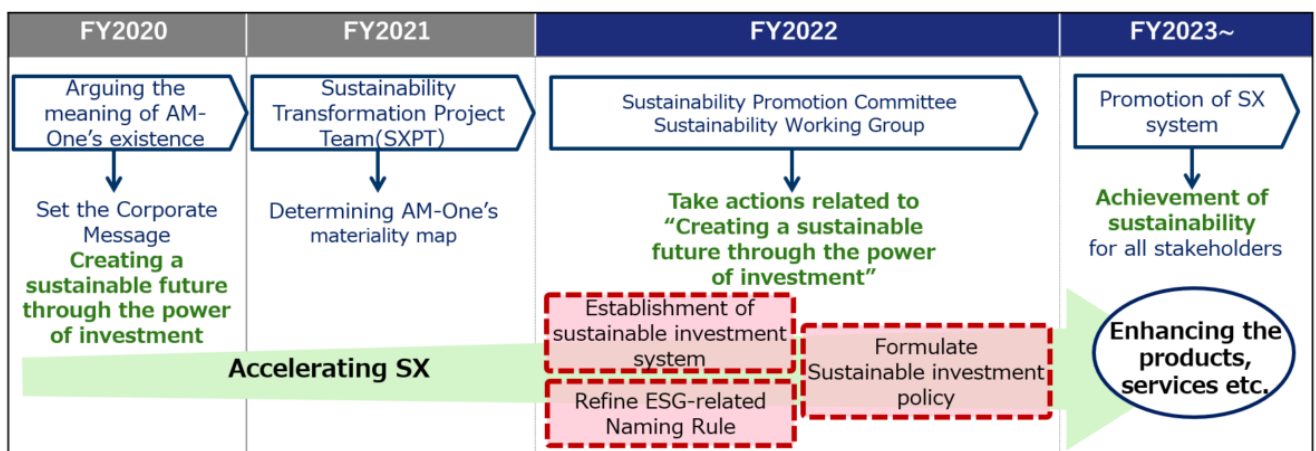


## Formulation of Sustainable Investment Policy\*

Asset Management One Co., Ltd. (Chiyoda-ku, Tokyo, President & CEO; Akira Sugano, hereinafter, AM-One) has been accelerating its sustainability transformation (SX) such as strengthening its sustainability promotion system, since the establishment of corporate message “Creating a sustainable future through the power of investment” in January 2021.

In addition to "ESG integration" and "Stewardship activities," which we have focused on so far, we have set new actions, "Creating positive social impact," "Supporting the transition to a sustainable society," and "Exclusion". We are pleased to announce that AM-One's “Sustainable Investment Policy\*\*” has been formulated.

### <AM-One SX roadmap>



This policy sets forth investment actions to realize a sustainable global environment and society. With AM-One's unique materiality map as a compass, which dynamically captures global environmental and social issues and identifies core material issues, we have determined the following “Five actions to create a sustainable future through the power of investment”.

\*\*Sustainable Investment” in this release is not in accordance with Sustainable Finance Disclosure Regulation Art 2(17)

## <Sustainable Investment Category (SIC)>

Under the new Sustainable Investment Category, there are four categories: "Impact Investment" products which actively invest in outstanding companies whose primary investment objective is to raise social returns and solve social and environmental issues, "ESG Leader," which invest in "Excellent Companies", defined as those which contribute to the achievement of a sustainable society while focusing on financial returns, "Transition" which support companies in the process of self-improvement, and "ESG Integration" which consider ESG risks and opportunities within the investment process.

Category	Sub-Category	Features of fund
Impact Investment	Impact Generating	•Aim to raise financial return while setting the purpose of generating social return (impact) and directly contributing towards solving issues to achieve a sustainable society
	Impact Aligned	•Aim to raise financial return whilst providing positive impact through the initiatives and business of the investee company to achieve a sustainable society
ESG Leader		•Invest in "Excellent Companies" which contribute to the achievement of a sustainable society
Transition		•Invest in companies which are active towards transition for a sustainable society •Invest in companies which can be expected to improve their own ESG initiatives
ESG Integration		•Consider ESG risks and/or opportunities in the investment process

## <Asset Management One Sustainable Investment Policy>

### ● Basic stance on sustainable investment

As one of the leading asset management companies in Asia, AM-One recognizes that the investment activities of AM-One may have the potential to impact on the global environment and society. We also believe that the realization of a sustainable society is essential for the expansion of investment returns over the medium to long term for our clients.

Based on this, AM-One will actively promote sustainable investing considering our fiduciary responsibility as an asset management company with the aim of creating a sustainable future, as expressed in our corporate message "Creating a sustainable future through the power of investment". This policy applies to all products managed by AM-One (including those whose investment management authority is delegated externally), whilst taking into account the will of clients, and we will implement sustainable investment in accordance with the characteristics of the investment target assets, regions and investment strategies.

### ● Five actions to create a sustainable future through the power of investment

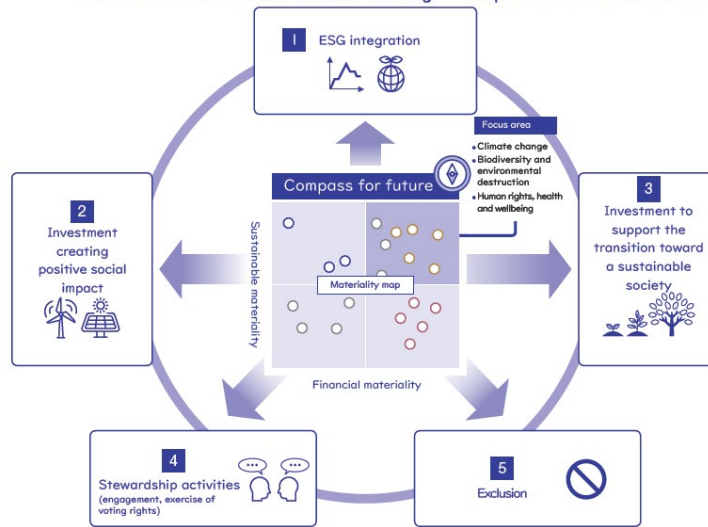
#### 1. ESG integration

AM-One analyzes investment targets and makes investment decisions by appropriately considering not only financial information but also non-financial information such as E (environment), S (society) and G (corporate governance) elements. Based on material global environmental and social issues identified in the materiality map, and by integrating ESG elements into the investment process (ESG integration), we will appropriately identify "investment opportunities" and "investment risks" arising from ESG elements and pursue sound risk-adjusted returns. AM-One believes that AM-One can contribute to the realization of a sustainable society through ESG integration. AM-One's ESG integration emphasizes both financial materiality and sustainable materiality, which captures material issues for society. When we build ESG integrated portfolios, we evaluate the level of corporate efforts to address these issues.

2. **Investment aiming at creating a positive social impact**  
AM-One will make investments to create a positive social impact on the material global environmental and social issues identified in the materiality map. With regard to designated impact investments, we measure the impact created as a result of those investments (social return), and disclose information along with the financial return we pursue at the same time.
  
3. **Investment to support the transition toward a sustainable society**  
AM-One supports technological development and innovation, as well as changes in corporate behavior that contribute to the transition\* toward a sustainable society. This is achieved, through investing in companies that actively take action toward solving the important global environmental and social issues identified in the materiality map.  
  
\* the definition of "transition" at AM-One broadly includes not only the transition from fossil fuels to renewable energy, but also the transitions of companies and society that can be expected through change of corporate behavior and technological innovation in other environmental and social issues.
  
4. **Stewardship activities (engagement, exercise of voting rights)**  
AM-One sets the goals expected from investee companies taking into account the material global environmental and social issues identified in the materiality map. Subsequently we conduct "purposeful dialog" (engagement) with investee companies and monitor external managers voting. Through such stewardship activities, we will work closely with investee companies to promote initiatives aimed at increasing corporate value and realizing a sustainable society.
  
5. **Exclusion**  
AM-One puts special emphasis on engaging with investee companies or external companies delegated with investment management through stewardship activities to ensure that the expected level of effort is made with respect to the material global environmental and social issues identified in the materiality map. However, AM-One does not invest in or delegate authority of investment management to companies or external investment management companies that do not meet the expected minimum level described in AM-One's sustainable investment policy and have no likelihood of improvement despite these activities.

AM-One actively disseminates information on these sustainable investment policies and initiatives globally and in a timely manner through its sustainability report and website. In addition, we will strive to promote sustainable investment by participating in initiatives related to sustainable investment sponsored by governments, international organizations, and other organizations and actively expressing our opinions.

Five actions to  
"Create a sustainable future through the power of investment"



Focus area	Exclusion criteria	Impact investment generating aligned	ESG leader	Transition	ESG integration	Other active funds
Climate change	Sales of thermal coal accounts for more than 20 percent of total sales, and there is no concrete reduction or withdrawal plan toward net zero	x	x			
	Sales of coal fired power generation accounts for 20% or more of total sales, and there is no concrete reduction or withdrawal plan toward net zero	x	x			
	Sales of unconventional oil and gas accounts for 20% or more of total sales, and there is no concrete reduction or withdrawal plan toward net zero	x	x			
	Although the company belongs to a high GHG emission sector, it has no commitment to reduce carbon emissions, reduction targets, disclosure of information, etc., and does not show any improvement approach	x	x			
Biodiversity and environmental destruction	Activities that have a serious impact on biodiversity have been found in corporate activities or in the supply chain due to business activities, and efforts for improvement have not been confirmed	x	x			
	Environmental destruction and human rights violations have been committed in the extraction of palm oil, and efforts for improvement have not been confirmed	x	x			
Human rights, health & wellbeing	Involvement in child labor, forced labor, human trafficking, violations of the ILO Convention, human rights and labor codes in the UNGC Code, activities that significantly violate the OECD Guidelines for Multinational Enterprises have been found in corporate activities or supply chains, and efforts for improvement have not been confirmed	x	x			
	Despite the absence of a female director in the company's engagement target company, no specific consideration has been given to the appointment of a female director	x	x			
	There have been scandals such as discrimination in diversity, and efforts for improvement have not been confirmed	x	x			
	Companies identified to be involved in the manufacture of inhumane or controversial weapons**	x	x	x	x	x

\* Unconventional oil and gas include oil sands, oil shale, shale gas, coal bed methane, coal seam gas

\*\*Exclusions: Cluster munitions, anti-personnel landmines, biological and chemical weapons, depleted uranium munitions, incendiary bombs, blind lasers, and weapons that utilize undetectable debris

\* Since AM-One places importance on promoting improvement through engagement, AM-One does not simply set a threshold and exclude investments. AM-One will only refrain from investing in or delegate authority of investment management to companies/external investment management companies when AM-One determines that such companies or external investment management companies do not meet the expected minimum standards of AM-One's criteria and have no prospect of improvement despite our efforts to encourage improvement through engagement.

\* Products for which investment management authority delegated are comprehensively judged according to the characteristics of each investment target asset, region, and investment strategy, based on each item of this standard.

\*AM-One defines investment behavior, engagement and voting rights for companies that do not meet the minimum standards of conduct in the areas of focus areas (climate change, biodiversity and environmental destruction, human rights, health and wellbeing), and complies with them according to the characteristics of the fund.

Please see the link below for disclaimer: <http://www.am-one.co.jp/english/disclaimer>