

Initiatives to realize carbon neutral in our investment portfolio

Setting climate change as the top priority of the responsible investment to achieve Net-Zero greenhouse gas emissions in the investment portfolio

- Dai-ichi life has joined the Net-Zero Asset Owner Alliance, an international initiative in which institutional investors aim to transition to portfolios with net-zero greenhouse gas emissions by 2050

Setting mid-term investment goals every five years for transition to portfolios with net-zero greenhouse gas emissions by 2050

- Setting goals for listed equities, corporate bonds, and real estate by 2025 in accordance with the Net-Zero AOA protocol (guidelines for setting reduction goals)
- Achieving RE100* by the end of FY2023 for real estate (to be achieved within FY2021 for investment properties)

Strengthening engagement to support climate change initiatives and behavioral changes in investee companies

- Conducting engagement with top 50 GHG emitting companies on climate change response consistent with the Paris Agreement
- The result of engagement will be assessed and reflected to the investment process

Supporting transition to a low-carbon society and creation of environment innovations through investments

- Proactively making investment aimed at the transition to a low-carbon society, such as transition financing, investment on renewable energy power generation projects, green bond, and impact investment.
- No longer engaging in finance for new thermal power generation by means of fossil fuels (includes coal, petroleum, and gas**)

*A global initiative with the objective of achieving 100% renewable energy for electricity consumed by business activities

**Petroleum and gas were added from FY2021

Reducing GHG emission by 25% in listed equities, corporate bonds, and real estate by FY2024

※Base line: at the end of FY2019

Cumulative ESG thematic investment amount will be at least doubled by FY2023

※Base line: at the end of FY2019

Engagement

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

◆ **Strengthening climate change engagement**

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

◆ **Emphasis on engagement regarding management strategy**

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

◆ **Improvement of effectiveness of corporate governance**

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

◆ **Incorporation of important ESG-related themes**

- ✓ Investigating major ESG themes of the improvement of sustainability of natural capital and the respect for human rights and promotion of diversity, and incorporate these themes into the engagement themes for key investee companies

◆ **Promotion of collaborative engagement**

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

THE NET-ZERO
ASSET OWNER
ALLIANCE

 The Life Insurance
Association of Japan

Climate
Action 100+
Global Investors Driving Business Transition

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

 30% Club
GROWTH THROUGH DIVERSITY

ESG integration

Incorporating ESG into operation processes for all assets
(Aiming for completion in FY2023)

Basic Policy

◆ Policy development for incorporating ESG into all assets

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

◆ Further strengthening of ESG research structure

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

ESG-themed investment

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

◆ Active promotion of investment to facilitate resolving social issues

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

Improvement of quality of life

Easing of climate change

Regional revitalization

Improvement of sustainability of natural capital

Respect for human rights, promotion of diversity

NEW

- ✓ In addition to investment in SDG bonds and SDG businesses, active efforts toward investment in growth companies/startups aimed at the creation of innovation (impact investment)
- ✓ Active promotion of "transition finance," which particularly supports initiatives aimed at decarbonization
- ✓ No longer engaging in finance for new thermal power generation by means of fossil fuels (includes coal, petroleum, and gas*)

*Petroleum and gas were added from FY2021