Our Policy on Transition Finance

- For the decarbonisation of the real economy, it is imperative to steadily advance a long-term transition strategy centered in high GHG emitting industries.
- In order to achieve net-zero portfolio by 2050 and contribute to the decarbonisation, we recently
 established a policy on Transition Finance to better support the financing of companies that pursue such
 strategies.

Prioritizing achieving long-term carbon neutrality for society as a whole

- Investment to Transition Finance could lead to temporal increases in GHG emissions allocated to our company and negatively impact our interim GHG reduction targets.
- However, considering that decarbonization of GHGintensive industries is essential to achieve carbon neutrality, <u>the realization of Transition will be</u> <u>prioritized</u> than our interim target.

Continuously review the criteria for examining transition strategies in light of the external surrounding the transition finance, situations of technological innovations and other elements.





When making investment decisions, we examine the feasibility of a transition strategy in light of its alignment with major guidelines on transition finance and from the perspective of investment returns.

 As net-zero pathways vary depending on their business models, locations and other factors, we take into account these company-specific characteristics in examinations.

Based on the insights obtained in the examination process of transition finance, we conduct engagements with investee companies and encourage them to improve their transition strategies or effectiveness of their initiatives.

