Stewardship Activities Report 2025-2026

April 17, 2026

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Government Pension Investment Fund

This report is based on the Stewardship Code, and GPIF publishes on its website the status of stewardship activities including the proxy voting results of its external asset managers from April to June, when most annual general meetings are held, aggregated by major categories of agenda items.

This report is primarily intended to present GPIF’s approach to stewardship responsibilities to its existing external asset managers and prospective external asset managers.

Also, under its Medium-term Plan, GPIF is required to compile a "Stewardship Activities Report" on the status of stewardship activities and report it to the Board of Governors. This report serves that purpose.

In addition, GPIF also discloses, in each fiscal year’s Annual Report, initiatives to fulfill stewardship responsibilities, including the proxy voting results of external asset managers for the entire fiscal year, aggregated by major categories of agenda items.

1. Direction and Initiatives of GPIF's Stewardship Activities

- GPIF accepted the Asset Owner Principles. **As an asset owner**, GPIF conducts **activities to fulfill its stewardship responsibilities ("stewardship activities")** as part of its sustainability investment activities and from the perspective of **securing long-term investment returns** solely for the benefit of the insured.

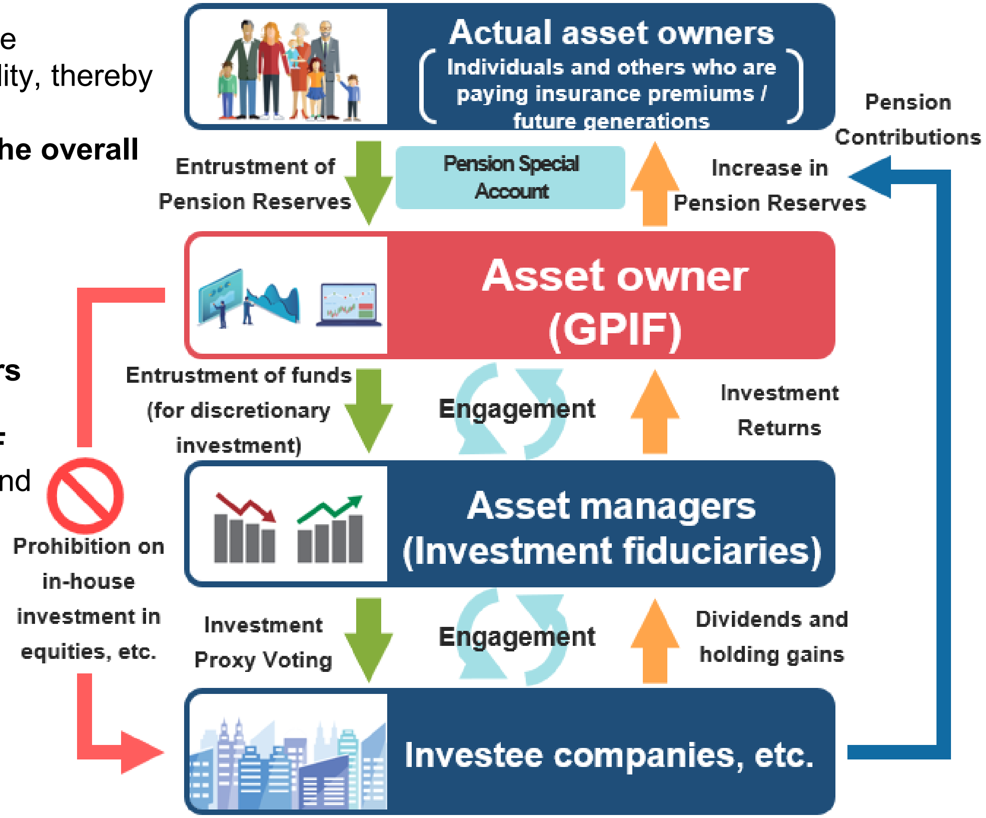
  (Note) Based on Japan's Stewardship Code (June 26, 2025, Financial Services Agency)
  "Stewardship responsibilities" refers to the **responsibilities of institutional investors to enhance the medium- to long-term returns for their clients and beneficiaries (including the ultimate beneficiaries; the same shall apply hereafter) by improving and fostering investee companies' corporate value and sustainable growth** through constructive engagement, or purposeful dialogue, based on in-depth knowledge of the companies and their business environment and consideration of sustainability (medium- to long-term sustainability including ESG factors) consistent with their investment strategies.

- GPIF does not invest directly in equities. Instead, it invests through external asset managers under discretionary investment contracts.

  Accordingly, concerning stewardship activities,
  1) GPIF expects its **external asset managers** to foster constructive dialogue (**engagement**) with investee companies with consideration for sustainability, thereby
  2) **enhancing the long-term corporate value** of the companies
  3) and contributing to the **sustainable growth of the capital market and the overall economy**, which will
  4) eventually help **increase long-term investment returns to GPIF** and foster the development of a **virtuous cycle of the investment chain**.

- GPIF, **as an asset owner**, will mainly implement the **following initiatives:**
  1) Engagement (two-way communication) with external asset managers through the assessment of their stewardship activities
  2) **Proactive communication about the approach and initiatives of GPIF as an asset owner** through engagement with external asset managers and other means
  3) **Exchange of opinions and information with stakeholders**, including investee companies, related organizations, and other asset owners

  (See pages 4 to 8 for FY2025 and page 9 for FY2026.)
  (Reference) Direction and medium-term initiatives of GPIF's stewardship activities (announced on March 31, 2025)



2. Initiatives on Priority Issues for the 5th Medium-term Objectives Period

- GPIF, in the "Direction and medium-term initiatives of GPIF's stewardship activities," aims to promote, as its **priority issues for the 5th Medium-term Objectives period,** (1) **action to implement management that is conscious of cost of capital and stock price**; (2) **sustainability-related initiatives and disclosure**; and (3) **effective corporate governance** through engagement and other activities by its external asset managers.

- Concerning these three priority issues, GPIF implemented the following initiatives in **FY2025**. (For details, refer to the following pages.)

(1) **Interviews with its external asset managers entrusted with domestic equity investment** regarding their engagement on **"Action to Implement Management that is Conscious of Cost of Capital and Stock Price"**

- ✓ Separately from the annual comprehensive evaluation, GPIF conducted interviews with its external asset managers to understand, through specific examples, how they engaged with investee companies, what progress had been made, and what challenges remained regarding management that is conscious of cost of capital and stock price.
- ✓ Investee companies have also made progress in their approach to such management, and success examples were identified, including the disclosure of capital allocation policies and enhanced shareholder returns. At the same time, it was confirmed that the dialogues extended beyond shareholder returns and disclosure to issues affecting future cash flow, such as investment discipline and business portfolios.
- ✓ The asset managers are thus holding practical dialogues with investee companies as appropriate, by identifying key issues, presenting supporting materials, and carefully selecting the appropriate counterparties and timing. GPIF will also promote a virtuous cycle in the investment chain by identifying issues and sharing reference materials.

(2) **Integration of the surveys of external asset managers on a series of excellent disclosures, including "Excellent Integrated Reports," into "Excellent Sustainability Disclosures"**

- ✓ GPIF had publicized a series of excellent disclosures, including the Excellent Integrated Reports. However, in light of changes in GPIF's sustainability investment policy and the evolving enviroment surrounding sustainability disclosures, including integrated reports, the series was consolidated into "Excellent Sustainability Disclosures" in 2025.
- ✓ The results showed that there exist substantial differences between Japanese and foreign companies concerning selected disclosures.
- ✓ Examples shown by foreign companies will provide useful references for Japanese companies, which are beginning phased disclosures under SSBJ standards, particularly in considering how to strategically differentiate between statutory and voluntary disclosures going forward. At the same time, external asset managers are expected to explain how sustainability information is utilized by investors.

(3) **Dialogues with external asset managers entrusted with domestic equity investment on Japan's corporate governance reforms**

- ✓ In view of ongoing discussions toward the revision of the Corporate Governance Code, GPIF held dialogues with its external asset managers entrusted with domestic equity investment regarding corporate governance reforms. (See page 7 for the dialogue topics and the key points raised by the external asset managers.)
- ✓ It was confirmed that some external asset managers had exchanged views with the authorities and business organizations. GPIF recognizes the importance of institutional investors proactively expressing their opinions on corporate governance reforms.
- ✓ Also, as an asset owner, GPIF will continue to engage in dialogue with external asset managers regarding engagement and proxy voting practices related to corporate governance toward the revision of the Code.

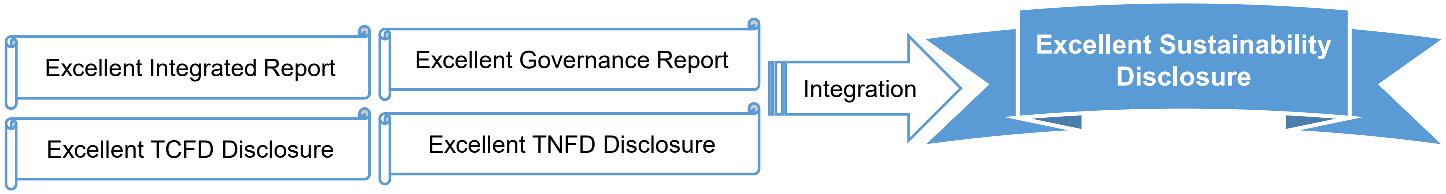
2. Initiatives on Priority Issues for the 5th Medium-term Objectives Period

(1) Interviews with its external asset managers entrusted with domestic equity investment regarding their engagement on "Management that is Conscious of Cost of Capital and Stock Price"

- GPIF conducted individual **interviews with several external asset managers entrusted with domestic equity investment, focusing exclusively on the theme of "management that is conscious of cost of capital and stock price" and centering on actual engagement case studies** (from October to December 2025). Through these interviews, it was **confirmed that corporate awareness and perceptions regarding this issue have changed significantly over the past two to three years, making dialogue easier to advance.** At the same time, it also became clear that broader corporate understanding does not necessarily mean that substantive actions are progressing.
- **Among the companies cited as successful examples, relatively common changes observed included revisions to shareholder return policies, reduction in cross-shareholdings, clarification of the balance sheet policies, and improvments in disclosures related to ROE, ROIC, and cost of capital**. However, these changes were not brought about solely through the dialogues. In many cases, they reflected the combined influence of multiple factors, including awareness on the part of top management, stock price and business performance trends, requests from Tokyo Stock Exchange, and encouragement by other shareholders.
- On the other hand, **actual dialogues had progressed to a deeper level. Asset managers were addressing not only improvements in shareholder returns and disclosures, but also the quality of management decisions themselves that affect future cash flows, including investment discipline, business portfolios, capital allocation priorities, and monitoring by the Board of Directors.** This should not be viewed as investors formulating strategies on behalf of companies, but rather as support from an investor perspective to enhance the quality of management.
- The **asset managers were employing various approaches to make these dialogues more substantive**. Rather than imposing conclusions, they **designed discussion points and questions that encouraged companies to take initiative on their own, prepared materials and analyses that could be shared internally within companies, and used examples from other companies to provide relative perspectives** and raise management ambitions. They also sought to **bring discussions to forums where internal deliberations and management decisions actually take place, including meetings involving CFOs, CEOs, outside directors, and the Board of Directors.** In addition, they recognized that seniority alone was not sufficient and carefully identified who within a company could influence key issues, **taking into account internal dynamics and key decision-makers.** Furthermore, **they structured dialogues around important corporate milestones, such as the formulation of medium-term management plans and the periods before and after annual general meetings.** However, these efforts do not come easily. In many cases, meetings with management, including CEOs, are only realized after the accumulation of continuous dialogue over time.
- **Through the interviews, differences also emerged between companies where changes are more likely to occur and those where it is less likely.** Companies where change tended to occur were often characterized by relatively strong financial foundations and top management's awareness of the issues, and the management teams at such companies frequently participated directly in the dialogues. On the other hand, at companies facing difficult industry environments or business performance, significant perception gaps between the management and investors, silo management structures, or boards whose effectiveness had yet to be fully established, actual changes appeared less likely to materialize even when targets or policies were presented.
- GPIF particularly hopes to see substantive dialogue that extends beyond disclosure and the addressing market valuation discounts and is more directly linked to future cash flows, such as business strategies and capital allocation. The interviews confirmed that dialogues reaching into these areas are already taking place in some cases. **Since such dialogue is conducted over the long-term, GPIF will continue to promote a virtuous cycle in the investment chain by carefully understanding developments taking place in practice and broadly sharing the related practices and innovations so that substantive dialogue can steadily progress.** Further details on this initiative are scheduled to be published separately.

2. Initiatives on Priority Issues for the 5th Medium-term Objectives Period

(2)Integration of a series of excellent disclosures, including "Excellent Integrated Reports," into "Excellent Sustainability Disclosures"



- Change Point 1

  In 2025, GPIF integrated four categories of excellent disclosures into one

- Change Point 2

  Enabled comparison of excellent sustainability disclosures between Japanese and foreign companies

  (By integrating the above four excellent disclosures into one framework, GPIF can make the same request to both domestic and foreign external asset managers.)

- Background of the change

■ **GPIF established its Sustainability Investment Policy in March 2025,** and aims to contribute to the enhancement of the long-term performance of its entire portfolio by achieving both "reduction of sustainability-related risks and improvement of the sustainability of markets" and "securing of average market return." **Based on its Sustainability Investment Policy and its Policy to Fulfill Stewardship Responsibilities, GPIF promotes a range of sustainability-related activities with a focus on materiality.**

■ Meanwhile, the adoption of sustainability disclosures based on the ISSB standards has been promoted globally. In particular for Japanese companies, mandatory disclosures based on the SSBJ standards, aligned with ISSB standards, are expected to be introduced in phases. In light of this development, **sustainability disclosures are required to be approached in an integrated manner rather than through individual vehicle.** Under these circumstances, GPIF has decided to **integrate the disclosure categories into one: "Excellent Sustainability Disclosures."** As a result, **GPIF can compare companies' excellent sustainability disclosures globally, revealing substantial differences between Japanese and foreign companies in the selected disclosures.**

  ✓ For **Japanese companies selected for excellent sustainability disclosure, 95% of the selected disclosures were voluntary disclosures, and two-thirds of which were made through integrated reports.**

  ✓ **For foreign companies, 58% of the selected disclosures are voluntary disclosures, while mandatory disclosures accounted for 36%.** Although simple comparison with Japanese companies is difficult because disclosure rules and requirements differ by country and region, the selected disclosure formats were also highly diverse. Among the selected disclosures, sustainability reports accounted for the largest percentage of 30% (referring to disclosures selected as standalone documents; the same shall apply hereafter). This was followed by annual reports at 8%, and integrated reports and impact reports at 4% respectively. In addition, in many cases, the selections were based not on a single disclosure alone, but on a combination of financial and non-financial disclosures.

- Examples from foreign companies will provide useful references for Japanese companies as phased implementation of SSBJ-based disclosures begins, **particularly in considering how to strategically differentiate between and utilize mandatory and voluntary disclosures in the future.** GPIF expects its external asset managers to explain to companies how investors use sustainability information.

(3) Dialogues with external asset managers entrusted with domestic equity investment on Japan's corporate governance reforms

- In light of discussions concerning the upcoming revision of the Corporate Governance Code, the first in five years, GPIF conducted individual **dialogues with several external asset manager**s entrusted with domestic equity investment **regarding corporate governance reform** (from February to March 2026).
  The dialogue themes covered the main issues under consideration in the revision of the Code **(1) streamlining the Corporate Governance Code and making it more principles-based; (2) promotion of growth investment (appropriate allocation of business resources); (3) disclosure of annual securities reports prior to general shareholders' meetings; and (4) enhancement of the functions of the board secretariat.**

  - ✓ Among the external asset managers participated in the dialogues, **many expressed general support for the purpose and direction of the proposed revision of the Code** concerning the **(1) streamlining the Corporate Governance Code and making it more principles-based and (2) promotion of growth investment (appropriate allocation of business resources)**.
    * For (1), some external asset managers commented that certain supplementary principles should be retained
    For (2), many external asset managers commented that they were already addressing this as a key engagement theme

  - ✓ **(3) disclosure of annual securities reports prior to annual general meetings:** some managers expressed the view that, ideally, **disclosures should be made before shareholder meetings** and that, from **a practical standpoint, the timing of annual general meetings should be postponed accordingly**. On the other hand, some managers commented that the **current disclosures already allow sufficient preparation for shareholder meetings**, and that **disclosures made less than three weeks in advance would not be practically useful for such meetings**.

  - ✓ **(4) enhancement of the functions of the board secretariat:** many managers emphasized **the important role expected of outside directors from the perspective of ensuring the effectiveness of the board's oversight functions.**
    For the board secretariat, some managers expressed expectations that **they should support outside directors**, including by facilitating dialogue between investors and outside directors.

- It was confirmed that some external asset managers were **exchanging views** with **the authorities and business organizations** regarding corporate governance reforms. Corporate governance reforms represent an important initiative to ensure the sustainable growth of Japan's capital market. GPIF recognizes **the importance of institutional investors (asset owners and asset managers) proactively expressing their views**

- **Regarding (3), disclosure of annual securities reports prior to annual general meetings**, while **foreign institutional investors** and **global investor organizations focused on corporate governance have called for** such disclosure from the perspective of what the capital market should ideally look like under global standards, the dialogue confirmed that **differing views also exist among domestic external asset managers**. GPIF expects that (both domestic and foreign) **institutional investors** will **deepen mutual understanding, including the significance of annual securities report, and continue constructive discussions on future directions and practical issues.**

- Also, as an asset owner, GPIF will **continue to engage in dialogues with external asset managers and others regarding engagement and proxy voting practices related to corporate governance** in light of revisions to the Corporate Governance Code.

3. Initiatives Implemented in FY2025 Other than Priority Issues

- Following the **third revision of Japan's Stewardship Code (by the Financial Services Agency),** GPIF revised its **"Policy to Fulfill Stewardship Responsibilities" and "Stewardship Principles."** (Refer to P12 Principle 1 "Policy to Fulfill Stewardship Responsibilities/Stewardship Principles/Proxy Voting Principles.")

- As part of the annual comprehensive evaluation of **external asset managers**, GPIF **assessed asset managers' stewardship activities** (for the evaluation system and categories, see P13-15, "Assessment of Stewardship Activities by External Asset Managers"), including their stewardship **organizational structure, governance structures and policies, management of conflicts of interest, engagement with investee companies, and the exercise of voting rights**. (For details of the assessment of the current status of stewardship activities, see "Response to Each of the Stewardship Code Principles.")

- In July 2025, GPIF made an announcement to call for the first **applications for** domestic and foreign equity **ESG funds** (in addition to applications for ESG indexes). These ESG funds are expected to contribute to both "reduction of sustainability-related risks and improvement of sustainability of markets" and "the securing of market average return" in sustainability investment. A key feature is that, in principle, **ESG-related KPIs are required** in order to facilitate the measurement of sustainability-related outcomes, such as the reduction of sustainability-related risks.

- GPIF also communicated its stewardship activities through **President Uchida's keynote speech** made on the theme of "Sustainability Investment at the GPIF—Enhancing Long-Term Value Creation through Engagement" at the event held by **Tokyo Stock Exchange** on December 5, 2025.

- GPIF, together with the Japan Business Federation (Keidanren), also held the **3rd Keidanren-GPIF Asset Owners' Roundtable**.

4. Major Initiatives for FY2026

- In light of the increasing number of external asset managers, including sub delegated managers, and the resulting variations observed in the quality of stewardship activities, GPIF will continue to promote **understanding of its "Stewardship Principles" and "Proxy Voting Principles" among external asset managers**.

- GPIF will **conduct stewardship assessments** based on the "**Expectations for External Asset Managers"** (next page). In doing so, from a PDCA perspective, GPIF will evaluate whether **engagement activities** suited to each investment strategy and investment style **are contributing to the enhancement of corporate value.** As engagement themes, GPIF will place particular emphasis on the following three priority issues: **"Actions to Implement Management that is Conscious of Cost of Capital and Stock Price", "Initiatives and Disclosures Related to Sustainability", and "Effective Corporate Governance."** GPIF itself will also work to **verify the effectiveness of engagement from a PDCA perspective.**

- **In engagement with external asset manager**s, GPIF will **conduct two-way dialogue,** including listening to external asset managers' opinions and requests to GPIF.

- Based on two-way engagement with external asset managers, and exchanges of views and information with stakeholders (as described below), GPIF will **proactively communicate its approach and initiatives regarding stewardship activities as an asset owner** through disclosures, speeches, and other means.

- GPIF will exchange views and information with stakeholders, including companies, related organizations, and other asset owners. In doing so, as an asset owner, GPIF will strive to play a leading role in promoting a virtuous cycle in the investment chain in order to further advance initiatives consistent with the Asset Owner Principles.

5. Expectations for External Asset Managers

- **GPIF's expectations for external asset managers** are as follows

(Regarding the "**establishment of engagement frameworks that contribute to enhancing corporate value**" under the "advancement of engagement," GPIF will **monitor the initiatives of external asset managers through comprehensive evaluations and other means**, taking into account investment strategies and styles such as "engagement-enhanced passive" and "ESG funds," as well as the overall progress of stewardship activities at each asset manager.)

■ Advancement of engagement

- ✓ Establishment of **engagement frameworks that contribute to enhancing corporate value**
  - ➢ Setting of engagement targets, management of milestones, and implementation of effective escalation strategies
  - ➢ Organization of engagement data and verification of effects (At external asset managers with more advanced initiatives, efforts extend beyond merely managing stages of dialogue to outcome-based assessment and analysis of engagement results through confirmation of changes in corporate behavior, KPI measurement, statistical methodologies, and other approaches.)
- ✓ Engagement **to implement management that is conscious of cost of capital and stock price**
- ✓ Engagement with **sustainability issues** taking materiality into account (including response to new sustainability issues)
- ✓ **Exercise of voting rights reflecting the results of engagement and sustainability considerations**

■ Integration of investment and stewardship activities

- ✓ **Enhanced cooperation between** the investment team and the stewardship team
- ✓ Establishment and further advancement of stewardship-oriented **passive investment models**
- ✓ Stewardship responsibilities in **fixed income investment**.
- ✓ Implementation of ESG integration tailored to investment styles

■ Communication as an investor and messages to investee companies

- ✓ Proactive communication of the following information through disclosure and dialogue with investee companies
  - ➢ **Policies and approaches regarding stewardship activities** (including sustainability related activities), **Proxy Voting Principles**, and the **results of exercising voting rights**
  - ➢ **Sustainability disclosures** aligned with global standards such as the ISSB standards
- ✓ **Expressing views as an investor and exchange of opinions between domestic and foreign investors** toward the sustainable growth of Japan's capital market

Response to Each of the Stewardship Code Principles

Principle 1 Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities, and publicly disclose it.

1. Various policies

- Japan's Stewardship Code states as follows in Principle 1 Guidance 1-2: Institutional investors should have a clear policy on how they fulfill their stewardship responsibilities and publicly disclose it. The stewardship policy should cover how they define the responsibility and how they fulfill it, in view of their role in the investment chain. Institutional investors should clearly specify how they take the issues of sustainability into consideration in their policy, consistent with their investment management strategies. The Code also states in Principle 1 Guidance 1-4 that asset owners should clearly specify requirements and principles expected of asset managers in conducting stewardship activities including the exercise of voting rights, in order to ensure effective stewardship activities.
- GPIF shows its approach to sustainability investment and stewardship activities in the Investment Principles, Policy on Asset Owner Principles, and Sustainability Investment Policy.
- GPIF also **has the Policy to Fulfill Stewardship Responsibilities in alignment with the Stewardship Code**. Based on this Policy, GPIF **set** the **Stewardship Principles and Proxy Voting Principles** to show the **requirements that should be met by its external asset managers**. **GPIF evaluates the initiatives implemented by external asset managers to fulfill their stewardship responsibilities in line with the Stewardship Principles and the Proxy Voting Principles.**
- In June 2025, Japan's Stewardship Code underwent its third revision. In response, GPIF revised the Policy to Fulfill Stewardship Responsibilities and the Stewardship Principles, as detailed below.

(1) Revision of the Policy to Fulfill Stewardship Responsibilities and the Stewardship Principles

- The third revised version of Japan's Stewardship was finalized on June 26, 2025. The Code was revised mainly to (1) enhance the transparency of beneficial shareholders; (2) promote collaborative engagement; and (3) streamline the Code and make it more principles-based.
- For (1) enhancement of the transparency of beneficial shareholders, GPIF confirmed how its external asset managers planned to respond as the response of external asset managers will be particularly important.
- GPIF endorsed the revised Japan's Stewardship Code, which was revised on June 26, 2025 (as the third revised version), updated the Policy to Fulfill Stewardship Responsibilities and announced the updated version on December 8, 2025. Moreover, GPIF updated and announced the Stewardship Principles, which summarizes the requirements that should be met by its external asset managers. In both documents, GPIF reflects its support for the objectives of the revised Code and clearly sets out its approach to enhancing the transparency of beneficial shareholders and promoting collaborative engagement.

Revisions to the Code (Principle 4)	Policy to Fulfill Stewardship Responsibilities	Stewardship Principles
Enhancement of transparency of beneficial shareholders	○GPIF believes it is desirable for both institutional investors and investee companies to promote effective dialogue through the disclosure of investors' shareholdings, regardless of the number of shares held. Therefore, GPIF requires that asset managers should, in response to requests from investee companies, explain how many shares they own/hold in the companies and should disclose in advance a policy on how they will respond to such requests from investee companies. GPIF discloses its holdings by asset category as of the end of each fiscal year for transparency.	○Asset managers should, in response to requests from investee companies, explain how many shares they own/hold in the companies and should disclose in advance a policy on how they will respond to such requests from investee companies.
Enhancement of collaborative engagement	○In addition, when selecting asset managers or conducting an annual evaluation of them, GPIF aims to monitor asset managers' engagement, such as their understanding on investee companies, as well as their engagement with investee companies, by conducting interviews with asset managers, as necessary. GPIF believes it is essential that asset managers consider which type of dialogue is effective, with constructive dialogue in mind, to contribute to the sustainable growth of investee companies. In addition to institutional investors engaging with investee companies independently, collaborative engagement is also an important option. Taking these into consideration, GPIF will engage with asset managers. ○GPIF also believes it is essential that we engage in dialogue and collaborate with domestic and international asset owners, initiatives, institutional investor communities, business associations, and so on, within the scope of laws and regulations. Through continued dialogue and collaboration with the abovementioned market participants, GPIF fulfils our stewardship responsibilities by contributing to building a virtuous cycle of the investment chain.	○Asset managers should engage with investee companies recognizing that collaborative engagement is an important option in addition to engaging with investee companies independently.

2. Assessment of Stewardship Activities by External Asset Managers

(1) Assessment of stewardship activities by equity managers

- A comprehensive assessment of asset managers is conducted through qualitative assessment while taking into consideration quantitative achievements.
- Approximately 90% of GPIF’s equity investment is passively managed, and GPIF invests in a wide range of listed companies. Long-term growth of the overall market is essential to improving GPIF's investment returns. Therefore, we believe that it is critical for passive managers to implement engagement activities, which can encourage investee companies to increase their corporate value and the sustainable growth of the entire market from the long-term perspective.
- In the May 2017 revision to Japan’s Stewardship Code, the importance of dialogue in passive investment wais clarified, and the possibility of collaborative engagement was also referred to as a means of dialogue. Furthermore, in the second revision of the Stewardship Code published in March 2020, “consideration of sustainability consistent with investment management strategies (medium- to long-term sustainability including ESG factors) ” was added to the definition of stewardship responsibilities. Accordingly, consideration of ESG has become even more important in fulfilling stewardship responsibilities. The Code underwent the third revision in 2025 to increase the transparency of beneficial shareholders, promote collaborative engagement and streamline the Code and make it more principles-based.
- These revisions clarify the expectations for stewardship activities with consideration of sustainability such as ESG, particularly its significance in passive investment. GPIF highly evaluates asset managers who fulfill stewardship responsibilities more effectively.
- With respect to the initiatives for stewardship responsibilities, passive investments are assessed in terms of their contribution to the long-term improvement of corporate value of investee companies and to sustainable growth of markets, whereas active investments are assessed in terms of their contribution to increasing shareholder value of the investee companies in the long run.
- Since the introduction of the Stewardship Code in 2014, the formal aspects of asset managers' stewardship activities have become well established. Following the second revision of the code in 2020, GPIF changed the assessment system of initiatives for stewardship responsibilities from the 2020 comprehensive assessment to a system in which more substantial activities are highly evaluated.

Weight	Equity passive	Equity active
Investment policy, investment process, organization, human resources, etc.	70%	90%
Stewardship responsibilities	30%	10%
Viewpoints of assessment of stewardship activities	Contribution to the sustainable growth of the market	Contribution to increasing shareholder value of the investee companies in the long term
Base for the assessment	(Common to both passive and active) Stewardship Code, GPIF’s Stewardship Principles and Proxy Voting Principles	

2. Assessment of Stewardship Activities by External Asset Managers

- Specifically, in this assessment, we exchange opinions on how asset managers are working on stewardship activities, while confirming the following points. Information provided by external vendors is also used in the assessment.
  - ✓ **Framework (organizations, management of conflicts of interest)**
  - ✓ **Endorsement status of Japan’s Stewardship Code and the Principles for Responsible Investment (PRI)**
  - ✓ **Stewardship activities (policy, status, implementation of engagement)**
  - ✓ **ESG activities including responses to critical ESG issues listed by asset managers**
  - ✓ **Exercise of voting rights (topics, cases where judgments are divided among asset managers, decision-making process on exercising shareholder proposals, and others)**
  - ✓ **Responses to GPIF’s Stewardship Principles and Proxy Voting Principles, including disclosing the details of proxy voting records**
- In cases where we acknowledge concerns about the governance of external asset managers—such as conflicts of interest—through reports and interviews, we communicate our concerns and engage in various opportunities, with the aim of addressing those concerns.

(2) Assessment of stewardship activities by fixed-income managers

- The scope of assets under stewardship responsibilities was expanded to all assets in accordance with the revised UK Stewardship Code that took effect in January 2020 (The UK Stewardship Code 2020). While the scope of assets was assumed to be Japanese listed equities in Japan, the Japan's Stewardship Code, revised again in March 2020, explicitly stated that other assets are also applicable. Accordingly, the stewardship activities of fixed-income investors have also made further progress.
- In response to the second revision to the Japan Code, GPIF expanded the scope of assets subject to the Policy to Fulfill Stewardship Responsibilities from equity to all assets, including fixed income in June 2020, and has been considering assessment methods for fixed income asset managers. As part of such initiatives, GPIF conducted a questionnaire survey on stewardship activities by external asset managers for fixed income in 2020. In the survey, GPIF ascertained the current measures on overall stewardship activities by external asset managers, including the status of implementation of engagement activities, as well as their future plans and challenges.
- Based on the above, stewardship activities by external asset managers for fixed income have been assessed since FY2022 in terms of their contribution to encouraging the sustainable growth of investee companies and reducing credit risks.
- At this stage, it is hard to say that evaluation methods for individual engagement concerning asset managers for fixed income have been established. Therefore, their stewardship activities are evaluated in the item of “organization and human resources,” by assessing the status of establishment of organizations and human resources for stewardship activities, including policies and systems such as stewardship policies and the management of conflicts of interest. The same policy will apply in FY2026.

2. Assessment of Stewardship Activities by External Asset Managers

- Specifically, GPIF assesses the status of organizations and human resources regarding the implementation of stewardship activities by external asset managers, while confirming the following points.
  - ✓ **Framework (organizations, management of conflicts of interest)**
  - ✓ **Endorsement status of Japan's Stewardship Code and the Principles for Responsible Investment (PRI)**
  - ✓ **Policy for Stewardship Activities**
  - ✓ **Response to GPIF's Stewardship Principles (applicable items), etc.**

(3) Assessment of stewardship activities by alternative managers

- Alternative assets (infrastructure, real estate, private equity) represent an asset class in which asset managers may have an impact directly on the sustainability of investee companies. At GPIF, stewardship responsibilities and the initiatives for ESG have been critical items for evaluation since starting the call for investment managers to apply in April 2017. Since 2023, GPIF has invested in limited partnerships, and the critical assessment items for selection include their stewardship responsibilities and sustainability activities, such as ESG.
- After selecting investment managers, GPIF asks them to submit a sustainability report on a regular basis, based on which GPIF evaluates their initiatives for stewardship responsibilities in the comprehensive assessment. As the fund of funds type investment has been currently adopted, we exchange opinions concerning how the gatekeepers and fund of funds managers implement stewardship activities.
  - ✓ **Framework (organizations, management of conflicts of interest, etc.)**
  - ✓ **Endorsement status of the Principles for Responsible Investment (PRI)**
  - ✓ **Stewardship activities including ESG (policy, status, implementation of engagement, and response to ESG issues according to the characteristics of the assets)**
- In March 2020, as a real estate investor member, GPIF joined GRESB,* an initiative providing a benchmark for sustainability in real estate and infrastructure investments. In August 2022, GPIF joined GRESB as Japan's first infrastructure investor member. In the assessment of external asset managers, GPIF also confirms the status of their use of data provided by GRESB.
- When selecting investments, both gatekeepers and fund of funds managers confirm the sustainability activities of investees. After appointment, they conduct engagement with investees, including encouragement of the establishment of sustainability-related policies.

*Outline of GRESB:
GRESB is an initiative established in 2009 mainly by European pension funds and provides sustainability benchmarks for real estate and infrastructure investments. GRESB annually evaluates ESG-related initiatives and their achievement levels in real estate and infrastructure investments, and more than 2,300 real estate companies and funds as well as about 800 infrastructure funds and asset operators participated in the latest annual evaluation. About 150 institutional investors use the assessment results to select investee companies and to conduct monitoring and engagement as investor members.

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3. Engagement with External Asset Managers

- As part of its communication with external asset managers, **GPIF first presents its views on stewardship responsibilities.** Specifically, GPIF presents Stewardship Principles and Proxy Voting Principles, which specify its Policy to Fulfill Stewardship Responsibilities and its expectations for external asset managers, thereby conveying the areas on which it places importance and the criteria it applies in its evaluations. Then GPIF adopts an engagement model that emphasizes two-way communication while communicates with external asset managers. GPIF **holds meetings and conducts questionnaire surveys as necessary with** external asset managers**, such as stewardship meetings according to ad-hoc topics and necessary issues, in addition to the annual general evaluation**.

- In 2025, GPIF held dialogues with domestic and foreign equity external asset managers mainly through online meetings, including evaluation meetings. GPIF will continue to increase opportunities for dialogues, mainly with newly selected asset managers. In addition, **after the evaluation process is completed, GPIF shares a summary of the results with all asset managers included in the evaluation target, hoping that it will be utilized for their future investment and stewardship activities, and conducts follow-up meetings as necessary**. Through such feedback, exchanging opinions and aligning mutual views, GPIF is working to enhance the stewardship activities of its own and of external asset managers.

- In 2025, **in addition to the evaluation meetings, GPIF intoroduced specific thematic topics. In particular, GPIF conducted interviews with external asset managers entrusted with domestic equity investment regarding engagement on "Action to Implement Management that is Conscious of Cost of Capital and Stock Price," as well as dialogues on Japan's corporate governance reforms**. Following the questionnaire on sustainability disclosures, GPIF also exchanged views with some external asset managers. By focusing on specific themes, the discussins brought out each institution's perspectives more clearly and providwed valuable opportunities for GPIF to deepen its understanding of their respective approaches and activities.

- As mentioned above, GPIF holds individual meetings and briefings for external asset managers in order to provide sufficient information such as the backgound concepts, and its awareness of issues We focus on conducting two-way communication via exchange of views and feedback through Q&A sessions and the follow-ups. As the number of newly selected external asset managers increased in 2025, as in the previous year, GPIF contiued to conduct individual engagement with external asset managers, including new ones, concerning GPIF's views and what is expected from external asset managers, in addition to holding a briefing for asset managers.

<Briefing for external asset managers>
Briefing for external asset managers (held in February 2026)

- In addition to reviewing activities in FY2025, GPIF once again explained its objectives and future direction, particularly in light of the large number of newly appointed external asset managers. GPIF also provided explanations regarding matters related to investment guidelines, new requirements, assessment methods, and relevant materials, and exchanged views with the asset managers.

- Concerning stewardship activities, GPIF **explained the requirements based on the Stewardship Principles revised in December 2025 to participating asset managers**. In addition, GPIF communicated its **expectations for the managers, including expressing their views as an investor during revisions of the Corporate Governance Code and on other relevant occasions**.

Principle 2 Institutional investors should have a clear policy on how they manage conflicts of interest in fulfilling their stewardship responsibilities and publicly disclose it.

1. External Asset Managers' Governance Structures and Management of Conflicts of Interest with Their Parent Companies

(1) External Asset Managers' Governance Structures and Management of Conflicts of Interest with Their Parent Companies

- The external asset managers' governance and management of conflicts of interest are **formally well-organized in general**.
- Among **Japanese equity asset managers** belonging to financial groups, **organizational segregation** aimed at preventing conflicts of interest between the asset management company (division) and other companies (divisions) has been promoted. At all Japanese asset managers, the formalistic aspect is well-organized with the appointment of outside directors and the **establishment of a third-party committee** consisting mainly of outside directors. Some asset managers have appointed senior executives and officers from outside of the company. From the perspective of conflicts of interest management, GPIF will continue to monitor **personnel matters and compensation schemes for executives and employees**.
- The number of **foreign asset managers** that are independent is high in comparison to Japanese asset managers. However, **even independent asset managers may face a range of potential conflicts of interest** arising from relationships with discretionary investment management clients and their parent companies,as well as personal relationships and other factors. Based on this understanding, GPIF closely monitors **whether conflicts of interest related to stewardship activities are being appropriately managed**. Compared with Japanese asset managers, foreign asset managers do not necessarily have mechanisms in place to ensure conflict-of-interest management from an external perspective, and **in some cases, their conflict-of-interest management policies have not been publicly disclosed.**
- It is confirmed that **management of conflicts of interest in voting and voting guidelines** are formally well organized in many of the asset managers. With regard to Japanese external asset managers entrusted with equity investment, the **" Verification of the exercise of voting rights by external asset managers**" (2025), confirmed that, statistically, no consistent differences in voting behavior were observed based on the presence or absence of conflicts of interest.
  At the same time, it has also become clear that the scope of entities subject to conflict-of-interest management, as well as the methods of such management, differ among asset managers. GPIF expects **each external asset manager to conduct ongoing verification of whether conflicts of interest influence voting behavior.** In addition, GPIF will continue to require external asset managers to **establish voting-rights exercise processes that contemplate cases in which shareholder proposals are submitted** to the asset managers themselves or their parent companies.
- GPIF expects external asset managers not only to **continuously review and improve their conflict of interest management frameworks** to enhance their effectiveness, but also to further **improve transparency**.

(2) Analysis of the exercise of voting rights by asset managers (Trend analysis in voting behavior differences for companies with which they have a potential conflict of interest and other investee companies)

- As part of the Project for Measuring the Effects of Stewardship Activities and ESG Investment, GPIF implemented the Analysis of the exercise of voting rights by asset managers: Trend analysis fashionable voting behavior differences for companies with which they have a potential conflict of interest and other investee companies (and announced the results in August 2025).

Principle 3 **Institutional investors should monitor investee companies so that they can appropriately fulfill their stewardship responsibilities with an orientation towards the sustainable growth of the companies.**

Principle 4 **Institutional investors should seek to arrive at an understanding in common with investee companies and work to solve problems through constructive engagement with investee companies.**

1. Current Status of Stewardship Activities by External Asset Managers

(1) Organization, systems, policies, etc., in stewardship activities

- In recent years, the number of **newly appointed external asset managers, mainly foreign asset managers** (particvularly relatively small firms) that had not previously been entrusted by GPIF, has increased, resulting in **variations in the level of stewardship activities** conducted by the asset managers (Such variations are reflected in their stewardship policies, the number of personnel engaged in stewardship activities, the methods used to evaluate those personnel, and the extent to which internal organizational structures responsible for stewardship activities have been established.).

- GPIF requires **newly selected asset managers to formulate and publicly disclose policies on stewardship activities and to establish appropriate organizational structures and systems for stewardship activities** based on GPIF's "**Stewardship Principles" and "Proxy Voting Principles"**. In particular, for **mandates that that include investment in Japanese equities (including developed countries excluding North America),** GPIF strongly encourages **acceptance of Japan's Stewardship Code**.

- **Existing external asset managers**, including active managers, have deepened their **organizational approaches to stewardship through the establishment or enhancement of dedicated stewardship functions and the appointment or expansion of relevant personnel**. In recent years, **greater collaboration between investment professionals (fund managers and research analysts) and personnel responsible for sustainability investment and stewardship activities, as well as the integration of related functions**, has also been observed. GPIF will continue to require asset managers to strengthen the **strengthen the integration between investment and stewardship activities, including engagement.**

- Among external asset managers with highly developed stewardship activities, the use of **milestone management** to enhance engagement effectiveness has beomce increasingly widespread. (setting objectives for individual engagements and manageing the progress of dialogue and company responses through multiple stages toward achieving those objectives) Consequently, more external asset managers are introducing **in-house platforms and systems that enable centralized management of engagement activities**. In addition to thoese developments, GPIF also pays close attention to the **development of IT infrastructure** at external asset managers, including the use of AI.

1. Current Status of Stewardship Activities by External Asset Managers

(2) Stewardship Activities in Equity Investment: Engagement

- **Asset managers with advanced stewardship practices are increasingly seeking to enhance the** effectiveness of engagement through **milestone management**. (See page 20 "(1) Organization, systems, policies, etc., in stewardship activities"). GPIF will monitor whether external asset managers with advanced stewardship practices are going beyond the management of engagement stages to assess and analyze engagement outcomes by **confirming changes in corporate behavior, KPI measurement, statistical methodologies, and other approaches**, and whether they are working to **improve engagement through the PDCA cycle**. In this regard, Japanese asset managers and the Japan offices of global asset managers are increasingly undertaking initiatives to **verify the impact of engagement** on changes in corporate behavior, corporate value, and investment performance, in collaboration with internal and external academic experts.

- Furthermore, in order to enhance the effectiveness of engagement, an increasing number of asset managers have established **clear escalation strategies**. GPIF closely monitors **whether external asset managers are effectively utilizing escalation measures as necessary**.

- In domestic equities, **"engagement aimed at implementing management that is conscious of the cost of capital and stock price"** has been progressing, and GPIF is closely monitoring further initiatives by external asset managers in this area. (For details, see page 5, "2. Initiatives on Priority Issues for the 5th Medium-term Objectives Period (1) Interviews with its external asset managers entrusted with domestic equity investment regarding engagement on "management that is conscious of cost of capital and stock price.")

- **Most external asset managers** are undertaking stewardship activities related to **sustainability issues**. GPIF closely monitors whether external asset managers continuously engage with investee companies on **material sustainability issues** from the perspective of enhancing corporate value. In Japan, GPIF is also closely monitoring how external asset managers utilize **annual Securities Reports**, for which the disclosure of non-financial information is expected to expand following the introduction of the SSBJ standards, in addition to **integrated reports and corporate governance reports**, for investment decision-making and engagement.

- **Participation by external asset managers in global initiatives** has generally increased over the years. In recent years, however, some asset managers have **withdrawn from climate-related initiatives**. In addition, it has been observed that **some foreign asset managers**, particularly in their engagement with U.S. companies, have adopted a **more cautious approach to engagement than in the past.** Meanwhile, in Japan, the third revision of the Stewardship Code explicitly states that **collaborative engagement is an important option**. GPIF closely monitors whether external asset managers are making **every effort to conduct highly effective engagement** while **taking into account changes in the domestic and international environment surrounding engagement activities, including regulatory developments.**

1. Current Status of Stewardship Activities by External Asset Managers

(2) Stewardship Activities in Equity Investment: Engagement

- As the number of external asset managers has increased, differences have become apparent between managers that publish comprehensive **stewardship reports** and those that do not disclose such reports. GPIF expects external asset managers to **actively communicate, through stewardship reports and other means**, **their stewardship policies and their expectations for investee companies.**

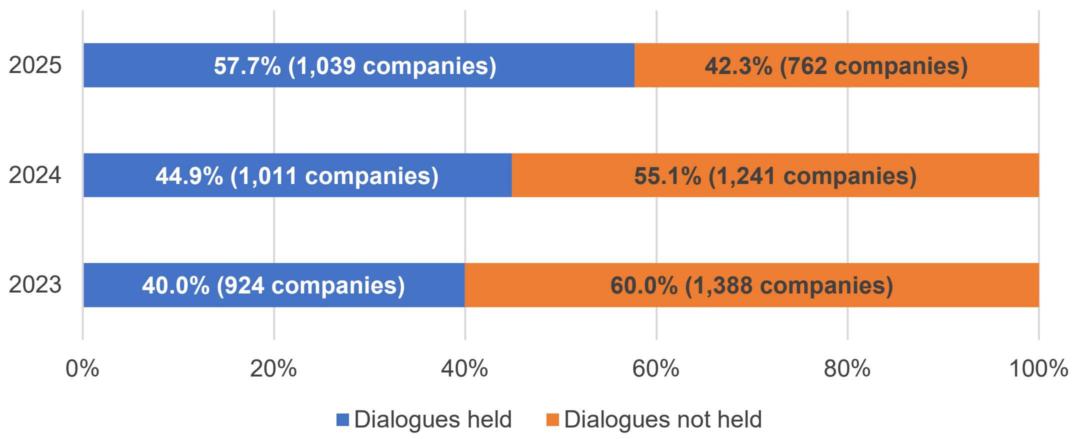
- Some asset managers, including Japanese asset managers, are seeking to promote transformation across the entire investment chain through **policy engagement**, including by submitting public comments to regulatory authorities, government authorities, and standard-setting bodies such as ISSB and SSBJ, as well as by proactively engaging with stock exchanges and index providers. On the other hand, there remain topics on which sufficient dialogue does not appear to have taken place among domestic and foreign institutional investors, such as the disclosure of annual Securities Reports before annual general meetings in Japan. GPIF expects external asset managers to **proactively express their views as investors and engage in active dialogue with domestic and foreign investors** to **support the sustainable growth of Japan's capital markets.**

2. Status of Engagement by External Asset Managers

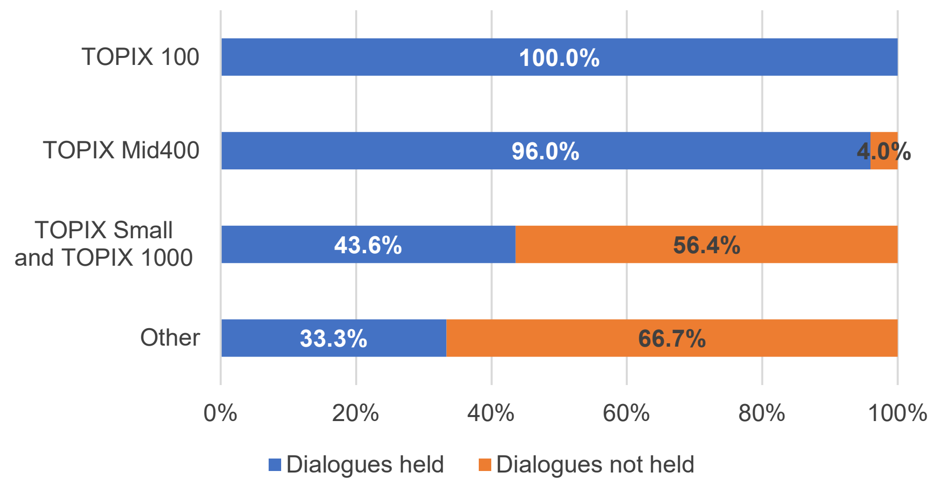
(1) Status of Engagement by Domestic External Asset Managers Entrusted with Japanese Equities (January to December 2025)

(I) Overview of status of engagement

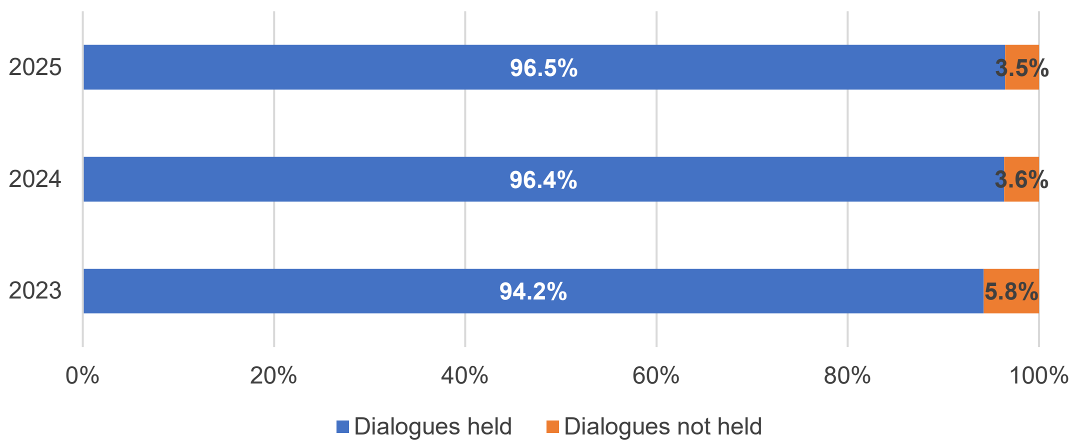
Ratio of companies that held dialogues (based on the number of companies)



Ratio of dialogues held (by company scale)



Ratio of companies that held dialogues (on market capitalization basis)



The total number of companies with which engagement was conducted by GPIF's external asset managers for domestic equities from January 2025 to December 2025 was 1,039.

In terms of the number of companies, engagement was conducted with 1,039 companies, or 57.7% of the companies whose shares are held. In terms of market capitalization, engagement was conducted with 96.5% of the companies.

Due to the review of TOPIX constituents, the number of companies whose shares are held has decreased. However, the number of companies with which the asset managers held dialogues has slightly increased during the past year, leading to a 12.8% increase in the ratio of dialogues held.

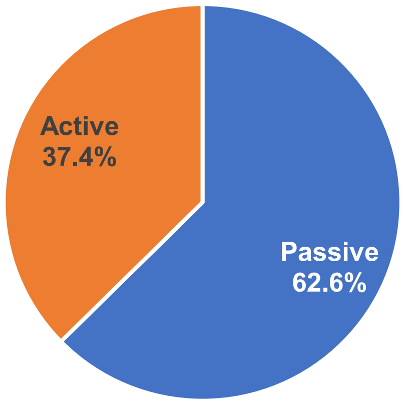
Note: The ratio of the number of companies with which dialogues were held was calculated with the number of domestic companies for which shares are held and market capitalization as of March 31, 2025, as a denominator.

2. Status of Engagement by External Asset Managers

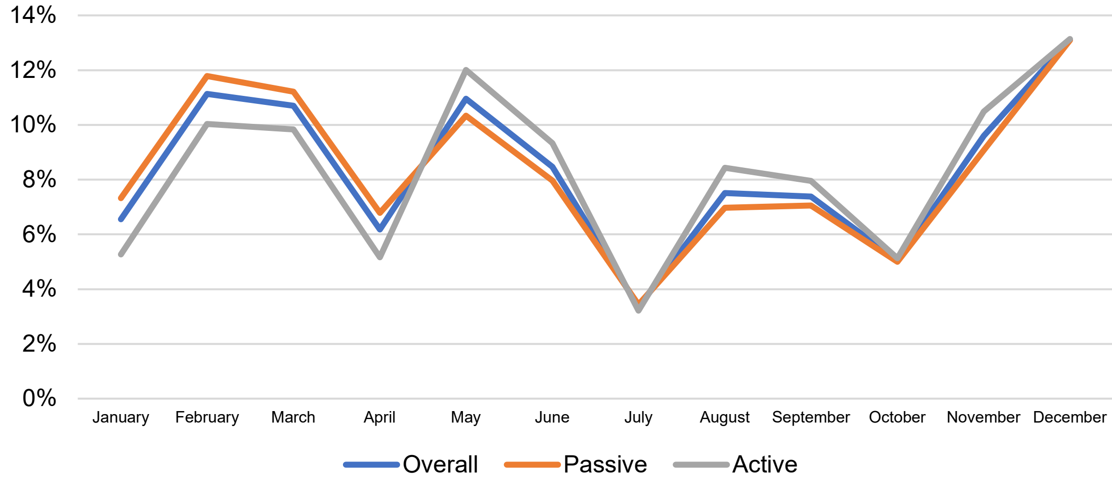
(1) Status of Engagement by Domestic External Asset Managers Entrusted with Japanese Equities (January 2025 to December 2025)

(I) Overview of status of engagement

Number of dialogues held (Passive/active ratio)



Number of dialogues held (on a monthly basis)



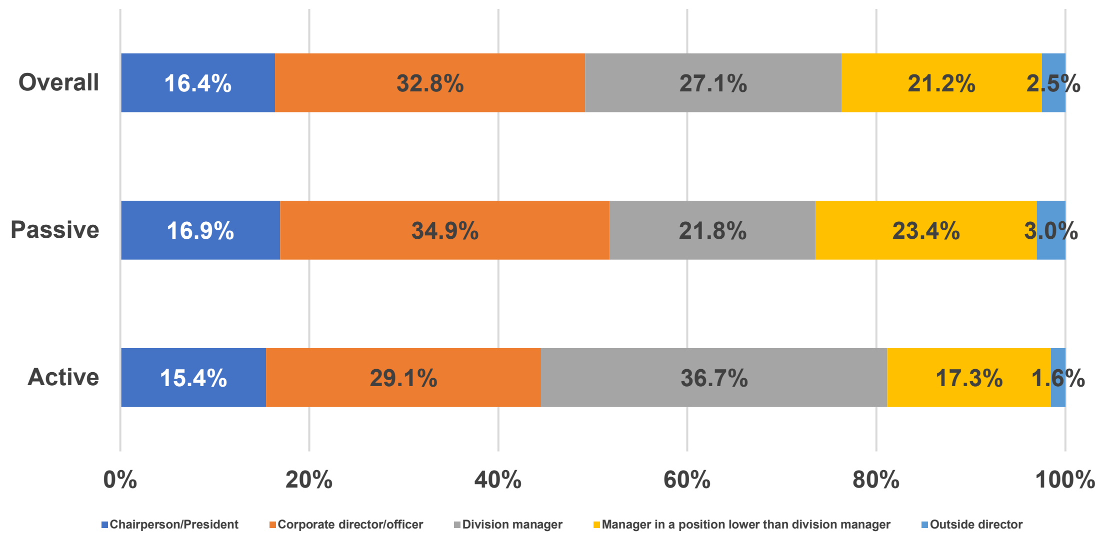
- Engagement by asset managers for passive investment accounted for 62.6%.
- The monthly number of dialogues peaks in December ahead of shareholders' meeting season. In the past, institutional investors often revised and disclosed their proxy voting guidelines around April prior to the shareholders' meeting season. More recently, however, some external asset managers have begun announcing revisions to the proxy voting guidelines to be applied at the following year's shareholders' meetings as early as December, in order to allow companies sufficient time to prepare for their shareholders' meetings. These initiatives by external asset managers help spread the timing of engagement with companies more evenly throughout the year and make it possible to engage with a larger number of companies.
- However, in some cases, engagement by external asset managers still appears to be concentrated during the shareholders' meeting season. Both investors and companies need to further disperse the timing of engagement so that it is not concentrated around the shareholders' meeting season.
- GPIF does not evaluate external asset managers based simply on the number of engagements, in order to avoid an increase in perfunctory meetings. These charts are also influenced by changes in the composition of GPIF's external asset managers.

2. Status of Engagement by External Asset Managers

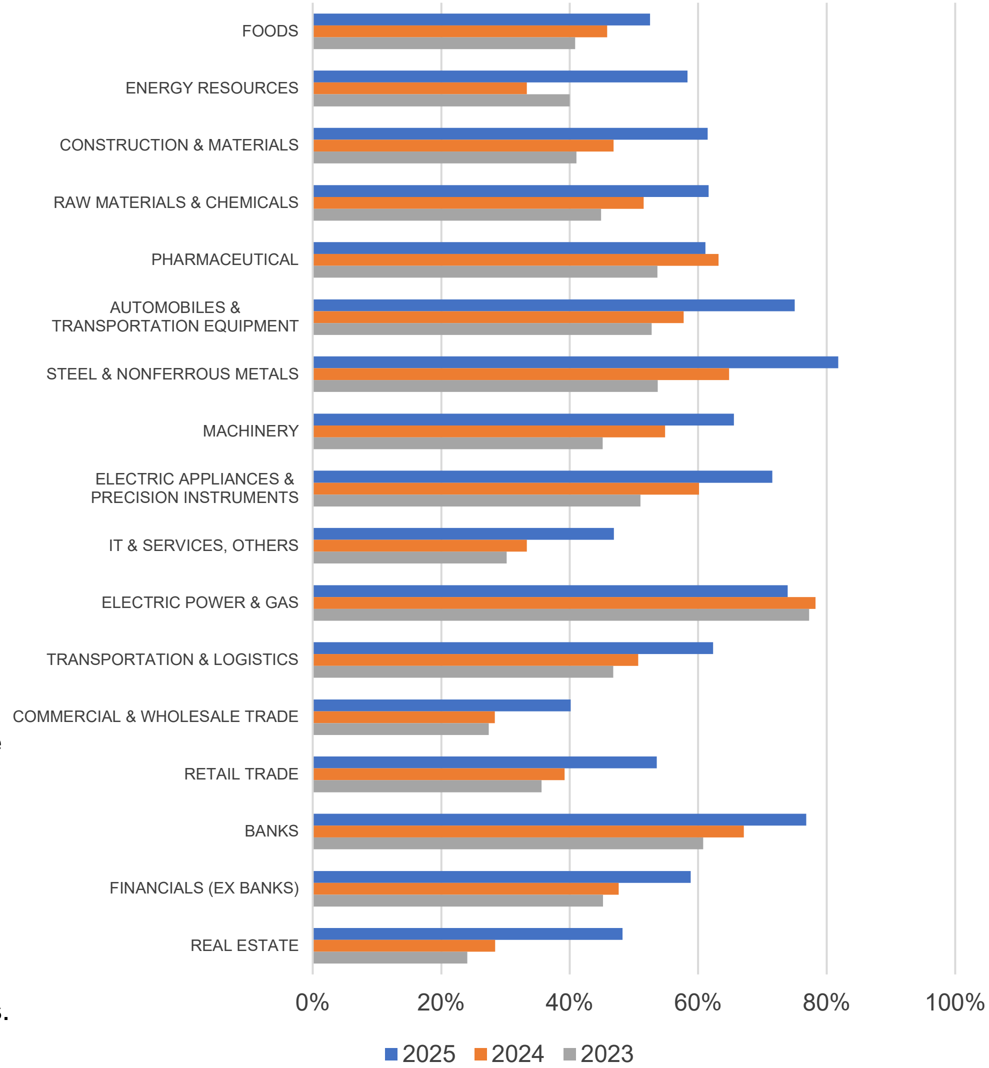
(1) Status of Engagement by Domestic External Asset Managers Entrusted with Japanese Equities (January 2025 to December 2025)

(I) Overview of status of engagement

Ratio of dialogues held (by position)



Ratio of dialogues held (by industry)



- The ratio of dialogues by management position shows the corporate counterparts in engagement conducted by external asset managers entrusted by GPIF with domestic equity investment. Overall, 16.4% of engagement dialogues were held with chairpersons or presidents. Expanding the scope to include directors and executive officers, 49.2% of all dialogues were conducted with executive officers or more senior management.
- In particular, regarding engagement by passive asset managers, 51.8% of dialogues were conducted with executive officers or more senior management. This indicates that asset managers had opportunities to communicate their views as investors directly to corporate management.
- Regarding the breakdown of dialogues by industry, the electric power and gas sector accounted for the highest proportion of engagement over the past several years. In 2025, however, the proportions for the steel and nonferrous metals, banking, and automobiles and transportation equipment sectors increased. For some sectors, this appears to reflect an increase in engagement themes related to capital policy, including cross-shareholdings.

2. Status of Engagement by External Asset Managers

(2) Passive investment models focused on stewardship activities: Engagement-enhanced passive

(I) Overview and points for selection of passive investment models focusing on stewardship activities

- Considering that GPIF invests in a wide range of listed companies by way of passive investment which accounts for approximately 90% of GPIF's equity investment, the long-term growth of the overall market is essential to improving investment returns. For passive investment, we believe engagement activities are critical to encourage investee companies to achieve a long-term increase in corporate value and, in particular, to promote sustainable growth of entire markets.
- Therefore, with the aims of achieving sustainable growth of the overall market through stewardship activities, as well as diversifying and enhancing the approach methods of stewardship activities, GPIF started to adopt passive investment models focusing on stewardship activities in 2018.
- In selecting the model, we review the investment process, stewardship policies, and the business model, including its organizational structure and fee levels.
- In 2018, we adopted two managers as engagement-enhanced passive managers: Asset Management One and FIL Investments (Japan). In FY2021, following new applications from several asset managers, we newly adopted Sumitomo Mitsui Trust Asset Management Co., Ltd., and Resona Asset Management Co., Ltd. (four external asset managers in FY2025.)
- Over the past two years, partially due to the Tokyo Stock Exchange reforms, engagement on important themes relating to fundamental management issues has increased.

Key points for selection

＜Setting of appropriate KPIs＞
Medium- to long-term goals for engagement activities
Annual plan for the achievement (Milestone)
＜Engagement system and method＞
Organizations and persons in charge of stewardship activities
Methods of engagement

→

Evaluation method

The achievement of the KPIs and milestones toward the medium- to long-term engagement goals set out in the plan on the left will be reviewed and evaluated, and GPIF will determine whether to renew the contract based on the results.

2. Status of Engagement by External Asset Managers

(II) Progress at asset managers: (i) Asset Management One

<Companies subject to engagement activities and management of milestones>

- To enhance the corporate value of investee companies and promote the sustainable growth of the market, ESG issues common across the market, together with corporate strategy-related issues, were identified. For each issue, key concerns, Goals (outcomes to be realized), and Actions (expected corporate actions) were presented in order to clarify the direction of engagement activities.
- Companies prioritized for engagement were identified, and key issues contributing to medium- to long-term corporate value enhancement were specified for each company. Based on detailed proprietary materials prepared for each company, more in-depth dialogues were conducted. The effectiveness of engagement was further enhanced through the use of external expertise and closer coordination with proxy voting activities.
- By managing engagement progress through detailed eight-stage milestones, the status of engagement activities was made more visible.
- In April 2024, the research and engagement functions were integrated to combine the expertise of sector analysts and ESG analysts. In addition, “Substantive Engagement” was launched with the aim of contributing to corporate value enhancement through engagement with the management of investee companies from both financial and non-financial perspectives.
- The asset manager periodically report to GPIF on the progress of engagement and examples of good practices.

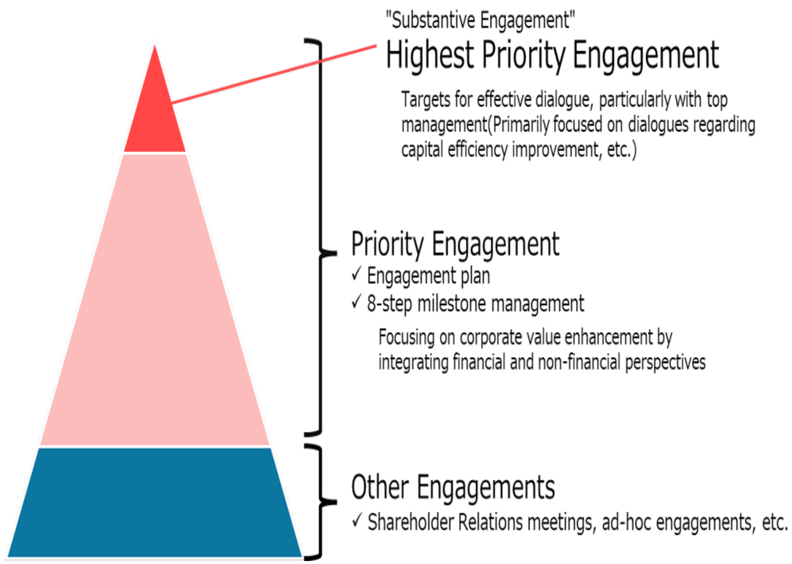
18 ESG issues and corporate strategy-related issues

Corporate Strategy	Corporate strategy, Business performance, Capital structure/financial strategy
Planet (Environment)	**Pl1:** Climate change **Pl2:** Biodiversity **Pl3:** Water resources **Pl4:** Circular economy **Pl5:** Air, water, and soil pollution **Pl6:** Sustainable food system
People (Society)	**Pe1:** Diversity, equity and inclusion **Pe2:** Business and human rights **Pe3:** Health and wellbeing
Governance & Disclosure	**GD1:** Board of directors, corporate governance **GD2:** Capital efficiency **GD3:** Takeover defense measures **GD4:** Risk management **GD5:** Sustainability management **GD6:** Supply chain management **GD7:** Business ethics
Our Community (Japan-Specific Issues)	**OC1:** Regional revitalization (Regional society) **OC2:** Digital transformation

8 Milestones

8 Issues resolution	We recognize that the initiatives implemented by the investee company have become effective.
7 Implementation of measures	The investee company begins full-scale implementation of measures to address ESG issues.
6 Formulation of Plans	The investee company formulates concrete plans for addressing ESG issues.
5 Initiation of Efforts	The investee company considers initiatives to address the ESG issues presented by our firm.
4 Issues Recognition (Management Level)	Management of the investee company acknowledges the ESG issues presented by our firm.
3 Issues Recognition (Company representative Level)	Operational staff of the investee company acknowledges the ESG issues presented by our firm.
2 Raising Issues	We present ESG issues to the investee company during our dialogue.
1 Identification of Issues	We identify the ESG issues that the investee company should address.

Substantive engagement

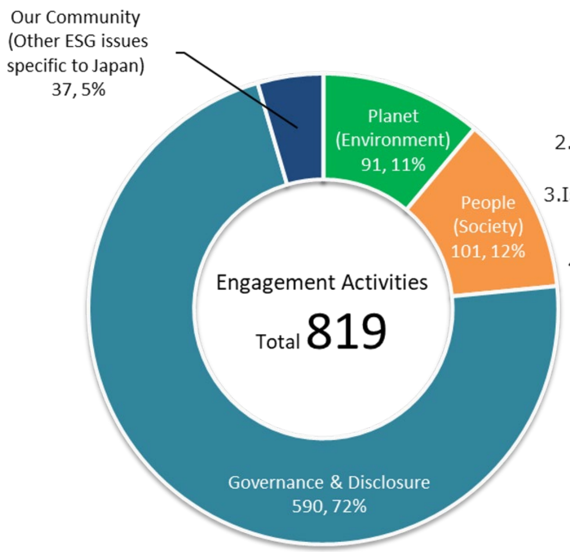


2. Status of Engagement by External Asset Managers

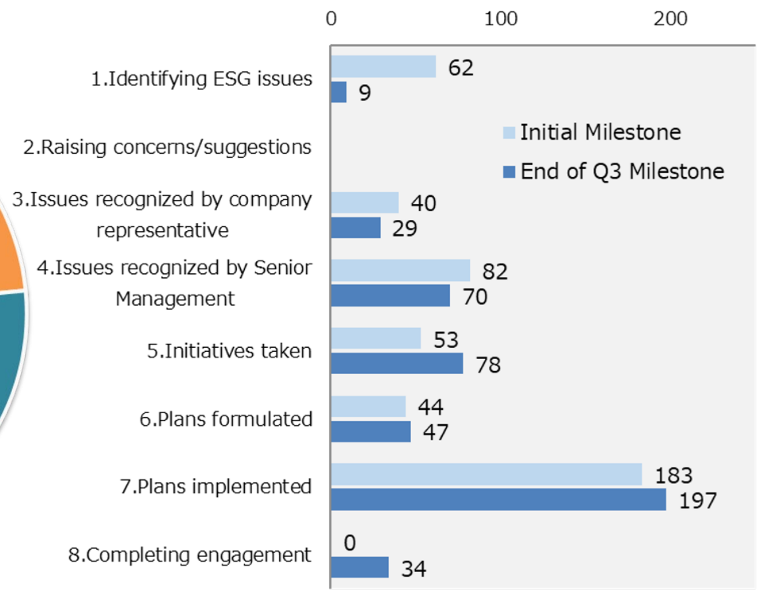
<Progress>

- The number of issues subject to the management of milestones up to the third quarter of FY2025 was 464. The largest weight among ESG issues was for “Governance and Disclosure,” which includes substantive engagement launched in FY2024.
- Up to the third quarter of FY2025, 53% of the engagement issues were observed to be on schedule or ahead of schedule in their progress. By milestone, the number of issues at the stages of “3. Issues recognized (Company representative)” and on the phase of “4. Issues recognized (Senior management)” decreased as a result that they moved forward to the phase of “5. Initiatives taken” and subsequent stages. For “8. Completing engagement,” 34 projects were completed mainly for risk management, digital transformation (DX) and others.
- Over the five years since FY2020, nearly 500 issues were resolved, mainly in the areas of “Governance & Disclosure” and for “Environment” issues, including climate change.
- The impact of engagement activities on medium- to long-term financial and non-financial indicators was analyzed. The analysis confirmed that companies with which dialogues had been conducted tended to show relatively stronger performance in both financial and non-financial indicators compared with companies with which no dialogues had been conducted.

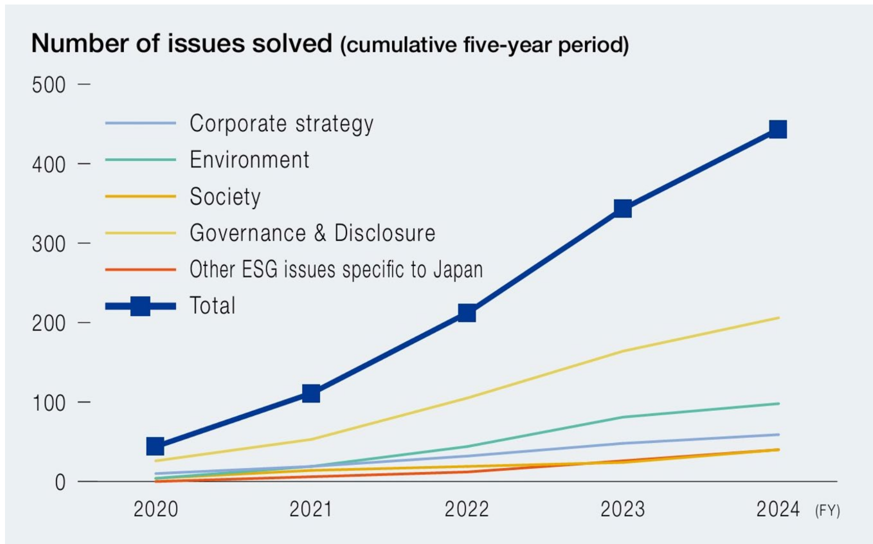
Composition of ESG issues for engagement



Milestones at the end of December 2025



Number of issues solved (total for the past five years)



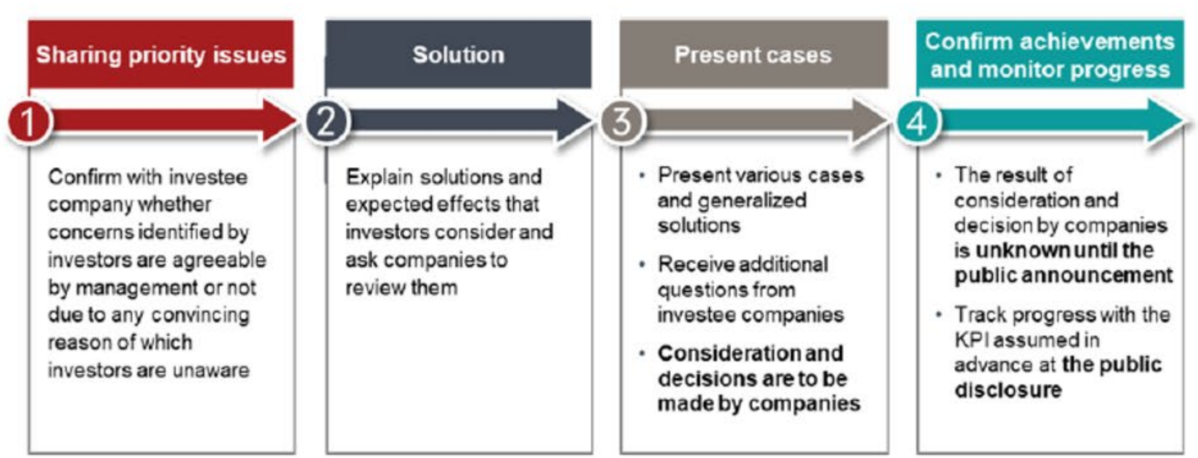
2. Status of Engagement by External Asset Managers

(II) Progress at asset managers: (ii) FIL Investments (Japan)

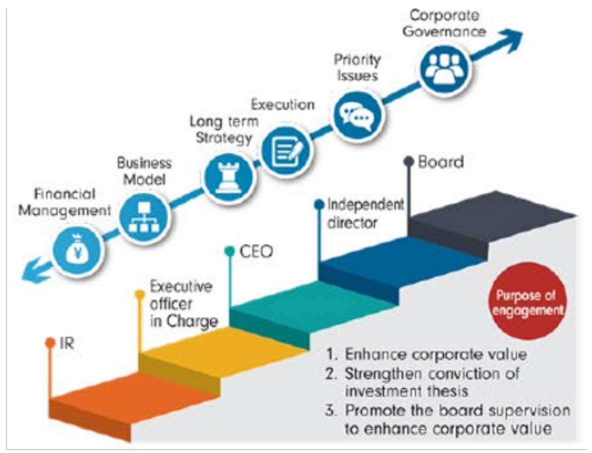
<Companies subject to engagement activities and management of milestones>

- With the expertise of analysts of active investment, FIL Investments (Japan) aims to efficiently increase β by encouraging large-cap companies to reform their mindset. In order to improve corporate value, the asset manager identifies the agenda of engagement and engage with companies, by which profitability and growth capability will be improved caused by strengthening competitiveness.
- Specifically, FIL Investments (Japan) narrows the subject companies for engagement by such conditions as 1) market capitalization of one trillion yen or more, and 2) corporate value that is expected to improve by 50% or more, to implement engagement with large caps which are likely to have significant impacts on market capitalization.
- The progress is managed using three indicators of input, output and outcome*,” and is periodically reported to GPIF.
- FIL Investments (Japan) also verified the effects of engagement through an external organization from an academic standpoint.

Four Steps of Engagement



Engagement Counterpart



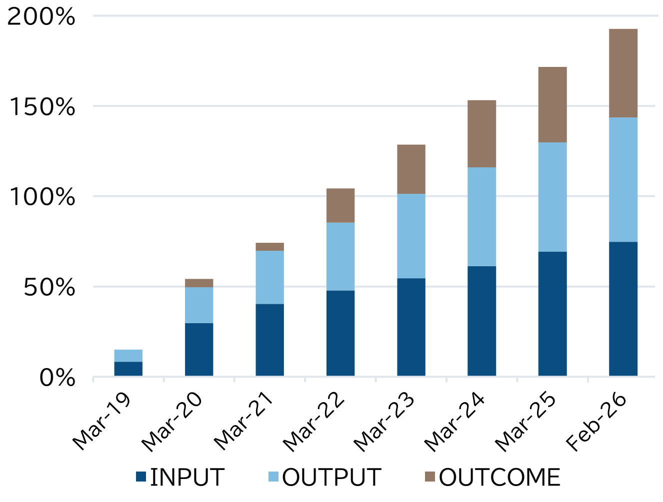
Source: *Four Steps of Engagement* and *Engagement Counterpart* from Fidelity’s Report on Investment Trusts.

2. Status of Engagement by External Asset Managers

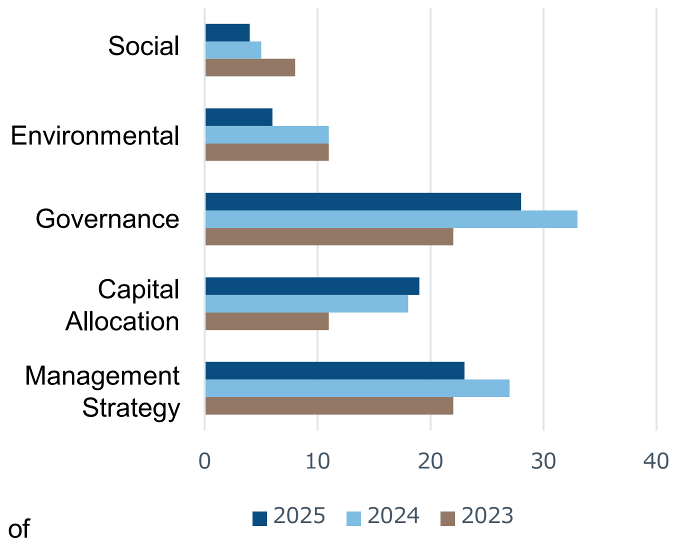
<Progress>

- FIL Investments (Japan) established three indicators, input, output and outcome*, to manage the progress of engagement activities under its engagement-enhanced passive investment strategy, assigning scores based on the progress of engagement for each indicator. For approximately 80% of the target companies, FIL Investments (Japan) and company management shared an understanding of company specific issues identified for the enhancement of corporate value. The proportion of companies for which corporate actions taken in response to engagement were confirmed (output) reached nearly 70% of the plan, while the proportion of companies whose actions were positively recognized by the market and resulted in outcomes also reached nearly 50% of the plan.
- Regarding dialogues aimed at enhancing corporate value, many of the agenda items initially identified have been addressed, and some companies have begun moving to the next phase of discussions, which in many cases focus on growth strategies. In addition, as some investee companies have transitioned to a stage of autonomous value creation through such engagement efforts by asset managers, there have been cases in which the priorities for dialogue have been reviewed and engagement targets have been shifted toward new companies that require more intensive engagement. The main themes of dialogue have centered on medium to long term management strategies and capital allocation, including reviews of business portfolios and approaches to capital allocation.

*Input: Sharing of awareness of issues based on evidence toward the improvement of corporate value, and requests for consideration concerning measures proposed by investors to solve such issues.
Output: Corporate activities, achievements
Outcome: Stock price performance, its components such as financial performance and the perception by the stock market (valuation, sell-side rating, etc.), and corporate activities strongly related to them.



Each input, output and outcome represent the total rate of progress against the planned value of the entire mandate. (The maximum rate is 300%.)

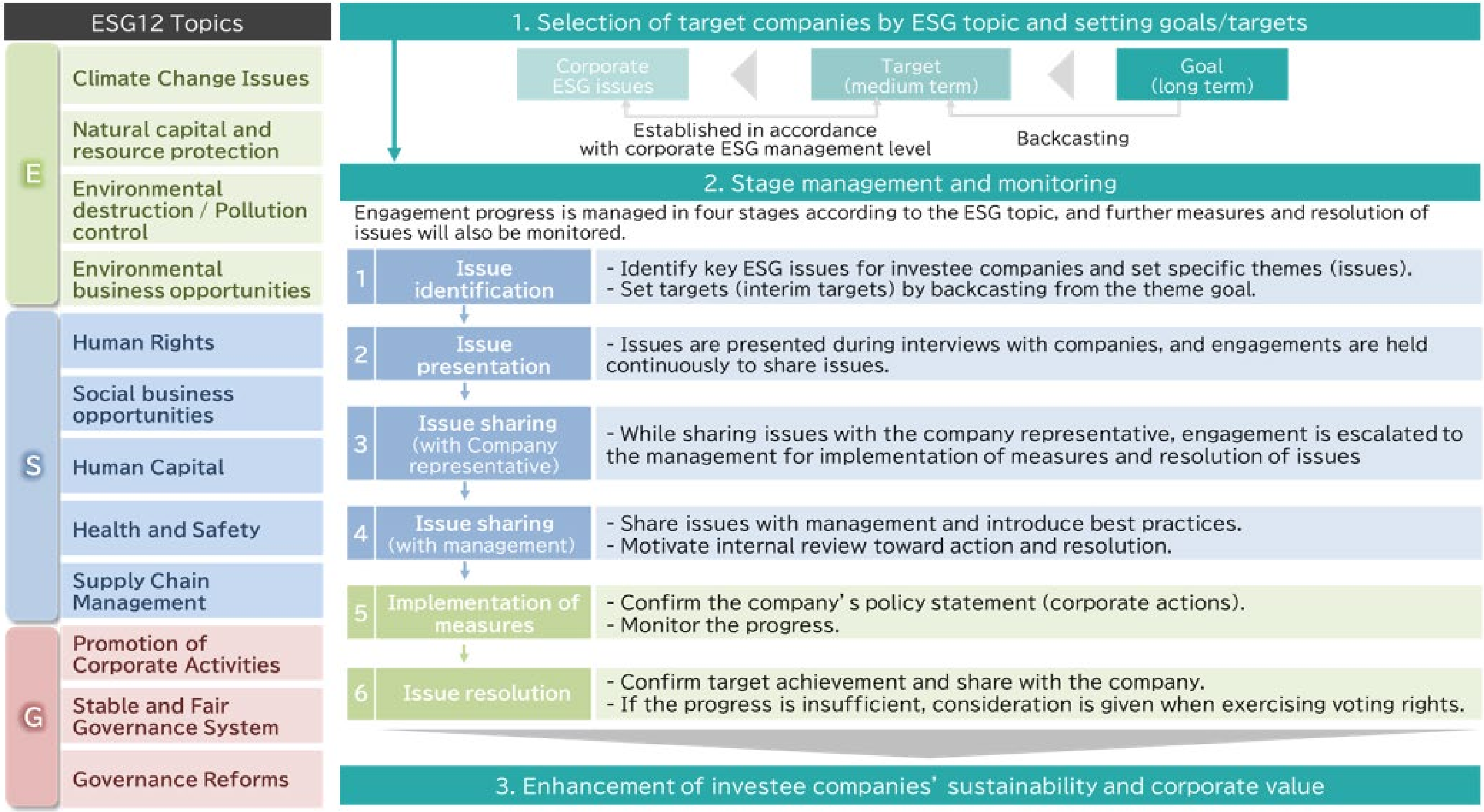


2. Status of Engagement by External Asset Managers

(II) Progress at asset managers: (iii) Sumitomo Mitsui Trust Asset Management

<Companies subject to engagement activities and management of milestones>

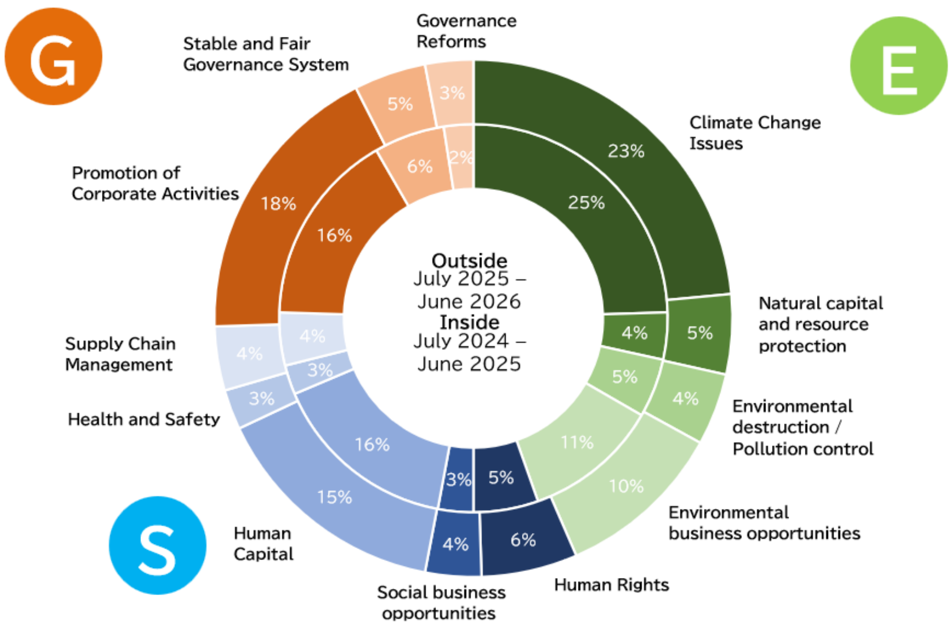
- In addition to engagement with investee companies, the asset manager promotes activities through various initiatives and engages with a wide range of stakeholders, including market participants, to increase the likelihood of achieving these objectives.
- Engagement is promoted through the commitment and active messaging from the upper management (the Chairperson and President) by way of taking the podium and speaking at overseas conferences and elsewhere. Issues are set for the 12 ESG topics which were selected based on ESG materiality and then classified from the viewpoint of risks and opportunities. Targets (medium-term goals) for each investee company are set by backcasting from the goals (long-term goals) for a specific ESG topic, and engagement is implemented with the aim of achieving the targets.
- By setting milestones in six stages, the progress in engagement activities from issue setting to the completion of issues is reported to GPIF periodically.

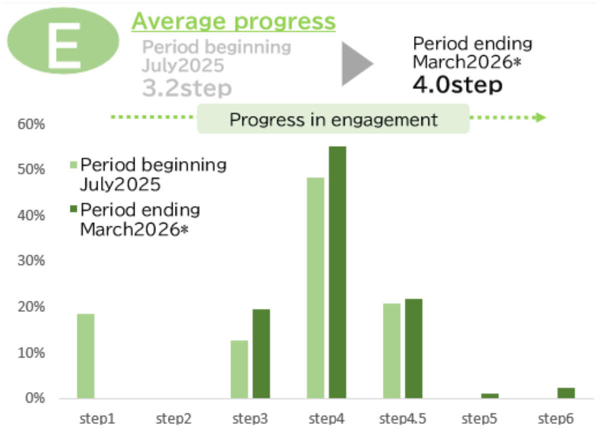


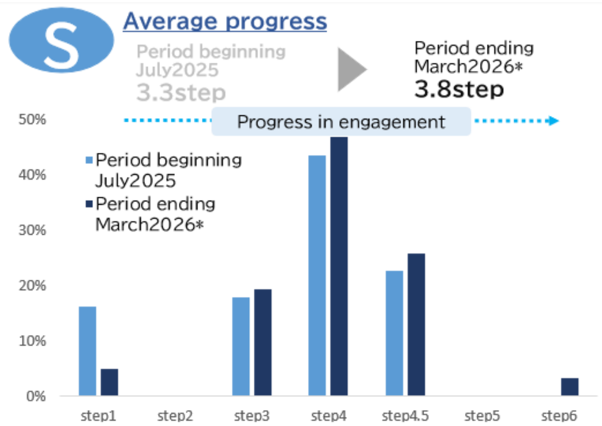
2. Status of Engagement by External Asset Managers

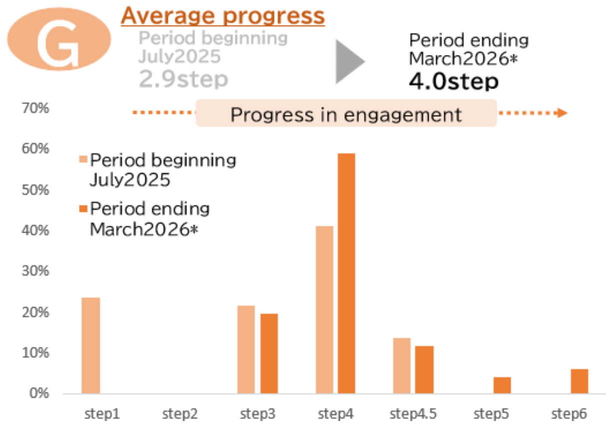
<Progress>

- Among the 12 ESG topics, “Climate change issues” and “Natural capital and resource protection” under (E), as well as “Human rights” and “Human capital” under (S), were prioritized as key engagement themes from both social and financial perspectives. For the period from July 2024 to June 2025, the asset manager selected 115 companies in line with 12 ESG topics, with a total of 204 engagement themes established.
- Based on initiatives such as those recommended by the Tokyo Stock Exchange, the asset manager increased its focus on the G theme of “Promotion of corporate activities.” In particular, for the G theme, where progress to more advanced stages was observed, the manager strengthened dialogue aimed at encouraging greater awareness of the cost of capital and promoted engagement through the exercise of voting rights. As a result, companies undertook actions such as reviewing business portfolios, promoting ROIC-based management, and unwinding cross shareholdings and parent subsidiary listings.









STEP1; Issue identification
STEP2; Issue presentation
STEP3; Issue sharing (with Company representative)
STEP4; Issue sharing (with management)
STEP5; Implementation of measures
STEP6; Issue resolution

*The figures for March 2026 are preliminary.

2. Status of Engagement by External Asset Managers

(II) Progress at asset managers: (iv) Resona Asset Management

<Companies subject to engagement activities and management of milestones>

- Engagement starts with an analysis of the current status of the integrated report. In the analysis of integrated reports using in-house AI technology, the focus points of integrated reports are set as evaluation items and scored in order to identify issues.
- Engagement managers provide feedback on AI evaluation scores, hold a dialogue on the value creation story of the target company, and work to improve the corporate value by encouraging the disclosure of non-financial information (integrated reports) while setting qualitative improvement as interim targets and triggers.
- Milestones in improving corporate value are set for each target company, and both the progress of engagement activities from issue setting to issue solving and changes to the above-mentioned AI assessment score over time are regularly reported to GPIF.

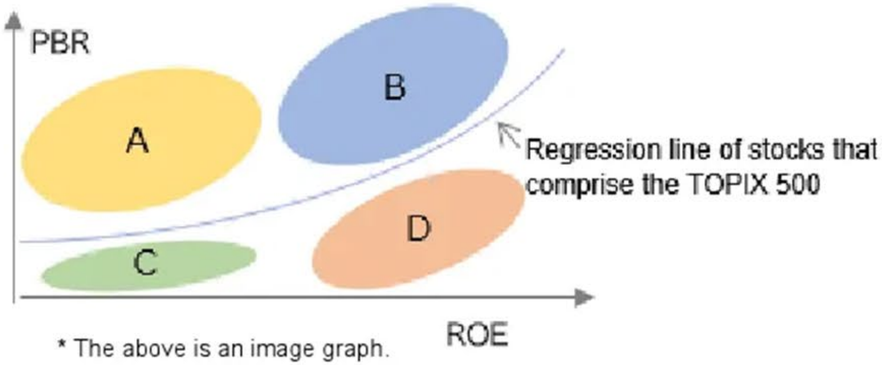
Path for improving company value

Priority themes will be determined based on ROE and PBR positioning.

A. Implement the value creation story
B. Pursue best practices
C. Reconstruct the value creation story
D. Clarify the value creation story

For example, during engagement with a company that has a relatively high PBR but a low ROE, we will focus on theme A.

■ ROE, PBR, and priority engagement themes



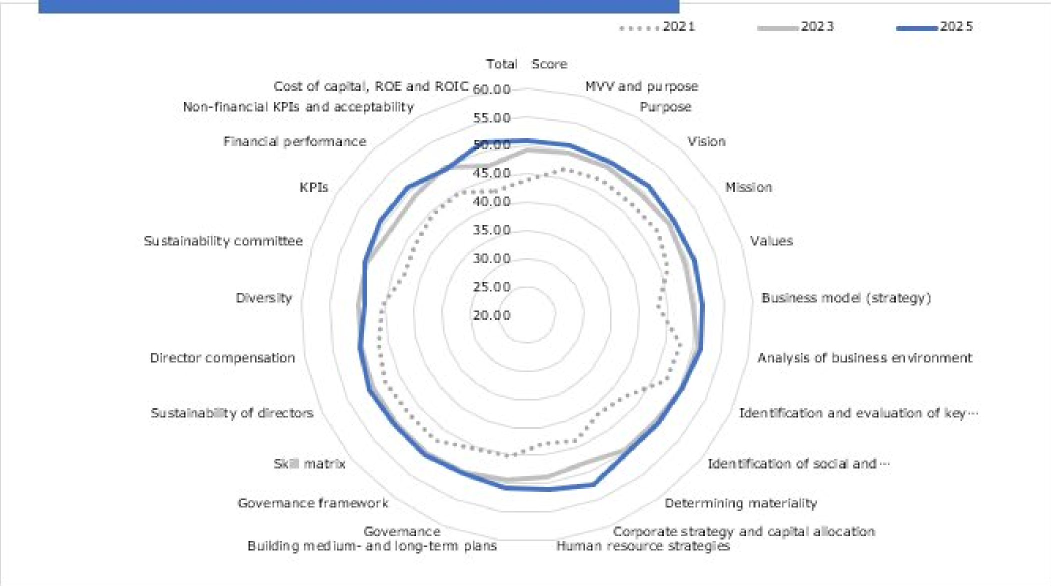
* The above is an image graph.

2. Status of Engagement by External Asset Managers

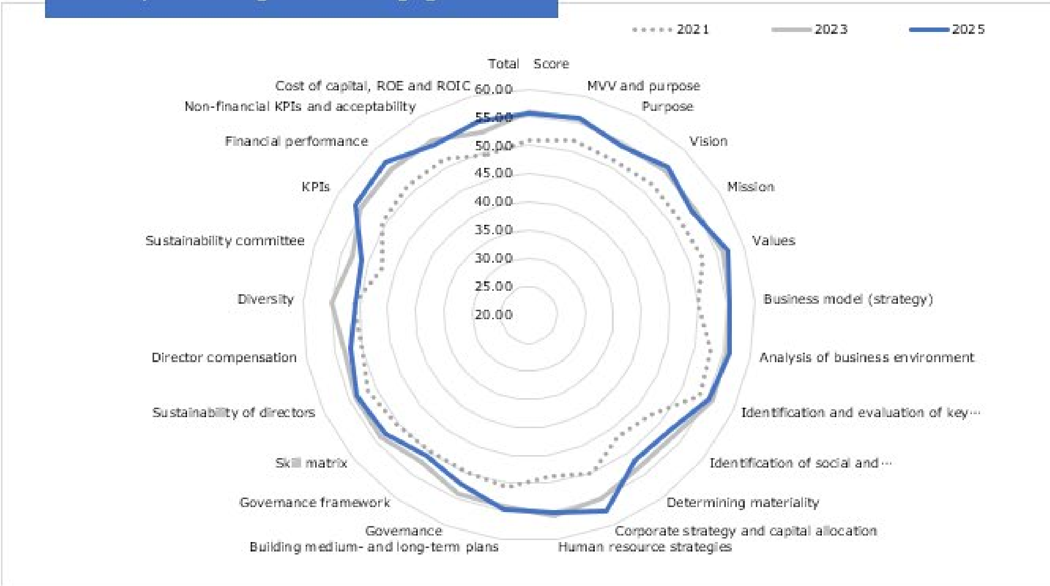
<Progress>

- In addition to integrated reports, annual securities reports and the like were also included in the scope of AI analysis, and a range of items, including governance and human resource strategies, started to be evaluated by score points. Then, based on the scores given to the items, issues were clarified for engagement activities. In response to the progress of engagement activities and the expansion of dialogue themes, the engagement items were updated. In particular, the asset manager paid attention to “management that is conscious of cost of capital and stock prices” and “growth investments.”
- Regarding the quality improvement of the content of integrated reports of engagement target companies, overall progress has been observed (meaning that the average value of the subject companies’ AI scores has risen), as shown in the charts below.

Companies issuing an Integrated Report (Overall)



Companies targeted for engagement



* The calculation of AI score is outlined in the paper “Method of calculating the disclosure score of climate change risks in the Securities Report” presented at the 2021 (the 56th) winter session of the Japanese Association of Financial Econometrics and Engineering (JAFEE).
(Note 1) The AI scores of integrated reports calculated by Resona Asset Management based on the text information of corporate websites and EDINET.
(Note 2) Time frame: 2021 (first year of the mandate): Companies with a fiscal year from April 2020 to March 2021; 2023: Companies with a fiscal year from April 2022 to March 2023; 2025: Companies with a fiscal year from April 2024 to March 2025
(Note 3) Companies targeted for engagement: 70 companies that are comparable on a calendar year basis, among a group of companies (approximately 100 companies) which the asset manager has conducted engagement with since the beginning of the mandate.

2. Status of Engagement by External Asset Managers

(3) ESG integration and new investment model "ESG funds"

- GPIF has stipulated "ESG integration into the investment process" in the Stewardship Principles. In the Stewardship Activities Report, GPIF set forth its **ESG integration across different investment styles under the section of Expectations and Challenges for External Asset Managers.**

- As a signatory to PRI, GPIF's ESG integration is based on the definition set forth by PRI (i.e., ESG should be expressly and systematically incorporated in investment analysis and investment decisions).

- GPIF has been **including the assessment of ESG Integration as part of the Investment Process since the comprehensive assessment (for equity and fixed-income) conducted in 2019.** Specifically, matters such as ESG policy, ESG data gathering and importance analysis, changes in impact on the cpmpanies and sectors, and how ESG information is incorporated into investment decisions are assessed in the investment process. ESG-related engagement and exercise of voting rights are assessed as part of the stewardship activities.

- In FY2025, GPIF launched a new initiative to invite proposals for ESG indexes and ESG funds for domestic and foreign equities. Based on the Sustainability Investment Policy formulated in March 2025 and other related policies, GPIF is inviting applications for new ESG indexes and ESG funds for domestic and foreign equities through the Index Posting System and the Manager Entry System. These new ESG indexes and ESG funds are expected to achieve both "reduction of sustainability-related risks and improvement of sustainability of markets" and "securing of market average return" (hereinafter, "ESG indexes and ESG funds").

- GPIF lists the following three as the major requirements to be met by new ESG indexes and ESG funds. **As a new initiative, the establishment of KPIs has also been included** among the requirements.

    - ✓ Investing in the ESG index/fund is expected to contribute to sustainability improvements, such as reducing sustainability-related risks.
    - ✓ In principle, establish the KPIs related to ESG factors, in order to enhance the measurement of the positive sustainability effects, such as reducing risks related to sustainability (It is desirable that the KPIs related to ESG factors can be referred by GPIF and are available to GPIF).
    - ✓ Market average return is expected to be secured on a stable basis.

- However, **the KPIs referred to here are intended to monitor the extent to which companies included in the portfolios of ESG indexes and ESG funds reduce sustainability related risks over time.** Accordingly, **GPIF does not necessarily require ESG index or ESG fund portfolios to exhibit sustainability characteristics superior to those of their benchmarks at a specific point in time.** This approach reflects GPIF's characteristic as an investor broadly diversified across the overall market.

- Following the adoption of ESG indexes and ESG funds, GPIF will appropriately monitor trends in the established KPIs.

3. Initiatives for Promoting Dialogue between Asset Managers and Investee Companies

(1) Survey of TOPIX constituent companies

- GPIF conducted its first survey of JPX-Nikkei Index 400 companies in 2016 with the aim of assessing the stewardship activities of external asset managers and understanding the actual status of purposeful dialogue (engagement). From the eighth survey conducted in 2023 onward, the survey covered TOPIX constituent companies.

- The survey examined **1) evaluations concerning the stewardship activities of GPIF's asset managers, 2) the actual status of purposeful dialogue (engagement), 3) changes in the past year, 4) IR and ESG activities of investee companies, and 5) GPIF's initiatives**.

- **In the 10th survey conducted in January 2025**, **632 companies responded, which accounted for 37.3% of the 1,696 constituents of TOPIX**, which were the target of the survey.

- In this survey, new questions were added in order to appropriately assess companies' evaluations of the current status of dialogue with institutional investors in general. **Approximately 90% of respondent companies indicated that they had beneficial dialogue with most institutional investors.** Many companies responded that dialogue was beneficial when it provided insights into investors' perspectives, including market conditions and trends among other companies, both in Japan and overseas, as well as when investors raised questions regarding medium to long term management strategies.

- Furthermore, in addition to whether dialogue with institutional investors was beneficial, **we newly asked whether such dialogue had led to changes in corporate actions. Nearly 90% of companies responded "Yes." This result confirmed that many companies are incorporating insights from dialogue with institutional investors into their actual initiatives.**

- This time, GPIF **asked companies about the status of their responses to the initiatives requested by the Tokyo Stock Exchange under "Action to Implement Management that is Conscious of Cost of Capital and Stock Price."** The results showed that more than 80% of companies had conducted analysis of the current situation, **while more than half had implemented initiatives.**

- Companies were also asked about the specific details of their "Implementation of initiatives." At present, the most common responses were **"Shareholder return," "Advancement of business management and governance," and "Sale of cross-shareholding shares," in that order.** This suggests that **priority is given to initiatives for which the time span is relatively short from decision-making to implementation**.

- In addition, questions have been added for ″planned responses to the SSBJ Sustainability Disclosure Standards″.

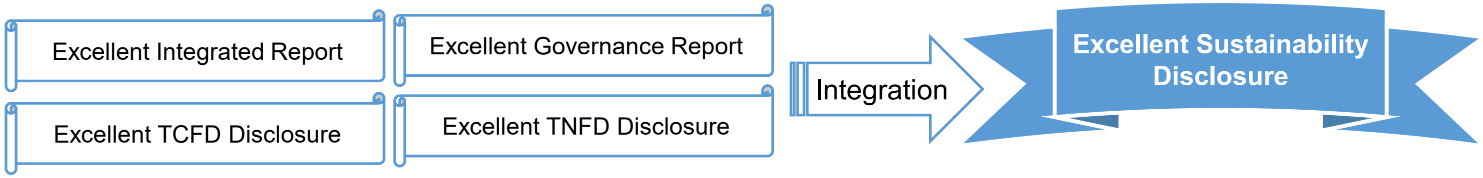
- The result of the survey is available here: https://www.gpif.go.jp/en/investment/report_of_the_10th_survey.html

3. Initiatives for Promoting Dialogue between Asset Managers and Investee Companies

(2) Integration of a series of excellent disclosures, including "Excellent Integrated Reports," into "Excellent Sustainability Disclosures"

➢ Change Point 1

In 2025, GPIF integrated four categories of excellent disclosures into one.



➢ Change Point 2

Enabled comparison of excellent sustainability disclosures between Japanese and foreign companies

(By integrating the above four excellent disclosures into one framework, GPIF can make the same request to both domestic and foreign external asset managers.)

- GPIF regards sustainability disclosures, including integrated reports, as important tools for constructive dialogue aimed at enhancing corporate value, and believes that such disclosures are beneficial for interactive engagement between asset managers and investee companies. Accordingly, GPIF has **encouraged companies to enhance their sustainability disclosures and urged investors to make active use of the disclosed information.** As part of these efforts, until the previous fiscal year, GPIF asked its asset managers to select "excellent integrated reports," "most improved integrated reports," as well as "excellent TCFD disclosures." Following the revision of the Corporate Governance Code, GPIF also requested the selection of "Excellent Corporate Governance Reports." In addition, last year GPIF newly requested the selection of "Excellent TNFD disclosures."
- This fiscal year, GPIF asked its external asset managers entrusted with domestic equity investment (hereinafter, "asset managers") to nominate up to 10 companies providing "excellent sustainability disclosures from the perspective of materiality" that asset managers considered useful in their engagement activities with investee companies throughout the year. As well as "excellent sustainability disclosures," GPIF also requested the asset managers to nominate up to five Japanese companies that have provided the "most-improved sustainability disclosures from the perspective of materiality." GPIF summarized the results and disclosed them on March 17, 2026.
- With the cooperation of a total of 23 asset managers entrusted with domestic equity investment, 89 Japanese companies were selected for "excellent sustainability disclosures from the perspective of materiality" while 66 Japanese companies were selected for "most improved sustainability disclosures." In addition, with the cooperation of 44 asset managers entrusted with foreign equity investment, 203 companies were selected for "excellent sustainability disclosures from the perspective of materiality."

Companies nominated by four or more asset managers for their "excellent sustainability disclosures from the perspective of materiality" (Domestic equity)

◇ Ajinomoto Co., Inc.	8 asset managers	◇ Hitachi, Ltd.	6 asset managers	◇Sekisui Chemical Co., Ltd.	4 asset managers
◇ ITOCHU Corporation	7 asset managers	◇ SONY GROUP CORPORATION	6 asset managers	◇Tokio Marine Holdings, Inc.	4 asset managers

Companies nominated by four or more asset managers for their "most-improved sustainability disclosures from the perspective of materiality" (Domestic equity)

◇East Japan Railway Company	4 asset managers

3. Initiatives for Promoting Dialogue between Asset Managers and Investee Companies

Companies nominated by four or more asset managers for their “excellent sustainability disclosures from the perspective of materiality” (foreign equity)

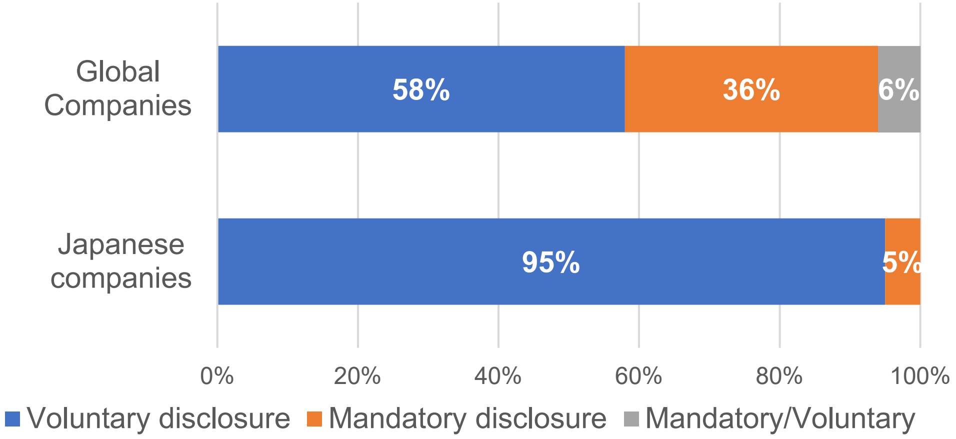
◇ MICROSOFT CORPORATION	7 asset managers	◇ GSK PLC	5 asset managers
◇ UNILEVER PLC	6 asset managers	◇ LOREAL SA	5 asset managers
◇ ENEL SPA	5 asset managers	◇ TOTALENERGIES SE	5 asset managers

- **In Japan, the preparation and publication of integrated reports have advanced significantly and are highly regarded, while disclosures in statutory filings have long been identified as an area requiring improvement.** As a result, **GPIF can compare companies’ excellent sustainability disclosures globally, revealing substantial differences between Japanese and foreign companies in the selected disclosures.**

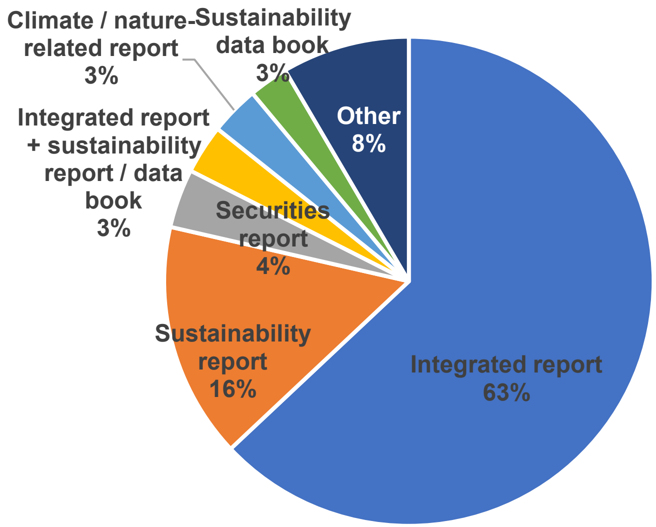
- Among the sustainability disclosures selected as “Excellent Sustainability Disclosures” in Japan, voluntary disclosures accounted for an overwhelming majority, representing 95% of all selected disclosures. Furthermore, integrated reports accounted for two-thirds of those voluntary disclosures.

- For foreign companies, 58% of the selected disclosures are voluntary disclosures, while mandatory disclosures accounted for 36%. Although simple comparison with Japanese companies is difficult because disclosure rules and requirements differ by country and region, the selected disclosure formats were also highly diverse. Among the selected disclosures, sustainability reports accounted for the largest percentage of 30% (referring to disclosures selected as standalone documents; the same shall apply hereafter). This was followed by annual reports at 8%, and integrated reports and impact reports at 4% respectively. In addition, in many cases, the selections were based not on a single disclosure alone, but on a combination of financial and non-financial disclosures.

<Distribution by disclosure type (Mandatory disclosure/ Voluntary disclosure)>



<Excellent disclosures by Japanese companies – Distribution by disclosure vehicle>



4. Enhancing Collaboration with Relevant Organizations

(1) Keidanren-GPIF Asset Owners' Round Table

- GPIF, with Japan Business Federation (hereinafter Keidanren), has established the "Keidanren-GPIF Asset Owners' Roundtable."
- Following the introduction of the Asset Owner Principles, the importance of stewardship activities and expectations for asset owners are increasing more than ever. In response, we established the roundtable with Keidanren as a forum for continuous dialogue with companies on an ongoing basis to enhance our current initiatives.
- We also invited other public pension funds that, like GPIF, mainly entrust investments to external asset managers. Federation of National Public Service Personnel Mutual Aid Associations, Pension Fund Association for Local Government Officials, and Promotion and Mutual Aid Corporation for Private Schools of Japan have also participated.
- From the perspective of increasing long-term investment returns, GPIF continues to aim to promote a virtuous cycle of the investment chain by supporting the continuous growth and development of companies and the capital market, through promoting dialogue between asset managers and companies as well as through hearing directly from investee companies.

【Overview of the Keidanren-GPIF Asset Owners' Roundtable】
Establishment: October 3, 2024 (1st Meeting)
Participants
Asset owner side:
  Government Pension Investment Fund (GPIF)
  Federation of National Public Service Personnel Mutual Aid Associations
  Pension Fund Association for Local Government Officials
  Promotion and Mutual Aid Corporation for Private Schools of Japan, and others
Keidanren side
  Companies that are members of the Committee on Financial and Capital Markets

Meeting frequency: One to three times a year
Proceedings are undisclosed in principle, but a summary will be issued after the meeting

【FY2025】
[Third Roundtable (held on September 30, 2025)]

- ✓ From the asset owner side, GPIF, Federation of National Public Service Personnel Mutual Aid Associations, Pension Fund Association for Local Government Officials, and the Promotion and Mutual Aid Corporation for Private Schools of Japan participated in the roundtable.
- ✓ From the Keidanren side, members of the Committee on Financial and Capital Markets (issuer companies) participated.
- ✓ The asset owner side explained their initiatives implemented based on the Asset Owner Principles and then exchanged opinions with the Keidanren side.
- ✓ Opinions were exchanged about dialogues and the exercise of voting rights by asset managers, the use of ESG data in investment and engagement with ESG Evaluation and Data Providers.

【Looking ahead to FY2026】
Taking into account the discussions at the third roundtable held in FY2025, including the Q&A session, GPIF is considering holding exchanges of views on ESG evaluations and related topics during the FY2026 roundtable.

4. Enhancing Collaboration with Relevant Organizations

(2) Global Asset Owners' Forum

- This forum was established by GPIF with co-organizers CalPERS and CalSTRS for continuous exchange of opinions to further fulfill our stewardship responsibilities with the aim sharing knowledge with foreign public pension funds and others. The first forum was held in Tokyo in November 2016.
- Members (except for co-organizers) include the Florida State Board of Administration and the Regents of University of California from the United States; bcIMC and OTPP from Canada; NBIM, APG, PGGM, AP2, ERAFP, and USS from Europe; GIC from Singapore; HESTA from Australia; and the World Bank.
- Most recently, after suspension of the Forum due to the COVID-19 pandemic, the Global Asset Owners' Forum was held in October 2023 for the first time in four and a half years. The members of the Forum discussed various topics including expectations for Japanese companies such as timely disclosures and timely English translations, support for the ISSB Standards and support for the TSE's request on cost of capital, etc., and these opinions were summarized and published in January 2024.

(3) Memberships

- GPIF has participated in a variety of initiatives since it signed the Principles for Responsible Investment (PRI) in September 2015. By participating in these initiatives, GPIF has accumulated knowledge on stewardship and ESG, which is used to evaluate the stewardship of its external asset managers.
- Furthermore, GPIF has participated in a domestic organizations which promote disclosure. Prohibited from in-house investing of equity by the relevant regulation, GPIF invests and exercises voting rights through its external asset managers. Therefore, GPIF promotes dialogue between its external asset managers and investee companies. GPIF believes that disclosure is important for both parties to conduct efficient dialogue. Particularly, disclosure of sustainability information such as ESG information is likely to gain in importance as non-financial disclosure becomes more significant going forward.
- Based on this belief, GPIF also joined the ISSB Investor Advisory Group (IIAG) as an observer in May 2024.

Signatory of:

PRI Principles for Responsible Investment

Climate Action 100+

30% Club PATH TO PARITY

INVEST AHEAD Investors for Board Diversity

Council of Institutional Investors® The voice of corporate governance

ICGN International Corporate Governance Network

IFRS® Sustainability

上場会社のESG情報開示をサポート JPX ESG Knowledge Hub

一般社団法人 ESG情報開示研究会

4. Enhancing Collaboration with Relevant Organizations

(4) Engagement with Index Providers and ESG Rating Agencies

- In passive investment, an important factor of success is benchmark selection, rather than the investment skill. However, asset owners, including GPIF, have not exerted much effort in selecting benchmarks. With that in mind, GPIF partially introduced the Index Posting System in FY2019 with the aim of effectively gathering information on various indices in order to enhance its overall fund management.
- GPIF has implemented due diligence and engagement, as it has gradually acknowledged the significance of the assessment of index providers' organizational structure as well as governance system when selecting benchmarks, such as an ESG index. Specifically, GPIF strictly examines the relationships between ESG rating agencies/index providers and their stakeholders (shareholders and major customers), their decision-making processes (whether they have independent committees, what they discussed), and whether they engage in any forms of business that are likely to fall under conflicts of interest, such as consulting services for companies. GPIF believes that index providers should be responsible for establishing solid governance systems and implementing investor-oriented decision-making, since their role in the investment chain has become increasingly important annually.
- Since April 2022, the Technical Committee for ESG Evaluation and Data Providers, which was established under the FSA, has discussed the current status concerning ESG rating and data, the challenges of the related parties to provide and use ESG rating and data appropriately, future prospects, and a wide scope of other items. At the 15th Expert Panel on Sustainable Finance held in December 2022, the Code of Conduct for ESG Evaluation and Data Providers was reported and then published. The FSA urged ESG rating agencies and data providers to accept the Code of Conduct, and called on them to announce on their own websites and inform the FSA that they accepted it if they decided to do so. In July 2023, the FSA published the first list of the ESG evaluation and data providers that notified the FSA of their intention to endorse the Code of Conduct for ESG Evaluation and Data Providers. As of June 2025, the number of such organizations that declared their endorsement was 29.
- GPIF, as an asset owner, has proactively participated and provided opinions in the consultation meetings held by index providers and ESG rating agencies when they consider changing index methodologies and ESG evaluation methodologies. GPIF also encourages its external asset managers to actively participate in such consultations and provide their views.
- GPIF also holds regular dialogue with the providers of the ESG indexes it has adopted.

Principle 5 Institutional investors should have a clear policy on voting and disclosure of voting activity. The policy on voting should not be comprised only of a mechanical checklist; it should be designed to contribute to the sustainable growth of investee companies.

1. Stewardship Activities in Equity Investment: Exercise of Voting Rights

(1) Stewardship Activities in Equity Investment: Exercise of Voting Rights

- GPIF requires asset managers to develop a **proxy voting policy and guidelines** that will contribute to the **maximization of long-term shareholder interests** and publicly disclose their proxy voting policy and guidelines in order to make the basis for their voting decisions clear. GPIF also requires asset managers to **periodically review their voting records** and **update their policies** as necessary based on the **self-assessment results**.

- GPIF **requires asset managers to exercise their voting rights for all proposals in principle**, except in special cases such as share blocking (a system under which the transfer of shares held by shareholders exercising voting rights is frozen from a specified date prior to a general shareholders' meeting until the conclusion of the meeting, in order to ensure that the shareholders on the date of the meeting are the same as those exercising voting rights).

- As GPIF considers **voting as a part of overall engagement activities**, we expect asset managers to take measures that will contribute to enhancing long-term corporate value. Accordingly, GPIF expects that asset managers will develop an **appropriate collaboration or a system** internally.
  In particular, GPIF requires asset managers to place importance on **communication with investee companies** so that the exercise of voting rights **does not become merely a formality.** GPIF **positively assesses** asset managers, depending on the case, when they **exercise their voting in a manner that differs from their voting guidelines** but in line with investee companies' initiatives or actual situations, following the engagement.
  When some asset managers for domestic equities ask their investee companies to increase independent directors as well as diversity, they allow **a grace period** of nearly a year from the announcement of the change in voting policy before taking effect, during which they inform their investee companies of the change and implement engagement. Some asset managers **use their voting guidelines to send clear messages and utilize them for engagement**.
  Especially some asset managers for domestic equities, have introduced cross-shareholding, TSR, and PBR standards, while others have revised their standards that are based on ROE and other profitability metrics.

- In general, **the disclosure of voting guidelines and voting results by Japanese asset managers tends to be more thorough**.
  Many asset managers entrusted with domestic equity investment **disclose** their voting records for individual proposals on a **quarterly basis** to facilitate engagement with investee companies following general shareholders' meetings.
  In a case where external asset managers for domestic equities **oppose an investee company's proposal**, all of them **disclose the reasons for such decision**. For shareholder proposals, the rationale for votes cast for and/or against the proposals is disclosed.
  Some asset managers implement their own ideas **by flagging the investee companies in which potential conflicts of interest are likely to take place**, such as the business partners of the companies within the groups that the asset managers belong to, or **by providing more detailed explanations** than usual. Other asset managers **disclose contact information** for inquiries regarding stewardship and proxy voting.

1. Stewardship Activities in Equity Investment: Exercise of Voting Rights

(1) Stewardship Activities in Equity Investment: Exercise of Voting Rights

- **A number of external asset managers for foreign equities disclose the results of the exercise of voting rights.** Meanwhile, some active foreign equity asset managers **provided direct feedback on voting results to their investee companies** through portfolio managers or analysts and **sent documents explaining the voting results and the reasons for opposing proposals**. Also, some asset managers for foreign equity **published their approval or disapproval of the voting decision in advance as part of their engagement escalation strategy**.

- The majority of external asset managers, both for domestic and foreign equity, **have their own standards for the exercise of voting rights**.
  These asset managers use **proxy advisory firms** for **administrative services** related to the exercise of voting rights, **information gathering, recommendations based on their own standards for the exercise of voting rights** and **management of conflicts of interest** when exercising voting rights for their own company, parent company, and group companies.
  Only a small number of asset managers use proxy advisory firms' recommendations when exercising voting rights at investees companies other than those requiring management of conflicts of interest. GPIF requires asset managers to **establish a framework under which they make the final voting decisions on their own**, rather than mechanically following proxy advisory firms‘ recommendations.
  GPIF uses the result of the recommendations provided by ISS and Glass Lewis for analysis after Annual General Meetings.

- Regarding **voting instruction errors, administrative errors** made by custodians, and **unexercised votes**, GPIF has **asked asset managers and custodians to take appropriate measures**, considering the importance of exercising voting rights.

1. Stewardship Activities in Equity Investment: Exercise of Voting Rights

(2) Request for disclosure of the details of proxy voting records

- In the Proxy Voting Principles, GPIF asks its external asset managers to publicly disclose proxy voting records for each investee company. All external asset managers entrusted with domestic equity investment disclosed their proxy voting records.
- It should be noted, however, in addition to whether managers disclose the records, the frequency and details of the disclosure vary depending on each asset manager, and GPIF will continue to conduct engagement for the improvement of disclosure.

Reference: Status of public disclosure of the details of proxy voting records (GPIF's external asset managers for domestic equities [Source: FY2024 Annual Report])

Asset managers entrusted with domestic equity investment	Disclosure websites for proxy voting records
Asset Management One	http://www.am-one.co.jp/company/voting/
Invesco Asset Management (Japan)	https://www.invesco.com/jp/ja/policies/proxy.html
Wellington Management Japan Pte Ltd.	https://www.wellington.com/jp-jp/professional/proxy-vote-result
M&G Investment Management Ltd.	https://www.mandg.com/who-we-are/mandg-investments/responsible-investing-at-mandg-investments/voting-history
Goldman Sachs Asset Management	https://am.gs.com/ja-jp/individual/creating-impact/stewardship-code
Columbia Management Investment Advisers	https://www.columbiathreadneedleus.com/investor/disclosures/proxy-voting-report
GLG Partners	https://www.man.com/capabilities/responsible-investment#stewardship
JPMorgan Asset Management	https://am.jpmorgan.com/jp/ja/asset-management/per/corporate-governance/proxy-voting/
Tokio Marine Asset Management Co., Ltd.	https://www.tokiomarineam.co.jp/company/responsible_investment/vote.html
Amova Asset Management Co., Ltd. (former Nikko Asset Management Co., Ltd.)	https://www.amova-am.com/about/vote/list
Nomura Asset Management	https://www.nomura-am.co.jp/special/esg/responsibility_investment/vote.html
Pictet Asset Management (Japan) Ltd.	https://www.pictet.co.jp/company/policy/proxy-voting-results.html
FIL Investments	https://www.fidelity.co.jp/about-fidelity/policies/investment/voting
BlackRock Japan	https://www.blackrock.com/jp/individual/ja/about-us/important-information/voting
Manulife Investment Management (Japan) Limited	https://vds.issgovernance.com/vds/#/MTAzNDA3/
Sumitomo Mitsui DS Asset Management	https://www.smd-am.co.jp/corporate/responsible_investment/voting/report/
Sumitomo Mitsui Trust Asset Management	https://www.smtam.jp/company/policy/voting/result/
Mitsubishi UFJ Trust and Banking	https://www.tr.mufg.jp/houjin/jutaku/about_stewardship.html
Lazard Japan Asset Management	https://www.lazardassetmanagement.com/jp/ja_jp/site-information
Resona Asset Management	https://www.resona-am.co.jp/investors/giketuken.html

(3) Status of Exercise of Shareholders' Voting Rights (April 2025 to June 2025)

<Domestic Equities>

(1) Exercise of voting rights by external asset managers: All external asset managers (70 funds) exercised their voting rights.

(2) Exercise of voting rights by type of proposal

Proposals		Proposals pertaining to company organization					Proposals pertaining to Director remuneration, etc.				Proposals pertaining to capital policy (excluding items pertaining to changes to the Articles of Incorporation)			Proposals pertaining to changes to the Articles of Incorporation	Poison pill (Rights plan)		Other proposals	Total
		Appointment of Directors	Of them, Outside Directors	Appointment of Statutory Auditors	Of them, Outside Statutory Auditors	Appointment of Accounting Auditors	Director compensation	Director bonuses	Director retirement bonuses	Granting of stock options	Dividends	Acquisition of treasury stock	Mergers, transfer of business, company split, etc.		Warning type	Trust type		
Total number of voting rights exercised		188,318	85,686	12,615	8,265	376	8,223	1,017	369	423	14,215	360	295	8,381	411	0	398	235,401
Management proposals	Total	187,438	85,014	12,594	8,244	376	8,009	1,017	369	387	13,775	0	295	4,167	411	0	338	229,176
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(100.0%)
	Approved	168,619	77,530	11,801	7,493	371	7,790	937	5	328	13,525	0	288	4,136	14	0	276	208,090
		(90.0%)	(91.2%)	(93.7%)	(90.9%)	(98.7%)	(97.3%)	(92.1%)	(1.4%)	(84.8%)	(98.2%)	(0.0%)	(97.6%)	(99.3%)	(3.4%)	(0.0%)	(81.7%)	(90.8%)
	Opposed	18,819	7,484	793	751	5	219	80	364	59	250	0	7	31	397	0	62	21,086
		(10.0%)	(8.8%)	(6.3%)	(9.1%)	(1.3%)	(2.7%)	(7.9%)	(98.6%)	(15.2%)	(1.8%)	(0.0%)	(2.4%)	(0.7%)	(96.6%)	(0.0%)	(18.3%)	(9.2%)
Shareholder proposal	Total	880	672	21	21	0	214	0	0	36	440	360	0	4,214	0	0	60	6,225
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(0.0%)	(0.0%)	(100.0%)	(100.0%)	(100.0%)	(0.0%)	(100.0%)	(0.0%)	(0.0%)	(100.0%)	(100.0%)
	Approved	17	17	0	0	0	16	0	0	0	83	39	0	238	0	0	5	398
		(1.9%)	(2.5%)	(0.0%)	(0.0%)	(0.0%)	(7.5%)	(0.0%)	(0.0%)	(0.0%)	(18.9%)	(10.8%)	(0.0%)	(5.6%)	(0.0%)	(0.0%)	(8.3%)	(6.4%)
	Opposed	863	655	21	21	0	198	0	0	36	357	321	0	3,976	0	0	55	5,827
		(98.1%)	(97.5%)	(100.0%)	(100.0%)	(0.0%)	(92.5%)	(0.0%)	(0.0%)	(100.0%)	(81.1%)	(89.2%)	(0.0%)	(94.4%)	(0.0%)	(0.0%)	(91.7%)	(93.6%)

1. Stewardship Activities in Equity Investment: Exercise of Voting Rights

(3) Status of Exercise of Shareholders' Voting Rights (April 2025 to June 2025)

<Foreign Equities>

(1) Exercise of voting rights by external asset managers: All external asset managers (90 funds) exercised their voting rights.

(2) Exercise of voting rights by type of proposal

Proposals		Proposals pertaining to company organization			Proposals pertaining to Director remuneration, etc.				Proposals pertaining to capital policy (excluding items pertaining to changes to the Articles of Incorporation)			Proposals pertaining to changes to the Articles of Incorporation	Advance warning poison pill	Other proposals		Total
		Appointment of Directors	Appointment of Statutory Auditors	Appointment of Accounting Auditors	Director compensation	Director bonuses	Director retirement bonuses	Granting of stock options	Dividends	Acquisition of treasury stock	Mergers, transfer of business, company split, etc.			Approval of financial statements and statutory reports	Other proposals	
Total number of voting rights exercised		147,662	6,885	14,827	30,056	351	115	5,611	9,676	7,021	10,012	7,151	240	12,757	58,687	311,051
Management proposals	Total	146,551	6,477	14,816	29,751	348	26	5,573	9,655	6,988	9,900	6,264	222	12,724	49,985	299,280
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
	Approved	126,428	6,105	12,958	23,444	298	24	4,271	9,625	6,759	8,314	5,785	196	12,417	43,855	260,479
		(86.3%)	(94.3%)	(87.5%)	(78.8%)	(85.6%)	(92.3%)	(76.6%)	(99.7%)	(96.7%)	(84.0%)	(92.4%)	(88.3%)	(97.6%)	(87.7%)	(87.0%)
	Opposed	20,123	372	1,858	6,307	50	2	1,302	30	229	1,586	479	26	307	6,130	38,801
		(13.7%)	(5.7%)	(12.5%)	(21.2%)	(14.4%)	(7.7%)	(23.4%)	(0.3%)	(3.3%)	(16.0%)	(7.6%)	(11.7%)	(2.4%)	(12.3%)	(13.0%)
Shareholder proposal	Total	1,111	408	11	305	3	89	38	21	33	112	887	18	33	8,702	11,771
		(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)	(100.0%)
	Approved	598	279	8	60	3	2	25	21	0	110	350	11	19	3,176	4,662
		(53.8%)	(68.4%)	(72.7%)	(19.7%)	(100.0%)	(2.2%)	(65.8%)	(100.0%)	(0.0%)	(98.2%)	(39.5%)	(61.1%)	(57.6%)	(36.5%)	(39.6%)
	Opposed	513	129	3	245	0	87	13	0	33	2	537	7	14	5,526	7,109
		(46.2%)	(31.6%)	(27.3%)	(80.3%)	(0.0%)	(97.8%)	(34.2%)	(0.0%)	(100.0%)	(1.8%)	(60.5%)	(38.9%)	(42.4%)	(63.5%)	(60.4%)

Principle 6 Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their voting responsibilities, to their clients and beneficiaries.

1. Stewardship Activities Report

- Institutional investors in principle should report periodically on how they fulfill their stewardship responsibilities, including their exercise of voting rights, to their clients and beneficiaries.
- GPIF as an asset owner will periodically report policies and initiatives to fulfill its own stewardship responsibilities. As it is difficult to report individually to each beneficiary, GPIF will therefore fulfill this responsibility by publicly disclosing information that can appropriately be made available to the public.
- Specifically, GPIF will disclose on the website the Stewardship Activities Report including a summary of proxy voting results from April to June when most annual general meetings are held (i.e., voting records aggregated by major categories of agenda) by asset managers.
- GPIF will also disclose, in each fiscal year’s annual report, initiatives to fulfill stewardship responsibilities including the summary of the proxy voting (i.e., voting records aggregated by major categories of agenda) by asset managers throughout the said fiscal year. In addition, we will report on the initiatives also in our sustainability investment reports.

Principle 7 To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment and consideration of sustainability consistent with their investment management strategies.

1. System to Conduct Stewardship Activities

- To contribute positively to the sustainable growth of investee companies, institutional investors should develop skills and resources needed to appropriately engage with the companies and to make proper judgments in fulfilling their stewardship activities based on in-depth knowledge of the investee companies and their business environment as well as consideration of sustainability consistent with their investment management strategies.
- President and the Executive Managing Directors of GPIF are expected to possess appropriate ability and experience to fulfill stewardship responsibilities, recognize the importance of their roles and duties, and lead initiatives such as the development of the structure to promote stewardship activities. At present, GPIF has a dedicated team to undertake major roles below and will continue further enhancement of its ability to fulfill its stewardship responsibilities as appropriate.

  (1) To study appropriate stewardship responsibilities of GPIF and specific action plans.

  (2) To study analysis and evaluation on the stewardship activities which take into account ESG and other sustainability factors, including activities conducted by asset managers for all asset classes.

  (3) To promote collaboration with domestic and international institutional investors and organizations relevant to the Principles for Responsible Investment (PRI).
- To attempt to fulfill its own stewardship responsibilities, GPIF as an asset owner will conduct appropriate oversight of stewardship activities performed by asset managers, including the exercise of voting rights, where applicable, and have proactive dialogue (engagement) with them. In the process, GPIF will take into account ESG and other sustainability aspects of their stewardship activities.
- GPIF will endeavor to make stewardship activities more appropriate in the coming years by conducting a regular review of the implementation of each principle of the Code with a study of more suitable ways of stewardship responsibilities.
- The Sustainability Investment Policy established in March 2025 states as follows: For Sustainability Investment, there are a wide range of matters to be considered in making investments. Furthermore, the sustainability issues surrounding companies, required disclosure and regulations, etc. also change year by year. In order to appropriately capture such changes and reflect them in investment behavior, it is important to secure sufficient workforce structure and to have diverse human resources strive for daily improvement of knowledge and expertise, as well as to allocate sufficient resources for data management.
- Moreover, in accordance with “Direction and medium-term initiatives of GPIF’s stewardship activities,” GPIF will continue to conduct stewardship activities, and improve and review its initiatives by implementing the PDCA cycle by itself, such as undertaking measurements of the effects of its activities, while strengthening its structure.

(Reference) History of GPIF’s Stewardship Activities

Medium-term objective	FY	Establishment and revision of policies and principles	Content
2nd period	May 2014	Accepted Japan’s Stewardship Code Established “Policy to Fulfill Stewardship Responsibilities” Assessment of stewardship activities for equity investment	
	March 2015	Established “Investment Principles”	Clearly stated about stewardship activities in equity investment
3rd period	September 2015	Signed Principles for Responsible Investment (PRI)	Enhanced initiatives for ESG
	April 2017	Assessment of stewardship activities for alternative asset investment	
	June 2017	Established “Stewardship Principles” and ”Proxy Voting Principles”	Requested compliance from asset managers for equity investment
	August 2017	Endorsed the revised Japan’s Stewardship Code	
	October 2017	Partial revisions to “Investment Principles”	Stewardship activities, including ESG-oriented initiatives, were expanded to all assets.
	November 2019	Partial revision to “Policy to Fulfill Stewardship Responsibilities”	Contribute to sustainable growth of markets
	February 2020	Partially revised the “Stewardship Principles” and “Proxy Voting Principles”	Requested compliance from managers of all domestic and foreign assets.
4th period	April 2020	Partial revisions to “Investment Principles”	Following the revisions to the Basic Policy of Reserves, the revised Principle describes investments taking into consideration the sustainable growth of investee companies and the capital market as a whole as well as ESG.
	June 2020	Endorsed the second revision to Japan’s Stewardship Code Partial revision to “Policy to Fulfill Stewardship Responsibilities” Assessment of stewardship activities for fixed income investment	Expanded scope to target all domestic and foreign assets Clarified consideration of ESG factors
	September 2024	Accepted the Asset Owner Principles Formulated the “Policy on the Asset Owner Principles”	
	March 2025	Formulation of “Sustainability Investment Policy” Announced the “Direction and medium-term initiatives of GPIF's stewardship activities”	Partial revisions to documents listed below in connection with the formulation of “Sustainability Investment Policy” “Investment Principles”, “Policy on Asset Owner Principles”, “Policy to Fulfill Stewardship Responsibilities”, “Stewardship Principles”, and “Proxy Voting Principles”
5th period	December 2025	Endorsed the third revision to Japan’s Stewardship Code Partial revision to “Policy to Fulfill Stewardship Responsibilities” and the “Stewardship Principles”	Enhancement of transparency of beneficial shareholders and promotion of collaborative engagement

GPIF