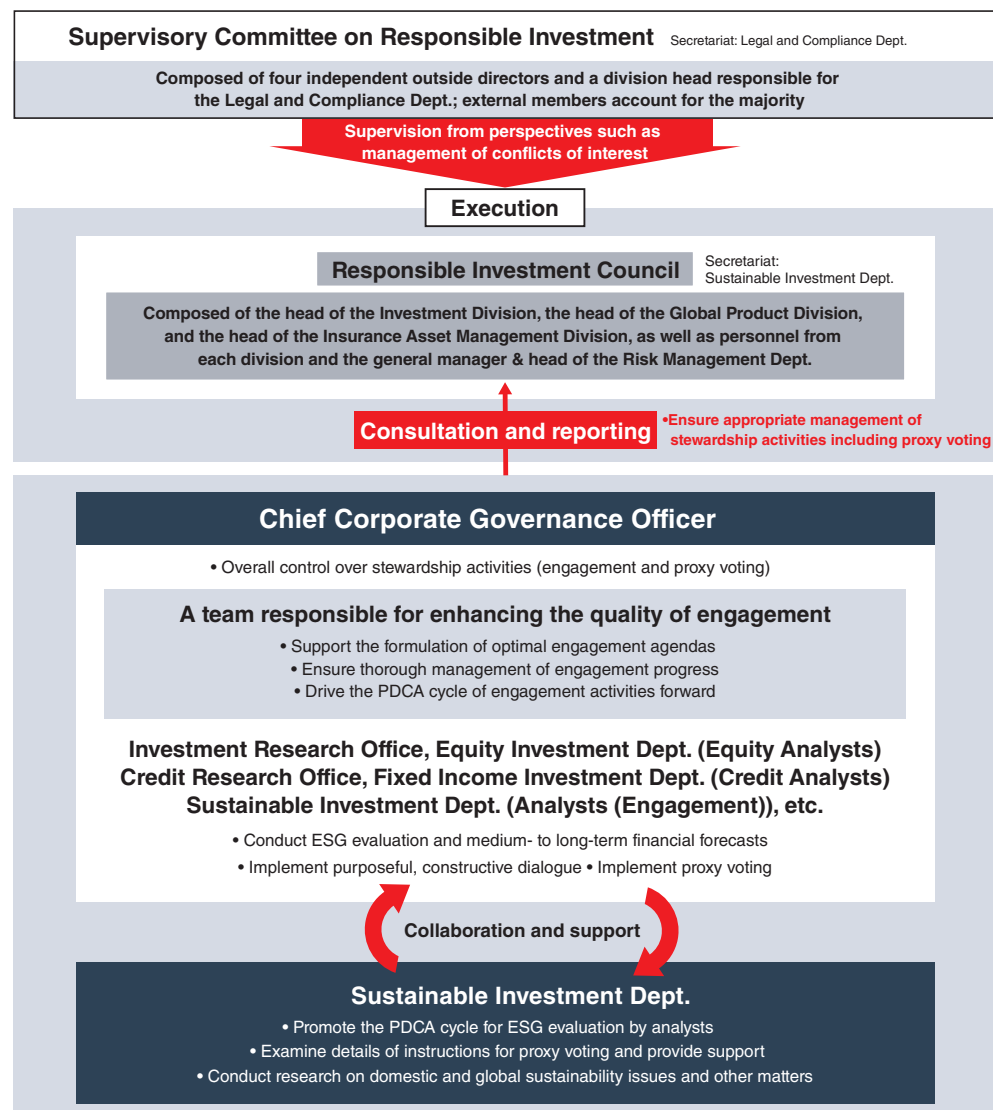
### Stewardship framework structure

In order to supervise stewardship activities from perspectives such as the management of conflicts of interest, NAM has established the Supervisory Committee on Responsible Investment, comprised of a majority of independent outside directors. We have also established the Responsible Investment Council, chaired by the head of the Investment Division (director), which discusses our sustainable investment and stewardship activities across asset classes. Under this structure, domestic equities sector analysts play a leading role in implementing each step of “appropriate understanding of companies,” “constructive dialogue,” and “proxy voting,” as stipulated in Japan’s Stewardship Code, supported by engagement-dedicated analysts, a newly established role. (For some companies, credit analysts for domestic corporate bonds are responsible for engagement.)

Furthermore, NAM is upgrading the ESG evaluation undertaken by analysts, as well as promoting quality control and the PDCA cycle, with the Sustainable Investment Department at the core, under the leadership of our Chief Corporate Governance Officer, an expert in ESG and proxy voting. NAM has also established a cross-divisional team responsible for enhancing the quality of engagement. This team supports the formulation of optimal engagement agendas, ensures thorough management of engagement progress, and drives the PDCA cycle of engagement activities forward.

The structure of the Sustainable Investment Department is designed to deepen activities in collaboration with relevant departments. The organization includes concurrent members from other divisions, such as Equity, Fixed Income, and External Fund Investment, in addition to dedicated experts within the department.

### Stewardship activities organizational chart



Discussion with Outside Directors

# 2025 Discussion Between the Supervisory Committee on Responsible Investment and the Chief Corporate Governance Officer



Following on from last year, we talked with four independent outside directors who are also members of the Supervisory Committee on Responsible Investment.

**George Iguchi**

Executive Officer  
Chief Corporate Governance Officer

Oversees the research process with a focus on stewardship activities and ESG across assets at the Investment Division

**Naoyuki Iwashita**

Independent  
Outside Director

Professor of the Graduate School of Public Policy at Kyoto University. He led the digitalization of the financial sector at the Bank of Japan.

**Etsuro Kuronuma**

Independent Outside Director

Professor of Faculty of Law at Waseda University. Has worked as a chairperson of government councils, etc.

**Makiko Fuse**

Independent Outside Director

Concurrently serves as a director of YAMADA Consulting Group Co., Ltd.

**Masataka Hama**

Independent Outside Director

Has served as an officer at asset management companies in Japan and abroad



**Iguchi** Thank you very much for your time today. More than half of the Supervisory Committee on Responsible Investment (“Committee”) are independent outside directors. We believe this structure enables us to consistently oversee stewardship activities, ranging from the Board of Directors to the Committee. Today’s discussion, as in past years, is aimed at communicating the effectiveness of the Committee to readers.

### Approaches to stewardship activities in the new environment

**Iguchi** As the first topic, I’d like to mention that President Trump’s return has significantly impacted various areas, particularly sustainability. Although we’ve already discussed this in Committee meetings, I’d appreciate it if you could once again share your thoughts on approaches to stewardship activities in this new environment. Mr. Kuronuma, could you start us off?

**Kuronuma** We need to go back to square one and revisit the fact that Japan’s Stewardship Code is a form of soft law, encouraging institutional investors to independently establish their own guidelines for action. Notably, Nissay Asset Management (NAM) had already positioned sustainable investing and stewardship activities as means of enhancing medium- to long-term corporate value even before the code was established.

I share the same stance as NAM. In our relationship with beneficiaries, if stewardship activities do not lead to enhanced corporate value, investment returns will not be realized, and the approach will not be viable as a business. In our relationship with investee companies, if stewardship activities fail to gain their understanding, it becomes impossible to change corporate behavior and enhance corporate value. In this context, it is noteworthy that NAM’s proxy voting guidelines have newly articulated the rationale behind their key principles.

Last but not least, sustainability issues that significantly impact corporate activities are now supposed to be disclosed in securities reports. I believe leveraging this kind of information will be a new challenge.

**Iguchi** Thank you for highlighting the rationale behind our key principles. While engaging with companies, we noticed that the reason for establishing our proxy voting guidelines had not been fully understood. That’s why we added the rationale this February when we revised the guidelines. As you mentioned, I believe this also helped clarify the purpose of our stewardship activities in this new environment. Next, Ms. Fuse and Mr. Hama, could you share your thoughts?

**Fuse** I concurrently serve as a director of a listed company, where investors vote on our proposals through proxy voting. Therefore, when discussing proxy voting guidelines, I try to incorporate a corporate perspective as well. Since NAM establishes its guidelines and engages with companies with a strong commitment to support healthy corporate growth, I appreciate the care in ensuring the guidelines do not become mere formalities. This approach is exceptional and beneficial not only for investors but also for companies. I believe you should continue in this direction with your stewardship activities, even in the new environment.

**Hama** I believe there is no need to change the policy of aiming to enhance corporate value through stewardship activities. What truly matters is a mindset of co-creation—collaborating with companies. In this regard, as Mr. Kuronuma mentioned, NAM has added the rationale to its guidelines, demonstrating its commitment to mutual engagement with companies. Furthermore, the company emphasizes identifying genuine practices rather than formalities. When NAM significantly revises its guidelines, it allocates sufficient time before the changes take effect, ensuring a meticulous process.

Recently, Mr. Iguchi joined the Financial Services Agency’s expert panel on Japan’s Stewardship Code. Being selected as a representative from the asset management industry is outstanding, Mr. Iguchi. I believe this reflects the recognition of NAM’s efforts in this field and its position as a front-runner. Going through the minutes, I could sense the weight of Mr. Iguchi’s presentation.

**Iguchi** Thank you for mentioning the expert panel on Japan’s Stewardship Code. I will give it my all. Next, Mr. Iwashita, you newly joined us last year as an independent outside director and Committee member. Could you please share your thoughts?

**Iwashita** The core of stewardship activities is the aim to enhance medium- to long-term corporate value. Corporate governance and stewardship reforms in Japan begin with recognizing the issue of why Japanese stock prices remain low despite companies’ efforts. These reforms are based on the philosophy that investors should support activities that align with the expectations of corporate shareholders.

Reflecting on the trends in Japan’s stock market over the past ten or more years, corporate behavior and value have improved, demonstrating that the aforementioned approach was not misguided. Furthermore, it has been theoretically proven that pursuing the maximization of client benefits by enhancing medium- to long-term corporate value results in a Paretian optimum.

However, political conflicts can give rise to challenges. For example, the term “climate justice” is occasionally used in the context of combatting climate change, but the word “justice” itself often

sparks political debate. Interpretations of “justice” vary depending on one’s standpoint, so as an asset management company, we believe it is essential to maintain a neutral stance. With a commitment to scientific attitudes and political neutrality, we must engage in client-benefit-oriented stewardship activities grounded in thorough discussion.

### About the management of the Supervisory Committee on Responsible Investment

**Iguchi** Thank you for your comment. We’d now like to reflect on last year’s Committee activities by sharing what stood out to us in its management or discussions. Mr. Iwashita, you’re a new member who joined last year. Could you please go first?

**Iwashita** As a new member, I sincerely appreciate that the Committee engages in thorough discussions before making decisions and taking action. For example, when we discussed establishing the guidelines on equity compensation for independent outside directors, the compensation standard initially proposed by the secretariat as acceptable was, in effect, nearly equal to a ban. I suggested that we consider the issue more realistically, and this perspective was ultimately incorporated into the final guidelines. This experience made me feel the effectiveness of our Committee meetings.

We also held extensive discussions regarding the proxy voting guidelines for female directors. It is highly meaningful that these discussions have contributed to documenting the rationale behind key principles as part of the proxy voting guidelines.

In conclusion, our discussions are transparent, meaningful, and impactful in shaping corporate actions.

**Iguchi** Thank you for your comment. Mr. Hama, Ms. Fuse, and Mr. Kuronuma, what stood out to you?

**Hama** It is worth highlighting that Mr. Iwashita, a financial expert who previously worked at the Bank of Japan and now teaches at Kyoto University, has joined us. His expertise has helped deepen our discussions.

What stood out to me during Committee meetings was the same as was mentioned by Mr. Iwashita: I felt the effectiveness of the Committee when its opinion was incorporated in discussing the formulation of the guidelines on equity compensation for independent outside directors. In establishing the guidelines for female directors, we were able to have discussions that got to the heart of the matter.

Beyond that, we receive reports on proxy voting cases involving thorough engagement with companies and on our approach of announcing major revisions to the proxy voting guidelines a year in advance to allow sufficient time for preparation. This practice embodies a mindset of staying aligned with companies, which I deeply value.

**Fuse** Just as in the previous year, our activities, including the establishment of the proxy voting guidelines, have been appropriately carried out, reflecting changes in society and governance conditions. In terms of Committee management, our practice of holding informal meetings prior to formal discussions to exchange opinions among members has been highly effective.

What stood out to me regarding discussions was, as everyone said, the discussions on the guidelines for female directors. The Committee focused on whether to obligate having multiple female directors, but going beyond the Board of Directors to set the entire organization’s diversity as the ultimate goal, our discussions settled with an idea that formulating guidelines that encourage fostering in-house female directors or executives is rather effective. This history of discussions has been described as the rationale of key principles. It was a highly constructive discussion.

**Kuronuma** As I’ve already mentioned, I appreciate articulating the rationale behind the proxy voting guidelines after holding discussions with the Committee. Particularly, engaging in active discussions on the guidelines for female directors and incorporating the result to the rationale was exceptional, as everyone said. Moving forward, it is also important to strive to make this rationale understood by companies through stewardship activities.

Additionally, as Ms. Fuse mentioned, we received in-depth materials during informal sessions prior to the formal Committee meetings, which enabled meaningful discussions. For example, before deliberating on the establishment of guidelines for equity compensation for independent outside directors, we were presented with detailed information, including global trends in equity compensation, the current status in Japan, proxy voting guidelines from other companies, asset owners’ perspectives, and an analysis of the roles of independent outside directors. I believe these efforts contributed to active discussions and the development of appropriate guidelines.

My suggestion to establish proxy voting guidelines regarding independent nomination and remuneration committees, aimed at improving the effectiveness of the Board of Directors, also led to the formulation of those guidelines, which were adopted starting from the June shareholders’ meeting. This was memorable for me. I believe the new guidelines are effective in enhancing corporate value.



**Iguchi** Thank you. As many of you pointed out, the informal sessions held each November play a key role in the process of revising our proxy voting guidelines. You've shared plenty of examples, so I won't repeat them, but I believe your insights contribute to the effectiveness of our stewardship activities. I'd appreciate your continued support.

### Expectations to have as members of the Supervisory Committee on Responsible Investment and as independent outside directors

**Iguchi** This is the last question. What kind of expectations do you have for the next year?  
Mr. Hama, please go ahead.

**Hama** Being entrusted with their clients' lives, asset management companies have a truly important mission. I can't think of a more important job. In Japan, with the goal of becoming a leading asset management center, a shift toward investment, such as the expansion of the NISA system, is underway. This is a tailwind for the asset management industry, but what truly matters is creating a positive cycle that leads to "making Japan great." Stewardship activities are critical in this context, and asset management companies, including ours, are expected to contribute by staying close to companies and helping enhance their corporate value.

In this way, the asset management business is now positioned at the center of the financial industry. I hope everyone involved will lead the entire Nippon Life Insurance Group with pride and tenacity.

**Kuronuma** This might sound a bit ambitious, but when considering corporate value enhancement, the burden on companies, and the impact on the global environment, the initiatives in the United States and Europe can appear one-sided. In contrast, Japan's approach of building on companies' own efforts and complementing them through information disclosure and stewardship activities seems more effective. We should consider our future stewardship activities within this context. The same applies to proxy voting guidelines: I believe we should aim to go one step beyond the Corporate Governance Code, but we must proceed carefully with this perspective in mind.

Additionally, in light of the heightened standards for listing on the Tokyo Stock Exchange (TSE), we can expect an increase in mergers and acquisitions. I believe it is necessary to clarify the proxy voting guidelines for these types of events.

**Iwashita** Stewardship activities are essential for maximizing corporate value over the long term and can serve as a means to institutionalize investor ethics. I believe it is important to approach these

activities not only from an investor's perspective but also with a clear set of norms. Believing in and taking pride in one's actions is equally critical.

In my student days, I tended to distance myself from theories of norms, such as ethics and philosophy. However, after many years of working, I came to understand the importance of verbalizing these concepts. Especially in the age of AI, the words and interpretations generated by AI are not always accurate. That's why it is all the more important for us to think about ethics and norms ourselves and make decisions. In the future, new topics that go beyond ESG or SDGs will emerge. Addressing these issues is vital, and the Committee will play a valuable role as a platform for discussion.

**Iguchi** Thank you so much. Last but not least, Ms. Fuse, who has served as a Committee member since the Supervisory Committee on Responsible Investment was established in May 2017, will retire from the role upon stepping down as an independent outside director this June. In shaping the direction of our stewardship activities, Ms. Fuse provided many insights from a corporate perspective, significantly contributing to the effectiveness of our activities. Lastly, could you please conclude this discussion by sharing your opinion?

**Fuse** Nine years ago, I joined a committee that provided advice on fiduciary duty, and later, I became an independent outside director and also a member of this Supervisory Committee on Responsible Investment. Throughout these nine years, I have observed the internal atmosphere and witnessed how dedicated NAM executives and employees have been in contributing to companies and investors. They are meticulous in their daily tasks while maintaining a focus on efficiency. I believe those qualities define the company and are the foundation of trust it has earned.

I hope they will continue working diligently for the benefit of citizens, representing the Nissay brand. To achieve this, it will be essential to constantly communicate information in an easy-to-understand manner for investors, especially for individual investors, which I strongly expect from them.

**Iguchi** Thank you very much. In upcoming Committee meetings, I'd like us to revisit some of the topics raised today. Thank you for your time.

(Edited by George Iguchi)

# Sustainability Issues and Sustainable Investing

## Our role as an asset management company: appropriately considering sustainability issues to protect and enhance client asset value

Corporate activities are closely linked to sustainability issues, including global environmental and socioeconomic challenges. Extensive scientific research has shown, in particular, the capacity for global issues such as climate change and nature degradation to destabilize the foundations of business operations.

As an asset management company with investee companies spanning a wide range of fields, we cannot overlook the impact these issues can pose. Some companies are beginning to see these issues such as climate change and nature loss as new business opportunities. However, there are broader concerns that the escalation of these issues could negatively impact corporate activities.

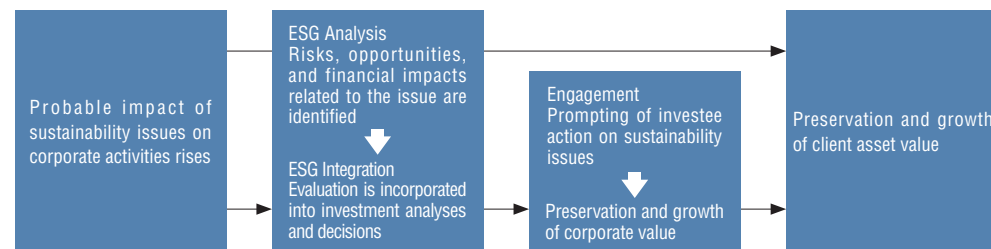
It is our responsibility as an asset management company to assess the impact of sustainability issues on a company-by-company basis. We conduct ESG analysis on each investee, evaluating potential opportunities, risks, and financial impacts related to these issues.

Furthermore, when deemed necessary to protect or enhance a company's value, we engage in dialogue with investees to encourage addressing sustainability issues, and—when external factors play a role in ability to respond—engage with policymakers via external initiatives in which we participate.

In our impact investment activities, we similarly look to increase corporate value and achieve high investment returns by supporting investees actively engaged in sustainability issue solutions.

As an asset management company, all of our sustainability-issue initiatives as part of sustainable investing are carefully evaluated and conducted from the perspective of their potential to protect or grow the value of client assets.

### Pathway from considering sustainability issues to protecting and enhancing client asset value



## Column

### Periodic publication of our original information medium, “ESG Letter”

In order to contribute to the diffusion and sophistication of sustainable investing, we periodically publish the “ESG Letter,” a report that provides a unique perspective on noteworthy topics related to ESG since October 2015. It is distributed to clients, investee companies, policymakers, media, etc. and is also uploaded to our website.

In place of the immediacy of traditional news media, our goal is to offer a unique vantage point, drawn from our frontline experience in sustainable investing as an asset management company.

#### Examples of special features in recent ESG Letter editions

“Response to TNFD Recommendations in light of the five main drivers of nature loss”	(ESG Letter Vol. 48, issued in January 2024)
“UK to introduce new classification rules for sustainable investment funds: strong market interest in ‘Improvers’”	(ESG Letter Vol. 49, issued in March 2024)
“Expectations of impact investments that will change society while achieving high investment returns”	(ESG Letter Vol. 50, issued in May 2024)
“Attention, Japanese companies! Accelerating legislation on corporate sustainability measures and disclosure in Europe”	(ESG Letter Vol. 51, issued in July 2024)
“The landscape of sustainability disclosure standards in the wake of ISSB Standards: halfway toward true global standardization”	(ESG Letter Vol. 52, issued in September 2024)
“Investor response to rising adaptation plan needs in an age of increasing serious meteorological disasters”	(ESG Letter Vol. 53, issued in December 2024)
“Rising interest in impact investing among Dutch public pension funds: what lies ahead for Japan”	(ESG Letter Vol. 54, issued in February 2025)
“Following completion of SSBJ Standards: looming discussions in the field of management accounting”	(ESG Letter Vol. 55, issued in April 2025)

Past issues of the ESG Letter are available online here (available only in Japanese):



# Undertaking a Rigorous Assessment of Nature-Related Risks and Opportunities

## Biodiversity- and natural capital-related risks and opportunities have a significant impact on corporate value

Without biodiversity—the coexistence of a wide variety of living organisms—our lives and economic activities cannot continue. The loss of biodiversity and the supporting natural capital poses a major financial risk in our corporate activities.

In recent years, actions prompted by the urgent need to preserve and protect land, inland water, marine, and coastline ecosystems are being promoted under the leadership of international frameworks. Private sector efforts are also rapidly picking up the pace. Corporate disclosures based on the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) are becoming more common. There is a growing recognition of the need to protect natural capital through financial and corporate standards, such as those of the Science Based Targets Network (SBTN).

We aim to gain a holistic understanding of factors related to sustainable investing, including their relation to climate change and natural capital, and identify risks and opportunities that have material effects on corporate value, and to use this information in engagement activities.

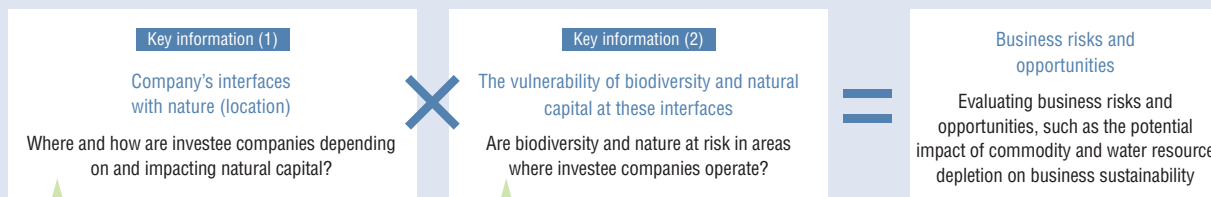
Given that investment activities rely on and impact natural capital and biodiversity, this year, we enhanced our efforts to identify related risks and opportunities. Going forward, based on what we have identified, we plan to continue engagement and other activities while advancing disclosures.

### Column

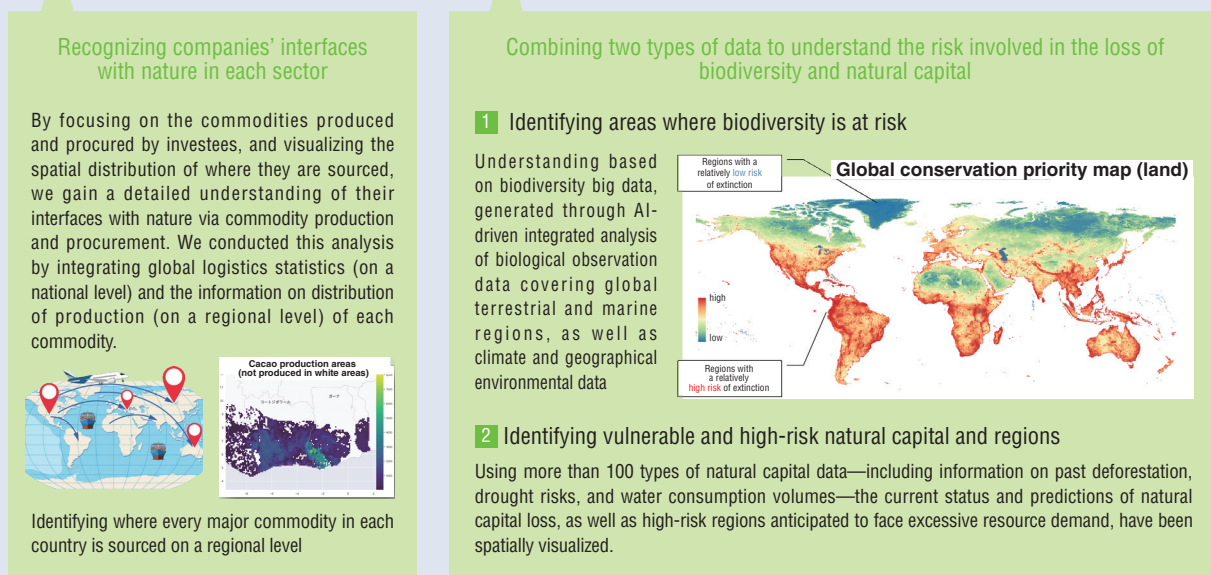
## The assessment process and our actions related to biodiversity- and natural capital-related risks and opportunities

In assessing nature-related risks and opportunities, analyses combining multiple pieces of information are necessary. The LEAP (locate, evaluate, assess, and prepare) approach facilitates analyzing this information in steps. In collaboration with Think Nature Co., we rigorously implemented this approach using big data and AI to meticulously identify the risks and opportunities in the overseas value chain of our investee companies.

### Assessment process



### Our actions



## Undertaking a Rigorous Assessment of Nature-Related Risks and Opportunities

### NAM's LEAP approach: Using data and AI to thoroughly understand interfaces of corporate activities and nature, and associated risks, across the value chain

This time, we followed the LEAP approach, a framework TNFD presents to evaluate and disclose nature-related risks and opportunities. Although a wide variety of data and analyses already exist, we focused on gaining the most precise and detailed understanding possible on companies' dependence and impact on natural capital—in other words, the reality of interfaces between corporate activities and nature. We aimed to accurately grasp the vulnerability of nature in those interfaces, and understand the associated risks in detail. This is because we believe that consideration of specific countermeasures for risks and opportunities require as accurate and detailed an understanding as possible.

In particular, we strived to refine our analysis of risks and opportunities in the value chain of investee companies. This is because we believe that Japan's dependence and impact on vulnerable nature overseas through its value chain, due to the import of large volumes of food and raw materials, may pose a hidden but significant risk and opportunity.

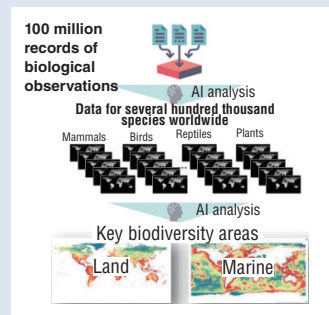
Think Nature, our business partner, created world-leading big data on biodiversity as a base for visualizing the impact of economic activities on natural capital. They did this by using AI to comprehensively analyze biological observation data covering global terrestrial and marine regions as well as climate and geographical environmental data collected over 20 years (refer to the column below). Using the LEAP approach, we used these data and their analysis capabilities to delve deeper into nature-related risks and opportunities in the value chains of our investee companies.

#### Column

### What is the big data on biodiversity?

It is big data created by Think Nature to spatiotemporally visualize the status (integrity and severity) of biodiversity across the globe.

Based on a variety of informational resources, including actual observation data, remote-sensing data from satellites and drones, research papers, and specimens, biological data such as geographical distribution, genetics, and characteristics are comprehensively integrated through AI analysis and spatiotemporally displayed on a global map.

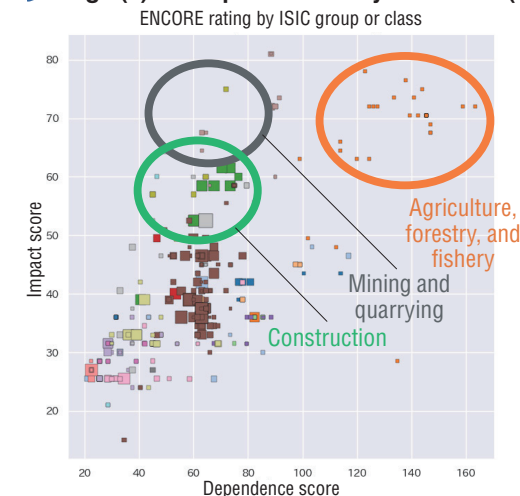


### Analysis results (1) High-risk sectors include agriculture, forestry, fishery, mining, quarrying, and construction

As the first step of the LEAP approach, we identified high-risk sectors in our portfolio (Japanese equities and bonds). Specifically, we categorized each investee by industry and referenced ENCORE, a tool for evaluating the dependence and impact of corporate activities on natural capital, to analyze them.

As a result, from the perspective of dependence and impact on natural capital and biodiversity, we confirmed the agriculture, forestry, fishery, mining, quarrying, and construction sectors are high-risk. This analysis allows for observation in detail. For example, when we divide the agriculture, forestry, and fishery sectors into smaller subcategories, we can see a significant difference between the high dependence and impact of industries such as horticultural crop seedling production, mixed farming (which combines crop cultivation and livestock raising), freshwater and saltwater fisheries, and vegetable cultivation—and the relatively low-score industries like agricultural packing.

### Image (1): NAM portfolio analysis results (ENCORE evaluation results)



Y-axis: Sectors with high impact scores have highly negative effects on nature. For example, companies operating mining businesses put a lot of burden on nature, such as the deforesting and soil pollution caused by resource development.

X-axis: Sectors with high dependence scores are using many of nature's gifts. For example, agriculture, forestry, and fishery businesses use wood as a resource and a lot of water and soil in agricultural production and product manufacturing processes.



## Undertaking a Rigorous Assessment of Nature-Related Risks and Opportunities

### Analysis results (2)

### While high-risk regions can be found globally, Southeast Asia has the highest dependence and impact

Using Think Nature's data, we can gain a geographical understanding of natural capital-related risks in our portfolio. We assessed each kind of commodity being procured through the value chains of investee companies as a source of natural capital-related risks and visualized their totals in image (2) on the right.

Looking at this image, we can confirm our portfolio (Japanese equities and bonds) is exposed to natural risks on a global scale. In particular, in the temperate zone, there is a particularly high dependence on grain-producing regions in China and the United States. In the tropical zone, the portfolio shows strong dependence on Southeast Asia. As for impact, Southeast Asia and Latin America are identified as major sources of risks.

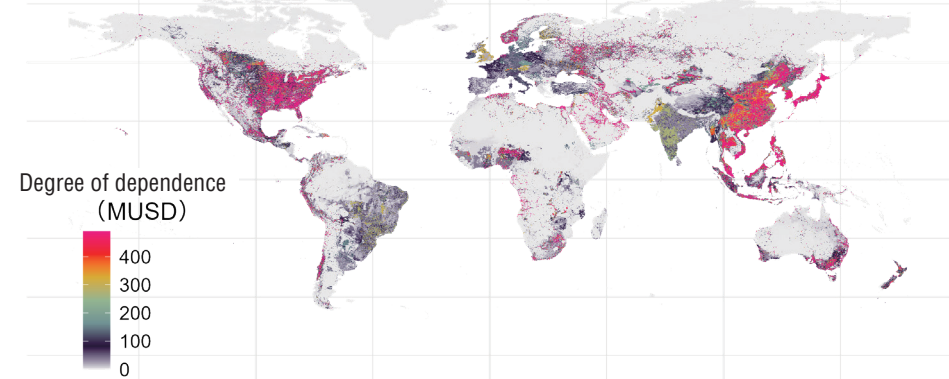
For conducting this analysis, first, we gained a detailed understanding of where investee companies have interfaces with what kind of natural capital. Specifically, we meticulously collected global logistics statistics and data on the production dispersion of primary products. We then geographically plotted the production areas of each commodity procured by our investee companies (plotted on a more detailed regional level, rather than a national one). We combined all the data to show the dependency on geographical natural capital, taking into account the cost of procuring commodities, in image (2)-1.

Next, we confirmed the degree of investee companies' impact on natural capital. In this analysis, we applied Think Nature's big data related to the vulnerability of biodiversity and natural capital hot spots\* to the production areas of each commodity procured by investee companies. The evaluated impacts are shown in image (2)-2.

\* Regions identified as highly likely to experience excessive demand for resources, leading to a loss of natural capital, based on more than 100 types of data on natural capital, including past deforestation, drought risks, and water consumption amounts

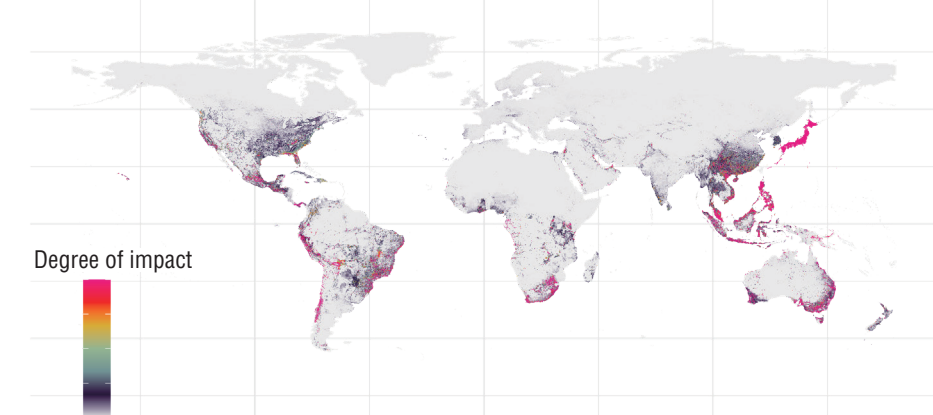
### Image (2): Degree and geographical distribution of our portfolio's dependence and impact on biodiversity and natural capital

Image (2)-1: Degree and geographical distribution of dependence



Degree of dependence calculated based on the price of each commodity procured by investee companies and its geographical distribution

Image (2)-2: Degree and geographical distribution of impact



This image shows the result of combining the production quantity of each commodity procured by investee companies and degree of importance in conserving biodiversity.

## Undertaking a Rigorous Assessment of Nature-Related Risks and Opportunities

### Analysis results (3)

### Further deepening our analysis on tropical forests and related risks as a starting point

In supply chains related to the sectors, industries, and regions identified as high-risk in analysis results (1) and (2), we decided to focus on commodities with strong connections to the tropical forests, including oil palms, coffee, bananas, natural rubber, and soy, as particularly important risk/opportunity elements.

Of all ecosystems, tropical forests generally store the most carbon and are expected to contribute to decarbonization. On the other hand, due to years of harvesting major crops (tropical commodities) throughout Southeast Asia, Africa, and Latin America (see image (3)), deforestation and land conversion are progressing rapidly. While both humans and other species heavily depend on these forests, there is growing concern about how easily they can be degraded and destroyed. Additionally, there are concerns about a vicious cycle: loss of biodiversity from land development reduces tropical forests' natural ability to regulate diseases, and climate change reduces yields, leading to further destruction.

Of the interfaces of our investee companies and nature (image (2) on the previous page), Indonesia, Brazil, Malaysia, Guinea, and Ghana are identified as carrying particularly high risks associated with tropical forests. In these regions, the loss of biodiversity and forests is significant. Of these, we are closely monitoring the strong dependence on primary products from Indonesia, Brazil, and Malaysia.

As our next step, by meticulously looking at tropical commodity exposure per company, we identified individual companies with relatively high natural risks associated with tropical forests. Of the tropical commodities linked to deforestation, we selected the ones most relevant to Japan. We used AI to analyze and investigate web data on beef, which Japan is highly dependent on, and minerals extracted from tropical forest habitats, such as nickel, for which demand is expected to rise to meet the demand for batteries to electrify vehicles as a countermeasure for climate change. As a result of integrated data analyses, we identified around 80 high-risk companies in our portfolio in the food manufacturing sector, chemicals industry, and food & beverage retail and wholesale industries (image (4)).

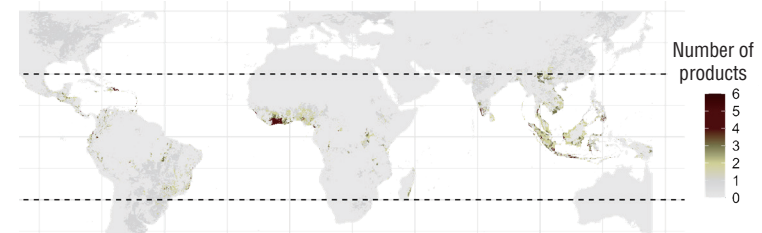
Once again looking at the highly relevant elements in these companies, we see strong connections with soy, beef, bananas, lumber, pulp, and oil palms, as well as minerals like nickel and rare metals.

### Our future direction

Based on the results of this analysis, we will continue collaborating with external specialists to perform more analyses from the perspective of materiality and further narrow down the approximately 80 companies above. We then plan to take specific measures, including the enhancement of our engagement activities.

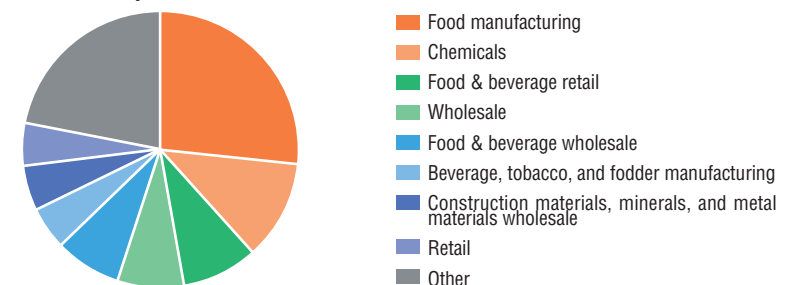
In engagement activities, for example, based on the more than 100 types of natural capital-related data used for this analysis process, we will visualize future production scenarios for raw materials and the impact of switching to environmental impact reduction measures. Through efforts including disclosing detailed risks and opportunities identified by this analysis, we aim to facilitate engagement that encourages investees to consider specific measures to mitigate nature-related risks with a clear understanding.

**Image (3): Main production regions of tropical commodities that caused large-scale deforestation over the past 20 years**



This image shows the main production regions of tropical commodities that are major sources of deforestation. The regions producing the most commodities are colored the darkest. These dark regions are prominent in Southeast Asia, Africa, and Latin America, indicating deforestation from various tropical commodities.

**Image (4): Distribution of investee sectors with high natural risks related to tropical forests**



# Initiatives for Contributing to the Achievement of a Net Zero Society by 2050

Climate change is recognized as a major risk factor in corporate management. In fact, climate change-related risks rank among the top risks in recent editions of the Global Risks Report published by the World Economic Forum.

While governments and international organizations play an undeniably important role in combatting climate change, we believe the contributions of asset management companies like ours to realize a net-zero society, though small, help to maintain and grow clients' assets. Thus, in March 2021, we joined the Net Zero Asset Managers initiative (NZAM).

## 2030 interim targets for investment portfolio greenhouse gas emissions

In January 2022, we established and announced the "2030 interim targets" for reducing greenhouse gas (GHG) emissions in our investment portfolio. For 59.6% of our assets under management<sup>\*1</sup> as of December 2019, we aim to halve the carbon footprint of our portfolio by 2030,<sup>\*2</sup> compared to 2019. Our initiatives to achieve this goal are underway.

Incidentally, at the time of writing this report in July 2025, NZAM has temporarily paused and is reviewing all activities up to now. However, as is stated above, we believe our contributions to realizing a net-zero society will help to maintain and grow clients' assets, so we will continue our efforts toward realizing our 2030 interim targets.

## Changing the calculation method

As is stated in the notes for the graph on the right, starting this fiscal year, we changed our calculation method, including for data enhancement, based on the Sustainability Disclosure Standards established by the Sustainability Standards Board of Japan (SSBJ) in 2025.

In this new calculation method, there are technical limitations in the gathering of retroactive data, so it is difficult to accurately compare data under continuity with past values. Thus, results from FY2023 are being used as reference values.

## Carbon footprint reduction on track to target

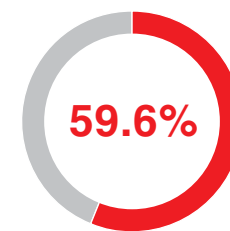
This year, we used a new calculation method to figure the carbon footprint of our investment portfolio (equities and corporate bonds) was 62.8 tons of CO<sub>2</sub> equivalent per USD million in FY2024, marking a 31.4% reduction when compared to 2019, the base year for the 2030 interim targets.

The carbon footprint of our portfolio has generally been declining since 2019, but the pace of reduction has recently slowed. This is due to both a deceleration in emissions reductions by investee companies and changes in our investment allocation.

Within the scope of confirmable continuity (excluding foreign bonds), the emissions of investee companies themselves shrunk between FY2023 and FY2024, but the carbon footprint of our investment portfolio increased. This can be attributed to an increase in the proportion of investments into companies with high GHG emissions in our overall portfolio.

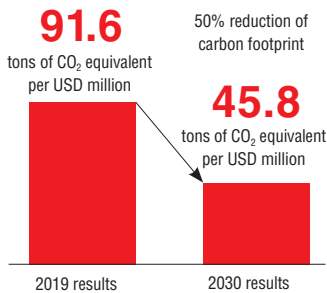
As it is important for companies to reduce their GHG emissions to achieve a net zero society, we will continue working to contribute to the reduction of GHG emissions through engagement with investee companies.

## Assets subject to interim targets



All assets under management as of December 31, 2019

## 2030 interim targets

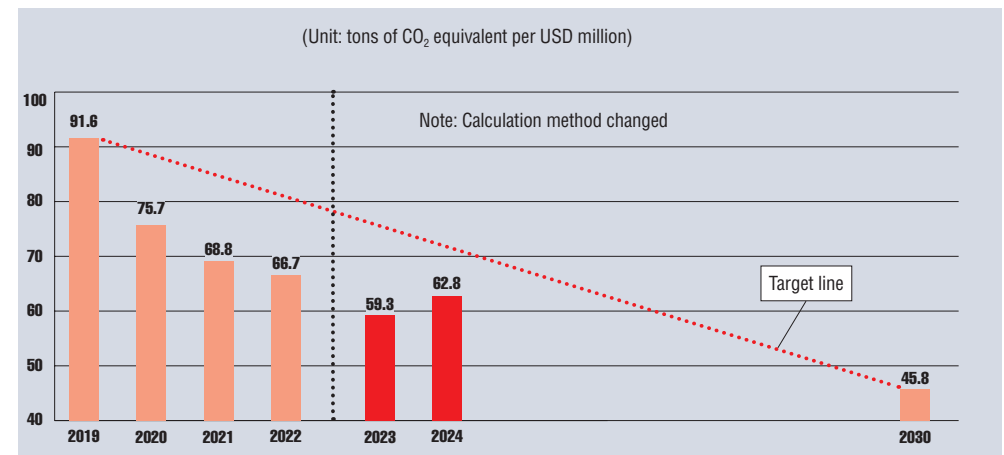


Source: Some data were reproduced with the permission of ©2025 MSCI ESG Research LLC.

<sup>\*1</sup>: This includes assets under discretionary investment contracts signed as a result of the transfer of the asset management function from Nippon Life Insurance Company to NAM in March 2021. All equities and credit investments are targeted (excluding long-short funds). Most of the assets excluded are sovereign bonds and alternative assets for which a method to calculate the portfolio's GHG emissions was not yet established when the interim targets were set.

<sup>\*2</sup>: The total of all GHG emissions from investee companies attributable to NAM (Scope 1 & 2), for both equity and corporate bond investments, divided by total investment. The 50% reduction target is based on scientific insights presented in the IPCC Special Report on Global Warming of 1.5°C. The methodology proposed by the Partnership for Carbon Accounting Financials (PCAF) is used to calculate GHG emissions attributable to NAM. Services provided by MSCI were used in this calculation.

## Changes in the carbon footprint of our portfolio (equities and corporate bonds)



Note 1: Based on the SSBJ Sustainability Disclosure Standards, the calculation method has been changed for data from FY2023 onward. This year, we performed calculations for the ends of FY2023 and FY2024. In regard to foreign equities in FY2023, as there are technical limitations in acquiring past data, the carbon footprint for the overall portfolio includes a reference value.

Note 2: The new method involves calculating the carbon footprint of our investment portfolio (equities and corporate bonds) using the most recent Scope 1 and 2 GHG emissions data for investee companies provided by MSCI, which we have traditionally used, while supplementing and refining the figures with additional data from Bloomberg.

Source: Data were reproduced with the permission of Bloomberg L.P., and certain data with the permission of ©2025 MSCI ESG Research LLC.

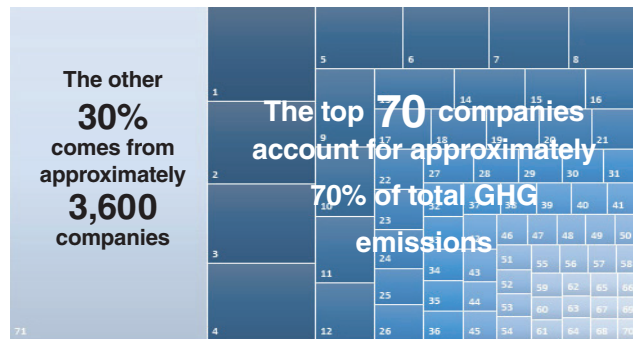
## Initiatives for Contributing to the Achievement of a Net Zero Society by 2050

### Aiming to make contributions as an institutional investor through engagement

#### Focusing on companies that emit large amounts of GHG

The main sources of GHG emissions in our investment portfolio are concentrated in companies in specific types of business, such as electric power, gas, steel, cement, chemicals, and transportation. Having set the top companies among them as “key companies in net-zero efforts,” we aim to realize our 2030 interim targets by intensively engaging with them based on their specific challenges.

#### Share of GHG emissions in our investment portfolio by company (Investment Division)



Note: We used MSCI's services to obtain data on each investee's GHG emissions (Scope 1 & 2) and EVIC for the target year based on the International Securities Identification Numbers (ISINs) for our investees (equities and corporate bonds) for which the Investment Division is responsible as of the end of December 2019 and then performed calculations after excluding missing values.

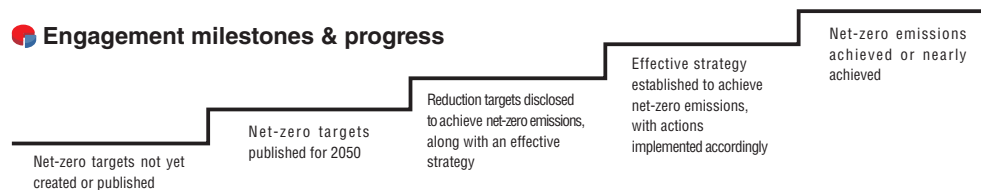
Source: Some data were reproduced with the permission of ©2025 MSCI ESG Research LLC.

#### Engagement with “key companies in net-zero efforts”

For the “key companies in net-zero efforts,” we have set five milestones for the realization of net-zero emissions through engagement and are evaluating each company's progress using generative AI and other technologies.

According to our analysis, as of 2023, most of them were in the process of announcing their targets for net-zero emissions by 2050. There has been a gradual increase in the number of companies intensifying their emissions reduction initiatives, such as by raising medium-term targets and expanding the applicable scope, so we will support further progress through continuous engagement.

#### Engagement milestones & progress



#### Column

### Collaborating with AIGCC to advocate for policies and foster momentum among asset owners

In October 2024, in conjunction with the Financial Services Agency's Japan Weeks (for which overseas investors are invited to various events), we teamed up with AIGCC (Asia Investor Group on Climate Change) to host two events.

For the first event, we invited the Financial Services Agency, the Ministry of Economy, Trade and Industry, the Ministry of the Environment, and other organizations and hosted the Policy Roundtable on Japan's Energy Plan. This meeting was part of AIGCC's active involvement in policy advocacy, such as the publication of a position paper on Japan's 7th Strategic Energy Plan.

The other event, titled “Asset Owners Roundtable on Financing Industrial Decarbonization,” was aimed at creating an opportunity to share sustainable investment efforts of world-class asset owners (e.g. CalSTRS and Abu Dhabi Investment Authority) with a number of asset owners from both Japan and overseas.

Our company also functions as co-chair of AIGCC's Japan Working Group. We will continue to collaborate with AIGCC in our efforts to contribute to realizing a net-zero society by 2050.



A scene from a meeting

#### A comment from Minako Takaba, Senior Manager, Japan – Energy Transition

NAM is demonstrating leadership in responsible investment in Asia's asset management industry and promoting investments in the climate transition. In recent years, as a member of AIGCC, NAM has been providing opportunities for peer learning about effective climate change mitigation measures for investors in the industry, contributing to broader industrial transformation. AIGCC is collaborating with NAM and other members to build an environment in which Asia's investors can contribute to the climate transition.



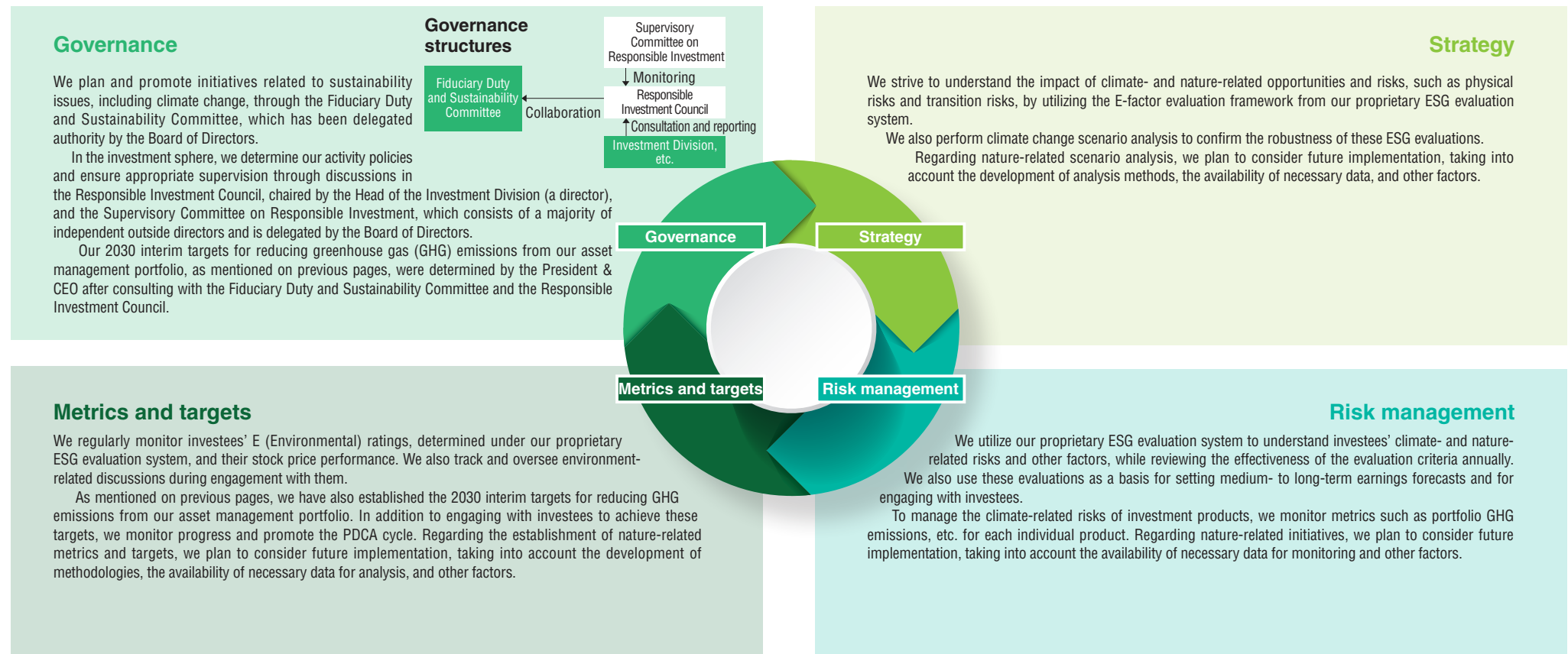
# Responses to the TCFD and TNFD Recommendations

With climate change and natural capital becoming increasingly important for business management, companies' disclosure of information on climate- and nature-related risks, opportunities, and other factors is critical for fulfilling fiduciary duty and implementing sustainable investing.

The TCFD and TNFD Recommendations, which provide frameworks for such disclosures, are significant for our company. As an asset management company, we are committed to efforts and information disclosure based on these recommendations.

The TCFD Recommendations have been incorporated into the IFRS Sustainability Disclosure Standards, which are international disclosure rules created by the International Sustainability Standards Board (ISSB). The recommendations have also been incorporated into Japan's sustainability disclosure standards (SSBJ Standards), which were developed based on the IFRS standards. Additionally, the ISSB has begun a study on the future need for setting standards for nature, drawing attention to whether the TNFD Recommendations will also be incorporated.

## Outline of our approach to the TCFD and TNFD Recommendations





## Responses to the TCFD and TNFD Recommendations

### Current GHG emissions of our investment portfolios (equities and corporate bonds)

The current status of the metrics that the TCFD Recommendations encourage the disclosure of, including GHG emissions of investment portfolios (financed emissions), is shown below.\*<sup>1</sup>

#### Total carbon emissions (financed emissions)

Total carbon emissions (financed emissions) refer to emissions attributable to our company through our investments.

As of the end of FY2024, emissions attributable to our investments in equities and corporate bonds totaled 10.733 million tons of CO<sub>2</sub> equivalent. The amount of emissions from equities decreased from the end of FY2023 to the end of FY2024, but the amount from corporate bonds rose. Among the asset classes, foreign corporate bonds emit the largest total carbon, as they represent the largest asset under management.

#### Total carbon emissions of our equity and corporate bond portfolios (Unit: thousand tons of CO<sub>2</sub> equivalent)

Asset class	As of the end of FY2023	As of the end of FY2024
Japanese equities	955	875
Foreign equities	2,108	1,889
Japanese corporate bonds	2,236	2,825
Foreign corporate bonds	3,971	5,145
Total	9,270	10,733

Note 1: In regard to our investment portfolio (equities and corporate bonds) at the end of FY2023 and FY2024, we used a service provided by MSCI to acquire each investee's GHG emissions (Scope 1 & 2) data for recent fiscal years, and processed and supplemented it using data from Bloomberg for calculations.

Note 2: For foreign corporate bonds at the end of FY2023, acquiring past data is technically difficult, so we used reference values.

Source: Bloomberg L.P. Some data were reproduced with the permission of ©2025 MSCI ESG Research LLC.

#### Calculation method

$$\sum \left[ \text{Companies' GHG emissions (Scope 1 \& 2)} \times \text{Attribution factor (Investment amounts} \div \text{EVIC}^{*2}) \right]$$

\*1 Starting from Sustainability Report 2024, we have changed the calculation method for each metric. For details on these methods, please refer to the footnotes for each diagram.

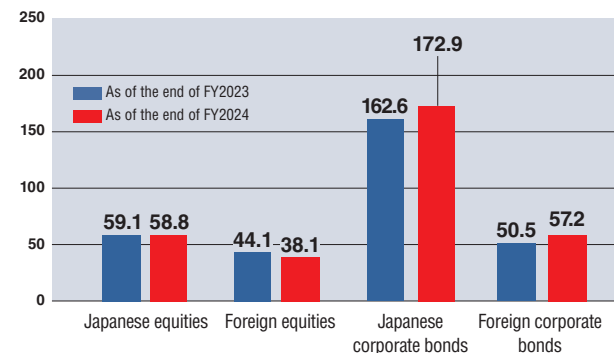
\*2 EVIC stands for Enterprise Value Including Cash. It is the sum of the market capitalization of common and preferred shares, as well as the total book value of liabilities and noncontrolling interests (not excluding cash, deposits, or cash equivalents).

#### Carbon footprint

Carbon footprint refers to the total volume of carbon emissions per unit of investment. It is also considered to be a suitable metric for comparisons among portfolios with different investment scales.

As mentioned on a previous page, the carbon footprint of our portfolio increased from 59.3 tons of CO<sub>2</sub> equivalent per USD million at the end of FY2023 to 62.8 tons of CO<sub>2</sub> equivalent per USD million at the end of FY2024. By asset class, the metrics for Japanese corporate bonds increased, while those for Japanese and foreign equities decreased. In the case of equities, the overall reduction in emissions across the Japanese and foreign equity markets contributed to this decrease. Conversely, the increase in corporate bond metrics is attributable to our higher percentage of investments in Japanese corporate bonds, which tend to have a high proportion of industries that are inherently high emitters.

#### Total carbon footprint of our equity and corporate bond portfolios (Unit: tons of CO<sub>2</sub> equivalent per USD million)



Note 1: In regard to our investment portfolio (equities and corporate bonds) at the end of FY2023 and FY2024, we used a service provided by MSCI to acquire each investee's GHG emissions (Scope 1 & 2) data for recent fiscal years, and processed and supplemented it using data from Bloomberg for calculations.

Note 2: For foreign corporate bonds at the end of FY2023, acquiring past data is technically difficult, so we used reference values.

Source: Bloomberg L.P. Some data were reproduced with the permission of ©2025 MSCI ESG Research LLC.

#### Calculation method

$$\frac{\text{Total carbon emissions (financed emissions)}}{\text{Total investment amounts}}$$

## Responses to the TCFD and TNFD Recommendations

### Current GHG emissions of our investment portfolios (equities and corporate bonds)

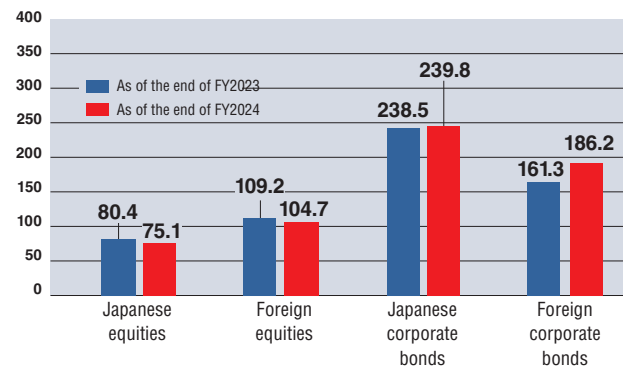
#### Weighted average carbon intensity (WACI)

WACI is a metric measured using GHG emissions per unit of sales of investees. Its value tends to decrease when the investment ratios for companies with high sales and low GHG emissions increase within a portfolio.

From the end of FY2023 to the end of FY2024, our WACI values decreased in Japanese and foreign equities while slightly increasing in Japanese corporate bonds. Overall, we believe this can be attributed to companies making progress in mitigating emissions relative to sales, alongside an increase in our Japanese corporate bond investment in companies with relatively low GHG emission efficiency.

#### WACI of our equity and corporate bond portfolios

(Unit: tons of CO<sub>2</sub> equivalent per USD million)

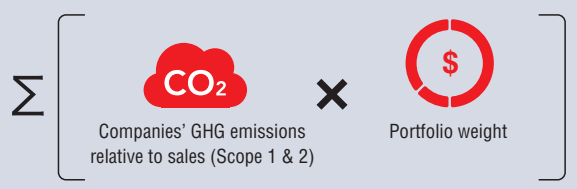


Note 1: In regard to our investment portfolio (equities and corporate bonds) at the end of FY2023 and FY2024, we used a service provided by MSCI to acquire each investee's GHG emissions (Scope 1 & 2) data for recent fiscal years, and processed and supplemented it using data from Bloomberg for calculations.

Note 2: For foreign corporate bonds at the end of FY2023, acquiring past data is technically difficult, so we used reference values.

Source: Bloomberg L.P. Some data were reproduced with the permission of ©2025 MSCI ESG Research LLC.

Calculation method



### Current GHG emissions of our investment portfolios (sovereign bonds)

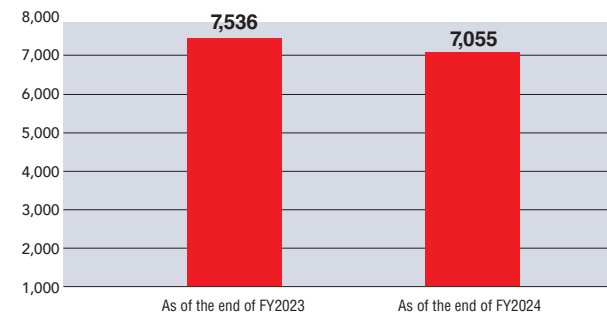
#### Total carbon emissions (financed emissions)

The total carbon emissions of our investment portfolio (sovereign bonds) came to approximately 7.536 million tons of CO<sub>2</sub> equivalent per USD million at the end of FY2023 and approximately 7.055 million tons of CO<sub>2</sub> equivalent per USD million at the end of FY2024. Over 70% of these emissions originate from Japanese sovereign bonds, and Japan's GHG emissions are trending downward, thus so are our company's total carbon emissions.

The method used to calculate these figures is different than the one used to calculate total carbon emissions for equities and corporate bonds. Therefore, the results are not suitable for consolidation. This is why this report presents the carbon emissions related to sovereign bonds separately from those related to equities and corporate bonds, without combining them.

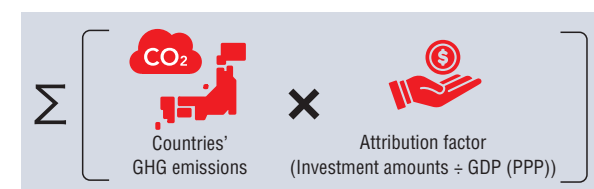
#### Total carbon emissions of our sovereign bond portfolio

(Unit: thousand tons of CO<sub>2</sub> equivalent per USD million)



Note: In regard to our investment portfolio (sovereign bonds) at the end of FY2023 and FY2024, we used data on countries' GHG emissions (on a production basis and excluding LULUCF (land use, land-use change, and forestry)) from the UNFCCC (United Nations Framework Convention on Climate Change) and the PRIMAP, as well as GDP (PPP) data from the World Bank, and then performed calculations after excluding missing values.

Calculation method



# Impact Investing Initiatives with Listed Equities

## Continued expansion of Japan's impact investing market

The impact investing market continues to expand in Japan. In FY2024, assets under management reached JPY 17 trillion. With the Japanese government clarifying that considering non-financial factors—including environmental, social, and governance impact—in investment decisions does not conflict with fiduciary duty from the perspective of improving medium- to long-term investment returns, impact investing is becoming increasingly common among institutional investors in the country.

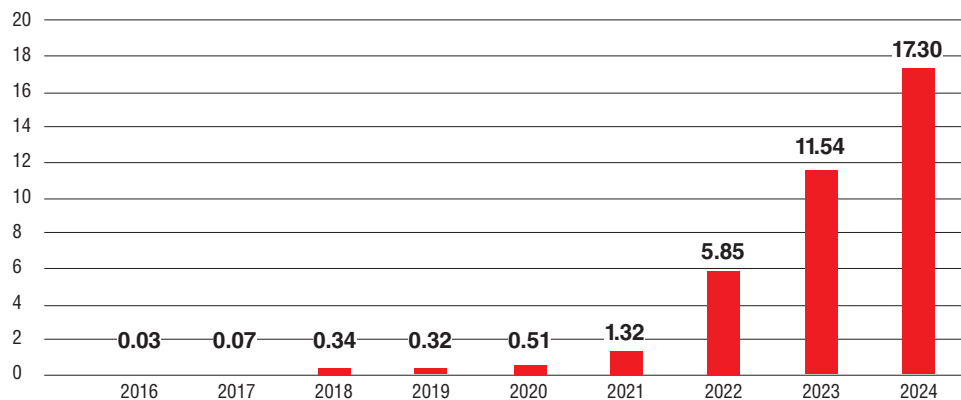
Impact-minded management has also emerged as a focal point across the business community, as reflected in policy proposals such as Keidanren's 2022 publication “Using Impact Metrics to Promote Purpose-Oriented Engagement: Action for Sustainable Capitalism by Companies and Investors” and the Japan Association of Corporate Executives' 2025 report “Recommendations for Social-Sector Collaboration: Guidance in Mutually Supportive Management.”

Phrases such as “impact startup,” “impact business,” and “impact corporation” have also come into common use. These terms broadly refer to businesses which aim to increase corporate value while generating positive impact.

The shift toward impact-minded management highlights the growing potential for impact investing in the listed equities market.

## Trends in Japan's Impact Investing Balance

(Trillions of yen)



Source: Compiled by Nissay Asset Management based on materials from GSG Impact Japan

## Impact Investing Initiatives with Listed Equities

### Column

#### The accelerating convergence of transition finance and impact investing

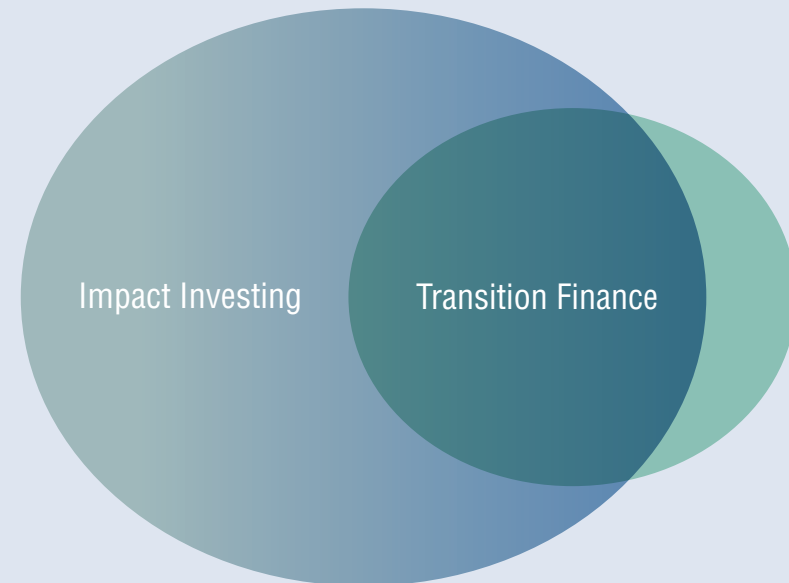
Transition finance has emerged in recent years as a key focal area in sustainable investing. Multiple studies have shown an increase in the number of funds containing the word “transition” in their titles.\*

While “transition finance” lacks a standardized definition either within Japan or abroad, if understood to refer to investment activities aimed at facilitating the shift to decarbonized economies in line with the Paris Agreement, then in spirit it overlaps considerably with impact investing.

Though seemingly distinct at first glance, it may be argued that the more consciously investors prioritize transition-focused initiatives, the closer they draw to impact investing.

With this in mind, further integration and mutual advancement of these two fields will grow even more critical. It will be vital for investors and experts across both fields to break down silos and share knowledge, experience, and expertise to increase the likelihood of success in the great challenge of achieving environmental transition.

\* Mahmood, R. Wang, X. & Guo, S. (2024) “Olive Is the New Black: The Rise of Transition Funds”; Bioy, H. & Wang, B. (2024) “Global ESG Funds Attract \$10.4 Billion in Q3 2024”; others



# External Fund Investment: Excellent Investment Products from Asset Management Companies Around the World

An extensive line-up of external fund investments, from traditional to private assets

In addition to in-house investment, we offer excellent products managed by asset management companies around the world. Investment entrusted to third-party asset management companies, primarily overseas, is referred to as “external fund investment.” As of the end of March 2025, total assets under third-party management amounted to approximately JPY 6.6 trillion, accounting for around 35%\*<sup>1</sup> of our total assets under management, reflecting significant growth in recent years.

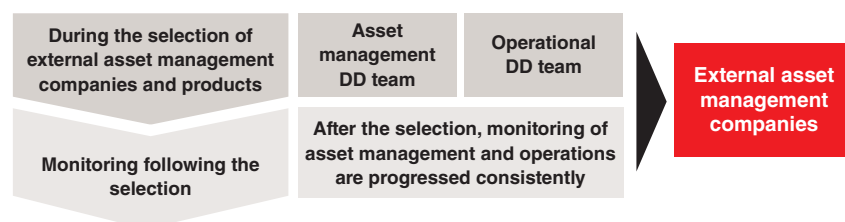
We maintain business relationships with approximately 40 external asset management companies\*<sup>2</sup> across a wide range of asset classes, from traditional assets such as equities and bonds to private assets such as private equity, debt, and infrastructure. Our lineup also includes ESG funds and other products to meet our clients’ diverse needs.

Operations related to external fund investments are handled by the Global Product Division, which comprises about 70 members. In sustainable investing, we are also striving to achieve broader information disclosure and strengthen our due diligence (DD) framework. Approximately 30 division members focus on DD when selecting external asset management companies and products, along with subsequent monitoring. During the selection stage, they are grouped into asset management DD and operational DD teams, each conducting focused evaluations. In response to the expanding private asset market and clients’ needs, we established the Alternative Business Development Office in FY2025 to oversee middle- and long-term strategies and conduct market research.

\*1 Excludes assets under management by the Insurance Asset Management Division, which manages the assets of Nippon Life Insurance Company.

\*2 The number of companies managing products offered to clients as a standalone products

## Framework for DD during selection and subsequent monitoring



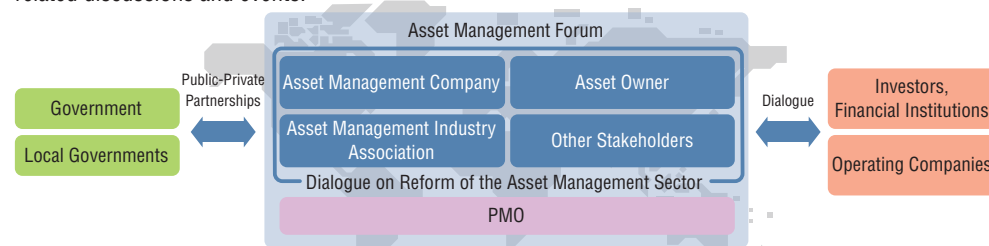


# Efforts in the Asset Management Forum

## What is the Asset Management Forum?

In December 2023, the Japanese government published the Policy Plan for Promoting Japan as a Leading Asset Management Center, which includes policies related to implementing reforms to the asset management sector and asset ownership, encouraging new domestic and foreign entrants, and promoting competition in the sector. In response to this announcement, the Asset Management Forum was launched in October 2024, with participation and collaboration from primarily asset management companies in Japan and abroad, as well as related businesses and investors.

As a member of the Asset Management Forum Preparatory Committee established in December 2023, we were heavily involved in the organization's creation and have played a leading role in various forum-related discussions and events.



## Took to the stage at the inaugural annual meeting of the Asset Management Forum

The inaugural annual meeting held in October 2024 was attended by more than 350 Japanese and international financial professionals. Beginning with opening remarks from Prime Minister Ishiba, the meeting served as a platform for sharing a variety of information.

Our company led the Sustainable Finance Subcommittee, for which President & CEO Ozeki served as moderator. Under the theme of expanding transition finance in Japan, we invited Japanese and international leaders in the field to have lively discussions on the current state of the transition finance market, the importance of information disclosures, and effective approaches to engagement with Japanese companies.



Photo: Representatives of founding member companies circled around then Prime Minister Kishida at a signing ceremony for the forum's establishment in September 2024 (President & CEO Ozeki is third from the right in the back row)

Furthermore, Kaoru Onishi, executive officer and head of the Global Product Division at NAM, joined an Alternative Investment Subcommittee session as a panelist. She introduced company initiatives and exchanged opinions with other panelists about our future initiatives and current issues.

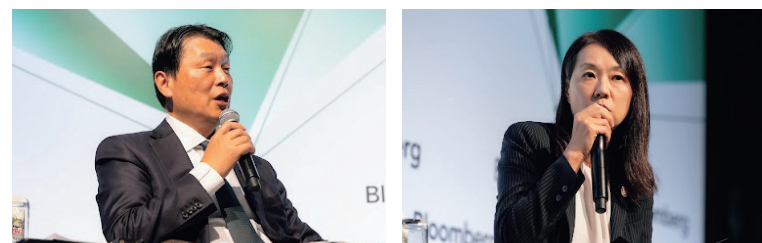


Photo: President & CEO Ozeki (left) and Executive Officer Onishi (right) on stage at the inaugural annual meeting of the Asset Management Forum in October 2024

## FY2025 initiatives: Leading the Sustainable Finance Subcommittee

In July 2025, the Asset Management Forum became a general incorporated association with clear governance rules. As a member of the board with executive function, we will continue to help manage the forum.

The forum has established four themed subcommittees in FY2025. The results of their meetings will be reported at the second annual meeting scheduled for this October.

Following on from last year, our company continues to lead the Sustainable Finance Subcommittee and invite external professionals to sessions to engage in discussions.



Photo: A scene from a Sustainable Finance Subcommittee session (April 2025)

# Top Interview

The future of sustainable investing: insights from Generation Investment Management, led by former US Vice President Al Gore

**Ozeki** Welcome to Tokyo. I've been looking forward to our conversation as discussions and movements around sustainable investment are growing globally. I'd like to start by asking Mr. Gore about the current climate change situation and what aspects you're particularly concerned about.

**Gore** As you know, 2024 was the hottest year on record. This isn't isolated—all of the past decade's years rank among the top 10 hottest in history. You'll likely remember that we've also experienced many of the most costly extreme weather events in human history. The total cost of these extreme events over the past decade amounts to \$3.5 trillion (510 trillion yen).

The number of people forced to evacuate from places they've long called home due to extreme weather has increased, with climate crisis-driven displacement reaching 45 million people last year. A World Health Organization report in the Lancet estimates that by 2050, one to two billion climate refugees could cross borders.

Much of this was predicted and warned about by scientists. Scientists continue to raise their voices



**Al Gore**  
Co-Founding Partner and Chairman  
Generation Investment Management

in various contexts, and we must humbly accept their warnings and take concrete measures to address them.

**Ozeki** Currently, it's said that sustainable investment is facing "headwinds," particularly originating from the United States. How do you view this situation?

**Gore** Regarding sustainability investment, the overall trend continues to move forward despite some resistance. In this process, there will be countercurrents that cause disruptions, but I believe the overwhelming momentum will eventually absorb these obstacles.

Currently, the attitude of asset management companies in the US is often described as "green hushing"—meaning they continue sustainability actions while keeping quiet about them. A sense that they should stay silent to continue their climate change efforts has pervaded the investment world.

**Blood** Precisely because many investment firms are restraining themselves and keeping quiet, it's important to have entities that steadily build up sustainability initiatives and demonstrate leadership. I believe we share this responsibility together.

From an investor's perspective, the sustainability revolution is steadily progressing. Promising developments remain abundant, and I believe the current wait-and-see situation could actually present excellent investment opportunities.

**Gore** While the current situation may be challenging for investors who have approached sustainable investing with a "checkbox" mentality, I believe this is when deep knowledge and experience in sustainable investment prove most valuable. We've worked to accumulate expertise over our 21-year history, and in this time of confusion, having this depth of knowledge translates to an even greater advantage.

**Ozeki** I agree. These times test whether one has continuously refined their investment capabilities.

Now, I'd like to ask about the future of sustainable investment. Mr. Blood, you interact with many investors worldwide—what are your impressions?

**Blood** Many of our clients desire opportunities where large investors and asset allocators interested in advancing climate change and sustainable investment can exchange ideas and challenge each other. To address this, we've created ongoing forums that include asset owners beyond our existing clients.

When asked "what is the future of sustainable investment," I answer that "it is the future of investment itself." It's already best practice, embodies fiduciary duty, and naturally requires a long-term perspective. We hope to see this awareness deeply embedded in markets.





**David Blood**  
Co-Founding Partner and Senior Partner  
Generation Investment Management

**Ozeki** Generation has long emphasized timely response through your concept of “Time Value” (the idea that the earlier we advance investments addressing sustainability challenges under time constraints, the more effective they are).

**Gore** Whether we meet our goals is a matter of time. Having a sense of urgency is essential so we can act more quickly. The opportunities we’re seeing now are moving dramatically. The significant decrease in solar and wind power costs over the past decade symbolizes this.

Technological advancement extends beyond power generation. We can also pioneer future markets that transform difficult-to-reduce sectors by utilizing nature-based solutions and regenerative agriculture. We’re observing many solutions that appear poised for proper takeoff. For example, in manufacturing, we’re focusing on environmentally friendly material development, energy decarbonization, and additive manufacturing (a processing method that creates various shapes by layering materials).

**Ozeki** Finally, Mr. Gore, could you share a message for everyone in Japan?

**Gore** I’d like to convey two points.

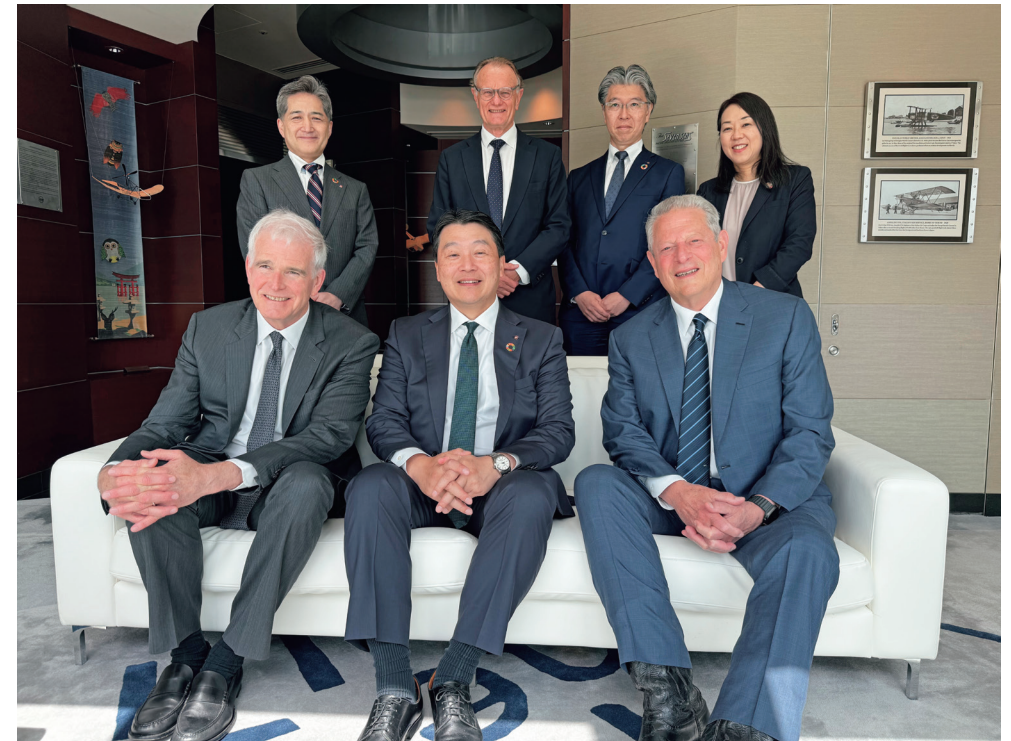
First, we should recognize that climate change and sustainability challenges are global issues on a scale we don’t typically consider. When we add the time dimension I mentioned earlier, these become even more difficult challenges. Even with this understanding, this problem is far, far more serious and dangerous than most people realize. This severity is why I’ve worked so diligently on this issue for many years and could never set it aside.

My second message is more hopeful. Solutions are far more available than most people realize. They’re not just available but also economically beneficial for us. They create more jobs, make the

environment healthier, save lives, and produce cheaper energy for businesses and factories.


Understanding both this severity and hope isn’t easy, but this is the message I’m conveying to people around the world, including Japan.

**Ozeki** Thank you very much. We also want to continue advancing with strong conviction and hope for sustainable investment. We would appreciate your continued advice.




A photo taken after the interview.  
From right, front row: Mr. Gore, Ozeki (President and CEO of NAM), and Mr. Blood.

# FY2024 Topics

2024	Global Trends	NAM Responses and Actions
April		<ul style="list-style-type: none"> <li>● ESG Investment Promotion Department reorganized into Sustainable Investment Promotion Department.</li> <li>● Joined the Japan Impact-driven Financing Initiative.</li> </ul>
May		<ul style="list-style-type: none"> <li>● Sponsored and spoke at Social Impact Day 2024.</li> <li>● Participated in the AIGCC-PRI Japan Sustainable Finance Policy Roundtable hosted by AIGCC and PRI and exchanged views with policymakers and other stakeholders.</li> <li>● Expressed support for Call to Action: ISSB Global Adoption, a joint declaration by LSEG, PRI, SSE Initiative, and WBCSD.</li> </ul>
August		<ul style="list-style-type: none"> <li>● Held Nissay Asset Management Sustainability Seminars for Japanese asset owners and other entities.</li> </ul>
September	<ul style="list-style-type: none"> <li>● TISFD (Taskforce on Inequality and Social-related Financial Disclosures) officially established.</li> <li>● Japan Weeks 2024 held from September to October.</li> </ul>	
October	<ul style="list-style-type: none"> <li>● 2024 Annual Meeting of the Asset Management Forum held.</li> <li>● PRI in Person 2024 held in Canada.</li> <li>● GIIN Impact Forum 2024 held in the Netherlands.</li> </ul>	<ul style="list-style-type: none"> <li>● President &amp; CEO Ozeki served as a moderator at the panel session “Toward Expansion of Transition Finance: Collaborations Between Public and Private Sectors and Reliable Transition Plans” at the 2024 Annual Meeting of the Asset Management Forum.</li> <li>● Jointly held the Policy Discussion Meeting on Japan’s Energy Plans and the Asset Owner Conference on Investments Promoting Decarbonization in Asia with AIGCC.</li> </ul> <div data-bbox="1742 1094 2112 1473">  <p>President &amp; CEO Ozeki served as a moderator at the panel session at the 2024 Annual Meeting of the Asset Management Forum.</p> </div>

## FY2024 Topics

2024	Global Trends	NAM Responses and Actions
December		<ul style="list-style-type: none"> <li>● Supported and provided the venue for the 20th JSIF (Japan Sustainable Investment Forum) anniversary party.</li> </ul>
2025 February	<ul style="list-style-type: none"> <li>● Asset Management Forum held its first in-person meeting for all members, where the FY2025 subcommittee themes, such as sustainable finance, selected.</li> </ul>	
March	<ul style="list-style-type: none"> <li>● SSBJ (Sustainability Standards Board of Japan) Standards announced.</li> </ul>	<ul style="list-style-type: none"> <li>● Held the 2025 Corporate Value Enhancement Exchange Meeting, bringing together CFOs of listed companies across industries.</li> <li>● Received the Bronze Award at the 6th ESG Finance Award Japan, hosted by the Ministry of the Environment, Japan.</li> <li>● Strengthened the team responsible for enhancing the quality of engagement.</li> </ul>
April		<ul style="list-style-type: none"> <li>● Held a roundtable discussion with Clara Barby from Just Climate, in cooperation with the Japan Impact-driven Financing Initiative.</li> <li>● Served as one of the leadership team companies and held the first meeting of the Asset Management Forum's Sustainable Finance Subcommittee.</li> </ul>



The 6th ESG Finance Award Japan ceremony



# Major Sustainable Investing-Related External Organizations

## Promoting sound industry development and improving investee corporate value through participation in external organizations

We are members of multiple sustainable investing-related external organizations (investor-led initiatives, etc.) and actively participate in their activities. The status of these activities is regularly reported to our Internal Responsible Investment Council, where we assess their significance and necessity.

When assessing the value of participation, the key point is whether it contributes to deepening our understanding of sustainable investing and enhancing the corporate value of our investees. For organizations that encourage companies to disclose sustainability-related information, we focus on whether wider adoption of such disclosure benefits our ESG analysis. For organizations that promote collaborative engagement, we consider whether these activities are effective in improving or protecting corporate value.

Moreover, these organizations often play a role in shaping de facto rules, even if they are not formal regulations. Whether such rulemaking is conducted appropriately directly affects the sound development of the sustainable investment market and, ultimately, the sustainable management practices of our investees. Thus, we also assess the significance and necessity of participation from the perspective of appropriate involvement in rulemaking.

In recent years, the number of sustainable investing-related external organizations has been increasing both in Japan and overseas. At the same time, our resources are limited. For this reason, we believe that it has become increasingly important to carefully assess the significance and necessity of our participation and pursue a well-prioritized approach.

### Sustainable investing



Principles for institutional investors, formulated with support from the United Nations, that encourage signatories to integrate ESG considerations into analysis and decision making.



An NPO working to promote and develop sustainable investment in Japan. It conducts a fixed-point survey of Japan's sustainable investment balances.



An organization with the purpose of establishing effective governance and fostering stewardship among investors to facilitate efficient markets and sustainable economies.

### Impact investing



A nonprofit organization established to promote and raise awareness of impact investing and to cultivate impact investing communities. It is also one of the largest membership organizations for impact investing.



A public-private partnership that fosters collaboration and dialogue among a wide range of stakeholders in Japan, aiming to create a positive cycle linking the resolution of environmental and social issues to sustainable growth.



An initiative where Japanese financial institutions collaborate to advance impact-oriented investments and financing.

### Sustainability information disclosure



An international network operated by the IFRS Foundation, serving as a collaborative platform for companies, investors, and advisors to support the introduction of ISSB Standards and sustainability-related practices.



A forum for companies, financial institutions, government agencies, NGOs, and academic institutions that support the activities of TNFD, a framework that encourages the disclosure of information on nature-related risks and opportunities.

### E (Environmental)



An initiative by asset managers aimed at contributing to achieving net-zero greenhouse gas (GHG) emissions by 2050.



An initiative focused on deepening the understanding of Asian asset owners and financial institutions regarding climate change and low-carbon investment risks and opportunities, as well as encouraging proactive action.



An initiative that collaboratively engages with the world's largest corporate GHG emitters to encourage them to strengthen climate change mitigation measures and enhance information disclosure.



A network established to enhance communication and the exchange of ideas among companies, local governments, NGOs, and other entities actively engaged in climate action in Japan.

### S (Social)



An organization that operates a global information disclosure system for investors, companies, nations, regions, and cities to manage their environmental impacts.



A collaborative engagement platform launched for institutional investors to work together in addressing human rights and social issues.

# Results of Proxy Voting

## ▶▶▶ Results of Proxy Voting

The results of proxy voting (on a sub-proposal basis<sup>\*1</sup>) at the Shareholders Meetings held in May and June 2025 are as follows.

### 1. Management proposals

		For (A)	Against (B)	Abstain (C)	Carte Blanche(D)	Total	Percentage of Against	Reference: Percentage of Against (Previous Year)
Governance bodies	Election/Removal of directors	9,463	1,087	0	0	10,550	10.3%	11.7%
	Election/Removal of auditors	693	52	0	0	745	7.0%	10.4%
	Election/Removal of accounting auditors	23	0	0	0	23	0.0%	20.0%
Executive remuneration	Executive remuneration <sup>*2</sup>	450	65	0	0	515	12.6%	14.9%
	Payment of retirement benefits	4	24	0	0	28	85.7%	82.1%
Capital policies (excluding approval of articles)	Allocation of income and dividends	720	78	0	0	798	9.8%	14.0%
	Organizational restructurings <sup>*3</sup>	10	0	0	0	10	0.0%	0.0%
	Takeover defense measures	0	31	0	0	31	100.0%	100.0%
	Other capital policy-related proposals <sup>*4</sup>	22	4	0	0	26	15.4%	18.8%
Approval of articles		236	10	0	0	246	4.1%	7.6%
Other proposals		2	0	0	0	2	0.0%	0.0%
Total		11,623	1,351	0	0	12,974	10.4%	12.1%

<sup>\*1</sup> A sub-proposal basis means that the number of proposals includes branch proposals, counting each candidate as a separate proposal in cases related to election of directors and auditors.

<sup>\*2</sup> Repricing of executive remuneration, stock options, performance-related pay plans, executive bonuses, etc.

<sup>\*3</sup> Mergers, asset sales/purchases, share exchanges, share transfers, corporate splits, etc.

<sup>\*4</sup> Share buybacks, reduction of legal reserves, allotment of new shares to a third party, reduction of capital, reverse stock splits, issuance of class shares, etc.

### 2. Shareholder proposals

	For (A)	Against (B)	Abstain (C)	Carte Blanche(D)	Total	Percentage of For
Total	45	267	0	0	312	14.4%

# Part II Sustainability Management

We recognize that the asset management business has a multifaceted impact on society and plays an important role in everyone's lives. Our company actively engages in discussions on sustainable management through the Fiduciary Duty and Sustainability Committee and the Fiduciary Duty and Sustainability Advisory Board. In line with our policies, we will strive to contribute to the realization of a sustainable society by promoting concrete initiatives across the entire company.

## Basic Policies on Sustainability Management

- We will actively engage in respecting human rights and diverse values, addressing global environmental issues and other initiatives to contribute to achieving a sustainable society.
- We will engage in business leading to the sustainable growth of society.
- Working and prospering together with all our stakeholders, we will continuously strive to create a bright future for all.
- We will engage in activities to cultivate employees' consciousness, educate them, and raise their awareness of promoting sustainability.

## Human Rights Policy

In our business principles, we emphasize “building long trusting relationships with clients by providing them with the highest added value.” To realize this statement, we consider it crucial to recognize the multifaceted impact of the asset management business, “respect human rights and diverse values to contribute to achieving a sustainable society,” and “work and prosper together with all our stakeholders,” as highlighted in our basic policies on sustainability management. Based on these concepts, we have established human rights policies and are taking related initiatives to respect the rights of the stakeholders affected by our business activities and to contribute to the realization of a sustainable society through our entire value chain. We periodically review these policies and update them as necessary.

- |   |                           |
|---|---------------------------|
| 1. Compliance with laws and international standards     | 5. Education              |
| 2. Respect for human rights through business activities | 6. Stakeholder engagement |
| 3. Human rights due diligence                           | 7. Information disclosure |
| 4. Remedy and corrective action                         | 8. Scope of application   |

## Environmental Policy

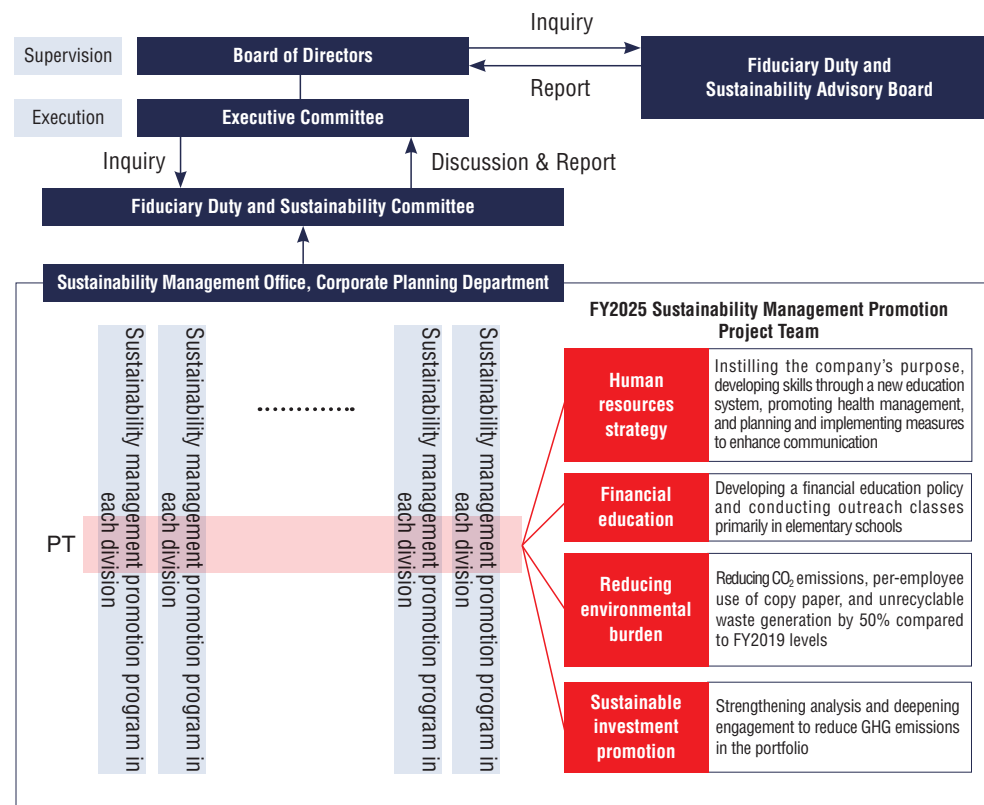
Our business principles state, “We comply with laws and regulations as a global corporate citizen, and all our officers and employees strive to contribute to society, bearing their mission and responsibility in mind.” Furthermore, we find it essential to recognize the multifaceted impact of the asset management business, and as stated in our basic policies on sustainability management, to “actively address global environmental issues to contribute to achieving a sustainable society.” Based on these concepts, we established environmental policies and are taking action in consideration for the environment.

- |   |                           |
|---|---------------------------|
| 1. Conservation of the global environment through business activities | 4. Education              |
| 2. Addressing environmental issues                                    | 5. Continuous improvement |
| 3. Compliance with environmental laws and regulations                 | 6. Information disclosure |
|   | 7. Scope of application   |

## Sustainability Management

### Framework for Promoting Sustainability

NAM has established the Fiduciary Duty and Sustainability Committee as an advisory body to the Executive Committee. This committee reviews material sustainability issues, monitors the progress of the sustainability management promotion programs formulated by each division, and oversees the cross-divisional project team. Additionally, we have set up the Fiduciary Duty and Sustainability Advisory Board as an advisory body to the Board of Directors. This advisory board, which includes external experts, provides advice from the perspectives of fiduciary duty and sustainability to help us continuously improve and enhance our initiatives.



### Slogan toward promoting sustainability:

#### “A Good Investment for the Future”

NAM has adopted the corporate slogan “A Good Investment for the Future,” which simply expresses our aim for all officers and employees to work together to promote sustainability management.

“Good Investment” encompasses several meanings: “investment that is good for the environment and society,” “investment with good performance,” and “investment that is good for employees.” It expresses NAM’s commitment to realize “good investment” that goes beyond the mere pursuit of economic returns. The phrase “for the Future” also embraces a number of meanings: “the future of our clients,” “the future of the earth and the next generation,” and “our own growth.” NAM will take part in realizing a sustainable society with a strong consciousness of its responsibility for the future.

#### Good investment

- Investment that is good for the environment and society
- Investment with good performance
- Investment that is good for employees

#### Future

- The future of our clients
- The future of the earth and the next generation
- NAM’s own growth

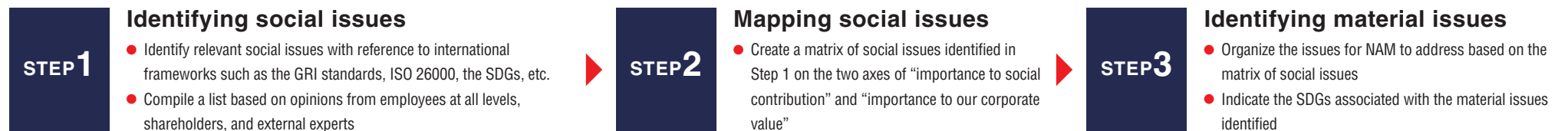


# Material Issues and Initiatives for Nissay Asset Management

In promoting sustainability management, we identified the following material issues in FY2021 in line with achieving the global Sustainable Development Goals (SDGs). This followed extensive discussions on what our priorities should be while examining the issues faced by society from two angles: “What role does society expect us to play?” and “What initiatives will lead to our company’s growth?”

We will move forward together as an organization to contribute to the realization of a sustainable society.

## Process for identifying material sustainability issues



## Material sustainability issues

### Material Issue 1 Providing widely-accessible asset management services

#### Vision

We will contribute to the asset formation of each and every member of our society by making asset management a familiar financial service for all, just like bank deposits and insurance. To this end, we will thoroughly implement client-oriented business conduct and aim to be a company that can grow together with all of our clients.



### Material Issue 2 Advancing and enhancing sustainable investing

#### Vision

As a front-runner in sustainable investing, we continuously study the latest sustainable investment methods and strive to enhance our practices. At the same time, by implementing sustainable investment aimed at achieving both financial returns and a sustainable society, we will refine our sustainable investment approaches, actively develop new products, and offer innovative proposals to our clients.



### Material Issue 3 Building an investment chain in pursuit of achieving a sustainable society

#### Vision

Within the investment chain, we play a role in increasing wealth across society by appropriately allocating social resources. We aim to expand asset management services that create a virtuous cycle for society by linking the valuable funds invested by our clients to the sustainable growth of investee companies and society as a whole.



### Material Issue 4 Realizing business with a low environmental burden

#### Vision

Recognizing that environmental issues such as climate change pose a serious threat to humanity, we will review our business processes and improve our workplace environment to minimize the environmental burden of our operations.



### Material Issue 5 Actively promoting social contribution activities by employees

#### Vision

Recognizing that business is only possible within a sound society, we encourage our employees to actively contribute to and give back to society, and we strive to remain a company that grows alongside it.



### Material Issue 6 Achieving a society where everyone can play an active role

#### Vision

For an asset management company, human capital is the very source of competitive strength. Amid intensifying competition, creating an environment where employees of diverse genders, nationalities, ages, and backgrounds can thrive is key to staying ahead. We aim to create workplaces and foster a culture that allows each employee, with their unique personality and circumstances, to maximize their potential.



### Material Issue 7 Enhancing governance and risk management

#### Vision

Corporate governance is of the utmost importance for sound corporate management, and we aim to continually improve it. We also strive to raise employees' awareness of social and professional norms, including strict compliance with laws and regulations, and to build trusting relationships with society and our clients.





## Material Issues and Initiatives for Nissay Asset Management

### Progress of initiatives

We have established indicators related to material issues, which the Fiduciary Duty and Sustainability Committee regularly monitor.

We also work to effectively promote sustainability management by discussing and implementing appropriate measures.

Material issue	Company-wide KPI	Goal	FY2022	FY2023	FY2024
Providing widely-accessible asset management services	AUM of publicly offered investment trusts	Inflows from a broad range of clients	JPY 2,708.5 billion	JPY 3,661.7 billion	JPY 3,896.6 billion
Building an investment chain in pursuit of achieving a sustainable society	AUM of ESG funds	Promote the popularity of ESG funds	JPY 809.8 billion	JPY 733.8 billion	JPY 673.5 billion
	Carbon footprint of portfolios	50% reduction by FY2030 (compared to FY2019) Net zero by FY2050	66.7 t-CO <sub>2</sub> e/\$mil	59.3 t-CO <sub>2</sub> e/\$mil* <sup>1</sup>	62.8 t-CO <sub>2</sub> e/\$mil* <sup>1</sup>
Realizing business with a low environmental burden	Amount of copy paper used per employee	50% reduction by FY2030 (compared to FY2019)	3,422 sheets	3,142 sheets	3,014 sheets
	CO <sub>2</sub> emissions reduction	50% reduction by FY2030 (compared to FY2019)	1,864 t-CO <sub>2</sub> e	2,036 t-CO <sub>2</sub> e	1,942 t-CO <sub>2</sub> e
Achieving a society where everyone can play an active role	Proportion of female managers	20% or more by FY2030	10.2%	12.2%	13.4%
	Engagement survey results	Maintain a top 25%* <sup>2</sup> engagement score	–	–	Top 20.6%
	Obtaining certification for health management, etc.	Obtaining Kurumin, Eruboshi, and Health & Productivity Management Outstanding Organization certifications by FY2025	Kurumin and Eruboshi not yet obtained Health & Productivity Management Outstanding Organization certification obtained	Kurumin and Eruboshi not yet obtained Health & Productivity Management Outstanding Organization certification obtained	Kurumin and Health & Productivity Management Outstanding Organization certifications obtained Eruboshi not yet obtained
Enhancing governance and risk management	Enhancing the effectiveness of the Board of Directors	Independent outside directors make up at least 1/3 of the board by FY2025	37.5%	37.5%	44.4%
	ROE	Management with an awareness of capital efficiency	13.1%	13.7%	13.3%

\*1 Our calculation method has been updated based on the SSBJ Sustainability Disclosure Standards for data from FY2023 onward. For more details, please refer to page 35.

\*2 The engagement score is calculated using the Motivation Cloud system (Link and Motivation Inc.), with an average score of 50 across companies (deviation value)

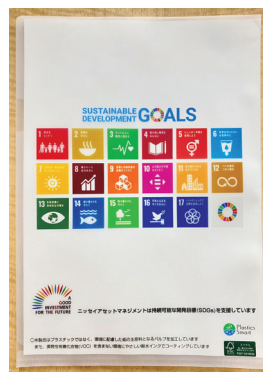
# Environmental Initiatives (TCFD-related Area)

We believe that environmental issues such as climate change pose a serious threat to humanity and that it is necessary to actively address global environmental and other issues to contribute to the realization of a sustainable society. We are promoting initiatives to minimize the environmental impact of our business activities, with the aim of halving our net CO<sub>2</sub> emissions by FY2030 compared to FY2019 levels.

## Initiatives in decarbonization and mitigation of environmental impact

We have established environmental policies and are working to deepen employees' understanding of them through training and other opportunities.

Additionally, we are striving to reduce our environmental impact by reviewing our use of plastic products, reducing waste, going paperless, and more. These activities include using plastic-free promotional file folders, installing water servers in the office, recycling and donating used equipment, and promoting online meetings.



Plastic-free file folders

## J-Credits

We purchase J-Credits\* to effectively fund energy-saving and renewable energy projects, so that we can support companies and individuals working to reduce CO<sub>2</sub> emissions.

\* Credits issued for government-certified initiatives, such as reducing CO<sub>2</sub> and other greenhouse gas (GHG) emissions through the installation of energy-saving equipment and the use of renewable energy, as well as absorbing CO<sub>2</sub> and other GHGs through appropriate forest management.

## Trend in net CO<sub>2</sub> emissions

	(t-CO <sub>2</sub> e)	FY2020	FY2021	FY2022	FY2023	FY2024
Company-wide emissions		1,991	1,409	1,864	2,036	1,942
Scope 1		6	5	5	5	4
Scope 2		653	79	11	86	14
Scope 3*		1,332	1,325	1,848	1,945	1,924

\* For Scope 3 figures, we calculated emissions for category 1, 3, 5, 6, 7, 8, and 9. CO<sub>2</sub> emissions from our investment portfolio (category 15) are shown on page 38.

## Overview of scopes, activities measured, and CO<sub>2</sub> emissions for FY2024

Scope	Overview	Activities measured	Emissions (t-CO <sub>2</sub> e)
Scope 1	Direct emissions from our use of fuel, etc.	Fuel for corporate vehicles	4
Scope 2	Indirect emissions from using purchased electricity, etc.	Electricity used by us	14
Scope 3	Indirect emissions from other sources in our supply chain	-	1,924
Category 1	Goods and services we purchase	Amount of paper used	986
Category 6	Emissions associated with employee business travel	Business travel	822
Category 7	Emissions associated with employee commuting	Commuting	93
Category 8	Emissions associated with employees working from home, etc.	Working from home	18
Other – total	Disposal of general waste, etc.	-	5

# Actively Promoting Social Contribution Activities

Our principal business, asset management, can only prosper within a healthy and everlasting environment and society. We believe that fostering an awareness of contributing to and giving back to society in every employee will enable us to grow together with society. This is why we have set “Actively promoting social contribution activities by employees” as a material issue for sustainability management. We mainly focus on (1) promoting financial literacy and SDGs education and (2) encouraging volunteer activities, striving as a company to realize a sustainable society.

## Promotion of financial literacy and SDGs education

In actively promoting social contribution activities, we are advancing various initiatives related to financial literacy education, which is emphasized in the government's New Form of Capitalism policy, as well as SDGs education, which contributes to achieving global SDGs.

### Visiting class

With a desire to enhance financial and SDGs literacy among more children, we have been conducting classes at elementary schools throughout Japan since FY2022. Classes in FY2024 comprised two parts: (1) A Class on Social Issues and Investment and (2) Let's Play “The Game of Life: Beyond SDGs.” We taught these classes in 15 schools, reaching approximately 1,300 elementary school students nationwide.

“The Game of Life: Beyond SDGs” game used in our classes differs from the standard version, where players compete to become billionaires, in that players collaborate to create an ideal future and the contents of each space on the board are related to the SDGs. We received feedback from students who played the game, such as “I realized that in order to achieve the SDGs, everyone must work together.”



Playing “The Game of Life: Beyond SDGs”



Additionally, in the classes, the students learned about social issues while brainstorming how they could contribute to resolving them. They also learned about investments as one solution to social issues.

We received comments from the students, expressing their newly gained insights and their feelings, including “I learned I can support companies that make eco-friendly products through investments,” “I realized the actions of each individual are important in achieving the SDGs,” and “I want to start doing what I can now to help the environment, such as recycling old clothes that I can't wear anymore.”



▲ Details of the classes we conducted in FY2024.

\* Available in Japanese only

## Creating our financial and investment literacy handbook “Let's Learn About Investing!”

As part of our promotion of financial literacy education, we created a financial & investment literacy handbook titled “Let's Learn About Investing!” and uploaded it to our company's website for everyone to access. This handbook explains concepts and methods of long-term asset formation in an easy-to-understand manner, covering topics such as how companies operate, an overview of investments, and actual investment methods. To engage young people with finances and investments, we introduced each topic in the style of manga and used a format resembling social media messaging, which is familiar to the younger generation.



You can access the handbook by scanning this QR code.  
\* Available in Japanese only



We will continue to help improve the financial and SDGs literacy of more children to realize future long-term asset formation and a better society.

## Actively Promoting Social Contribution Activities

### SDGs Senryu Contest

With the aim of creating a sustainable and better future, we will be holding the third “5-7-5 Toward a Better Future: Elementary School SDGs Senryu Contest” for elementary school students, who will shape the future.

*Senryu* is a style of Japanese poetry that follows a 5-7-5 syllable pattern. We would like children to think about the SDGs by creatively expressing their ideas on what they can do or what they would like to tell those around them for a better future, using the *senryu* style. Last year, we received 36,063 *senryu* (15,092 more than last year) from throughout Japan.



#### Grand Prize

**Hello. It's me, Earth.  
I'm getting hot and want an  
Air conditioner**

Yuito Kikukawa (3rd grade student at Shukutoku Elementary School in Tokyo)

Related SDG: (13) Climate Action



#### Nissay Asset Management Award

**The goal we aim for  
A world where fish outnumber  
Trash in the ocean**

Airi Suzuki (2nd grade student at Tamakawa Village's Tamakawa Elementary School No. 1 in Fukushima Prefecture)

Related SDG: (14) Life Below Water



### Promotion of volunteer activities

Our company encourages self-motivated and proactive volunteer activities (social contribution activities) by employees. Starting in FY2022, we have instituted paid leave for volunteering with the aim of supporting these initiatives. We are not only recruiting volunteers but are also using our internal website to share information on available volunteer activities and activity contents, etc. year-round.

#### Beach cleanup activities

We cleaned a beach with the support of Kasai Rinkai Park Partners. A total of 61 employees across our company's divisions participated, filling more than 15 trash bags.



#### Implementing volunteer activities with Bloomberg

We have been collaborating with Bloomberg in various volunteer activities since FY2024. We have taken part in numerous initiatives, such as providing food and making towels for cats in shelters, making bath kits and greeting cards for people that are homeless, and cleaning Arakawa River. We will continue to foster social contribution awareness in employees through this collaboration.



Cleaning activities at Arakawa River



Volunteers at a cat shelter



Making greeting cards



# Promotion of Human Capital Management

## Promotion of human capital management

To fulfill our responsibility to our diverse stakeholders, including clients, employees, the environment, and society, we prioritize employee professionalism. We recognize that human resources are a source of competitive advantage in the asset management industry, and that investing in them is essential for adapting to environmental changes that affect companies and individuals alike, as well as for achieving sustainable growth. We promote human capital management based on the following talent development and internal environmental improvement approaches.



### Purpose

ひたむきにその先を見つめ、より良い未来へつなぐ  
—A Good Investment for the Future—



### Business Principles

Our mission as professionals is to provide our clients with the highest added value in each aspect of our asset management services. We build long trusting relationships with clients by continuing to provide the highest added value and ensuring client satisfaction.

- 1 Dedicate ourselves to client satisfaction
- 2 Pursue professionalism
- 3 Foster a fair and honest corporate culture

### Our approach to talent development

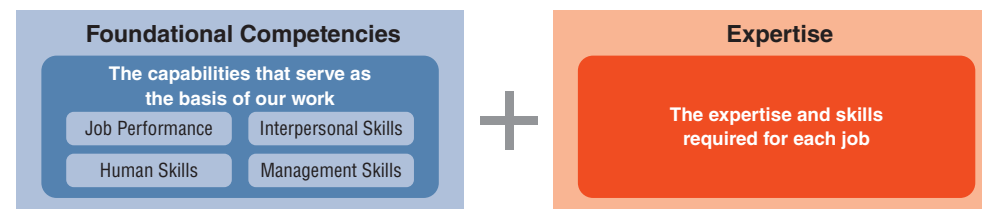
Based on our business principles, we strive to continuously provide the highest added value and satisfaction to our clients as their best partner in every aspect of our asset management services. To that end, we are committed to employing a diverse range of talent and fostering their development. Each employee is encouraged to take responsibility and pride in managing our clients' assets and to continuously grow through relentless efforts as professionals in their respective fields.

### Our approach to internal environmental improvement

For asset management companies, human resources are the source of competitive advantage, and establishing an environment where diverse employees of different genders, nationalities, ages, and backgrounds can thrive is the key to surviving increasingly intense competition. Therefore, we aim to create a workplace environment and culture that maximize the abilities of individuals with various characteristics and circumstances.

## Talent and career development: Defining our ideal talent profiles and necessary abilities and skills

Our company has defined “highly professional staff” and “management staff” as our ideal types of employees. We have also defined the necessary abilities and skills (Foundational Competencies and Expertise) required for each type of staff to help our employees clearly envision their future career development steps.



### Ideal talent profiles

- **Highly professional staff** with the business sense and expertise to thrive in a global competitive environment
- **Management staff** capable of maximizing the productivity of their organizations by developing the members and efficiently utilizing management resources

Title	Types and duties of ideal talent	
Chief or higher	<b>Highly professional staff</b> (fulfilling responsibilities with high Expertise)	<b>Management staff</b> (overseeing their organizations with strong Foundational Competencies and Expertise)
Lower than chief	<b>Professional staff</b> (working in each field)	





## Promotion of Human Capital Management

### The Road-MaP career development program

We are strengthening our training and system-based support to encourage greater contributions from all our employees, whether highly professional staff or management staff. To this end, we have systematically organized various initiatives into a company-wide framework called the Road-MaP career development program. The name “Road-MaP” reflects our commitment to providing a roadmap toward Management (“M”) and Professional (“P”) careers and offering the necessary encouragement.

	Associate	Senior Associate	Chief	Head
Foundational Competencies	New employee training	Competency training I	Competency training II	Competency training III
	2025 Renewed	Competency training II	Competency training III	Management skill training
	Competency training I	Competency training II	Competency training III	Leadership development program “Hitamuki Project”
	Mentor system			
E-learning (School)				
Improving expertise	Incentives for obtaining certifications, subsidies for examinations and annual fees, and support for skill acquisition			
	Subsidies for external seminars and other expenses			
	Graduate school, short-term international assignments			
Other theme-based programs	English conversation training			
	2025 NEW	Sustainability investment training		
	DX (digital transformation) training			
Support for career development	Internal mobility, internal job openings, voluntary transfers, internal secondments			
	Training for middle-aged employees (Career <i>Rashinban</i> )			
Improving Foundational Competencies		Enhancing expertise	Theme-based programs	Support for career development

For employees at each level, we hold training to enhance the required knowledge, skills, and capabilities. We also hold position-specific training (Foundational Competency training) to assess continued growth and identify key points for future self-development.

We provide subsidies for external seminar expenses, support for obtaining various certifications, and short-term overseas assignments to enable employees to autonomously improve competencies and reskill.

We offer theme-based programs on key topics such as global issues, sustainability investment, and digital transformation (DX). Examples include online English conversation courses, sustainability investment seminars held online, and practical programs utilizing generative AI.

We have established various systems, such as internal job openings, to cultivate the proactivity, challenger spirit, and autonomous career development of employees honing their skills to become professionals in their fields.

### Towards the active participation of diverse talent

We believe that diverse opinions will lead to creative solutions and make our business sustainable. Based on this belief, we place strong emphasis on creating an organizational culture and workplace environment where women and other diverse talent can thrive, and are actively promoting a variety of initiatives to support this goal.

#### Dissemination of executive messages

At our company, we hold management issues meetings twice a year, during which the president personally delivers messages to all employees as the business leader. Additionally, we provide opportunities for Q&A sessions with employees, fostering an organizational culture where management listens to employee feedback and facilitates multifaceted discussions.



#### Internal award embodying our Purpose

Each year, our company recognizes outstanding initiatives aimed at delivering top-quality asset management services. In fiscal year 2024, we presented an award—based on employee voting—for efforts that demonstrated a sincere and forward-looking approach.



#### Employee discussion at the offsite meeting

To help employees understand and take ownership of the company's Purpose, we hold cross-departmental discussions wherein groups share their experiences involving focused forward thinking.



#### Promoting the utilization of two-week consecutive paid holidays

To create a workplace where everyone can take time off when needed and thrive while maintaining a healthy work-life balance, we are promoting the use of two-week consecutive vacations. In fiscal year 2024, employees took an average of 18 days of paid holidays, fostering a culture in which many employees are able to work with clear boundaries between work and personal life.



#### Participation in AMWF

The Asset Management Women's Forum (AMWF) is dedicated to promoting the active participation of women in the asset management industry. Our company has been involved since fiscal year 2023. In fiscal year 2024, we contributed to the planning and operation of an event held in December for middle management.



# Health and Productivity Management

Upholding our corporate slogan, “A Good Investment for the Future,” to promote sustainability management, we are committed to enhancing the health of our officers and employees while improving their work-life balance as part of our work style reforms. In line with our health and productivity management policy, we are implementing measures to reform the workplace environment, maximize individual capabilities, and promote and maintain good health. As a result of these initiatives, we were recognized as a Health and Productivity Management Organization (Large-scale Corporation Category) in 2025 for the third consecutive year.



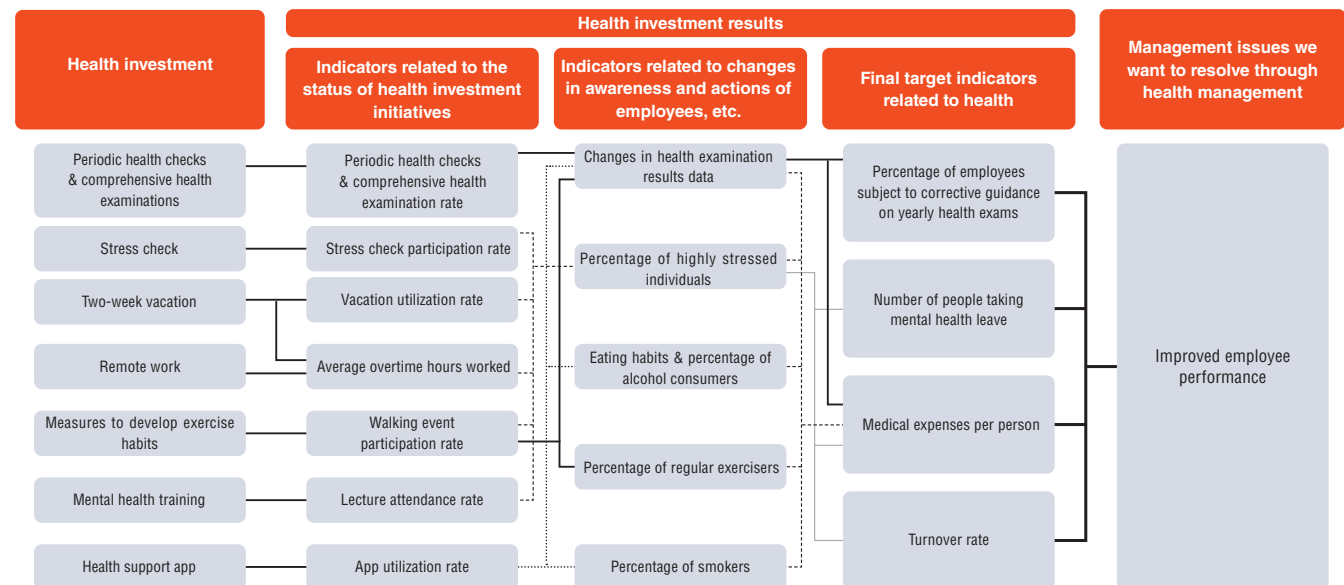
## Health and Productivity Management Policy

We believe our employees are our greatest asset and are committed to health management in order to provide our clients with the highest added value in asset management services.

- We aim for a workplace in which every employee is healthy in body and mind, cheerful, and full of motivation.
- We respect the diverse opinions of our human resources and strive to maximize each individual's potential.
- We promote initiatives to improve and maintain the good health of our employees.

### Strategy map

### Indicators related to the status of health investment initiatives (seven categories)



## Specific initiatives

### Initiatives for health promotion and literacy improvement

We provide company-subsidized healthy meals, organize walking events using smartphone apps, and hold in-house seminars conducted by public health nurses.

### Promotion of mental health care

To prevent mental health issues, we conduct training for managers and self-care workshops. Additionally, we collaborate with occupational physicians and public health nurses to provide individual support through consultations for those who request it.



Members of NAM's running club at the Bloomberg Square Mile Relay Tokyo 2024

# Company Profile

## Company Profile

As of March 31, 2025

**Corporate name** Nissay Asset Management Corporation

**Capital** JPY 10 billion

**Shareholder** Nippon Life Insurance Company (100%)

**Number of employees** 740

**Location**

**Headquarters**  
Nihon Seimei Marunouchi Building 1-6-6 Marunouchi,  
Chiyoda-ku, Tokyo 100-8219 Japan  
Telephone number: +81-3-5533-4000 (Main)

**Osaka Branch Office**  
Yodoyabashi Kitahama Center Building 2-4-10 Imabashi, Chuo-ku,  
Osaka 541-0042 Japan  
Telephone number: +81-6-6204-0201 (Pension)  
+81-6-6204-0223 (Investment trust)

**Overseas offices**

Nippon Life Global Investors Singapore Limited  
138 Market Street #34-02 CapitaGreen, Singapore 048946  
Telephone number: +65-6800-7000 (Main)

## Company Profile

As of June 27, 2025

**Businesses** Investment Management Business, Investment Advisory and Agency Business, and services pertaining to Type-II Financial Instruments Business

**Registration No.** Director of Kanto Local Finance Bureau (Financial Instruments Firms) No. 369

**Membership in Financial Instruments Firms Associations** The Investment Trusts Association, Japan  
Japan Investment Advisers Association  
Japan Investment Advisers Association membership number: 010-00092

## Directors

As of June 27, 2025

**President and Chief Executive Officer** Hiroshi Ozeki

**Director** Daisuke Fukayama

**Director** Kosuke Ueda

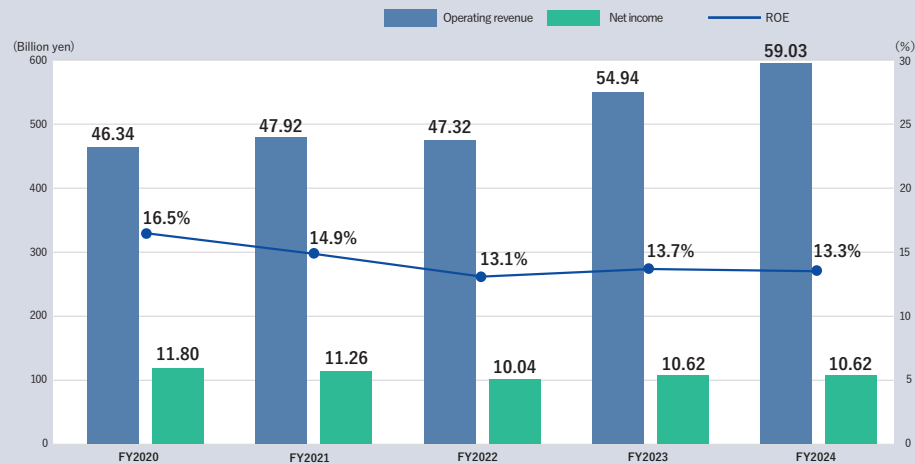
**Director (part-time)** Kazuo Sato / Tatsuya Kawamura / Etsuro Kuronuma\*<sup>1</sup> / Masataka Hama\*<sup>1</sup> / Naoyuki Iwashita\*<sup>1</sup> / Etsuko Kobayashi\*<sup>1</sup>

**Member, Board of Auditors** Hirotaka Murohashi

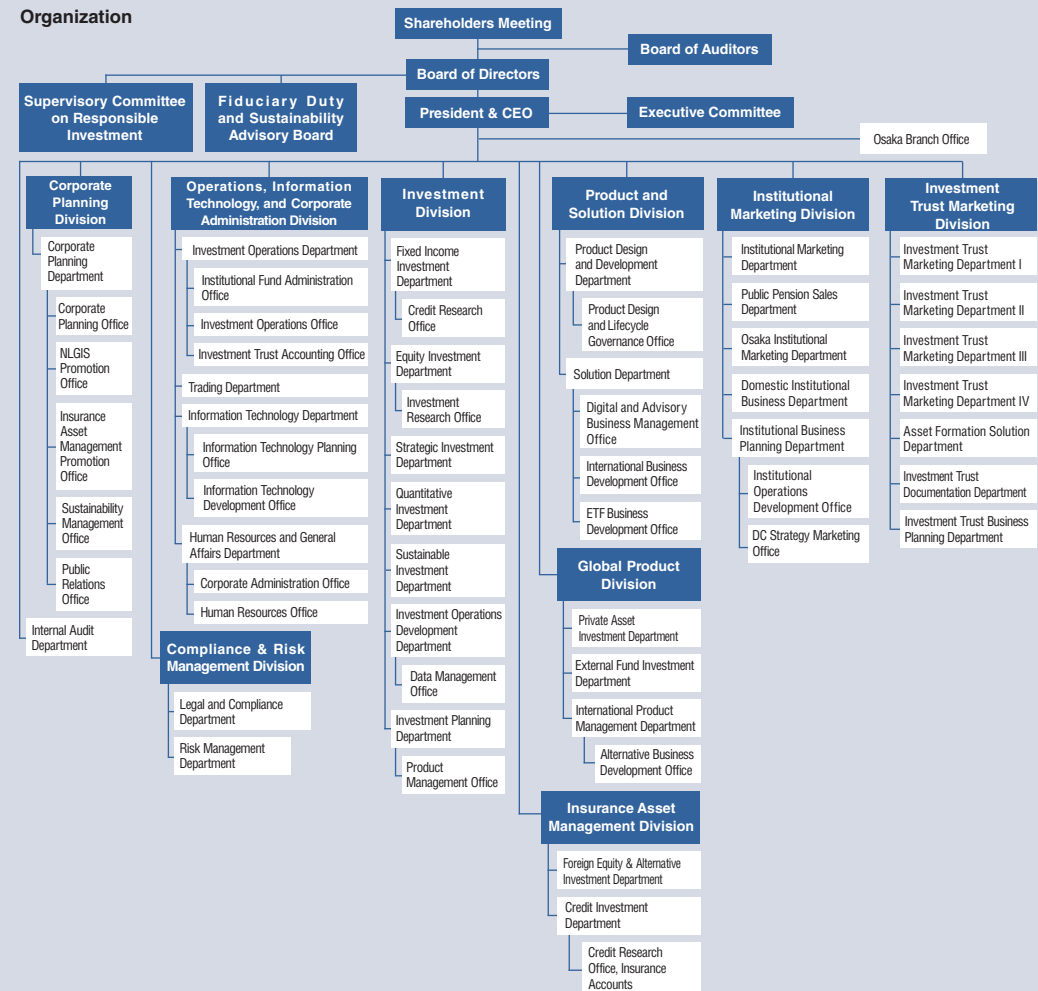
**Member, Board of Auditors (part-time)** Mayuko Miyazaki / Tamami Okawa\*<sup>2</sup> / Mizuki Kanno\*<sup>2</sup>

\*1 Outside Director stipulated in the Companies Act  
\*2 Outside Corporate Auditor stipulated in the Companies Act

## Our Financial Status



## Organization



## Initiatives for Ensuring Compliance and Managing Conflict of Interest

At our company, we hold annual compliance training sessions for all officers and employees, including confirmation tests on insider trading regulations and overall compliance. In addition to ensuring compliance with laws and regulations, we also provide training on conflict of interest management to ensure thorough management in this area.

## Important Notice

- This report was prepared for the purpose of providing information regarding NAM's sustainability and stewardship activities, and should not be construed as a solicitation for any investment activities including purchase and sale of specific investment trusts. Accordingly, the amounts of trust fees and/or other fees by category as well as their aggregate amounts may not be presented.
- Investment trusts are products containing risks. Their management results change in response to the market circumstances and other factors, and the investment performances (profits and losses) should all belong to the investors. They are not such products in which investment principals and/or yields are guaranteed.
- Prior to purchasing an investment trust, investors should thoroughly review the prospectus and other pre-contractual documents, including supplementary materials, provided by the sales company to form their own judgments.
- Investment trusts are not insurance policies or deposits with financial institutions, and are not protected by the Insurance Policyholders Protection Corporation of Japan or the deposit insurance. Investment trusts purchased from financial institutions other than securities companies are exempted from compensation by the Japan Investor Protection Fund.
- This report is based on information, data, etc. that NAM deemed to be reliable, but no guarantee will be made by NAM on their accuracy or completeness.
- The data related to corporate greenhouse gas emissions presented in this report was obtained and calculated using services provided by MSCI ESG Research LLC. MSCI ESG Research LLC, its affiliates, and any other parties involved in compiling, calculating, or creating such information (collectively, the "ESG Parties") make no express or implied warranties or representations regarding any information provided herein by the ESG Parties (the "Information") and assume no liability whatsoever for its use. The Information may not be redistributed or used as the basis for any other indices, securities, or financial products. This report has not been approved, reviewed, or authored by any of the ESG Parties. The Information does not constitute investment advice, nor does it constitute a recommendation to make or refrain from making any investment decision, and should not be relied upon as such.
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