

January 15, 2016

**JSIF Conducts First Survey of Sustainable Investment by Japanese Institutional Investors
24 Respondent Institutions Report [Combined]
Sustainable Investment Balance of ¥26.6 trillion!**

Throughout November and December last year, JSIF requested the cooperation of 59 institutions, comprising mainly of those that had announced adoption of the Japanese Stewardship Code, in conducting a survey to identify [Japan's] sustainable investment balance¹. 28 institutions responded, with 24 institutions disclosing to us their total assets under management including other investments.

The total figure for sustainable investment amounted to ¥26.687 trillion, and the proportion of these assets accounted for by the total assets under management by respondent institutions amounted to 11.4%. Moreover, engagement in the form of ESG integration, which incorporates ESG factors in the investment process and ESG-based dialogue with corporations, was reflected in a large proportion the balance accounted for by different management methods. Details of the survey will be presented in the Review of Sustainable Investment in Japan (formerly the Review of Socially Responsible Investment in Japan), which is scheduled for publication this spring. Findings will also be explained at RI Asia, a global conference on sustainable investment scheduled to be held at Tokyo Stock Exchange in February, and widely publicized both domestically and internationally through other forms of media.

The figures quoted above surpass those previously compiled and publicized by JSIF pertaining to the balance of SRI markets in Japan² by a wide margin. Figures published so far have been limited to those that are publically available and pertaining to financial products (public investment trusts and social impact bonds) marketed to individual [investor]s. However, the number of stewardship code signatory institutions reached 197³ in August 2015 and, with the Government Pension Investment Fund (GPIF) becoming a signatory to the Principles for Responsible Investment (PRI) among other such trends, responsible investment concepts have begun to disseminate across the country. As such, JSIF has judged that the stance of pension funds and institutional investors has changed, subsequently conducting this survey, which targeted institutional investors including pension funds, insurance companies, and fund

¹ Question details <http://japansif.com/JSIFsurvey2015.pdf>

² ¥809.4 billion as of September 2015 <http://japansif.com/1509sridata.pdf>

³ 201 as of November 2015 <http://www.fsa.go.jp/news/27/sonota/20151211-4.html>

management companies. As a result, we were able to identify that sustainable investment in Japan has undergone significant growth.

Going forward, official figures for Japan's sustainable investment balance collected by JSIF will be reflected in the results of a biannual survey targeting institutional investors. Furthermore, balance data will continue to be compiled every quarter and be publicized on the website as "the sustainable investment balance of financial products for individual [investor]s."

Supplementary Information

The survey was distributed via the following three methods:

- Distribution to institutions with which JSIF had previous associations
- Distribution to institutional investors that have adopted the Japanese Stewardship Code and list the contact details of a representative on their website
- Distribution of questionnaires to institutions contacted through details made known to us by the Ministry of Environment Principles for Financial Action for the 21st Century, the CFA Society of Japan, FTSE Russell (London Stock Exchange Group), and responsible-investor.com (Response Global Media Limited)

Classification of respondent institutions (based on Q2)

Asset Owner	7
Investment Manager	20
Asset Owner and Investment Manager (both apply)	1
Total	28

Investment balance by management method (based on Q12) *denominated in millions

ESG integration	17,555,654
Positive (best in class) screening	326,955
Sustainability- and theme-based investment	785,785
Impact and community investment	87,642
Engagement / use of voting rights	11,709,822
Negative screening	4,573,384
Screening based on international standards	6,075,200

*As there were cases where multiple responses were received, figures are not aligned with the totals for Q8 (¥26.687 trillion)