

Information on women's empowerment in companies is being used in investing!

- About two-thirds of institutional investors use information on women's empowerment.
- Information on women's empowerment is being referenced regardless of market segment.
- Regarding information disclosure, companies are being asked to clearly state their goals, disclose information in a way that shows changes over time, and increase their disclosure of quantitative items.



Survey Research on Gender Lens Investing*: Results of responses given in questionnaire and interview surveys

• Survey overview

Survey Research on Gender Lens Investing: Survey by Questionnaire, Cabinet Office, Government of Japan

Target: 255 institutional investors who have signed up to the Principles for Responsible Institutional Investors (Japan's Stewardship Code) (129 responses, 51% response rate)

Survey Period: December 23, 2022 – January 27, 2023

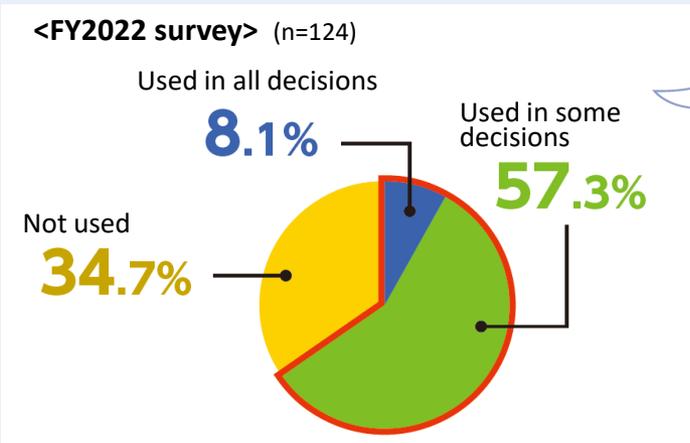
Survey Method: Questionnaires were sent to target institutions by email or postal mail, with respondents asked to answer using a response form (respondents were asked to identify themselves)

- Interview surveys were conducted with 11 organizations involved in the capital market that are engaged in gender lens investing

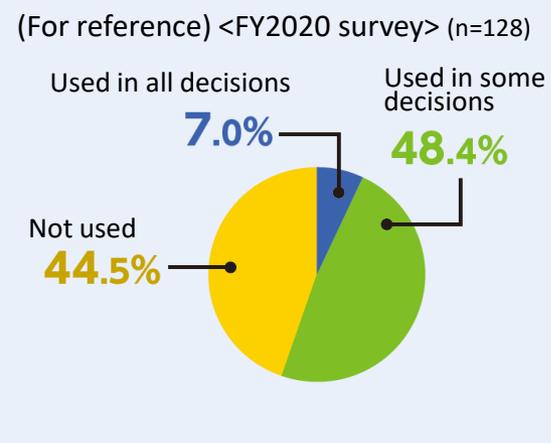
* In this document, "gender lens investing" refers to investment that takes into account elements of women's participation and advancement in companies.



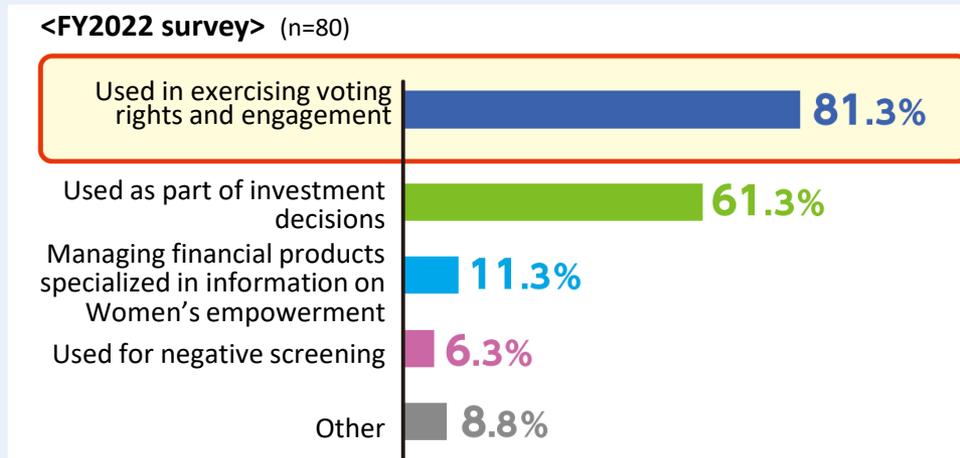
In making investment decisions, do you use information on the company's efforts for women's empowerment and on work style reforms, etc. that underpin its women's empowerment (hereinafter referred to as "information on women's empowerment")?



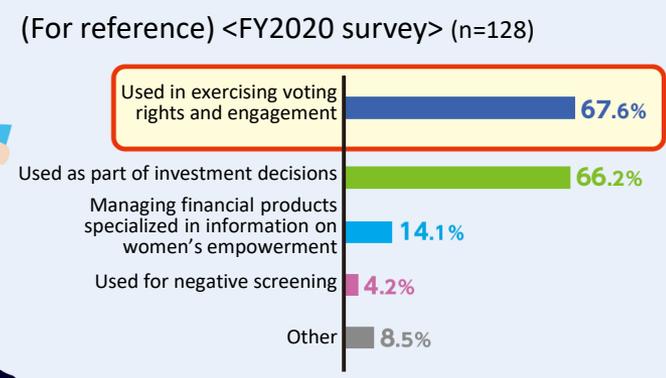
About two-thirds of institutional investors answered that they used information on women's empowerment in "all" or "some" investment decisions.



How information on women's empowerment is used in investment decisions



More than 80% of institutional investors answered that they used information on women's empowerment in "exercising voting rights and engagement."



* This question targets those who answered that they used information on women's empowerment in "all" or "some" investment decisions

* Multiple answers allowed

What segment of the market do you focus when using information on women's empowerment in investment decisions and operations?

(n=81)

Refer to the information regardless of the company's market segment **74.1%**



* This question targets those who answered that they used information on women's empowerment in "all" or "some" investment decisions

* Multiple answers allowed

Regarding the market segment of companies, when referring to information on women's empowerment, **about three-quarters of institutional investors answered that they refer to the information regardless of market segment.** This indicates that information on women's empowerment **is being used as a basic indicator in corporate evaluation when making investment decisions.**

Reasons for using information on women's empowerment in investment decisions and operations

(n=81)

It will have a long-term impact on business performance. **75.3%**

It will help the company secure outstanding human resources. **46.9%**

Society as a whole needs to engage in promoting women's empowerment **44.4%**

It will be a reference for exercising voting rights **43.2%**

I believe that the information will help innovate the company **35.8%**

Demands of asset owners (clients) **11.1%**

It is emphasized in investment strategy **9.9%**

Other **7.4%**



"It will have a long-term impact on business performance" was the most common response, followed by **"It will help the company secure outstanding human resources."**

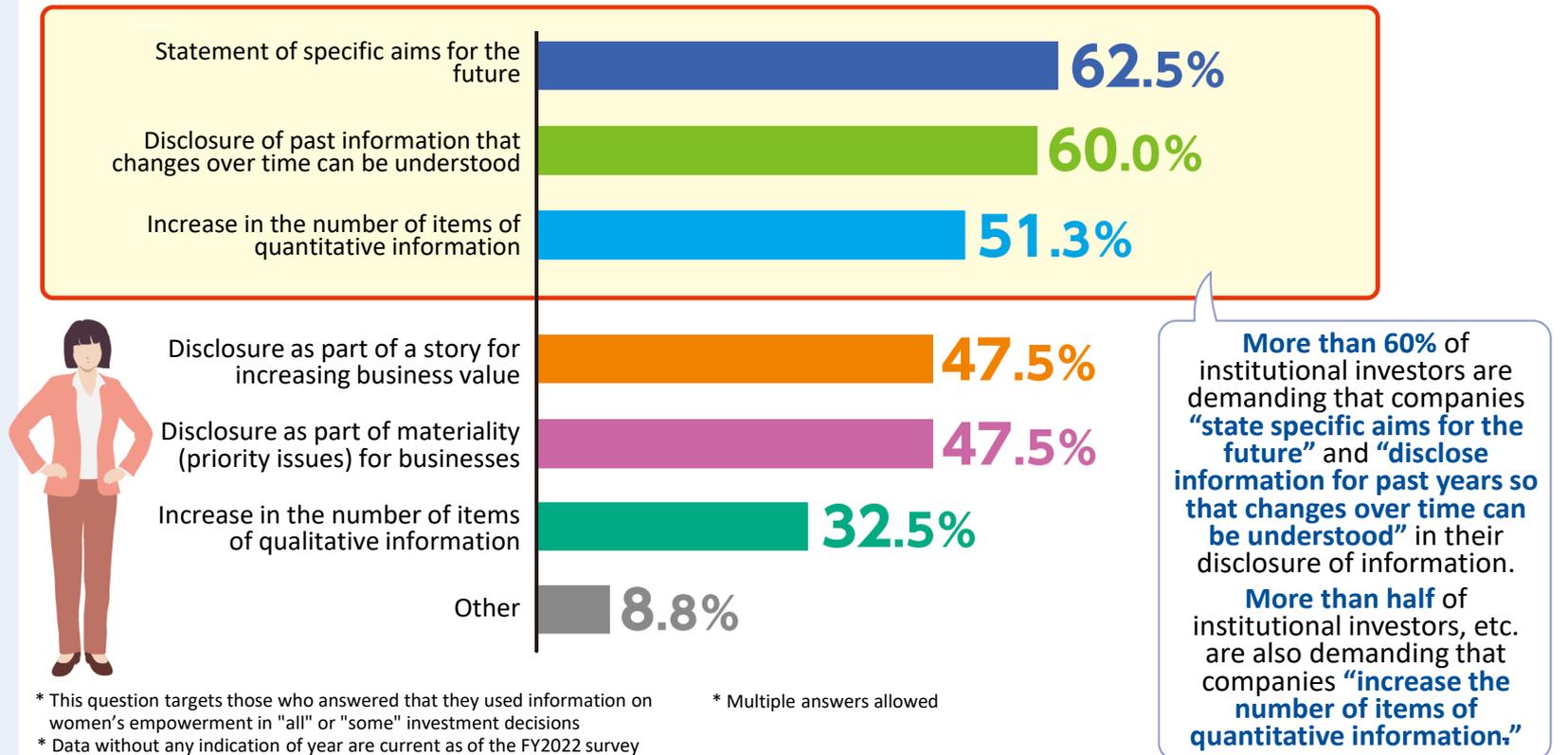
Institutional investors believe that **women's empowerment will bring long-term returns and secure human resources.**

* This question targets those who answered that they used information on women's empowerment in "all" or "some" investment decisions

* Multiple answers allowed

What investors want in disclosure of information on women's empowerment

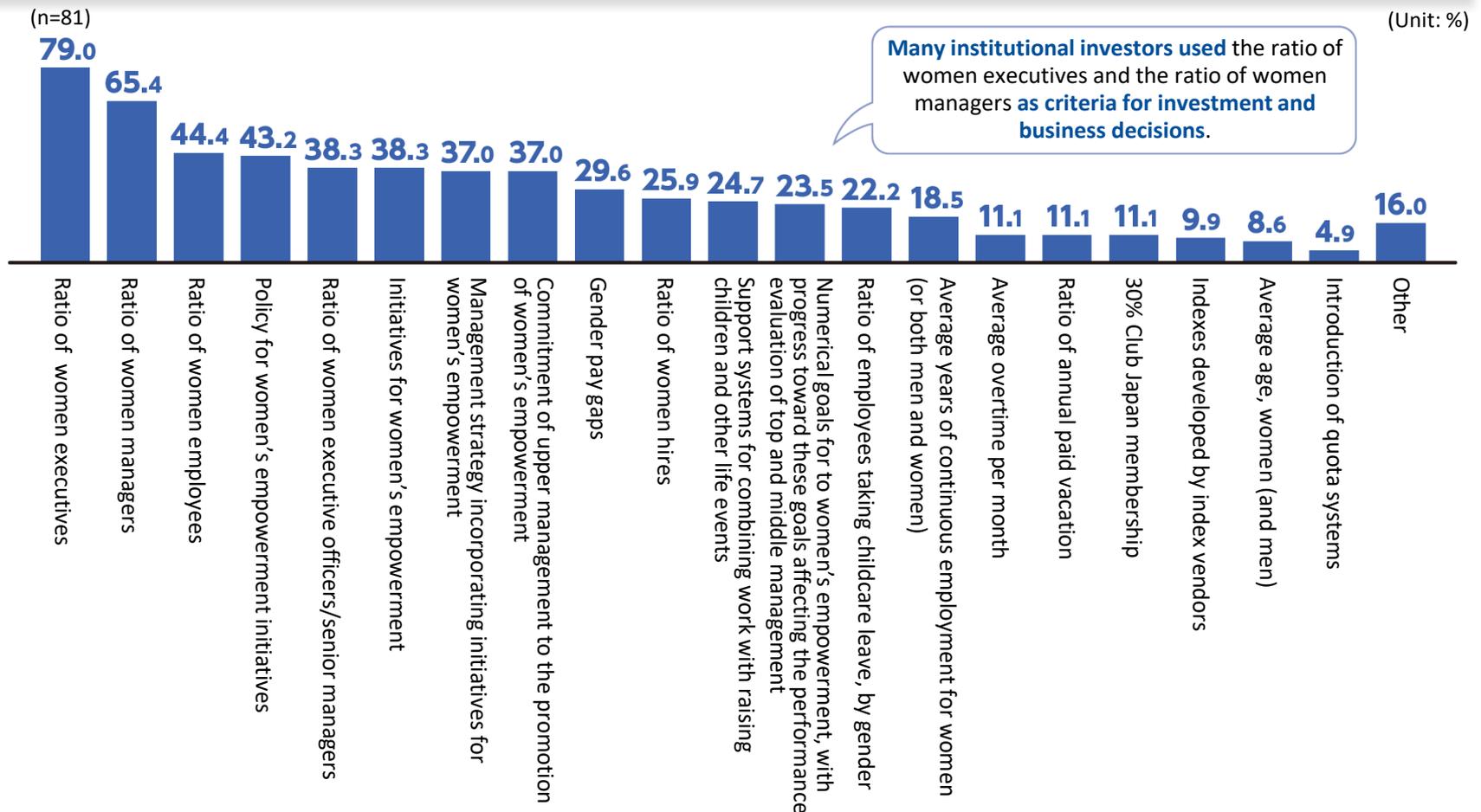
(n=80)



Institutional investors were interviewed

How do you evaluate **information on women's empowerment**?

What information on women's empowerment do you use in investments and business, and why?



Why?



Emphasis on the ratio of women executives!

- ✓ Included in the **criteria for exercise of voting rights**
- ✓ **To check whether diversity of opinion is reflected** in the decisions by board of directors
- ✓ **Comparisons can be made** as all listed companies disclose this

Why?

Emphasis on the ratio of women managers!

- ✓ I believe that promoting diversity in decision-making **leads to the creation of innovation**
- ✓ I believe that it is **a clear statement of how much a company advances women in the workplace**
- ✓ I believe it will **contribute to diversity in the board of directors** in the future

Why?

Emphasis on initiatives promoting women's empowerment!

- ✓ Given that issues and initiatives vary greatly among companies and industries, I believe that **initiatives should be confirmed and evaluated based on each company's situation**
- ✓ Initiatives such as through the personnel training of women employees **will help increase the percentage of women in executives and managers in the future, and will contribute to the growth of the company**

Why?

Emphasis on management strategy incorporating initiatives for women's empowerment!

- ✓ To increase corporate value sustainably, I believe it is **important to be aware of the development of comfortable workplaces and diversity in management strategies**
- ✓ **To determine how women's empowerment is linked to the corporate management strategies and leads to improving corporate value**

Showcase of Initiatives for Gender Lens Investing

Management of fund specializing in women's empowerment

Meiji Yasuda Asset Management Company Ltd.

Total assets under management: Investment advisory: JPY 1,760.9 billion
Investment trusts: JPY 2,014.7 billion (as of March 31, 2022)

In July 2015, the company established a publicly offered investment trust called the Advancement of Women Promotion Fund to be managed by women fund managers. In this fund, the characteristics of the overall portfolio are managed by **evaluating 13 items, including the percentage of women appointments to management positions, the gender gap in continuous years of service, the commitment of the company president, and the system for appointing directors.** The fund also **emphasizes engagement with companies. It supports each company's initiatives by preparing an ESG Analysis and Dialogue Sheet for the company to preview and holding in-depth discussions for the resolution of issues.**

Management of funds using information on women's empowerment, incorporation of standards related to women's empowerment into the Guideline on the Exercise of Voting Rights

Sumitomo Mitsui Trust Asset Management Co., Ltd.

Total assets under management: Approx. JPY 87,000 billion
(as of March 31, 2022)

The company has **developed its own indicators** for assessing corporate ESG information, including women's empowerment and diversity, and **uses them in all fund investment decisions. With the aim of having impact in resolving social, economic, and political issues** that are attributable to gender disparities in employment and education opportunities, gender disparities in domestic labor, and discrimination, the company also **manages an impact fund that incorporates information on women's empowerment.** In December 2022, the company revised its Guideline on the Exercise of Voting Rights, stipulating a provision to be applied to TOPIX 500 constituents for the time being that it will oppose any resolutions for the appointment of directors if there are no women on the board of directors.

Management of diversity-focused fund with the number of women directors a condition for voting

AllianceBernstein Japan Ltd.

Total assets under management: Approx. 5,874.1 billion
(as of September 30, 2022)

Last year, AllianceBernstein launched a diversity-focused fund. It also **takes Diversity & Inclusion and other ESG information into account when evaluating companies** in most of its actively managed funds. **One of the most important gender factors it looks at when evaluating companies is the percentage of women on the board of directors. It requires that at least one woman be included on a company's board of directors, and states in its proxy voting policy that it will oppose the appointment of top management if this requirement is not met.**

Use of non-financial ESG information, including information on women's empowerment, for all Japanese equity products

Schroder Investment Management (Japan) Limited

Total assets under management: JPY 107,000 billion
(as of June 30, 2021; Group total)

The company has **integrated non-financial ESG information, including information on women's empowerment, into all of its Japanese equity products.** For a company to promote women's empowerment, **it must demonstrate the commitment of management by setting targets with deadlines and it must put in place effective mechanisms for achieving those targets.** Schroder Investment Management (Japan) emphasizes diversity in boards of directors, and since 2022, **starting with TOPIX 100 constituents, it has included in its voting guidelines for Japanese equities a standard for the appointment of women to boards of directors.**

Adoption of gender diversity standards in voting recommendations policy

Glass Lewis Japan

For some time, this company has applied a policy of recommending the appointment of women directors to the boards of listed companies in Japan. **For shareholder meetings held on or after February 1, 2023, its policy for companies listed on the Prime Market is to recommend voting against the nominating committee chair at companies with a nominating committee structure, and against the chair of the board at companies with other corporate governance structures, unless at least 10% of board members are gender diverse (that is, women or genders other than men and women). The expectation is that companies that choose to list on the Prime Market should also aim for global standards in their initiatives for gender diversity.**

Impact investment that helps promote women's empowerment

The Dai-ichi Life Insurance Company, Limited

Total assets under management: JPY 35,629.6 billion
(as of September 30, 2022)

In order to the realization of a sustainable society as a responsible institutional investor, Dai-ichi Life Insurance Company, "Dai-ichi Life", has **identified "Respect for Human Rights and Promotion of Diversity" as one of its key social issues.** Dai-ichi Life has made several investments for this purpose, and one of example is **making impact investments in domestic start-ups that promote women's empowerment.** In the investment process, Dai-ichi Life holistically considers **corporate management strategies including initiatives on the women's empowerment;** and Dai-ichi Life believes that **the key is to enhance human capital through the empowerment of women, the implementation of management strategies that include the above issue, and the enhancement of corporate value as a result.**

Supporting entrepreneurs with an ESG-focused VC fund

MPower Partners Fund L.P.

MPower Partners Fund is the first ESG-focused venture capital fund in Japan. This fund was launched **based on the belief that startups can bring about sustainable growth and a virtuous cycle for society by incorporating ESG perspectives into their strategies, and also on a desire to support the next generation of entrepreneurs.** The fund provides support so that investees can implement ESG initiatives effectively. **It wants to show that when companies promote diversity, it leads to innovation and high performance.**

Investment in ESG indexes, including thematic indexes on women's empowerment

Government Pension Investment Fund (GPIF)

Total assets under management: JPY 189,936.2 billion
(as of December 31, 2022)

GPIF promotes ESG investments based on the GPIF's Investment Principles that declares "sustainable growth of investee companies and the capital market as a whole are vital in enhancing long-term investment returns." As for thematic indexes related to gender diversity, GPIF invests in MSCI Japan Empowering Women Index (WIN) and Morningstar Gender Diversity Index (GenDi). It believes that ESG investments will **lead to increased investment returns and decreased risk in the long-term.** GPIF **continuously verifies the effects of ESG investment and confirms the direction of its initiatives, and discloses the results of that analysis and so on in the ESG Report and other publications.**

For more detailed information, please visit the Cabinet Office Gender Equality Bureau Government of Japan website (https://www.gender.go.jp/policy/mieruka/compny/r4gender_lens_investing_research.html).



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