



PUBLIC TRANSPARENCY REPORT

2024

Sumitomo Mitsui DS Asset Management Company, Limited

Generated 25-11-2024

About this report

PRI reporting is the largest global reporting project on responsible investment. It was developed with investors, for investors.

PRI signatories are required to report publicly on their responsible investment activities each year. In turn, they receive a number of outputs, including a public and private Transparency Report.

The public Transparency Reports, which are produced using signatories' reported information, provide accountability and support signatories to have internal discussions about their practices and to discuss these with their clients, beneficiaries, and other stakeholders.

This public Transparency Report is an export of the signatory's responses to the PRI Reporting Framework during the 2024 reporting period. It includes the signatory's responses to core indicators, as well as responses to plus indicators that the signatory has agreed to make public.

In response to signatory feedback, the PRI has not summarised signatories' responses – the information in this document is presented exactly as it was reported.

For each of the indicators in this document, all options selected by the signatory are presented, including links and qualitative responses. In some indicators, all applicable options are included for additional context.

Disclaimers

Legal Context

PRI recognises that the laws and regulations to which signatories are subject differ by jurisdiction. We do not seek or require any signatory to take an action that is not in compliance with applicable laws. All signatory responses should therefore be understood to be subject to and informed by the legal and regulatory context in which the signatory operates.

Responsible investment definitions

Within the PRI Reporting Framework Glossary, we provide definitions for key terms to guide reporting on responsible investment practices in the Reporting Framework. These definitions may differ from those used or proposed by other authorities and regulatory bodies due to evolving industry perspectives and changing legislative landscapes. Users of this report should be aware of these variations, as they may impact interpretations of the information provided.

Data accuracy

This document presents information reported directly by signatories in the 2024 reporting cycle. This information has not been audited by the PRI or any other party acting on its behalf. While this information is believed to be reliable, no representations or warranties are made as to the accuracy of the information presented. The PRI has taken reasonable action to ensure that data submitted by signatories in the reporting tool is reflected in their official PRI reports accurately. However, it is possible that small data inaccuracies and/or gaps remain, and the PRI shall not be responsible or liable for such inaccuracies and gaps.

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SENIOR LEADERSHIP STATEMENT (SLS)

SENIOR LEADERSHIP STATEMENT

SENIOR LEADERSHIP STATEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SLS 1	CORE	N/A	N/A	PUBLIC	Senior Leadership Statement	GENERAL

Section 1. Our commitment

- Why does your organisation engage in responsible investment?
- What is your organisation's overall approach to responsible investment, and what major responsible investment commitment(s) have you made?

As a responsible institutional investor, SMDAM actively endeavors to engage in responsible investment, including stewardship and ESG activities from the perspective of fulfilling its fiduciary duty to provide good investment returns to customers and the ultimate beneficiaries. SMDAM will carry out responsible investment (stewardship activities and environmental, social and governance [ESG] activities) to fulfill its fiduciary responsibilities to provide customers and final beneficiaries with good quality returns on investments, as well as to contribute to the sound development of capital markets and economic expansion by playing an instrumental role in the virtuous cycle of the investment chain, thereby achieving its social mission as a responsible institutional investor.

1.

SMDAM emphasizes research on investments as a source of added value and has in place a system whereby analysts and fund managers collect various types of information to allow a proper understanding of the situation of an investee company, etc. More specifically, SMDAM not only conducts a general dialogue regarding the policies, financial status, management strategy, and other aspects of investee companies, etc., but also strives to deepen its understanding and to fully grasp the situation at investee companies, etc., for the purpose of promoting sustainable growth, value enhancement, and damage mitigation. To this end, SMDAM collects and analyzes not only financial data but also non-financial data including ESG information, and reflects these in its management process in line with the investment philosophy, etc. for individual products.

SMDAM's policy of incorporating evaluations and analysis of sustainability into the investment process will apply not only to Japanese stocks, but also to REIT, foreign stocks, domestic and foreign bonds, and a variety of other investment assets.

2. SMDAM will engage with investee companies, etc., in a variety of ways to contribute to the medium- to long-term improvement in the value of investee companies, etc. or, alternatively, to help mitigate damage to such companies, to provide customers and final beneficiaries with good quality investment returns. SMDAM will work to contribute to improvement of the value of or mitigation of damage to investee companies, etc.

through engagement that promotes the creation and implementation of appropriate business strategy and vision from a medium- to long-term perspective based on issues in the global business environment, the industry as a whole, a specific sector, or an individual company, and promotes disclosure. Note that SMDAM will participate in cooperative engagement under appropriate conditions if, in dialogue with investee companies, etc., collaboration with other institutional investors is deemed effective.

3. SMDAM considers the role of executive boards that are properly equipped with the capacity to supervise/monitor corporate management (such as the Board of Directors) to be important, and it will engage in dialogue on the composition of executive boards, compensation and incentives and establishment of education/screening/succession plans for top management, as well as appropriate ESG risk control and dialogue on internal controls, etc.

to prevent any improprieties. The way that SMDAM exercises its voting rights will then properly reflect these factors.

4. In order to properly fulfill its stewardship responsibilities, SMDAM believes it is crucial to conduct analysis and evaluations from a medium- to long-term perspective that includes the sustainability of investee companies, etc., and to reflect those analysis and evaluations in investment asset and product management strategies that also consider market conditions. To that end, SMDAM has established a specialized "Responsible Investment Section" focused on engagement and sustainability analysis to properly strengthen such systems by increasing personnel and other measures. Further to this, SMDAM will hold the "ESG Board" and the "Stewardship Board" meetings every month that consist of chief personnel from the Responsible Investment Section, the Corporate Research Department, and various investment management departments to share good practices, exchange opinions on analysis and evaluations of investee companies, etc., and create policies to direct the exercise of voting rights, thereby working to build the organization's capacity for conducting dialogue.

Section 2. Annual overview

- Discuss your organisation's progress during the reporting year on the responsible investment issue you consider most relevant or material to your organisation or its assets.
- Reflect on your performance with respect to your organisation's responsible investment objectives and targets during the reporting year. Details might include, for example, outlining your single most important achievement or describing your general progress on topics such as the following (where applicable):
 - refinement of ESG analysis and incorporation
 - stewardship activities with investees and/or with policymakers
 - collaborative engagements
 - attainment of responsible investment certifications and/or awards

SMDAM's major progress in the reporting year is as follows.

1. SMDAM strengthened the following ESG activities.

- To realize our corporate philosophy of "the best asset management firm for your better Quality of Life (QOLs)" we have formulated and disclosed Human Capital Management at SMDAM, which serves as the foundation for all our business activities.
- As part of the TCFD disclosure, we analyzed the transition and physical risks of our portfolio.
- We joined in the Asset Management Women's Forum to support the active participation of women. We also worked to develop managers through the mentoring system for female managers.
- We incorporated KPIs related to sustainability, such as the Employee Engagement Index and the ratio of female managers, into our executive officer compensation system.

2. SMDAM strengthened the following stewardship activities.

- We published the results of effort to implement our own FD Sustainability Principles, which are based on the principle of fulfilling management responsibilities as a responsible institutional investor.
- In order to encourage further environmental, social, and governance initiatives of investee companies, we have updated and published the Criteria for Exercising Voting Rights of Domestic Shares. The new guidelines include stricter standards for the ratio of women to directors at companies listed on Prime, more active dialogue on human rights, and a process that calls for measures to be taken in consideration of capital costs and PBR.
- In order to accumulate knowledge and strengthen engagement, we launched the "Engagement of the Year" program to recognize the best engagement within the company.
- To ensure the best interests of our customers, we have put in place a system to ensure the appropriateness of products and the maintenance and improvement of product quality at the time of and after product creation. At the same time, we established the Product Governance Review Meeting.

3. SMDAM implemented the following activities related to initiatives and collaborative engagement platforms.

- As a Collaborating Investor, we started a collaborative engagement in PRI Advance.
- We became the secretariat of the 30%Club Japan Investor Group and held a women's leadership training session in the Thought Leadership subgroup.
- We participated in CDP's Non-Disclosure Campaign and SBT Campaign in 2023.
- We continued collaborative engagement through the Institutional Investor Collaboration Engagement Forum (IICEF).

We participated in collaborative engagements aimed at realizing management that is conscious of capital costs and stock prices. We were also the lead investor in a letter on anti-takeover measures.

- We joined in the ACGA's China Working Group.

4. SMDAM disclosed the following information.

- In order to improve the convenience of analysts, we have begun disclosing the results of individual voting by using Excel files.

We have also begun disclosing more detailed explanations for proposals that we have judged to require particular explanations.

- In order to enhance the dissemination of information on various environmental and social issues in Japan and overseas, we have added a page on sustainability to our website.

- We published a detailed activity report that introduces examples of engagement.

- TCFD-based disclosure

- Sustainability Report 2023-2024, which summarized our sustainable activities.

- 2030 intermediate targets for GHG emissions based on the commitment of the Net Zero Asset Managers Initiative (NZAMI).

- Policies for integration of sustainability risks into our investment process and consideration of principal adverse environmental and social impacts

- Statement on Principal Adverse Impacts of Investment Decisions on Sustainability Factors 2024.

Section 3. Next steps

■ What specific steps has your organisation outlined to advance your commitment to responsible investment in the next two years?

SMDAM plans to implement the following measures in the next two years.

1. Stewardship activities to achieve both investment performance and a sustainable society.

- To monitor and support companies' ESG activities, we will thoroughly manage the dialogue phase of engagement.

- To exercise voting rights more effectively, we will consider stricter criteria for board diversity, environmental and social, and capital efficiency.

- To reflect the progress and results of the engagement in the exercise of voting rights, we will review the engagement process before and after the general shareholder meetings.

2.

Measures to make stewardship and ESG activities more effective.

- We will develop our ESG assessment system to provide ESG scores across asset classes, geographies, and market capitalization, and will work to build unified global research platforms across all regions.

- We will expand our internal sustainability and ESG training system, and will enhance ESG and sustainability information disclosure through our website and internal portals.

- We will expand the ESG and SFDR disclosure practices in client reporting.

In addition, we plan to digitize information disclosure to clients in principle, although this is expected to be a longer-term activity.

3. Examples of our specific efforts:

- We have endorsed the Taskforce on Nature-related Financial Disclosures (TNFD), an initiative on nature financial disclosures, and have registered as a TNFD Adopter for its recommended guidance.

- We signed up for PRI Spring, a newly launched nature-related initiative with the goal of halting and reversing the loss of global biodiversity by 2030.

- We participated in CDP's Non-Disclosure Campaign 2024, which integrates IFRS S2 and other global standards for sustainability disclosure.

- We signed up for the ACGA's letter to SEBI (the Securities and Exchange Board of India) on India market practices.

- We signed up for the ACGA' open letter on Strategic Shareholdings in Corporate Japan.

- We began evaluating ESG bonds to reduce the value impairment and refinancing risks of our domestic ESG bonds.

Section 4. Endorsement

'The Senior Leadership Statement has been prepared and/or reviewed by the undersigned and reflects our organisation-wide commitment and approach to responsible investment'.

Name

Wataru Ogihara

Position

Deputy President Executive Officer, Head of Investment Management Division (Investment Department (Supervision), Responsible Investment Section)

Organisation's Name

Sumitomo Mitsui DS Asset Management Company, Limited

A

'This endorsement applies only to the Senior Leadership Statement and should not be considered an endorsement of the information reported by the above-mentioned organisation in the various modules of the Reporting Framework. The Senior Leadership Statement serves as a general overview of the above-mentioned organisation's responsible investment approach. The Senior Leadership Statement does not constitute advice and should not be relied upon as such. Further, it is not a substitute for the skill, judgement and experience of any third parties, their management, employees, advisors and/or clients when making investment and other business decisions'.

B

ORGANISATIONAL OVERVIEW (OO)

ORGANISATIONAL INFORMATION

REPORTING YEAR

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 1	CORE	N/A	N/A	PUBLIC	Reporting year	GENERAL

What is the year-end date of the 12-month period you have chosen to report for PRI reporting purposes?

	Date	Month	Year
Year-end date of the 12-month period for PRI reporting purposes:	31	12	2023

SUBSIDIARY INFORMATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2	CORE	N/A	OO 2.1	PUBLIC	Subsidiary information	GENERAL

Does your organisation have subsidiaries?

- (A) Yes
- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 2.1	CORE	OO 2	OO 2.2	PUBLIC	Subsidiary information	GENERAL

Are any of your organisation's subsidiaries PRI signatories in their own right?

- (A) Yes
- (B) No

ASSETS UNDER MANAGEMENT

ALL ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 4	CORE	OO 3	N/A	PUBLIC	All asset classes	GENERAL

What are your total assets under management (AUM) at the end of the reporting year, as indicated in [OO 1]?

USD

(A) AUM of your organisation, including subsidiaries, and excluding the AUM subject to execution, advisory, custody, or research advisory only

US\$ 136,806,261,715.00

(B) AUM of subsidiaries that are PRI signatories in their own right and excluded from this submission, as indicated in [OO 2.2]

US\$ 0.00

(C) AUM subject to execution, advisory, custody, or research advisory only

US\$ 21,554,567,199.00

ASSET BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5	CORE	OO 3	Multiple indicators	PUBLIC	Asset breakdown	GENERAL

Provide a percentage breakdown of your total AUM at the end of the reporting year as indicated in [OO 1].

	(1) Percentage of Internally managed AUM	(2) Percentage of Externally managed AUM
(A) Listed equity	>10-50%	>10-50%
(B) Fixed income	>10-50%	>10-50%
(C) Private equity	0%	0%
(D) Real estate	0%	0%
(E) Infrastructure	0%	>0-10%
(F) Hedge funds	0%	>0-10%
(G) Forestry	0%	0%
(H) Farmland	0%	0%
(I) Other	>0-10%	>0-10%
(J) Off-balance sheet	0%	0%

(I) Other - (1) Percentage of Internally managed AUM - Specify:

Cash and derivative securities.

(I) Other - (2) Percentage of Externally managed AUM - Specify:

Cash, derivative securities and overlays.

ASSET BREAKDOWN: EXTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.1	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a further breakdown of your organisation's externally managed listed equity and/or fixed income AUM.

	(1) Listed equity	(2) Fixed income - SSA	(3) Fixed income - corporate	(4) Fixed income - securitised	(5) Fixed income - private debt
(A) Active	>75%	>10-50%	>50-75%	>0-10%	>0-10%
(B) Passive	>0-10%	0%	0%		

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.2	CORE	OO 5, OO 5.1	SAM 3, SAM 8	PUBLIC	Asset breakdown: Externally managed assets	GENERAL

Provide a breakdown of your organisation's externally managed AUM between segregated mandates and pooled funds or investments.

	(1) Segregated mandate(s)	(2) Pooled fund(s) or pooled investment(s)
(A) Listed equity - active	>50-75%	>10-50%
(B) Listed equity - passive	>75%	>0-10%
(C) Fixed income - active	>10-50%	>75%
(G) Infrastructure	0%	>75%
(H) Hedge funds	0%	>75%

ASSET BREAKDOWN: INTERNALLY MANAGED LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 LE	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed listed equity	GENERAL

Provide a further breakdown of your internally managed listed equity AUM.

(A) Passive equity >10-50%

(B) Active – quantitative >0-10%

(C) Active – fundamental >50-75%

(D) Other strategies 0%

ASSET BREAKDOWN: INTERNALLY MANAGED FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 5.3 FI	CORE	OO 5	Multiple	PUBLIC	Asset breakdown: Internally managed fixed income	GENERAL

Provide a further breakdown of your internally managed fixed income AUM.

(A) Passive – SSA >10-50%

(B) Passive – corporate >0-10%

(C) Active – SSA >10-50%

(D) Active – corporate >50-75%

(E) Securitised 0%

(F) Private debt >0-10%

MANAGEMENT BY PRI SIGNATORIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 6	CORE	OO 5	N/A	PUBLIC	Management by PRI signatories	GENERAL

What percentage of your organisation's externally managed assets are managed by PRI signatories?

>75%

GEOGRAPHICAL BREAKDOWN

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 7	CORE	Multiple, see guidance	N/A	PUBLIC	Geographical breakdown	GENERAL

How much of your AUM in each asset class is invested in emerging markets and developing economies?

AUM in Emerging Markets and Developing Economies

(A) Listed equity	(3) >10 to 20%
(B) Fixed income – SSA	(3) >10 to 20%
(C) Fixed income – corporate	(2) >0 to 10%
(D) Fixed income – securitised	(3) >10 to 20%
(E) Fixed income – private debt	(1) 0%
(H) Infrastructure	(1) 0%
(I) Hedge funds	(4) >20 to 30%

STEWARDSHIP

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 8	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship	GENERAL

Does your organisation conduct stewardship activities, excluding (proxy) voting, for any of your assets?

	(1) Listed equity - active	(2) Listed equity - passive	(3) Fixed income - active	(4) Fixed income - passive
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

	(7) Infrastructure	(8) Hedge funds	(11) Other
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct stewardship	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9 HF	CORE	OO 5	OO 9	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation have direct investments in listed equity across your hedge fund strategies?

- (A) Yes
- (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Stewardship: (Proxy) voting	GENERAL

Does your organisation conduct (proxy) voting activities for any of your listed equity holdings?

	(1) Listed equity - active	(2) Listed equity - passive
(A) Yes, through internal staff	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, through service providers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, through external managers	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) We do not conduct (proxy) voting	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 9.1	CORE	OO 9	PGS 10.1, PGS 31	PUBLIC	Stewardship: (Proxy) voting	GENERAL

For each asset class, on what percentage of your listed equity holdings do you have the discretion to vote?

	Percentage of your listed equity holdings over which you have the discretion to vote
(A) Listed equity – active	(10) >80 to 90%
(B) Listed equity - passive	(11) >90 to <100%

ESG INCORPORATION

INTERNALLY MANAGED ASSETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 11	CORE	Multiple, see guidance	Multiple indicators	PUBLIC	Internally managed assets	1

For each internally managed asset class, does your organisation incorporate ESG factors, to some extent, into your investment decisions?

	(1) Yes, we incorporate ESG factors into our investment decisions	(2) No, we do not incorporate ESG factors into our investment decisions
(A) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - active - quantitative	<input checked="" type="radio"/>	<input type="radio"/>
(C) Listed equity - active - fundamental	<input checked="" type="radio"/>	<input type="radio"/>
(E) Fixed income - SSA	<input checked="" type="radio"/>	<input type="radio"/>
(F) Fixed income - corporate	<input checked="" type="radio"/>	<input type="radio"/>
(H) Fixed income - private debt	<input checked="" type="radio"/>	<input type="radio"/>
(V) Other: Cash and derivative securities.	<input checked="" type="radio"/>	<input type="radio"/>

EXTERNAL MANAGER SELECTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 12	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager selection	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when selecting external investment managers?

	(1) Yes, we incorporate ESG factors when selecting external investment managers	(2) No, we do not incorporate ESG factors when selecting external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Cash, derivative securities and overlays.	<input checked="" type="radio"/>	<input type="radio"/>

EXTERNAL MANAGER APPOINTMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 13	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager appointment	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when appointing external investment managers?

	(1) Yes, we incorporate ESG factors when appointing external investment managers	(2) No, we do not incorporate ESG factors when appointing external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Cash, derivative securities and overlays.	<input checked="" type="radio"/>	<input type="radio"/>

EXTERNAL MANAGER MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 14	CORE	OO 5, OO 5.1	Multiple indicators	PUBLIC	External manager monitoring	1

For each externally managed asset class, does your organisation incorporate ESG factors, to some extent, when monitoring external investment managers?

	(1) Yes, we incorporate ESG factors when monitoring external investment managers	(2) No, we do not incorporate ESG factors when monitoring external investment managers
(A) Listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>
(B) Listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>
(C) Fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>
(G) Infrastructure	<input checked="" type="radio"/>	<input type="radio"/>
(H) Hedge funds	<input checked="" type="radio"/>	<input type="radio"/>
(K) Other: Cash, derivative securities and overlays.	<input checked="" type="radio"/>	<input type="radio"/>

ESG IN OTHER ASSET CLASSES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 15	CORE	OO 11, OO 12–14	N/A	PUBLIC	ESG in other asset classes	1

Describe how your organisation incorporates ESG factors into the following asset classes.

Internally managed
(C) Other

SMDAM integrates cash and derivative securities with ESG in the same method as other funds and strategies.

Externally managed
(F) Other

SMDAM integrates cash, derivative securities and overlays with ESG in the same method as other funds and strategies.

ESG STRATEGIES

LISTED EQUITY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 LE	CORE	OO 11	OO 17.1 LE, LE 12	PUBLIC	Listed equity	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active listed equity?

Percentage out of total internally managed active listed equity

(A) Screening alone	>0-10%
(B) Thematic alone	0%
(C) Integration alone	0%
(D) Screening and integration	>75%
(E) Thematic and integration	0%
(F) Screening and thematic	>0-10%
(G) All three approaches combined	0%
(H) None	0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 LE	CORE	OO 17 LE	LE 9	PUBLIC	Listed equity	1

What type of screening does your organisation use for your internally managed active listed equity assets where a screening approach is applied?

Percentage coverage out of your total listed equity assets where a screening approach is applied

(A) Positive/best-in-class screening only	0%
(B) Negative screening only	>75%
(C) A combination of screening approaches	>0-10%

FIXED INCOME

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17 FI	CORE	OO 5.3 FI, OO 11	Multiple, see guidance	PUBLIC	Fixed income	1

Which ESG incorporation approach and/or combination of approaches does your organisation apply to your internally managed active fixed income?

	(1) Fixed income - SSA	(2) Fixed income - corporate
(A) Screening alone	>50-75%	>0-10%
(B) Thematic alone	0%	0%
(C) Integration alone	0%	0%
(D) Screening and integration	>10-50%	>75%
(E) Thematic and integration	0%	0%
(F) Screening and thematic	0%	0%

(G) All three approaches combined 0% 0%

(H) None 0% 0%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 17.1 FI	CORE	OO 17 FI	N/A	PUBLIC	Fixed income	1

What type of screening does your organisation use for your internally managed active fixed income where a screening approach is applied?

	(1) Fixed income - SSA	(2) Fixed income - corporate
(A) Positive/best-in-class screening only	0%	0%
(B) Negative screening only	>75%	>75%
(C) A combination of screening approaches	0%	0%

ESG/SUSTAINABILITY FUNDS AND PRODUCTS

LABELLING AND MARKETING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 18	CORE	OO 11–14	OO 18.1	PUBLIC	Labelling and marketing	1

Do you explicitly market any of your products and/or funds as ESG and/or sustainable?

- (A) Yes, we market products and/or funds as ESG and/or sustainable
- (B) No, we do not offer products or funds explicitly marketed as ESG and/or sustainable
- (C) Not applicable; we do not offer products or funds

Additional information: (Voluntary)

Outside of the reporting year, SMDAM reviewed its sustainable products classification. As of June 30, 2024, we have identified certain publicly offered investment trusts as ESG Products. ESG Products account for approximately 2% of AUM.

PASSIVE INVESTMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 19	CORE	OO 5.3 FI, OO 11	LE 8, FI 10	PUBLIC	Passive investments	1

What percentage of your total internally managed passive listed equity and/or fixed income passive AUM utilise an ESG index or benchmark?

Percentage of AUM that utilise an ESG index or benchmark

(A) Listed equity - passive	0%
(B) Fixed income - passive	0%

SUMMARY OF REPORTING REQUIREMENTS

SUMMARY OF REPORTING REQUIREMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 21	CORE	Multiple indicators	Multiple indicators	PUBLIC	Summary of reporting requirements	GENERAL

The following table shows which modules are mandatory or voluntary to report on in the separate PRI asset class modules. Where a module is voluntary, indicate if you wish to report on it.

Applicable modules	(1) Mandatory to report (pre-filled based on previous responses)	(2.1) Voluntary to report. Yes, I want to opt-in to reporting on the module	(2.2) Voluntary to report. No, I want to opt-out of reporting on the module
Policy, Governance and Strategy	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Confidence Building Measures	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(A) Listed equity – passive	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(B) Listed equity – active – quantitative	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(C) Listed equity – active – fundamental	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

(E) Fixed income – SSA	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(F) Fixed income – corporate	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(H) Fixed income – private debt	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(T) External manager selection, appointment and monitoring (SAM) – listed equity - active	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(U) External manager selection, appointment and monitoring (SAM) – listed equity - passive	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(V) External manager selection, appointment and monitoring (SAM) – fixed income - active	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
(Z) External manager selection, appointment and monitoring (SAM) – infrastructure	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
(AA) External manager selection, appointment and monitoring (SAM) – hedge funds	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>

SUBMISSION INFORMATION

REPORT DISCLOSURE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
OO 32	CORE	OO 3, OO 31	N/A	PUBLIC	Report disclosure	GENERAL

How would you like to disclose the detailed percentage figures you reported throughout the Reporting Framework?

- (A) Publish as absolute numbers
- (B) Publish as ranges

POLICY, GOVERNANCE AND STRATEGY (PGS)

POLICY

RESPONSIBLE INVESTMENT POLICY ELEMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 1	CORE	OO 8, OO 9	Multiple indicators	PUBLIC	Responsible investment policy elements	1, 2

Which elements are covered in your formal responsible investment policy(ies)?

- (A) Overall approach to responsible investment
- (B) Guidelines on environmental factors
- (C) Guidelines on social factors
- (D) Guidelines on governance factors
- (E) Guidelines on sustainability outcomes
- (F) Guidelines tailored to the specific asset class(es) we hold
- (G) Guidelines on exclusions
- (H) Guidelines on managing conflicts of interest related to responsible investment
- (I) Stewardship: Guidelines on engagement with investees
- (J) Stewardship: Guidelines on overall political engagement
- (K) Stewardship: Guidelines on engagement with other key stakeholders
- (L) Stewardship: Guidelines on (proxy) voting
- (M) Other responsible investment elements not listed here
- (N) Our organisation does not have a formal responsible investment policy and/or our policy(ies) do not cover any responsible investment elements

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 2	CORE	PGS 1	Multiple, see guidance	PUBLIC	Responsible investment policy elements	1

Does your formal responsible investment policy(ies) include specific guidelines on systematic sustainability issues?

- (A) Specific guidelines on climate change (may be part of guidelines on environmental factors)
- (B) Specific guidelines on human rights (may be part of guidelines on social factors)
- (C) Specific guidelines on other systematic sustainability issues

Specify:

SMDAM established "Policies for integration of sustainability risks into our investment process and consideration of principal adverse environmental and social impacts". This policy covers not only the environment and society, but also the materiality of corporate governance effectiveness, business ethics and corporate culture. In this policy, we define for integration into investment processes, understanding of the status of investee companies, engagement policies, proxy voting policies, investment exclusion policies, our organizational structure, ESG assessment framework, and consideration of data providers.

- (D) Our formal responsible investment policy(ies) does not include guidelines on systematic sustainability issues

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 3	CORE	PGS 1, PGS 2	N/A	PUBLIC	Responsible investment policy elements	6

Which elements of your formal responsible investment policy(ies) are publicly available?

(A) Overall approach to responsible investment

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/

(B) Guidelines on environmental factors

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/esg/

(C) Guidelines on social factors

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/esg/

(D) Guidelines on governance factors

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/esg/

(E) Guidelines on sustainability outcomes

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/esg/

(F) Specific guidelines on climate change (may be part of guidelines on environmental factors)

Add link:

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/03/>

(G) Specific guidelines on human rights (may be part of guidelines on social factors)

Add link:

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/02/>

(H) Specific guidelines on other systematic sustainability issues

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/

(I) Guidelines tailored to the specific asset class(es) we hold

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/

(J) Guidelines on exclusions

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/

(K) Guidelines on managing conflicts of interest related to responsible investment

Add link:

<https://www.smd-am.co.jp/english/corporate/policy/conflict/>

(L) Stewardship: Guidelines on engagement with investees

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/stewardship/

(N) Stewardship: Guidelines on engagement with other key stakeholders

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/

(O) Stewardship: Guidelines on (proxy) voting

Add link:

https://www.smd-am.co.jp/english/corporate/responsible_investment/voting/

- (Q) No elements of our formal responsible investment policy(ies) are publicly available

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 4	PLUS	PGS 1	N/A	PUBLIC	Responsible investment policy elements	1 – 6

Does your formal responsible investment policy(ies) identify a link between your responsible investment activities and your fiduciary duties or equivalent obligations?

(A) Yes

Elaborate:

To materialize our vision of becoming “the best asset management firm for your better Quality of Life (QOLs)”, we, Sumitomo Mitsui DS Asset Management, are committed to fulfilling our fiduciary duties. As a responsible institutional investor, we are also committed to fulfill management responsibilities based upon high ethical standard and professionalism. We acknowledge that our current investment activities lead to the future development of a sustainable society. Therefore, we will not only fulfill our fiduciary duties but also engage in stewardship activities and ESG investment. Simultaneously, as a corporate citizen, the way we operate our business will be environmentally and diversity conscious.

In addition to this and in order to contribute to the realization of a sustainable society, we will take an active role for the sound development of local communities. Through these initiatives, we wish to grow with our clients and society in the medium to long term.

1. We will fulfill our management responsibilities as a responsible institutional investor.

- We will exert ourselves to cultivate investment professionals who will play a central role in asset management business, and work to enhance capabilities of investment management, trading operation and risk management through utilizing state of the art IT technologies and domestic and overseas networks.

- We will incorporate ESG factors into the investment process, and take a progressive approach to stewardship activities including engagement and exercising voting rights in order to encourage companies to enhance their sustainability and eventually contribute to augmentation of the company’s enterprise value over the medium to long term.

- We will develop and provide the most suitable products and services such as long-term investment products to accumulate assets by identifying the true needs of clients. We will also provide timely information on the investment products using IT technology.

- We will not only establish a rigid corporate governance structure that ensures the appropriate management of conflicts of interest and independence of management, but also endeavor to disclose risks and commissions with a high level of transparency.

We will strive to maintain our soundness as a company and reinforce our crisis management system to be prepared for various contingencies.

2. We will strive to materialize a sustainable society through our asset management business.
- We recognize the significance and essentials of asset accumulation for individual investors in an aging society with fewer children. Therefore, we will engage in investor education for a wide range of generations to raise the awareness for related issues and to improve financial literacy.
 - We will work to resolve environmental issues, such as climate change, and social issues, such as human rights through our original stewardship activities and by participating in initiatives in Japan and overseas.
 - We will strengthen our efforts to develop and provide products that focus on the sustainability of society.
- 3.
- We, as a corporate citizen, will engage in activities to pass on an affluent society and the global environment to the next generation.
- We will participate in CSR activities such as revitalizing communities and providing social welfare support.
 - We will carry out environmentally conscious business management, such as reducing greenhouse gas emissions and plastic waste.
4. We will train and educate human resources to contribute to the QOL of our clients, the society and our employees.
- We will put in place an environment where employees with variety of values can fully demonstrate their abilities and promote diversity, including the active participation of women.
 - We will provide a variety of career support programs so that all employees regardless of ages or assignments can take pride in their work and obtain professional expertise and insight required.

o (B) No

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 5	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Which elements are covered in your organisation's policy(ies) or guidelines on stewardship?

- (A) Overall stewardship objectives
- (B) Prioritisation of specific ESG factors to be advanced via stewardship activities
- (C) Criteria used by our organisation to prioritise the investees, policy makers, key stakeholders, or other entities on which to focus our stewardship efforts
- (D) How different stewardship tools and activities are used across the organisation
- (E) Approach to escalation in stewardship
- (F) Approach to collaboration in stewardship
- (G) Conflicts of interest related to stewardship
- (H) How stewardship efforts and results are communicated across the organisation to feed into investment decision-making and vice versa
- (I) Other
- o (J) None of the above elements is captured in our policy(ies) or guidelines on stewardship

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 6	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy elements	2

Does your policy on (proxy) voting include voting principles and/or guidelines on specific ESG factors?

- (A) Yes, it includes voting principles and/or guidelines on specific environmental factors
- (B) Yes, it includes voting principles and/or guidelines on specific social factors

- (C) Yes, it includes voting principles and/or guidelines on specific governance factors
- (D) Our policy on (proxy) voting does not include voting principles or guidelines on specific ESG factors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 7	CORE	OO 9	N/A	PUBLIC	Responsible investment policy elements	2

Does your organisation have a policy that states how (proxy) voting is addressed in your securities lending programme?

- (A) We have a publicly available policy to address (proxy) voting in our securities lending programme
- (B) We have a policy to address (proxy) voting in our securities lending programme, but it is not publicly available
- (C) We rely on the policy of our external service provider(s)
- (D) We do not have a policy to address (proxy) voting in our securities lending programme
- (E) Not applicable; we do not have a securities lending programme

RESPONSIBLE INVESTMENT POLICY COVERAGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 8	CORE	PGS 1	N/A	PUBLIC	Responsible investment policy coverage	1

What percentage of your total AUM is covered by the below elements of your responsible investment policy(ies)?

Combined AUM coverage of all policy elements

(A) Overall approach to responsible investment	
(B) Guidelines on environmental factors	(7) 100%
(C) Guidelines on social factors	
(D) Guidelines on governance factors	

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 9	CORE	PGS 2	N/A	PUBLIC	Responsible investment policy coverage	1

What proportion of your AUM is covered by your formal policies or guidelines on climate change, human rights, or other systematic sustainability issues?

AUM coverage

(A) Specific guidelines on climate change

(1) for all of our AUM

(B) Specific guidelines on human rights

(1) for all of our AUM

(C) Specific guidelines on other systematic sustainability issues

(1) for all of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10	CORE	OO 8, OO 9, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

Per asset class, what percentage of your AUM is covered by your policy(ies) or guidelines on stewardship with investees?

(A) Listed equity

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(B) Fixed income

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%

- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(E) Infrastructure

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(F) Hedge funds

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

(I) Other

(1) Percentage of AUM covered

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%
- (11) 100%

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 10.1	CORE	OO 9.1, PGS 1	N/A	PUBLIC	Responsible investment policy coverage	2

What percentage of your listed equity holdings is covered by your guidelines on (proxy) voting?

(A) Actively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%

- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

(B) Passively managed listed equity

(1) Percentage of your listed equity holdings over which you have the discretion to vote

- (1) >0% to 10%
- (2) >10% to 20%
- (3) >20% to 30%
- (4) >30% to 40%
- (5) >40% to 50%
- (6) >50% to 60%
- (7) >60% to 70%
- (8) >70% to 80%
- (9) >80% to 90%
- (10) >90% to <100%

(11) 100%

GOVERNANCE

ROLES AND RESPONSIBILITIES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11	CORE	N/A	Multiple indicators	PUBLIC	Roles and responsibilities	1

Which senior level body(ies) or role(s) in your organisation have formal oversight over and accountability for responsible investment?

- (A) Board members, trustees, or equivalent
- (B) Senior executive-level staff, or equivalent

Specify:

Chief Responsible Investment Officer and General Manager of Responsible Investment Section

- (C) Investment committee, or equivalent

Specify:

Responsible Investment Committee

- (D) Head of department, or equivalent

Specify department:

Head of Investment Management Division (Investment Department (Supervision), Responsible Investment Section)

- (E) None of the above bodies and roles have oversight over and accountability for responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.1	CORE	PGS 1, PGS 2, PGS 11	N/A	PUBLIC	Roles and responsibilities	1, 2

Does your organisation's senior level body(ies) or role(s) have formal oversight over and accountability for the elements covered in your responsible investment policy(ies)?

	(1) Board members, trustees, or equivalent	(2) Senior executive-level staff, investment committee, head of department, or equivalent
(A) Overall approach to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Guidelines on environmental, social and/or governance factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Guidelines on sustainability outcomes	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Specific guidelines on climate change (may be part of guidelines on environmental factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Specific guidelines on human rights (may be part of guidelines on social factors)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Specific guidelines on other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(G) Guidelines tailored to the specific asset class(es) we hold	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Guidelines on exclusions	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Guidelines on managing conflicts of interest related to responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Stewardship: Guidelines on engagement with investees	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(L) Stewardship: Guidelines on engagement with other key stakeholders	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(M) Stewardship: Guidelines on (proxy) voting

(N) This role has no formal oversight over and accountability for any of the above elements covered in our responsible investment policy(ies)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 11.2	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1 – 6

Does your organisation have governance processes or structures to ensure that your overall political engagement is aligned with your commitment to the principles of PRI, including any political engagement conducted by third parties on your behalf?

(A) Yes

Describe how you do this:

SMDAM has signed the PRI and engages in investment that takes into account the environment, society and governance (ESG). We have ESG investment policies and approaches.

In light of the changing global environment as well as societal demand evolving from Sustainable Development Goals (SDGs), we consider non-financial information including ESG information to be as important as financial information to evaluate sustainability of issuers of stocks/bonds and investment corporations of REITs (hereinafter referred to as "investee companies"). We believe ESG analysis enables us to foresee the enhancing or damaging value of investee companies in the medium- to long-term. In this context we will proactively take the following measures.

1. Taking account of the investment philosophy and investment horizon of each investment product, we incorporate analysis and evaluation of ESG and other non-financial information into the investment process, and consider them in making investment decisions. Principal adverse impacts of corporate activities on the environment and society are similarly subject to analysis and evaluation.
2. We aim to contribute to enhance the value of investee companies through engagement by communicating the investor's point of view, sharing ESG issues to be resolved for the medium- to long-term value enhancement, and encouraging them to take more appropriate actions.
3. We exercise voting rights in consideration of ESG theme related engagement.
4. We strive to improve the overall effectiveness of ESG investments by signing or participating in ESG-related initiatives such as the PRI, and will work to collaborate with other institutional investors as necessary.
5. We collect information on ESG investments, including domestic/overseas laws/regulations, trends in ESG product needs of customers and beneficiaries, and the activities of other asset managers, in order to promote effective ESG integration. We also strive to disclose appropriate information to protect the rights of customers and beneficiaries.

As a responsible institutional investor, we will provide high quality investment returns to our clients and beneficiaries through the multifaceted utilization of ESG and other non-financial information. We will also contribute to the realization of a sustainable society by helping to solve environmental issues such as climate change and environmental conservation, social issues such as human rights and the aging of society, and governance issues that enable investee companies to appropriately incorporate these ESG issues into their management.

- (B) No
- (C) Not applicable, our organisation does not conduct any form of political engagement directly or through any third parties

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 12	CORE	N/A	N/A	PUBLIC	Roles and responsibilities	1

In your organisation, which internal or external roles are responsible for implementing your approach to responsible investment?

(A) Internal role(s)

Specify:

Chief Responsible Investment Officer, Deputy President Executive Officer, Head of Investment Management Division (Investment Department (Supervision), Responsible Investment Section), Responsible Investment Section, Corporate Sustainability Section, Responsible Investment Committee and ESG Meeting / Stewardship Meeting

(B) External investment managers, service providers, or other external partners or suppliers

Specify:

External investment managers and non-investment contractors

- (C) We do not have any internal or external roles with responsibility for implementing responsible investment

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 13	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your board members, trustees, or equivalent?

(A) Yes, we use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Describe: (Voluntary)

1. The Chief Responsible Investment Officer uses targets and KPIs for responsible investment and stewardship activities such as ESG assessment, ESG investments, sustainable investments, proxy voting, engagement results, reporting to clients, and client and external assessment to evaluate performance.
2. SMDAM's medium-term management plan includes the following. SMDAM directors are required to promote these activities.
 - Implementation of a code of conduct
 - Stewardship and ESG activities aimed at achieving both investment returns and a sustainable society
 - Contribute to the realization of a sustainable society and gain empathy and trust from customers

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our board members, trustees, or equivalent

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 14	CORE	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

Does your organisation use responsible investment KPIs to evaluate the performance of your senior executive-level staff (or equivalent), and are these KPIs linked to compensation?

(A) Yes, we use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicate whether these responsible investment KPIs are linked to compensation

● (1) KPIs are linked to compensation

- (2) KPIs are not linked to compensation as these roles do not have variable compensation
- (3) KPIs are not linked to compensation even though these roles have variable compensation

Describe: (Voluntary)

SMDAM senior executive-level staffs use targets and KPIs for responsible investment and stewardship activities such as ESG assessment, ESG investments, sustainable investments, proxy voting, engagement results, reporting to clients, and client and external assessment to evaluate performance.

- (B) No, we do not use responsible investment KPIs to evaluate the performance of our senior executive-level staff (or equivalent)

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 15	PLUS	PGS 11	N/A	PUBLIC	Roles and responsibilities	1

What responsible investment competencies do you regularly include in the training of senior-level body(ies) or role(s) in your organisation?

	(1) Board members, trustees or equivalent	(2) Senior executive-level staff, investment committee, head of department or equivalent
(A) Specific competence in climate change mitigation and adaptation	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Specific competence in investors' responsibility to respect human rights	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Specific competence in other systematic sustainability issues	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) The regular training of this senior leadership role does not include any of the above responsible investment competencies	<input type="checkbox"/>	<input type="checkbox"/>

EXTERNAL REPORTING AND DISCLOSURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 16	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

What elements are included in your regular reporting to clients and/or beneficiaries for the majority of your AUM?

- (A) Any changes in policies related to responsible investment
- (B) Any changes in governance or oversight related to responsible investment
- (C) Stewardship-related commitments
- (D) Progress towards stewardship-related commitments
- (E) Climate-related commitments
- (F) Progress towards climate-related commitments
- (G) Human rights-related commitments
- (H) Progress towards human rights-related commitments
- (I) Commitments to other systematic sustainability issues
- (J) Progress towards commitments on other systematic sustainability issues
- (K) We do not include any of these elements in our regular reporting to clients and/or beneficiaries for the majority of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 17	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose climate-related information in line with the Task Force on Climate-Related Financial Disclosures' (TCFD) recommendations?

- (A) Yes, including all governance-related recommended disclosures
- (B) Yes, including all strategy-related recommended disclosures
- (C) Yes, including all risk management-related recommended disclosures
- (D) Yes, including all applicable metrics and targets-related recommended disclosures
- (E) None of the above

Add link(s):

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/03/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 18	PLUS	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, to which international responsible investment standards, frameworks, or regulations did your organisation report?

(A) Disclosures against the European Union's Sustainable Finance Disclosure Regulation (SFDR)

Link to example of public disclosures

https://www.smd-am.co.jp/english/corporate/responsible_investment/

(B) Disclosures against the European Union's Taxonomy

(C) Disclosures against the CFA's ESG Disclosures Standard

(D) Disclosures against other international standards, frameworks or regulations

Specify:

Self-evaluation of the implementation status of Japan's Stewardship Code

Link to example of public disclosures

https://www.smd-am.co.jp/english/corporate/responsible_investment/stewardship/self_evaluation/

(E) Disclosures against other international standards, frameworks or regulations

(F) Disclosures against other international standards, frameworks or regulations

(G) Disclosures against other international standards, frameworks or regulations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 19	CORE	N/A	N/A	PUBLIC	External reporting and disclosures	6

During the reporting year, did your organisation publicly disclose its membership in and support for trade associations, think tanks or similar bodies that conduct any form of political engagement?

(A) Yes, we publicly disclosed our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

Add link(s):

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/report/>

(B) No, we did not publicly disclose our membership in and support for trade associations, think tanks, or similar bodies that conduct any form of political engagement

(C) Not applicable, we were not members in or supporters of any trade associations, think tanks, or similar bodies that conduct any form of political engagement during the reporting year

STRATEGY

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 20	CORE	N/A	N/A	PUBLIC	Capital allocation	1

Which elements do your organisation-level exclusions cover?

- (A) Exclusions based on our organisation's values or beliefs regarding particular sectors, products or services
- (B) Exclusions based on our organisation's values or beliefs regarding particular regions or countries
- (C) Exclusions based on minimum standards of business practice aligned with international norms such as the OECD Guidelines for Multinational Enterprises, the International Bill of Human Rights, UN Security Council sanctions or the UN Global Compact
- (D) Exclusions based on our organisation's climate change commitments
- (E) Other elements
 - Specify:
 - Companies which committed misconduct from an ESG perspective are excluded from our investments.
- (F) Not applicable; our organisation does not have any organisation-level exclusions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 21	CORE	N/A	N/A	PUBLIC	Capital allocation	1

How does your responsible investment approach influence your strategic asset allocation process?

- (A) We incorporate ESG factors into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (B) We incorporate climate change-related risks and opportunities into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (C) We incorporate human rights-related risks and opportunities into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation
- (D) We incorporate risks and opportunities related to other systematic sustainability issues into our assessment of expected asset class risks and returns
 - Select from dropdown list:
 - (1) for all of our AUM subject to strategic asset allocation
 - (2) for a majority of our AUM subject to strategic asset allocation
 - (3) for a minority of our AUM subject to strategic asset allocation

Specify: (Voluntary)

SMDAM established "Policies for integration of sustainability risks into our investment process and consideration of principal adverse environmental and social impacts". This policy covers not only the environment and society, but also the materiality of corporate governance effectiveness, business ethics and corporate culture.

- (E) We do not incorporate ESG factors, climate change, human rights or other systematic sustainability issues into our assessment of expected asset class risks and returns
- (F) Not applicable; we do not have a strategic asset allocation process

STEWARDSHIP: OVERALL STEWARDSHIP STRATEGY

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 22	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

For the majority of AUM within each asset class, which of the following best describes your primary stewardship objective?

(1) Listed equity (2) Fixed income (5) Infrastructure (6) Hedge funds

(A) Maximise our portfolio-level risk-adjusted returns. In doing so, we seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



(B) Maximise our individual investments' risk-adjusted returns. In doing so, we do not seek to address any risks to overall portfolio performance caused by individual investees' contribution to systematic sustainability issues.



Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24	CORE	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Which of the following best describes your organisation's default position, or the position of the external service providers or external managers acting on your behalf, concerning collaborative stewardship efforts?

- (A) We recognise the value of collective action, and as a result, we prioritise collaborative stewardship efforts wherever possible
- (B) We collaborate on a case-by-case basis

- o (C) Other
- o (D) We do not join collaborative stewardship efforts

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 24.1	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

Elaborate on your organisation’s default position on collaborative stewardship, or the position of the external service providers or external investment managers acting on your behalf, including any other details on your overall approach to collaboration.

To ensure our company, as a responsible investor, can appropriately fulfill our stewardship responsibilities, we have signed and endorsed a variety of domestic and global initiatives and are co-working with other investors. In order to solve global issues and realize a sustainable society, it is essential for various organizations to work together without barriers. We actively participate in a number of key initiatives and conduct collaborative engagement to improve effectiveness of all of our ESG investments.

In addition, for companies that have violated international norms and standards, we encourage them to take appropriate management actions and measures to prevent further recurrence.

We do this through engagement and dialogue including through collaborations with other professional organizations especially in case of non-Japanese companies.

- When engaging with counterparties and setting themes for dialogue, we use a collaborative engagement model if we believe that collaborating with other institutional investors is more effective in improving or avoiding damage to the corporate value of investee companies. In accordance with our policy of collaborative engagement, we will seek the common interest of investors by communicating our company's views and seek understanding from other participants while respecting the views of other companies.

- Institutional Investors Collective Engagement Forum (IICEF) shall focus on topics that contribute to the common interests of shareholders, centering on corporate governance issues such as cross-shareholdings, parent-child listings, and the formulation of materiality that will enhance corporate value.

- We have adopted Sustainalytics as an engagement partner, mainly focusing on foreign companies, and carry out outsourced engagement and collaborative engagement.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 26	PLUS	OO 8, OO 9, PGS 1	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How does your organisation ensure that its policy on stewardship is implemented by the external service providers to which you have delegated stewardship activities?

(A) Example(s) of measures taken when selecting external service providers:

When selecting an external service provider, SMDAM considers whether the service provider's methodology, number of coverage companies, frequency of data updates, and data transparency are aligned with our intended use.

(B) Example(s) of measures taken when designing engagement mandates and/or consultancy agreements for external service providers:

To verify the validity and reliability of external ESG data, we established the ESG Data Provider Evaluation and Working Group. The Responsible Investment Section leads the working group in conducting a multifaceted evaluation of each provider by collecting opinions from various relevant departments such as Investment, Investment Development, Investment Planning, Risk Management, Information Technology and Client Disclosure.

☑ (C) Example(s) of measures taken when monitoring the stewardship activities of external service providers:

We confirm quality of the providers, having discussions with them on appropriateness of their methodology etc., as necessary, including after adoption of the providers.

For example, Responsible Investment Section regularly reviews the details of the data provided and, if it finds any deficiencies, omissions or appropriateness in the data provided, requests the service provider to promptly correct and re-deliver the data.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 27	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

How are your organisation’s stewardship activities linked to your investment decision making, and vice versa?

Policy development and ongoing monitoring with regard to ESG investment activities are deliberated at ESG Meeting / Stewardship Meeting, Management Meeting as well as Board of Directors’ Meeting and Responsible Investment Committee, internal body of the Board Meeting.

ESG Meeting / Stewardship Meeting are working-level talks and their role is to support investment teams engaging ESG activities based on a firm-wide policy as well as to monitor those activities for continuing reinforcement.

Management Meeting is attended by the CEO and executive officers and its role is to discuss the Company’s basic policy on ESG investments taking into account outcomes of Sustainability Promotion subcommittee and take appropriate measures whenever their monitoring finds it necessary.

The Responsible Investment Committee is organized under the board of directors and it consists of independent directors. The role of the committee is to monitor fulfillment of fiduciary duties including responsible investments as well as controls over conflict of interest. The committee makes a proposal to the board whenever needed.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 28	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Overall stewardship strategy	2

If relevant, provide any further details on your organisation's overall stewardship strategy.

With our corporate philosophy "Towards The Best Asset Management Firm for Your Better Quality of Life.", we provide high-quality asset management services to our clients and as a responsible institutional investor that plays a role in the investment chain we are actively engaged in stewardship activities.

In order to accelerate such efforts and further contribute to the realization of a sustainable society, we have identified a set of materiality as key management issues fundamental to sustainability. Taking into account the characteristics of the asset management business, our materiality categories consist of "Materiality for Investment Management" and "Materiality for Business Operation". The material issues are identified across three areas: "Environment issues: Safety of Life", "Social issues: Improving Quality of Life" and "Governance."

In addition, from the two perspectives, that is "importance in the realization of a sustainable society" and "importance in long-term investment performance," we have identified six particularly important issues as our materiality in the course of investment management.

- Climate change
- Natural capital
- Human Rights in Supply Chain
- Human capital
- Effectiveness of corporate governance
- Business ethics and corporate culture

We will incorporate issues identified as materiality into our proprietary ESG evaluation while we make our engagement activities truly valuable to stakeholders by focusing more on substance than external criteria with targeting key sectors and companies relevant to each material issue.

Furthermore, in exercising voting rights, we will encourage investee companies to make broader and more informative disclosure of ESG activities. In situations that disclosure is deemed insufficient and there is no intention of improvement, we may oppose the election of directors at the shareholders' meeting of such companies.

STEWARDSHIP: (PROXY) VOTING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 29	CORE	OO 9, PGS 1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

When you use external service providers to give recommendations, how do you ensure those recommendations are consistent with your organisation's (proxy) voting policy?

- (A) Before voting is executed, we review external service providers' voting recommendations for controversial and high-profile votes**
 - Select from the below list:
 - (1) in all cases
 - (2) in a majority of cases**
 - (3) in a minority of cases
- (B) Before voting is executed, we review external service providers' voting recommendations where the application of our voting policy is unclear**
 - Select from the below list:
 - (1) in all cases
 - (2) in a majority of cases
 - (3) in a minority of cases**
- (C) We ensure consistency with our voting policy by reviewing external service providers' voting recommendations only after voting has been executed
- (D) We do not review external service providers' voting recommendations
- (E) Not applicable; we do not use external service providers to give voting recommendations

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 30	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

How is voting addressed in your securities lending programme?

- (A) We recall all securities for voting on all ballot items
- (B) When a vote is deemed important according to pre-established criteria (e.g. high stake in the company), we recall all our securities for voting
- (C) Other
- (D) We do not recall our securities for voting purposes
- (E) Not applicable; we do not have a securities lending programme

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 31	CORE	OO 9.1	N/A	PUBLIC	Stewardship: (Proxy) voting	2

For the majority of votes cast over which you have discretion to vote, which of the following best describes your decision making approach regarding shareholder resolutions (or that of your external service provider(s) if decision making is delegated to them)?

- (A) We vote in favour of resolutions expected to advance progress on our stewardship priorities, including affirming a company's good practice or prior commitment
- (B) We vote in favour of resolutions expected to advance progress on our stewardship priorities, but only if the investee company has not already publicly committed to the action(s) requested in the proposal
- (C) We vote in favour of shareholder resolutions only as an escalation measure
- (D) We vote in favour of the investee company management's recommendations by default
- (E) Not applicable; we do not vote on shareholder resolutions

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 32	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

During the reporting year, how did your organisation, or your external service provider(s), pre-declare voting intentions prior to voting in annual general meetings (AGMs) or extraordinary general meetings (EGMs)?

- (A) We pre-declared our voting intentions publicly through the PRI's vote declaration system on the Resolution Database
- (B) We pre-declared our voting intentions publicly by other means, e.g. through our website
- (C) We privately communicated our voting decision to investee companies prior to the AGM/EGM
- (D) We did not privately or publicly communicate our voting intentions prior to the AGM/EGM
- (E) Not applicable; we did not cast any (proxy) votes during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33	CORE	OO 9	PGS 33.1	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, do you publicly disclose your (proxy) voting decisions or those made on your behalf by your external service provider(s), company by company and in a central source?

(A) Yes, for all (proxy) votes

Add link(s):

https://www.smd-am.co.jp/english/corporate/responsible_investment/voting/report/

- (B) Yes, for the majority of (proxy) votes
- (C) Yes, for a minority of (proxy) votes
- (D) No, we do not publicly report our (proxy) voting decisions company-by-company and in a central source

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 33.1	CORE	PGS 33	N/A	PUBLIC	Stewardship: (Proxy) voting	2

In the majority of cases, how soon after an investee's annual general meeting (AGM) or extraordinary general meeting (EGM) do you publish your voting decisions?

- (A) Within one month of the AGM/EGM
- (B) Within three months of the AGM/EGM
- (C) Within six months of the AGM/EGM
- (D) Within one year of the AGM/EGM
- (E) More than one year after the AGM/EGM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 34	CORE	OO 9	N/A	PUBLIC	Stewardship: (Proxy) voting	2

After voting has taken place, did your organisation, and/or the external service provider(s) acting on your behalf, communicate the rationale for your voting decisions during the reporting year?

	(1) In cases where we abstained or voted against management recommendations	(2) In cases where we voted against an ESG-related shareholder resolution
(A) Yes, we publicly disclosed the rationale	(1) for all votes	(1) for all votes
(B) Yes, we privately communicated the rationale to the company	(3) for a minority of votes	(3) for a minority of votes

(C) We did not publicly or privately communicate the rationale, or we did not track this information

○

○

(D) Not applicable; we did not abstain or vote against management recommendations or ESG-related shareholder resolutions during the reporting year

○

○

(A) Yes, we publicly disclosed the rationale - Add link(s):

https://www.smd-am.co.jp/english/corporate/responsible_investment/voting/report/

STEWARDSHIP: ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 36	CORE	OO 8, OO 9 HF, OO 9	N/A	PUBLIC	Stewardship: Escalation	2

For your listed equity holdings, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

(1) Listed equity

(A) Joining or broadening an existing collaborative engagement or creating a new one

(B) Filing, co-filing, and/or submitting a shareholder resolution or proposal

(C) Publicly engaging the entity, e.g. signing an open letter

(D) Voting against the re-election of one or more board directors

(E) Voting against the chair of the board of directors, or equivalent, e.g. lead independent director

(F) Divesting

(G) Litigation

(H) Other

(I) In the past three years, we did not use any of the above escalation measures for our listed equity holdings

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 37	CORE	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

For your corporate fixed income assets, what escalation measures did your organisation, or the external investment managers or service providers acting on your behalf, use in the past three years?

- (A) Joining or broadening an existing collaborative engagement or creating a new one
- (B) Publicly engaging the entity, e.g. signing an open letter
- (C) Not investing
- (D) Reducing exposure to the investee entity
- (E) Divesting
- (F) Litigation
- (G) Other
- (H) In the past three years, we did not use any of the above escalation measures for our corporate fixed income assets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 38	PLUS	Multiple, see guidance	N/A	PUBLIC	Stewardship: Escalation	2

Describe your approach to escalation for your SSA and/or private debt fixed income assets.

(A) SSA - Approach to escalation

SMDAM will take measures such as prohibiting new purchases, imposing holding restrictions, or selling bonds from countries that have been decided to be subject to escalation, based on the reasons for such decisions.

(B) Private debt - Approach to escalation

At SMDAM, the Executive Officer in charge of the Responsible Investment Section determines investment constraints based on our Rules on managing Unsuitable Investee Companies, when an investment is inappropriate from an ESG perspective.

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39	CORE	OO 8, OO 9	PGS 39.1, PGS 39.2	PUBLIC	Stewardship: Engagement with policy makers	2

Did your organisation, or the external investment managers or service providers acting on your behalf, engage with policy makers as part of your responsible investment approach during the reporting year?

- (A) Yes, we engaged with policy makers directly
- (B) Yes, we engaged with policy makers through the leadership of or active participation in working groups or collaborative initiatives, including via the PRI
- (C) Yes, we were members of, supported, or were in another way affiliated with third party organisations, including trade associations and non-profit organisations, that engage with policy makers, excluding the PRI
- (D) We did not engage with policy makers directly or indirectly during the reporting year beyond our membership in the PRI

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.1	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, what methods did you, or the external investment managers or service providers acting on your behalf, use to engage with policy makers as part of your responsible investment approach?

- (A) We participated in 'sign-on' letters
- (B) We responded to policy consultations
- (C) We provided technical input via government- or regulator-backed working groups

Describe:

- We engaged in dialogue with the Ministry of Economy, Trade and Industry, the Financial Services Agency, the Tokyo Stock Exchange, the Bank of Japan, and the People's Bank of China on a wide range of themes, including corporate value enhancement and securities market reform.
- We engaged in dialogue with the Ministry of Finance and the Ministry of Economy, Trade and Industry regarding Japanese Government Transition Bonds during investor briefings.

- (D) We engaged policy makers on our own initiative

Describe:

- We engaged with the Bank of Japan on monetary policy and ETF purchase methodology.

- (E) Other methods

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 39.2	CORE	PGS 39	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, did your organisation publicly disclose details of your engagement with policy makers conducted as part of your responsible investment approach, including through external investment managers or service providers?

- (A) We publicly disclosed all our policy positions
 (B) We publicly disclosed details of our engagements with policy makers

Add link(s):

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/report/>
https://www.smd-am.co.jp/english/corporate/responsible_investment/
https://www.smd-am.co.jp/english/corporate/responsible_investment/stewardship/self_evaluation/

- (C) No, we did not publicly disclose details of our engagement with policy makers conducted as part of our responsible investment approach during the reporting year

STEWARDSHIP: EXAMPLES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 40	PLUS	OO 8, OO 9	N/A	PUBLIC	Stewardship: Examples	2

Provide examples of stewardship activities that you conducted individually or collaboratively during the reporting year that contributed to desired changes in the investees, policy makers or other entities with which you interacted.

(A) Example 1:

Title of stewardship activity:

Improving capital efficiency, enhancing profitability of overseas operations.

(1) Led by

- (1) Internally led
 (2) External service provider led
 (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
 (2) Social factors
 (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
 (2) Fixed income
 (3) Private equity
 (4) Real estate
 (5) Infrastructure
 (6) Hedge funds
 (7) Forestry
 (8) Farmland
 (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

1. Challenges

The company, which manufactures building materials such as shutter doors, faced two main challenges:

- (1) Reducing accumulated surplus cash and breaking away from low capital efficiency
- (2) Improving the profitability of overseas operations through the introduction of an ERP system.

2. Engagement Plan

Engagement began in 2021.

Meetings with the president were conducted to discuss measures for improving ROE and downstream strategies for the US business. Additionally, in meetings with external directors, it was requested to strengthen management's commitment to capital efficiency by prioritizing goals related to capital efficiency in performance-linked compensation.

3. Behavioral Changes of the Target Company

Management began actively addressing capital efficiency, considering EVA introduced since fiscal year 2001 as an important indicator in the medium-term management plan, and actively engaging in discussions at the board of directors' meetings. The US business saw improved profitability as pricing strategies succeeded, leading to improvements in profitability during the fiscal years 2021 to 2022.

4. Looking forward

Discussions will continue on improving ROE and shareholder return policies, while also monitoring the company's response to the "2024 Problem" in construction and logistics.

(B) Example 2:

Title of stewardship activity:

Strengthening Responses to Climate Change and Water Risks

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

1. Challenges

Climate change impacts the alcoholic beverage manufacturing business, which uses agricultural products and water as main raw materials. Therefore, strengthening measures to mitigate climate change and water risks, and reducing anticipated impacts, were challenges.

2. Engagement Plan

Engagement started in 2021.

As the lead signatory institution for the 2023 CDP Non-Disclosure Campaign (NDC), we requested CDP disclosure. We also suggested setting medium- to long-term goals for reducing water usage, in addition to the 2025 target (15% reduction in the unit of quantity compared to 2017).

3. Behavioral Changes of the Target Company

Preparations for TCFD disclosure were already underway before the engagement began, leading to the disclosure of information based on the TCFD framework in 2022. In April 2023, a Sustainability Promotion Section was established, and the analysis of the impact of temperature rise on crop harvests was expanded from domestic to overseas alcoholic beverage businesses.

Measures such as diversifying suppliers were considered to reduce procurement risks. Additionally, measures to address water disaster risks at bases due to river flooding, etc., and to strengthen responses to climate change were started. In 2023, the company disclosed information on climate change and water security in its CDP report.

4. Looking forward

We will continue to monitor progress towards the 2030 targets for GHG emissions reduction and water usage reduction, and continue efforts to enhance the effectiveness of measures to mitigate the impact of climate change and water risks on the business.

(C) Example 3:

Title of stewardship activity:

Strengthening initiatives for respecting human rights, improving low ROE, and enhancing corporate value.

(1) Led by

- (1) Internally led
- (2) External service provider led
- (3) Led by an external investment manager, real assets third-party operator and/or external property manager

(2) Primary focus of stewardship activity

- (1) Environmental factors
- (2) Social factors
- (3) Governance factors

(3) Asset class(es)

- (1) Listed equity
- (2) Fixed income
- (3) Private equity
- (4) Real estate
- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

1. Challenges

While having the leading customer base domestically, the company faced challenges in establishing a human rights due diligence system, including assessing and addressing human rights risks involving customers and financiers. Additionally, improving low ROE and P/B was identified as an issue.

2. Engagement Plan

Regarding human rights, the engagement plan included not only revising human rights policies but also requesting the introduction of appropriate measures in response to the evaluation of human rights risks and disclosing information on these PDCA (Plan-Do-Check-Act) processes.

From a corporate value perspective, proposals with concrete examples were made emphasizing :

- (1) the importance of providing information sought by investors,
- (2) a focus on escaping from low P/B by being mindful of capital market perspectives.

3. Behavioral Changes of the Target Company

In April 2024, the company issued its first human rights report, allowing investors to review risk assessments and response status. In terms of enhancing corporate value, the company strengthened information disclosure aimed at investors, such as prioritizing explanations of measures to improve ROE and restructuring yen denominated portfolios during the earnings briefing in November 2023.

4.

Looking forward

Regarding human rights initiatives, the plan is to continue dialogues on accessibility to financial services, information security, and responding to specific human rights risks associated with investment and financing partners. For enhancing corporate value, discussions will focus on achieving capital efficiency higher than the target of 5% ROE and enhancing the persuasiveness of disclosed information to investors.

(D) Example 4:

Title of stewardship activity:

Strengthening Disclosure of Climate Change and Human Capital Strategy

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate
 - (5) Infrastructure
 - (6) Hedge funds
 - (7) Forestry
 - (8) Farmland
 - (9) Other
- (4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

1. Challenges

As a leading manufacturer and seller of sealants and insulation materials, the company was required to enhance its disclosure of policies on addressing climate change and initiatives for social contributions through its products and services. Additionally, efforts towards human capital strategy were lagging.

2. Engagement Plan

Engagement began in 2021, involving dialogues on the status and challenges of efforts towards carbon neutrality.

We shared investor perspectives on the issues and requested enhanced disclosure. Furthermore, we discussed the necessity of a human capital strategy to achieve the company's growth story through social contributions and environmental goals.

3. Behavioral Changes of the Target Company

In June 2023, the company expressed support for the TCFD and responded to the 2023 CDP, appropriately addressing climate change issues. In the 2023 Integrated Report, the company actively disclosed sustainability information, including (1) a detailed roadmap towards the 2030 greenhouse gas (GHG) emissions reduction targets, Scope 3, and the contribution and targets of GHG reduction through environmentally friendly products, and (2) their original index which quantifies evaluations from employees and stakeholders, along with goal settings.

4. Looking forward

The company plans to continue engaging on environmental issues and human capital strategy, deepening discussions towards a more concrete corporate value growth story.

(E) Example 5:

Title of stewardship activity:

Emphasizing the Eligibility of ESG Bonds in Fundraising

- (1) Led by
- (1) Internally led
 - (2) External service provider led
 - (3) Led by an external investment manager, real assets third-party operator and/or external property manager
- (2) Primary focus of stewardship activity
- (1) Environmental factors
 - (2) Social factors
 - (3) Governance factors
- (3) Asset class(es)
- (1) Listed equity
 - (2) Fixed income
 - (3) Private equity
 - (4) Real estate

- (5) Infrastructure
- (6) Hedge funds
- (7) Forestry
- (8) Farmland
- (9) Other

(4) Description of the activity and what was achieved. For collaborative activities, provide detail on your individual contribution.

1. Challenges

As a major real estate company in Japan, its mid-term challenges include:

- (1) Balancing rental enhancement and climate change risk reduction through their project,
- (2) Expanding ESG finance.

2. Engagement Plan

As part of our bond engagement, we have regularly conducted dialogues on fundraising methods and responses to climate change risks.

In our 2022 dialogue, we explained points of evaluation as bond investors during ESG bond investments and requested the need for fundraising that contributes to reducing reputational risk.

3.

Behavioral Changes of the Target Company

We shared the recognition that issuing ESG bonds, which require steady execution of sustainability strategies and highly transparent disclosure, is crucial for achieving mid-term goals and continuing smooth fundraising. In 2023, the company demonstrated a proactive stance towards diversifying ESG finance and enhancing the transparency of green investments by participating in the "Study Panel on the Use of Digital Bonds in ESG Investing" hosted by "JPX Market Innovation & Research" (Japan Exchange Group), and issuing their green bond with external evaluations from Moody's, R&I, and JCR.

4. Looking forward

We will continue to monitor the eligibility checks of existing ESG bonds and the status of ESG finance considerations in their project, while engaging in discussions aimed at reducing long-term refinancing risks and improving creditworthiness.

CLIMATE CHANGE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41	CORE	N/A	PGS 41.1	PUBLIC	Climate change	General

Has your organisation identified climate-related risks and opportunities affecting your investments?

(A) Yes, within our standard planning horizon

Specify the risks and opportunities identified and your relevant standard planning horizon:

We recognize the following as risks and opportunities caused by climate change. (Risks)

- A decline in assets under management due to stock prices falling worldwide as a result of economic losses caused by global warming
- A deterioration in relative investment performance due to SMDAM investee companies being negatively impacted by the transition to a carbon-free economy

- An increase in reputational risk due to our investment activities being regarded as inappropriate from the standpoint of the reduction of greenhouse gas (GHG) emissions and our investment products being considered a form of so-called greenwashing
- An increase in costs resulting from factors such as accommodating tighter regulations on climate change-related disclosure in Japan and overseas and procuring renewable energy in order to reduce our own GHG emissions

(Opportunities)

- An increase in new investment opportunities that include companies with innovative technologies that will contribute to the transition to a carbon-free economy and companies that can be expected to grow through a transformation of their business model
- An improvement in relative investment performance through enhancing our capacity for research and analysis of non-financial information such as endeavors to address the issue of climate change
- Expanded business opportunities from greater investor needs for investment products themed after solving or adapting to the issue of climate change

(Standard planning horizon)

- Long-term targeting year: Net zero emissions by 2050
- Interim targeting year: Reduce by half compared with end-March 2021 by 2030.

- (B) Yes, beyond our standard planning horizon
- (C) No, we have not identified climate-related risks and/or opportunities affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 41.1	CORE	PGS 41	N/A	PUBLIC	Climate change	General

Does your organisation integrate climate-related risks and opportunities affecting your investments in its overall investment strategy, financial planning and (if relevant) products?

● (A) Yes, our overall investment strategy, financial planning and (if relevant) products integrate climate-related risks and opportunities

Describe how climate-related risks and opportunities have affected or are expected to affect your investment strategy, financial planning and (if relevant) products:

(Investment)

We at SMDAM manage all of our active investment products taking sustainability into consideration. Based on the increasing importance in recent years of such non-financial information, including that on climate change, we are working to further improve investment performance by conducting qualitative and quantitative research and analysis on the impact of non-financial information on stock and bond prices. Additionally, we support the practical application of innovations that will help smoothen the transition to a carbon-free economy and solve the issue of climate change through engagement in the form of dialogue with investee companies and the exercise of voting rights in our capacity as a responsible institutional investor.

(Product Development)

- We work to develop and provide investment products that accommodate shifts in customer needs. These include investment with sustainability integrated into the investment process in a consistent fashion and products intended to improve sustainability.

(Operations)

- With a target of effectively zero GHG emissions by SMDAM (Scope 1 & 2) by 2030, we are working to reduce our energy consumption through such measures as promoting efficient office use, procuring renewable energy, and promoting paperless operations. We also established a sustainability procurement policy in July 2021 and are working to reduce GHG emissions in our supply chain (Scope 3).

- (B) No, our organisation has not yet integrated climate-related risks and opportunities into its investment strategy, financial planning and (if relevant) products

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 42	PLUS	N/A	N/A	PUBLIC	Climate change	General

Which sectors are covered by your organisation's strategy addressing high-emitting sectors?

- (A) Coal
- (B) Gas
- (C) Oil
- (D) Utilities
- (E) Cement
- (F) Steel

Describe your strategy:

SMDAM's engagement practice guidelines identify steel as an industry with a particularly large impact on GHG emissions.

- (G) Aviation

Describe your strategy:

SMDAM's engagement practice guidelines identify aviation as an industry with a particularly large impact on GHG emissions.

- (H) Heavy duty road

Describe your strategy:

SMDAM's engagement practice guidelines identify heavy duty road as an industry with a particularly large impact on GHG emissions.

- (I) Light duty road

Describe your strategy:

SMDAM's engagement practice guidelines identify light duty road as an industry with a particularly large impact on GHG emissions.

- (J) Shipping

Describe your strategy:

SMDAM's engagement practice guidelines identify shipping as an industry with a particularly large impact on GHG emissions.

- (K) Aluminium

- (L) Agriculture, forestry, fishery

Describe your strategy:

SMDAM's engagement practice guidelines identify agriculture, forestry and fishery as industries with a particularly large impact on GHG emissions.

- (M) Chemicals

Describe your strategy:

SMDAM's engagement practice guidelines identify chemicals as an industry with a particularly large impact on GHG emissions.

- (N) Construction and buildings
- (O) Textile and leather
- (P) Water
- (Q) Other

Specify:

Automotive, mining, metal and finance

Describe your strategy:

SMDAM's engagement practice guidelines identify automotive, mining, metal and finance as industries with a particularly large impact on GHG emissions.

- o (R) We do not have a strategy addressing high-emitting sectors

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 43	CORE	N/A	N/A	PUBLIC	Climate change	General

Has your organisation assessed the resilience of its investment strategy in different climate scenarios, including one in which the average temperature rise is held to below 2 degrees Celsius (preferably to 1.5 degrees Celsius) above pre-industrial levels?

- (A) Yes, using the Inevitable Policy Response Forecast Policy Scenario (FPS) or Required Policy Scenario (RPS)
- (B) Yes, using the One Earth Climate Model scenario
- (C) Yes, using the International Energy Agency (IEA) Net Zero scenario
- (D) Yes, using other scenarios

Specify:

- The Potsdam Institute for Climate Impact Research's (PIK) REMIND model
- Sumitomo Mitsui DS Asset Management refers to the 1.5°C, the 2°C and 3°C REMIND Orderly/ Disorderly /Hot-house scenarios.

- o (E) No, we have not assessed the resilience of our investment strategy in different climate scenarios, including one that holds temperature rise to below 2 degrees

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 44	CORE	N/A	N/A	PUBLIC	Climate change	General

Does your organisation have a process to identify, assess, and manage the climate-related risks (potentially) affecting your investments?

- (A) Yes, we have a process to identify and assess climate-related risks

(1) Describe your process

(Climate Change Risk Evaluation)

We assess climate change risks of investee companies using proprietary ESG evaluations and assign scores based on those companies' relative performance within their same sector. The issue of climate change is also one of our priority ESG themes. We practice engagement primarily with sectors that have high GHG emission levels and with companies that have considerable room to improve their ESG scores. Meanwhile, for our leading investment products, we measure climate change risks in portfolio units, verify measurement values for our entire portfolio as well as those for the investee companies that comprise it, and utilize them in investment decisions pertaining to stock selections.

(2) Describe how this process is integrated into your overall risk management

(Management of Climate Change Risks)

In cases where climate change risk metrics are included in the investment guidelines of specific products, the Investment Management Division autonomously manages them just as it does other constraints. In addition, the Risk Management Department monitors the status of compliance and requests to the Investment Management Division to take the necessary actions or decide on a policy in situations in which thresholds are closely approached or encroached.

- (B) Yes, we have a process to manage climate-related risks
- (C) No, we do not have any processes to identify, assess, or manage the climate-related risks affecting our investments

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 45	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, which of the following climate risk metrics or variables affecting your investments did your organisation use and publicly disclose?

(A) Exposure to physical risk

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/2023TCFD_Part.pdf#page=4

(B) Exposure to transition risk

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/2023TCFD_Part.pdf#page=4

(C) Internal carbon price

(D) Total carbon emissions

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/sustainability_report_2023-2024_en.pdf#page=51

(E) Weighted average carbon intensity

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology
- (2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable
https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/2023TCFD_Part.pdf#page=3

(F) Avoided emissions

- (1) Indicate whether this metric or variable was used and disclosed, including the methodology
 - (1) Metric or variable used
 - (2) Metric or variable used and disclosed
 - (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/2023TCFD_Part.pdf#page=3

(G) Implied Temperature Rise (ITR)

(1) Indicate whether this metric or variable was used and disclosed, including the methodology

- (1) Metric or variable used
- (2) Metric or variable used and disclosed**
- (3) Metric or variable used and disclosed, including methodology

(2) Provide link to the disclosed metric or variable, including the methodology followed, as applicable

https://www.smd-am.co.jp/english/corporate/vision/fiduciary/pdf/2023TCFD_Part.pdf#page=4

(H) Non-ITR measure of portfolio alignment with UNFCCC Paris Agreement goals

(I) Proportion of assets or other business activities aligned with climate-related opportunities

(J) Other metrics or variables

(K) Our organisation did not use or publicly disclose any climate risk metrics or variables affecting our investments during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 46	CORE	N/A	N/A	PUBLIC	Climate change	General

During the reporting year, did your organisation publicly disclose its Scope 1, Scope 2, and/or Scope 3 greenhouse gas emissions?

(A) Scope 1 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed**
- (2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/03/>

https://www.smd-am.co.jp/english/corporate/responsible_investment/pdf/SFDR_disclosure_statement_July_2023.pdf#page=7

(B) Scope 2 emissions

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed**
- (2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/03/>

https://www.smd-am.co.jp/english/corporate/responsible_investment/pdf/SFDR_disclosure_statement_July_2023.pdf#page=7

(C) Scope 3 emissions (including financed emissions)

(1) Indicate whether this metric was disclosed, including the methodology

- (1) Metric disclosed**
- (2) Metric and methodology disclosed

(2) Provide links to the disclosed metric and methodology, as applicable

<https://www.smd-am.co.jp/english/corporate/vision/fiduciary/03/>

https://www.smd-am.co.jp/english/corporate/responsible_investment/pdf/SFDR_disclosure_statement_July_2023.pdf#page=7

(D) Our organisation did not publicly disclose its Scope 1, Scope 2, or Scope 3 greenhouse gas emissions during the reporting year

SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47	CORE	N/A	Multiple indicators	PUBLIC	Sustainability outcomes	1, 2

Has your organisation identified the intended and unintended sustainability outcomes connected to its investment activities?

- (A) Yes, we have identified one or more specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet identified the sustainability outcomes connected to any of our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.1	CORE	PGS 47	N/A	PUBLIC	Sustainability outcomes	1, 2

Which widely recognised frameworks has your organisation used to identify the intended and unintended sustainability outcomes connected to its investment activities?

- (A) The UN Sustainable Development Goals (SDGs) and targets
- (B) The UNFCCC Paris Agreement
- (C) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (D) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (E) The EU Taxonomy
- (F) Other relevant taxonomies
- (G) The International Bill of Human Rights
- (H) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (I) The Convention on Biological Diversity
- (J) Other international framework(s)
- (K) Other regional framework(s)
- (L) Other sectoral/issue-specific framework(s)
- (M) Our organisation did not use any widely recognised frameworks to identify the intended and unintended sustainability outcomes connected to its investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 47.2	CORE	PGS 47	PGS 48	PUBLIC	Sustainability outcomes	1, 2

What are the primary methods that your organisation has used to determine the most important intended and unintended sustainability outcomes connected to its investment activities?

- (A) Identify sustainability outcomes that are closely linked to our core investment activities
- (B) Consult with key clients and/or beneficiaries to align with their priorities
- (C) Assess which actual or potential negative outcomes for people are most severe based on their scale, scope, and irremediable character
- (D) Identify sustainability outcomes that are closely linked to systematic sustainability issues
- (E) Analyse the input from different stakeholders (e.g. affected communities, civil society, trade unions or similar)
- (F) Understand the geographical relevance of specific sustainability outcome objectives

- (G) Other method
- (H) We have not yet determined the most important sustainability outcomes connected to our investment activities

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 48	CORE	PGS 47.2	PGS 48.1, SO 1	PUBLIC	Sustainability outcomes	1, 2

Has your organisation taken action on any specific sustainability outcomes connected to its investment activities, including to prevent and mitigate actual and potential negative outcomes?

- (A) Yes, we have taken action on some of the specific sustainability outcomes connected to our investment activities
- (B) No, we have not yet taken action on any specific sustainability outcomes connected to our investment activities

HUMAN RIGHTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49	PLUS	PGS 47	PGS 49.1	PUBLIC	Human rights	1, 2

During the reporting year, what steps did your organisation take to identify and take action on the actual and potentially negative outcomes for people connected to your investment activities?

- (A) We assessed the human rights context of our potential and/or existing investments and projected how this could connect our organisation to negative human rights outcomes

Explain how these activities were conducted:

SMDAM conducted an assessment of human rights risks for investees, external managers, and outside contractors. As a result, we identified that excessive and unfair working hours, forced labor, the rights of foreign workers, human rights related to the environment and climate change, and human rights in the supply chain were particularly at risk. Additionally, we identified medium-level risks such as labor health and safety, harassment, child labor, human rights related to technology and AI, discrimination, gender issues, the rights of indigenous peoples and local communities, bribery and corruption, and the right to access remedies. Furthermore, SMDAM assessed human rights risks based on the industrial and business characteristics of the investee companies. This assessment identified relatively high human rights risks in some companies in the food, construction, housing and real estate, retail, banking, machinery, auto parts, land transportation, and electric power and gas sectors.

- (B) We assessed whether individuals at risk or already affected might be at heightened risk of harm

Explain how these activities were conducted:

SMDAM conducted the following assessment of human rights risks during the reporting year.

- We identified and engaged with investees at risk of human rights abuses.
- We received corporate misconducts about human rights from our investee companies and conducted engagements with them to reassess human rights risks.
- We surveyed our external investment managers on the status of the formulation of human rights policies and the human rights due diligence system through hearings and annual questionnaires.
- We conducted annual reviews of external service providers.
- We conducted internal reporting and collected data on labor relations, organizational culture, and the workplace environment.

- (C) We consulted with individuals and groups who were at risk or already affected, their representatives and/or other relevant stakeholders such as human rights experts

- (D) We took other steps to assess and manage the actual and potentially negative outcomes for people connected to our investment activities

- (E) We did not identify and take action on the actual and potentially negative outcomes for people connected to any of our investment activities during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.1	PLUS	PGS 49	N/A	PUBLIC	Human rights	1, 2

During the reporting year, which stakeholder groups did your organisation include when identifying and taking action on the actual and potentially negative outcomes for people connected to your investment activities?

(A) Workers

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(B) Communities

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(C) Customers and end-users

Sector(s) for which each stakeholder group was included

- (1) Energy
- (2) Materials
- (3) Industrials
- (4) Consumer discretionary
- (5) Consumer staples
- (6) Healthcare
- (7) Finance
- (8) Information technology
- (9) Communication services
- (10) Utilities
- (11) Real estate

(D) Other stakeholder groups

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 49.2	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, what information sources did your organisation use to identify the actual and potentially negative outcomes for people connected to its investment activities?

(A) Corporate disclosures

Provide further detail on how your organisation used these information sources:

SMDAM reviews human rights reports, integrated reports, sustainability reports, and website information published by investee companies.

(B) Media reports

Provide further detail on how your organisation used these information sources:

In order to gather information on corporate misconduct and scandal related to human rights, SMDAM collects relevant articles from multiple information vendors' news once a month and shares them within the investment department to identify high-severity articles.

(C) Reports and other information from NGOs and human rights institutions

Provide further detail on how your organisation used these information sources:

SMDAM reviews human rights reports such as Human Rights Watch and AMNESTY.

(D) Country reports, for example, by multilateral institutions, e.g. OECD, World Bank

(E) Data provider scores or benchmarks

Provide further detail on how your organisation used these information sources:

SMDAM can review human rights scores and evaluations of contracted service providers.

(F) Human rights violation alerts

(G) Sell-side research

Provide further detail on how your organisation used these information sources:

SMDAM has the capability to review multiple sell-side research reports.

(H) Investor networks or other investors

Provide further detail on how your organisation used these information sources:

SMDAM participates in Advance, one of PRI's collaborative engagement platforms.

(I) Information provided directly by affected stakeholders or their representatives

(J) Social media analysis

(K) Other

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
PGS 50	PLUS	PGS 47	N/A	PUBLIC	Human rights	1, 2

During the reporting year, did your organisation, directly or through influence over investees, enable access to remedy for people affected by negative human rights outcomes connected to your investment activities?

(A) Yes, we enabled access to remedy directly for people affected by negative human rights outcomes we caused or contributed to through our investment activities

(B) Yes, we used our influence to ensure that our investees provided access to remedies for people affected by negative human rights outcomes we were linked to through our investment activities

● (C) No, we did not enable access to remedy directly, or through the use of influence over investees, for people affected by negative human rights outcomes connected to our investment activities during the reporting year

Explain why:

SMDAM conducted human rights due diligence to confirm the existence of human rights policies and activities among external investment managers and contractors. However, we have not been able to ascertain through the due diligence what relief has been granted to those affected by the negative human rights outcomes associated with investment activities. In the future, we are considering expanding the scope of our human rights due diligence and establishing an external reporting channel.

MANAGER SELECTION, APPOINTMENT AND MONITORING (SAM)

OVERALL APPROACH

EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 1	CORE	OO 21	N/A	PUBLIC	External investment managers	4

For the majority of your externally managed AUM in each asset class, which responsible investment aspects does your organisation consider important in the assessment of external investment managers?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(7) Infrastructure
Organisation				
(A) Commitment to and experience in responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Responsible investment policy(ies)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Governance structure and senior-level oversight and accountability	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
People and Culture				
(D) Adequate resourcing and incentives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Staff competencies and experience in responsible investment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Investment Process				
(F) Incorporation of material ESG factors in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(G) Incorporation of risks connected to systematic sustainability issues in the investment process	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Stewardship				
(I) Policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Policy(ies) or guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(K) Use of stewardship tools and activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(L) Incorporation of risks connected to systematic sustainability issues in stewardship practices	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(M) Involvement in collaborative engagement and stewardship initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(N) Engagement with policy makers and other non-investee stakeholders	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(O) Results of stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
Performance and Reporting				
(P) ESG disclosure in regular client reporting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(Q) Inclusion of ESG factors in contractual agreements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(R) We do not consider any of the above responsible investment aspects important in the assessment of external investment managers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

SERVICE PROVIDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 2	CORE	OO 21	N/A	PUBLIC	Service providers	4

Which responsible investment aspects does your organisation consider important when assessing all service providers that advise you in the selection, appointment and/or monitoring of external investment managers?

- (A) Incorporation of their responsible investment policy into advisory services
- (B) Ability to accommodate our responsible investment policy
- (C) Level of staff's responsible investment expertise
- (D) Use of data and analytical tools to assess the external investment manager's responsible investment performance
- (E) Other
- (F) We do not consider any of the above responsible investment aspects important when assessing service providers that advise us in the selection, appointment and/or monitoring of external investment managers
- (G) Not applicable; we do not engage service providers in the selection, appointment or monitoring of external investment managers

SELECTION

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 4	CORE	OO 12, OO 21	SAM 5, SAM 6, SAM 7	PUBLIC	Responsible investment practices	General

During the reporting year, did your organisation select new external investment managers or allocate new mandates to existing investment managers?

- (A) Yes, we selected external investment managers or allocated new mandates to existing investment managers during the reporting year
- (B) No, we did not select new external investment managers or allocate new mandates to existing investment managers during the reporting year
- (C) Not applicable; our organisation is in a captive relationship with external investment managers, which applies to 90% or more of our AUM

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 5	CORE	SAM 4	N/A	PUBLIC	Responsible investment practices	4

During the reporting year, what responsible investment aspects did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

Organisation

(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(B) Responsible investment policy(ies) (e.g. the alignment of their responsible investment policy with the investment mandate)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(C) Governance structure and senior-level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

People and Culture

(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)

Select from dropdown list

- (1) for all of our mandates**
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks)

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

Performance and Reporting

(I) ESG disclosure in regular client reporting

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(J) Inclusion of ESG factors in contractual agreements

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(K) We did not review and evaluate any of the above responsible investment aspects when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 6	CORE	OO 8, OO 21, SAM 4	N/A	PUBLIC	Stewardship	4

During the reporting year, which aspects of the stewardship approach did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

(A) The alignment of their policy(ies) or guidelines on stewardship with the investment mandate

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(B) Evidence of how they implemented their stewardship objectives, including the effectiveness of their activities

(C) Their participation in collaborative engagements and stewardship initiatives

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(D) Details of their engagements with companies or issuers on risks connected to systematic sustainability issues

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(E) Details of their engagement activities with policy makers

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

(F) Their escalation process and the escalation tools included in their policy on stewardship

Select from dropdown list

- (1) for all of our mandates
- (2) for a majority of our mandates
- (3) for a minority of our mandates

- (G) We did not review and evaluate any of the above aspects of the stewardship approach when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 7	CORE	OO 9, OO 21, SAM 4	N/A	PUBLIC	Stewardship	4

During the reporting year, which aspects of (proxy) voting did your organisation, or the service provider acting on your behalf, review and evaluate when selecting new external investment managers or allocating new mandates to existing investment managers?

- (A) The alignment of their policy(ies) or guidelines on (proxy) voting with the investment mandate**
Select from dropdown list
 - (1) for all of our mandates**
 - (2) for a majority of our mandates
 - (3) for a minority of our mandates
- (B) Historical information on the number or percentage of general meetings at which they voted
- (C) Analysis of votes cast for and against
- (D) Analysis of votes cast for and against resolutions related to risks connected to systematic sustainability issues
- (E) Details of their position on any controversial and high-profile votes
- (F) Historical information of any resolutions on which they voted contrary to their own voting policy and the reasons why
- (G) Details of all votes involving companies where the external investment manager or an affiliate has a contractual relationship or another potential conflict of interest
 - (H) We did not review and evaluate any of the above aspects of (proxy) voting when selecting new external investment managers or allocating new mandates to existing investment managers during the reporting year
 - (I) Not applicable; our organisation did not select new external investment managers or allocated new mandates to existing investment managers for listed equity and/or hedge funds that hold equity.

APPOINTMENT

SEGREGATED MANDATES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 8	CORE	OO 5.2, OO 13, OO 21	N/A	PUBLIC	Segregated mandates	4

Which responsible investment aspects do your organisation, or the service provider acting on your behalf, explicitly include in clauses within your contractual agreements with your external investment managers for segregated mandates?

- (A) Their commitment to following our responsible investment strategy in the management of our assets**
Select from dropdown list
 - (1) for all of our segregated mandates**
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (B) Their commitment to incorporating material ESG factors into their investment activities**
Select from dropdown list
 - (1) for all of our segregated mandates
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates**
- (C) Their commitment to incorporating material ESG factors into their stewardship activities**
Select from dropdown list
 - (1) for all of our segregated mandates

- (2) for a majority of our segregated mandates
- (3) for a minority of our segregated mandates
- (D) Their commitment to incorporating risks connected to systematic sustainability issues into their investment activities
 - Select from dropdown list
 - (1) for all of our segregated mandates
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (E) Their commitment to incorporating risks connected to systematic sustainability issues into their stewardship activities
 - Select from dropdown list
 - (1) for all of our segregated mandates
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (F) Exclusion list(s) or criteria
- (G) Responsible investment communications and reporting obligations, including stewardship activities and results
- (H) Incentives and controls to ensure alignment of interests
 - Select from dropdown list
 - (1) for all of our segregated mandates
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (I) Commitments on climate-related disclosure in line with internationally-recognised frameworks such as the TCFD
 - Select from dropdown list
 - (1) for all of our segregated mandates
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (J) Commitment to respect human rights as defined in the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights
 - Select from dropdown list
 - (1) for all of our segregated mandates
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (K) Their acknowledgement that their appointment is conditional on the fulfilment of their agreed responsible investment commitments
 - Select from dropdown list
 - (1) for all of our segregated mandates
 - (2) for a majority of our segregated mandates
 - (3) for a minority of our segregated mandates
- (L) Other
 - (M) We do not include responsible investment aspects in clauses within our contractual agreements with external investment managers for segregated mandates

MONITORING

RESPONSIBLE INVESTMENT PRACTICES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 9	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	4

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' responsible investment practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(7) Infrastructure
Organisation				
(A) Commitment to and experience in responsible investment (e.g. commitment to responsible investment principles and standards)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Responsible investment policy(ies) (e.g. the continued alignment of their responsible investment policy with the investment mandate)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Governance structure and senior level oversight and accountability (e.g. the adequacy of their governance structure and reported conflicts of interest)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
People and Culture				
(D) Adequate resourcing and incentives (e.g. their team structures, operating model and remuneration structure, including alignment of interests)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

(E) Staff competencies and experience in responsible investment (e.g. level of responsible investment responsibilities in their investment team, their responsible investment training and capacity building)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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Investment Process

(F) Incorporation of material ESG factors in the investment process (e.g. detail and evidence of how such factors are incorporated into the selection of individual assets and in portfolio construction)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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(G) Incorporation of risks connected to systematic sustainability issues in the investment process (e.g. detail and evidence of how such risks are incorporated into the selection of individual assets and in portfolio construction)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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(H) Incorporation of material ESG factors and ESG risks connected to systematic sustainability issues in portfolio risk assessment (e.g. their process to measure and report such risks, their response to ESG incidents)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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Performance and Reporting

(I) ESG disclosure in regular client reporting (e.g. any changes in their regular client reporting)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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(J) Inclusion of ESG factors in contractual agreements	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
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(K) We did not monitor any of the above aspects of our external investment managers' responsible investment practices during the reporting year	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 12	CORE	OO 14, OO 21	N/A	PUBLIC	Responsible investment practices	1

For the majority of your externally managed AUM in each asset class, how often does your organisation, or the service provider acting on your behalf, monitor your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(7) Infrastructure
(A) At least annually	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Less than once a year	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) On an ad hoc basis	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

STEWARDSHIP

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 13	CORE	OO 8, OO 21	N/A	PUBLIC	Stewardship	1, 2

For the majority of your externally managed AUM in each asset class, which aspects of your external investment managers' stewardship practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(7) Infrastructure
(A) Any changes in their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) The degree of implementation of their policy(ies) or guidelines on stewardship	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) How they prioritise material ESG factors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) How they prioritise risks connected to systematic sustainability issues	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(E) Their investment team's level of involvement in stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(F) Whether the results of stewardship actions were fed back into the investment process and decisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Whether they used a variety of stewardship tools and activities to advance their stewardship priorities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(H) The deployment of their escalation process in cases where initial stewardship efforts were unsuccessful	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(I) Whether they participated in collaborative engagements and stewardship initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(J) Whether they had an active role in collaborative engagements and stewardship initiatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(K) Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(L) We did not monitor our external investment managers' stewardship practices during the reporting year	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 14	CORE	OO 9, OO 21	N/A	PUBLIC	Stewardship	1, 2

For the majority of your AUM in each asset class where (proxy) voting is delegated to external investment managers, which aspects of your external investment managers' (proxy) voting practices did your organisation, or the service provider acting on your behalf, monitor during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)
(A) Any changes in their policy(ies) or guidelines on (proxy) voting	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Whether their (proxy) voting decisions were consistent with their stewardship priorities as stated in their policy and with their voting policy, principles and/or guidelines	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Whether their (proxy) voting decisions were consistent with their stated approach on the prioritisation of risks connected to systematic sustainability issues	<input type="checkbox"/>	<input type="checkbox"/>
(D) Whether their (proxy) voting track record was aligned with our stewardship approach and expectations	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) The application of their policy on securities lending and any implications for implementing their policy(ies) or guidelines on (proxy) voting (where applicable)	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other	<input type="checkbox"/>	<input type="checkbox"/>
(G) We did not monitor our external investment managers' (proxy) voting practices during the reporting year	<input type="radio"/>	<input type="radio"/>

ENGAGEMENT AND ESCALATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 16	CORE	OO 14, OO 21	N/A	PUBLIC	Engagement and escalation	4

What actions does your organisation, or the service provider acting on your behalf, include in its formal escalation process to address concerns raised during monitoring of your external investment managers' responsible investment practices?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(7) Infrastructure
(A) Engagement with their investment professionals, investment committee or other representatives	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Notification about their placement on a watch list or relationship coming under review	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Reduction of capital allocation to the external investment managers until any concerns have been rectified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(D) Termination of the contract if failings persist over a (notified) period, including an explanation of the reasons for termination	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) Holding off selecting the external investment managers for new mandates or allocating additional capital until any concerns have been rectified	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(F) Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(G) Our organisation does not have a formal escalation process to address concerns raised during monitoring	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

VERIFICATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SAM 17	CORE	OO 14, OO 21	N/A	PUBLIC	Verification	1

For the majority of your externally managed AUM in each asset class, how did your organisation, or the service provider acting on your behalf, verify that the information reported by external investment managers on their responsible investment practices was correct during the reporting year?

	(1) Listed equity (active)	(2) Listed equity (passive)	(3) Fixed income (active)	(7) Infrastructure
(A) We checked that the information reported was verified through a third-party assurance process	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(B) We checked that the information reported was verified by an independent third party	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(C) We checked for evidence of internal monitoring or compliance	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Other	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(E) We did not verify the information reported by external investment managers on their responsible investment practices during the reporting year	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

LISTED EQUITY (LE)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your listed equity strategies?

	(1) Passive equity	(2) Active - quantitative	(3) Active - fundamental
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors beyond our organisation's average investment holding period	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(D) No, we do not have a formal process. Our investment professionals identify material ESG factors at their discretion	○	○	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○	○	○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your listed equity strategies?

	(1) Passive equity	(2) Active - quantitative	(3) Active - fundamental
(A) Yes, we have a formal process that includes scenario analyses	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, we have a formal process, but it does not include scenario analyses			
(C) We do not have a formal process for our listed equity strategies; our investment professionals monitor how ESG trends vary over time at their discretion	○	○	○
(D) We do not monitor and review the implications of changing ESG trends on our listed equity strategies	○	○	○

(A) Yes, we have a formal process that includes scenario analysis - Specify: (Voluntary)

In accordance with its basic policy on ESG investment, SMDAM, in principle, invites all of fund managers and analysts engaged with active investment management products to take into account ESG, which is an important factor for the sustainability of the companies in which they invest. Many passive management products also use negative screening. Regardless of the strategy, we conduct scenario analysis based on the TCFD every year.

Below are specific ESG trends to consider:

1. Investment restrictions/engagement (responses to investee companies with sustainability issues/concerns)
2. Sustainability considerations in investment decisions
3. Measurement and Response to Sustainability Indicators
4. Risk Monitoring and Reporting
5. Sophistication and expansion of methods to consider sustainability.

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your financial analysis and equity valuation or security rating process incorporate material ESG risks?

	(1) Active - quantitative	(2) Active - fundamental
(A) We incorporate material governance-related risks into our financial analysis and equity valuation or security rating process	(1) in all cases	(1) in all cases
(B) We incorporate material environmental and social risks into our financial analysis and equity valuation or security rating process	(1) in all cases	(1) in all cases
(C) We incorporate material environmental and social risks related to companies' supply chains into our financial analysis and equity valuation or security rating process	(1) in all cases	(1) in all cases
(D) We do not incorporate material ESG risks into our financial analysis, equity valuation or security rating processes	o	o

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

What information do you incorporate when you assess the ESG performance of companies in your financial analysis, benchmark selection and/or portfolio construction process?

	(1) Passive equity	(2) Active - quantitative	(3) Active - fundamental
(A) We incorporate qualitative and/or quantitative information on current performance across a range of material ESG factors	(1) in all cases	(1) in all cases	(1) in all cases
(B) We incorporate qualitative and/or quantitative information on historical performance across a range of material ESG factors	(1) in all cases	(1) in all cases	(1) in all cases
(C) We incorporate qualitative and/or quantitative information on material ESG factors that may impact or influence future corporate revenues and/or profitability	(1) in all cases	(1) in all cases	(1) in all cases
(D) We incorporate qualitative and/or quantitative information enabling current, historical and/or future performance comparison within a selected peer group across a range of material ESG factors			
(E) We do not incorporate qualitative or quantitative information on material ESG factors when assessing the ESG performance of companies in our financial analysis, equity investment or portfolio construction process	o	o	o

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 5	PLUS	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

Provide an example of how you incorporated ESG factors into your equity selection and research process during the reporting year.

Since 2009, SMDAM has introduced the SMDAM ESG Score (Comprehensive) as a unique ESG rating for individual companies. During the reporting year, we newly developed and launched the following proprietary ESG ratings. This allows fund managers to use ESG scores for a wider range of stocks.

1. SMDAM ESG Score (Core)

- Primarily for evaluating Japanese companies (mainly small & mid-cap companies) that do not have continuous coverage by the Sector Analysts, Credit Analysts, etc.
- Also consists of a Basic Evaluation and an Analyst Evaluation with a focus on especially important selected evaluation items, and reflecting the principal adverse impacts (PAIs) on environment and society
- The Analyst Evaluation is provided by sector analysts, relevant portfolio managers and ESG Analysts at the Responsible Investment Section

2.

SMDAM ESG Score (Info)

- Calculated by extrapolating our own ESG score in addition to external ESG scores provided by third-party ESG rating agencies with extensive coverage in their database.
- Mainly used to calculate average ESG scores of fully-covered entire portfolios and comparing them with benchmarks

3. SMDAM ESG Score (Global)

- Primarily assesses non-Japanese investee companies covered by our Sector Analysts, Credit Analysts, etc. This score is also granted to domestic investee companies, etc., if necessary.
- Consists of a Basic Evaluation and Analyst Evaluation, with the analyst evaluation considering the materiality of each sector and evaluating on selected key assessment items.

4. SMDAM ESG Score (REIT)

- REIT specialized rating systems for Japanese and foreign REITs assessed by specialized analysts.
- Governance Score is SMDAM's unique evaluation item that considers the laws and regulations as well as REIT product system in each country.
- Environmental and social aspects are evaluated by our professional REIT analysts based on GRESB, an ESG index specific to real estates and REITs, as well as on the evaluation criteria of the Task Force on Climate-related Financial Disclosures (TCFD).

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your stock selection, portfolio construction and/or benchmark selection process?

	(1) Passive equity	(2) Active - quantitative	(3) Active - fundamental
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(D) Other ways material ESG factors contribute to your portfolio construction and/or benchmark selection process			
(E) Our stock selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors	o	o	o

PASSIVE INVESTMENTS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 7	PLUS	OO 21	N/A	PUBLIC	Passive investments	1

Provide an example of how material ESG factors influenced weightings and tilts in the design of your passively managed funds.

At SMDAM, the Executive Officer in charge of the Responsible Investment Section determines investment constraints based on our "Rules on managing Unsuitable Investee Companies", when an investment is inappropriate from an ESG perspective. This rule excludes companies which do not meet the requirement of "good governance practices" in terms of the SFDR definition (sound business operation) from our investment universe.

The following types of investments are currently excluded from our investment:

- A) Companies which committed misconduct from an ESG perspective
- B) Companies that provide inappropriate products and services from an ESG perspective
- C) Companies identified through norm-based negative screening
- D) Product level investment exclusions (that are applied based on the product characteristics, and specific investment guidelines provided by clients)

We also encourage companies that have sustainability issues or concerns to improve by engagement and exercising voting rights by Responsible Investment Section and sector analysts.

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 9	CORE	OO 17.1 LE, OO 21	N/A	PUBLIC	ESG risk management	1

What compliance processes do you have in place to ensure that your listed equity assets subject to negative exclusionary screens meet the screening criteria?

- (A) We have internal compliance procedures that ensure all funds or portfolios that are subject to negative exclusionary screening have pre-trade checks
- (B) We have an external committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (C) We have an independent internal committee that oversees the screening implementation process for all funds or portfolios that are subject to negative exclusionary screening
- (D) We do not have compliance processes in place to ensure that we meet our stated negative exclusionary screens

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 10	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your listed equity assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

	(1) Active - quantitative	(2) Active - fundamental
(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual listed equity holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for other listed equity holdings exposed to similar risks and/or incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for our stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process; our investment professionals identify and incorporate material ESG risks and ESG incidents at their discretion	<input type="radio"/>	<input type="radio"/>

(F) We do not have a formal process to identify and incorporate material ESG risks and ESG incidents into our risk management process

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DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
LE 12	CORE	OO 17 LE, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your listed equity assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as their deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our listed equity assets subject to ESG screens

FIXED INCOME (FI)

OVERALL APPROACH

MATERIALITY ANALYSIS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 1	CORE	OO 21	N/A	PUBLIC	Materiality analysis	1

Does your organisation have a formal investment process to identify and incorporate material ESG factors across your fixed income assets?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, our investment process incorporates material governance factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, our investment process incorporates material environmental and social factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Yes, our investment process incorporates material ESG factors depending on different investment time horizons	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(D) No, we do not have a formal process; our investment professionals identify material ESG factors at their discretion	○	○	○
(E) No, we do not have a formal or informal process to identify and incorporate material ESG factors	○	○	○

MONITORING ESG TRENDS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 2	CORE	OO 21	N/A	PUBLIC	Monitoring ESG trends	1

Does your organisation have a formal process for monitoring and reviewing the implications of changing ESG trends across your fixed income assets?

	(1) SSA	(2) Corporate
(A) Yes, we have a formal process that includes scenario analyses	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, we have a formal process, but does it not include scenario analyses		
(C) We do not have a formal process for our fixed income assets; our investment professionals monitor how ESG trends vary over time at their discretion	○	○
(D) We do not monitor and review the implications of changing ESG trends on our fixed income assets	○	○

(A) Yes, we have a formal process that includes scenario analyses - Specify: (Voluntary)

SMDAM continuously and regularly reports and monitors changes in our ESG scores of sovereign (country) and corporate issuers to the Stewardship and ESG Committee. The Investment Department is analyzing economic forecasts and scenarios. The Corporate Sustainability Section calculates the amount of transition and physical risks related to climate change for each asset class and analyzes scenarios.

PRE-INVESTMENT

ESG INCORPORATION IN RESEARCH

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 3	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

For the majority of your fixed income investments, does your organisation incorporate material ESG factors when assessing their credit quality?

	(1) SSA	(2) Corporate	(4) Private debt
(A) We incorporate material environmental and social factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) We incorporate material governance-related factors	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) We do not incorporate material ESG factors for the majority of our fixed income investments	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 4	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

Does your organisation have a framework that differentiates ESG risks by issuer country, region and/or sector?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, we have a framework that differentiates ESG risks by country and/or region (e.g. local governance and labour practices)	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Yes, we have a framework that differentiates ESG risks by sector	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) No, we do not have a framework that differentiates ESG risks by issuer country, region and/or sector	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(D) Not applicable; we are not able to differentiate ESG risks by issuer country, region and/or sector due to the limited universe of our issuers

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Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 5	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How does your organisation incorporate material ESG factors when selecting private debt investments during the due diligence phase?

- (A) We use a qualitative ESG checklist
- (B) We assess quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity**
 Select from dropdown list:
 - (1) in all cases**
 - (2) in a majority of cases
 - (3) in a minority of cases
- (C) We check whether the target company has its own responsible investment policy, sustainability policy or ESG policy**
 Select from dropdown list:
 - (1) in all cases**
 - (2) in a majority of cases
 - (3) in a minority of cases
- (D) We hire third-party consultants to do technical due diligence on specific material ESG factors where internal capabilities are not available
- (E) We require the review and sign-off of our ESG due diligence process by our investment committee, or the equivalent function**
 Select from dropdown list:
 - (1) in all cases**
 - (2) in a majority of cases
 - (3) in a minority of cases
- (F) We use industry-recognised responsible investment due diligence questionnaire (DDQ) templates**
 Select from dropdown list:
 - (1) in all cases**
 - (2) in a majority of cases
 - (3) in a minority of cases
- (G) We use another method of incorporating material ESG factors when selecting private debt investments during the due diligence process
- (H) We do not incorporate material ESG factors when selecting private debt investments during the due diligence phase

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 6	CORE	OO 21	N/A	PUBLIC	ESG incorporation in research	1

How do you incorporate significant changes in material ESG factors over time into your fixed income asset valuation process?

	(1) SSA	(2) Corporate	(3) Private debt
(A) We incorporate it into the forecast of financial metrics or other quantitative assessments	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) We make a qualitative assessment of how material ESG factors may evolve	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) We do not incorporate significant changes in material ESG factors	o	o	o

ESG INCORPORATION IN PORTFOLIO CONSTRUCTION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 8	CORE	OO 21	N/A	PUBLIC	ESG incorporation in portfolio construction	1

How do material ESG factors contribute to your security selection, portfolio construction and/or benchmark selection process?

	(1) SSA	(2) Corporate
(A) Material ESG factors contribute to the selection of individual assets and/or sector weightings within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(B) Material ESG factors contribute to determining the holding period of individual assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(C) Material ESG factors contribute to the portfolio weighting of individual assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(D) Material ESG factors contribute to the country or region weighting of assets within our portfolio construction and/or benchmark selection process	(1) for all of our AUM	(1) for all of our AUM
(E) Material ESG factors contribute to our portfolio construction and/or benchmark selection process in other ways		
(F) Our security selection, portfolio construction or benchmark selection process does not include the incorporation of material ESG factors	o	o

POST-INVESTMENT

ESG RISK MANAGEMENT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 11	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

How are material ESG factors incorporated into your portfolio risk management process?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Investment committee members, or the equivalent function or group, can veto investment decisions based on ESG considerations	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(B) Companies, sectors, countries and/or currencies are monitored for changes in exposure to material ESG factors and any breaches of risk limits	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(C) Overall exposure to specific material ESG factors is measured for our portfolio construction, and sizing or hedging adjustments are made depending on the individual issuer or issue sensitivity to these factors	(1) for all of our AUM	(1) for all of our AUM	(1) for all of our AUM
(D) We use another method of incorporating material ESG factors into our portfolio's risk management process			
(E) We do not have a process to incorporate material ESG factors into our portfolio's risk management process	o	o	o

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 12	CORE	OO 21	N/A	PUBLIC	ESG risk management	1

For the majority of your fixed income assets, do you have a formal process to identify and incorporate material ESG risks and ESG incidents into your risk management process?

	(1) SSA	(2) Corporate	(4) Private debt
(A) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents and their implications for individual fixed income holdings	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(B) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for other fixed income holdings exposed to similar risks and/or incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(C) Yes, our formal process includes reviews of quantitative and/or qualitative information on material ESG risks and ESG incidents, and their implications for our stewardship activities	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
(D) Yes, our formal process includes ad hoc reviews of quantitative and/or qualitative information on severe ESG incidents	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
(E) We do not have a formal process to identify and incorporate ESG risks and ESG incidents; our investment professionals identify and incorporate ESG risks and ESG incidents at their discretion	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
(F) We do not have a formal process to identify and incorporate ESG risks and ESG incidents into our risk management process	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

PERFORMANCE MONITORING

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 13	CORE	OO 21	N/A	PUBLIC	Performance monitoring	1

During the reporting year, how did your organisation incorporate material ESG factors when monitoring private debt investments?

- (A) We used a qualitative ESG checklist
- (B) We assessed quantitative information on material ESG factors, such as energy consumption, carbon footprint and gender diversity
 - Select from dropdown list:
 - (1) in all cases
 - (2) in the majority of cases
 - (3) in the minority of cases
- (C) We hired third-party consultants to do technical assessment on specific material ESG factors where internal capabilities were not available
- (D) We used industry body guidelines
 - Select from dropdown list:
 - (1) in all cases
 - (2) in the majority of cases
 - (3) in the minority of cases
- (E) We used another method to incorporate material ESG factors into the monitoring of private debt investments
 - Specify:
 - SMDAM conducted human rights due diligence on private debt investees.
 - Select from dropdown list:
 - (1) in all cases
 - (2) in the majority of cases
 - (3) in the minority of cases
- (F) We did not incorporate material ESG factors when monitoring private debt investments

DISCLOSURE OF ESG SCREENS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
FI 18	CORE	OO 17 FI, OO 21	N/A	PUBLIC	Disclosure of ESG screens	6

For all your fixed income assets subject to ESG screens, how do you ensure that clients understand ESG screens and their implications?

- (A) We share a list of ESG screens
- (B) We share any changes in ESG screens
- (C) We explain any implications of ESG screens, such as any deviation from a benchmark or impact on sector weightings
- (D) We do not share the above information for all our fixed income assets subject to ESG screens

SUSTAINABILITY OUTCOMES (SO)

SETTING TARGETS AND TRACKING PROGRESS

SETTING TARGETS ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 1	PLUS	PGS 48	SO 2, SO 2.1, SO 3	PUBLIC	Setting targets on sustainability outcomes	1, 2

What specific sustainability outcomes connected to its investment activities has your organisation taken action on?

(A) Sustainability outcome #1

(1) Widely recognised frameworks used to guide action on this sustainability outcome

(1) The UN Sustainable Development Goals (SDGs) and targets

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

(1) Environmental

(2) Social

(3) Governance-related

(4) Other

(3) Sustainability outcome name

NZAM portfolio emissions

(4) Number of targets set for this outcome

(1) No target

(2) One target

(3) Two or more targets

(B) Sustainability outcome #2

(1) Widely recognised frameworks used to guide action on this sustainability outcome

(1) The UN Sustainable Development Goals (SDGs) and targets

(2) The UNFCCC Paris Agreement

(3) The UN Guiding Principles on Business and Human Rights (UNGPs)

(4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors

(5) The EU Taxonomy

(6) Other relevant taxonomies

(7) The International Bill of Human Rights

(8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions

(9) The Convention on Biological Diversity

(10) Other international, regional, sector-based or issue-specific framework(s)

- (2) Classification of sustainability outcome
- (1) **Environmental**
 - (2) Social
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- Nature positive investment
- (4) Number of targets set for this outcome
- (1) **No target**
 - (2) One target
 - (3) Two or more targets
- (C) Sustainability outcome #3
- (D) Sustainability outcome #4
- (E) Sustainability outcome #5
- (F) **Sustainability outcome #6**
- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- (1) **The UN Sustainable Development Goals (SDGs) and targets**
 - (2) The UNFCCC Paris Agreement
 - (3) **The UN Guiding Principles on Business and Human Rights (UNGPs)**
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) **The International Bill of Human Rights**
 - (8) **The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions**
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
- (1) Environmental
 - (2) **Social**
 - (3) Governance-related
 - (4) Other
- (3) Sustainability outcome name
- Human rights in supply chain
- (4) Number of targets set for this outcome
- (1) **No target**
 - (2) One target
 - (3) Two or more targets
- (G) **Sustainability outcome #7**
- (1) Widely recognised frameworks used to guide action on this sustainability outcome
- (1) **The UN Sustainable Development Goals (SDGs) and targets**
 - (2) The UNFCCC Paris Agreement
 - (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
 - (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
 - (5) The EU Taxonomy
 - (6) Other relevant taxonomies
 - (7) The International Bill of Human Rights
 - (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
 - (9) The Convention on Biological Diversity
 - (10) Other international, regional, sector-based or issue-specific framework(s)
- (2) Classification of sustainability outcome
- (1) Environmental
 - (2) **Social**
 - (3) Governance-related
 - (4) Other

(3) Sustainability outcome name

Human capital

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(H) Sustainability outcome #8

(1) Widely recognised frameworks used to guide action on this sustainability outcome

- (1) The UN Sustainable Development Goals (SDGs) and targets
- (2) The UNFCCC Paris Agreement
- (3) The UN Guiding Principles on Business and Human Rights (UNGPs)
- (4) OECD frameworks: OECD Guidelines for Multinational Enterprises and Guidance on Responsible Business Conduct for Institutional Investors
- (5) The EU Taxonomy
- (6) Other relevant taxonomies
- (7) The International Bill of Human Rights
- (8) The International Labour Organization's Declaration on Fundamental Principles and Rights at Work and the eight core conventions
- (9) The Convention on Biological Diversity
- (10) Other international, regional, sector-based or issue-specific framework(s)

(2) Classification of sustainability outcome

- (1) Environmental
- (2) Social
- (3) Governance-related
- (4) Other

(3) Sustainability outcome name

- Effectiveness of corporate governance
- Business ethics and Corporate culture

(4) Number of targets set for this outcome

- (1) No target
- (2) One target
- (3) Two or more targets

(I) Sustainability outcome #9

(J) Sustainability outcome #10

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2	PLUS	SO 1	SO 2.1, SO 4, SO 5	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your nearest-term targets.

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	NZAM portfolio emissions
(1) Target name	NZAM portfolio emissions
(2) Baseline year	2020

(3) Target to be met by	2030
(4) Methodology	NZIF
(5) Metric used (if relevant)	tCO2e/Mn USD Invested for Listed Equity and Corporate Bonds
(6) Absolute or intensity-based (if relevant)	(2) Intensity-based
(7) Baseline level or amount (if relevant):	96 tCO2e/Mn USD
(8) Target level or amount (if relevant)	48 tCO2e/Mn USD
(9) Percentage of total AUM covered in your baseline year for target setting	54%
(10) Do you also have a longer-term target for this?	(1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 2.1	PLUS	SO 1, SO 2	N/A	PUBLIC	Setting targets on sustainability outcomes	1

For each sustainability outcome, provide details of up to two of your long-term targets.

	(1) Target name	(2) Long-term target to be met by	(3) Long-term target level or amount (if relevant)
(A1) Sustainability Outcome #1: NZAM portfolio emissions	NZAM portfolio emissions	2050	0 tCO2e/Mn USD

FOCUS: SETTING NET-ZERO TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3	PLUS	SO 1	Multiple, see guidance	PUBLIC	Focus: Setting net-zero targets	General

If relevant to your organisation, you can opt-in to provide further details on your net-zero targets.

- (A) Yes, we would like to provide further details on our organisation's asset class-specific net-zero targets
- (B) Yes, we would like to provide further details on our organisation's net-zero targets for high-emitting sectors
- (C) Yes, we would like to provide further details on our organisation's mandate or fund-specific net-zero targets
- (D) No, we would not like to provide further details on our organisation's asset class, high-emitting sectors or mandate or fund-specific net-zero targets
- (E) No, our organisation does not have any asset class, high-emitting sectors or mandate or fund-specific net-zero targets

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
NZAM 1	PLUS	NZAM, SO 3	SO 3.1, SO 3.2	PUBLIC	Focus: Setting net-zero targets	General

Select the relevant asset class breakdown for your organisation to report on your net-zero targets.

- (A) PRI's standard asset class breakdown
- (B) Asset class breakdown as per the NZAOA's Target Setting Protocol

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 3.1	PLUS	SO 3	N/A	PUBLIC	Focus: Setting net-zero targets	General

Provide details of your nearest-term net zero targets per asset class.

- (A) PRI asset class breakdown
 - Listed equity

Target details

(A) PRI asset class breakdown: Listed equity

(1) Baseline year 2020

(2) Target to be met by 2050

(3) Emissions included in target	(1) Scope 1 (2) Scope 2
(4) Methodology	NZIF
(5) Metric used	(3) Intensity-based: tCO ₂ e/Mn USD
(6) Baseline amount	85 tCO ₂ e/Mn USD
(7) Current amount (if different from baseline amount)	65 tCO ₂ e/Mn USD
(8) Targeted reduction with respect to baseline	100%
(9) Percentage of total AUM covered in your baseline year for target setting	100%
(10) If coverage is below 100% for this asset class, explain why	

Fixed income

Target details

(A) PRI asset class breakdown: Fixed income

(1) Baseline year	2020
(2) Target to be met by	2050
(3) Emissions included in target	(1) Scope 1 (2) Scope 2
(4) Methodology	NZIF
(5) Metric used	(3) Intensity-based: tCO ₂ e/Mn USD
(6) Baseline amount	141 tCO ₂ e/Mn USD
(7) Current amount (if different from baseline amount)	171 tCO ₂ e/Mn USD
(8) Targeted reduction with respect to baseline	100%

(9) Percentage of total AUM covered in your baseline year for target setting 100%

(10) If coverage is below 100% for this asset class, explain why

- Private equity
- Real estate
- Infrastructure
- Hedge funds
- Forestry
- Farmland
- Other

TRACKING PROGRESS AGAINST TARGETS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4	PLUS	SO 2	SO 4.1	PUBLIC	Tracking progress against targets	1

Does your organisation track progress against your nearest-term sustainability outcomes targets?

(A1) Sustainability outcome #1:

(A1) Sustainability outcome #1: NZAM portfolio emissions

Target name: NZAM portfolio emissions

Does your organisation track progress against your nearest-term sustainability outcome targets? (1) Yes

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 4.1	PLUS	SO 4	N/A	PUBLIC	Tracking progress against targets	1

During the reporting year, what qualitative or quantitative progress did your organisation achieve against your nearest-term sustainability outcome targets?

(A1) Sustainability Outcome #1: Target details

(A1) Sustainability Outcome #1:	NZAM portfolio emissions
(1) Target name	NZAM portfolio emissions
(2) Target to be met by	2030
(3) Metric used (if relevant)	tCO2e/Mn USD Invested for Listed Equity and Corporate Bonds
(4) Current level or amount (if relevant)	72 tCO2e/Mn USD
(5) Other qualitative or quantitative progress	Together with the Japan Hydrogen Association (JH2A), we are preparing to launch an investment fund that aims to promote the popularization of hydrogen in Japan from a financing perspective. With amendments to the Basic Hydrogen Strategy of Japan in June 2023, there has also been an acceleration in efforts to achieve a hydrogen society in Japan, which is expected to result in a further increase in the need for funding in the hydrogen field.
(6) Methodology for tracking progress	We have been adequately monitoring GHG indicators and also striving to expand the coverage of AUM. In the field of asset management, we annually conducted approximately 600 instances of exclusive engagements related to climate change and other environmental aspects across the globe. We held dialogues largely to encourage high-quality information disclosure based on superior case examples of disclosure. Additionally, as a form of CDP collective engagement, we led efforts to encourage Japanese corporations to acquire a CDP score. Furthermore, to timely address risks related to climate change, we hold monthly Sustainability Promotion meetings with the aim of facilitating the smooth execution of sustainability-related business activities.

INDIVIDUAL AND COLLABORATIVE INVESTOR ACTION ON OUTCOMES

LEVERS USED TO TAKE ACTION ON SUSTAINABILITY OUTCOMES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 5	PLUS	SO 2	Multiple	PUBLIC	Levers used to take action on sustainability outcomes	1, 2, 5

During the reporting year, which of the following levers did your organisation use to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

- (A) Stewardship with investees, including engagement, (proxy) voting, and direct influence with privately held assets**
 Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (B) Stewardship: engagement with external investment managers**
 Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (C) Stewardship: engagement with policy makers**
 Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (D) Stewardship: engagement with other key stakeholders**
 Select from drop down list:
 - (1) Individually
 - (2) With other investors or stakeholders
- (E) Capital allocation**
- (F) Our organisation did not use any of the above levers to take action on sustainability outcomes during the reporting year

CAPITAL ALLOCATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 6	PLUS	SO 5	N/A	PUBLIC	Capital allocation	1

During the reporting year, how did your organisation use capital allocation to take action on sustainability outcomes, including to prevent and mitigate actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Capital allocation activities used	(1) Asset class allocation (4) Divestment from assets or sectors
(2) Explain through an example	<p>1. Investment restrictions/engagement (responses to investee companies with sustainability issues/concerns)</p> <p>When we entertain doubts about sustainability of corporations identified in the outcome of our internal ESG research or acknowledgement of any investee company's misconducts, we will examine materiality of the incident and difficulty to recover through various means such as interviews and decide to add to negative list if necessary.</p> <p>In addition, we will use the exercise of voting rights and other means to address issues and concerns and encourage improvements.</p> <p>2. Sustainability considerations in investment decisions</p> <p>We take ESG factors into consideration as a material element to evaluate sustainability when making investment decisions. In particular, we incorporate analysis and evaluation of ESG factors into the security selection process to the extent suitable for characteristics of each investment product so that we are able to deliver stable return in the medium- to long-term.</p> <p>3. Measurement and Response to Sustainability Indicators</p> <p>We continuously monitor ESG related indicators including greenhouse gas emissions at a portfolio level. Measuring results is evaluated and reflected into the investment process going forward if necessary.</p>

4. Risk Monitoring and Reporting

To ensure the effectiveness of investment, ESG-related monitoring indicators are established and monitored by the Risk Management Department. We also strive to disclose appropriate ESG information from the perspective of investor protection.

5. Sophistication and expansion of methods to consider sustainability

We continuously enhance various ESG integration methods including security screening, engagement activity and the extent of ESG evaluation considered in portfolio construction. With these efforts, we will try to increase the number of products with deeply integrated ESG elements and monitor and improve the effectiveness of ESG integration.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: NZAM portfolio emissions

(1) Capital allocation activities used

(2) Explain through an example

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Nature positive investment

(1) Capital allocation activities used

(2) Explain through an example

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: Human rights in supply chain

(1) Capital allocation activities used

(2) Explain through an example

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7: Human capital

(1) Capital allocation activities used

(2) Explain through an example

(I) Sustainability Outcome #8:

(I) Sustainability Outcome #8: - Effectiveness of corporate governance - Business ethics and Corporate culture

(1) Capital allocation activities used

(2) Explain through an example

STEWARDSHIP WITH INVESTEEES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 8	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

During the reporting year, how did your organisation use stewardship with investees to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

SMDAM uses the following approach to achieve all sustainability outcomes:

(1) Describe your approach

1. Engagement

We identify and list the most important investees in each strategy and portfolio. Responsible Investment Section staff, analysts, and fund managers identify the material ESG issues of the investees on the list, taking into account SMDAM's materiality, and then set engagement themes based on these.

Each engagement sets goals and issues based on the theme and require investees to meet their goals and resolve issues.

We also participate in collaborative engagements and sign-on letter activities as necessary. If the direction of the initiative aligns with ours, we will positively consider participating in collaborative activities organized by the initiative.

2.

Proxy Voting

We have a sustainability criterion in our Criteria for Determining the Exercise of Voting Rights. This criterion requires us to vote against the election of directors at annual shareholder meetings of investee companies with material ESG issues or problems and companies with particularly inadequate ESG disclosure.

However, to the greatest extent possible, we will engage with such investee companies prior to the meeting and reflect this in our voting decisions.

3. Initiative activities

To fulfill our stewardship responsibilities as a responsible institutional investor, we have become a signatory to and accepted various global initiatives.

We work cooperatively with investors within and outside Japan and conduct engagement with our investee companies. By participating in initiatives with specific ESG-related objectives, we can indicate the ESG and sustainability issues that we want our investee companies to address.

(2) Stewardship tools or activities used

(1) Engagement
 (2) (Proxy) voting at shareholder meetings
 (9) Other

SMDAM has implemented the following activities related to stewardship and sustainability outcomes during the reporting year.

(3) Example

- We actively engaged with companies that have been involved in scandals, companies that have engaged in inappropriate ESG practices, companies with insufficient environmental disclosure, companies identified as having high human rights risks, companies with governance issues, and companies with inadequate disclosure regarding capital costs and stock prices.

- We continued our collaborative engagements through the Institutional Investor Collaborative Engagement Forum (IICEF). During the reporting year, we conducted collaborative engagements to address Japan's strategic cross-shareholdings, anti-takeover measures, and low-PBR companies. We also exchanged views with the Ministry of Economy, Trade and Industry and the Financial Services Agency in Japan.

- We have started an initiative to identify particularly important proposals and provide detailed explanations in the disclosure of our proxy voting results, in order to promote understanding of SMDAM's approach to proxy voting and its voting criteria.

- We served as the lead investor in several companies in CDP's Non-Disclosure Campaign 2023. This campaign aims to encourage companies to disclose information about the environment. We also participated in CDP's SBT Campaign 2023, which aims to encourage companies to develop science-based GHG emission reduction targets.

- As a member of the 30% Club Japan Investor Group, we organized a training session aimed at developing Japanese female executives. Given the small number of female executives in Japan, we hope that these training sessions will increase the proportion of female executives and create opportunities for women to be more involved in corporate decision-making.

- We established new human rights standards as part of our sustainability criteria in our voting guidelines.

- We have adopted a criterion regarding the proportion of female directors in our proxy voting.

- We actively participated in the ACGA China Working Group.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

NZAM portfolio emissions

(1) Describe your approach

SMDAM uses the following approach to our NZAM portfolio emissions target:

- As we support the international community's efforts to achieve net-zero GHG emissions by 2050 as well as the Paris Agreement, a common long-term global goal related to climate change, in March 2022 we became a signatory of the Net Zero Asset Managers Initiative, a global initiative of asset managers aimed at achieving this goal.

- We will encourage investee companies to obtain SBT (Science Based Targets) certification, which is granted to companies with long-term plans consistent with requirements of the Paris Agreement, and to improve their CDP climate change scores, while considering divestment as an option for sectors with high GHG emissions.

Meanwhile, we will participate even more actively in collaborative engagements organized by domestic and international initiatives.

- Our analysts will develop GHG emission forecasts for the companies within their coverage and these forecast will be taken into account within the investment process.

- In accordance with our Criteria for Determining the Exercise of Voting Rights, we will engage with certain investee companies that do not disclose their TCFDs prior to their annual shareholder meetings. Even after the engagement, if we determine that the company's TCFD disclosure can not be expected to improve, we will vote against the proposal to elect directors at the annual shareholder meeting.

(2) Stewardship tools or activities used

During the reporting year, SMDAM implemented the following activities for NZAM Portfolio emissions:

(3) Example

- We conducted approximately 1,400 engagements on the theme of the environment.
- We have identified investees where climate change is a material issue. We sent letters to these investees and engaged with them on the theme of climate change.
- We introduced a criterion to confirm whether or not investee companies disclose TCFD information and to reflect it in the exercise of voting rights.
- We continued our Climate Action 100+ activities.
- We participated in CDP's Non Disclosure Campaign.

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Nature positive investment

(1) Describe your approach

SMDAM uses the following approach to natural capital:

- Through engagement activities, we will facilitate investee companies in their efforts to reduce their environmental impact by various means such as effective use of resources and contribution to the circular economy.
- In particular, we will encourage companies in the value chain ranging from agriculture, forestry and fisheries to retail and dining out to reduce food loss and enhance food sustainability.
- We will consider participation in related initiatives as an effective means to gain domestic and overseas trends in a timely manner.

(2) Stewardship tools or activities used

(1) Engagement

(3) Example

We aim to enhance the conservation and sustainability of nature, including biodiversity, water resources, forests, and oceans, and contribute to the circular economy through engagement with investee companies. At the COP15 of the United Nations Convention on Biological Diversity (CBD) held in Montreal, Canada, in December 2022, the Kunming-Montreal Biodiversity Framework was adopted. The framework has set international targets, including a direction for “Nature Positive” initiatives to halt the loss of biodiversity by 2030 and put it on a recovery track. Progress has also been made in corporate disclosure rules in line with the Taskforce on Nature-related Financial Disclosures (TNFD), a framework for corporate risk management and disclosure of natural capital. Accordingly, we encourage investee companies to appropriately assess natural capital risks and opportunities and enhance disclosure. As part of our efforts to strengthen our initiatives, in FY 2023, we adopted the TNFD framework and signed the PRI Spring Statement.

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: Human rights in supply chain

(1) Describe your approach

SMDAM uses the following approach to human rights in supply chain:

- In October 2021, we formulated our Human Rights Policy to explicate our views regarding human rights and to address human rights issues more comprehensively (see below).

- Based on this policy, we will encourage investee companies to appropriately manage human rights risks in their supply chains through ongoing human rights due diligence.
- We have initiated efforts to reflect human rights risks and issues in the exercise of voting rights.
- We will consider participation in related initiatives as an effective means to gain domestic and overseas trends in a timely manner.

[Reference information]

SMDAM's Human Rights Policy

1. Basic Concept

We adhere to the international standards of human rights such as the International Bill of Human Rights (the Universal Declaration of Human Rights and the two Covenants), the UN Guiding Principles on Business and Human Rights, and the Ten Principles of the UN Global Compact. In addition to our compliance with the laws and regulations of the countries and regions in which we conduct business activities, when internationally recognized human rights standards and national or regional laws and regulations are in conflict, SMDAM honors the principles of internationally recognized human rights while respecting the laws and regulations in the nation or region.

2. Respect for Human Rights

We respect fundamental human rights and prohibit any discrimination or harassment based on race, nationality, gender, age, marital status, origin, religion, creed, disability, sexual orientation, gender identity or any other grounds, while we make our greatest effort to protect individuals' privacy. We also respect the fundamental rights at work and do not tolerate any form of child labor, forced labor or any other inappropriate labor practices.

3. Workplace Environment

We aim to foster a safe working environment where every employee can work with peace of mind and enjoy a healthy work-life balance. We also strive to continue to improve our corporate culture that allows every individual employee to maximize their potential and work with enthusiasm.

4. Human Rights in the Value Chain

We consider human rights initiatives conducted by our investee companies as critical non-financial information in our investment process. If there is any human rights issue identified, we prompt investee companies to take appropriate actions through engagement activities. Meanwhile, we fulfill our responsibility for the human rights to be upheld all along the value chain by encouraging our business partners to take appropriate actions to not violate the human rights.

5. Training and Education

We provide training programs for all officers and employees to raise their awareness and understand both domestic and global human rights issues, so that each individual is able to adhere to human rights in their business activities.

6. Human Rights Due Diligence

We have established the process of human rights due diligence, which is conducted continuously to identify any human rights risk items in our business activities. Through this process we prevent or mitigate adverse impacts on human rights.

7. Grievance Mechanism and Remedies

We initiate immediate and appropriate procedures and implement necessary remedial actions whenever we encounter any adverse human rights impact caused within our business activities, and make our utmost effort to prevent recurrence. In case that we become aware of our involvement in any adverse impact caused in our value chain, SMDAM along with our business partners will engage in consultation with stake holders affected by our businesses activities in good faith.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example

1. SMDAM has implemented the following human rights due diligence measures:

a. Firstly, we identified the categories and scope of human rights risks at our investees, external investment managers, non-investment contractors, and our company.

The risk categories identified are as follows:

- Investees and external investment managers: human rights violations, violations of labor-related laws and regulations
- Non-investment contractors: human rights violations
- SMDAM (employees): long working hours, occupational health and safety

b. Based on the categories and scope of human rights risks identified above, we engaged with investees, sent questionnaires to external investment managers, conducted annual reviews of non-investment contractors, and distributed questionnaires to SMDAM employees.

SMDAM employees also received training on human rights.

c. We assessed human rights risks based on the results from b above.

d. We have reported our assessment of human rights risks to the Board of Directors.

2.

Process for considering human rights risks and issues in exercising voting rights

a. As a proactive approach, we assess human rights risks in each industry from the perspectives of communities, workers, and end users. We evaluate the human rights risks of individual companies in industries identified as having high human rights risks, taking into account the characteristics of their businesses and markets.

Subsequently, we identify companies that are assessed as having high human rights risks.

b. As a reactive effort, we collect information on corporate misconduct and inappropriate practices related to human rights. Each piece of information collected is evaluated for severity by the level of involvement of the company, the scale of the impact, the extent of the impact, and the inability to correct it, to identify the most significant problems and the companies involved.

c. For companies identified through sections a and b above, we review the status of their efforts. If a human rights policy has not been formulated, human rights due diligence has not been conducted, or there are no sufficient preventive or mitigatory measures, we will consider voting against the proposal to elect directors at the General Meeting of Shareholders.

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7: Human capital

SMDAM uses the following approach to human capital:

(1) Describe your approach

- We will encourage investee companies to have a human resource strategy consistent with their medium to long-term business strategy in place which guides activities to recruit and develop human resources.
- We will also encourage investee companies to make their workplace more attractive to unleash employees' capabilities.
- In principle, we will vote against the proposal for the election of directors at the annual shareholder meeting of TSE Prime listed companies that have not elected female directors.
- Through our activities with the 30% Club Japan Investor Group, we are working to increase the proportion of women in the boards of directors of listed companies.

(2) Stewardship tools or activities used

- (1) Engagement
- (2) (Proxy) voting at shareholder meetings

(3) Example

1. Our awareness and direction we should aim for

Human resource is a company's largest capital and a source of competitiveness. Therefore, in addition to acquisition and development of talented personnel, and maximizing the capability of each employee, the key to increase corporate value is to align human resource strategies with management strategies. To this end, it is essential to improve employee engagement and to transform personnel systems to adopt so-called job-based employment and job-posting in order to motivate employees. Simultaneously promotion of diversity equity inclusion and belonging (DEI&B) is another key management issue. It is necessary to create a work environment where employees can work together for the success of the business and for their own growth, while respecting each other's diversity.

2. Engagement

Based on the above ideas, we encouraged investee companies to recruit and train employees in accordance with human resources strategies consistent with medium- and long-term management strategies, and to create work environments that enable employees to realize their full potential for enhancing corporate value. This fiscal year, we planned to conduct intensive dialogues with the Chief Human Resources Officers (CHROs), and to use the findings gained through these dialogues for engagements with other companies. As for DEI&B, many companies were still lagging behind in Japan. We believed the promotion of DEI&B leads to organizational growth, revitalization and enhancement of corporate value. Therefore, we will encourage companies that have much room to improve to expand their disclosure and set medium- to long-term goals.

3. Proxy Voting

In principle, we voted against the proposal for the reappointment of representative directors at the annual shareholder meetings of TSE Prime listed companies where the proportion of female directors was less than 10%.

(I) Sustainability Outcome #8:

(I) Sustainability Outcome #8: - Effectiveness of corporate governance - Business ethics and Corporate culture

SMDAM uses the following approach to enhance the effectiveness of corporate governance, business ethics, and corporate culture:

(1) Describe your approach

- To enhance the effectiveness of corporate governance, we will encourage investee companies to diversify their boards of directors not only in terms of visible attributes but also in terms of expertise and skills.
- We recently updated our standard for exercising voting rights, where we make our decisions on the election of directors by taking into account not only Return on Equity (ROE) but also Total Shareholder Return (TSR) standards, aiming to raise investee companies' awareness of enhancing corporate value and to encourage the implementation of specific strategies.
- Through engagement activities, we will encourage investee companies that committed scandals to create an open organizational culture so that they can prevent negative impacts and their employees can demonstrate their creativity.
- We will conduct research on ways to further incorporate soft aspects, such as business ethics and corporate culture, into our proprietary ESG evaluations to improve their effectiveness.

(2) Stewardship tools or activities used

(1) Engagement
(2) (Proxy) voting at shareholder meetings

(3) Example

SMDAM makes the following efforts in corporate governance.

- We strongly urged Japanese companies, whose PBR is particularly low, to take measures to realize management that takes into account capital costs and stock prices. During the reporting year, many companies with low PBR announced measures to improve their ROE and PBR.

However, some companies have yet to disclose sufficient strategies and plans, and market valuations remain low. We will continue our dialogue with these companies and consider voting against the election of directors at the General Meeting of Shareholders.

- When a scandal occur, we will try to identify issues of corporate culture, focusing on three areas: (1) investigating the causes, (2) clarifying responsibility, and (3) taking measures to prevent a recurrence.

These issues are taken into account to exercise voting rights and make investment decisions, as well as engaging in dialogue for improvement. For example, we will focus on whether measures to prevent recurrence not only deal with the events that have occurred, but also have mechanisms to prevent new scandals, such as the reform of the internal culture by top management, the establishment of business processes and systems without room for arbitrariness, the supervision system by third parties, and the effectiveness of the whistle-blowing system.

In addition, from the perspective of breaking away from a closed corporate structure, we believe that dialogue with outside directors is also important and we are actively working on it. At the same time, we are continuously working to improve the effectiveness of our ESG evaluation method by incorporating new information collected using various technologies and data, as well as corporate ethics and organizational culture, into our assessments.

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 9	PLUS	SO 5	N/A	PUBLIC	Stewardship with investees	2

How does your organisation prioritise the investees you conduct stewardship with to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) We prioritise the most strategically important companies in our portfolio.

Describe how you do this:

Depending on the strategy of each portfolio, we have identified and compiled a list of companies with which we should prioritize our dialogue to address ESG issues.

Select from the list:

- 1
- 4

(B) We prioritise the companies in our portfolio most significantly connected to sustainability outcomes.

Describe how you do this:

We have developed and utilized multiple ESG evaluation methods, taking into account the asset class, the attributes of the company, the availability of ESG data, and the materiality. In addition, we leverage ESG-related data provided by external ESG vendors to complement in-house ESG information. A broader range of information enables us to create a framework for multifaceted analysis of the ESG characteristics of each portfolio. Based on this information, we decide which investees will focus on stewardship activities.

Select from the list:

- 2
- 4

(C) We prioritise the companies in our portfolio to ensure that we cover a certain proportion of the sustainability outcomes we are taking action on.

Describe how you do this:

At SMDAM, the Executive Officer in charge of the Responsible Investment Section determines investment constraints based on our "Rules on managing Unsuitable Investee Companies", when an investment is inappropriate from an ESG perspective. This rule excludes companies which do not meet the requirement of "good governance practices" in terms of the SFDR definition (sound business operation) from our investment universe.

The following types of investments are currently excluded from our investment:

- A) Companies which committed misconduct from an ESG perspective
- B) Companies that provide inappropriate products and services from an ESG perspective
- C) Companies identified through norm-based negative screening
- D) Product level investment exclusions (that are applied based on the product characteristics, and specific investment guidelines provided by clients)

Select from the list:

- 3
- 4

(D) Other

STEWARDSHIP WITH EXTERNAL INVESTMENT MANAGERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 10	PLUS	OO 5, SO 5	N/A	PUBLIC	Stewardship with external investment managers	2

During the reporting year, how did your organisation, or the external service providers acting on your behalf, engage with external investment managers to ensure that they take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

(1) Describe your approach

SMDAM conducts annual assessments of external investment managers. Through RFI (Request for Information) and on-site due diligence, we review their practices and products with respect to ESG and sustainability investments. Our assessment process includes the existence of PRI signatures, the submission of Transparency Reports and Assessment Reports if the external manager is a PRI signatory, the application of ESG investment policies and management processes, the existence of voting criteria, the attitude of information disclosure, human rights policies and activities, and the classification of SFDR and GSIA.

During the reporting year, SMDAM requested additional reporting and reference materials from external investment managers on policies and activities related to responsible and ESG investing. This enabled us to understand the results of more detailed ESG-aware management processes, quantitative and qualitative criteria, scores, data and indicators used in ESG investments, ESG-aware portfolio management, SFDR-based disclosure and stewardship activities at external investment managers. In addition, we requested external investment management companies that conducted reviews as ESG products to expand the content of their prospectuses and investment reports.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1:

NZAM portfolio emissions

(1) Describe your approach

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2:

Nature positive investment

(1) Describe your approach

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: Human rights in supply chain

(1) Describe your approach

SMDAM conducted human rights due diligence on its external investment managers in 2023, encouraging the integration of human rights risk assessments into their investment processes. As a result, it was confirmed that no human rights risks had materialized at our external investment managers. The specific findings are as follows:

- Approximately 95% of our external investment managers have already established human rights policies.

- More than 80% of our external investment managers consider human rights issues in their investment processes.

- At all of our external investment managers, no human rights issues were revealed through media reports, no concerns of human rights violations were identified through questionnaires or interviews, and no labor-related concerns were found.

We will continue to monitor the human rights risks of our external investment managers.

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7: Human capital

(1) Describe your approach

(I) Sustainability Outcome #8:

(I) Sustainability Outcome #8: - Effectiveness of corporate governance - Business ethics and Corporate culture

(1) Describe your approach

STEWARDSHIP: ENGAGEMENT WITH POLICY MAKERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 11	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with policy makers	2

During the reporting year, how did your organisation use engagement with policy makers to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Across all sustainability outcomes

<p>(1) Describe your approach</p>	<p>SMDAM utilizes the following global initiatives: Where necessary, we engage with policymakers.</p> <p>(a) Purpose of our participation in Global Initiatives We actively express our support and commitment to global environmental initiatives and international frameworks such as the Paris Agreement and the Convention on Biological Diversity. Through our participation in the initiatives in Japan and abroad, we anticipate changes in global conditions, accumulate ESG-related knowledge and use it in investment activities, supporting the efforts of the companies we invest in to realize a sustainable society.</p> <p>(b) Leveraging the Global Initiatives we are participating with Our Responsible Investment Section promotes the activities of the Global Initiative and gathers relevant information by participating in conferences and other events in addition to reporting on our company's activities.</p>
<p>(2) Engagement tools or activities used</p>	<p>(1) We participated in 'sign-on' letters (2) We responded to policy consultations (3) We provided technical input via government- or regulator-backed working groups (4) We engaged policy makers on our own initiative</p>
<p>(3) Example(s) of policies engaged on</p>	<p>The following are examples of engagement we conducted with policymakers during the reporting year.</p> <ul style="list-style-type: none"> - Conducted discussions with the Bank of Japan regarding asset purchase policies and GX transition bonds. - Engaged in discussions with the Tokyo Stock Exchange on ESG initiatives and securities market measures.

- Held discussions with the Financial Services Agency of Japan on TOB (Takeover Bids) and large shareholding reporting.
- Held discussions with the Ministry of Economy, Trade and Industry of Japan on corporate value and governance.
- Submitted a public consultation on the "Study Group on Fair Acquisition Practices" to the Ministry of Economy, Trade and Industry of Japan through the Institutional Investors Collective Engagement Forum (IICEF).
- Engaged in discussions at the "Study Group on Fair Acquisition Practices" hosted by the Ministry of Economy, Trade and Industry of Japan through the Institutional Investors Collective Engagement Forum (IICEF).
- Submitted a public comment on the "Guidelines for Corporate Acquisitions" to the Ministry of Economy, Trade and Industry of Japan through the Institutional Investors Collective Engagement Forum (IICEF).

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: NZAM portfolio emissions

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Nature positive investment

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: Human rights in supply chain

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7: Human capital

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

(I) Sustainability Outcome #8:

(I) Sustainability Outcome #8: - Effectiveness of corporate governance - Business ethics and Corporate culture

(1) Describe your approach

(2) Engagement tools or activities used

(3) Example(s) of policies engaged on

STEWARDSHIP: ENGAGEMENT WITH OTHER KEY STAKEHOLDERS

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 12	PLUS	SO 5	N/A	PUBLIC	Stewardship: Engagement with other key stakeholders	2, 5

Does your organisation engage with other key stakeholders to support the development of financial products, services, research, and/or data aligned with global sustainability goals and thresholds?

(A) Across all sustainability outcomes

(1) Key stakeholders engaged	(1) Standard setters (2) Reporting bodies (3) Stock exchanges (4) Credit rating agencies (5) Auditors (6) External service providers (e.g. proxy advisers, investment consultants, data providers) (7) Academia (8) NGOs
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(2) Provide further detail on your engagement	<p>SMDAM's collaboration with other major stakeholders in the reporting year includes the following cases:</p> <ul style="list-style-type: none"> - Engaged in discussions with NGOs related to climate change regarding corporate initiatives. - Engaged in discussions with think tanks that evaluate companies and economic/industry associations related to climate change. - Participated in a discussion meeting with the Japanese Institute of Certified Public Accountants and investors on the appointment of female board members. - Participated in CDP's 2023 Non-Disclosure Campaign and SBT Campaign. - Participated in a discussion meeting with the U.S. Embassy organized by a collaborative engagement group. - Conducted regular monitoring of data providers and examined the provided data. Requested corrections for any data errors found.
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- Engaged in discussions with a proxy voting advisory firm in Japan.
- Engaged in discussions with ESG rating agencies.
- Served as a lecturer at a study session on proxy voting for journalists from Japanese media organizations.
- Served as a lecturer at a study session for students organized by an information vendor.
- Submitted a comment letter on the SASB Standards of the IFRS Foundation through the ESG Information Disclosure Study Group.
- Served as a judge for the integrated report awards hosted by a Japanese newspaper company.

(B) Sustainability Outcome #1:

(B) Sustainability Outcome #1: NZAM portfolio emissions

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(C) Sustainability Outcome #2:

(C) Sustainability Outcome #2: Nature positive investment

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(G) Sustainability Outcome #6:

(G) Sustainability Outcome #6: Human rights in supply chain

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(H) Sustainability Outcome #7:

(H) Sustainability Outcome #7: Human capital

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

(I) Sustainability Outcome #8:

(I) Sustainability Outcome #8: - Effectiveness of corporate governance - Business ethics and Corporate culture

(1) Key stakeholders engaged

(2) Provide further detail on your engagement

STEWARDSHIP: COLLABORATION

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
SO 13	PLUS	SO 5	N/A	PUBLIC	Stewardship: Collaboration	2

During the reporting year, to which collaborative initiatives did your organisation contribute to take action on sustainability outcomes, including preventing and mitigating actual and potential negative outcomes?

(A) Initiative #1

(1) Name of the initiative: Climate Action 100+

(2) Indicate how your organisation contributed to this collaborative initiative: (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)

(3) Provide further detail on your participation in this collaborative initiative: SMDAM participates in CA100+ as a collaborator investor in several Japanese companies with high GHG emissions. During the reporting year, we participated in regular meetings and review meetings as collaborative investors.

(B) Initiative #2

(1) Name of the initiative	Advance
(2) Indicate how your organisation contributed to this collaborative initiative	(B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	SMDAM participates in Advance as a collaborating investor. We participate in collaborative engagements with target companies. We have a human rights policy and conduct human rights due diligence annually for our investees, external investment managers, and non-investment contractors. We will continue to identify and mitigate significant human rights risks for our stakeholders. Advance is part of our efforts to reduce human rights risks.

(C) Initiative #3

(1) Name of the initiative	Institutional Investors Collective Engagement Forum (IICEF)
(2) Indicate how your organisation contributed to this collaborative initiative	(A) We were a lead investor in one or more focus entities (e.g. investee companies) (B) We acted as a collaborating investor in one or more focus entities (e.g. investee companies)
(3) Provide further detail on your participation in this collaborative initiative	Through IICEF, we have participated in collaborative engagements on various ESG themes and have been the lead investor in several of these engagements. IICEF also provides opportunities to exchange views with the the Japan's Ministry of Economy, TSE, and we actively engage with policymakers.

(D) Initiative #4

(1) Name of the initiative	30%Club Japan Investor Group
(2) Indicate how your organisation contributed to this collaborative initiative	(D) We provided pro bono advice, research or training (E) We supported the coordination of the initiative (e.g. facilitating group meetings) or provided other administrative support (H) We contributed to the development of the initiative's materials and/or resources (e.g. co-authored a report)
(3) Provide further detail on your participation in this collaborative initiative	Through the 30% Club IG, SMDAM undertook the following initiatives: - As a secretariat member, we organized regular meetings, board meetings, and various events. - As a member of the Thought Leadership Sub Group, we planned and organized training sessions for female board members. - As a member of the Best Practice Sub Group, we reported best practices in dialogues with investee companies. - As a member of the Best Practice Sub Group, we participated in a discussion meeting with the Japanese Institute of Certified Public Accountants.

CONFIDENCE-BUILDING MEASURES (CBM)

CONFIDENCE-BUILDING MEASURES

APPROACH TO CONFIDENCE-BUILDING MEASURES

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 1	CORE	N/A	Multiple indicators	PUBLIC	Approach to confidence-building measures	6

How did your organisation verify the information submitted in your PRI report this reporting year?

- (A) We conducted independent third-party assurance of selected processes and/or data related to the responsible investment processes reported in our PRI report, which resulted in a formal assurance conclusion
- (B) We conducted a third-party readiness review and are making changes to our internal controls or governance processes to be able to conduct independent third-party assurance next year
- (C) We conducted an internal audit of selected processes and/or data related to the responsible investment processes reported in our PRI report
- (D) Our board, trustees (or equivalent), senior executive-level staff (or equivalent), and/or investment committee (or equivalent) signed off on our PRI report
- (E) We conducted an external ESG audit of our holdings to verify that our funds comply with our responsible investment policy
- (F) We conducted an external ESG audit of our holdings as part of risk management, engagement identification or investment decision-making
- (G) Our responses in selected sections and/or the entirety of our PRI report were internally reviewed before submission to the PRI
- (H) We did not verify the information submitted in our PRI report this reporting year

THIRD-PARTY EXTERNAL ASSURANCE

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 2	CORE	OO 21, CBM 1	N/A	PUBLIC	Third-party external assurance	6

For which responsible investment processes and/or data did your organisation conduct third-party external assurance?

- (A) Policy, governance and strategy
 - Select from dropdown list:
 - (1) Data assured
 - (2) Processes assured
 - (3) Processes and data assured
- (B) Manager selection, appointment and monitoring
 - Select from dropdown list:
 - (1) Data assured
 - (2) Processes assured
 - (3) Processes and data assured
- (C) Listed equity
 - Select from dropdown list:
 - (1) Data assured

- (2) Processes assured
 - (3) Processes and data assured
- (D) Fixed income

Select from dropdown list:

 - (1) Data assured
 - (2) Processes assured
 - (3) Processes and data assured

INTERNAL AUDIT

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 4	CORE	OO 21, CBM 1	N/A	PUBLIC	Internal audit	6

What responsible investment processes and/or data were audited through your internal audit function?

- (A) Policy, governance and strategy

Select from dropdown list:

 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (B) Manager selection, appointment and monitoring

Select from dropdown list:

 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (C) Listed equity

Select from dropdown list:

 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited
- (D) Fixed income

Select from dropdown list:

 - (1) Data internally audited
 - (2) Processes internally audited
 - (3) Processes and data internally audited

INTERNAL REVIEW

Indicator	Type of indicator	Dependent on	Gateway to	Disclosure	Subsection	PRI Principle
CBM 6	CORE	CBM 1	N/A	PUBLIC	Internal review	6

Who in your organisation reviewed the responses submitted in your PRI report this year?

- (A) Board, trustees, or equivalent
- (B) Senior executive-level staff, investment committee, head of department, or equivalent

Sections of PRI report reviewed

 - (1) the entire report
 - (2) selected sections of the report
- (C) None of the above internal roles reviewed selected sections or the entirety of the responses submitted in our PRI report this year