



GPIF Selected Global Environmental Stock Indices

Government Pension Investment Fund (GPIF) promotes ESG investment for the purpose of improving the long-term return of the whole asset by reducing the negative externality to the environment and society. GPIF called for applications of environmental indices for global equities and has been in the process of selection as GPIF holds the view that among important ESG issues, environmental concerns such as climate change represent a cross-border, global challenge. GPIF selected two indices that are constructed with the same methodology and commenced passive investment tracking these indices.

<Selected Indices>

Asset	Name of index
Japanese Equities	S&P/JPX Carbon Efficient Index
Non-Japanese Equities	S&P Global Ex-Japan LargeMid Carbon Efficient Index

<Main Characteristics of the indices>

1. Both indices overweight companies that have high carbon efficiency¹ within the same industry and/or disclose the amount of carbon emissions.
2. Both indices adjust the over/underweight of companies in accordance with the damage on the environment by each industry to which the companies belong (companies, which belong to an industry that have more damage on the environment, are more incentivized to improve their carbon efficiency and disclosure).
3. S&P/JPX Carbon Efficient Index covers all companies that are listed on the first section of Tokyo Stock Exchange (with some illiquid stocks excluded) thus the coverage is broader than other ESG indices.

<Comment by President Norihiro Takahashi>

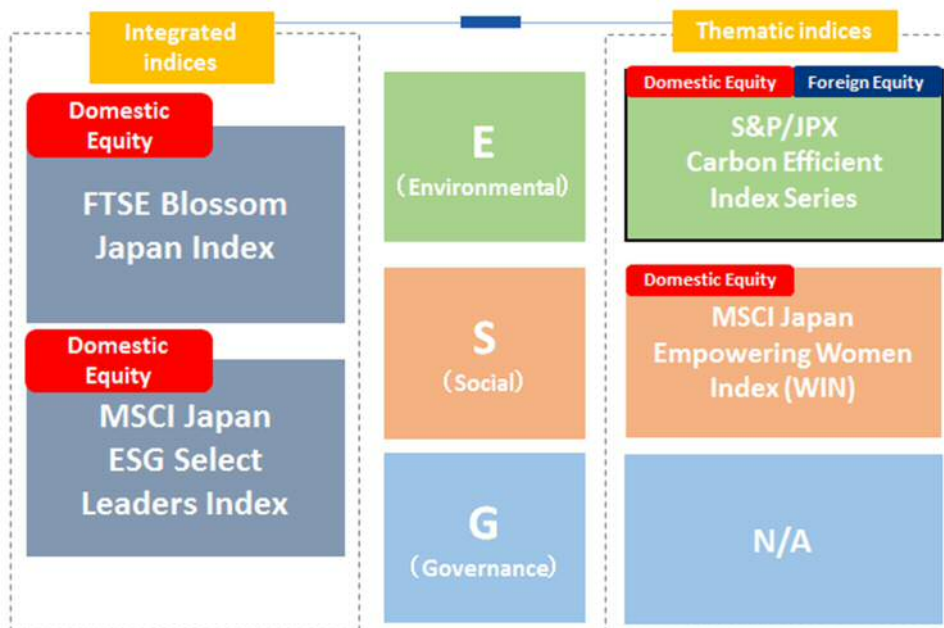
GPIF hopes that the selected Global Environmental Stock indices will provide an opportunity for companies to work on carbon efficiency and disclosure. These indices are not constructed by the divestment of companies that have more damage on the environment, nevertheless lead to accomplish lowering climate change risks by significantly reducing carbon emissions of the portfolio. Moreover, the indices can include small listed companies that were not covered by other ESG indices, which goes along with GPIF's idea to improve the sustainability of the overall market.

GPIF invests 1.2 trillion yen (approximately 10 billion dollar) at home and abroad in the passive funds

tracking these Global Environment Stock Indices. GPIF will continue to actively engage in ESG investment so as to maintain pension reserves for the future generations.

¹ carbon efficiency is the ratio of company’s greenhouse gas emissions to the revenue.

List of selected ESG indices



	FTSE Blossom Japan Index	MSCI Japan ESG Select Leaders Index	MSCI Japan Empowering Women Index (WIN)	S&P/JPX Carbon Efficient Index	S&P Global Ex-Japan LargeMidCap Carbon Efficient Index
Index concept	<ul style="list-style-type: none"> The index uses the ESG assessment scheme that is applied to the FTSE4Good Japan Index Series which has one of the longest track records globally for ESG indexes. The index is a broad ESG index that selects stocks with high absolute ESG scores and adjusts industry weights to neutral. 	<ul style="list-style-type: none"> The MSCI Japan ESG Select Leaders Index is a broad ESG index that integrates various ESG risks into today's portfolio. The index is based on MSCI ESG Research that more than 1,000 clients use globally. The index incorporates stocks with relatively high ESG scores in each industry. 	<ul style="list-style-type: none"> MSCI calculates the gender-diversity scores based on various pieces of information disclosed under “the Act on Promotion of Women’s Participation and Advancement in the Workplace” and selects companies with higher gender diversity scores from each sector. The first index designed to cover a broad range of factors related to gender diversity. 	<ul style="list-style-type: none"> Based on carbon data provided by Trucost, one of the pioneers of environmental research companies, S&P Dow Jones Indices, a leading independent provider, develops the index methodologies. The indices are designed to increase index weights of the companies which have low Carbon to Revenue Footprints (annual greenhouse gas (GHG) emissions divided by annual revenues) and actively disclose information of carbon emissions. 	
Subject of Investment	Domestic Equity	Domestic Equity	Domestic Equity	Domestic Equity	Foreign Equity
Constituent universe (parent index)	FTSE JAPAN INDEX (509 stocks)	Top 500 companies (in terms of market cap) in the MSCI Japan IMI	Top 500 companies (in terms of market cap) in the MSCI Japan IMI	TOPIX (2103 stocks)	S&P Global ex-Japan LargeMid Index (2584 stocks)
Number of index constituents	149	252	208	1694	2162
Assets under management	¥526.6 billion (4.3 billion dollars)	¥622.9 billion (5.2 billion dollars)	¥388.4 billion (3.2 billion dollars)	¥1.2 trillion (10 billion dollars)	

(Note) Number of index constituents and assets under management on the left are of March 31,2018. Ones on the right are of August 31,2018(Assets under management are of September 25,2018). Exchange rate ¥120 to the dollar. It is an approximate amount.