



December 3, 2019

Suspension of Stock Lending Activities

As part of its stewardship responsibilities, GPIF requires its asset managers to enhance the long-term value of investee companies by conscientiously exercising voting rights for all the shares they hold, in addition to engaging in constructive dialog with investee companies – not only during the annual shareholder meeting season but throughout the year.

Conversely, stock lending, which GPIF currently conducts over the course of fund management, results in a temporary transfer of ownership rights to the borrower. This effectively creates a gap in the period in which the stock is held by GPIF, and can be considered to be inconsistent with the fulfillment of the stewardship responsibilities of a long-term investor. Moreover, the current stock lending scheme lacks transparency in terms of who is the ultimate borrower and for what purpose they are borrowing the stock.

In light of this situation, GPIF has decided to suspend stock lending until further notice. The stock lending scheme may be reconsidered in the future if improvements are made to enhance transparency and address the inconsistencies cited above.

With respect to debt securities, GPIF is not considering suspending lending activities.