

2022  
2023  
2024  
2025  
2026

Creating a sustainable  
future through the power  
of investment

SUSTAINABILITY REPORT 2024





We believe that investment has the power to support people and bring prosperity to society.

This is because investing lies at the source of economic activities that take the forms of providing products and services of use in daily livings, developing infrastructure for daily lives, and creating new values through innovation.

So what exactly is investment?

We consider investing to mean generating the potential inherent in money.

Not only does money support corporate growth and produce economic returns, it has the ability to solve environmental and social issues through the activities of the recipients of investment, and bring prosperity to the world.

As professionals, we at Asset Management One face the investment experience of each individual, and give thorough consideration to the investments that we rigorously select on the basis of a medium- to long-term perspective in order to maximize the potential of the money that we are entrusted with, and maintain an unflinching focus on achieving results.

It is our commitment that we will faithfully fulfill our duties as an entrusted party, and will create a sustainable future through the power of investing together with you.

“Creating a sustainable future through the power of investment”

Asset Management One

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#### Editorial Policy

Since the publication of the 2018 Stewardship Report, our sustainability initiatives have deepened and expanded year by year. We transitioned from the Stewardship Report to the Sustainability Report in 2021, continuing to provide a comprehensive overview of our initiatives in an integrated manner. As our initiatives have expanded, the number of items included in the report has increased, and the number of pages has also increased. For this year's report, we have undertaken a significant reorganization of the material to enhance clarity and readability for our audience. In the main body of the report, we have introduced the overall picture of our initiatives including new efforts launched this fiscal year, and features linked to the Appendix and our website for those seeking more detailed information. We remain committed to produce reports that are both informative and readable.





**Top Message**

Creating a sustainable future through the power of investment, we are committed to advancing with a medium- to long-term vision.

The power of investment is the driving force behind protecting the future of the planet and the assets of future generations

Asset Management One : History of Sustainability Initiatives

**2024 Feature**

**Climate Change**

- The movement towards decarbonization is accelerating further due to the successive investment commitments by governments
- Product development and engagement based on forward-looking net zero assessments
- Formulation of a company-wide action plan for 2050

**Biodiversity and Environmental Destruction**

- With the development of international frameworks, investors and companies have begun to take action and disclose information
- Understanding the risks and opportunities of natural capital and biodiversity from the perspective of institutional investors
- Engaging with investee companies

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**1. Materiality Map**

- Asset Management One's Materiality Map
- Research and Analysis Initiatives Derived from the Materiality Map

**2. Stewardship Activities**

- Engagement Activities with Japanese Companies
- Engagement Activities with Non-Japanese Companies
- Voting Rights Exercise for Japanese Equities
- Voting Rights Exercise for Non-Japanese Equities

**3. Sustainable Investment**

- Asset Management One's Sustainable Investment

**4. Corporate Sustainability**

- Current Status of Corporate Sustainability Initiatives
- Approaches to Financial and Economic Education
- Maintaining and Enhancing the Sustainability Governance System

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# Asset Management One by the Numbers

\*As of June 30, 2024

## Total Assets Under Management(AUM) and breakdown

### Total AUM

USD **451** billion

## Scale of sustainable investment initiatives

### ESG investment AUM

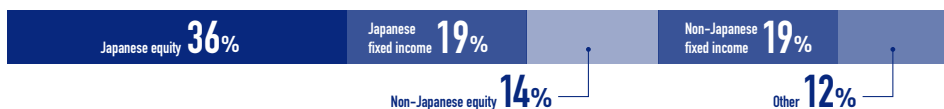
\*The balance of products that comply with our designated ESG-related naming rules.

USD **19.5** billion

### AUM breakdown

\*Excludes investment advisory AUM

#### By asset class



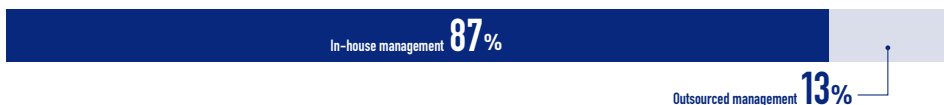
#### By client type



#### By investment style



#### By managing entity



## Stewardship activities

### Number of engagement activities with Japanese companies

**2,167**

### Number of proxy voting rights exercised for Japanese equities

**23,613**

Our Sustainable Investment Execution Framework

Global network

Asset Management One International Ltd.  
Location: London

Asset Management One Co., Ltd.  
Asset Management One Alternative Investments Ltd.  
Location: Tokyo

Asset Management One Hong Kong Limited  
Location: Hong Kong

Asset Management One USA Inc.  
Location: New York

Employees

\*AM-One domestic staff/overseas assignees, AMOAI

671 men 341 women

Number of investment professionals

\*Fund manager, analysts, economists & strategists

261<sup>※</sup>

ESG experts

\*Including individuals who concurrently work on non-ESG related tasks in part.

44

Number of origin countries and regions

10 or more countries and regions

Average years of experience of fund managers

14.4<sup>※</sup> years

Average years of experience of analysts

22.2<sup>※</sup> years

※ Staff counts at Asset Management One Co., Ltd.



A portrait of Noriyuki Sugihara, President and CEO of Asset Management One Co. He is a middle-aged man with dark hair, wearing a dark suit, white shirt, and blue tie. He is gesturing with his hands while speaking. The background is a blurred office interior with a window and a plant.

## Top Message

**Creating a sustainable future  
through the power of investment,  
we are committed to advancing with  
a medium- to long-term vision.**

President and CEO,  
Asset Management One Co.

**Noriyuki Sugihara**

### **The future-oriented spirit that reflected in the transition to make sustainability activities more sustainable and create a greater momentum**

The year 2024 marked the most significant year in history, with national-level elections being held in countries taking place across the globe. In addition, discussions in the realm of sustainability highlighted a backlash in the EU due to the perceived burdens of environmental policies, while in the United States, there was an increase in anti-ESG movements

While being exposed to a variety of information every day, one key realization over the past year was that, rather than seeing things in terms of simple binary choices such as whether something is currently possible or not, or whether it is clean energy or not, the importance of resilience is increasing, in that we must brace the present circumstances and then patiently pursue our goals with a long-term commitment. For example, when evaluating a company's sustainability initiatives, even if they are not currently meeting the expected standards, it is important to consider whether they have

established long-term goals and are making steady progress toward them through well-formulated strategies. We believe that asset management companies are increasingly called upon to trust in the company's transition and support it through active engagement. In March 2024, the Japanese branch of the Glasgow Financial Alliance (GFANZ), of which our company is a member, issued a statement to the effect that in order to decarbonize the economy, it is necessary to provide transition finance to GHG-intensive sectors. This has prompted the entire financial industry to reaffirm the importance of developing transition plans and the necessity of supporting them.

We believe that the future-oriented, steady approach to transition is the kind of mindset that is necessary for responsible investors to ensure that sustainability activities do not lose momentum and evolve into a movement that engages a greater number of people.

## | Our unchanging values

The values expressed in our corporate message, “Creating a sustainable future through the power of investment,” are the foundation of our asset management business, which aims to achieve substantial returns through long-term investment activities, and are universal and unchanging. While it is often challenging to balance financial returns with social returns in the short term, we will continue to take on the challenge of achieving a world where they can be balanced through our medium- to long-term strategy of promoting the growth of investee companies by addressing social issues, in alignment with the commitment expressed in our corporate message.

## | Future-oriented initiatives with a medium- to long-term perspective

In our sustainability efforts, which we have been accelerating year by year in our core business, there have been three major developments since last year. I would like to introduce them briefly, while you can find more details on each page of the report.

First, we have launched the “All Japan Carbon Neutral Strategy” as a product designed to serve as a model for creating a trend toward achieving net zero. This strategy leverages information on the net zero assessments of the companies in which we invest and the progress of our engagement on Climate change. It is an investment strategy that supports and evaluates the transition of companies that are working towards net zero based on forward-looking assessments, such as the existence of medium- to long-term targets and decarbonization strategies. We have welcomed investments from multiple institutional investors who share this vision.

Secondly, we have formulated and published roadmaps for our stewardship activities and our efforts towards net zero, setting milestones for medium- to long-term results rather than focusing on single annual results. In particular, in our stewardship activities, we will encourage our investee companies to achieve global standards of corporate governance by 2030, and will deepen our

medium- to long-term dialogue with them based on milestones calculated backwards from this target.

Thirdly, we have established the Institute for the Future as an internal organization aimed at promoting personal asset formation and financial wellbeing. As part of its activities, the Institute for the Future has started to provide content on the KidZania Online College, where children can learn about the work of portfolio managers, as a part of financial education for the next generation. This initiative communicates to children in an accessible manner that investing not only has the power to support the asset formation of individuals, but also contributes to the enrichment of society by supporting the growth of companies.

## | Responsibilities and determination as an asset manager

In order to take a medium- to long-term perspective and take a future-oriented approach to tackling difficult challenges, we need to have strong convictions and determination, as well as the flexibility to adapt to the changing circumstances. We believe that this is the role expected of asset managers, who play a key role in the investment chain by connecting investors and investee companies. This is a responsibility we must fulfill. It may be easier to pursue short-term results or to make a black-and-white judgment based on current success or failure. However, as the world becomes more complex and the risk of environmental problems increases, this approach alone will not solve problems or achieve our original goals. In the realm of sustainability investment, which has tended to be driven by ideals, it is becoming increasingly important for asset management companies to make steady, realistic progress, allowing for the possibility that the means to achieve the desired end may change from time to time, while maintaining the ultimate goal. We will continue to work hard to “create a sustainable future through the power of investment,” in a diligent, humble, and down-to-earth manner. By harnessing the power of investment in the investment chain, we aim to protect the future of the planet and the assets of future generations.



More action on environmental issues is required as heat waves and torrential rains become commonplace.

## The power of investment is the driving force behind protecting the future of the planet and the assets of future generations

The number of consecutive days of extreme heat is being broken year after year, and disasters such as torrential rain and typhoons are becoming more severe.

As the global environment changes to the extent we feel it, society and companies are starting to change.

And investment is the driving force behind these changes.

### Global Environment

#### From Global Warming to Global Boiling

In July 2023, the United Nations Secretary-General Antonio Guterres said, “The era of ‘global warming’ is over, and the era of ‘global boiling’ has begun.” The effects of climate change are becoming more and more pronounced, to the extent that we can feel them in our daily lives. The highest temperatures are updated every year, and typhoons, torrential rain and floods cause enormous damage in various places. These environmental changes not only affect our lives, but also pose a risk of damaging the assets of individuals and companies. Disasters caused by extreme weather events and the accompanying stagnation of economic activity also pose major challenges for investment and asset management. It is now necessary for each of us to deepen our awareness of climate change issues and begin making choices for a sustainable future.

#### Now is the time to harness the power of investment

The sixth assessment report of the Intergovernmental Panel on Climate Change (IPCC), published in 2022, showed that the average annual investment required globally by 2030 in a scenario to limit global warming to 2°C or less is 2.3 trillion to 4.5 trillion dollars. This amount is about 3 to 6 times the current level of investment, and the need for further investment to achieve a decarbonized society is increasing. The transition to a low-carbon society is of course a risk, but it is also an investment opportunity. Investing in companies that have the power to solve environmental and social issues will be the driving force that continues to protect our lives and assets in the medium to long term.

### International Society

#### Standardization of Sustainability Disclosure Standards

In order to make investments, it is necessary to have information that is comparable and highly reliable for investment decisions. In the past, there were no unified standards for sustainability-related information disclosure, and there were aspects that made it difficult for investors to properly consider in their assessment of corporate value. In this sense, the publication of the IFRS Sustainability Disclosure Standards in June 2023, which will become a global baseline, was a landmark event. In Japan too, consideration is being given to making sustainability disclosure mandatory from 2027. With disclosure being carried out in line with global standards, it is hoped that investment that takes sustainability into account will increase in the future.

Changes in the  
global environment

Changes in  
investors

Changes in  
society and  
companies

Sustainability

### Investors

#### Asset owners' fiduciary responsibilities are attracting attention

Under the plan to make Japan a nation that excels in asset management, the Asset Owners' Principles have been formulated, and there is increasing attention being paid to the importance of asset owners' fiduciary responsibilities. The number of PRI signatories is also increasing, and there is a growing awareness of the important role of finance and the power of asset owners in realizing strong growth in a sustainable society through the combined efforts of both business and finance.

#### Individual investors are creating trends in the world

With household financial assets in Japan reaching 2,000 trillion yen, the government is promoting the creation of an environment that makes it easier for individual investors to invest through new NISA and other measures in order to promote a shift from savings to investment. While individual assets may be small, when they are combined they have the power to change society. The behavioral changes of individual investors create trends throughout society, and each individual's decision-making has the power to change the future.

### Investee companies

#### Responding to climate change leads to increased corporate value

As changes accelerate in the international community and in Japan, companies that respond to climate change through technological development and market expansion for decarbonization will gain new opportunities. In fact, the number of companies that meet our net zero criteria is steadily increasing (P.10), and we have verified that the performance of such companies is relatively good (P.11). Responding to climate change is actually leading to an increase in corporate value.

### Japan

#### Growing interest in GX, moving from “environment or economy” to “both environment and economy”

In addition to the shift to clean energy, discussions on GX (Green Transformation) are accelerating, aiming to simultaneously achieve ‘securing a stable energy supply’, ‘economic growth’ and ‘decarbonization’. In the GX Promotion Act passed in 2023, the government has set out to introduce growth-oriented carbon pricing, and emissions trading is set to begin in earnest in 2026, trials are being conducted by companies participating in the GX League from April 2023. In February 2024, the world's first carbon-free growth-oriented economic structure transition bond, commonly known as the “GX Economic Transition Bond”, was issued, and large-scale GX investment of 20 trillion yen over 10 years is expected. As you can see, the movement towards a carbon-free society using market mechanisms is accelerating in Japan.





# Asset Management One: History of Sustainability Initiatives

## The value that Asset Management One wants to deliver to its clients

— The synergy between economic returns from the growth of investee companies and the resolution of social issues through corporate activities —

As people's attention turns to environmental and social issues, and the pace of change in society and corporate behavior accelerates, the risks and opportunities from a sustainability perspective are increasingly likely to affect corporate performance and fund performance over the long term. In the short term, it is sometimes said that it is difficult to achieve a balance between financial returns and social returns, but we believe that encouraging the growth of companies in which we invest through the resolution of social issues will lead to economic returns in the medium to long term. Now that society and companies are beginning to change, let's work together with us to make the funds managed by investors the driving force for protecting the future of the planet and the assets of future generations.

Creating a sustainable future  
through the power of investment

A world where two types of return can be achieved

### Economic return

Acquiring investment returns  
through the growth of investee  
companies

### Social return

Solving environmental and social  
issues through the activities of  
investee companies

2023

## Accelerate implementation in our core business and consider sustainability in our investments (3. Sustainable Investment, P.30-P.31)

- Establishment of a new Sustainable Investment Group as a dedicated department for sustainable investment
- Sustainable investment: establishment of a sustainable investment system and ESG-related naming rules, expansion of product lineup
- Establishment of strengths in net zero initiatives: development of methods for assessing net zero for companies and funds, product development and engagement utilising net zero assessment results (P.10-P.12)
- Development of ESG rating scores and ESG research systems that will form the basis of ESG evaluations of investee companies. Establishment of a Sustainable Investment Framework (SIF) that sets out the expected standards for investee companies and the policy for dealing with cases where these standards are not met

2022

2021

## How we view the world: development of a materiality map (1. Materiality Map P.19-P.20)

- Visualization of our company's awareness of environmental and social issues as a materiality map
- Continue to conduct research activities during annual reviews and analyze and research issues considered important on the map
- December 2020: Joined the Net Zero Asset Managers initiative (NZAM) (we are the only Japanese asset management company to have joined NZAM since its establishment)

2020

## Apply the same standards to our company as we do for investee companies, our own sustainability activities (4. Corporate Sustainability, P.32-P.35)

- Establishment of a Corporate Sustainability Department to oversee sustainability in our own corporate activities
- January 2021: Corporate message "Creating a sustainable future through the power of investment" established

2016

## Our Strengths, the Beginnings of Stewardship Activities (2. Stewardship Activities, P.21-P.29)

- From the time of the 2016 merger, a department was established to specialize in stewardship activities
- In addition to deepening engagement and voting initiatives, we participated in a number of initiatives related to environmental and social issues, and accumulated knowledge of the latest discussions on evaluation and analysis methods
- From fiscal 2024, further strengthen research capabilities by integrating sector analysts, ESG analysts, macro (economists and strategists), and proxy voting departments (P.21)



# The movement towards decarbonization is accelerating further due to the successive investment commitments by governments

Our company, which has strengths in net zero initiatives, has also formulated further action plans

## Investment commitments by governments

### The Japanese government has also announced that it will provide support on a scale of 20 trillion yen over the next 10 years

According to the IPCC, in order to curb global warming, investment of 2.3 trillion to 4.5 trillion dollars per year is needed to combat climate change. As large amounts of investment are needed to respond to climate change, governments around the world are making a series of investment commitments. The United States has announced a plan to invest \$369 billion over 10 years in the Inflation Control Act passed in August 2022, and the European Union has announced a public-private investment plan worth approximately 1 trillion euros over 10 years in 2020. In this context, the Japanese government has also committed to issuing Green Transformation (GX)

Economic Transition Bonds worth 20 trillion yen over the next 10 years from May 2022 in order to accelerate such investment, and has announced that it will realize GX with a combined public and private investment of over 150 trillion yen by attracting private investment. The GX Economic Transition Bonds will support the development of technologies needed to convert manufacturing processes in industries such as steel and chemicals, which are difficult to reduce emissions from, as well as hydrogen, which is expected to be a decarbonized fuel. In addition, the Japanese government plans to fully implement emissions trading in fiscal 2026, and discussions on the design of the system have already begun, with issues such as the scope of mandatory coverage, how to set targets, and measures to ensure objectivity in reporting emissions results. Being able to incorporate these accelerating climate change-related developments into investment behavior as quickly as possible can be a major opportunity for investors.



## Climate Change

### Asset Management One's past activities



#### Engagement, collaboration with stakeholders

- Dialogue with investee companies on climate change issues
- Engagement using the results of net zero alignment assessments (P.12)
- Participation in the NZAM (Net Zero Asset Managers initiative), ClimateAction100+, AIGCC (Asia Investor Group on ClimateChange), CDP, TCFD Consortium (Ministry of Economy, Trade and Industry, Financial Services Agency, Ministry of the Environment), etc. (Appendix P21. P22)



#### Analysis and disclosure of information

- Net zero alignment assessment of investee companies (P.10) (Appendix P4, P5)
- Disclosure of information related to Climate change, Natural capital and Biodiversity that affects our finances (Climate & Nature Report) (Appendix P2. P3)
- Portfolio analysis of our company's asset under management based on the TCFD recommendations (Appendix P6)



#### Sustainable investment and ESG integration

- Investment strategy using the results of net zero alignment assessments (All Japan Carbon Neutral Strategy) (P.11)
- Clarification of the minimum standards of conduct that we expect our investee companies to meet, and the policy for dealing with cases where these standards are violated (Sustainable Investment Framework) (Appendix P25)

### Key points to look out for in the Sustainability Report 2024



#### Asset Management One's strengths

- Forward-looking net zero alignment assessments and product development and engagement based on these assessments (P.10-P.12)



#### Further strengthening of net zero initiatives

- Company-wide action plan through to 2050 (P.13. P.14)

Appendix







## Asset Management One's Strengths

# Product development and engagement based on forward-looking net zero assessments

### Forward-looking net zero assessments to evaluate companies' future efforts and initiatives

In December 2020, we became the only Japanese asset management company to participate in and sign the Net Zero Asset Managers initiative (NZAM), and in September 2021, we announced that we would aim to have 53% of the assets we manage be aligned with net zero as an interim target for 2030.

From 2022, we have developed a method for assessing the net zero alignment of the companies and funds in which we invest based on the Net Zero Investment Framework (NZIF) of the Paris Aligned Investment Initiative (PAI), one of the net zero assessment methodologies recommended by NZAM, and have been conducting annual assessments. The specific items assessed using this methodology are: (1) ambition, (2) targets, (3) emissions performance, (4) disclosure, (5) decarbonization strategy, and (6) alignment of capital allocation.

There are various methodologies for assessing net zero status of managed assets, and while many asset managers only use the actual carbon emissions of their portfolios, the reason why we have adopted a methodology based on NZIF is that we want to assess companies' future efforts and initiatives by incorporating forward-looking criteria such as whether they have set medium- to long-term decarbonization targets and strategies, rather than just looking at past performance figures such as emissions.

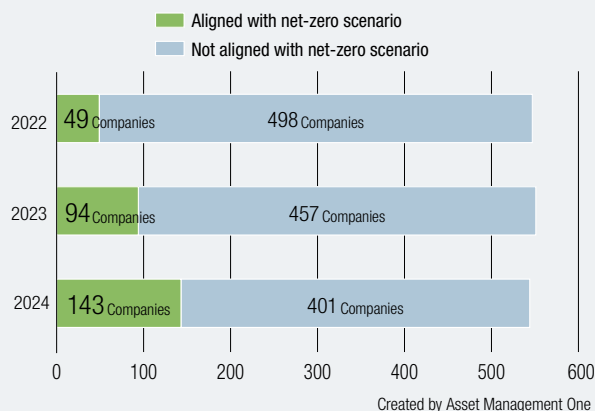
### The number of companies assessed to be net zero aligned is steadily increasing year by year

— Results of the 2024 assessment —

In the results of the 2024 assessment, which was the third time the assessment has been carried out, 143 companies (26%) out of the companies subject to the assessment (544 companies) were assessed net zero aligned.

Looking at the number of companies that have been assessed to be net zero since the assessment began in 2022, there were 49 companies (2022), 94 companies (2023), and 143 companies (2024), showing that Japanese companies' efforts towards net zero are steadily progressing.

For details on the assessment method and the 2024 assessment results, please see here ([Appendix P4. P5](#))



### Product Development

#### The usefulness of incorporating net zero assessments into investment strategies

##### ~Utilizing net zero assessments in investment strategies~

With governments around the world making a series of investment commitments, the usefulness of incorporating net zero initiatives into investment strategies is increasing year by year. We will introduce how our annual net zero alignment assessments are utilized in specific strategies, using the All Japan Carbon Neutral Strategy, one of our representative strategies, as an example. ([P11](#))

### Engagement

#### For the medium- to long-term enhancement of corporate value of investee companies

##### ~Utilization of net zero assessment in engagement~

While a delay in efforts to address climate change is directly linked to the erosion of corporate value, we believe that advanced efforts are highly likely to lead to the containment of risk and the strengthening of competitiveness. We will introduce how we utilize the information obtained through the net zero assessment process in engagement with investee companies, together with an overview of the net zero engagement activities that started in fiscal 2023. ([P12](#))

### Strengthening our efforts towards net zero

We have formulated a net zero transition roadmap as a company-wide action plan by 2050 ([P13. P14](#))

Appendix





## Utilization net zero assessment for investment strategies

### Product focus



# All-Japan carbon neutral strategy

## Affinity between recent market conditions and the strategies

As discussions accelerate towards the Japanese government's investment announcement and the full-scale launch of emissions trading, the usefulness of incorporating alignment for net zero scenarios into investment strategies is increasing year by year. In February 2024, we began managing an All-Japan Carbon Neutral Strategy that reflects the results of our annual net-zero assessments of investee companies, the progress of our climate change-themed engagement, and the status of weighted average carbon intensity (WACI) reductions in the weightings of our portfolio.

### What is the All-Japan Carbon Neutral Strategy?

While investing in a wide range of Japanese companies, we encourage Japanese companies as a whole to move to net-zero and uplift overall stock market by engaging with them to reduce their carbon emissions.



**Shigeki Muramatsu**  
Executive Officer  
Deputy Chief Investment Officer

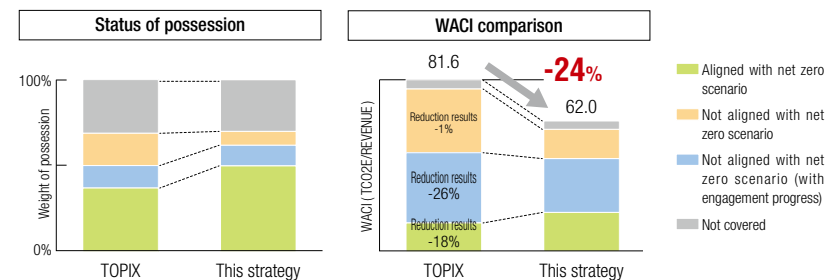
**Hiroshi Kawada**  
Index Solutions Group  
Investment Division

As we see moves towards carbon neutrality at the national level by governments around the world, and expectations for corporate initiatives are also rising, this strategy aims to support the transition of Japanese companies as a whole to net zero, and to uplift the stock market, thereby aiming to the growth of trust assets. Specifically, while maintaining a high number of stocks in the portfolio, we are supporting the reduction of emissions from Japanese companies by adjusting the weight of the companies in the portfolio based on

factors such as WACI reduction efforts, net zero assessment results, and the progress of engagement on the theme of Climate change. This strategy combines two of our strengths: our research capabilities, including our forward-looking net zero assessment, and our engagement capabilities, which have been highly evaluated by external parties for many years.

### Status of incorporation of net zero-related information into the portfolio

In this fund, the weight of stocks with high WACI reduction performance is increasing by determining the holding weight based on the net zero assessment results, and WACI has been reduced by 24% compared to TOPIX. As engagement progresses and the initiatives of investee companies toward net zero progress, we will achieve WACI reduction ahead of the entire market.



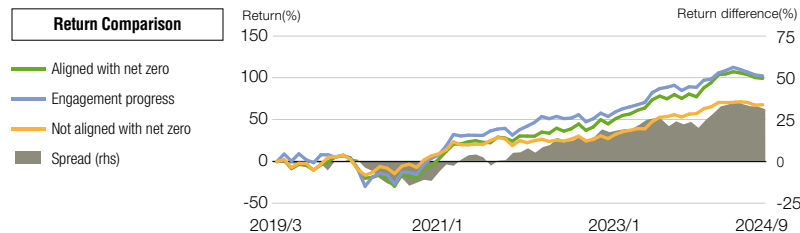
※ The "reduction results" show the WACI reduction rate for the entire market (TOPIX) over the past five years.  
Base date: September 30, 2024 Created by Asset Management One based on ISS data

## Column Verification results on the usefulness of incorporating net zero assessment into investment strategies

We are conducting various research on decarbonization, which is emphasized in the All Japan Carbon Neutral Strategy. As part of this research, we analyzed whether there was a trend in the difference in returns based on the results of net zero assessment. As the results are shown in the chart on the right, the group of stocks that conformed to net zero outperformed during the analysis period, and the difference was particularly pronounced in the group of companies where reducing emissions, such as in the electricity and steel industries, was material.

Period: 2019 March-2024 September Created by Asset Management One based on FactSet data

Among the stocks subject to our net zero alignment assessment, we created an equally weighted portfolio for each assessment based on the TOPIX constituent stocks as the universe and compared the returns.



### Looking to the future

we are considering a concentrated investment version of the All Japan Carbon Neutral Strategy.







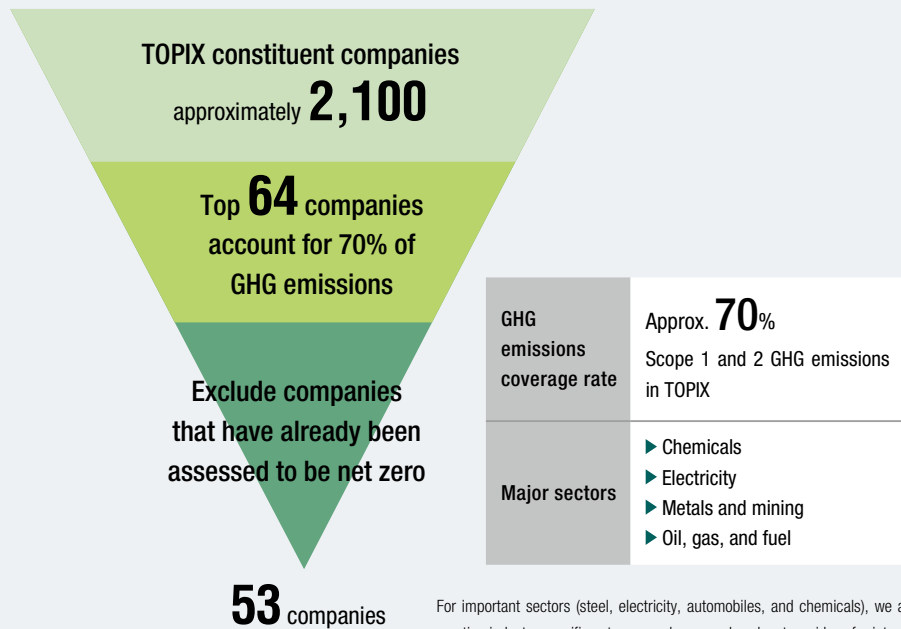
## Utilizing the Net Zero Assessment for Engagement

# Net Zero Engagement

We have been conducting climate change-related engagement as one of our ESG engagement themes, but in addition to our existing approach, from fiscal 2023 we have started a new initiative called Net Zero Engagement, which utilizes the information obtained from the Net Zero Assessment to encourage companies to focus on areas where there is room for improvement in the assessment items. By encouraging investee companies to move beyond making external commitments and setting targets to formulating and implementing concrete action plans, we hope to contribute to solving the social issue of decarbonization while also improving investment performance.

### Selection of engagement targets

64 companies account for approximately 70% of the total GHG emissions of the approximately 2,100 TOPIX constituent companies. We hope to effectively support the decarbonization in the market by approaching these companies, which have a significant impact on GHG emissions.



For important sectors (steel, electricity, automobiles, and chemicals), we are creating industry-specific net zero roadmaps and explanatory videos for internal use to be used in engagement.

### Engagement Dialogue Content

We have prepared common materials for engagement, and we are communicating our net zero assessment logic based on the PAII Net Zero Investment Framework recommended by NZAM, the assessment results for each company's six evaluation items, and the assessment status for each evaluation item for the entire sector which the company belongs. We are encouraging each company to focus on the items where there is room for improvement and to promote initiatives.

### Engagement content

Clearly explains the Net Zero assessment result by each evaluation items

#### Net zero assessment status of your company and the relevant sector



##### Net zero assessment status

Net Zero assessment results	5 phases of net zero assessment (PAII)	1.Ambition	2.Targets	4.Disclosure	5.Strategy for decarbonizing
Not Net Zero	4.Committed to aligning	Yes	No	Yes	Yes

##### Net zero assessment status of the relevant sector

	Yes	No
5.Strategy for decarbonizing	75%	25%
4.Disclosure	100%	
2.Targets	100%	
1.Ambition	75%	25%

Visually explains the evaluation items with room for improvement, showing data within the same sector.



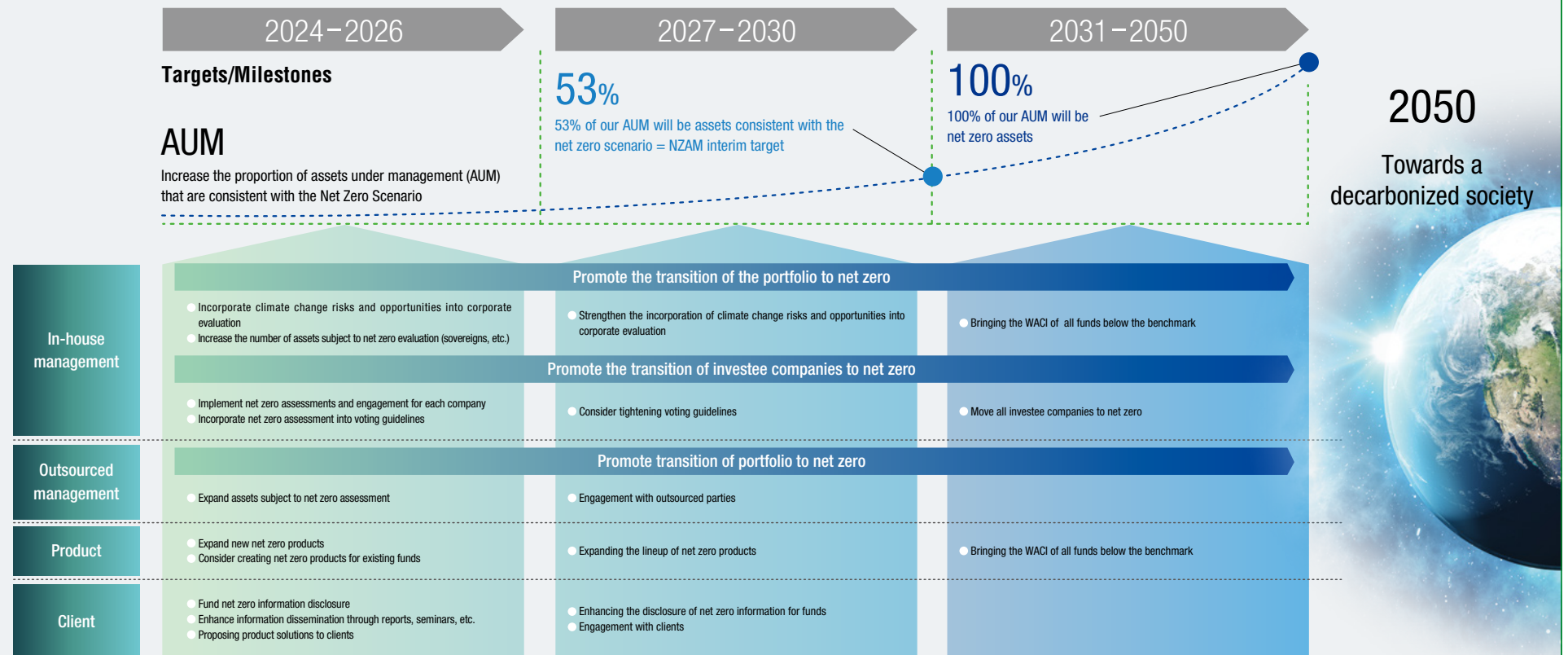


Further strengthening of initiatives to achieve net zero

## Formulation of a company-wide action plan for 2050

After joining NZAM in December 2020, we committed to the goal of achieving net zero by 2050, and steady progress has been made in our efforts to achieve net zero since then such as announcement of interim target for 2030 in fiscal 2021 establishment of a method for assessing net zero for individual companies and funds in fiscal 2022, and the inception of the All Japan Carbon Neutral Strategy and the start of net zero engagement, etc in fiscal 2023. With the aim of further strengthening these initiatives and accelerating company-wide efforts that go beyond Investment Division such as Strategic Fund Investment Div., Products Div, Marketing Div, and Planning Div, we have formulated a Net Zero Transition Roadmap as a company-wide action plan that extends through to 2050 in fiscal 2024.

### Overview of the Asset Management One Net Zero Transition Roadmap <sup>※1</sup>



※ 1 Click here for the P' Planning Div's Net Zero Transition Roadmap ([Appendix P30](#))

See the next page for details





We will support clients who want to strengthen their efforts towards net zero through the provision of further products and information.

## Together with Asset Management One, we will work towards the realization of a net zero society.

### Quantifying climate change risks and opportunities



As growth-oriented carbon pricing is scheduled to be introduced in Japan, we are calculating the impact on business performance if it is introduced, and are also trialing the calculation of the amount of reduction contribution using patent data, and we will focus on the future implementation and composition of products using these.



### Expanding the provision of net zero products

In order to meet the diverse needs of our clients, we will work to strengthen our lineup of net zero-compatible products in addition to our existing All Japan Carbon Neutral Strategy.



### Strengthening communication with clients

We will work to provide information that is tailored to the circumstances of our clients, etc., in response to the various concerns and issues that arise when actually incorporating net zero products into our clients' portfolios.

## Column Trends in carbon emissions from our-company's asset under management

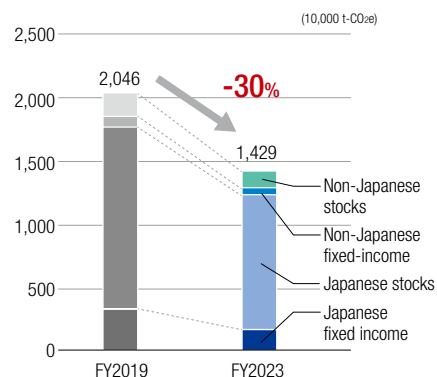
The GHG emissions and weighted average carbon intensity of the combined portfolio of in-house managed stocks and corporate bonds in fiscal 2023 were both down around 30% compared to fiscal 2019. In addition, from fiscal 2024, we began measuring sovereign bonds using the measurement method published by the Partnership for Carbon Accounting Financials (PCAF), and the fiscal 2021 results which is the available latest

data showed a decrease of just under 10% in weighted average carbon intensity compared to fiscal 2019. We will continue to accelerate our efforts through the implementation of the action plan formulated in the Net Zero Roadmap.

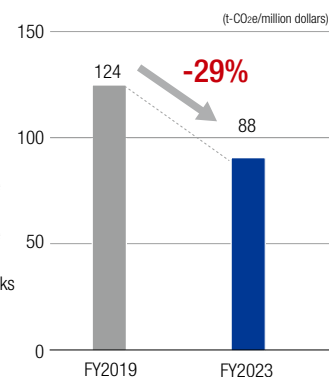
More detailed analysis of our portfolio based on the TCFD recommendations ([Appendix P6](#))

### Total of stocks and corporate bonds

#### Total GHG emissions (Scope 1, 2)



#### Weighted average carbon intensity (WACI) Total of four assets



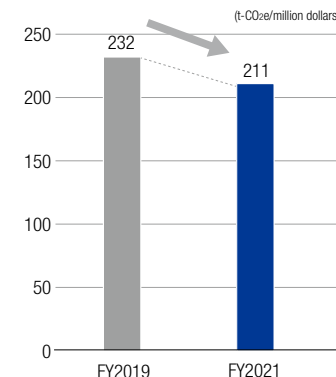
Note 1: Total GHG emissions: Greenhouse gas emissions (Scope 1 and 2, CO<sub>2</sub> converted ton) of investee companies attributable to us through investments in the equities and corporate bonds. The calculation uses our share of the adjusted corporate value (market capitalization + interest-bearing debt).

Note 2: Weighted Average Carbon Intensity (WACI): The GHG emissions (Scope 1 and 2) per sales of each company weighted by the balance of investment in each asset of the company

Created by Asset Management One

### Aggregate Sovereign

#### Weighted Average Carbon Intensity (WACI)



\* WACI calculation formula for sovereign bonds

WACI (Weighted Average Carbon Intensity) =

$$\sum_i \frac{\text{Investment amount}_i}{\text{Total investment amount}} \times \frac{\text{Emissions from government bonds}_i}{\text{PPP-adjusted GDP}_i}$$

Source: Compiled by Asset Management One based on data from the World Bank and UNFCCC

Note 1: GHG emissions from Annex I countries of the UNFCCC (production-based, excluding LULUCF, using 2020 data for Australia), data on purchasing power parity GDP from the World Bank

Appendix





Natural capital, on which more than half of the global economy depends, is decreasing significantly

## With the development of international frameworks, investors and companies have begun to take action and disclose information

### Investors and companies have begun to move towards realizing the 2050 vision "Living in Harmony with Nature".

The World Economic Forum (WEF), a global economic organization, has announced in 2020 that more than half of the world's GDP, or \$44 trillion, was dependent on nature. Meanwhile, the World Wide Fund for Nature (WWF) has announced that in October 2024, the index showing the richness of biodiversity on Earth had fallen by 73% over the past 50 years due to the loss of the natural environment and climate change. Due to the significant impact on the economy and society, natural capital and biodiversity are attracting attention as sustainability issues second only to Climate change. At COP15 (the 15th Conference of the Parties to the United Nations Convention on

Biological Diversity) in December 2022, the "Kunming- Montreal Global Biodiversity Framework" was adopted, including the mission "to halt and reverse the loss of biodiversity by 2030". At COP16, held in October 2024, the monitoring mechanism and other issues were discussed. In September 2023, the Task Force on Nature-related Financial Disclosures (TNFD), the natural-related version of the Task Force on Climate-related Financial Disclosures (TCFD), published a framework for companies to understand and disclose their dependence on nature, impacts, risks and opportunities. As of the end of January 2024, the number of "early adopters" - companies that have declared their intention to disclose information in line with the TNFD framework as soon as possible - had reached 320, 80 of these are Japanese companies, the most of any country or region. In a previous report, the WEF also reported that if we can make the transition to a nature-positive economy, it could create up to \$10 trillion in value and 395 million new jobs per year by 2030, making it important for investors to identify nature-related risks and opportunities.



Biodiversity  
Environmental Destruction

### Asset Management One's past activities



#### Engagement, collaboration with stakeholders

- Dialogue with investee companies on issues related to natural capital, such as deforestation, water resources, and the circular economy, and biodiversity
- Participation in the Taskforce on Nature-related Financial Disclosures (TNFD) Forum, Nature Action 100, and the Ministry of the Environment's Study Group on the Revision of the Guidelines for Private Sector Engagement in Biodiversity (Appendix P21, P22)



#### Analysis and disclosure of information

- Disclosure of information integrating issues related to climate change, natural capital and biodiversity for our asset (Climate & Nature Report) (Appendix P2, P3)
- Comprehensive analysis of investee companies in terms of dependencies, impacts, risks and opportunities related to natural capital (TNFD-LEAP analysis) (Appendix P7)



#### Sustainable investment and ESG integration

- Strategies that focus on investment opportunities arising from the transition to a circular economy: LO Circular Economy
- Clarification of the minimum standards of conduct that investee companies are expected to meet, and the policy for dealing with cases where these standards are violated (Sustainable Investment Framework) (Appendix P25)

### Key points to look out for in the Sustainability Report 2024

- Disclosure in line with the TNFD framework
- Collaborative engagement with the Nature Action 100
- Acquiring knowledge about "Nature Positive"

Appendix





Understanding the risks and opportunities of natural capital and biodiversity from the perspective of institutional investors

# Understanding important sectors and regions based on the TNFD recommendations

Since disclosing our Japanese equity assets using the TNFD-LEAP approach in December 2022, we have conducted various analyses of the risks and opportunities of natural capital and biodiversity. In this report, we will introduce some of the disclosures we have made based on the TNFD recommendations (additional guidance for financial institutions).

## Our company's disclosure based on the TNFD recommendations

In the additional guidance for financial institutions in the TNFD recommendations published in September 2023, the following two items are recommended as sector-specific core disclosure indicators.

### 1 Sector

Exposure to sectors that are highly dependent on natural capital and biodiversity or that are considered to have a significant impact on natural capital and biodiversity by their business activities (TNFD priority sectors)

### 2 Important regions

Exposure to companies operating in regions that are important from the perspective of biodiversity

Given the wide range of connections between the companies we invest in and natural capital and biodiversity, we believe it is important for investors to narrow down to specific sectors and regions with high dependence and impact, and to analyze the risks and opportunities associated with them, in order to assess their relationship with corporate value.

## 1 Understanding Important Sectors

When we measured the exposure of our main assets (Japanese and Non-Japanese stocks and corporate bonds) to the TNFD priority sectors\*, we found that the weight of the automobile and auto parts industry, the materials industry, and other industries, which depend on and have a large impact on nature capital and biodiversity in their own operations and procurement activities, was relatively high in our asset under management.

### Exposure to TNFD Priority Sectors

\* Prepared by Asset Management One based on the list of prioritised sectors in the Second Edition of the Additional Guidance for TNFD Financial Institutions, for which sectors can be identified with respect to Japanese and Non-Japanese equities and corporate bonds as of March 31, 2024.

Industrial Group	Ratio	Industrial Group	Ratio
Automobiles and Auto Parts	7.8%	Utilities	2.1%
Materials	5.5%	Capital Goods	1.5%
Semiconductors and Semiconductor Manufacturing Equipment	5.4%	Consumer Staples Distribution & Retail	1.5%
Pharmaceuticals, Biotechnology & Life Sciences	4.1%	Energy	1.4%
Real Estate Investment Trusts (REITs)	3.4%	Household and Personal Products	0.9%
Durable Consumer Goods & Apparel	3.1%	Consumer Services	0.5%
Transportation	3.0%	Commercial and Professional Services	0.2%
Food, Beverage & Tobacco	2.9%	Real Estate Management and Development	0.0%

## 2 Understanding the connection with important regions

On the other hand, when we used MSCI's "Biodiversity-Sensitive Areas Screening Metrics" to measure the exposure of companies that operate in areas important for biodiversity for investee companies\*\*, we found that 42% of our company's asset under management were exposed. One of the global targets of the Kunming-Montreal Global Biodiversity Framework adopted in December 2022 is "effectively conserve at least 30% of terrestrial and inland water areas as healthy ecosystems by 2030", and there is a possibility that countries will expand protected areas towards the goal, and companies that conduct business or procurement activities in these areas may be forced to review their business strategies. For this reason, we plan to encourage companies in the TNFD priority sectors, in particular, to disclose information on the relationship between their business and procurement activities and areas that are important from the perspective of natural capital and Biodiversity through dialogue.

\*\* As of March 31, 2024, Japanese and Non-Japanese equities and corporate bonds are measured using Biodiversity-Sensitive Areas Screening Metrics with permission from MSCI (©2024 MSCI ESG Research LLC). Please see the disclaimer at the end of this document for information on the use of the index.





## Engaging with investee companies

# Engagement based on investor initiative, Nature Action 100

### Six corporate actions expected by Nature Action 100

The Nature Action 100 is an investor-led engagement initiative focused on helping investee companies to take greater ambition and action to reverse the loss of nature and Biodiversity, reduce financial risks and protect the long-term economic interests of investors and their beneficiaries. Investors' expectations of companies are consistent corporate actions to protect and restore nature and ecosystems. We have started engagement with five companies, including a Japanese trading company, a food manufacturer, and a paper manufacturer, based on the six expectations of investors in companies in the Nature Action 100.



#### Six expectations of companies

- |                      |                          |
|----------------------|--------------------------|
| <b>1. Ambition</b>   | <b>4. Implementation</b> |
| <b>2. Assessment</b> | <b>5. Governance</b>     |
| <b>3. Targets</b>    | <b>6. Engagement</b>     |

#### Engagement Case Study

##### 2. Assessment



We engaged with Company A, a trading company that is the subject of Nature Action 100 engagement. Company A had conducted an analysis using the TNFD-LEAP approach for some of the forests it owns, but it did not mention its metal mining business, which is one of its main businesses and has a high level of natural-related risk. With the "Assessment" of natural risks and opportunities, which is one of the expectations of investors for companies presented in the Nature Action 100, in mind, we raised the issue of identifying the connection of the global development projects in which the company participate for the business to areas that are important from the perspective of biodiversity. Company A also recognizes that there is a growing environmental risk and a need for consideration of local communities in relation to resource development, and has shown a positive attitude towards disclosing its initiatives.

## Column / Our initiatives to promote nature positive

PBAF is a financial industry-led partnership that promotes transparent evaluation and disclosure of the impact and dependence on Biodiversity. We participated in the Positive Impact Working Group and discussed definitions, measurement, and disclosure of "Positive Impact". We also participated in the Global Nature Positive Summit, an international conference held in Sydney and hosted by the Australian Department of Climate Change, Energy, Environment and Water Resources. At the summit, we gathered knowledge on topics such as working with indigenous and local communities to restore nature, the importance of public-private financing, and best practices and approaches related to nature positive.





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# 1. Materiality Map

As an asset management company that 'Creating a sustainable future through the power of investment', we analyse important global environmental and social issues that we should address from the two axes of Sustainable Materiality and Financial Materiality, and create our own materiality map to visualise them. This is reflected in investment and business activities.

Appendix



## Linkages to investment activities

### Engagement

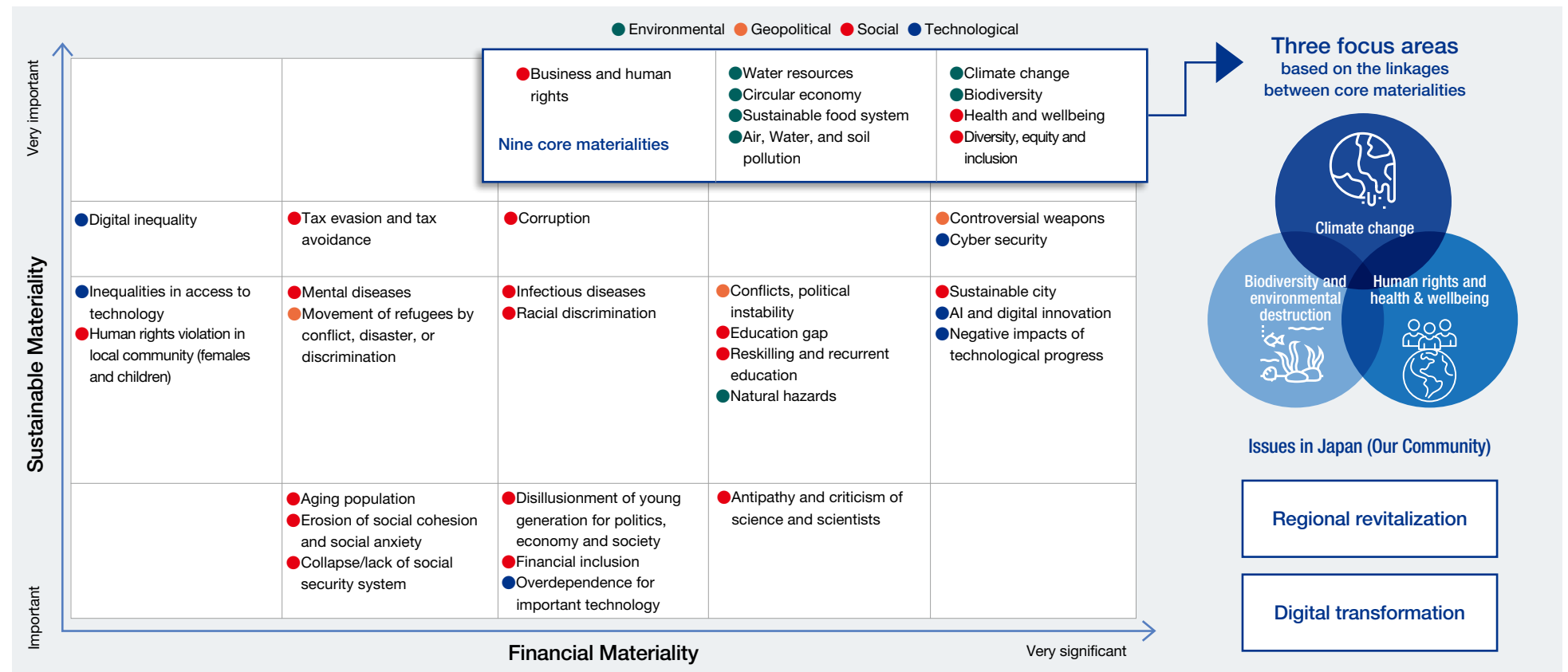
- Establishment of engagement agenda based on core materiality items

### Exercise of voting rights

- Clearly state in voting guidelines the level of expectations of investees with regard to focus areas.

### ESG integration

- Conduct research on materiality items and ESG themes based on this research, using this research in investment decisions.
- The Sustainable Investment Framework (SIF) specifies the level of expectations of investees with regard to focus areas and the policy to be followed in the event that these expectations are not met.
- Establish our own ESG score evaluation items based on core materiality items.



Corporate strategy

Base for sustainable corporate value enhancement

Governance and disclosure

"Corporate strategy" and "Governance and disclosure" are the basis for sustainable corporate value enhancement, not only through short-term profit growth, but also through medium- and long-term initiatives to solve environmental and social issues.

Review Process of Materiality Map (Appendix P.1) Reviews in FY2023 [https://www.am-one.co.jp/img/company/42/240329\\_ESGcolumn.pdf](https://www.am-one.co.jp/img/company/42/240329_ESGcolumn.pdf)



# Research and Analysis Initiatives Derived from the Materiality Map

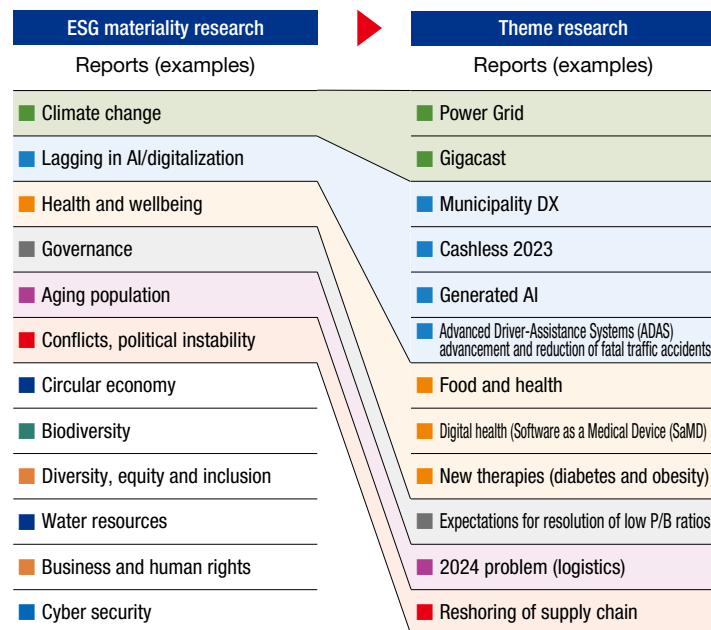
Research and analysis initiatives derived from the materiality map include ESG research, which provides fund managers with investment ideas from a variety of sustainability perspectives, and focus area-specific analysis and disclosure. These two initiatives are introduced below.

Appendix



## Examples of ESG research

We have established an ESG research system consisting of ESG materiality research and thematic research in order to provide information on environmental and social issues visualized in the materiality map to fund managers as suggestive inputs that contribute to investment decisions. ESG materiality research analyses the policy trends, social structure issues, market changes and solutions to these issues inherent in each materiality. Based on the results of this research, sector analysts who are familiar with each industry sector set up themes from various perspectives in terms of the sustainability characteristics of the sector and investment ideas, and even list individual stocks in thematic research.



Research case study

### Digital health (SaMD)

As the demand for healthcare rapidly increases due to the ageing of the population and other factors, there is a growing need for more efficient use of limited healthcare resources and financial budgets. SaMD is a new field of medical technology that uses AI/machine learning-enhanced software to prevent, diagnose, treat and manage illnesses, and can be used as a supplement or replacement for conventional medical devices and drugs, thereby directly reducing healthcare expenditure or reducing social security costs by extending healthy life expectancy.

**Company A** Promote utilisation of health big data and medical digital transformation (DX) in the medical domain. In the medical domain, the company provide a platform to support medical practices between remote locations, and first launched a portable fundus camera integrated with a smartphone. The company will continue to develop IoT devices to solve the shortage and omnipresence of doctors in different regions, contributing to the reform the way doctors work.

**Company B** A robotic anaesthesia system (a system that automatically controls the dosage of three anaesthetic drugs in conjunction with vital data from a biometric monitor) was developed. There is a shortage of anaesthetists in Japan and it takes time to train them, but the system is expected to reduce workload and human error.

## Analysis and disclosure efforts per focus area



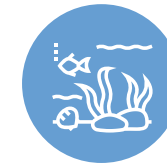
Climate change

### Net zero scenario alignment assessment

Methodology for assessing a company's net-zero performed annually by our company, the results of the assessment in 2024 and analysis of the results ([Appendix, P4, P5](#))

### Portfolio analysis based on TCFD recommendations

Analysis of key indicators such as total GHG emissions and risks and scenarios related to climate change for each internally managed asset ([Appendix, P6](#))



Biodiversity and environmental destruction

### Climate & Nature Report

A report that integrally discloses our initiatives on climate and nature based on the TCFD recommendations and TNFD recommendations ([Appendix, P2](#))

### Analysis Using TNFD-LEAP

Integrated analysis of nature-related issues, including contact with nature, dependence on nature, risks and opportunities ([Appendix, P7](#))



Human rights, health and wellbeing

### Survey of Japanese companies' initiatives to respond to human rights

Survey of Japanese companies involved in the procurement of high risk commodities including how initiatives to respond to human rights are implemented throughout the value chain ([Appendix, P8](#))

### Survey of Japanese companies' initiatives to respond to AI risk

Survey of Japanese companies how initiatives to respond to various risks that AI may pose, including human rights are implemented ([Appendix, P9](#))



## Minoru Hamaguchi

Head of Research and  
Engagement Group,  
Investment Division

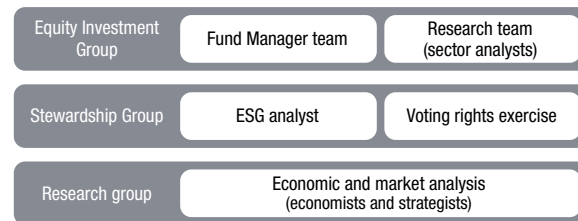
# 2. Stewardship Activities

## Strengthening the management of stewardship activities

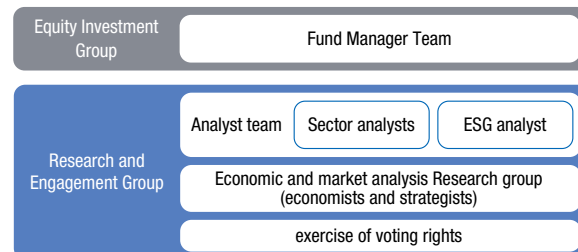
In October 2016, our company was formed through the merger of four asset management companies. At the time, as part of the Abenomics policy, the Corporate Governance Code, which encourages the improvement and reform of corporate governance, and the Stewardship Code, which promotes dialogue between institutional investors and

### Reorganisation of the research function (schematic diagram)

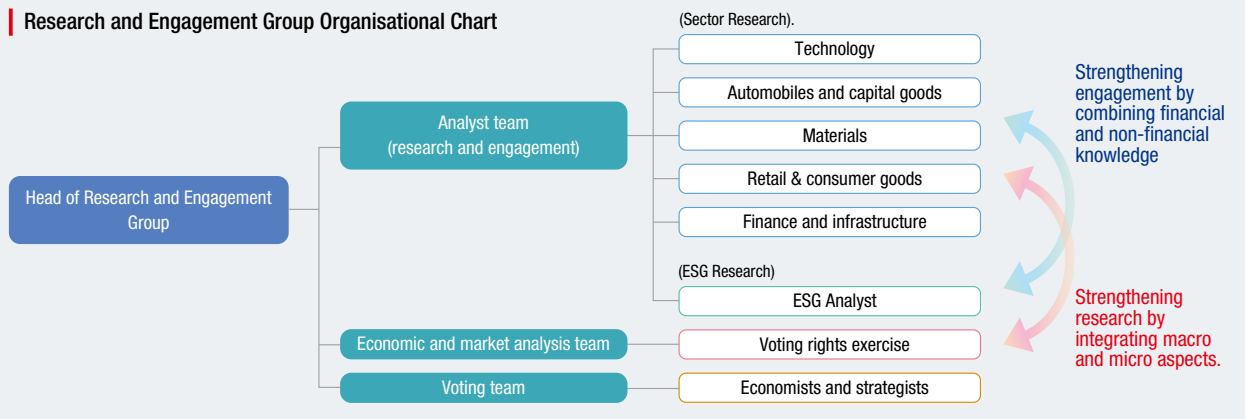
~Mar 2024.



Apr 2024.



### Research and Engagement Group Organisational Chart



companies, were established. We were one of the first Japanese investment management companies to establish a dedicated responsible investment department and have strengthened our engagement with companies on ESG issues and management strategies, including governance. Now, eight years after 2016, the ISSB (International Sustainability Standards Board) has taken the lead in global financial markets, and the SSBJ (Sustainability Standards Board Japan) was established in response in Japan, and preparations are underway to expand disclosure of non-financial information.

In light of these changes in the environment, in April 2024, our company integrated sector analysts who specialise mainly in financial analysis and ESG analysts who specialise in ESG and non-financial analysis as a single team to integrate their knowledge and increase the effectiveness of engagement that contributes to enhancing corporate

value. In addition, the Voting Team was placed next to the Analyst Team to reflect the content of the analysts' dialogue with companies in the exercise of voting rights.

Furthermore, economists and strategists have joined the new organisation, bringing macro and micro research into one group. In the midst of the recent remarkable progress in AI technology, we will work to achieve higher performance by making our research organization more cross-functional.

### 2023 Stewardship activities Self-evaluation

[https://www.am-one.co.jp/img/company/36/2023\\_stewardship\\_details.pdf](https://www.am-one.co.jp/img/company/36/2023_stewardship_details.pdf)

External evaluation of stewardship activities (Appendix P.23)



## Engage with companies from medium- to long-term perspective

### Establish a medium- to long-term roadmap for stewardship activities

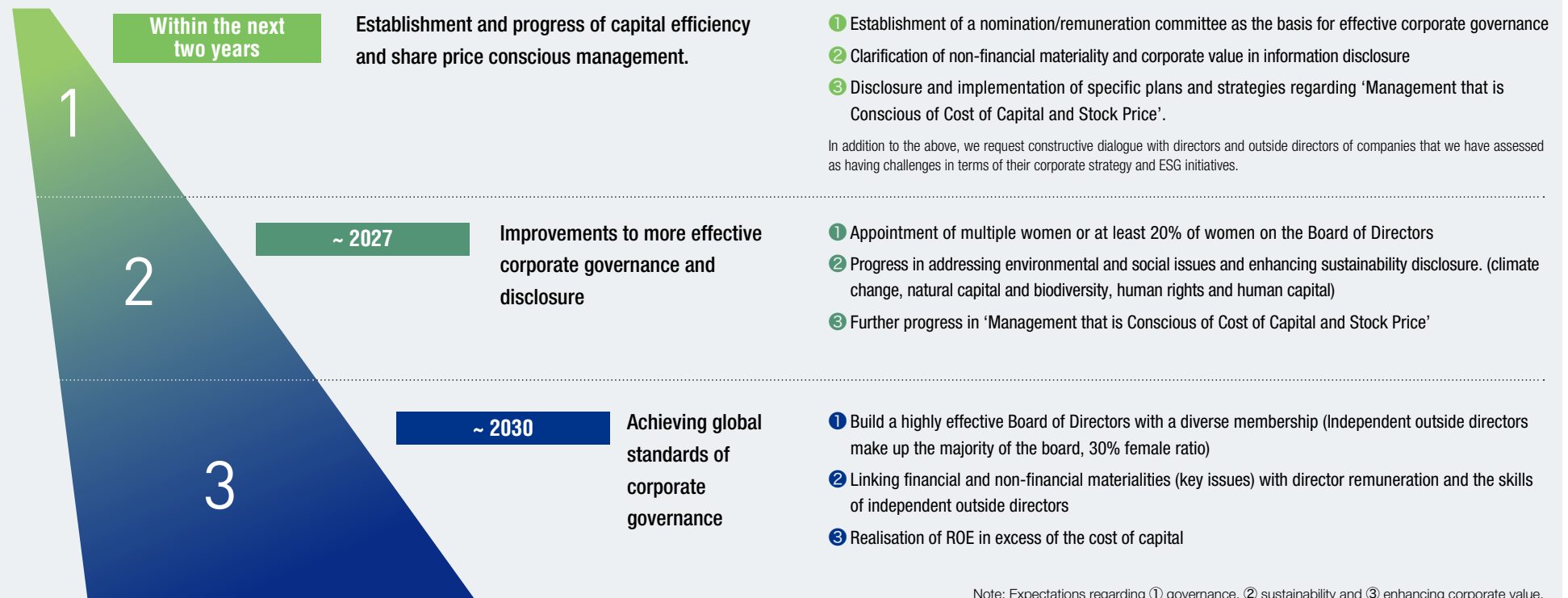
We have developed a new roadmap for our stewardship activities towards 2030. Until now, we have released revisions to our voting guidelines and criteria every single year, but the roadmap sets out our expectations for investee companies across time frames such as 'within the next two years', 'by 2027' and 'by 2030'. We will stand by and encourage companies in their efforts to achieve sustainable growth and increase their corporate value over the medium and long term, and will reflect this in our engagement activities. In both engagement and

voting, we will foster constructive dialogue based on corporate practice to enhance the effectiveness of our stewardship activities, thereby improving medium- and long-term corporate value and maximising investment returns.

For more information, see the press release.

[https://www.am-one.co.jp/pdf/news/376/240927\\_AMOne\\_newsrelease.pdf](https://www.am-one.co.jp/pdf/news/376/240927_AMOne_newsrelease.pdf)

#### AM-One Roadmap of stewardship activities from a medium- to long-term perspective for portfolio companies.

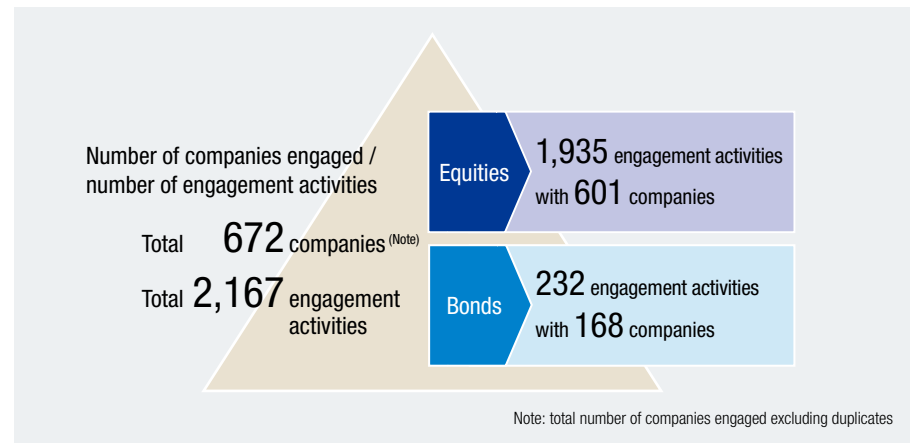




# Engagement Activities with Japanese Companies

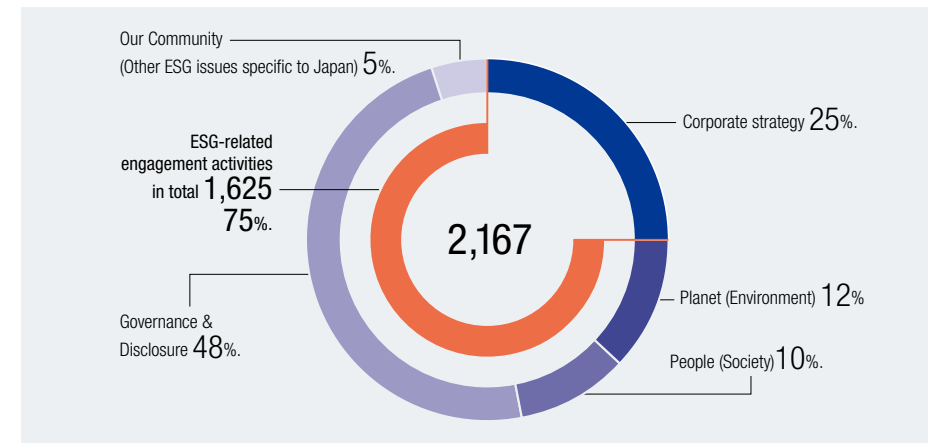
## Status of engagement initiatives

From the perspective of enhancing the corporate value of our investee companies, we conducted substantial engagement, both in terms of quality and quantity, with more than 80% of the companies based on TOPIX market capitalisation.



## Engagement by theme

We have identified 21 issues, including 18 relating to ESG topics, on which to engage with companies (please see p.25 for the breakdown of engagement issues). ESG-related topics account for 75% of all engagement activities.



## Progress of our engagement

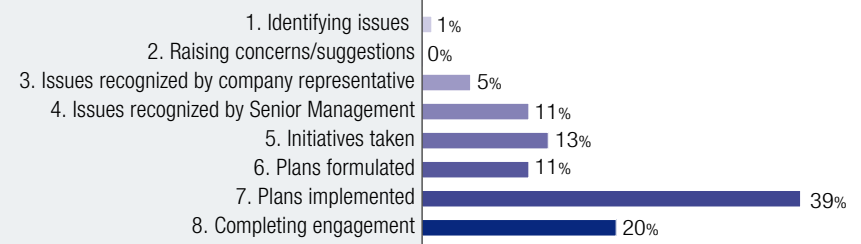
We use eight milestones to monitor and manage the progress of engagement activities (please see p.25 for details). Steady progress was achieved in the last fiscal year across all engagement activities. In

particular, we have advanced significantly the engagement around sustainability management and climate change.

### Milestones at the beginning of FY2023 (including additions during the period)



### End of year 2023 Milestone.





# Engagement Activities with Japanese Companies

**‘Will your company still be shining in 50 years from now?’**

**-Dialogue with investee companies from a medium- to long-term perspective.**

In our engagement with investee companies, we place emphasis on making a more convincing narrative of value creation for each company on how to link solutions for environmental and social issues to the improvement in corporate value.

Amid great change in the business environment, we consider our initiatives for “aimed outcomes” and for the “materiality” for achieving them to be the key when working to raise the level of confidence regarding the future improvement of corporate value for investee companies. In engagement activities with senior management, we ask what we consider to be the ultimate question as a long-term investor, namely, “Will your company be shining in 10 years, 30 years and 50 years from now?” Generally, the response is something like, “We will still exist, but we can’t get there without making changes.”

Such replies raise questions, “What exactly cannot continue as it currently is?” or “What needs to be done in their thoughts?” These discussions are exactly important points for engagement. We are deepening discussions about true materiality and what is needed right now for the improvement of corporate value, by encouraging companies to clarify their long-term ideals/vision, and backcasting from aimed outcomes in the future. (For more information, see [Appendix p.10](#)).



## Asset Management One's commitment to.

With the aim of enhancing the medium- and long-term corporate value of the investee companies, we conduct engagement activities to encourage the implementation of so-called CSV management, which links the resolution of environmental and social issues to the enhancement of corporate value. We focus on the following three points to increase the effectiveness of our engagement activities.

- 1 Building relationships of trust with companies
- 2 Providing new perspectives and awareness
- 3 Internal and external collaboration to promote corporate value enhancement

To build relationships of trust with companies, we have appointed a team of experienced analysts and portfolio managers to conduct engagements that lead to increased corporate value for the investee companies. In particular, as market interest in sustainability grows, there is a need to resolve both financial and non-financial issues, and we strive to provide new perspectives and insights from a long-term perspective to improve the corporate value of each investee company. In actual engagement, our sector analysts, ESG analysts, voting officers and portfolio managers are in optimum formation for each of the key issues of our investee companies.

We also actively participate in various meetings with relevant authorities and initiatives to uplift the overall market. All engagement activities are documented and managed in eight milestones, and a PDCA cycle is firmly in place (see next page for details).

## ENGAGEMENT IN JAPAN

1 Japanese Equity	<b>Transport Equipment Company A</b> <a href="#">Climate change</a> A case study of ESG and sector analysts working together to encourage companies that could benefit significantly from the decarbonisation trend to actively strengthen their appeal. It was confirmed that the electrification business and business portfolio reforms are progressing well. ( <a href="#">Appendix, p.11</a> )
2 Japanese Equity	<b>Non-ferrous metal company B</b> <a href="#">Circular Economy</a> A case study of how companies that are committed to contributing to the creation of a recycling-oriented society have been encouraged to strengthen their recycling-oriented business initiatives. In the new medium-term management plan, it was announced that the company aims to expand its business by establishing a metal resource recycling cycle. ( <a href="#">Appendix, p.12</a> )
3 Japanese Equity	<b>Transport Equipment Company C</b> <a href="#">Capital Efficiency</a> A case study of discussions on the responsibilities of both holders and issuers of cross-shareholdings. Dialogue with outside directors and a request from the TSE on capital efficiency led to a reduction in the cross-shareholdings across all Group companies. ( <a href="#">Appendix, p.13</a> )
4 Japanese Equity	<b>Bank D</b> <a href="#">Regional revitalization</a> A case study of persistent dialogue on initiatives for regional revitalization with a long time horizon. The bank shifted to a more positive stance, saying that it would promote regional revitalization not only in its home province, but in the entire region. Efforts to improve capital efficiency were also accelerated and market valuation increased significantly. ( <a href="#">Appendix, p.14</a> )
5 Japanese Equity	<b>Medical Device Company E</b> <a href="#">Corporate strategy (resources / business portfolio)</a> A case study of discussions about geopolitical risks for a company actively developing a healthcare system to improve health and wellbeing in an emerging country. The company was encouraged to review its overseas strategy in response to a sudden change in the business environment due to a military coup in one of the countries where the company operates. ( <a href="#">Appendix, p.15</a> )
6 Japanese bonds	<b>Electricity Company F</b> <a href="#">Climate change</a> A case study of a power company discussing the maintenance of financial soundness as it actively invests towards carbon neutrality. As interest-bearing debt increased due to increased capital investment, dialogue led to a policy of continuing to operate with an awareness of financial balance while making investments. ( <a href="#">Appendix, p.16</a> )

# Engagement Activities with Japanese Companies

## Engagement by experienced analysts and portfolio managers

1

Engagement from all perspectives, short- and long-term, financial and non-financial, is carried out by experienced analysts, portfolio managers and voting officers. They help companies to improve their medium- and long-term corporate value.

2

## Preparation of detailed, original materials that promote medium- and long-term improvement of corporate value

During engagement, we identify the key issues for each investee company that will lead to medium- and long-term improvements in corporate value, and prepare detailed, proprietary materials before conducting in-depth dialogue. We strive to improve the effectiveness of our engagement through ongoing dialogue aimed at resolving issues.

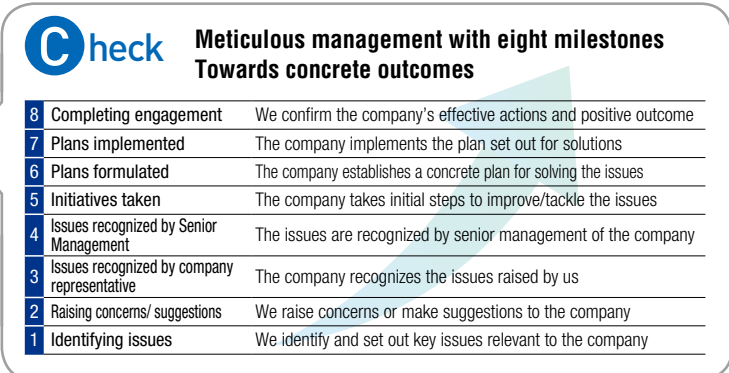
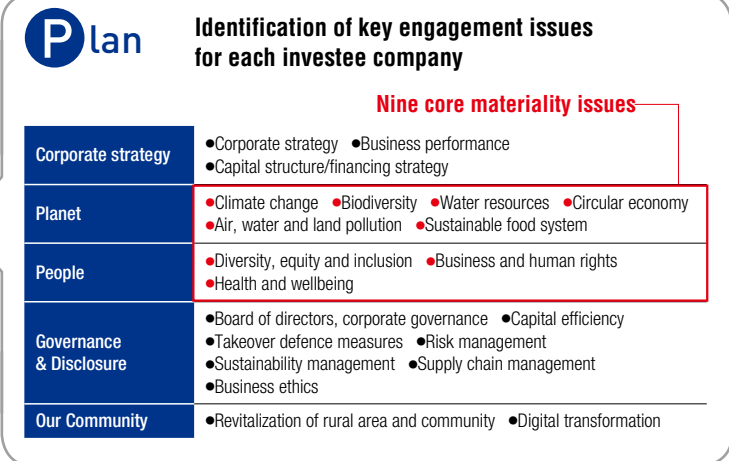
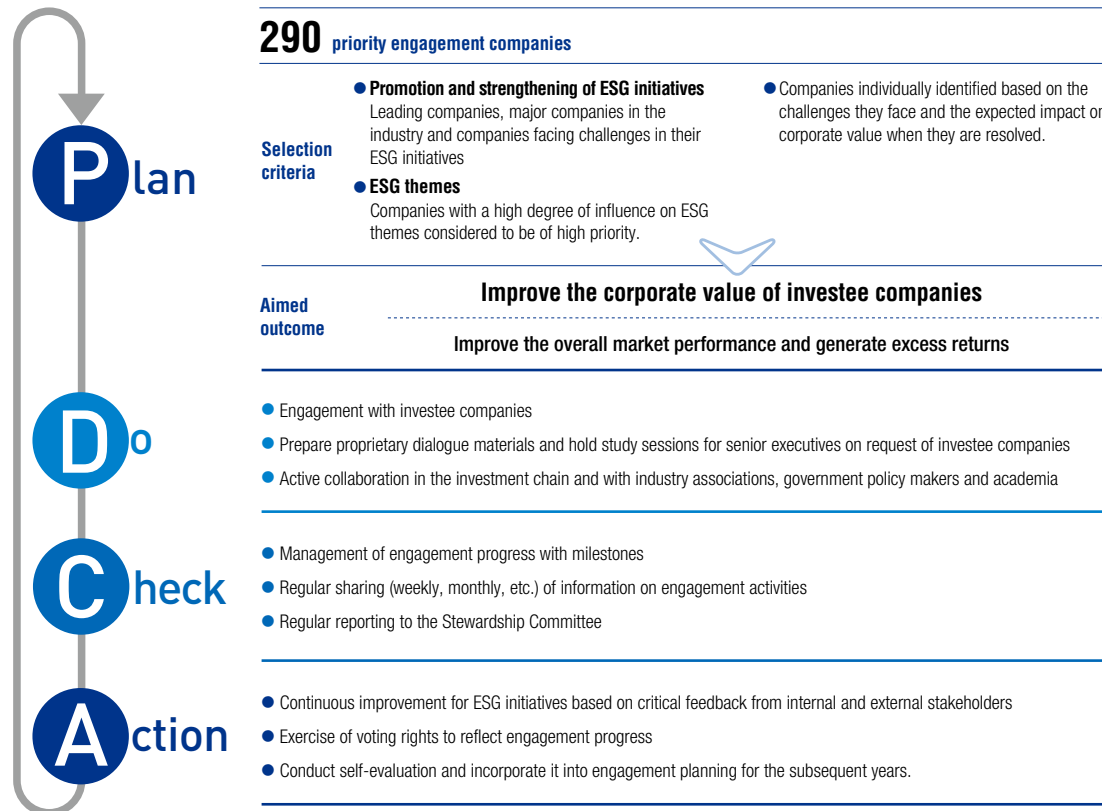
This is linked to long-term improvements in corporate value.

3

## Meticulous management with eight milestones

All our interactions and dialogues with investee companies are kept on record so that we can make detailed assessment and reflect on our actions in the process. By using the eight milestones to monitor and manage the progress of each engagement, we aim to make our engagement activities and outcomes more visible as well as to further enhance the effectiveness of engagement.

## PDCA to improve the effectiveness of engagement activities.



# Engagement Activities with Non-Japanese Companies

Appendix



## Our internal structure

We have an ESG officer based in London (Asset Management One International) who conducts research on European and US ESG trends and engages with overseas companies. We have a representative in Europe, who is leading the way in stewardship activities and ESG investment, who works with ESG analysts in Tokyo and portfolio managers and analysts in New York to resolve social issues and increase corporate value from a global perspective.

## Use of external services

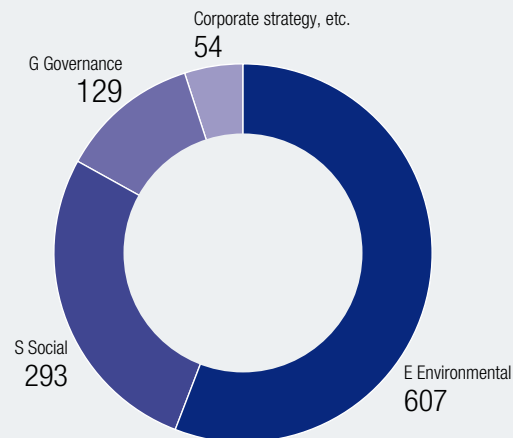
In addition, we have partnered with a global leading stewardship service provider EOS at Federated Hermes over the engagement activities with overseas companies,

## ENGAGEMENT OVERSEAS

<b>1</b> Non-Japanese Equity	<b>Mining &amp; Resources Company A</b> <b>Climate change and sustainability issues</b>  The engagement encouraged Company A to set Scope 3 emission reduction targets and develop a concrete action plan. (Appendix, p.17)
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### Engagement activities by theme

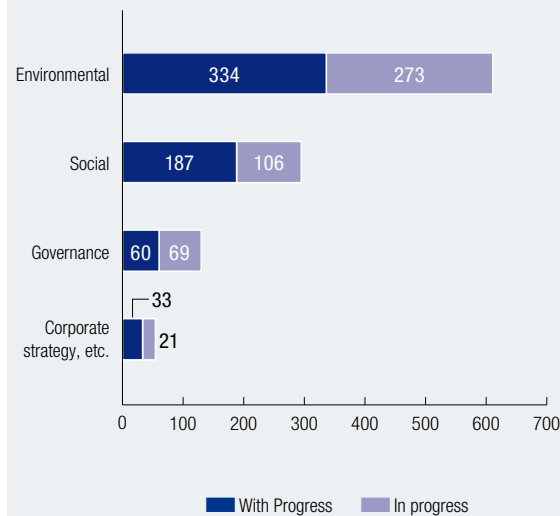
We are conducting engagement activities on a wide range of themes, with a focus on environment.



Period: 1 July 2023 – 30 June 2024 (unit: number of cases)

### Progress of engagement milestones

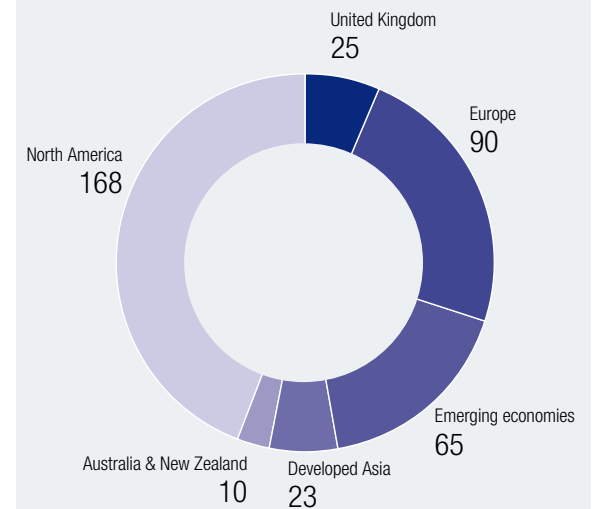
Progress made following engagement activities



Period: 1 July 2023 – 30 June 2024 (unit: number of cases)

### Engagement companies by region

We are conducting engagement activities with companies in a wide range of regions, including emerging countries.



Period: 1 July 2023 – 30 June 2024 (unit: number of cases)

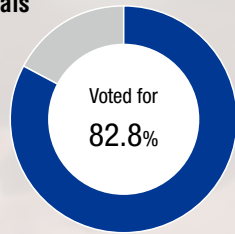


# Voting Rights Exercise for Japanese Equities and REITs

## Voting outcomes for Japanese equities

(July, 2023 – June, 2024)

### Company proposals [23,229]

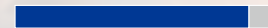


### Company proposals by subject

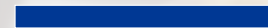
Election/Removal of directors [18,288]



Election/Removal of statutory auditors [1,899]



Election/Removal of accounting auditors [47]



Directors' remuneration [828]



Payment of retirement benefits for directors [78]



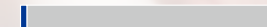
Appropriation of retained earnings [1,437]



Company reorganizations [26]



Introduction/renewal/abolishment of takeover defense scheme [42]



Other proposals for capital policy [94]



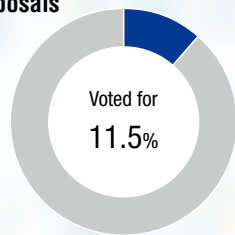
Amendment of Articles of Incorporation [488]



Miscellaneous [2]



### Shareholder proposals [384]



### Shareholder proposals by subject

Election/Removal of directors [84]



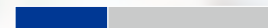
Election/Removal of statutory auditors [2]



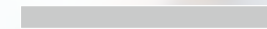
Election/Removal of accounting auditors [0]



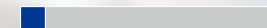
Directors' remuneration [20]



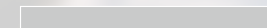
Payment of retirement benefits for directors [0]



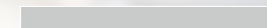
Appropriation of retained earnings [32]



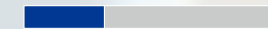
Company reorganizations [0]



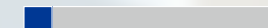
Introduction/renewal/abolishment of takeover defense scheme [0]



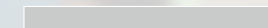
Other proposals for capital policy [23]



Amendment of Articles of Incorporation [216]



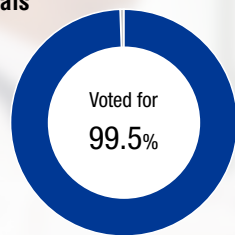
Miscellaneous [7]



## Voting outcomes for REITs

(July, 2023 – June, 2024)

### Company proposals [213]



### Company proposals by subject

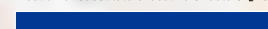
Election of supervisory directors [81]



Election of executive directors [33]



Election of substitute executive directors [40]



Amendment of Articles of Incorporation [36]



Election of substitute supervisory directors [17]



Merger [3]



Miscellaneous [3]



No shareholder proposals were made during the relevant period.





# Voting Rights Exercise for Japanese Equities

Appendix



## Asset Management One's exercise of voting rights

The exercise of voting rights is one of the most important initiatives in fulfilling stewardship responsibilities. We make decisions on proposals taking into account engagement (constructive dialogue with investee companies) with the aim of promoting sustainable social development and enhancing corporate value of the investee companies. In addition, we exercise our voting rights with regard to target companies that may pose a conflict of interest, such as our parent company and group companies, using appropriate systems and processes.

## Revised voting criteria (effective from April 2024)

With the goal of 'realising management that is conscious of the cost of capital and share price' of investee companies, the voting criteria were revised, focusing on the criteria for proposals related to the election of directors. As a result, the ratio of votes in favour of company proposals in the current financial year (July 2023 to June 2024) decreased compared to the previous year.

The main revisions (some excerpts) are as follows.

### Criteria for the election of directors

- Newly Added TSR (Total Shareholder Return) criteria

TSR below the bottom 1/3rd quartile of TSR of companies listed on the TSE Prime Market in any of 1, 3, and 5 fiscal years

- Stricter criteria for determining excessive cross-shareholdings

The ratio of cross-shareholdings as a percentage of net assets changed to 20% (40% for the financial sector); the ratio as a percentage of total assets abolished

For more information, please see the following press release.

[https://www.am-one.co.jp/img/company/36/240229\\_AMOne\\_newsrelease.pdf](https://www.am-one.co.jp/img/company/36/240229_AMOne_newsrelease.pdf)

## Future direction

We will carry out dialogue with investee companies in accordance with the Roadmap for Stewardship Activities from a Medium- and Long-Term Perspective, and revise our voting guidelines and specific decision-making criteria while taking into account the external environment and the situation of investee companies.

(For more information, see p. 22)

### Column Requests regarding the inclusion of the notice of the General Meeting of Shareholders

Dear investee companies: the notice of convocation of the General Meeting of Shareholders is an important reference document for making decisions on proposals. In particular, we request that the following points be clearly stated (or links and other information be provided).

- Information on the Board of Directors  
Status of gender and diversity (e.g. gender ratio)  
Whether or not independent directors/auditors have been notified to the Tokyo Stock Exchange (including plans to submit such notification)
- Information on capital efficiency  
Targets and plans for reduction of cross-shareholdings, and status of implementation of reduction  
Targets, plans and strategies for improving ROE and PBR

Furthermore, if we determine that the information in the notice of convocation and related documents is unclear, we may oppose the related proposals.



## PROXY VOTING IN JAPAN

1	<p><b>A case where, despite violating the performance criteria and the cross-shareholding criteria, we recognized the formulation of an effective plan for improvement and voted in favor</b></p> <p>Japanese equity</p> <p>We have been encouraging regional bank A to improve its capital efficiency through continuous engagement, and we have confirmed that its efforts have accelerated. Although it violated the performance criteria and the cross-shareholding criteria, we recognized its commitment to improving ROE and reducing cross-shareholdings, and we voted in favor. (Appendix, p.18)</p>
2	<p><b>A case of opposing the appointment of a director due to an evaluation of inadequate response to a scandal that occurred in a group business</b></p> <p>Japanese equity</p> <p>We opposed the representative directors of major electric railway Company B due to the delayed response to a scandal (harassment) that occurred in a business under the group's umbrella, which we judged had damaged the brand value of both the group and the business. (Appendix, p.18)</p>
3	<p><b>A case of supporting the shareholder proposal for an external director candidate, with the expectation of accelerating business structural reform</b></p> <p>Japanese equity</p> <p>We engaged in dialogue with both the proposing party and the company regarding the shareholder proposal for the appointment of an independent director at Company C. We determined that new perspectives, which are not present among the current directors, are necessary to accelerate business structural reform. Therefore, we cast our votes in favor of the candidate proposed by the shareholders, who has deep knowledge in business strategy and innovation (an academic). (Appendix, p.19)</p>



# Voting Rights Exercise for Non-Japanese Equities

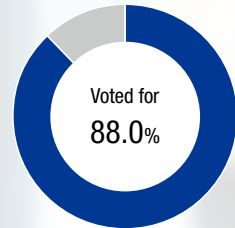
## Voting outcome for non-Japanese equities

(July, 2023 – June, 2024)

### Company proposals

[49,278]

#### Company proposals by subject



Directors related [22,494]



Merger / Acquisition [1,478]



Routine business [14,052]



Takeover defense scheme related [265]



Capitalization [4,369]



Miscellaneous [644]



Compensation [5,976]



## PROXY VOTING OVERSEAS

1

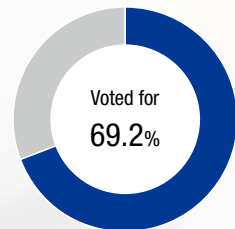
### Non-Japanese equity

We have engaged in joint efforts with investor groups through Climate Action 100+, which involves dialogue with a US-based integrated energy company about reducing greenhouse gas (GHG) emissions and setting targets for these emissions. The investee company has filed a lawsuit seeking an injunction against the submission of a 'shareholder proposal to set Scope 3 GHG emissions targets' However, we opposed the proposal to appoint the lead independent outside director, considering such a response by the company to be inappropriate. ([Appendix, p.20](#))

### Shareholder proposals

[2,039]

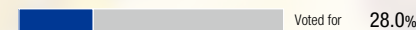
#### Shareholder proposals by subject



Directors related [937]



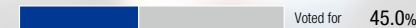
Environmental / Health related [118]



Routine business [315]



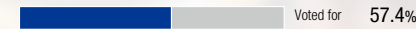
Human rights, Social related [220]



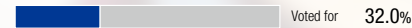
Governance related [69]



Miscellaneous [305]



Compensation [75]



## Takeo Omori

Head of Sustainable Investment  
Group, Investment Division

### With a conviction that will not waver in the face of short-term turbulence

With regard to sustainable investment and ESG, the situation has changed since a few years ago when there was a lot of attention and money was attracted worldwide, and there are some who think that the boom of the time has passed, with anti-ESG movements being seen in the US and reports of sluggish EV sales in Europe. However, I think that sustainable investment and ESG should be considered from a long-term perspective, and that we should not be swayed by short-term trends.

Extreme weather events are increasingly prevalent around the world, and the need to respond to climate change should be widely recognized. Regardless of the political situation, such as anti-ESG, global warming will continue to progress, and extreme weather events will continue to increase. Our response is urgent. Risks and opportunities from a sustainability perspective that reflect this should affect corporate performance and fund performance in the long term. We believe that contributing positively to the environment and society will not only benefit these areas, but will also generate economic returns in the long term. Based on this belief, we have created products such as the All Japan Carbon Neutral Strategy, which aims to promote the decarbonization of society as a whole, and we will also strengthen the provision of information in our investment management. Through these initiatives, we hope to create a virtuous cycle of finance, the environment and society.

### Sustainable Investment Promotion Structure

The Sustainable Investment Group has been working with both groups in the Investment Division, which is in charge of in-house investment management, and the Strategic Fund Investment Division, which is in charge of external investment management, to promote the development of sustainable investment products, as well as to promote sustainable investment through the construction of an ESG integration framework and the provision of data.

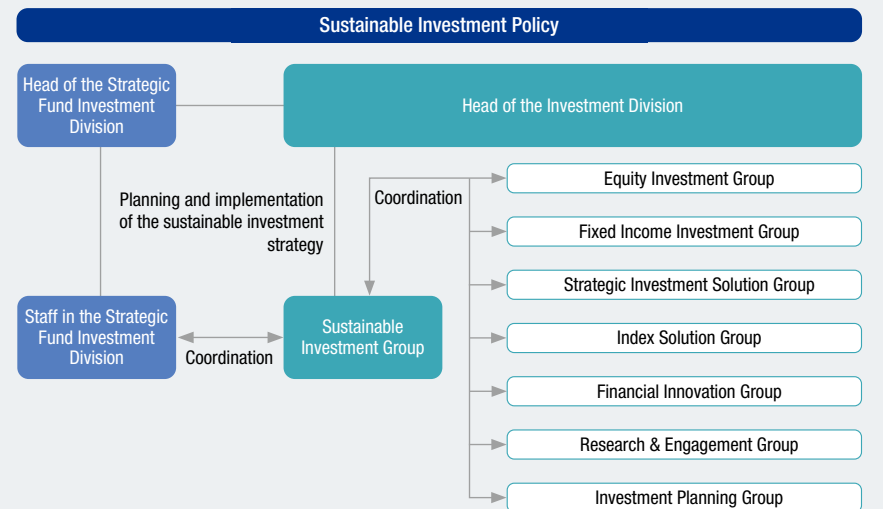
In April 2024, in order to further accelerate our efforts in sustainable investment, the Corporate Sustainability Office, which was directly under the president, was integrated into the Sustainable Investment Group of the Investment Division, and a system was established to promote sustainability efforts across the entire company (corporate sustainability is carried out in collaboration with the Corporate Planning Group).

In addition to existing efforts of the Sustainable Investment Group to expand sustainable investment products and services and promoting sustainable investment through ESG integration, the new group will also be responsible for formulating and promoting the company-

wide net zero initiative, as well as producing the sustainability report and reviewing the materiality map, which were previously carried out by a cross-company task force.

By utilizing the various knowledge we have accumulated to date to advance sustainable investment, and by having the Group take the lead in promoting these initiatives and involving the entire company, we will further accelerate the implementation of sustainability initiatives in our core business.

#### Sustainable Investment Promotion Structure





# Asset Management One's Sustainable Investment

In light of international regulatory trends, including SFDR in Europe, we have established a category of sustainable investment products called the “Sustainable Investment System” to facilitate client choices. We are also working on developing a system for ESG integration that can be widely used in the investment process for equity and fixed income investment management, and we have established a system that allows us to refer to a variety of information, including ESG rating scores that are used as a quantitative ESG evaluation system for investee companies, and qualitative research information provided by our analysts, and we use this information to make investment decisions.

## Sustainable Investment

### Sustainable Investment System

Sustainable product category classification including international regulatory trends ([Appendix P24](#))

### Sustainable investment system

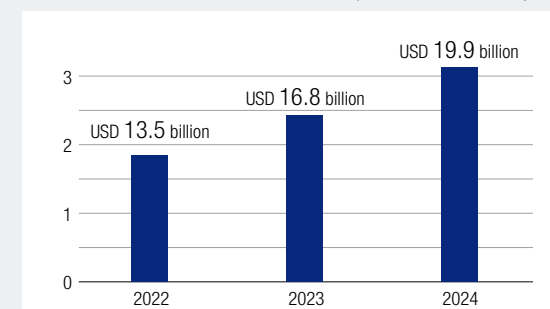
#### Features of the funds

Impact investment	<ul style="list-style-type: none"> <li>Investment that pursues positive, measurable environmental and social impact</li> <li>Requires three elements: “intent to create social impact”, “pursuit and novelty”, and “measurement and reporting”.</li> </ul>
Sustainable Purpose Investment	<ul style="list-style-type: none"> <li>Investment that pursues contribution to solving environmental and social issues</li> </ul>
ESG Leader	<ul style="list-style-type: none"> <li>Investment in excellent companies that contribute to a sustainable society</li> </ul>
Transition	<ul style="list-style-type: none"> <li>Investment in companies that are proactive in reducing their environmental and social impact on society and their own companies in a phased manner</li> <li>Investment in companies that can be expected to improve their ESG initiatives</li> </ul>
ESG integration	<ul style="list-style-type: none"> <li>ESG risks and opportunities (or either) are identified and considered in the investment process</li> </ul>

\* Funds with ESG-related names are assumed to fall under the categories of impact investment, sustainable purpose investment, ESG leader, and transition (conditional).

### ESG assets under management

(As of June 30th of each year)



Assets of products that fall under the ESG-related naming rules set by the company

## Underlying initiatives

### Sustainable Investment Framework (SIF)

This sets out the standards of expectation for investee companies and the actions to be taken if these standards are not met, as well as the criteria for exclusion ([Appendix P25](#))

### ESG rating score

Evaluation based on our core materiality, integrating more than 200 data from external vendors and our analysts' evaluation analysis. Reflects net zero alignment, voting results, and judgment of excluded issues stipulated in SIF ([Appendix P26](#)), ESG integration in fixed income investment management ([Appendix P27](#))

### ESG Research

Providing investment ideas to portfolio managers from various perspectives of sustainability ([P20](#))

### Collaboration with External Partners

Due diligence in external investment management and ESG information vendors ([Appendix P28](#))

### ESG Disclosure

Evaluating and reporting on the ESG characteristics of ESG-related products ([Appendix P29](#))








## 4. Corporate Sustainability

### We have also set out the criteria we look for in our investment targets in our own company

The environmental and social issues indicated on the “Materiality Map” are important not only for our investee companies but also for us to address. Based on the core materiality of the issues that are considered to have a particularly significant impact and require priority action, we have set the following three key areas for corporate sustainability initiatives, and are implementing various initiatives with long-term goals. We aim to instill a sense of urgency regarding sustainability in our employees, who are the driving force behind our business, and encourage them to take action themselves, so that sustainability initiatives become ingrained in the actions of each and every one of them. In addition to initiatives in the three key areas, we are also strengthening our initiatives in light of the fact that there is a growing social demand for financial institutions to engage in social contribution activities, including financial and economic education.

#### Key Areas of Corporate Sustainability Initiatives

Key Areas	Vision and long-term goals	Our initiatives
<b>Climate Change and Environmental Issues</b> 	<b>Vision</b> <ul style="list-style-type: none"> <li>● Realization of a global environment that serves as the foundation for a sustainable society and economy</li> </ul> <b>Long-term goals</b> <ul style="list-style-type: none"> <li>● Our GHG emissions (Scope 1 and 2) will be netzero by 2030</li> <li>● GHG emissions (Scope 3 categories 1 to 14) across the entire supply chain will be netzero by 2050</li> </ul>	<ul style="list-style-type: none"> <li>● Decarbonization: Renewable energy at some domestic and overseas sites (Scope 1, 2)</li> <li>● Reducing environmental impact: Switching to office supplies with low environmental impact, installing water dispensers to promote the use of reusable bottles</li> </ul>
<b>DE&amp;I*</b> 	<b>Vision</b> <ul style="list-style-type: none"> <li>● An organization where all employees can feel that they are treated fairly and impartially</li> </ul> <b>Long-term goals</b> <ul style="list-style-type: none"> <li>● Increase the ratio of female in decision-making positions to at least 30% by 2030</li> </ul>	<ul style="list-style-type: none"> <li>● Eliminate the gender gap: consider diversity in recruitment, executive mentoring program, eliminate gender pay gap</li> <li>● Create an organization with psychological safety: provide opportunities for dialogue between employees, managers and executives at the workplace (<a href="#">Appendix P31</a>)</li> <li>● Human rights: Gap analysis of human rights initiatives in our supply chain and international standards, human rights training for employees</li> </ul>
<b>Employee wellbeing and job satisfaction</b> 	<b>Vision</b> <ul style="list-style-type: none"> <li>● Realization of an organization where professionals can continue to work with a high sense of engagement</li> </ul> <b>Long-term goals</b> <ul style="list-style-type: none"> <li>● While we do not have long-term numerical targets, we use the “engagement score” from the survey of all employees as a monitoring indicator</li> </ul>	<ul style="list-style-type: none"> <li>● Supporting the activities of diverse employees: Providing opportunities for autonomous career development, enhancing systems related to work styles (<a href="#">Appendix P31</a>)</li> <li>● Physical and mental health: Health promotion measures (such as walking events), support for various medical checkups, promoting the use of paid leave, and ensuring sufficient intervals between work periods</li> <li>● Providing a workplace environment that is easy to work in and that is worthwhile: Office reform to stimulate communication, supporting employees' work styles through digital transformation (DX)</li> <li>● Improving the financial wellbeing of employees: Providing financial and economic education for all employees, by age group</li> </ul>

\* Diversity, Equity and Inclusion

#### Social Contribution Activities

##### Financial and economic education

- Establishment of Institute for Creating Sustainable Future (P34) Offering the “Fund Manager Course” at KidZania Online College
- Endowed lectures and guest lectures at universities, etc.

##### Endowments

- Making donations to support recovery from large-scale disasters and other social and environmental issues identified as materiality

Appendix



# Current Status of Corporate Sustainability Initiatives

## Long-term goals for tackling climate change and environmental issues

Reducing GHG emissions at our firm (Scope 1 and 2)  
to net zero by 2030

Reducing GHG emissions across the supply chain  
(category 1 through 14 in Scope 3)  
to net zero by 2050

### GHG emissions (Scope 1 and 2)

Unit: t-CO <sub>2</sub>	FY2021	FY2022	FY2023
Japan offices	0	0	0
Overseas offices	48.5	49.2	35.1

\* Scope 1/2/3: GHG Protocol, the global standard for calculating and reporting GHG emissions, defines Scope 1 as direct emissions from fuel combustion or industrial processes by businesses themselves, Scope 2 as indirect emissions associated with the use of energy supplied by others, and Scope 3 as indirect emissions by others related to the company's activities, other than Scopes 1 and 2.

\* FY2021 (April 2021 to March 2022), FY2022 (April 2022 to March 2023), FY2023 (April 2023 to March 2024)

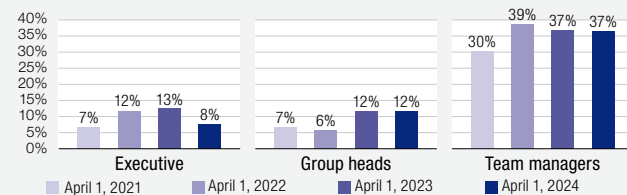
\* Overseas offices refer to the four offices of London, New York, Singapore and Hong Kong.

\* London Office achieved 100% renewable energy usage.

\* The GHG emissions from the Singapore base will be until April 2024.

\* Category 1 through Category 14: Of the 15 categories of Scope 3 in GHG Protocol, all categories excluding category 15, "Investments"

## Diversity, equity and inclusion Female ratio in decision-making roles



• To achieve the goal of increasing the female ratio at all levels of the decision-making positions to 30% by 2030, we have implemented a systematic training programs through the identification of potential female leaders, development of their training plans and executive mentoring system based on these training plans.

## Personnel data (as of April 1, 2024)

	Male	Female	Total	Female ratio	KPI of female ratio	Gender wage gap(Male=100)	Ratio of employment for people with disabilities <sup>*2</sup>
Executives <sup>*1</sup>	12	1	13	7.7%	30%	—	—
Total employees	602	317	919	34.5%	—	78.2	2.8%
Group heads	43	6	49	12.2%	30%	91.9	—
Team managers	52	30	82	36.6%	30%	84.0	—
Other employees	439	268	707	37.9%	—	75.8	—
Non-regular employees <sup>*3</sup>	68	13	81	16.0%	—	75.9	—

\* 1 Excludes Audit and Supervisory Committee members \* 2 As of June 2024 \* 3 Contract employees, fixed-term contract employees, etc.

\* Personnel data above does not include employees in subsidiaries or affiliates of Asset Management One

• The gender wage gap has a trend to narrow from 75.9 for the total employees in the latest fiscal year. In our view, the current gap is attributable primarily to the fact that a high proportion of female employees is engaged in relatively small job size roles under the professional personnel system where wages are linked to job size. We will continue to change the awareness and foster corporate culture through programs and systems to increase opportunities for career developments. We also check the ratio of male and female candidates for promotion, and any differences in the same job category by gender, and make corrections as necessary.

• The ratio of employment for people with disabilities is 2.9%, which is at almost the same level as in the latest fiscal year. After hiring, we have an interview with each of them, confirm the environment where they work, and improve the environment as needed. We will continue recruitment activities and create an environment where all employees can exercise their own abilities and feel united.

## Autonomy and growth Autonomous career development support program (FY2023)

Program/system	Details	Participant (applicant) number
Career Talk	A program where employees talk about their careers and lives, and exchange opinions with participants	117
Operations experience/introduction program	Introduction/experience of operations hosted by internal departments for autonomous career formation (total of 51 programs)	308
Internal job posting system	Recruit 39 roles targeting employees with one year or more of service	23
Skill improvement support system	Supplement costs to acquire skills required of new jobs	6
Certification acquisition application system	Assistance to acquire 51 designated certifications, payment of annual membership fees/registration fees for the Certified Member Analyst of the Securities Analysts Association of Japan (CMA), etc., assistance for expenses and incentive payment for TOEIC	40 cases

## Health in mind and body Rate of taking leave and work hours

	FY2021	FY2022	FY2023
Rate of taking annual leave	62.5%	67.1%	69.2%
Rate of taking long-term leave	100.0%	100.0%	99.9%
Average monthly work hours	184.9	184.4	180.2

• Considering how health in mind and body affects job performance, we recommend an 11-hour work interval system and encourage employees to take longer-term leave twice a year. While monitoring status on a periodical basis and implementing initiatives for improvements, we provide feedback to management and employees.

## Relationship of trust between company and society Engagement score

	FY2021	FY2022	FY2023
Engagement score	67.3	69.3	68.6
Response rate	84%	85%	87%

\* Average of a fiscal year

• We conduct a monthly engagement survey targeting all employees. The purpose of the survey is visualizing the organization's condition and perceiving the trend of change, which is leveraged by executives and management for organizational management. At the same time, we have implemented an initiative to raise the response rate for a better understanding of the actual condition

## Safe, secure and easy-to-work-in workplace Rate of taking childcare leave

	FY2021	FY2022	FY2023
Male employees	14%	63%	85%
Female employees	60%	140%	88%

• We provided training targeting management and male employees to encourage men to take childcare leave, and the rate of male employees taking childcare leave has improved significantly since last fiscal year. We continue to implement initiatives to encourage employees to take childcare leave and aim for an environment where all employees can take childcare leaves regardless of their gender if they would like to take this leave.

\* The numerator is the number of employees who took childcare leave during the year, and the denominator is the number of employees who gave birth to a child or whose spouse gave birth to a child during the year. If the year of childbirth and the year of childcare leave acquisition differ, the acquisition rate may exceed 100%.

\* FY2021 (April 2021 to March 2022), FY2022 (April 2022 to March 2023), FY2023 (April 2023 to March 2024)





# Approaches to Financial and Economic Education

website



## Establishment of Institute for Creating Sustainable Future

The Institute for Creating Sustainable Future was established in October 2023 with the aim of promoting awareness and disseminating information in the fields of personal asset formation, financial wellbeing and financial and economic education. In order to realize our corporate message of “Creating a sustainable future through the power of investment”, we are engaged in the following activities for a wide range of generations, including parents and children, the workplace and students.



**Masako Ito**  
Executive Officer,  
Deputy-Head of Planning Division,  
Head of Institute for Creating Sustainable Future

### (1) Dissemination of information, research and analysis related to asset formation and financial wellbeing

We provide easy-to-understand information through reports, seminars, media and other channels to help individuals achieve better investment experiences by understanding their emotions and behaviors. We also conduct research and make recommendations to help individuals solve issues related to asset formation and utilization.

### (2) Planning and promotion of financial and economic education

As individuals' life plans become more diverse, we are also involved in financial and economic education activities, planning, producing and disseminating content and financial education tools that make use of our specialized expertise to provide information on how to interact with money in a way that is appropriate for your lifestyle.

## Case Studies

### Children and Parents

In March 2024, we began providing content on the free app “KidZania Online College” that allows children to learn about the work of a “fund manager”. Through three types of content - videos, training, and workshops - children can learn about the connection between investment and society while having fun.

In August 2024, we held a seminar for elementary school children and their parents at three branch offices, including the Ibaraki branch of Dai-ichi Life Insurance Company, in collaboration with the Dai-ichi Life Research Institute. While financial and economic education for elementary school children often focuses on topics such as how to manage pocket money, this seminar was designed to convey the message “How does money live in society?”, and was well received.



© & (R) kidZania 2024  
Asset Management One is a sponsor of  
KidZania Online College.



### University students

In June 2024, we held a lecture at Tokyo Woman's Christian University on the theme of “the connection between investment and society,” and engaged in interactive communication with 12 third-year students in the International Finance Seminar.

At the start of the lecture, many students had a negative impression of investment, but as they learned about the role of finance, the investment chain, and examples of engagement activities by asset management companies, they began to change their attitudes towards investment in a positive way.

We are also actively involved in education for university students, including at Kyoto University and Tokyo University of Science.



### Workplace

We have invited external experts to join us in establishing a “long-term research team for implementing asset formation in society” in collaboration with The Research Institute for Policies on Pension and Aging (RIPPA) and T. Rowe Price Japan, Inc.

In August 2024, we conducted a survey on the current state of asset formation and financial and economic education in the workplace, and are conducting research to clarify practical issues and what companies and corporations should be doing to encourage behavioral change among individuals.

We are also actively working to improve the financial wellbeing of our employees, and for the first time within the company, we have implemented age-based life planning training that all employees are required to participate in.

### Teachers

We participated in the “2024 Private Sector Training for Teachers” organized by the Japan Institute for Social and Economic Affairs for the first time, hosting a training program for a total of 24 elementary and junior high school teachers from Bunkyo and Shinagawa wards in Tokyo.

In addition to experiencing seminars on thinking about their own life plans and workshops on simulating investment using Lego blocks, the participants also discussed how to effectively convey to students in educational settings that “society can be made better through investment”.

Participants commented that “my impression of investment has completely changed” and “I want to tell children that investment is one way to spend money”.

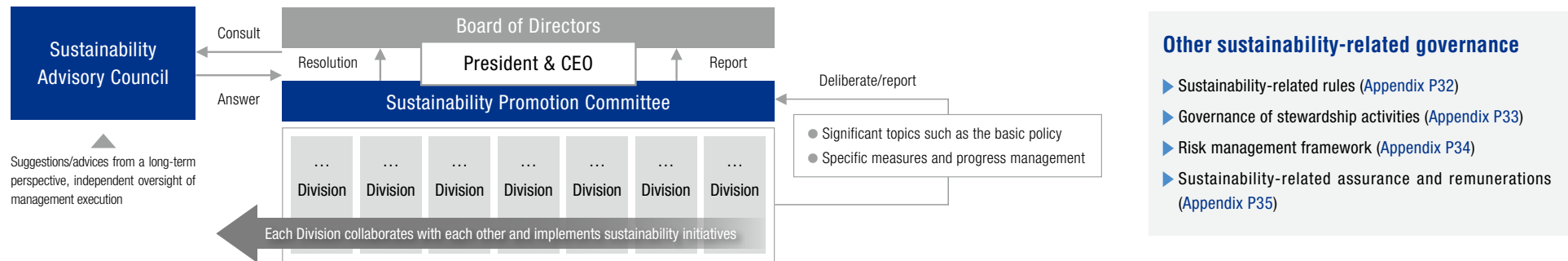


The foundation for sustainable value creation to “Creating a sustainable future through the power of investment”

## Maintaining and Enhancing the Sustainability Governance System

We believe that it is necessary to implement sustainability into our management in order to “Creating a sustainable future through the power of investment”, and we have defined “Sustainability Governance” as “a system in which sustainability is incorporated into management decision-making and overseen by the Board of Directors”. We have established a “Sustainability Promotion Committee” at the executive level and a “Sustainability Advisory Council” at the supervisory level, which is an advisory body to the Board of Directors, and have built a framework around them.

### Structure for Sustainability Initiatives



### Sustainability Advisory Council

During the process of considering the establishment of sustainability governance, the Board of Directors held a series of discussions on the role it should play, the current issues it faces, and the framework for resolving these issues. In July 2021, the Board of Directors established the Sustainability Advisory Council as an advisory body, and invited two external advisors with deep knowledge of the field of sustainability to join the council. The Board of Directors regularly receives reports and discusses the basic policy and implementation status of our sustainability initiatives, and when necessary, refers important agenda items to the Sustainability Advisory Council for advice from external advisors from a long-term perspective, which we use to improve the quality of our sustainability initiatives.

#### Examples of Agenda Items at the Sustainability Advisory Council

Date	Example of agenda
November 8, 2024	<ul style="list-style-type: none"> <li>● Hearing of opinions from external experts on the asset management company's policy for transitioning to net zero</li> <li>● Hearing of opinions from external experts on the corporate sustainability policy and specific initiatives</li> </ul>

### Sustainability Promotion Committee

In order to implement important strategies related to sustainability, we established the Sustainability Promotion Committee in June 2024 with the aim of improving the execution capabilities of the executive team and enhancing governance. We are discussing and examining our approaches to sustainability promotion from two perspectives: as an asset management company and as a business company.

#### Example of Agenda for Sustainability Promotion Committee

Date	Example of agenda
June 25, 2024	<ul style="list-style-type: none"> <li>● Discussion of the policy for considering future sustainable investment products</li> <li>● Discussion of the formulation of a net zero roadmap</li> <li>● Report on Corporate Sustainability Policy for this fiscal year</li> </ul>
September 26, 2024	<ul style="list-style-type: none"> <li>● Discussion of the formulation of a net zero roadmap</li> <li>● Report on the policy for reviewing the materiality map for this fiscal year</li> </ul>

Appendix

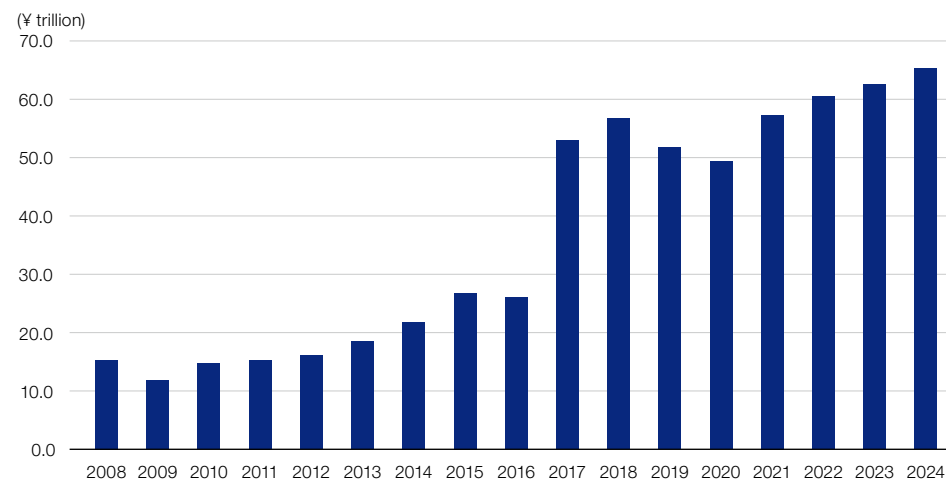


# Data Section

## Overview

<b>Name:</b>	Asset Management One CO., Ltd.		
<b>President &amp; CEO:</b>	Noriyuki Sugihara		
<b>Address:</b>	Tekko Building, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo 100-0005		
<b>Capital:</b>	JPY 2 billion		
<b>Establishment:</b>	<p>October 2016</p> <p>established through a merger of DIAM CO., Ltd., the Asset Management Division of Mizuho Trust &amp; Banking Co., Ltd., Mizuho Asset Management Co., Ltd. and Shinko Asset Management Co., Ltd.</p>		
<b>Shareholders:</b>	Mizuho Financial Group, Inc.	Economic interests 70%	Voting rights 51%
	Dai-ichi Life Holdings, Inc.	30%	49%
<b>Employees:</b>	919(as of April 1, 2024)		

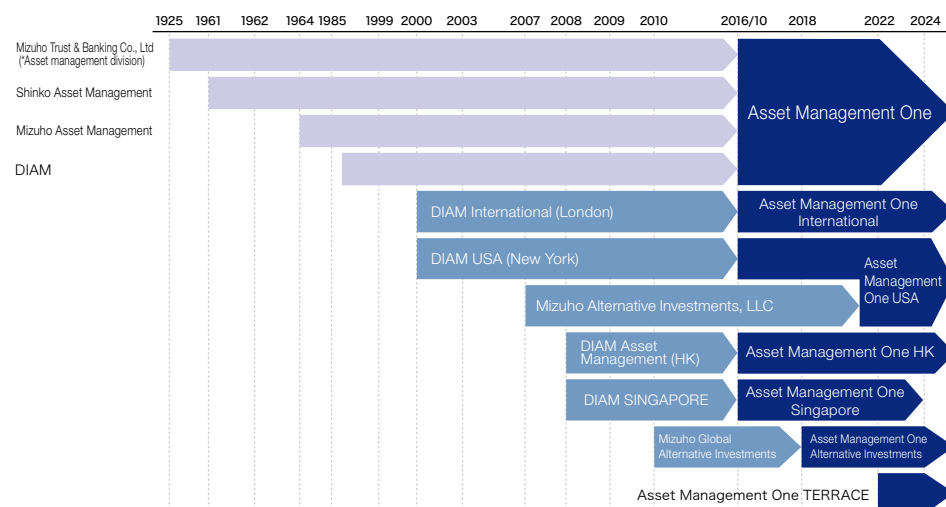
## Assets under management



As of the end of March of each year. Given that Mizuho Asset Management Co., Ltd. Was established in July 2007, the information from March 2008 is provided.

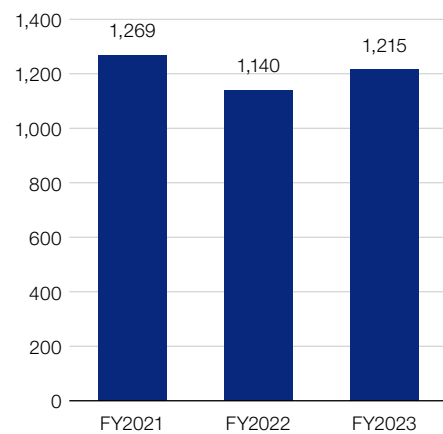
From 2008 to 2016, the assets under management of Mizuho Trust & Banking Co., Ltd.(the assets under management of that company during that period) are not included.

## History

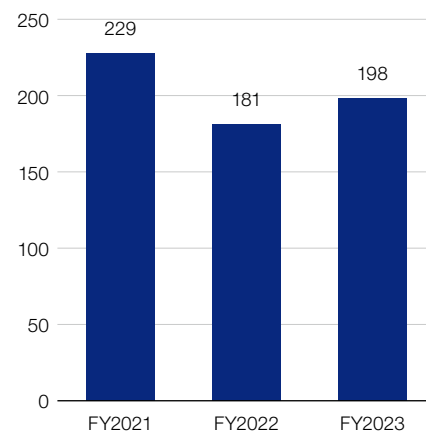


## Financial data

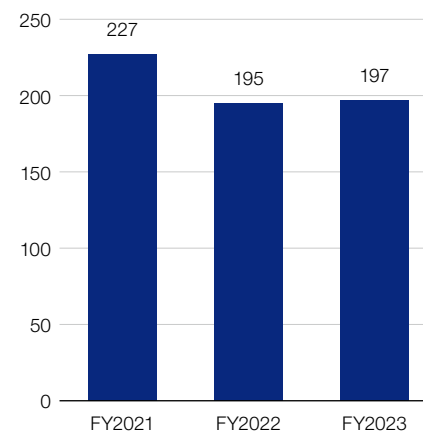
■ Operating revenue(JPY billion)



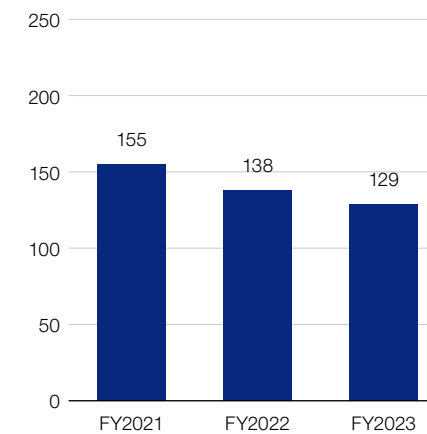
■ Operating profit(JPY billion)



■ Ordinary profit(JPY billion)

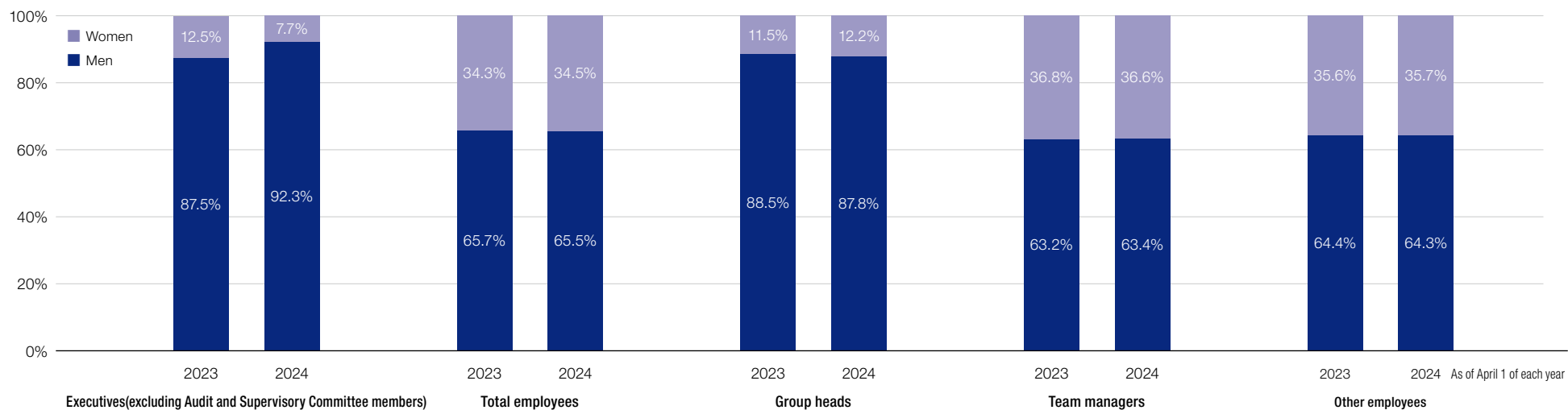


■ Profit(JPY billion)



As of the end of each fiscal year

## Gender distribution of executives and employees



# For Fair Reporting

This report comprehensively discloses all of our firm's activities related to sustainability in an easy-to-understand manner for all stakeholders, including clients, investee companies, employees, local communities, and other market participants.

Related parties from all operating divisions of our firm have contributed for drafting this report, and we sought to present our activities fairly and in a clear and comprehensible format. In particular, we made efforts to comprehensively report a wide range of activities regarding stewardship, spanning various asset classes, from engagement activities to exercising voting rights.

We have endeavored to ensure that this report is fair, balanced and understandable; the report has undergone a review process by those responsible for the operations related to the content presented in each chapter, and has been reported to the President and the Board of Directors among others.

## Note

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- This material was prepared using data judged to be reliable by Asset Management One Co., Ltd., but the firm does not guarantee the contents' completeness or accuracy. Moreover the presented data is past performance and does not guarantee future investment results.
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## Asset Management One Co., Ltd.

Director of Kanto Local Finance Bureau (Financial Instruments Firms) No. 324

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