

# Medium-Term Policy for Responsible Investment of Dai-ichi Life and Dai-ichi Frontier Life

(April 2024 to March 2030)



**Dai-ichi Life**  
Holdings



## Medium-Term Policy for Responsible Investment

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# Medium-Term Policy for Responsible Investment (until March 2030)

- Dai-ichi Life Insurance Co., Ltd. (DL) and Dai-ichi Frontier Life Insurance Co., Ltd. (DFL), which are core domestic operating companies, have formulated a joint medium-term policy to further promote responsible investment.
- We committed to creating positive impacts through the promotion of investments that contribute to the realization of a sustainable society. We place the highest priority on addressing climate change and will contribute to the realization of a decarbonized society by reducing GHG emissions, accelerating investments that contribute to transition, and engaging with investee companies.

## Promotion of joint efforts by DL and DFL

### Responsible investments in general

#### Sustainability thematic investments

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- Promoting investments for the realization of a sustainable society, and investing in a total of **5 trillion yen** in sustainability themes
- Expanding the scope of positive impact measurement

#### ESG integration

- Further enhancement of ESG integration based on asset characteristics across all assets

#### Stewardship activities

- Taking into consideration of the characteristics of each asset and region as well as the degree of influence as an investor, we aim to conduct stewardship activities centered on engagement across all assets

### Addressing climate change

#### Environmental and climate change solutions investments

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- Investing **2.5 trillion yen** in environmental and climate change solutions
- As a positive impact of investments, **annual avoided GHG emission in FY 2026**: approximately 2.4 million tons CO<sub>2</sub>e

#### Reduction target of financed emissions

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- **Set 50% reduction targets of financed emissions** (base year: 2020) \*DL: Absolute, DFL: Intensity-based

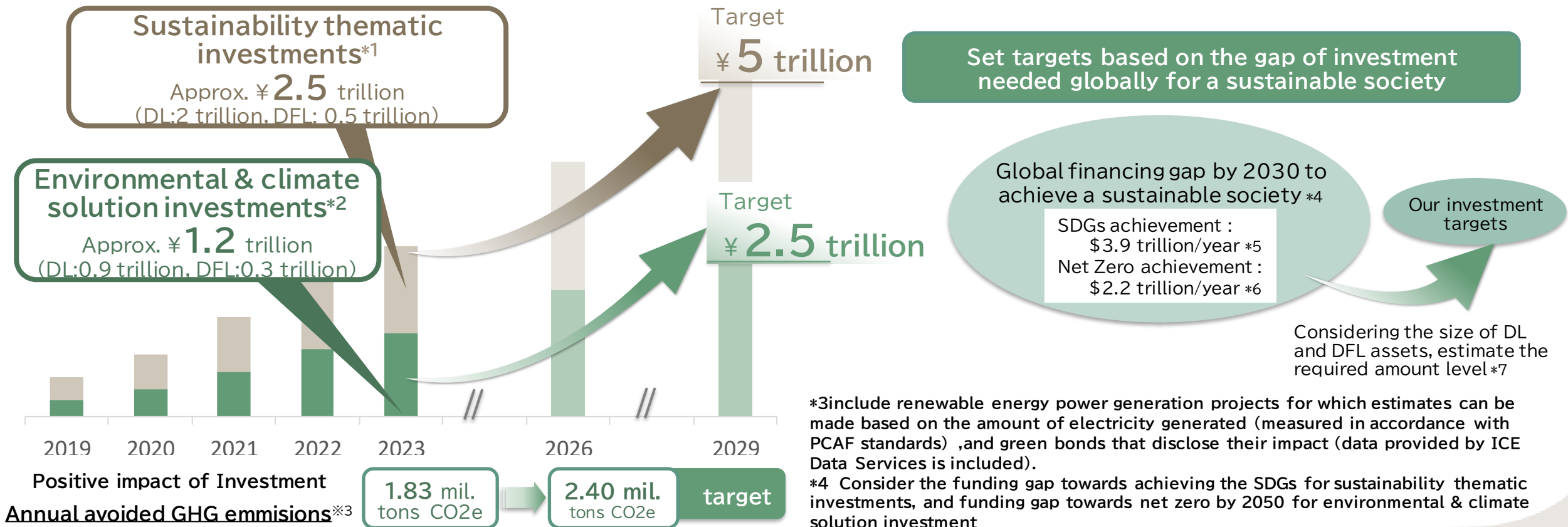
#### Engagement with investee companies

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- For the top 50 high emitting companies of our portfolio, we facilitate their development and implementation of net zero strategy through continuous engagement
- Clarify required reduction levels by sector (electricity and steel) and strengthen climate change engagement

# Achievements and targets of investments to solve social issues

- In order to contribute to the realization of a sustainable society, we aim to accumulate 5 trillion yen for sustainability thematic investments by the end of March 2030 (DL and DFL combined), including 2.5 trillion yen for investments that contribute to the resolution of environmental and climate change issues. We have set these targets based on the global funding gap for the realization of a sustainable society by 2030 and the AUM of DL and DFL.
- To expand positive impact, we have set our GHG reduction contribution target and will work on upgrading methods for measuring other impacts.



\*1 Renamed from ESG-themed Investment  
\*2 Renamed from Climate Change Solution Investment

\*3 include renewable energy power generation projects for which estimates can be made based on the amount of electricity generated (measured in accordance with PCAF standards) ,and green bonds that disclose their impact (data provided by ICE Data Services is included).

\*4 Consider the funding gap towards achieving the SDGs for sustainability thematic investments, and funding gap towards net zero by 2050 for environmental & climate solution investment

\*5 OECD (2022), Global Outlook on Financing for Sustainable Development 2023

\*6 NZAOA (2023) Unlocking Investment in Net Zero

\*7 (Expected funding by private financial institutions by 2030) × (AUM of DL and DFL) ÷ (total AUM of PRI-signatory financial institutions)

# Definition of “sustainability thematic investments”

Investments indicated in green are included as “environmental & climate solution investments”.

- To promote investments contributing to the realization of a sustainable society, we renamed from “ESG-themed investments” to “sustainability thematic investment” and clarified the definition.

## Investments that comply with international principles

- Investments in accordance with international standards such as the International Capital Markets Association (ICMA) and the International Loan Markets Association (LMA)
  - Green bonds/loans, transition bonds/loans, transition-linked bonds/loans
  - Social bonds/loans
  - Sustainability bonds/loans, sustainability-linked bonds/loans, positive impact finance (include Sustainability-related loans established under the DL Sustainability Finance Framework)

## Projects

- Investments in renewable energy infrastructure projects
- Investments in infrastructure projects with high value of public interests

## Real estates

- Investments in green buildings
- Investments in real estates with high value of public interests

## Funds

- Funds that invest in renewable energy-related infrastructure projects.
- Funds that invest in public infrastructure projects
- Funds that invest in venture companies that plan to innovate and contribute to solving social issues

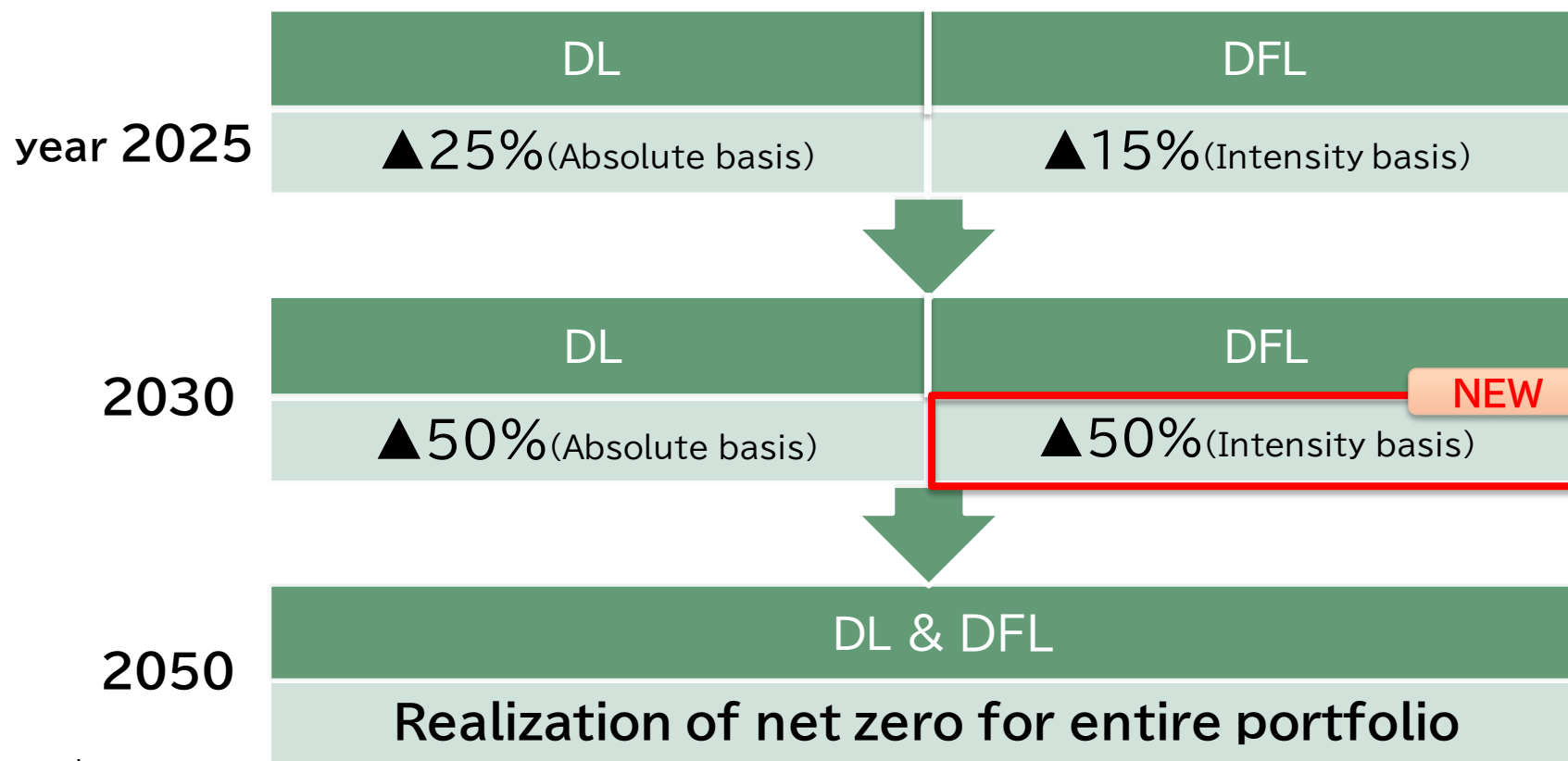
## Equities, Others

- Impact investments\* for unlisted and listed companies and investments other than those mentioned above that contribute to the realization of a sustainable society

\*Investments that plans to create innovations that contribute to solving structural changes in society and social issues, and that is certified in accordance with internal criteria such as vision and innovativeness for solving social issues and monitored regularly for social impact.

# GHG interim reduction targets

- DL has set its interim targets of 25% reduction by 2025 and 50% reduction by 2030 compared to 2020 (on absolute basis) to achieve a net zero investment portfolio.
- DFL has also established its interim target to reduce emissions by 50% by 2030 (on intensity basis). Going forward, DL/DFL will further contribute to the realization of a decarbonized society by promoting joint efforts leveraging their respective knowledge and expertise in decarbonization.



\*Interim target assets, base year

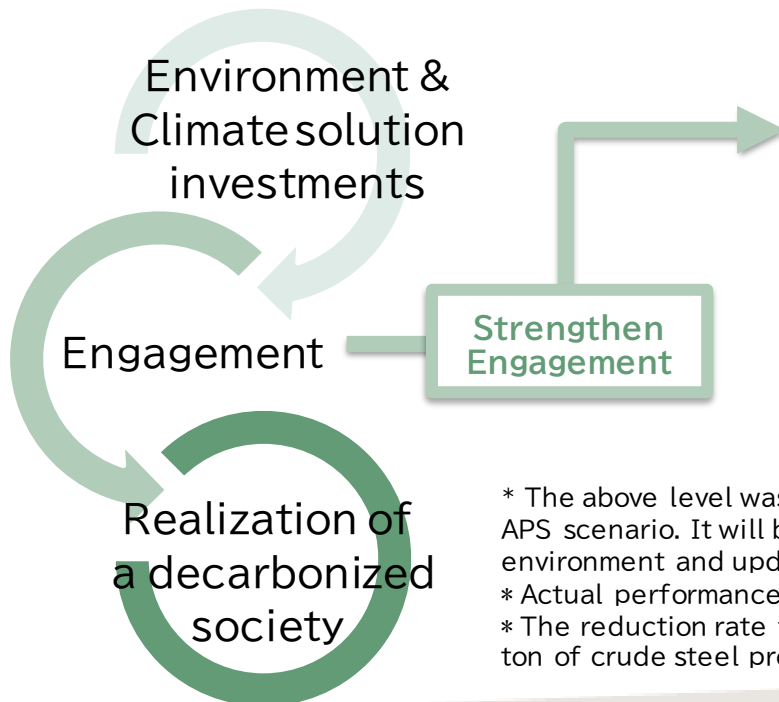
<Target assets> 2025: Dai-ichi Life: Listed equities, corporate bonds, real estate portfolio Dai-ichi Frontier Life: Corporate bonds

2030: Corporate loans added to Dai-ichi Life's target assets

< Base year > As of March 2020 (The 2025 target of Dai-ichi Frontier Life is as of March 2021)

# Strengthening climate change engagement (clarifying the target levels by sector)

- DL and DFL have set ambitious interim targets for building a net zero portfolio by 2050 and are actively working toward it.
- However, to achieve a decarbonized society, it is required not only to decarbonize our own portfolios but also to foster decarbonization across society. We believe that financial institutions should play a role in promoting decarbonization efforts of their portfolio companies while providing appropriate funds and advice.
- With the aim of promoting decarbonization of the real economy along with investee companies, we have established GHG emission reduction target levels (intensity basis) by sector for the electricity and steel sectors, taking into account the net zero scenario required for each industry and the situation of the companies.
- We will contribute to the realization of a decarbonized society by active engagement while utilizing the above levels to support and promote GHG emission reduction efforts of the investee companies.



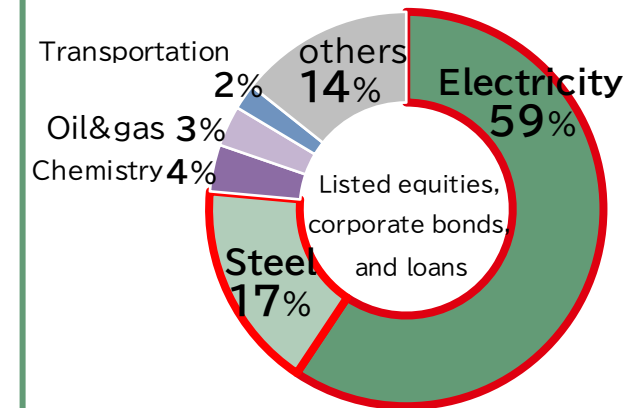
## Clarify required levels for each sector

~Level well below 2°C and aiming for 1.5°C~

Sector	Level to aim for in 2030
Electricity	186~255g/kWh
Steel	▲16%(Compared to 2020)

- \* The above level was established by referring to the IEA NZE scenario and APS scenario. It will be reviewed from time to time based on changes in the external environment and updates to the net zero scenario.
- \* Actual performance of the electricity sector is 402 g/kWh.(DL's portfolio as of 2020)
- \* The reduction rate for the steel sector is based on emissions intensity (emissions per ton of crude steel produced)

## GHG emissions by sector



\* Based on Dai-ichi Life's portfolio of listed equities, corporate bonds, and corporate loans (as of 2022)

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## Approaches to Investments with Consideration for Environmental and Social Impacts/ Revision of Negative Screening Criteria

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# Approaches to Investments with Consideration for Environmental and Social Impacts

In its “Basic Policy on Responsible Investment”, DL and DFL stipulate the following environmental and social considerations in their investments.

- DL and DFL fully consider the impact on the environment, society, and human rights of business activities and projects of companies, governments, and other entities that are subject to investments.
- DL and DFL do not invest in projects that violate laws, public order, or morals, that manufacture inhumane weapons, or that have a significant negative impact or risk on climate change, the local environment, society, and human rights.

([Basic policy on responsible Investment](#): 4. Basic stance on responsible investment (4) (edited in part)) \*

To embody above policy, we have recently organized the following environmental and social assessments and our approach to sectors and businesses that we pay particular attention to. In addition, we have revised negative screening criteria that are not subject to investments (P.13).

## Environmental and social assessments

In project finance, DL and DFL make investment decisions with the following environmental and social assessments, referring to the Equator Principles. We regularly monitor invested projects and conduct engagement as necessary. In addition, for sectors and businesses that require special attention from the perspective of environmental and social impact, we also take measures in consideration of inherent risks (please refer to the following section for details).

- **Environmental impact assessments**  
Assess whether detailed studies and assessments have been conducted to avoid or minimize the impact of the project on biodiversity, climate change, and other environmental impacts, and to take appropriate measures.
- **Social impact assessments**  
Assess whether studies and evaluations have been conducted to avoid or minimize the social impacts of the project on the local community and related stakeholders, and to take appropriate measures.
- **Implement appropriate environmental and social measures**  
Evaluate whether appropriate measures are planned and implemented to minimize the impact of the project on the environment and society.
- **Explanation and understanding of the community and stakeholders**  
Assess whether the project is well explained to the local community and relevant stakeholders and whether their understanding of the project has been obtained.
- **Establishment of a grievance mechanism**  
Assess whether effective grievance mechanisms are in place for affected communities and stakeholders.
- **Transparency and disclosure**  
Assess whether information on the environmental and social impacts of operations is appropriately disclosed and reported to stakeholders.

# Policies in specific sectors and businesses (1)

- DL and DFL identified sectors and businesses that require particular attention from the perspective of environmental and social impacts and makes invest decisions in consideration of the risks inherent in those sectors and businesses. We will continuously review them reflecting social conditions in Japan and overseas.

## ■ Coal

While coal is used as an energy source in social infrastructure, particularly electricity, we recognize that an early and orderly phaseout is internationally required for coal due to the following environmental and social risks.

**Environmental Impacts:** Adverse impacts on climate change through GHG emissions associated with thermal power generation, and the risk of impacts on ecosystems due to the transfer of mining soils and hazardous wastes emitted from coal mines.

**Social Impacts:** Risk of human rights violations and negative impacts on local communities due to forced labor of mining workers and involuntary relocation of indigenous peoples and local populations due to development.

- ➡ Based on the risks above, investments in coal resource development, transportation and storage, and thermal power plant related businesses are subject to negative screening.

## ■ Oil and Gas

While oil and gas are essential to our society and our daily lives as energy sources in the social infrastructure, especially electric power, we recognize the following environmental and social impacts.

**Environmental Impacts:** Impacts on climate change through greenhouse gas emissions associated with resource development and thermal power generation, as well as risks of impacts on soil, oceans, rivers, and ecosystems due to spills in mining and transportation

**Social Impacts:** Risks of human rights violations and negative impacts on local communities due to land use leading to involuntary relocation of residents in resource development, construction and operation of pipelines, power plants

- ➡ Based on the risks above, oil and gas resource development, transportation and storage, and thermal power plant-related projects are subject to negative screening.

\* The criteria for negative screening of fossil fuel-related projects are revised and explained in this document.  
Please refer to page 13 for detail of the negative screening criteria.

# Polices in specific sectors and businesses (2)

## ■ Palm oil

Palm oil is used in a wide range of products, including cooking oils, detergents, and paint materials. At the same time, we recognize that the palm oil manufacturing business needs to pay attention to the following environmental and social impacts.

**Environmental Impacts** : The risk of damage to biodiversity and adverse effects on climate change, such as the reduction of habitat and vegetation of wild plants and animals, due to the cutting down of natural forests and burning of peatlands.

**Social Impacts** : The risk of human rights violations, such as the violation of the rights of indigenous peoples due to deforestation and the development of plantations, troubles with residents due to the destruction of the surrounding environment, child labor and low wages on plantations, and unfair treatment of migrant workers.

➡ Based on the risks above, we make investment decisions with confirmation that the business is taking appropriate care of the environment and society, such as obtaining RSPO certification (\*1) and confirming compliance with NDPE (\*2) and the status of public disclosures. We also conduct regular monitoring and engagement after the investments.

\*1 RSPO certification: International certification standards for sustainable palm oil production developed by the Roundtable on Sustainable Palm Oil

\*2 NDPE: No Deforestation, No Peat and No Exploitation –Zero Deforestation, Zero Peatland Development, Zero Exploitation Framework

## ■ Forests

Forests are important for the conservation and protection of biodiversity by providing habitat for a wide variety of wild fauna and flora. They are also important for the origin of wood, paper and pulp. We recognize that forest-related businesses should pay attention to the following environmental and social impacts.

**Environmental Impacts** : The risk of damage to biodiversity and adverse effects on climate change due to desertification and land degradation caused by deforestation and the reduction of habitat and vegetation of wild plants and animals.

**Social Impacts** : The risk of human rights violations to residents and workers due to the destruction of the surrounding environment by illegal logging and inappropriate working conditions.

➡ Based on the risks above, we make investment decisions with confirmation that the projects is taking appropriate care of the environment and society by obtaining FSC/PEFC certification (\*3) and checking the status of compliance and disclosure of NDPE, as well as conducting regular monitoring and engagement after the investments.

\*3 FSC/PEFC Certification: A certification for wood cut from properly managed forests. FSC is a framework for international certification standards and PEFC is a framework for mutual recognition of national certification standards.

# Policies in specific sectors and businesses (3)

## ■ Biomass

Biomass is attracting attention as an important resource for phase out from fossil fuels, as it is used as a fuel for power generation as a renewable energy source. On the other hand, we recognize the need to pay attention to the following environmental and social impacts in fuel procurement.

**Environmental Impacts** : The risk of adverse effects on the environment, such as deforestation and destruction of ecosystems, arising from the use of palm oil-derived raw materials and wood pellets in the production and procurement of these fuels in power generation projects that use biomass as a raw material.

**Social Impacts** : The risk of human rights violations, including violations of the rights of indigenous peoples, in the production and procurement of raw materials for power generation projects using biomass as feedstock, such as deforestation and plantation development.

➡ Based on the risks above, we make investment decisions with confirming that environmental and social impacts are appropriately considered in the biomass production and procurement process and will conduct regular monitoring and engagement after the investments are made.

## ■ Water

While water is an indispensable resource for our society and daily life, we recognize that water resources on the earth are limited and that we face many global challenges due to increasing demand from population growth and economic development, as well as droughts and supply decreases due to the effects of climate change, and that we must be mindful of the following environmental and social impacts.

**Environmental Impacts** : The risks of drought, degradation of water quality, loss of biodiversity, water scarcity, and increased water stress due to excessive land and resource development, factory operations, etc.

**Social Impacts** : The risks of negative impacts on local communities due to the lack of proper management of water intake and drainage.

➡ Based on the risks above, we make investment decisions with confirming that the project has appropriate environmental and social considerations, including a careful examination of the project's impact on water resources and the formulation of plans and implementation of processes to mitigate risks, as well as regular monitoring and engagement after the investments.

## ■ Weapons

We recognize that the manufacture of weapons entails significant social risks from a humanitarian perspective. It is subject to the negative screening policy that investments in certain weapons production-related projects, including cluster munitions, biological weapons, chemical weapons, anti-personnel mines, and nuclear weapons, which are of humanitarian concern.

# Revision of Negative Screening Criteria

- We believe that an early and orderly transition from fossil fuels is required for a decarbonized society.
- While coal mining and fossil fuel-fired power plant-related projects have been subject to negative screening policy of DL/DFL, we have newly added oil and gas resource development projects and fossil fuel transportation and storage projects to the negative screening criteria.
- On the other hand, as a responsible investor, we believe it is important to support the transition of existing fossil fuel businesses. Therefore, we will make individual investment decisions on projects that contribute to transitions, based on internationally recognized net zero scenarios and the status of technological innovation.

Fields	Projects	Assets
Fossil fuels(including coal, oil and gas)	<ul style="list-style-type: none"> <li>■ Resource development projects</li> <li>■ Thermal power plant-related businesses(*1) (excluding gas-related businesses that contribute to transitions toward decarbonization and investments in new technologies such as CCS and CCUS(*2))</li> </ul> <p>*1. Including midstream projects such as transportation and storage</p> <p>*2. Determination of whether an investment is conducive to transitions is made on a case-by-case basis with reference to internationally recognized scenarios, etc.</p>	<ul style="list-style-type: none"> <li>■ Project finance</li> </ul>
Weapons	<ul style="list-style-type: none"> <li>■ Related to specific weapons production (e.g., cluster munitions, biological weapons, etc.) (cluster munitions, biological weapons, chemical weapons, anti-personnel mines, nuclear weapons, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>■ Equities</li> <li>■ Corporate Bonds</li> <li>■ Corporate Loans</li> <li>■ Project finance</li> <li>■ Real Estate</li> </ul>