

Japan's Sustainability Leadership

March 2018

Company	Issue	Sustainability Leadership
Astellas	Access Strategies; Responsible Marketing	Actively supports Access to Medicine Index (ATMI) process and will participate in data-gathering for 2018. Achieved higher level of oversight at the board on ESG/CSR issues and adoption of an internal carbon price. Encouraged Astellas to disclose more information on its implementation of the Medical Affairs and Commercial Activities (April 2017) to ensure responsible marketing policy, which we advocated for in 2016.
Kao	Responsible Sourcing; Chemical Safety	Efforts on diversity and promotion of women acknowledged with third Nadeshiko Brand Award . Close to achieving its goal of 100% traceability on palm oil and palm kernel oil, down to the palm mills by 2020 (90% as of the end of 2017) . Recently added ethical recruitment to supplier policies ; 800 suppliers have completed Sedex supplier self-assessment. Encouraged Kao to: 1) be more transparent on chemical safety approach, 2) publicly disclose chemicals of high concern, 3) adopt a Restricted Substances List.
Orix	Integrated Reporting; Banking on a Low Carbon Future; TCFD Disclosure	Produced first Integrated Report in 2017 , combining reporting on financial and ESG. Signed the Women's Empowerment Principles to address diversity and inclusion. Our core dialogue remains focused on: Banking on a Low Carbon Future engagement, alignment with TCFD , environmental and social impacts outside Japan, and ways to improve CDP carbon score (C) .
Panasonic	Board Structure; Cobalt Sourcing	Reduced board from 17 to 12 and added more meeting time to address board effectiveness and long-term strategic issues . Joined the Responsible Mining Initiative in 2017 to address cobalt sourcing. Committed to Science-based Targets to further reduce carbon footprint. Encouraged Panasonic to: 1) consider joining the RE100, 2) set an internal carbon price, 3) enhance responsible sourcing of cobalt from the DRC.
Shiseido	Responsible Sourcing; Supply Chain Oversight	Advanced some responsible sourcing practices by joining the Responsible Mica Initiative . Striving to eliminate microbeads in shampoo and conditioner products . Joined Sedex to improve supplier oversight related to labor and human rights . Encouraged Shiseido to: 1) adopt more robust responsible sourcing practices and disclosure, 2) further reduce carbon footprint by adopting medium/long term GHG reduction targets beyond 2020, 3) consider adopting Science-based Targets and use more low-carbon energy, 4) improve chemical safety approach.

The information in this document should not be considered a recommendation to buy or sell any security. There is no assurance that any securities discussed in this report will remain in an account's portfolio at the time you receive this document. The securities discussed do not represent an account's entire portfolio and may represent only a small portion of an account's holdings. It should not be assumed that any securities transactions we discuss were or will prove to be profitable. Past performance does not guarantee future results. All investments involve risk, including the risk of losing principal.